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# Franchise Information Report





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# Steamatic Restoration and Cleaning Franchise

## Steamatic has set the standard in restoration and cleaning services

For 50 years, Steamatic has been providing communities a variety of much-needed services: fire and water damage restoration, mold remediation, air duct cleaning, commercial building drying, carpet cleaning, and tile and hard surface cleaning.

With operations in 23 countries, Steamatic has emerged as a leading restoration brand with a reputation for having highly trained, professional technicians who get the job done right. That reputation has paid off for Steamatic franchisees.

The growing \$210 billion-dollar-a-year restoration industry attracts entrepreneurs with its high margins and constant customer demand. Steamatic has solved one of the largest problems facing that industry — having enough work between large restoration jobs to keep trained staff busy.

Steamatic franchisees offer a number of related services that allow them to be dominant players in restoration and also provide essential routine services to their communities — air duct cleaning, carpet cleaning, building drying, tile and stone cleaning, biohazard and upholstery cleaning — which can create a steady income stream.

"This is a great time to invest in Steamatic," says Bill





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Sims, Chairman of Steamatic. "We are entering the biggest growth mode in our 50-year history. With a new corporate team, increased ongoing support, detailed training and our investment into technology, we have become the best choice for anyone interested in starting a restoration business."

A Steamatic franchise is affordable to own: Investment starts at \$129,840. Potential franchise owners should have at least \$75,000 in liquid capital, and we work with a variety of financing partners to help make ownership attainable.

### A high-margin business

The cost of restoring a home or business is much lower than replacing it, so insurers' goal is to attract high-quality service providers who can do a job right, do it quickly and help the owner regain order. Most of Steamatic's restoration work comes from insurance companies, and those companies have set prices for jobs.

Most problems — like water and fire damage or mold growth — "have to be taken care of right away," says

Steamatic Development Director, Joe Roland. "If you wake up one morning standing in an inch of water, it has to get fixed. The longer you wait, the more damage is done."

"We are in a recession-proof industry," says Steamatic Chairman Bill Sims. "No matter what happens in the economy, accidents and natural disasters happen. Homeowners expect their insurance companies to come through."

Steamatic awards large, exclusive territories to franchise owners. Often, a single Steamatic franchisee will own a large portion of a city or might own an entire designated market area. That's important because a larger territory means you can be the single point of contact with an insurer and capitalize on key relationships for referral business, becoming the go-to source for quality restoration work in your market.





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### A versatile franchise to own

The Steamatic business model is a lot more than just a high-performance restoration business: our franchise owners offer a suite of related services that keep trucks and techs busy throughout the year and provide a steadier source of income. Twenty-three percent of our business is non-restoration work. In addition to water and fire damage restoration and mold remediation, our franchisees offer carpet cleaning, duct cleaning, building drying, upholstery cleaning, biohazard cleanup, and tile and hard surface cleaning.

"If you started a pure restoration business, only providing those services, you might have an unpredictable ramp up," Joe Roland says. "You might end up with a bunch of restoration work right off the bat, or it might take awhile before you land regular jobs. With our hub-and-spoke services, you can start deploying your techs on day one, and the extra revenue smooths out the dry periods between restoration work."

When Steamatic provides excellent restoration work helping someone put their home back together, that homeowner will often then hire us to perform other services: The property manager who manages 250 properties will think of Steamatic for regular carpet cleaning. The homeowner with a grease fire in the kitchen will hire us to clean their ductwork. Some of our services even provide recurring revenue; a hotel or hospital might sign an annual

contract for floor or carpet cleaning.

"It helps even out cash flow," says Joe of the multiple streams of revenue, adding that having various jobs allows Steamatic franchisees "the availability of having people on staff and having work for them all the time in different market segments."

### Who we are looking for

Steamatic is growing, and we're recruiting entrepreneurs who want to build large, successful businesses. We're looking for driven, experienced entrepreneurs who are passionate about helping people put their lives back together after a catastrophe.

Steamatic is a proven business that has exhibited decades of growth, and we've emerged as a technologically advanced brand. Our franchise owners provide much-needed services in their communities, and we believe our franchise opportunity offers a great platform for you to build a long-term business.

We're looking for owners who have experience managing and developing staff, who enjoy working with people and are passionate about providing great customer service. You don't need to have prior experience in the cleaning or restoration business. We believe Steamatic offers entrepreneurs a low cost of entry, a high potential return and a much better territory size than other franchised options.

**\$210 billion**

Size of the restoration industry  
in the U.S.

Source: A.M. Best Co.



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## What is a Steamatic Franchise?

### From restoration to cleaning, Steamatic franchise owners dominate their markets

Steamatic is a global restoration and cleaning company that provides residential and commercial restoration solutions for water, fire and mold damage. We also clean HVAC systems and air ducts, carpets, rugs, furniture, draperies and hard surfaces like stone, tile, hardwoods and countertops.

Steamatic franchisees do a lot more than just restoration, making it possible for franchisees to get

started right away after completing training. Franchisees build their revenue daily with cleaning jobs while building relationships that lead to ongoing restoration opportunities. This enables our franchisees to make some of the highest average revenue numbers in the industry. For decades, our franchise owners have built successful businesses using our proven model.

