

Judgment Calls

The scene is a typical builder's office. A homeowner warranty list arrives, and an inspection appointment is set to determine an appropriate response to each item. Thoroughly familiar with applicable standards, the warranty rep evaluates each item objectively, conveys the conclusions to the homeowner, and follows through on appropriate repairs.

If only it were that simple.

In spite of increasing numbers of increasingly precise warranty standards, judgment calls are an inevitable and daily part of warranty service. In addition to learning the physical standards for each new home component, warranty personnel must also master judgment calls on two other levels--circumstantial and image.

As builders define and analyze these three levels of warranty judgment, the skills front line personnel need become evident. Training designed to build skills in all three areas is essential. Builders can also design more effective support systems when they think in terms of the three levels of judgment.

Level 1: Physical Judgment

The physical evaluation is usually the easiest and most comfortable for warranty reps. Comparing physical conditions to a black and white, usually numerical standard, the warranty rep can have confidence that a quarter of an inch last week is the same as a quarter of an inch this week.

When the physical evaluation of an item results in a *yes* answer, correction of that item becomes the builder's responsibility. However, although the judgment phase of this process is complete, another challenge remains: the struggle for closure on the work agreed to. The builder must produce a repair that is prompt, effective, and neat.

That process is complicated by the homeowner's opinion of the repair method, scheduling limitations, and the skills and personality of the repair technician. Once all these factors are successfully dealt with, effective follow-up adds the finishing touch that can turn a repair into a genuine act of service. Documentation goes to the file and closure is achieved.

While this struggle for closure is challenging enough, it pales by comparison to what the warranty rep faces if a purely physical warranty evaluation would mean a *no* answer.

In that case, judgment levels 2 and 3 remain to be reckoned with. Standards are much less defined for these types of warranty judgment.

Level 2: Circumstantial Judgment

No matter how many pages of standards or books of guidelines builders create--and some fine ones are available-- customers are adept at coming up with arguments that measurable criteria alone do not address.

Indeed, in fairness to homeowners, physical standards *should* be looked upon as merely the starting point of warranty decisions. When dealing with circumstantial decisions, the warranty rep faces several tasks.

Objectivity

Decisions based on the warranty rep's personal opinion of the homeowner should be avoided.

Listening

The rep needs to listen to the homeowner's point of view, fairly considering all the information he or she presents. "What was it in our information that made you expect . . . ?" is an excellent question. If the homeowner can readily point to something in the documents, the decision may be obvious and an adjustment of the documents may be appropriate to prevent a recurrence.

Research

Warranty reps often need to back up good listening habits with research. By checking the contract, the model, and talking to sales, design, construction, or trade personnel, they uncover the facts essential to a fair response.

Common Sense

Last of all, the warranty rep must use common sense to arrive at a final answer.

For instance, a homeowner asked for replacement of a cracked concrete driveway apron. The crack was less than 1/8 inch wide with no displacement. But the homeowner also reported that a fully loaded lumber truck, which was delivering materials for another home, had pulled onto the drive to turn around. Although based on the physical condition no repair was needed, because of these extra circumstances, the builder replaced the apron.

Level 2, circumstantial judgment, seems fairly tame until the warranty rep encounters some bizarre customer logic that twists circumstances in an attempt to justify a demand. The creativity of some homeowners demands respect.

One example involved the owner of a three year old home who reported a roof leak. The warranty rep reminded him that the warranty technically covered roof leaks for one year. The rep explained that the builder would actually correct roof leaks in the second year, but at three years, this was maintenance.

The homeowner immediately responded, "I know the warranty is for one year, but we haven't had 365 rains on this roof since I moved in."

In the face of such reasoning, inexperienced warranty reps can find themselves paralyzed, like deer caught in car headlights, and unable to find a diplomatic response.

Sifting facts from rationalizations, to arrive at a fair answer is almost always tougher than making physical judgments. Yet even circumstantial judgment does not generate the consternation of level 3 judgment calls.

Level 3: Image Judgment

Science, properties of materials, codes, scopes of work, model homes, contracts, and warranty standards notwithstanding, homeowners' emotional reactions and threats can transform what was up until this point a logical process into a trip down the White Rabbit's hole.

When they least expect it, warranty reps find themselves feeling like Alice talking with the Mad Hatter--or more accurately, the Mad Homeowner. This third level of judgment is the most complex and the toughest to master.

Assume an item in question does not qualify in physical terms for any warranty action. Furthermore, no extenuating circumstances exist that would justify exceeding normal standards. However, the homeowner makes it clear that *no* is the wrong answer. The warranty rep now faces a level 3 judgment.

