

WINNING THE
NATIONAL HOUSING
QUALITY AWARD
FEELS GREAT,
BUT IT'S THE
RIGOROUS PROCESS
AND JOURNEY OF
SELF-DISCOVERY
THAT REAP THE
GREATEST REWARDS



THROUGH THE YEARS
WITH THE NHQ AWARDS:
**IS THIS
YOUR YEAR
TO APPLY?**

By Scott Sedam, Contributing Editor



On a beautiful California evening last October, I sat mulling over an 8-minute presentation I was asked to give at the end of the National Housing Quality (NHQ) Awards ceremony. My role was to induct Bill Pulte—mentor, boss, friend, and the late founder of Pulte Home Corp. (now PulteGroup)—into the NHQ Hall of Fame. Bob Pulte, one of Bill’s sons, was there to receive the award for the Pulte family.

More than deserving, the award reflected Bill’s story. At age 18 he sat on the roof of the first house he built in Detroit, mostly by himself, and conjured a vision of becoming the largest home builder in America. In 2001, Bill achieved that goal at the helm of Pulte Homes, with an intense focus on quality. So much so that for the first five years of the J.D. Power Awards in the 1990s, Pulte more than doubled the next best composite score of all national builders in America. After Pulte’s Chicago and Minnesota divisions each applied for and received NHQ awards for their local operations, Pulte became the first builder to apply at the national company level—requiring NHQ examiner visits to multiple sites—and was awarded 2005 NHQ Gold. No one ever deserved a spot in the National Housing Quality Award Hall of Fame more than Bill Pulte.

Feelings of nostalgia welled up that night as I thought back over my more than 20 years as an NHQ examiner. Most of the NHQ greats were there, such as Charlie Scott, Tom Gillespie, and Serge Ogranovitch, who has managed the award for years and almost single-handedly kept the NHQ alive during the difficult times of the housing recession. Both Tom and Serge previously earned recognition in the NHQ Hall of Fame, and later that night, I had the honor of inducting Charlie Scott, as well. Then Dan Horner, founding partner of this year’s sole NHQ Gold recipient, True Homes, approached the stage to accept the award for his Charlotte, N.C.-based company.

I first met Dan last June while I was serving as the lead examiner for the NHQ team evaluating True Homes’ application. We were genuinely impressed with Dan’s relatively young organization. In the nearly three decades of the NHQ, only three builders had previously been awarded Gold the first year they applied. True Homes became the fourth. Dan led his acceptance speech with a quote that, in many ways, captures the focus of the NHQ: “We were a good company. We asked ourselves, what would it look like to become a *great* company?” For the answer, True Homes turned to the National Housing Quality Award.

THE NHQ JOURNEY

Twenty-seven years ago, the National Housing Quality award was launched to put intense focus on the culture, systems, processes, and leadership required to be one of the very best builders in America. NHQ is modeled after the Malcolm Baldrige National Quality Award, annually presented by the U.S. Department of Commerce. Years ago, I did a stint as a Baldrige examiner, and I can tell you, being awarded that honor is no mean feat. The NHQ is similarly rigorous. Applicants are judged using criteria in eight categories:

1. Leadership
2. Strategic planning
3. Performance management
4. Customer satisfaction
5. Human resources
6. Construction quality
7. Trade relations
8. Business results

Each category has specific questions and standards the judges use to evaluate applicants. The criteria aren’t overtly prescriptive, however, as in “this is the only way the NHQ says it should be done.” Customer Satisfaction, for example, is an obviously important category with considerable weighting, but the judging criteria don’t specify how to get there—just that you do, at a high level. Presuming you do, judges then launch a thorough review of your process for sustainability and impact on all elements of the company. Process varies greatly among top NHQ applicants. Some perform pre-drywall walks, while some don’t. Some send weekly update pictures to customers, others don’t. Some make weekly calls to customers. Again, others do not. There are countless ways to skin that cat, and if any examiner thinks he or she has seen them all, next year will bring a new approach from a different builder.

Trade Relations, as a category, is no different. In these times, you live and die by your ability to attract and keep great trades. Yet, as examiners, we see limitless variation in how to achieve that status. For example, monthly supplier/trade council meetings have become common and, when done right, have a huge impact. Yet not all top-level award winners use them. Some builders have detailed recognition programs for their trades. Others don’t. Some builders use supplier/trade surveys to get anonymous feedback, but there is nowhere near the data available compared with customer satisfaction, so the numbers are sometimes difficult for the examiners to interpret. Thus, we always interview two separate groups of

suppliers and trades for those builders earning an NHQ site visit.

