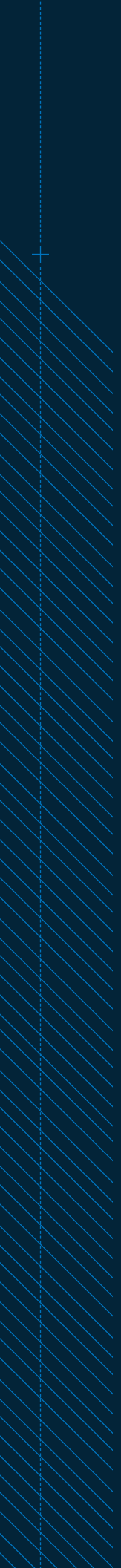




10 Challenges Home Builders Face

(and How to Overcome Them)

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Like other industries, homebuilding has its challenges. What is unique to homebuilding, however, is its inherent complexity. With expensive products (likely the most expensive the average person will ever purchase in their life span) as well as a long sales cycle, it's an industry that can feel especially difficult at times. The good news is, almost any challenge in homebuilding can be overcome. This guide will walk you through 10 of the most common challenges home builders face, and strategies to help you work through each one. Whether it's land acquisition, the cost of materials or finding labor, you'll learn the proactive strategies to tackle each challenge on your journey to becoming a thriving home builder.

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Challenge #1: Land

The Great Recession changed the field (pun not intended) of land acquisition. Before 2008, there were major developers in every significant market and buildable lots were plentiful. Since the recovery, many markets are still experiencing lot inventory shortages. What's worse, big builders are buying up parcels to hold in reserve. In many cases the land is tied up before it's even listed by a real estate agent, leaving many smaller builders with few or poor options for their projects. The good news is that good land is still available, you just need to know where and how to look for it. So how do you find the best of what's left? Here are some suggestions:

Be Targeted and Do Your Research

Looking for land to buy and develop is not exactly like looking for a needle in a haystack, but it can feel that way. Searching an entire metro area for proper pieces can prove frustrating if not fruitless. You're better off finding sub-markets within the larger community that fit precisely what you're trying to accomplish rather than searching every corner of the market for pieces that may not.

There are dozens of tools you can use to learn about land in the markets you're targeting (tax records, GIS maps, online listings, etc.). But if you want to find ideal parcels for your projects, you probably want to dig a little deeper. Study the demographics, traffic patterns, utilities, zoning and future land use for the sub-areas and parcels you're interested in. That data will tell you a great deal more than just what's available – it can tell you whether your project will actually work.

Network and Know Your Criteria

Since so many buildable sites never hit the market, it's important to find an inside line. Often times that means mining and expanding your professional and social circles. Find out who the land brokers are within your markets, sub-markets and social networks. Then reach out and build relationships with them, so you can get a first look at sites. Once you've created those relationships, be sure to be specific about what you're doing and what you need, and be persistent.

You should never have to justify a site. You should know immediately whether it's right. That means having rock-solid criteria and sticking to it. Does it have good visibility? Are utilities well located? Are there acceptable uses next door? Is it near amenities your buyers want? If the answer to any of those questions is no, yours should be, too.

Be Patient and Do Things One at a Time

Timing is everything, particularly when it comes to land acquisition. It's easy to get impatient when you're eager to start a project. Remind yourself that you're looking for A+ sites. Ideally, you'll find them in a matter of months, but if it takes a year and the site is right, you, your buyers and the community will all be better served.

If your research, planning, patience and execution lead you to a lot that works and a development that sells, count yourself lucky. Getting out of the gate and making one work is the hardest part. Now that you have momentum, you can build on it, and the lessons you learned will make your next project that much easier.



Bring the Data and Buy Competitively

Not all sales are slam dunks. That means you have to be as savvy as you are competitive. You can do that by showing the seller the true value of the development and your ability to deliver value. That means knowing the features of the site, what's useable and what each lot is actually worth. It could mean convincing the seller that your project is the better fit-and-use, that you're more likely to get zoning approval or that you'll deliver more attractive buyers and a better development in the end. Data like that can be compelling to some sellers, provide greater certainty to the land owner and help you overcome a higher offer.

Know that expensive sites make you more conservative. That's just human nature, but it's better to overpay for a great site than underpay for a lousy one. If the site is bad, the project will be a fight from start to finish. Focus on median home values and on being as competitive as anyone in the market. If you do that, you'll always be a viable buyer.

“Finding land is the key to getting the first project going. That’s where the support from Epcon has been crucial. As someone who’s never done the horizontal side of it, you don’t know what you don’t know. You’re putting a huge amount of money at risk and you want to do it right, and not make a big mistake.”

