

**DATE:**

September 26-27, 2018

LOCATION:

Ponte Vedra Inn and Club, Ponte Vedra Beach, Florida

COST:

\$895.00 per person.
Early registration (open through June 29, 2018):
\$750.00 per person

DELIVERED BY:

- SAI Consulting, Inc.
- Continuum Advisory Group

SPONSORED BY:

- BUILDER
- BuilderMT
- Specitup

REGISTRATION AND RESERVATIONS:

www.buildivelocity.com

PIPELINE WORKSHOPS™: THRIVING ON THE VELOCITY SIDE OF ECONOMIC RETURN®:

Since homebuilding is an industry that leverages equity with debt, the best indicator of economic return is some measure of Return on Assets. The expanded view of ROA presented in the DuPont identity makes it crystal clear that economic return has two components: *Margin* (reflected as Return on Sales) and *Velocity* (reflected as Asset Turn).

It says this: In order to succeed – in order to survive – homebuilders need to do well on both the margin side and the velocity side of ROA. How much can my company make on every house? How many houses can my company build with a planned, finite, and controlled amount of inventory and production capacity?

As a builder, consider this: if you generate a Gross Margin of 24% and turn your inventory twice a year, you will be outperformed – *by a factor of more than two-to-one* – by a builder that generates a Gross Margin of only 18%, but turns its inventory four times a year; outperformed in terms of Net Income, outperformed in terms of Return on Assets.

And – you will struggle to compete, you will struggle to survive.

Operationally, it is a picture of the difference between a builder with 180 day cycle time and a builder with 90 day cycle time. And, if that contrast is a bit too stark, then consider a more subtle scenario: That same builder with an 18% Gross Margin and a 4x turn? It produces almost the same ROA as you do with a 24% Gross Margin and an improved 3x turn; it is a picture of 120 day cycle time versus 90 day cycle time.

In the face of clear differences in economic outcomes, note that the builders represented in these scenarios – you and your competitors – are exactly the same size, when the real, operable measure of size is the amount of work-in-process that has to be carried; you have the same resource overhead, the same working capital requirements, the same risk profile.

Homebuilding is relatively immune from any penalty that price elasticity of supply and demand can impose on prices in the face of modest, wide-spread, capacity-driven increases in supply. That is because homebuilding is essentially a build-to-order process, which regulates short-term supply.

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So – it's not a choice forced between either higher margin or higher velocity; it's the challenge – and the opportunity – of doing both, of maintaining higher margins at higher velocity.

Yet, despite the obvious advantages, the demands of achieving higher velocity – the demands of generating higher productivity – are so daunting, require so much rigor, so much discipline, so much resolve, that most builders won't attempt it.

And, therein lies competitive separation.

Pipeline workshops™ are a two-day immersion into the production physics – into the production principles and disciplines – that enable homebuilders to thrive on the velocity side of economic return®, that enable builders to thrive on the velocity side of Return on Assets.

The understanding and expertise delivered in a Pipeline workshop™ pulls extensively from the best book on the subject: *The Pipeline: A Picture of Homebuilding Production*®, now in its second edition.

WHAT YOU GET FROM ATTENDING A PIPELINE WORKSHOP™:

- *a strong, visual image of a homebuilding production system – its purpose, its size, its cost, and its capacity.*
- *a simple, elegant, and actionable understanding of how operating decisions drive business outcomes, and how the measures of operating performance connect to the business outcome measures of profitability and economic return.*
- *an ordered manner of thinking and reasoning – a set of mental models – about the relationship and interaction of the dependent parts that comprise a homebuilding production system, providing a systemic approach to solving production problems and managing finite production capacity, and a blended approach to process and project portfolio management that addresses the unique attributes and parameters of homebuilding production.*
- *a set of velocity accelerators – detailed information on tactics, techniques, and practices dealing with specific areas that affect production management, all of which contributes to less variation and waste, fewer errors, shorter schedules, reduced build/cycle times, increased production throughput, controlled levels of construction work-in-process, and a more savvy, more motivated, more mutually-accountable homebuilding team.*

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WHO SHOULD ATTEND:

Pipeline workshops™ are not about job titles, operational scope, or company size. They are designed for anyone charged with the critical, economic life-or-death responsibility of managing – or managing the interaction with – homebuilding production at some level of a homebuilding enterprise.

