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Want to Sell More? Then Sell Less ...

Manufacturers That Focus on Solutions Build Long-Term Relationships

BY MICHAEL COLLINS

We recently learned of a perspective-changing way to sell more to builders—by recommending they buy less from you.

Builders have a reputation for being motivated solely by bid price and for squeezing their vendors for lower prices. Scott Sedam of consulting and training firm TrueNorth Development teaches a different paradigm for working with builders—be the provider of the highest overall value, not the lowest initial bid price. Seen through that lens, recommending an alternative, less expensive product solution to a builder may result in lower revenue to a door or window manufacturer or dealer in the short term. However, correctly understood and implemented, this approach leads to becoming that builder's preferred solution provider and much greater long-term revenues and profits.

The Lean Machine

The practices taught by TrueNorth have lean manufacturing at their core. Under lean, companies focus on destroying waste and emphasizing aspects of products that represent value for which customers will pay. For dealers and suppliers, this means pointing out to a builder when less expensive features will meet codes and other requirements and cost less. This fits well with those builders who look to their suppliers for innovation, communication, support, accountability and help in reducing their costs. Importantly though, it is not just about the product. Improving processes is another way the supplier can help reduce cost to the builder.

Two areas of waste in the process of serving builders and other customers

are familiar to anyone in this industry. The first is failure to account for the cost of extra trips made to a dealer's location or the jobsite because of missing or defective products. When the windows are shipped but the screens remain forgotten in a corner, an extra trip must be made. Properly accounted for, that trip may cost as much as several hundred dollars. To make matters worse, few customers will pay for that order until the wayward screens arrive. Throw in another trip during the process to rush a replacement door or window that was damaged due to inadequate packing methods, and the profitability of the order is under attack.

Another source of waste seldom accounted for correctly is the cost for a builder of a delay of one day in a project. TrueNorth has data from nearly 200 builders showing that a delay of one day can cost a builder \$500 or more per house, per day. Needless to say, if the supplier that quotes the lowest initial price can't control its lead times, a delay of a day or two on a project can outweigh the builder's savings from several orders that went to that lowest initial bidder. Be careful, though, because in many building firms, scheduling is the responsibility of construction, while purchasing remains focused on bid price. You may have to be the one who brings them together to understand the impact.

Right Job, Wrong Stuff

Products that aren't the right choice for a given project are yet another source of problems and waste. TrueNorth recommends you work only with architects who have muddy shoes. That means they are often

found out in the field and understand how their products actually exist and perform in structures they're meant to protect from the elements for decades. Many architects fail to travel that final mile to the building site, and it results in plans and drawings that are less than optimal. This creates an opportunity for proactive dealers and manufacturers to add value for the customer.

The good news is that TrueNorth's ongoing surveys of builders have identified several factors that will encourage any company interested in using lean methods. Thirty percent of builders surveyed indicated that they were willing to sole-source through a single dealer if they provide a competitive price and demonstrate that they can make the builder's homes more efficient with regard to materials, labor and process. If that isn't enough incentive, another 20 percent reported that they *already do sole-source*. The majority of builders surveyed also indicated that they were receptive to a vendor reviewing their plans to make improvements in efficiency. A door or window manufacturer that sells through dealers simply has to daisy-chain the process together. By helping their dealer customer become the preferred solution provider to the end builder customer, the manufacturer will become the dealer's preferred provider. By raising their game and delivering to customers on this level, manufacturers have an unequalled opportunity to surpass their competitors. ■

Michael Collins is an investment banker and a partner in Building Industry Advisors. He specializes in mergers and acquisitions in the door and window industry.