

# CUSTOMER



# FEEDBACK IS ESSENTIAL TO YOUR BOTTOM LINE

## SEASONED BUILDERS SHARE WHAT HOMEBUYERS HAVE TAUGHT THEM ABOUT DELIVERING THE BEST POSSIBLE EXPERIENCE

By Charlie Scott, Contributing Editor

**T**he savviest home builders are the most customer-centric home builders, and the savviest of all have a strong Voice of the Customer (VOC) program in place. That's because when it comes to finding out what the customer wants, it pays to ask. Trying to save money by guessing is often an expensive mistake.

The financial benefits of customer satisfaction were well documented in a 2009 study of 200 home building communities by Kenneth Merchant of the University of Southern California and Clara Chen of the University of Illinois at Urbana-Champaign. It does a great paint-by-number picture of customer satisfaction benefits in general, but my colleagues and I wanted more. So, we assembled a panel of 18 customer-centric home builders to give a real-life view of how tracking and using Voice of the Customer feedback has enhanced the customer experience, changed the company culture, and improved financial performance measures in their organizations.

### MEETING CUSTOMER NEEDS

The goal of receiving unfiltered customer experience information is to find what does and does not serve the customer's needs. Quality control in customer service requires a detailed awareness and analysis of how well the home builder is succeeding at each step in the complex home building process. For builders that haven't gone through this step-by-step before, it can be a wake-up call. Areas they thought were going well may have serious performance deficiencies, where other functions in the home building and buying process may be hidden gems.

"Most of the time, we know when we have fallen short of the customers' expectations, but we are sometimes surprised at the things that we didn't know," says Tom French, owner of French Brothers Homes, in Alamogordo, N.M. "Honest feedback from our customers helps us target the areas that we most need to improve on," he says. "Our builders have come to realize that no one knows how they're doing as well as their customers. It's just smart business to ask them."

David Bailey, founder of Destination Homes, in Salt Lake City, agrees. "You can't know how you're doing as a builder by gut

feel," he says. "The Voice of the Customer helps us know where to focus our efforts to improve the home building process."

The truth hurts, but it's essential. While everyone enjoys the feel-good messages that often come through in more casual customer-service reviews, "smile sheets" don't really make a difference when it comes to improving your approach to business. A customer who takes the time to complain is doing you a favor by providing insight into a problem that you may otherwise never discover on your own. That understanding can give you an edge over competitors that don't bother to ask their customers anything meaningful. "Remember 'Mirror, mirror on the wall ...' in Snow White?" asks David Grounds, president and CEO of Dorn Homes, in Prescott, Ariz. "The Voice of the Customer is that mirror, always telling the truth—even if it hurts."

But smart builders realize that gathering this information is just the first step. To become truly customer-centric, you must use that feedback to make the right adjustments to the way you do business. Joliene Weiss, executive vice president at Vantage Homes, in Colorado Springs, Colo., understands that, and the company's customers reap the benefits. "Listening to customer

concerns gives us an opportunity to improve our overall process and enhance their total buying experience," she says, adding that the consistent benefit she sees is in defining processes and delivering a positive experience that comes with no surprises to the buyers. Mark Willis, CFO at Baessler Homes, in Greeley, Colo., agrees: "Without VOC feedback, we'd likely replicate poor behavior or miss touchpoints that are essential to building a good relationship with all of our customers."

### CHANCES FOR IMMEDIATE IMPROVEMENT

If you really listen to what your customers are saying and make an effort not to slap your preconceived notions on top of their words, you have a better chance of getting it right. Every improvement you make in how you do business leads to happier customers, but it has to start with listening. Once you honestly hear what your customers are telling you and are clear about the problems, fixing things can be pretty darn immediate.

