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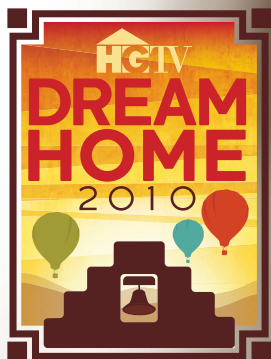
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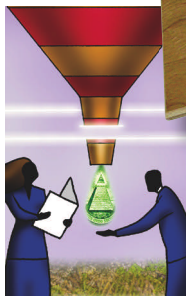
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# february

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*Photo: David Dietrich Photography*

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## perspective

# Fight Low Green Home Appraisals



While there's little doubt that the green home-building movement is here to stay, numerous barriers stand in the way of widespread adoption of sustainable, high-performance practices. Chief among them is getting the lending and appraisal communities to recognize the real added value of implementing green strategies. For example, if a home builder includes, as standard, \$5,000 in energy-efficiency enhancements, shouldn't the appraised dollar value of its homes be higher?

In many cases it isn't, says Jim Deitch, COO of Southern Crafted Homes, a Tampa, Fla.-area builder that specializes in energy-efficient homes. "There's definitely a knowledge gap on the appraisal side," he says.

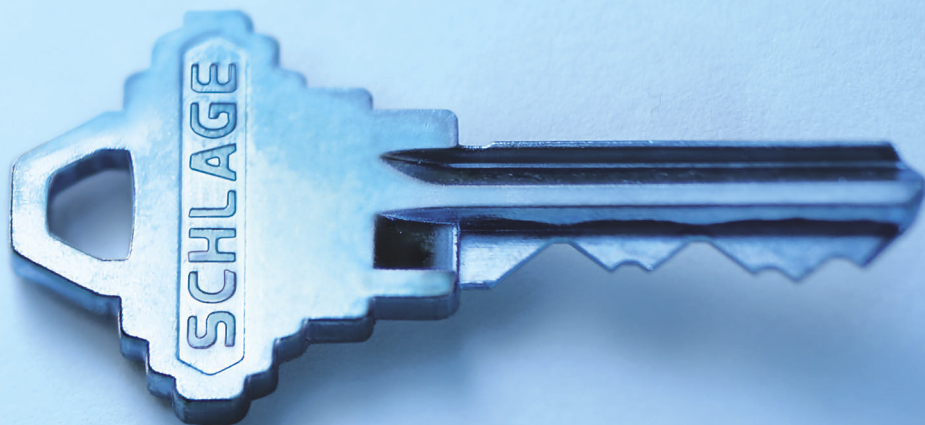
Deitch and his team at Southern Crafted have worked to educate local appraisers on the value of green, and it's starting to pay off. He offers the following 10 rules for ensuring a good green-home appraisal:

1. Educate your staff on the changes to appraisal rules.
2. Make sure appraisers come from an appraisal pool.
3. Make sure the appraiser signs the ethics statement on their report. The statement, among other things, certifies that they have seen the inside of the home.
4. Keep your completed homes locked so that the appraiser must contact sales or the main office to gain access.
5. Ask the appraiser questions like: Are you from the area? Do you know the product? How many appraisals have you done recently in the area? Have you appraised one of our homes?
6. Assuming that you're satisfied with their answers, provide them with contract information and specifications on green features that add value (e.g., high-efficiency AC unit).
7. If you're unsatisfied with their answers, don't let them perform the appraisal. Instead, contact the lender and tell them to send the next appraiser in the pool.
8. If the appraiser submits the report anyway without seeing the inside of the house, file a complaint with the state under the ethics code and challenge the appraisal.
9. Keep in mind that once an appraisal is completed, a new report can't be requested — it can only be modified.
10. Educate your buyers about the changes in the appraisal environment so they're not startled by some of these steps as they occur and try to renegotiate their sale price.

David Barista, *Editor-in-Chief*  
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## 8 Ways Banks are Hammering Builders and Developers

By Douglas A. Shipman, CEO, Developer's Financial Solutions

Last month, I attended the 2010 International Builders' Show in Las Vegas. My company was invited to participate in the Partnership Pavilion set up by NAHB (and sponsored by John Burns Real Estate Consulting) to help match builders with financing sources. After meeting with over 50 developers and home builders during the course of the week, I estimated that more than 70 percent had experienced severe issues with the banks that are funding their construction projects. The most common issues cited were:

1. Lines of credit stopped without warning
2. Loans were called even though payments were current
3. Loans ceasing to dis-



tribute funds in process

4. Reducing the loan amount and removing the interest carry portion of the loan

5. Projects repossessed due to calling of the loan (not failure to make the interest payments)

6. Banks unwilling to fund new projects

7. Banks taken over by the FDIC; all funding stopped; no representative at the bank to hear builder's pleas

8. Banks unwilling to take a modest writedown, but will-

ing to foreclose and sell for 20 cents on the dollar.

It's not my intention to unduly bash banks. I believe that once the federal government creates programs to help banks become more successful and begins to curb regulation, banks will eventually recover and get back in the game. Until then, good companies are being treated unfairly.

Private equity funds are the best alternative for developers and home builders today. More aggressive hedge funds and similar groups are beginning to get back into the real-estate market, but the cost of funds and participation in the company may be hard to swallow for most builders.

Read more posts by Douglas Shipman at [www.HousingZone.com/Blogs](http://www.HousingZone.com/Blogs).



## Trying Times for Tax-Credit Claimants

By Susan Bady, Senior Editor, Professional Builder

One of my colleagues bought his first home, a condominium, in September 2009. He promptly filed the paperwork to claim the \$8,000 first-time buyer tax credit. It's been more than four months and he still hasn't received it.

Some people have been waiting even longer (eight months for one applicant). As discussed in one of my recent blog posts, there has been a slew of bogus claims, including one from a four-year-old. Presumably those people had no trouble getting their money, so why are honest folks being stalled, and in the meantime asked to submit the same documentation over and over again?

I've said it before and I'll say it again: there's not enough oversight in this program. The tax credit has been an effective stimulus for new-home sales. Many people couldn't have purchased a home without it. And most first-time buyers don't have the luxury of waiting months for that serious chunk of change. Chances are they've already earmarked the funds for appliances, furniture, credit card bills — any number of necessities. If the IRS can get taxpayers their refunds in a matter of weeks, why can't they do the same with tax-credit claims?

Read more posts by Susan Bady at [www.HousingZone.com/Blogs](http://www.HousingZone.com/Blogs).

## What Does it Mean to be Lean? Here's a Good Analogy

By Jim Deitch, COO, Southern Crafted Homes

I would encourage all of you to embrace the Lean building concept. In theory, the concept is quite simple: to be as efficient and effective as possible in everything you do. That means conserving resources and energy; minimizing input and maximizing output; and, most important, eliminating waste.

A good analogy for Lean is to imagine being stranded on a mountaintop, snowed in and cold, with one bottle of water and a nutritional energy bar. You know help is on the way, but it's going to take at least 48 hours, so you need a plan to conserve energy and make your resources last. Lean is much the same way: it's about cutting out the fat in your organization while maximizing your return on investment. It pertains to both overhead and direct cost. And each nugget you find has compounded effects.

This is an abbreviated version of Jim Deitch's original blog post. Read the full post at [www.HousingZone.com/Blogs](http://www.HousingZone.com/Blogs).



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# 10 Ways to Value Engineer Your Building Business Today

By David Barista, Editor-in-Chief, *Professional Builder*

In *Professional Builder's* latest Webcast, "Value Engineered Housing for Today's Buyer Market," three home-building industry experts discussed ways builders can value engineer their businesses to maximize profit, beat the competition and improve their products. The expert panel, which included Lita Dirks, CEO of Lita Dirks & Co.; Victor Mirontschuk, AIA, chairman and principal of EDI Architecture; and Elise Platt, president of E.A. Platt & Co., offered dozens of tips and tricks for value engineering a home-building company.

Here's a sample of the recommendations from the one-hour Webcast event:

**1. Don't mess with the skeleton.** Avoid removing amenities that owners won't be able to add later (e.g., ceilings and windows).

**2. Mix up your neighborhoods.** By offering different home types for different buyer segments, builders can widen the price band for their developments, thus improving the chances of success.

**3. Don't bury amenities.** For example, place the community pool along the main access road so that people see it, said Mirontschuk. This will help reinforce a sense of community without breaking the budget.

**4. Lose the room names.** "Is it a den or dining room?



OPEN PLANS ARE A DESIRED AMENITY in today's market, so give the buyers what they want and save a few bucks at the same time by eliminating walls. *Rendering: Lita Dirks & Co.*

No one cares," said Platt. Lose the name and allow the buyer to find their own lifestyle within the home.

**5. Plan for flexibility.** Make sure your homes fit at least 90 percent of the possible lot dimensions. "If you have a plan that's selling well, you don't want to limit your market by not being able to fit it on a lot," said Mirontschuk.

**6. Keep the light, sacrifice the windows last.** Dropping the ceilings and shrinking windows is the absolute worst value engineering move a builder can make, said Platt.

**7. Create open spaces.** Open plans are a desired amenity in today's market, so give buyers what they want and save a few bucks at the same time. "Think of all the money you'll save on drywall, framing, paint, trim, etc., by eliminating

walls," said Dirks.

**8. Make sure small spaces live big.** In your models, maximize the functionality of downsized spaces by including features like low-profile, corner-fitting furniture to maximize ceiling heights and square footage. Light colors and large windows also help.

**9. Offer green as an option.** If going green costs too much, offer it as an optional upgrade.

**10. Spend your marketing dollars wisely.** Conduct research online using free resources such as the U.S. Census Bureau Web site. Also, build a better Web site — something that's flexible, trackable, analytical and tied into your customer management system.

For more value-engineering tips and tricks, download our free Webcast at [www.HousingZone.com/info/ca6312276.html](http://www.HousingZone.com/info/ca6312276.html).

## Don't Sacrifice Quality When Reducing Costs

By Denis Leonard, President, Business Excellence Consulting

Surely the most important issue home builders are facing today is improving performance — reducing costs and leveraging resources to improve profitability.

In fact, a new American Society for Quality survey shows a majority of manufacturers are optimistic about a small economic uptick in 2010 at their organizations. However, respondents believe further cost-cutting measures will continue to be implemented. The results show a majority of respondents (64.7 percent) employed in the manufacturing sector predict their organizations will experience some financial recovery in 2010. Sixty-one percent believe their organization will create processes to reduce costs.

The top three tips that respondents would give to manufacturers to ensure revenue growth in 2010 were:

- Take part in continuous improvement practices and increase the use of quality processes
- Increase customer satisfaction
- Implement more Lean processes

It's interesting to note that while these organizations are focusing on reducing costs, they are also focusing on increasing customer satisfaction. No, that's not impossible. This is not the time to cut quality or customer satisfaction, and it can be done while reducing costs.

Read more posts by Denis Leonard at [www.HousingZone.com/Blogs](http://www.HousingZone.com/Blogs).



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[ ANNUAL GREEN BUILDING SURVEY ]

# Does **Green** Help Sell Homes?

Despite facing significant barriers to widespread adoption of green, the majority of builders recognize the marketing power of sustainable, high-performance homes, according to a survey of *Professional Builder* readers.

