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The Most Powerful Name in Corporate News



Full-Service Restoration for Property Owners

Delta Disaster Services was established to provide a full-service restoration experience for property owners who have sustained any type of water damage, fire damage, mold, ice, or other property damage.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *Mr. Mastous, what is Delta Disaster Services?*

Mr. Mastous: Delta Disaster Services is a full-service property restoration firm. We primarily are referred by insurance companies to address property damage for commercial and residential properties related to fire, flood, environmental issues, mold, asbestos, catastrophes and any type of typically covered insurance-related property damage where they need to bring in not just a mitigation contractor but a qualified general contractor as well. Our business model is unique in the sense that we do not just do the emergency work like a Service Master Serv Pro where they do the dried on or the stabilization. We are also general contractors as well to put the property back together.

CEOCFO: *Does that make people more likely to call you from the get go?*

Mr. Mastous: Absolutely. In our demographics regionally and nationally, about 15 percent of the service providers are full service. We are in a more complicated but a smaller universe, so the referring sources would prefer to use a business model like ours as opposed to somebody that just does the front-end work.

CEOCFO: *Would you tell us the range of your services?*

Mr. Mastous: What we have been able to do in our business model, and I think some of the better firms nationally are seeing this, is that we have been able to align ourselves very closely with the insurance carrier. We have modeled our infrastructure to be very similar to and follow the same pattern that a claim adjuster would handle a claim through. Our documentation, whether it be written documentation, documenting every phone call, photo documentation, our service standards, our time frames for expediting processes are very similar to how a claims division handles their claims process, which has helped us tremendously in gaining more market share. We become very friendly to the carrier then wanting to refer us because we do things in a very similar fashion to the way they do business. I think that would be an eye opener for people even in our industry who are trying to figure out how to gain more market share. For the average consumer, we handle all of the insurance billing, all of the processing, all of the paperwork on behalf of the carrier, and almost every check that gets cut by an insurance company – the ones over \$5,000 legally – have a mortgage company on the check. We handle all the mortgage processing and communications. We offer a back-end service that is very unique. If a consumer or a business owner had something like this traditionally happen and then it hopefully never happens twice, they would see a big difference between the way our firm handles it and the way a traditional restoration firm handles it.

CEOCFO: *Are you able to fix everything?*

Mr. Mastous: Just about. There is nothing that we will not take on, either internally or externally. We have a very strong vendor list. Our relationship with our referral sources, particularly the insurance companies, is that we will take on anything, anytime, anywhere. It is a magnitude of things; we have bed bugs to suicide cleanup to car in living rooms, chemical spills, traditional fire losses and sewage backups. Our company will be positioned to take on anything. If we cannot do it internally, we have the subcontractors to do it. The advantage that that gives my company is that we get calls for everything any size and any situation. I think that takes a lot away from the competition and it gives them one person to call. If we have never dealt with it before, we will figure it out.

CEOCFO: *Could there be anything left?*

Mr. Mastous: There are certain chemical HAZMAT issues that we do not deal with just because we have not gone to that level of certification, but other than that, I do not think there is much I have not dealt with. I have handled most national events. Although this is my business here in Denver, I have been exposed to a lot. I think a lot of it is just having the confidence to walk in and not be overwhelmed by anything and have people in your company who have that same mentality.

CEOCFO: *What do you look for both in the technical and personality aspects of your employees?*

Mr. Mastous: I am going to back up and give you a little bit of history on what we have done. I have been in this industry most of my life from different perspectives as a large-loss adjuster handling catastrophes, I have been in franchising

before with a couple of national firms, and I have also been in restoration. I came to Denver about eight years ago in a market I had not done business in before just to set up a full-service restoration firm to model it to build a national franchise brand. Denver is an extremely tough market. There are about 200 firms that do some form of restoration, and I purposefully did not hire anybody from within the industry my first four years. I almost structured this business to fail. Fast forward today we have seven locations up nationally that are modeling our business in other markets and doing a very good job at it. I was fairly unconventional when I came in and I did not want people from other companies with the other companies' bad habits. I brought in people who had the attitude, aptitude, and skill set and taught them how restoration should be done. We do a lot of interviewing at our company. We have group interviews, we make the person spend time in the field if they can, we do cognitive testing to see what their attitude and aptitude is, and we do thorough background checks with criminal history and credit. We also look for people who can handle the complications of stresses that they are dealing with both internally and externally when they are dealing with somebody who has had a loss. We would say that if we qualify people, it is 50 percent chemistry, attitude, perspective on life, and the other 50 percent is skill set. I can teach somebody what to do but I cannot teach them how to be a positive, well-balanced person during chaotic times. That is a challenge. There are a million ways to qualify, but that does not mean that they all work.

CEO CFO: *Why did you choose Denver?*

Mr. Mastous: Denver was probably the most competitive market nationally for property restoration. There are many catastrophes in Denver such as hailstorms, fires, floods as in Boulder, and there are also a lot of very savvy operators that are here. Many people want to live in Denver and build their business here for many reasons. I felt that if I was going to prove my model anywhere, that I would pick Denver to do it.

CEO CFO: *You have franchisees?*

Mr. Mastous: Correct.

