business development ASSOCIATES, INC.

WHITE PAPER:

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM:

Challenge #1: Not Driving the Growth of Your Own Business and Being Overly Reliant on TPAs

While the insurance industry likes to hide their figures; according to Business Insurance, "Claims handled by the top 7 TPAs grew 23% or $1.3 Billion from 2017 to 2018."

And while we may not have access to the exact data, you and I both know that more and more claims are going through TPAs. In fact, the insurance carriers are pretty clear that **their goal is to have higher and higher percentages of claims processed through TPAs.**

Maybe you were sitting in the room with me at the Nexxus conference in 2018 when a presenter from a top 5 insurance company stated as plain as day that their goal was to have 80% of all property claims run through a TPA (from somewhere around 20% in 2018)!

Now, insurers say that the reason they love TPAs so much is because customer service is so much better when their customer's claims are restored using TPAs. However, according to Mark Bernstein, Vice President and Director of National Accounts for Carl Warren & Company, the purpose of using TPAs, "has become almost purely cost reduction."

It appears to many industry observers that **TPAs do not care whether you make a profit or build a successful business.** There. I said it.

So, you have an important business decision to make and that is, how much of your business do you want to come from TPAs?

But maybe the even more important question is, what is your alternative?

What to Do to Overcome This Challenge:

It is critical that restorers have their own sales programs in place to drive the growth of their own business so that they aren't relying on TPAs—or for that matter weather or good luck! One of our clients says that working with TPAs is like smoking crack. You say you're only going to do it once or twice but before you know it, you're hooked! ☺

But why?

Well, it makes sense that **if you don't know how to get business any other way,** that's what you will default to, even if it's not good for you in the long run!

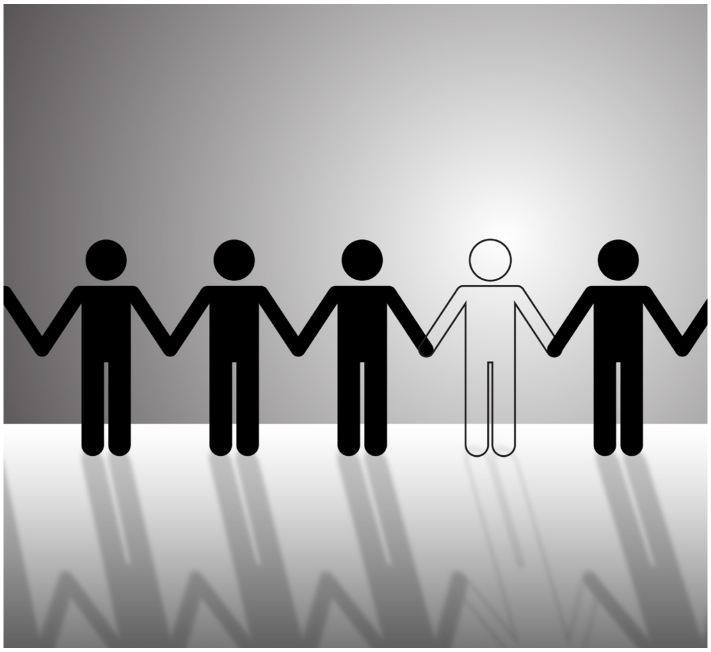
If you haven't built a sales program before (or even if you have and want to make it world class) the good news is that we are the best in the world at helping restorers set up and operate such programs.

Overall, **BDA clients have generated well over $100 million in new business outside of TPAs** utilizing an almost turn-key marketing and sales program. If you want to build your own sales program, we are the experts.

Challenge #2: No One at Your Company is Directly Responsible and Accountable for Sales

Restoration businesses have to run "flat" because the industry we're in makes it very challenging to have the necessary managers or layers of management that would make for an optimal team.

And one of the **positions that is often left unfilled** is the Sales Manager.



As Peter Drucker said, "What gets measured gets managed, and what gets managed improves!" This is never truer than when it comes to the sales department.

Why?

Salespeople **are more subject to emotional swings** than almost any other employee. This impacts their motivation and commitment and so they need supportive management that stands with them as they do a very stressful job but also can coach them to be more effective.