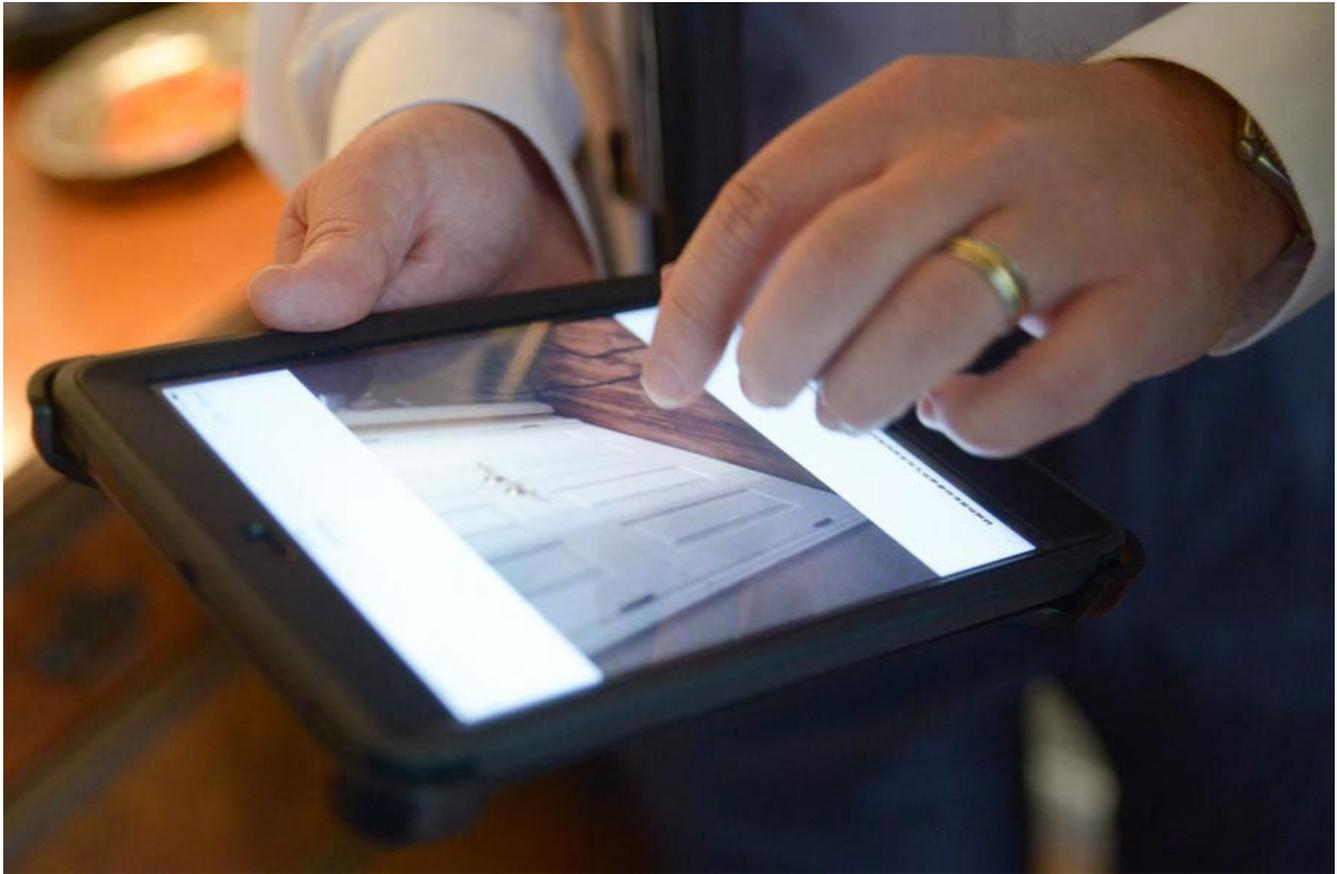
"Very few restoration and cleaning companies offer all the services that we do," says Steamatic Chairman Bill Sims. "If you take the best that individual carpet cleaning, duct cleaning, commercial floor cleaning and restoration franchises offer and roll them into one business, you have Steamatic."

Typical restoration businesses depend upon catastrophes or major events to build their revenue. Steamatic is different. "We don't depend on restoration work alone," says Steamatic Development Director, Joe Roland. "A franchisee can ramp up faster with diverse income streams while they focus on developing the key referral relationships that drive the restoration business."

[steamaticfranchise.com](http://steamaticfranchise.com)



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### We help people put their lives back together

Insurance companies rush to repair homes that have been damaged by flooding or fire and smoke — from their perspective, repairing a home is nearly always less expensive than replacing it. Their pricing structure and emphasis on speed create high margins for restoration companies.

High-margin businesses attract lots of entrepreneurs, and it can be easy to lose sight of the human element in the process. But behind every restoration job are people who are often having the worst day of their lives.

At Steamatic, we believe in treating people right. Although we enjoy the high margins and direct payment that restoration work offers, helping people is at the core of what we do. Ask any Steamatic franchise owner what they love about the business, and they'll tell you it's the opportunity to help someone. Making money is important, but the purpose of our business propels our owners.

"Franchisees need to have a helper mentality, to have

empathy for those who have had a loss," says Stefan Figley, Steamatic President. Families and businesses need to know that Steamatic cares about that heirloom rug, and that we know how important it is that our customers' homes and businesses be free of mold and safe for their children.

"We are in the business of helping people restore their lives and properties to a better condition," Kevin Bryant says. "We go into someone's house on a bad day and bring calmness in a chaotic situation."

### Our values and culture

Since 1968, Steamatic has built a thriving business with involvement of several families. Best friends Bill Blackmon and Scott Mooring formed the company and later gave the reins to their sons. The sons eventually sold to Bill Sims, who brought in his son, Jarrod, to help run operations. The families of our franchisees and those of the customers they



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serve are every bit as important to our operation.

"We are very family-driven," says Steamatic Chairman Bill Sims. "A lot of our franchise owners have families involved — children, brothers, all kinds of relatives. It is really about the way that we treat people, how our franchisees pull together to help each other. They are not just a number. We know all of them and have been in their homes, their businesses. This is very important."

That creates longevity — many Steamatic franchisees are second-generation owners. Steamatic is a company where people can count on one another, share information and be trusted to do the right thing.

"We want franchisees to feel like part of a family," Stefan says. "We don't bring the wrong person into that family just for the sake of selling a franchise."

Our five core values are everywhere at headquarters — from corporate team members' desks to the walls:

- **Do the right thing.**
- **Take pride in your work.**
- **Go the extra mile.**
- **Be open-minded and willing to teach and learn.**
- **Be a positive and supportive influence for all.**

These values are important to exhibit to customers and to each other as Steamatic partners, Stefan says. Steamatic franchisees and technicians work together closely on jobs — sometimes at all hours of the day away from their own families — to help other families in need.

