

# NBN Online for the week of June 6, 2005

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## A Tune-Up Checklist to Help Reduce Cycle Time

By Glen West and Mark Reich

Reducing cycle time is one of the more effective ways to maintain or even boost your gross profit margin on the sale of a house. However, finding new ways to shorten the amount of time between groundbreaking and final inspection can be challenging — especially if you think you've already shaved every possible day from the schedule.

Implementing a best practices approach to your production process will uncover wasted time on the job site, and it can enable you to continually improve the efficiency of your entire building operation.

Improved workflow management can help you complete phases of work more quickly and with greater reliability from project to project. From this effort, you can set and attain new standards to help your business achieve new goals for sales, quality and profitability.

The following checklist can help you adopt a best practices approach to reducing cycle time. Use it initially to take a quick snapshot of how your business stacks up on some common practices that home builders use to shorten the production process. Then, with your snapshot in hand, you can drill into those areas that need improvement.

### How Does Your Business Measure Up?

Answer these five key questions about your building operations:

1. Do you create and maintain a schedule for each house and phase of work?
2. Do your field superintendents/foremen communicate with the back office on a regular basis?
3. Do you maintain a consistent production cycle (same number of days) among houses or construction phases?
4. Is your production process automated (set and tracked on a computer system/network)?
5. Is your change order system integrated with your accounting and purchasing functions?

Now, with answers in hand, drill into some strategies to better manage your production workflow.

### Best Practices to Reduce Cycle Time

**Assess the value.** Determine how every phase of your building process provides direct value to the customer. Eliminate or reduce stages that don't contribute value. Alternately, combine these stages with other activities to achieve a shared reduction in time. For example, combining a home owner's mid-cycle walkthrough (on a pre-sold house) with a post-framing inspection can prove invaluable. Even a one-hour walkthrough can help identify potential problems or concerns early in construction, when they are easier to correct. Plus, such attention helps ease a new home owner's typical anxieties.

**Make it easy.** Stage and zone materials, tools, equipment and crews near the locations where they'll be used. You can do this daily and for individual phases of work. This practice can help reduce materials handling and can improve job-site safety. Some home builders now rent cargo-sized storage containers to secure tools and materials on site. This keeps materials and tools close at hand and secures them from breakage, theft or inclement weather.

**Panelize.** At every stage of the process, look for ways to use factory-

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built or other industrialized (precut, panelized, stock) components and products — from plated trusses to pre-hung doors. The use of components speeds up on-site assembly and installation and delivers reliable quality.

**Standardize your processes.** Standardize change orders, materials delivery and progress reporting to provide reliable, accurate and timely information to appropriate members of the organization. You can also provide this information to trade contractors (see below), vendors and customers.

A well-honed, integrated front- and back-office system can help you stay on top of changes and daily challenges. Perform a systems check to measure the effectiveness of your current workflow. Start at the very beginning with your lead process, customer relationship management (CRM) system, and model and options selection systems. Then review your process for creating estimates and handling scheduling, accounting, job costing and change orders.

Ensure that your trade contractors and vendors get off to the right start by giving each one a copy of your company's standard, written procedures for contracts, invoicing, payment schedules, change orders and the like. Having a clear, up-front understanding of procedures can help reduce misunderstandings — as well as cycle time delays — once a house or construction phase has been started.

**Automate the paperwork.** Once you have standard procedures in place, work toward an electronic reporting system that eliminates handwritten information or duplicate data entry. An electronic reporting system can reduce errors and can push information through the process faster. Consider using electronic plans to automate take-offs. In addition, explore options to automate your accounting and job costing functions and share data between them. Consider supporting functions, too, such as creating standard reports, managing electronic documents and creating a companywide electronic address book.

Also, explore ways to save time and money by transferring field data to the office (and vice versa) with wireless technology. Recent software introductions and improved hardware, such as drop-tested hardened laptops, make wireless data transfer easier and more efficient.

**Start right.** Before you start a project (and before each phase of work begins), review and adjust the production schedule with all trade contractors, vendors and other labor and supply sources. Communicating progress or delays (if the current work phase is hindered for any reason) can help redirect resources to other projects.

Foster a team approach with your employees as well as your trade contractors and vendors. Set your expectations with the entire team for giving and receiving feedback about potential problems and successful processes that allow each work phase to progress faster, smarter and more cost-effectively.

**Train thoroughly.** Provide trade contractors and crews with solid training. Mitigate on-the-job training and instruction before each project and work phase begins by discussing installation and assembly instructions for each product or system, proper and safe equipment and tool usage, and job-site safety measures.

To eliminate schedule delays, make sure the tools and equipment you provide are in peak working order, and that materials and products are defect-free. Work with your vendors to develop procedures for proper material delivery, storage and handling. No detail is too small to help reduce breakage, damage, incorrect installation or job-site injury.

**Troubleshoot as you go.** Use the team approach mentioned above to develop a system for finding, reporting and eliminating defects during the building process — instead of during the final walk-through. Encouraging team members to communicate challenges early in the phase allows you to adjust your processes as needed. This mitigates similar problems in future starts. For example, if a particular skylight turns out to be difficult to install, adjust your materials, labor and schedule accordingly for that particular house model in subsequent

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starts or project phases.

**Ease transitions.** Review transitions and hand-offs between phases and trade contractors (e.g., framing to rough electrical). Identify where activities might be shared, reduced, eliminated or approached differently to save time and improve overall quality. To develop a smooth working relationship with the city building inspection department, treat your city inspectors as part of the team.

**Get feedback.** Identify inefficiencies and refine your processes by debriefing superintendents, key trade contractors, crew members, vendors, suppliers and clients (if applicable). Hold debriefing sessions after each phase of work is completed and once more after the house is finished. Spending just an hour per phase on review can help shave a day or more off the overall production schedule, and allow you to continually develop your production practices toward optimal efficiency.

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*Best Software's Timberline Office, which features integrated accounting, estimating and information management software, is designed to improve operations for all types of residential builders. [BuilderMT](#) (Management Technology) provides implementation, business and custom end-user training and consulting services to help builders recognize the benefits of organizing internal work processes and workflow as a means of increased productivity and profitability. For more information, [click here](#) and [click here](#).*

#### **Additional Resources**

- For the easiest way to get the solutions you need to face tough business management challenges, [click here](#).
- Business of Building e/source gives you the business management news and analysis you need to stay competitive and profitable. NAHB members can get this e-newsletter for free: [click here](#).