Invent, Imitate or Innovate: Thrive’s Story

Stephen Myers
Thrive Home Builders
Overview

- Thrive Home Builders
- Founded in 1992
- Based in Denver, Colorado
- 200+ closings expected in 2017
  - Mix of townhomes and single family
- Brand Platform:
  - Efficient
  - Healthy
  - Local
What’s our DNA?

• Our business was founded on efficiency and sustainability
  – “Eco-Built”: Guaranteed Annual Heating Bill in the early ‘90s
  – Solar standard communities in 2009
  – Net Zero option in 2011, standard in 2013
  – Double-wall framing
  – Beetle-kill lumber
What’s our DNA?

• New Urbanism, traditional neighborhood design
• Alleys/porches
• Density!
• Affordability and attainability
Invent, Imitate or Innovate?

Are we inventors?
- We rely on the R&D of our suppliers, the national laboratories, etc.
- We hold no patents

Are we imitators?
- Sure, in the areas where we aren’t trying to differentiate

Are we innovators?
- Dictionary definition: The act or process of introducing new ideas, devices or methods
- This is the space we play in
Recognitions for Innovation

- 4x DOE Grand Award for Innovation
- 2015 Best in Green Home Design, The Nationals
- 2015 IBS Best In Green Award
- 4x Energy Star Market Leader Award
- 2x EPA Indoor airPLUS Leader award
- 2016 Builder of the Year: Green Home Builder Magazine
Value Chain

- Dusting off a business school concept...
- Builders outsource a lot of their work, so where do we contribute to the value chain?
Our Path on Sales and Marketing...

Version 1.0 (circa 2011)

• First try at pushing the envelope on marketing high performance

• The EXPLAIN EVERYTHING strategy
  – Features, features, features…

• Manufacturers and 3rd Party Certifications
  – Leaned on these heavily to support our credibility
Our Path on Sales and Marketing...

Version 2.0 (circa 2013)

• “Puppies and babies meets carbon footprint”
  – More of a lifestyle focus
  – Starting to connect features with benefits

• Huge effort and investment from our industry partner, Owens Corning!

• Displays inspired by museum-type displays
  – Interactivity
  – Multimedia
Our Path on Sales and Marketing...

Version 3.0 (circa 2015)

• Can we do this on a smaller budget?
• Spotlight ZERH Program
• Showcase differences in framing
  – Typical resale
  – Typical new
  – Thrive double 2x4
• “Explain everything” snuck back in...
Our Path on Sales and Marketing…

Version 4.0 (circa 2017)

• Moving to simplicity
• Build the brand!
  – Efficient
  – Healthy
  – Local
• 3rd Party Certifications
  – Essential for credibility, but playing a supporting role to our brand
• Inspiration from retail look & feel
Efficient

• 100% Zero Energy Ready
• Double 2x4 walls on 8 product lines
• ~HERS 40 without solar
• Solar standard on 6 product lines
• 4 Net Zero product lines (HERS 0-15)
Healthy

- EPA Indoor airPLUS
  - integral to 100% Zero Energy Ready

- Active radon mitigation

- CertainTeed AirRenew Drywall

- ERV
Local

• This message says a lot more about Thrive than the product
• Beetle-kill lumber when available
• “Meet Your Neighbor” meetings with Thrive leadership and homeowners at each community
Our Product Types

- Single Family
  - Solaris III
  - ZEN 2.0
  - Vita
  - Panacea
  - Lowry

- Multifamily
  - 3-Story
  - 2-story courtyards
  - Income-qualified

Base price range: High $100s to high $800s
Are we getting paid for what we do?

• According to MetroStudy, Thrive is the 17th largest builder by volume in Denver
  – An impressive 1.4% market share…

• And yet, Thrive gets the 4th highest price per square foot among the top 25 builders in Denver

• Something seems to be working!
  – Synergy between premium product and premium locations
2017 Innovation Award Winners

Ridgegate
• HERS score of 8…in a townhome!
• Suburban location, yet walkable and transit-accessible
• 1887 sqft, low-maintenance, main-floor master product
  – Up to 2 bedrooms upstairs,
  – Optional finished basement of 902 sqft
2017 Innovation Award Winners

Ridgegate

• Energy
  – DOE Zero Energy Ready
  – 6.2 kW of solar (prepaid lease)
  – Double 2x4 walls

• Health
  – EPA Indoor airPLUS
  – Active radon mitigation system

• Leaky party wall assemblies are still an issue…
2017 Innovation Award Winners

Lowry Boulevard One

- HERS score of 4
- Urban infill location, proximity to high-end, established Denver neighborhoods
- Unique “Z-lot” configuration allows single family, main-floor master on narrow urban lots
  - Zoning for this product is a challenge!
- 2554 sqft, low-maintenance, main-floor master product
  - 2 bedrooms upstairs
  - Optional finished basement
2017 Innovation Award Winners

Lowry Boulevard One

• Energy
  – DOE Zero Energy Ready
  – 8.68 kW of solar (prepaid lease)
  – Double 2x4 walls

• Health
  – EPA Indoor airPLUS
  – Active radon mitigation system
What’s the next frontier?

• Keep building the brand of Efficient, Healthy and Local
• Handling the challenges of land availability, trade capacity
• Operational excellence is the key to our long-term prosperity and survival
• Building the financial strength to weather the next down market, and be well-positioned for the next upswing
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