

GreenHomeBuilder

America's Premier Green Homebuilding Resource

Creating Large Margins with Urban Infill

One of the most interesting challenges for home builders today lies in the realm of urban infill. Builders must deal with difficult sites, existing overhead wires, grade issues, city officials and unfortunately (all too often) difficult neighbors. Beyond the coordination and patience required to handle all of these elements the builders also have to consider one major factor – margin. Eroding margins plague infill builders which is why many have turned to the concept of Lean Design as a method to sustain profitability.

Lean Design is helping builders all over the country solve the kind of challenges presented by infill lots. A huge misconception about Lean Design is that it is just a cleverly packaged term for value engineering. Not the case. Value engineering became a four letter word in the late '90s after many builders used the concept to strip away all the dramatic amenities and aesthetics that make homes exciting and attractive. The Lean Design approach is to strip the plan only of waste, the end product of which results in superior aesthetic design, cutting edge planning and increased amenities. Lean Design employs the use of a structured collaborative process which involves all key members of a building team (especially sales) and a litany of trades and suppliers to optimize home efficiency and effectiveness for increased sales velocity at the best possible profit margins. Lean Design never cheapens the home or reduces its value; instead, it increases focus to provide only what the customer will willingly pay for.

The overriding principle of Lean Design is marketability. The winning combo is to make the home simple and efficient to build while designing exteriors that appeal to the emotions of the buyers. The design must be current, employing the hottest trends, but without the complexity of multiple foundation jogs, improper building dimensions and overuse of engineered lumber.

As a builder, the best way to start with Lean Design is to put together a Lean Team: your best representative of construction, purchasing, estimating, design and sales. Take the team out to the field. Go to a home that is being framed in and walk it. One of the largest sources of waste in a home is lumber. Take a close look at your headers over door, window and fireplace openings. Nearly every builder I have ever worked with (regardless of geography) initially had far too many headers and/or headers that were way oversized in their homes. Code requirements are typically 250 percent over failure, so anything designed above code is waste.



With Lean Design, trade and supplier input is a requirement. The trades and suppliers are the builder's best resource for identifying waste. Lean Design dictates that the major trade partners become involved in the design process early to help the builder and architect design a home that will be profitable and create a solid margin. Having the ability to utilize the vast knowledge and experience of the trade base prior to the architect creating final drawings is priceless. Minor changes to details and dimensions can result in more efficient construction that will save time and money for both the trade and the builder while still maintaining the integrity of the design. The question then becomes do the trades and suppliers actually design the home? No, but their input creates valuable design parameters that the design team would never have been aware of previously. This is the kind of input that is critical when starting conceptual design that will ultimately produce large margins.

The most important part of Lean Design is the architectural drawings. This is where all the information gathered through the field walks and trade collaboration come together to establish guidelines for effective and efficient design. Your goal is to create the most dramatic and marketable home possible that will cost thousands less to build than your competition. Eliminating waste in design is the key to being able to upgrade amenities and curb appeal. A good Lean Design will have little wasted floor space (halls, etc.) no unused rooms (formal Living Room) and current, fresh, relatable designs. The construction drawings will be complete, accurate and carry the signature of knowledgeable trade input. The most successful Urban Infill builders in the country are now employing Lean Design as the way forward.

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