



BDA 2023 RESTORATION CONTRACTOR GROWTH CHECKLIST

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This exclusive document has been compiled based on our experience with hundreds of restoration contractors identifying those areas that restorers should address in order to grow top-line revenue and increase bottom-line net profit so they can create real wealth and achieve the dreams they had when they first started their companies!

As you might imagine, BDA has services or resources to help you address any of these areas. We are happy to have a free Strategy Call to discuss these with you at no obligation whatsoever.

This information is specific to market conditions as of February 2023.



Get Your Financial House in Order/Understand Your Numbers

Whew! This is a big one. You're trying to run a business not become a CPA, right? We get it.

But as our industry becomes more and more difficult to make a profit in there is no excuse not to understand your numbers and to run your business accordingly. If you don't, it's like flying in the clouds with a broken altimeter. Things might work out or you might fly straight into the side of a mountain!

Here are some checklist items:

- ☐ Is your revenue broken into service lines (emergency/mitigation, recon, mold, contents, etc.)? Yes? Great start. Nope? You have work to do on your books, my friend.
- ☐ Are you tracking Cost of Goods Sold (COGS) on your individual service lines so you know how much profit you generate from each of them? This is a must so, if not, get to work!
- ☐ If you have the above, are you "Robbing Peter to Pay Paul?" In other words, are your more profitable service lines like mitigation "funding" losses in recon? Once you know your gross profit margins and your volume by service line, you can tell how long that is sustainable. And you can work on increasing margin where you need to.
- ☐ How are you handling your Indirect or Variable Burden expenses? Is "Shop Time" out of control? Are you keeping a close eye on this? Is it broken out separately or buried in COGS and G & A?
- ☐ How reliable are your AP and AR reports? This is the heart of your cash flow so how accurate is it? Do you have a specific process and specific people assigned to your collections efforts or is it "collection by crisis"?
- ☐ Are you job costing? This is an important level of detail to get to because if you don't know how profitable you are at the job level how will your team learn and improve?
- ☐ Once you get your financial house in order, are you using scorecards (weekly and monthly) so that the leadership team can easily keep track of how the business is doing? This is a highly recommended practice!
- ☐ Are you generating intentional profits of X% and do you have that profit in cash each quarter? Isn't that the entire point of this whole exercise?
- ☐ Same goes for taxes. Are you hit with a massive tax bill at the end of the year and have to scramble to come up with the payments?
- ☐ It comes down to this in these times—you have to know your numbers and you have to run and manage your business by them on a day-to-day basis!
- ☐ Is your "bookkeeper" someone you "drafted" into the position (like a receptionist or admin) simply because they were there and could be taught how to use an accounting program? Or is it someone that really understands accounting—especially accounting in a construction related business? Outsourcing your bookkeeping can be surprisingly affordable, especially if you do so with a restoration savvy company. (See next point below.)
- ☐ If you're not happy with your accountant or they don't understand restoration—get a new one. We'd be happy to introduce you to our Financial Consultant Tatiana Giberson to talk all things restoration accounting. You can get her [free e-book here!](#)

RESTORATION CONTRACTOR GROWTH CHECKLIST: *CONTINUED*



Stop Smoking the TPA Crack!

If you have more than 25% of your business coming from TPAs, we would be very concerned. The difficulty making a profit, the nutso service requirements, the risk of being “turned off” and generally being out of control of your own business means that TPAs should represent no more than 25% of your revenue.

By the way, you know who agrees with that? Major TPAs (not naming names but they know who they are) make the very same statement at conferences!

If you can kick the TPA habit altogether, so much the better. It’s not easy and it takes time, but we can help.



If Not TPAs, You Better Get Going on Your Own Sales Program(s)!

This is my favorite subject given that BDA is the best in the world at helping restorers do this. We have tons of additional information and White Papers on this topic, so just ask.

Here are some of the issues you’ll have to confront:

- Differentiation? Why should someone choose you?
- What is your Value Proposition? What do they “get” for referring or working with you?
- What are the very specific steps in your Sales Process?
- What kind of Sales Programs will you offer?
- Do you have a method for hiring good salespeople?
- Do you know how to manage them effectively?
- Ask for the free White Papers: “Is it Your Sales Team or Your Sales Culture?”, “13 Ways Restorers Kill Sales”, “Top 5 Sales Challenges Facing Restorers”, “5 Sales Management Mistakes”.



