



## WHITE PAPER:

**HOW AN INTEGRATED PRODUCTION  
SALES PROCESS CAN INCREASE  
RESTORER SALES AND PROFITS!**

# HOW AN INTEGRATED PRODUCTION SALES PROCESS CAN INCREASE RESTORER SALES AND PROFITS!

---

## How to Generate More Jobs without Generating More Leads

As the restoration market matures and becomes more and more competitive, restorers must find ways to drive the growth of their business without relying solely on TPAs, weather and good luck. To that end many restorers invest substantial marketing dollars in outside marketing reps and programs, Internet marketing, association marketing, events, networking groups and so on, in order to get valuable job leads.

And while all these lead generation activities may make sound marketing sense, what happens when the lead for the job comes in? Restorers that invest in generating leads only reap the benefit of those leads when they “close the loop by closing the deal”! There is a big opportunity for most restorers to dramatically grow their business without the cost of generating additional leads. And that is by closing more of the leads they are already receiving.

## 3 Categories of Jobs to Track

Typically, there are three categories of jobs that should be tracked regarding close rate percentages. These are mitigation projects, reconstruction following mitigation and reconstruction where the company did not perform the initial mitigation.

And, there are several factors that must be considered when discussing these numbers. The biggest distortion is caused by weather events (CATs or surges). These types of events generate a large number of leads that often do not close at the same rate as day-in, day-out leads due to company capacity or sometimes because the company doesn't want to clog up their system with low dollar value work such as ice dam repairs.

Restorers that begin to actually measure close rates are often shocked to discover that close rates are far lower than they thought they were, especially on reconstruction following mitigation. This is crucially important because a composite study of companies across multiple industries showed that a 1% improvement in volume typically creates an operating income improvement of 3.3%! (*Harvard Business Review, September-October 1992*)

## Factors to Address to Increase Close Rates

There are a number of factors that impact close rate including sales process, a sales program, sales training and the skillset of the First Responder (in mitigation circumstances) or the Project Manager/Estimator (PM) (in the reconstruction phase of the project).

First responders are often water techs or sometimes Mitigation Managers whose sales training is minimal or non-existent. Luckily, because the insured is in so much “pain” while they are experiencing a loss, these sales are relatively easy to close and so a high level of sales skill is not necessary. But what is the lost opportunity cost of not having a system and process in place to close even more of these deals? And, more importantly, what is the impact on closing the reconstruction phase of the job?

When you ask most restorers their close rate on mitigation leads they almost always say that they close pretty much all of it, especially if there is insurance coverage. And while there is no question that a policyholder who has experienced a loss is by far the easiest person to close, when you actually track close rates you see real close rates in the 55%-65% range, quite a difference from “almost everything”.

And the close rate between different first responders can often be significant with one rep leading the pack and the others trailing behind at various, lower close rates.

## HOW AN INTEGRATED PRODUCTION SALES PROCESS CAN INCREASE RESTORER SALES AND PROFITS!: *CONTINUED*

Even in relatively easy to close mitigation situations responders have to deal with policyholders wanting a price for the mitigation in advance, wanting to know the price for the entire job including any reconstruction or repair, wanting to wait to talk to the adjuster and other impediments to getting the job signed and started.

In terms of reconstruction projects following mitigation the responsibility to close the second phase of the deal typically falls to an Estimator/Project Manager.

When it comes to Project Managers, restorers expect a lot out of these folks to say the least.

*Many PMs are expected to be skilled estimators, Xactimate experts, construction specialists, foremen, sub-contractor wranglers, adjuster negotiators (and marketers), collection agents and in-home salespeople—where the heck do you find a person with all those skillsets?*



The answer is that you don't! Most PMs will have a mix of skillsets, some of which are stronger than others. It's a mixed bag and you get what you get. And the one skill that is almost never hired for or taught is professional in-home selling ability.

Most PMs see themselves as construction people rather than salespeople. This is a huge problem because arguably their most important role is to close the business in the home or business, something that there is typically no system, process, program or training for!

The PMs that do well in sales often do so based on the combination of a great personality and ability to communicate along with a high level of technical expertise that inspires trust and confidence.

But as the market changes this is no longer enough.

We are clearly seeing increased competitiveness on the reconstruction project following mitigation with restorers increasingly being selected on price—a clear sign that there is a need for strong sales process to communicate reasons (a value proposition) for the policyholder to work with the company that performed the mitigation.

Where the increased sales opportunities are greatest is in reconstruction following mitigation. Our clients often dramatically overestimate their close rate on these sales and it is not uncommon for actual close rates to be around 40% to 50% or less. This is curious because the contractor has already performed (and usually quite well) during the mitigation process. It ought to be a “no brainer” to get the reconstruction work, right?

There are a number of factors that contribute to this challenge including the dramatic difference in the mitigation and reconstruction processes as well as the key fact that the restorer must come to agreement with the adjuster on the Scope of Work before proceeding, which brings the restoration process to a screaming halt. But these are simply factors concerning product delivery and as with any other sales situation, should be addressed by a specific sales process.

