



TEXAS TIMES

Fall 2011 The Newsletter for Members of HOME of Texas

FULL CIRCLE



OK the numbers are bad, no doubt about it. The census bureau has put housing starts at an all time low since 1959 when they began keeping records. But sometimes we get so caught up in reading all of the doom and gloom out there that we can't see the forest for the trees.

You're still here so that means you've done something right. Most of you began by scaling back your operation, getting your finances in order and reevaluating your market. That was the right approach. So what if you're not building the same volume of homes that you were five years ago? As long as your margins are where they need to be you should be able to make money whether you're building one home or one thousand homes.

Today's homebuyers are looking for a quality product that's basic and affordable. Many of the bells and whistles that lured homebuyers during the boom have fallen victim to the bust. Providing the right product for the market you're in may make all the difference. Do your homework and you'll come out on top every time.

The historical census numbers reflect periods of growth and periods of recession. No doubt that pattern will continue throughout the ensuing years. You may have come full circle from where you started but someday that circle will widen once again and you'll be there to enjoy the benefits once more. Have a great Fall.

HOME Provides Value

By Lynn Nelson-Probst, Vice President of Sales

It's financially and emotionally important, especially in today's economy, to get value for the dollars you spend.

One of the least expensive, longest lasting products you purchase for your homes is the HOME warranty. At a statewide average cost of only \$350, you receive:

- A third party warranty insured by a Texas Property & Casualty insurance company

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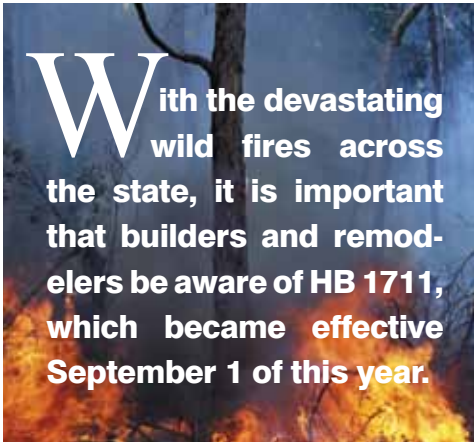
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**VISIT HOME'S BOOTH AT THE
INTERNATIONAL BUILDERS SHOW**

February 8-11, 2012 • Orlando, FL

Disaster Remediation - Important Statutory

Source: TAB News Brief



The bill applies to contractors who remove, clean, sanitize, demolish, re-

construct, or otherwise treat improvements to real property as a result of damage or destruction to that property caused by a natural disaster. Specifically, it requires that a "disaster remediation" contract must be in writing and prohibits a "disaster remediation contractor" from requiring payment prior to beginning work or charging a partial payment in any amount disproportionate to the work that has been performed. However, the statute exempts contractors that have held a business address for at least one year in the county or adjacent county where the work occurs. As these tragic fires

are put under control and the rebuilding begins, members must be aware of the new statutory contract limits on those who have not had a business address for at least one year in the county or adjoining county of the disaster. Ignoring these requirements could result in a deceptive trade practices violation. Please refer to HB 1711 for details at www.legis.state.tx.us.

PLEASE NOTE: If you are interested in enrolling a home that has had disaster remediation work done, please contact HOME for any additional warranty documentation.

HOME Provides Value

Continued from front cover

- The ability to use the warranty as a marketing feature when you advertise/present your homes
- An effective resolution process which includes FREE mediation and, if necessary, binding arbitration in the event of a dispute with a homeowner
- Specific, detailed written industry standards
- FHA, VA, USDA approvals when necessary
- Online enrollment process
- Limited, not UNlimited, exposure to you and your company
- Access to and knowledge from 30 Years of industry experience
- Excellent customer service from HOME's staff

Definition of "Value": the amount of money, goods or services that is considered to be a fair equivalent for something else.

HOME provides an excellent value.

“ One satisfied builder states "I really enjoyed your company. (HOME's) Customer service was very competent, and I'm very happy with the Insurance Division. Nothing like the other guys." ”

Warranty Express

Enroll your homes online and save both time and money

- ▶ Reduce your paperwork and preparation time for home enrollments
- ▶ Enroll multiple homes at one time
- ▶ Immediate enrollment confirmation
- ▶ Print the warranty book from your own office
- ▶ Generate FHA confirmation letters online
- ▶ No deposits
- ▶ Reduce your postage expense

Questions? Call 1-800-445-8173 Ext. 2107

HOME of TEXAS

Consumers are Like Teenagers: Why Multi-Channel Engagement is Key

www.loyalty360.org

Yep, I said it. Consumers are like teenagers. How in the world is your target customer -- a sophisticated, affluent professional -- like a teenager? How is your "soccer mom with a minivan" like a teenager? Here it is: These consumers want your attention and they want it whenever and wherever they're ready.