Bruce Carrell
Carrell Homes // Myrtle Beach, SC





Start Small and Partner Up

It's easy to get overeager when a project finally gets off the ground, but sometimes discretion is the best course of action. Rather than building all the homes in your planned development at once, you might want to consider building the first 20 and seeing how they sell first. Sales velocity is invaluable, and starting small can either confirm the premise of your development or give you the opportunity to adjust to the market.

If you're a builder and not a developer, land acquisition might be more than you'd care to take on. If that's the case, becoming a Franchise Builder can help bridge the gap. Epcon Franchise Builders have access to the systems, models and resources of a large builder (i.e., market studies, demographics, site selection, pricing, entitlement, budgeting, marketing and sales) without the overhead. They get advice on what will work where, who they're competing with and what it should cost based on historical data from markets all over the country. For a lot of small builders, it's a path to bigger things.

The Solution

Working alongside a top U.S. home builder delivers the information, evaluation and approach you'll need to find the land that's best suited for your next project.



Challenge #2: Margins

How can you possibly anticipate your margin before you take on a project? If you believe in the traditional 20/60/20 model, where 20 percent of your cost is land, 60 percent is “sticks and bricks” and the final 20 is everything else, maintaining margins is a tough task in any environment. With material, labor and sales costs fluctuating the way they are today, it’s even harder.

So how do you keep as much of that last 20 percent in your pocket? Here are nine smart strategies that can help.

Strategy #1: Know Your Total Land Cost

Land is the single most expensive part of any building project. But what it costs to purchase it isn’t necessarily your total cost. If the land isn’t prepared appropriately, you’ll be putting a lot more into it than the purchase price.

What kind of condition is it in? Are you going to need to take out or bring in dirt? Is it graded properly? What’s it going to cost to landscape it, including irrigation and all the typical exterior items? We tend to focus more on the structure and less on the lot, and it’s easy to get nicked as a result. Walking the land and truly understanding what it’s going to take before you start is one of the best ways to protect your investment.

Strategy #2: Get the Estimating Right

Land may be the biggest single cost factor, but it's by no means the only one. If “sticks and bricks” are 60 percent of your budget, there's certainly plenty more to consider, such as labor.

You need a very reliable and precise estimating process so you know exactly what the job requires before you sink the first shovel. You need to know the physical, human and other resources it's going to take, and you need to understand that cost structure at a house level. With that number in hand, you can easily calculate how many houses you'll need to sell. When you get that right, you're good to go.

Strategy #3: Build Fewer Floorplans

Unless you're building homes for high-net-worth clients and can get away with a cost-plus pricing model, you're going to need to find efficiencies. One of the best ways to do that is by building fewer floorplans.

Production builders understand this strategy better than anyone. They generally have three to five standard floorplans in their developments and are able to manage their construction fairly well. They may modify each plan slightly to meet the needs of a variety of buyers, but they're generally well-optimized for both the customer and the builder.

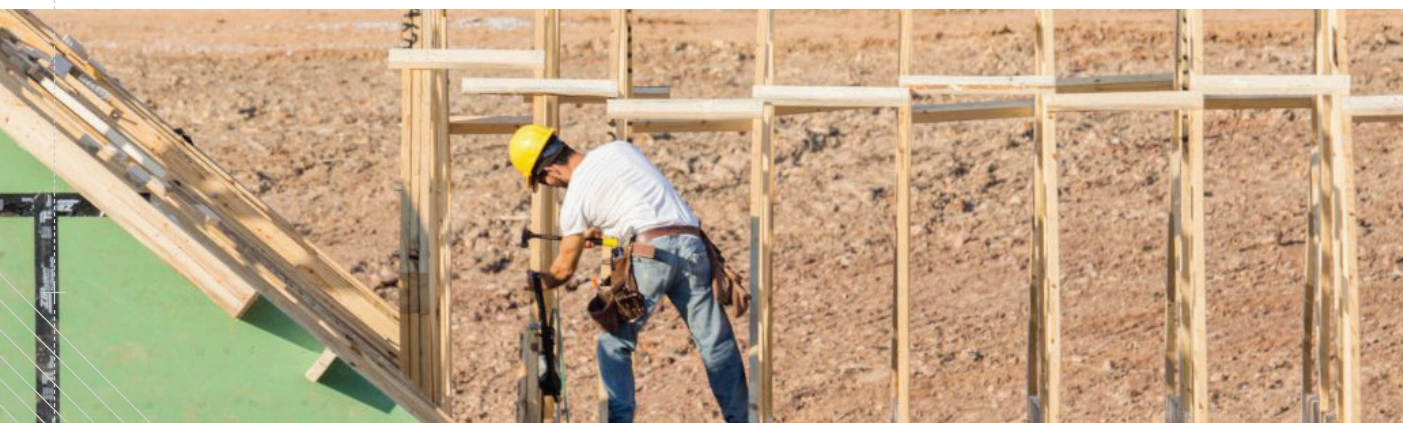


Strategy #4: Offer Fewer Selections

Floorplans aren't the only things to limit if you want to reduce uncertainty. You also want to limit variables in finish selections as much as possible.

