Home Builder Case Study

How a Family-Owned Home Building Company Doubled Revenue in 15 Months

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Business Profile

Industry: Construction
Sub-Industry: Home Builder – General Contractor
Region: Northeast U.S.
Starting Revenue: $9.5 million
Ending Revenue: $17.9 million (projected, current year)
Starting Employee Count: 12
Ending Employee Count: 16
Number of Owners: 1
Purpose of Engagement: Reduce owner dependency across key business functions and increase net income to 13%

ROI Summary

Total Increase in Annual Revenue: ~88% (projected $9.5M → $17.9M)
Total Increase in Gross Margin: 19.7% → 24% ($2.3M → $4.4M)
ROI Multiple: ~7.7x on total investment

1. About the Business

The client is a faith-based, family-owned residential construction company with nearly 50 years of operating history in Pennsylvania. The business offers three distinct product lines: high-end custom homes, smaller high-end ranch and garden-style retirement homes, and premium remodels.

At the start of the engagement, the company employed 12 people and generated $9.5 million in annual revenue. All construction work is subcontracted. The firm's core competency lies in design, estimation, sales, and project oversight rather than direct trades labor.

The business had built a strong regional reputation over decades, with the majority of its pipeline driven by brand recognition, word of mouth, and repeat clientele. However, this organic model, while reliable in stable conditions, left the company exposed when market conditions shifted. The owner needed to scale beyond what his personal bandwidth could support.

2. Initial Challenges

Despite nearly 50 years of operating history and a strong regional reputation, the business had reached a structural ceiling. The owner was simultaneously responsible for sales, estimating, design, and administration – a concentration of responsibility that made scaling nearly impossible.

Sales and Pipeline

- Receiving only 1-2 qualified leads per week; analysis determined 10+ per week was required to hit growth targets
- No active lead generation–all new business arrived through brand recognition, referrals, and repeat clients
- Sales team waiting for inbound calls rather than prospecting or creating content
- No CRM in place; no sales activity was tracked, no follow-up was systematized, no performance data existed
- The proprietary sales methodology had not been adopted by either sales representative

Estimating and Pricing

- Project costs had not been updated since 2022-2023, systematically underpricing relative to current market conditions
- Homes were priced to a gross margin percentage rather than a target net income, leaving profitability to chance
- When the estimator left the business, her institutional knowledge went with her; no documented process or pricing tool existed
- New hires struggled to meet standards that had never been written down

Financial Visibility

- Project post-mortems occurred 9-12 months after completion, too late to course-correct on pricing or procurement
- No real-time cost tracking; the company was operating financially in arrears
- The accountant was paying bills without a system to verify amounts before payment
- In 2024, the owner began financing spec homes from operating cash; expense-cutting became the primary lever for preserving margin

Leadership and Structure

- Only two people held any leadership responsibility in the company
- No accountability framework, no documented organization chart, no management operating system
- Several employees were in roles mismatched to their skill sets
- All operational and strategic decisions were escalated to the owner, a bottleneck that created a hard ceiling on growth

3. Operational Results

Sales Volume

Action Item	Baseline Condition	Cogent Action Implemented	Result

New Pricing Tool–Custom Homes	Homes were estimated using cost data that was two or more years old, compressing margins.	Cogent built a custom pricing tool designed to manufacture a target net income, not just a gross margin percentage.	Pricing accuracy improved. The new tool established correct baselines for custom home profitability.
New Pricing Tool–Remodels	Remodel estimates used a gross margin approach with no differentiation by project size or complexity.	Cogent's pricing tool was applied to the remodel lines. Analysis revealed that smaller projects ($75K kitchens vs $150K kitchens) required the same time and overhead, making them less profitable per hour of owner and estimator attention.	The company established minimum project thresholds, optimizing the remodel pipeline toward higher-value work.
CRM implementation	Sales activities were not tracked. No record of leads, follow-ups, or pipeline status existed.	Buildertrend was implemented as the company's CRM. Daily data entry was required, and sales activity tracking became a management expectation.	Sales increased. Lead visibility and follow-through improved materially. Leads increased from 1-2 per week to 8-10 per week.
Dedicated Sales Manager–Custom Homes	The owner served as the primary salesperson for custom homes, in addition to all other responsibilities.	A dedicated sales manager was hired and given ownership of the custom home line.	Sales grew. The owner's time was freed from active selling, allowing focus on higher-leverage activities.
Lead Generation via Marketing	1-2 inbound leads per week–no active marketing. All pipeline was referral and brand-driven.	Cogent deployed a pay-per-click (PPC) marketing program to generate consistent inbound volume.	The company is now averaging 10 leads per week, meeting the growth target. The remodel pipeline alone generated $2 million in sales in the last two quarters.