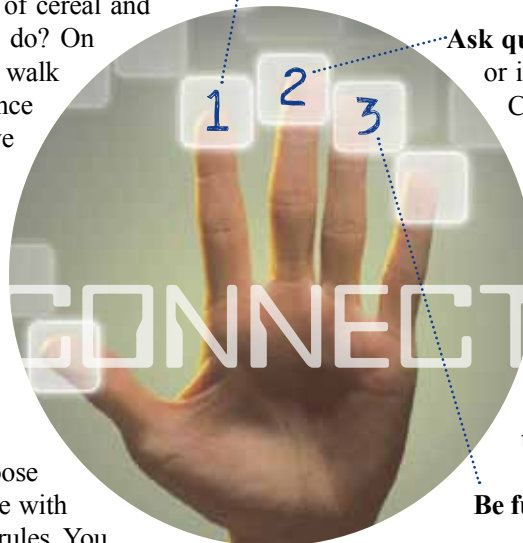
Here's a scenario. You're tired, it's late and you are ready for bed. Your 17-year-old sits down, grabs a bowl of cereal and starts to talk about his day. What do you do? On the one hand, you're exhausted, but if you walk away from this moment -- a precious chance to connect -- it is gone forever. You'll have lost the opportunity to build your relationship. You lost the chance to build trust and loyalty. You'll be forced to wait until the next chance comes up. What if it doesn't? What if the next time they want to interact, they go somewhere else (hopefully it isn't "that" guy or "that" girl you can't stand)?

Consumers are the same way. They choose when, where and what information to share with you. You need to be ready to play by their rules. You can't tell them, "Look me up next month. I'm working on a stellar print ad for you."

Allowing a consumer to check out your products on a website at 3 AM when they can't sleep, pull up a product review from a mobile phone while looking at a new TV, or check-in for a deal at your retail store while running errands are just a few of the opportunities for you to be there for your consumers. To connect on their terms.



According to the CMO Council, 45% of worldwide marketers plan to focus on integrated multi-channel marketing engagements. Here are a few guiding thoughts as you plan your approach:



Be available. Anywhere. Any time. Where is your consumer likely to be standing (or sitting) when they see your media? Will they be at an event or shopping your product against other options? What type of device are they likely to have? Activate your advertising with an offer, create a mobile optimized site to compare features on your product, or give a reason to lean forward and engage -- like a trivia question.

Ask questions. But only if it doesn't interrupt or impede what they are trying to tell you. Consumers are looking for an exchange of value. If you want to learn more about a consumer, don't ask them to fill out a long survey. Create reasons -- like promotions and loyalty programs - to come back multiple times and ask them two to three questions each time. You'll build a profile without scaring them away. It makes for a better user experience and improves the value exchange.

Be fun and interesting to spend time with.

We've all heard this before: "Content is king." Motivate consumers with content they're interested in, like healthy living tips, free games, opportunities to connect with others, behind-the-scenes looks, or a chance to influence your next product.

The Home Shopping Network ran a multi-channel promotion for "The Great Gift Giveaway." In PROMO magazine, Amber Minson, HSN's Director of Multi-Channel Marketing, reported that 3,000 registrations were submitted via Facebook with an additional 7,000 registrations through a mobile optimized site. So ask yourself, if those channels weren't available, how many of the registrations would have walked away?

Just as a teenager decides to spontaneously give you fleeting opportunities to connect, consumers want you to build the relationship in small, incremental ways. Be there -- in the right place at the right time.

20 WAYS TO SAVE \$5,000 A UNIT

Reprinted with the permission of housingzone.com

Five years of Lean implementation projects with more than 1,500 suppliers and trade contractors has yielded more than 10,000 cost-saving ideas without asking for bid-price reductions. Over time, patterns emerge where we see the same issues in virtually every location. Many are obvious and frequently elicit a “How did we ever miss that?” response. Some are subtle, while others are quite complex, involving significant changes to the building process, modifications to the plan design, or major reforms to a building company’s management practices.

