



# Business Mentors

## **Mitigation, Restoration, Remediation and the Rules of Containment Part 1**

Topic: Marketing

Author : Harman, P. L.

Date/Pages Feb 2001 pp. 18-20, 22-23

The fifth annual Water Loss Institute (WLI) Conference was held in Bellvue, Washington on October 20-21, 2000. Over 250 professionals working in water loss and restoration attended to gather information on the latest issues affecting their industry. The newly expanded format allowed presenters to cover specific topics in-depth and provided a foundation for each successive session.

WLI President, Glenn Ray, CR, recognized the individuals who played a vital role in coordinating the event: Ron Reese, CR, WLS; Jim Holland, CR, WLS; Art Johnson, CR, WLS; Paul Campbell, David King, CR, WLS; Ben Yanker, CR, WLS; Phil Rosebrook, Sr. and Joe Arigo, CR, WLS.

Phil Rosebrook, Jr., CR, of Business Mentors, discussed corporate marketing and planning for success. "The industry dynamics are changing," said Rosebrook, "and you need to treat your business as a business, not as a restoration company."

Every industry experiences shifts in its growth cycle. The cycle begins with emerging business, which turns into a growing market, eventually reaches a maturing one, and then turns into a declining market. Rosebrook believes the restoration industry is currently in the maturing business cycle.

In a maturing market one sees increased competition with fewer new companies entering industry. There is also more consolidation. "Your competitors in the market today will not be your competitors tomorrow," said Rosebrook. There are also lower prices and profit margins, making it critical for businesses to focus on efficiencies and cost savings, while increasing their niche marketing.

The effect of popular media, especially coverage by newspapers and TV, has drawn attention and provided more information on mold and environmental issues. The Internet also offers individuals greater access to information, to the point where clients could conceivably know more about mold remediation and mold than a company's technicians.

Insurance companies are also in a maturing market, resulting in another consolidation to capitalize on the economies of scale and provide a hedge against regional disasters, while reducing the competition for premiums. They are looking at restoration options in an effort to



# Business Mentors

manage their claims more cost effectively. By hiring restoration contractors and other professionals in the industry, insurance adjusters understand that they can further reduce some of their claims costs.

Insurance agents are pooling their services so they can compete with some of the larger corporate insurance companies. With the Internet becoming the accepted method for everyday purchases, it enables them to participate on a more even playing field.

"Change is essential for business success," said Rosebrook. It can be seen in technology, professionalism and business acumen. Today, there is an even greater need to create a sound business plan and follow it. Businesses need to become proactive, focus on service and learn to harness the power of their teams.

## **Developing a Marketing Plan**

In addition to creating a business plan, Rosebrook also advocated developing a marketing plan and outlined the basic elements:

- It needs to be put in writing — When you write something down, it increases your chances of making it happen and obligates you to define the outcomes. It also gives you a clear plan to success and allows for better communication with your team.
- Review and update it frequently.
- Companies need to market frequently and with repetition. Marketing is not a faucet that can be turned on and off as needed.
- A written plan is the difference between what is said and done.
- Consult the plan frequently.
- Measure what is going on with your activities — goals, budget, activities.
- Adapt as needed — be proactive instead of reactive.

There are a number of software applications and technological devices available to make creating and tracking the plans easier. A palm pilot can be used to track information for scheduling and contacts. Restoration specific programs can also help track marketing efforts and manage production. Database and information management programs can track jobs, customers and maintain mailing lists.



# Business Mentors

Rosebrook outlined the components of a marketing plan:

- **Executive summary** — This should include a synopsis and introduction to your entire plan. It's easier to develop the plan first and then write the executive summary.
- **Purpose of marketing** — How will you use your plan to monitor and plan your marketing activities? General outcomes for marketing activities should also be included.
- **Goals** — Define your championship. "What gets measured gets done," said business guru, Tom Peters. A goal is quantifiable and needs to be measurable. It also shouldn't be too easy or too hard. Include a timeframe for achievement, and make sure it is easy to measure and communicate. Three to five written goals would be realistic because people can see them and there aren't too many. Some areas of focus include: sales volume, type of work received, number of sources sending work and quantity of work by source.
- **Target Market** — You want to identify whom you are trying to contact and break them down into subgroups. (E.g., all insurance agents — just from one company, adjusters, industrial hygienists, etc.) Discuss how they are influenced (customer service, price). How they will be contacted — direct mail, route marketing, hand deliver all estimates, take them to a game (football, baseball).
- **Market niche** — markets are not necessarily in the mainstream restoration business. Find your niche and unique selling position — why you do it better than anyone else. Determine the size of your niche — it can't be too small and you may need more than one.
- **Competition analysis** — Find out who they are, what they do and how do you stack up? How are they perceived by the industry? How will you compete against them? There are three main differentiators: price (you don't want to be the lowest price); service and quality. Technological differences have a tendency to be fleeting.
- **Identity** — You get to define who you are by consistently marketing your message. As long as you follow through on what you are selling, you create your identity. What is your perception in the market?
- **Marketing weapons** — List the ways you intend to market — make them consistent and repetitious. (I.e., if you're visiting agents or route marketing, don't go longer than three months without seeing them. Select a route and stick to it. If you have too many, choose your top 100 and focus on the depth of your marketing relationships rather than the quantity.)



# Business Mentors

## **Budgeting**

Establishing a budget depends on what you can afford. The average is three to seven percent of sales. Some companies may budget as little as one percent or as high as 10 percent, it all depends on the company's profit margin and sales volume.

Marketing efforts need to be tracked and measured. Analyze the expenses. Are they working as planned? Is this where you want to be spending your money? Also, make sure your goals are achievable within the context of your budget. Salaries for marketing personnel should be included in the marketing budget, and expenses should be compared to the budget monthly. Consult the plan and review it quarterly to make sure you're getting the results you want for your money.

The Appendix to your plan will include the action plan — the actual schedule including dollars and times covering when, where and what you will do. Include measurements for people doing the marketing — assign responsibilities and follow-up to make sure they are doing them. (Number of contacts, who, etc.) Add other measurements to make sure that everyone is accountable and add anything else pertinent to the implementation of your plan.

"Your business is the tool for you accomplish your personal goals," concluded Rosebrook. "If you're not marketing with a plan, you're not marketing. Once you obtain the sales, you need to manage your business."

During the question and answer period following the presentation, Dale Ross, an independent insurance adjuster provided additional insight from the adjuster's point of view. "We don't like people who come in and insist on speaking with the general manager or boss," he explained. "Associate adjusters do the majority of our work. They're the ones who make the decisions about who to contact if they're the first one the scene. It's a waste for them to waste my (the boss's) time."

Ross also encouraged the contractors to use the opportunity to introduce themselves to whoever is in the office. However, the best marketing opportunity is when the adjuster is on the scene and the contractor walks the scope with him. (He advised doing a preliminary scope ahead of time.)

"If you're not visiting with the independent agents, you're missing the boat," said Ross. "They can refer the last restoration company in the office. Sixty to 70 percent of calls come from an agent and his knowledge of who's out there. A constant communication line is critical."

Craig Fillman of Business Development Solutions discussed the specifics of pricing, estimating and project management. He reiterated the need for a business plan, "We're talking about the



# Business Mentors

financial health of your business," he said. "From a business standpoint, you need a plan — a roadmap of where you're going and how you're getting there."

He also advocated the need for long-range thinking and encouraged business owners to look at the internal and external environments surrounding their companies. "Having a long-range plan helps you miss the rocks and shoals of running your business," said Fillman.

## **Pricing**

Fillman said that pricing should be based on the lowest practical price which allows a company to provide service to the customer. Pricing methods can be based on a fixed rate, materials, cost per square foot or time and materials. In order to be profitable, an owner needs to know what the direct job costs are, as well as materials and indirect costs or overhead.

Direct job costs for labor include: base rate plus fringes; worker's compensation (12.5 percent); average fixed overhead (15.7 percent) — insurance, social security, unemployment; overhead — generally 30-35 percent for this business; and profit (10 percent).

Direct job costs for materials include: cost of materials, labor associated with handling, taxes and waste. Miscellaneous costs are permits and plans, clean-up, depreciation of equipment and having open jobs. Any time a job is open, it costs the company money.

Labor should be tracked by trade, utilization and efficiency for each job. Document when equipment arrives and when it is used. Make sure it meets the specifications for that job. Implementing controls on expenses is essential. "This is a tough business that requires attention to detail, doing your homework and education," concluded Fillman. "Implementing change is very difficult, but you do it one step at a time."

