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The National Housing Quality Award: Highlighting Best Practices for the Home Building Industry by NAHB Research Center Staff

The National Housing Quality Award helps home builders, contractors and remodelers to examine and improve their level of quality on an annually basis.

Though the remodeler and trade contractor categories have only recently been added to the National Housing Quality (NHQ) Award, for eleven years, hundreds of home builders have used the NHQ Criteria for Performance Excellence to assess and then improve their performance on the critical factors that drive business success. The NHQ Award, administered by the NAHB Research Center's National Housing Quality Program, gives the highest recognition by the housing industry for quality achievement. It is open to all U.S. residential construction, remodeling, and trade contracting companies.

The NHQ Award is patterned after the Malcolm Baldrige National Quality Award. Panels of experts judge entries on the role that customer-focused quality plays in construction, business management, sales, design and warranty services.

The NHQ Award application's 24 questions invite applicants to examine their quality assurance practices in seven categories: leadership, quality planning, customer focus, quality management, human resources, information management and quality results. In the process, applicants learn their strengths and weaknesses, and recognize opportunities to improve their business.

Following are examples of how past NHQ Award winners have addressed some of these criteria.

LEADERSHIP GUIDING SHARED VALUES & PRIORITIES

Leadership and management support are the first and most crucial elements of quality assurance. A company's top leaders set direction, create a customer orientation, and demonstrate clear and visible values for the firm. This occurs whether or not there is a conscious attempt to control it.

There are many factors that explain how this happens. First, as company leaders assert their vision for what their companies can achieve, they communicate quality-oriented policies and goals throughout the organization. Second, quality-oriented companies set strategic direction and create values and expectations that are conducive to high performance. Third, identifying and articulating a compelling vision mobilizes companies to achieve challenging goals. The personal commitment and involvement of top managers helps to establish and reinforce the significance of the company vision.

The vision statement from Fieldstone Communities of Newport Beach, CA, a 1993 NHQ Gold

Award winner, reads, "To be a model of excellence in home building, with people working together who are committed to provide value for our customers and service to your community." The mission of Oakwood Homes of Denver, a 1995 NHQ Gold Award winner, is "...to become the dominant consumer franchise brand builder in the Denver marketplace by delivering a home the consumer wants in a defect-free environment." The customer-focused mission of History Maker Homes of Fort Worth, TX, a 2003 NHQ Gold Award winner, is to "provide a world-class customer experience each and every time."

A FOCUS ON STRATEGIC PLANNING

Effective managers who look to incorporate quality into their businesses work toward creating flexible organizations that respond to competitive environments. They adapt their firms' leadership and organization to changing opportunities and requirements through strategy development and company performance reviews.

Strategic planning in the home building industry should clearly address customer and operational performance requirements. As company performance improves through an emphasis on superior offerings, customer satisfaction also improves.

All-tech, Inc. Carpentry Contractors of Monroe, NJ, a 2003 NHQ Silver Award winner, continually reviews industry trends and evaluates new possibilities, such as opportunities for vertical integration to streamline performance and increase sales. All-tech's CEO has also asked management and non-management level employees to evaluate the company's strengths, weaknesses, and opportunities.

The Drees Company of Fort Mitchell, KY, a 1994 NHQ Gold Award winner, uses its annual environmental analysis to prepare five-year business strategy goals, three-year performance and operational objectives, and one-year tactical plans. The analysis includes sections on market and regulatory conditions, and corporate competition.

EMPHASIS ON CUSTOMER-DRIVEN QUALITY

Those who seek customer-driven quality must acknowledge the individuality of customers' needs and remain sufficiently flexible to fulfill those needs in ways that create high levels of satisfaction. A company's quality management system takes as its central focus all product and service characteristics that contribute to customer satisfaction.

Customer-driven quality demands constant sensitivity to emerging customer and market requirements, as well as constant measurement of the factors that drive customer satisfaction. It also demands an awareness of the developments in technology and competitors' offerings.

