



National Housing Quality Program

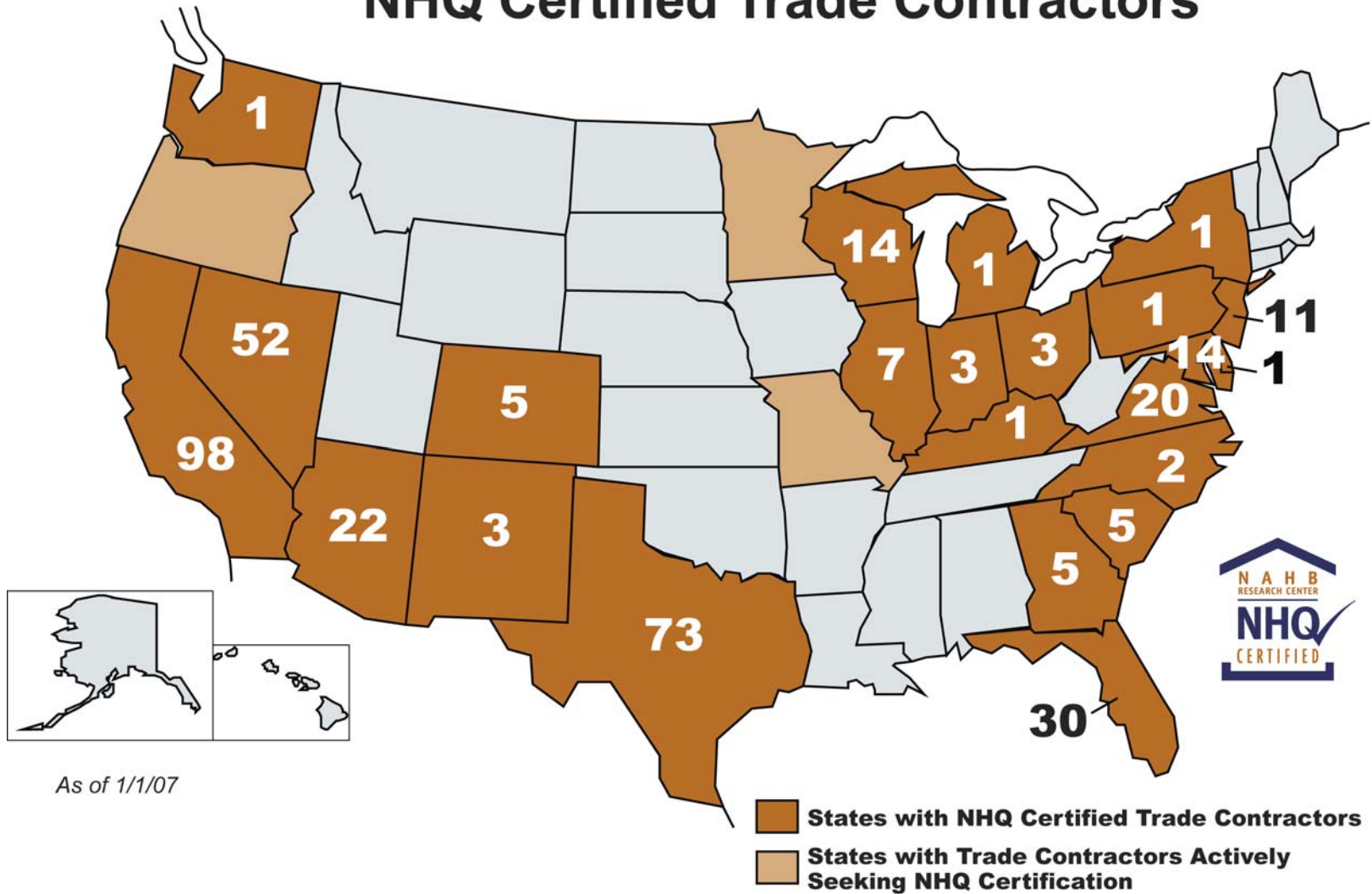
Certified Home Builder Program

And

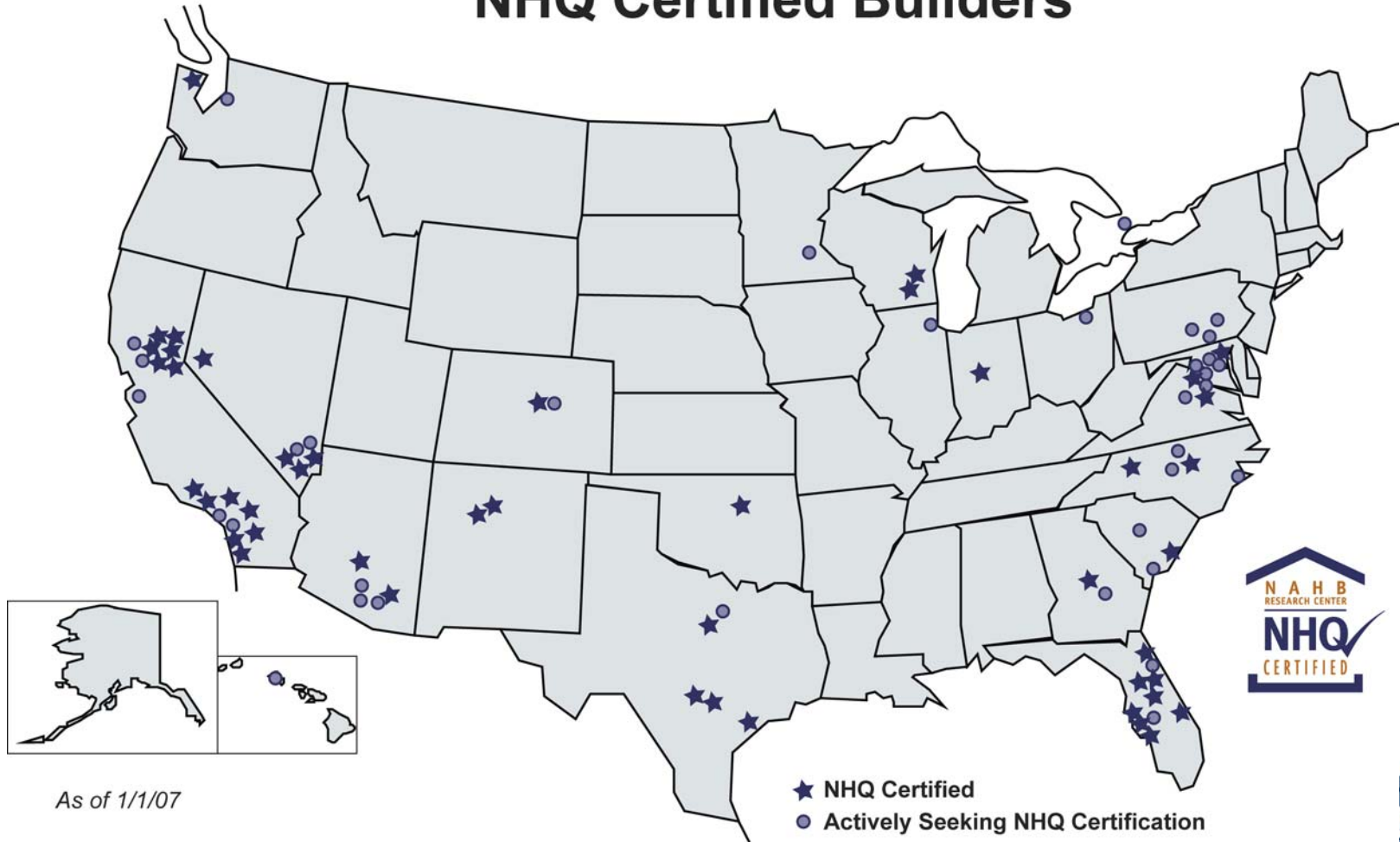
Certified Trade Contractor Program



NHQ Certified Trade Contractors



NHQ Certified Builders



*The NHQ Certified
Home Builder Program
for builders and trade
contractors is focused on:*

*“meeting and exceeding
customer expectations.”*



For home builders, their customer is the new home purchaser.

