

WORMALD HOMES GETS SHIP-SHAPE, ACCURATELY PREDICTING COSTS AND PROFIT ON EACH HOME

*Professional Services Teams from BuilderMT and Sales Simplicity Bring Control
to Multi-State Home Building Operations*

Wormald Homes

- Operations in MD, WV, PA
- Avg. sale price: \$300,000
- 2012 starts: 100 total starts.
- Avg. margin on sales: 5%
- Staff: 39 (14 back office; 3 supers)
- Product lines: 5

Software:

- BuilderMT's WMS
- Sales Simplicity
- Timberline Accounting
- Sage Timberline Estimating
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This year, the Company – which is actually 39 different LLCs – will close 80 homes, with 100 total starts. At the peak of the housing boom, Wormald closed 128 homes (2008), after averaging around 100 closings per year before the housing downturn. Even with the downturn, Wormald still managed to put up good numbers in 2010, closing 72 homes, and slightly less than that in 2011.

Wormald Homes Staffing Load

To manage its operations, Wormald Homes carries 39 employees, including 14 in the back office. Of those 14, the Company carries an in-house civil engineer, in-house architectural drafting, and an in-house sales team that has four sales managers, who share assistants.

For field operations, Wormald Homes carries three superintendents, and most of its trade work is subbed out, except for excavation. (The Company has a small excavation department in-house, which offers flexibility for jobs ranging from digging out foundations to landscaping.) “Overall,” said Robert Wormald, one of the family members that runs the privately-held company, “we sub out 75% of all our work, and perform just 25% of it with our own people.”

Software Brings Order

With multi-state operations, an expansive products line, and dozens of LLCs to track, Wormald Homes uses an arsenal of top-tier software to maintain order. Just managing options, and options on options, for 100 starts and five product lines is a task you'd typically assign to a super computer, to say nothing of the accounting challenges for 39 LLCs.

"We use Sage Timberline Accounting and Sage Timberline Estimating for managing our baseline financials," Robert Wormald explained. "Timberline runs like a top. For managing the workflow, we used to run Mark Systems, and for our sales we use to run Builder I440. We're in a Builder 20 Group, and our group has had good experiences with BuilderMT, so I made the switch around five years ago to BuilderMT. BuilderMT really makes sense for us, given that BuilderMT is so closely tied to Sage Timberline. They are so well integrated that they essentially run as one system.

"My initial attraction to BuilderMT was because it's purchase-order centric. Now we are able to issue and track purchase orders with genuine accuracy. Before BuilderMT, we had a heck of a challenge determining the cost of a home before we built it. Now we have real precision and control."

No Room for Slippage on Margins

"Back when home building was going so well, we were sometimes achieving 20% net margins on our home sales. It didn't matter if we slipped a point or two," Wormald explained. "But we didn't know how much the homes were costing us. We found out only after we'd sold it and processed all the invoices. Oh how times have changed! Today, we aim for 5% net margins, and a plus or minus 1% can really make a difference for us, so we are aggressive about anything we can do to set and protect our margins."

"We first put BuilderMT in place, after going to the IBS show and looking at all the alternatives. I have to confess that my initial expectations were too high for a fast ramp up and implementation. We didn't fully commit to BuilderMT, even though I went through six staff members in the process. As a result, we struggled for a time, despite great professional service and support from BuilderMT. It was my Builder 20 Group that finally motivated me to really bear down and get BuilderMT implemented, and boy are we glad we did," Wormald explains.

"Part of that renewed effort for completing the implementation was bringing in an expert from BuilderMT, and not depending on my staff to figure it out. We brought in Rita Killam from BuilderMT's professional services department, and she 'camped out' with us for a week. That got us back on track, but it's a commitment we should have made years ago. Today, I report that we are really optimizing our processes with BuilderMT as the core workflow manager. We're finally in control. As for the professional services, I'm thrilled with the level of attention we got. I never got nickel and dimed by BuilderMT. I got charged just for what was delivered. In fact, I'm sure I got lots of support I wasn't even charged for. The BuilderMT team has been genuinely committed to my success."

"We now have the purchase order system working just as I'd always imagined it," Wormald said. "In addition to the purchase orders, we also run the BuilderMT for our work orders, scheduling, bid management, and purchasing systems. For the first time, we can accurately predict the cost of a home, before we build it, even incorporating options selected at the last minute through our sales automation system."