Here are 20 ideas listed by supplier/trade in general build sequence that will produce bottom-line dollars in short order — mostly in the “obvious” category. It’s rare that a builder does not find opportunity in at least half of these, as long as they open their mind and eyes and listen to the folks who spend all day, every day, building their houses. The biggest obstacles are momentum, ego, and fear.

Step 1: Letting go of “we’ve always done it this way”.

Step 2: Accept the fact that even though you’ve spent the past 5 years trying to determine how to build for less, you don’t know everything.

Step 3: Finally, quit worrying about the

boss asking why you did not find this stuff before and push on. You’ve been extremely busy and short-staffed the past 5 years. Besides, when the money flows in, this issue will be quickly forgotten.

1. Foundation concrete. Check and verify all wall sizes, footer sizes, and concrete PSI requirements. It’s not unusual to see 16-inch footers where code requires 12 inches, or poured walls at 10 inches where 8 inches are required. Concrete is also commonly over-specified, using 3,500 or 4,000 PSI concrete where 3,000 will work just as well. Savings of \$350 per unit are common.



2. Foundation labor. Each unnecessary corner costs at least \$25 for a slab, \$50 for a crawl, and \$100 for a basement for labor and material. If you design out of the plan a setback/jog that runs all the way up to the roof — thus eliminating the extra wood, siding, insulation, dry-wall, paint, fascia, soffit, and labor it requires — count on another \$75 in savings per corner for a single-story and \$125 for a two-story. Add this up and getting rid of a setback that can be treated just as well with design elements can save \$450 per unit.

3. Framing labor and material. The amount of money and time wasted in oversized and unnecessary headers, over-built corners, and excess kings, jacks, and cripples is a national epidemic, often adding up to more than \$500 per unit (\$1,000 is not unusual). In areas where roofs are stick-built, double the numbers. It may be a challenge to get your framer to change and your local inspector to follow the state code, but the stakes are too high to not make a dedicated effort here. We have yet to find a builder that seriously tackles this issue and finds anything less than substantial return.

4. Engineered wood products. Thorough analysis of almost any house by an engineer who truly understands that his job is to help you get your plans approved at the lowest cost will yield significant savings in TJIs, web trusses, and lam-beams. Codes are set at 250% of the calculated load requirement. Does it really make the house better to have support structure that carries 400%? Most of this waste is unintentional — no one has taken the time to do thorough calculations and most use a lot of assumptions in their takeoffs that are wrong. Not just any engineer will do. Find one who “gets it” and hundreds of dollars per unit will accrue.

5. Truss/roof systems. This issue is identical to engineered wood products, where detailed examination and calculation nearly always yields savings, with an important addition — roof pitch. Time and again, we have seen builders resist a reduction in roof pitch due to “market concerns,” then proclaim they love a new design based on the original and can’t wait to build and sell it. Only later do they discover that the roof pitch of the new design has been reduced at a significant cost savings. However, it’s not as simple as reducing the pitch. It’s about getting the elevation details right, and a good architect is a must.

6. Roofing. It's amazing how common it is to find two or three square (six or nine bundles) of shingles left over on job sites, yet everyone always seems surprised. At around \$100/square, you are lucky if the restocking charge only costs you \$50, but more often than not, the material just disappears. Whether it walks off the job, ends up in the dumpster, or is just not being credited back by the supplier, there is no excuse for having more than a bundle or two of shingles left over, and those should be left with the homeowner for potential future repairs. This requires detailed, accurate takeoffs that are thoroughly reviewed and adjusted after the first model is built.

7. HVAC. Many builders don't realize that it can be just as bad to oversize a compressor unit as to undersize it. As builders implement energy-saving features such as improved insulation of walls, ceilings, and foundations, better house wraps, and roof sheathing, both heating and cooling load drop significantly. There is software available to do the calculations you need. Placement of the air handler inside the structure and reducing the length of line-sets to the compressor also increase efficiency. Get all of this right and it's common to drop a half or even a full ton of capacity, saving \$200 to \$500.

8. Plumbing. Sit down with your plumbers and go through a couple of plans in detail. You'll find it's rare that all drain locations, feeds, sumps, stacks, and plumb walls are precisely identified on the plans with exact locations. Every single missing measurement means more work, more time, and a greater chance for errors, omissions, and rework. This might range from \$100 in buried time to \$1,000 to bust out a floor drain and move it. The time spent up front to get this right is a pure investment, never an expense.

