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Strategies for Today's Construction Supply Leaders / August 2012

Lessons from the Elite

Top custom
builders and
remodelers
reveal what
they want
from dealers.

ProBuild's Ronnie White (right)
solves R.J. Cooper's problems
before they could occur.

hanley wood

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Problem Solver: Ronnie White (right), an outside rep for ProBuild in Easton, Md., keeps R.J. Cooper happy by anticipating the custom builder's potential problems and working to solve them.



Relationship Builders

Six of the nation's top custom builders tell what they want from their dealers. Listen up.

By Kate Tyndall

If you want to forge a good relationship with a custom builder, you might want to think a moment on the vows couples pledge to one another when they get married. Why? Because these builders are looking for the commitment and attention to the relationship that is usually only found in a marriage.

Bad things are bound to happen—a special order is delayed, a load of framing lumber has an unacceptable number of knots and twists—and when they do, you need a relationship that can absorb the tension created and then work together to solve the problem. Disagreements don't fatally rupture the relationship, because you have forged a strong one.

ProSALES spoke with a half dozen top-flight custom builders, most of whom have been honored by sister magazine CUSTOM HOME as ranking among the nation's best. Despite their diverse homes, their needs were consistent across the board. Custom home builders deal with an exacting clientele, and they are going to expect from you what their own clients expect from them: Constant attention, hand-holding if necessary, and follow-through.

"Service is huge," says custom builder Jim Murphy of Santa Rosa, Calif., whose firm, JMA, usually has six to eight projects going at once. "Help us solve problems. If we have a partner that can help us do that, that's a big deal."

Custom builder R.J. Cooper remembers an instance some years ago when he needed to deliver six or eight 34-foot LVLs to a job site and set them in place three stories up, a task calling for special equipment. His regular ProBuild sales rep, Ronnie White, jumped into action, located a boom truck, and made the delivery with dispatch.

"I had a better price from someone else," says Cooper, president of Baltimore-based ILEX Construction & Woodworking, "but Ronnie could get the truck and do the job when I needed it." It's that sort of service that has led Cooper to use the Easton, Md., ProBuild yard as his primary dealer for ILEX's Eastern Shore projects.

A custom build project is a collaboration among client, architect, and builder. The builder's dealer and specialty subs are part of that collaboration. Dealers who successfully work with custom builders realize that; dealers who don't are summarily dropped.

Small Volume, Big Bucks

True custom projects make up about 5% of the total single-family housing market, estimates Jonathan Smoke, executive director of Hanley Wood Market Intelligence. At current starts rates, that's only about 26,000 homes nationwide. But it's also a lucrative market: Custom building in general is 2.5 times more costly per square foot than the national average

PHOTO: DAVID SHARPE

Stellar Service Ronnie's Tip Sheet

Ronnie White, a ProBuild outside sales rep on Maryland's Eastern Shore, knows a thing or two about maintaining a good relationship. With 22 years in the LBM business—as well as 50 years as a spouse—he's got a

few tips to pass on about keeping folks happy.

- **Be a problem solver.** "Find out what the problems are on the job and solve them," even before the customer asks, White says. When he started faxing material price lists to R.J. Cooper every two weeks, it wasn't because the builder asked for them. White took the initiative and did it, and made sure they went out on a regular basis. Cooper noted his dealer's extra effort and appreciated it. It's just one of the things that have served to cement ILEX's relationship with the Easton, Md., ProBuild yard over the years.
- **Serve the relationship.** "Service and relationship go hand-in-hand," White says, and dependability is key. "When R.J. calls, no matter what it is, I'll take care of it, just like I do at home," he says. "My wife will ask me to do something, and I'll say, 'I'll get it done.' And I will. That's what you need to do on the job, too."
- **Be honest.** "You've really got to be honest in your quotes. And when people call you, you need to respond. If you don't respond, they get the idea that you don't care."
- **Be competitive.** "Ask the right questions. Know what you're doing. There is a thin line between being pushy and being persistent. I try to be persistent."
- **Don't rest on your laurels.** "One of the things I say to myself is that if I ever become complacent, I'll become my worst enemy."

for a new home, at \$211.43 (per CUSTOM HOME magazine figures) vs. \$83.38 (2011 Census Bureau figures). JMA's custom builds average \$850 a square foot, says Murphy, but that figure can go into the thousands. It's a client Murphy calls "the 1% of the 1%." Not all custom builders, or even most, are at Murphy's level, but for the builders surveyed for this story, the average price per square foot was well above CUSTOM HOME's figure.

While custom builders want the same things from a dealer as any other builder, they order their list differently. Price is not king. The relationship they have with you—predicated on service—is.



"I'm a big relationship guy, and this is a relationship business."

— Andy Byrnes

"We need knowledge, quality, and execution, and that is bridged on the relationship. It is a marriage."

— Keith Dinehart



For JMA's Murphy, integrity is the foundation of his relationship with a supplier. If that's not there, the relationship is doomed.

"We can handle anything as long as it's the truth," Murphy says. "Just don't tell me you're going to get something if you can't have it for five months."

Murphy relies on his go-to dealers for installation information and advice on new products. He also looks to them for finding oddball materials. For one project—six buildings, including the main house, plus a 75-foot pool and a pond—the builder needing help sourcing a special 18-foot post for a zipline over the pond. On another project, Healdsburg (Calif.) Lumber, one of JMA's top dealers, was able to locate exterior siding with a combed texture in the desired width that met the expectations of one of Murphy's exacting clients.

