

COMMITMENT TO EXCELLENCE

THE **2023 NATIONAL HOUSING QUALITY AWARD** RECOGNIZES TWO EXCEPTIONAL HOME BUILDERS FOR THEIR CONTINUED QUEST FOR OPERATIONAL MASTERY

BY MICHELE LERNER
INTRO BY RICH BINSACCA, EDITORIAL DIRECTOR

In the housing industry, terms such as “excellence” and “quality” are often bandied about too casually to build any real consumer confidence. But when builders submit to the National Housing Quality Award (NHQA), a rigorous, comprehensive internal and external examination of their operational practice and performance, both terms are clearly defined and even quantified.

Modeled after the Malcolm Baldrige National Quality Award and ISO 9000 concepts for quality management systems, the NHQA process takes a deep dive into several areas of a builder’s operation, from leadership and strategic planning to human resources and construction quality, as well as business results.

This level of scrutiny isn’t for the thin-skinned or faint of heart. A true peer-to-peer benchmarking tool for the housing industry, NHQA challenges applicants—usually medium-size local and regional production builders—to spend weeks completing a 167-point questionnaire that is then evaluated and scored by previous NHQA Gold award recipients and industry-specific quality management experts, who also provide specific, constructive criticism. A select few also earn a two-day site visit by NHQA judges for further vetting.

Regardless, all applicants receive a 30-page feedback report, including how they scored on a scale of 1 to 5 in each area, kudos for their industry-leading performance, and tips to keep improving their business operations.

For the 2023 program year, *Pro Builder* is proud to honor two builders—Southern Homes of Florida and Windsong Properties of Georgia—with NHQA Bronze awards, with every confidence they’ll continue on their journey toward operational excellence.

BRONZE AWARD: SOUTHERN HOMES

ED LADERER AND GREG MASTERS, co-founders and owners of Southern Homes, have been business partners for more than 30 years, so they know a lot about each other. Their participation in the NHQA program helped them find out even more about how they can improve their highly successful business.

“We went into [the NHQA application process] thinking about how good we are,” Masters says. “While that was affirmed for us, what was more important was learning about what we need to do to be even better.”

Laderer and Masters heard about the National Housing Quality Awards program from other builders in their 20 Club, a National Association of Home Builders’ (NAHB) peer-to-peer program designed for those committed to continuous improvement across their organization.

The rigorous NHQA application process was worth the effort. “We had to rethink all of the steps we take to deliver a good product and write it all down,” Masters says. “It made us proud to see how far we’ve come, from being just a couple of guys building eight houses a year to building more than 400 houses a year.”

The two partners also realized how important it was to check their egos at the door. “Everyone gets hurt feelings when they hear about ways they can improve, but that’s the point of the program,” Masters points out.

PHOTO: KEITH GREENE, SOUTHERN HOMES

Benchmark your business against the best builders in the nation: The online application process for the next National Housing Quality Awards program year will open on Dec. 1, 2022. Visit probuilder.com/nhq for application tips, profiles of past NHQA recipients, and other helpful resources.



Southern Homes' NHQA application committee: (L-R) Tom Poulton, finance and legal manager; Ashley Link, director of marketing; Kate Spangler, contract and sales operations manager; Eric Kant, controller; Wesley Clark, director of sales; Terry Corn, production operations manager; Kaley Pfingston, model center and community manager. On sofa (L-R), Kendall Nalley, marketing manager; Richie Johnson, purchasing operations manager; Kait Strollo, data and research manager. (Not pictured) Chelsea Westover-Laferrriere, sales manager.

SOUTHERN HOMES, LAKELAND, FLA.

FOUNDED: 1991

MARKETS: Polk and Highland Counties, Fla.

