



IAQ RADIO+

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Darrell Paulson

Life and Times of a Restoration Icon and Serial Volunteer; Part 2

Good day and welcome to IAQ Radio+ episode 778 blog this week present part 2 of our Life and Times show with Darrell Paulson. We are calling this one The Life and Times of a restoration icon and serial volunteer.

Darrell Paulson is an Honorary Board Member and the Shareholder Group Spokesperson for The Institute of Inspection, Cleaning and Restoration Certification (IICRC). He is also retired CEO of Advanced Restoration Specialists, Inc. of Southern, CA. Darrell has been an integral part of the IICRC since 1983 as a Chairman, BOD member, Shareholder and Committee Chair. In addition to being a tireless volunteer he is a well-known industry veteran and thoughtful speaker at industry conventions and events. His steady, relentless lifetime contributions to the restoration industry have been incalculable.

Nuggets mined from today's episode:

There is parity among restoration firms today. We are all guided by the same industry standards, rely upon the same resources for training, used the same equipment and chemicals; how would you advise restoration firms to separate themselves from the pack?

Darrell responded that differentiation comes through professionalism, including proper appearance, uniforms, and credentials, as well as deep knowledge and experience in the field. He emphasized the importance of consistent communication, proper training, and handling conflicts effectively, advocating for phone calls over emails to resolve issues promptly and prevent them from escalating to lawsuits.

Does company leadership have the experience, know-how and have they learned the business from the ground up?

Strong and consistent inter-company communication. Know the party responsible for paying the bill. Minimize complexities and potential for cross contamination

when possible (e.g. it's easier to work on vacant properties). When possible, avoid work delays waiting for 3rd party expert reports. Communication challenges related to claim hierarchy; when claim gets handed off or escalated and new person lacks familiarity with the claim. Weekly client meetings and reports. Staff consistency, pay good wages to reduce turnover of employees. There is no substitute for hard work. Refine business practices by learning from mistakes. Understand and comply with regulations. Working in big cities is different than working in small towns. Don't just communicate with email, pick up the phone. A bad settlement is better than a good lawsuit. Drama = Trauma. Emails and texts are impersonal use Zoom for meetings so clients and adjusters can observe your tone and body language. You can do 10 things well and 1 thing poorly and the client will fixate on the one poor thing. Provide the best customer experience. Do what's right, not at an inflated price. Progress report to customers every Thursday and tell them what progress to expect next week. Continually refine business processes to deal with reoccurring changes.

Restoration Job Documentation Strategies

Darrell discussed his approach to managing restoration jobs, emphasizing the importance of proper documentation and communication with clients through weekly updates. He shared a specific case where he successfully sued an insurance company over a large claim, highlighting the importance of thorough documentation and understanding insurance regulations. Darrell stressed that having well-documented records and understanding the timing requirements for insurance disputes can be crucial in resolving disputes and potentially pursuing bad faith claims.

Insurance Claims related litigation. Over the course of your career, you've likely been involved in claims related litigation. Please share a learning experience with our audience.

What are the opposition's special interests. Are they trying to get rich quick or is the carrier delaying in attempt to whittle down the invoice? Darrell successfully sued an insurance company for unpaying a claim. To win litigation against an insurance company the client must be on your side. You must work hard on holding client relationship together. Darrell's recommendation is to be reasonable and professional and not litigate claims under \$50K.

It's best to have files, records and documentation that are superior to the opposition's. For example, not just moisture sensor readings; documentation that reflects you have removed most of the drying equipment from the site and that the equipment remaining on site is concentrated on drying remaining pockets of saturation. Darrell recommends walking around the site and making video recordings of damage and notable facts with narration. When Darrell's brother Rod told him that he wanted to diversify from carpet cleaning into restoration Darrell told him if he goes into restoration, he'll need a pillow because large projects require significant time onsite. To get past the opposition's bean counters, you need documentation. Either the owner or a knowledgeable project manager must maintain communication and documentation.

Darrell told the tale of \$750K water damage claim on which the insurance carrier only offered \$250K this was at the pinnacle of Darrell's documentation. He had 52 books of information that were labeled. Darrell hired his attorney on a contingency basis so that he had some control over costs. Darrell won the case and his attorney's received \$1.2 million. Darrell's lawsuit aided the property owner who obtained a large settlement due to their bad faith insurance. You must know the insurance commission's rules in your area and most restorers do not. Bad faith claims are a powerful tool for the policyholder. According to Darrell, managing a large litigation is a full-time job as you must oversee your attorneys. As attorneys often use paralegals to do the work; Darrell would draft his own letters, write his own position statement, prepare his own statement of the facts, and craft his legal argument and then have the attorney to translate Darrell's work product into *legalize*. Darrell suggests limiting your claims to issues that you can prove. Darrell suggests that for claims \$50K or less arbitration should be a consideration. Darrell suggests nipping claims in the bud and resolving them during the drama phase.

