

# **Achieving Higher Quality...the Last Frontier**

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One of the last frontiers for achieving the goal of higher quality construction are the standards of practice in the purchasing and warranty departments, relative to those product specifications, selection processes and warranty procedures which become integrated into trade contractor scopes of work. The most important of these assemblies we will refer to as the “Big 8” and include the following: 1) concrete, 2) below grade waterproofing, 3) structural framing, common walls and windows, 4) lath/plaster, 5) roofing, 6) sheet metal flashing, 7) painting, and, 8) mechanical, electrical and plumbing (MEP) systems. Third party peer review of these scopes of work has become the standard of practice for progressive builders.

For each of these big 8 assemblies, components are identified and selected as standard specifications, organized around the concepts of good, better and best for each of several price points. Examples of these concepts have been developed [by the author] for “CEO Round Table Discussions” now occurring around the State of California, coordinated by Owens Corning and other leading advisors working on behalf of the building industry.

## **Selection Processes**

Not only are the market driven specifications important, but the selection process is just as critical. Such procedures will disclose worlds of truth about how a building company runs their organization and fully reflect their value system relative to whether or not to accept low bids, half-baked design/build solutions and marginally qualified trade contractors for lack of internal training programs for their field crews. One such example, the current practice of soliciting design build solutions for mechanical assemblies is being replaced by fully engineered systems based upon a given design criteria, like those in commercial applications, and subsequently bid out to the short list of approved mechanical contractors. This will allow a more thorough and detailed comparison between various equipment manufacturers and installation vendors relative to stated performance objectives.

## **Lexus vs. Toyota**

Just as a Lexus is similar to a Toyota in possessing basic important engineering and safety components, with both reflecting thorough attention to detail in their manufacture, these two vehicles are as fundamentally different as their features and price points.

The same can be said about homebuilding. Each buyer expects to receive a fundamentally well engineered and built home with proper installation of all the features selected. Contractors can offer these good, better and best choices of building components, designed to match different price points and market needs which tie directly into the warranty. Once constructed, the implementation of an effective warranty program can enhance the components’ longevity through alternative extended service

packages, reaching out beyond the present one year standard, to encompass five to ten year warranties.

By comparison, it is now quite common to find comprehensive automobile warranties for maintenance free operation or tune ups and oil changes included in the initial unit pricing. Previous warranty standards were 12 months or 12,000 miles. That standard of care has evolved to 3 years/36,000 miles and even 5 years/100,000 miles. This transformation within the US automobile industry (encompassing procurement, manufacture and service) has been largely generated in response to better quality and longer lasting vehicles from competitors.

### **Extended Service Agreements at Higher Margins**

Builders are just beginning to discover the benefits of utilizing higher quality components, better workmanship and more skilled trade partners as vehicles to achieve more comprehensive warranty service programs at significantly larger margins. These longer and more comprehensive warranties can be packaged into “Extended Service Agreements” paid for in advance at the point of sale by homebuyers. This effectively allows builders to create a profit center designed around their warranty service departments and reach into the future controlling the performance of the buyers’ maintenance activities.

The pride of homeownership carries with it the responsibility for maintenance and upkeep. One does not operate a car, for example, without routine re-fueling, oil and filter changes. Similarly, homes also have systems that need routine maintenance. In effect, SB800 has laid a foundation requiring homeowner responsibility, allowing builders to define that scope of maintenance, the means and methods to complete it and to profit from the program implementation as well.