Royal Oaks Homes Turns to Specitup To Manage 140,000 Option Combinations For Its 400 Annual Starts

Specitup Adds Flexibility and Ease to Options Management for This Fast-Moving Sales and Construction Operation. "We Do In Five Minutes What Takes Two Hours in BuilderMT."

Royal Oaks Homes is a premier home builder in the Raleigh area, building 400 homes in a sweeping radius around the Raleigh-Apex-Clayton metro area.

"Each year, we build hundreds of heavily optioned homes in a hyper competitive environment," said Phil Squires, Royal Oaks' Director of Operations.

"Our homes run 1,600 to 4,000 square feet – average price around $300,000 – and if you tallied up all the options and option-on-options combinations, we easily reach 140,000 combinations," Squires noted. "They are difficult to track, but we now have the technology to easily do that."

To manage operations, Royal Oaks runs powerhouse software solutions, including BuilderMT, Sales Simplicity, CG Visions (over AutoCAD), Punchlist Manager, and Avid Ratings. Sage Timberline supplies the accounting.

OPTIONS MANAGEMENT: A CHALLENGE MADE SIMPLE

With the magnitude of the challenge of managing 140,000 options – especially achieving the flexibility to add options, change options pricing, and price the same options different ways depending on the community where the house will be sold – BuilderMT's MOM (Module Options Manager) did not offer Royal Oaks Homes the flexibility it needed for its fast-moving sales and construction operations, where Royal Oaks Homes sells from model homes and a 3,400-square foot design center.

Executive Summary

Company Profile

- 95th largest home builder U.S.
- 400 closings in 2017
- Builds in _ communities
- Avg. home price: $300,000
- 140,000 option configurations

Technology:

- Specitup
- BuilderMT
- Sales Simplicity
- CG Visions
- Punchlist Manager
- Avid Ratings
- Sage Timberline Accounting

So, Royal Oaks turned to Specitup, a cloud-based options management solution. "Changing options, adding options, or adding plans using BuilderMT MOM just wasn't working for us," said Phil Squires. "It was extremely time-intensive to manage changes to the options pricing. Plus, we build in markets that have widely divergent pricing, even for the same plan. The exact same plan can sell for $200,000 in one community, $500,000 in another, and $350,000 somewhere else. The difference might be tile instead of a one-piece shower, or vinyl vs. engineered flooring, that sort of thing. So, we needed options pricing flexibility to show different iterations of the same plan but with different options prices. To do that in BuilderMT MOM, you would have to create the plan over and over again – even if just one option changed, and that would have taken lots of time."

"We brought in Specitup to solve the problem, but we still depend on BuilderMT for our workflow and other features. In fact, the pricing used in Specitup comes out of the vendor pricing schedules contained in BuilderMT. They work together perfectly, as does Sales Simplicity, which is also integrated into Specitup," Squires said.

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WHAT IS SPECITUP?

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> With Specitup, I have supreme control to easily mix and match options with any plan, depending on the community, as we work to maximize the margin on that lot."
>
> *- Phil Squires*
> *Royal Oaks Homes*

Specitup offers Royal Oaks Homes the ability to manage, price, and determine the margins for the various options and features contained in the "base home" that the company offer to its buyers. By knowing the combined price of the features – which Specitup calculates automatically – Royal Oaks Homes can determine the square foot selling price, apply its desired margins, and set a home price that maximizes profits, all through easy-to-use dashboards.

With Specitup, Royal Oaks Homes can also quickly determine if they are offering too many features in a base home in a certain community, or not enough to achieve the price it will be offered at. Then, Phil Squires and his team can quickly adjust their feature offerings across their entire home plan archive, adjusting just one option or making universal changes across all their plans, or a subset number of select plans. This can be done in a matter of minutes, not days or weeks.

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, or focus just on one option in one plan. (Specitup is pre-integrated into BuilderMT,

CG Visions, and Sales Simplicity. In fact, the creator of Specitup has built more than 100 BuilderMT databases.)

"With Specitup, I have supreme control to easily mix and match options with any plan, depending on the community, as we work to maximize the margin on that lot. I can put cabinet A in the Juniper model and cabinet B in the Oakwood model, and with Specitup, the price will actually change with the plan. That saves tons of time. I can also do a spot analysis by easily inserting Level 2 hardware and comparing it to Level 3 hardware, to make sure we protect our profitability by not giving away too much, or taking away too much, for the achieve-able purchase price in a particular community, down to the lot level."

"If we find a 'hole' in our marketing, and a suddenly new hot option has to be added, I can do it easily with a couple of clicks," Phil Squires added. "In that case, we are really using Specitup as a sales configuration tool. When our management decides to bring in another new level of flooring to respond to market-ability, I can selectively add it, plan by plan, and change the pricing for each plan." "We had Specitup running in under 30 days. When you're using BuilderMT and Sales Simplicity, it really is a cinch to set up," Squires added. "We can do in five minutes what used to take two hours in BuilderMT. "We couldn't be happier with our selection of Specitup."

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ABOUT SPECITUP

Designed 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. Additionally, 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.