For trade contractors, their customer is the builder.



Purpose of the NHQ Certified Home Builder Program

This program is intended to provide a tool that any builder can use to improve the ability of their company to meet or exceed the expectations of their home builder customers.

This program is designed to assure the builder's new home purchaser that there is a documented quality assurance system in place and fully operational at all times.



Purpose of the NHQ Certified Trade Contractor Program

This program is intended to provide a tool that any trade contractor can use to improve the ability of their company to meet or exceed the expectations of their home builder customers.

This program is designed to assure the home builder customer of any trade contractor that there is a documented quality assurance system in place and fully operational at all times.



All Quality Certified Trade Contractors Have a System in Place That:

- Always puts qualified people on the job
- Maintains the required skill level of those qualified people
- Regularly and systematically improves the standard job practices to eliminate recurring problems
- Measures whether their quality system is working and effective, and
- Is verified annually by an independent 3rd party so the builder customer can be confident the trade contractor is continually operating their quality system



Measurements of customer satisfaction

- Trade contractors must survey their major customers
- Builders must measure and track the level of their customer's satisfaction



Quality Program “Drivers”

1 of 2

- Rising liability insurance costs and decreasing levels of coverage are impacting both groups. This documented quality assurance program may result in reduced CGL premiums
- Increasing risk of construction defect litigation is a concern of both groups. This program will help all parties demonstrate “due diligence” and to properly document what the company did correctly.
- Increased national attention to measuring customer satisfaction and an awareness of builder’s customer satisfaction levels. Regular assessments and measurements of customer satisfaction are a part of both programs.



Quality Program “Drivers”

2 of 2

Bottom line builder and trade contractor profitability:

- **Reduced cycle time** for both individual trades and for the overall home construction, more on-site efficiency for all parties, and less warranty/service
- Trade contractor case studies documented higher builder satisfaction levels and more than a **50% reduction in call-backs or service calls**



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NHQ Builder Program

- Each builder operates an approved quality assurance system.
- This system is described in a quality manual.
- The system complies with the NHQ Certified Builder Program requirements.
- An annual audit by an independent third party confirms the operation of each builder's quality system.



Components of a Builder's Quality Program

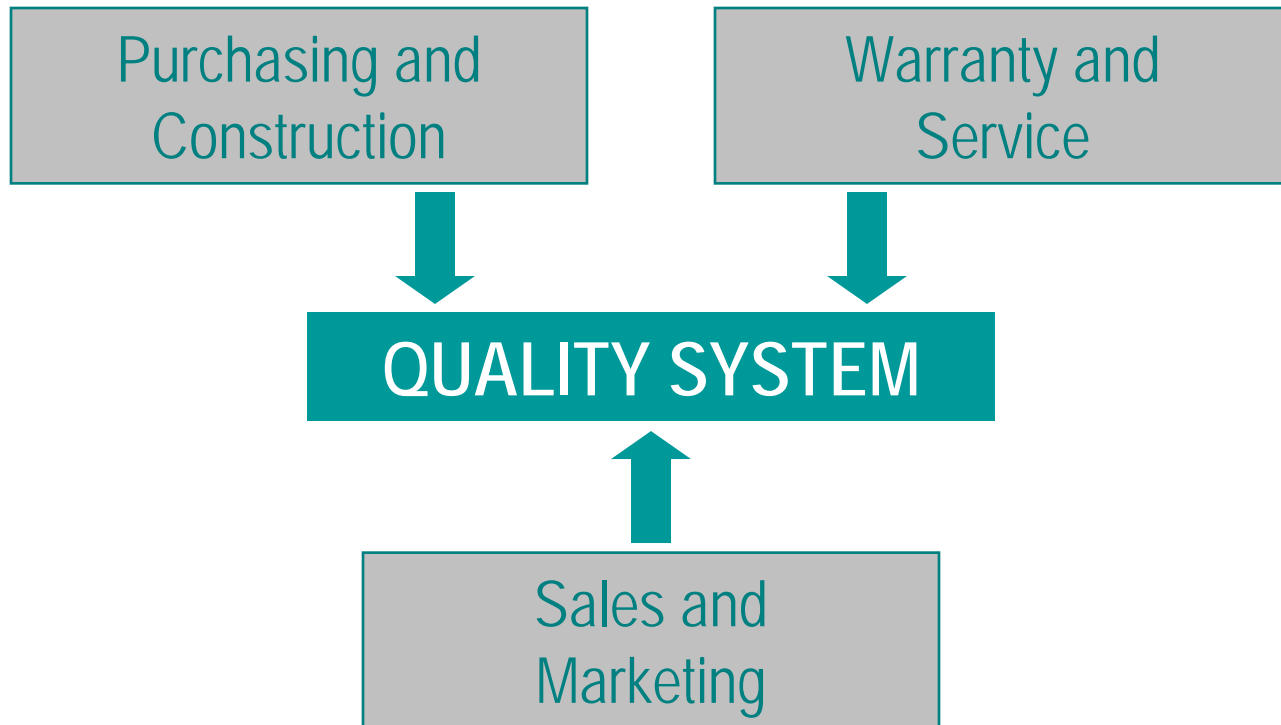
Each approved builder quality system includes the following components, at a minimum:

- Purchasing and Construction
- Warranty and Service
- Sales and Marketing



Overview of Builder Program

Minimum Quality System



Overview of Builder Program

Future Additions

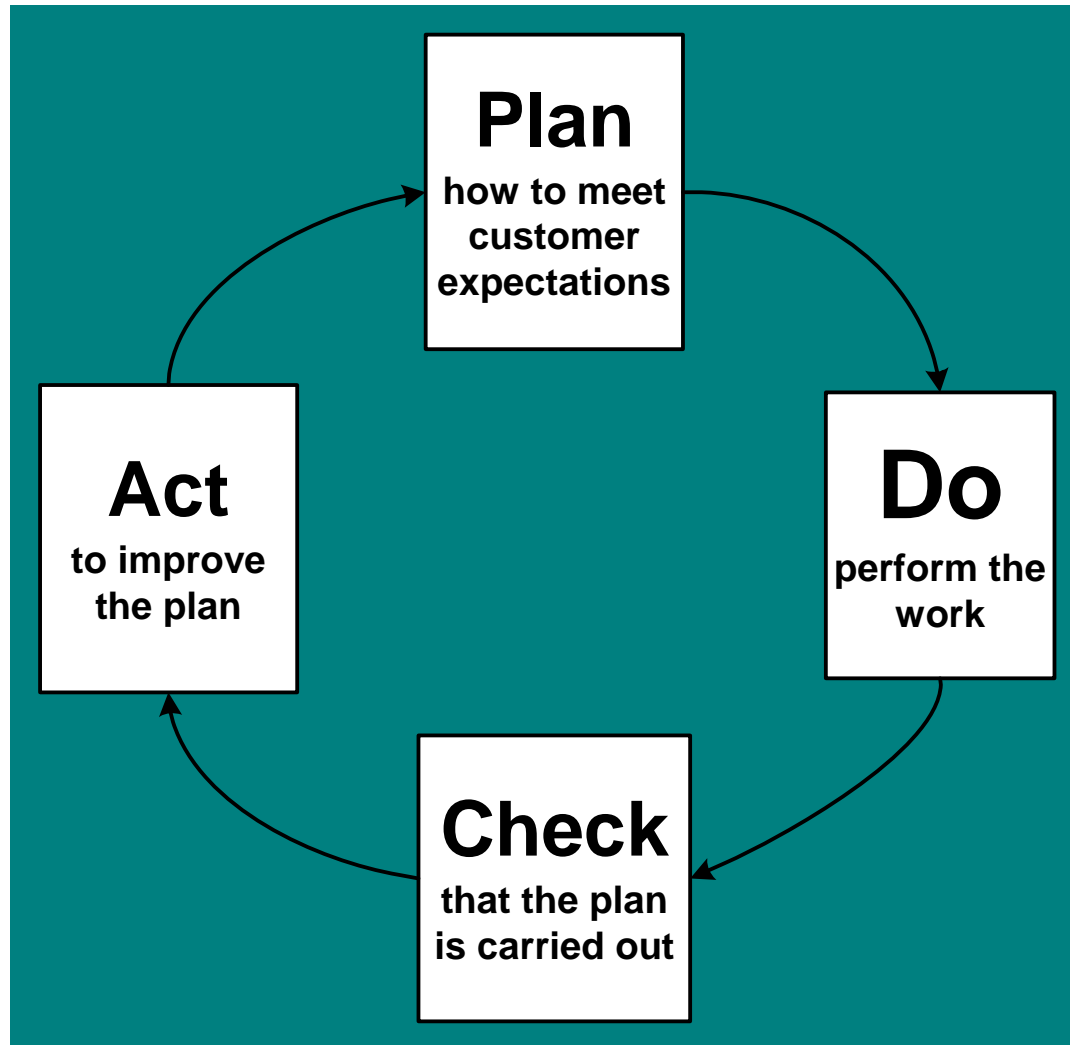


Builder Program Development Process

- Initial organizational meeting, in builder's office to organize work effort and start the gap analysis
- Gap analysis by individual builder
- Agreement on quality components of the builder's proposed QA system
- WEBEX meetings to review and assist
- 2nd meeting to begin development of the builder's QA system and start on-site training of builder employees
- 3rd and Final meeting to review quality manual and complete internal auditor training
- Builder operates QA system



An overall look



A Builder's Quality System

Sections 1.0 and 2.0 of the quality manual

How do you run your company?

- Description/scope
- Quality Management
- Documentation

Develop a plan, show how you document these items, show how you do training, show how you do internal audits, show how you continuously improve, and show how you measure customer satisfaction



The Production Quality System

How do you run your production operation?

How do you document items, how do you train your production people, how do you manage the schedule, how do you manage job ready/job completion?

How do you do internal audits, how do you continuously improve?

This is in Sections 3.1, 3.2, and 3.3



The Sales Quality Plan

How do you run your sales operation

- Sales and marketing combined?
- Participation in the quality team?
- Sales training process