Cabinets are a good example. If custom cabinets are going to be in every home and you're a fixed-price builder, you may have a hard time estimating what they're going to cost from house to house. Flooring is another example that has seemingly limitless variables in material and labor costs. How many hours have you lost pricing out exotic tile materials and complicated install patterns? And, when you've finished those estimates, how often has the customer tried to haggle the price after doing some “research” online? Not a recipe for efficiency.

A much better approach is a pre-defined and comprehensive list of personalization options. When you limit the variables, you see fewer change orders. The fewer the change orders, the more predictable the costs.



Strategy #5: Create Economies of Scale

By planning in advance and knowing exactly how many 2x4s, beams, pieces and parts you'll need, you create economies of scale that lower your cost structure. By building a backlog of pre-sales and evenly spacing those starts throughout the year, you'll create a predictable stream of work for your trade partners and lower that cost structure even further. When you become the job site of choice among your market's trade partners, you'll create a little friendly competition among them, too, which is never bad for your bottom line.

Strategy #6: Facilitate the Trades

Economies of scale don't just apply to pieces and parts. They're just as valuable when it comes to your trade partners.

When you're consistently building a handful of floorplans, it's easy to set up standard pricing with your trades. They know how many electrical outlets they need to install and that you'll be using the same tile, wall and faucet brands from job to job. It allows them to be very precise with their estimates and purchasing.

It also allows their teams to be far more efficient. If you're self-developing a very consistent community, they're able to send one crew out and work through multiple houses at once. And they might be able to rough two houses a day instead of spending several days on a single custom job. Everyone gets more done and that's economical.



Strategy #7: Use Peers to Benchmark

Pricing is an area where Franchise Builders have a distinct advantage. Whether it's parts or labor, they have a large network of peers who are happy to share timely data that can help them make useful comparisons and shrewd decisions.

With 80 or more builders in a system, there are a lot of experienced people to call and valuable data to share. With those benchmarks, you'll know if you're in-line or not – and pretty quickly. You'll also have a powerful negotiating tool in your pocket when you go to your vendors and partners.

Strategy #8: Keep a Tight Schedule

If you decide to build fewer floorplans with a consistent set of options, you'll be more likely to keep your vendors on track and keep to a reasonable 100-120-day schedule. That, in turn, will allow you to keep turning over your inventory.



Strategy #9: Keep Learning

Every quarter, get your team together and do a key performance indicator (KPI) review on your most recent closings. Find out how you did on costs, cycle time and customer satisfaction. If you were off somewhere or missed targets, find out why. Then, make a plan to improve. Learning is the key to continuous improvement, and every little bit helps.

The Solution

Working alongside a top U.S. home builder provides access to the resources and strategies they used to achieve the margins necessary for building their business.



Challenge #3: Competition

Large home builders are called “national” builders for a reason. They’re big and they’re everywhere – probably in your market, too. Even if they’re not competing with you directly, they’re likely competing with you indirectly in one form or another.

If you’re a smaller builder, that can be daunting. But competition is good, it’s healthy and it can bring out the best in those who embrace it. It even has some advantages.

Big builders have big reach and big resources. You may not have either of those aces, but you have plenty of other cards to play. You can use them to not only compete, but to win your share of the pot. Here’s how:

Feed off their traffic.

Your national competitors are spending big bucks on marketing initiatives and advertising to drive prospective buyers to their markets. Once they’re in the market, those buyers tend to look around a bit, and that means shopping other nearby builders – like you. That’s a nice opportunity they’ve created for you, and it hasn’t cost you a dime.

If a large builder drives 100 units of traffic to their community in a week, for example, it’s unlikely they’re going to sell 100 homes. If 20 of those happen to pop into your model, too, and you can sell to three or four, that’s money won.

Be different.

When big competitors deliver prospective buyers to your door, you need to be ready. You also need to show them something they didn't see in the last model they toured. Something different and truly unique.

Whether it's an approach, a design feature, an upgrade option or something else, you need to be appealing and memorable in a way the bigger builders can't. In other words, you need to find your niche.

The best way to do that is to understand your market and your buyer better than the competition does, and then deliver a product that speaks to their needs. Being "not them" is the best thing you've got going for you. Make sure your buyer sees and understands what makes you different.

Think value, not price.