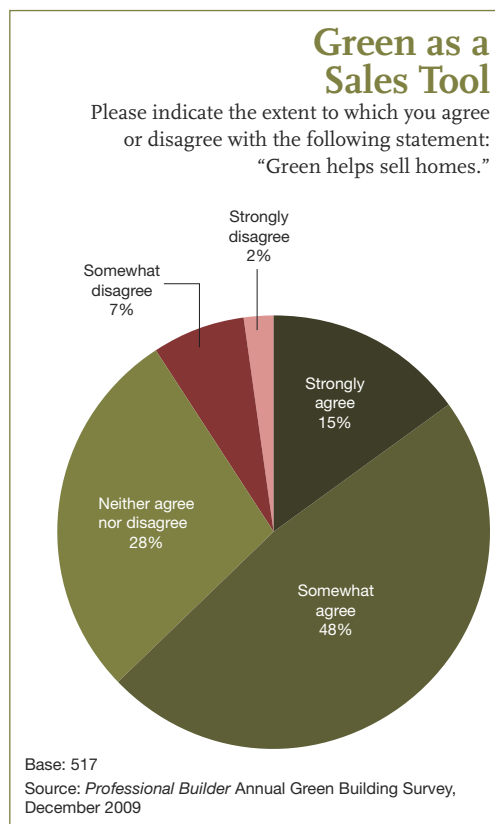
By David Barista, Editor-in-Chief

**W**hile the home-building industry has been slow to adopt green, high-performance design and construction practices, the majority of builders believe green features have intrinsic value when it comes to closing sales on new homes. Sixty-three percent of builders surveyed by *Professional Builder* in December said they agreed that green helps sell homes (15 percent “strongly agree”; 48 percent “somewhat agree”), and just 9 percent said they disagreed with the notion that green helps close sales (Chart 1).

Moreover, an overwhelming majority of respondents (81 percent) said environmental goals are more important when planning a new residential development today versus five years ago. Only 1 percent said environmental goals were less important today versus five years ago.

Still, despite this resounding recognition of green’s marketing advantages, only a small minority of builders are actually building certified-green homes. Just 27 percent of survey respondents said homes built by their firm in 2009 were certified as green or high-performance through a self-certified or third-party program (Chart 5). Even more surprising is the fact that only about a third of builders (39 percent) surveyed provide prospective buyers with a checklist of the energy/sustainable benefits their homes offer — a marketing tactic that doesn’t cost a dime (Chart 4).

So, why the disconnect? There are a host of reasons, according to survey respondents. First and foremost, the decimated housing market is dominated by buyers shopping strictly on a lowest-cost basis — a trend that doesn’t bode well for builders who are incorporating costly



**CHART 1:** The majority of builders believe green features have intrinsic value when it comes to closing sales on new homes. Sixty-three percent of builders surveyed said they agreed that green helps sell homes (15 percent “strongly agree”; 48 percent “somewhat agree”), and just 9 percent said they disagreed with the notion that green helps close sales.

Despite the resounding recognition of **green’s marketing advantages**, only a small minority of builders are actually building certified-green homes.

green features in their homes.

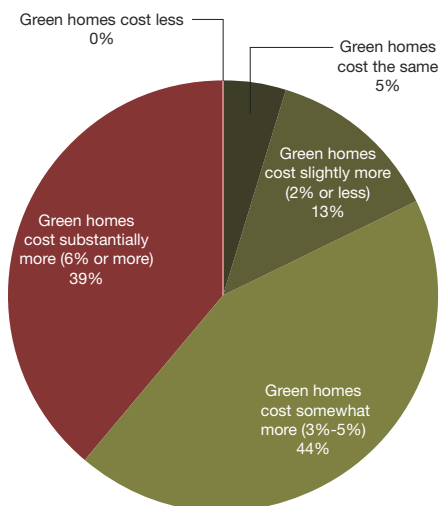
“In this market, dollar per square foot is the main qualifier for buyers,” said a builder who has built two green-certified homes. “Most buyers are not willing to invest in additional green benefits, even when we can demonstrate that



**CHART 2:** The first-cost premium for going green can range anywhere from 1 percent to more than 6 percent, according to most respondents. About half (44 percent) cited a 3-5 percent premium, while only 5 percent said the first-cost premium was negligible.

## First Cost for Green

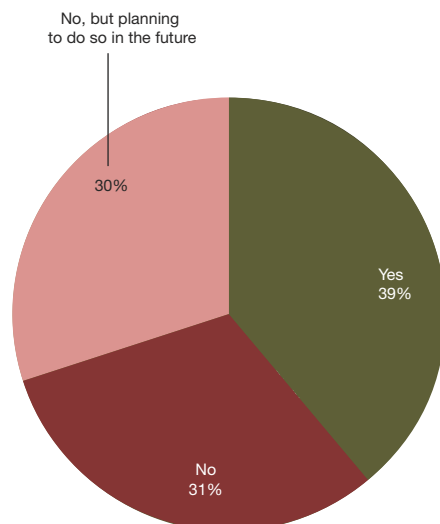
How does the initial cost of a green/high-performance home compare to the initial cost of a home that does not employ green/high-performance practices and features?



Base: 517  
Source: Professional Builder Annual Green Building Survey, December 2009

## Importance of a Green Checklist

Do you currently give prospective buyers a checklist of the energy/sustainable benefits your homes provide?

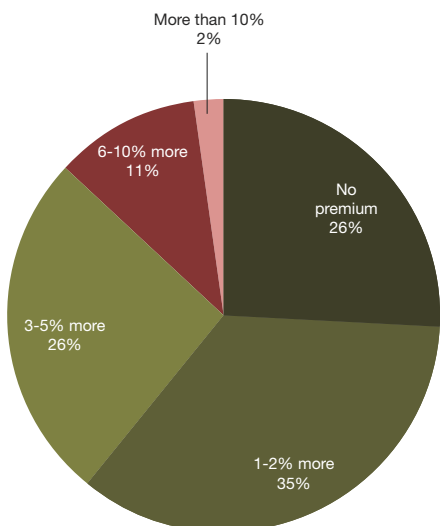


Base: 517  
Source: Professional Builder Annual Green Building Survey, December 2009

**CHART 3:** The majority of respondents (74 percent) said their customers are willing to pay a premium for a certified-green home.

## Will Home Buyers Pay a Premium for Green?

How much of a premium are home buyers willing to pay for a certified green/high-performance home?



Base: 517  
Source: Professional Builder Annual Green Building Survey, December 2009

**CHART 4:** Surprisingly, only about a third of builders surveyed provide prospective buyers with a checklist of the energy/sustainable benefits their homes offer — a marketing tactic that doesn't cost a dime.

the cost of ownership will go down and resale value will be higher, and point out the comfort and health aspects.”

Another builder's sentiment: “We compete in a tough market where buyers measure cost and bedroom count to a competitive price. We select green products over others if the cost is the same or close, but some of the technology is just out of reach due to higher first cost and long return on investment.”

The typical first-cost premium for going green can range anywhere from 1 percent to more than 6 percent, according to respondents. About half (44 percent) cited a 3-5 percent premium for green, while only 5 percent said the first-cost premium was negligible (Chart 2).

How much more are buyers willing to spend to go green? Up to 2 percent more, according

## PLEASE RANK THE TOP THREE BARRIERS TO BUILDING AND SELLING GREEN/HIGH-PERFORMANCE HOMES.

	1	2	3
Consumers not willing to pay a premium	35.4%	29.2%	14.4%
Adds significantly to first costs	27.2%	23.1%	12.8%
Lack of consumer demand	12.6%	13.2%	18.1%
Insufficient return on investment	9.7%	15.4%	21.5%
Availability of green materials/systems	3.9%	6.1%	6.5%
Reliability of vendors	3.9%	4.3%	8.1%
Too complicated	3.0%	5.5%	9.1%
Performance of green materials/systems	2.6%	3.35%	7.7%

Base: 494

Source: Professional Builder Annual Green Building Survey, December 2009

**TABLE 1:** More than a third of respondents (35.4 percent) said unwillingness among consumers to foot the bill for green features is the top barrier to selling green/high-performance homes.

## APPROXIMATELY HOW MANY OF THE HOMES BUILT, DESIGNED OR ENGINEERED BY YOUR COMPANY DURING THE PAST 12 MONTHS INCLUDE THE FOLLOWING FEATURES?

	All	Most	Some	None	Not Sure
Energy-efficient windows	72.44%	16.49%	5.85%	4.80%	0.42%
Energy-efficient appliances	55.11%	25.47%	12.32%	4.80%	2.30%
Air-sealing package to reduce infiltration	53.03%	14.82%	16.08%	14.82%	1.25%
High-efficiency HVAC system	53.03%	22.34%	16.49%	6.89%	1.25%
Enhanced insulation	49.69%	22.76%	16.28%	10.44%	0.84%
Water-saving plumbing fixtures and fittings	48.23%	22.96%	17.54%	8.98%	2.30%
Moisture-management products and methods	45.51%	21.29%	13.78%	16.91%	2.51%
Improved indoor air ventilation	33.82%	19.62%	23.59%	20.88%	2.09%
Energy-efficient lighting	33.40%	24.43%	25.26%	15.03%	1.88%
Construction waste reduction	30.90%	19.62%	22.96%	24.01%	2.51%
Low- or no-VOC paints/sealants	30.48%	16.91%	25.05%	23.17%	4.38%
Ultra-low-flow toilets	24.43%	18.79%	24.63%	30.27%	1.88%
Advanced framing techniques, pre-assembled components and/or value-engineering methods	24.22%	17.75%	27.35%	28.81%	1.88%
Products with low off-gassing of indoor pollutants such as formaldehyde-free cabinetry	21.92%	14.61%	28.18%	26.72%	8.56%
Super-low-flow shower heads	21.09%	15.45%	25.05%	34.66%	3.76%
Landscape designed with drought-tolerant plants and minimal site/soil disturbance	14.82%	14.82%	23.80%	41.13%	5.43%
Tankless water heaters	10.02%	13.15%	34.24%	39.87%	2.71%
Rainwater harvesting system	5.01%	2.30%	11.90%	77.24%	3.55%
Geothermal heating/cooling systems	3.34%	5.22%	17.95%	70.77%	2.71%
Photovoltaics/solar panels	2.51%	2.30%	13.78%	78.29%	3.13%
Graywater reuse system	0.84%	2.09%	8.14%	84.34%	4.59%

Base: 479

Source: Professional Builder Annual Green Building Survey, December 2009

**TABLE 2:** When it comes to implementing specific green features and technologies, survey respondents are hottest on measures related to the building envelope and energy efficiency. Nearly three-quarters of respondents (72.44 percent) said all the homes they built in the past year include energy-efficient windows, and more than half said all homes feature energy-efficient appliances and HVAC systems, and air-sealing packages to reduce infiltration.





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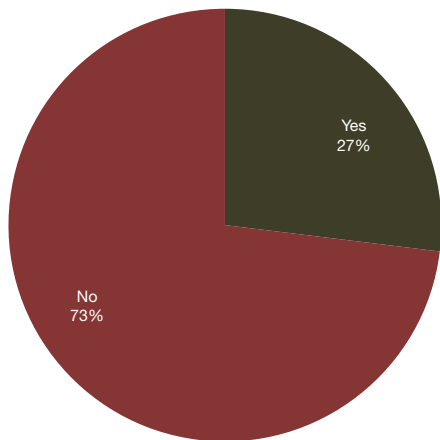
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## Green Home Certification

Were any of the homes built by your company in 2009 certified as green or high-performance through self-certified or third-party certified programs?



Base: 574

Source: Professional Builder Annual Green Building Survey, December 2009

**CHART 5:** Just 27 percent of survey respondents said homes built by their firm in 2009 were certified as green or high performance through a self-certified or third-party program.

to a majority of builders surveyed. But a quarter of respondents said their clients won't drop an extra dime for green features (see Chart 3).

"The only components of green building that people are willing to pay for are the ones that will save them money on energy bills," said a Minnesota-based builder. "Our state energy code already gives them an Energy Star rating. Very few buyers are willing to spend money on anything else associated with green."

Another factor cited by respondents is the lack of understanding and recognition among buyers of the benefits of sustainable, high-performance features (other than energy efficiency).

