

A PICTURE IS WORTH A THOUSAND NUMBERS

Presented by:

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Lots of numbers

- Why so many?
- What do they mean?
- What are they telling me?
- Should I even bother?
- Is it even my job to know all the numbers?
- Could they help me be a better manager?
- It got to be EASIER!

Organization

- How they are organized will make a difference
- The accuracy and trustworthiness of the numbers will make a difference
- The structure will make a difference
- The source will make a difference

Simplification

- Make it simple
- Make it standard
- Make it consistent
- Make it reliable
- Make it timely
- Make someone accountable

Structure

- Follow the NAHB Chart of Accounts
 - Revenues
 - Lot cost
 - Direct cost
 - Indirect construction cost
 - Financing expenses
 - Sales and marketing expenses
 - General and administrative expenses

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- For cost variances
 - Set up a standard list of reasons
 - For schedule variances
 - Set up a standard list of reasons
 - For warranty expenses
 - Set up a standard list of reasons

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- For sales traffic
 - Define a unit of traffic
 - For sales contracts
 - Define execution
 - For contract cancellations
 - Set up a standard list of reasons

Key numbers

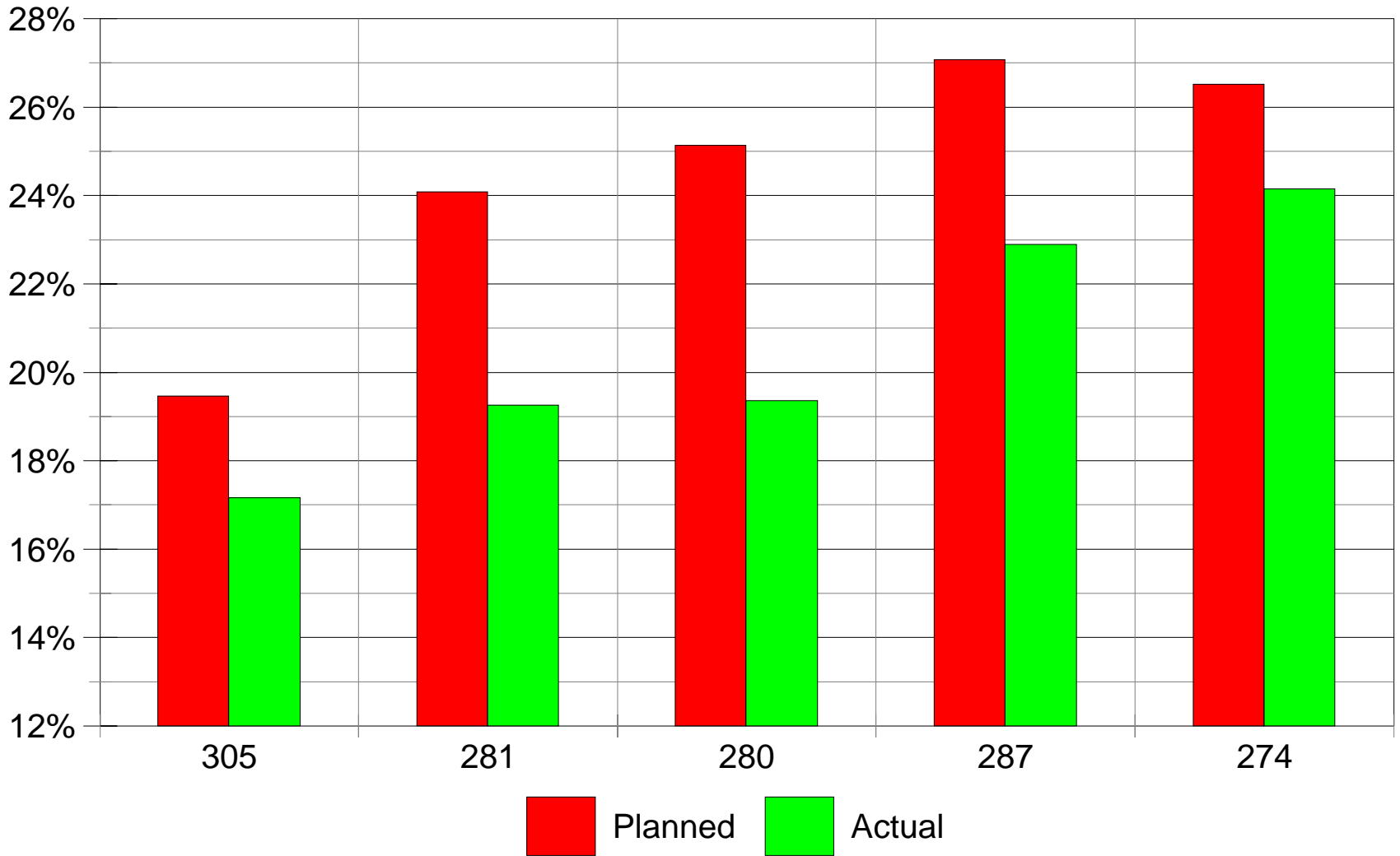
- Gross Profit – first line of defense
 - Sales – lot cost – direct construction cost
 - By unit
 - By month
 - By plan / model
 - By community