9. Electrical. Similar to plumbing, it is unusual to find all the details laid out

on an electrical plan for switches, outlets, 220V lines, smoke detectors, fan-light combinations, 3-ways, 4-ways, etc. Not having these takes time and causes rework. A simple way to save \$100 or more per unit is planning ahead to locate electrical panels close to the service entrance.



10. Insulation. This sounds deceptively simple, but the best way to save on insulation is to jump back up to No. 3 and get your framing straightened out. Any installer can tell you that some houses are much faster and easier to work in than others, taking far less cutting, piecing, and stuffing, and that can usually be traced back to the framer. Time is money. When your structure is festooned with excess headers, kings, jacks, and cripples, and your corners are needlessly complex, insulating is much more difficult, not to mention less efficient. Have you ever walked houses with your framers and your insulation installers together? I'll bet not. Take this seriously and save your insulation company so much time that in six months they'll be willing to reflect it in their next bid.

11. Drywall. Have you ever looked in the dumpsters, marveling at the quantity of drywall that you paid for, shipped to your site, then pay again to haul it away and bury it? Your immediate assumption is that the drywall hangers were sloppy, and that could be the case. But perhaps it is really a design issue. See those 8-foot, 3-inch walls in the garage? See the 12-foot, 2-inch bedroom lengths? Or perhaps the purchasing manager got a great deal on 4x12-foot sheets. Good for him, not so good for the hangers. You'd better find the answer because uncovering anywhere from \$250 to \$1,200 in waste is typical in production units and even more in custom homes. There are two ratios that every builder should track for each model, yet no one does (note: for both

ratios, leave out any amount purchased and installed in a garage):

A. Design efficiency: Square feet of dry-wall applied to walls and ceilings / square feet of living space. This ratio shows how carefully details are taken into consideration to get the greatest yield on material in the design stage. The ratio will usually be higher for smaller homes, although high ceilings, foyers, and cathedrals can throw that off. But when you find two models of similar size with substantially different ratios you'll have an object lesson in the elimination of waste through Lean design. Study it thoroughly. No more 9-foot, 3-inch walls or 12-foot, 2-inch bedrooms.

B. Material yield: Square feet applied to walls and ceilings / square feet of drywall purchased. For clarity, express this one as a percentage. The ideal of course is 100 percent, and although that may be impossible, every point you fall below that is a quantitative measure of waste. If your ratio is 0.85, then 15 percent of what you purchased is waste, and for those who pay for labor by the sheet (a very bad idea) you also squandered 15 percent of the labor cost. Remember though, this is not all on the heads of your installation crews. If you don't take the time and trouble to buy the board in the proper sizes, their ability to control waste is compromised. Measuring and tracking these ratios over time is not difficult, and significant savings will accrue.

Continued on page 6

20 ways to save \$5,000 a unit

Continued from page 5

12. Paint. This is a tougher one because it's all about process. It is generally accepted that finish painters make one trip for prime, one for finish coat, then at least three trips for touch-up,



for a total of five trips. More often than not, however, detailed tracking of trips reveals extra trips for touch-up. Our experience says a national average of seven trips is conservative, and although these extra trips are never charged by the painters directly, the cost is buried in their overhead, and in Lean, every penny counts. The minimum total cost for a return trip for the painter exceeds \$100 and with opportunity cost, is closer to \$150. Shouldn't we do everything possible to cut trips down to three or four per unit? Saving three trips means saving the painting contractor at least \$300. Achieve that and watch his price come down in the next bid.

13. Cabinets. Here's an easy one: Get rid of Lazy Susans. Sorry Sue, but your days are over. You are a first-rate pain, a maintenance nightmare, and a collector of kitchen paraphernalia that could be better stored in a corner cabinet in half the space. Put a double-hinged door on it for easy access and you just saved \$175, and no homeowner will ever hold it against you.

14. Flooring. I watched in amazement recently as a flooring contractor gave a primer on how to lay out carpet and solid-surface flooring to save 10 to 15 percent on the total bill. The builder was impressed and noted that his other supplier, the one that had 75 percent of his business for years, had never done an analysis or

layout anywhere to that depth. The builder is now saving hundreds of dollars per house and the flooring contractor is on his way to getting all the business. The lesson is you can get a great price per square yard (or foot), then lose it on layout and installation. Find a supply partner who knows all the tricks. Hint: Give the same plan to multiple companies and ask them to do a detailed layout. There will be significant differences, and that means money.



