



Shea Homes Uses Specitup® To Manage and Price Features and Options

Dashboard-Driven Specitup Saves Thousands of Hours that Would Be Required to Maintain and Price Shea Homes 40,000 Options

With 57 employees and 160 home closing scheduled for 2015, Shea Homes has its hands full, but they are building furiously to take advantage of today's strong market and low interest rates.

Shea Homes has an average house price that is slightly higher than national averages, as the Company caters to demanding upper-mid-market buyers in multiple Carolina markets. The average Shea home sells for \$425,000 and is between 3,000 and 4,000 square feet in size.

For each of these homes, Shea Homes accommodates a wide range of options.

"All totaled, we offer 43 base Plans, and 40,000 options, when you count up all the features (which we call attributes), elective options, and the mix and match possibilities," said James Nelson, Shea Homes Director of Purchasing.

"Make no mistake: Tracking those options is one of our major challenges, and we've brought in some great software to handle the task."

Executive Summary

- 160 Closings in 2015
- 57 Employees
- 43 Base Plans
- 40,000 Options
- Software:
 - Specitup
 - Sales Simplicity
 - BuilderMT
 - Sage Accounting

NEW SOFTWARE BRINGS ORDER

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– James Nelson
Shea Homes

Until 3 years ago, Shea Homes had been running Constellation's FAST software system, but in an effort modernize its technology, Shea removed FAST and switched to a widely proven best-of-breed approach, installing BuilderMT, Sales Simplicity, CG Visions, Punchlist Manager, and Sage accounting.

Specitup Fixes A Flaw. "Those new software packages solved many problems for us, and brought us powerful workflow management capabilities. But during implementation, there were inefficiencies in

functionality based on our business model, and we brought in another program on top of the best-of-breed packages to solve them. That solution is called Specitup.”

“Here’s what was happening,” Nelson explained. “With BuilderMT and Sales Simplicity, it was a challenge to price options in an efficient manner. We couldn’t make wholesale ‘gang’ changes, and each option had to be opened, priced, saved, and closed, at every level in our database. Across 40,000 options that would have been quite a task. Then, even after setting the options pricing – like any builder – we often found a need to change and update the pricing, if we found we were not getting our margins, or if we felt we could extract more for the option sets for our various models.”

“For instance,” Nelson added, “the way we work is that we group our Plans into Series, and we have one price for, say, a Sunroom. Ideally, all the options associated with the sunroom are the same or similar costs. So, we set one retail price for that Series. A Series G Sunroom gets priced at \$6,000. Now, there may be five Plans that can accept a Series G Sunroom into their structures. In FAST, I could enter the \$6,000 price five times, for each of the five Plans, and I’d be done. But with BuilderMT, that price had to be set in every Plan and Community, not just a few times at the Plan level. So, options pricing management took 50 times what it took in FAST,” Nelson explained. “It was a genuine problem.”

SPECITUP STEPS IN

“To solve the problem we turned to a new software solution called Specitup,” Nelson explained, “it was recommended to us by BuilderMT. We use Specitup as an options, attributes, and pricing management dashboard. It’s fully integrated into BuilderMT, Sales Simplicity, and CG Visions – it can round-trip data to all three systems, no problem – so making a change in Specitup makes changes in all the other software systems we use.”

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Manage pricing just once. “The great thing about Specitup,” Nelson added, “is that I manage the option or attribute pricing just once, and it makes the change at the home Plan, Series, and Community levels in all our systems. That’s a vast improvement over the labor-intensive practice that was demanded of our team by the BuilderMT software, and by the FAST software. In fact, we couldn’t really use BuilderMT or Sales Simplicity without Specitup.”

“Here’s how we use it specifically,” Nelson said. “Specitup gives me dashboard control of our options and attributes. I can associate attributes that I want included with designated Plans for the sales price. (Some builders call this a base feature set.) Then I can associate options available to that Plan on a rule-in / rule-out basis, just by clicking the Specitup dashboard. I can also set pricing for the options, at the Plan,

Series, or Master levels, since some options are differently priced depending on their Series. So, we have supreme control, with minimum labor. I just click to create an attribute and options set for each Plan.”

Mix and match options. “Here’s another example of how we use Specitup,” Nelson added. “If we have a Plan in a certain Series in a certain Community, we use Specitup to set the attribute level for that Community at the Series level. So, I go into Specitup and assign level 4 hardwood in three of the rooms. Anyone who purchases that Plan in that Community will get level 4 hardwood as an attribute. But in another Community for that same Plan, you may not need level 4 hardwood to sell the home, and vinyl can be set at the default attribute. Of course, the buyer can upgrade to level 4 hardwood if they want, and if we have made level 4 hardwood an available option in their Plan and Community. All of this is maintained in Specitup.”

“Specitup is not hard to learn, and the integrations are smooth as silk, honestly. It’s key to our operations and it brings much greater utility to the other software packages we have purchased.”

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ABOUT SPECITUP

- Designed exclusively for production home builders (50+ home annual starts), Specitup automates and makes more precise the error-prone process of setting selling prices for new homes that guarantees a profit for the builder.
- The basis of Specitup functionality is its ability to manage, price, and determine the margins for various features contained in the “base home” that builders offer to their buyers. By knowing the combined price of the features, the builder can determine his square foot selling price, apply his desired margins, and set a home price that maximizes profits.
- With Specitup, home builders can quickly determine if they are offering too many features in a base home...or not enough. Then, they can quickly adjust their feature offerings across their entire home plan archive.
- When feature pricing needs adjustment, Specitup can change pricing universally throughout the builder’s database (by dollar amount or by margin percentage) working across the entire inventory of home plans, features, and options. Specitup even allows builders to set up “test communities,” so they can examine the profitability of different home plan series on a what-if basis.
- Specitup is pre-integrated into BuilderMT, CG Visions, and Sales Simplicity.

ABOUT SHEA HOMES

At Shea Homes, you’ll discover that we do things a little differently. We’re a family-owned builder of homes and communities, so we share a personal commitment to our customers. You’ll notice it inside our new homes, where thoughtful design and quality are our hallmarks. You’ll notice it in our communities that are designed for the way you live. And you’ll experience it through our people, who strive to create a great experience for you at every turn. We invite you to raise your expectations, and live the difference at any Shea Homes community.