

Overcoming Waste Report Adjuster Objections

Once you have submitted the Restoration AI Waste Report, it is likely you'll still have to follow up with the IC and overcome one or more objections in order to have the proper quantity of materials approved along with cap and starter estimated as separate line items. It's possible you will need to seek assistance from the Homeowner to motivate the IC Adjuster to do the right thing.

There is good news. The Waste Report calculations are accurate, they have been proven over the past 10 years over thousands of roofs. Their arguments are weak and lack any facts to support them. If you do your job correctly, the Adjusters will be left with "That's the way we have done it for 20 years" or "That's our company estimating standards". Remember, you have hard, cold facts on your side. Consider this, if you were on a debate team and had to take a side on this argument, which side would you rather be on?

Following are the 5 most common objections and suggestions for overcoming them. Be persistent, stay professional and just remember, you simply won't win them all. If you only increase your success rate by 25%, that would be huge. Numerous people have reported using the Waste Report to successfully be paid the right waste along with cap and starter broken out as separate line items 60% of the time!

Good luck and stay the course.

Objection 1: We estimate using 10% for gable roofs, 15% for hip roofs.

Response: I respect that. However, in our experience, that does not allow for enough materials to complete the roof replacement. Cap & starter are not "waste", we install new starter on the perimeter and cap on the ridges. The Xactimate rate for cap & starter is more than 2 times higher than it is for field shingles. Therefore, we must break those 2 items out separately to achieve an accurate estimate.

We have purchased a report from an objective independent 3rd party, Restoration AI to determine an accurate estimate for materials and waste and to compare to the bundling approach. Restoration AI utilizes industry accepted math to accurately calculate the amount of field shingles, cap and starter that will be necessary to replace this roof. If you would like to compare your mathematical justification using the bundling approach to Restoration AI, the math is shown in the report.

I'd like to add, if you'd like another independent 3rd party materials calculation for this roof, all you need to do is utilize Xactimate Auto Calc. I believe you will find Xactimate agrees with Restoration AI, not the bundled approach you are utilizing.

We're not trying to be argumentative. We're simply trying to determine the correct quantities of materials to deliver to the job site. We'd like to avoid additional supplements to address trip charges to pick up additional materials. In the event we run short on materials, our roof crews charge us for work stoppages, emergency tarping and trip/set up charges.

Objection 2: The Adjuster is pushing back stating 10% for gables, 15% for hips has always worked for them. They're questioning the validity of the Restoration AI Waste Report.

Response: Of course the bundled approach has always worked for you. It underestimates materials and cost significantly for any roofs except the very basic, most simple ones. The Restoration AI Waste Report uses industry accepted math to calculate the precise material amounts that will be required for the roof.

Please refer to the Calc 1 section on the second page of the report. This is a very simple and easily understood example of why the bundling approach cannot work for this roof. The bundling approach being utilized on the scope of loss will allow 7.27 sq of waste to cover cap, starter and all trim scrap. However, if you just take the amount of materials that will be required for hip & ridge cap, starter and the trim cuts in the valleys, the amount of waste is 9.44 sq, 2.17 sq more than the bundled approach.

This doesn't even cover waste for crew handling error (which is factored into Xactimate Autocalc waste calculations) and trim cuts for hips, rakes, endwalls and sidewalls. If you do not understand the math shown or are disagreeing with it, let's discuss that. However, let's have this discussion based on fact, not on a tradition that has consistently been shown to be inaccurate.

Let me add, if you care to validate this, simply use Xactimate AutoCalc to estimate the waste. You will find AutoCalc agrees with the Restoration AI Report to within +/- 1 bundle.

Calc 1: The following simple math calculations conclusively proves the inaccuracy of using a generic waste percentage of 10% for gable and 15% for hip roofs. Note that all other trim cut waste on this roof is not included in these calculations.

	<u>Length</u>	<u>Squares</u>	<u>10/15% Bundled Waste (SQ)</u>
Ridge (33 lf/bundle)	77	0.77	
Hip (33 lf/bundle)	379	3.79	Hip Roof
Starter (78 lf/bundle)	423	1.28	15% waste
Valley (same math as Xactimate autocalc)	237	3.60	
Total waste for cap, starter & valley only:		9.44	7.27

The materials are short 2.17 SQ when using the 10/15% bundling technique for estimating which doesn't even include trim cuts and crew handling error.