Did you know that, according to award winning sales expert Dave Kurlan, a modern Sales Manager **should spend 50% of their time coaching** their salespeople!

Clearly, today's Sales Managers must not only be able to "work the CRM", they must understand the sales process that their people are following so that **they can work with them to help them succeed.**

So how do you achieve this when you don't have the budget for a Sales Manager? BDA's sales development programs include a virtual Sales Manager as part of the package. We will **act as a Sales Manager** coaching your people to implement the proprietary programs that have allowed our other clients to **generate more than $100 million in new business!**

This is a great way to get restoration specific sales management along with powerful and proven programs to grow your business!

Challenge #3: Being Sure You Hire (or Have) the Right Salespeople

The restoration industry has a unique sales environment compared to most other businesses. So how do you hire salespeople who will thrive in our world?

If you already have salespeople, here's the most important litmus test. Are they bringing in revenue that pays for their costs to your company and generates additional profit? Generally, salespeople become profitable after $500K to $750K in annual closed collected revenue. And a high performing salesperson is selling north of $2 million annually.

Now that doesn't happen overnight. But you should see steady progress on that trajectory. We set a first-year goal of $400K to $500K in closed collected business for new hires so you can measure what your current people are doing against that.

But it is also fair to ask whether you have given those salespeople the tools to be successful. Do they have a success formula (selling model, sales process, sales programs) along with competent sales management?

The good news is that there are ways to evaluate existing salespeople to understand their true capabilities. This is a combination of assessments and interviews that reveal what you are dealing with and whether they will be successful.

Hiring Salespeople is Different

Most restorers hire salespeople the same way they hire for any other position in their company, and this is a mistake. Salespeople are different from your other employees and the hiring process also needs to be different.

You need a system to do it correctly. If you don't have a system, you can't repeat the process and truly drive the growth of your business over time through your company's direct sales efforts.

Traditionally, when restoration companies need to fill a sales position, they:

- Place a generic ad
- Wade through stacks of resumes
- Interview the candidates that looked the best on paper
- Sell the offer to the "top" candidate
- Hope for the best that it all works out

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM: *Continued*

Cost of a Bad Sales Hire

It's because of hiring processes like this that the average tenure of a salesperson is 18 months or far less in my experience. In fact, one bad salesperson hire typically costs at least three times their annual compensation!

Unfortunately, most owners of restoration companies have little, if any, outside sales or sales management experience. That's why it totally makes sense that building a high-performance team of salespeople would be such a challenge.

Many restorers have tried hiring salespeople and have given up. They have been burned one too many times by salespeople who interview like superstars, provide the "almost there/big one is just around the corner happy talk" month after month until the deal suddenly vaporizes through "no fault of their own" and the owner looks to see that, over time, the work generated has not even paid the salesperson's base salary.

If You Don't Know What You Want…

Before you even place the ad, you must decide exactly what you're looking for in the candidate. If you don't clearly define the attributes you're looking for, you can't expect to find someone who will fit your ideal mold.

When you have a job description, you can now write a powerful ad.

Is Specific Industry Experience Necessary?

Let's talk for a minute about candidates with specific industry experience. It really depends on what that specific experience is.

A salesperson from a major franchise whose primary strategy was being told to build routes and get out there and sell something or drop donuts (technical term: being thrown to the wolves) may not be an ideal choice unless they have a substantial book of business and revenue to match!

What you must watch out for is sales candidates with bad habits and poor fundamentals (more of how we assess for that in a sec) such that they are unlikely to adapt to a more structured sales process.

On the other hand, a commercial salesperson who has been in the industry for 15 years and has a host of clients and connections and a verifiable book of business can be a wise way to shortcut building a commercial sales program.

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM: *Continued*

Once the ad is placed, the resumes will start to roll in. It's important to remember that the only thing a resume can really tell you is:

- The candidate's work history and the industries they are familiar with
- A pattern to determine if they have a natural up and down cycle (for example, do they have a habit of switching jobs around the same time every year?)

The good news is that hiring successful salespeople is more of a science than it is an art. The heart of this science is a sales skills specific assessment tool designed specifically for consultative salespeople that looks at the concrete, job-specific skills, competencies and capabilities that you really need to understand about a salesperson's abilities.

