

Hayden Homes Prepared for Growth

The Central Oregon-based production builder overhauled its processes and implemented Sapphire Build software in preparation for growth.

Homebuilders tend to be entrepreneurs who excel at making a new deal but sometimes struggle with the mundane tasks of operating an efficient homebuilding business. Delivering homes in multiple communities with thousands of variables to demanding customers can stretch any system. Hayden Homes, the Bend, Ore.-based production builder, has prided itself for years on its ability to use systems and process to deliver homes efficiently and with high levels of customer service.

But in 2011, it recognized the technology had passed it by and its systems could use a major tweaking and upgrade. So, in April of that year, the management of the company, led by CEO Hayden Watson (co-founder with his father, Robert Watson) purchased the Sapphire Build and directed purchasing manager, Mike Newell to implement the program across its enterprise.

Newell and production manager, Cindy Ohlde traveled to Oakwood Homes, Denver, to see the Sapphire Build software in action. Oakwood was one of the initial users and had been working with the program for more than 5 years. Newell was especially interested in learning how to implement the program, not just use it.

Newell had worked with Hayden Homes for almost 20 years. He had risen to the level of vice president, but took 2 and half years off to spend more time with his family, traveling around the country and the world. During his first stint with the company, Newell had been instrumental



in setting up the processes for the company and directing the implementation of its first management software solution, FAST. But more importantly, Newell was intimately involved in establishing the management processes by which Hayden Homes sold and produced its homes.

When the time came to move to Sapphire Build, Newell saw both a struggle to implement but also an opportunity to fine tune and overhaul the process by which the company differentiated itself. First, though, the software needed to be in place and running as smoothly as possible. The decision to go with Sapphire was based as much on improving the company processes and systems as it was in preparing the company for growth.



Newell says, “Here at Hayden Homes, we say ‘Today is about tomorrow,’ and we knew that we were growing. We’d expanded our communities from 18 to over 50 now. We have moved into Idaho and Montana. And we knew that we needed a system to help us continue for when things did come back from the downturn. A system that would allow us to grow with control. Our current system wouldn’t allow us to accomplish what we wanted to accomplish.”

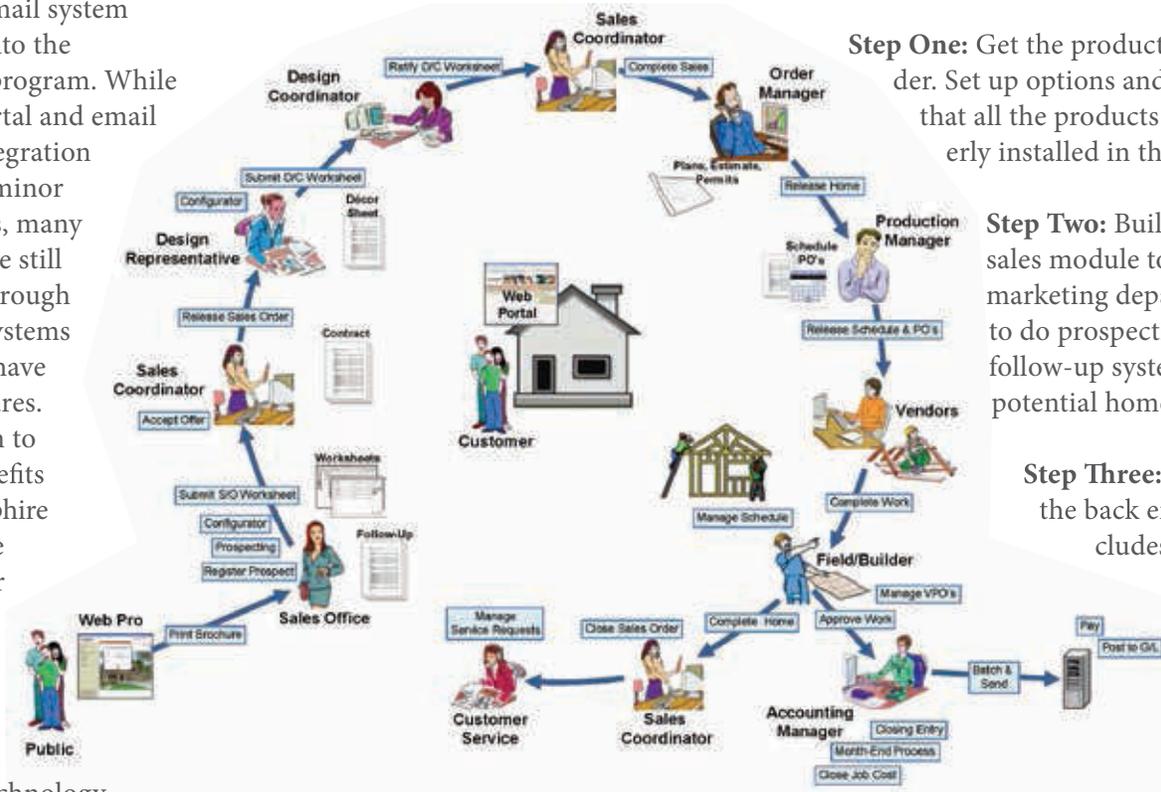
Among the many Sapphire features that attracted Hayden Homes, two in particular fit with their growth plans. The first was the trade portal. Hayden Homes had implemented a rudimentary trade portal with their existing program, but the integrated program with Sapphire improved communication with the trades significantly. Everyone now had access to all the same data that was updated in real time, including scheduling and invoicing.

