

Zalman Kohen: Product diversification keeps Summit on top in Kansas City



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Summit Custom Homes confronted the recession by scrapping its line-up of ranch homes and has since studied buyers to roll out new products and services. Among its recent innovations is the Lifestyle Series, aimed at simplifying the selection process for Millennials and busy professionals with preselected interior and exterior packages created by a professional designer/decorator. Buyer feedback has been positive because the service spares them time and anxiety about making choices at a design center.

Q During the downturn, Summit focused on building two-story houses to engage buyers in the market who were ready to buy because of a job transfer, promotion, marriage, or a new baby on the way. Have other buyers since stepped up in the Kansas City market?

A Yes. The company continues to actively target the family buyer, which is primarily the two-story product line that we offer. At the same time, in order to propel our growth, we have to be a builder that provides product that is diversified and appeals to a wider demographic. During the past couple of years we introduced a new product line and targeted different buyer demographics, including busy professionals, with our luxury, maintenance-free villas. It's maintenance-free in that exteriors, lawn maintenance, and snow removal are taken care of. This product also is appealing to the new Millennial buyer cohort.

We expanded our product line with new ranch plans, story-and-a-half plans, the reverse story-and-a-half, which is the ranch with a walk-out basement in the finished lower level, and we're creating new front elevations for our two-story plans. We try to be innovative and provide a product line that continues to create excitement, draws the buyers in, and allows us to create a point of differentiation between us and other builders in the market.

Q How have the new product lines affected your building processes?

A One of the things we did was bring our drafting/architecture department in-house. That helped tremendously to streamline the design process. It's great to build a house on paper, but you sometimes don't see the kinks until you build it the first time. That's when you work the kinks out.

In terms of company process, we are a spec-driven builder, and generally our ratios are 60:40 in terms of presale to spec inventory. So when we introduce a new floor plan, part of our process is to build a better spec home so we can work out some of those details that may not have been accounted for during design. Once we build that spec home, we walk the house at the post-framing stage to make sure that any modification we wanted to incorporate is accounted for, and we also walk it at the completion of mechanicals to make sure all the runs are where they're supposed to be. Once we've built that first

home, we bring all those notes back to the office and clean up the plan.

Q Are there any challenges you're confronting with labor availability and material costs in your market?

A Kansas City, unfortunately, isn't immune to what many builders are experiencing nationwide in terms of labor shortages. Because of our size, we've been able to successfully leverage new partnerships. We pride ourselves on working closely with our vendors and subcontractors. We have roundtable discussions with our partners to help them understand exactly what our needs are and help them recognize if they can support us or if we need additional resources. With a smaller mom-and-pop operation, there is a lot of hand-holding, and we help those smaller businesses understand the larger picture by being a resource for them. Their success translates to our success.

Specific things we have done include changing our pay cycles from monthly to bimonthly. This helps our trade partners attract workers from the labor pool because they know that every two weeks, like clockwork, someone is paying them. We also rolled out purchase orders. I know POs are nothing new for national and regional builders, but for Kansas City this is pretty revolutionary, considering that every builder here is working based on invoices. That allows our partners to maintain and attract a solid labor pool to take care of all our needs out in the field.

