

Epicor eBook

Prosper Alongside Growing Builder Confidence



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A Booming Time for Builders and Their Suppliers

Right now, the construction industry is a key player driving the entire North American economy, and lumber and building materials suppliers are a crucial component to its success. With all these factors creating great opportunities for your business, how can you grow with this prosperous climate? The key is to leverage technology that streamlines operations and allows you to keep up—instead of fall behind—the boom.

Economists and business leaders around the world are focused on the construction industry right now. Federal interest rates are at an all-time low, averaging 2.65% for 30-year fixed-rate at the start of 2021¹. These astonishing rates beat previous lows during the 2008 housing recession and have resulted in a flurry of interest in single family homes.

¹Campisi, Natalie. *Today's Mortgage Interest Rates: Jan. 7, 2020-New Year, New Record Low Rates.* Forbes, Jan 7, 2021

Federal Interest Rates for 30-Year Fixed-Rate



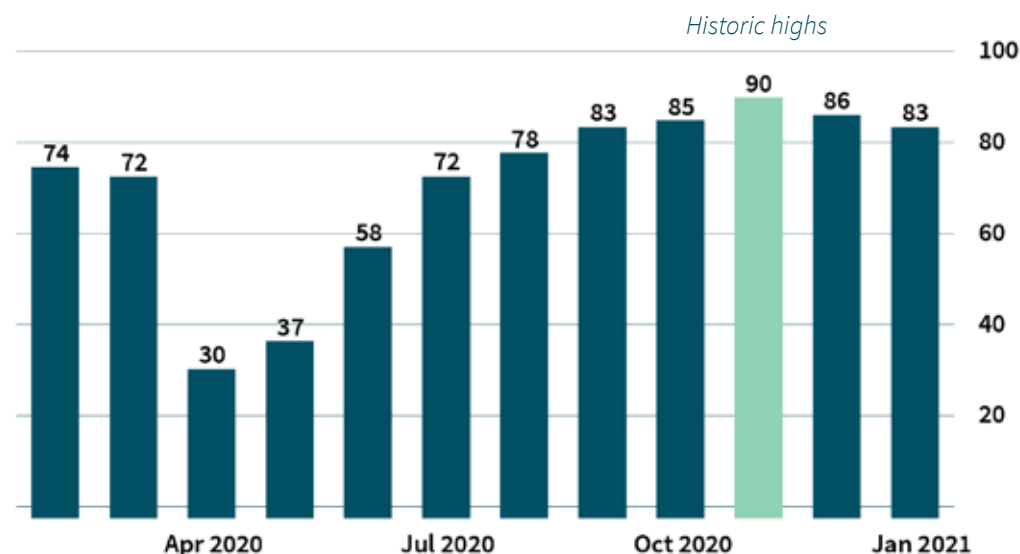
◆ *Figure 1 Macrotrends.*

It's a demand that continues to be in high supply. Since 2010, the United States has been in a housing shortage². With many changing their lifestyle by working from home, craving more space, and favoring suburban spread over condensed city life, the answer is often new construction. All these factors have led to historic levels of high builder confidence. Each month, the National Association of Home Builders (NAHB) and Wells Fargo create the Housing Market Index (HMI)—a survey to rate market conditions for the sale of new homes at the present time, in the next six months, and the traffic of prospective buyers to new homes.

November 2020 saw an HMI score of 90 (figure 1), the highest in 25 years, with builder confidence forecasted to remain high as we move through 2021. Simply put, it's going to be a busy year for builders.

²Campisi, Natalie. *The U.S. Faces A Housing Shortage. Will 2021 Be A Turning Point?* Forbes, Jan 4, 2021.