The First Hurdle

A sales assessment is the first hurdle that any job candidate must overcome to even start the interviewing process. Simply put, if they don't pass the initial assessment, there is no point wasting time interviewing them!

And instead of screening a select few candidates at the end of the process, you want to screen everyone up front, at the beginning of the process. This saves a huge amount of time.

Anyone serious about the job will complete the assessment and you can keep track of these candidates easily through the job boards.

The Next Hiring Steps

If they pass this assessment, you can then move them to a phone screening process. The goal of this brief 10–15-minute screening is to put them under the kind of pressure they are likely to encounter in the field and see what kind of sales skills they really have when the bullets are flying. This quickly sorts out the real salespeople from the estimated 74% of salespeople who go from one failure to the next their entire careers.

The next step is a face-to-face interview. The first interview process should be focused on picking apart the resume. Again, this is a pressure test designed to determine whether the accomplishments and experience on their resume reflect real life or fantasy.

Treat it as an audition. You must be aggressive and ask questions like, "It says here that you built a territory from nothing to a $4 million operation in three years. How exactly did you do that?" 43% of resumes contain false information. It is your job to determine whether it is an accurate statement of their past achievements.

Putting the salesperson through their paces with role plays and asking them the hard questions most interviewers balk at again reveals the skill and quality of the candidate.

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM: *Continued*

If the candidate gets past the first live interview, they are now among what is typically a very small group of people who you would be willing to hire and are moved to a second face-to-face interview. This interview is much more traditional in nature. The pressure is off, you are warm and welcoming, and this is where you paint the picture of the opportunity for the right salesperson at your company.

Now you must sell the offer to them in a way that demonstrates it is a worthy position for someone of their ability. They'll also need proper on-boarding, training, ongoing coaching, professional development and accountability measures and tools to ensure they have everything they need to be successful.

Ideally, you will have a pool of two of three finalists to choose from. The last interview is their opportunity to make their case as to why they are the right fit.

Preparing yourself as the business owner and your company as you become a sales organization is vital to your success. Like most other business activities, failing to prepare is preparing to fail.

Challenge #4: You're Pretty Sure That Your Sales Team Could Generate More Revenue but Aren't Sure How Much or How to Achieve That

Many companies have already seen the value of having their own sales team and sales program—congratulations! That's the first step.

But many owners look at their expenses to run their sales program, the activities and results of their salespeople and in the wee hours can't escape a **nagging feeling that the sales department should be producing more.**

You may not be able to put your finger on exactly why you feel that way, but it just won't go away. And you're not sure what to do to find out if you're right and if you are, what to do about it.

That's because the biggest challenge every business owner has is that **"you don't know what you don't know"!**

The good news is that there is **now a comprehensive, restoration specific diagnostic and assessment tool** for your sales department, large or small. You will have industry experts conduct an extremely thorough process to look at your people, strategies and systems and will tell you whether your people can actually execute the company's strategies, meet your expectations and belong in the roles they are in.

We will also go a step further to see **how well your entire organization supports your sales program** and what steps might be needed to optimize your overall processes and systems. And, finally, you'll have a comprehensive report detailing **exactly what to do to get the results you want!**

This is powerful and unique information that simply **cannot be obtained anywhere else!**

Challenge #5: Utilizing Sales Augmentation & Automation to Improve Sales Performance

One of the great equalizers in the sales profession is that everybody has the same 24-hour day. So, it has always been about working smarter, not harder. The key to achieving sales goals is to spend time on the right activities with the right clients.

I have long said that marketing and sales are two sides of the same coin. And as technology advances, these 2 departments are becoming less and less separate and more integrated. And this is very good news, indeed.

Marketing often conducts what might be best thought of as the advertising activities to “soften up” a market for the salespeople. Now, marketing can support sales before, during and after active or live prospecting.

If this marketing coordination can be automated, then the company can manage the type of messaging and the frequency. The salesperson is now free from their traditional responsibility of ensuring these communications happen. Now you have something really special.

