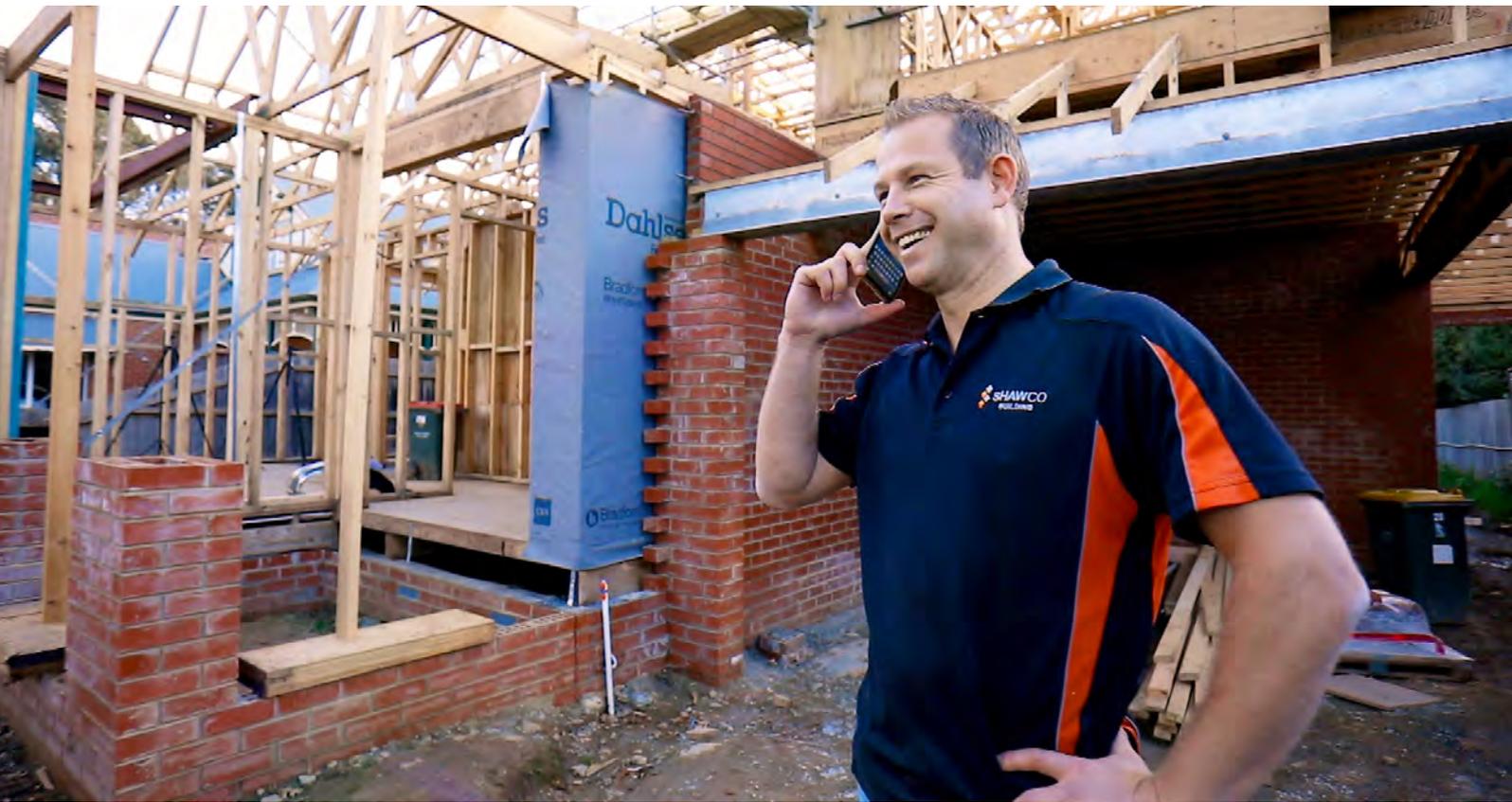


eBook

3 STEPS TO A PROFITABLE DEALER RELATIONSHIP

'How can I boost my profits?'

Today's custom home building industry is tough. Successful builders must work with their dealers to stay ahead.



Given the current economic landscape of extreme inflation, record price volatility, and ongoing labor shortages, it is increasingly difficult to decide which pro dealer is the best fit for your company.

It's no surprise that jobs are most profitable when builders have dealers willing to do the work necessary for an efficient and strong relationship. Your best pro dealer is one who shares the same end goal—to complete a successful project for the homeowner.