"Most buyers are not willing to invest in additional green benefits, even when we can demonstrate that **the cost of ownership will go down** and resale value will be higher."  
— A green builder

"Even with education, customers think that all builders build the same way and use the same products," said a builder who specializes in energy-efficient homes. "We are constantly being compared to builders that build to code minimums."

### Energy Star still leads the way

Of the green-certification programs available to home builders, Energy Star is far and away the most popular among respondents. Forty-seven percent of builders surveyed that built certified-green homes in 2009 used the Energy Star program, followed by 21 percent for the company's internal program, 12 percent for a local HBA program and 10 percent for the NAHB Green Guidelines. Only 6 percent of homes were certified using the U.S. Green Building Council's LEED for Homes program. The added cost for attaining LEED certification is a huge barrier for most home builders, according to respondents (Chart 6).

"The certification process with LEED is expensive, time-consuming and not realistic, especially for builders doing one custom home at a time," said a custom-home builder. "The LEED process adds significantly to the cost of the home, especially homes in the lower price ranges."



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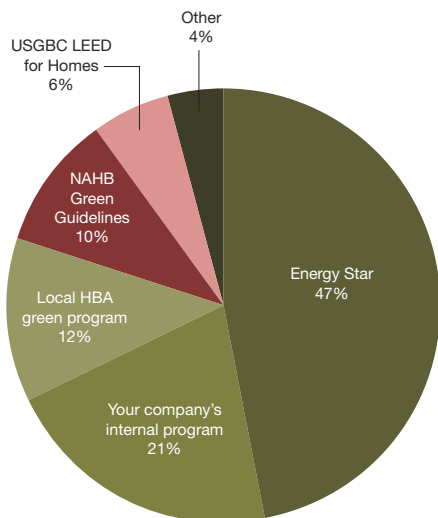
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## Certification Programs

Of the green homes built by your company in 2009, what percentage were/will be certified as green or high-performance through each of the following programs?



Base: 142

Source: Professional Builder Annual Green Building Survey, December 2009

**CHART 6:** Of the green-certification programs available to home builders, Energy Star is far and away the most popular among respondents. Of the builders surveyed that built certified-green homes in 2009, 47 percent used Energy Star, followed by 21 percent for the company's internal program, 12 percent for a local HBA program and 10 percent for the NAHB Green Guidelines.

## Build it tight, power it right

When it comes to implementing specific green features and technologies, survey respondents are hottest on measures related to the building envelope and energy efficiency. Nearly three-quarters of respondents (72 percent) said all the homes built by their firm in the past year include energy-efficient windows, and more than half said all homes feature energy-efficient appliances and HVAC systems, and air-sealing packages to reduce infiltration (Table 2).

Other popular measures include enhanced insulation, water-saving plumbing fixtures and fittings, moisture-management products and methods, improved indoor air ventilation, energy-efficient lighting and construction-waste reduction. **PB**

## Methodology

The survey was distributed on December 12, 2009, to a random sample of 14,342 Professional Builder readers. A reminder was deployed on Dec. 29. No incentive was offered. By the closing date of January 8, a total of 718 eligible readers had responded, for a net response rate of 5 percent.

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# Lean Serves as Recession-Buster for Builder

Scott Sedam hosts the Lean Building Forum on [HousingZone.com/Lean](http://HousingZone.com/Lean), where each month he interviews those who are implementing the principles of Lean operations in home building. This month, Sedam talks with Bill and Brad Jagoe of Jagoe Homes, Owensboro, Ky., about how Lean has helped the firm achieve record profits during the brutal economic downturn. This is a highly abbreviated transcript. For the complete transcript and audio interview, visit [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean).

By Scott Sedam, Contributing Editor

**Scott Sedam:** Brad, my first memory of when we met was your office bookcase. You had about every book available on Lean methodology and they were marked up and highlighted. I was impressed.

**Brad Jagoe:** Five years ago, I began reading books and articles on Japanese companies such as Toyota and following James Womack, the Lean Institute and others. After working with our measurements and process tracking systems, we began working specifically to get our employees and trade partners involved on a higher and deeper level, and then the results really began to flow.

**SS:** Does it confound you that so many builders still think there's nothing more to be gained from their suppliers and trades beyond hammering them for another price cut? Jagoe Homes clearly looks at its world differently and has the results to prove it.

**Bill Jagoe:** For years this industry has liked using the term "trade partner," but for most builders it's just a buzzword, something to call them besides "subs." But when we got into Lean thinking and processes, and our people began to understand that Lean mattered, we really established that strong trade partnership.

**Brad:** That led us to our philosophy that we want a small number of extremely capable

trades with low turnover. With each new supplier or trade you start back at square one. But in a long-term relationship they have to be extremely competitive and make money. Lean gives both the builder and the trade partners the tools to eliminate waste, reduce cost and remain competitive, by working together.

**SS:** How difficult was it to bring the trades along with you during Jagoe Homes' conversion to Lean thinking?

### This month's Lean Building Forum guests

**JAGOE HOMES'** co-owners Bill and Scott Jagoe recently discovered that their great-grandfather built his first house in their hometown of Owensboro, Ky., in 1911. Nearly 100 years later, the Jagoes have just completed their most profitable year since 2003, building 244 homes in 2009, and are planning for 43 percent growth this year (to 349 homes). The Jagoes credit their adoption of Lean methodology as a primary driver for their remarkable success during the most severe housing recession since the 1930s. Although Scott was out of town for this interview, we caught up with Bill and his nephew Brad Jagoe, director of operations, for an in-depth conversation on Lean.



Bill Jagoe



Brad Jagoe



Scott Sedam hosts the Lean Building Forum on [HousingZone.com/Lean](http://HousingZone.com/Lean), where each month he interviews those who are implementing the principles of Lean operations in home building. For the complete transcript and audio of the interviews, visit [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean).



“During the worst year of housing since 1937, we’ve seen a significant increase in market share and we haven’t had a bank tell us to slow down. **It’s because of these Lean initiatives.**” — Bill Jagoe, Jagoe Homes

**Bill:** About a quarter got excited about it immediately. Then there’s a group that is hesitant but eventually begins to understand. A small number persist in thinking that we are just trying to rebid them, that everything is somebody else’s fault and let’s just solve a problem real quick instead of getting to the root cause.

**Brad:** We’ve never replaced anyone specifically because of Lean, but we hold them to extremely high standards. When we have a problem we get to the root issue, identify the solutions and implement the change so we don’t repeat it. We are demanding and challenging, but that’s the only way we’re going to get better.

**SS: Any examples?**

**Brad:** We had a plumbing issue where supply lines to faucets had blown off. It was costing the plumber a considerable amount of money and there was a chance he was going to lose his insurance. As we started looking at the root cause of his methods versus how other plumbers did things, we saw that the product he was

using was 30 or 40 cents, while the product the other plumbers were using was \$3 or \$4. He thought he was saving money, but, in this case, spending a little bit of money upfront creates better value and actually costs less in total.

**SS:** So many builders say, “Oh, we’re Lean,” but all they’ve done is rebid everyone and gone to cheaper products. Lean can only be understood through a total cost perspective, not just initial price.

**Bill:** We had a major U.S. cabinet manufacturer whose crown molding wasn’t matching the piece next to it closely enough to satisfy the customer. They would just send extra crown molding so we could try to match it in the field, resulting in a lot of waste. Because of our Lean culture, they brought all their top operations people here to work on solving this problem that was costing \$40,000 annually for 200 houses for just one builder.

**Brad:** Another big thing with Lean is that, although we have tremendously reduced waste, the specs in our houses have actually increased.

## 7 Rules to Consider When Adopting Lean Principles, from Bill and Brad Jagoe of Jagoe Homes

1. Adopting Lean thinking and methods requires intense study; it’s not a casual undertaking. You need a coach or a mentor.
2. Take your supplier/trade relationships to a whole new level by thinking about trade “partnering” as more than just a buzzword.
3. The goal is to have a small number of extremely capable suppliers and trade partners with low turnover.
4. Get to the root cause to solve problems. This requires data.
5. Lean is about adding value to your homes, not chopping features and benefits to save a quick buck.
6. Lean enables you to build more homes with fewer staff members, with a huge positive impact on margin.
7. Do it now. Builders often want to clean things up before implementing Lean principles. Remember, Lean is the vehicle to do just that.



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**SS:** It's difficult to get builders to recognize the huge cost of wasted or unnecessary trips to the building site, so I'll put you on the spot here, Brad. Do you know how many trips your finish painter is making?

**Brad:** That's actually a Lean initiative that I'm in charge of! I've been gathering data for months, trying to establish a root cause, because that poor guy gets something from everyone — whether it's a splintered door, an over-nailed piece of trim, dust that's gotten into his work, or damage by the carpet installer. We think it's about \$1,000 a house between his return trips and excess labor.

level. We feel we can go to 700 units with this staff.

**SS:** People often ask about implementation after going through the type of intense, "Lean Kaizen" experience you were involved in. They ask, "How much and how soon?" That is dependent primarily on the commitment of the management team. I cite Jagoe Homes as the best implementer I have seen. How do you do that?

**Bill:** It comes down to the day-in, day-out focus on Lean ... setting the goal and then putting in the plans to meet that target. Along the way there will be bumps in the road and you will have to adjust course. We're demanding about meeting our goals, whether it's a Lean goal, cycle time, quality goal, sales goals or whatever it might be.

**SS:** To wrap up, what would you say to someone who reads this, maybe listens to the complete interview on [HousingZone.com/Lean](http://HousingZone.com/Lean), and decides they want to implement Lean and emulate companies like Jagoe Homes?

**Brad:** First, don't wait. A lot of guys want to clean things up first. But Lean is the vehicle to do that. There's a lot of easy money out there, and if they are building any

homes they are almost foolish not to do this.

**Bill:** It's been interesting that during the worst year in housing since 1937, we've seen a significant increase in market share and we haven't had a bank tell us to slow down. It's because of these Lean initiatives. We've increased products and added millions of dollars back into the product by taking out millions of dollars in waste and time. It's just been phenomenal. We decided we weren't going to participate in a recession and we didn't. Now we go forward into 2010 building almost 50 percent more in existing communities. Our economy is still in a recession, but this has actually given us an opportunity that we haven't had in the last 15 years.

**SS:** That's exciting, and I can attest to the readers that when I visit Jagoe Homes I encounter a bunch of remarkable people who are truly passionate about the home-building business — and Lean. Bill and Brad, thanks. **PB**



"When we have a problem we get to the **root issue**, identify the solutions and implement the change so we don't repeat it. **We are demanding and challenging**, but that's the only way we're going to get better." — Brad Jagoe, Jagoe Homes

**SS:** In last month's interview with Jim Deitch of Southern Crafted Homes, he said the biggest problem he faced was getting his own people to come around. Some could not seem to adapt. What's been your experience?

**Bill:** I don't think we have a person in our company right now — from laborers to architects to salespeople — that is not thinking Lean. We have saved several million dollars the past few years, and everyone is now in the habit of asking, "Does that add value for the customer, or not?"

**Brad:** And yet we're still sort of in the infancy of our development. As we continue to go with the Lean philosophy, people will develop those skills to identify waste, become better problem-solvers and learn how to implement the solutions better. We are now doing about 350 units annually with 20 percent fewer people than our last experience at this



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[ BALA ]

# 2009 Best in American Living Awards

Professional Builder and the NAHB Design Committee present the winners of the home-building industry's most prestigious design competition.

24

## 6 BALA Design Trends Influencing the Architecture and



The Neathermead Residence, Asheville, N.C.

