

2006 Pacesetter Awards Production

In the Scottsdale, Ariz., area where Guy Loisi works, it is common for general contractors to employ no more than a supervisory site crew. "Most home builders subcontract out all the physical work that gets done on the house," says Loisi, managing principal at Rowland Luxury Homes. That was the case with Loisi, too, until a subcontractor put him in a bind. Loisi's response not only changed the way he does business, but also significantly improved both his operational efficiency and his

Guy Loisi



bottom line. ■ The framing phase "can make or break a job as far as schedule and budget goes," says Loisi, who was often frustrated with his framing subcontractors. One day the nagging problems with quality and dependability blossomed into a crisis. Without offering specifics, Loisi allows that, "We wound up in a position we didn't want to be in with a framing contractor. We had two options: either lose money and get egg on our face with the client or take matters into our own hands." Opting for the latter, Loisi assembled his own in-house framing crew, banged out the problem job, and hasn't looked back. Soon the framing division was handling rough carpentry on all of the company's custom home jobs, and Loisi had said goodbye to a major headache. Scheduling is now seamless, quality control is vastly improved, and the company is more responsive to its clients. Between the framing manager, carpentry foreman, and field superintendent, Loisi points out, "We really have three sets of eyes on the

project during that phase." When presented with small design changes—a niche here, an arch there—Loisi is free to tell clients, "It's a gimme. We're not nickel-and-diming them to death with change orders." ■ Starting up a business within a business, on the other hand was not a gimme. "We went from our standing 10- to 12-person staff within six months to 30 staffers," Loisi says, with all the payroll, cash-flow management, and personnel issues that entails. But the crucial issue of keeping the framers busy has never been a problem. "Our parent company is a commercial builder," Loisi says. "Everything they do that's built out of wood, we do the framing for them." A major production builder has also hired Rowland to frame its high-end line in Scottsdale. "Typically they'll contract us to do an entire subdivision. We do anywhere from 15 to 20 framing jobs for them a year." A half-dozen local custom builders provide additional work, "Just enough to fill our gaps," Loisi says. Best of all, his framing division is firmly in the black. "We weren't sure what profit margins we would see, but it's definitely turned out to be a profit center." —B.D.S.

Rowland Luxury Homes
Scottsdale, Ariz.
Type of business: custom build
Years in business: 11
Employees: 40
2005 volume: \$6 million
2005 starts: 5