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WHAT I LEARNED FROM BILL

TEN LESSONS
FROM BILL PULTE,
THE MASTER BUILDER.
PART TWO IN A
TWO-PART SERIES

By Scott Sedam, Contributing Editor



In my May column I recounted how three decades ago I found myself in a unique position to learn directly from the late William J. Pulte, founder and former president and chairman of Pulte Homes. To everyone he met, he was just “Bill”—a man who put on no airs and thought of himself as just a regular guy who worked hard, got lucky, and received countless blessings.

As they say, “I could write a book” about the lessons I learned from Bill about home building, and that makes picking just 10 of them quite a challenge. So I’ll get right to the point and detail some of the most memorable.

1 | A satisfied customer lives with it; a delighted customer tells others about it. I had been on the job for just three months when I was asked to present to Pulte’s board of directors about our new approach to improving quality. Bill introduced me, then told the board how, as a young man, a plumber had challenged him with the question, “Do you know the difference between a satisfied customer and a delighted one?” Before Bill could finish, a highly influential board member known to be a 100 percent Wall Street numbers guy blurted out, “Yeah, 200 bucks!” A wave of laughter rippled through the room—as much as corporate board members would allow themselves to laugh—but it died down when they saw Bill’s frustration. The idea that a mere \$200 was sufficient to delight a customer was absurd to Bill, and he told them in no uncertain terms. “NO!” he emphatically stated, “That’s ridiculous.” When he regained their attention, Bill followed with an emotional tone in his voice: “The satisfied customer lives with it. The delighted customer tells others about it.” The board members sat back and considered that with polite head-nodding. Bill felt patronized, turned to me and said, “Scotty, you explain it to them!” And so I did. Well, I tried my best. The good news was I still had my job the next day.

2 | Know and fix your costs. The first time I heard this from Bill was in one of the multiday training sessions where he led a key section. It was a course on construction and purchasing, and participants came from across the country. Among the highlights was Bill’s land-planning map of the greater Detroit area from 30 years prior, affectionately known as “The Shroud of Bloomfield Hills.” Bill had talked at some length about the crucial interface between purchasing and construction. Then, with a long pause for emphasis, he declared that before you begin any project, you must “Know and fix your costs!” He followed by saying it twice more, smacking his fist into his palm, with greater volume and emphasis each time, Know and fix your costs! KNOW AND FIX YOUR COSTS!

In last month’s column, I described a VP of construction at Pulte Homes who didn’t know his costs, let alone fix them, and he was soon dispatched

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from the company. For Bill, it was required that you nail down all costs, including options and selections, prior to starting a home. Playing catch-up was never part of Bill's game plan.

3 | Start Package as “The Bible.” At Pulte Homes in those days, each house at the start had one of those legal-length vertical folders with the two-hole metal fold-over clip at the top. In the better divisions, every single specification, option, selection, and color was detailed for each and every supplier and trade; the exact lighting and plumbing fixtures, the specific colors, the right tile, carpet, pad, and every other piece and part of the house in full detail.

If you've ever been a supplier or trade, I don't have to explain the almost unfathomable difference it makes to work with a builder that provides this, versus the vast majority that don't, requiring constant phone calls and emails trying to nail down the details. The result of that is reorder, rework, and extra trips—all non-revenue events. With a thorough, complete start package, everything works better for builder, supplier, and trade alike. It's as difficult to overestimate just how critical this is as it is frustrating how few builders get it. Builders that fail to provide “gospel-quality” start packages can't claim they truly care about cost.

4 | As you are in the smallest of things. In the May column I described a field walk where Bill bent over to pick up a stray piece of trash, and soon everyone else in the sizable entourage began gathering trash as well. Bill's point of this wasn't merely to pick up trash. He provided a vivid lesson that employees and associates take their cues from leadership. If the leader exhibits traits such as honesty, integrity, attention to detail, and care for the people and surroundings, those under them will follow suit. At first, they may do it just because the boss does, but in time, most grow to understand why a leader does these things on the way to building a strong culture. Conversely, if leaders exhibit a don't-care attitude, are abusive to people, self-absorbed, dishonest, or simply overlook bad or unproductive behavior, subordinates tend to fall in line behind them.

A strong president of a rapidly growing private builder I know sensed he had a problem with his firm's attitude toward customers. He announced a new policy in the management meetings: “We will only talk about customers as if they are sitting here in the room with us.” He insisted upon it, followed it personally, and he policed it. It was difficult. It changed everything.

5 | Quality is independent of price. Bill was way ahead of the game on this one, and many builders still don't understand. We've all seen the 5,000-square-foot luxury mansion with serious quality defects, and we've seen the basic,

compact 1,500-square-foot bungalow built with almost perfect quality. Features and quality don't necessarily have anything to do with each other. In the not-too-long-run, building quality costs less, not more. To Bill Pulte, it made no sense to build any other way.

6 | You can't be everything to everyone. Bill would bristle each time a far-off division would send a marketing plan for a new community to corporate for review and include more than three plans with three elevations each. He'd consider a good case for four of each, but that was about the limit. I will recall one southern division submitting 12 plans with five or six elevations each. Bill's famous exclamation of “What are they thinking?!” followed close behind. To control cost, quality, and schedule in production building, Bill's default option was to limit plans and elevations, and to build what you know how to build. You don't need to offer everything to everyone to succeed. It's a trap from which many builders never escape.

