



WHITE PAPER:

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS

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Many restorers are working hard to build a commercial book of business in what has become a fiercely competitive and challenging market. This White Paper reveals the lessons learned from a year of working with clients in the ERP SMARTLaunch program.

My good friend and colleague Jeff Carrier and I created a program for restoration contractors to build their commercial business called ERP SMARTLaunch (www.erpsmartlaunch.com). It is a six-month “commercial sales campaign” that combines BDA’s marketing and sales training with Restoration ERP’s online ERP technology and training program. So far, we have trained four client groups, and the results are very positive.

We have also learned a lot.

First of all, ERP SMARTLaunch works. The program is built to powerfully differentiate the restorer from its competition in a very crowded market and provide a sales process to follow and manage to. As the restoration industry continues to mature, “sameness” or a lack of differentiation is a major sales challenge. If you offer the same “features and benefits” as the competition, why should the prospect change whatever it is they are doing and work with you instead?

While this is a true statement, it does not take into consideration all market conditions. First, not every property or facility manager has an on-going relationship or ERP-type agreement with a restoration contractor.

There are a variety of reasons for this including not experiencing losses very frequently, not seeing disaster preparedness as a high-priority issue to deal with, too many other pressing issues on their plate, etc.

Also, there may be the sense that when they need a restorer, they’ll call one. After all, they think, how hard can it be? And mostly, except for storm surges, they’re right, although that doesn’t speak at all to the kind of experience they will have with Restorer X, but that’s a choice that they are making.

Also, many property and facility managers see their current restorer kind of like their current girlfriend or boyfriend. In other words, “This is who I’m with now but that will probably change somewhere down the road.”

This may be because the restorer will eventually screw up a job beyond redemption, the salesman will start ignoring the client (or quit and move on), etc. The property or facility manager doesn’t spend a lot of time thinking about the various attributes of their restoration company and is more focused on whether they get taken care of when the need arises. These types of “deals” are heavily relationship based.

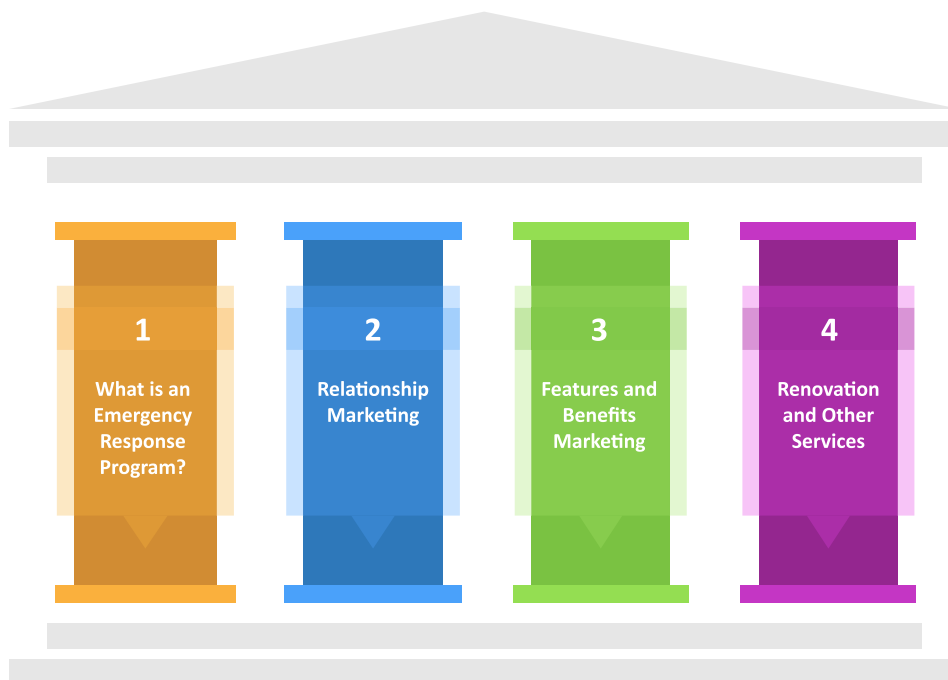
In addition, restorers are dealing with a fundamental aspect of human nature, which is that humans are very good at responding to immediate problems, but not so good at more probable, but distant



ERP SMARTLaunch
COMMERCIAL SALES CAMPAIGN

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

dangers, like future storm damage, global warming, pandemics, etc. So, unless a property or facility manager has a property that has ongoing restoration needs, they will often put pre-disaster planning on the back burner or feel that their current approach (or non-approach) is “good enough”.



