

Highlights

Customer Profile

- North Hills Homes
- Raleigh, North Carolina
- 2004 –14 custom homes per year
- 2007 - Over 40 homes per year
- 75% out-of-state clientele

www.NorthHillsHomesInc.com

Business Challenges

- Maintain strong custom home business
- New semi-custom market opportunity
- Excessive schedule lag times
- Time-consuming, paper-driven selections

Success Overview

- Automated scheduling, selections and communications with web-based software
- Created accountability structure
- Adopted new technologies
- Implemented sales Incentives

Business Benefits

- Increased upgrade revenue
- Increased word-of-mouth sales
- Streamlined projects
- Tripled growth

North Hills Homes Triples Production with BuildLinks and Best Practices

Background

Since 1997, North Hills Homes has successfully met the demand of Raleigh's affluent professionals, building an average of 14 custom homes per year in the \$250,000 - \$700,000+ range. To date, they've won seven gold and silver Parade of Homes awards because of their commitment to proactive communication with their clients and home designs with curb appeal and engineering integrity.

Challenges

Opportunity to Grow and Compete in Semi-Custom Market

In 2004 a developer contacted North Hills Homes with an opportunity to build 108 semi-custom homes starting in the \$150,000's. Since the market was doing well, they accepted the offer and planned on continuing to build fully custom homes – and double their production for 2006.

Excessive Schedule Lag Times...Time-consuming Selections

In the process of deciding to build semi-custom homes in addition to custom, company President David Wagner took a hard look at current operations. Schedules were computerized but lacked the technology to alert office staff and field personnel, and their selections were paper-driven. All five employees were working beyond capacity to build their custom homes, resulting in excessive lag times. They planned to hire more employees but believed they also needed a software tool to document and track selections and automate their schedules. "With each of us wearing 10 different hats, it was hard for everyone to be on the same page and a project would stop for days until it became a top priority," says Cindy Wagner, Vice President. "We needed to keep projects moving and systematically track upgrades...or we couldn't grow."

The Search for a Solution

In the winter of 2004, North Hills Homes began searching for a construction management software solution. The top candidates were sophisticated and offered integrated accounting features, but were too expensive for their budget. Then they saw an article in Builder Magazine about a web-based software solution called BuildLinks that automated scheduling, selections and communications. They noticed several of the builders in the article were in North Carolina. "After talking with some of the builders we decided to move forward with BuildLinks because the price was reasonable and the homebuyer access to the system offered a distinct marketing edge that would enhance our credibility," says Wagner.

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The Solution: Web-based Automation and Best Practices

Implementation and Staff Hiring

After purchasing BuildLinks in the spring of 2005, North Hills Homes worked hard to hire and train new staff and enter all selections and schedule templates while running business as usual in the busiest time of year. Wagner admits, "We were anxious to enter over 1000 upgrades and underestimated how much time it would take to get everything done. It was tough at times, but the support and communication with the BuildLinks Client Services team was constant. Our account representative even pitched in and provided additional training to ensure we moved forward." After 90 days the heavy work was done and North Hills was prepared for groundbreaking and pre-sales for the semi-custom community.

North Hills also employed several best practices that capitalized on the benefits of web-based automation, ensured smooth organizational transition and increased the likelihood of profits from upgrades.

Best Practice #1: Creating Accountability Structure

As a small company, North Hills was used to clients asking questions of any employee at any time of day. For this reason, they had all office staff and field personnel trained on BuildLinks. However, Wagner also recognized that since BuildLinks allowed clients to see a project calendar, selections and updated photos and documents, they could pro-actively answer their own questions. This meant all critical information and changes had to be updated promptly. Wagner created a new full-time role called Project Coordinator. This role served as the company's BuildLinks "champion" by monitoring all project schedules and dashboard roll-up reports, calling attention to tasks in jeopardy and holding everyone accountable for entering information. The Project Coordinator also met with clients at the design center to document and sign-off on selections and upgrades. The result of this accountability structure was three fold: smoother schedules, accurate and up-to-date information and happy clients.

Best Practice #2: Adopting New Technologies

To ensure information could be updated from the field, North Hills set up wireless routers in their on-site trailers. Employees and subcontractors could then check off tasks from the site using high-speed internet. They also invested in digital, wi-fi cameras so they could take progress photos of pre-sold homes and email them to the Project Coordinator at the main office, who in turn, labeled and uploaded them into BuildLinks for clients to see. Everyone could see the latest changes and schedules moved forward smoothly. Their clients immediately saw the benefits. Lovina Vance, a client who moved to Clayton from Washington D.C. says, "I absolutely loved using BuildLinks. I communicated with my builder daily from work and could easily see when something was complete or items were installed. BuildLinks cut my in-person visits in half."

Best Practice #3: Boosting Upgrade Sales with Incentives/Automation

North Hills hoped to generate most of their profit from upgrades, so they established a small commission to be paid on every upgrade sold. This encouraged their Project Coordinator to offer and seek approval on upgrades. Since over 75% of their clients were from out-of-town, Wagner believes that allowing clients to browse and approve selections via a web browser increased upgrade sales. Clients could sign-off on a majority of selections at the Design Center and approve any remaining selections from home without pressure. BuildLinks would keep clients on track with automatic email reminders of the decide-by date. Wagner noticed that clients were very likely to select an upgrade on a selection when they had more time to think. "There is something psychological about being able to 'point and click' without pressure that removes spending barriers...we believe BuildLinks played a key role in boosting sales of our upgrades."

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Results

Strong Upgrade Sales

North Hills Homes scored big on upgrade sales in their first semi-custom home community: in 2006, they sold a total of 15 homes with upgrade revenue averaging 18% of the sales price or roughly \$40,000 per home. Their total upgrade revenue was over \$680,000 for the year. One home had over \$57,000 in upgrades...38% above the base price. "Once we completed all of the work up front, the process of selling, approving and installing the upgrades was smooth and nearly error-free," says Wagner.

Increased Word-of-Mouth Sales

With BuildLinks, North Hills' clients could easily share information about their homes with friends and family, creating a viral marketing effect. "One client showed a family member their home on BuildLinks as it was being completed; that family member then called us to purchase a home in the same neighborhood and ordered even more upgrades," recalls Wagner.

Streamlined Projects

Wagner believes the greatest benefit of BuildLinks has been its streamlining effect on all projects. All employees see the same schedule and alerts and reminders keep everyone on track. The lag times they experienced in 2004 no longer plague them. They also save hours per week documenting selections approvals and making orders. Once clients approve their selections, subs and suppliers are notified automatically, keeping installations running on time with few mistakes. Wagner adds, "We've even had upgrade orders a year after the client has moved in...they can log into BuildLinks to choose a window for the garage that is approved by the homeowners association and have it installed within a couple of weeks."

Tripled Growth

In two years, BuildLinks' streamlined scheduling, selections and communications enabled North Hills Homes to smoothly grow their business from a small, five-employee, custom home operation to a mid-sized business building over 40 homes per year with 14 employees. They have continued to succeed in today's market while saving money. "When I think about where we were three years ago, it's clear to me we took a gamble and won because we believed in ourselves, worked hard and found the right tool that fit our needs," says Wagner. "Since then, everything from sales to client satisfaction has been easier as we continue to grow."

NORTH HILLS HOMES SCORED BIG ON UPGRADE SALES IN THEIR FIRST SEMI-CUSTOM HOME COMMUNITY: THEY SOLD 15 HOMES IN 2006 WITH OVER \$680,000 IN UPGRADE REVENUE, AVERAGING 18% OF SALES PRICE OR ROUGHLY \$40,000 PER HOME.
