

# A Customer- Service Program That Works

How to keep a close eye on the last project while rushing ahead to the next

by Ross Robbins

The main focus for most young companies is naturally on the next project, rather than on the last. The immediate problem of cash flow always seems to take priority. That's the basic survival instinct. Because of that, customer-service and warranty-service programs tend to take a back seat. But they are critical to long-term success.

## Starting Out

When my company started out four years ago, we had zero starts, zero inventory, zero sales – and substantial personal debt. So we were highly motivated to move ahead. The first thing we had to do was to convince bankers to lend us money, and to get homes built.

So for the first year, the whole focus was on production. Our first sale closing occurred about five months into our first year. That was the first cash we got. It was also our first customer, and our first customer-service problem.

Suddenly, we had two responsibilities instead of one. On the one hand we had the responsibility to the future of the business: designing homes, meeting with clients, negotiating contracts, estimating costs and budgets – tasks I find exciting and challenging. On the other hand, we had a customer saying, "You know I've called three times about that scratch in my floor, and my paint touch up, and I'm not getting the attention I deserve. All you care about is your next sale."

It didn't give me a warm, cozy feeling

when I got those phone calls, so I tended to avoid them. I think that's human nature, especially when I had been insulated from these kinds of calls previously.

## Not Taking Phone Calls

Early in my career, I had the opportunity to work for a fairly good-sized company with a marvelous warranty-service department. I operated the company's custom-home division and took care of service problems by paying a nominal fee to the warranty-service department. I thought all they did up there was fill out forms, send workers out, get the forms back, and people went away happy.

When I went into business for myself, my perspective changed. Customer calls became a burden. By my second year of business, it got to the point that I didn't take phone calls. Even if I was in, my secretary said, "Can I take a message?"

Not that my intentions weren't wonderful. I really wanted all my customers to be happy. I wanted them to be good friends. I wanted them to tell all the world about what a good job we did. But I just didn't have time. I was going to get to the customer-service problem "tomorrow," if I could just get through the crisis today.

Yet we needed our customers' good will. Like most small builders, we had no organized model-home program. We needed our customers to let us come into their homes with prospective

clients to show what kind of work we do. But I wasn't taking care of my homeowners, so I was on a collision course.

## Satisfied Customers Needed

Things got worse until I hit bottom and realized that I had to take time away from day-to-day operations, get organized, and set up a system.

The first step was to send out a letter. It was a statement of our commitment to service and our intentions to be Denver's top-quality home builder. It said we were going to require that the subs and suppliers meet certain standards of quality and timeliness, and that they make the commitment to come back and take care of problems afterwards (within 10 working days of our notifying them). And if they didn't, it made clear that we were serious: We were going to hold checks, and look for new suppliers who wanted to make that kind of commitment to the program.

The letter was not earthshaking, but it helped me to crystallize my thoughts, and get my subcontractors and suppliers on board with us. The interesting thing about this is that when you put this sort of thing in writing and tell everybody what you're going to do, well then, you'd better do it.

The first six months were pretty rocky. We had a lot of squabbles about whose responsibility a job was, about why the construction manager didn't tell a sub how to do a job, and so on.

Was it a warranty problem at all? Or was it a walk-through problem that never got fixed and was the construction manager's responsibility?

We had finger pointing. In many cases, subs claimed that we had specified materials that they could not control. Therefore we should have known better. For example, we gave them a window that was difficult to install square, or a brand of stain or tile grout that didn't perform appropriately.

## Administrator Needed

Once we had worked out the kinks in the system, and set up forms and responsibilities, I thought I was home free. Now I could get back to the business of building houses, which is what I enjoyed.

Wrong! The suppliers and subs understood the philosophy, and I had their commitment, but I still had no way to administer the program. I thought the secretary in my office could just send out these requests for service to suppliers and subs when we got a request from a homeowner.

But it didn't work that way. Nobody was there to evaluate the nature of the problem and see which sub it belonged to. Nobody decided whether it was a builder problem or a homeowner maintenance problem, or not a problem at all.

My problem was partly a financial one. How was I going to find someone in a four-person company to administer the program at that level? I had to find somebody 10 to 20 hours per week, I figured. Through a reference from my interior-trim sub, I located a kind of handyman – an older guy who called himself the House Doctor, and was looking for part-time work. Boy, I thought, that guy's perfect. He could go in, assess the problem, take care of it, clean up any loose ends, and then just send me back the form. And he could deal with these things before they became big problems.

The House Doctor took care of the little things fine. But he ran into problems when he found something that he couldn't repair himself. For example, a tiny leak in the dishwasher (a manufacturer's defect) had dripped through the bottom of the appliance over a period of months, got into the oak floor, and cupped it all the way across. So he had to get the hardwood floor sub back in. But that required spending time on the phone rounding up people and coordinating things. When he ran into trouble with that, he came back to me with the problem.

## The Flypaper Dilemma

This problem seemed to stick to me like flypaper. I'd take one hand off, and it would stick to the other. So I looked around and found a well-recommended warranty-service guy who had recently been laid off (the Denver market was hurting at the time, and still is). I couldn't afford to put him on my payroll, but came up with a solution: We put together a group of four small builders to share the guy.

We set it up on a contract basis on a per-house enrollment fee. Between the four of us, we figured, he could keep busy and make a good income.

Here's how it works: The warranty-service manager takes the report of the problem, calls the sub that's responsible, and asks if he's seen it or if he is familiar with the problem. If not, he goes out personally and makes a site visit with the homeowner.

