

# Never a Dull Day

## J.C. RESTORATION THRIVES IN THE CHALLENGING INSURANCE MARKET

By Jonathan Sweet, Senior Editor  
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**HOMEOWNERS DON'T PLAN FOR DISASTER.** They're not saving brochures or checking out Web sites to make careful decisions about how they're going to recover from a flooded home or a fire as they would for an average kitchen remodel.

"People are never happy to see us," says Steve Rost, general manager of J.C. Restoration. "Hopefully they're happy by the time we're done, but if we're showing up, it's not a good day for them."

That's one of the many differences the Bensenville, Ill., insurance restoration firm has to deal with when compared to traditional remodeling work. Emotional homeowners, uncertain business and industry-controlled pricing all combine to make for a uniquely challenging way to do business. Despite those challenges, J.C. Restoration has continued to rapidly grow business from about \$4 million in 2005 to an estimated volume for 2008 of nearly \$15 million.

### B2B MARKETING

When it comes to marketing, insurance restoration requires a totally different approach. Homeowners aren't looking for restoration until they need it, so tactics like direct mail or advertising don't make much sense (although J.C. Restoration does run Yellow Pages ads).

Instead, it's all about networking and taking the idea of referrals to a new level. It's a strategy of face-to-face direct marketing and relationship building, focused primarily on insurance agents, brokers and claim departments. The company also markets to building owners and facility managers for commercial properties, as well as other contractors who may be able to send work its way.

That job falls to the company's four marketing reps who visit their various contacts six times a year.

"We want to constantly be reminding them we are here," Rost says. "We want to be ever-present, but not too much in their face. It's not traditional sales, because they can agree that their going to use our company, but they might never need us. It's all about building that relationship in case they need us."

J.C. Restoration tries to do that by being a resource for the agents and contractors. The company frequently offers "lunch and learns" and other educational opportunities in its large classroom facility at its Chicago-area headquarters. When a client has an event, the marketing reps are sure to attend. They attend a lot of golf outings and chamber of commerce events.

"Most people are going to get a recommendation from their insurance

The uncertain nature of insurance restoration work requires J.C. Restoration to be ready to respond at a moment's notice with its fleet of trucks, both large and small.



agent, so that's what we focus on," Rost says. "If we don't effectively market to them, our referrals are going to go away."

One of the biggest concerns agents have is that a recommendation they make will not work out. To address those worries, J.C. Restoration's marketing team talks about the company's more than 25 years in business, its large restoration facility and the 24/7 availability of the team.

"We go to that agent and tell them, 'We're going to make you look good,'" Rost says. "It's our job to make sure the clients say good things about them when we're done."

Once the call comes from an owner who's been referred to J.C. Restoration, the company sends an estimator to the job. That's when they'll sit down with the owner and engage in more traditional sales. One thing J.C. Restoration will never do, though, is show up at a disaster site uninvited.

"There are companies out there that do that — the 'fire chasers,'" Rost says. "These people listen to scanners and try to show up and take advantage of homeowners, get them to sign a deal right away. That's the slimy side of the business."

### MAINTAINING BALANCE

While it's not quite feast or famine, the work doesn't come in a nice, even flow. Although Rost doesn't know where the next job is coming from, non-catastrophic situations, such as a single-home fire or a burst pipe, happen every day. The company's marketing efforts are designed to make sure the company captures enough of those jobs.

On the other extreme are catastrophes such as large storms that cause massive flooding. That's when hundreds of calls come in each day, such as during recent flooding in the Chicago area.

"We couldn't physically take care of everyone," Rost says. "We had a system, but every time we turned around there were five more people on the line to get on the list."

When that happens, J.C. Restoration turns to Disaster Kleenup International, which is a network of insurance restoration firms across North America. When a member (such as J.C. Restoration) has too much work to handle following a disaster, other DKI members come to the market to help meet the need.

This way, J.C. Restoration is able to refer its clients to companies they know and trust rather than an unknown company that may pop

up trying to take advantage of the need for work. By the same token, J.C. Restoration will travel to work in other markets when its services are needed, such as during the serious floods in Iowa and Wisconsin earlier this year.