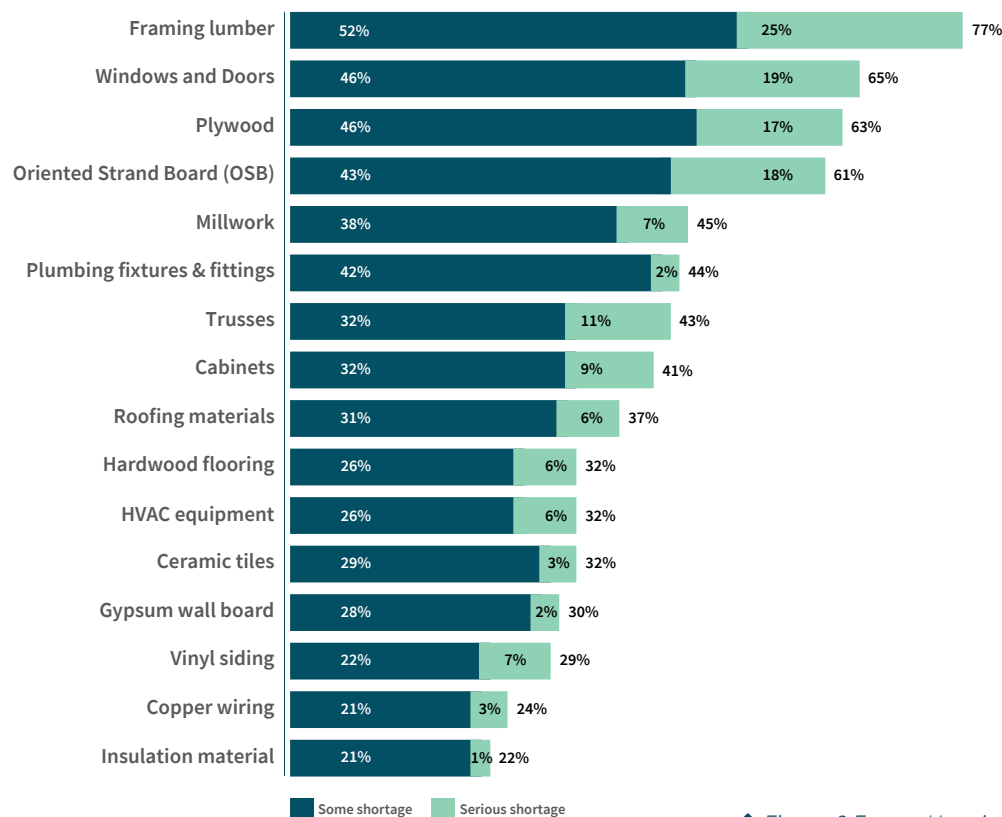
NAHB Housing Market Index



◆ *Figure 2 Trading Economics.*



Building Material Supply Shortages



◆ *Figure 3 Eye on Housing.*

Start at the Source: Taking Control of Your Supply Chain

With new home construction sprouting up around the country in record numbers, lumber and building supply businesses will get hit with increasingly higher demands. But this comes at a time when the supply chain feels rockier than ever, still recovering from disruptions caused by industry-wide shutdowns. In October of 2020, the NAHB revealed that 77% of remodelers reported a lumber shortage. Additionally, framing lumber, windows and doors, and plywood have all experienced “some” to “serious” recent shortages, topping the list of many other in-demand supplies³.

These shortages are a frustration for you and your customers, but they are not impossible to overcome.

³Ford, Carmel. 77% of Remodelers Report A Framing Lumber Shortage. NAHB Eye On Housing. October 23, 2020.

Diversify Your Suppliers

Changing things up may reduce the risk of your supply being affected. You can also leverage data from your ERP software to review supplier performance. If you source your popular products from multiple suppliers, analyze to see if you need to change the percentage of that product sourced from various places. Having centralized data, with role-based or user-specific dashboards helps ensure the employees can track and assess the status and performance of your suppliers ultimately making sure you have the right amount of product, at the right location and at the right time. Fast, efficient inventory management using EDI for buying group and supplier transactions, suggested orders to streamline procurement, and mobile apps for instantaneous updates all support your efforts to help ensure you have the right mix of suppliers to support your customers. The right solution built specifically for your industry will give you up-to-the-minute metrics to make ongoing decisions based on quantities purchased from suppliers, replenishment lead time, product quality, order fill rate, and rebates/incentives offered.