STAR BUILDER CUSTOM HOMES

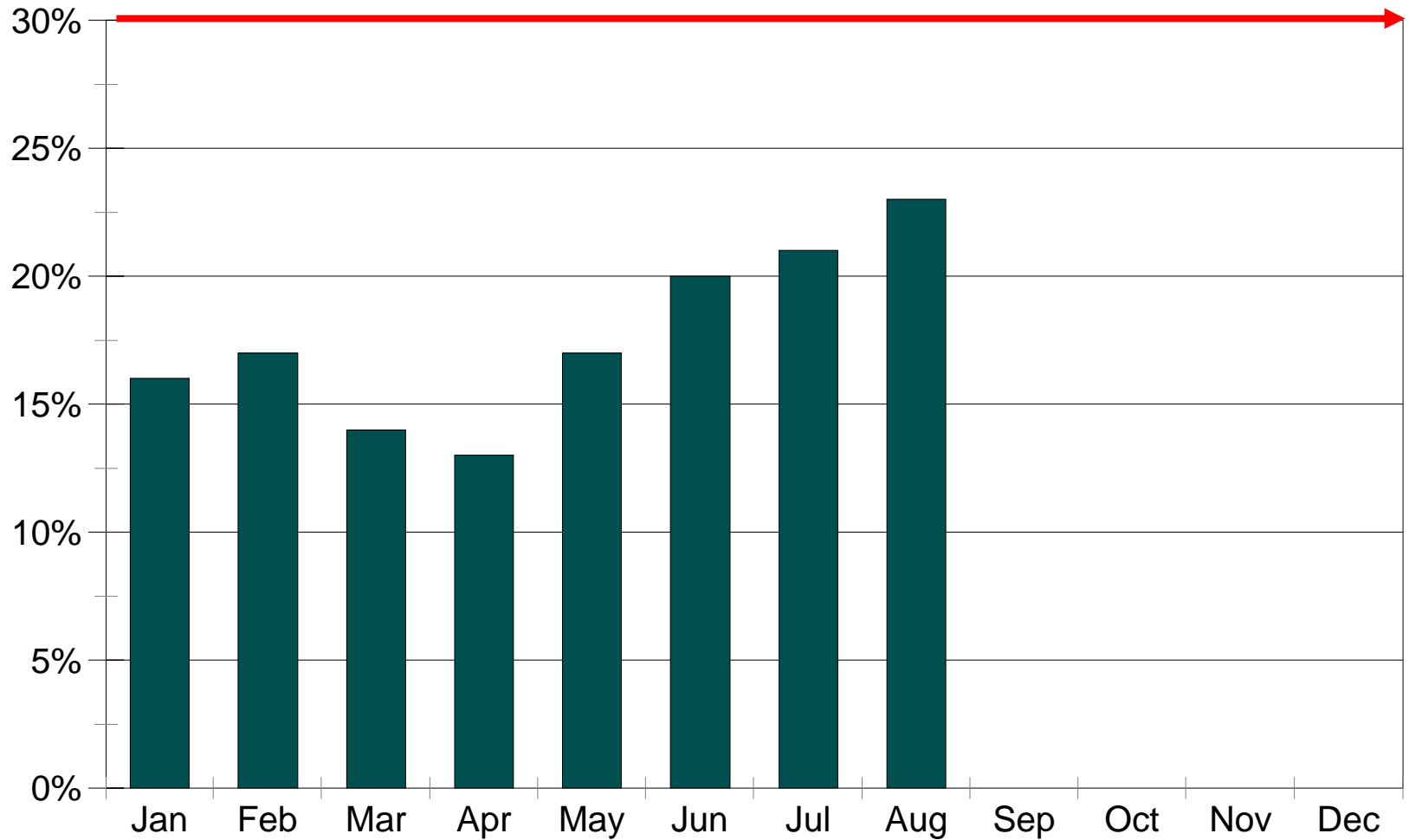
September 30, 2006

	305		281		280		287		274	
Sales	\$365,000	100.00%	\$199,500	100.00%	\$382,643	100.00%	\$379,000	100.00%	\$449,900	100.00%
Land	\$56,000	15.34%	\$26,000	13.03%	\$56,403	14.74%	\$40,122	10.59%	\$69,000	15.34%
Direct Cost	\$277,011	75.89%	\$152,082	76.23%	\$279,729	73.10%	\$280,338	73.97%	\$311,674	69.28%
Total Cost	\$333,011	91.24%	\$178,082	89.26%	\$336,132	87.84%	\$320,460	84.55%	\$380,674	84.61%
Gross Profit	\$31,989	8.76%	\$21,418	10.74%	\$46,511	12.16%	\$58,540	15.45%	\$69,226	15.39%
Operating Expenses:										
Warranty		0.00%	\$1,950	0.98%	\$3,814	1.00%		0.00%	\$4,499	1.00%
HOA	\$246	0.07%	\$29	0.01%	\$9	0.00%	\$41	0.01%	\$1,490	0.33%
Commissions	\$18,725	5.13%	\$9,261	4.64%	\$17,165	4.49%	\$23,243	6.13%	\$22,495	5.00%
Loan Origination		0.00%		0.00%	\$2,850	0.74%		0.00%	\$1,750	0.39%
Loan Discount		0.00%	\$6,500	3.26%		0.00%		0.00%		0.00%
Closing Cost	\$2,886	0.79%	\$554	0.28%	\$1,041	0.27%	\$3,391	0.89%	\$4,275	0.95%
Interim Interest	\$7,735	2.12%		0.00%	\$5,786	1.51%		0.00%	\$7,600	1.69%
Builder's Risk	\$510	0.14%	\$319	0.16%	\$164	0.04%	\$474	0.13%	\$473	0.11%
Property Taxes	\$388	0.11%	\$340	0.17%	\$545	0.14%	\$1,086	0.29%	\$1,324	0.29%
Sales Tax	\$163	0.04%		0.00%		0.00%		0.00%		0.00%
	\$30,653	8.40%	\$17,003	8.52%	\$27,560	7.20%	\$28,235	7.45%	\$39,407	8.76%
True Direct Cost	\$246,358	67.50%	\$135,079	67.71%	\$252,169	65.90%	\$252,103	66.52%	\$272,267	60.52%
True Gross Profit	\$62,642	17.16%	\$38,421	19.26%	\$74,071	19.36%	\$86,775	22.90%	\$108,633	24.15%
Planned Gross Profit	\$71,040	19.46%	\$48,042	24.08%	\$96,199	25.14%	\$102,598	27.07%	\$119,310	26.52%

