

A good Voice of the Customer program doesn't just improve interactions with customers, it changes the entire culture of an organization. We touched on team building in my story on page 94 of last month's issue of *Professional Builder*. Here, we'll take a deep dive into what a customer-centric organization looks like from the inside.

Happy employees are the first step to creating happy customers. When you focus on becoming a customer-centric company, you create an organization that's committed to accountability and responsibility. If every employee understands his or her role in the customer experience, then performance and results have a chance to improve from a customer perspective. Getting real-time feedback from the most important source—the customer—in the form of both positive feedback and constructive criticism, is energizing and rewarding for employees. Here, builders share the changes in their companies that occurred as a result of shifting to a customer-centric feedback, measurement, and benchmark approach to performance.

POSITIVE INFLUENCE IS A POWERFUL MOTIVATOR

The Voice of the Customer (VOC) is the most powerful measurement for showing team members the impact they have on the customer's experience, says Jamie Baessler, president of Baessler Homes, in Greeley, Colo. "It holds our team accountable to that ultimate measurement: delivering the best brand-new home and customer experience possible." Dusty Boren, owner of 4Corners Homes, in Norman, Okla., agrees. "The Voice of the Customer program helps hold everyone in the company accountable." He reports that an originally skeptical staff now understands that VOC is an objective and accurate indicator of their role in the overall customer process, plus it offers confirmation of a job well done.

James V. Clarke, president of Robertson Brothers Homes, in Bloomfield Hills, Mich., says that his employees experience some pain, but they know it's worth it. "I'm not sure the staff always like the results," he says, "but they all respect the value and have bought into the process of continual improvement." Clarke sees VOC as a valuable tool that enables a culture of doing things right.

At Vantage Homes, in Colorado Springs, Colo., executive vice president Jolene Weiss says that her staff looks forward to the monthly results on customer feedback. Friendly competition has been the result. Some builders implement Customer Care Champion of the Quarter recognition to celebrate customer-centric behaviors and share best practices, if not to create some good-natured rivalry. J.D. Espana, president of Piedmont Residential, in Atlanta, says: "We go through the surveys weekly and post the results in an open area where everyone can see them. Our people respond because they want to be great."

Of course, it's important to focus on progress based on exceeding last quarter's goals. But the real competition is the builder down the street.

HAPPIER BUYERS BEGET HAPPIER EMPLOYEES

When customer satisfaction scores go up, so does employee morale, says David Bailey, owner of Destination Homes, in Layton, Utah. Still, everyone has to be on board. Like a rowing team, if one person is out of sync, it can wreak havoc with the customer and the company. Let each teammate know their key responsibilities, current performance, and areas for improvement. "Almost everyone wants to be better, but you have to find the people who are willing to put forth the effort," says Mark Downing, managing partner of CornerStone Homes, in Jacksonville, Fla. "Everyone on your team has to have buy-in."

As it turns out, customer service is about more than just the customer. According to Robert Gladstein, partner at American Classic Homes, in Seattle, "Our philosophy is, 'If we can't take care of our own team, how can we take care of our customers?' Our employees know that they are the first VOC. They know how much we appreciate them and, as a result, they take great care of our customers. It is part of our company's culture, so they live it every day."

TEAM MAINTENANCE NEEDS ATTENTION AND INVESTMENT

Accountability is fundamental for keeping a focus on the customer, and that means acknowledging when promises aren't kept and the system has broken down. It also means recognizing and celebrating the successes. Make sure compensation, recognition, and promotions are linked to meeting and exceeding customer expectations. A truly customer-centric organization incorporates ways to recognize its people in order to bring that message home to customers, taking advantage of special situations to let its people know that the company recognizes improved levels of meeting customer needs. "We celebrate those individuals and teams that score the highest on customer-review surveys," says Brad Elliott, president of 4Corners Homes. "We coach individuals and teams from the feedback from poor reviews. The team feels it's a great tool for keeping things honest."