The company is able to do that with a mobile response unit, a bus that seats 45 people and is fully outfitted with satellite communication, computers and other office equipment. Combine that with a semi-trailer truck capable of hauling 2,000 pieces of equipment and the company can essentially do business anywhere. That ability is a big reason the company has been able to grow so much in recent years, with 30 percent of its business now coming from outside the Chicago area.

Although the uncertain nature of insurance restoration work means J.C. Restoration doesn't know where the next job is coming from, it also means the company is not as susceptible to the cycles of the remodeling market.

"We're stable and steady," Rost says. "We don't see the spikes when the economy's good, but our business doesn't go down in bad economic times."

#### CONTROLLING COSTS

One of the biggest challenges for insurance restoration firms is that prices are set by the insurers. That means J.C. Restoration has to be especially efficient because the company can't add extra markup to its prices to make more money.

Controlling costs has become even more important this year with rising gas prices. With a fleet of 35 vehicles and no ability to add a gas surcharge to estimates, watching every drive is important. To do that, J.C. Restoration invested in a GPS system, so the office can track every vehicle on the road. This not only guards against potential misuse of company vehicles but also allows the office to dispatch the closest vehicle to a job site at a moment's notice. The investment has saved the company thousands of dollars.

**"We don't see spikes when the economy's good, but our business doesn't go down in bad economic times." — Steve Rost**

The company also has to take a tough line with subcontractors on pricing. J.C. Restoration has agreements in place with everyone from the guy who brings the trash containers to the site to electricians, so the production department knows exactly what the service will cost and that they will be on the job at a moment's notice.

"We show them the prices we're working from and tell them, 'This is what we're going to get paid for your services, and we need to make a profit from that, so if you want to work with us, here's the pricing we can work with,'" Rost says.

Having a warehouse division also saves the company money. That group of employees is responsible for ordering supplies and materials in bulk. That reduces costs and ensures the production crews have everything they need — even at 3 a.m.

A third shift is on duty to prep all of the vehicles. Their job is to make sure the company is ready to go at a moment's notice, so the emergency response team can be at the site within two hours.

"They work at night, replace missing equipment, wash the vehicles, gas them up and leave the key in the ignition," Rost says. "To know you don't have to come here and worry about getting everything on the truck makes it a lot easier."

#### BEYOND RESTORATION

The goal for J.C. Restoration is to be a \$20 million company within the next two years. One of the keys to continued growth will be expanding work beyond the scope of restoring a home by adding remodeling projects.



After a disaster, personal belongings are stored in numbered crates (right) at the company's 18,000-square-foot, climate-controlled warehouse. Items that have suffered smoke damage are treated with pure oxygen in the ozone room (above) to remove the smell.



Currently, that accounts for less than 10 percent of the company's business, but Rost sees it as a growth opportunity.

"Our structure division doesn't know how to sell it, because they're not really salespeople," he says. "We want them to have that mentality, because there's money that we are potentially leaving on the table." Toward that end, Rost plans on having estimators go through sales training.

The only time the company does extra work now is when the homeowner requests it. Rost admits it's a fine line, because he doesn't want the company to be taking advantage of people at an emotional time in their lives.

"We don't want to push them, but we want to have that conversation with the homeowner so they know what's out there," Rost says.

The company is also expanding its services beyond restoration to additional areas such as mold and asbestos remediation. It's all part of a strategy conceived by CEO and President Warner Cruz when he bought the company from his parents in 2002, when the firm had revenues of about \$1 million. Although Rost runs the day-to-day operations, it's Cruz who has set the company on its course.

Says Rost, "Day-to-day he's believed in us enough to allow us to manage our jobs, but he's the one who thinks big picture."

#### COMPANY SNAPSHOT

**J.C. Restoration:** Bensenville, Ill.

**CEO/President:** Warner Cruz

**General Manager:** Steve Rost

**Company focus:** Insurance restoration

**2007 projects:** 690

**2007 volume:** \$9.5 million

**Projected 2008 volume:** \$14.9 million

**Employees:** 70

**Founded:** 1982

**Biggest challenge:** Growing the company while managing the uncertain workflow of the insurance restoration business.

**Web site:** www.jcrestoration.com