15. Doors and windows. A thorough analysis of window and door sizes for standardization opportunities nearly always produces dollar savings without hurting the house in any way. Watch out for the details, like placing an arched decorative window on the side of a house where no one can see it or placing windows too close to the floor or too near a door, requiring tempering that could easily be avoiding. It is not unusual to find rooms with windows too large or numerous that furnishing becomes a challenge. These simple steps can save hundreds per house.

16. Siding. Rout out a channel on the back side of a flush rake or use a 2x6 over a 2x4 and eliminate most of the j-channel from a house. Reducing roof pitches and building in even increments saves siding, as well

as framing, sheathing, and house wrap. There are two purposes for frieze board: to decorate and to cover up bad workmanship. Too often, they are larger than needed, making the roofline look heavy. Many designs simply look better without any frieze board at all. Attention to these small details can add up to several hundred dollars per unit.

17. Brick/stone/masonry. Stone looks cool, for sure. But an equivalent amount of stone on a typical house costs \$300 to \$500 more than brick. Will the customer pay for that? If so, great, but challenge yourself with that question. And if you use brick, consider queen size over standard for both labor and material savings. The first couple will look strange, but you get used to it quickly, and in some markets it's all you see. Will your brick supplier sell you straps instead of full cubes? If not, find one who will. It's ridiculous to be forced to buy 300 bricks to get the last 100 you need.

18. Flatwork. One more easy one: Get rid of driveway flares. What they get you are cracks and rework. Strangely enough, when flares are present, people tend to be even less careful when turning into driveways and they end up running over the lawn.

19. Landscaping. When dealing with live inventory, planning ahead means everything. Sit down with your landscape contractor and tightly estimate the material you need six to eight months in advance. They'll be able to purchase more fitting product in greater quantities and pass on the savings.

20. Trash removal. After more than 20 years of dumpster diving, I'm convinced that high-side dumpsters do not just conceal waste, they create it. Take any over-



"Anything that does not produce true value, anything that an educated customer would not willingly pay for, is waste."

flowing high-side and ask your hauler to dump it out across a couple of vacant lots. Sort through it and you will be shocked. Finding \$300 to \$500 worth of perfectly useable material is the norm. If you're not willing to go to a "yard pen" system, at least switch to low-side dumpsters. You'll be astounded that even with the reduced capacity, you won't have any more pulls than you had before. I will let you to ponder just how that could be.

In reality, there are more than 50 ideas buried in these 20 categories, and none of them qualify as "tricks." Perhaps the biggest trick of all is to create the Lean mindset — the continual pursuit, identification, and destruction of all forms of waste in product and process. Anything that does not produce true value, anything that an educated customer would not willingly pay for, is waste. It requires a resolute commitment to sweating out each item and getting your management and construction practices nailed down. There is \$5,000 per unit available in just these areas cited here, and a lot more where that came from.

RWC/HOME Congratulates Employees-of-the-Month

APRIL 2011

Jody Lehman - Jody is Administrative Assistant to the VP of Sales at RWC/HOME. She has an assortment of duties, including but not limited to, interfacing with customers, builders and Account Executives; tradeshows; bulk mailings; correspondence; presentations/meetings; enrollments for USHP. She is also a member of the company's Social Committee.

Ron Bostdorf - Ron is Marketing Assistant at RWC/HOME. He creates and revises warranty books, administrative forms and marketing pieces; receives shipments from vendors; and maintains the websites for the various entities.

Denise McGurl - Denise is a Graphic Designer at RWC/HOME. Her duties include creating and revising warranty books, administrative forms, marketing pieces, as well as designing the company newsletters. She designs the annual Fine Line Home Plan Book and handles the purchasing for all marketing materials. Denise also serves on the company's Wellness Committee.

Jennifer Downie - Jen is a Graphic Designer at RWC/HOME. Her duties include creating and revising warranty books, administrative forms and marketing pieces. Jen handles all builder supply requests and the creation/submission of all advertising for Fine Line Homes. She is also a member of the company's Social Committee.

MAY 2011

Rickey Shatto - Rickey is Enrollments Administrator at RWC/HOME. She is phone operator and customer service representative for Enrollments. Rickey prepares and releases all warranties for RWC and HOME; processes incoming HOME initial applications; issues "missing information" correspondence and aging reports for HOME; and prepares and reviews Insurance Report for HOME.