The return on that investment is team members who are proud to work for that company. When you hear employees refer to the organization and say, "We do this," and "We operate this way," rather than, "They are ...," you know your staff feels like an integral part of your organization and are proud to claim that position. The "we/they" is a useful measure of whether employees are committed to and proud of being a part of your company. "Our staff knows how important it is. They are also very proud of our scores and referral rates," says Steve Krasoff,

FOR GREAT CUSTOMER SERVICE, **COMPANY CULTURE** NEEDS TO THRIVE

INDUSTRY VETERANS SHARE ADVICE ON THE STRONG RELATIONSHIP BETWEEN
A CONSISTENT CLIMATE OF EXCELLENCE AND A GREAT BUYER EXPERIENCE

By Charlie Scott, Contributing Editor



[CUSTOMER SATISFACTION]

co-founder of Scott Felder Homes, in San Antonio and Austin, Texas. “Our staff loves it—they know the approach makes us a better company,” agrees John Monacci, executive vice president of Winchester Homes, in the Washington, D.C., area.

BETTER PERFORMANCE

Esprit de corps is important, but if it doesn’t result in better numbers, then it’s not doing much good. The bottom line of a VOC program, or any companywide program, has to be its impact on the bottom line. Does a customer-centric approach make a financial difference for the company? Most have found that the best way to measure the return on customer satisfaction is the volume and strength of customer referrals. Word of mouth is easy when you have something great to offer, and this power of passing it on is the most efficient marketing program available to any business. Let your current customers sell your product to other customers and you’ll reap rewards. In the experience of our surveyed home builders, a customer-centric approach has had a significant and measurable positive impact on referrals and sales. Here are some of the financial and other performance results that customer-centric home builders report.

PASSING IT ON

Monacci knows that word of mouth can be your best friend. “Consistent customer satisfaction drives referrals and saves money by not having to spend money on other advertising,” he says. “We view referrals as our best source to drive more satisfied customers. We see better sales absorption and higher margins.”

At Baessler Homes, being customer-centric serves as important ongoing evaluation for the company. “Listening to the voice of the customer is the best way to truly assess the impact your home building operation has on the customer’s experience,” Jamie Baessler says. He adds that it’s great how-to for improving business and reducing marketing costs by leveraging the strongest marketing available: customer referrals.

Tom Schoedel, president of Atlantic Builders, headquartered in Middleburg, Fla., likens business to life, citing that one of the most significant rewards in life is a great relationship. “Our focus on the customer fosters great relationships, which makes us feel good about ourselves, our company, and our contribution to the community,” he says. “It also does wonders for referral sales. In 2015 about a third of our sales were referrals.”

SATISFACTION BREEDS SUSTAINABILITY

It has been estimated that the average referral sales rate for a home builder is 15 to 20 percent, while builders with customer-centric cultures and a written referral sales strategy routinely

achieve 40 to 50 percent referral sales. When doing the math, the return on investment can be substantial. Jeff Czar, president of Armadillo Homes, in San Antonio, says that a customer-focused program makes the difference between getting by and succeeding. American Classic Homes’ Gladstein agrees: “Whatever investment you put in, you will get back tenfold.”

“The No. 1 benefit of listening to customers is how it makes us feel to deliver a great home with an enjoyable experience,” Downing says. “No. 2 would be the referrals, and No. 3 would be the way we can use our results to improve our position when competing with other builders.”

In the end, it’s about the bottom line, as influenced by increased referral sales, lower warranty costs, improved employee satisfaction, and yes, even higher margins. Smart home builders look at customer dissatisfaction similarly to variance purchase orders whereby each disappointed customer is actually a current and future cost, or slippage in profitability. “We see increased profitability,” Espana says. “The customer tells us why we’re not making the margins we desire if we listen to them and don’t make excuses. We take their feedback to heart.”

LEARNING FROM DISNEY

During the Walt Disney World new-employee orientation program, employee trainers explain that although every day may be just another day at work, it’s different for visitors to Disney World: This may be the only time they will ever visit the Magic Kingdom. Disney employees learn that it’s up to them to make that visit memorable and special.

There’s a lesson here for home builders. We have to remember that for many of our customers, this may be the only or last new home they will ever build or buy. And although each day may be just another day at work for us, we have a responsibility to keep the enchantment alive for our customers every day throughout the homebuying, building, and warranty processes.

Being customer-centered keeps us focused, honest, and on track. It helps us key in on the buyer experience when the everyday challenges of running a business make us temporarily forget that we’re lucky enough to operate in our own magic kingdom, creating living spaces for people and families that they will enjoy for the rest of their lives. And it’s up to us to make their home building experience a happy start to the memories they will create in their new house. That can be the real bottom line. When well executed, the return on customer satisfaction is rewarding both financially and emotionally on both sides of the home’s threshold. **PB**

Charlie Scott is principal partner at Woodland, O’Brien & Scott. Write him at charlies@woodlandobrien.com.