

THE MAGAZINE FOR THE PEOPLE WHO BUILD AMERICA **CONSTRUCTION** TODAY

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New in Town

CityMark applies what it learned in its hometown to 'juhl,' its first Vegas project.

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Fresh Skyline

Two Harbour Green and the Shangri-La transform Vancouver.

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Today's prices make cost management everybody's business.

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Caruso Homes' Symphony Village includes indoor and outdoor pools, a fitness center, putting greens, a gardening area, and an arts and crafts center.

Ethics Count for Caruso

Caruso Homes wins numerous awards for the products it builds, but President David Herzog says being named one of the most ethical businesses in the greater Maryland area is one of the most important to him.

BY BRIAN SALGADO

While being named America's Best Builder by the National Association of Homebuilders and *Builder Magazine* is a testament to the homes the company builds and its organization, President David Herzog of Caruso Homes is equally proud of his company's distinction as one of the most ethical businesses in the Washington, D.C., area.

"It means everything in the whole wide world to us," Herzog says. "In order to win such an award, you have to behave a certain way and maintain a very high standard. Sometimes, we hire incorrectly, but we replace them with those folks who will commit to ensuring our customers are treated properly."

Caruso Homes was founded in 1986 in Maryland by CEO Jeffrey Caruso. The company eventually expanded into Virginia and Delaware, and it built 300 homes in 2006. Caruso Homes has a satellite office in Fredericksburg, Va. and one on Maryland's Eastern Shore for its active adult division.

Besides active adult, Herzog says Caruso Homes' prod-

ucts are marketed to first and second move-up buyers with prices averaging \$640,000.

Ethics are Crucial

In 2006, the Better Business Bureau of Greater Maryland honored Caruso Homes with its annual Torch Award, which is awarded to the most ethical business with 100 to 1,000 employees. Herzog says the company didn't earn that reputation by accident, as the company has numerous policies in place to make sure employees are aware of Caruso Homes' core values.

For instance, each Caruso Homes employee is expected to know the company's core values by heart, and Herzog makes sure to reward those who do. Herzog will randomly ask an employee if they have their pocket-sized card that spells out those values.

Those who have the card on them earn a Sacagawea dollar.

"We have trade partners that have been with us 19 years and understand how we

Caruso Homes

www.carusohomes.com

2006 sales: \$177 million

HQ: Crofton, Md.

Employees: 104

Services: Homebuilder

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CARUSO HOMES

do business, and we have many superintendents who have been here over 15 years," Herzog says. "Culture is everything behind that. 'Do unto others' is a big deal to us."

Customer Feedback

To tap into its customers' opinions about its work, Caruso Homes has instituted an ongoing survey program through an external company to measure client satisfaction.

Six months ago, Caruso Homes called on the services of Eliant to conduct third-party surveys to rate everything the company does for its customers, starting with the buying and mortgage processes, every

"Eliant asks questions we don't always think to ask or track in a meaningful way," Herzog says. "The reason we're in this business is to produce the best purchasing experience in the world. In the home-building industry, this unbiased feedback is the best tool possible."

Symphony Village

Caruso Homes is building a large active adult community called Symphony Village. Located in Centerville, Md., Symphony Village consists of 395 home sites with price points that start around \$300,000.

There are seven single-family designs for the homes in Symphony Village that

area, bocce ball pits, theater room, arts and crafts center and a Wall Street room. Symphony Village is about 50 percent complete, and Herzog says it will be finished in two years. Another is underway in Virginia and a third is on the planning board.

The project would have been completed had it not run into snags during the permitting process.

Herzog says the delays stemmed from a turnover in town management and left the preconstruction buyers wondering if their homes would ever be built.

"We had a lot of customers that were concerned about their contracts, or if we would raise prices or kick them out,"



phase of construction, through to 10 months after settlement with Customer Care. "This forum permits customer to say, 'I love this, but this could be better,'" Herzog says. "The Eliant team gives us a report card for a multitude of categories. If we relied on what we thought we were doing right, we could miss something important. Actual feedback provides the opportunity to remedy it forever. Every month our scores go up, and that is how we measure improvement."

Caruso Homes already had a similar program in place that it ran internally, but the company wanted to give customers an opportunity to discuss how they truly feel.

are categorized under the Composers Collection. Caruso Homes says all designs include enhanced storage space with dual walk-in closets in the owner's suite, oversized garages, expansion space and an optional sky basement consisting of a storage space over the garage with a full staircase.

The homes also have 9-foot ceilings, high efficiency heating, garden bathrooms with double vanities, separate showers and soaking tubs.

The development includes a 13,800-square-foot clubhouse with its own social director, indoor and outdoor pools, fitness center, putting greens, gardening

Herzog says. "We brought everyone together and said, 'We're in this together.' This was the promise we made."

"Afterwards, we had 40 to 50 homebuyers going around and saying, 'These guys kept their word.' They still tell our story."

By surviving such a daunting challenge, Herzog believes Caruso Homes can overcome any problem it encounters in future developments.

"Sometimes it is a little challenging, and you can't always predict what will happen with pricing," Herzog says. "But I do not regret keeping our promise. The benefits significantly outweighed any additional profits we would have made." ■

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