



## A Systems Perspective Model For The National Housing Quality Award



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A key driver of quality management in the US homebuilding industry is The National Housing Quality Award (NHQA). The NHQA which is based on the Baldrige Criteria for Performance Excellence, is open to all US homebuilders, remodelers and trade contractors. The NHQA consists of a set of eight criteria:

1. Leadership
2. Strategic Planning
3. Performance Management
4. Customer Satisfaction
5. Human Resources
6. Construction Quality
7. Trade Partnerships
8. Business Results

The criteria can be used to drive business excellence throughout all aspects of an organization. The criteria can be used to conduct an evaluation of your organization to identify the key areas for improvement; however, the most productive approach is to write an application report, detailing how your organization addresses each of the criteria. The application is reviewed by a team of judges who are experts in both the homebuilding industry and quality management. Those that are approved by the judges receive a site visit by a judging team that may last several days. In either case the applicant receives a detailed actionable feedback report to support continued improvement. The NHQA has three levels of recognition, honorable mention, silver and gold. Since the start of the NHQA in 1993 through 2009, 69 builders have received recognition, of which 8 builders have earned awards multiple times. These organizations range from small family owned to large national builders, building custom, production, single and multi-family homes of a wide price range. In addition 6 remodelers and 5 trade partners have been awarded recognition.

### **The 'House of Quality' Model**

The criteria does not consist of isolated stand alone elements, they interact and support one another in a systems approach. The criteria has not, like the Baldrige Criteria for Performance Excellence, had a model to describe the interaction or functioning of the criteria as a whole. The following model (Diagram 1) has been developed to articulate how the NHQA criteria functions and interacts. The model follows the logical flow already used in the order of the criteria. Leadership is placed at the top of the model, the apex. It is from here that the owner, CEO and senior management face the future, motivate and direct the organization.

However, it is critical that leaders are not isolated from the rest of the organization or the competitive environment in which it functions. Two-way communication is essential for leadership with all its stakeholders including internal customers (employees), external customers (homebuyers), trade partners and suppliers (and other stakeholders), so that information about the organization's performance and the changing marketplace is constant. This communication allows the organization to not simply react quickly but to become proactive. Leadership also needs to have an effective way to gather this information and coordinate the operational and tactical plans to achieve the mission

and vision of the organization. To achieve this, a strategic process is essential.

The strategic process coordinates with all of the departments and functions in the organization and ensures that a silo effect or isolation within departments does not occur. In this regard the strategic process effectively focuses all efforts on the mission and vision of the organization, ensuring that the operational and tactical goals align to support the strategic goals. It is also important that two-way communication of information is conducted throughout the strategic process. In the model the strategic process sits below leadership acting as a coordinator with all other aspects of the organization and therefore, all other aspects of the criteria. Without this strategic process, leadership is isolated and can only attempt to drive their beliefs through individual departments with little coordinated or aligned impact. Often organizations either ignore this process or do not use it effectively with the result that they are basing strategic decisions on nothing but instinct, hunches and trial and error. While hard data, real time information, insights from business partners, competitors and from talented industry experienced employees who are dealing with your market, customers and competitors everyday are ignored or disregarded.

Below the strategic criteria are the core elements or building blocks of the criteria that focus on the functioning of the organization and incorporate performance management, customer satisfaction, human resources, construction quality and trade partnerships. This in effect impacts every function and department in an organization. The critical issue here and which is reflected in the arrows used in the model, is that these are not individual isolated functions. They must interact in two-way communication with each other to function effectively. At the base of the model is the foundation, where the impact of the successful interaction and functioning of an effective and efficient organization produces the results. These results may be both financial and non-financial in nature and will relate to all of the core elements of the model. Two-way communication of the monitoring and measuring of these results is as essential here as in the other elements. These results reflect the success of the strategy and ultimately, leadership. The strength of this model and its impact in running an effective organization is in how all of the elements of the organization interact and depend on each other just like the structural elements in a house. The question of course is, how strong is *your* 'House of Quality'?

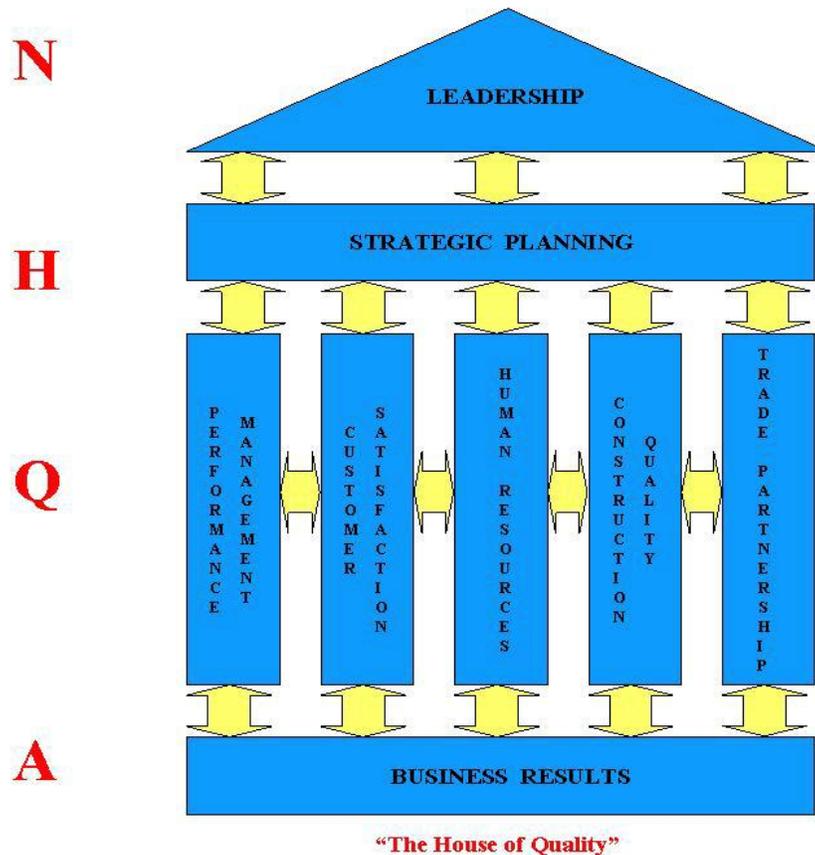


Diagram 1

**ABOUT THE AUTHOR**

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