Your big-builder competitors are all about volume. They buy land in bulk, have purchasing power with suppliers and contractors you can't match and have dialed-in systems and processes that can make them pretty economical. That means you probably can't beat them on direct cost - so don't. Beat them on value instead.

Not every shopper is a lowest-price buyer. For many, it's about having the right location, the right design and the right features. And while they may prefer the lowest price, they're just fine paying a competitive price, as long as they get the house and community that best meets their needs.





Be flexible.

Big builders, with a restricted set of floorplans, and limited choice and finish options, can't cater to every buyer. But you can. With a few personal accommodations and enough flexibility to give them what they want, you might just earn their business.

Innovate.

Innovation is actually an advantage for smaller local and regional builders. Once national builders have a solution that works, they tend to stick with it. It's the "if it isn't broken, don't fix it" mentality. That complacency presents an opportunity to find the gaps they're not filling and fill them. If you can, you won't have to compete on price per square foot because you'll have moved the market instead.

Think local.

People like the idea of buying locally sourced products and doing business with people in their communities. Some companies center their entire marketing strategy around it.

If buying from homegrown companies is something people value in your market, make sure they know who the local builder is - and who's from out of town.

Offer less.

Sometimes less really is more. And that's something that, as a smaller builder, you can exploit. For example, many of the big master-planned developments are based around golf courses. That's great for golfers, but not necessarily for those who've decided to downsize their lifestyle along with their home. They've just moved from one of those communities and they're ready for a little less. Less noise and traffic, fewer streets and lower costs. You might have just the right size community they're looking for.

Create community.

To a lot of buyers, community means more than a collection of homes, – it means people. These buyers want to know their neighbors. They want to stop for a chat while they're out walking. They want to start a pick-up game at the pickleball courts.

As a smaller builder, that sense of community is something you can create. The bigger-is-better builders can only simulate it. Marketing that difference is a way to capture more of their share of the market.

Be responsive.

There's another advantage to being smaller. Smaller builders are nimbler and therefore can be more responsive. Giving buyers your full attention can result in not only the sale, but loyalty for the long term. Consider giving buyers your personal email address and cell phone number, which is something the big builders won't give out.

Keep it clean.

As a smaller builder who can exercise greater control over your community, you can make sure things like the cleanliness and orderliness of the site get the proper attention.

There are prospective buyers touring your community all the time. You may not see them, and they may not look like buyers because they're just driving by, but the impression they get is important. If they see overgrown weeds, disorganized piles of materials and overflowing trash bins, they'll make a judgment about your company and your community – whether it's fair or not. Keep everything outside your sales center as tidy as the inside so buyers will want to stop in and stay a while.



“Where else can a small boutique builder join a top builder and have access to all the resources that this company has available?”

Keith Arneson
Pinnacle Properties // Ames, IA



Band together.

The best way to take on something big is to band together. It's something Franchise Builders do every day to compete with their national counterparts. Franchise Builders from across the country combine their expertise and buying power to flatten out steep learning curves. They also share and implement best practices that can make taking on big competitors a lot less daunting.

The Solution

Working alongside a top U.S. home builder enables you to be more competitive (or to dominate) in your local market.



Challenge #4: Materials

Demand for housing is strong and the increase in construction projects around the country has led to a greater need for raw materials and a higher cost to procure them. According to the [National Association of Home Builders](#), builder sentiment is strong despite issues with predicting pricing and dealing with material delays.

The cost of building a home likely isn't going to decrease anytime soon. There are many factors involved but, quite simply, building materials cost more today than they did even very recently. Builders, therefore, need to find innovative ways to cut cost when building a house. One way to do this is to increase buying power. As a home builder, what are some ways you can lower your material costs without having to sacrifice on quality or your bottom line?

The Benefits of a National Accounts Program

As a builder, you likely have great relationships with your suppliers and are receiving competitive pricing that's in line with the volume you build each year. Consider the benefits you could realize by multiplying your buying power ten-fold or more. Think of the leverage you could gain with those who supply your plumbing and electrical fixtures, drywall and yes, even lumber.

When you join a large network of builders, you can have access to cost discounts and rebates through a national accounts program that provides pricing advantages you may not be able to obtain on your own. This is the power of strength in numbers, as you gain the ability to benefit from national builder pricing within your small business.

Even if you only reduce your cost per square foot by \$1, you instantly achieve thousands of dollars in savings per home, not to mention the substantial savings that can be realized when building entire communities. This can add up quickly when you're saving on every window, door and faucet placed in your homes. Those dollars go directly to your bottom line.