Start Developing Commercial Business

According to the Insurance Information Institute, incurred losses for commercial insurance are rising dramatically and were more than \$172 billion in 2020. And yet, most restorers are primarily focused on the residential market!

If you can handle commercial work, this market can be great because:

- There is less competition
- Margins are generally better
- Losses are bigger
- Less paperwork and administrative costs (compared to residential)
- Direct referrals—No TPAs (for the most part—so far!)
- Less upfront insurance involvement
- Deductibles often exceed your invoice
- Less emotional
- Dealing directly with business & professional people
- More likely to have direct payment
- Commercial losses are more visible
- Commercial work gets you more commercial work

RESTORATION CONTRACTOR GROWTH CHECKLIST: *CONTINUED*

Now, there are a lot of different types of commercial work, each with their own characteristics. Condos and apartments most closely resemble residential units just stacked on top of each other. Hospitals, to use another example, are radically different and have numerous requirements and conditions that you must be aware of. So, giving careful thought to which kinds of commercial business you want to pursue is important.

For many restorers, getting involved in commercial restoration is a major part of their strategy to reduce the impact of TPAs on their business. The question is, **do you know how to get this business?**

Also, you need to allow a longer time period to develop commercial work. That's because while a plumber or an agent may run across a referable loss weekly or even daily, some commercial buildings won't have a loss for 20 years!

There are proven strategies and some amazing tools to help you develop commercial business, but you need to have a salesperson that will be able to keep developing their market even when results are not immediate. And you'll need the same patience!



Digital Marketing Review

If you think about it, marketing to the general population is one of the three main ways most restorers generate business outside of TPAs. (Building a referral network/your sales program and marketing to your existing customer base are the other two.)

Replacing the old school Yellow Pages marketing is a slew of new products under the heading of Digital Marketing. Initially, the focus was on a company's website, but Internet Marketing has changed tremendously over the past five years and the restoration industry has been slow to catch up. Many websites are at least two to three generations out of date.

Now, Digital Marketing includes a host of ways of communicating with your audience including Search Engine Optimization (SEO), Pay-per-Click (PPC), Social Media Marketing, Content Marketing, Email Marketing, Text Marketing, Funnel Marketing in addition to the performance of your website. (And some super-cool niche products we have developed just for our industry!)

It is a good idea to get an evaluation of your Digital Marketing program at least once a year. The best digital marketing agencies (like BDA) will review your program and reports on a monthly basis.

BDA offers a series of five **Free Evaluations and Reports** on your company's digital marketing efforts. Find out how effective your current program is and find out about other state-of-the-art marketing programs we have developed for other restorers.



Current Customer Base

Many restorers have thousands upon thousands of past customers sitting in a database doing absolutely nothing for their business. For the most part, these customers like you and are willing to use you again and become Cheerleaders for you—if you ask!

If you are not conducting a routine marketing campaign to your existing customers, this is one of the easiest marketing deficiencies to correct with very little time or money.

RESTORATION CONTRACTOR GROWTH CHECKLIST: *CONTINUED*

Outsource Your Estimating

The quality of your estimating has a massive impact on your profitability. Margin varies widely between estimators at the same company and how do you know they are doing the job at the highest level?

The estimating task is rife with inefficiencies, mistakes, delays, conflicts and more. And do you have enough work to keep your estimators busy estimating? Oh, you write and run? How efficient is that? Better to have Project Managers and increase their capacity.

Today, there are outstanding firms that you can outsource your estimating to that will turn the estimate around fast, the price is highly affordable, and the quality is undeniable. And this allows you to prune some very high-cost labor out of your organization.

This is possible largely due to the proliferation of 360° documentation systems such as DocuSketch (our favorite).

Upgrade Your Documentation

No matter how you do it, 360° documentation is now the standard. Costs have fallen tremendously, techs can be trained to use the technology within an hour (DocuSketch) and the integration with estimating consultants or in-house estimators, subs, flooring companies, etc. is truly amazing.

You owe it to yourself to check out what this technology can do.

Technology

Typically, innovation in today's world is largely technology based. People innovate to reduce cost, increase revenue and/or net profit. It is incredibly easy to get stuck in technology that is 5, 10, even 15 years old and miss out on all the gains of innovation in the marketplace.

There are, of course, offsets especially training your team to use new software.

But at the very least, someone in your company needs to be evaluating new software products that can potentially generate tens of thousands of dollars or more in additional profit. For example, Encircle did a presentation for one of our clients and the owner remarked, "Holy c@#\$! We've been leaving at least 10% on the table on every job for as long as I've owned this company (40 years!)"