"We want people to be committed to those values before they buy into a new Steamatic," Stefan says.

### A technology-based business

Steamatic may be an iconic brand with origins that go back to the beginning of franchising in the U.S., but we are not slow to evolve. We are agile and nimble, and we've developed a track record of successfully integrating technology to grow our business.

Steamatic today is highly technology-driven. From our proprietary management software to our iPad-

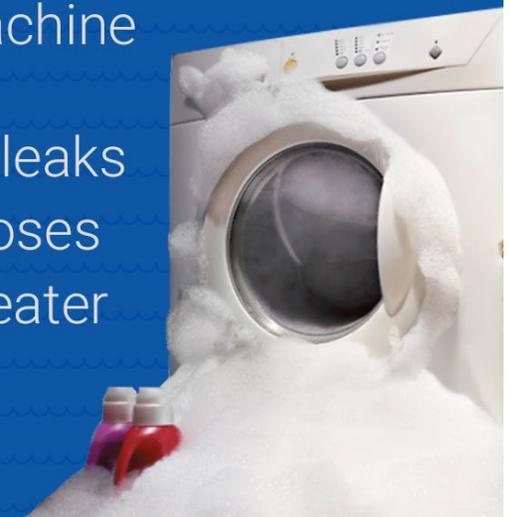
based quoting tools, our franchisees leverage technology to help them provide faster service, improve client communications and generate new business.

Steamatic is also a relationship-based business, and a large percentage of our restoration work comes from five referral sources: insurance agents, insurance adjusters, real estate agents, property managers and plumbers. When we define territories, we look for large enough numbers of each of these five groups so a franchisee has ample opportunity to grow.

If you've ever wanted to own your own business, take a look at Steamatic and get started by filling out the form on this page to download our Franchise Information Report or call us at the number above.

## 5 top causes of water damage to homes

1. Washing machine hoses
2. Dishwasher leaks
3. Ice maker hoses
4. Hot water heater breaks
5. Flooding





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## The Steamatic Story

### More than 50 years of innovation in the restoration industry

Steamatic began with the partnership of two progressive Fort Worth, Texas, businessmen and best Friends Bill Blackmon and Scott Mooring. They opened a furniture and dye shop in 1968 called Blackmon Mooring and quickly added carpet and rug cleaning services after realizing businesses like their local bank needed their rugs cleaned. One year after forming the company, the Fort Worth area was flooded when the Trinity River levee broke. The businessmen helped with recovery efforts and then began offering water damage restoration services.

The need for carpet and upholstery cleaning continued to increase as more people laid wall-to-wall carpeting in their homes. Blackmon Mooring began marketing their cleaning methods to other franchisees calling this company – Steamatic Inc.

Through the years, they developed cleaning formulas and solutions, as well as a patented hot-water-recirculating cleaning method. In 1974, their Lambrite dry-cleaning apparatus received a U.S. patent; later the LAMBRITE® cleaning process was patented.

Steamatic continued to grow with franchises throughout

the years and in 1986, their first international franchise opened in Australia.

In January 1983, Bill Sims began working in the sales department at Steamatic. He progressed from a manager to Vice President of Franchise Development to Vice President of Operations.

In October 2006, the sons of the founders, who had taken over running Steamatic, approached Bill Sims about his buying the company. Bill bought Steamatic and moved it to its current location in Fort Worth.

### From carpet cleaning to restoration work

We began shifting our focus from cleaning to restoration more than two decades ago, and we've grown as a result. Today, our fire, water and mold damage restoration services make up 77% of our business.

"Restoration is evergreen," says Steamatic Development Director, Joe Roland. "It doesn't matter what the economy is doing. Your washing machine can break, or you can have a kitchen fire in any type of



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economy. We're always there to help."

Because we made a conscious decision not to carve the market into small franchise territories, we are an agile and nimble company. This has allowed us to evolve with the changing restoration industry, roll out new technology and rapidly train our franchise owners to provide additional services. Today we're focused on growing our restoration work, and the next decade is bright.

### The future of Steamatic

Steamatic is entering into the largest growth spurt in its years of operation.

"We've just got a driving force with a new, younger corporate team," says Steamatic Chariman Bill Sims. "We're investing heavily in technology, which is where we see the future. We want to be one of the most technological cleaning and restoration companies in the industry."

We have beefed up technology for our franchisees, enabling them and their techs to be more efficient at doing their jobs. A franchisee receives a tablet loaded with the restoration management software, DASH, at training. This software allows franchisees and techs to fill in information and attach pictures of a job to create

customized forms and reports for insurance companies and businesses — who can look at them right away and track a job's progress.

The software saves franchisees time because they no longer have to fill out mounds of paperwork, says Stefan Figley, President. It is a double win — franchisees get their payments more quickly when insurance companies and businesses can automatically see what is done.

Franchisees have the opportunity to acquire equipment — like infrared cameras and moisture measuring devices — that enables them to pinpoint how long it will take for walls, floors and objects to dry.

"We are able to do things faster and do a more thorough job," Stefan says.

Technology is only one aspect of the plan to catapult Steamatic forward. We have increased our commitment to marketing our brand at events and online to help our franchisees generate more leads and acquire more customers.

"As part of our strategic growth plan, over next two to three years, we will increase our number of franchises by 30 to 40 percent," Bill says. "Our 10-year goals are to continue to grow our systems and marketing efforts and to find even better ways to perform our services."





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## What Services Do We Provide?

### Versatile business model offers several profit centers

Our business model is a hub-and-spoke concept. The main spokes of the model consist of fire and water damage restoration and mold remediation — which make up about 77% of the business — and a variety of cleaning services that make up the remaining 23%. According to the Insurance Information Institute, property/casualty insurance industry catastrophic losses in the United States, including man-made disasters, totaled \$12.9 billion in 2013, and Steamatic is well-positioned to grab a large share of the business that generates.