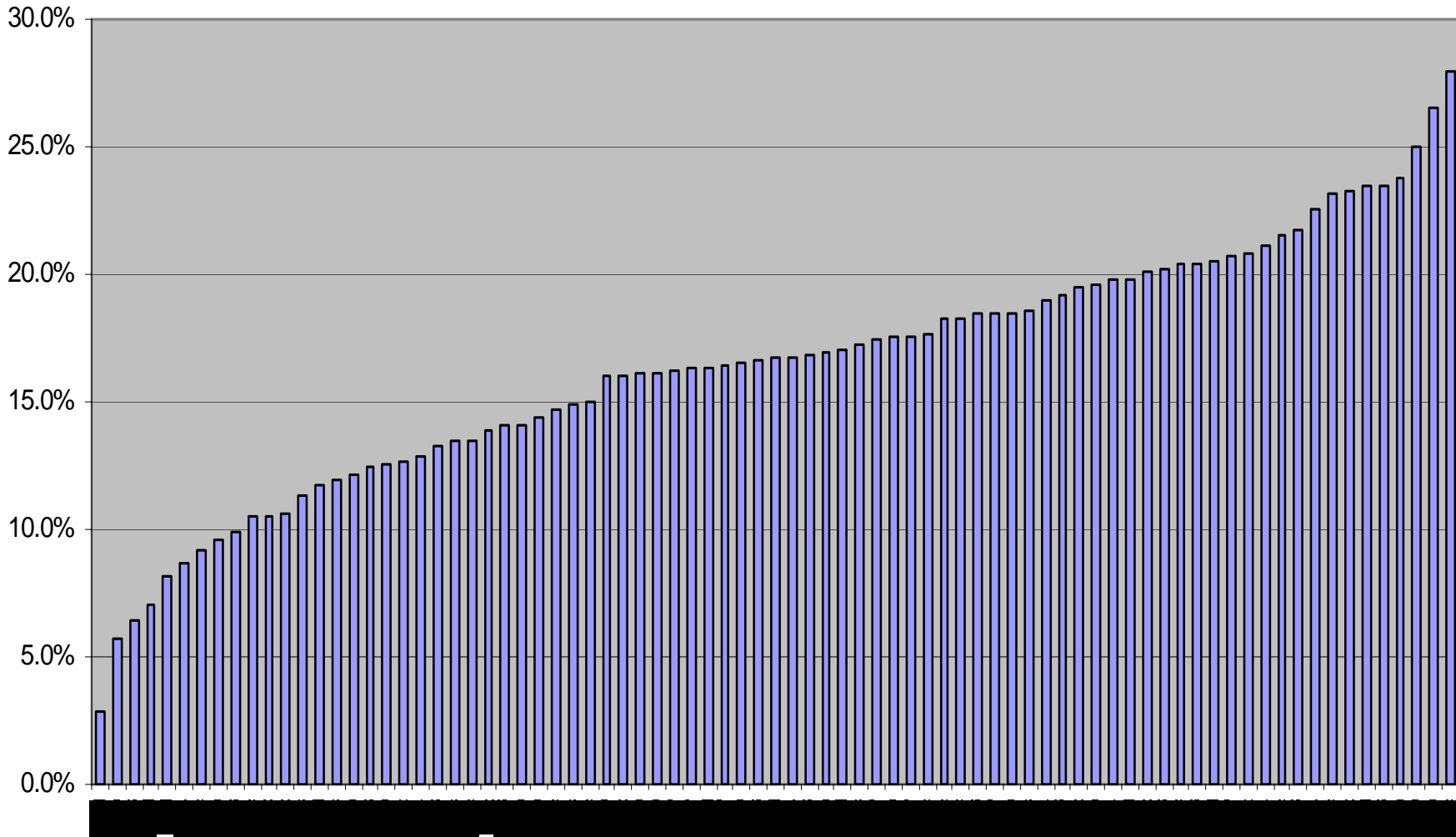
GROSS PROFIT PER UNIT



GROSS PROFIT

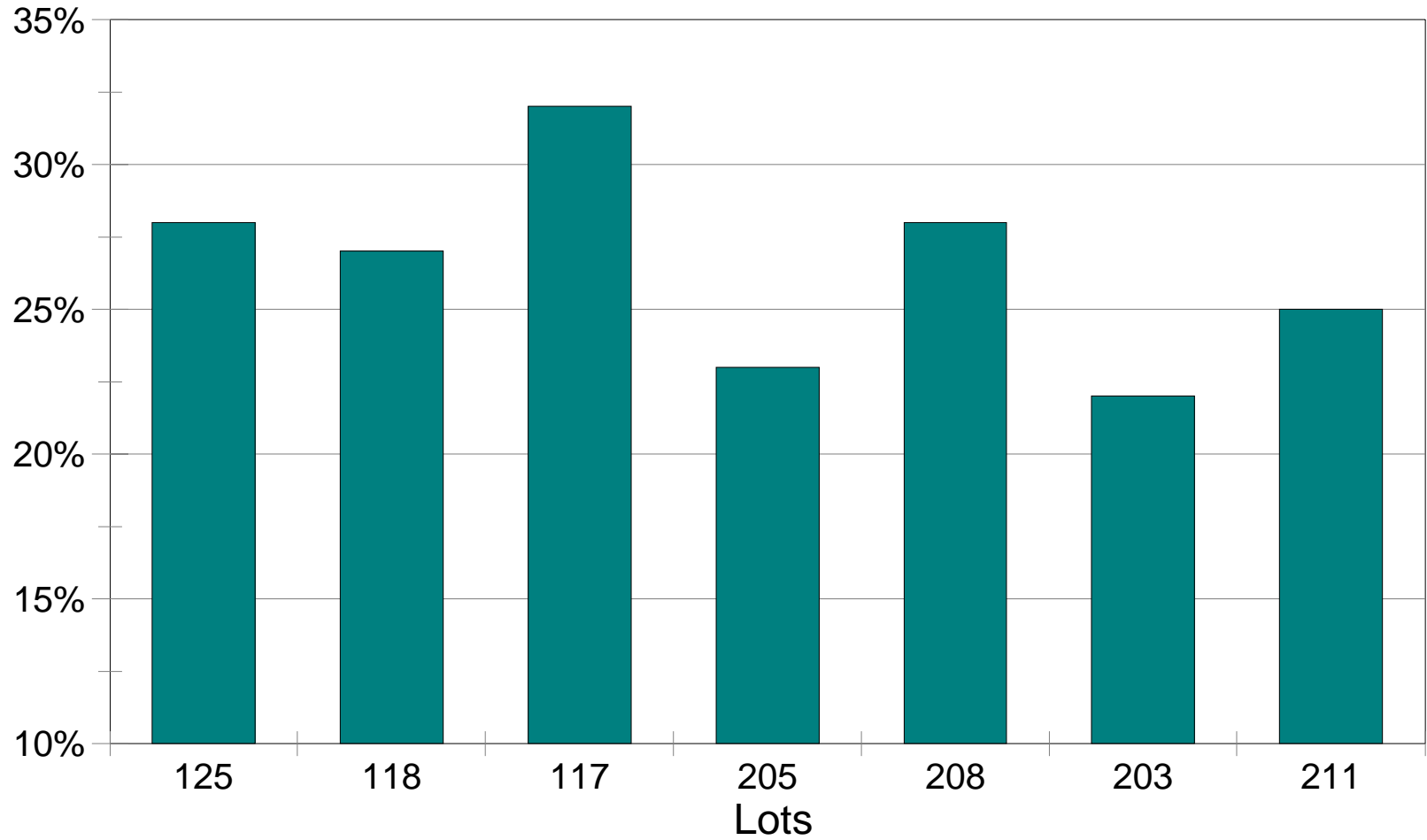


Gross Profit per Plan



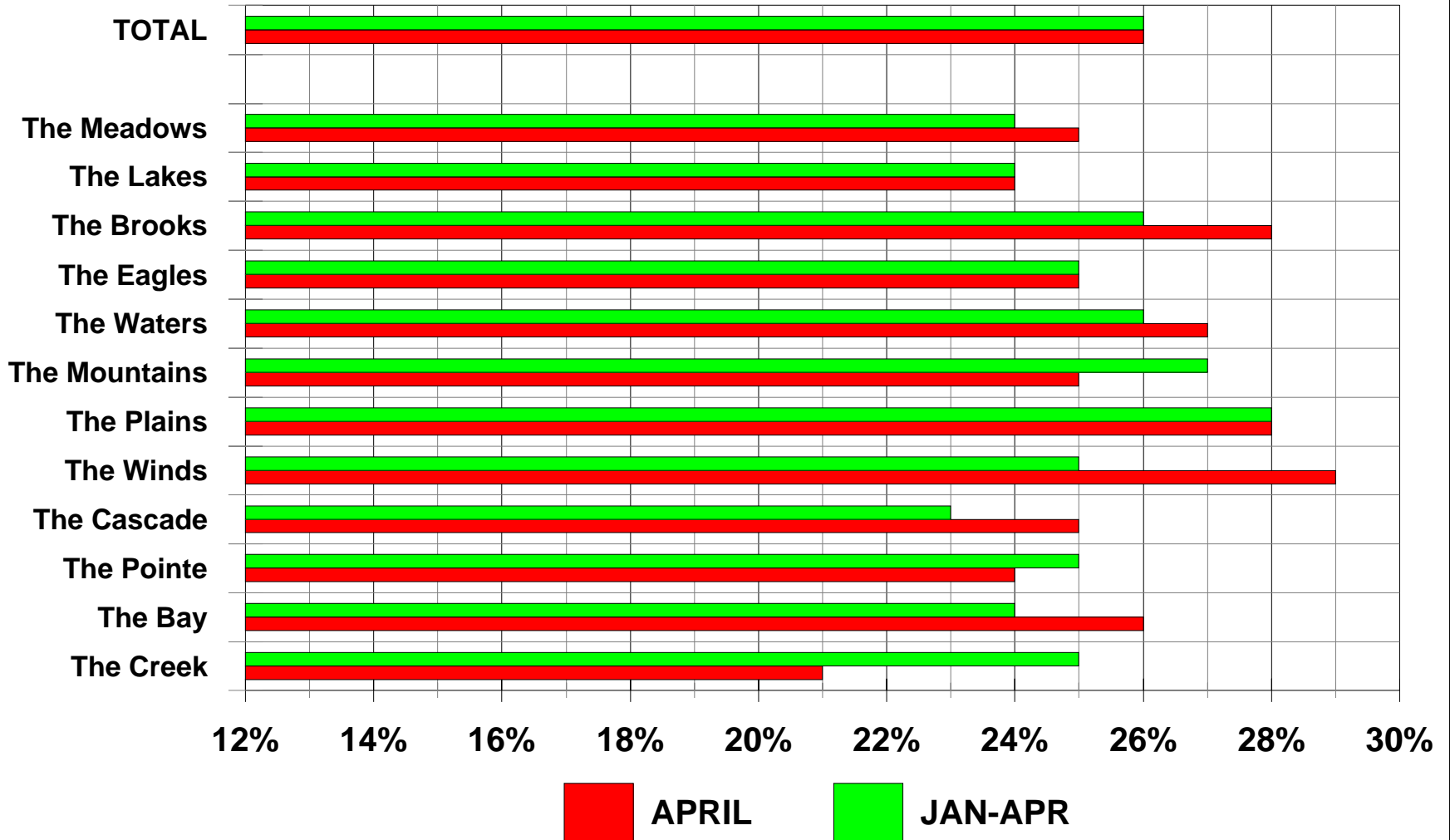
Gross Profit

Plan 1875



GROSS PROFIT ANALYSIS

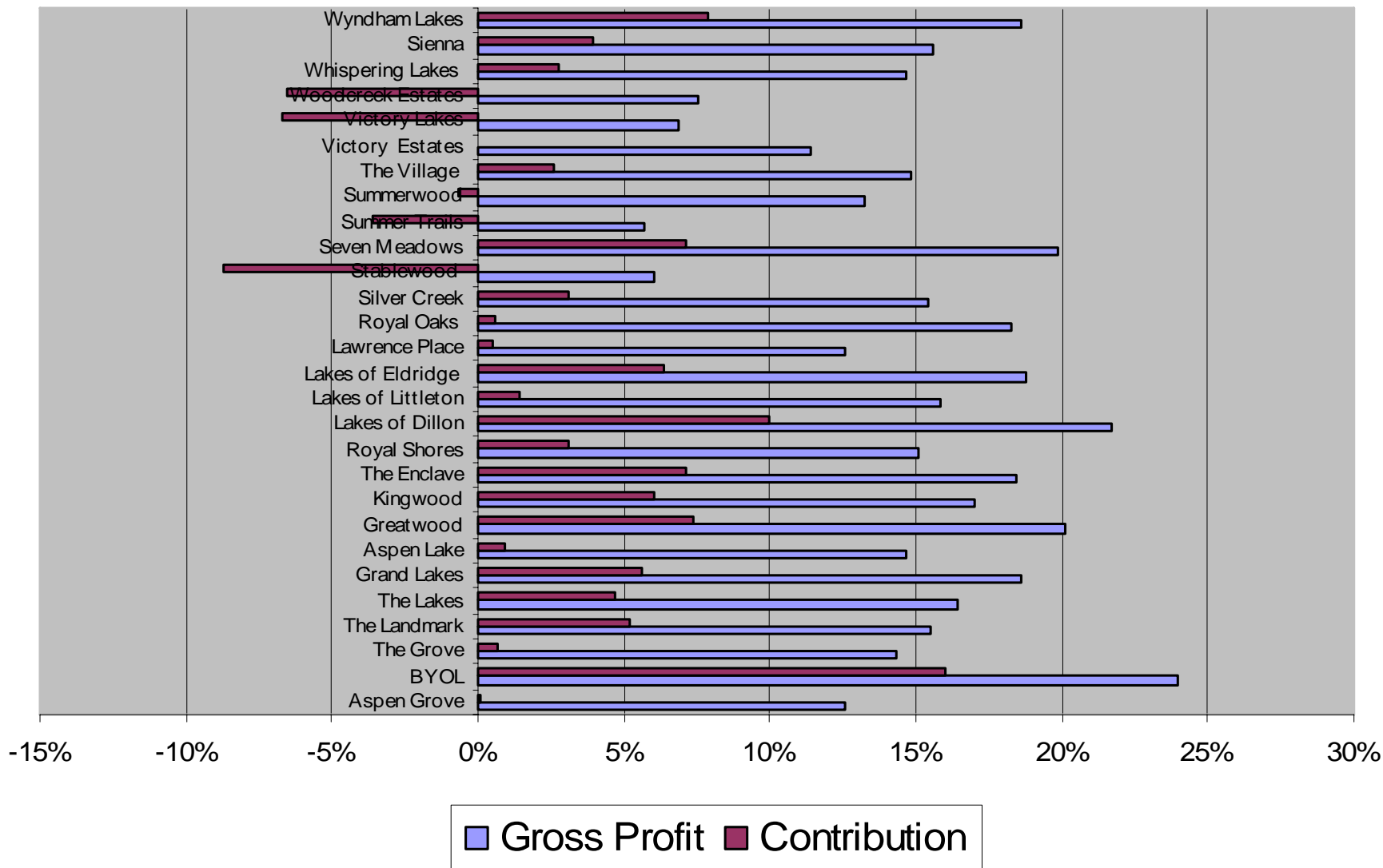
January - April



Key numbers

- Contribution margin by community
 - Gross Profit
 - Fixed costs of running the community
 - Models
 - Superintendents, laborers, punch out
 - Construction trailers, etc., etc.
 - Variable costs of the community
 - Sales commissions
 - Construction financing

