

Talking operations management with Taylor Morrison's **Alan Laing**



Alan Laing
Executive Vice President
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Alan Laing, a Pulte veteran who landed at Orleans Homebuilders during that company's post-bankruptcy period in 2012, called that stint his "leadership lesson of a lifetime." He instilled forgotten fundamentals and recruited a fresh senior leadership team that turned the builder around before attracting Lennar and Taylor Morrison to buy the Bensalem, Pa.-based company's operations. Taylor Morrison hired the former president and CEO last January.

Q What is the pressing challenge with optimizing efficiencies at a national level for a builder?

A I worked at Pulte for a long time. I was head of operations there, building 35,000 homes a year, so I've had a little practice at this. For us in the current environment, labor is certainly challenging. But it's different city by city and by state. It's framers in Phoenix, plumbers and drywallers in Tampa. It's unique to every market.

There are supply-chain constraints, too. I think a lot of suppliers have been slow to invest in supply and capacity, so we'll see truss order lead times that have gone from two weeks to four to six weeks. That's not unusual at this stage in these cycles. And municipalities are understaffed. They're loath to have overhead, so it takes time to get permits, and inspection lead times are longer. We are in no way unique in that, so we're working to shorten the sale-to-start process and are making sure that once we sell a home, options and selections are done as quickly as we can, and we're in for permits. We're working hard on accurate construction drawings so we can pass the first time and are trying to move more of the master plan—versus lot-specific—permit approval, so all of the tactical things can help us be more efficient.

Q So you're dealing with the things you can control internally because there's only so much that you can do about the labor shortage?

A We can influence that. Labor typically is paid on piecework, so the more efficient our product designs are the easier our houses are to assemble. That matters, so we're working at getting really efficient, repeatable structural design. We're working hard on common truss lines; on the fundamentals and on good framing practices, so we're the builder of choice for this scarce resource. Subcontractors can make more money working for us than they can for anybody else, and our jobsites are safe, clean, and ready when the subs arrive. So if subcontractors have a choice of whether they work for us or for a competitor, they will want to work for us.

Q Your hiring announcement specifically mentioned that you would be focusing on optimizing purchasing and on green building to drive financial performance. Could you tell us more about that?

A We are very focused on the three core functions in the field: land sales, production, and purchasing. They're all getting equal attention. I think the opportunities are more in salesforce effectiveness, purchasing cost containment, cost management, value engineering, and then cycle times—sales to start and start to close. I think every city is working differently with a unique selling position. The green/energy work is more relevant in some markets than in others. You'll see [it] work more in California than in Charlotte, N.C. Nationally, we don't have an energy or holistic green strategy, but individual markets are doing it for a variety of reasons, generally for competitive advantage, and are creating a unique selling advantage in that particular market or in that community. Our company is rapidly growing, and we're in the markets we generally want to be in today, so we want to have better execution now that we're at scale. That's where a lot of the energy is going.

Q What's being done to enhance the customer and employee experience?

A Long before I arrived, the team here established a great culture with the field leadership teams and all of our employees. Customer satisfaction and customer delight are core values and have been for a long time. I was delighted to walk into that environment, and it's a credit to everyone here.

For the complete interview with Alan Laing, see probuilder.com/laing.