Our wide variety of services is one reason our franchise owners perform at a higher level than most restoration franchises. Here's an overview of the services a typical Steamatic franchise offers:

### Water damage restoration

One of the key spokes of the hub-and-spoke model is the services we provide for water damage restoration. In a five-year period between 2009 and 2013, 7% of insured homes had a claim and 1.8% were from water damage and freezing, according to the Insurance Information Institute. In this five-year period, one in 55 insured homes had a property damage claim caused by water damage or freezing each year.

It's a misperception that natural flood damage drives most restoration work. The top culprits for water damage to a home are much more ordinary: a broken washing machine hose, a broken dishwasher, an icemaker leak or a burst hot water heater. Flood damage comes in behind all of those causes.

"If the economy is good or bad, a washing machine hose can break," says Steamatic Development Director, Joe Roland. "When you are called out for a water loss, it is not often just for an estimate. It is an emergency service, and it has to be taken care of right away. You are not competing for prices, because insurance companies have set prices for most services involved in



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water losses. If a customer wakes up and they are standing in an inch of water, it has to be fixed. The longer it waits, the more damage can be done."

### Fire and smoke damage restoration

According to the National Fire Protection Association, U.S. fire departments responded to 487,500 structure fires in 2013 that caused a total of \$9.5 billion in property damage. In 2014, on average, a fire department responded to a fire every 24 seconds in the United States, according to the NFPA. Someone has to restore the damaged structures, and that's where Steamatic makes our mark.

After fires, Steamatic crews are ready to get to customers' homes or businesses quickly. We do everything from boarding up windows, packing up and cleaning any remaining contents, drying out areas with dehumidification and drying techniques, to cleaning areas with our proprietary formulas and equipment.

### Mold remediation

Another large spoke in the hub-and-spoke model is designated for mold remediation. When moisture is present, mold can grow on any surface — posing a health hazard for people in the building.

Steamatic has this covered, too. We offer our specialized cleaning services to combat visible and nonvisible contaminants in homes, businesses, hospitals, nursing homes and other medical facilities. Technicians determine the scope of the mold damage and provide assessments and action plans to insurance providers. Then we use HEPA filtration equipment and state-of-the-art technology to treat and abate fungal contamination.

## Top 5 referral sources for restoration work

1. Insurance agents
2. Insurance adjusters
3. Property managers
4. Plumbers
5. Realtors

### Carpet and rug cleaning

According to IBISWorld's Carpet Cleaning market research report out in February 2015, carpet cleaning is a \$5 billion annual industry. A 2015 survey produced by the Institute of Inspection Cleaning and Restoration Certification (IICRC) found that more than 50% of the consumers surveyed thoroughly wash their carpets every year, and 34% said they did so every six months.

Franchisees can share with customers the importance of carpet cleaning. For example, Carpet USA explains on their website that all of their warranties require that the carpets be professionally cleaned every 18-24 months.

Clean rugs and carpets also improve air quality and can reduce allergens in the home. The Carpet and Rug Institute explains that gravity causes dust, pollen and pet and insect dander to fall to the floor and get trapped among carpet and rug fibers. Proper cleaning helps to remove the dust and allergens and keeps them out of the air people breathe.





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Steamatic technicians do not use harsh chemicals. We use our patented hot-water extraction system, recommended by most major carpet manufacturers, for cleaning. It uses super-heated water and powerful vacuums to remove dirt and particles all the way to the base of the carpet fibers. We pay special attention to high-traffic areas.

### HVAC and air duct cleaning

According to The NADCA: HVAC Inspection, Maintenance and Restoration Association, the cleaning of an HVAC system is necessary because of the contaminants and air pollutants like dander, dust and chemicals that get pulled into an HVAC system and re-circulated five to seven times per day, on average. This can cause buildup of contaminants in the ductwork of a building, which could contribute to larger health issues and cause serious problems for people with respiratory health conditions, autoimmune disorders or some environmental allergies, the association says.

When clients get their HVAC system cleaned, it can also result in energy savings, the association says. When contaminants are in the heating and cooling system, it has to work harder to maintain the temperature a customer desires, which shortens the life of the system.

Steamatic technicians are highly trained to remove contaminants from ductwork. We created many of the technology systems used to clean air ducts that are used by others today. We have decades of experience, and we work with clients after their initial cleaning to set up a regular maintenance program.

### Furniture and drapery cleaning

The Institute of Inspection, Cleaning and Restoration Certification (IICRC) explains that cleaning can extend the life of draperies and upholstered furniture. Over time, dust mites and microbes can accumulate and grow on them, causing health issues for those who are sensitive or have weakened immune systems.

Over-the-counter upholstery and drapery cleaners are not as effective as the services of a trained professional who has the right equipment to extract dirt, debris, odor and stains. Steamatic professionals are trained to monitor water use so fabric is not over-saturated and to employ the proper cleaning solutions for the item in question. They are taught to use the hot-water extraction cleaning system on fabric upholstery — allowing for all types of furniture and

draperies to be cleaned in place without removal. We use our LAMBRITE® dry cleaning process to safely clean even the most delicate fabrics; it allows us to gently lift out soil and stains from furniture and draperies.

### Stone, tile and other hard surface cleaning

Most properties have multiple hard surfaces — countertops and flooring range from ceramic tile to marble to hardwood. Just like carpeting and upholstery, it has to be maintained to remove dirt and stains that can build up and harbor bacteria.

Steamatic technicians use proprietary, state-of-the-art equipment and surface cleaning products for ceramic and quarry tiles, stone, granite, marble, hardwood, walls and all types of grouts. Steamatic is able to clean tough grout stains and then seal the grout to alleviate future staining.

A franchise providing any single service we've listed above would be a solid business, but we believe having a versatile business is what helps make Steamatic franchise owners so successful. They are the local go-to business for restoration work, and they have the opportunity to build an enviable business using the additional services we provide.



