

Excerpt from Chapter 3 Beyond Warranty: Building Your Referral Business
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Warranty & Maintenance Standards & Guidelines

New home quality standards are a moving target, a tug of war between quality and price, scheduling and skills. A standard can be as clear and concise as a measurement on a ruler or as subjective as a homeowner's emotional opinion of a carpet seam. Builders work to assemble a set of standards and guidelines that will appeal to their target market and then strive to produce a product that consistently meets those standards and guidelines at a price buyers are willing to pay.

This chapter primarily focuses on the methods for defining the scope and limitations of warranty coverage for home buyers. The homeowner bears responsibility for items that fall outside of warranty coverage as part of normal home maintenance. Therefore, combining information about these topics makes both sets of responsibilities clearer to home buyers. The fundamental tools for this assignment include written warranty coverage and home maintenance guidelines.

Organizing Warranty & Maintenance Guidelines

When you organize these guidelines with the end user in mind and present them effectively (and repetitively), they begin to have the desired impact. Written warranty or performance standards and guidelines are readily available from a variety of sources. While well-intended, many of the warranty guidelines in circulation fail to deliver the maximum potential benefits to the builder or the homeowner.

Two major reasons exist for this failure. One of these reasons is the physical presentation of the information. The second reason involves the manner in which builders use the information with home buyers. Suggestions for solutions to this second obstacle appear later under the subhead, "Gaining Home Buyer Acceptance." First, consider common mistakes in the physical presentation of the information.

Presentation Pitfalls

Warranty guidelines are sometimes written from the perspective of industry insiders and presented in typical construction sequences.

Topic Categories and Order. The overall organization of topics may make sense to those in the industry, but to homeowners unfamiliar with some of the terminology, finding the heading that contains the information they need can turn into frustration.

For example, in a widely copied organizational pattern, the homeowner who has an issue with cabinets first needs to determine that cabinets are discussed under "Equipment." Similarly, when the grading of their yards fails to drain, homeowners are likely to think of the heading, "Grading

and Drainage” rather than “Site Work.” Wanting information about their fireplaces, the homeowners will think of and look for “Fireplace,” as a subhead rather than “Miscellaneous” or “Specialties.” Needing help with a stucco question, homeowners are more likely to think of the subhead, “Stucco,” than “Special Coating.” Likewise, if a roof concern arises, they will think “Roof” before they think of “Thermal and Moisture Protection.”

Deficiency. Columnar formats that include the word *deficiency* at the beginning of each item emphasize that something is wrong with the home—a point to which the builder hardly needs to call attention. The logic behind the order of the descriptions that follow the word *deficiency* eludes the average homeowners, who must read through all of them until they come to the one they need.

Multiple Discussions of Unaligned Topics. Builders sometimes present warranty guidelines and maintenance guidelines in two completely separate sections in their homeowner guides. Some versions include some maintenance responsibilities mixed in with the warranty guidelines. A second section supposedly lists maintenance tasks, perhaps on home components for which no warranty information was provided in the first section. Yet points about warranty coverage can typically be found mixed into these maintenance descriptions. Frustration increases further when the two separate sections fail to discuss the same components, or they refer to the items by different headings and subheads.

Add manufacturers’ brochures and booklets, and no wonder homeowner’s heads are spinning. This stew of information makes finding answers to specific questions time consuming because homeowners have to look in multiple places and untangle the organizational confusion to reach a full understanding. Not surprisingly, many homeowners give up and list all items they have noticed without bothering to learn who is responsible for correcting them.

Presentation Success

To cure these ills, train yourself to think like the end user. Compose this material so that homeowners and warranty staff have access to information quickly and conveniently.

Complete and Well-Organized. Begin with an extensive list of home components. Organize them in alphabetical order—an organizational approach that is familiar to all homeowners and company personnel.

Maintenance and Warranty Guidelines Together. The discussion of each component should include home maintenance guidelines followed immediately by the builder’s detailed warranty commitment. This approach makes finding answers to questions easier for the primary end users of this literature: homeowners and warranty reps.