Pipeline workshops™ are *for those who must understand and manage homebuilding production, and drive results*, including:

- C-Level Executives – Presidents, CEOs, CFOs
- Division and Regional Managers
- Vice Presidents of Operations and Construction
- Vice Presidents of Sales and Marketing
- Production Managers
- Construction Managers
- Design, Purchasing, and Estimating Managers

Pipeline workshops™ are also recommended for equivalent positions with building trade partners – for the manufacturers, distributors, suppliers, and subcontractors who must interact with builders in the value stream.

WORKSHOP OVERVIEW:

Pipeline workshops™ are designed to transfer in-depth knowledge and create an intuitive, instinctive understanding of production principles and disciplines, focused specifically on homebuilding production management. Pipeline workshops™ are not a lecture series. The material is comprehensive, the learning is intense, and the format is interactive and competitive; attendance is capped at 40 attendees.

In a Pipeline workshop™, the principles and disciplines governing homebuilding production are *taught* through effective presentation, but they are *learned* through application.

Pipeline workshops™ use the *RB Builders: Lessons from the Pipeline*© business case and exercises, and a progressive series of production and business scenarios known as the Pipeline game™ that simulates homebuilding production in the real business world, in an environment of variation and uncertainty, where operating decisions produce economic results – sometimes good, oft-times bad, occasionally meeting or exceeding the budgeted performance, oft-times not.

At the conclusion of each Pipeline game™, The results are diagnosed, so that the connection between operating decisions and business outcomes is clarified, and the principles and disciplines are reinforced.

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PONTE VEDRA INN AND CLUB:

A Florida landmark since opening in 1928, this 300 acre beach resort is located in beautiful Ponte Vedra Beach, Florida. The Ponte Vedra Inn & Club offers 250 elegantly-appointed rooms (222 rooms, 33 suites), most being ocean-front rooms located in ten charming Florida-style low-rise buildings.

Features include a conference center; 36 holes of golf; 15 tennis courts; four swimming pools; oceanfront fitness center; full-service spa; four restaurants, three lounges; 10 boutiques and shops; cycling, boating, fishing; nearby riding stables.

PIPELINE WORKSHOP™ NO. 10 AGENDA AND SCHEDULE

Tuesday, Sept. 25, 2018:	Arrival and Check-in, beginning at 4:00 PM
Wednesday, Sept. 26, 2018:	
9:00-9:30 AM	Opening Comments, Expectations, Introductions; What is your Production IQ? Dual Components: Margin and Velocity.
9:30-10:30 AM	Pipeline Game™ 1: a scenario involving a production system with varying, specified levels of work-in-process; sufficient and capable resources; balanced resource capacities, balanced process workloads.
10:30-10:45 AM	Break
10:45-11:00 AM	Creating a Visual Image of Homebuilding Production.

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	12:00-1:00 PM	Lunch
	1:00-2:00 PM	Mental Models: Changing the thinking regarding production management, using the <i>RB Builders: Lessons from the Pipeline</i> ® business case and group exercise.
	2:00-3:00 PM	Pipeline Game™ 2: a scenario involving a production system with unconstrained levels of work-in-process; stronger, more capable resources (now more dependable, due to less variation); balanced resource capacities and balanced process workloads.
	3:00-3:15 PM	Break
	3:15-4:15 PM	Pipeline Game™ 3: a scenario involving a production system with intelligently considered levels of work-in-process; sufficient, capable resources, as well as stronger, more capable resources (both now more dependable, due to less variation); a system with unbalanced capacity in favor of a constraint (by virtue of resources with different capacities), a system with balanced process workloads.
	4:15-4:45 PM	Velocity Accelerators®: Business Process Improvement, using the <i>RB Builders: Lessons from the Pipeline</i> ® business case and group exercise.
	4:45-5:15 PM	Summary, Comments, Q&A
	5:30-6:30 PM	Reception: Ponte Vedra Inn and Club
	Thursday, Sept. 27, 2018:	
	9:00-9:15 AM	Opening Comments
	9:15-9:45 AM	Velocity Accelerators®: Critical Chain Project Management, using the <i>RB Builders: Lessons from the Pipeline</i> ® business case and group exercise.
	9:45-10:15 AM	Velocity Accelerators®: Team-based Performance Compensation, using the <i>RB Builders: Lessons from the Pipeline</i> ® business case and group exercise.
	10:15-10:45 AM	Break

10:45-11:45 AM

Pipeline Game™ 4: a scenario involving a production system with intelligent levels of work-in-process; sufficient, capable resources (more dependable, due to less variation); balanced resource capacities; an improved system, unbalanced in favor of a constraint, the result of different process workloads.

