

# Best Practice in Defect Management



# Introduction

Badly managed defects in new build properties cost many construction companies hundreds of thousands of pounds in both materials and time. This money is in effect, lost, and in an era of extreme cost consciousness and value for money, it is absolutely key that this process is managed to a high standard. The handover and warranty period is also critical to customer satisfaction and the reputation of your company.

A recent survey found that just under a third of all issues reported as defects to contractors aren't actually defects as defined in the warranty agreement. Many can be attributed to residents not understanding exactly what is covered in the Defects Liability Period and what is not. Educating your customers earlier in the process will eliminate many of these reported defects and lead to a better experience for your customer. Managing this process effectively benefits all parties involved as the customers' expectations are tempered and the contractor / builder saves time and money on unnecessary repairs.

After significant data analysis from both new home buyers and builders, this guide has identified some key improvements to the handover process that will dramatically reduce reported defects and significantly increase customer satisfaction. This guide will offer tips and best practice procedures for managing the handover process from home demonstration through to Handover and the snagging process.



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# Why is good defect management so important?

Moving into a brand new home should be a positive and happy experience for your residents, however it can often be stressful and frustrating for resident and contractor alike. What may have been a strong and happy relationship during the sales and construction period can easily be ruined by poor customer care and an aftercare process that doesn't take customer expectations into account.

Understandably, contractors are often frustrated by being called out to reports of defects which turn out to be routine day-to-day repairs or resident misuse due to a lack of understanding. Housing Associations can be frustrated if contractors or their sub-contractors don't attend within the agreed timescales. A resident's primary concern is that the defect is fixed. It's not important who fixes it, just that it is fixed to a high standard and within agreed time frames. Failing to address your customer's expectation during this process is the primary driver of negative feedback in the construction industry.

With the increasing use and reach of social media, reputational damage can be swift and wide reaching. Conversely, providing a positive experience will result in your business receiving praise online and increasing the chance of being referred to from friends, family and others within their social networks.



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# What can we all do better?

## Set Customer Expectations Early – Take Control!

*The root cause of most complaints from residents is that what they expected was not what they received.*

- Remember that EVERY new resident is going to compare their home with the Display Home that was shown to them by your sales representative. Ensuring that the product you deliver matches what was sold (excluding optional fittings etc.) will go a long way to providing a positive experience for your residents.
- Clearly define and agree what is and what isn't a defect (see Appendix A for an example of an agreed list).
- During the pre-handover home demonstration, offer some basic training to your residents on home maintenance. Residents expect that the only thing they will have to do to their new home is decorate and arrange furniture. Explaining common issues such as shrinkage, shifting and drying out etc. will eliminate unnecessary issues being reported as defects.
- Educate residents as to how the components in their new home work. Home User Guides should be simple, written in plain language (with diagrams) and explain how the central heating boiler works, how to use appliances, as well as any other services (e.g. waste collection dates).
- Your team know how the building works - give them the knowledge to inform residents at visits what is required of them.
- Construction companies should meet at the pre-handover stage to discuss procedure and expectations for the handling

of defects during the DLP. A member of the Customer Care team should be present at the pre-handover / home demonstration meeting. This representative will be managing the relationship for the duration of the DLP (up to 24 months) so it is critical that they set and understand expectations.

° There is no point including your sales team at this stage. According to NHBC data, only 11% of respondents indicated a customer care representative was present during home demonstration vs 43% for sales. The house is sold, it's time for customer care.

- Construction companies and residents should all agree to a repair schedule that includes levels of priority for different defect categories and specific time frames for repair pre handover. (see Appendix B for recommended schedules).
- KPIs for defect management should be linked to customer satisfaction. They should be monitored and reviewed regularly.

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## What can contractors do better?

- Aim for 'right first time' on all jobs – whilst a zero-defect new home is the ideal situation, in the real world, defects are always going to happen. Create an environment that fosters a 'continuous improvement' attitude where you learn from previous experience to minimise future defects.

- ° This could include incentivising construction teams / sub-contractors with rewards for reducing reported defects or reducing response time for example.

- Communicate with residents when a defect has been received and actioned. Even if the repair has been delayed, ensure that the resident knows why (e.g. if a required part is on order) and when the repair is likely to be completed.

- Deliver on promises – if you say a job will be done, make sure it is followed through by action. Adding accountability to your team and sub-contractors by ensuring all >>

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<< communication is documented and searchable will greatly increase customer satisfaction and lead to improvement in your overall customer care.

- Provide information detailing how defects have been dealt with, not just an email saying they have been done. Provide photographic evidence in the form showing before and after repair images where possible.

- Empower the resident to approve the defect repair by enabling them to sign-off on repairs to ensure that they are happy and satisfied with the work delivered. This will greatly reduce repeat call-outs for you and your sub-contractors.