Legal or Insurance Requirement?

If a legal or an insurance mandate requires your company to present to the home buyer a document containing only your warranty guidelines, please do provide it. Incorporate the same criteria into the alphabetical version of your warranty guidelines. Explain to home buyers that the first version satisfies a requirement, that the second is formatted for ease of use, and that the criteria are the same.

Gaining Home Buyer Acceptance of Guidelines

To decrease conflicts and increase customer satisfaction (translation, repeat and referral sales) builders need to work hard helping customers understand the quality they are buying and how the warranty backs up that quality. Homeowner maintenance responsibilities are equally important, and the builder needs to incorporate them into the same buyer education system.

Builders sometimes forfeit reputations (and sales) when they assume that home buyers truly see the company's quality in model homes and that they read the homeowner guide cover to cover. Handing the home buyers the guide and saying, "This is important, please read it," fails to accomplish the goal. However, team work manages the task effectively.

While repetition is the key, it can become annoying unless you use a variety of approaches. The examples that follow illustrate how all frontline personnel can play a part. With a bit of effort from each person who works with home buyers, your company can gain a positive and significant impact on customer satisfaction.

Begin at the Beginning

Include a brief and accurate overview of limited warranty coverage and the structure of warranty service as part of the sales presentation.

Perfection eludes all builders in all price points on some details; the natural properties of materials in a new home are not negatives, they are simply reality. Calling attention to examples such as variations in wood grain, tile colors, and so on sends a message that the home buyer can trust the company. However, reading and hearing about such differences simply does not have the impact that seeing them can. Equally significant, today's consumer appreciates this level of candor.

Before completing the purchase agreement, seasoned sales professionals who are committed to earning referrals walk the model home, inside and out—including the garage and basement—with buyers. They take time to encourage home buyers to look at and focus on the quality of concrete flatwork (if a model driveway has a 1/8-inch crack, point it out), exterior trim (typically rougher than interior trim), carpet seams (which go unnoticed because furnishings distract the eye), interior trim details (notice some nail heads are visible when you look closely), and so on.

In this way, the salesperson forestalls later disappointments and makes referrals more likely. Just as valuable, customers conclude they are dealing with forthright, honest people. Salespeople can contribute still further to buyer expectations about warranty and maintenance when they review (with the home buyer) the bulleted summaries at the beginning of each section of the homeowner guide.

Continued Emphasis on Product Realities

Selection coordinators also need to call attention as well to product realities (cherry cabinets darken over time) and maintenance responsibilities listed in the homeowner guide (marble flooring needs regular care to look good), especially when a home buyer is choosing an unfamiliar finish material. Use a positive approach similar to the following example:

We want you to make informed decisions. If you have not had white marble entry tile before, it's a good idea to review the information in our guide. This entry outlines the maintenance this product will need as well as our warranty commitment to you on the product.

Familiarity with products and colors shown in models can be another valuable tool. “You can see the variation in how different species of wood take stain in our Wellington model. Notice the stair rail compared to the hardwood flooring in the entry.”

During Construction

Construction personnel play a part in this home buyer education effort as well. For instance, they can point out some items at the preconstruction meeting and the frame stage tour.

Preconstruction Meeting. The agenda for this meeting should include comments from the construction superintendent on your company’s quality inspection system. Emphasize that regular inspections the company performs reduce warranty items later, and in doing so, the inspections benefit both the home buyers and the company. Continue by letting the home buyers know that at the frame stage tour, the person leading the tour will point out some of the high-quality techniques used inside the walls of their new homes.

Frame Stage Tour. When a company representative takes home buyers on a tour of their home at frame stage, he or she can call attention to details that will be out of sight when the home is complete. The conversation should include warranty and maintenance information to show the division of responsibilities.