- Document control
- Tracking customer satisfaction
- Working with other parts of the company



The Warranty Quality Plan

How Do You Run Your Warranty/Service Operation?

- Training
- Intake Process / Confirmation the Work is Done
- Internal Audit Procedure
- Continuous Improvement Activities
- Communication with Production and/or Sales
- Documentation
- Document control



Process Documentation

for all your operations

Does your company have:

- Scope of work for each key trade?
- Job ready confirmation?
- Job complete confirmation?
- Who did the work?
- Documented outcome?
- Documentation that the appropriate procedures were followed?



Documented Training

for all your operations

- Staff training
- Staff evaluation
- Trade training
- Trade evaluation
- Code requirements
- Manufacturer installation requirements



Documented Audits

- Internal of each builder segment
- Audits of Your Trade contractors
- Third party of the overall builder's operation



Builder Program Operation

Activities of a Certified Builder within the Certified Builder Program are defined in the NAHB Research Center licensing agreement. These include:

- Representation of the builder as a Certified Builder.
- Providing evidence of on-going operation of the approved quality system.



Steps to Move Ahead with Builder Certification

- Appoint a quality manager for the company
- Organize a quality committee
- Assess needs for quality components
- Begin development of needed components
- Begin staff training



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Both Builder and Trade Quality Systems Include:

For the Trade Contractor

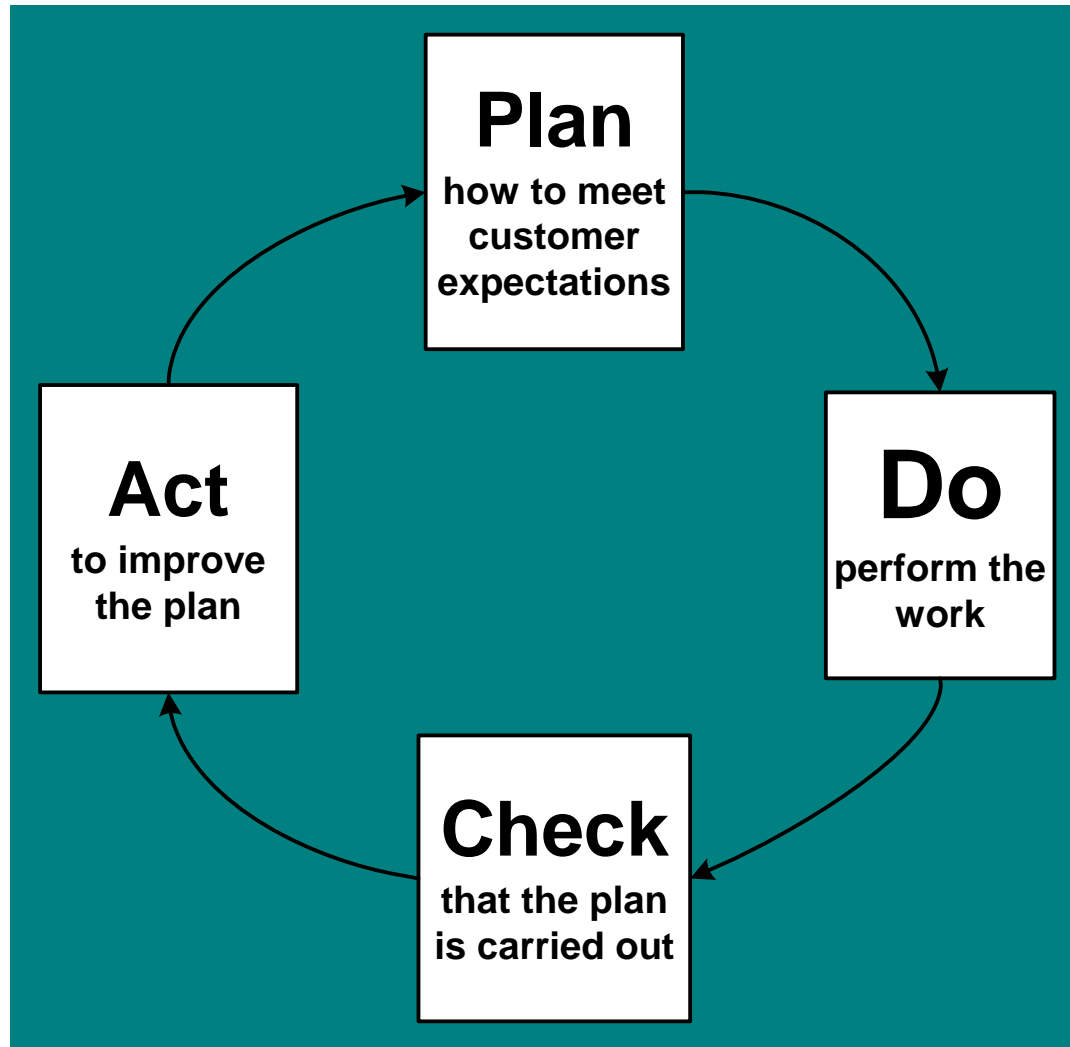
- General
- Quality Plan
- Job Site Inspections
- Quality Improvement
- Quality System Mgmt

For the Builder

- General
- Quality System Mgmt
- Production Ops
- Warranty Ops
- Sales Ops
- Other Ops



Also based upon this concept



The Certified Trade Contractor Program

- Could be sponsored by the Builder or the HBA
- Trades will participate if their customer (the builder) wants them to
- Training can be in groups of 12 companies
- Previous courses have included a 2 hour intro, 3 half days, and a manual review session (allowing trades to work half of each day)
- Goal is to help each trade develop and implement a documented quality system, and become certified



Builder Steps to Move Forward With the Trade Contractor Program

- Review list of trades and decide on training needs
- Bring your best trades together to an informational/introduction session
- Schedule a series of training sessions for your trades



Program Costs

- The trade contractor training sessions
- Developing a builder's quality system



Questions?

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