

# STRUCTURAL BUILDING COMPONENTS MAGAZINE (FORMERLY WOODWORDS)

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## "Roundtable Raises the Bar on Excellence in the Home Building Industry"

The National Association of Home Builders Research Center (NAHB-RC) recently published a report on its industry roundtable conducted in Chicago on April 23, 1999. *New Horizons in Quality Management: A Building Industry Technology Roundtable*, sponsored in conjunction with *Professional Builder* magazine and the Partnership for Advancing Technology in Housing (PATH), was a colloquium of 21 leaders from many facets of the home building industry who convened to take a look at where the future of quality building is heading as it moves into the next century. These individuals were described in the report as "leaders who have learned to translate their customers' needs into improvements in their products and processes."

The report focuses on the three main themes that were discussed during the course of the roundtable:

- Raising the bar on quality and customer satisfaction: New innovations broaden the customers' service offerings and increase the performance expectations of home buyers.
- Re-engineering the construction process: Construction is beginning to look more like a factory on the jobsite.
- Business management is maturing: The science of management is taking hold.

### QUALITY AND CUSTOMER SATISFACTION

Roundtable participants were in definite agreement that quality is the key to success in this industry. However, home building leaders have found that it is quality that goes above and beyond customers' expectations that really makes a difference in today's market. The conclusion is that it is not good enough for customers to be merely satisfied with the finished product; they must be highly satisfied in order to be profitable sources of referrals. The report summed it up best: "the goal is to improve customer satisfaction levels, transforming merely satisfied customers into evangelical advocates for the builder."

How do you achieve highly satisfied customers? The number one priority should be "listen to your customer." Understand what it is your customers want and then exceed their expectations.

### THE CONSTRUCTION PROCESS

As builders recognize the limitations of the "tried and true" systems for home building production, they are realizing that what is needed is not a renovation of the old system, but a creation of a new production system. Industry leaders are starting to enjoy the benefits of being proactive in making necessary changes.

If there are two pillars supporting this new creation, they would be the concepts of Even Flow Production and Mass Customization. Both have been key in the revolution that is sweeping the home building industry. Even Flow Production is providing a steady pace by which builders can reduce costs in labor and cycle times which passes compelling value on to customers.

Mass Customization, when utilized to its fullest potential, will transform the home building industry from the design stage forward. "As a consumer, you'll be able to walk in and sit down with an architect and customize your house right on the spot," explained Ken Neumann of Neumann Homes. "I'm talking about moving doors, walls and windows and instantly know what your price is and walk away with a 3-D video or CD-ROM for that. I think that's going to have a profound impact on the industry."

## **BUSINESS MANAGEMENT**

The roundtable report points out that the gap between traditional builders and the leaders in the industry is growing. The key reason for this increasing gap is that the leaders are implementing innovative processes that facilitate "organizational alignment" within a company. The goal with this is to develop a cohesive culture with common values, vision and goals. This disciplined management approach results in a focused, efficient business and eliminates negative forces such as employee misdirection as a result of management miscommunication, functions working at cross purposes, redundant activities and operating inefficiencies.

In addition to these types of management changes, leading companies in the industry are also redefining how they look at human resource management. A greater investment is being made to develop employees in such a way that they align with the culture, knowledge and skills that further the future of the company, but that also provide employees with clear career development paths and opportunities. This approach results in more satisfied employees which, of course, reflects positively on overall customer satisfaction.

For a copy of the report on this successful roundtable, contact Ed Caldeira, NAHB-RC Director of Quality Services at NAHB Research Center at 800/638-8556.

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