JULY 2011

John Felbaum - John is a Regional Account Executive who markets warranty programs and insurance products in the following states: Arizona, California, New Mexico, Nevada, Oregon, Utah and Washington. John also attends trade shows and is a licensed, property and casualty insurance producer.

AUGUST 2011

Todd Price - Todd is Senior Underwriter for Eastern Atlantic Insurance Company (EAIC). He underwrites commercial auto coverages for EAIC and provides mentorship to junior underwriters and trainees. These employees turn to him for proper judgment, especially if something needs clarification or to prevent a potential dispute.

Q&A FROM OUR ENROLLMENTS DEPARTMENT

By Sandra Sweigert, Enrollments Manager

When should model and spec homes be warranted?

Homes in your inventory should be warranted as “builder-owned” if they have not been sold within eighteen (18) months from the time construction is completed. If you have approached the 18 month period and you have a contract on the home, please contact our Enrollments Department to see if an extension can be granted.

How do I warrant a home that was enrolled as “builder-owned”?

What homes are eligible to be warranted as “builder-owned” homes? Model and

spec homes should be warranted within 18 months after construction is completed. Rental homes should be warranted upon the first date of occupancy. To warrant a home as “builder-owned”, use a “fair market value” as the final sales price. The effective date of coverage for a model and spec home is the date you are completing the form. For rental properties, the first date of occupancy is the effective date. When the home is eventually sold, the purchaser receives whatever balance of the warranty remains at that time.

What is Warranty Express?

Warranty Express is an on-line enrollment process available to our members. It is a quick and easy way to enroll homes prior to closing. In addition to enrolling new homes, you may also order builder supplies and run enrollment reports for both open and previously closed homes.

How do I get set up for Warranty Express (available for HOME, RWC and PBW Members)?

Call the Enrollments Department at 800-445-8173 and provide your registration number and an e-mail address. Your login and password information will be e-mailed back to you. You may also e-mail your registration number to sandra.sweigert@rwcwarranty.com to receive your login information and password.

The password assigned by Warranty Express is hard to remember. Can it be changed?

Yes, login to Warranty Express. Under the main menu, click on account settings to change your password and e-mail address if necessary.

How do I check for open and closed enrollments now that year-end is approaching?

Login to Warranty Express and go to Reports. There you will find an option to run a report at any time on Opened or Closed enrollments. Even if you do not actually enroll homes via Warranty Express, this report feature is still available.

What can the HOME Remodeler's Program do for you?



It takes lots of tools both to complete a remodeling project and to build a business. HOME offers you a selection of great tools to choose from; including the **Remodeler's Program**.

This flexible warranty allows for customization based on each project and specific needs of the customer.

- Provide Security to Your Customers
- Economically Priced
- Effective Risk Management/Mediation Process
- Various Warranty Options Available

Call 1-800-445-8173 x2149 for more information or visit our website: www.homeoftexas.com



You Are Entitled!

As an approved Member in any one of HOME's programs, you are entitled to use a wide array of FREE marketing materials to promote the choice you made in offering an insured warranty to your buyers.

So what's available? In addition to your Account Executive who is ready, willing and able to train your sales staff, you can order FREE marketing materials (listed below) from our home office or online.

- Consumer Brochures
- Brochure Holders
- Sample Warranties
- Document Folders
- Model Home and Sales Office Easels
- Logo Slicks
- Rider Signs
- Lot Signs



ORDER:

Online: Supplies can be ordered online at Warranty Express at www.homeoftexas.com. Call us if you still need a password to login.

By Phone: Call us at 800-445-8173 x2105.

By Mail: Order forms are found in publication HOME 8542 – Marketing Essentials.

Obviously Well-Built Homes Often Sell Themselves. But... Showing Prospective Buyers Exactly What The Differences Are In Your Homes Certainly Can't Hurt!



Searching for an Answer?

First and foremost, know that your Account Executive is ready, willing and able to help you with all of your warranty and insurance needs. Contact them directly and let them do the legwork for you.



Who is My Account Executive?