2021 REVENUE: \$108.7 million

2021 CLOSINGS: 378

STRENGTHS

- › Outstanding business results, including financial strength and control over expenses
- › Industry-leading customer satisfaction
- › Employee tenure and opportunities for professional and personal growth demonstrate the quality of the leadership team



Left: The Lexington in Lakeland, Fla., is a 3,003-square-foot, four-bedroom, three-bath, on-your-lot product by Southern Homes. **Below:** Southern Homes' owners Greg Masters (left) and Ed Laderer.



For Southern Homes, which received accolades from the NHQA examination team for the company's high level of customer service, business results, and leadership, the biggest takeaway was the need to formalize their processes in writing. "Whenever Greg and I debate anything, we're relying on our memories," Laderer says. "The NHQA program was a big reminder of the holes in our system."

For example, while Southern Homes has a process for tracking variances that includes writing a report and sending it to the appropriate people, they learned it would be better to have an instruction manual for that process. "We should do a weekly review of variances," Masters says, "to make sure everything is resolved and the circle is closed on it," which would give everyone involved written proof that each variance has been resolved.

The NHQA judges also suggested the builder could generate business by leveraging its 94% customer satisfaction rating for referrals—a tactic that would help Southern Homes achieve its target of 10% revenue growth every year by building 7% more units and increasing prices by 3% annually, Masters says.

In 2021, for instance, the company decided to build 400 homes, but not recklessly. "We don't take every deal," Masters says. "We figure out what we can do with what we have in place so we're not overreaching," an approach that helps the Southern Homes team stay focused on customer service instead of chasing the market.

"We want to be the tortoise, not the hare, so we take a long-term approach to departmental budgets and managing costs on the purchase and design side," Laderer adds. The company also "skims the cream off the market," he says, by building homes that are a little higher than the marketplace but still offer value to customers.

**"IF YOU'RE TRULY
INTERESTED IN TAKING
YOUR BUSINESS TO A NEXT
LEVEL YOU DIDN'T EVEN
KNOW EXISTED, THEN DO
THE NHQA PROGRAM."**

**—GREG MASTERS,
CO-FOUNDER, CO-OWNER**

The Southern Homes leadership team had a few "forehead-slapping" moments during the NHQA examination process, starting with a written strategic plan, which the builder is now finalizing to coincide with its business plan. "That will help us and our employees understand both better," Masters says.

Another issue Southern plans to address as a result of the NHQA program is its relationship with trade partners, specifically engaging them more to achieve efficiencies and loyalty. "We have meetings with people and take notes and talk to them," Masters says, "but we don't have a written process and we don't share the information full circle with all of our partners," such as how Southern intends to improve its scheduling process, an especially sticky point for its subs. In response, the company is starting a trade council with 12 of its partners to improve communication.

But there's one aspect in particular of the NHQA process that really impressed Masters: the judges who made the site visit to Southern's Lakeland, Fla., headquarters, voluntarily traveling at their own expense. "It's just so impressive that these experienced people who generated this in-depth report did so because they want to make our company better," he says.

BRONZE AWARD: WINDSONG PROPERTIES

NINETEEN YEARS AGO, when Mark Carruth and Steve Romeyn chatted during their daughters' ballet lessons about starting what would become Windsong Properties, they had no idea they were laying the groundwork for an NHQA award nearly two decades later.

"We spent a year developing our core values, mission statement, and strategic plan," says Carruth, now Windsong's CEO. "We always believed a successful business is about finding the right people, putting them in the right positions, and supporting them, not about dollars."

WINDSONG PROPERTIES, WOODSTOCK, GA.

FOUNDED: 2003

MARKETS: Cherokee and Paulding Counties, North Atlanta, Ga.

2021 REVENUE: \$39 million

2021 CLOSINGS: 93

STRENGTHS

- › Customer-centric focus contributes to high levels of customer satisfaction
- › Strong organizational culture: company knows its mission, customers, and future direction
- › Robust team environment; employee well-being is a priority



Windsong Properties' leadership team: front row (L-R), Lynn Cooper, sales manager; Kris Johnson, chief revenue officer; Kara Godfrey, global analyst. Back row (L-R), Mark Carruth, CEO; Jeff Shaw, chief operations systems officer; Brian Alcott, new-home warranty manager; Todd Welch, marketing manager; Brian Hester, construction manager; Jeffrey Abraham, CFO.