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## How Big is the Restoration Industry?

### In a changing industry, demand for restoration services continues to grow

When you think of a restoration company, you might think of a storm chaser. Often armies of small restoration vendors will swoop into a community and knock on doors trying to make a quick buck — taking advantage of people in their moment of need before leaving town for the next storm.

Steamatic defies this stereotype. We are all about building trusting relationships with customers in our territories, demonstrating that we are trained professionals who care about helping people. Our franchisees are local restoration experts, and we position them to be first on

the list for plumbers, real estate agents, insurance agents, insurance adjusters and property managers to call.

"The people who are successful in any business build relationships," says Steamatic President Stefan Figley. "Good relationships in a community build a customer base, and that's what we focus on."

### Referral sources build more customers

Steamatic franchisees have designated territories based on population and the number of referral sources they can tap into. Referral sources include insurance adjusters and agents, Realtors, property managers and plumbers.

With most of restoration invoices paid by insurance companies, forming close relationships with adjusters and agents is a no-brainer. Realtors and property managers will know about buildings that need maintenance or restoration work, and plumbers are usually the first ones called to water-related mishaps.

Steamatic Chairman Bill Sims explains that in the past five to 10 years, insurance companies and businesses



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have increasingly sought services from national brands to take advantage of the consistency and standardization they provide. They trust that brands like Steamatic have properly trained and certified techs and franchisees, will do background checks on their employees and will have insurance to cover any issues. Plus, national brands like Steamatic have the experience to get work done quicker and claims closed faster.

## The driving force

Restoration is a \$210 billion industry, according to the independent research firm A.M. Best Co.

There are 170 million commercial losses and 40 million residential commercial losses in the U.S. alone. An average water loss job is about \$3,000, says Steamatic Director of Franchise Development Kevin Bryant. But, he adds, they vary widely. A dishwasher leak might be a \$1,500 cleanup job, followed by a \$20,000 contract to dry out a commercial building after a flood.

Steamatic's decision to stick with larger, exclusive

territories and not crowd the market with larger numbers of small operators has worked in our favor. Our franchisees are often better positioned to capitalize on key referral relationships, and they can easily be the one point of contact that busy insurance companies want in a region. With so much potential to earn, no wonder entrepreneurs are ready to be part of Steamatic.



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# What Are My Startup Costs?

Steamatic ownership is more affordable than you think

We believe this is a great value when you compare our startup costs with those of other cleaning and restoration

franchise opportunities. We offer much larger exclusive territories, and our franchisees have the ability to offer a much wider variety of services.

Below is an estimated typical investment range, pulled from our Franchise Disclosure Document:

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee	\$15,000 - \$42,000	Lump Sum in Cash	At Signing of Franchise Agreement	Steamatic
Technology Fee	\$5,000	As incurred cash or lease payment	As incurred	Suppliers and Steamatic
Travel and Living Expenses	\$2,000 - \$3,000	As incurred in cash	During training	Airlines, travel, hotels, restaurants
Insurance	\$2,000 - \$3,000 (for first 3 months)	In cash	Varies - may be lump sum or monthly	Insurance company
Initial Cleaning Equipment, Chemical and Supply Packages	\$9,000 (Financed Option) \$44,900 (Purchased Option)	Lump sum in cash	Prior to delivery	Steamatic
Vehicle (3 months)	\$8,500 (Financed or Lease Option) \$28,000 (Purchased Option)	Installment lease payment	Monthly beginning at execution of lease	Vehicle leasing company
Office Equipment	\$1,000 - \$2,500	As incurred	As incurred	Suppliers
Real Estate and Improvements	SEE NOTE			
Integrated Business Service Fee	\$450 per month (\$1,350 for 3 months)	As incurred in cash	As incurred	Steamatic



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TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Xactware License Fee	\$250 per month (3 months = \$750). Discounted to \$650 if paid quarterly and \$1,500 if paid annually	As incurred	As incurred	Xactware
Website Fee	A monthly charge of \$230 (3 months - \$690)	As incurred	As incurred	Third Party Service Provider
Advertising and Promotional Materials	\$0 - \$5,000	As incurred	As Incurred	Steamatic
Additional Training and Materials	\$0 - \$800	As incurred	As incurred	Steamatic
Required Equipment Maintenance	\$250 - \$2,500	As incurred	As incurred	Payments will be made to third party service providers
Miscellaneous Expenses	\$9,000 - \$14,000	As incurred in cash	As incurred	Suppliers, Utility Companies
Additional Funds - for 3 Months	\$20,000	As incurred in cash	As incurred	Suppliers, Utility Companies, Employees
<b>TOTAL WITH FINANCE OPTIONS</b>				<b>\$74,440 - \$118,090</b>
<b>TOTAL</b>				<b>\$129,840 - \$173,490</b>

*NOTE: Real property and improvements--You are not required to obtain additional real property from which to operate your business. You will typically need approximately 10x10 square feet of space to store equipment and supplies. A separate office is not required, although preferable. You may use your home as an initial place of doing business. Some Franchise Owners lease various types of warehouse facilities in which to operate their franchise, while others may operate out of their residence. Payments will be to third parties and are generally not refundable.*

Your actual investment may vary depending on your own business plan, the number of trucks you plan to deploy and your specific market. To learn more about your individual startup costs, fill out the form to download our franchise information report, and we'll spend time going over these costs with you.



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## Who is Our Competition?

### We're not the largest restoration franchise; we think we're the best

Steamatic is not the biggest or the least expensive restoration business in the industry, but ask any customer or franchise owner and they'll tell you we do quality work.

Historically, some restoration companies have been fly-by-night startups. Many times operators had little training and questionable backgrounds.

The restoration industry is evolving. Insurance companies — who hire companies to handle 90% of restoration jobs — and businesses and residents want a more professional, skilled, reliable restoration company that can get the job done quickly and efficiently. In a litigious world, insurance companies don't want to take the risk of dealing with a restoration company that could be a liability. They want someone professional, insured, trained, certified and local — someone who will stand behind the work. Insurance companies need to hire a restoration vendor quickly, and when faced with a choice between a Steamatic franchise owner and a small independent, we believe we are a better choice.

