



Increasing Operational Efficiency in a Restoration Company: Managing by the Numbers

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Increasing Operational Efficiency in a Restoration Company:

Managing by the Numbers

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Publication Date: 10/2024

Introduction

Running a restoration company comes with its own set of challenges, from managing resources across multiple projects to balancing cash flow while delivering quality services. One of the most powerful strategies for improving operational efficiency is managing by the numbers—using data-driven decision-making to align your team, streamline operations, and drive profitability. This e-book is designed to provide restoration companies with a comprehensive guide on how to use data to improve every facet of their business. We'll explore how metrics, transparency, regular communication, and strong leadership can help your company operate more efficiently and profitably. By aligning everyone around a clear set of goals, supported by data, you create a high-performance culture that maximizes productivity and profitability.

About Me

Hi, I'm Mike, the owner and President of XCEL Restoration Academy. With over 20 years of experience in the restoration industry, I've dedicated my career to helping restoration companies improve their operational performance, maximize profitability, and achieve sustainable growth. Throughout my journey, I've held various roles, from working on the front lines of restoration projects to leading teams and building efficient systems from the ground up.

I've earned multiple industry certifications, giving me a deep understanding of the technical, operational, and business aspects of restoration. My expertise lies not only in the hands-on work of restoration but also in developing processes that drive efficiency and performance. In 2022, I took on the challenge of building a Customer Success department from scratch, transforming it into a scalable, metrics-driven operation that reduced churn, improved revenue, and empowered teams to meet and exceed their goals.

At XCEL Restoration Academy, I offer consulting services and training programs that help restoration companies across the U.S. optimize their operations, increase their revenue, and enhance their profitability. My passion is helping businesses unlock their full potential by leveraging data, creating systems of accountability, and fostering leadership. This e-book is a culmination of my experience and insights from two decades in the industry, offering practical strategies for restoration companies to thrive. Whether you're just starting or looking to improve your current business, I hope this guide provides valuable knowledge that can transform the way you run your company.

If you're ready to take your restoration business to the next level, I invite you to reach out and connect with me. Let's work together to elevate your excellence.

Chapter 1:

Managing by the Numbers – The Power of Metrics

The foundation of any successful business strategy is data. In the restoration industry, with its fluctuating demands and variable job costs, managing by the numbers becomes essential for ensuring profitability and sustained growth. While many companies focus on general financial statements at the end of the month or quarter, truly successful companies measure performance at every level of the business in real time.

The Importance of Data-Driven Decisions

Making decisions based on data allows you to understand not only what is happening in your business but why it is happening. By measuring key metrics, you gain insight into inefficiencies, identify patterns, and make informed adjustments to operations. Without data, you're navigating blindly, relying on intuition, which often leads to missed opportunities for improvement.

For restoration companies, managing by the numbers means tracking everything from the cost of materials and labor to how efficiently your team completes jobs. It's about looking at granular details so you can adjust your operations in real-time, maximize productivity, and, ultimately, profitability.

Key Metrics to Track for Success

1. Job Profitability: Maximizing Revenue Per Project

- **What It Is:** Job profitability is the revenue generated by each individual project minus the total costs incurred (labor, materials, equipment, etc.).
- **Why It Matters:** Knowing the profitability of each job gives you a clear understanding of whether the project is adding value to your bottom line. Even if revenue looks strong, a project could be a net loss if the associated costs are too high.

- **How to Measure It:** Begin by tracking all direct and indirect costs associated with each job. This includes labor hours, material costs, equipment rentals, and overhead. Subtract these costs from the revenue generated by the job to calculate your profit margin.
- **How to Improve:** Look for recurring issues that eat into your profit margins, such as underestimating the time or materials needed for jobs. Consider using project management software to track costs in real-time and provide instant visibility into profit margins.

2. Revenue Per Employee: Gauging Productivity

- **What It Is:** Revenue per employee measures the amount of income each employee generates over a given period.
- **Why It Matters:** This metric provides insight into the productivity of your team and helps you determine whether you're utilizing your workforce efficiently. A low revenue per employee could indicate inefficiencies, while a high number shows strong productivity and performance.
- **How to Measure It:** Divide the company's total revenue by the number of employees, then compare the results over time or between departments.
- **How to Improve:** Ensure that employees spend the majority of their time on billable work. If you notice that some team members are bogged down with administrative tasks, consider investing in software or administrative support to free up their time for revenue-generating activities.

