

PRO BUILDER MEDIA



2024 Part 2 Application

GENERAL INFORMATION

*Thank you for applying for the **National Housing Quality Award (NHQA)** and your journey toward operational excellence, continuous improvement, and industry benchmarking.*

*This document constitutes **Part 2** of your application, a lengthy questionnaire that requires explicit detail across all of your operational aspects.*

For additional information, FAQs, helpful tips, and articles about the NHQA application and examination process, please visit probuilder.com/nhq.

APPLICATION SUBMISSION REQUIREMENTS

- Presented on 8.5 in. x 11 in. pages
- Use of 12 pt. Times New Roman font
- Maximum of 19 pages, including a completed P&L Worksheet (provided below) and one (1) Company Overview page (20 pages total)
- Save the entire entry as one (1) PDF document

DO NOT send or reference “attachments” or other documents.

Part 2 must be submitted via email for examination by **March 21, 2023** to **both**:

Ingrid Bush, Pro Builder
ibush@sgcmail.com

Todd Booze, Program Director
toddbooze@outlook.com

*Your **Part 2 application** will be examined by a panel of leading U.S. home builders (past NHQA Gold winners) and housing quality and operational management experts. Applicants that display a high level of achievement will earn a **two-day site visit** by a team of examiners to review your operations in person with members of your team.*

*NHQA winners are recognized in three categories: **Gold**, **Silver**, and **Bronze**; occasionally, the examination team will award an Honorable Mention distinction. All award winners are published in Pro Builder magazine and recognized at an awards ceremony.*

Step 1: Provide a Company Overview

With your application, please provide a short (1 page, maximum) description of your company, including: company history; the types of product (homes) and services you provide; the geographic and demographic markets you serve; competitive situation; general business goals and direction; and any other relevant information.

If you are submitting an application for a division of a larger corporation, please also describe the operating relationship to the parent company.

Please also include the following information for the examiners:

- Company or Division Name
- Name, title, email address, and phone number of person submitting the application

Step 2: Complete Each Category

Part 2 of the NHQA application consists of eight (8) categories outlined below, including “talking points” to be reflected in your response.

Category 1: Senior Leadership

Q: How does your senior leadership guide and sustain your organization? How does your organization fulfill its legal, ethical, and societal responsibilities and support the communities in which you operate?

At a minimum, your response should reflect the following:

1. *The company mission that gives purpose to your organization*
2. *The company values that guide corporate decisions and behaviors*
3. *Your vision of what your company can become*
4. *How senior leaders instill and reinforce the mission, values, and vision within the company as role models and by empowering others*
5. *How leadership incorporates use of KPI's.*
6. *How leadership is developed, receives feedback, and is held accountable*
7. *How leadership transparent to organization*
8. *How employee feedback on company priorities is elicited and utilized*
9. *How company results are communicated to Employees*
10. *Process to ensure legal and regulatory compliance*
11. *How risk is assessed with company's operations*
12. *How the company demonstrates public responsibility and good citizenship*

Category 2: Strategic Planning

Q: How do you create and carry out a strategic plan to achieve a future vision, enhance your competitive position, and improve overall performance?

At a minimum, your response should reflect the following:

- 1. The key strategic challenges your company faces in the next 1-5 years*
- 2. How these challenges are identified, analyzed, and being addressed*
- 3. How your strategic plan is developed*
- 4. How you use demographic data and market intelligence in strategic planning*
- 5. How the strategic plan is tied to your mission, vision, and values*
- 6. How the plan leverages your company's unique skills, knowledge, and experience*
- 7. How the plan compensates for lack of skills, knowledge, experience and/or resources*
- 8. How your company's strategic plan is deployed*
- 9. How your company's strategic plan is monitored*
- 10. The operational impact of the strategic plan*
- 11. How your company acquires or develops the necessary skills for plan implementation*
- 12. How you utilize performance metrics and feedback channels*
- 13. How you report and communicate progress*
- 14. How leaders use feedback to adjust the plan*
- 15. How do you identify and acquire new customers?*
- 16. How do you maintain your customer pool?*
- 17. What tools and data do you use to generate and maintain leads?*

Category 3: Process Management

Q: How are your company's business processes developed, managed, measured, and improved to achieve operational excellence?

