



Boise Hunter Homes Uses Specitup™ To Set and Protect Options Margins, While Mastering the Unwieldy New Home Options Management Process

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Boise Hunter Homes is widely recognized among its peers as a builder on the very forefront of technology. With 140 annual closings in 2016, Boise Hunter Homes is the 180th largest home builder in the U.S. With an average purchase price of \$400,000, the Company currently builds in six competitive communities in Idaho, including Boise, Eagle, and Meridian.

“We are a production custom builder,” said Jason Stirtz, Boise Hunter Homes’ Purchasing Manager. “Due to competitive pressures, we have over the years, offered a great many more options for buyers, so they can customize their homes. It’s just the way almost all homes are built now. But candidly, managing the options and the options-on-options, while maintaining profitability and protecting margins is a tall task. In fact, before we brought in the right technology, the options management process had gotten out of control, and we had to do something dramatic to reign it in.”

Executive Summary

Company Profile

- 180th largest home builder U.S.
- 140 closings in 2016
- Builds in 6 communities
- Avg. home price: \$400,000

The Boise Hunter Team:

- 3 employees in purchasing
- 7 in sales
- 3 in accounting
- 2 in drafting
- 6 on-site supers

Technology:

- Specitup
- BuilderMT
- Sales Simplicity
- Punchlist Manager
- Sage accounting

So, Boise Hunter Homes, working with an employee base of 35 people, set out to bring in the very top technology solutions.

A centerpiece of the new technology is Specitup, which was implemented to directly address the options management and margin protection. But the Company also implemented other award-winning solutions, all of which are well-known for their performance and pre-integration. Those solutions include BuilderMT, Sales Simplicity, Punchlist Manager, and Sage accounting. Boise Hunter Homes is also running Revit for their CAD solution, and using PlanSwift for take-offs.

SPECITUP: A KEY TO SUCCESS

“I have to say that the key to our success with managing options has been the addition of Specitup, which is tightly integrated into the BuilderMT and Sale Simplicity,” Jason explained.

“We’d learned about Specitup when we went to CG Visions, and they said that Specitup really needed to be in place before they could be effective. Specitup was quite a find for us. It has dramatically accelerated the effectiveness of BuilderMT, and especially Sales Simplicity. I don’t know how we managed without it.”

“In a nutshell,” Jason explained, “Specitup allows us to automate the options creation process, and take ‘dashboard-driven’ command of options management. With Specitup, which is cloud-based and a breeze to install, we can manage our options – at a master, plan group, or plan levels, that includes managing existing options or quickly adding new ones. This we can now do with just a few clicks of a mouse. It really is that simple.”

ADD A NEW OPTION IN 10 OPTIONS

“If we want to add an entirely new option,” Jason said, “it can be done in under ten minutes. For all options, new or legacy, we can use Specitup to take a model, and set spec levels – like level 1 carpet in the master bedroom, level 3 capret in the TV room, etc. – mixing and matching what we think will sell in the communities where that model will be built. We can also do that on a community basis, or when comparing one model to another, or one of our models to a competitor.”

“With Specitup, I can tell what we’ll be charged for the option from vendors (prices come out of BuilderMT’s vendor lists), and I add in things like square footage or lineal (linear?) feet. Then I add my margin percentage (which I can easily change to see the effect), and Specitup automatically calculates our options price,” Jason added.

“We can also look at competing homes that are selling for the same price as one of ours, and add just enough options to base model, so our home is marginally better value for the same price,” Jason said.

"If we are offering too many options for the base price, and the base spec level is 'too rich,' compared to what's being sold in the community, we can use Specitup to easily remove options – click, click – from that model's base spec level. Those options can be made elective, which can increase our overall margin on the home," Jason said.

"Even better, we can do this all on a pro forma basis to see if our models will be profitable before we even go into a community, by modeling our spec levels in Specitup, while looking at what we can price the homes at, and what our competitors will be offering."

UNDERSTANDING THE COSTS OF OPTIONS

Specitup also gives control over price and margins, allowing Boise Hunter Homes to set and protect margins.

"Specitup allows us to understand the costs of options, control what margins we apply, and view our margin dollars. By adjusting the margin we apply – easy to do with Specitup – we can determine not only if we are profitable with that option, but if we see an option that is not profitable, we can adjust its price, across all models, plans and communities, with a few clicks of a mouse," Jason explained. "This is made infinitely easier because we are pulling current vendor pricing right out of BuilderMT. Now, my team and I have no trouble managing a pool of 1,500 options, and options on options, whereas before we honestly were letting the options overrun our ability to manage them."

OPTION POPULARITY

"Another feature of Specitup is that we can determine option popularity, and see option uptake rates," Jason said. "If an option is dormant and no one selects it, you can determine if you have a dud of an option, or if it would sell for a lower price. Specitup will ensure that it's profitable by showing you the break-even point. So, it's easy to find the sweet spoke for market price that's profitable for you, and if not, you can add or subtract options very easily."

TIME SAVINGS

"What has this saved us in time and money? Oh gosh, seeing as we were doing all this work manually, on a plan-by-plan basis, before Specitup, we have saved hundreds of hours, easily, and we will save hundreds more in the future," Jason said. "Now, what we do to one option, or one aspect of one option, is replicable across all options, in every plan, at every level. I can add an option – pricing and margins – in ten minutes. It used to take hours, and then I had to communicate the change to all the sale people and to all our departments, including accounting. Now, I am able to use Specitup to circumvent all of that work, data entry, and potential confusion."

WORKING WITH THE TEAM

“Setting up Specitup was easy, based on the work we’d done with the BuilderMT database and its integration into Sales Simplicity. We didn’t even have to have someone from Specitup on site to implement it. So, that saved professional services costs and travel costs. It really was simple and Rick Cosgrove, who created Specitup, was super responsive on the phone and through email. We had a great experience.”

ABOUT BOISE HUNTER HOMES

At Boise Hunter Homes, we understand that the most important home we build is the one we build for you. Your dream is our passion. We know that you’ve always wanted to create your dream home, and we want to be the ones to help you realize that goal. We work hard to provide the most affordable homes on excellent real estate for the discriminating buyer – all without compromising construction quality. Learn more: www.BoiseHunterHomes.com