Coping with Product Callbacks

Prompt attention to product defects will keep your customer's goodwill while you negotiate with suppliers

By Wendy Talarico

Just about every contractor who's been in the building business for long has a horror story to tell about a faulty product. It seems no matter how careful you are about picking good quality materials or working with reputable dealers, you're bound to run into defects sooner or later.

Sometimes solving the problem is as simple as phoning the dealer and asking for a replacement. But that only works if you discover the problem before the product has been installed. And it can still lead to scheduling delays, especially if the replacement needs to be special ordered.

The problem is magnified once the material is installed. Even if the supplier will make good on the materials, often you'll have to absorb the labor cost for replacement and handle schedule delays. Bigger problems result when one faulty product leads to failures with surrounding materials. Faulty plywood, for example, may damage the flooring above it. The distributor may agree to replace the plywood, but typically the contractor must foot the bill for labor and repairs to the surrounding materials.

When people move into a new house they want everything perfect. When it's not, they get frustrated and the easiest target is the builder.

But regardless of the degree of damage, it's your relationship with your customers and suppliers that makes or breaks a peaceful resolution. A cranky customer or an uncooperative dealer can turn even a minor failure into a major problem.

The Judge's Greenhouse

In 1986, a circuit court judge in Maine contracted with Ashley Richards, a remodeler and new home builder in Yarmouth, to erect a greenhouse addition. Richards purchased the greenhouse kit from a local lumberyard and got to work. As he went along he realized the manufacturer's instructions were inadequate at best. The tubes of caulk that came with the kit had dried out. The gaskets didn't seal properly. Within a few weeks of completing the addition, the owner called to say it was leaking in several spots.

Richards has since returned to the site dozens of times to fix leaks and replace broken windows. "I've invested hundreds of hours both in fixing the problems and trying to get help from the company. As far as I'm concerned, [this company's greenhouses] are the worst pieces of garbage on the market," he says.

When he finally did get someone from the company to come out and help him with the repairs, Richards had to pay that person and sign a waiver that released the company from any further liability. Meanwhile, the customer refused to pay the last draw. Richards estimates his losses at about $11,500, not including his time and labor.

Lessons Learned

In addition to the poor product quality, much of the problem with the greenhouse stemmed from the company's you-bought-it-you-fix-it attitude. For that reason Richards feels he would have had more clout and received better service if he had worked with a dealer or a manufacturer's representative, instead of the lumberyard.

"Dealers have a stake in the relationship, especially if you give them a lot of business," he says. Lumberyards and home centers are fine for some products, but don't look to them for support if you have a problem. They sell so many different products to so many different people, it's hard for them to provide a high level of service.

Not all greenhouse kits are alike. Before buying one it's wise to investigate the manufacturer's track record on quality control and customer support.

Tim Wallace, president of T.W. Wallace Construction Corp. in Arlington, Va., says loyalty to a distributor has paid off countless times in his remodeling business. After problems with some vinyl siding, the dealer, with whom Wallace works regularly, went to bat for the company with the manufacturer and got a free replacement as well as reimbursement for labor, a concession that's practically unheard of.

Wallace is especially cautious in purchasing windows, doors, cabinets, plumbing fixtures, and other products with "movable parts" that are somewhat prone to defects. He looks for dealers with service departments and written guarantees. And he makes it clear that his business depends on their responsiveness.

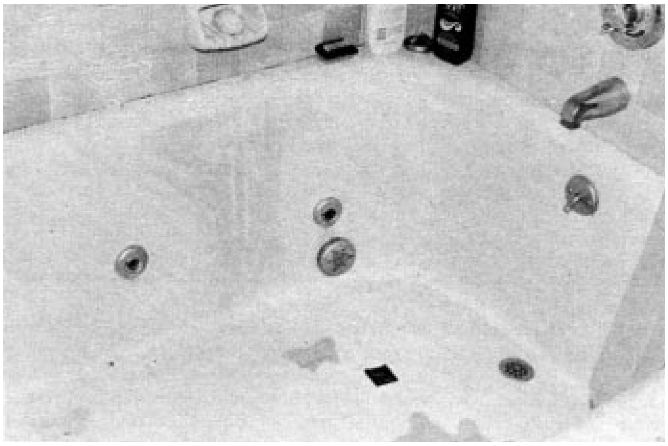
Similarly, it's important to buy name brands or work with companies that have a good reputation, Richards says. "I try to work with the L.L. Beans of the construction business. It doesn't mean you won't have problems. It just means they'll be taken care of without major headaches," he says.

Wallace agrees: "What makes a good remodeler is a guy who uses good products."

Big Tubs, Big Headaches

Paul Bourke is in the throes of what he calls "a major horror story." The Leverett, Mass. builder's problems started two years ago after he installed a whirlpool tub/shower combination in a spec house.

The unit was installed "according to Hoyle," Bourke says. He learned long ago that the best way to avoid warranty problems is to follow directions to the letter, even if you know an eas-



Although installed according to the manufacturer's instructions, this tub was still flexing. Factory "experts" sent in to remedy the problem drilled holes in the bottom of the tub to pour in mortar. The resulting patches quickly failed, leaving the contractor with an expensive repair job.

ier way. But before the new owners could move in, Bourke discovered some flex in the tub floor. Contacting the company, Bourke was told to pump urethane foam beneath the tub for support. Since the unit was surrounded with expensive Italian tile and the surrounding walls were furred to give the tub a sunken look, he was forced to work through the wall from the other side of the bath.