At a minimum, your response should reflect the following:

- 1. How you approach and develop essential business processes*
- 2. How you involve various departments*
- 3. How do you establish expectations?*
- 4. How you document implementation of new processes*
- 5. How you use KPIs (Key Performance Indicators)*
- 6. How you track and communicate KPIs*
- 7. Tools used for process improvement*
- 8. Describe approach to continual improvement throughout organization and how communicated*
- 9. How you improve your key processes*
- 10. How Trade Partners/other stakeholders are involved in your management process*
- 11. How you maintain accuracy in sales materials*
- 12. Describe your sales process and how it is managed and held accountable*
- 13. How marketing efforts are developed, managed, and measured*
- 14. Critical sales and marketing KPI's company uses to manage performance*
- 15. How your company approaches new markets, communities and/or products*
- 16. What is your operational performance evaluation process?*

Category 4: Customer Satisfaction

Q: How do you define, design, measure, and manage the delivery of products and services that lead to a high level of customer satisfaction? Please provide a third-party customer satisfaction performance measures (Move-in & 1 year Recommend at minimum) for the previous 12 months.*

At a minimum, your response should reflect the following:

1. *How you identify market segments and key customer groups*
2. *The methods you use to define, develop and measure a customer centric culture*
3. *How you determine levels of focus on select segments or groups*
4. *How you select customer-desired product features and services*
5. *How you develop customer relationships*
6. *What your key success drivers are that result in satisfied customers*
7. *How key stakeholders trained on customer satisfaction*
8. *How customers are managed during and after the building process*
9. *How your key customer satisfaction processes are measured and managed*
10. *How your key customer satisfaction processes are improved*
11. *How is customer feedback used and with whom is it shared*
12. *How your key customer centric processes are implemented*
13. *Methods company uses to develop and improve customer satisfaction*
14. *How your company obtains and utilizes customer satisfaction feedback to improve performance*
15. *How essential business process (ex. Sales, Selections, Construction, Warranty) impact customer satisfaction*
16. *Provide any 3rd party or internal customer satisfaction survey information*

** If you do not use a third party to measure and report customer satisfaction, NHQA will conduct an evaluation of your customers for the past 12 months if a site visit is awarded.*

Category 5: Human Resources

Q: How do your Human Resources practices contribute to the growth of the organization, such as Employee selection and development, as well as staff performance management, well-being, motivation, satisfaction, and compensation?

At a minimum, your response should reflect the following:

1. *How you maintain a workplace that contributes to the well-being, satisfaction, and motivation of staff*
2. *Ways your company maintains or enhances employee morale*
3. *A description of your company culture*
4. *How company seeks to understand employee satisfaction and improve*
5. *Company benefits offered to Employees, how they are determined and updated*
6. *Your organization's career development strategies*
7. *Programs supporting superior performance and help achieving the company's overall objectives*
8. *Training programs both personal development and functional job skills*
9. *An Employee Handbook and its role/purpose*
10. *How Employees document and access policies, processes, and procedures*
11. *Employee retention techniques*

12. *How you ensure organizational alignment*
13. *Companies staff performance management strategies*
14. *Employee recruitment strategy*
15. *New hire and internal applicant interview process*
16. *How you administer employee evaluations*
17. *Compensation, recognition, and incentive programs*
18. *Organizational succession plans*

Category 6: Construction Quality

Q: What methods does your company use to drive quality in the home construction process and ensure high-performing, trouble-free products?

At a minimum, your response should reflect the following:

1. *Describe your quality management system. How it is developed, implemented, managed, and measured*
2. *Your approach to quality in determining design, products or systems used in your homes and factors are taken into account when considering implementation*
3. *Your key success drivers of construction operations*
4. *How building code and manufacturer specifications traced and incorporated in quality system*
5. *How your quality standards are taught and reinforced to employees and trade partners*
6. *Training programs that exist for all field personnel*
7. *Describe your warranty process and how it is managed for benefit of all stakeholders*
8. *How feedback from warranty team and customers is used*
9. *Your quality review process for new plans, production of homes and new communities*
10. *Your customer's involvement in the construction and quality review process*
11. *Your customer's post-closing experience is managed*
12. *Your quality recognition programs*
13. *Your continuing improvement processes*
14. *Your quality defect prevention and correction processes*
15. *Describe field safety programs and training*
16. *Job site safety systems, processes, and measurements*

Category 7: Trade Relationships

Q: How does your company display consideration and collaboration with construction trade partners as a valuable member of your organization? How are trade partners kept informed in the planning and performance improvement efforts of your company?

At a minimum, your response should reflect the following:

1. *Your strategy for establishing mutually beneficial relationships with trade partners and suppliers*
2. *Your trade partner selection process*
3. *Trade partners contribution to quality and continual improvement efforts*
4. *Utilization of communication channels with Trade Partners*
5. *Trade partner development and performance goals*
6. *Your process for developing Trade Partners to meet organization goals*
7. *Your process for assessing Trade Partners' performance and communicating compliance*

8. *Pro-active problem avoidance through trade involvement*
9. *Encouragement of trade contributions to the greater good of your organization*
10. *Integration of Trade Partners in building a better company*
11. *Your trade partner feedback system.*

Category 8: Business Results

Q: How are your business practices effective in delivering tangible and measurable financial and operational results, customer satisfaction, and product/service quality?