Subcontractors – Material and Labor

As a company that subcontracts 100% of its construction work, subcontractor cost management is the primary driver of gross margin. Controlling these costs in real time, rather than reviewing them retroactively, was a central operating priority.

Action Item	Baseline Condition	Cogent Action Implemented	Result
Real-Time Cost Tracking	Project cost reviews occurred nine to	All projects were entered into Buildertrend. Weekly	Project costs are now monitored in real time. Pricing can be adjusted

	twelve months after project completion – too late to adjust pricing or catch overruns.	reports comparing estimates to actuals were introduced. Responsibility for tracking was shifted to the finance function, and a dedicated estimator was hired.	weekly if needed. The owner was removed from the estimating function.
Updated Cost Baseline	Estimates were built on stale cost data, systematically underpricing labor and materials relative to current market conditions.	The construction manager, finance team, and Cogent collaboratively rebuilt the cost baseline to reflect current subcontractor and material pricing.	Correct baseline costs are now embedded in the pricing tool. Gross margin expanded from 19.7% to 24% ($2.3M to $4.4M).

General & Administrative

Action Item	**Baseline Condition**	**Cogent Action Implemented**	**Result**
Phone and Email Management	The owner was personally answering incoming calls and managing email, a significant time drain that also resulted in missed communications.	Administrative functions were outsourced to a virtual office service (Intelligent Office).	The owner reclaimed time previously consumed by administrative intake. Inbound calls are no longer missed, and a complete record of all incoming contacts is now maintained by a third-party vendor, Intelligent Office.

Marketing

Action Item	**Baseline Condition**	**Cogent Action Implemented**	**Result**
Inbound Lead Generation	Zero active marketing spend. The company received 1-2 leads per week organically.	Cogent implemented a PPC marketing program targeting the company's core home buyer and remodel customer profiles.	Lead volume reached approximately 10 per week. The remodel business alone generated $2 million across the last two quarters, compared to effectively zero from active marketing previously.

Cash Flow

Action Item	Baseline Condition	Cogent Action Implemented	Result
Increase Gross Profit and Net Income	In 2024, the owner was financing spec homes out of operating cash. The company's cash position was low, and expense-cutting was the primary response.	Cogent implemented a revised pricing model (targeting net income, not gross margin) combined with real-time cost tracking in Buildertrend.	The owner reports $1.9 million in cash on hand – a transformation from a position of financing strain. Net income grew from $0 to $0.5M, then to $1.9M over 15 months.
Owner Distributions Planning	No formal plan for distributions, tax obligations, capital expenditures, or growth investment existed.	A structured financial planning process was initiated using CRM data and updated financial reporting.	A formal distribution and tax-planning process is now in development.

Assets

Action Item	Baseline Condition	Cogent Action Implemented	Result
Land Inventory Reduction	The company held $2.6 million in land inventory – capital tied up in undeveloped lots, while cash was constrained.	Rather than initiating new garden-home developments, Cogent focused on selling its existing land inventory first.	Land inventory has been reduced to $2 million, freeing $600,000 in cash. As the cash position strengthens, the owner is positioned to resume strategic land investment.

Increase in Profitability

Action Item	Baseline Condition	Cogent Action Implemented	Result
Grow Net Profit and Reduce Asset Drag	Net income was between $0 and $0.5 million annually. The owner was reinvesting heavily in land with limited return visibility.	Pricing correction, cost tracking, sales infrastructure, and asset management were addressed systematically across the engagement.	$1.9 million in net income achieved within 15 months of engagement. Gross margin expanded from 19.7% to 24%.

Owner Quality of Life

Action Item	Baseline Condition	Post-Implementation Outcome
Time	The owner was responsible for estimating, sales, design, and office administration simultaneously – in addition to running the business.	The estimating and sales manager functions have been removed from the owner's plate. A CAD/design position is in development as the next delegation milestone.
Stress / Financial	Constrained cash in 2024 forced the owner to cut expenses to the bone and personally finance spec home inventory. Financial uncertainty was a persistent source of stress.	The company now holds $1.9 million in cash. Financial pressure has been substantially relieved. A formal plan for distributions, taxes, and capital investment is underway.