



The Collapse of Satisfaction

Carol Smith

Significant drops in “would definitely recommend” are reverberating through the industry both in the US and Canada. Builder after builder, formerly at the top of their game in customer satisfaction surveys, are suddenly finding themselves face down in their data.

“Would definitely recommend” ratings that previously hovered cheerfully above 90 percent have plummeted to the 60s or worse. These are organizations where genuine service has been a mantra for years and real effort has gone into developing excellence in that realm.

Faced with dramatic drops and alarming graphs, management naturally looks for an explanation. The warranty team serves as the natural lightning rod; these folks, after all, were the last ones to work with the unhappy customers. History tells us we have talented, knowledgeable people with positive attitudes working their butts off to delight customers. Suddenly that’s not enough. Yet the staff who just last quarter produced 96 percent “would definitely recommend” did not suddenly become incompetent or apathetic.

As is so often the case with survey results, underlying dynamics are more complex than the numbers on the surface. This issue requires comprehensive review and tough self-examination. If you are among those who’ve experienced this satisfaction earthquake, apply the energy you save by not jumping to conclusions to investigate these potential contributors.

Right Reasons, Wrong Expectations

For years sales consultants resisted mentioning warranty service, believing the subject was (a) boring and (b) negative. Then, thanks to consistent messages from every homeowner survey company, the industry realized that warranty drives referrals. Many builders wisely made improvements in personnel, policies, and practices, elevating warranty service to more appropriate status.

As a positive result, in dozens of outstanding companies, sales consultants now take justifiable pride in their warranty team: “We have a fabulous warranty department. They go *above and beyond* what’s required. They bring gifts, do lots of extras, and at year end, they come in and take care of all the drywall items you notice and we even paint them for you. We make your home feel brand new again!”

In this innocent sounding conversation, the sales consultant was referring to year-end attention to nail pops and shrinkage. A homeowner who has three young children understandably took the remark to mean *any damage* and submitted a 250+ item list. Acknowledging the misunderstanding, warranty agreed to address over 50 of the requested items in spite of the fact that all but eight were due to normal wear and tear. The company got trashed on the year-end survey.

A workshop with the sales team regarding how to describe warranty positively without over-promising is a worthwhile endeavor. The types and duration of various coverages and where to find detailed maintenance and warranty guidelines are all fair topics. Predictions about repairs to be done are best avoided. Likewise, if showmanship touches are planned as a part of year-end service, telling home buyers about them demotes them from delightful surprise to just another expectation.

Survey Leverage

When every individual your home buyers work with reminds them to send back the surveys, customers begin to suspect their significance. Making matters worse are those who offer buyers this guidance, “Let us know what we need to do so you can say you would definitely recommend.”

With the subject getting this kind of attention we shouldn't be surprised that many home buyers are onto the survey game. One candid Canadian homeowner was heard to say “If they think I'm satisfied they'll stop doing extras for me.” Just as blatant in its intent to manipulate was this conversation which took place on a Tuesday in the kitchen of a new home on the west coast:

Homeowner: This cabinet door just doesn't go with the others. It needs to be replaced. And by the way, the survey you mentioned at my orientation is laying on my desk waiting for attention. Thanks for alerting me to expect it.

Warranty Rep: Yes ma'am, I'll take a measurement and get a new door ordered right away. They generally take about six weeks to come in. When your door arrives we'll call you to set up an installation appointment.

Homeowner: That doesn't work for me. I have a dinner party next Saturday. I don't want to be embarrassed in front of my friends with this ugly cabinet in my new house. I certainly hope to be able to say I'd recommend your company on that survey.

In previous times this request would have been denied with an explanation that each piece of wood takes stain differently. However replacing it is neither wrong nor a huge deal—until you need to do so within three days. In today's climate this warranty rep is wondering if there's a home under construction with the same cabinets or maybe one of the showhomes... he invests over two hours trying to track down a door and arrange for its installation before Saturday. He fails and meanwhile eleven new emails and four phone calls wait for his attention.

Limit yourself to describing the formal surveys in the homeowner guide and mentioning them no more than twice during the new home process. Do so without begging or bribing: “You'll be getting a couple of surveys from <survey company>. We value your time in sharing suggestions on how we can improve and a pat on the back for things we did well is also appreciated.”

Then provide for a continuous stream of comments from customers. Invite home buyers to give casual feedback *when and how* the customer chooses instead of simply relying on long periodic questionnaires. Comment cards or a comment icon on the Website, a customer hotline, short transactional surveys (4-6 questions immediately after each routine meeting), and discussing field reports of customer remarks offer a few examples. If a purchaser becomes disgruntled, give the organization a chance to find out about that while there is still time to recover goodwill.

No Good Deed...

With surveys hanging over their heads, many warranty reps say yes to nearly everything, increasing their workload (and that of busy trades) exponentially. This might be worthwhile if positive results followed their extreme generosity. That, however, is not guaranteed.

In the last two weeks alone a wood floor the homeowner ruined with a steam cleaner got replaced. A dead tree was removed from the front yard of a twelve-year old home and a new one was planted. Burned out exterior light bulbs were written up for attention at a year-end visit.

You might expect these three customers to be pleased with such largesse. However, the homeowner with the new wood floor is complaining about the dust that workers left behind even though the builder sent their cleaning team through the entire home. The new tree is not big enough according to the second homeowner and the third customer has reported that another light bulb has burned out—this time inside the home.

Consequently, if asked, all three homeowners would say the service received was adequate, but not *great*. They might recommend, but not *definitely*.