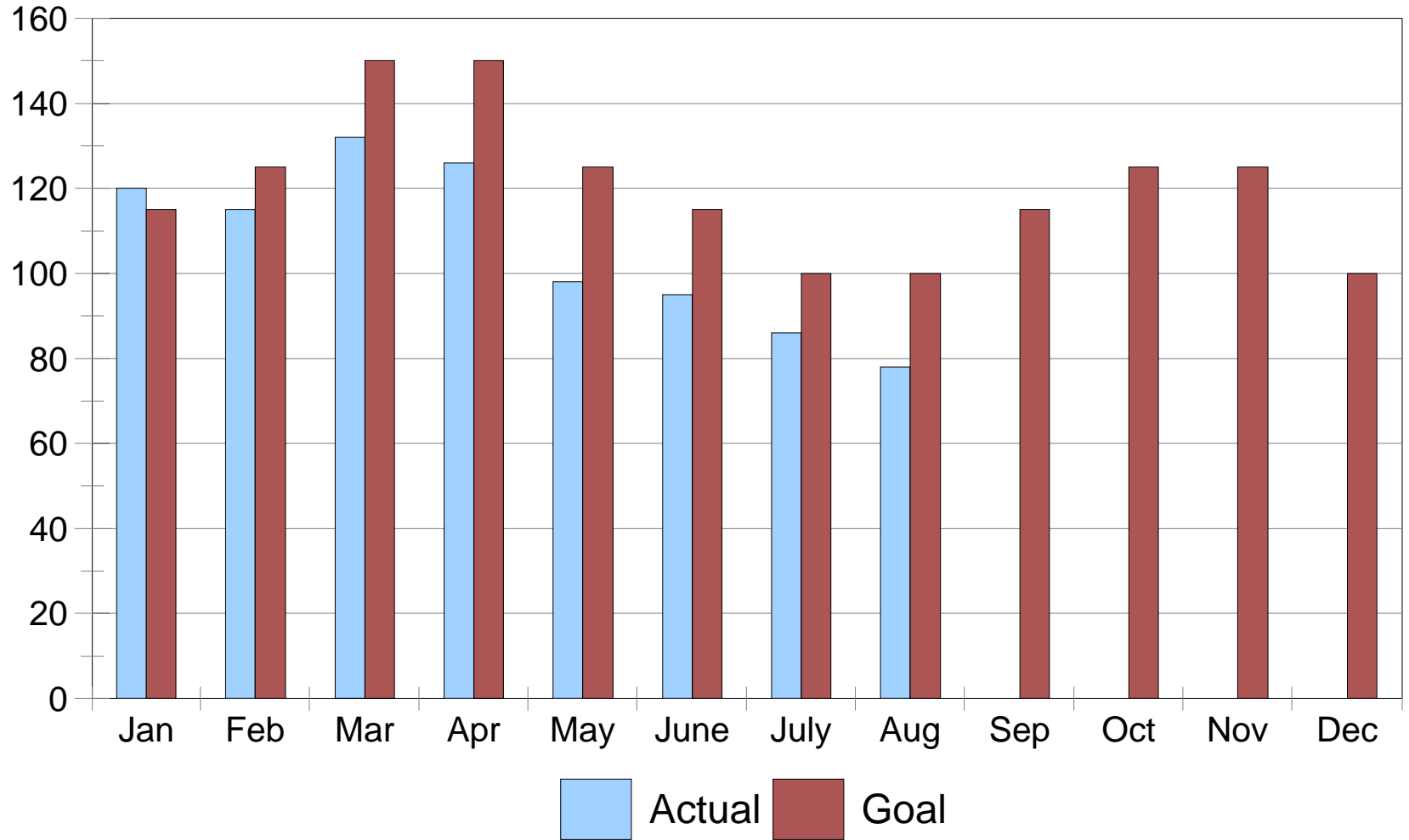
Communities - 2005



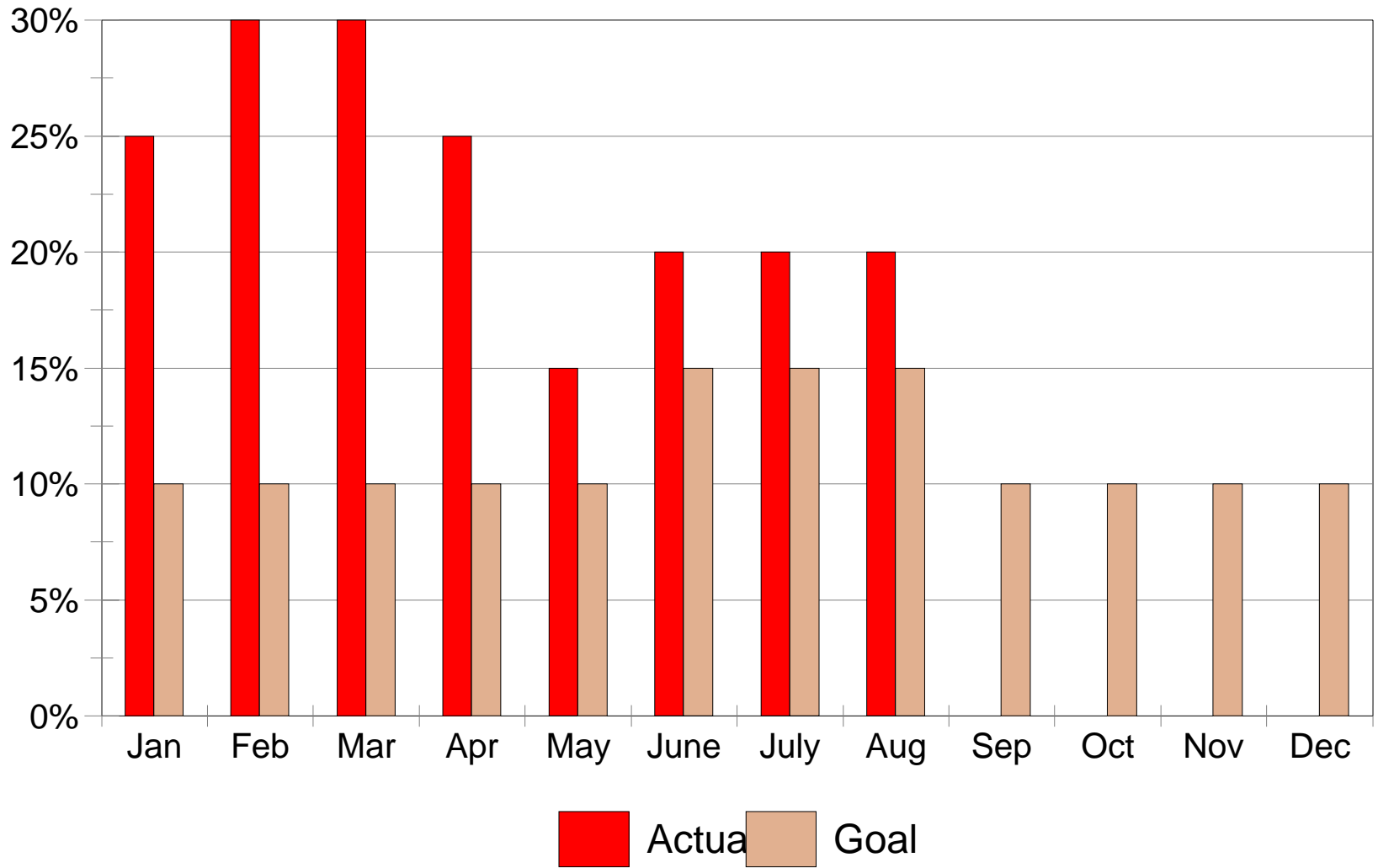
Key numbers

- Traffic
- Sales contracts
- Cancellations
- Closings
- Sales by plan
- Sales by community

