

Whole House Design Software Reveals Hidden Value

by Carl Schoening,
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At one time or another we have all participated in a scavenger hunt. You know the drill: each team is given a list of obscure items to locate and the first team to gather all the items wins a prize. The same premise can be applied to our business. Find the hidden value that leads to greater profitability.

I have long been a proponent of creating revenue channels that complement core business. I have written about hardware being one of the easiest examples for component manufacturers to take advantage of. Component manufacturers are specifying the products, so why not make some money to

offset the effort and liability. I am still confused when I run across those that do the work, but find supplying the products they specify too much work. I always chuckle because they have already done the hard part. Specifying the product creates a pick list. The next step would be to inventory the common products and have the driver throw them on the truck when they leave on a delivery.

Now we are all looking to find more and more ways to capitalize on the things we do every day. Component manufacturers are inputting a great deal of information into sophisticated software programs to produce a single product line. My opinion is that there is value to the information being generated and component manufacturers should be using that output to generate revenue or strengthen relationships.

The leading-edge design software is capable of a great deal more than generating truss profiles and designs. I read the May 2005 issue of **Structural Building Components** magazine with great interest. The article, "Component Manufacturers Divided on Whole House Design" was of particular interest. Whole House Design (WHD) can provide much more than opportunity to turnkey manufacturers. While we have observed some markets moving rapidly to turnkey operations, others will never make the transition. This is largely due to cheap labor and in some cases the lack in understanding the value proposition that WHD can bring.

The debate over whole house design in the building component industry rages on, involving both component manufacturers and their suppliers.

at a glance

- ❑ Today's software has the unique capability of providing knowledge that creates market opportunities.
- ❑ What additional products can you sell that fit your company, your culture, and what are your customer's needs that you can economically fill?

Certainly in markets moving toward turnkey construction the value of WHD is obvious. In the other markets is where the hunt begins.

Whole house design software can produce information, and in this day and age information has value. There, I've said it. I am embracing the age of technology and the fact that knowledge truly is power. To some of you it probably comes as no surprise, to others I am sure you are reeling a bit. I have searched for the value and arrived at a place where I think all component manufacturers can benefit by using WHD software. I believe there is big value for component manufacturer customers regardless of their size. But, it does take a bit of marketing effort to convince builders that you can provide something of tangible value.

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Whole House Design Software...

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Most component manufacturers use software to produce truss placement diagrams. They show the location of walls and trusses. Some manufacturers only show exterior walls. I think those of you still showing only exteriors will benefit more by inputting all walls, interior and exterior. I can tell you from experience that when I started inputting all walls it reduced the questions from the field and reduced quantity of errors. It was easier to see where volume ceilings started and stopped and it provided an opportunity to up-sell some additional products not listed on the "bare bones" truss bid. Since the walls are already there, why not add the openings?

Most WHD software provides features that make accurate input of door and window openings relatively simple. Once this is complete, the material take-off features of the software produce some of the value-added information I was talking about. Most builders, even small ones, are either paying someone to do a material take-off or they are doing it themselves. In most cases these lists are not complete or not very accurate. The 3D modeling in WHD software captures exact surface sizes and can produce material lists for a wide variety of products. This is where the marketing effort comes in. Component manufacturers will need to gather some information from their customers to prove the value. How much time is spent preparing material lists? What is the value of that time? How accurate are the current lists? What waste factor is being used? These questions will provide the necessary information to place a value on the information. Then it is a matter of selling the concept to the customer.

In addition to producing information, WHD software can open other revenue streams. We already discussed hardware, but how about the other products like headers and beams? Many component manufacturers do not sell engineered beams possibly because of the perceived liability. Since WHD software can analyze beams of any type and users can request an engineered sealed drawing on those components, the liability in my opinion is passed to the software provider. Beam and header sales can really pump up the bottom line of any quote. In my experience, a customer will pay a little more for the convenience of buying more products from a single source,

having them delivered at the same time they need the related components, and enjoying a high level of confidence that they will work for the application. It's the same one-stop-shop concept that we've all heard before.

The same goes for component manufacturers who wish to bid floor systems other than open web floor trusses. WHD software can design I-joist and solid sawn floor systems and the necessary connections. More added value and more profit opportunity.

Some component manufacturers do not wish to enter the wall panel market. This could be due to a number of reasons ranging from space limitations to market resistance. I found that

in a lot of cases builders that do not want to use wall panels will buy pre-manufactured corners, tees, trimmers and even on occasion door and window openings along with the necessary cripples. This is a very low impact product that can be produced in a small space with little equipment and rudimentary technology. But, it can produce significant profit when sold as a cycle time improvement. As a former framing carpenter, I can tell you that one of the worst parts of starting any job is doing the "build up." It is building all of the bits and pieces needed to frame the walls. Selling these products can shave a number hours or maybe even days from any construction schedule. The nice thing is that WHD software can provide an accurate piece count for all of the products I mentioned above. More found value.

It then becomes a fairly simple matter of showing the value of shaving time from construction schedules. The builder will have to decide the value of his product becoming available to buyers before his competitors. I say, "Let's go on the hunt!" Find the value that is hidden in everything you do and turn it into profit. Use whole house design software as your map. After all, a scavenger hunt with a road map makes it easier to win. Good hunting! **SBC**

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