

## No Loose Ends

**A common-sense construction philosophy combined with back-office software keeps cycle time down for this Texas home builder.**

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**By Steve Zurier**

The mantra at Graham Hart Home Builder in Grapevine, Texas, is simple: No Loose Ends! Shawn Goff, the company's owner, says what this means is his supers don't move from one construction milestone to the next unless the task is 100 percent complete. Goff is so absorbed by this common-sense axiom that he had a "No Loose Ends" mural painted in his office. He also drew a "No Loose Ends" quote on a SpongeBob Square-Pants picture from one of his son's coloring books and hung it on the bulletin board in the office's kitchen. Office documents and reports have "No Loose Ends" typed on them.

Call him obsessive, but Goff says home builders need to take this seriously, especially if they plan to automate with back-office software. Goff uses Builder MT's construction management system and Timberline for accounting and estimating.

"The last thing you want to do is automate over a bad system," says Goff, who's taken his company from being a small custom builder to a company that had 70 starts in 2005. The company's average sales price is \$275,000, with the average house size around 3,000 square feet.

"Too often, builders lay carpet, but not all the baseboard is in, or the foundation gets poured and the framers show up, but not all the forms are pulled off," he says, adding that a builder may think he's on schedule, but when he gets to the end of the job, he realizes there are three weeks of loose ends to tie up.

"What good is software if the super checks off that the drywall is completed but the finish carpenters haven't completed their work?" poses Goff. "The schedule may say the job is on time, but not fully completing the job only makes for more work later on," he says, adding that his company has taken the attention to detail and high quality they developed as a custom builder and applied it to production building.



### POWERFUL COMBINATION

Goff says the "No Loose Ends" philosophy plus the company's Builder MT construction

management software and Timberline accounting system make for a powerful combination. The software, which the company rolled out in January 2005, gives the builder's managers real-time information on the status of each job—but since the job doesn't move forward until the last task is 100 percent complete, the information is based in reality, not fudged complete dates.

“Once you accomplish the discipline of ‘No Loose Ends,’ then the schedule you pull up in the software doesn't lie,” says Goff. “Now, if we lost a day today, we are a day behind, not two or three weeks behind,” he explains, adding that without a software tool that tracks cycle time day by day, the builder used to take his “best guess” at cycle time. The reality, Goff admits, is that he really didn't know what the cycle time was.

Goff says the company's cycle time used to be in the 130- to 140-day range. Today, it's down to 108 days from the start of the house to completion—and 120 days from the start date to the actual closing.

Here's how Graham Hart did it: Goff says the company decided that an ideal cycle time for the construction phase is 90 days. Builder MT automatically lets the company set the schedule at 90 days. As the job proceeds, supers in the field keep track of the variances (changes in schedule) on BlackBerry's, which are updated on a master schedule in the home office. The schedule tells the company if the home is running ahead of schedule, for example, with an expected complete time of 88 days, or if it is behind schedule, running at 92 days or maybe a week or more behind at 110 days. Builder MT also lets supers look 60 days ahead and tells them which task is scheduled for that day.

Having a handle on cycle time lets Goff and his staff set realistic expectations with customers. Once the builder ratifies a contract, it looks for the next available start date and goes out 120 days. The 120 days, 12 days beyond the builder's average cycle time, account for a 90-day production cycle, plus enough leeway for any other variances in the schedule.

“We set the dates and don't miss them,” says Goff. “From a production standpoint, we didn't miss a closing date in 2005,” he says.

## **TIGHTER CONTROL**

The Builder MT software identifies every milestone in the construction process. If the milestone is tied to a purchase order, once the super signs off, Builder MT tells the Timberline accounting system to pay the bill. No data entry is required, and back-office clerks don't have to reconcile the sub's invoice with the original purchase order. The company works off the original purchase order. All the back-office clerk has to do is click a button, and a check is cut.

“At first, it freaked the subs out that we wouldn't be taking invoices anymore,” says Goff. “But our biggest vendors are getting their checks now before they internally print an invoice,” he explains, adding that there's a link between paying subs on time and staying on schedule.

Moving forward, Goff plans to add the sales and warranty management/ customer care features built into Builder MT. He says the added applications will be most welcome from a customer service perspective. For example, he really wants his salespeople and customer care people to be able to bring up a customer's full history with the company on a PC.

But Goff says the real impact on cycle time is with the construction phase. "When it comes to reducing cycle time, it all starts with scheduling and production," he concludes.

## AUTOMATION TIPS

*Here's how back-office software can help you reduce cycle time and improve customer relations.*

- **Use the right product.** Find a software company that understands home building. Leaders include Builder MT/Timberline, BuildTopia, Constellation, Homesphere, Latista, Mark Systems, and Reflex.

- **Get your processes in order.** Installing software over an inefficient construction system makes no sense. Work closely with your supers and subs to tighten up construction quality standards so that nothing moves forward until the last task is 100 percent complete. It's intricate and difficult, but worth the effort.

- **Set a baseline schedule.** Graham Hart Home Builder sets its closing date 120 days from the start date. This will give you enough air in the schedule to move up the close date if the customer prefers, but if the system is working properly, you shouldn't have to push the close date back.

- **Use available handheld tools.** Many builders use BlackBerrys or some other handheld to update schedules and sign off on purchase orders. The handhelds eliminate time wasted driving back and forth to the home office. With a handheld system tied into accounting, supers no longer have to spend Fridays reviewing paperwork and signing invoices by hand.

- **Communicate frequently with customers.** Give customers a password to your Web site so they can view the schedule and/or e-mail them the status of their house every week. Show them that you are keeping to the schedule and that there is a plan. Nothing turns off customers more than if they think the builder's processes are out of control and the original deadlines won't be met.

## REALISTIC RESULTS

### Graham Hart Home Builder, Grapevine, Texas

- **ACTION:** Combined streamlined construction processes with construction management software from BuilderMT and Timberline's accounting software.

- **TIME SAVED:** Reduced cycle time from roughly 140 days to 108 days from the start of a house to completion.