The second big improvement was the ability to employ a robust email system that tied into the complete program. While a trade portal and email system integration seem like minor advantages, many builders are still pushing through on older systems that don’t have those features. In addition to all the benefits of the Sapphire system, the greatest for many builders will be a simple upgrade to modern technology.

The Process

But even the best system in the world can drive a builder crazy if the implementation is messy. In fact, one of the biggest objections builders have to adopting modern technology is fear of spending time and effort implementing the new system and then on the back end determining that it wasn’t worth the trouble.

Sapphire Build provides support to ensure that doesn’t happen, and the Hayden Homes manner of implementation is a good road map for how to do it quickly and efficiently. Hayden Homes’ goal for getting the system live was six months. They purchased Sapphire solutions in April 2011 and planned to have the first community live in October 2011. To achieve that end, Newell and his team prioritized the implementation process, so that it could be done on a critical path schedule. In short, the implementation followed this general process:



Step One: Get the product offer in order. Set up options and homes, so that all the products were properly installed in the system.

Step Two: Build out the sales module to allow the marketing department to do prospecting and follow-up systems with potential homebuyers

Step Three: Build out the back end. This includes document templates for sales letters, contracts, etc. Since Hayden

Timeline...

Infrastructure: Hardware and Software Setup
March 8-June 24

Internal Current Process Analysis
March 21-June 24

Establish Schedule for Weekly/Bi-Weekly Meetings
April 18

Homes does all its own material purchasing, the team entered all estimating information and complete product needs by home and community. Finally, the team added logistical systems, such as the trade portal.

The scheduling module was implemented toward the end of the process, because the production team needed to refine the building process. Also, since homes would be sold long in advance of any service or warranty issues, those modules could be set up quite a while after the system went live.

The entire implementation process was mapped out in a critical path schedule, available to all the participants in a spreadsheet and on Gantt charts. James Hinson of Sapphire Build served as the project manager to facilitate the implementation. One of Hinson’s most important tasks, besides making sure Sapphire Build worked to the full expectation of Hayden Homes, was helping the implementation team keep on schedule and move rapidly from task to task.

One caveat to the implementation of the sales modules is that while it was implemented early, it did not go live until much later in the process. Hinson says, “It might have been slower than I would have done,” but Hayden Homes wanted to make sure it had complete buy-in from the sales people before rolling it out. To ensure that, the company made certain every piece of the sales module functioned according to plan, so there wouldn’t be disgruntlement at the new processes.

The main mechanism for achieving that was weekly conference calls, hosted by Hinson. “James is a rock star,” says Newell. “He’d train us on how to do something, and then we’d have to implement it. We had weekly task assignments, something for each of us.”



