

## How the 'Pull' Technology of Trade Portal Promotes Efficiency, Cost Avoidance and Savings for any Homebuilder

A new custom builder grows rapidly and drives productivity through trade partners using BuilderMT's customizable, secure Web-based Trade Portal application.

**By Tom Gebes, President, BuilderMT**

Jim Garman left DR Horton Homes in 2006 to launch his own custom homebuilding business in the Research Triangle Park, North Carolina market, taking with him years of experience and a firm knowledge that the right technology applications would give him a competitive advantage over hundreds of competitors, including the large, publicly traded production builders that dominate the RTP landscape. As a result, Garman Homes launched Sage<sup>®</sup> Timberline Accounting and BuilderMT Workflow Management as the backbone of its technology infrastructure.

Not satisfied with tackling his own operations with the best 'back-office' systems available, Jim knew that real productivity and efficiencies lay outside of his back-office... within his trade partners' and allied suppliers' businesses. Those efficiency and productivity gains were out of reach if Garman Homes had to rely on old "Push" technologies like e-mail, mail, faxes, and cell phones to connect and communicate reliably with all of his trade partners. "Every one of the 'push' technologies has a weakness," said Jim Garman, founder of Garman Homes. "Faxes run out of paper, there is no one there to pick up the fax, e-mails get deleted or never delivered with e-mail filters and software issues, phone calls and voicemails aren't heard and calls aren't returned... the mail takes days to deliver and time to prepare or copy documents... those aren't cheap or efficient technologies. We needed a tool that would always be there, always available in a secure environment that we control... not the US Postal Service or my drywall contractor's cell phone or e-mail service. That's why I'm an early adopter and big believer in the 'pull' technology of BuilderMT's Trade Portal."

Trade Portal is a new web-based application that delivers a customizable, interactive and secure communications portal for the real-time exchange of workflow data between the builder and their selected trade partners. Changes and updates in BuilderMT's Workflow Management Suite (WMS) are instantly exchanged and available to selected trades and suppliers. No e-mails, or phone calls or downloading of data on cell phones or PDAs, and no 'pushing' of data out to the field is required. In one, easy-to-use web site, every critical trade partner and contractor has the ability to 'pull' data they need to execute their tasks and responsibilities, irrespective of the day of the week or the time of the day.

### Trade Portal Features – "Company Dashboard"

The Trade Portal offers many customizable, easily configured features in an individualized and secure Company Dashboard; features that are delivered for a fraction of the thousands of dollars that many builders have paid to build in a custom web site. BuilderMT constructed Trade Portal using the most advanced application development technology and best practices for private and secure web sites, enabling any builder to safely and reliably exploit the Internet to use this most powerful and affordable "pull" technology. Yet, each Trade Portal has its own 'face' to the world with company news, events or calendars, video feeds and job site photos, weather and RSS feeds – virtually any variety of content, as decided upon by the builder.



Address	Lot	Milestone	Start Date
124 Painted Turtle Lane	0180	Framing	5/1/2007
7112 Montebello Parkway	0073	Rough Trades	4/12/2007
714 Orondo Drive	0102	Interior Trim	5/2/2007
715 Orondo Drive	0103	Flooring	4/23/2007
713 Orondo Drive	0104	Interior Trim	5/2/2007

The early adopters such as Garman Homes are using many of the built-in features of Trade Portal such as:

#### Purchase Order Management:

- Allows users to post approved, issued, and cancelled POs online for individual trade partners
- Enables "audit" trail of who has viewed POs and when they were saved
- Includes a 'Payments View' (only for users of Sage<sup>®</sup> Timberline Accounting) with payment data by partner with issue date and check numbers
- Provides 'anytime access' for trade partners to view and print POs
- Users can sort and group POs in a variety of methods

## Schedule Management:

Cycle-time reduction is a constant battle to take days out of construction, and an accurate and well-communicated schedule is the best tool to compress cycle-time. The Trade Portal offers several advances that Garman Homes has exploited to constantly keep every trade partner informed and aware of opportunities to make or beat the schedule.