Each category is similar in this way, and over the years we've heard things on site visits that inspire examiners to review the criteria at a later date. I'll never forget Saun Sullivan, president of silver (2013 NHQ), then gold (2015 NHQ) awards recipient DSLD Homes, answer this question posed by an NHQ examiner: "Why don't you have a five-year plan?" Just emerging from the severe housing recession, Saun laughed, shook his head, and proclaimed, "Hell, anyone who had a five-year plan in 2006 and followed it went bankrupt!"

Fair point, although, as Winston Churchill declared, "Those who plan do better than those who do not plan, even should they rarely stick to their plan." So taking Saun's and Winston's points together, we revisited the criteria under Strategic Planning, to make them more flexible, less prescriptive, and more focused on results. In fact, if you want to witness some fervent and sometimes testy arguments, show up at our annual NHQ examiner meeting and listen when members propose changes to various criteria. The genuine passion from the examiners who volunteer their time to do the initial pen-and-paper reviews and actual on-site evaluations, then work to maintain NHQ standards and integrity as home building's benchmark for quality, is unrivaled.

Yes, it's a time burden to be an NHQ examiner. But it's also a rare opportunity and, in most cases, a distinct pleasure. Imagine the benefit of learning first-hand the inner workings of some of the best builders in the U.S. How do you even begin to calculate the value of that?

Most of the builders we visit for site reviews make a big deal about the opportunity to learn from the examiners. But the truth is, I think we learn more from them. One of the most important lessons in my career has come from witnessing the many different paths to high performance in the NHQ criteria. It's a natural tendency to believe in and search for one "best way" to lead a company; develop your trades; determine your strategy; and build, sell, and warrant your homes. But NHQ judging for 20 years has thoroughly beat any "one best way" notions out of me. Instead, I encourage builders, manufacturers, suppliers, and trades alike to adopt what is both an operating philosophy and an attitude: the continual quest for the "best known method." When you take that stand, it declares you are still searching for—even expecting—continuous improvement in all products, processes, and systems. That's the true spirit of the National Housing Quality Awards.

**"NEVER LET THE FEAR
OF STRIKING OUT KEEP
YOU FROM PLAYING
THE GAME, AND NEVER
LET THE FEAR OF
NOT WINNING KEEP
YOU FROM APPLYING
FOR THE NHQ."**

**—MARC ROUSSO,
CO-FOUNDER, JAYMARC HOMES**

MEMORIES ...

One of my all-time favorite NHQ moments was when HistoryMaker Homes received the 2003 NHQ Gold. At one of its frequent all-company meetings, Nelson Mitchell, the builder's then-young CEO, began a somber presentation describing how the company had applied again for the NHQ award, how hard his people had worked, how it wasn't about "winning" but the work everyone did to make the company better. He was clearly helping ease the pain of not having achieved their goal.

And he was convincing, seeming to be on the verge of tears. But no sooner than he had the entire group ready to get out the tissues, Nelson literally jumped in the air and hollered at the top of his lungs, "We won the National Housing Quality Gold award!" The room erupted in bedlam, with everyone high-fiving, cheering, and hugging. The HistoryMaker Homes team had made its own history, with a focus and dedication to be the best and to do things right—and that continues to this day.

Another indelible NHQ memory is when both mega-builder Pulte Homes and small private firm Grayson Homes received 2005 NHQ Gold. That night, by total coincidence, both groups chose the same dinner venue in New Orleans, one seated on the ground floor in the big, open space, the other on the terrace above it. I was with the Grayson team when one of the senior Pulte guys spotted the Grayson contingent below, stood up, asked for the entire restaurant's attention, and raised a loud and sincere toast congratulating Pulte's NHQ Gold brethren. Everyone in the place cheered—even those who had no idea what was going on. Grayson then toasted the Pulte team, and it just took off from there. Neither of the teams had previously met, but that night they merged and headed up Bourbon Street. For countless hours they traded toasts because, after all, one company just couldn't allow the other to send up the final acclamation. Knowing both firms well, I'll attest that you couldn't find two builders more different in organization or style, but they'd both achieved something special and found common ground. They celebrated like best friends. The next morning, observers of both teams wouldn't be blamed for wondering if receiving NHQ Gold was detrimental to one's health. "Rode hard and put away wet" looks abounded.