Hinson also agreed to let the team record the training calls, so that if they needed to bring in another staff person or refresh their memories, they could just refer to the tape. But all the scheduling and all the conference calls don’t move the ball down the field. Progress in an implementation process is achieved by day-to-day work that hits milestones. The weekly calls keep those milestones on the front burner so everyone see the progress.

Get the Product Set Up

Progress on implementation of a software solution for homebuilders relies in large part on building a database of home requirements and options. The first big decision any homebuilder needs to make when setting up the database to define the homes they build and the options available is whether that database can be imported from their previous technology. Hayden Homes, learning from the struggles at Oakwood Homes (see our previous case study), decided it would be best to enter new all the data on options and homes rather than import. Not only did the struggles of Oakwood—which eventually abandoned the import

...Timeline

Key Records: Sapphire Data Object Setup
March 21-July 25

Options Catalog
➤ March 21-September 26

Prospecting Management
March 21-July 25

Sales Contracting
May 16-October 10

VITAL STATS

Hayden Homes, Bend, Ore.

Founded in 1989 by Robert Watson, Hayden Homes specializes in entry-level and move-up housing, promising “to provide the highest quality home at the lowest possible cost.” The company offers “homes-on-your-lot” services through its Simplicity Homes division.

2012 Closes: 785

Markets:

Oregon — Ben, Redmond, Sisters, Cottage Grove, Eugene, Junction City, Springfield, Veneta, Albany, Salem, Portland, Forest Grove

Washington — Moses Lake, Quincy, Airway Heights, Spokane, Spokane Valley, Pullman

College Place, Kennewick, Pasco, Richland, Walla Walla

Idaho — Post Falls, Boise, Meridian

Communities: 52

Models: 75 floor plans with 3 elevations



process and entered new data—inform their decision, but the desire to improve the process and streamline their own production meant they would build a new database almost from scratch.

That sounds more laborious than it is. Sapphire provides an interface in Microsoft Excel that walks you through the input process. Cindy Ohlde is the operations manager at Hayden Homes and the task of building the database fell to her. “Up until I saw what Sapphire could do, I thought our old system was pretty good,” she says. “It was all a dos-based system. Sapphire, which is in Excel, has a lot more flexibility in making it do what you want.”

Even with the promise of a new system and new abilities, the familiarity of an existing system can be a security blanket. Change is difficult and the task can seem daunting. “I was a little scared,” says Ohlde, “to have to create a whole new database and start over.” It wasn’t until she went to Denver to visit Oakwood Homes and spoke to their production people about how much easier it was to work with Sapphire and do what you want that she became comfortable with the new implementation. “That helped me a lot,” she says. “It was the turning point that I thought this was going to be great and be a good thing.”

The data that Hayden Homes entered was all brand new data, and they entered it by hand. “We elected to do that,” says Ohlde. “We took the opportunity to start fresh and get everything correct. This was my opportunity to make the changes I wanted.” The kind of changes they made were structural to their processes.

Ohlde explains: “Each plan we built was done three different ways because we built in three different regions at the time—Central Oregon, the Interstate 5 Region in Oregon, and Washington. If I made a change to a plan, I had to update it three different times. With Sapphire I just wanted to have one house built the same way and everyone uses that same built house.”

In addition, Ohlde wanted to have more global bids. For example, Hayden Homes uses the same electrician for all

Timeline...



