

“Think and Grow Rich”

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The above referenced book by Napoleon Hill describes the effect of positive thought and detailed planning in creating positive tangible results.

The manifestation of much higher quality in production home building has been keenly influenced by these twin concepts. In fact, while the general liability insurance market is certainly very hard at the present time, this too shall pass as builders have come to grasp the reality of internalized risk management practices and take responsibility by bearing the cost of these programs. The game is effectively over for the plaintiff attorneys. Builders, insurance carriers, and (most importantly) the homeowners have all won. The market has changed so radically over the past year that, in short order, the plaintiff's bar will need to find another ambulance to chase.

We have first hand experience in seeing this evolution, rather revolution, with clients from San Diego to San Francisco, Denver to Dallas, and from Chicago to Philadelphia. As our consulting services and satisfied clients have marched across the United States, so too have we come to appreciate the simple truths in home building. Build it well and they will come. Build it poorly and they will sue you.

Practical Solutions & Useful Tools

Builders, developers, contractors, and design professionals now routinely contract for and reap the benefits from third party peer reviews of their construction documents, contract specifications, and architectural details. This also includes routine field inspections and documentation as well as comprehensive maintenance manuals for both common area (HOA) improvements and privately owned exclusive use areas of the home. Whether insurance carriers mandate these services or builders act on their own accord, the value to the builder is more important than the price. Furthermore, this constellation of services clearly surpasses what is normally provided by the local governmental building department inspections. Those agencies are focused largely on life-safety matters, rather than raising the bar to higher quality construction standards.

The most successful builders (and not the biggest or best capitalized) have tools which are really quite simple in concept. My recommended reading here is “Good to Great” by Jim Collins (author of “Built to Last”). In parallel with the practical approaches outlined in these two books and as briefly discussed at the Building Industry Show in November 2003, our recommended solutions also include 1) tighter basic and standardized specifications in the building shell, implemented through 2) a centralized purchasing and trade contractor incentive system, tied to 3) stronger field oversight of construction materials and methods, including selective vertical integration of key trades and finally, 4) more responsive customer service and management. The common thread is an

integrated incentive and reward system. More specifically, we need positive incentives to fix the problems not cover them up.

That said, one must also recognize the complexity of achieving higher quality at higher densities (which exponentially more difficult and requires substantially more effort). Notwithstanding the difficulty, it is both possible and achievable with the end result bringing benefits to homeowners and builders equally. Clients have experienced zero (yes that is zero) litigation claims following adoption and proactive use of these tools, tempered by years of development and refinement.

The production homes we construct today are complex machines of intricate components and systems. Homes are constructed better today than ever before due to improved materials and methods, new product development, and painstaking attention to detail. In the final analysis, our local building inspectors provide an important but limited role in the process. While enjoying a protective blanket of governmental immunity they have no incentive to excel or raise the bar to achieve higher quality homes. The building code is the acceptable standard and the end of the story. The minimum becomes the maximum.

Independent third party peer review consultants are not similarly protected or constrained. They have to do a better job, *“exceeding clients’ expectations through teamwork, professionalism and expertise”*. Their game is driven by value for their clients, collectively including builders, insurance carriers, and homeowners. Their game is achieving incremental improvements which add long term value, raising the industry standards of care, and helping builders achieve higher quality through innovative solutions. For them, the building code is just the beginning.

The only losers in this game are the plaintiff attorneys!
Game Over!!