Take the Complexity Out of Homebuilding

Homebuilding can be complex, but it doesn't have to be. If you are a custom or semi-custom builder, ask yourself these questions:

- How much time are my people spending pricing customizations, managing construction issues arising from one-off designs or reworking features that appeared to work on the drawings but posed problems in the field?
- What additional costs are my suppliers baking into my bids, knowing that they will spend extra time troubleshooting complex custom blueprints or making special trips to scattered job sites?
- How much could I lower my costs if I ordered the same materials for every job and gave myself the opportunity to build our plans more than once?

If any of these questions strike a chord with you, your business could benefit tremendously by committing to a simplified business model.

The Solution

Working alongside a top U.S. home builder can help you achieve lower material costs, increase your buying power and give you greater ability to meet unmet housing demand.





Challenge #5: Labor

Residential construction has been facing a labor shortage since well before 2020. In fact, the industry has faced a shortage of between 250,000-400,000 jobs month over month since the Great Recession. That represents a significant skilled labor gap. But hope is not lost, the trades are out there. If you're feeling a pinch on getting them to your job site, then they're probably passing over your jobs and prioritizing ones where they can be more efficient, productive and profitable. As an example, a one-off custom home job, which is often in an inconvenient on-your-lot location, often does not allow for that.

Here are six ways to tackle the labor challenge and make finding and retaining talented tradespeople easier in any economic condition.

1. Provide Clarity and Consistency

There are many benefits to production homebuilding, including regulating and stabilizing the flow of labor on a job site. Planned building allows you to manage an accurate construction schedule and move trades seamlessly from one house to the next, rather than putting your workers through the ebbs and flows that often accompany custom building and scattered lot job sites. Strive to be every contractor's client of choice – one they can count on to provide a ready job site, a clear scope of work and a steady stream of business in a consistent location.



2. Offer Personalization Over Customization

Customization might provide a path of least resistance for your sales professionals and make some homeowners happy, but it's often at the expense of a happy construction crew. Building a limited selection of floorplans, and each with only a handful of structural variations, allows vendors to price that entire portfolio one time and then expect consistency in what they see from job to job. Furthermore, building a limited lineup of floorplans allows tradespeople to avoid a learning curve on every job, which makes the process much more efficient over time.

You don't have to sacrifice your buyers' ability to put a personal touch on their homes. By instead paring back excessive customizations and offering well-designed plans with a limited number of in-demand options, you can find the happy medium between your trades and your customers.

3. Invest in Ongoing Training

Labor makes up a third of the cost in a residential home, so it's important to keep job skills sharp on your job sites. The best trade partners are a significant investment and can be costly to replace, so retaining them for the long haul means they can quickly educate new crews on your products and processes and provide valuable insights to anyone who steps on the job. Investing in them through training opportunities will pay off in the long run and help better meet the market's high demand for skilled labor. You can set them up for success by taking the time to train them on your scopes of work, preferred field practices and warranty policies.

Many of the national builders invest in full-time Vendor Trainers in each market who ensure houses are built exactly how the company wants, and in the most efficient way. If you can make sure every last one of your trade partners have on-the-job training (or virtual training when hands-on is not possible) as part of their toolbox at your job sites, you will begin to see consistency in quality and timeliness.

4. Search for a New Pool of Talent

Workers in a variety of related fields have the skill set needed to pivot to a career in residential construction management, including:

- Commercial Superintendents
- Framing Contractors
- Trim Carpenters
- Purchasing Estimators
- Professional Engineers

Women represent a growing pool of talent in the industry, and they now account for over 10% of the construction workforce. Encourage the talented women in your organization to participate in a Professional Women in Construction council through your local Builder's Association so you do not miss any opportunities to identify new leaders in your business.



5. Explore Off-Site Opportunities

Production building helps your tradespeople get to the point where they can do some of the work on auto-pilot or even off-site. Jeremy Patton, Regional Director of Construction for Epcon Communities, summed it up well: "The first time out, a mechanical contractor might take two days to rough one of our plans. After a few months, they quickly get to the point where they can complete the house in a day. And, the plans are so predictable that some of them can be productive on days usually lost due to weather. Our plumber, for example, can build an underground rough-in for our most popular plan on a rainy day and then bring it to the field to drop it in the ground when the weather clears."

“The first time out, a mechanical contractor might take two days to rough one of our plans. After a few months, they quickly get to the point where they can complete the house in a day.”

Jeremy Patton

Regional Director of Construction
Epcor Communities



6. Consider Franchising

How much time are your tradespeople spending making special trips to scattered job sites, learning new floorplans and grappling with inconsistency and uncertainty? Your business and your workforce could benefit tremendously by committing to a simplified and replicable business model with systems and processes in place to supplement your vendor training and onboarding efforts. If you're looking to [take your homebuilding business to the next level](#), it might be time to consider scaling and diversifying your portfolio.