Objection 3: You've submitted a Restoration AI Waste Report. The Adjuster is pushing back stating 10% for gables, 15% for hips has always worked for them. They're questioning the validity of the Restoration AI Waste Report.

Response: Of course the bundled approach has always worked for you. It underestimates materials and cost significantly for any roofs except the very basic, most simple ones. What would you think, however, if Xactimate were to conclusively prove the bundled estimating approach cannot work? I always hear Adjusters say "We have to go with what Xactimate says" so let's see what Xactimate says about bundling.

Refer to page 4 of the Restoration AI report. You see 2 hip roofs of the exact same area, side by side. Can we agree on that? Since both roofs are hip roofs of the exact same area, estimating using bundling should yield the exact same results, right? Why then does Xactimate show something entirely different?

Using the Xactimate Autocalc to accurately determine the correct waste for each roof while breaking out cap and starter as separate line items, you see that Xactimate comes up with a \$2,292.18 difference between the bundled estimate and the estimate utilizing Autocalc. A 25.8% difference! You're probably wondering how this can be, right?

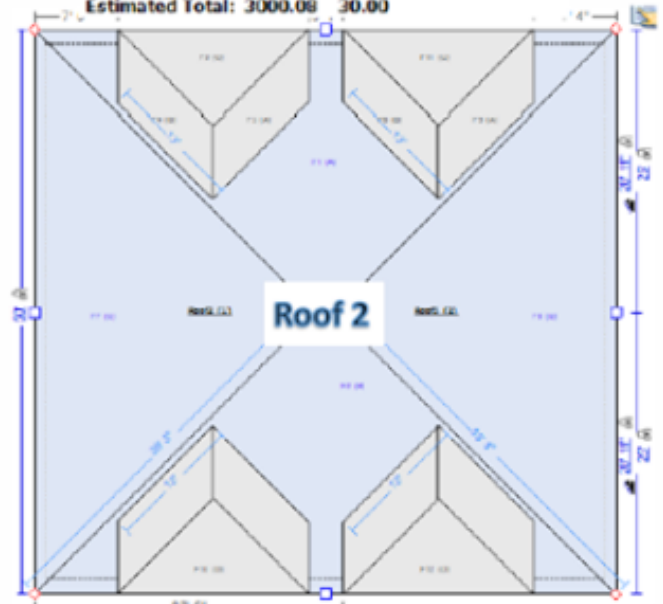
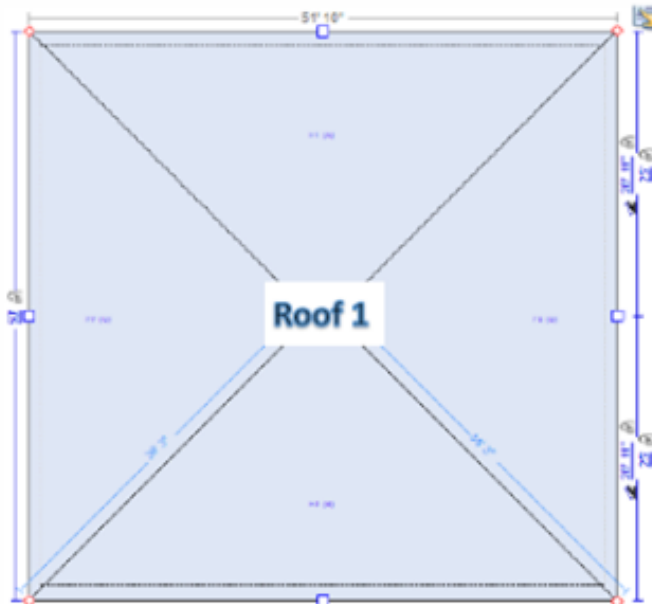
First, as the Restoration AI Report shows, and now Xactimate Autocalc as well, 15% bundled estimating is not accurate. The waste for the roof on the right is much greater than the one on the left. The labor rates for cap and starter are more than 2 times higher than the labor rate for field shingles. Cap and starter are unique, new materials. How can they be considered bundled waste? The example shows they cannot.

See following page for the Waste Report Explainer page being referenced above. Reference the training video at the Restoration AI website for further instruction on how to effectively utilize this "Explainer" Page.

Two laminated hip roofs, both 30 squares. Is the waste for both 15%? Xactimate™ says no!