**1. EXQUISITELY DETAILED CUSTOM HOMES THAT BRING THE OUTDOORS IN.** From a 1,136-square-foot guest house to a 12,000-square-foot estate, the BALA-winning custom homes exhibit superb craftsmanship and an innovative use of materials. They also break down the barriers between indoor and outdoor living space. The custom home pictured above embodies the trends with a design that is clean-lined and modern, yet warm and inviting inside. Artisans used locally available materials such as cypress, walnut and wormy chestnut to give the interior its honey-colored tones. Core living spaces are organized around a large, glass-enclosed, indoor-outdoor pavilion (more on this project on page 26).

*Photo: David Dietrich Photography*



Siena Manor, Pittsburgh, Pa.

**2. A WIDE VARIETY OF ARCHITECTURAL STYLES, BUT LESS REGIONALISM.** Victorian, Craftsman, contemporary and a host of other styles were represented in the 2009 BALAs. However, the style wasn't always what you would expect for the region (for instance, the Italian villa in Pittsburgh pictured above). "Residential architecture has become less regionalized," noted BALA judge Victor Mirontschuk of EDI Architecture, New York. "The elevations we judged in BALA could be located anywhere in the U.S." The judges also noted that there were more examples of authentic architecture and fewer eclectic designs in this year's competition.

*Photo: Beth Singer Photographer*



Arthouse at Keller Town Center, Keller, Texas

**3. CREATIVE, CONTEMPORARY SOLUTIONS FOR RENTAL PROJECTS.** Rental developments pack a lot of design punch, often aimed at a key demographic group: Generation Y, also known as the Millennials. Examples include the Eitel Building City Apartments in Minneapolis, with its chic interior finishes, and the Arthouse at Keller Center in Keller, Texas (above), a mixed-use project with a contemporary flavor. But design flair is just as evident in affordable projects. Canopy in Gainesville, Fla., sites attractive, three-story buildings among mature oak trees, while the Preserve takes its design cues from the industrial and historic architecture of New Orleans.

*Photo: Steve Hinds Photography*



THE NEATHERMEAD RESIDENCE in Asheville, N.C., was chosen as the 2009 BALA Home of the Year. The project is among several custom homes in the design competition that bring the outdoors in, a major trend in today's housing market. Photo: David Dietrich Photography

For 26 years running, *Professional Builder* and the NAHB Design Committee have teamed to host the home-building industry's most esteemed design competition — the Best in American Living Awards. As the name implies, BALA winners serve as the ultimate barometer for what American's are looking for in homes of all sizes, types and price ranges.

A total of 67 winners in 37 categories were selected in the 2009 BALA competition. The winning projects for Home of the Year, Room of the Year and Best in Region are featured on the following pages. For more on the other 57 BALA winners, visit [www.HousingZone.com/BALA](http://www.HousingZone.com/BALA).

## Marketability of New Homes



Green Model Home, Plymouth, N.H.

**4. GREEN TECHNOLOGY THAT IS MORE EFFECTIVELY INTEGRATED WITH QUALITY ARCHITECTURAL DESIGN.** As one judge commented, "I would buy this house even if it wasn't green." Aesthetics have taken their place alongside sustainability. The awards for Best Green-Built Home went to an Atlanta high-rise; a rustic single-family home in New Hampshire (shown); and a dazzling contemporary home in the Nevada desert. All of them stand on their own as impressive works of architecture.

Photo: Rixon Photography



Celsius 44, Petaluma, Calif.

**5. INFILL PROJECTS THAT TARGET SPECIFIC MARKET NICHES.** Infill housing has been one of the bright spots in the battered real-estate market of the last few years. Working in tandem with local municipalities and planning officials, builders and designers have come up with marketable solutions for both urban and suburban sites. Celsius 44, in the Riverfront Warehouse District of Petaluma, Calif. (above), has been a hit with young professionals, offering loft-style condos and townhomes and proximity to the city center. In contrast, Traymore in Rose Valley, Pa., entices empty nesters with Arts and Crafts-style carriage homes that pay homage to the borough's artistic legacy.

Photo: Craig Cozart Photography



Classics at Miramonte, Mountain View, Calif.

**6. SIMPLICITY OF FORM INSIDE AND OUT.** The BALA judges observed that historic, geometric shapes and forms were prevalent in many of the award-winning projects — no doubt because they appeal to a broader spectrum of buyers. Plan 1, a shingle-style home at The Classics at Miramonte in Mountain View, Calif. (above), captures the flavor of California neighborhoods of the 1920s and 1930s. Interiors, too, have fewer add-ons such as trim and wall treatments, placing more emphasis on natural light and views.

Photo: Christopher Mayer





# HOME of the YEAR

[ BEST IN MIDDLE ATLANTIC REGION ]

[ PLATINUM AWARD FOR BEST ONE-OF-A-KIND CUSTOM HOME 4,001 TO 6,500 SQUARE FEET ]

[ PLATINUM AWARD FOR BEST KITCHEN IN A HOME 4,001 SQUARE FEET AND OVER ]

[ GOLD AWARD FOR BEST SPECIALTY ROOM IN A HOME 4,001 SQUARE FEET AND OVER ]



26

**AN OPEN LIVING PAVILION** connects seamlessly with the outdoor living room. Wrapped in glass, it offers unobstructed views of the surrounding woods.

## A Warmer Kind of Modern

Natural materials give this contemporary home a relaxed feel.

**By Susan Bady, Senior Editor, Design**

It's not often that a single home wins five major Best in American Living Awards. In 2009, the Neathermead residence in Asheville, N.C., was not only deemed worthy of BALA's highest honor, Home of the Year, but also best in region, and it won interior-design and overall custom-home awards. What caught the attention of the BALA judges

wasn't glitz, flash or even size (at 4,160 square feet, the home is neither a cottage nor a sprawling mansion). Instead, they praised its livability, warmth, superb details and workmanship, simplicity of form and open living areas.

In fact, the Neathermead residence exemplifies a number of design trends identified by the 2009 BALA jury:

- It's a modern design tempered by traditional materials. While appropriate for North Carolina, it wouldn't be out of place elsewhere in the United States.
- It's beautifully detailed, with a seamless transition between indoor and outdoor living spaces.

- It's a harmonious marriage of sustainability and high-quality architectural design.

- Its simple geometric forms and uncluttered interiors have widespread appeal for home buyers.

### Funky but fitting

In this particular community, architect Rob Carlton of Carlton Architecture, Asheville, was subject to the guidelines of a design review committee.

"The committee's biggest concern was that, on the street side, [the home] be compatible with the overall image of the community," says Carlton. "At the rear



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THE HOME HAS A QUIET, dignified presence with its simple massing and roof forms. Cypress siding complements a standing-seam metal roof.

#### PROJECT PROFILE

**Project Name:** Neathermead Residence

**Location:** Asheville, N.C.

**Designer/Architect:** Carlton Architecture, Asheville

**Builder:** Cardinal Building, Brevard, N.C.

**Interior Designer:** Alchemy Design, Asheville

**Developer:** Biltmore Farms, Asheville

**Photographer:** David Dietrich Photography, Fletcher, N.C.

of the property, we were more interpretive of some of the topographic and environmental influences.” The lot, which is approximately 1.25 acres, is very deep and opens to what will probably remain an undeveloped tract.

The clients, a semi-retired couple whose primary home is in Charleston, S.C., didn’t have many preconceived notions. “They gave us a lot of creative freedom,” Carlton recalls. “She wanted, in her words, ‘something funky.’ It inspired us to take what is commonly a more rustic style and modernize it. But it’s not cold modern; it’s very warm.”

Carlton designed a colonial front elevation with “a more modern aesthetic — a little more spartan and clean of line. As the house unfolds to the rear, it lends itself to being more relaxed in its architec-



CONTEMPORARY TOUCHES such as this floating stairway are balanced by warm wood finishes on the walls, ceilings and floors. In the foyer, doors to the elevator and closets are hidden so as not to detract from the client’s art displays.

ture.” To put it another way, the home has “one foot in contemporary and one foot in traditional. The material palette keeps it from being over-the-top modern.”

#### Natural glow

The clients’ desire for connectivity to the outdoors inspired Carlton to design a great room — or pavilion, as he calls it — with windows on three sides. The pavilion flows into an outdoor kitchen/dining/living area.

“To make the concept complete, we needed to pull the roof form away from the larger, two-story portion of the house that’s on the street side,” Carlton says.

He adds that the pavilion has “a wonderful sort of natural glow, when you take the marriage of the natural light and honey-colored wood tones on the in-

terior walls. The connection to the view outside is effective because of the way we were able to bring the glass directly to the roof structure. It’s a very light and delicate sort of assembly.”

The open framing was a challenge for the builder to execute. Since it couldn’t be hidden behind drywall or paneling, the work had to be perfect, says Jack Schneider of Cardinal Building, Brevard, N.C.: “I think we used 1,200 bolts to bolt all the framing together, then painted it.”

Carlton and Schneider praise the Asheville-based trade contractors and craftspeople that used local materials to give the home its unique look. Perhaps the ultimate compliment for the entire team is that the clients are thinking about making it their primary residence. **PB**





# ROOM of the YEAR

[ PLATINUM AWARD FOR BEST SPECIALTY ROOM IN A HOME 2,401 TO 4,000 SQUARE FEET ]

## Asian Influence

This Asian-inspired poolhouse is a serene retreat that can be used all year round.

By Susan Bady, Senior Editor, Design



A FREESTANDING, ELLIPTICAL BATH/SHOWER POD matches the exposed roof and ceiling structure of this Asian-themed poolhouse in Petersburg, N.Y.

Unlike the main house, a rustic weekend retreat in upstate New York, this poolhouse is the essence of simplicity: a glass box with sliding doors that open to the pool deck, pool and landscape beyond. For its graceful beauty and originality, the project was named BALA Room of the Year.

Williamstown, Mass.-based builder Albert Cummings explains the room's design origins: "The client was living and working in Japan and inspired by traditional Japanese architecture — simplicity of material, exposed structure and joinery, sliding walls and an open relationship to its surroundings."

Treff LaFleche of LDa Architecture and Interiors, Cambridge, Mass., designed a freestanding,

elliptical bath/shower pod clad in Douglas fir veneer as the centerpiece of the structure. The door to the pod follows the curve and almost disappears into the surface. Its glass-tiled interior has a center floor drain that allows the space to be used as an open shower. An Italian, freestanding kitchen unit with sink, range and refrigerator was specifically chosen because it would not obstruct the views from the hill-top site.

LaFleche says the poolhouse was designed to be used year round and serve as a getaway from the main house. The space is fully wired for television, Internet and telephone and includes custom upholstered furniture for lounging. Natural materials (such as the ipe wood on the

pool deck) were chosen that would weather naturally and blend in with the surroundings.

"The deep overhang protects the glass walls and naturally shades the interior, while the sliding glass walls provide cross ventilation," he says. Copper rain chains let rainwater flow from the copper roof through the deck and into the ground. **PB**

### PROJECT PROFILE

**Project Name:** Private Residence

**Location:** Petersburg, N.Y.

**Designer/Architect:** LDa Architecture and Interiors, Cambridge, Mass.

**Builder:** Albert J. Cummings IV General Contractor, Williamstown, Mass.

**Photographer:** Woodruff/Brown Architectural Photography, Simsbury, Conn.



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[ BEST IN NORTH ATLANTIC REGION ]

[ GOLD AWARD FOR BEST GREEN-BUILT HOME ]

# Stylish and Sustainable



Utilizing a blend of stick-built and modular construction methods, ABODE Builders of New England was able to deliver this 1,680-square-foot model home in just 31 days from foundation to window treatments. Its transitional mountain-home style was designed to appeal to affluent second-home buyers, with an open floor plan and 9-foot ceilings that make it live large. Features include high-end European appliances, soapstone countertops, reclaimed oak floors, solid fir beams and a Vermont stone floor in the mudroom. The home is 5+ Energy Star rated, BuildGreen NH Gold certified and LEED for Homes Platinum certified. **PB**

## PROJECT PROFILE

**Project Name:** Green Model Home

**Location:** Plymouth, N.H.

**Designer/Architect:** Ken Pleper and Associates, Evergreen, Colo.

**Builder:** ABODE Builders of New England, Nashua, N.H.

**Interior Designer:** Design East Interiors, Exeter, N.H.

**Photographer:** Mike Rixon, Rixon Photography, St. Petersburg, Fla.

[ BEST IN SOUTH ATLANTIC REGION ]

[ GOLD AWARD FOR BEST ONE-OF-A-KIND CUSTOM HOME 6,501 SQUARE FEET AND OVER ]

# Wildlife Sanctuary

This 7,650-square-foot home is located in a coastal development that embraces nature, conservation and sustainability. The materials and details are characteristic of relaxed Southern architecture. Recycled wood was used for the flooring and beams as well as renewable woods for the walls and ceilings.