So, against that backdrop we have come to see four pillars of building a commercial book of business. And let's define what that means. We want a steady flow of closable commercial restoration work—especially water damage. And in today's highly competitive, saturated market, we'll need to utilize all the available resources at our disposal to achieve that.

I also want to make a comment about the value proposition that you are offering to your commercial prospects. Many

restorers that embrace the ERP concept think about the sales process in terms of “selling ERPs”. Even though all ERPs are not created equal (and we think that Restoration ERP's product is awesome and does offer substantial differentiation as an online tool) at the end of the day the prospect hears the same thing from all restorers trying to get them under an ERP. Sameness is our enemy, remember?

So, the sales challenge is to identify pains that the prospect has (or may have in the future), present a solution and “close” a deal. Here's where it gets a little tricky.

The highest level of commitment is an executed ERP plus a signed pre-work authorization or Master Service Agreement (MSA). Some prospects are gun shy about signing anything, even non-binding agreements, which most pre-work authorizations are. So, a secondary level of commitment would be an executed ERP without any documentation signed.

However, the restorer wants a commitment in exchange for putting in the time, effort, and cost of creating and maintaining an ERP as well as providing other services such as priority storm response and other benefits of the ERP program.

But, as we explored above, many times the prospect doesn't want an ERP, let alone sign what looks like a scary legal document (it's not, but still), so what to do? This is even more the case when they say things like, “I don't need an ERP, but I'll call you when I need your services”.

The question is whether this is a blow off or they do intend to call you but just don't see the value in executing the pre-disaster planning documentation, which does require some effort on their part.

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

From a pure sales standpoint, this would be the time to dig deeper and find out if the prospect really has the pain and “go for no”. However, in this market there is a challenge to this approach given that it can lead to a no with the expectation that the salesperson will stop calling on them.

But given that the property is likely to have a loss sometime in the future and they will call whoever they have a relationship with, it may make sense not to take such a hard line so as to continue to build the relationship.

The First Pillar: What is an Emergency Response Program?

I think that what we are dealing with is a perception problem. After all, what is an Emergency Response Program? Is it just the pre-disaster planning documentation (online, PDF, or paper)? Or is it a bundle of all the services that you will provide to your commercial clients—including the ERP document/platform? For example, the ERP SMARTLaunch program recommends several additional services such as priority storm service, up-front pricing, a property owner’s documentation packet after a loss and more.

This means that the ERP has a number of different deliverables, including the pre-disaster planning tool (which most people describe as the ERP). But the ERP is simply one of the tactical deliverables of how your company solves the pains/problems/challenges that your commercial clients are likely facing.

To maintain the integrity of their value-proposition some restorers take a hard line on this. For example, their approach is, “that’s fine, we will be happy to service you when you need us, but we only offer priority storm service, Property Owner’s Packet, etc. (and whatever other benefits are part of your program) to folks that have an ERP with us.”

There is nothing wrong with this approach. In fact, it is arguable that doing anything other than this is weak salesmanship because where is the exchange of value? Still, given the fact that the prospect often doesn’t see the value in spending their time and energy on a potential event in the future to set up a pre-disaster platform, it may make sense to “work from the outside in”.