3. Job Completion Time: Efficiency in Action

- **What It Is:** Job completion time tracks the average length of time it takes to complete a project from start to finish.

- **Why It Matters:** The longer a job takes, the more it costs in terms of labor, equipment, and lost opportunities for new projects. Keeping job times short without sacrificing quality is key to maintaining profitability.
- **How to Measure It:** Track the time from the start date to the completion date for each job. Look for bottlenecks or delays that consistently extend project timelines.
- **How to Improve:** Standardize procedures for common tasks and set benchmarks for how long these tasks should take. Provide your team with the training, tools, and resources to meet these benchmarks consistently. If jobs are taking longer than expected, investigate whether it's due to a lack of resources, poor communication, or inefficient processes.

4. Customer Acquisition Cost (CAC): Balancing Sales and Marketing

- **What It Is:** CAC measures how much your company spends on sales and marketing efforts to acquire each new customer.
- **Why It Matters:** Knowing your CAC helps you assess the effectiveness of your marketing and sales strategies. If you're spending too much to acquire a customer, you risk eroding profits even if revenue looks healthy.
- **How to Measure It:** Add up your total marketing and sales costs for a given period, then divide by the number of new customers acquired during that time.
- **How to Improve:** Focus on improving conversion rates, refining your target audience, and optimizing marketing channels that yield the highest return on investment (ROI). For example, if paid advertising consistently brings in low-cost leads, invest more resources there while scaling back on less effective marketing channels.

Using Metrics to Identify Patterns

Beyond measuring individual metrics, the real power of data lies in identifying patterns over time. For example, you may notice that job profitability is consistently lower on certain types of projects or in specific regions. These patterns can reveal inefficiencies or opportunities for improvement that you might not have noticed without tracking data.

Regularly reviewing these patterns allows you to:

- Adjust your pricing structure to better reflect the costs associated with specific projects.
- Reallocate resources to areas of the business that are underperforming.
- Set realistic goals for job completion times based on historical data.
- Improve workforce utilization by identifying peak productivity periods and underperforming times.

Chapter 2:

Transparency in Revenue Generation

Transparency in business operations is a powerful tool that is often overlooked. In a restoration company, transparency with your team—particularly those responsible for generating revenue—creates a culture of accountability, trust, and motivation. By openly sharing financial goals and performance metrics with your team, you align their personal objectives with the company's profit goals.

Why Transparency Matters

Transparency fosters trust and empowerment. When employees understand the financial goals of the company and how their individual efforts contribute to those goals, they are more likely to take ownership of their work and feel motivated to exceed expectations. This leads to higher productivity, lower turnover, and a stronger overall culture.

In the context of revenue generation, transparency is particularly important because it allows team members to see the direct impact of their work on the company's financial health. It also helps break down silos between departments, as everyone works toward a common objective.

How Transparency Benefits the Bottom Line

1. Builds Trust and Accountability

When employees have access to financial information, they feel like trusted stakeholders in the company's success. This transparency creates a sense of accountability because employees understand how their performance is being measured. It also reduces any suspicion or frustration that might arise from a lack of information, fostering a culture of openness and trust.

Example: A project manager who sees how their job completion times directly impact profitability will be more likely to prioritize efficiency and cost control. They will also feel empowered to suggest improvements to workflows, knowing that their input is valued.

2. Aligns Personal Incentives with Company Goals

One of the most effective ways to motivate employees is to tie their personal incentives to the company's financial goals. For example, offering performance-based bonuses or profit-sharing arrangements can encourage employees to work more efficiently and focus on the tasks that drive profitability.

Example: In a restoration company, you might implement a bonus structure based on the profitability of individual projects. Project managers and technicians who complete jobs under budget and ahead of schedule would receive bonuses tied to the additional profit generated.

3. Improves Decision-Making Across Teams

When employees have access to financial information and key performance metrics, they are better equipped to make decisions that align with the company's goals. This not only improves individual performance but also enhances collaboration between departments.

Example: The sales team can work more effectively with the operations team when they both understand the company's revenue targets and job profitability metrics. Sales might adjust their pricing strategy based on feedback from operations about the actual cost of completing certain types of projects.