Evaluate Your Training Program

If your postage budget exceeds your training budget, something's wrong! We all know that training is a challenge, but our industry is moving fast, and training is crucially important to deliver the best product, generate the highest profits and to provide opportunities for advancement for your staff.

Planning and budgeting a training program poses several challenges:

- What are your most important training needs?
- Who will provide the training (in-house or outside companies or online or some combination?)
- How will you hold employees accountable for actually gaining new knowledge and skills?
- Who will ensure that the training becomes part of the company's processes?
- What will it cost?

Think of training as an investment. You might think training is expensive but try ignorance!



RESTORATION CONTRACTOR GROWTH CHECKLIST: *CONTINUED*



Decide How You Want to Relate to the Insurance World

Given the bullying nature of many adjusters and carriers, restorers are deciding how they want to relate to them. This ranges from being as agreeable as possible and negotiating to come to agreement (even when their charges are completely legitimate) to the more rebellious approach of, “it’s not an estimate, it’s an invoice”.

In our opinion, a measured response taking advantage of all your legal options is a very prudent approach. This means getting your contracts and legal house in order, especially when it comes to the assignment of insurance benefits developed by The Restoration Advocate/Restoration lawyer Ed Cross in conjunction with RIA.

If you are not familiar with Ed and his products and services, you should be (edcross.com  you don’t belong to [The Restoration Industry Association \(RIA\)](#)  you should as they are working tirelessly to protect your business whether you know it or not.

There are a lot of things that you can do to legitimately increase your margins and get paid but you have to understand the rules of the game and arm yourself with the tools that have been developed for you.



Sub-Contractors!

One of the best ways to reduce inefficiency and therefore increase profitability in your recon operation is to increase your use of sub-contractors. In fact, we recommend doing all of your recon work with subs if at all possible. Maybe you need a punch list guy/Superintendent on payroll, but in-house tradespeople are way more expensive than you might realize.

We can help you not only find great subs but communicate why working with you is highly profitable for them and how to make sure that you earn the necessary margins to make your operation work.



Customer Service

It seems that the concepts of customer service go in and out of style in our industry, but the reality never changes for your customers! The best, most profitable and easiest to run businesses focus on creating customer Cheerleaders. They manage the customer experience from start to finish and create a customer-centric culture.

They measure their customer service, typically through Net Promoter Score and work hard at creating Service Circles to manage the customer experience.


Want to know more? Ask for our free E-book “[A Restorers Guide to Customer Service](#)”. 



Measure and Improve Job Close Rates

Do you know your close rates from intake to inspection, inspection to mitigation, mitigation to recon, etc.?

Measuring and working to improve close rates can dramatically increase revenues and net profits and increase the effectiveness of your marketing budget without spending a cent more on advertising!

Request the “[Integrated Sales Process](#)”  te Paper.

RESTORATION CONTRACTOR GROWTH CHECKLIST: *CONTINUED*



Consider Outsourcing HR

You probably suck at it and modern HR is so much more than payroll. Given that employee engagement is potentially one of your biggest, most important and likely neglected assets it pays to have a resource to manage this for you.

Do you have a sense of the journey your employees go through from their first day at your company? Why does it matter? According to Harvard Business Review, organizations with a high level of engagement report 22% higher productivity.

And, while we're looking at research, Gallup tells us that 70% of our workers are not engaged at work and other studies tell us that approximately 2 out of 3 workers are not happy at work.

Ask us about a company that understands our industry that can manage HR from top to bottom but especially focusing on happy, engaged employees. Imagine getting 22% higher productivity from the team you already have!



Can Consultants Help?

This probably sounds like a shameless act of self-promotion, but this item needs to be on this checklist. Would your company better achieve its growth and profitability goals if it was working with professional consultants?

Are you ready for this step? Would you be more accountable? Would you be more comfortable working with people that have already dealt with what you are facing so you don't have to make the same mistakes they did?

Whether it is BDA or any of the other fine consulting companies that serve the restoration industry, maybe it is time to not go it alone!

BDA is a business development consultancy that works with an exclusive group of clients helping them to build highly effective organizations that have generated more than \$150 million in new business over the past decade.

We work with companies to give them a consistent, sustainable and repeatable process for driving top line revenue and bottom-line net profit so that they are not dependent on TPAs, weather or good luck. The result are businesses that allow owners to generate true wealth, helping them achieve the dreams they had when they first started their companies.