Pulte Homes Illinois Division of Hoffman Estates, IL, a 1995 NHQ Gold Award winner, periodically conducts homeowner surveys and focus groups to provide information on product feature preferences, the perceived dollar value of options, and the importance of community amenities for different market segments. This information is tracked and used to evaluate market opportunities, trends in buyer preferences, and competitors' successes.

Doyle Wilson Homebuilder of Austin, TX, a 1995 NHQ Gold Award winner, holds focus groups in their model homes for customers who have purchased that model. Focus group participants discuss potential improvements to the design, amenities, customer service, and their relationship with the builder. This feedback provides a valuable source of information for the builder to use for refining products and services and ensuring customer satisfaction.

PERFORMANCE MEASUREMENT

Business managers develop company performance measures to focus the organization on key business drivers. Performance measures provide a communications tool and a basis for deploying consistent customer service and operational performance requirements. They help to ensure consistency of purpose, and support innovation, and decentralized decision making. And overall company performance reviews offer companies an effective way to observe, communicate, and reinforce priorities in terms of how well business objectives are being met. Regular company-wide performance assessments should be made visible to employees in order to be effective.

Doyle Wilson Homebuilder posts charts that show company performance trends in the its lunchroom and near the company mailboxes. Departmental performance measures, which include error rates and processing time, are posted in walkways near teams' work areas.

To create a universal commitment to improvement, All-tech, Inc. is considering an introduction of cross-evaluations so that upper-level managers receive feedback from those who report to them. At All-tech, eliciting and soliciting feedback from employees at all levels creates an environment of respect for opinions and ideas which enables the company to grow at all levels.

DEVELOPMENT & ACHIEVEMENT OF EMPLOYEES' FULL POTENTIAL

A company that tailors its work environment to foster the health and safety, well-being, positive morale, and professional development of all employees is rewarded by greater employee commitment to quality. Employees should be viewed as key stakeholders in the company's reputation and fate.

While pay and promotion potential are important motivators, they may be inadequate to sustain consistently high motivation and performance. It may take additional effort to determine the factors in a company's work environment that promote and inhibit motivation among employees.

Village Builders of Houston, a 1994 NHQ Award winner, implements an annual employee survey that measures the company's morale and working climate. The executive team uses this information to help plan and measure improvements to the work environment.

While a company's success in continuous improvement depends on the skills of its workforce, employee success depends on access to meaningful opportunities to learn and practice new skills. Members of the home building industry can manage workforce development by investing in ongoing education and training. Adequate classroom and on-the-job training must be in place for employees to develop the requisite skills to do their work, including such quality management

concepts and skills as problem solving, teamwork, and basic methods for collecting and analyzing data.

History Maker Homes provides training and educational opportunities that are linked to company objectives. It has also developed workforce development goals, which are linked to key success drivers.

STRATEGIC INFORMATION MANAGEMENT

Companies use information to drive performance improvement. Therefore, top managers should align information collection and management with business priorities, support business process management, and guide improvement activities. The analysis of performance and quality-related data should guide a company's process management toward business goals. This effort may require the use of data to reveal trends, projections, and cause-and-effect relationships.

For example, 1995 NHQ Gold Award winner Toll Brothers of Huntingdon Valley, PA, uses an extensive computer database to track customer survey results, community assessments, production schedules, quality control data, and costs in each of its more than 90 communities. Detailed comparisons among communities help managers discover best practices and uncover potential problem areas. All findings are disseminated to all communities to help maximize productivity and avoid problems. At All-tech, management constantly evaluates its performance in key areas. These areas include bid and jobsite budgets; quality reviews of site inspections, customer surveys, and service call evaluations; performance evaluations; and materials specifications.

WHERE TO GO FROM HERE

It is often said that quality is a journey, not a destination. Specifically, it takes commitment, persistence, and a dedication to continuous improvement for companies to deliver consistently high quality products and services. NHQ Award winners continue to lead by example.

Both the NAHB Research Center and the Reed Residential Group, publisher of Professional Builder and Professional Remodeler magazines sponsor the Awards.

For more information on implementing a quality assurance system, contact Dean Potter, director of quality programs at the NAHB Research Center, at 800/638-8556, ext. 6267, or visit the NAHB Research Center's web site, www.nahbrc.org/quality.

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