Chapter 3:

Rowing in the Same Direction – Unified Team Vision

A successful restoration company functions like a well-oiled machine, with every department working together toward the same goals. Unfortunately, in many businesses, different teams (sales, operations, customer service) often end up working in silos, each pursuing their own objectives without considering how their actions impact the overall business. When employees work without a unified direction, it creates inefficiencies, miscommunication, and missed opportunities. This is why ensuring that everyone is “rowing in the same direction” is essential to your company’s operational success.

How to Create a Unified Team Vision

1. Clear, Company-Wide Goals

The first step to unifying your team is to set clear, measurable company-wide goals. These goals should be specific, time-bound, and aligned with your company’s vision. Most importantly, they need to be communicated to every department, so that everyone knows what they’re working toward.

Example: Suppose your company sets a goal of increasing revenue by 15% over the next year. To achieve this, you break it down into specific, actionable targets for each department:

- **Sales** will increase the number of new leads by 20%.
- **Operations** will reduce job completion times by 10%.
- **Project Managers** will ensure that job profitability margins exceed 20%.

Each department should understand how their individual objectives contribute to the larger company goal.

2. Linking Individual Roles to Company Success

Once company-wide goals are set, it's critical to show each team member how their role fits into the big picture. This step is key to getting everyone "rowing in the same direction" because it fosters ownership and responsibility at every level of the business.

Example: If a technician understands that completing jobs more efficiently (without sacrificing quality) improves the company's profitability and directly impacts their own bonuses or job security, they are more likely to stay focused on their tasks. Similarly, if the sales team understands how accurate job estimates prevent operational delays, they will pay closer attention to detail during the initial project scoping process.

3. Encouraging Cross-Department Collaboration

A unified team vision is only possible when departments work together. One of the best ways to foster collaboration is by having regular cross-departmental meetings where team leaders discuss progress, challenges, and opportunities. These meetings break down silos and allow teams to align their strategies.

Example: You could organize monthly meetings where representatives from sales, operations, and customer service meet to discuss the progress toward shared goals. This way, if sales teams are pushing for more jobs but operations feels overburdened, they can collaborate to adjust resources or manage workloads.

4. Transparency in Communication

Maintaining open lines of communication is vital for ensuring everyone is aligned with company objectives. Sharing company-wide goals and regular updates about progress ensures that all employees understand where the company is heading and how their work contributes to it.

Action Plan:

- Develop a regular reporting system where departmental heads share updates on their progress toward their specific goals.
- Keep an open feedback loop, allowing employees to voice concerns or suggest improvements to help the company move forward efficiently.

Chapter 4:

The Importance of Regular Staff Meetings

One of the most underrated yet highly effective ways to improve operational efficiency is through regular, structured staff meetings. These meetings allow you to reinforce goals, address challenges, share progress, and celebrate wins. They create a feedback loop that keeps employees informed, engaged, and focused on meeting their targets.

Why Regular Meetings Are Critical

1. Continuous Goal Tracking

Weekly or bi-weekly meetings are an excellent way to keep everyone focused on their goals. These meetings allow you to track how close the company is to achieving its key metrics and identify any roadblocks that might prevent your team from reaching them. They also provide an opportunity to review individual and team performance, keeping everyone accountable.

Example: At the beginning of each month, you can hold a company-wide meeting where team leaders present updates on revenue, project completion times, and customer satisfaction metrics. These updates will not only inform the team but also motivate them to push harder toward the shared objectives.

2. Real-Time Problem Solving

Regular staff meetings allow you to address problems before they grow into larger issues. By encouraging open dialogue during these meetings, employees will feel more comfortable sharing challenges they're facing, which gives management the chance to provide support or adjust workflows as necessary.

Example: Let's say one of your project managers mentions in a meeting that they've been struggling with extended drying times due to outdated equipment. This feedback gives you the opportunity to

address the problem immediately by providing additional resources or upgrading equipment to prevent delays.

3. Clear Accountability and Ownership

Holding regular meetings helps create a culture of accountability. When everyone has a chance to share their progress and discuss their challenges, they are held accountable for their tasks and responsibilities. Consistently reviewing metrics like job completion times or profitability in front of the entire team ensures that employees understand their performance expectations.