- Each user has his/her own schedule view of projected, scheduled, and completed dates for each lot or project
- The schedule may be viewed on a daily, weekly, monthly or yearly basis
- Schedule notifications can be automatically triggered in multiple views, including new and archived
- The List view allows each user to sort schedules by start and end dates, specific crews, or by activities and other sort criteria

Site Address	Activity	Trade Crew	Type	Pay Point	Area Name	Lot Number	Start Date	End Date	Site Address
124 Painted Turtle Lane	Insulate Tub Walls	Update Crew	●		Amberly	0180	5/22/2007	5/22/2007	124 Painted Turtle Lane
124 Painted Turtle Lane	Insulation and Air Seal	Update Crew	●		Amberly	0180	5/28/2007	5/28/2007	124 Painted Turtle Lane
7113 Montebello Parkway	Insulate Tub Walls	Update Crew	●		Fairfield	0073	5/8/2007	5/8/2007	7113 Montebello Parkway
7113 Montebello Parkway	Insulation and Air Seal	Update Crew	●		Fairfield	0073	5/26/2007	5/26/2007	7113 Montebello Parkway
7113 Montebello Parkway	Insulation - Rolly	Update Crew	●		Fairfield	0073	5/23/2007	5/23/2007	7113 Montebello Parkway
7113 Montebello Parkway	Insulation - Broom	Update Crew	●		Fairfield	0073	5/23/2007	5/23/2007	7113 Montebello Parkway
713 Orinda Drive									

## Notifications:

"Pull" technologies like Trade Portal help train trade partners to "help themselves" to data that impacts their daily business and performance. "While we like the fact that we are helping our business, we save money and time that is measurable, but our trade partners do too," said Jim Garman. "Garman Homes makes it possible for them to get the right data, to be notified and aware of all the critical elements that impact their business and relationship with my company, at any time, every day, every night, any weekend. I spend zero time fighting with cell phone numbers, bounced e-mails, delivering documents to homes or bad addresses, and my trade partners know where to go to get the right and accurate data. The Trade Portal eliminates so much guess-work and wasted time...it is a superb notification and communication tool."

Part of the feature set of Trade Portal is a Notification View screen that is highly flexible to support a variety of views:

- All notifications are sortable by site address, lot number, activity, old scheduled start, new scheduled start, viewed date, and viewed by dates
- Notifications can display lot number, activity, old and newly-scheduled start dates
- Notification types are differentiated as scheduled, projected, or archived
- Displays the dates and initials of the Trade Portal user who last viewed the notification

## Bid Packages and Document Exchanges:

The Trade Portal is an open forum for creating real-time exchanges of critical documents such as Bid Packages and New Vendor Start Packages. Jim Garman has jumped into this arena by using the Garman Homes Trade Portal to eliminate the time-intensive task of constructing and exchanging Bid Packages through the mail or FedEx or e-mailing multiple, separate elements for which each vendor needs to provide an accurate bid.

"This (Trade Portal) is making us look a lot better than we are," said Garman. "We host a variety of images and documents and then create links through our portal under the name 'Bid Central' – anyone can do that. We have 60 items that require bids for each home and it normally takes about 30 minutes to build out a bid package, plus exchange e-mails or call... the normal bidding process is a lot of 'pushing' information out to your partners. This is the only way to do this now; we didn't send out a single bid package for any of our projects – this is what we mean by 'pulling vs. pushing' information."

## Sample Bid Package Posted on Garman Homes Trade Portal:



## Bid Central - Garman Homes

Complete Bids include: Signed Community Specifications, Signed and complete bid template, signed general scope of work, and signed trade specific scopes of work. Return signed bid templates, specs, and scopes to 866-286-4841. Thanks!

## Amberly Bid Package:

### Community Information

- Community Code: AMB
- Owner: Garman at Amberly, LLC
- Location: Cary, NC (Chatham County)
- Number of Lots: 22
- 1st Start: April 15th
- Pace: 2/month

**Plans** We will start the neighborhood with these two plans. 2-3 additional plans will be added this spring.

- 2902 - Pinehurst
- 3378 - Woodbridge

### Other Materials

- Community Specifications
- Bid Templates - Each trade has a tab along the bottom of the worksheet.
- Scopes of Work
- Vendor Setup Package (New Vendors Only)

"We are as lean a homebuilding company as you can find," said Jim. "We look for every advantage in reducing costs and driving productivity. The beauty of Trade Portal is that it does so many things, easily, that have helped us avoid costs, not just spend less money, but truly avoid spending money in the first place. Naturally, we like saving money too and Trade Portal helps us do that in many ways."

### Why Use Trade Portal?

There are three main reasons why Garman Homes enjoys benefits from Trade Portal: (1) Avoiding costs normally incurred in communicating and transacting business with their trade partners, (2) saving money over traditional methods of issuing POs, and over traditional methods of communicating the schedule to vendors and contractors, and, (3) an unexpected benefit – impacting the relationship with trade partners by creating a new culture.

### Cost Avoidance

Garman Homes has directly avoided costs associated with multiple operational and communication elements of their daily business by using Trade Portal. There are obvious costs that have been avoided such as postage, and FedEx and courier services for plans, bid packages, or critical documents. The more beneficial cost avoidance is reduced man hours and personnel to complete all the jobs required in a fast growing company.

