

# Pulte Enhances Quality by Focusing on the High Performers

## The company

PulteGroup has been providing the American dream of homeownership to families for more than 60 years. What started as a single home built and sold due to the entrepreneurial spirit of an 18-year-old Bill Pulte has grown into the nation's sole multi-brand homebuilding company. PulteGroup serves homeowners during all phases of life through three distinct brands – Centex for first-time homebuyers, Pulte Homes for consumers in the move-up division, and Del Webb for active adults age 55 and up. Today, PulteGroup operates 25 geographic divisions throughout the country.



## The opportunity

In November 2013, PulteGroup wanted to challenge itself to enhance its building quality satisfaction scores across all divisions in order to further solidify its position as an industry leader. They wanted to focus on creating consistent quality scores across every division to ensure highly satisfied customers. The organization partnered with Root Inc. to create and execute a strategy that would help the company empower its people across the country to deliver the very best to its customers with each house built.

## The solution

Root began their work with PulteGroup by taking a macro look at the situation. Each of PulteGroup's 25 divisions is run by a division president with their own land development, sales, and construction operations teams. While the corporation provides guidance, each division has significant autonomy to react to their own market conditions and organize their teams as they see fit. As Root looked at the business as a whole, the team noticed certain divisions consistently received the highest scores from customers. The question became, "What are the high-performing divisions doing differently?"

To uncover this information, Root developed a plan to:

- Identify the practices and routines of the highest-performing divisions as they related to build quality
- Distill those practices and routines into "bright spots" to be replicated across the organization
- Pilot those "bright spot" practices with a few other divisions to test their feasibility and measure their impact on quality
- Launch those "bright spot" practices across the enterprise

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To accomplish these goals, Root began a 10-day evaluation, which involved visiting 10 different PulteGroup divisions. During these visits, one Root researcher interviewed and observed field managers and other key members of the construction team, while a second Root team member spent the day with the VP of construction.

The project was positioned as a study of the day-to-day operations of the construction team. It was an opportunity for local divisions to describe how they felt they were successful, as well as how they were challenged. Each construction manager was asked a series of specific questions, as were the field managers, key members of the construction team and the VP of construction. To complement this data, specific photos were taken in each division. Based on the fieldwork, more than 2,000 data points were generated.

Using Root's proprietary database, RIVER, the data was computed, reviewed, and dissected. RIVER was the idea tool for the project, since it allows for collecting and rigorously analyzing a large amount of qualitative data in a multi-dimensional manner to reveal patterns. Using this solution, 23 distinct patterns emerged from the high-performing divisions. Root distilled these into seven top behaviors – the ones most essential to build quality – and then grouped them into three categories. The three behavior categories that set the high performers apart were:

- 1. They always defined quality from the customers' perspective.** The high performers took all customer feedback to heart. They reviewed each piece of feedback, sought out trends, and worked to find solutions so they could meet expectations of each customer.
- 2. They were data and process driven.** Each high-performing construction team had a weekly cross-functional meeting with purchasing and other key departments like sales and land development. Together they reviewed data in terms of which job sites were doing well, which had delays, etc. With this information, they could make strategic decisions and problem solve more effectively and efficiently.
- 3. They supported their field manager with more oversight, training, and communication.** The field manager is responsible for all elements of the home build, from managing contractors to the final walkthrough – and everything between. With so much to do, they are often at a loss for time. To alleviate pressure from the field manager, the higher-performing markets tasked a senior team member to manage the final project walkthrough, reviewing the home to make sure it was in perfect condition before the customer's last walkthrough. This second set of eyes was a game changer. It gave a critical task to someone with the bandwidth to do the job well. As a result, homebuyers' final requests typically went from 12–15 to only one or two.

Root focused on these three categories by creating step-by-step guides to help all divisions adopt the behaviors and techniques to create consistent routines that matched the high performers. All materials were created with very specific instructions in order to remove all guesswork out of the equation. To further eliminate any roadblocks and make the new behaviors as easy as possible to adopt, PulteGroup Corporate collected data for all weekly meetings and delivered it to the divisions via a user-friendly dashboard.

Root and PulteGroup knew a pilot program was important. In order to be successful in asking people to change their behaviors, proof was needed to show how the new behaviors would make a difference. Once the step-by-step guides were ready, a pilot program began for three divisions. The pilot took place from September through December 2014, with full deployment in January 2015.

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### Results

PulteGroup leadership knew working with Root to uncover their organization’s “bright spots” was a smart initiative, and their foresight was quickly confirmed – divisions in the pilot program saw an immediate rise in customer satisfaction rates.

The success and excitement for the pilot program couldn’t be contained, and other divisions began adopting new behaviors before the official program rollout. As one senior member of the homebuilding operations group explained, “The buzz of the pilot program was undeniable. Our test divisions were getting truly amazing results, and word began spreading. People were asking for information – they wanted the insight and knowledge so they could improve too. The passion and enthusiasm hasn’t waned yet.”

“Since the official program rollout, people are working better together. There’s more support, more positive problem solving, and more unity than we’ve ever had before,” said Ryan Marshall, executive vice president of homebuilding operations. “We’ve seen a strong return on investment too; our build quality has achieved even higher standards, and our customers know it and appreciate it. What began as a desire to raise customer service scores has resulted in a cultural change in our organization, and I think we’re all that much stronger because of it.”

Due to the success of this project, PulteGroup has identified new areas with room for growth and is working with Root to uncover additional “bright spot” behaviors that the organization can scale to further solidify its position as a leader in the homebuilding industry.

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#### About Root

Root is a strategy execution company that helps organizations engage people as a catalyst for change using a proven framework that consistently achieves clarity, ownership, and results.