Linda Hepler
800-683-6833
linda.hepler@homeoftexas.com

All Manufacturers & MHWC Builder/Dealers

Tifanee McCall
Nationwide
800-247-1812 x2132
tifanee.mccall@mhwcconline.com



Questions on the RWC Insurance Advantage Program? Call 866-454-2155 or Email Us:

Bonds, GL Ins, Bldrs Risk, Contractors Equip.
Bohdan, x2190
bohdan.hoh@theparmergroup.com

GL Ins, Bldrs Risk, Contractors Equip.
Roberta, x2272
roberta.woodhall@theparmergroup.com

Certificates, Loss Runs
Elaine, x2108
elaine.bixler@theparmergroup.com

Audits
Ron, x2358
ron.sweigert@theparmergroup.com



Questions on RIA Insurance Claims? Call 866-239-2455 or Email Us:

Give Us a Call - We'll do Our Best to Help!



Questions on the Warranty Program? Call 800-445-8173 or Email Us:

Enrollments (HOME)
Rickey, x2188
rickey.shatto@rwcwarranty.com

Building Systems Enrollments
Dana, x2212
dana.myers@rwcwarranty.com

Remodeling & Garages, Warranty Express
Sandra, x2107
sandra.sweigert@rwcwarranty.com

Membership/Renewal Questions
Stacy, x2186
stacy.nice@rwcwarranty.com

Membership/New Application Status
Donna, x2148
donna.foose@rwcwarranty.com

Warranty Resolution
Ann, x2200
ann.cooper@rwcwarranty.com

FREE Marketing Materials
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jennifer.downie@rwcwarranty.com

Logos for Websites
Ron, x2169
ron.bostdorf@rwcwarranty.com

Accounting/Invoicing
Shirley, x2173
shirley.sipe@rwcwarranty.com

Accounting/Incentive
Scott, x2102
scott.longer@rwcwarranty.com

Claims
James, x2455
james.haley@integrityadministrators.com

Diane, x2238
diane.esser@integrityadministrators.com

Selling Uphill

www.builderonline.com

Selling new homes these days is like pushing a boulder uphill through an obstacle course. But every builder knows that. There's no need to remind anyone in the home building business how hard it is to get a buyer in the door and then out leaving a signed contract behind.

After all these years of selling uphill, anyone who's serious about making a living building and selling houses has already tapped the industry's resident experts for help. Looking outside the industry, perhaps fresh ideas from broader multi-industry perspectives, may bring something new to the table.

New-home sales forces you to do more than offer a good product at a good price. Buyers want to buy a home they love, built and sold by people they like and trust. It also helps to have a great story to tell about the house and its community. In short, they need to be enchanted.

1. Conduct a "pre-mortem" of your development or product. Get your team together and tell them to pretend that it failed to sell. They are to come up with all the reasons why it failed: commute too far, lousy schools, traffic, etc. Then go through the list and fix or eliminate as many reasons as possible.

2. Find shared passions with the buyers. Shared passions could be hobbies or sports—even kids. Move beyond a sales transaction to create a relationship. This might be hard for the initial meeting, but from the second meeting on, you can use social media and search engines to learn a lot about your buyers.

3. Describe your homes in short, sweet, and "swallowable" terms. Forget all the flowery real estate text and industry jargon. Come up with a 5-10 word description of your development that's



memorable. For example, "Homes with the lowest energy costs in San Fernando Valley." Then stick with it.

4. Ask people what they're going to do. At the end of a reasonable length of time, simply ask them what they're going to do. Then you'll know where you stand. It might tip them into committing, and once people commit, they're likely to honor their commitment.

Most home builders have a fatal flaw: They don't really design, build, and sell to and for women, who are almost always the true decider of what house a family buys.

5. Always say religiously, "The customer is a she." The issue is not selling to women, it's delivering a product with a different perspective that women bring to the table. It helps to have more women working for the organization, not only in sales and marketing, but also in engineering and other product-development areas. A bunch of men would try to get two more houses on a site, and women would be looking for a good place for a playground.

6. Superior design is a necessity, an extraordinary differentiating variable. Extraordinary design doesn't have to be a big expense item. It's the thoughtfulness of the design that is important.

7. It's all about the patient development of relationships, something that builders need help with. The single most personal thing that people buy is their home. And the relationship needs to extend beyond the closing table with follow-ups even after the warranties expire. These should be customers for life, who are recommending you to other people.

8. Extend your relationship building to the trades and suppliers.

Make them your partners. If you develop strong relationships with them, it's megabucks in the bank. Builders need to think more like buyers and get inside their heads. One thing they want is a builder that they can trust to look out for their needs and best interests.