Studies show a strong and communicative relationship between you and your pro dealer

can make your business more profitable while improving efficiencies, particularly when it comes to providing your customers with quick and accurate bids that help you win jobs.

Buildxact and The Farnsworth Group recently conducted a study to identify current trends, including best practices between builders and pro dealers.

This eBook offers three major topics that you can use to improve how you and your pro dealers can save time, keep on top of material price changes, and ultimately maximize job profitability.

1

Improve your response time

Remember, time is money. Team up with your pro dealer to deliver accurate quotes faster.

How can builders and dealers break the cycle of wasted time?

Time is an essential factor in the custom home building industry. The time you spend sending and receiving information from your pro dealers affects how fast you respond to your customers.

The Buildxact/Farnsworth Group study finds that traditional communication practices, like

emailing and back-and-forth phone calls with your pro dealer, currently take an average of 19 hours per week, per quote!

The Builder's Bid Cycle



Of the builders surveyed in this study, 54% of them said that response time from their pro dealer has a direct correlation to the amount of time it takes them to provide bids to their customer. As a builder, you know that the speed

at which you can send a comprehensive bid to your customer can make or break a deal. So, your relationship with your pro dealer is important—especially when you need material prices readily available.

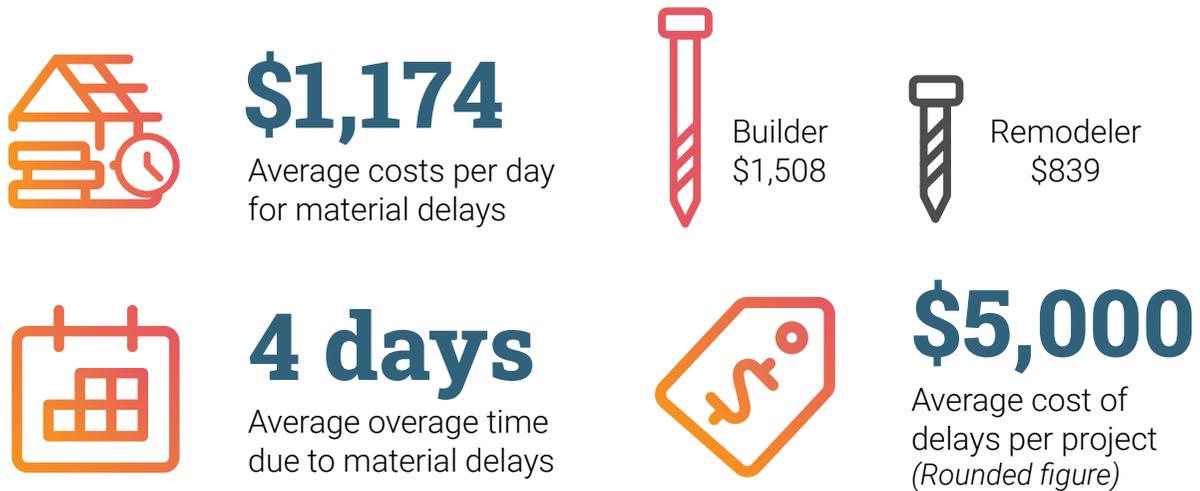
2

Lockdown your prices

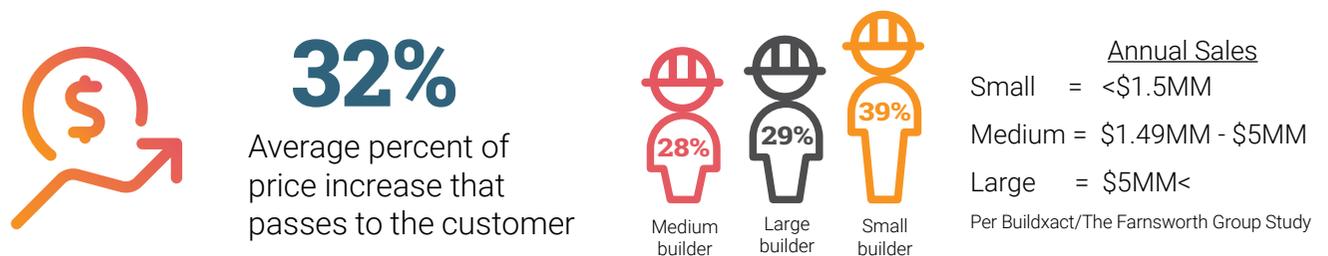
Work closer with your pro dealers to minimize the impact of uncertain costs

What do builders stand to lose if they don't cultivate an efficient relationship with their dealers?