Negative reactions to generosity are not confined to warranty. For instance, a sales consultant read an email from a new homeowner who wrote to thank her for the basket of snacks and beverages he found on his kitchen counter upon moving in. She was happy to get this feedback until she got to the part where he asked if there was a gluten free version as he's on a special diet. The sales consultant sat at her desk, knowing she'd failed a customer and trying to figure out how she could have learned about his special diet.

In a more serious situation, with approval from management to spend significant dollars, the customer relations director of a Florida home builder jumped in to help homeowners who suffered hurricane damage. This humanitarian gesture included restoring washed out yards and replacing broken windows and water soaked carpets. The work went on for weeks. The cost was in the tens of thousands of dollars.

While other builders referred customers to homeowner insurance companies, these homeowners interpreted the generous help they got as an admission by their builder that the homes should have withstood hurricane force winds and vast amounts of uninvited water. Then because the company finally drew a line at reimbursing for homeowner's damaged personal belongings, most of the homeowners were disappointed or even angry. Survey scores gave no credit to the compassionate professional and her team nor the company that so kindly contributed the resources for the repairs.

Trades & Suppliers

If you have had the nightmare where only one plumber exists in the entire nation and he is in Ohio when you need him in Arizona, you truly have grasped the magnitude of the skilled labor challenge developing in the home building industry.

In areas where the market has picked up many trades face a shortage of skilled employees and struggle just to keep up with production let alone warranty obligations. Without reliable trade participation, the best service plan turns to dust with survey numbers following close behind.

This is an example of conditions that are not your fault, but become your problem. How can any builder address these issues with buyers? Among others, builders can take these steps—

- Request that trades designate a warranty service technician whose first responsibility is warranty work. When it is complete, he or she rejoins a production crew. Include this in the contract as a requirement.
- This can be a sales office topic or a subject for the orientation. Staff will need guidance on how to discuss it. Point out that this is one down side of an improving housing market. In response to suggestions that you simply contract with more trades, explain that you prefer to wait for those with a proven track record.
- Acknowledge that while the labor crunch is indeed your problem, it does have a real impact on homeowners. Patience in obtaining warranty service is essential as response times are longer than anyone wants. Good communication about repair appointments and the homeowner's sincere effort to make the home accessible help.

Defining "Above & Beyond"

To go "above and beyond" in the effort to generate "would definitely recommend" requires defining what *above and beyond* means. Without boundaries of some kind, however generous you are, you end up with the tumult we currently see in some warranty offices.

A reputation for standing behind your product develops over time and as a result of taking action when technically you could say *no*. Builders win no points for meeting legal requirements or fulfilling clear warranty obligations while the warranty is in force. On the other hand, a catch all command to "just make the homeowners happy" leads to confusion among those providing service and disappointment among those receiving it. Without reasonable guidelines neither company personnel nor trades know what is expected of them.

Get clarity on gray areas. These are situations where extenuating circumstances are given a fair hearing and as a result of common sense, action follows. They require case-by-case analysis. Nonetheless, guidelines can be developed. Company personnel and trades alike need boundaries for such situations as cosmetic repairs after move-in and “out of warranty” warranty requests. If you commit to going “above and beyond” you need to define it or your homeowners will define as they go along, creating a moving target.

Victim of Your Own Success

As great companies applied increasingly generous service practices, homeowners grew accustomed to the new level of attention. Well-cared for throughout the warranty period and encouraged by the friendly attitudes they encountered, those homeowners are more likely to request “out of warranty” warranty assistance. Responding to this growing trend is admirable and smart business. However, to do it well requires recognizing the impact on schedules and staffing accordingly.

Addressing issues for homeowners in older communities takes a disproportionate toll on staff time. First, as communities close out, field offices get moved to active sites. Attention to homeowners in previous communities generally requires more travel time. Next, floor plans, materials, and trades evolve. Gathering accurate details for arranging repairs involves research, often including sifting through company archives. If the original trade no longer works for the company, more time is spent getting the current trade up to speed on what is needed and establishing a cost.

While this is going on, homeowners currently under warranty are also waiting for attention. One company addressed this mushrooming issue by establishing a *Sunset Warranty* Department specifically to address items in any home more than four months out of warranty. This two-person team honed their skills for finding parts and people needed to provide effective responses while homes still under warranty received the focused attention from the traditional warranty team.

Be as generous as you want, up to and including perpetual maintenance. Then staff and contract with trades accordingly. Companies cannot provide “would definitely recommend” service with the traditional number of personnel or with trades who stand firm on the expiration of the warranty and refuse to come back even for pay.

Perhaps now is the time to give serious consideration to setting up home maintenance services. Often the demands of today’s homeowners stem from their lack of time, tools, or know how. If they could write a check and have their maintenance tasks addressed, many of them would be content to do that.

Standing behind its products is admirable for any company. Every builder needs to find a comfortable position on the service scale. This scale begins at zero with the attitude that your attorney is your service department and ends at 100 with the philosophy that the customer is always right.

With this decision in mind, staffing levels can be determined to match the level of commitment. As more is done for homeowners, more personnel will be needed to inspect, communicate, document, and follow up. A company can take this as far as it wants—expanding, extending, or enhancing service—but not without ensuring that the people providing this service can keep up. Providing outstanding service but taking eight weeks to do so wins few fans in today’s immediate gratification world.

In Conclusion

As customer expectations evolve, so must builder strategies. In the 80s we talked about customer satisfaction; the 90s added customer delight and touchpoints. Soon after the turn of the millennium we focused on customer loyalty, earned through experience engineering. Now we must identify the next goal.

You did not saunter accidentally into a great reputation. Sustaining high scores—even after holding a regional lead for several years—requires continuous vigilance, detailed analysis, and regularly re-thinking strategies. Customer satisfaction is a race with no finish line. As one writer put it, “There is no point at which you can say, ‘Well, I’m successful now. I might as well take a nap.’”