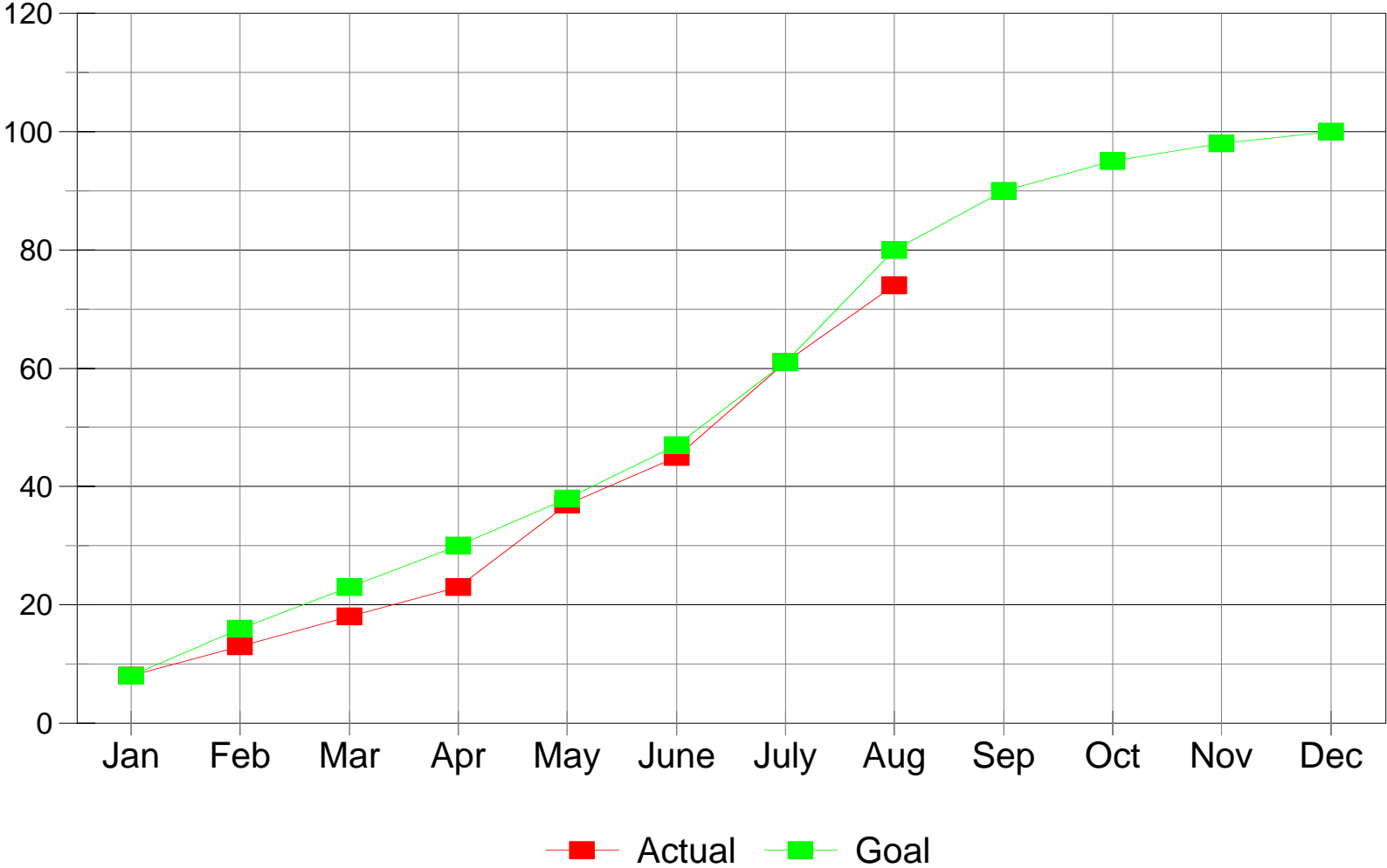
Traffic Units



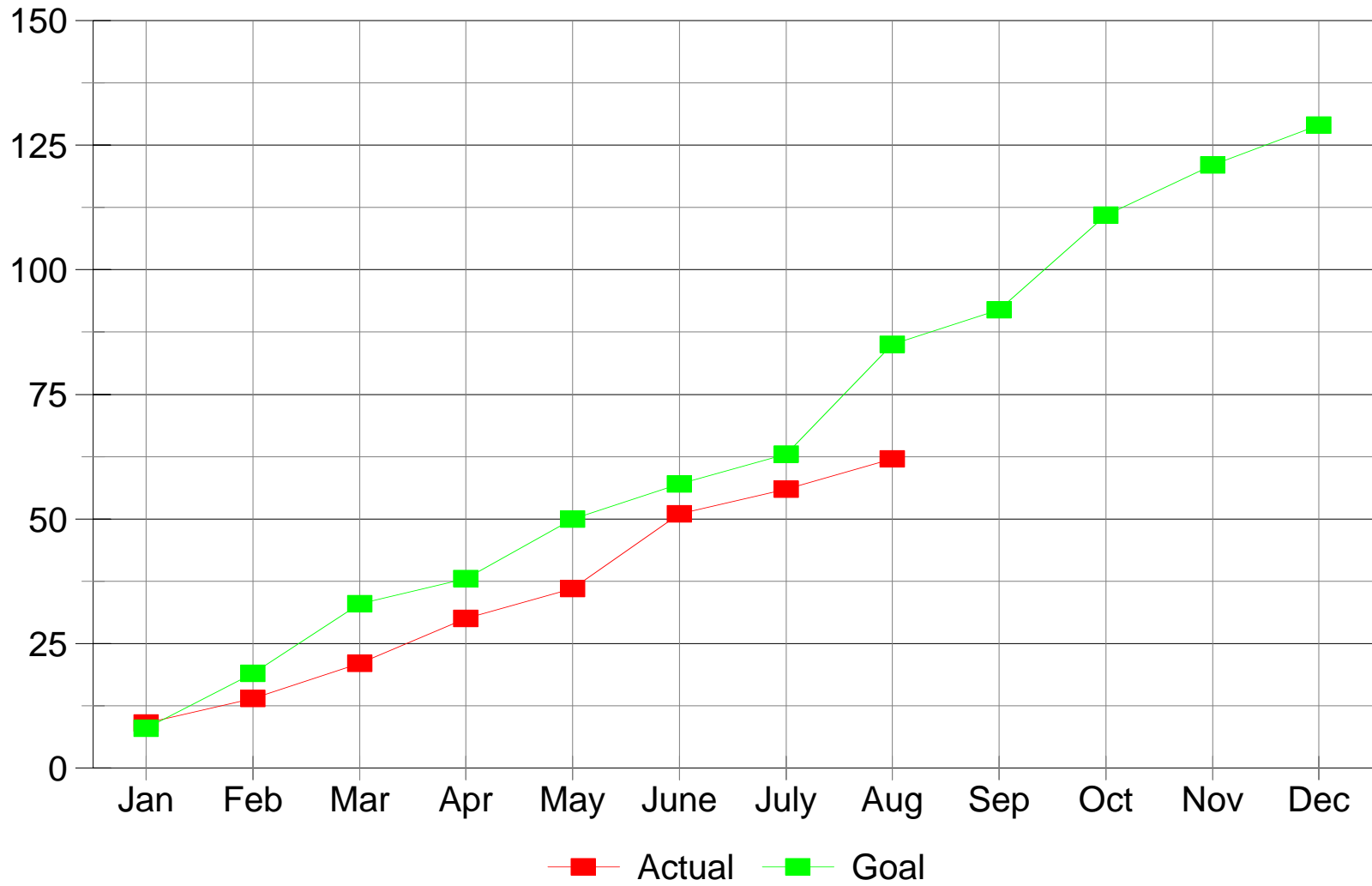
Cancellations



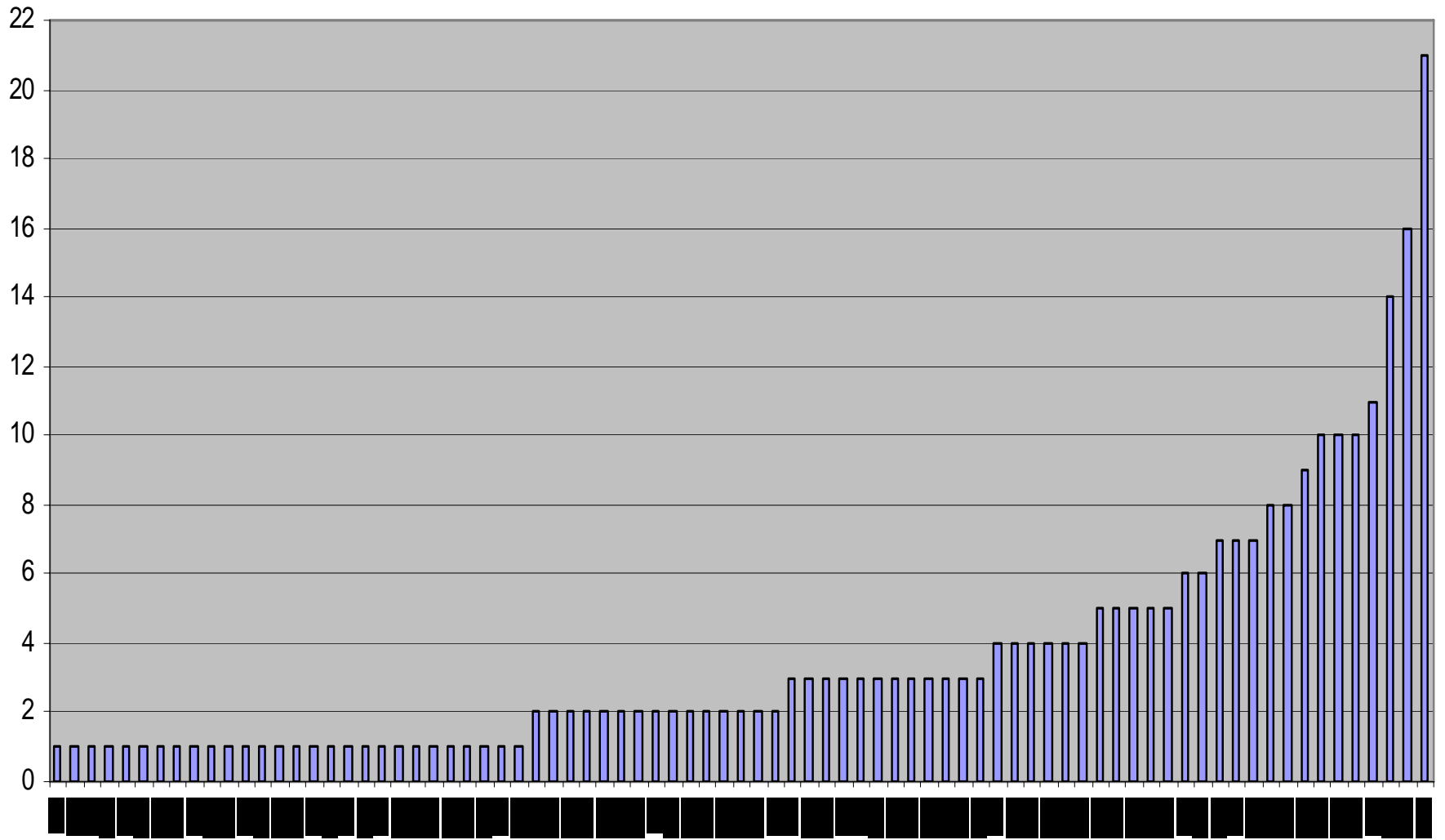
20xx Cumulative Sales



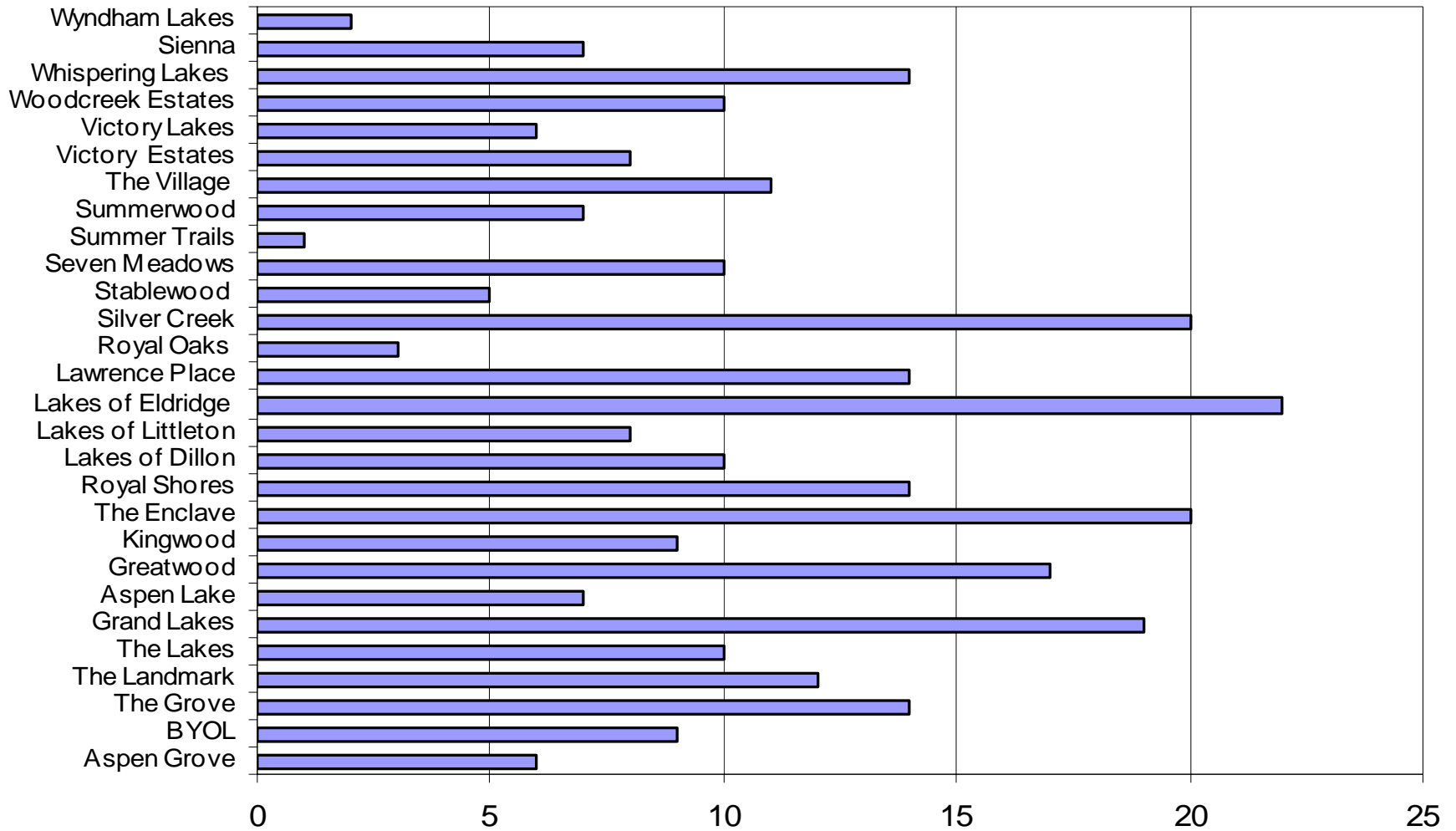
20xx Cumulative Closings



Sales by Plan - 2005



Sales per Community



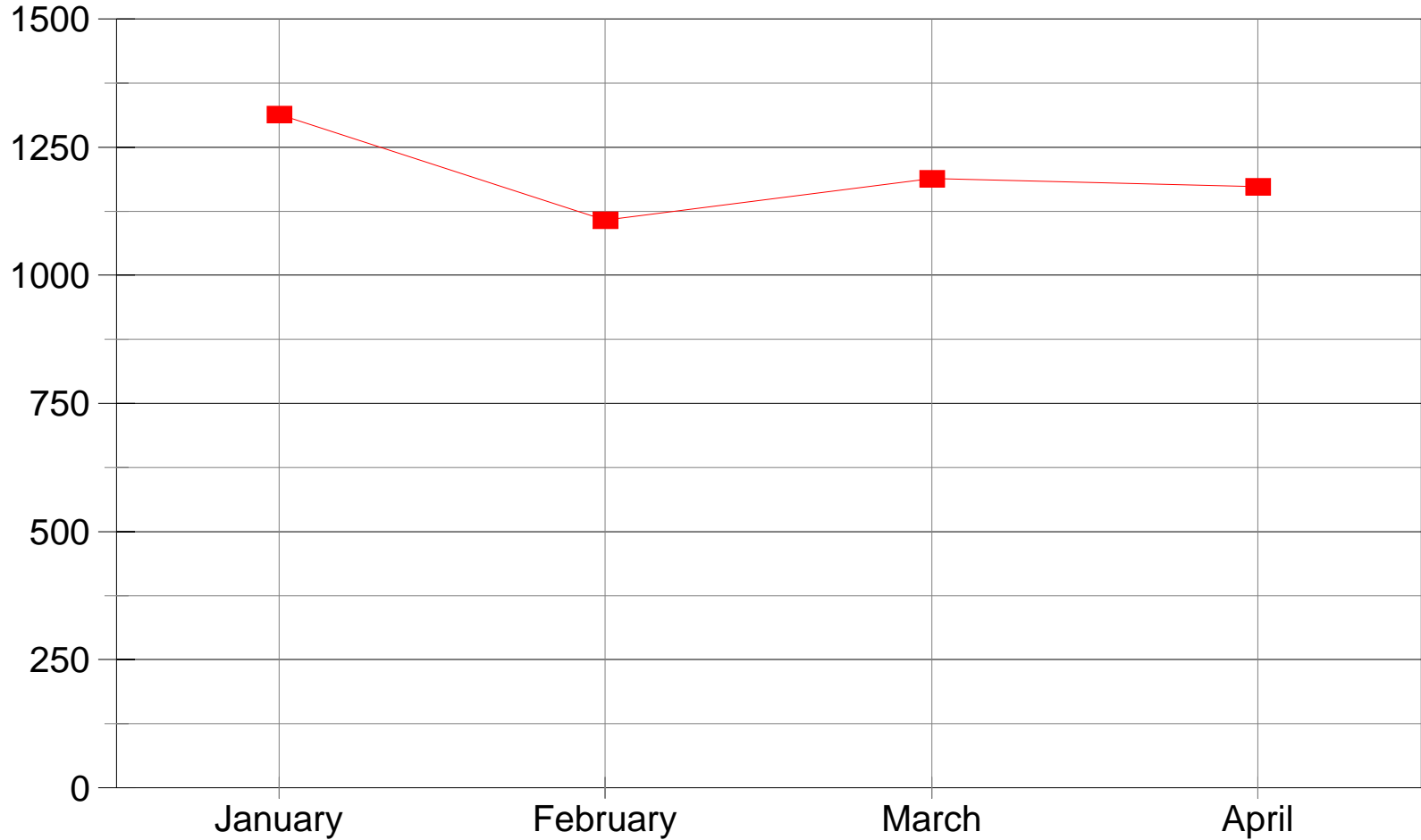
Key numbers

- Variances
 - Cost
 - By month / period
 - By community
 - By reason
 - By builder
 - Schedule
 - Warranty / customer service

	January				February				March				April				YEAR	
01 Design Error	8	1%	\$939	0%	5	0%	\$331	0%	16	1%	\$11,916	5%	4	0%	\$1,710	1%	33	1%
02 Estimate Change/Error	20	2%	\$1,780	1%	40	4%	\$5,312	3%	27	2%	\$2,609	1%	59	5%	\$10,620	6%	146	3%
03 Site Condition	175	13%	\$45,123	23%	168	15%	\$35,150	20%	145	12%	\$29,662	12%	168	14%	\$49,781	27%	656	14%
04 Equipment Rental	6	0%	\$664	0%	6	1%	\$325	0%	1	0%	\$214	0%	2	0%	\$662	0%	15	0%
05 Backcharge	132	10%	\$25	0%	108	10%	-\$4,161	-2%	110	9%	-\$600	-0%	91	8%	-\$5,402	-3%	441	9%