After seeing the problem, he decides

## The Expectations Game

Bainbridge, Inc., seeks to promote reasonable expectations on the part of their customers, and then to meet them. A key tool in this effort is the

Expectations Book, which lists what are warrantable claims, what aren't, and how problems will be treated. Below is a brief sampling from the extensive list that is given customers upon signing a sales contract:

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### CATEGORY: SITEWORK

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#### ITEM: Excavating and Backfilling

**Possible Deficiency:** Settling of ground around foundation, utility trenches, or other filled areas.

**Construction Standard:** Settling of ground around foundation walls, utility trenches, or other filled areas shall not interfere with water drainage away from the house.

**Builder Responsibility:** Upon request by the buyer, the builder shall fill settled areas, one time only, during the first year warranty period. The owner shall be responsible for any grass, shrubs, or other landscaping affected by placement of such fill.

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### CATEGORY: CONCRETE

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#### ITEM: Expansion and Contraction Joints

**Possible Deficiency:** Separation or movement of concrete slabs within the structure at expansion and contraction joints.

**Construction Standard:** Concrete slabs within the structure are designed to move at expansion and contraction joints.

**Builder Responsibility:** None.

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### CATEGORY: THERMAL AND MOISTURE PROTECTION

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#### ITEM: Roofing and Siding

**Possible Deficiency:** Ice build-up on roof.

**Construction Standard:** During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

**Builder Responsibility:** The build-up of ice on the roof is a homeowner maintenance item.

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### CATEGORY: MECHANICAL

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#### ITEM: Heating

**Possible Deficiency:** Inadequate heating.

**Construction Standard:** Heating system should be capable of producing an inside temperature of 70°F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook. Federal, state, or local energy codes shall supercede this standard where such codes have been locally adopted.

**Builder Responsibility:** Builder shall correct the heating system, as required, to provide the required temperatures. However, the owner shall be responsible for balancing dampers, registers, and other minor adjustments.

#### ITEM: Plumbing

**Possible Deficiency:** Noisy water pipes.

**Construction Standard:** There will be noise emitting from the water pipe system, due to the flow of water.

**Builder Responsibility:** Builder cannot remove all noises due to water flow and pipe expansion. However, any "water hammer" is the builder's responsibility.

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### CATEGORY: DOORS AND WINDOWS

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#### ITEM: Wood and Metal Windows

**Possible Deficiency:** Malfunction of windows.

**Construction Standard:** Windows should operate with reasonable ease as designed.

**Builder Responsibility:** Builder to correct or repair, to provide reasonable ease of operation.

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### CATEGORY: WOOD AND PLASTIC

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#### ITEM: Finish Carpentry (Interior)

**Possible Deficiency:** Quality of interior trim workmanship.

**Construction Standard:** Joints in moldings or joints between moldings and adjacent surfaces should not exceed 1/8 inch in width.

**Builder Responsibility:** Repair defective joints, as defined. Caulking is acceptable.

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### CATEGORY: FINISHES

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#### ITEM: Gypsum Wallboard

**Possible Deficiency:** Defects which appear during first year of warranty such as nail pops, blisters in tape, or other blemishes.

**Construction Standard:** Slight "imperfections," such as nail pops, seam lines, and cracks not exceeding 1/8 inch in width are common in gypsum wall-board installations, and are considered acceptable.

**Builder Responsibility:** The builder will repair only cracks exceeding 1/8 inch in width, during the first year warranty period. Builder is not responsible for color variations in the paint.

whether it is in fact a warrantable item, or whether it's a homeowner-maintenance item. If the repair is questionable, but he thinks it will make the customer happy, he is instructed to say okay if it will cost less than \$100. If it's questionable, and will cost over \$100, he says, "I'll have to check back with the office on this and get back to you." With that one exception, he's got the field authority to make all necessary decisions. I think that's a key element in the system.

If the service manager finds that there's a subcontractor mistake or something that needs repair, he calls the sub, sets up a time for him to meet with the customer, and sends a confirming letter to the sub and the homeowner telling them when the appointment will be. In the confirming letter to the sub is a sign-off sheet for work completed. The sub takes that with him to the home, does the work, and gets it released by the homeowner. Then it goes back to the customer-service man, and finally into my files.

### Reasonable Expectations

After ironing out a few wrinkles, everything was working very well except for the gray areas. Our new customer-service manager kept coming back to me with questions: Is this covered? Is this all right? What are we supposed to do about this?

It was a question of expectations. He needed to find out what type of product I intended to deliver to my homeowners, and to convey to them what was a warrantable item. So we put together a full warranty book, which we call the "Expectations Book," and which the customer acknowledges receiving at the time he or she signs the purchase contract. It describes the warranty coverage itself, and lists each item with a description, a possible deficiency, the standard we expect to meet, and the builder's responsibility to correct it to that standard (see "The Expectations Game," page 28). It covers many of the components of the home. The package also contains all of the warranty-request forms.

In addition, we send out a 30-day letter, a six-month letter, and an 11-month letter. The 11-month letter tells the owner he has one month left on the warranty, which lasts one full year. Is there anything he wants us to pay attention to before that expires?

### The Best Salesperson

With this program, and personal contact with my customers, I now have almost carte-blanche to go into any home we've ever built. In fact, I have a salesperson on staff who has discovered that the best thing to do is to simply walk into a home, introduce the prospective client, and then just shut up. Our customers do the selling. For one thing, the customer's credibility with that potential buyer is a lot better than ours.

So we've found this program to be a very solid benefit. I've got control of a problem that was driving me nuts. My customer-service program generates future business, rather than detracting from it. And finally, I don't have any skeletons in my closet anymore. I can answer any phone call without worrying. And that's a very comforting feeling. ■

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