FACE	SQ FT	# SQs	Slope - Rise / 12
F1	776.48	7.76	7.00
F2	776.48	7.76	7.00
F7	723.56	7.24	7.00
F8	723.56	7.24	7.00
Estimated Total: 3000.08		30.00	

FACE	SQ FT	# SQs	Slope - Rise / 12
F1	356.15	3.50	7.00
F2	356.35	3.56	7.00
F3	126.42	1.26	7.00
F4	126.42	1.26	7.00
F5	126.52	1.27	7.00
F6	126.52	1.27	7.00
F7	723.56	7.24	7.00
F8	723.56	7.24	7.00
F9	83.64	0.84	7.00
F10	83.64	0.84	7.00
F11	83.64	0.84	7.00
F12	83.64	0.84	7.00
Estimated Total: 3000.08		30.00	



Estimating with 15% bundled waste, price and area for both roofs identical

RFG 300	-	Laminated - comp. shingle rfg. - w/ felt	SQ	30	SQ	\$49.40	\$1,482.00
RFG 300	+	Laminated - comp. shingle rfg. - w/ felt	SQ	34.5	SQ	\$204.99	\$7,395.00

\$8,877.00

Total

Estimating Roof 1 with Xactimate™ Autocalc, cap & starter broken out separately

RFG 300	-	Laminated - comp. shingle rfg. - w/ felt	SQ	30	SQ	\$49.40	\$1,482.00
RFG 300	+	Laminated - comp. shingle rfg. - w/ felt	SQ	31.67	SQ	\$204.99	\$6,755.11
RFG RIDGCS &		Ridge cap - Standard profile - composition shingles	R+HIP	154.81	LF	\$6.27	\$997.27
RFG ASTR-	+	Asphalt starter - universal starter course	P	203.66	LF	\$1.75	\$366.67

\$9,601.05

Total

Estimating Roof 2 with Xactimate™ Autocalc, cap & starter broken out separately

RFG 300	-	Laminated - comp. shingle rfg. - w/ felt	SQ	30	SQ	\$49.40	\$1,482.00
RFG 300	+	Laminated - comp. shingle rfg. - w/ felt	SQ	34.67	SQ	\$204.99	\$7,395.00
RFG RIDGCS &		Ridge cap - Standard profile - composition shingles	R+HIP	284.54	LF	\$6.27	\$1,832.97
RFG ASTR-	+	Asphalt starter - universal starter course	P	255.06	LF	\$1.75	\$459.21

\$11,169.18

Total

Xactimate™ proves that gable roofs cannot be accurately estimated using 15% waste and bundling cap and starter. Cap and starter are not waste and the Xactimate™ labor rate for both is more than 2 times greater than it is for field shingles. \$2,292.18 and 25.8% difference!

Objection 4: The Adjuster has agreed to pay higher waste but won't break out cap and starter as separate line items. "We're now paying for all the materials, it doesn't make any difference."

Response: I appreciate your efforts to work with us. However, it does make a difference. A big difference. Why bundle cap and starter when there are Xactimate line items for both? And the roof report breaks out cap and starter? Cap and starter aren't waste, they're purchased new and are unique products.

The labor rates for cap and starter are more than 2 times the labor rate for field shingles. We can't estimate by bundling because our cost is different. You say we have to go with what Xactimate says and I agree. Let's refer to page 5 in the Restoration AI Waste Report.

Using Xactimate, cap and starter costs are compared side by side. Again, this is Xactimate showing this, not us, not Restoration AI. If you don't want to believe me or Restoration AI, you can easily perform this same analysis on your own computer.

Xactimate doesn't lie! (right Mr. Adjuster?). The labor for cap is 2.09 times greater than field shingles. The labor for starter is 2.47 times higher. Were we to estimate using the bundling approach, the estimate would clearly be significantly lower than it should be.

See following page for the Waste Report Explainer page being referenced above. Reference the training video at the Restoration AI website for further instruction on how to effectively utilize this "Explainer" Page.