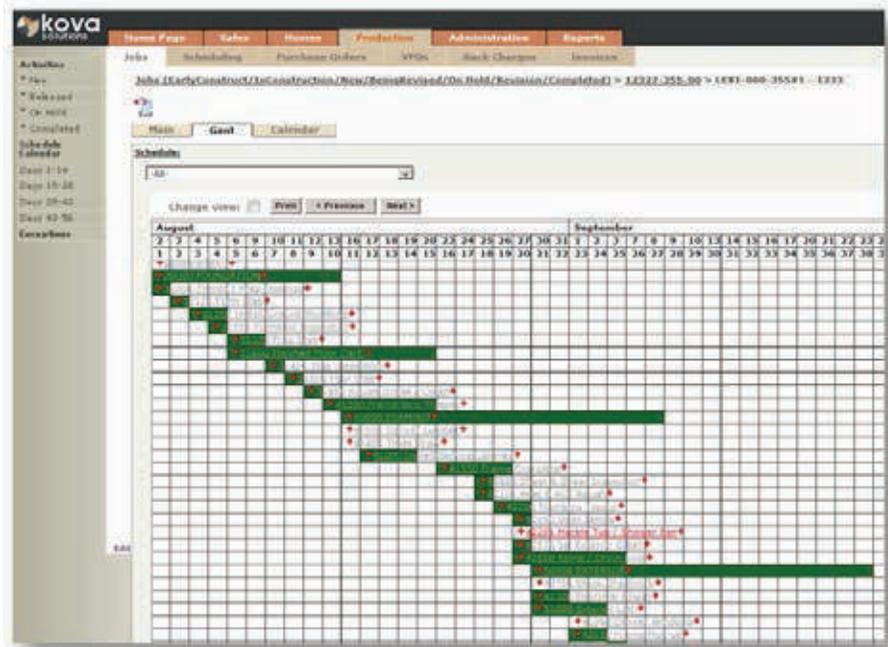
of Oregon, so the bids cover the entire state. “If you have one bid for each community, you have to change it 20 times,” she says.

The work was done in addition to the daily work Ohlde had to complete, of course. “We had it mapped out what we needed done by certain dates,” Ohlde says. She started in the beginning of March, and they originally picked a September deadline. To get a community ready, the sales side of the database needs to be done first even though Hayden Homes was going to wait to implement the sales procedures until after the production side was up and running.

There are thousands of options, though. “At the time I was thinking, I was making great progress,” she says. “But when it came time for us to go live, sales was up and running great, but production was missing. I only had five plans built.” To get the work done, Hayden Homes freed up some of Ohlde’s time, and she put in extra hours. The first community went live in October.

Ohlde lived deep inside the spreadsheets building out floor plans and communities, entering options and establishing processes. She learned a lot from her efforts, which she shares:

Hayden Homes buys all its materials, so the Bill of Materials (BOM) IDs included in Sapphire are more generic and didn’t match the company’s processes closely enough. Ohlde created new BOM IDs to match their methodology. For any software implementation, everyone has to be on board and start at the same time. Hayden Homes planned to roll it out to production in bite-size pieces, where they would teach them purchase orders and other items first, then backfill with scheduling. But they are tied so closely together with Sapphire that waiting on the scheduling



caused difficulties with some homes that were already in production. Ohlde’s conclusion? Start all facets at once. There are not a lot of shortcuts to entering the main body of all the data. Although Ohlde did learn that after a community has been entered in the spreadsheet, including addresses and left or right garages, etc., it was easier to upload the data to Sapphire and make any later changes in Sapphire than in the spreadsheet.

Getting the Interface Live

Entering all the data in the spreadsheets and uploading it to Sapphire provide the essentials that make it work. But one of the great strengths of Sapphire is the interface with homebuyers and getting that live involved a slightly different process at Hayden Homes.

Tallie Belitz is the marketing manager at Hayden Homes. She’s been there for seven years. “I came into the project in about April 2011 to see how marketing aspects of Sapphire would be implemented. How were we going to pretty it up to present to the consumer and buyer?”

...Timeline



THE PLAYERS

Hayden Homes Leadership Team

Hayden Watson, Owner/CEO

Hayden Watson founded Hayden Homes with his father, Robert Watson, in 1989 and became president in 1992. In 1999, when Robert retired, Hayden assumed the CEO duties.

Dennis Murphy, President

Dennis Murphy started with Hayden Homes in 1993. Certified in engineering and construction, he quickly assumed the land and construction efforts for the company throughout Washington and Oregon. In 1999 he became President of Hayden Homes.

Deborah Flagan, Vice President of Sales and Marketing

With Hayden Homes since 2000, Deborah Flagan is vice president of sales and marketing, overseeing the sales team throughout the Northwest as well as directing the marketing efforts in each region.

Steve Klingman, Vice President of Operations

Steve Klingman has served Hayden Homes since moving to Central Oregon in 2000. Starting as a construction project manager, he is now vice president of operations and oversees supply chain, purchasing, estimating, architectural design and IT.