Spacious island kitchens and open floor plans, such as that of the 2,727-square-foot Kensett model (above), are at the heart of Windsong Properties' home designs for the active-adult segment, so owners never miss a moment when entertaining family, friends, and neighbors.

The main reason Windsong applied for NHQA was to learn more about itself and to critically think through its processes serving 55-plus buyers in the North Atlanta market. "The whole NHQA journey was unexpectedly positive and showed us that we do a lot of things well. We entered to get highly valuable feedback from the judges. An award was just icing on the cake," he says.

Carruth also says the experience took the leadership team from "a college class through an MBA program in management." And the on-site review with the judges reignited the Windsong team's passion, providing a platform for tangible improvements. "It's setting us up so the leadership team can run the company instead of Steve and me," he says.

Like many companies that participate in the NHQA program, Windsong's leadership team found the process generated changes before the application was even complete.

"Just by asking the questions, we started to wonder why we did things a certain way and started to make changes," says Jeffrey Abraham, Windsong's CFO.

The NHQA examiners quickly identified the strength of the builder's team approach to leadership and shifted the agenda of their site visit to include the entire team at initial meetings instead of just Carruth—a proud moment for him.

"Participating in NHQA was always a goal for Windsong because continuous improvement is one of our core values," says Kris Johnson, chief revenue officer. "We wanted to benchmark ourselves against our peers and become as efficient as possible in our processes."

Windsong's customer-centric approach was rated highly by the judges, and Johnson says the builder strives to be transparent and set expectations with customers proactively, especially during the last two years with the pandemic. "The judges appreciated that we encourage

**"WE ENTERED TO GET
HIGHLY VALUABLE
FEEDBACK FROM
THE JUDGES. AN
AWARD WAS JUST
ICING ON THE CAKE."
—MARK CARRUTH, CEO**



Screened porches, private courtyard retreats, and right-sized outdoor living spaces aim to offer Windsong Properties' 55-plus target market appealing places to sit back, relax, and enjoy the active-adult lifestyle.

anyone in the company to attend our closings so they can connect with customers and have a face and a story for each house," she says.

The NHQA process even identified ways to improve where the company truly excels, such as leveraging customer satisfaction by asking for more referrals. That said, "You can't be a great company by excelling in just one area of performance," Abraham says, "so the benefit was spending time and attention on areas that aren't as excellent as our customer experience."

As with NHQA co-recipient Southern Homes, the examination team found a weakness in Windsong's trade partner relationships. "We weren't doing a great job of integrating them into our operations," Carruth says.

Like most builders, Windsong and its trade partners have struggled with supply chain issues and rising costs for the past two years. "The NHQA process helped us recognize that this is a great opportunity to be more intentional about using our team to develop true partnerships," he says, such as rededicating to a Trade Partner Council to seek to understand what's happening in their

world, what their challenges are, and what Windsong can do with its products or processes to ease those pains.

There is an element of respect that Windsong already had in place: paying trade partners every week via direct deposit. "It's one small way we can improve their quality of life, so they don't have to wait on invoices," Carruth says.

The NHQA judges also advised Windsong to strengthen its strategic planning process. "Steve and I used to write the strategic plan together, and in hindsight, I realize we missed the boat on that," Carruth says. "That was part of our top-down management strategy, but now we're focused on engaging our strong leadership team." And instead of a five-year plan, Windsong plans to do an annual strategic plan with specific goals and accountability, Johnson says.

"We approached NHQA as part of our journey for the rest of the life of this company," Carruth says. "For companies that have a culture of continuous improvement, there's no better program." **PB**

Michele Lerner is a freelance journalist and editor in Washington, D.C.