

NEW HOME CONSTRUCTION: VELOCITY AND PROFITABILITY

Are you on the construction side of the new homes industry? *Builderonline* recently posted a great article by Mary Salmonsen.

Salmonsen highlights one of SAI Consulting Fletcher L. Groves' concerns: the under-consideration of project velocity in builders' business processes.

Or, to paraphrase a comment by John McManus mentioned in a previous *Solutions* blog: builders need to *work with greater velocity or... learn the pain.*

In other words, rather than putting a laser focus on individual lot margins, apply some of that attention, data collection and reporting to the *amount of time required to build that home*. That's cycle time.

Of course, cycle time doesn't live in a vacuum -- and can't be measured in the abstract, either. Do you have a *published schedule* -- and do you track progress against it? Does everyone look to a



Shifting focus to velocity can enhance profitability

specific schedule or do you have multiples floating within the company? If there's one, not only can you measure cycle time but you're able to provide consistent, reliable schedules to your vendors. They're able to better plan and their planning helps them become more consistent, efficient and profitable. That's a win/win!

Are you able to report on *which vendors show up on time*, or have the highest *level of rework*, consistently have *safety issues*, always *fail field inspections*? That information helps shape a *long range vision* of your construction cycle and helps deliver consistently better results. And, it should be available relatively easily and consistently to be effective.

We'd like to suggest CPS' **FieldCollaborate** as a software tool to help you develop consistent schedules and measurement tools. You're able to quantify and measure *quality items, delivery times, subcontractor consistency, safety assessments and punch items.* It all helps highlight factors impacting your construction cycle and allows you to be proactive about the next lot, phase and community -- and design for *long-term profitability.*