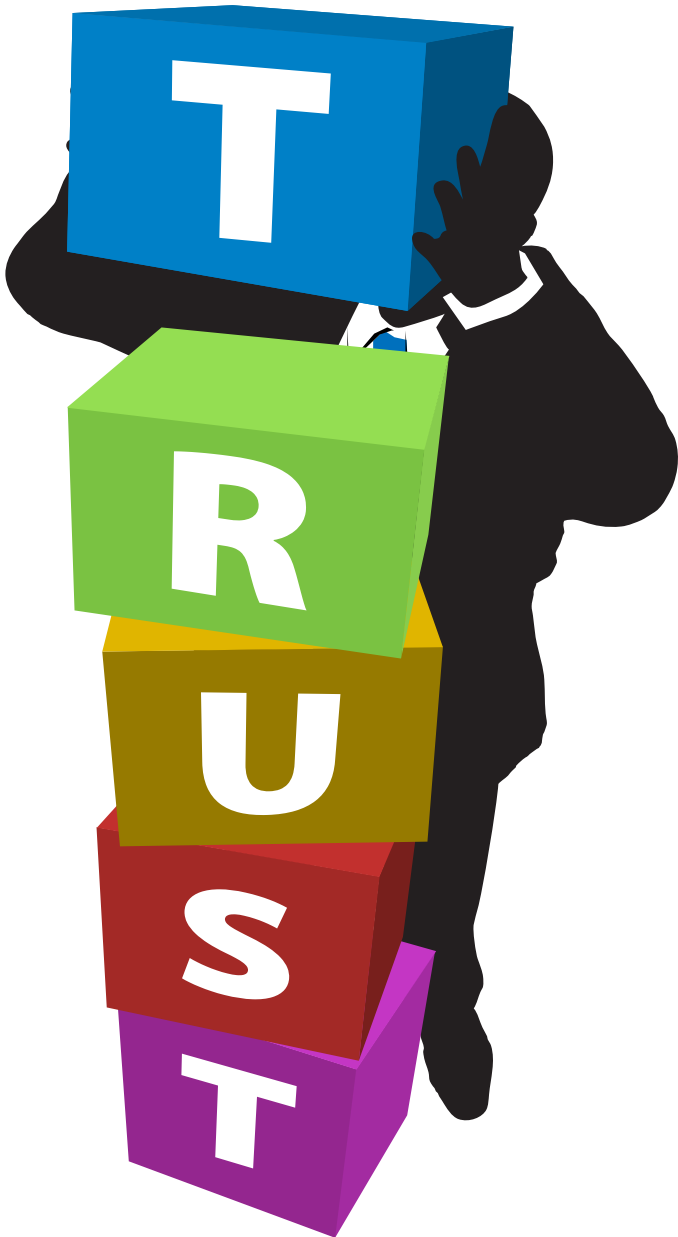
In other words, even if they don’t commit, shift the prospect from hunting to farming and start providing value and building the relationship so that when the opportunity strikes, you are more likely to get the call. It also makes sense to spend less time on these types of lower commitment, no ERP deals as well as utilize the power of sales automation to do a lot of the work for you.

Another approach is to have various levels of your pre-disaster preparedness program of which the actual ERP planning platform is just one component. And they can choose whether they want that element (or any other element of the program) or not.



THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

For these reasons, it may be best to offer your commercial clients a branded program. In the past, we used the term “Commercial Support Program” with BDA clients, which works fine. Over the years we have heard all kinds of names, and you can call it anything you want. But if you want to eliminate confusion and be able to continue to market to the prospect if they don’t execute an ERP, probably best to not call it an ERP!



It is important to note that when the ERP is one of the optional deliverables of your Commercial Support Program, then this allows you to include prospects in your program that choose not to implement an ERP! Otherwise, if they aren’t interested in an ERP (for whatever reason), you have “lost” and must move on.

If the ERP is an optional component of your Commercial Support Program, then you can still try to close a higher level of commitment than someone you simply call on as part of a marketing route. This elevates the relationship, allowing you to provide added-value and “farm” them, seeking to build the relationship where they know, like and trust the salesperson and, by extension, the company, and thereby increase the likelihood that they will call you when disaster strikes.

And there can be substantial additional benefits to the prospect other than just an ERP. These can include several value-added services that are differentiators and of great benefit to the property manager. (These are elements of the Commercial Support Program that we teach as part of ERP SMARTLaunch and include things like a post-restoration documentation packet, priority storm response, etc.)

This leads us to the three other pillars of building a book of commercial business. These are “Relationship Marketing”, “Features and Benefits Marketing”, and using renovation or other work to open the door to restoration work down the line.

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

The Second and Third Pillars: Relationship and Features & Benefits Marketing

Relationship marketing and features and benefits marketing are closely intertwined so I will discuss them together. This is the oldest method of marketing to commercial prospects, and it can be effective, although very slow to bear fruit and highly dependent upon great sales personalities with a lot of staying power.

On the other hand, salespeople that can make this approach work can develop powerful relationships and books of business that are attached to them personally. This is good or bad depending upon whether you are the salesperson or the employer.

These salespeople are often in high demand and if their promises about their book of business are true, they are real “finds” that you should attempt to hire if possible as they will really ramp up your program. At the same time, you need to keep them, so act accordingly!

The weaknesses in relationship and features and benefits marketing are why ERPs and ERP SMARTLaunch were developed in the first place and if these are your only tools in the toolbox, it can be a tough slog. Companies that market this way often have a revolving door of salespeople that come and go, and it can be hard to develop real traction.



Still, let’s look at why these approaches are valuable as additional pillars to your success.

If we start with the truism that “people buy from people they know, like and trust”, then it is obvious that building relationships with property and facility managers is important. The deeper the relationship, the better. Ideally, these are more than surface relationships (hence the “like and trust” part of the above statement).

