

ProDetail Estimating

A Case Study of Coffman Homes

Imagine this: It's the early days of personal PC computing. You've heard all about the wonderful things a computer can do. So, you go out, buy one, and rush home to set it up. The excitement is overwhelming as you pull the shiny machine from the box. You plug it, boot it up, and...now what do you do? The screen loads fine, because there is an operating system. But there are no programs to execute your commands. No Microsoft® Word, no Excel®, no PowerPoint®. The machine you bought is very powerful, but it's all capability and no execution. You have to go back to the store to buy the programs, and if you couldn't buy Word, Excel, and PowerPoint, you'd have to write them yourself.

Estimators in the home building sector may recognize this situation all too quickly, if they have ever set up an estimating process. The builder's CIO might have gotten the budget approved to purchase powerful estimating software, like Sage Timberline® Estimating. The CDs or downloads arrive, and with great anticipation, you load them onto your computer, boot it up—ready to finally automate your estimating process—and...now what do you do? Just like the PC in the example above, the estimating system you bought is really an *operating system*. There are no "executables" loaded into it, no formulas; no way to relate one data set to another, unless you write the pathways between them. Problem is, unlike Word or Excel, which you can go out and buy, the purchasing and estimating officer has to write the programs and formulas that apply to his company's processes and practices. For foundation walls, he has to enter in costs for the concrete, the wall thickness, rebar schedule, footing configuration, gravel, landscape fabric, and elevation of the tar coating. Then you plug in the lineal feet, and only then does the program spit out the cost of the wall. (Yes, there are some rudimentary databases out there for sale, but they all have to be customized like this.) It's a lot of effort, but it all seems to be worth it when you get a result, right? Except for two things; you forgot the 72 steel J bolts for the wall (\$11 each) that are supposed go into the wall, along with the self-adhering waterproof exterior membrane, an \$1,800 loss that the software didn't prompt you to remember. Oh, and you have to write these specific formulas for every single element of the house, from the ridge vents to the concrete for the basement footers, for every episode of purchasing and estimating.

Isn't there an estimating database for sale, with build-in intelligence, that has been assembled by a purchasing and estimating expert? Someone who has embedded the required formulas in a system where the only thing missing is the vendor pricing?

There is. It's called **ProDetail Estimating**, and below you can read how the creator of the system—a purchasing manager himself, for a successful Ohio home builder—uses it to dramatic advantage.

Premier Construction Cost Estimating Software

ProDetail Estimating (from BuilderMT) is a construction cost estimating software application that is pre-integrated into Sage Timberline® Office. It offers a "high-fidelity" process-driven alternative to the clunky, work-intensive Sage Timberline Estimating. Unlike Sage Timberline Estimating, which is an operating system waiting for your formulas and data, ProDetail Estimating automates estimating through a prompt-and-response interview method, and cuts down the preparatory workload. To put it another way, it puts Sage Timberline Office on steroids. For starters, the ProDetail program creates a (re-useable) itemized template for a "base house," with more than 1,000 takeoff assemblies and more than 65,000 database items. By tapping into this power software after it has been populated just with pricing and vendor information, a builder's purchasing agents get a running start when estimating labor and materials and negotiating with vendors. Indeed, the estimating formulas of the database are completely written, and the system "interviews" you—just as Intuit's TurboTax® does—to get a complete picture of your costs. Since it is an expert system that runs along a critical path and has a flawless memory, it won't let you leave out items, and it will prompt you for missing data. ProDetail Estimating helps create detailed option estimates for structural, flooring, windows, cabinets, appliances, and much more. These detailed plan and option estimates can be used to quickly and efficiently create, or expand, a model/option Purchasing database for use with BuilderMT's Workflow Management Suite.

ProDetail Estimating At Work: A Case Study

Bartley Mollohan is a purchasing and estimating manager for Coffman Development Company, a homebuilder in Springboro, Ohio (Dayton area). In the single-family, first-time, mover-up, and custom buyer markets, Coffman, had 50 starts last year, with houses that cost as much as \$700,000. As a seasoned expert database builder who has worked for many homebuilders, Mollohan came to Coffman and found what he has found at many other shops: A power Sage Timberline Estimating software system with no data in it, and no formulas to drive and calculate pricing and vendor management. But the solution was relatively simple, compared to other homebuilders he had worked for. This time, he just installed the ProDetail Estimating database at Coffman, saving himself hundred of hours of custom programming and database set up. But Bartley Mollohan had a unique advantage, because he helped create the ProDetail Estimating database for BuilderMT. Coffman Development Company had gotten themselves a ringer.

"I have been thrown into Sage Timberline® Estimating

numerous times,” said Bartley Mollohan, “and each time I read the help notes, and found myself doing the same thing over and over again, trying to make Sage Timberline Estimating useable by coding in home builder-specific formulas and data. Sage Timberline Estimating is geared toward commercial jobs, where a contractor is ordering bulk purchases with a limited number of SKUs. But homebuilders operate at a much more granular level, and SKUs proliferate. So, I started to develop formulas, assemblies, and shortcuts that have grown dramatically in number over the last five years, and they have become the commercially-available ProDetail Estimating, now available from BuilderMT. It’s an estimating system for builders, written by an in-the-trenches purchasing and estimating expert. You will not find this level of granularity in any other back office system. Not FAST, nor Newstar, nor TOM.”

“Companies that offer specific estimating, like WinEst and ProEst work fine, because two times two is always four and they can calculate prices with some certainty,” said Mollohan. “But unless the system is pre-integrated into a system as powerful as BuilderMT and Sage Timberline Accounting, that estimating information is static and can’t handle POs, nor integrate with sales, accounting, vendor management...all the capabilities people buy Sage Timberline Office and BuilderMT for in the first place.”

ProDetail Estimating is so powerful that it allows the purchasing manager and estimator, or his *unskilled staff*, to bid something they have never built or seen before. That’s because it is based on an interview process, which prompts users for essential information and will not allow the estimating to be complete until all the necessary variables are entered. As the system learns and grows with your company, all the expert information is carried over to the next start. The information flows just as easily into Sage Timberline Office, because BuilderMT has tools that take all these estimates and converts them to model option assembly, which will show up in Sage Timberline Accounting as a valid entry. The same is true when exchanging information with sales management software, like Builder1440 and SalesSimplicity, where an FTP site can pull all the options data, directly into estimating and automate the option pricing and tracking processes.

“The bottom line is why should a company transition from traditional ‘lump sum’ purchasing to one where a majority of material and labor purchases are itemized?” asks Mollohan. “Simply put, with rapidly escalating petroleum based-material cost and a cooling of home sales, builders are now looking for any and all savings available to prevent margin erosion,” he adds. “ProDetail Estimating is the vehicle to control price increases today or cost decreases tomorrow. For example, rather than purchase our drywall on a lump sum basis, we are now use ProDetail Estimating to negotiate our drywall material and labor separately and on a ‘per board’ cost basis. This is an approach to estimating and purchasing that we could not have achieved without ProDetail Estimating.”

This year, Coffman will see drywall material price increase approximately \$3 per sheet. Let’s look at the cost implications of just this one change. A typical house will require 300 sheets of drywall. By recognizing the \$3/sheet increase in costs, Coffman was able to use ProDetail Estimating to quickly recognize the loss, and update its house cost by \$900. More importantly, when building just 30 homes per year, the impact of recovering the drywall price increase will keep \$27,000 in Coffman’s pockets that would have otherwise gone to the subcontractor. “That’s the power of ProDetail Estimating,” said Mollohan. “Precise detail and extreme visibility and control.”