The Solution

Working alongside a top U.S. home builder helps you eliminate operational inefficiencies and streamline your labor process to build and close more homes per year.



Challenge #6: Financing

There are significant challenges for borrowers and lenders in office, retail, hotel, restaurant and multi-family developments today. The residential housing market, however, is a sector that deserves a closer look. There is a clear market need for housing and as a result financing can be easier to come by to pursue projects in this area.

Active adults ages 55+ make up the largest share of home buyers at 39%. More players are entering the 55+ homebuilding market to take advantage of this exceptional opportunity. The first challenge for many of these builders, especially if they are new to the industry or smaller in size, is securing the capital needed to acquire land and start a project. Here's a look at your real estate development financing options.

Funding Real Estate Development Projects

Home builders and developers typically need to secure at least 20% of the overall cost of a project prior to its start. For example, the initial investment for a production builder can exceed \$1 million. Project funding often comes from multiple sources including real estate development loans via local banks and/or project investors.

Acquisition and development loans (also known as A&D loans) are one of the most common types of land development financing options. These loans allow for the purchase of raw land that is ready to be developed, or for soft costs such as staffing and property improvements on already developed lots. Lenders today are bullish on the housing market for a number of reasons and there is a desire for banks to add A&D loans to their portfolios:

- High (and pent-up) buyer demand
- A longstanding shortage of homes
- Record-low mortgage interest rates
- A shorter sales cycle on homes
- Rising home prices in nearly every corner of the U.S.

A&D loans need to be supplemented with a vertical construction line of credit (LOC) in order to finance the actual construction of the houses. Production home builders such as Epcon typically pre-sell homes so acquiring this part of the financing is less complicated and banks enjoy the security of a firm contract and a down payment.



Real Estate Lending and Franchising

Wells Fargo found that 77% of small business owners have to use their personal savings to start their business. Therefore, many home builders strategize creative ways to acquire capital in the early stages of a new project, such as through an equity raise. The use of a private placement memorandum is a great way for builders to provide a compelling investment opportunity, without divesting their ownership interest. Much like banks, many investors are looking for less traditional ways to earn great returns in these challenging times.

Obtaining financing can be difficult for businesses that do not have a proven track record, but working with a franchise can help. When you join a franchise, you are taking a calculated risk. Your franchisor is a seasoned business that has been there before and has already learned some of the hard lessons, so you can avoid making those same missteps. This is attractive to both lenders and investors, who would be making a riskier investment by playing the market on a brand-new venture.

Research Your Options

If you are interested in entering or scaling your business in the homebuilding market, now is a good time to research your options. With a strong demand for housing and low inventory, more home builders are needed to complete new projects and those building entire communities are all the more attractive. With the guidance of an organization that has been doing the work themselves for years, these newcomers or smaller businesses have the potential to out-perform the broader market.

The Solution

Working alongside a top U.S. home builder with years of experience accessing equity sources and executing strategies guides you in obtaining the equity necessary to secure financing for your next project.





Challenge #7: Marketing

Who's doing your home builder marketing? For some reason, when it comes to investing in marketing, many builders see it as a "nice to have" part of their business rather than a "must have" for achieving their business goals.

You are likely to employ trained and certified architects, lawyers and CPAs to handle important aspects of your business. But do you have an intern or a not-too-busy salesperson handling your marketing? If you're taking this route it comes at great risk. It's not just important to have a trained and experienced marketer on-hand, it's imperative to also have clear priorities and a solid strategy behind how to go to market.

Marketing Budgeting 101

Many business owners are salespeople at heart. As a result, a consistent theme across many companies, and in many industries, is the lack of understanding around how best to properly plan for and allocate a marketing and advertising budget that produces measurable results.

Most business owners say they'd like to spend as little as possible, but still get great results. That's just not realistic. At minimum a line item dedicated to marketing should be included in the budget, with a specific, consistent amount designated to it. For homebuilding, industry standards from NAHB and SBA state that a sound marketing budget should be around 5 percent of your gross projected revenue to maintain current awareness and visibility, and around 10 percent to grow and gain market share. Breaking it down even further, about 1 to 2 percent of that gross revenue should go toward advertising efforts alone.

How much you are willing to spend on marketing is only half the equation, it's then time to decide how to allocate that budget. Allocation can be different depending on where you are in the country. While traditional media like a newspaper advertisement or direct mail piece might work wonders in one market, it might not make a dent in another. Likewise, a paid digital or social media advertising strategy could work well for many, while some may thrive on organic content marketing. The best strategy is to employ the full marketing mix and then test along the way to see what's working best. Do more of what works and less of what doesn't. It sounds easy but requires a lot of persistent effort.