OUTSIDE THE BOX

It's easy to slip into the language of "winning," but, as each past NHQ recipient—as well as every examiner—will remind you: It's about the process. The saying, "The journey matters

more than the destination,” applies, and all four recipients at the 2019 NHQ Awards presentation in La Jolla, Calif., echoed that sentiment.

Receiving the award is, of course, a win for your team and it feels great, but it’s more an acknowledgement of who you are as a company and what you’ve put together as a home builder than it is a victory over other contestants or adversaries. Yet the question always comes up, “Is the NHQ a practical tool for making your company better, or is it just a trophy to put in your reception area?” I hope my NHQ recollections have opened your mind to the possibilities, and I encourage you to go back and read the article in *Professional Builder’s* October 2018 issue about the most recent NHQ recipients. Tool or trophy? You decide.

If I had a day’s vacation for every builder that told me they wanted to apply for the NHQ but “it just isn’t the time,” or they’re too busy, or are waiting to onboard a couple of new people, I’d take a trip around the world, on a slow boat.

So, what can I do to convince you that the time to apply is now, not next year or the following year? One of my favorite comments at the 2019 NHQ awards dinner was by True Homes’ Dan Horner, who said, “We wanted to overcome the belly-button perspective.”

Dan described how engaging True’s entire 40-member management team in self-evaluation via the NHQ criteria forced them to think outside the box. He proclaimed the application process “awesome,” which, I confess, is seldom heard by the examiners. Mostly the award is described as detailed, thorough, comprehensive, and a lot of work, but Dan and his team “got it.” They created a war room with complete details for the eight criteria on the wall, all beautifully organized. We saw the same approach with 2018 NHQ Gold recipient Pacific Lifestyle Homes, and the impact on the examiners was palpable. As you walked around the room, you could really see and appreciate the entire company. As the team members described the application process, it helped them to understand themselves and their company more deeply.

Later that evening, at the 2019 NHQ ceremony, Marc Rousso, co-founder of JayMarc Homes, winner of the 2019 NHQ Silver, drew one of the most interesting analogies I’ve heard yet. He said that, to him, NHQ was like collecting baseball cards: “I had my Dave Simon from Veridian, my Bill Saint from Classica, my Vernon McKown and Todd Booze from Ideal, my Saun Sullivan from DSLD—all NHQ Gold recipients—and many, others.” Each year Marc, along with co-founder Jay Mezistrano, and their team, collected the cards and read their history, stats, and

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—DAN HORNER, FOUNDING PARTNER, TRUE HOMES

achievements. They absorbed them, learned from them, and applied everything possible to their own company with the goal of one day seeing JayMarc Homes National Housing Quality Award cards in print. The presses are now rolling.

A GIFT THAT LASTS

As the award recipients finished up that night, it dawned on me that I had the singular good fortune of having been on the examiner’s site-visit team for NHQ Gold recipients for four of the

past five years. How lucky is that? More than you know, and more than I can explain. Those companies are based in North Carolina, the Washington, D.C., metro area, Washington state, and Wisconsin—a disparate group of builders, with product ranging from entry-level to highly personalized production; from high-end, mid-rise condominiums to full-on custom homes priced in the millions. The privilege of meeting, observing, and learning from these highly successful yet very different builders in different markets has been one of the greatest gifts received in my career.

Speaking of gifts ... you’re most likely reading this just after the holidays and may already be having trouble recalling certain gifts received from friends, family, and colleagues. Perhaps you’d like to secure one gift, for a change, you’ll never forget? Look no further than the Nation Housing Quality Award. Follow the links below, download the application, put a team together, and go for it. Gene Myers, CEO of Thrive Home Builders (2019 NHQ Bronze) concluded his presentation in La Jolla noting, “The National Housing Quality Award application was a gift that came along when we needed it most.” Finally, a gift that has the potential to keep on giving, not just throughout this year, but for years—perhaps even decades—to come.

You can find the NHQ application and FAQs online, just enter “NHQ apply” in the search window at probuilder.com. For more information or specific questions about the National Housing Quality Awards, please contact NHQ director Serge Ogranovitch, via email at sergeogranovitch@gmail.com or by phone at 703.980.6565. **PB**

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