Four Phases of Restorer Marketing and Sales

The overall process of operating a marketing and sales program for a restoration contractor consists of 4 phases. These are pre-prospecting, active prospecting, extended prospecting, and farming. Let’s define these.

Each of these four phases can be thought of as sales pipelines. The pre-prospecting pipeline is used in advance of active prospecting. It is for anyone who fits the category of people you want to market to at any point before a salesperson begins active prospecting. This might mean weeks or months or even years.

What would be the harm in smart communication to the audience you want to market and sell to well before a salesperson’s active engagement? Imagine being able to see the engagement generated by the pre-prospecting marketing activities on a dashboard. This would show your salespeople which prospects might be most responsive to their efforts at making live contact.

The automated pipeline could include people from purchased lists, association memberships and industry events. Even the pile of business cards probably sitting on your desk right now are something you've meant to review but have never gotten around to.

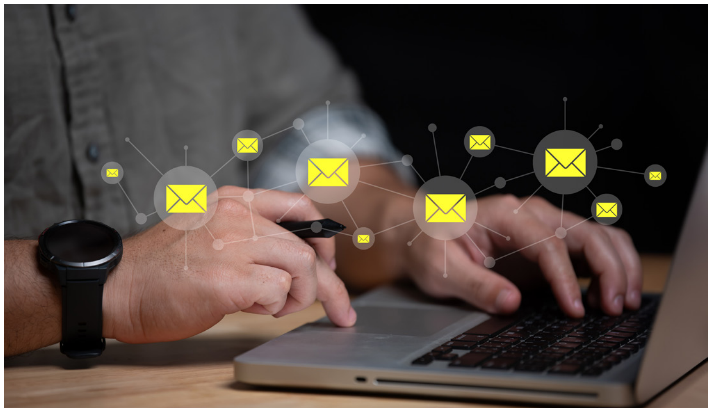
Now the content of this pre-prospecting pipeline is important. What will not be effective are advertisements for your restoration company. Your prospects, many of whom will be ice cold, couldn't care less about your Honcho 9000 Super Sucker.

Instead, you want to start a conversation with this audience that follows a particular sequence. Start by introducing your company and salesperson. Then, send a sequence of emails containing regular and video emails, addressing various categories of topics.

After you make the introduction, the next emails should focus on pains and solutions. I recommend the first one talks about the most common pains they are likely to have implying that your company has solutions.

The additional categories include:

- Social Proof: Testimonials, case studies, White Papers, interesting job before and after pictures with captions, etc.
- Objections: Common objections that you can address in advance to reduce resistance when a live salesperson reaches out.
- Paradigm Shift: Once they are working with your company to address these problems, here's how their life will be different.
- Something of Value: This might be an e-book, process, form or free service, etc.
- Call to Action: This is where you ask for them to meet with you. Note that this does not happen early in the pipeline. Establishing a connection and relationship comes first, but scheduling appointments should always be possible. Be patient before you ask for their time.



When you plan a pre-prospecting pipeline, you'll have to decide how many touches per week. I suggest only one or two. You will also have to decide how many emails you want to devote to each of the above categories. You'll also have to decide whether to mix them up or do them sequentially.

You should decide which ones need emails only, and which ones require video emails. It's best to have a picture of the salesperson in all emails. I should note that video emails do not play in the email program itself but take the reader to a landing page.

There are a lot of advantages to this because now you have room not only for the video but for additional copy and graphics and a call-to-action option where the viewer can click to download whatever that call-to-action item is.

You'll also have to decide how long the pipeline should run. Most people don't pay close attention to your communication, so repeating your sequence of emails every 4 months is safe. How long should you run your pipeline? Until they engage, die or unsubscribe!

This technology is impressive because it gives the salesperson a lot of information about the recipient's behavior. You can see statistics as a group in terms of open rates and click-through rates, etc. You can see individually who is opening your e-mail, who is watching your videos, who is requesting your call-to-action items, and so on.

This allows you to respond to people who are showing interest, which is far preferable to cold calling ice cold prospects. And when somebody is engaging with your content, it is unnecessary to chomp down on their neck like a vampire but instead make an initial outreach to discuss what they've already shown they have some interest in.

If your pre-prospecting pipeline is strong, it can often supply a solid portion of the lukewarm leads needed for active prospecting.

