

Just Slightly Ahead Of His Time

By George Porter

West Virginia has had regulations concerning manufactured housing for several years. Some sections of the industry have to be bonded. There is a recovery fund and strict penalties for those who do not follow the rules. All of this was requested by the industry itself in West Virginia. Prior to this, West Virginia was totally unregulated and the industry suffered tremendously from a lack of consumer confidence. In the days before this legislation, some dealers were actually chaining homes to trees to keep them from sliding down the mountain. This was considered some sort of alternative anchoring system. Many homes suffered tremendous damage from lack of proper support and installation procedures.

One customer complained he would lie in his bed at night, during the winter months, listening to the roof rafters shatter as the frost in the ground heaved the side of the home and broke them. When legislation regulating the industry in West Virginia came to pass, it was without a doubt the best move the industry there ever made. Sales are way up, and you cannot buy a lemon in West Virginia. If a home is unsatisfactory due to improper installation, the installer of that home is held directly responsible for not only redoing the home no matter what it takes, but repairing any damage done by his mistakes. If he wishes not to do that, his bond will be acted upon. If his bond and he are both either used up or gone, the West Virginia Recovery Fund, which is funded by all the manufacturers and dealers in the state, will then act upon the problem. Could you imagine a better protected customer than those in West Virginia? In the words of Leff Moore, the Executive Director of the West Virginia Association, all of this was necessary to protect the industry's most important asset, our customers. It really doesn't matter where you make the home, or how you make the home, or who makes the home, and it really doesn't matter how beautiful your sales lot is, or how affordable your housing is. If you don't have customers, it all stops right there.

Demand for housing has never been greater. Our only obstacle is the reluctance of a consumer, because he may not trust the product. You may think zoning, and all the other government obstacles sometimes placed in our way are the result of bureaucrats. Please do not be misled into thinking these people cannot be made to respond to public pressure. The voter gets what the voter wants. The opinion of the general public is where it all begins. West Virginia has gone a long way in solving the problem. The dividends enjoyed by the industry in West Virginia have proven it was worth the effort.

There is a whole new way of thinking in West Virginia. But I must say, I was somewhat surprised when Jim Smith, Vice President of a multi-lot operation in West Virginia, called the Home Show asking me to put on a course specifically for his company. Mr. Smith was of the opinion more than just installers need to know about installation. He said he would have all the people from all of his lots there, as well as all of his sales staff and subcontractors. All in all there were about 80 people there that day. Mr. Smith had previously been to a seminar put on by the West Virginia Association and he understood that where a home goes and how much site preparation is necessary certainly affects the overall price of the home. If the salesperson has no idea about what is necessary, or what it might cost, how can he effectively sell the home to a

customer? Some lots require tremendous amounts of site preparation, some require none at all. This too can be reflected in the price. Those people must have a good handle on all the costs involved with the home, if they are to effectively help the consumer reach a decision. Mr. Smith also brought his financing people. He said banks have more money in the house than the consumer. I briefly pointed out to these bankers installation was key to the survival of their collateral, and they should strongly consider special financing for site preparation, or whatever else was needed in the installation process in order to protect themselves. Most lending institutions only offer a percentage over invoice. The more the dealer spends on the installation, the less profit the dealer makes. In most areas of the country, installation is thought to be strictly overhead. For that reason, many short cuts have been taken in the past to the detriment of the bank's collateral, thereby, reducing the bank's interest in doing it again. This downward spiral begins with a lack of understanding of how important the installation of a manufactured home really is. The lender will finance the extra charges, if any, to properly install and prepare the site for a manufactured home. The customer is happier, the dealer is happier because it does not come out of his profit, and the bank is much safer because every bit of that money is used for their benefit as well. Mr. Smith knew all this and brought them to the seminar. He also brought all of his subcontractors. If the masonry contractor doesn't understand footing sizing in manufactured housing, he is probably not going to be always able to produce adequate footings for the home. In short, everybody involved with the process has to work together for mutual benefit. Mr. Smith's Home Show dealerships are the first company in the United States, to my knowledge, that have gone to the trouble of educating every person in every facet of the business about what needs to be done and why. He thoroughly understands the sales department has to care what goes on in the installation and service department. He thoroughly understands bankers and insurance people have to know more about this industry they are putting money into. Larger organizations break down into departments. Through this action, Jim Smith has clearly demonstrated to everyone in his company, that each department is not an entity unto itself, but part of a system to provide customer satisfaction, and they must work together and understand each other's problems in order to achieve this goal. Home Show may be just slightly ahead of its time, but these folks never intended to be just an ordinary dealership.