7 | Every house, every day. If you sport any credentials as a “quality geek,” then you know that it's far better and cheaper to build in quality from day one than to achieve it after the fact through inspection and rework. We don't abandon that maxim when we face the reality of 35 to 45 suppliers and trades with 300 to 500 workers building the homes we sell—all in a thoroughly uncontrolled environment. Throw in visits from inspectors and drop-ins from customers, and the points of variation increase exponentially. To control all that and maintain the schedule, a field superintendent must be in every house, every day. For Bill, there was simply no way around it. Many builders would do well to follow that sage advice, but they must first provide the training, systems, processes, and support that enable their superintendents to reach this goal.

8 | Value is defined by the customer. Bill told me he sometimes struggled with this. He knew so much about building and had such great instincts about people that he naturally wanted to tell them in what they wanted to live. I recall 25 years ago in Salt Lake City, a new market then for Pulte, where it was hard to understand why folks bought split levels and raised ranches in droves, years after those designs were all but forgotten in most markets. Bill got the big-family part. He had raised about twice the typical houseful and then some. But did the houses have to be that ugly to accommodate their needs—at least to his sensibilities? There were several stops and starts in Salt Lake City and it proved a painful lesson. Customer perception is 90 percent of their reality, and there is little we can do to change that. Our role is to deliver the greatest value while meeting their needs.

BILL CHERISHED HIS TRADES AND BANISHED THE WORD "SUB" FROM THE PULTE HOMES LEXICON. "SUB!" HE WOULD DECLARE, "GOES WITH SUBSTANDARD, SUBSERVIENT, SUBPAR. THEY ARE TRADE PARTNERS, NOT SUBS."

9 | You are only as good as your trade contractors. Bill cherished his trades. Decades ago he banished the word "sub" from the Pulte Homes lexicon. "Sub!" Bill would declare, "Goes with substandard, subservient, subpar. They are trade partners, not subs." He didn't feel much better about the term "vendor." This wasn't merely semantics to Bill; he knew words matter. Bill could certainly be tough, but he was always fair and willing to go the extra mile for any trade trying to do the right thing. He would back anyone who had to replace a trade that didn't perform, but he encouraged construction and purchasing alike to establish long-term, mutually profitable relationships with the best. Bill understood that was the route to lowest total cost, not merely a low bid price.

10 | As goes the schedule, so goes the builder. I've written extensively about schedule as the veritable heartbeat of any builder, and 30 years after I first heard it from Bill Pulte, nothing has changed. Coming out of the housing recession with a nationwide trade shortage, schedules have ballooned for 95 percent of home builders. Yet the 5 percent that beat this rap prove it doesn't have to be that way, as some of our very strongest clients demonstrate each day.

Bill preached schedule daily, saying if you want to pick one single thing to drive significant improvement in your firm, focus on the schedule. You can't reduce and manage your schedule by memos, screaming, or continually churning your trades. Find out exactly what slows it down and go deep to find the root cause, then attack it—with the help of your suppliers and trade contractors. Do that and you'll win because your competitors are simply not willing to work that hard.

From the early years in the 1950s, Bill placed a medallion in the front concrete stoop, a brass-colored oval that declared "Pulte Master Builder." You'd still find that medallion through the late 1990s almost 50 years later. It was a genuine source of pride for employees back then—something to live up to. To my knowledge, no other large builder put its brand name on each house for every homeowner and every visitor to see, every day. None of us from that era would claim we earned that "master builder" designation on 100 percent of our homes. With national customer service as part of my role, I did receive a few customer emails that asked, in so many words, "Is this what a master builder would do?" Yet Bill had the guts to lay his brand out there for the entire world to see. Bill would say we may not ever get there, but we worked each day to earn the title Master Builder.

Somewhere around the turn of the last century, between legal and marketing, the old logo and medallion was declared passé. Around the same time, Pulte logos disappeared from

trucks and vans as well. A new logo was commissioned, trading the solid-looking, Master Builder medallion for a stylized script Pulte Homes fitted under a roofline with a big sun rising behind it. I supposed to some it symbolized a new era for the company, a transition from Bob Vila "sticks and bricks" to Martha Stewart "lifestyle living." For me, I'll stick with the old-school logo, along with most of my compatriots from that era, but time marches on and besides, what did we know about marketing? Still, I miss that medallion and what it stood for.

Bill Pulte, Master Builder, is now part of home building history, along with his company's old logo. But last month at the *Professional Builder* ProConnect event in Florida bringing national suppliers and builders together for "speed-dating" sessions, we boarded a large excursion boat full of participants on a trip up the inland waterway, with good food and drink all around. About half-way through, seven of us from six separate companies found ourselves at a corner table on one deck, with no one else around. Our connection? We were all with Pulte in the '80s and '90s. Unplanned, we found one another through a common heritage. We reminisced about encounters with Bill in the "good old days" and things we'd learned. Each one in our group today has a significant position in their current firm, and as we spoke about their various stops along the way, I realized that Bill Pulte's influence had indeed propagated throughout the industry. As Bill taught us, we endeavor to teach others, and so it will continue to the next generation of builders and beyond. In time, Bill Pulte, Master Builder, may be forgotten as a man, except by those in his direct family tree. Yet his teachings about building, family, and life will live on across the years. And I think Bill would be quite at peace with that.

Note: I've only scratched the surface of Bill's teachings here. We are launching a noncommercial website simply called, "What I Learned From Bill." If you have a quote, a lesson, or an anecdote about something you learned from Bill, be it about construction, leadership, or life, please forward it to me at scott@truen.com with "Bill" in the subject line, and we'll put it up on the site. If just a small percentage of those who learned from Bill participate, we can create an enduring legacy and source of knowledge that will do Bill Pulte, Master Builder, quite proud. **PB**

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