Level 3, image judgment, has to do with customer goodwill and the at-risk builder's reputation. Yelling, crying, swearing, insults, baiting ("Would you accept that in your house?--there is no right answer to this question), are just the beginning. Warranty reps know from experience and from warranty folklore that if they say no, one or more of several events, all unpleasant, can follow.

Low Survey Scores

Many reps are paid bonuses for achieving a specified level of customer satisfaction. Some may feel their jobs could be threatened along with this income if they don't satisfy every demand of every homeowner.

Negative Word of Mouth

This, of course, results in possible loss of referral sales.

"Going over Your Head"

The customer complains to a higher up in the company, frequently obtaining the desired result.

Revenge Lists

Denied one or more items, the homeowners may get even with lengthy, nitpicky lists of items they do not really care about. They just want to cost the builder time and money.

Complaints to Sales

Usually this act of consumer terrorism is performed in front of several prospects. The sales person usually passes the unpleasantness along to the warranty rep.

Instigating

Some homeowners use the "in unity there is strength" approach and lobby their neighbors to negativity. Ironically, many of these neighbors did not even know they were unhappy.

Drama

Signs in the yard, banners on the garage: "Before you buy here, talk to me." These customers are so angry that they are willing to sacrifice the value of their property (and that of their neighbors) to hurt their builder.

Media

Negativity sells papers and increases ratings. Once a situation is written up in a newspaper, discussed on the radio or televised, it takes on a (mostly negative) life of its own, frequently drawing support from other previously contented homeowners.

Consumer Protection Entities

Whether complaints go to a Better Business Bureau, a state licensing board, or an attorney general's office, builders must defend themselves. This costs time, money, and emotional energy.

Arbitration

While usually faster and less expensive than full blown litigation, this is still not fun. Again, time, money, and emotional energy must be invested.

Litigation

Playing the lawsuit lottery has become a hobby for some consumers. Even when the builder wins, the builder loses. The attention is negative and the stress is serious.

At this point the rep knows the item does not qualify for warranty action based on physical or circumstantial factors, but he or she may feel tempted to provide the repair anyway in order to avoid all the these nasty repercussions.

However, before finalizing this decision, the rep must consider yet another set of repercussions. If the warranty rep says *yes* when the real answer is *no*, any or all of the following are likely to result.

Precedent

Actually two precedents are set. The first is with this homeowner who learns that a well-timed threat produces the desired result, that the builder's rules can be overpowered by a strong personality. The second is with this homeowner's neighbors who demand the same attention.

Budget

Going beyond acknowledged physical standards costs money. These are likely to be extras that no trade contractor will be responsible to provide so the builder ends up paying for them.

Complaints

Trades and in-house service technicians who already have enough to do see workloads increased by nonwarranted work.

Delays

Other homeowners, with justified repair requests, wait for repair attention they deserve while the squeaky wheel gets oiled.

Self Esteem

Warranty reps may come away from these experiences feeling taken advantage of, with their self-confidence damaged. Or, they may approach the next homeowner with suspicion and a shorter temper.

Having to choose between two sets of undesirable results can cause the most capable warranty rep to look for other work. This is especially true when builders fail to provide the necessary guidance and support.

Developing Judgment Skills

Builders need to recognize the challenges these judgment calls present and provide training and support systems for warranty personnel. Begin by acknowledging the levels of warranty judgment. Then train for all three, using activities such as those listed below.

Physical

Have everyone read your purchase agreement, warranty and warranty standards, as well as homeowner maintenance responsibilities, and the scopes of work your trade contractors agree to. Discuss these so that interpretations among staff are the same.

Have staff members spend time studying the workmanship in your models, standard features, and options.

Trades, suppliers, and manufacturer reps are usually willing to provide workshops to help build technical skills in your staff. After all, if your personnel screen items more effectively, that helps the trades' people.

Arrange field tours of your own construction sites as well as visits to competitors' sites.

When technical questions come up, take time to investigate and cover all the information related to the topic with warranty personnel.

Circumstantial

Use regular staff meetings to discuss unusual situations. Begin with a brief overview of the circumstances and share the reasoning that led to the final conclusion.

Remind personnel to take time to think when they encounter unusual situations. Network with other industry professionals to stay in touch with how other companies respond to unusual situations. Good builders go beyond their warranty standards quite often. It helps to compare notes.

Image

Role play awkward conversations. Confidence and good communication skills can defuse many threatening situations.

Attend seminars and programs on negotiating and conflict management.

When conflicts with customers occur, conduct a debriefing to identify what the company could have done differently. Involve as many staff members as possible in these discussions.

In addition to training, be certain the company support systems are effective. This begins with sales counselors aligning buyer expectations correctly, construction delivering a complete and clean home, and trades responding to warranty items promptly and effectively.

When the company operates from a position of strength, buyers respect the entire organization and are less likely to work outside the normal policies. This makes all three levels of warranty judgment manageable.