

Building Construction

Waiting out the slowdown: Ten survival tips for homebuilders

Homebuilders trying to survive during this economic slowdown in construction may want to consider the following tips offered by Rocco Fana, executive vice president of the Greater Fort Worth Builders Association.

1. Seek out best practices from fellow building association members. Fine tune their management tactics.
2. Call former customers and offer “facelifts.” Turn a manufacturing business into a service business.
3. Partner with other parties to transfer risk in areas such as owning land and financing spec houses.
4. Build for cost plus a set profit margin.
5. Provide incentives to sellers such as paying closing costs, upgrades or paying interest on bridge financing.
6. Look at merging with other companies, and use greater scale to leverage costs more effectively.
7. Select a local bank partner with a good home construction loan product.
8. Purchase used homes and refurbish them, thus re-certifying them as acceptable under your guidelines.
9. Convert vacant properties into rentals to improve cash flow.
10. Project and understand cash flows at least monthly – lining up funding options in advance.