

Win-Win or No Deal

by Les Cunningham

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Have you ever taken the time to really think about why you keep taking the “opportunity” to work with agents, adjusters and insurance companies? A lot of restoration contractors think about it, but only when they are emotionally involved in a loss and their blood pressure is about to go through the roof!

Take a few minutes to read this column, but do so when you have the time and no one is around to interrupt. Ready? Here goes:

The Seven Points of Insurance Companies

1. The insurance industry is trying to run a for-profit business. In order to do this, they encounter a lot of the same challenges and opportunities that you have in your business. Like you, they need sales, they have costs, they have overhead and they have a desire to make a profit. They do some smart things and they do some not-so-smart things. Just like in your business, they have their own ideas as to how they should run their business.

2. The insurance company usually sees the loss their way. The restoration company wants to restore the loss as they see it. The best example I can think of was when a vice president of claims said very clearly, “Bid the loss that I want done, NOT the loss they/you want done.”

I work with a lot of restoration companies all over North America. A lot of them seem to believe that the insurance company and the people associated with the company are in some manner trying to work against them. A lot of people even jump to the conclusion that the insurance people don’t like them and, furthermore, believe it’s a personal attack on them. What seems to happen when things start going sideways is that the insurance company wants to pay for their loss as they see it. The insurance company wants two things to happen in the normal transaction of a loss: they want the policyholder to be restored to their pre-loss condition and they want the loss file to be closed as rapidly as possible. The reasons for doing this are pretty basic. They want the policyholder to continue as a

policyholder with them, and they know that the quicker the file is closed, the quicker the policyholder returns to a normal life, and the quicker the repair, the lower the cost to repair the loss.

3. They are like any other business, in that they want to pay as little as possible. They have a fixed price being paid to them for the insurance coverage and they want to have a fixed price to put the policyholder back to their pre-loss condition. As in your business, you want your sales to exceed your expenses, so as to allow a profit on your investment.

4. The insurance company expects their employees and business associates to follow their rules and not someone else's. A lot of restoration companies get very upset when the insurance company calls the shots as to how the job is going to be done.

5. The insurance company believes that, since they are paying for the repair, they are the boss and they have the right to decide what happens on the job.

6. They believe they know what they're doing; after all, they have the policyholder under contract, the policyholder is their client and they are paying for and deciding what is best for the policyholder.

7. They believe that the business relationship should be a professional relationship with a restoration contractor. They expect you to work with them, but if you do not work with them, they will make this the last job they work with you, if they have a say in the matter.

The Seven Points of Restoration Companies

1. If you have been in business for any amount of time, you know that no two businesses operate the same way. So, to No. 1 above, you might consider becoming very familiar with how the company that you are trying to do business with, runs their business. Since they are the giver of the business and they are the one paying for the work, it would make all kinds of sense that you work with them and not against them.

2. This second issue occurs a lot, and the best approach I've seen is:

- a. Bid the loss the way the insurance company sees it.
- b. Bid the items that you believe need to do in lieu of or in addition to their scope.
- c. Listen to their thoughts and reasons as to how they have scoped the loss. Offer your thoughts, if they are interested in what you think.

- d. If a fair and responsible decision cannot be reached, back out of the job and seek business with other companies.
- e. As the contractor, you are responsible for the quality of work that you do. You can always say no to any job. Remember to be professional in your business dealings, especially when you feel the need to turn a job down.

3. You are like any other business in that you want to be paid for your costs, your overhead and a reasonable profit. The insurance company is not concerned with what the job costs you or what you desire to make for a profit on the job. What matters to them is that your bid amount is the amount that they can pay to put their policyholder back in their pre-loss condition. As in your business, you want your sales to exceed your expenses, so as to allow you a profit on your investment. So keep in mind that you always have the last word on any job you propose to do. That word is "No"; you need to exercise that word when you are not going to receive what you need to do a job.

4. Just as the insurance companies have their policies and rules for their people, I know you have rules for your people. How do you feel if the insurance company asks you to do things their way? The reality is that each of you has your separate set of rules you expect your people to work by. The economic reality is that the insurance company has the work that you would like to do, and they will pay you money if you do the work in the way they want it done. So it has always made sense to me that if you want the work and the money, you need to adapt to the insurance company's rules. It's kind of like working on different programs. Each has their own rules and if you want to work with each of them, you and your company need to adapt.

5. The insurance company believes that since they are paying for the repair, they are the boss and they have the right to decide what happens on the job. The economic reality is that they are correct in their logic. The other reality is that some contractors still do not get this and they try to tell the insurance company how things are going to work. Professional behavior is a must in this situation, and sometimes it would appear that the contractor has some "opportunities" to better communicate with the insurance company.

6. The insurance company wants you to work with their policyholder. They believe they know what they're doing; after all, they have the policyholder under contract, the policyholder is their client and they are paying for and deciding what is best for the policyholder. As you know, you have at least

two clients to serve on every job, the insurance company and the policyholder. If you try to turn the policyholder against the insurance company, all heck breaks loose with the insurance company. Again, this speaks to professional behavior and exhibiting it properly.

7. You are expected to a professional in all of your dealings, but if you do not work as one with the insurance company, they will make this the last job they work with you, if they have a say in the matter (and they usually do).

So what does this all add up to? You and the insurance company are after a Win-Win Relationship or both of you should want no deal between the two of you. The other three options are "Win-Lose," "Lose-Win" or "Lose-Lose," and so obviously "Win-Win" or "No Deal" is the only way that it can work for both of you on every job.

I wish you good luck and good business!

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