Larry Robertson, president of Mycotech Biological, Inc., discussed microbial containment. The role of microbes in indoor space is gaining much more attention, especially on the health and legal fronts. Interior pollutant levels are often higher than outside. With individuals spending approximately 93 percent of their time indoors and five percent of their time in transit, the economic impact translates to hundreds of millions of dollars.

The EPA definition of acceptable air includes the maintenance of appropriate temperature and humidity (according to ASHRAE 55 regulations), the introduction of adequate ventilation air (air from outdoors introduced to indoors), and controlling the level of contaminants in the air.

Robertson explained that the IAQ puzzle has several different aspects and that bioaerosols are just one part of it. Bioaerosols are living airborne solutions, and there are six sources:



# Business Mentors

- Viruses
- Bacteria
- Protozoas
- Plants
- Animals
- Fungi

The most serious diseases are caused by bacterial and viral sources, however in building management, fungi causes the most problems.

Moisture, humidity, temperature, the nutrients available and longevity of the spores are among the factors affecting mold growth. When there is elevated humidity and temperatures, there is a higher chance of mold growth. Spores can germinate at extremely low humidity, on surfaces with adequate humidity, and others need contact with liquid to germinate.

While a host of health effects can be attributed to indoor fungal bioaerosols, there are three major types: allergenic (causes allergies), toxigenic (toxic response) and infectious disease (grows in or on human host). Allergies are the most common and reactions include allergic rhinitis (runny nose, sniffles), bronchitis, eczema, allergic contact dermatitis and asthma. The results can include increased absences from school or work, impaired performance and a hypersensitivity to the allergens or irritants.

According to Robertson, there are over 100,000 species of fungi and at least that many more that have not been identified,. All fungi produce some type of mycotoxins and even the most benign fungi can cause illness.

## **He outlined the typical IAQ problem:**

1. Building occupant perceives a problem — "I think I'm being exposed to something."
2. Problem is unresolved or too much time passes before someone responds or fixes it.
3. Individual sees maintenance staff as insensitive or uncaring.
4. What was an environmental problem now becomes a "people" (public relations) problem as well. Failure to recognize this can be a critical error.
5. Environmental problem is never resolved, building management thinks that solving the environmental problem will fix the people problem, however the people problem is a separate issue.



# Business Mentors

6. An acceptable risk in the environment shifts to unacceptable.
7. The result is an economically impossible solution where the owners cannot satisfy the complaints of the building occupants.
8. Then there is media exposure, a negative impact on community, an angry public, fallout from the legal and financial issues and government agencies who step in.

Robertson advised solving the problem before it reaches the latter steps. "You need to know what to do and how to do it correctly," he explained. "Look at why the problem occurred. Some are simple to find, some we have to look for, but we need to understand why they occurred in order to fix them."

Causes of problems may be:

- Building design error
- Defects in equipment, building materials or construction
- Deficiencies in maintenance
- Catastrophic events — fire, hurricane, etc.

He stressed the importance of removing the source and not just what's on the surface, because the problem will return. And, while water damage to buildings requires quick response, one must be careful not to overreact to the normal fungi that exist in a setting.

"When you inspect, you need to be careful not to disturb what is there when you're inspecting," said Robertson. "If you start cutting or exposing areas, you are aerosolizing spores into the environment and can complicate the problem rather than providing a solution."

He also explained that there is an inherent conflict when gathering data. As a restorer, the information will be used one way, while attorneys and medical personnel will use it to generate data for their case.

The exposure potential for occupants and staff is highest during the inspection. He recommended several practical steps to follow:

1. **Identify level of conflict** — Where are you in the scheme? How long has the building manager known about the problem? Are there people problems now? Are there medical or legal involvements?



# Business Mentors

2. **Identify the problem and cause** — If you misidentify or misremediate, you contribute to the problem and do not contribute to the solution. Was it a building design error, equipment failure, inadequate care and maintenance or a disaster?
3. **Design the appropriate remedial plan** — Determine quality assurance up front — including tolerance and clearance criteria. Need a plan of action and contingency plans. What type of contained contaminant removal will be used? What will you use for replacement materials? Do you need an alternative type of material?
4. **Implement the appropriate plan** — Coordinating the event is a people function. Who will be involved? How do you provide quality assurance?
5. **The appropriate closure** — Document and address problems, answer questions, handle people problems and establish trust. Can also implement a plan for continued care, monitoring and follow-up.