Material delays in the custom home building industry are extremely commonplace. The average cost per day for a builder or remodeler for each day material is delayed is approximately \$1,174.



You must decide how much of these price increases pass on to your customer. Smaller builders often must pass on a larger share of a cost increase.



Builders and dealers need to work together to reduce material delays and the resulting price increases.

More predictable pricing means happier customers and more profits for you!

When dealer prices are predictable, builders and remodelers say they can better mitigate the impact of price increases on their customers. However, most expect they will still continue to pass on at least some price increase to their customers.

9/10
builders utilize methods to mitigate price fluctuations



60%

of builders include a material increase clause in their customer quotes

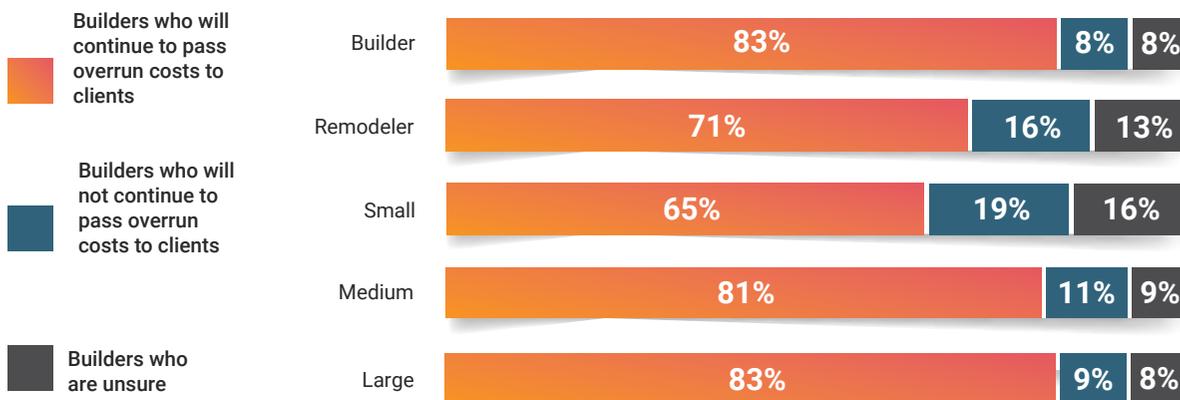
47%

of builders markup bids by a specific percentage

46%

of builders offer bids valid for a short period of time

Builder Price Fluctuation Insulation



3

Adapt to changes

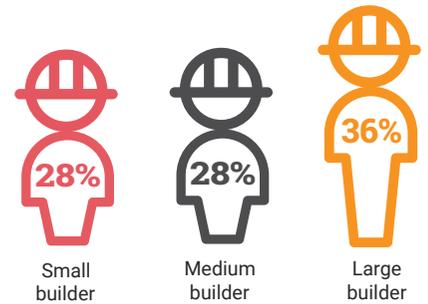
Solve change orders quickly to reduce project overruns.

Change orders are another costly hurdle for builders and renovators. How can builders prevent or manage change orders?

Our study shows that, on average, builders have four change orders per job while renovators must modify their plans an average of three times per job.



31%
Average percent of cost overruns passed to client



Change orders can generate a lot of costs for the residential home builder. Our study finds that projects are delayed for about three days on average. One-in-five projects go through overruns while the same percentage applies to the cost increase per project.

3 days

Average # of days projects are delayed due to change orders

20%

Average percentage of projects with cost overruns

21%

Average increase in project costs due to cost overruns

Builders are currently absorbing 69% of these cost overruns and must pass the remaining 31% of cost overruns onto the customer. To remain profitable and keep a transparent relationship with their customers, builders need to immediately reduce the number of cost overruns.

To prevent or manage cost overruns, you need to be agile in responding to changes — whether it is on the customer side or with dealers.

Getting on top of workflows, tracking costs and having a comprehensive overview of your management processes will improve your business' profitability and efficiency.

You can do this by implementing a system or platform where you directly communicate with your pro dealers and access their updated price lists in real-time.

In summary, here are three ways you can work with your pro dealer to be more efficient and profitable.



Time is money

Improve response times between you and your pro dealer so that you can deliver bids faster



Lockdown your prices

Work closer with your pro dealers so that you don't need to transfer costs to customers



Adapt to changes

Solve change orders quickly to reduce project overruns

Connect with your dealer

Any successful project is a team effort. See how builders and dealers can get the job done working together.



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