### How Steamatic stands out

Steamatic arms our franchisees with the tools to make them the best they can be in the industry. This involves thinking about what insurance companies need the most and how we can leverage our cutting-edge technology to give them better information about jobs, faster.

"Our training, certification programs and aggressive ongoing support set us apart in the restoration industry," says Steamatic Chairman Bill Sims. "Any company out there can go suck water out of somewhere the same way. It is not cutting-edge to try to do that faster. What is cutting edge is focusing on technology that will submit forms to carriers faster."

Steamatic's technology is unique. We use a customized restoration management software, DASH, that allows franchisees and technicians to load information and pictures and send links to insurance companies and businesses. They can see in real time how a job is coming along and get the paperwork needed to make payments.

"One email has everything on it about a job," says Steamatic Development Director Joe Roland. "A franchisee can operate their entire business inside DASH."

Most of the business and a significant part of documenting a job — everything from the initial quote to the job ticket to photos and reporting — can be managed in the field on an iPad. Freeing franchise owners up from the burden of paperwork allows them to focus on doing more jobs and providing quality work for customers.

### Bigger territory, more diverse profit centers

We distinguish ourselves from competitors because our territories are larger. Our competitors' territories are 60,000 to 90,000 population areas, whereas ours include up to 200,000 people. This allows franchisees to offer our services to more customers, including residents, insurance adjusters and agents, Realtors, property managers and plumbers, and can greatly expand the growth potential of each individual business.

Steamatic franchisees many times will build their businesses by buying additional territories to extend their services and earning potential.

We also don't pigeonhole franchisees into offering only one service; Steamatic owners can explore multiple avenues to make money.

Our hub-and-spoke business model has our restoration services as our main spokes of income, but our smaller spokes provide franchisees generous revenue streams regardless of whether there's been a catastrophe in their territory. We clean carpets and rugs, HVAC systems and air ducts, furniture and draperies, and hard surfaces like stone, tile and hardwood. Invoices for cleaning services, whether removing debris from a hospital's air ducts or cleaning carpets for a restaurant chain, can amount to thousands of dollars. In the long run, those jobs build trust with customers who someday may need us for restoration work.



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## What Do Franchisees Say?

Steamatic franchise ownership has been an excellent choice for these franchise owners



### Jerry Becker, Albuquerque, New Mexico

Steamatic has enabled many franchisees to pursue the dream of owning a family-run business. Jerry Becker, owner of a franchise in Albuquerque, New Mexico, brought his daughter Summer on board two years ago.

"Having my daughter involved and being able to keep the business – my blood, sweat and tears – in the family it makes me very proud to have that opportunity to give it to her and possibly her kids," Jerry says. "I'm always trying to help the family. Having Summer on board has also recharged me."

Summer appreciates the sacrifice her dad has made to build the business over the past 20 years. "I think my family has a great opportunity [with Steamatic]. My dad sacrificed so much in the beginning and he's put so much of himself into this business so I'm really grateful to him. I'm excited that I get to take advantage of all the legwork that he has already done and take it to the next level and see where I can take it for our kids. He's given me the ability to provide for my family in a way we couldn't have before this."

Jerry is grateful to be at the point in his Steamatic career where he can share his success.

"It's a great feeling to work so hard for so long but sit back at this point and look around and see what's going on... it's fun and it's the American dream. I wouldn't trade it for anything."

### Dwight Morse, Hot Springs, Arkansas

Dwight Morse's interest in the cleaning and restoration industry began in 1992 when he started running his own company. When his daughter and son-in-law, Misty and Richard Poole, came aboard in 2000, he decided that he wanted to grow the company with a nationally recognized name. He bought his Hot Springs, Arkansas, Steamatic franchise in July 2001.

"I love that we have so many different opportunities," says Dwight, 66, about why he chose Steamatic. "There are sources of revenue all year round, which is a good thing."

Steamatic's protected territories were another draw for Dwight. "It allowed me to build a business for my team. I was not competing with another Steamatic."

Already he plans to grow his business. He has purchased the Little Rock, Arkansas, franchise and its territory – which has more commercial income. He now has a total of 28 employees.

He believes part of his success has come from Steamatic's "thorough training program," where a franchisee learns every aspect of the business and is connected with mentors who can answer questions about the business structure or about particular types of jobs.

Overall, Steamatic has afforded Dwight the luxury to work with his family and teach them about business, as well as watch his grandkids grow up right in his office – there's an office play area for Misty's children.

"Our Steamatic franchise has afforded us financial freedom and pride in building a successful business," Dwight says.



### Marcus Benoit, Fargo and Grand Forks, North Dakota

With two Steamatic franchises in Grand Forks and Fargo, North Dakota, Marcus Benoit says the cleaning and restoration business is in his blood.

"I enjoy the ability of what we do for people," says Marcus. "We help people during catastrophes. It is a neat business."

He recalls helping one woman who had property damage from a fire. Her husband was overseas serving in the military. "We were the ones to hold it together for the client," says Marcus. "Trust is such a huge deal."

Marcus' history with the industry began when he began working for a smaller cleaning and restoration company in 1998 as their general manager. Eventually the business was bought out by Steamatic, and he continued on. He became a partner at the franchise from 2000 to 2011. In 2011, he purchased the franchise outright.

A typical day at Steamatic for Marcus starts around 7 a.m. and ends around 6 p.m. His solid work day consists of interacting and motivating his employees and managers. He does weekly trainings on cleaning and restoration techniques. Marcus has one-on-one meetings for an hour a week with managers about the franchise's progress and does some estimating work with them. He spends a lot of time marketing because he knows the better a franchisee is at spreading the word, the more clients and jobs they will get.