This means that the salesperson must be adept at getting to the decision maker and then being able to engage and ultimately befriend them. Given that most prospects are not looking for a new best friend when a salesperson walks in their door, the salesperson needs to have something to say as a bridge to connecting with the prospect.

This is where features and benefits come into play. By definition, features and benefits by themselves are not very differentiating. On the other hand, if your salesperson is the one in front of the prospect saying them, they may be new or important to the prospect or provide a rational justification for them to do business with you because they like your salesperson.

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*



Features and benefits include things like being an independent (or a member of a franchise), being family owned (or being corporate), having many locations, lots of equipment and crews (or being small and highly service focused), having highly trained and certified techs, offering 24/7 emergency service, being a full-service company and so on.

As you can see, these are not especially unique claims and are not particularly differentiating but there is absolutely a place for them, and they should be part of your Commercial Support Program. This is also often where donuts, cookies, goodies, squishy toys, premiums, etc. come into play as “reasons” to make sales touches.

Other relationship activities that have worked well include educational activities (the ubiquitous “lunch and learn”), outside social activities (brewery tours, Happy Hours, Top Golf and golf outings, minor league ballgames and other sporting events, large events like pig roasts, picnics, family fairs, etc.) and so on.

Involvement in professional associations whereby the salesperson gets on committees and gets to know prospects through a non-sales activity supporting their industry are also highly effective.

Networking can also be effective but beware of the salesperson that spends most of their time working on “referral” relationships that rarely result in actual referrals! Still, there are a lot of out of the box networking ideas that can bear fruit for the savvy salesperson.

The Fourth Pillar: Renovation and Other Services

That brings us to using renovation or other work as the fourth pillar of building your commercial business.

This is an interesting one that may have to do with the moment in time in which we find ourselves when renovation contractors are extremely busy, in demand and have no problem charging a premium for their work.

What we have seen with one of our ERP SMARTLaunch clients that is using this approach is that there are almost always projects of this type being put out to bid by commercial properties. This

THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

includes painting, window and door replacements, patio refurbishment, a whole host of repair, renovation and capital improvement projects.

Normally, many restorers feel that the profit margins of such work make them undesirable. However, what we have seen is that such projects are being successfully bid at 30 to 35% gross profit margins, a margin that many restorers struggle to get to on reconstruction work on restoration projects!

It appears that this is a combination of being freed from the shackles of the insurance adjuster's relentless pressure on price and the current competitive environment.

Another factor to consider is how much renovation work is available in your market. We have one client that has generated millions in renovation bids in a very short time. Even if they ultimately close even 50% of those bids, the volume will take their branches well beyond break-even, allowing all the overhead past that point to fall to the bottom line, making this work very lucrative.

Now, the key to the renovation approach is that you must be able to deliver organizationally! The key bottlenecks are turning estimates around quickly enough and finding and managing the subs necessary to perform the work. And the work must be performed on a timely basis. The good news is that because these are largely projects done by subcontractors, your margins are assured. Be careful about complex projects that require a lot of site supervision as this can quickly eat up profits and bog your team down.

This concept also applies to any other services that you offer that are applicable to commercial properties. These might include commercial air duct cleaning, janitorial or specialty cleaning services, plumbing services, etc.

Successfully performing renovation or other non-restoration work deepens the relationship with the property manager, shows that you are a competent and professional company and sets the stage for the restoration work you want. Special care must be taken to reinforce that you are a restoration company, and you want their water, fire and storm work lest they pigeon-hole you as a renovation company and one day you show up to see a competitor's trucks in the parking lot doing a massive water loss!



THE FOUR PILLARS TO BUILDING A BOOK OF COMMERCIAL RESTORATION BUSINESS: *Continued*

Doing renovation work at all might be a condition of them being a part of your Commercial Support Program with or without an ERP. It would be an easy story to tell. “We’re so busy that we can only perform renovation (or other) work for our preferred clients that are part of our Commercial Support Program.”

Using a combination of an online ERP as part of a Commercial Support Program along with relationship marketing, features and benefits marketing and performing renovation or other related work can get you to the top of the mountain when it comes to building a commercial book of business.

Business Development Associates, Inc. (BDA) is fiercely committed to helping restorers build world-class sales organizations to increase top-line revenue and bottom-line net profit.

The company utilizes “The BDA Way”, a unique combination of proprietary marketing and sales programs, systems, and processes to help restorers drive the growth of their own business so they are not relying on TPAs, weather or good luck.

To learn more, schedule a no sales pressure strategy call with BDA’s founder and “sales guru” Tim Miller at <https://calendly.com/tim-273>.