California sues State Farm Insurance over wildfire claims. Darrell commented that structure fires are generally more complicated than wildfire damage outside of the burn zone. Many entities have their fingers in the financial pie. Darrell has concerns that legal action against State Farm may be politically motivated. Loss of insurance carriers in the state will force homeowners into alternative state-run

insurance programs such as Fair Plan which traditionally have not been good for policyholders.

Politicians are micromanaging wildfire prevention. People have built homes in dense forests. Darrell opines that structure fires where significant quantities of plastics and other synthetic substances burn are potentially more hazardous than wildfires where vegetation burns.

Darrell grew up in the San Gabriel mountains, when he was young fire breaks were clearly visible; now all fire breaks are overgrown. You can't obtain a permit to build a house without being close to a fire hydrant. The same fire hydrants that run out of water due to empty reservoirs.

Darrell is not speaking for the IICRC or any other organization. These opinions are his own. Darrell supports best practices not regulatory compliance. Insurance companies are huge and some even own oil companies. Wildfires have become a quagmire in California; Darrell suggests that those who can afford the financial risk consider self-insurance. Darrell opines that there is a solution for every problem or they wouldn't be called problems. He highlighted the importance of framing challenges as opportunities for improvement rather than problems. While challenging, Darrell considers disaster restoration to be a great industry.

Program work, 3rd party claims intervention, TPAs, etc. If you were starting a restoration business today, would you do program work and if so, what percentage of program work to overall volume would you be comfortable with?

Some TPAs are just hired guns to cut the bill. If they don't successfully reduce bills insurance carriers won't continue to use them. When encountering a TPA whose sole mission is to cut the bill Darrell advised being prepared for them with a better argument and better documentation. Darrell emphasized the importance of only working for quality 3rd party administrators. When the matter is constructive criticism; Darrell and the 3rd party will likely be able to work out any disagreement. Darrell suggests 3rd party will be encountered less frequently when working for institutional clients. Darrell cautions against relying on one client for all of your business. A business needs cash flow and diversified risks. He advised focusing on building strong relationships with key personnel in large organizations to ensure successful project execution.

Darrell told the story of a famous athlete who died in one of Darrell's rental units in Las Vegas in 2020. Due to COVID related delays it took over a year of arguing before the insurance company offered \$20,000. Darrell had a bid for \$100,000. Darrell asked the carrier for a list of firms who would be willing to do the job at the insurance company's price. Darrell was given a list of 5 companies, Darrell called each firm and was told the same thing, the contractors stopped working for the carrier because they were unreasonable.

Darrell discussed a claim he did in a building where there were five floors of attorneys. Like the 4 other firms competing for the job Darrell was asked to make a presentation to the partners in their conference room. During his presentation, Darrell asked the partners to identify the gossipers/rumor spreaders on each floor. Darrell explained that he wanted to interact with those people daily, have them accompany him during moisture monitoring, answer their questions and respond to any concerns. Darrell sought to get the gossipers on his side so that they would truthfully report and advocate; this tactic prevented drama and Darrell was awarded the project which his firm successfully completed.

Learning the Hard Way: What is the most memorable "job site failure" from your early career—the one that taught you a lesson you never forgot and changed the way you operated from that day forward?

Darrell emphasized the importance of proper documentation and communication with stakeholders to ensure timely payment. Darrell shared how he started charging for estimates to reduce costs and restructured whole loss jobs into three phases: emergency services, reconstruction, and content restoration. Darrell opined that developing and negotiating the scope of repairs was a time consuming and costly process. Which becomes even more complicated when the building owners wants to build back differently or remodel. Darrell's strategy was to obtain a work authorization and perform the emergency services and then divide the project into phases and signing a separate contract for each phase of the job. He also highlighted the benefits of attending industry associations and workshops for networking and learning best practices.

Defining Success: You've helped build the infrastructure of the IICRC and through that positively affect the industry. When you look back, what accomplishment are you most proud of?

Darrell reflected on his significant contributions to the IICRC, particularly his role in securing a permanent building (IICRC Global Resource Center) after 5-6 years of effort and persuasion. Darrell highlighted his approach of bringing different perspectives together while maintaining focus on serving the industry and expressed pride in mentoring others and helping the organization grow and improve. Darrell discussed board effectiveness and emphasized the importance of board members contributing constructively by proposing multiple alternatives for changes. He reflected on the transition to internal management at IICRC, highlighting the benefits of cross-training staff and hiring individuals with industry knowledge, developing competent and capable staff. Darrell praised the current team's performance and loyalty, employment longevity, noting low turnover and strong camaraderie.

Inside Darrell's Head

- No COVID work from home employees at IICRC headquarters.
- Credits chief of staff Holly with hiring most of headquarters' staff. The staff are specialists not service reps.
- Don't hire new people without a job description, review the job description to see if another position has excess performance capacity.
- Do more of what works well.
- Everyone has a perspective, and a negative perspective can be healthy.
- There are no statues of critics.
- Regarding his work in the IICRC; Darrell considers himself a miner. Mining moving tons of dirt to find an ounce of gold.
- IICRC decision making based on doing what is best for the largest majority of the group.
- IICRC has had bad experience with outside presidents who were experienced in association management and didn't understand the unique characteristics of the IICRC and our industry
- Leadership style, using his persuasive skills to persuade the group to take the next positive action.
- Volunteering and achieving consensus is hard work.