Chicago-based custom builder GGC Inc. has worked with Lee Lumber since Jake Goldberg began his contracting business.

When problems have arisen, the dealer has consistently stepped up to make things right, says GGC vice president Keith Dinehart. "After the battle is over and the field cleared, you are still going to go back, because the relationship is good," he says. "It is like a marriage. You know the personality and behavior and habits [of your partner] and you know when to make the call.

"Especially in the context of a high-pressure job, you need to have that relationship. When you call in a favor, you know they are going to be there," says Dinehart.

Service Comes First

"I'm a big relationship guy, and this is a relationship business," says Andy Byrnes, founder of The Construction Zone, a custom builder in Phoenix, Ariz. He's been working with his primary dealer, Heldt Lumber, for over 20 years.

"We are more about the service than the cheapest way to get something," Byrnes says. "We buy a lot of raw materials from Heldt because we custom make so much. I will call them up and talk to them about all sorts of supplies. To me, it's all about communication and responsiveness."

If a dealer treats a custom builder client as more of a casual hook-up than a partner worthy of the long haul, it risks being cast aside in favor of a more accommodating yard, willing to put in the work.

Just to be clear, there is work required on the dealer end. Explains Dinehart: "We are dealing with an indulgent client base, looking for quality execution and craftsmanship. Because we are custom and the expectations of architects and owners are high, we have had to train the yard to meet those expectations to secure our business."

"Our A-Number-1 need is customer service," says Ron

Adams, president of Yellowstone Traditions, a custom builder in Bozeman, Mont., whose crews are working all across the West. "We understand materials, but materials have to show up. If they don't, they need to call us and tell us why. If we're in a jam, they need to help us out. If we continually hear 'no, no no,' they are going to be dropped. If they just want the big easy stuff and don't want to handle the little stuff, the problem stuff, we drop 'em."

Dropping a dealer, even one of long-standing duration, is always an option if the dealer consistently demonstrates a failure to perform, echoes Dinehart. However, he admits that a good relationship can tolerate a fair amount of errors as long as they are accounted for.

"Ronnie gets it," says Cooper of his ProBuild contact. "We're a huge account. If I need four 2x4s on a Friday afternoon, he will drive them down personally. It's not the 2x4s; it's the relationship. He gets that."

No Magic, Just Work

"I need timely service, good products, and more than anything, I need consistency. There is no magic formula. They have to be up on things.

"One service I can't live without is basic good pricing on a standard list of basic materials," says Cooper. "That helps us a lot. We get a fax from Ronnie every two weeks with prices [of those basics] and it's really helpful."

"We get a lot beyond sticks and bricks that solidifies our relationship," says Austin custom builder Shan Jenkins of Round Rock, Texas, who also favors his local ProBuild dealer. Jenkins, president of Jenkins Custom Homes, says his dealer has taken him on factory tours to door and window manufacturers, and he appreciates the educational benefits. "They have also come out to job sites and given us installation help on certain windows," he says. "We get certified letters from them saying windows have been installed according to manufacturer specifications."

Those perks are nice, but to keep his business the yard still has to be good on credit returns and deliveries, and the dealer's accounting department has to be in line with Jenkins' invoicing needs.

"There is a competitor here I like," he says, "but their billing is so awful—the quote says one thing and delivery says something different, and the invoice says something different again." He doesn't shop there.

While it takes work and commitment to develop a good relationship, once those bonds are created, other suppliers have a tougher chance of getting a foot in the door. Says GGC's Dinehart: "It's hard to break in on long-term relationships."



"Help us solve problems. If we have a partner that can help us do that, that's a big deal."

— Jim Murphy

"Pricing is not really an issue for us, but you can't be crazy."

— Shan Jenkins



"More than anything, I need consistency."

— R.J. Cooper



"If the trust and relationship works, it's hard to turn away from."

— Ron Adams



Customizing Relationships: The Rules

If you're looking at entering the custom builder market or expanding your opportunities in that sector, here's what builders would like you to know.

- **Customer service** is tops. "The biggest thing we need is service and a high-quality product," says JMA's Jim Murphy.
- **Honesty** ranks almost as high, and a lack of it—in pricing, deliveries or anything else—is guaranteed to drive a wedge in the best relationship, or prevent one from developing. "Don't sugarcoat a situation," Murphy advises. Whatever the problem is, get in front of it, builders say. The truth may not make the client happy, but a lie is a surefire way to get dumped.
- **Price isn't primary**, though it is important. "We are not as commodity driven as the tract guy; it's important to us, but it's not the driving factor," says Austin, Texas, custom builder Shan Jenkins. "On our size home [4,500 square feet and up], \$1,000 one way or another isn't going to matter. Service is more important for our customers."
- **Being a good partner** is essential, and that means consistency in quality, consistency in effort. "[Dealers] have to live the business and be consistent," says ILEX's R.J. Cooper. "It's not one thing, it's a combination of all the above: pricing, quality, and service all together."
- **Make like a Boy Scout.** "The clients are a highly educated bunch and an attentive bunch, says Yellowstone Traditions' Ron Adams. "Be prepared." To that, The Construction Zone's Andy Byrnes adds: "Be able to quote numbers on piecemeal things in a quick way."