

Qualified Remodeler

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TOP

500

The number '500' is rendered in a large, white, sans-serif font with a thick red outline. The number is set against a background of horizontal grey bars that create a 3D effect. A red arrow points from the left through the center of the first zero, and another red arrow points from the right through the center of the second zero.

2019

The Annual Ranking
of the Nation's Largest
Remodelers



PROFILE: INSURANCE RESTORATION

Uber Professional

No. 152 Clarke Contractors finds success in the insurance niche with a stringent approach to hiring and overall professionalism.

by Patrick O'Toole

NEARLY 20 years ago, Jason Clarke gave up a career at General Electric—a blue chip employer from every perspective—to work full-time in the insurance restoration business. Initially he came on to assist the company founder, but he was soon finding new ways to grow the business and build a backlog. Clarke also branched out from roofing repair and restoration into all types of issues, including fire and flood.

Today the firm is No. 152 on the Top 500. It has 80 employees, and last year it completed 665 jobs on \$10.2 million in revenue. About 90 percent of the revenue comes from insurance restoration work, including light commercial, but the company has been quite entrepreneurial in the sense that

confidence relating to the strong economy. Second, over the past decade insurance carriers and their third-party claims administrators have increased the demands on insurance restoration specialists such as Clarke.

Because insurance restoration is so closely related to storms, fires, floods and other types of catastrophes, it may be somewhat counter intuitive to see consumer confidence as a factor in the business. But it does play a role, Clarke explains.

“Over the past couple of years, the economy has been on a tear,” he says. “Consumer confidence and spending is way up. Not only has it helped us in our restoration business, but also our remodeling business. I say that because not too long ago we still had the same amount of restoration claims, but a lot of people were unemployed or underemployed, and many people took on doing insurance claims themselves or not filing claims altogether. Today, people are spending and they’re not necessarily wanting to do their own work.”

The second factor shaping the business is the rise of large third-party administration companies that have taken on management of insurance restoration claims for insurance companies, big and small. Fifteen years ago, Clarke adds, a large carrier like State Farm would employ 35 or 40 insurance adjusters within the Cincinnati metro area. “Today, I’d be surprised if it was more than two full-time adjusters,” he says. Companies like Alacrity, Crawford and Nexus have filled the void and, in the process, they have placed greater demands on contractors and how they run their businesses. They ensure that contractors like Clarke have conducted thorough background checks on all of their employees. They verify drug screening procedures and ensure that everyone on a client’s jobsite is highly trained.

“Today our requirements are very simple,” Clarke says. “If you have a felony, you can’t work for me. It doesn’t matter if it was in the past seven years or in the past 70 years. Insurance companies don’t want felons working on their projects. Random drug testing is done. And then there is

the other 10 percent comes from a combination of remodeling and home improvement work. In February 2018, the company signed on with a sun-room and patio enclosure company, hoping to do \$500,000 in revenue. They ended up billing twice that amount in the first 12 months of operation, Clarke notes.

According to Clarke, there are two factors impacting the insurance restoration sector of the industry. First, there is a great deal of consumer

Insurance Restoration by the Numbers

An overview of the 32 insurance restoration firms on the 2019 QR Top 500

Total remodeling revenue: \$2,468,331,132
Total jobs: 192,463
2019 revenue forecast: \$2,497,708,882
Insurance restoration jobs: 82.7%
Roofing jobs: 15.9%
Siding jobs: 1.8%
Whole-house jobs: 1.3%
Avg. spend on marketing: 3.6% of revenue
Top lead source: Referrals 46.4%, Repeat business 19.4%, Canvassing 8%
Employees: 10,133
Percent of gross sales spent on materials: 24.4%



training, lots of training, whether it be in estimating, project management [or] industry training through the Institute of Inspection, Cleaning and Restoration (IICRC). You know, all the different categories that they would have for all the different facets of business that we do—water mitigation, fire mitigation, odor control, mold, content clean-

“YOU’VE GOT TO WATCH YOUR DOLLARS SO YOU CAN MAKE CENTS.”

Jason Clarke, owner

ing. We also comply with EPA programs for lead renovation and so forth. All of this is very much on the forefront of what insurance carriers want from contractors. And all of these credentials have to be met in order to perform service.”

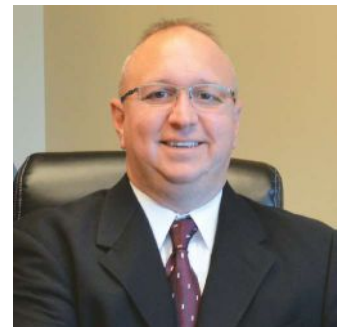
To compete, insurance restoration specialists have always been among the most highly professionalized organizations within the remodeling industry. The very best among this group, such as Clarke, have become uber professional. So this begs the question: How does that impact profit and margins? According to Clarke, there is plenty of margin to make good profits in the insurance restoration business today.

“You’ve got to watch your dollars so you can make cents,” Clarke says. “The bottom line is that I’ve heard colleagues complaining about margin. I’ll take the opposite approach; I think the margins are very good. We make very good margins. We make a very good profit year-over-year. That’s why I’m in business—and in this business specifically. It’s all in how you run your business and how close you are to it.

“You’re right, it can get very tight. And if you don’t do good work, if you don’t do what you say you’re going to do, and if you don’t follow the procedures and policies of third-party administration firms and insurance carriers, you can easily lose percentages off the bottom line,” he adds. “But I’d argue the point that the margins here are better than most in the industry. You look at commercial construction operating on a 1 to 2 percent profit margin. We do considerably better than that.”

Overall, Clarke’s numbers speak for themselves. In 2017, the firm billed \$5.9 million on 557 jobs. The year-over-year jump to \$10.2 million speaks to all the work that Clarke has been doing in adding staff. Hiring, it seems, has been the company’s secret sauce. They are recruiting every day and, because of the professionalism required within the insurance community, only 1 in 10 applicants are hired, he says.

“One of the things that we do every day is as we hire,” Clarke says. “We are always hiring, we are always training and we are always growing.” QR



Jason Clarke, owner
Company: Clarke Contractors
Location: Cincinnati, Ohio
Top 500: No. 152