If your framers plane and shim studs before the sheetrock is hung see that this fact is on the agenda with the explanation that this procedure helps to ensure plumb walls. Talking about sheetrock serves as an obvious lead into a conversation about nail pops and sheetrock separations. Your company rep can briefly review the warranty service on these items. (Typically they are fixed one time, and most companies recommend that the repairs take place at the end of the warranty period.) The rep can also mention here the wisdom of waiting to apply custom paint colors or wallpaper until after this service has occurred.

Likewise, by calling attention to places where plumbers protect pipes from nails with metal plates, the company rep can easily raise the subject of interior moisture levels and the homeowner’s responsibility to use the home’s ventilation systems and conduct routine inspections for signs of water intrusion.

The rep describes the insulation that will soon be installed and cautions the home buyer not to disturb attic insulation, which would reduce its effectiveness. And again the rep connects something the company does with the home buyer’s maintenance responsibilities after move in. The message is that the builder does some things, and then the homeowner takes over. To reinforce the information at a couple of points in such dialogs, the rep opens the homeowner guide and shows the home buyer where to find a discussion of these details in writing

At Delivery

You can review many maintenance and warranty details with the home buyer at orientation. Keep the tone positive; begin such discussions with what the company does fix; then describe conditions for which the homeowners are responsible. For example, while demonstrating window operation, the builder’s representative might discuss moisture:

If you notice condensation between the two panes of glass, contact our warranty office. We provide warranty coverage if a window lock fails or if the windows are difficult to open and close. If you notice condensation on the inside of the window, it comes from moisture in the home generated by cooking, showers, laundry, and so on. Because those activities are outside our control, our warranty excludes that condition. Our homeowner guide provides some suggestions on using your home’s ventilation systems effectively to prevent condensation. You’ll find them here on page <page number>. (Show the home buyer the entry in the guide.)

You can approach nearly every component in a home with this type of description. Some take a couple of minutes, others take just a few seconds. Discuss with warranty personnel which components need special emphasis. When you open the homeowner guide, go to these topics and show the home buyers where to find further details. Certainly, you would include warranty reporting procedures on the agenda for this tour. Turn to the guide and call attention to an explanation of warranty processes

After-Move-In Warranty Contacts

Some builders believe that home buyers have too much on their minds to remember all the detailed information typically covered in a preclosing orientation. These companies have created two separate meetings: a shortened preclosing orientation followed a few weeks later by an after-move-in warranty and maintenance meeting.

The abbreviated orientations cover critical items such as emergency shut offs and operation of the heating, ventilating, and air-conditioning (HVAC) system. The builder's rep and the home buyers also confirm the acceptable condition of all cosmetic surfaces. Then, within two to four weeks of closing, a warranty rep meets with the homeowners now living in their new home.

Sitting at the kitchen table or in the family room, they review maintenance and warranty information and regularly refer to the homeowner guide during the discussion. The rep tours the home with the buyers, demonstrates the details of the operating systems, and discusses how to care for surfaces. Often by this time, the homeowner has noted a few items so the warranty rep instructs the homeowner in compiling a warranty list for repair orders. You can easily blend this approach with the builder-initiated warranty visit concept by setting up this appointment at the end of the orientation.

When the homeowner keeps this appointment and the rep conducts an effective meeting, this approach works well. However, concerns to watch for include homeowners who cancel the appointment and never participate in this review. Another is the possibility that a homeowner will experience difficulty with one of the home's features or damage something out of ignorance prior to this follow-up meeting. All procedures come with pluses and minuses; this one is no exception.

Online Warranty Request. When homeowners use on-line systems to report warranty items builders can take advantage of yet another opportunity to point out warranty guidelines. To establish a credible system, you have to ensure that the criteria and repair described critically match those the homeowner received on paper.

Warranty Visits. When warranty reps inspect homes they should carry the homeowner guide with them. The conversation can be as simple as "This is a maintenance item. Page <page number> lists the steps for taking care of <item>. I'll be glad to go through the steps with you if that would be useful." Note that when the homeowner responds with "Yes, I read that, but let me tell you what led up to this . . ." the warranty rep now faces a circumstantial judgment situation and needs to listen carefully to the customer's point of view. An exception may be appropriate.