To reduce the scale of the home, which is sited on a 24-acre parcel with a limited building area abutting a conservation meadow, architect Wayne Windham created a compound of buildings. The main house has two bedrooms, the guest house has three bedrooms and the four-car garage has a one-bedroom apartment above it. Another small structure is used as an oyster shed.

A large, two-story screened porch wrapping around the rear of the home allows the owners to watch the wildlife in the meadow. The upper story, Windham says, evokes the feeling of sitting in the pines. **PB**



## PROJECT PROFILE

**Project Name:** Nature's Image

**Location:** Bluffton, S.C.

**Designer/Architect:** Wayne Windham Architect, Johns Island, S.C.

**Builder:** Johnson-Dulaney Builders, Hilton Head Island, S.C.

**Interior Designer:** Plantation Interiors, Hilton Head Island

**Photographer:** Richard Leo Johnson, Atlantic Archives, Savannah, Ga.

# Across the Pond

For Two Creeks, architect Wayne Visbeen took his design cues from the gabled stone and shake houses of the English and Irish countryside. The European courtyard at the front of the house and the circular staircase in the foyer are reminiscent of the past, but the exterior materials are low maintenance to fit today's lifestyles.

Inside, the home has intricate paneled doors and moldings that maintain a sense of timeless elegance, yet the large rooms and open spaces keep it light-filled and contemporary. The living area has a two-sided fireplace and a circular dining room that offers easy access to the kitchen and hearth room as well as the outdoor spaces, which include a patio and screened porch. **PB**

## PROJECT PROFILE

**Project Name:** Two Creeks

**Location:** Ada, Mich.

**Designer/Architect:** Visbeen Associates, Grand Rapids, Mich.

**Builder:** Grand Concept Homes, Grandville, Mich.

**Interior Designer:** Donna Cohen, Grand Rapids

**Photographer:** Insightful Imagery, Grand Rapids



REGIONALS

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## [ BEST IN CENTRAL REGION ]

# Great Escape

Period flavor infuses this lakefront home, but it's also fitted out with high-tech features, making it the perfect weekend retreat for an active family. Its Craftsman roots are evident in the cedar shakes, wide band-board detailing and New England fieldstone. Wood columns in the formal entry, twin 1880s reclaimed walnut newel posts for the staircases and cherry box beams in the dining room capture the essence of the style. The kitchen is finished with handsome cherry cabinetry that sports vintage-look hardware and inset doors.

Cherry timbers accented by multiple dormer windows soar overhead in the great room, where TV and audio components are cleverly hidden behind custom cabinets. The home is equipped with a whole-house light and sound system, a central vacuum system and zoned temperature control, and has a 5+ Energy Star rating. **PB**

## PROJECT PROFILE

**Project Name:** Evanston Cottage at Lakeside

**Location:** Cedar Rapids, Iowa

**Designer/Architect:** Knudson Gloss Architects, Boulder, Colo.

**Builder:** Jim Sattler Custom Homes, Cedar Rapids

**Interior Designer:** Jim Sattler Custom Homes, Cedar Rapids

**Developer:** Lakeside Development Co., Cedar Rapids

**Land Planner:** Hall & Hall Engineers, Hiawatha, Iowa

**Photographer:** Schlotterback Photographics, Marion, Iowa





[ BEST IN SOUTH CENTRAL REGION ]

[ PLATINUM AWARD FOR BEST RENTAL DEVELOPMENT 5 STORIES AND OVER ]

## Mixing it Up

**A**rthouse at Keller Town Center is a mixed-use (rental/office/retail) development with a contemporary style that targets a diverse group of renters, including young professionals, singles, empty nesters and couples without children. It is designed to be compatible with the existing Town Center and also create a neighborhood commerce center where small-business owners can live above their office/retail space. Arthouse has more than 35,000 square feet of retail, plus 12 "flex" or incubator retail spaces where merchants can develop a business or professional service.

The Artists' Enclave area includes a small park for social gatherings and is accessible from the Town Center. In addition, a neighboring trail system links the community with one of the most scenic walking paths in north Texas. Other amenities include a business center, fitness center, carports, garages, Wi-Fi in public areas and a pool with hot tub, courtyard and outdoor kitchen. **PB**



### PROJECT PROFILE

**Project Name:** Arthouse at Keller Town Center

**Location:** Keller, Texas

**Designer/Architect:** Looney Ricks Kiss Architects, Memphis, Tenn.

**Builder:** Southern Land Co., Irving, Texas

**Interior Designer:** Southern Land Co., Irving

**Photographer:** Steve Hinds Photography, Dallas

[ BEST IN MOUNTAIN REGION ]

[ SILVER AWARD FOR BEST ONE-OF-A-KIND SPEC-BUILT HOME 4,001 TO 6,500 SQUARE FEET ]

## Rustic Zen Style



**T**his Colorado spec home marries contemporary design with rustic elements. Native building materials combine with the private lot and mountain views and create a tranquil living environment, and the home has a plethora of upscale features including beetle-kill timber framing; oak flooring recycled from an old barn; custom alder doors, trim and cabinets; slab granite; slab marble; and travertine. The builder used more than 120 tons of natural stone to blend the interior with the exterior. Five fireplaces and numerous outdoor living areas allow for year-round enjoyment of the home.

Other features include a state-of-the-art geothermal heating system that saves the homeowners approximately \$860 a month in utility costs; a main-level master suite and executive study; and a walkout lower level with three bedroom suites, a bar, wine room, game room and recreation room. **PB**

### PROJECT PROFILE

**Project Name:** Landmark Traditions

**Location:** Evergreen, Colo.

**Designer/Architect:** TKP Architects, Golden, Colo.

**Builder:** Landmark Traditions, Conifer, Colo.

**Interior Designer:** Mountain Home, Evergreen

**Photographer:** Spotlight Home Tours

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[ BEST IN PACIFIC NORTHWEST REGION ]

## Glorious Geometry

To maximize limited building area, this home interweaves volume, light and interesting perspectives within simple shed forms. Setbacks, easements, room-size requirements and configuration placed the home 13 degrees off axis to the mountain ridge and spectacular views. The solution: rotating the major window wall to create unique interior geometry.

Inside, orthogonal walls are clad in cedar and plaster while angled walls are clad in mahogany, opening the view to the outside deck and mountains and creating tension in the framing. **PB**

### PROJECT PROFILE

**Project Name:** Rivera Residence

**Location:** Ketchum, Idaho

**Designer/Architect:** Dahlin Group Architecture Planning, Pleasanton, Calif.

**Builder:** Dilworth Construction, Bellevue, Idaho

**Interior Designer:** Ann Jones Interiors, San Francisco

**Photographer:** David Duncan Livingston, Mill Valley, Calif.



[ BEST IN PACIFIC REGION ]

[ SILVER AWARD FOR BEST ONE-OF-A-KIND CUSTOM HOME 6,501 SQUARE FEET AND OVER ]

## Side Saddle

The rolling hills and rock outcrops on an Arizona site inspired the creation of this unusual home, which sits side saddle nestled between two mountain slopes. The bridging element organizes the home into two distinct masses: a steel, glass and stucco pavilion that rests lightly on the desert, and a stone, masonry and glass module that is dug into the hillside like a fortress. The site is entered from below and the home is viewed sequentially while ascending a 90-foot elevation change, ending at a motor court spanned by the building that frames mountain views and acts as an entry portal. Living spaces have access to terraces and patios that help blur the line between indoors and outdoors. **PB**

### PROJECT PROFILE

**Project Name:** Bridge Residence

**Location:** Scottsdale, Ariz.


**Designer/Architect:** Allen + Philp Architects  
— Interiors, Scottsdale

**Builder:** Linthicum Corp., Scottsdale

**Interior Designer:** David Michael Miller Associates,  
Scottsdale

**Photographer:** Timmerman Photography, Phoenix





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WALLS OF GLASS link this modern home to its five-acre site in Downingtown, Pa. Designed by New York-based Koko Architecture & Design, the private residence won a Platinum Award for Best One-of-a-Kind Custom Home up to 4,000 square feet. Photo: Don Pearse Photography

## More Coverage of the 2009 BALA Winners at [www.HousingZone.com/BALA](http://www.HousingZone.com/BALA)

Visit the BALA landing page for a complete list of the 2009 Best in American Living Award winners, plus descriptions of each project and additional photos. Categories include:

- Best One-of-a-Kind Custom Home
- Best One-of-a-Kind Spec-Built Home
- Best Rental Development
- Best Community Design
- Best Community Amenity/Facility
- Best Kitchen
- Best Bath
- Best Specialty or Outdoor Room
- Best Single-Family Detached Home
- Best Single-Family Attached Home
- Best Multifamily Development
- Best Affordable Home
- Best Green-Built Home
- Best Smart Growth Community

### 2009 BALA Judges

**Kathy Browning**  
Design Consultants  
Virginia Beach, Va.

**Victor A. Mirontschuk, AIA**  
EDI Architecture  
New York

**Sarah Peck**  
Progressive Housing Ventures  
Malvern, Pa.

**Michael Poris, AIA**  
McIntosh Poris Associates  
Birmingham, Mich.

**Loren Smets, AIA**  
Pardee Homes  
Las Vegas

**Smart Growth Judges**  
**Ron Derrick**  
Derrick Custom Homes  
New Richmond, Wis.

**Bob Simmons**  
Robert L. Simmons & Associates  
Vienna, Va.

**Ed Tombari**  
NAHB Land Development  
Services  
Washington, D.C.

**HUD Judges**  
**Stephen Shelley**  
HUD Chicago Office of Housing

**Andrea Vrankar**  
HUD Cleveland Office of Public  
Housing



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[ MARKET RESEARCH ROUNDTABLE ]

# 7 Questions About Market Research

Market research experts discuss the latest research tools and techniques, the impact of foreclosures on the new-home building market and the importance of analyzing consumer behavior in this exclusive roundtable discussion.

By Elise Platt, Contributing Editor, and David Barista, Editor-in-Chief

In today's depressed housing market, where uncertainty is the norm, the need for high-quality, timely market research is more critical than ever. Yet, in the eyes of some home builders, research remains more of a necessary evil than an insurance policy.

Where is the new norm in terms of pricing? How do I compete with the glut of foreclosures and short sales? When will my market return? These are just some of the

questions that are top of mind for builders that can be addressed through good market research.

We asked four experts (see bios on page 40) to discuss the latest trends in market research. What follows is a highly abbreviated transcript of our market research roundtable discussion. For the complete transcript and audio of the program, visit [www.HousingZone.com/article/ca6717790.html](http://www.HousingZone.com/article/ca6717790.html).

## John Schleimer

Right now, there's virtually no new-project market research; it's almost non-existent. There's limited or no budget for market research for most of the home builders that are trying to survive this downturn.

## Brad Clason

I've started to see a pickup in work, especially situations where banks and their builders are looking to sell some of their land. The investment value of homeownership has always been a key motivation in buying. That has been virtually decimated, so I'm finding that builders are wondering, "Where is the market? When is it going to come back?"