06 Theft/Vandalism	120	9%	\$10,328	5%	66	6%	\$7,663	4%	73	6%	\$5,033	2%	56	5%	\$5,437	3%	315	7%
07 Rework & Repair	138	11%	\$12,115	6%	102	9%	\$12,259	7%	87	7%	\$6,445	3%	89	8%	\$8,119	4%	416	9%
08 Sales Concession	11	1%	\$1,078	1%	10	1%	\$1,840	1%	13	1%	\$5,846	2%	25	2%	\$4,234	2%	59	1%
09 Code Change	21	2%	\$1,479	1%	14	1%	\$702	0%	8	1%	\$476	0%	5	0%	\$408	0%	48	1%
10 Backlog Sub	0	0%	\$0	0%	8	1%	\$2,450	1%	12	1%	\$2,051	1%	1	0%	\$1,620	1%	21	0%
11 Weather Conditions	24	2%	\$1,113	1%	16	1%	\$636	0%	4	0%	\$106	0%	0	0%	\$0	0%	44	1%
12 Vendor Error	2	0%	-\$21	-0%	1	0%	\$253	0%	0	0%	\$0	0%	0	0%	\$0	0%	3	0%
81 Prchsng Change/Error	273	21%	\$45,363	24%	243	22%	\$38,083	21%	317	27%	\$44,218	18%	276	24%	\$33,518	18%	1109	23%
82 PO Not issued	327	25%	\$68,307	35%	237	21%	\$69,359	39%	288	24%	\$125,628	52%	277	24%	\$60,895	33%	1129	24%
TOTAL	1314	96%	\$192,635	98%	1108	92%	\$178,207	96%	1189	93%	\$241,495	97%	1173	90%	\$182,383	94%	4784	93%