# HOW AN INTEGRATED PRODUCTION SALES PROCESS CAN INCREASE RESTORER SALES AND PROFITS!: *CONTINUED*

The third area where close rates should be measured and where improved sales process can make an impact is on reconstruction projects where your company did not perform the mitigation. Much of the time these will be TPA program assignments and should close at a fairly high rate. The other scenario will be where the restorer is being called on to make a proposal as an alternative to the original contractor to complete the restoration project.

## The Numbers

So, what is the impact of improved close rates on your business? Let's take a look at some of the key numbers using the example of a typical reconstruction project following mitigation using an average sale of \$7,500.00.

Close Rate	Referrals/Week	Annual Referrals Closed	Average Job	Total Revenue	Revenue Increase
40%	3	62.4	\$ 7,500.00	\$ 468,000.00	
50%	3	78	\$ 7,500.00	\$ 585,000.00	\$ 117,000.00
60%	3	93.6	\$ 7,500.00	\$ 702,000.00	\$ 234,000.00

As you can see from the simple chart above, moving from a baseline 40% close rate on three referrals per week to 50% increases gross revenues from \$468,000.00 to \$585,000.00, an increase of \$117,000.00.

If the close rate can be increased to 60% this increases gross revenues to \$702,000.00, an increase of \$234,000.00. Using a target gross profit margin of 42%, these increases in gross revenue would increase gross profits by \$49,140.00 and \$98,280.00, respectively.

It is clear that increasing close rates can make a major impact on the financial well-being of a restoration contractor's business. But what does it take to "move the needle" and close more deals?

## Changing to a Marketing & Sales Culture

The first step is to change the culture of the company from a restoration focus to a marketing and sales focus. Simply put, this means educating all departments as to how their interaction with the customer from the very first contact influences whether or not the company will perform the entire project all the way through to completion.

Generally speaking, restorers do a terrible job of treating leads like the gold that they are. In an increasingly competitive market leads are the lifeblood of any company but especially a marketing and sales focused company. They should never be taken for granted!

Even more, every touch point with a client or potential client should be designed to deliver world class levels of service—something that almost never happens by accident and must be scripted and trained at each step in the process. If you want a reality check, simply record incoming calls for a day or two and listen to them when you are calm and away from the office lest you blow up and start kicking the wastebasket across the room!

## An Integrated Sales Process & System

The goal is to achieve what we call an integrated sales process where everyone understands that their interaction is leading toward making the first and perhaps the second and third sale.

## HOW AN INTEGRATED PRODUCTION SALES PROCESS CAN INCREASE RESTORER SALES AND PROFITS!: *CONTINUED*

For example, intake needs to understand that their goal is to get the mitigation team on the job. The mitigation team understands that the customer's experience with them will impact whether or not the company secures the reconstruction phase of the job. The PMs understand that following a specific sales process will build a value proposition that delivers compelling reasons for the policyholder to utilize the same contractor all the way through the process.

These activities will also influence additional sales opportunities such as contents restoration or add-on cleaning or remodeling services as well. And, when executed properly will result in fantastic feedback to the referral source as well as a job with well managed expectations, high levels of service and the creation of Cheerleaders to act as unpaid salespeople for the contractor.

In order to implement this type of program a comprehensive system must be followed at each major step in the restoration process. Given that many of the employees that will be implementing these systems do not consider themselves salespeople (and are likely terrified of the idea of actually being salespeople) the best course is to build the sales process into the system and then train employees to follow the system.

Providing tools such as sales collateral, presentation materials and a strong, specific sales process to follow keeps first responders and PMs on track in the home. Providing scripts and training for the administrative staff keeps them "on message" with a clear understanding of their scope of responsibility.

All of this needs to be supported with specific, on-going training focused on demonstrations of competence in all areas to achieve the highest levels of performance and results. Accountability is also crucial with individual, team and company metrics being tracked and communicated to the team, managers and ownership.

A successful implementation of a company-wide integrated sales process benefits the company in terms of maximizing revenues and gross profits, and, to the degree that it pushes revenues beyond break-even, can move substantially increased profits to the bottom line. In addition, it also increases incentives for marketing reps and project people that derive a portion of their compensation from commissions.

Ultimately, the reason to focus on a company-wide integrated sales process is to build the healthiest, most profitable, world class service business possible. But in today's ever increasing competitive environment it may be crucial to business survival.



*Timothy Miller is the President and founder of Business Development Associates, Inc. BDA is a consulting firm that helps clients built world-class sales organizations and specializes in working with restoration contractors, building service contractors, distributors and manufacturers in the cleaning and restoration industry. To evaluate your sales process try our Free Sales Process Grader here: <https://info.objectivemanagement.com/SalesProcessGrader.aspx?DistNum=291>*