## How has market research changed since the downturn of the housing industry?

## Tracy Cross

The research process has become much more difficult from two aspects: One is the impact of foreclosures. It's a challenge trying to measure that. The other key factor is how the market will reset itself in terms of price. What we're seeing in the Midwest and in parts of the South Atlantic are prices resetting anywhere from 25-30 percent lower. I don't think anybody knows where that new position will be in the market. So market research is now more vital than ever in being able to ascertain where that reset will be and how we will perform going forward.

## Cheri Meyn

Here in Colorado, we're working on a lot of new-product development right now because some of the builders (mostly publics and some of the more-solvent private companies) are seeing the end of the tunnel. We're doing a significant amount of acquisition work right now, so our business is returning a little bit back to normal.



## Roundtable Participants

**Brad Clason**  
Owner  
W. Bradford  
Clason &  
Associates  
Coatesville, Pa.



**Tracy Cross**  
President  
Tracy Cross &  
Associates  
Schaumburg,  
Ill.



**Cheri Meyn**  
Principal  
The Genesis  
Group  
Englewood,  
Colo.



**John Schleimer**  
Founder,  
President  
Market  
Perspectives  
Roseville, Calif.



**Moderator:**  
**Elise Platt**  
President  
E.A.Platt & Co.  
New York



### Cheri Meyn

For us, it's GIS mapping [geographic information systems] all of our data and information to provide bite-size pieces to our customers. Instead of providing reams upon reams of market information, we can give them mapping tools that instantaneously help them understand an area or a market. In addition, we're having a great deal of success with our online chat surveys, especially with the realtor community.

### Tracy Cross

Nothing off the shelf. From our standpoint, the data crunching is even more detailed. Defining and disaggregating data is more important than aggregating it. We do a tremendous amount of work in regression analysis, using a variety of techniques that have evolved over the last 40 years. Every time we do something different from a statistical standpoint, the numbers begin to talk to us, and they tell a story. It's almost like a doctor looking at an X-ray: we see things that other people can't possibly see.

## What are the breakthrough tools and techniques in market research?

### John Schleimer

We're developing a program right now with a builder: For prospects that are deemed qualified and haven't bought, we'll give them a \$50 gift certificate to a local, well-known restaurant for participating in an ongoing Internet survey about what they're looking for, what type of floor plan they want, what type of room arrangements they want, etc. Buyers that have purchased a home in the development also get a gift certificate for participating in a series of Internet surveys. When all those responses come back, we'll compile all of the data points into a report to our builder.

### Brad Clason

There is no boilerplate. Every situation I encounter is trying to understand the dynamics of that particular market. I'm doing an awful lot of rearview-mirror research, looking at tax assessment records and creating databases of absolutely everything that has gone on in the last nine to 15 months at every development in the area.

### Cheri Meyn

I'm finding my best work is in real-time data. History doesn't matter. Previous absorption potential is a non-issue. What matters is today's demand and, more importantly, how we forecast future demand realistically for our customers. If we're not in the field every day monitoring demand, price and propensity to buy, we're out of the game.

## What are the three or four most crucial elements of research home builders should be looking at?

### Tracy Cross

The three things that are incredibly important are being able to accurately forecast absorption, understand their competitive environment and forecast where Generation Y is going.

### John Schleimer

I think builders have to spend more time on demographic trends, psychographic trends and consumer behavior. If you don't know who your buyers are and what motivates them, I don't think you're going to be able to produce the right product for them. That involves getting away from family-oriented, single-family products that have dominated the marketplace for the past 10 years in most suburban areas and some edge cities.

### Brad Clason

I'm doing a lot of analysis trying to figure out exactly what the impact of the recession has been on particular market sectors. I'm also working closely with land planners to develop the best possible plans by looking at the resale market, historic sales and potentially competitive resale developments.

### Tracy Cross

First and foremost, market research will identify and quantify levels of opportunity. We get involved with strategic planning. It's not just about working on a specific project, but guiding them to take the best advantage of their limited resources in terms of where to buy land, what to develop and who to develop it for. Also, we have more exposure to different markets and products. The builder may know to go see a development down the street, but there may be one in, let's say, Charlotte that applies to their market.

### Cheri Meyn

We do a lot more retainer work than market study work these days. Rather than doing project-based research, we're really much more a part of the company itself and its strategic planning. My job is to make sure that our clients are aware of the opportunities in their markets, whether those are a consumer opportunity, product opportunity or geographical opportunity. It's our role to sit side by side with them and help them make those strategic decisions to move forward in a more successful way.

## Why should builders conduct market research?

### John Schleimer

Well, I'll give you an example. We have a builder client in Wilmington, N.C., that was mired in the upper move-up market. When we went into that marketplace, we looked at supply and demand, household income levels and demographic growth in certain household types. We told him to get rid of that product segment as his primary focus and go to more entry-level or affordable move-up products. Sure enough, his sales went from 50 two years ago to 126 in 2009.

When we see a gap or niche in the marketplace where certain consumer segments are not being served and there's an oversupply of every other product we try to position the builder into that niche.

### Brad Clason

I think builders need to start thinking of market research as part of the due diligence process. It's not a development expense, it's a pre-acquisition expense. Do it early and it will pay for itself over and over again.

### John Schleimer

The current downturn has made market research more affordable. We're not getting the fees that we got back in 2005. But I don't think there's a percentage guideline on how much market research should cost for any given project. The problem many builders get trapped in is they tend to select the lowest bidder, and don't look at the experience and track record of the research firm.

## How much should builders budget for market research?

### Tracy Cross

Billing rates and fee structures from our firm are probably down 20 to 25 percent from what they used to be. But we're doing more retainer work, where strategic planning is folded in. We're also bundling services, where we'll work on the asset management of three or four properties for a client. Before, we could charge separately for each of those.

## 5 Trends in Market Research

- Use of GIS mapping and online chat rooms and surveys to provide real-time data
- More analysis of psychographic trends and consumer behavior, in addition to demographic trends
- Strong focus on measuring the impact of foreclosures and how specific markets will "reset" in terms of price
- Less one-off project research; more strategic planning work
- Researcher billing fees are down significantly, offering more value to builders.

### Brad Clason

My fees depend on whether the project is in my backyard or out of the area. If I'm not familiar with the area it's going to take me a lot longer to get up to speed, and the builder will have to absorb that expense.



## More Market Research Talk on HousingZone

This is a highly abbreviated transcript of the Market Research roundtable. For the complete transcript and audio of the program, visit [www.HousingZone.com/article/ca6717790.html](http://www.HousingZone.com/article/ca6717790.html). Additional topics covered online include:

- Measuring propensity to buy
- Building for Generation Y
- Forecasting absorption
- Appraisals
- Repositioning opportunities

### John Schleimer

When someone wants to buy a site or a project, research should be commissioned at the start of the due diligence period. If due diligence is 60 days, the client should have the research report within three or four weeks so they can analyze the recommendations and findings. If the site has already been acquired, then the product positioning needs to be done before they start developing floor plans and the specification package. Too often we get involved when the builder's product is set, and it's too late.

### Tracy Cross

It begins with strategic planning of where to buy the dirt and then, before they acquire the land, to make sure they get the checks and balances from the market-research side of the equation. We assist them before they ever go before the municipality.

## At what point should builders initiate research?

### Brad Clason

If it's a complicated development, the research should be done before they start site planning. The researcher should be involved in the team, because that's going to help the site planner and architect develop the correct site plan and allow for the correct development phasing.

### Cheri Meyn

We are absolutely, day to day, living in the unexpected. Every project I'm working on had a pro forma that said it would absorb two or three times what it's doing. Every one of my clients is living in a recession that is much deeper than they expected, much longer than they expected and much more far-reaching than they expected. I feel like I've been living in the unexpected for years now. My best advice is: don't give up. Let's try something different this week. Don't change products willy-nilly, but never give up on the opportunity to sell a house — whether it be a marketing campaign, a new floor plan, a different salesperson. You've got to look at absolutely everything.

## How can builders prepare for the unexpected?

### Tracy Cross

Sometimes the unexpected is the big favor; sometimes it can lead to disaster. You're asking to forecast the unexpected. I don't know how to do that. But good market research can tell you what the unexpected is so you can formulate a plan to deal with it.

### John Schleimer

Good research hopefully eliminates a lot of these dramatic, unexpected turns. I think one of the problems that developers and builders are going to be faced with when something unexpected occurs is the fact that they don't have enough staff to execute an alternate plan, should it be required. They're trapped with the inability to act on any unexpected change.

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# Closing Time

If your closings aren't what they should be, find out how top new-home sales professionals seal the deal.

By Susan Bady, Senior Editor



"My single most effective tactic in the past year has been to move the sales discussion out of the sales center as soon as possible and take it to a corporate conference room. Ideally, the building-company principal will be present at this meeting, along with a person in that capacity who is willing to engage customers and can do so with skill

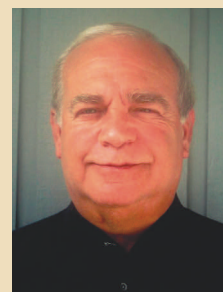
and grace. As customers and their representatives arrive, they are greeted graciously and offered refreshments, then asked to wait a short while until the builder's rep comes in with files, calculator, etc. In the ensuing discussion, the rep adopts a genuinely appreciative and respectful position. Whatever can be done to accommodate the customers is done. Whatever is impossible is explained patiently. In 30 minutes, the customers will either have bought a home at the best possible price or they will leave knowing they had their best chance ever to buy a new home at the best possible price. None of this is to downplay the value of the builder's on-site salesperson; rather, it is to recognize the extraordinary market circumstances many of us have found ourselves in recently."

— Bill Webb, MIRM, Principal, William N. Webb & Co., Amelia Island, Fla. (marketing consultant, sales coach, management team-builder and motivational speaker)



"Quit thinking like a home builder! Your next customer will not walk through the door today, tomorrow or the next day. However, your next prospect will. Take the time to understand their most pressing housing problems and help them find the people that can solve those problems.

Become their housing resource and stage a follow-up experience second to none. Do this with enough prospects and the customers will appear." — Rick Storlie, CSP, MCSP, CMP, Owner, New Home Sales Coach, Savage, Minn.



"Understanding the buyer is essential, but there must also be some urgency created based on limited availability and a unique selling proposition that differentiates you from the competition."

— Daniel R. Levitan, MIRM, IRM Fellow, CAASH, President of Levitan & Associates, Ft. Lauderdale, Fla. (residential real estate marketing firm)

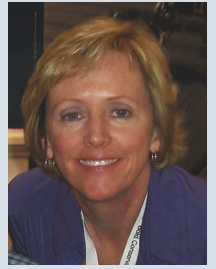




"In a tough market, there is no better technique than the 'summary close,' where the salesperson

summarizes the most important aspects of the buyer's needs and confirms that those needs have been met. 'Let's see how we are doing. The floor plan is what you were looking for, correct? And the community is located where you want to live, right? And we found the right homesite? And this fits right into your price point, doesn't it? Wow, it sounds like everything fits. Shall we make it yours?' Everything shared is in the best interests of the prospect. It's not pushy or manipulative, but the salesperson needs to ask closing questions throughout the process." — *Jeff Shore, Founder and CEO, Shore Forrest Sales Strategies, Auburn, Calif.*

"List all the building materials that could provide a return on investment to offset the sale price. With a little product research, this can be done with easy-care, stain-resistant decking; energy-saving roof tiles; fiber-cement siding; etc. Plus, there may be lifestyle-enhancing features that are overlooked because they're inside the walls, such as sound-resistant drywall. Milk it even if it seems small!" — *Maureen Murray, President of Precise Communications, Morris Plains, N.J. (media relations representative for building-products company)*



"The 'urgency close' is used to encourage a customer to take action now and not procrastinate. There are certain dynamics occurring in the industry today that are time-sensitive, such as the tax credit and low interest rates. A buyer may be told that if he/she waits, history has shown that what is happening now will not last. However, to use this technique properly, a high level of trust must be achieved between the salesperson and buyer. Customers need to feel as though they are being advised by a trusted friend, not given the bum's rush by a sales agent." — *Rick Fletcher, Vice President of Sales and Marketing, MBK Homes, Irvine, Calif.*



"Having a resale program for prospects with a home to sell is a great tool. Many builders are paying for certified appraisals rather than accepting a realtor's CMA on a prospect's residence. They are also allowing prospects up to a year to sell their current home, subsidizing home staging and actively managing the sale of the prospect's existing home. More recently, some builders have been offering educational programs to homeowners on ways to creatively use the tax credit to sell their home, and how to get the move-up tax credit when they purchase. I also think extended warranties (five to 10 years) are a great idea. They increase the builder's credibility significantly and provide added security and added value to the buyer. A quality builder has virtually nothing to lose by offering it, and it is an incredible sales tool." — *Maryalice Widness, Associate, The Bernard Partnership, Simsbury, Conn. (residential marketing, research and sales management consultant)*



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# More than Numbers

Like social media, third-party surveys give customers the anonymity they need to express their true feelings. That kind of feedback is invaluable for a home builder.