9. Offer guarantees every place you can, and stand by them to the extreme. Make it somebody's job to follow up with customers before their warranties expire to make sure that there are no problems, and fix any that arise.

10. Take the customer's point of view. Think about what it would be like to live in the house you are building, and plan things accordingly. That means thinking about things such as whether the rooms have adequate lighting and whether the laundry room is in the best place, not the easiest to design location.

11. Don't skimp on the stuff that doesn't cost anything but a little extra thought. Pay attention to where outlets and switches are placed with an eye toward convenience and furniture placement.

12. Make sure whatever fixtures you use are as timeless as possible. Choose medium-toned woods for cabinetry and floors, white bathroom features, and amenities such as spacious storage and laundry rooms.

Customers Crave Real Relationships

www.forbes.com

A recent global survey found that \$83 billion in revenue is lost in the United States each year due to poor customer service. If you dig into the cause of the dissatisfaction the majority of the complaints (89%) are related to how the customer was treated by another person. Complaints range from confusing automated self service and long waits to poor attention and inexperienced representatives.

But it gets worse. If you look at generation Y customers, the up and coming work force, they need even more coddling. According to experts that study them the 16-25 year old market (which spends upwards of \$20 billion each year on-line alone) desire an authentic relationship with the sellers of the products they buy.

At the same time fortune 500 companies are developing technology to serve this “tech savvy” market with avatars, see <http://site.mycybertwin.com/>. Build your own intelligent avatar (virtual assistant) to service your customers and drive down costs the developer boasts. In fact 4 of the top 20 banks in the world have already adopted the technology.

Back to the customer satisfaction survey results – guess which industry ranks the highest in customer dissatisfaction? Financial Services of course.

Zappos rapidly built a business based on real people providing exceptional customer service – results? Sold to Amazon.com for a cool \$1 billion just 10 years af-

ter start up. Investing in real customer service has a short term negative effect on the bottom line, I get that, but the longer term return on customer satisfaction is loyalty. Loyal customers cost much less to service, provide word of mouth marketing for you and they spend more every time they visit. Worth the investment.



Foreclosures - A Fierce Competitor!

Foreclosures and short sales are now, more than ever, a fierce competitor for the attention of prospective home buyers. Builders are getting creative in efforts to market new homes successfully. Here are 3 areas to address when selling against foreclosures.



✓ Shortening closing time

Demonstrate that buying a foreclosure or a short sale can take as long as it would take to deliver the buyer’s dream home equipped with their own choices. This strategy may involve retooling building designs to create more efficient plans that can be built quickly and less expensively. To be successful, trade partners and local building departments need to be on board with the concepts.

✓ Competitive shopping

The key is to treat the foreclosures like you would any other builder competi-

tor. Put yourself in the shoes of a potential buyer and compare the value. Put together the facts, a pros and cons list of any foreclosures in the vicinity of your new homes, and compare what they offer compared to what you offer. Point out that costs to get a foreclosure back in shape after sitting vacant for a number of months need to be added back into the bottom line.

✓ Online tools

Use online calculator tools to effectively measure the costs associated with buying a foreclosed home. Factor in costs for mold removal, termites, leaking windows, electrical wiring updates, etc to the price of a foreclosure to obtain a “true” purchase price. Being ready with a list of floor plans and quick-delivery homes in the same price range is critical.



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Know Your Warranty

Perhaps you don't have the need or opportunity to read your warranty documents from cover to cover on a frequent basis. From time to time, we will include sections that can be helpful in dealing with customer service issues. If you would like more information, contact your Account Executive (see page 9 of this newsletter for our contact directory).

II. E. Exclusions

The following are NOT covered under this Limited Warranty:

1. Loss or damage:
 - g. caused by material or work supplied by anyone other than your Builder or its employees, agents or subcontractors.

II. E. Exclusions

The following are NOT covered under this Limited Warranty:

2. Loss or damage resulting from, or made worse by:
 - g. acts or omissions by you, your agents, employees, licensees, invitees; accidents, riots, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, blasting, smoke, water escape, windstorms, tropical storms, hurricanes, hail, lightning, ice, snow, falling trees, aircraft, vehicles, flood, mud slides, sinkholes, mine subsidence, faults, crevices, earthquake, land shock, waves or tremors occurring before, during or after a volcanic eruption, or manmade events such as war, terrorism or vandalism.