“When you’re an Epcon Franchise Builder you get a website that’s been thoroughly vetted and invested in. You get great collateral. You get a lot of help on social media, video, photography, all the way down to mailers and signs for your construction sites. They’ve thought through everything, and it’s fairly turnkey. This is a huge benefit to us and to most builders.”

Andy Dreyfuss
 Nova Triad Homes //
 Winston-Salem, NC





Marketing In Good Times and Bad

The U.S. homebuilding market is experiencing significant growth. The National Association of Home Builders states that total single-family construction exceeded 1 million starts in 2021 for the first year since the Great Recession. Some builders may even have more business than they can handle, and think it's a good idea to stop any marketing and advertising. This is actually the time to take those efforts to the next level and invest for the future.

Reallocating your funds to marketing infrastructure – digital assets and resources like virtual tours and professional photography that can be used to help prospects along their home buying journey – as opposed to active lead generation, can prepare you for if and when things slow down, as they invariably do.

Whatever marketing efforts you pursue, you have to be consistent in good times and bad. You have to have a strategy in place and be in different places. You need the full marketing mix because different touchpoints influence buyers' decisions and at different times along their journey. Along the way, make sure you have the right people in place so that the money you are investing is invested wisely. Testing different marketing tactics across multiple channels and using that data to drive decisions is when the magic starts to happen. Marketing isn't rocket science, but it's getting closer.

Epcon Franchising provides marketing support for home builders and immediate access to a vast library of marketing assets – 3D renderings, virtual tours, floorplan brochures, full campaigns and more. More importantly, you get access to the strategy side of the equation. You won't just have access to the materials we use, you'll have the roadmap for putting them all into practice.

The Solution

Working alongside a top U.S. home builder provides access to a vast library of marketing assets along with the roadmap strategy for putting them all into practice.



Challenge #8: Sales

Have you ever driven by a larger community of homes and wondered how to grow your own business to make that happen? You don't want to sacrifice quality but also don't want to continue to spend countless hours on design customizations and change orders. You want to do more, but just aren't sure how best to build and sell your homes at scale. You may even be wondering how to go from smaller volume to production homebuilding.

The reality is that a strong sales process is at the core of growing your business and making it more efficient. Going from smaller volume to production building is no easy task. Many smaller volume home builders build a few homes per year on individual lots and often sell those homes through word-of-mouth. Production building is an entirely different game. This is where a sales consultant or knowledgeable mentor can provide great value.

The Driving Force

What accomplished production builders know that gives them an advantage over their competition is that the right sales team, properly trained, can be an incredible driving force in their business. Having an experienced sales management team to help you find, recruit and onboard your sales consultants can save months or even years of headache.

If you lack production building experience or are unfamiliar with a given market segment, having access to others who have traveled that road before you can make all the difference. You can not only learn from the first-hand experiences of others, but also avoid the mistakes they made along the journey.

The Right Mentor

If you're searching for an ideal partner to show you the ropes of production homebuilding, make sure they align with your business goals and vision. Epcon Franchising works with 80+ home builders across the country, many of whom started out as smaller volume home builders. Epcon Franchise Builders are unique in that they can keep their own brand (and even the custom side of their business) while learning the ropes of production building.

We work with national trainers and provide direct guidance through our team of experts, who have sold thousands of Epcon homes over the past 35+ years. Epcon Franchise Builders have access to the same business blueprint that our corporate team uses every day and they can tap into the mastermind network of builders similar to them in markets spanning the country.

The Solution

Working alongside a top U.S. home builder offers access to national sales trainers and consultants, as well as a network of others selling the same product.





Challenge #9: Work-Life Balance

Charis Homes, an Epcon Franchise Builder in Northeast Ohio, is led by Glenna Wilson, a builder with a passion for energy-efficient homes and transforming her business to fit the current stage of her life.

As a former custom home builder, Glenna understands the toll that homebuilding can take on work-life balance. Many custom builders spend more time working in their business than on it. On a trip to the Carolinas to meet her new grandson, Glenna visited an Epcon community and knew that becoming an Epcon Franchise Builder was the key to evolving her business. “I walked in and saw plans that made sense for this market,” says Glenna. “I listened to people coming through the models and what they had to say about it, and how they were already placing their furniture in different areas. I thought, ‘This is a great concept.’”

But switching from custom to production building has come with its own learning curve, and it’s been challenging to adjust to building homes the Epcon way. As Glenna expressed, she values being able to have the choice to do things differently. Charis Homes has an established local reputation as an energy-efficient home builder, and she intends to deliver the same quality of homes that buyers in her area have come to expect and trust. The difference is, now she can build without the higher price tag of a custom home and reach a broader target market of buyers.

“As we built custom houses, I found that prices kept going up and up. The demographics of people that needed ranch homes that’s mainly what we sold, and we were already selling mainly to the 55+ community kept going up in cost.”