11:45-1:00 PM

Checkout (11:45 AM); Lunch (12:00-1:00 PM)

1:00-1:30 PM

Velocity Accelerators®: Epic Partnering™, using the *RB Builders: Lessons from the Pipeline*© business case and one group exercise; the other exercise is provided as a bonus for attendees to solve on their own.

1:30-2:00 PM

Velocity Accelerators®: Building Information Modeling (BIM); the BIM group exercise from the *RB Builders: Lessons from the Pipeline*© business case is provided as a bonus for attendees to solve on their own.

2:00-3:00 PM

Pipeline Game™ 5: a scenario involving a production system with intelligent levels of work-in-process, operating under two different building models (integrated and outsourced); resources that are stronger (at times, much stronger), more capable, more dependable (due to less variation); an improved system, unbalanced in favor of a constraint, the result of different process workloads.

3:00-3:30 PM

Summary, Q&A, Closing Comments





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Since 1987, SAI Consulting, Inc. has provided focus and direction to its clients' efforts to improve operating performance, profitability, and economic return.

In that capacity, the firm has been a leader in its field, having assisted dozens of companies in their efforts to re-focus, re-structure, and redesign their business operations (including multiple winners of the Malcolm Baldrige Award), and providing quality management training for national companies, like Motorola, Milliken, BF Goodrich, Monsanto, and CSX Transportation.

Since 2001, SAI's consulting work has been conducted mostly on behalf of clients in the residential construction and development industry, including multiple winners of the National Housing Quality (NHQ) and Builder of the Year awards. The current client list also includes building material suppliers, architectural firms, commercial banks, mortgage banking firms, and real estate investment trusts.

For the past 20+ years, SAI has been afforded the opportunity to serve its clients' interests, in large part, because its professional staff has solved problems and implemented solutions as senior managers in companies just like theirs. This industry-specific management experience, combined with the ability to focus a distinctive constraints-based problem-solving approach to each client's specific set of circumstances, has set SAI apart from other consulting firms.

Clients engage SAI because of the firm's grasp of the operational performance issues affecting their industries, because of SAI's ability to focus their efforts to improve operational performance directly on the

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solutions that translate into increased profitability and higher economic return, because SAI is the leading expert in its chosen areas of consulting practice, and because SAI is able to synthesize different management tools into customized business solutions.

In specific combinations of consulting areas and industry verticals, SAI's knowledge, experience, expertise, and capability is unique, exclusive, and world-class.

Fletcher L. Groves, III is a Vice President and senior consultant at SAI Consulting. For the past 24 years, he has been the lead consultant for SAI professional staff engaged in the real estate, construction, and commercial banking industries.



His qualifications include a forty-plus year background in home building, real estate development, management consulting, and commercial banking; his experience includes commercial and real estate lending positions with Bank of America (Barnett Bank), building company executive positions with Arthur Rutenberg Homes, and

ownership and executive positions with residential in-fill development and building firms Henley Properties, Inc. and Smith, Groves, and McKown Development Company, Inc.

Groves earned his BS in Business Management from Lambuth University (now part of the University of Memphis) in 1972, and received his Florida Real Estate Broker's license in 1984 and his Florida Certified Residential Contractor's license in 1990.

Knowledgeable in every area of SAI's expertise, he was a prime contributor in the development of the firm's consulting model, which applies that expertise in the context of a results-based, constraint-management approach to continuous improvement.

He is the author of *The Pipeline: A Picture of Homebuilding Production, Second Edition*©, the developer of the Pipeline Workshops™ and Seminars™, the writer/moderator of SAI's Escape from Averageness® weblog, and a frequent speaker at NAHB's International Builders Show, Housing Leadership Summit, and other industry conferences.

He writes and speaks on issues affecting operating performance, profitability, and economic return. He also designs and directs Reference Point®, the firm's periodic survey of management practices in the homebuilding industry.