### Example: Bid Package Administration

Garman Homes typically spends 30 minutes preparing the physical documents to exchange on a single bid package, (plans, floor plans, elevations, detailed instructions, and architectural drawings) with 60 bid packages per house; each house equals a minimum of 1800 minutes just on bid packages – per house. Garman anticipates doing 20-30 new homes, which equates to 36,000 to 54,000 minutes, or 600 to 900 hours of work annually that will be eliminated. The Trade Portal allows for all bid packages to be "pulled" via a series of links directly from the secure Trade Portal web site.

**Estimated Annual Costs Avoided: \$12,000 to \$18,000**

### Cost Savings

The Trade Portal helps homebuilders excel at saving hard costs associated with all aspects of issuing and managing Purchase Orders, as well as maintaining and communicating payment status. The traditional costs of issuing and managing POs, as well as matching them up to invoices, is a huge burden on both the builder and trade partner. Trade Portal helps save on these hard costs by eliminating several steps in the process, while keeping the integrity of the accounting and payment systems.

Garman Homes issues POs electronically – all through the Trade Portal – saving substantial costs on printing and managing hard copies of POs, as well as matching each PO to a payment. Costs saved via Trade Portal include printing POs, mailing or e-mailing POs, receipt and management of invoices, matching invoices to POs and correcting errors. The average paper PO costs \$57 to generate, print and mail. The Trade Portal eliminates the printing, handling and mailing costs, equating to approximately \$30 per PO. With over 100 POs per house X \$30.00, Garman saves approximately \$3000.00 in administrative time, printing and mailing costs. With annual volume of 20-30 homes, Garman is saving substantial money just on this basic business transaction. Garman makes payments directly to trade partners once work is completed, they do not accept invoices and spend no time matching POs to invoices.

**Estimated Annual Cost Savings: \$60,000 to \$90,000**

### A Culture of Collaboration

For Garman Homes the cost avoidance and cost savings are substantial and have a dramatic affect on their bottom line. But one benefit that was not anticipated is how the Garman Homes Trade Portal helps create a culture of collaboration between Jim's team and all of his trade partners. Garman Home's Trade Portal includes customized elements that help build a unique culture and experience for trading partners that include photos of job sites, local weather conditions and simple tools, like job site directions, that reinforce this culture. Because of the customization and open architecture of the Trade Portal, each user can exploit this

technology to create and sustain their own specific culture and identity, not having to rely on any individual to do that work alone.

## ROI Summary

Within just two areas, Bid Packages and Purchase Order Management, Garman Homes can avoid or save costs ranging from \$72,000 to \$108,000 annually, an average of \$3600 in costs for each home constructed. Garman Homes is spending an average of \$100/month on Trade Portal, or \$1200 annually – the simple math is that Trade Portal pays for itself in less than one home constructed by Garman Homes.

"I would pay \$100 a month just for the culture that Trade Portal has helped me create with my business... even if it didn't deliver all the other things it does," said Jim Garman.

Clearly, Trade Portal has "pulled" Garman Homes to new heights.

## Recent awards for BuilderMT

BuilderMT has established itself as providing the best-selling, most award-winning software suite for residential home builders of nearly any size, with year-on-year growth that outpaces all of its competitors, *combined*.

### Recent awards for BuilderMT include:

- Tom Gebes named to *Builder* list of the Fifty Most Influential People in the Home Building Industry, 2006
- *ConstrucTech* Hottest Company of the Year 2006
- *ConstrucTech* Vision Awards for 2006 – Graham Hart Home Builder
- *ConstrucTech* Vision Awards for 2006 overall Team Award - Generation Homes
- *Home Builder Executive Magazine* 2006 Award for Scheduling Software
- *Home Builder Executive Magazine* 2006 Builder Technology Innovation Award
- Tom Gebes, President of BuilderMT, Ernest and Young Entrepreneur of the Year Finalists for 2006
- *ConstrucTech* Vision Awards for 2005 – Delcor Homes
- *ConstrucTech* Hottest Technology of the Year 2005
- *TechHomeBuilder* High Impact Products of the Year 2004

## About BuilderMT

For large and medium-size homebuilders in the \$250 billion homebuilding industry, BuilderMT provides highly customizable building process management software that works in tandem with Sage Timberline Office Accounting and Estimating software, systems used by one in four of the Builder 100. BuilderMT software has been purchased by over 700 corporations and 7,000 individuals that manage over 280,000 housing starts annually, more than 20% of the new home market. BuilderMT is widely recognized as a leader in process-driven, best-building practices for builders, as well as customer service, warranty applications, on-line training,

and innovative wireless applications. Since its inception in 1999, BuilderMT has maintained its status as a debt-free, highly profitable company that invests its profits back into infrastructure and software development.

To learn more, visit <http://www.BuilderMT.com> or call (888) 757-1991.

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