When the urethane didn't work, the company sent in "experts" from a local kitchen and bath company who drilled holes in the bottom of the unit and dumped in mortar. Then another company was called to patch the holes made by the "experts." Meanwhile the manufacturers admitted to Bourke that the tub was poorly engineered and had caused trouble in other installations.

The problems really started when the owners moved in after the last patch job. The tub was still flexing and, with daily use, cracks formed. To give the owners use of the unit for showering, Bourke installed bituthane roof flashing over the tub floor. Meanwhile another set of "experts" examined the unit and told Bourke to replace it. But the company refused to pay for tearing out and replacing the expensive tile work, a $5,000 job.

Now Bourke is working with a lawyer and waiting to see what the tub company's next move will be. He's asked for a new tub as well as money to reimburse him for the labor and the tile work.

Calming Upset Customers

"Don't think it was all peaches and cream with the owners," Bourke says. While he did his best to keep the customers informed of all that was happening, he still listened to plenty of complaints. In addition to yelling, the new owners also withheld $4,500 in payments for extra work Bourke did to the house after they moved in.

While most customers are patient, it's easy to understand why some are not, says Kathryn Conklin, director of bureau programs and standards for the Council of Better Business Bureaus. When people move into a new house they want everything perfect, she says. When it's not, they get frustrated. The easiest target is the builder.

"The bottom line is that you want to protect your reputation and keep your customer's goodwill," she says. Doing so means being patient and sympathetic. And counting to ten every time you're tempted to yell back.

Try to warn the customer ahead of time about the problems that can develop on a job, says Conklin. Doing so without sounding like a pessimist isn't easy. But people generally understand that things happen that you can't control.

Once the job is completed, she says, handle problems promptly. If customers get the feeling they're being avoided, tensions will build.

Finally, keep your customers informed. Give them copies of letters you've sent or received from the company at fault. Contact them regularly, once a week or so, to fill them in on any new developments.

Such patience and communication has helped Bourke move closer to a satisfactory solution. "Ultimately, my customers realized they should work with me, not against me," he says. When, behind Bourke's back, the company offered the customers a $2,000 settlement, the customers called him. "They know I want to help them," he says. "So now they're trying to help me."

Substandard Lumber

Jon Kitchell, president of Jon Kitchell Construction, in Scottsdale, Ariz., makes it a habit to carefully inspect all of the materials that go into the additions he builds. He expects his subs to do the same.

Several years ago, the roof on an addition started leaking just a few months after it was completed. A careful inspection of the attic showed that the framing lumber was a lower grade than had been specified and was full of knots. As a result, under the weight of the concrete tile roof, the members were sagging and the nails had worked loose. The entire roof section was in danger of collapsing.

A call to the lumber distributor yielded the usual response: "You probably didn't install it correctly." The distributor went on to say that the "occasional knots" shouldn't be a problem and if the wrong grade was supplied, the framing sub should have noticed it sooner. Kitchell contacted the sub, but he refused to get involved.

With an $8,000 repair job ahead of him, Kitchell called his insurance company to see if the job might be covered under the product liability section of his general liability policy. Some policies will cover repair costs when there's strong proof that the contractor was not responsible for the problem. The insurance company will then seek compensation from the manufacturer or, as in this case, the lumber mill.

Although it took six months of debating the issue, the insurance company did reimburse him for materials and labor, but not for his time or overhead.

In retrospect, Kitchell says he should have never trusted the framing sub, someone he hadn't worked with much in the past. Although it may not always be practical, Kitchell says the best way to keep a sub fully responsible is to have him provide his own materials. If problems develop, you can withhold pay or file liens until the problem is corrected.

Pinning the Blame

Whether you're working with manufacturers' reps or dealers, getting a faulty product replaced *and* getting reimbursed for both your time and your labor is hard. "It seems that no matter what you say, [the supplier] will try to bounce the ball back to you on installation," says Pat Padberg, president of PMC Contractors in Newington, Va. "You want to look them in the eye and say, 'I've been installing this product for six years. Don't tell me what is and isn't my fault.' "

In many cases, getting reimbursed for materials alone takes more time and effort than you can justify. For that reason, many builders just chalk the occasional small loss up to experience and vow never to work with that product or supplier again.

When the problem is large enough (or irritating enough) to necessitate compensation, there are some steps you can take. "The longer you wait to turn the problem over to the manufacturer or dealer, the less likely you are to get your money," says Bob Merz, president of Construction Arbitration Associates in Atlanta.

If you notice the problem during installation, call the dealer right away and ask for service, Merz says. Don't touch the product until the dealer has taken a look. That may be impractical and it may tie up your schedule for days or weeks, not to mention the effect it will have on your customers. But doing so is worthwhile if there's a lot of money at stake.

Most manufacturers insist that you work with the dealer instead of coming directly to them. If that's a problem, either because the dealer is out of business or because they refuse to cooperate, you may be forced to contact the manufacturer. Ask for the customer service people — there's often an 800 number.

Write down everything that happens, including names, dates, and detailed accounts of what is said. Also document the problem with photos and samples of the defective product.

If you have problems with lumber and the lumberyard can't or won't help, look at the grade stamp on the material and call that association: the Western Wood Products Association or the Southern Pine Inspection Bureau, for instance. Each has its own system for resolving problems.

Finally, do your best to avoid a lawsuit. When you're mad, you want to get even. The idea of dragging a company through the courts may seem appealing. But don't do it, Merz advises. You'll spend a bundle on attorney's fees, not to mention your own time and effort, which could be spent in more profitable ways. In the end, the manufacturer usually has more money and perhaps an entire legal department set up for dealing with irate customers. Even if you win the case, you may lose financially. ■

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