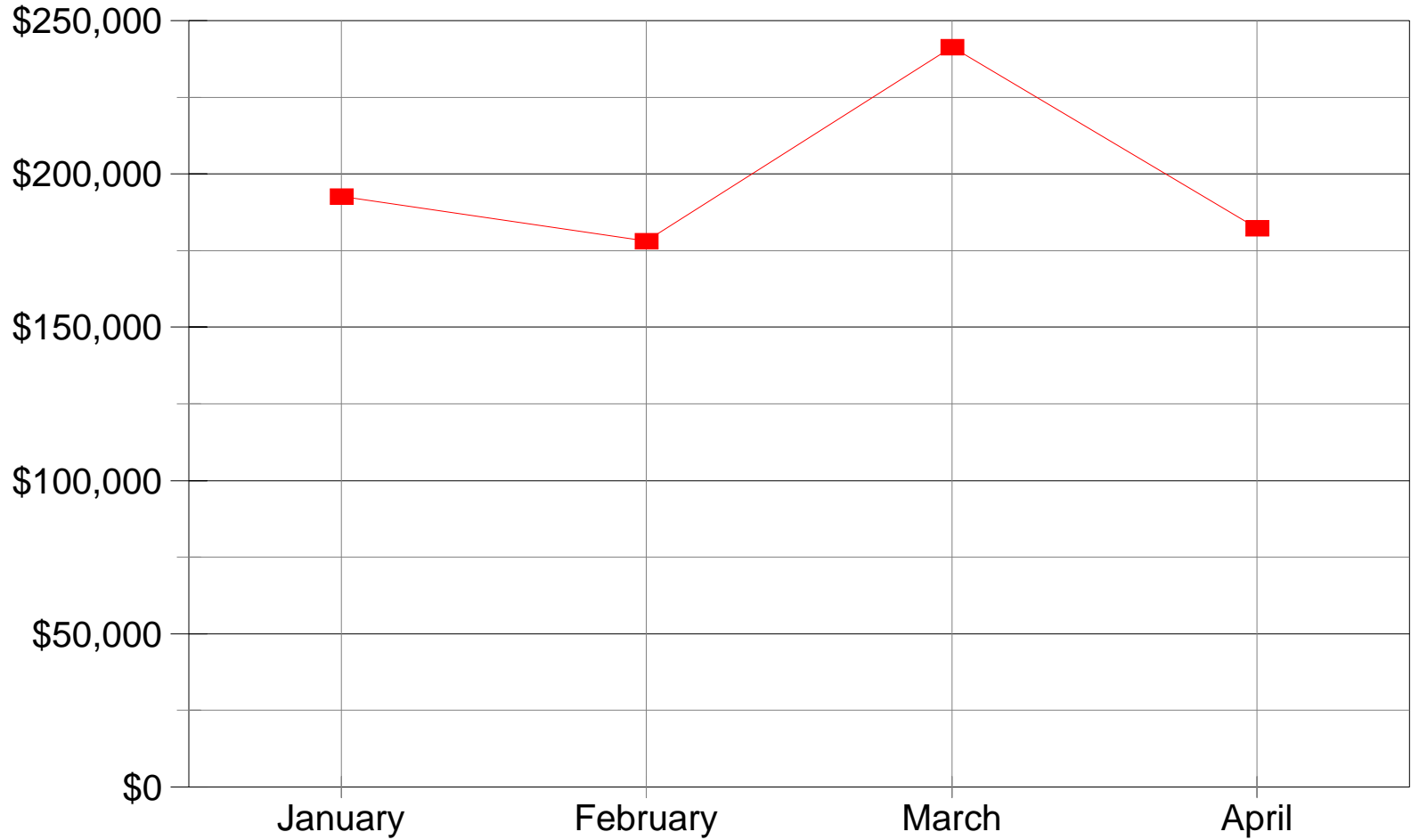
Variances per month

#4784
\$794,720



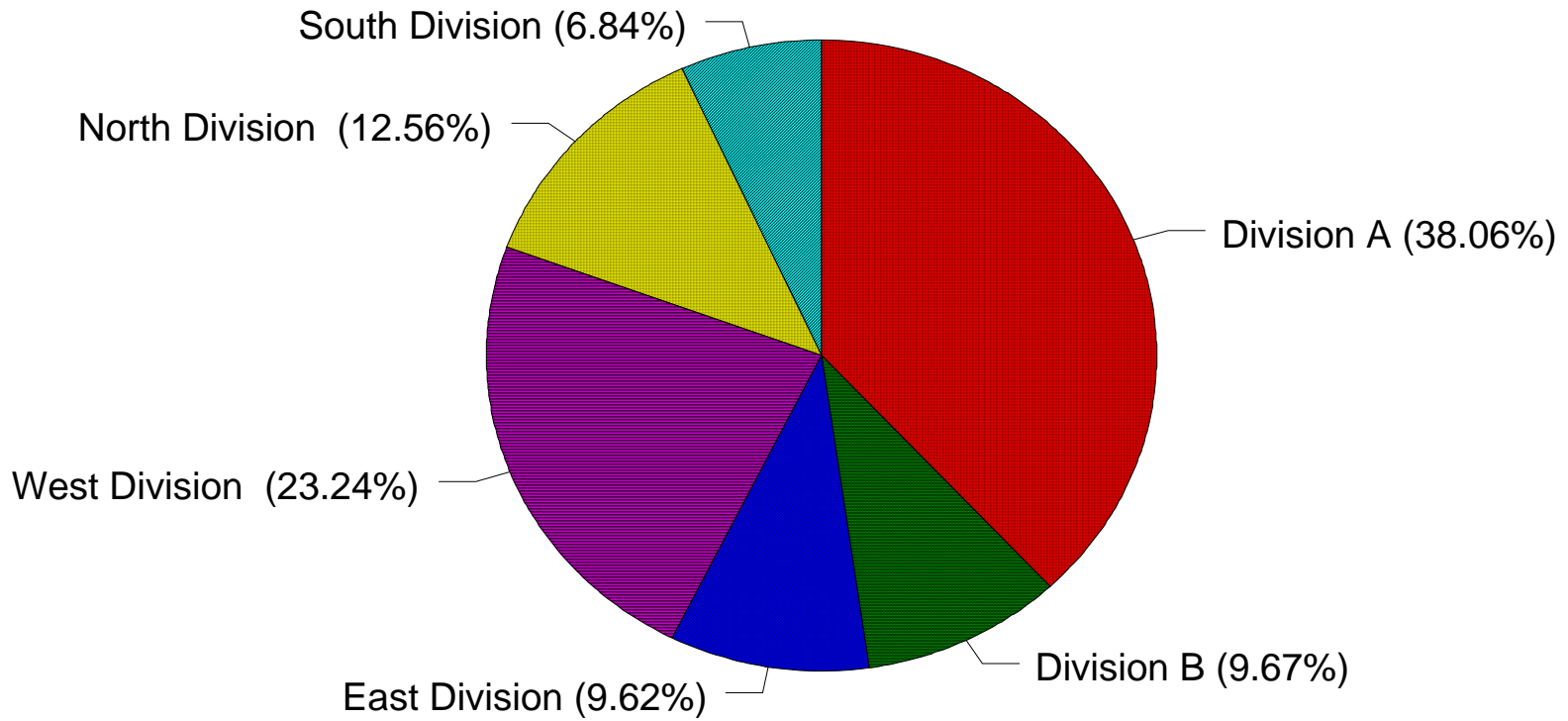
\$ Variances per month

#4784
\$794,720

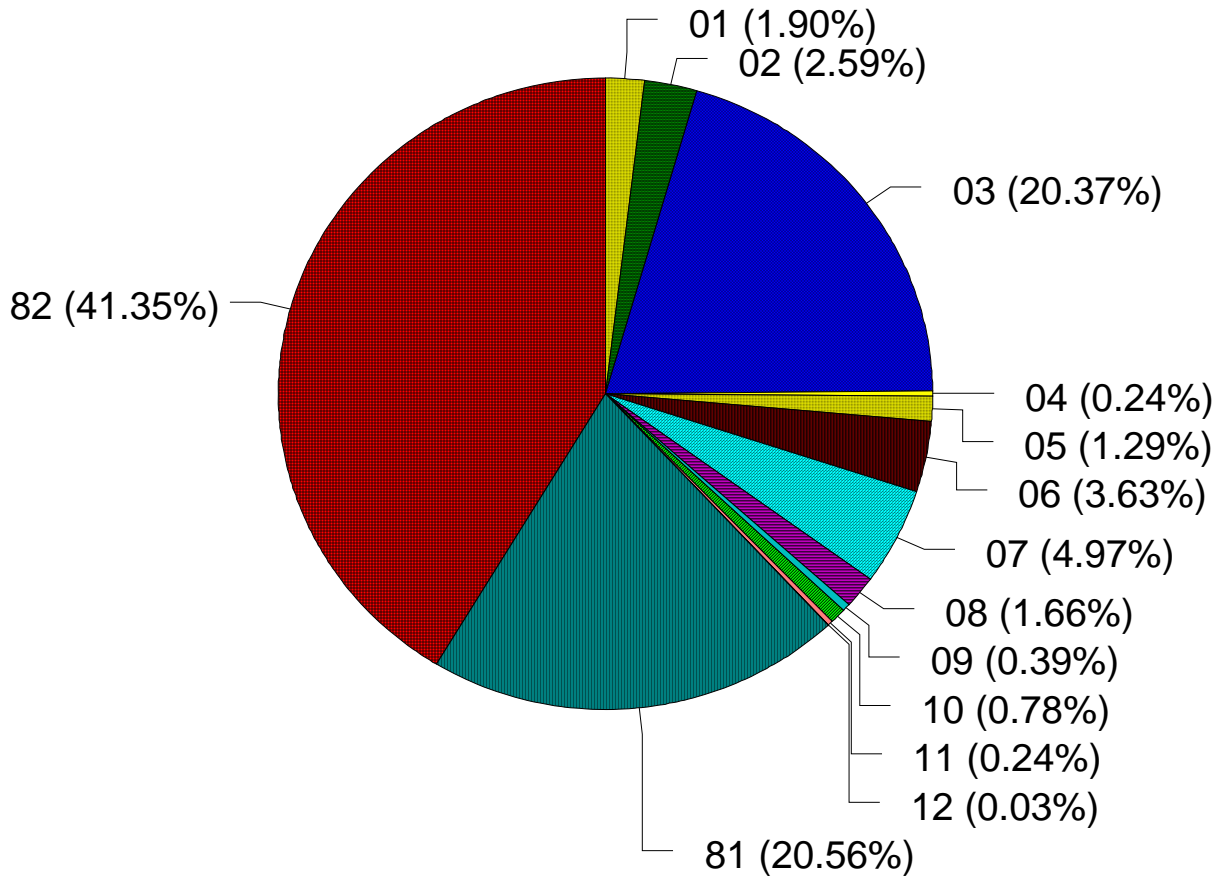


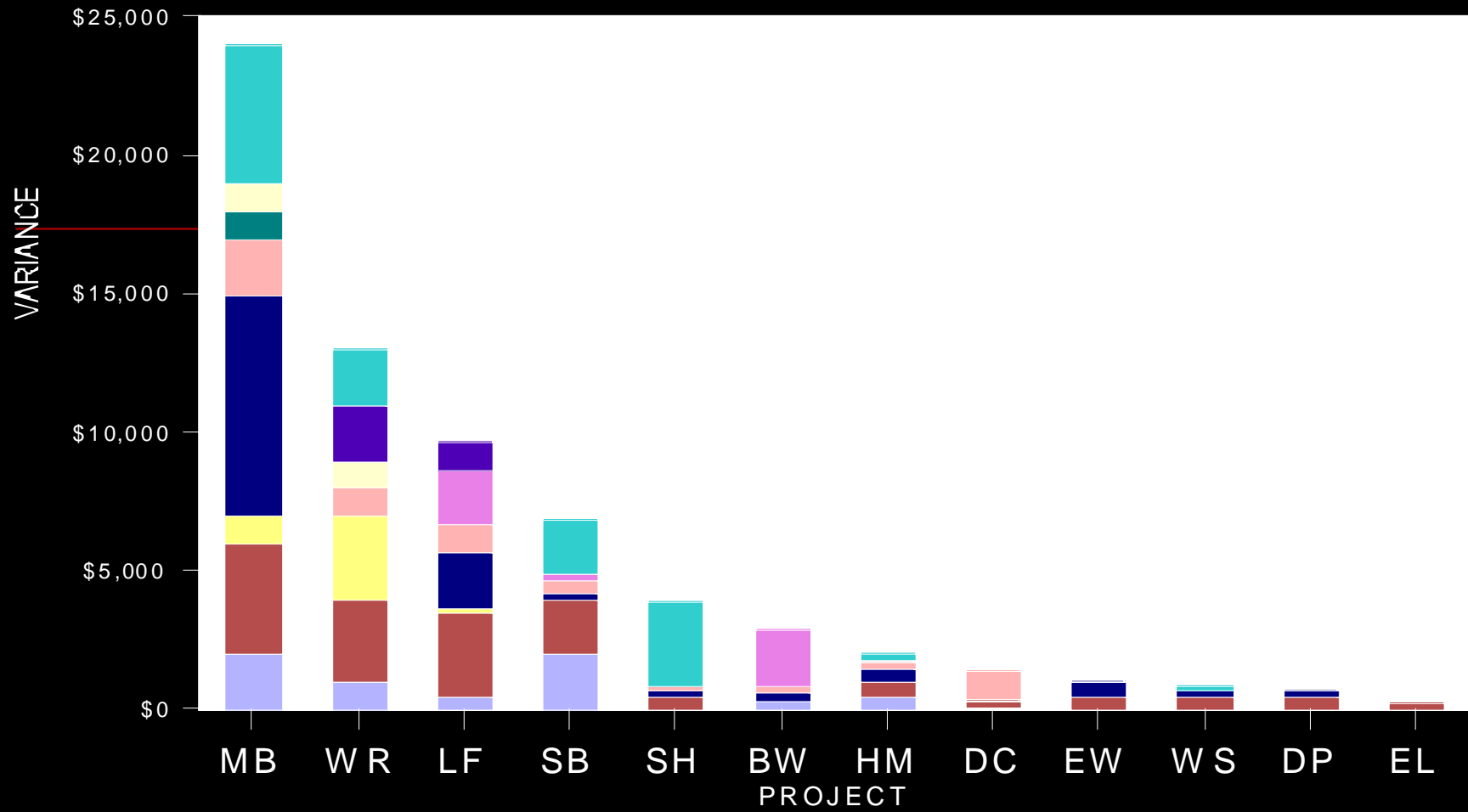
Company

\$ Variance - 4/30 YTD



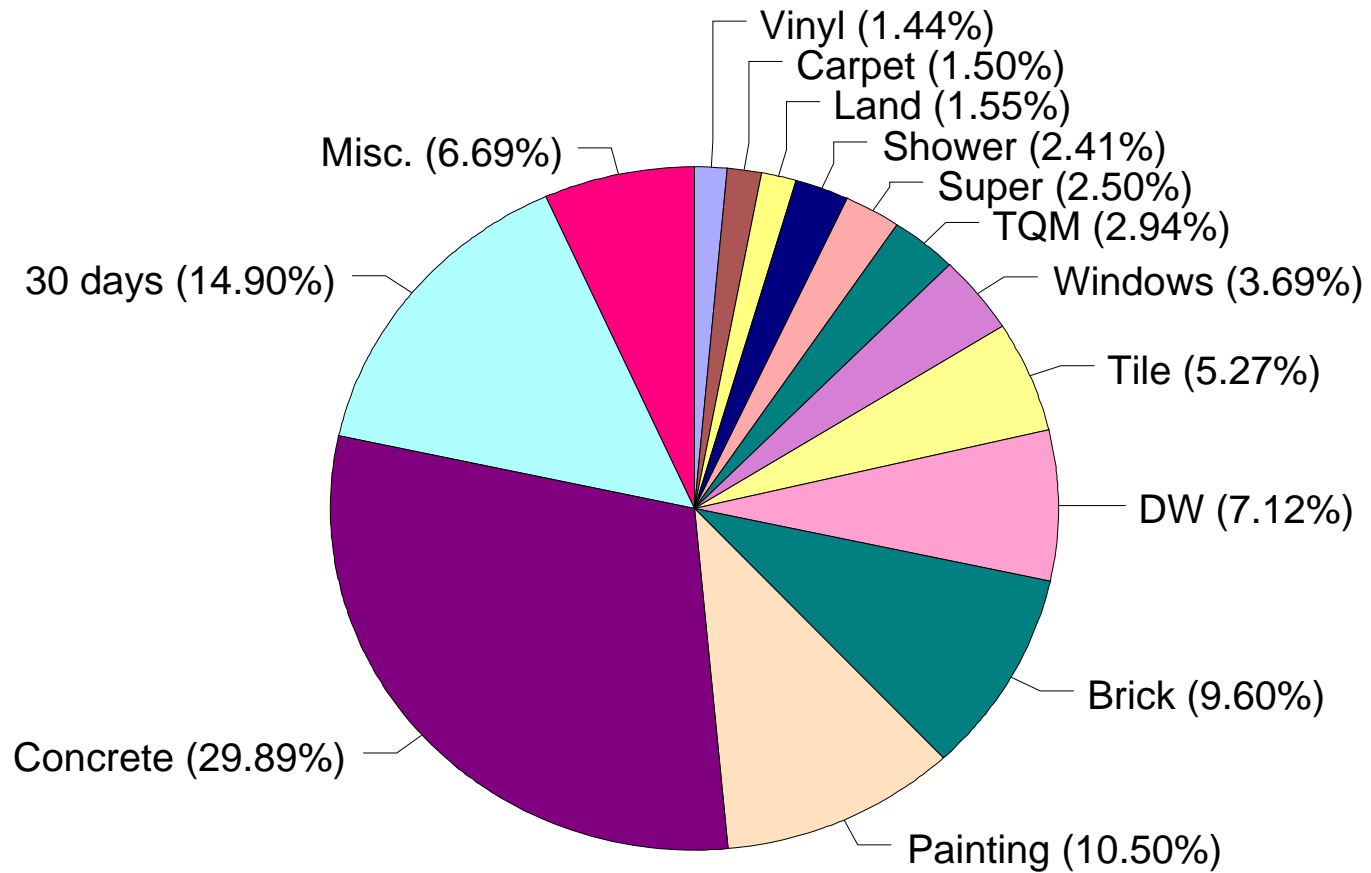
\$ Variance - 4/30 YTD





- Other
- Weather
- Satisfy Customer
- Site Conditions
- Subcontractor
- Material
- Field
- Design Center
- Estimating
- Architecture

Customer Service Expense



How can we do it

- It is easy
- Select your key measurements
- Establish targets
- Track and measure performance
- Use excel to set up the data
- Create a table
- Let excel do the chart for you

20xx Cumulative Sales

January	8	8
February	13	16
March	18	23
April	23	30
May	37	38
June	45	47
July	61	61
August	74	80
September		90
October		95
November		98
December		100



A