Fletcher chooses to work where he lives – in Ponte Vedra Beach, Florida – with his wife Devany. Their now-graduated, grownup, and happily-married daughters, Henley and Lauren, bring their husbands, children, and dog to visit from Atlanta, Georgia.

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Continuum Advisory Group consults with homebuilders to provide solutions to develop scalability, achieve profitable growth and realize enterprise value.

Exclusive focus on the homebuilding and construction industries since 1994 provides technical expertise; management experience provides an understanding of the cultural, political and organizational context of any engagement.

Continuum ensures that their homebuilding clients have the strategies, processes, people, systems and capital structure in place to achieve their business objectives.

Clark Ellis is a Founder and Principal with Continuum Advisory Group, and he shares in the responsibility for Pipeline workshop™ facilitations.

Builder

BUILDER expands the body of knowledge for professionals in the residential construction ecosystem in order to improve the quality of life for all people. The vision of BUILDER is to be the indispensable resource for data, information and knowledge that supports the residential construction market.

See more at: builderonline.com



For the home building industry at large, BuilderMT (a MiTek company) provides highly-customizable workflow and building-process-management software that works in tandem with leading accounting systems and other wireless and jobsite productivity tools, such as CRM and warranty management. For 20 years, BuilderMT systems have been purchased by more than 1,000 home builders and cumulatively used as a desktop workflow tool by upwards of 10,000 home building professionals. BuilderMT is widely recognized as a leader in process-driven, best-building-practices for home builders, as well as customer service, warranty applications, online training and innovative wireless applications.

To learn more, visit buildermt.com, or call (888) 757-1991 ext. 271.

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Adjust Community Features.
Analyze Margins. **Sell Homes!**

Specitup is an award-winning software solution for home builders to get homes to market faster with accurate and profitable selling prices. Not an estimating or production program, **Specitup** is a new breed of software that includes plan / options / spec'ing management combined with comprehensive financial analysis. Any builder that wants to shorten time to market, get deeper insight into profitability and grow their business needs **Specitup**.

Capabilities:

- Create 7,000 options in seconds
- Spec the same plan differently by community
- Option up plans in hours
- Analyze competitor offerings

"If I can't compete, Specitup has told me that ahead of time, and I wouldn't have even bought the lot." — D Logan, Owner, Logan Homes

"With Specitup I can add a new plan in a matter of hours. And now we don't have to engage estimating until the house is actually sold." — Dan Kent, Owner Kent Homes

To learn more, visit specitup.net.

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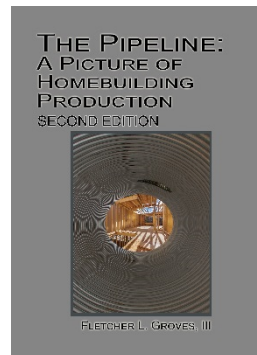
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THE PIPELINE: A PICTURE OF HOMEBUILDING PRODUCTION©:

Now in its second edition, *The Pipeline: A Picture of Homebuilding Production*© is the story of how RB Builders' cross-functional production team painstakingly learned the principles of homebuilding production in the turbulent years following the end of the period known as the Age of Homebuilder Entitlement©. It is a story told in the exchanges of dialog between team members, senior management, and RB Builders' trusted, results-based consultant.



The result is a deep understanding of a production system with an enduring visual image, the elements of which are crafted to the specific conditions, requirements, and parameters of the homebuilding industry, and a realization that improving performance on the velocity side of the ROA equation is the best path a homebuilder has to achieving sustainable competitive separation.

Authored by SAI senior consultant Fletcher Groves, III, *The Pipeline* is about the specific application of underlying principles and disciplines of production that are otherwise universal – physics rooted in the laws that govern all production systems, yet largely missing in homebuilding.

The book is about using the tools that work for homebuilding production, without regard to the consulting religion from which they come. *The Pipeline* makes the inherent, inviolable, real, and measurable connection between operating performance and business outcomes. It makes clear the requirement that production must be managed as a system.

(*The Pipeline: A Picture of Homebuilding Production, Second Edition*© is available on the publisher website (virtualbookworm.com), and is carried in-stock on the major booksellers websites (amazon.com, barnesandnoble.com, and booksamillion.com)