- Ask people who want to change status quo to bring 1 alternative, 2 alternatives are better, 3 alternatives prove you have deeply thought about it.
- Has an Awareness of and Immunity to special interest.
- Necessity of removing bad apples and other spoiled apples around them.
- Don't change just to change.

The "Paulson" Legacy: If the restoration industry looks back 50 years at your career, what is the one problem you hoped to help solve once and for all? How would you like to be remembered?

- Getting a diverse group of people of differing minds to work together.
- Remembered as someone who eagerly took on hot topics.
- Someone who mentored, listened, taught, discussed and decided.
- Energetic
- Hard worker
- Truth teller
- Not a special interest
- Truthful
- Consensus builder, fair
- A credit to his parents for positive things they taught him

Preferred tools of the trade?

Darrell discussed the importance of having diverse equipment and techniques for water removal in different situations, emphasizing the need for flexibility and local knowledge when working across state lines.

RoundUp

Pete Consigli, Global Restoration Industry Watchdog & Industry Historian

- Doing volunteer work since 1970's and help building bridges with allied industries (Consigli, Paulson, Zlotnik).
- We are the OGs in our: Sunset years, 4th quarter, 18th hole, etc.
- Pete asked about the prospects for unifying the cleaning and restoration industry, noting that he and others who started in the industry decades ago are now in their "twilight years." Darrell responded that while significant progress has been made in unifying the industry compared to the past, more work remains to be done. He suggested that achieving unity would require

defining a clear mission, agreeing on goals, and implementing changes through consensus building. Pete mentioned that he had previously outlined 11 bullet points describing what a unified industry would look like in a 2015 blog post, and Cliff agreed to reference these points in the blog post.

- Egos, special interests, seen ups and downs.
- Pete writing final article: Golden Age of Restoration. Rear view mirror, windshield or horizon
- Lessons learned, applied now, build the future

<https://www.iaqradio.com/pete-consigli-a-conversation-with-the-restoration-industrys-global-watchdog/>

Mission Impossible?

The mission involves and will require leadership, team building, overcoming challenges, persistence, integrity, open-mindedness, inclusiveness, tolerance, patience, treating people with dignity and respect, creative collaboration and finally reverence and honor for your history and traditions.

If you accept this mission, the industry will be rewarded with 10 things + 1 really big one to have:

- A unified Global Voice to deal with issues and threats affecting the trade, profession and business of cleaners and restorers
- A Place where under one tent the industry and all its stakeholders can meet twice a year to focus on their education and growth
- A Vehicle to differentiate and disseminate best practices for technical and business issues affecting the profession
- A Means to partner with academia, government and the scientific community to validate the profession and business of cleaning, restoration, remediation, reconstruction, inspection and maintenance from research, quality control and marketplace surveys
- Industry “owned” locations for practitioners of the trade to come see and appreciate the industry’s historical roots, understanding where they came from by paying respect to the Founding Fathers and Trail Blazers who toiled the fertile soil
- The Assurance and Confidence you wish to have with customers of the products and services the industry provides that improve the quality of life and give a peace of mind to those who require these products and services

- The Respect and Credibility you cherish and yearn for from those who often burden the bulk of the cost to pay for the products and service the industry provides that includes a wide range of 3rd party payers
- Companies who will be able to hire and compensate people (including veterans of our armed forces) who will make a living for the occupation they choose as their livelihood, thus supporting their family, buying a house, planning their kid's future, in return they will give back to the industry
- An Industry where graduates from institutions of higher learning with a degree in the profession will be desired and sought after
- A Place for those who pioneered a path for the profession will know when it is time to pass the baton of stewardship so they can retire knowing they gave everything they had to *"Make it Better"*
- A Time when they will know the Promise they made to themselves and each other has been fulfilled and their legacy can be entrusted to the next generation who will take the industry to a place they never thought possible, for those who will stand on their shoulders to see higher and further just like they did for those who came before them!

Darrell's final words

- An honorable profession serves people during their worst times.
- Volunteer to give back to an industry in which you've prospered.
- Knowledge isn't power...applied knowledge is power.
- Share your experience, knowledge and wisdom
- Get your kids working
- Teach kids to be good domestic engineers, learn to clean, maintain and fix things.
- Teach your kids about money and taxes before they move out.
- Kids will thank you when they are older
- Take what you like and leave the rest.
- Yesterday is history, tomorrow is a mystery, today is the present gift
- Working together. Get a shovel, then dig deep, get everyone to agree on the mission, then refine it.
- When we Aim at nothing, we'll surely will hit it.

Z-Man signing off!

Trivia Question:

Who was the IICRC's first registrant?

Answer: Ron Toney

Answered by: Don Weekes, Ottawa, Ontario Canada.