By Charlie Scott, Woodland, O'Brien & Scott

**B**ebo, Classmates, Facebook, Habbo, Mylife, MySpace, Netlog, Tagged and Twitter collectively claim a billion people sharing experiences and opinions. An original concept? Hardly. Social networking has been happening for millennia, much of it right in our own backyards, churches, schools and places of employment. One of the more interesting developments in today's social networking is that the participants tend to have more uninhibited, raw emotional responses than neighbors chatting over the fence. Why? Most likely it is the virtual distance between the sender and receiver, combined with the remote chance that the target of their opinion will ever know the source.

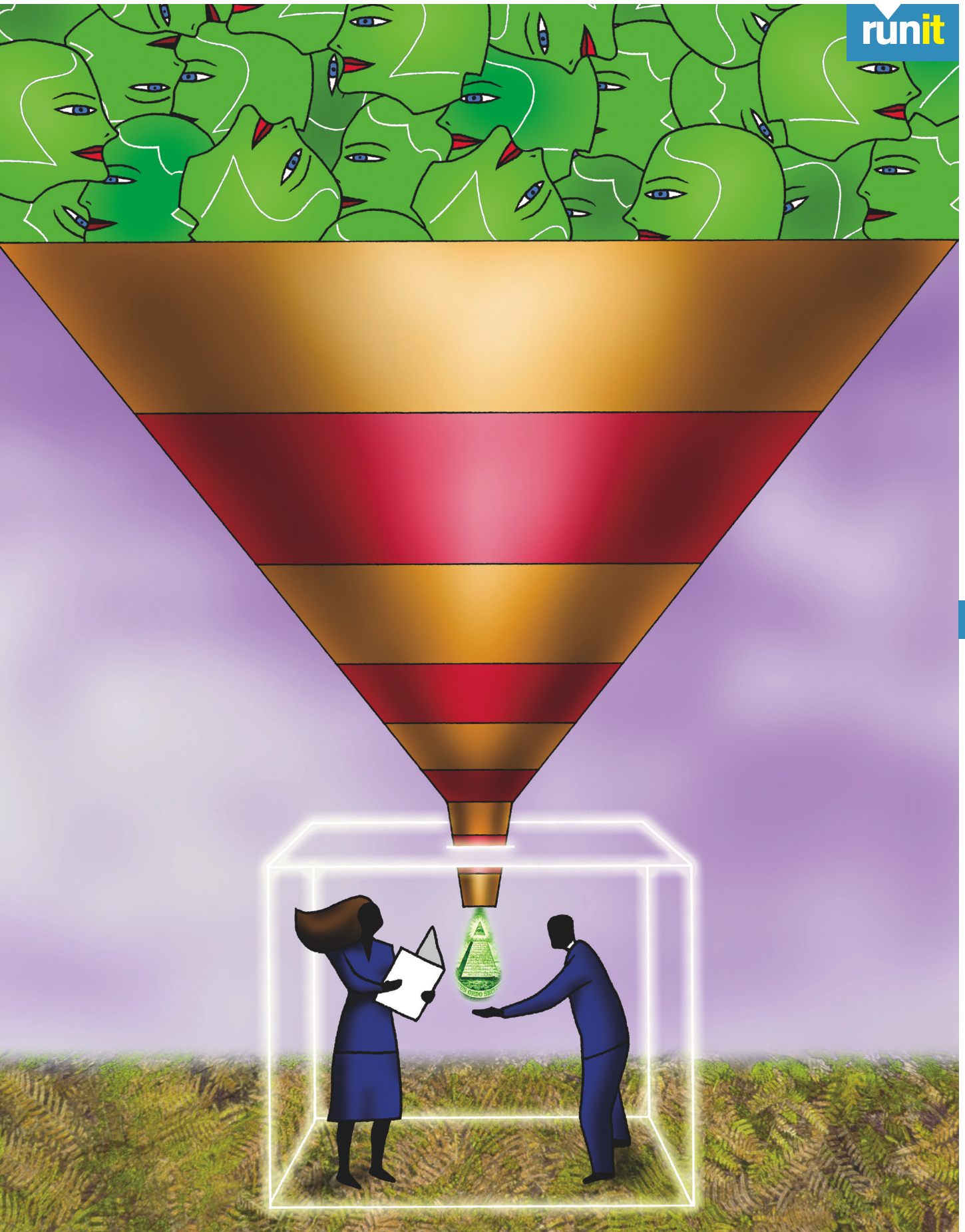
So what can home builders learn from today's social networking behaviors? For starters, builders should be more interested in what their customers are truly feeling and which forums those customers are utilizing to express them. One of the most effective ways to gain access to the head and heart of a customer is through a well-designed, third-party survey. Here are some of the reasons why.

*Many customers simply want anonymity.* Studies by Woodland, O'Brien & Scott show that 30 to 60 percent of home buyers want to provide their feedback anonymously. In a counter-intuitive twist, the better the builder and the higher their satisfaction ratings, the more anonymous their customers want to be. Caring customers want to provide feedback and constructive criticism, but do not want to hurt the builder's feelings.

"Customers are more apt to open up to an independent surveyor than they are to their builder," says George Hess, president of Vantage Homes in Colorado Springs, Colo. "They trust that they can truly express themselves to a third party, knowing they will not compromise their future warranty service."

Customers generally adjust the accuracy and helpfulness of their responses to match the perceived sincerity and authenticity of the survey. Surveys that are designed to solicit opinions and draw out the customers' feelings about their experience are perceived as more genuine than strictly a point or rating system. Keith O'Brien, founding partner of Woodland, O'Brien & Scott, St. Paul, Minn., says, "The best surveys demonstrate that the builder truly cares about the customer's opinions and feelings throughout their experience, and that the

Illustration: Getty Images





builder's focus is as much about building a relationship as building a home. A customer's willingness to refer is essentially a willingness to put a family member or friend through the same experience."

The "everything is fine" reflex. Many builders, particularly in today's low-volume environment, want to believe they are totally in touch with their customers' feelings. These builders often set up an owner-in-residence interview or administer a self-conducted survey. Our experience shows that while these approaches have some redeeming value, they can also create more problems than they resolve. Internally conducted surveys are most prevalent for specific in-process activities, such as design-studio selections. Such surveys are more focused on identifying early-warning signs of dissatisfied customers. Unless handled with extreme care, they can exacerbate minor problems.

*Employees generally perceive third-party surveys and results to be more consistent, objective and meaningful.* Hess says employees look at customer feedback as "an objective evaluation of every employee involved each time we build a home. Employees take great pride in a positive return."

Brett Gardner, COO of Darling Homes in Dallas, states, "Because we use survey data to set goals, our employees celebrate the great results they see in our third-party surveys. It even encourages a little friendly competition and helps us identify and recognize our customer-care champions."

*Company leaders value their customers' emotional feedback because it can help them adjust future customer experiences.* Third-party surveys can be invaluable in quantifying the performance of sales staff and field personnel and teamwork between employees, departments and trade partners, as well as identifying design flaws, says Gardner. "They can even provide an objective means to quantify customer enthusiasm and cultivate more referral sales."

## Why Comments Are Essential



*In customer surveys, numerical ratings point to a problem but do not identify the cause. A survey that is designed to be optically read (i.e., coloring in a circle with a #2 pencil) communicates that a live person is not going to be reading it. Therefore, customers are less expressive and tend to fill in only the required circle rating. But a survey that provides space for customers to write down their thoughts will elicit honest responses that put problems in context.*

Woodland, O'Brien & Scott has seen this happen with its own builder clients. One company's statistical results indicated a serious problem with a particular sales representative's performance. Her ratings for "sales accuracy" and "sales organization" had dropped dramatically. But customer comments clarified the issue: Three out

## BLAME THE MARKET, NOT SALES REPS

FOR ONE WOODLAND, O'BRIEN & SCOTT BUILDER CLIENT, statistics showed declining performance by salespeople in their early work with customers. Ratings were down for "sales presentation accuracy" and "sales organization" performance (providing guidance, explaining options, assisting with early decisions, etc.). While the numbers implicated the salesperson's behavior or skill set as the source of the problem, customer comments clearly showed it was the result of the shift from a seller's market to a buyer's market. Customers are negotiating more, pushing for more features to be included and demanding more flexibility on options and custom features, while at the same time management is asking sales to hold the line.

Misinterpretation of the statistics could have led to replacing salespeople instead of focusing on aligning company policies to better match current market demands, providing better sales training and negotiation skills, and, at the corporate level, developing better pricing or communication tools. "Sales presentation accuracy" had declined as management cut back on included features to achieve a lower price point. Yet the models, Web sites and completed inventory still demonstrated the "old" included features. Customer comments helped clarify that the situation was more of an institutional misalignment than a sales performance issue.

Many survey experts agree that using only financial metrics to manage a business as emotionally charged as home building ignores the humanity and emotional drivers that motivate high-achieving home builders, their employees and their communities. Clearly, well-designed survey questions that evoke honest feelings are the critical cogs in a builder's ability to understand their current reality and improve future customer experiences. **PB**

*of four recent customers had initially been sold a home that did not fit on the site they selected. This was actually the result of an error by the building company and the development's engineering and design departments. As a result, the sales-center plats were incorrect.*

The sales rep was able to restructure the sales because she took personal responsibility and did not blame the builder or the development. Had she chosen to blame the "office," it would have undermined the customers' overall confidence. While survey ratings and statistics suggested a major sales communication problem, the customers praised the salesperson as a real professional for "taking one for the team," preserving their confidence in the builder and ultimately saving the transactions.

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[ ROOFING ]

# 5 Ways to Avoid Common Roofing Pitfalls



SURPRISINGLY, ONE OF THE MOST COMMON mistakes builders make on roofing projects is failing to follow installation instructions. Quizzing the crew on proper installation protocols and keeping current installation instructions on file with the jobsite superintendent are two ways builders can help avoid mistakes in the field.

Follow these simple rules for getting your roofing projects just right.

