

National Institute
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MARKETING MATTERS

Cultivating loyal customers

Domino's Pizza chain estimated that a loyal customer is worth about \$5,000 over the 10-year life of a franchise; Ford Motor Company calculated that a loyal customer is worth \$142,000 over their lifetime.

While people don't buy restoration jobs as often as they trade cars or eat pizzas, there can be no doubt that loyal customers are solid gold in any business. They don't shop around and recommend your services to others.

One of the basic ways to cultivate loyalty is to thank customers – not just with a few spoken words, but with a written note or letter.



You can also build loyalty with recognition programs or special discounts that let customers know you consider them special.

Today's world is so competitive that it's easy for business owners to get caught-up in price wars, even if lowering prices threatens a company's stability. Yet price is only one element of a buying decision. A company that provides value through service, responsiveness and going the extra mile will be repaid by customer loyalty, and that is priceless.

Make your ads work overtime

According to Kim Gordon of *Entrepreneur.com*, your ads should work as hard as you do. Successful marketing campaigns designed to convert prospects into customers share these common elements.

Ask for a response. Every ad must direct a consumer to do something whether it is visiting a website or contacting your office. Ads will explain the benefits of what you do but they must also inspire the prospect to take action.

Offer a new idea. Our brains wake up when presented with something new and different. That is why ads need to explain what is unique and different about your service. You must let others know what value you provide that sets

HIGHLIGHTS

- Nuts & bolts
- Working smarter

NIR helps you boost your business

From networking to education to marketing assistance, the NIR supports restoration specialists. **434.973.4200**

you apart from your competitors.

Single out your best prospects. Don't try to reach everyone. Your ads must target your best prospects like a heat-seeking missile. Craft your ad so that it talks specifically to your target audience. They should see your ad and instantly think, "This is what I need."

Be sincere. People are naturally skeptical about advertising claims and so your offering must be credible. Avoid hype. You want to encourage people to learn more about your company rather than be turned off because they feel you are exaggerating claims.

MANAGEMENT ISSUES

Lots of work but no cash?

You have no doubt heard of contractors who are so busy they can hardly keep up with their work load but run out of money. Some are even forced into bankruptcy if delayed payments and cash flow woes eat up all their reserves.

Managing cash flow is one of the most complex aspects of insurance restoration – every bit as important as marketing or keeping good people.

Cash flow was a hot topic at NIR's Executive Leadership Conference in Phoenix last month. Although the issue was the major focus of just one session led by Walter Lump, the issues of managing money and getting insurers to understand the true cost of handling restoration jobs were a constant theme.

Here are some of the conference takeaways on how to address the problem of cash flow:

- **Work on getting a direct pay arrangement**



from the insurance company so that you – not the property owner – receive the check for the restoration work. Arranging for direct payment will save costly delays that occur when the check must be cosigned by the mortgage holder or other parties.

- **Alternatively, give the property owner the responsibility for getting reimbursement from the insurer.** You do this by making the property owner responsible for paying you directly. You'll have to help the owner navigate through the process of getting insurance

reimbursement but that gives him or her a vested interest in getting that check. Funny how property owners become aggressively concerned about timely reimbursements when it's their money that is carrying the job.

- **Be prepared to halt work if necessary** if the insurance payment is unreasonably delayed either by the insurer or the mortgage company which must often cosign the check.
- **Don't let your ego get you in trouble with large jobs.** A big job can kill a business that is not equipped to handle it. If you don't have the credit line, the access to extra workers and equipment or the procedures in place to handle major jobs, let the other guys take them. An oversized job can pull you under quicker than Jaws on the fourth of July.

If you weren't at Phoenix, you missed a lot of great information as well as some major networking opportunities. But there will be another chance next year. Watch for details of the 20th annual NIR Executive Leadership Conference.

Working Smarter

The opportunity costs of how you spend your time

What does Warren Buffet say is the most important thing to consider when making an investment?

The opportunity cost is what you might lose by not putting your money in another investment. And since few people could claim to know more about making money than the world's richest man, his advice is worth heeding.

Opportunity cost is also a good way to think about how you invest your time and energy. It pays to ask if what you are doing has a better payback than some other activities that you are not doing .

If you examine your work day in terms of opportunity costs, you will probably find plenty of activities that devour your time and energy. How about repeatedly checking email, worrying about what might happen, developing excuses for why something doesn't work, unnecessary

meetings or running errands that somebody else should be doing?

Everyone is subject to distractions and often, the busier we are, the less we actually accomplish. When we invest our time in low-value activities, we feel busy but, at the end of the day, realize we have not been truly productive.

Rather than getting caught up in low-value activities, set priorities for spending your precious time and energy. Here are some suggestions for high value activities from marketing guru Robert Middleton of Action Plan Marketing:

Set up procedures for sales and marketing activities that automate the routine work. Develop forms and letters that can easily be customized for individual clients.

Take action on leads that have come your way. (Studies show that businesses typically leave a great deal of work on the table by simply not following up on leads they have received.)

Decide what you want your company to look like in two years and five years. Work systematically to develop processes to get you to that level.

Your time is your money. If you analyze the opportunity costs of your daily schedule, you may be astounded at the opportunities that are passing you by.

Quotes from Phoenix
Success in the construction industry today is about building relationships. What are we doing today to make a difference for other people?

Dave Fincham, Speaker
2008 NIR Executive Leadership Conference

To dominate the marketplace, you must narrow your focus and carefully define those customers you want to reach.

Alan Green, Speaker
2008 NIR Executive Leadership Conference

Successful people are the ones who find those who need their business...not just those who want their business.

Dwayne Keller, Speaker
2008 NIR Executive Leadership Conference

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NUTS AND BOLTS

Do good fences make good neighbors?

Some in South Texas might argue about that saying as they watch the border fence being built to separate the U.S. from Mexico. Ironically, the 670-mile fence, which is supposed to be completed by the end of the year, may not meet its deadline because of a shortage of labor.

Some speculate that it will be nearly impossible to complete the fence without using the immigrant workers that the construction industry has come to depend on. According to a study by the U.S. Bureau of Labor Statistics, foreign-born workers held one in five construction jobs in 2006.

Firms bidding on the fence construction project will have to pay particular attention to documenting workers. A spokesperson for the U.S. Customs and Border Protection has said that the winning contractor's labor force will be heavily scrutinized.



Nation turns to California for advice on going green

What a difference a few years makes.

California used to have a reputation for driving away business because of its stringent environmental laws. Now, the nation is beginning to look to California for examples on how other regions can become greener.

Because of California's early interest in sustainable construction, builders nationwide are looking to organizations within the state such as Build It Green (BIG) and other organizations for advice on environmentally-friendly construction.