

Maximizing Trade & Supplier Relationships in a Tough Market



IBS Education

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Meet Your Speaker(s)



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Today's Trade Contractor Challenges

Severe Skilled Labor Shortage

- Residential builders compete for a limited number of skilled trades

Aging Workforce & Insufficient Replacement Pipeline

- Statistics show for every 5 people that leave the trades, they are being replaced by 1.5

Leveraging the Trade Partner Relationship

- Poor scheduling and systems hurt

The Builder's Identity Crisis

- Trying to be everything to everyone is confusing to the trades

Price Sensitivity vs. Trade Loyalty

- Tension between trade continuity and price control

Today's Supplier Challenge

Material Availability & Lead-Time Volatility

- Unpredictable lead times
- “Available today” turns into “8–12 weeks” after contract

Price Instability & Quote Validity

- Mid-project price increases
- Volatile commodity pricing (lumber, copper, PVC, appliances)

Inconsistent Communication & Accountability

- Poor updates on delays
- Reactive rather than proactive communication

Logistics, Delivery & Damage Issues

- Partial shipments
- Damaged or incorrect materials

What's the Solution?

Builders Need to Build Relationships with the Trades and Suppliers

- **Core Principals:**
 - Treat the Relationship as a Partnership
 - Offer the Same Commitment You Expect
 - Focus on the Culture Your Company Offers
 - Share Your Vision and Goals
 - Be Transparent to Build Trust
 - Identify How Joining Resources can be a Win - Win

How Do You Present It?

Make it Real

- Talk *WITH* Trades and Suppliers... Not at Them

Drive the Dialogue

- Ask Them what They Need From You and Circle Back with What You Need from Them

Be Tactical

- Make the Experience Working with You Better than Other Builders

Be Strategic

- Create Metrics that Measure Success

Managing Costs

Build
Costs

Resource
Cost

What's the Difference?

Cost Control - Managing what you pay:

- Unit prices
- Labor rates
- Material costs
- Margins
- Budget adherence

Resource Control - Managing who and what you rely on:

- Trades
- Suppliers
- Crews
- Capacity
- Reliability

The Balance: Cost Control optimizes *price*, Resource Control optimizes *outcomes*

The Power of Time

Soft Cycle
Time

Build
Cycle Time

What's the Difference?

Soft Cycle Time – Before and After Physical Construction

- Pre-Construction
- Permitting and Approvals
- Design
- Selection
- Owner Decisions

Build Cycle Times – Hands On Building Time

- Site Work to CO
- Framing, MEPs, Finishes
- Inspections
- Punch Out
- Trade Execution

What Tactics Are You Using

- Bi – Annual Vendor Breakfasts
- Branded hoodies each winter
- Coolers filled with ice for water and juice when it's hot
- Buying coffee or lunch to show appreciation
- Be personal with them, ask about their families

What Strategies Are You Using?

- Cloud based project management platform
- Partnering to help leverage equipment
- Developing metrics that drive efficiency and profit
- Creating Strong Scopes of Work for accountability
- Define long term goals of the company

Keys to Success

People are our biggest asset ... Invest in them!

Work together to reduce and control costs!

Be religious about urgency before and during the build!

Think Win/Win (Note: Winners don't think about losing.)

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