Glenna Wilson
 Charis Homes // North Canton, OH



While it’s been challenging, she wouldn’t steer other builders away from making the same decision she made to become an Epcon Franchise Builder. “If anything, you have to be a risk taker,” she says. “It’s going to be hard work and you will make mistakes but ultimately, Epcon is there for you. Follow the Epcon system. They’ve done it for 35 years. It’s even evolved since we came onboard in 2018. Just because you’ve built houses for years, doesn’t mean you don’t need to follow their sales process or construction schedule. Look at it all and add your own flair. That’s the beauty of it, you can build the house you want to build but stick to the Epcon system because it works.”

The Solution

Working alongside a top U.S. home builder allows you to supplement your homebuilding experience with theirs, and evolve your business to fit your current stage of life.

Challenge #10: Government

Local government offices and zoning boards play a significant role in getting new homes and communities approved and built. There are laws, fees, regulations and more that must be considered, and they're different depending on a builder's market. Three of Epcon Communities' regional presidents share their advice for alleviating the challenges of zoning and land use as it relates to their respective regions.

How much of a role do local governments/zoning boards have in the increasing cost of housing?

Regulation at all levels has a tremendous adverse impact on the cost of housing. The National Association of Home Builders studied this and determined that regulation adds approximately \$94,000 to the cost of a \$400,000 new home. According to the same study, this is up \$65,000 in regulatory costs from just 10 years ago.

- **Joel Rhoades** // Epcon Regional President // Columbus, OH



What are some ways you've discovered to help move projects faster to approval?

We work hard to gain buy-in from all parties involved. We meet with close-by neighbors to ensure they fully understand our project and do our best to overcome any objections they may have. We also meet with city council members individually to understand and address any of their concerns.

- **Brooks Longfellow** // Epcon Regional President // Indianapolis, IN

What are the typical impact fees and land use restrictions home builders encounter?

We frequently experience impact fees for schools, parks, open space, streets and emergency services. Land use restrictions primarily include zoning but get into more restrictive elements like material and color selections, setbacks, building separation, dimensional requirements, minimum home size, sidewalks, leisure paths, landscaping, and on and on.

- **Joel Rhoades** // Epcon Regional President // Columbus, OH

How much time and what resources are typically needed to meet local environmental and zoning requirements?

Timing varies from municipality to municipality. To take a project through a full rezoning/entitlement process from contract to approved construction drawings for land development, it can take 24 to 36 months. Some resources include a zoning attorney, environmental consultants, geotechnical engineer, civil engineer, surveyor, traffic engineers, political consultant and general contractor.

- **Tom Sewitsky** // Epcon Regional President // Raleigh, NC

What are some tips you employ to get municipalities to understand and get excited about developing communities and building homes in their markets for 55+ home buyers?

We emphasize the benefits 55+ buyers bring to the municipality. They have no impact on schools and they have little impact on traffic. They have money to spend in the municipality and there is a growing number of them. We also emphasize the quality product they will purchase and the tax revenue that will be generated.

- **Brooks Longfellow** // Epcon Regional President // Indianapolis, IN



What else do builders need to know about land use and zoning?

Land use regulation has become so pervasive and intrusive that I believe it is one of the most significant limiting factors affecting our industry today. In Ohio, even when we are able to achieve satisfactory zoning approval from a local council or board, it is frequently subject to voter referendum which can quickly reverse the hard-fought victory. Epcon Communities is fortunate that we can cite our low impact, high home values and residents who are actively involved in the community.

- **Joel Rhoades** // Epcon Regional President // Columbus, OH

The Solution

Working alongside a top U.S. home builder helps you alleviate the limiting factors of zoning.

“Many of my clients are active adults, and they were looking for something that my area just didn’t have a way to offer. I looked around and as fortuitous as it was, Epcon and myself found each other at about the same time.”

Roger Thomas
Choice Builders // Cedar City, UT



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EpconFranchising.com



Learn about the steps to becoming an Epcon Franchise Builder.

Epcon Franchising helps home builders, land developers and real estate professionals solve the challenges they're facing in their business so that they can build smarter and scale faster in the 55+ homebuilding market. Call 1-888-909-2430 to learn more about what we offer and get your questions answered specific to your business and market.

Sales Disclaimer: The offer of a franchise can only be made through the delivery of a Franchise Disclosure Document. Certain jurisdictions require registration prior to the offer or sale of franchise. We do not offer franchises in jurisdictions where we are not registered (or exempt from registration). Epcon Communities Franchising, Inc. 500 Stonehenge Parkway, Dublin, Ohio 43017. Minnesota Franchise Registration No. F-3531.