- Analyse defects on previous developments and act to eliminate them on future jobs – was the defect down to materials, or workmanship, or a particular sub-contractor?

- Realistically, residents won't read a huge home owner manual that is printed out; in this digital age, people prefer an on-demand resource that they can refer back to at their own convenience. Produce clear, concise, simpler user guides with diagrams and offer both a hard copy and digital resource with a search function to enable residents to help themselves.

- Consider producing a video of common maintenance tips, for example, how to re-pressurise the central heating system and add that to your Digital Home Users Guide or post it on something like YouTube.

- Be flexible with your appointments. Understand that for the most part, your residents are often in full time employment and as such are unable to attend on weekdays without taking a day off work. Offering some after-hour appointments demonstrates your commitment to the highest level of customer care.



- Utilising an online portal to manage defect reporting and appointment scheduling can streamline communication between you, your sub-contractors and your residents. Use text messaging to alert residents/remind them of a visit.

- Analyse your most common defects (on a monthly basis) and report this to your contractors so that they can learn from it and do some preventative maintenance, reducing reliance on you for repairs.

- Ensure that the agreed upon time scales for repairs are realistic and that repairs can be adequately carried out within said time scale.

- Improve the 'sign off' process (end of defect liability period) by providing a portal for residents / contractors to upload photographic evidence of a defect / repair. This will enable you, the resident, and your RP client to approve any repairs carried out and also allow for better quality control when a resident reports a defect. This will allow an expert to view the photo and ensure that correct terminology and categorisation is used.

# Create solutions for on-going problems

Consider agreeing a deal whereby the housing association's own direct labour organisations fixes the defect, for an agreed range of defects, in return for a discount, or by sending an invoice to the contractor for work carried out.

- One suggestion which came out of the focus groups is the idea of not having a defects period at all, but for the housing associations and the contractor to agree the cost of this in the original contract.
- Components are becoming more complex, with boiler instructions that even building professionals struggle to understand. Contractors, housing associations and employer's agents should all consider using components with simpler controls.
- Consider the use of the same boilers as standard. Talk to residents about what they find easy to operate and look at the cost of spare parts over the lifetime of the boiler.
- Use local sub-contractors; not only does it mean that there is more chance of them meeting the emergency response timescale, it also resonates with the policies of some housing associations who aspire to recruit local people to local jobs.



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# How to categorise your defects

An agreed list of defects and instructions to call centre staff on how to deal with calls

## 1. Items which generally do not fall in the category as a defect repair are:

- Loss of water, electricity or gas supply – check with the supplier that there has been no interruption to the service.
- Gas smell – report to Transco.
- Blocked toilet or drains. At time of handover, a CCTV survey of the drains is completed; therefore the blockage usually is due to 'foreign objects' e.g., disposable nappies getting into the system. Unless there are exceptional circumstances, this will be classed a repair that will be referred to the associations own workforce or contractor.
- Third party damage, for example wear and tear or vandalism.
- Alarm/fire/smoke alarms not working – only report this if the manual has been checked to reset the alarm and fault still remains.
- Faulty light fittings – always change the bulb first.
- Settlement works – up to 2mm (see NHBC Guidelines Chapter 1.2 "A consistent approach to finishes").

## 2. Reporting defects:

It is important to take as much detail as possible from the resident.

Detailed information then assists the contractor to establish the correct priority for the item and enable the correct operative to be sent to the job. For example, 'Window won't close properly' This needs to include why it won't close, is it a damaged frame or a damaged handle, location of window etc and is it a health and safety issue? Getting the resident to provide photographic evidence of the defect will eliminate any ambiguity and allow for accurate defect recording for builders and sub-contractors. Be clear on priorities in order to advise the resident when a contractor is likely to attend.

### For example:

**Priority 1:** Emergency – Response required within 4 hours, repaired within 24/48 hours where the health and/or security of the resident is compromised.

- Severe leaks (that cannot be contained). Water source should always be isolated.
- Power loss (not due to service providers).
- No heating (between October and April).
- No hot water (any time of the year).
- Insecure property – faulty locks or windows where the health and safety of the resident is at risk.
- Toilet not flushing (where the property only has one toilet).
- Roof leaks where leak is penetrating electrics.

**Priority 2:** Response within 3 – 7 days

- Dripping taps.
- Minor water leak through windows or roof.
- Toilet not flushing if there is another toilet in the property.
- Adjustment and easing of fire doors.

**Priority 3:** Response to within 28 days.

- Minor defects.
- Faulty extractor fan.



# Customer care, simplified.

clifix<sup>®</sup> is a powerful SaaS platform which empowers aftercare teams in the construction sector to deliver more efficient defect management and repair services.

Whether you are delivering new homes for sale, working in partnership as a housing association or principal contractor or you're a subcontractor clifix<sup>®</sup> is designed to allow for effortless management of planning tasks and activities relating to your aftercare services



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