Prioritize Materials Based on Your Sales Data

Leaning on information from the right technology will allow you to divide and conquer your supply chain. By knowing which of your products are in highest demand, you can identify the lowest stock and prioritize fulfilling those needs first. The right ERP system should make this easy and painless. It should provide you with a better understanding of purchasing habits and seasonal trends stemming from ongoing analysis of sales broken down by product group, customer type, branch, date, etc. With all this information, you can start being proactive with your supply chain needs instead of scrambling to fulfill the latest order. Using recent sales data, you can align your inventory mix and stock levels with sales forecasts to understand optimum inventory levels. Having this thorough look into your supply chain and sales allows you to transfer product between branches, explore returning excess inventory, and bring down inventory for slow-moving or aged products.





ALL Roofing Materials remembers the old way of checking inventory.

“Someone would call and ask if we had something in stock,” said general manager, Michelle Cassady. “We would have to put them on hold, get our vests on, go out in the yard, look around, and then come back and call them.”

Michelle Cassady, General Manager | ALL Roofing Materials

Now, team members can simply look at their computers and have an answer for the customer within seconds.

Read More: About ALL Roofing Materials' Success with Epicor

Analytics Are the Best Extension of Your Team

When times are busy and you have customer orders backing up, the right role-based data at your fingertips is one of the best tools you can have. Without total, end-to-end visibility with orders, businesses are forced to shoot from the hip when it comes to managing inventory and preparing for high demands. Every supplier sits on a mountain of data, but it doesn't need to be a cumbersome pile of numbers. The right solution easily helps data serve your business.

Systems specifically designed for the building supply industry mine product, transaction, and customer data to build new value propositions, improve operations, and drive both growth and profitability. In this economy of high builder confidence and demand for housing, it's more important than ever to be data-driven and analytics-savvy. And with the right ERP, that's easier than ever. It's the most direct, strategic path to having a customer-focused mindset that will outshine your competitors.

There's so much that specialized data can do to keep your business flourishing. Learn how to track productivity through your organization and keep up with work even during a labor shortage in, “The 5Ws of Tracking Productivity.”

[Read article](#)





“Being able to get a report anytime - where we're at on daily sales, where our trucks are located, how many stops they have left, etc. - is now an essential part of our business. It's crucial to have that information at our fingertips. Before, we'd have to wait until the end of the month for that detailed data. The reporting alone has been one of the biggest benefits of BisTrack software.”

Michael Sonderman, Operations Manager | Ridgefield Supply Company

Read More: About Ridgefield Supply Company's Success with Epicor

The right solution tailored to the building supply industry will allow your data to serve you sooner than later. Integrating analytics intelligence tools with your ERP will get you off the ground running to defining the KPIs, scorecards, and metrics most meaningful to your business. With Dashboards and Smart Views, management and employees can see sales performance, margin performance, truck fill performance, customer and supplier performance, etc. in real time, which helps building supply businesses with fewer interruptions. Timely information and alerts make it easier to manage by exception as things change, so you can make adjustments and prevent issues before they happen.

Are you missing any of these common gaps in data collections/analysis that could help your business grow?



With the right data, actionable business decisions become a lot clearer. This partnership with technology allows you to make strategic decisions based on your personalized, real-time data. Taking the time to deploy technology to optimize your data will set your business up to thrive with the strong upswing in construction happening right now.



Thrive Now and For Years to Come

The challenges of 2020 will not be forgotten, but the hard-working individuals that make up the construction industry know how to work through deep mud. There are huge opportunities for lumber and building materials suppliers right now, and businesses like yours make a difference every day, both in the total economy but also with individuals' homes. Before your business is drowning in demand, prepare for the surge by improving your processes by utilizing custom tech solutions. You're the best at fueling construction, and we're the best at providing solutions to make your job easier.



We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

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