"What's more, BuilderMT really helps us manage our cash flow. Since we know how much a house is going to cost, we can push the budget to accounting, and we can plan for exactly what cash flow we need. Before BuilderMT, we would get an invoice, pull the bids, check the bid, check the price, and then cut a check. Now that's all integrated as one single workflow, with centralized data and one-time / single point of entry."

“One feature that I especially like in BuilderMT is that you can play with the margins you charge on options, using what-if / mix-and-match scenarios. In our case, optimizing the options pricing can add an additional 1% to our net margins. Crazy as it sounds now (given what margins used to be) that’s a meaningful number and we’re delighted to add it to our bottom line.”

Sales Automation and Integration

When Wormald Homes put BuilderMT in place, displacing Mark Systems, it also took a hard look at its sales automation system. The Company had been running Builder I440, but Wormald says he was tired on the staff complaints and lack of adequate support. The Company brought in Sales Simplicity – a sales automation system tightly allied with BuilderMT and pre-integrated into BuilderMT and Timberline – and Robert Wormald says it has been a “great experience.”

“With Sales Simplicity, we did it right from the beginning. We had one of their consultants come out and spend a week with us as soon as we made the switch. That’s all it took to have our staff up and running. Since we can ‘round trip’ data with BuilderMT, the two software systems run as one. For options selection and contract creation, it’s ideal to have the web-based Sales Simplicity as our central sales automation system. Sales Simplicity’s ability to parse data and present performance metrics – however we want to break them down – is really remarkable, whether it’s by sales person, community, product type, or whatever metric you define.”

The Next Challenge

Today, Wormald Home’s ongoing challenge is adjusting to the price pressure in their markets from the national homebuilders. “We are really the last family-owned home builder in the area,” Robert Wormald explains. “We have been very creative and determined in our sales efforts, and we’ve diversified to keep our staff busy and to remain profitable. We’re even buying up some foreclosed homes to recondition them for rental units as a sideline, just to keep our staff in place and find profits wherever we can. But one thing is for sure, I know I have my software in order with BuilderMT, Sales Simplicity, and Sage, and I can confidently predict my costs and my profitability. That’s a huge part of the battle that we’ve already won. Now, we can do what we’re good at: Building quality homes and making customers happy.”

About Wormald Homes

Award-winning developers, designers and builders, The Wormald Companies are a family business with deep local roots. Founded in 1964, our visionary, design-intensive organization specializes in creating new and innovative homes and communities built to the highest standards.

The Wormald staff is made up of registered civil engineers, architects, surveyors, and real estate professionals who take a “hands-on” approach to building. Together, as a team, we rigorously evaluate and continuously adjust floor plans, designs, and construction methods to ensure that we always deliver fresh, creatively designed homes of the finest quality.

Our core philosophy is to stay product-focused in our growth. From the very start, founder and Chairman of the Board Bob Wormald believed that if he put the quality and attention to detail into the end product, people would respond and word would spread. This initial belief has proven true and today, fully a third of our business is referral-driven.

In conjunction with this core belief, we devote a large portion of our energies to land planning and product development, bringing in some of the brightest minds from around the country to develop our work into final form.

Wormald has been privileged to win many awards, including the coveted “Buildability Award” recognizing outstanding scheduling, supervision, engineering, quality control, and ethics in the construction of new homes. Learn more: www.Wormald.com

About BuilderMT

For the construction industry at large, BuilderMT provides highly-customizable workflow and building-process-management software that works in tandem with leading accounting systems and other wireless and jobsite productivity tools, such as CRM and warranty management. Over the past 13 years, BuilderMT systems have been purchased by over 825 corporations and more than 7,000 individuals, as the Company has maintained its status as the sector’s best-selling, most award-winning software product. Combined, the Company manages construction for around 20% of the U.S. 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, online training and innovative wireless applications. To learn more, visit www.BuilderMT.com, or call (888) 757-1991 ext. 271.

About Sales Simplicity

Sales Simplicity Software, Inc., based in Chandler, Arizona, is the creator and marketer of leading Sales Automation, Content Management, Lead Management, eMarketing and Reporting Management tools for new single-family, semi-custom and custom homes; condo, multi-family and senior living providers; developers and new-home realtors; and, apartment sales and rental agents. For more information about Sales Simplicity, call (480) 892-2500 or visit www.SalesSimplicity.net or www.SalesSimplicity.net/SeniorLiving.