Jeff Czar, president at Armadillo Homes, in San Antonio, explains, "It forces us to reflect on what we're doing wrong. But,



## INSTEAD OF LETTING PERFECTION BE THE ENEMY OF THE GOOD, STRIVE FOR A PROCESS OF CONTINUAL IMPROVEMENT.

most importantly, it helps us figure out opportunities for improvement. Our business is much more than building homes; it's about creating the best homebuying experience." Czar emphasizes that the home his customers move into is the end result, but that he and his staff are realizing that consistent good results are about the pathway to getting there.

"It tells us where the customer experience fails," says Saun Sullivan, co-owner and CEO of DSLD Homes, in Denham Springs, La. "You can't deliver a good experience without finding out what customers care about." An example is conducting a post-closing follow-up on open punch-list items. One common mistake that home builders make originates from their not understanding the importance of providing an immediate response to open punch-list items. Even if a problem is eventually fixed, a week-long wait time can lead to dissatisfied customers. VOC feedback helps to identify project superintendents who do and do not have a consistent sense of fix-it urgency after the homeowner takes occupancy.

Another benefit of a detailed feedback system is the ability to see the items that, though they are important to customers, your staff may not be paying attention to. If you don't know that something is important, you probably aren't tracking it and making sure your people are accountable for it. Many home builders, for example, focus on getting the job done, with less emphasis on timely and complete customer communication. James V. Clarke, president of Robertson Homes, in Bloomfield Hills, Mich., explains: "I always encourage others to use Voice of the Customer feedback because it is actionable data on parts of the company you can't see," such as returning phone calls, following up on email, and circling back to ensure that a given issue has been resolved to the homeowner's satisfaction.

### MEETING EXPECTATIONS—AND MORE

While home builders recognize that delivering a clean and complete home is Task No. 1, they know that the experience plays a key role, too. Defining, executing, measuring, and continually improving the customer experience leads to higher customer satisfaction and future referral sales.

Grounds, of Dorn Homes, understands this. "The promise when a customer chooses us is that we will build a great home and delight them," he says. "If we don't delight them, we need to know—immediately. The Voice of the Customer delivers this

feedback." Identifying and removing unsatisfactory events (such as dirty home delivery) and staff behaviors (such as slowness in returning calls) from the experience leaves satisfying processes and behaviors—a win-win for both customer and company.

### BUILDING A CUSTOMER-FOCUSED TEAM

Our studies show that the customer's perception of teamwork is highly correlated to future referral sales. One fundamental requirement of team-building is defining each team member's role, measuring it, providing feedback on a job well done, and sharing potential improvement points. In addition to individual roles, each member must also be focused on working together as a team for the benefit of the customer. "One of the VOC program's greatest benefits is that the whole company sees what our customers have to say about the experience, the individuals, and the entire team," says Dusty Boren, owner of 4Corners Homes, in Edmond, Okla. "There's no pretense when you're reading it in our customers' own words." Boren makes sure to include celebrating successes as a part of team-building.

Using real-life customer experiences helps to teach your team that the customer's homebuying experience is not a relay of hand-offs but is more akin to a large rowboat in which everyone must be in sync. If you can identify which rowers (that is, process or people) are out of sync, then your chances of improving future customer experiences exponentially increase.

Rather than letting perfection be the enemy of the good, the aim should be a process of continual striving for better. "I find it hard to believe that any builder has a perfect process," says Steve Krasoff, president of Scott Felder Homes, in Austin, Texas. "There is always room for improvement. Consistent customer satisfaction eliminates the roller-coaster ride within the company operations."

J.D. Espana Jr., president of Piedmont Residential, in Atlanta, sums it up: "A Voice of the Customer program is just as important as a building schedule, purchasing and estimating software, and a good sales program. We do not allow ourselves or our company to excuse away the bad and only embrace the good. We allow the VOC to stand on its own, learning from our mistakes and celebrating our victories." **PB**

Charlie Scott is principal partner at Woodland, O'Brien & Scott. Write him at [charlies@woodlandobrien.com](mailto:charlies@woodlandobrien.com).