Marcus is the Midwest region representative for Steamatic's corporate advisory council, which collects information from franchisees about what is and isn't working in the field. Four times a year, the council gets together to discuss those issues and how to address them through better technology, new equipment and marketing and training processes.

He likes that Steamatic has a family atmosphere and cares about its franchisees. The business has also helped

him to teach his own family about work ethic: His three children have worked in the field and done marketing during their summers off from school.

"They're proud of the company," Marcus says.

### Bill Henry, Northridge, California

When Steamatic talks about the longevity of their franchisees, they have a lot to talk about. Bill Henry, 63, has owned his franchise in Northridge, California, for 20 years.

Bill got his start in the restoration and cleaning industry as a sales representative with BMS CAT, which had a store in Santa Fe Springs-Los Angeles, California. BMS CAT joined Steamatic founders Blackmon Mooring in 1981. In 1994, when the store decided to shut down to become a Steamatic franchise, Bill bought it. For about 10 of the past 20 years, his wife helped him run the business.

Bill says he wears a lot of hats at his franchise — he still goes out to job sites, meets with insurance agents and adjusters, writes estimates, hosts safety and staff meetings and calls customers.

"Starting with the right people is key," Bill says about running a Steamatic franchise. "You must have an understanding that you are providing a service and at all times must provide it well. That creates a reputation that people will trust, so they will call you back and refer you to others."

One of the biggest things Bill appreciates about Steamatic's corporate team is the support for franchisees. "Steamatic has created a solid base that the franchisees can call on at any time. They have hired a great staff to develop and support the system. They have created great marketing materials and training for new and existing franchisees. They are constantly developing new markets



for the franchise system to work in." Bill is proud of owning his own business and being his own boss. He would tell anyone considering a Steamatic as a business that, "This is a great industry to be

in, and Steamatic is probably one of the best opportunities at this time."



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# How Do I Finance the Business?

## Owning a Steamatic restoration and cleaning franchise is easier than you think

The total investment for owning a Steamatic franchise is about \$137,050. Most Steamatic franchise owners use about \$75,000 of their own money and either take out a business loan for the difference or lease trucks and equipment to make the ramp-up more affordable.

As you begin to explore your options, here are some of the most popular financing avenues to consider:

**1. Home equity loans** If you've owned a home for many years, there's a good chance you can get a home equity line of credit (HELOC) or a home equity installment loan (HEIL) to finance your new business.

**Advantages:** They usually have a very low interest rate; they are highly flexible and sometimes have no specific repayment schedule; and they don't require a lot of documentation, such as a formal business plan or an accounting of how the funds will be used. This provides more flexibility for your business.

**Things you should know:** You'll need to show enough income to repay the loan through your existing sources of income — your projected earnings as a franchise owner won't count when the lender calculates your ability to repay. A real estate appraisal will be required to establish your home's value.

**2. Leverage retirement funds tax-free and penalty-free** If you have a 401(k) or an individual retirement account (IRA), it can be converted into a self-directed IRA to fund your business. This financing option became extremely popular during the recession, when depressed real estate prices eliminated home equity loans as an option for many franchise buyers.

**Advantages:** Once you set up a self-directed IRA, you can tap into your retirement funds without paying penalties. Since it's your money, not the bank's, you don't have to worry about a long loan-approval process. As your business succeeds, you make payments back into your retirement account without having to pay interest to a bank. This option also allows you to keep cash in your bank

accounts to be available for starting and growing your business.

**Things you should know:** Your business becomes your retirement plan, which brings risks and rewards. You should be confident that you can beat the stock market by building the value of your business, as well as by avoiding interest payments on a loan.

**3. SBA loans** U.S. Small Business Association (SBA) lending has made a strong comeback as the economy has improved, and it is much easier to obtain an SBA loan than it was a few years ago. These are government-backed loans at low-market rates, which eliminates most of the risk for banks.

**Advantages:** You can finance a percentage of the cost of your business, which allows you to conserve cash; the interest rates tend to be fairly low; there is no prepayment penalty; and you can obtain better loan terms once you have a proven track record.

**Things you should know:** It can take three months or more to obtain an SBA loan, and the documentation process is extensive. The loan also requires 100% collateral. If most of your collateral comes from home equity, you may want to consider a home equity loan instead.

**4. Friends and family** You may have friends or relatives who are willing to invest in your success.

**Advantages:** They know you, they are typically flexible on repayment terms and they may have expertise that they can offer your business. They may not require collateral.

**Things you should know:** If the business doesn't meet expectations, it may strain your relationships. Family and friends may also seek equity in exchange for their investment, which would create a partnership arrangement.

**5. Partnerships** Partnerships can allow two or more people to combine their resources to purchase a Steamatic franchise. If partners complement one another's skill sets and add value to the business, it can be a great arrangement.

**Advantages:** You can split management and leadership duties, which gives you greater capacity and flexibility. Since you have multiple people to oversee operations and marketing, you may be able to grow faster.

**Things you should know:** Partners must have clear guidelines for who handles what and how profits are divided. In addition, to get the most out of your partnership and avoid disputes, clear communication and a shared commitment to the business are essential.



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## Meet the Management Team

**We have years of industry experience to share with our franchisees**

### Bill Sims, Chairman

Bill began at Steamatic in 1983 working in the sales department. He gained industry experience throughout the years and worked his way up to Vice President of Operations and Vice President of Franchise Development. He formed relationships nationally and internationally, and when the sons of the founders of Steamatic were looking for someone in 2006 to take over the reins, they knew Bill would be a good fit. Bill purchased Steamatic Inc. and

moved the company to its current location.

A graduate of Texas Christian University, Bill is involved in the Fort Worth community – serving on boards and organizations. He has watched over the years how the company has shifted from cleaning services to restoration services. He feels good about the reputation the company has gained throughout the years because of its ability to form trusted relationships with insurance companies, businesses and residents.