Implementation Team

Mike Newell, Purchasing Manager

Mike Newell has served two stints with Hayden Homes. His first stint lasted twenty years. He took time off to be with his family and travel. When he returned, he took the position of Purchasing Manager.

Cindy Ohlde, Operations Manager

Cindy Ohlde has worked at Hayden Homes for 14 years, rising to the position of Operations Manager. Among her duties has been the implementation of the Sapphire Build program.

Tallie Belitz, Marketing Manager

For seven years, Tallie Belitz has led the marketing efforts at Hayden Homes. She was responsible for coordinating the Sapphire implementation with the web presence.

James Hinson, Senior Project Manager

James Hinson has worked in home building software solutions for more than 20 years and has been involved with Sapphire Build since 2006.

Hayden Homes wanted to push Sapphire to allow more customization. “We were probably a bit more of a pain to Sapphire than I’m sure a lot of homebuilders were,” she admits, but the end result is Sapphire worked with Hayden Homes to deliver a more robust program that suited the homebuilder’s unique needs.

The biggest goal on the marketing side for Hayden Homes was to have a program that integrated with the website. The old system required the company to enter every bit of data twice: once for the software and again for the website. With its single database approach, Sapphire allows a user to make a change once and it is reflected everywhere the system touches from production to sales to the website to marketing to accounting. Plus, they had confidence the information would be accurate. A home sold would no longer be reflected on the website as available.

For Belitz, that meant the workload in her department would drop as they no longer needed to enter all the changes in the website. To get to that point, though, required a coordinated effort to implement the system. To get the information on the website, the plan department, primarily in the person of Karen Scrobeck, took floor plans and separated out all the options in order to be able to redline. They created different images, and then passed them along to Belitz, who colored them according to their scheme to show what was a basic plan and what were options. After the plans were uploaded to Sapphire, it returned to the plan department, where it would be redlined. The files coming to Belitz would be in an AutoCad format, and Belitz used Adobe Illustrator to convert it to a .png file. Redlining is done through the Sapphire system.

Originally Belitz thought she could do the redlining herself, but she found that the scope of the project was large enough it worked better to break it up. While the plans department worked on floor plans, it also handled all the renderings, descriptions for all floor plans and the communities.

Since Sapphire allows homebuyers to select their own floor plans and options, then print brochures off the website, getting the brochure designed required time as well. The initial take on the brochure delivered a four-page document, but the sales department wanted to get that down to a more manageable two-page piece. That also required customization of the Sapphire system since Hayden Homes wanted certain fields from the database pulled into the brochure that were outside the basic design.

A major concern for Hayden Homes is that the Sapphire integration would work smoothly with the existing website and support their web goals such as search engine optimization (SEO) strategies. To accomplish that, Sapphire met with Hayden Homes' web design service providers to ensure what was going to be pulled in from Sapphire and what was going to reside on the website servers. So, on the Hayden Homes website, the bulk of the information resides on the company's server site, but individual elements, such as the community map, get pulled in from the Sapphire database.

The web integration began in August and was completed by November. Hayden Homes didn't have to redesign the website; it really just needed to replace certain elements. Out went the static maps that Hayden Homes needed to update monthly. In came the Sapphire map which was updated in real time. "A lot of the stuff, we were just literally replacing with Sapphire information," says Belitz

Belitz provided the template for the design, including all the elements she wanted. (She got lots of feedback from sales and other people to make sure the website functioned well for everyone.) Then Hayden Homes' web service provider, The Garage, coordinated with Kova to put it all together. What fell to Belitz and her group was uploading all the content into the design.

Not part of the website, but an important part of the process was the need to upload all the option photos into the database. These included all appliances, flooring, tile samples, granite, etc. Many of the photos came from the suppliers, and needed to be compressed and uploaded. The sales agents sit down with buyers to select all the options, working through option screens in Sapphire.

One hiccup in the process was the sheer amount of data and images Hayden Homes uploaded. Sapphire had not anticipated that. After following the guidelines, it became apparent that the amount of data was so large, the images needed to be resized and compressed even further. Hayden Homes thought they would have to spend about a week to do that, but Hinson provided them with a method for compressing batches of images that allowed them to complete the process in only a day.