**By Don Carr,**  
NAHB Research Center

**T**hrough work with builders of all sizes in the National Housing Quality (NHQ) Certification Program, the NAHB Research Center has discovered several common mistakes and process omissions made on the jobsite that can jeopardize the quality and durability of typical, asphalt-shingle roof installations. Here are five areas builders should focus on to avoid those mistakes:

**1. Follow all manufacturers' installation instructions.** Installation protocols and code requirements can vary significantly from one type, style or brand of shingle to another. For example, starter-course instructions, nailing-pattern requirements and roof-coverage area often vary from product to product. Unfortunately, instructions often get overlooked or discarded altogether during the construction process. Failing to follow instructions can lead to durability problems and can possibly void the manufacturer's warranty, leaving the

builder bearing the full cost of any needed repair or replacement. Here are three simple ways builders can reinforce the importance of following installation instructions:

- Take the time to read the instructions and quiz your crew on proper installation protocols. Regardless of how many times they've installed those materials, they may have been doing something wrong all along and just didn't know it.
- Make sure all current installation instructions are on file with the jobsite superintendent and affixed to the scope of work given to the roofing-trade crew leader.
- Regularly take stock of installation instructions on file on the jobsite to be sure they are the most current for the type and style of material you're using.

**2. Create a comprehensive job plan.** A builder's goal with any element of a job should always be to do it right the first time to avoid



costly delays. The key to getting it right is creating a comprehensive job plan for every type of work on the site. Roofing is no exception. Here are three tips for creating an effective roofing job plan:

- Carefully lay out the job before it begins. Place evenly spaced chalk lines along the roofing underlayment to give the installer a visible guide for every course.
- Before the roofing work begins, decide on valley style and ridge and gable end treatment, and be explicit about those details on the plans and scope of work.
- Periodically confirm the takeoff and make sure there is a sufficient quantity of shingles from the same dye lot on the jobsite. Running a few square feet short at the end of the job and filling in with shingles that don't quite match is a rookie mistake that reflects poorly on your reputation for quality.

**3. Get the fastening details right.** Builders often specify the type and style of shingle for the roof, but they rarely choose the type and gauge of fasteners for those shingles. Using the wrong fasteners can lead to wind damage and result in a red tag by the code inspector.

The type of fastener required for the job is called out in the manufacturer's installation instructions, as well as in the local building code. If you have a personal preference for either nails or staples, make sure that detail is included on the approved plans and specifications for a given project, as well as in the roofer's scope of work. If staples are to be substituted for roofing nails, make sure the acceptable wire gauge and staple length are clearly stated, as well.

**4. Adjust nail guns for the job.** As the builder, you may not own and use nail guns on the jobsite, but it's your responsibility to make sure they are adjusted to the proper settings to provide adequate, consistent fastener penetration. Too little pressure leaves the crown of the nail or staple too high, creating a bulge in the profile of the shingle. Too much pressure and the nail or staple can crush the shingle or even be driven through it.

If a nail gun or automatic stapler is to be used, make sure the air pressure is correct. Also, because air pressure can change over the course of a day, the compressor should be checked periodically to ensure air pressure remains within an acceptable range. Ask your trade contractor to document all air pressure checks and adjustments during the course of the day.

**5. Conduct a personal inspection of the completed work.** An inspection from both the roof level and

ground will ensure that the quality of workmanship and aesthetic details are what you expect. As part of the inspection, you should:

- Scan for holes in shingles that were created during the installation of cleats or other temporary framing members. Shingles with holes need to be replaced, not simply filled with roofer's mastic.
- Make sure the paper and the shingles in the roof valley are secured to the roof sheathing, not suspended above it.
- Look for reverse shingling, especially near a chimney or a plumbing stack. Water flows downhill and shingles need to let it flow, not catch it.
- Look through the trusses or ceiling framing from the underside of the roof to confirm if nails or staples were used in compliance with your specifications. This inspection can also confirm if sufficient quantities of fasteners were used and spacing guidelines were followed.

Document all required corrections and agree with the roofing contractor on when a follow-up inspection

Builders often specify the type and style of shingle for the roof, but they **rarely choose the type and gauge of fasteners** for those shingles. Using the wrong fasteners can lead to **wind damage** and result in a **red tag** by the code inspector.

tion can be scheduled. Don't assume the corrections will be made; always re-inspect. Document all inspections and make sure you and the roofer sign off on the final report.

Specific scopes of work and inspection checklists are two key elements of a documented quality management system adopted and implemented by quality-minded builders across the country. Check out the NAHB Research Center's Web site ([www.nahbrc.com/builder/quality/index.aspx](http://www.nahbrc.com/builder/quality/index.aspx)) for more information on implementing quality management systems for both builders and trade partners. **PB**

*Created in 1964, the NAHB Research Center ([www.nahbrc.com](http://www.nahbrc.com)) is a full-service product commercialization company that strives to make housing more durable, affordable and efficient. The Research Center provides public and private clients with an unrivaled depth of understanding of the housing industry and access to its business leaders.*

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[ CABINETS ]

# A Touch of Class



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The raised-panel design on Armstrong's Leighton collection reinterprets a classic style that reflects the character and craftsmanship of your grandfather's cabinets. The center panel is constructed of genuine solid maple with a defined step-down profile. Door frames feature a contemporary profile with a framed bead on the inner and outer edges. The profile is repeated on the solid, 3/4-inch-thick maple drawer heads. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 252**

## Deep and Dark

Homeowners may be split on what style suits them in the kitchen, but very few would object to the rich combinations you can make with Timberlake Cabinetry's Cognac finish. Introduced in 2007, the finish now includes 12 maple door styles within the company's Portfolio and Portfolio Select Series. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 253**



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The Simply Naturals Collection from Neil Kelly is crafted from the same non-toxic materials as its long-established product line, but offered in a limited eco-friendly edition. Cabinet boxes are made using a no-added-urea formaldehyde agri-board; solid wood and veneers from sustainable resources; low-VOC glues, binders and adhesives; and natural furniture-grade finishes. The new cabinets are available in seven styles. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 254**





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[ HARDWARE ]

# Hold On!

## Pulling Past the Competition

Outwater's 304-grade Stainless Steel Knobs & Pulls beat those lesser, thin-walled, resonantly hollow counterparts. The Steel Knobs & Pulls collection comes complete with all mounting hardware. In addition to its stainless-steel offerings, the company also introduced a new series of Aluminum Knobs & Pulls, as well as a lower-price-point Plastic format with a metal-like finish. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 255**



## Times Are A-Changin'

Ten knobs and seven pulls make up the Modern Times Collection from Topex. A stainless-steel aesthetic and bright chrome finish accentuate the collection's cool techno feel. Knobs include geometric shapes of round, square, rectangle, cylinder and triangle in varying sizes, dimensions and contours. Pulls offered range from a wide, flat bench and bow shape to a profile and ruler influence. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 256**

## Top of the Line

Now for the bathroom hardware options: The latest bath line from Top Knobs opens with six new collections in nine finishes. Each collection (including Hopewell and Aqua) is complete with a wide selection of knobs, towel rings, towel bars, tissue holders and hooks. Styles range from contemporary to traditional. Finishes include antique pewter, Tuscan bronze and German bronze. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 257**



## Dressed to Impress

Updating your kitchen designs? Berenson's Designer Group 10 Collection is a metallic mix of 14 of Berenson's most popular designs: eight pulls, one cup pull and five knobs in a variety of shapes and sizes. Feel free to mix and match this collection to give cabinets an expensive look while fitting just right in any hand. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 258**





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A black and white portrait of Denis Leonard, a middle-aged man with a receding hairline, wearing a dark suit, white shirt, and dark tie. He is looking directly at the camera with a slight smile. The background is dark and out of focus.

## Professional Builder

# ROCK STAR

### Denis Leonard

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Denis Leonard brings to Business Excellence Consulting degrees in construction engineering and education in addition to a master's and doctorate in quality management. Denis is a fellow of the UK's Chartered Quality Institute and is a senior member of the American Society for Quality with whom he is a Certified Manager of Quality and Organizational Excellence, auditor and Six Sigma Black Belt. An ASQ Feigenbaum Medalist, he has won several international awards for research publications. He has been a judge and examiner for the Wisconsin Forward Award, Baldrige National Quality Award Board of Examiners, International Team Excellence Competition and the National Housing Quality Award. A former professor of quality at the University of Wisconsin, he has experience in management, engineering, training, auditing and consulting with expertise in strategic and operational quality improvement initiatives. He developed and implemented integrated quality, environmental and safety management systems at Veridian Homes in Madison, Wis., earning them the National Housing Quality Award, Energy Value Housing Award, Innovative Housing Technology Award, NAHB Safety Award for Excellence and *Professional Builder* magazine's Builder of the Year. In 2007, Denis won Big Builder magazine's APEX Award for his work in quality management.

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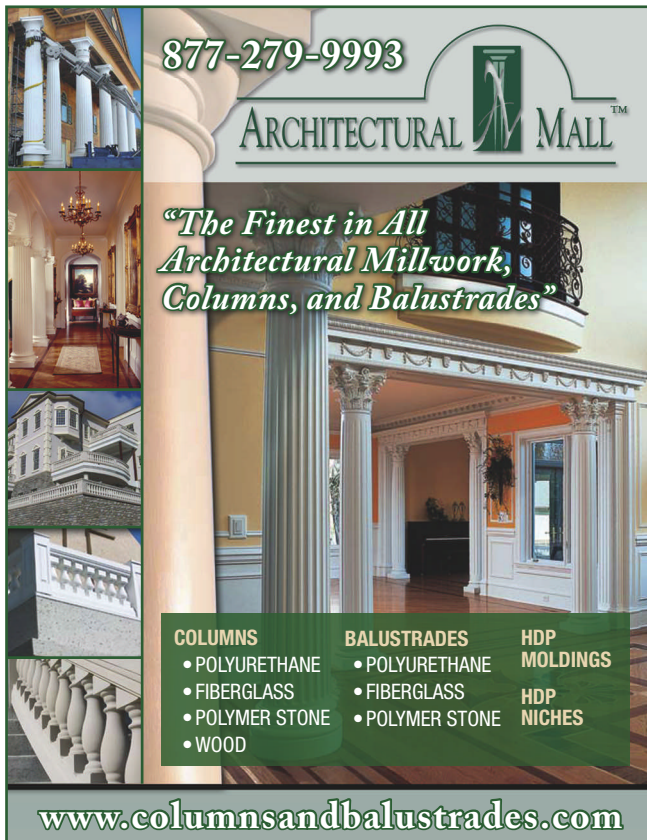
Steve joined BSB as marketing director during the depths of the recession of 1991 and helped grow BSB into one the nation's few truly national residential design firms in the country, now with six offices nationwide. With an architecture degree from University of Virginia, Moore has spent the past 32 years in the housing industry, serving as a staff member of NAHB, a construction superintendent, a home builder production manager and architectural firm manager. As an industry volunteer, Moore has held chair positions on NAHB committees for Design, Multifamily Pillars and the Sales and Marketing Council in addition to positions with the AIA, Multi-Housing World and ULI. He is a frequent speaker at national and regional building industry conventions, seminars and management conferences, speaking on design trends, innovation and construction efficiencies. While as an NAHB staff member, Steve was contributing author for the NAHB publication "Higher Density Housing: Planning Design Marketing" and founded the Best in American Living Awards (BALA), now co-sponsored with *Professional Builder* magazine. In January 2009, Steve was elected to the inaugural class of the BALA Hall of Fame.

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**21** The percent of home sellers that have lowered their asking price at least once as of January, down from 22 percent in December 2009 and 25.6 percent in November 2009, according to Trulia.

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**67.3** The percent of Americans who own a home, as of **Q4 2009** — the lowest rate since the second quarter of 2000, according to the **U.S. Census Bureau**.

**15** The **National Association of Home Builders/Wells Fargo Housing Market Index** in **January** (its lowest point since June 2009), after it fell one point from **December 2009**. Builders surveyed are concerned about the poor job market and the large number of foreclosed homes for sale.


**<1** The percent of all homes currently at risk of **foreclosure** that will be approved for short sale by banks, according to real-estate market forecaster **Housing Predictor**. The firm believes **short sales** are unlikely to have a real impact **on the housing market**.



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