

StormSurge™

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The Reunion Issue

GETTING YOUR
BUSINESS
ON TRACK TO THE

**NEXT
LEVEL**



THIRD PARTY ADMINISTRATORS

CONNECTING THE DOTS



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In America's contemporary lexicon the term "connecting the dots" is descriptively defined in a manner unique in popular culture. The term universally refers to positive and essential steps in reaching a strategy, initiative, plan or solution based on the outcome of the thoughtful consideration of ideas, facts, trends and goals.

In the case of Rainbow International® franchisees, dots include the sources of business, existing and emerging sales channels and resources available through *Rainbow International*.

The *Rainbow International* Business model and Code of Values® provide for connecting the dots to support your quest for independence, growth and success in ways that integrate personal, spiritual and business success.

Such dots include the franchise system, education, technical training, technology the key account program, business training, certifications, Sure Start and Franchise Consultants providing business, financial and BDA coaching.

Emergence of New Dots to Connect

Change within the franchise industry and the market verticals in which we serve represent new opportunities by which to embrace and incorporate "non-traditional" strategies that are both practical and predicable for the manner in which they position us for new customers, new channels and new revenue.

Third Party Administrators (TPAs), favored by many national leaders in the insurance, multi-family, senior housing, restaurant, and facilities management market segments, represent a significant shift in the manner to which vendors and service providers obtain new and incremental increases in residential and commercial transactions.

Dots as Revenue Channels

TPAs can be generally defined as conduits by which related multiple service providers are aggregated by independent "administrators" serving multiple end-user customers, including insurance carriers and other vertical mentioned below, for a fee, in which the customer enjoys one-stop selection, administration and management of a variety of essential services. Orders are placed, managed, tracked, completed and invoiced in a manner that saves the customer time related to claim cycle and money related to vetting and administrative functions.

Participating in TPAs through *Rainbow International*, or on an individual basis, provides franchisees the benefit of broader geographic and vertical market segment participation at a reduced cost-of-sale. The goal is new, incremental and low cost revenue "dots" as positive trade-offs to preferred pricing and TPA mandated service levels.

Rainbow International supports a number of TPAs by providing direct connectivity to future deal

flow, while at the same time recommending that individual franchisees evaluate and participate in vetted TPAs on an independent basis.

Our participation in TPAs as a Franchisor is evaluated for incremental revenue to Franchises, recognizing the potential role of *Rainbow International* as guarantor, while at the same time not presently participating in TPA fee sharing.

Most TPAs share similar qualifications for vendor participation; including insurance requirements, licensing, certifications, credit worthiness, warranty-on-labor, references, experience, equipment and the like. They generally favor Xactimate pricing and may require "preferred pricing."

TPAs typically charge a management fee that may range from 3-10 percent and an annual or one time "application fee" that may range up to \$750. Many TPAs will specialize in certain vertical market segments.

Established TPAs include Prism, Alacrity, Crawford Contractor Connection, Code Blue, Innovations, IMACC, First Choice, Nexxus, BrightServ, LionsBridge and Universal Data Interchange (UDI). In some cases TPAs are supported by credentialing services such as Compliance Depot, Verify and RMIS.

There are also important "third party facilitators" including ServiceChannel (Fixxbook), Corrigo, ASA Carlton, Davaco Facility Source, SRS and Wardlaw Claims that provide access to vertical markets including carriers, restaurants, senior housing, multi-family and hospitality.

In addition, a valuable new multi-product call center is "handled.com," which specifically supports the seven TDG service brands.

Industry experts are anticipating a significant consolidation in the number of TPAs, as national conglomerates in each of the aforementioned verticals seek fewer relationships with greater strength and capability. It is the participation of *Rainbow International* franchises in these TPAs that add strength, value and credibility in attracting new and more attractive business opportunities to and through the TPAs.

Connecting to the Dots

TPAs are often connected to dozens of "front-end" regional and national commercial customers that represent your access to perhaps hundreds of "end-user" local residential and commercial cleaning, restoration, reconstruction and claims opportunities. These are all dots that can be connected at the lowest possible cost.

Historically, in some markets, TPAs have been viewed as competitors to individual franchises and even to *Rainbow International*. But, news reports and interviews with existing key accounts, reflect a decisive shift to national customers relying on TPAs to place and manage claims.

As reported in a 2013 Property Claims Study performed by JD Power & Associates, the percentage of residential customers filing homeowners claims through centralized call centers, including TPAs, is increasing significantly: from 57 percent to 68 percent in 2012.

The *Rainbow International* view is that market changes favoring TPAs actually serve Franchisor and Franchisees. High-quality TPAs provide access to high-quality vendors that comprise their network of service providers. *Rainbow International* delivers the quality and reliability that increases the number of claims to be distributed from each TPA on behalf of hundreds of their regional and national customers in all of our targeted verticals to our *Rainbow International* brand.

It is also our view that the *Rainbow International*-family be very selective in connecting with TPAs; and that costs, fees, pricing, quality of claims, number of transactions and location of jobs derived through TPAs be carefully considered and monitored.

Franchise Consultants and the Connecting of Dots

To research the appropriate fit of TPAs for your franchise contact your Franchise Consultant. The use of TPAs by national vertical targets is powerful and a trend that must be considered as a strategy and goal to complement your local marketing efforts. TPAs are a channel recommended by *Rainbow International*, and in which we are currently participating and advocating for your benefit.

Franchise Consultants can provide guidance in evaluating and enrolling in select TPAs, and in helping you connect the dots to new and incremental sales revenue. •

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