Xactimate™ Proves Roofs Cannot be Accurately Estimated by Bundling Cap & Starter

Ridge Cap Analysis

Category: RFG Selector: 300 Activity: + (Replace)	
Material:	<input type="text" value="\$95.70"/>  ➔
Equipment:	<input type="text" value="\$0.00"/> 
Retail Labor:	<input type="text" value="\$123.35"/>  ➔

Category: RFG Selector: RIDGCS Activity: + (Replace)	
Material:	<input type="text" value="\$2.01"/>  ➔ Ma
Equipment:	<input type="text" value="\$0.00"/> 
Retail Labor:	<input type="text" value="\$2.46"/>  ➔ Lat




The labor rate for RFG 300 laminated shingles is priced per square. RFG RIDGC ridge cap labor price is per lineal foot. A square of Cap is equivalent to 105 lineal feet. (78 shingles/square x 3 tabs/shingle x 5.125" exposure per tab + 5% waste). 105 lf/square x \$2.46/lf = \$258.30 per square for cap.




RFG 300 field shingles install labor = \$123.35 per square

RFG RIDGC ridge cap ridge shingles install labor = \$258.30 per square

Install labor for ridge cap is 2.09 times greater than it is for field shingles!

Starter Analysis

Category: RFG Selector: 300 Activity: + (Replace)	
Material:	<input type="text" value="\$95.70"/>  ➔
Equipment:	<input type="text" value="\$0.00"/> 
Retail Labor:	<input type="text" value="\$123.35"/>  ➔

Category: RFG Selector: ASTR- Activity: + (Replace)	
Material:	<input type="text" value="\$0.61"/>  ➔ M
Equipment:	<input type="text" value="\$0.00"/> 
Retail Labor:	<input type="text" value="\$1.30"/>  ➔ Cc

The labor rate for RFG 300 laminated shingles is priced per square. RFG ASTR—universal starter course labor is priced per lineal foot. A square of Starter is equivalent to 234 lineal feet. (78 shingles/square x 3 feet/shingle). 234 lf/square x \$1.30/lf = \$304.20 per square for starter.

Laminated field shingles install labor = \$123.35 per square

Starter course install labor = \$304.20 per square

Install labor for starter course is 2.47 times greater than it is for field shingles!

Conclusion

All of this information is readily available from Xactimate™ and can be easily confirmed. Cap & starter do not come from waste, they are newly purchased materials. The labor rate for both cap and starter is well more than double that of field shingles. This analysis conclusively proves that ridge cap and starter must be priced as separate line items in order to accurately estimate a roof replacement.

Objection 5: Adjuster is denying the Waste Report. They're saying we pay 10% waste for gables, 15% for hips and that's worked for the past 20 years.

The Adjuster then calls your Customer, tells them their Contractor is gouging, there's 10 Contractors in their area who will do the work for the amount paid and they have to get 3 bids.

Response: Contractors who win the supplement game know that educating their Customers and properly setting expectations is the Winning Strategy. Set up this scenario to counter the above approach used by the Adjuster.

You review the Restoration AI Report with your Customer. explain the concept and explain to them: "Restoration AI is an independent, third party that is the premier industry expert for calculating waste and material quantities for roofing jobs. We purchased this report from them as your roof is rather cut up and we anticipated your IC would under estimate materials needed for your job."

"Look at this section of the report (shown below) where Restoration AI compared the approximate price paid by the IC for shingles, cap and starter versus what it should be when estimated properly. The IC is paying over \$4,000 less than what they should be. When the Adjuster accuses us of gouging, you'll know who the gouger really is."

Be proactive and educate your Customer before the Adjuster calls, let them know to expect the call and ask for their help in getting your supplement approved. If you don't get there in time, perhaps you can propose the following:

"Can we call the Adjuster you spoke with together so you can help correct his error and allow us to schedule your roof completion?"

See following page for the Waste Report Explainer page being referenced above. Reference the training video at the Restoration AI website for further instruction on how to effectively utilize this "Explainer" Page.

Calc2: The only way to accurately estimate roofs is to break out cap and starter as separate line items. Cap/starter are unique materials with a labor rate more than 2.4 times higher than field shingles.

<u>Estimate using 10% waste for gable, 15% for hip</u>	<u>Qty</u>	<u>Rate</u>	<u>Total</u>
	71.86	235.25	\$16,905.89
<u>Estimate with Cap & Starter treated as separate line items with cap and starter bundles rounded up</u>			
Unbundled Pricing field shingles	71.45	235.25	\$16,808.04
Cap pricing (bundle rounded up)	462.00	7.30	\$3,372.60
Starter pricing (bundle rounded up)	440.00	1.96	\$862.40
		Total	<u>\$21,043.04</u>

Estimating this roof using the 10%/15% bundling approach results in a material shortage of 7 squares and underestimates the price by approximately \$4,137.15.