

1) Existing Linear Flow Process on 5/1/1998.

A) Customer selects choices from five pages of options for reservation agreement.

- 1) Sales staff enters information into Computer for Tracts.
- 2) Copy of paperwork is faxed to Main office for approval by Allen.
- 3) Reservation is valid for ten days to allow time for customer to get financing. Fifty percent of the time reservation is canceled and a new customer changes options.
- 4) Problems occur when:
 - (a) Sales staff does not post information in computer immediately.
 - (b) Unit is already built with different options.

B) Corporate office receives copy of customer reservation.

- 1) Kelly places reservation in Master Options book.
- 2) Allen reviews reservation.
- 3) Kelly faxes approved Option selection to Construction Office and Subcontractors.
- 4) Problems occur when:
 - (a) Kelly delays updating Master Options book.
 - (b) Allen does not review reservation within twenty-four hours.
 - (c) Kelly delays fax transmission to Construction Office and Subcontractors by more than twenty-four hours.

C) Construction Office receives fax copy of reservation agreement.

- 1) Superintendent does not have time to verify customers selected options with work in progress.
- 2) Problems occur when:
 - (a) Superintendent does not approve option changes.

- (b) Superintendent cannot understand option coding in agreement.
- (c) Options are already built.
- (d) Materials are already ordered or delivered for previous option selection.

D) Subcontractors Office receives fax copy of reservation agreement.

- 1) Subcontractor makes changes to order and billing information.
- 2) Subcontractor notifies site foreman of changes.
- 3) Problems occur when:
 - (a) Subcontractor's office does not receive option selection within twenty-four hours.
 - (b) Option changes require Variance Purchase Order for extra billing charges.

E) Trade foreman receives work orders from Subcontractor's main office.

- 1) Foreman contacts Superintendent for scheduling.
- 2) Foreman gets VPO from Superintendent for changes made from options already built.
- 3) Problems occur when:
 - (a) Foreman is not notified by their main office or the Superintendent of changes made to the options selection.
 - (b) Foreman does not receive two weeks of lead-time for changes made.

F) Construction of unit is completed.

- 1) Superintendent inspects finished unit.
- 2) Superintendent contacts foreman for corrections (verbally).
- 3) Problems occur when:
 - (a) Units are not inspected thoroughly.
 - (b) Verbal communications breaks down from chain of command.

(c) Changes made without a VPO.

(d) The foreman or Superintendent does not make inspection of corrections.

G) Sales review of built units.

1) Customer walks through unit and notifies sales staff of incorrect options built.

2) Sales staff contacts Superintendent or Foreman of incorrect options built.

3) Problems occur when:

(a) Verification is difficult when customers contact Superintendent or foreman directly.

(b) Custom options are almost impossible to tract.

H) Accounting payables.

1) Accounting distributes check monthly.

2) Problems occur when:

(a) Accounting does not confirm contract options.

(b) Accounting has no checklist to confirm onsite construction.

(c) Subcontractor is paid before work correction is finished.

2) Improved Process Recommendations

A) Hold Sales staff accountable.

1) Document procedural guidelines for Sales staff.

2) Provide weekly work in progress reports for sales staff.

B) Centralize all paperwork through Construction office for review and approval.

C) Construction office is responsible for notification of changes and approval to Sales, Corporate, Subcontractors and Suppliers office's.

D) Coordinate all customer complaints directly through full time onsite Customer Service representative.

B) Accounting verifies payables with weekly completion reports.