Belitz also learned what many people find when using content management systems. If you make images such as for floor plans different sizes, they will be stretched to fit the place holder on the website and not appear correctly proportioned. In addition, if she re-uploaded it, she

KEYS TO SUCCESS

1. **Prior Preparation Prevents Poor Performance.** When Hayden Homes started a task, they took time to get the first element right, making sure the implementation task worked correctly. Then, after completing one correctly, such as implementation of an option, they continued the process of implementing all the others.
2. **Managing Change.** Hayden Homes allowed some items which had lower priority on the implementation process to be adopted more slowly. That helped prevent pushback from staff on certain changes. One major item was the sales module. Hayden Homes implemented it well after it could have, because the company wanted to make sure that everything worked absolutely correctly and the staff was ready to adopt the new systems.
3. **Make a Record.** Hayden Homes recorded every training session with James Hinson. That provided a record of the instructions and goals, and prevented them from having to go back to ask questions and wait for answer. Plus, they could play the recording for anyone in the company who needed access to the information.
4. **Focus on the Core.** The company focused on the core components when building data, instead of spending time on the easy stuff, which are the peripheral things.
5. **Plan for Time.** An implementation process requires additional work for staff beyond their daily tasks. Hayden Homes allowed for the extra work and burden, and in some instances provided temporary labor to fill the gap.
6. **Simplify.** A new program involves lots of new and potentially more complicated processes at first. Hayden Homes kept one thing very simple by keeping model names the same across communities. That allowed them to reuse data options and not have to add them again for each community.
7. **Identify the Pain Point.** Sapphire Build is designed to help you run your homebuilding business more efficiently and shore up areas where you struggle. During the implementation, though, those elements on which you excel should get lower priority. If you don't have problems with customer service or warranty, for example, don't start with that. If you have horrible customer service, get that live earlier. Identify those things early to adjust the implementation.



would have to go back and redline the plans all over again. Now all floor plans and bonus options images are exactly the same size so they appear correctly.

Results

As with all homebuilders, Hayden Homes went through a tough stretch when staffing was cut down to the bone. “We were so thin. Ultra thin,” says Newell. “We hired a bunch of people last year to take the burden off the field and office.” Consequently, the easy return on investment of the Sapphire implementation is hard to figure. However, Newell expects that to come as the company grows.

Regarding options, Newell says, “We’re religious about keeping our numbers, our plans and even our options somewhat limited.” The options have grown, though, and an immediate benefit from the implementation is the ease with which the company can offer options now, allowing it to attract more buyers and provide higher customization. “Sapphire has given us the ability to provide a wider range of options to all buyers,” he says. “Before, they were divided into packages.” Some packages had one group of options but another package might have a different group. With Sapphire, Hayden Homes can offer those packages to everyone across all three tiers, —entry level, mid-level and luxury.

Newell offers the final word in his assessment of the implementation. “We are thrilled with Sapphire.... It’s really aligned with the systems we have in place. We believe in having good control and systems, which has allowed us to manage our geographic diversity. Sapphire brings additional capabilities we didn’t have before. That will allow us to move into areas in Oregon, Washington and even Montana that we have not yet pursued.”

TO IMPORT OR NOT TO IMPORT

Any homebuilder operating on a reasonably sophisticated software program has tons of data already entered. The question when switching to Sapphire Build is whether to try to import that data or enter it all new.

“I have done imports,” says James Hinson, the project manager for Sapphire Build “I’ve done imports where we didn’t know the other system. And we’ve done database to database. We can do that stuff.” Hinson mentioned this in the beginning with Hayden Homes, but as with most companies, there are things they wanted to change about the data. By building the database from scratch, they can make the changes to the database they want.

FOR MORE INFORMATION

Sapphire Build provides integrated software solutions for homebuilders. Sapphire offers a unique, interactive experience for home buyers and builders, allowing builders to manage their complicated businesses by the efficient sharing of information, clear workflow management, improved customer relation experiences, and simpler reporting.

To learn more about Sapphire Build, please visit the website at www.sapphirebuild.com

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