**Bill Sims**



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## Franchise Information Report

He is proud of the corporate team and how they are dedicated to helping the company's franchisees succeed in the industry. Bill believes the future for Steamatic is unlimited as they continue to grow their relationships with national accounts and insurance companies.



**Frank Van Zant**

**Frank Van Zant, MWR, MSR, MTC, ASCS, Director of Training and Education**

Frank has been employed with Steamatic for 44 years and has served in all areas of the cleaning restoration industry. He has been the Director of Training and Education for Steamatic for the past 26 years.

**Frank is an Institute of Inspection Cleaning and Restoration Certification**

(IICRC) Accredited Instructor for the Carpet Cleaning, Fire Damage Restoration, Mold Remediation and Water Damage Restoration courses and holds the Master Certification Designations in Fire, Water Damage Restoration, Textiles and Mold Remediation.

Additionally his certifications include: ACAC Certified Microbial Remediator and NADCA Air Conveyance Systems Specialist.

Frank is a committee member and has participated in the development of these restoration industry standards: The IICRC/ANSI S500 Water Damage and IICRC/ANSI S520 Mold Remediation Standards, as well as the RIA Advisory Committee on Fire Damage Standard. He is also the Insurance Industry Continuing Education Coordinator for Steamatic Inc.

Frank is also the national coordinator for Steamatic Continuing Education Courses for the Insurance Industry.

**Stefan Figley**



**Stefan Figley, President**

Over nearly two decades, Figley has built an impressive track record of strategic, operational and consumer accomplishments. Trained by the leading ad agency, Leo Burnett, Stefan's focus on building successful franchisees through sales and marketing efforts with such companies as Jani-King and ServiceMaster have kept him at the forefront of the industry with consumers, customers, and shareholders.

Most recently as the Chief Operating Officer of a \$750 million system revenue, Jani-King International, a company with over 11,000 franchisees in 14 countries he focused on top-line & bottom-line growth, while successfully developing a strategy to increase appointments.

Figley has had success both domestically and internationally, managing key global accounts, including Philip Morris, Diageo, and Krups.

He gained his wealth of experience across a global system, having performed and managed business throughout Europe, Eastern Europe, and the Pacific Rim while based in both Moscow, Russia and Frankfurt, Germany.

A former tennis All-American and tour professional, Stefan still plays a game here and there in Fort Worth, Texas where he resides with his wife Christine and son Sutton. Stefan is a Certified Franchise Executive and a proud graduate of Texas Christian University.



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# Steamatic Franchise FAQ

## Quick answers to common questions

### How much is our franchise fee?

Our single territory franchise fee is \$42,000, and we charge a \$5,000 technology fee.

### What are the qualifications for a franchisee?

We ask that someone have a minimum of \$75,000 in liquid capital and a net worth of \$200,000. We look for someone who has business skills and has experience supervising employees. We want a person who is friendly, has a helper mentality and is able to work with people — the best way to build a business is to form relationships within a community to obtain more jobs.

### What services do you provide?

We have a hub-and-spoke model. Water and fire damage cleanup and mold remediation are our big services, but our franchisees provide other cleaning services: carpet and rugs, HVAC systems and air ducts, furniture and draperies and hard surfaces like stone, tile and hardwood.

### What is the breakdown between restoration and cleaning?

Individual franchise locations vary, but system wide, 77% of our business is restoration and 23% is cleaning or other services.

### How do you define territories?

We look for an area with 200,000 people and a high-enough number of our top five referral sources — insurance agents, insurance adjusters, real estate agents, property managers and plumbers — to generate adequate business.

### How many employees do I need?

A franchise starts with you and a technician. As a business matures, you'll be able to add more techs and equipment. With an average revenue of nearly \$1.1 million per year for a franchisee, you may have six to seven employees.

### Do I need an office?

You do not need to have an office to start — as many as 50% of our new owners start without an office. You'll want warehouse space for your equipment and vehicles as you begin to grow your business.

### Do you provide training and ongoing support?

Yes, and that training includes 2 weeks at the corporate office, an optional week shadowing our corporate franchise and then 3 different site visits within the first 90 days.





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## Next Steps

### How to start down the path to Steamatic franchise ownership

We want the right franchisees to invest in our Steamatic family; we have a structured discovery process that is a mutual evaluation. People are often attracted to the restoration industry by its enormous size and high margins. It is important to us at Steamatic that we recruit people who are not just focused on the bottom line. We want franchise owners who will thrive in our culture and stay with us for lengthy amounts of time.

The average tenure of a Steamatic franchise owner is often decades long, and many of our franchises are passed down from generation to generation. We're entering into one of the largest growth spurts in our history. Now is a great time to invest in our franchise!

### Now that you've researched us, here's what the next steps look like

When you fill out a form on our website or give us a call, you'll find that we have a structured discovery process. We've designed this process to help you learn more about our franchise opportunity and gather the information you need to make an informed and accurate decision about ownership.

You're looking at us to see if we're a fit for you, and we're going to be looking to see if you're a fit for us. Something can be a good opportunity without being a

good fit, and we want to make sure we have both. Good opportunity, good fit for both of us.

The process is fairly simple. You request information. We send you a link with some additional details about Steamatic. We'll reach out to you. After that initial call, if we decide that we have mutual interest in continuing, we walk you through a series of one-on-one webinars designed to help you learn about our business.

You'll learn the following:

- How a Steamatic franchise works
- How our franchise owners make money
- How we fit into the overall restoration and cleaning industries
- The history of our brand
- What the startup costs are
- How to staff and equip your business
- How each of the services we provide works

During this process you ask questions about us, and we will have you fill out an online application so we can learn more about you. We send you our disclosure document and then call to talk about the document's details. We want to make sure you are clear on what it means and how it affects you.

The discovery process takes about 30 days. Once you make the decision to join Steamatic, and we agree that it's a good fit, we award you your franchise and then typically there is a 30-day pre-training before you are sent to the two-to three-week Steamatic University for classroom and hands-on field training. The whole process from the time you inquire to the time you get your doors open typically takes about 90 days.