Active Prospecting

The next phase of an integrated marketing and sales program will be active prospecting. Your salespeople will select a group of prospects and execute a specific sequence of prospecting activities.

Extended Prospecting

The third phase of your automated sales pipeline is for extended prospecting. Extended prospecting occurs when a salesperson puts a prospect through an active prospecting sequence and all they ever hear is "crickets." This will be most of the responses to their sales outreach. But there will also be prospects who speak with them and seem happy to see them but decline any sort of working relationship or meeting.

The extended prospecting pipeline answers the question of what to do about these two groups because they haven't said no, and they have been exposed to your marketing and sales communications relatively extensively.

The extended prospecting pipeline is like the pre-prospecting pipeline, but the communication intervals are longer. Twice a month is sufficient. And the categories and types of communication will be the same as in the pre-prospecting pipeline.

And again, just like the pre-prospecting pipeline, this runs forever. By monitoring the back-end dashboard, your salespeople can see who is engaging and then take action. Nowadays, we don't realize how much communication is needed to get someone's attention and time for a first conversation.

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM: *Continued*

Farming Happens When…

Farming happens once the prospect agrees to become a strategic partner or client. Remember that your "deal" is best thought of as permission to continue to build the relationship.

Most people have heard the saying that people buy from people they know, like and trust. But simply going through a prospecting sequence and having a meeting where you demonstrate solutions to a prospect who then agrees to become part of your program is not enough to reach the position of trusted business resource. That is the purpose of farming.

In terms of BDA restoration sales programs, the sales process breaks down into two broad categories: hunting and farming. When a salesperson is new, they will spend most of their time hunting. But as soon as they get their first deal, they must start farming that deal. But still, most of their time will be spent prospecting.

As they continue to work their territory and add new deals, this balancing act becomes even more challenging. Not to mention that they have many more activities to engage in such as company meetings, sales meetings, training meetings and a myriad of other activities that most salespeople handle.

Face-to-Face Farming

Now, it is my opinion that you do the very best farming face-to-face. The next best might be in person group activity (happy hour, lunch and learn, CE classes, etc.) followed by phone call, then text and or email. Face-to-face communication is necessary for creating lasting relationships with clients.

Keeping up with face-to-face meetings with clients can be challenging for salespeople because of their busy schedules. But I also said that all the money is made from farming. So, what could be more important than farming your existing book of business?

Automated Farming Pipelines

Automated farming can be a powerful tool to supplement face-to-face farming and relationship building. The benefit of an automated system like this is that it maintains a baseline of contact, you control the messaging, and you provide high-value content. And the salesperson can see when clients engage on the back-end dashboard.

This automated farming pipeline should not replace the live salesperson interaction. Still, there will be a time when a salesperson's book of business is so large that they can no longer farm their clients at the original recommended frequency. They will have to make some decisions about reduced frequency for some people in their book of business.

TOP 5 SALES CHALLENGES FACING RESTORATION CONTRACTORS AND WHAT TO DO TO OVERCOME THEM: *Continued*

An automated pipeline is a phenomenal way for those people not to feel neglected or forgotten about. For example, instead of calling on somebody once a month, the salesperson could choose to call on them quarterly or even every other month by phone. They would then rely on the automated process to make sure that there was consistent high quality and high value communication going on. And again, if their client were to interact with any of that content, the salesperson could easily see this and reach out personally.

Nearly all sales organizations can now afford and use this technology because it’s simple and inexpensive. The technology will augment or enhance your salespeople, making them like science fiction cyborgs like the Six Million Dollar Man or RoboCop.

Consistent and high-quality communication helps salespeople build their business. But salespeople only have the capacity for so many of these types of contacts. Automated sales pipelines help salespeople achieve results on a larger scale using affordable technology.

The immediate challenge is not the implementation of the technology. Rather, it is the marketing expertise and thought process that must be given to the actual communications themselves. Creating the content, building the landing pages, developing the call-to-action items and determining the sequences and frequencies all require careful consideration.

But once these automated pipelines have been set up, they represent an absolute game changer not only for the restorer sales department but for the salespeople themselves.