At a minimum, your response should reflect and provide the following:

1. Specific and documented Customer Satisfaction Survey Results, Willingness to Refer (3 years).
2. Operational Metrics and Results
 - a. *Cycle time*
 - *Soft: Permit to foundation*
 - *Hard: Frame to completion*
 - b. *Variance cost (money & time)*
 - c. *Job site safety*
3. Human Resources
 - a. *Employee survey/engagement information*
 - b. *12-month turnover rate*
4. Market Results
 - a. *Market share*
 - b. *Sales traffic conversion (all sources)*
 - c. *Sales Percentage (all sources)*
5. Trade Relations Results
 - a. *Trade surveys*
 - b. *Trade turnover*
 - c. *Specific and documented construction defect reduction*
6. Constructed Quality
 - a. *Continuous improvement initiatives*
 - b. *Process improvement initiatives*
 - c. *Quality inspection results or tracking documentation*
7. Warranty Results
 - a. *Number of warranty items per home*
 - b. *Cost per work-order days to complete*
8. Financial Results (**Prior 3 years**)
 - a. Complete the **Income Statement Form** below (next page); *Please refer to the Income Statement Guide provided for additional guidance.*
 - b. Also provide:
 - *Revenue per employee*
 - *Financial ratio used to evaluate business opportunities or overall financial health/performance of company, (ex. ROE, ROI Inventory Turn).*

**NHQA Category 8
Income Statement**

	Value (\$)	Percentage (%)
Total Sales Revenue		
(Land/Lot Costs)		
(Direct Construction Costs)		
Gross Margin		
Indirect Construction Expenses		
Construction Supervision		
Warranty & Service		
Other: Purchasing, estimating, design		
Total (A)		
Sales & Marketing Expenses		
Commissions and sales costs		
Advertising		
Model Homes		
Other (specify)		
Total (B)		
Financing, Closing & Interest Expenses (C)		
General & Administrative Expenses (D)		
Total Operating Expenses (A+B+C+D)		
Net Profit Margin		
Gross Profit Margin <i>minus</i> Total Operating Expenses		

Section 8: Income Statement Guide

The following is a guide for **applicants** to categorize company operational expenses as a percentage of revenue and provide standardized information compare applicants against the Financial Criteria in the Part 2 application.

1. Revenue

- a. Single Family Sales
- b. Rental/Investor Sales
- c. Land Development (if develop own lots use market value)
- d. Commercial
- e. Other Income (Construction Management, Rebates, Discounts, Misc.)

2. Cost

- a. Land (If develop own lots use actual cost)
- b. Direct Construction Cost (only site preparation for building & actual hard cost of homes)

3. Indirect Construction Expenses

- a. **Construction Supervision:** Superintendent, Production Manager Compensation, field construction assistants or field assistants the perform work on homes.
- b. **Warranty & Service:** Warranty Compensation, Warranty expense (Materials and Trade Contractor expenses not covered by Supplier/Trades)
- c. **Other:** Estimating, Purchasing, Architecture/design, Field office expense, construction tools, equipment, vehicles and other miscellaneous.

4. Sales & Marketing Expenses

- a. **Commission and sales cost:** Sales management, in houses sales salary/commissions, Outside sales commissions and internet sales personnel and commissions.
- b. **Advertising:** all advertising and PR expenses
- c. **Model Homes:** operating expenses, furniture, and all no- capitalized expenses.
- d. **Other:** Buyer discounts, concessions and other miscellaneous.

5. Financing, Closing & Interest Expenses

- a. Interest on Notes (Bank and related party) & Mortgages
- b. Closing expenses, discount points, origination fees & other miscellaneous.

6. General & Administrative Expenses

- a. Owner & other key management Compensation, Accounting & General office compensation, office rent, utilities, communication (phones, fax, cellular, pagers) General office expense, computers, personal property, Insurance-Worker Compensation, general liability, auto, property, professional service, consultants, dues, subscriptions, education, travel, training and all other miscellaneous expenses.

More ...

EXAMINATION + AWARDS SCHEDULE

The NHQA examination process provides an intensive look at your application and operations. Please refer to the following schedule as a guide to the process and timing:

Part 1: Intent to Apply	...	February 10, 2023
 Part 2: Complete Application	...	March 21, 2023
Initial Reviews	...	April-May
Status Update to All Applicants	...	May 2023
Site Visits	...	May-July
<i>If your application merits a site visit, you will be contacted to schedule a two-day session at your location at your convenience within the examination period above</i>		
Non-Site Visit Feedback Reports	...	August
<i>Applicants not earning a site visit will receive a feedback report</i>		
Feedback Reports + Awards	...	August-September 26
Feature Article in <i>Pro Builder</i>	...	September/October issue
Awards + Hall of Fame Ceremony	...	IBS 2024, Las Vegas

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QUESTIONS?

If you have any questions regarding your Part 2 NHQA Application, please contact Todd Booze, program director, at toddbooze@outlook.com.

Thank you for your interest in the National Housing Quality Award, and good luck!