## The Elements of Containment

New York City Guidelines are the industry standard and often used as the starting point in many remediation projects. There are five different levels of mold contamination and a synopsis of each was provided. (*For a more comprehensive review, please consult the New York City Department of Health "Guidelines on Assessment and Remediation of Fungi in Indoor Environments."*)

### Level 1

Less than 10 square feet of mold exposure — applies to ceiling tiles, small area problems or unoccupied work areas. Containment is not necessary, however dust suppression methods on surfaces prior to remediation are recommended. Contaminated materials that cannot be cleaned should be removed from the building in sealed plastic bags and all areas should be left dry and visibly free from contaminated debris.

### Level 2

Uses level 1 standards and covers an area 10-30 ft. Respiratory protection (e.g., disposable respirator), gloves and eye protection should be worn. The work area should be covered and sealed with tape to contain the dust, and work areas for egress should be HEPA vacuumed and cleaned with a damp cloth or mop and detergent.

### Level 3 – 30-100 square feet

This level requires consulting a health and safety professional with experience in performing microbiological investigations, training personnel in handling of hazardous materials, following OSHA recommendations for respirators, and sealing the work area, as well as ventilation ducts in the work space and adjacent areas.



# Business Mentors

## **Level 4 – Spaces greater than 100 square feet (contiguous in an area)**

Again, an individual with experience in performing microbiological investigations should be consulted prior to beginning the remediation, full-face respirators, as well as disposable protective clothing should be worn, and containment of the work area is more specific, as are procedures for clean-up. Areas adjacent to the work area should be unoccupied and air monitoring is required to determine re-occupancy.

## **Level 5 – HVAC Contamination**

Areas less than 10 square feet can be handled by regular building maintenance, while health and safety professionals should be consulted for larger areas.

Robertson believed these guidelines overlooked some critical areas and outlined the deficiencies he found:

1. Doesn't address the original causation
2. Assumes any individual can identify active mold
3. Assumes any individual can identify hyaline mold
4. Assumes that no mold is hidden in interstitial cavities.
5. Non-substantiated criteria for use/level of PPE.
6. Does not address MVOC exposure/protection.
7. Pressurization issue is not addressed until level 4
8. Re-occupancy/Air monitoring not addressed until Level IV and in Level V.
9. Assumes remediation is quality based and not financially driven.

He also reviewed guidelines from the American Conference of Governmental Industrial Hygienists (ACGIH) and the Institute for Inspection, Cleaning and Remedial Certification (IICRC), indicating that he had concerns with those as well. "The ideal procedure may be a hybrid of all three of these guidelines and recommendations," explained Robertson.

Robertson touched briefly on the elements of HVAC sanitation, indicating that these systems can become "microbial incubators." Systems often become contaminated because of improper drainage or maintenance.

The elements of HVAC hygiene include: source removal, contaminant containment and microbial treatment. Due to the dangers of cross contamination, he believes that contractors need to go beyond the current guidelines to set a new standard.

He concluded his presentation by bringing together the basic elements of a containment system and showing the audience how they operate. He constructed a prefab containment system of PVC pipe and polyethylene plastic. Using a Glazer light particle counter, which counts microns



# Business Mentors

and individual micron measurements, he lit a candle in the containment unit for two minutes. The particle level before the candle was lit was 4700. Afterwards, it was 90,000 per cubic meter. Robertson ran an ambient air scrubber for two minutes and said the particle level had dropped to 26,000, demonstrating how simple containment can be effective in containing particles. After running the particle scrubber for three minutes, the level had dropped to 11,000.

Taping should be continuous when building the containment unit, including taping around the edge of floors and the PVC frames. Zip walls are a new containment system and when combined telescoping pipes, can help create an instantaneous containment unit.

Robertson recommends using at least a half-face respirator, but indicated that he uses a full-face respirator because it provides better protection over the long haul. "You're talking about your health and situations where contaminants will be at their highest, so take the appropriate steps in terms of protection," he suggested.

He also recommended 6-mil. double-bagged bags for disposal of materials. Contaminant containment is extremely important to minimize the dispersion of particles before removal. Robertson didn't advocate spraying contaminants with water, since that could aerosolize them. He said carefully prying and pulling the materials could reduce dust.

**Patricia L. Harman is the editor of Cleaning & Restoration. Part 2 of the Water Loss Conference recap will appear in the March 2001 issue of Cleaning & Restoration.**