Example: In each meeting, ask employees to report on the specific goals they are working toward and what they have accomplished. If someone is falling behind, they can explain the reasons for the delay, and the team can offer support or solutions.

4. Honesty in Reporting and Projections

Honesty in reporting during these meetings is critical to the company's financial outlook. Employees need to understand that over-reporting or under-reporting key metrics—such as job completion times or profitability—can lead to inaccurate financial projections, which can hurt the business in the long run. Be sure to emphasize the importance of accurate data collection and reporting.

Action Plan:

- Schedule consistent weekly or bi-weekly team meetings to review progress on goals.
- Create a reporting template that ensures all teams are prepared to discuss their performance.
- Encourage employees to speak openly about challenges they are facing.

Chapter 5:

Top-Down Leadership & Management

Operational efficiency doesn't happen in a vacuum; it requires strong, focused leadership. In restoration companies, where teams must work quickly and efficiently to meet client needs, leadership plays a crucial role in creating a high-performing, results-driven culture. Top-down leadership refers to the idea that senior management sets the tone for the entire company, modeling the behaviors, attitudes, and work ethic that they want to see in their employees.

How Top-Down Leadership Drives Results

1. Leading by Example

Leaders in your restoration company must set the standard for performance, accountability, and transparency. If managers are diligent about tracking metrics, setting clear goals, and holding themselves accountable, employees will naturally follow suit.

Example: If senior management is committed to showing up to meetings on time, tracking performance data meticulously, and leading discussions about progress, employees will mirror that behavior. On the other hand, if leadership is disorganized or inconsistent, employees are likely to adopt those habits as well.

2. Clear Communication of Expectations

Leaders must clearly communicate the company's goals and the role each employee plays in achieving those goals. A top-down approach ensures that there is no ambiguity about what is expected from each team member and how their work contributes to the company's financial success.

Example: During company-wide meetings, leadership can articulate specific revenue and profitability goals for the next quarter. They can break these goals down by department, explaining how each team can help the company meet these targets by improving their own performance.

3. Creating a Productive Environment

Top-down leadership fosters a culture of productivity. When employees see that their leaders are working hard, making data-driven decisions, and holding everyone accountable, they are more likely to adopt those behaviors themselves. This creates an environment where people feel motivated to reach or exceed the goals that have been set.

Example: Leaders who are hands-on in project management, regularly reviewing metrics, and providing feedback help to create an environment where employees are constantly improving their performance. This type of leadership encourages employees to ask for support when needed and to push themselves toward greater productivity.

4. Celebrating Wins and Acknowledging Effort

Recognizing achievements is just as important as holding people accountable for setbacks. Top-down leadership should include regular celebrations of team successes, whether it's finishing a project ahead of schedule or exceeding profit margin targets.

Example: After a particularly profitable quarter, leadership might host a company-wide lunch or offer bonuses to employees who exceeded their individual targets. This creates a positive feedback loop, where employees feel valued and motivated to continue working hard.

Action Plan:

- Set clear goals and communicate them directly to all employees.
- Model the behaviors you expect from your team, including punctuality, accountability, and work ethic.
- Recognize and reward employees for meeting and exceeding expectations.

Final Thoughts:

Building a Culture of Accountability and
Transparency

Improving operational efficiency in a restoration company starts with managing by the numbers. Tracking key metrics, fostering transparency, aligning your team around common goals, and practicing strong leadership can dramatically improve both the day-to-day operations of your business and your long-term profitability.

When everyone in your company understands their role in driving profitability and feels empowered to take ownership of their work, you create a high-performance culture. Regular meetings, transparency in revenue generation, and top-down leadership help ensure that everyone is rowing in the same direction and working toward shared goals.

By implementing these strategies, your restoration company will not only become more efficient but also more resilient in the face of challenges. Managing by the numbers ensures that you're never making decisions in the dark, while transparency and strong leadership foster an environment of trust, collaboration, and success.

Take Action Today:

Start tracking your key performance metrics, hold regular staff meetings, and ensure that every team member understands how their work contributes to the company's overall success. By doing so, you will build a company culture centered on accountability, transparency, and continuous improvement—leading to sustainable growth and increased profitability.