ONLY IN TEXAS!



24
HOUR

FITNESS

PROTECT
YOUR FITNESS
WITH
WATERBURY'S
NEW
WATERBURY
FITNESS

WATERBURY
FITNESS

FITNESS

24
HOUR

24
HOUR

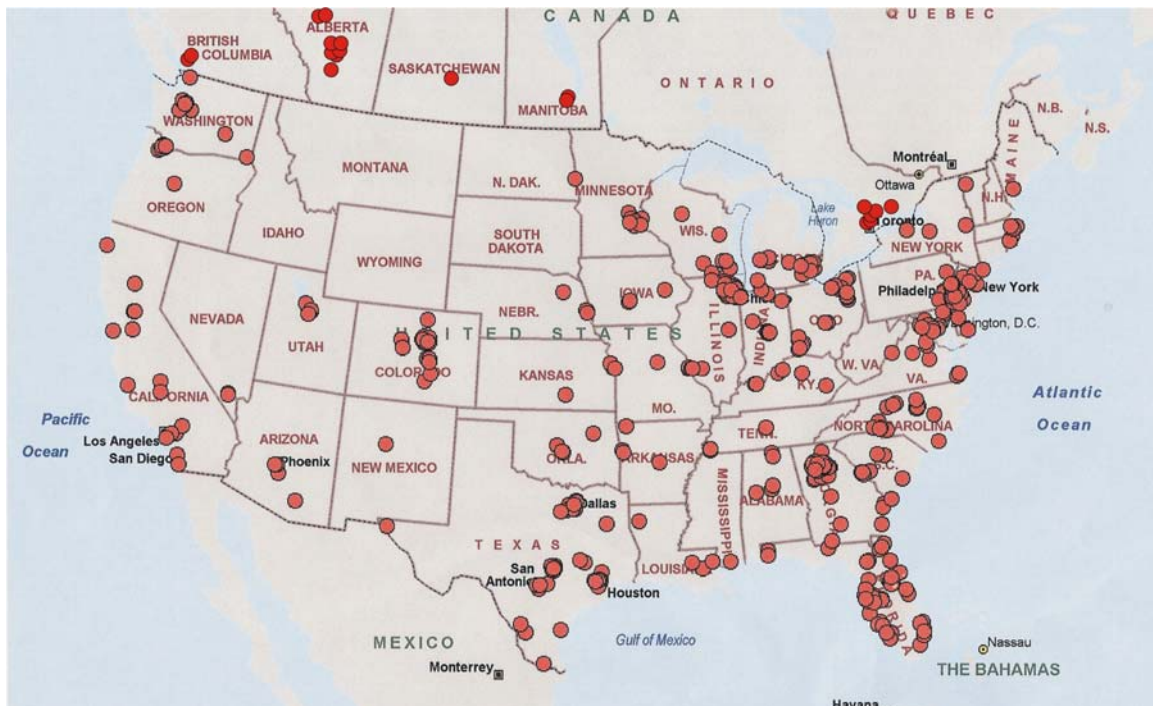
POINT OF
ENTRY
TO UPPER
LEVEL
LOCATED
24 HOURS

Our Clients

Our primary clients include:

- Medium to large volume regional builders seeking to increase their profitability
- Other players in the home building industry, including manufacturers, financial entities, software companies and other suppliers

Our builder clients, located across the United States and Canada, include top performers among regional homebuilders. Many of these companies have been recognized by home building professional magazines and local Home Builder Associations (HBAs) for their successful management styles; and are considered spheres of influence within their communities.



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