“Overall, our business model is extremely unique in the sense that we do not just do the emergency service work but are also licensed contractors. We believe that we have the best contractors in every market representing Delta.” - Michael Mastous

CEO CFO: *How do you ensure that they are living up to the concept at Delta?*

Mr. Mastous: It is always a challenge. We vet them very succinctly on who we are looking for. We only market to established, successful general contractors, which has not been done in our industry. Again, I talk about full-service contractors, which is an important piece. We look for contractors in high demographic markets, meaning that we give them one million plus territory areas. We spend anywhere from four months to a year vetting them, going through weekly or biweekly calls with specific points of discussion. We then go to their operation to interview their people and they come to our location to meet us. I think we do a very good job in vetting out who comes on board. Our growth timeline is very conservative; it is four to six units a year. If we do not find the right people, we will be even more conservative in that. It is a little different way about going about expanding.

CEO CFO: *Clearly it is working!*

Mr. Mastous: It is. I feel comfortable knowing that our build out of 200 units will get there hopefully in my lifetime. I think it is all about finding the right general contractors.

CEO CFO: *Are there new technologies that you are able to take advantage of in the process of your work or do you use the tried and true methods?*

Mr. Mastous: We have seen a big separation in our industry from even those that are highly qualified to those that can keep in pace with technology. Particularly when you are doing insurance-referred reconstruction mitigation, our IT IQ is extremely high in our company. All of our employees have iPads in the field, all of our documents are paperless, and we can remote in from vehicles or we can remote in from our server from home. Everybody uses smart technology. There are many exceptionally good people in our industry that have not made that leap, and they have been left behind. Technology plays a huge part in what we do and how we do business. In our world, everything is measured by how quickly we can do things. Part of that allowance of getting things done quickly is technology.

CEO CFO: *What has surprised you as you have developed the business?*

Mr. Mastous: I think that the consumer has changed a lot. We just had a meeting here this morning and we were talking about how the demands of the consumers have put on dollars that are spent since the fourth quarter of '08 and how much more demanding people have become. I have worked nationally and most of the people in my company have too, and it is not just in Denver, it is in most markets. I do not know if it surprises me, but I think it is a very good observation. I look at my wife and I and we look at how we expend differently too because of the footsteps of the economy and the things that could happen. I think consumers are changing and they are much more savvy but they are also much more demanding.

That puts more pressure on our company to keep people at a high performance level and keep them mentally balanced because they have to deal with these people all day.

CEOCFO: *When you are dealing with a client that was referred from an insurance company, is the homeowner or business paying a portion of it or do they decide what they want to do over and above what is covered?*

Mr. Mastous: Everybody has a deductible that they have to pay to begin their coverage, which could either be a dollar amount, which has gone up quite a bit, or it could be a percentage, which we are seeing now percentages of deductibles, which can be very high sometimes. We just had a home in Boulder and their deductible was about \$12,000. That is a lot to ask for. At that point, insurance coverage kicks in and we have to be very savvy to know that there is coverage and what coverage lines are and endorsements are to make sure that we are not doing things outside of coverage. If we do, then we need to let the consumer know that they are going to have to pay for those things. Most people that have property damage to their home do not necessarily want changes or upgrades. They just want their home back. It is not as if you came to me and said you wanted to remodel your kitchen in 6 months, plan it, and you are excited about it, enthusiastic, and you cannot wait for it to get done. In our world, they do not want us in the first place, and they want us out very quickly, so in many cases we do not see a lot of change.

CEOCFO: *How do you reach various insurance companies to get them on board so that they do recommend Delta?*

Mr. Mastous: The old-fashioned way--we do a lot of solicitations to carriers whether it is phone calls or mailers. We try to introduce them to our business services and how we do business. We market to insurance agents, we market to insurance adjusters, and many insurance companies now have vendor programs very similar to how an auto-body shop works where they will tell you to go to a certain vendor and they guarantee their work to satisfy the deductible. Property insurers are doing something very similar to that nationally. We also market to a lot of first responders. We market to fire departments; we market to plumbing contractors and other types of service providers that might be called at time of emergency for us then to be referred into their projects. Insurance companies are important, but there are also other ways to market as well.

CEOCFO: *Delta Disaster Services was recognized on the Inc. 5000, so we know business is good. What is next?*

Mr. Mastous: Our business model in Denver is our cornerstone for our future development. As a business model moving forward, we need to make sure that we are constantly evolving with the best practices and best technology to then help our franchise system move forward regionally, locally and nationally. Our build out for additional units is key to our success, but it all starts with our home store – our corporate store in Arvada, Colorado.

CEOCFO: *Put it together for our readers. Why pay attention? What makes Delta Disaster Services an exceptional company?*

Mr. Mastous: There are many points why we would be an exceptional company. Overall, our business model is extremely unique in the sense that we do not just do the emergency service work but are also licensed contractors. We believe that we have the best contractors in every market representing Delta. We feel that an insurance company can call us or a referral source and we will handle that job from start to finish. We also have the systems, procedures and processes in place to make it as effortless for the consumer and the end user or carrier as possible. I think all of those are benefits in utilizing our company.

BIO: Michael has been in the service industry most of his professional life. He entered the workplace as a full-line insurance agent after attending school in Japan in the early 80's, then entered the emerging franchise industry upon being hired by Chem-Dry, an up-and-coming cleaning franchisor. Michael was hired for a franchise sales position which evolved into Michael holding the position of National and International Franchise Director. He has since been involved in most major national disasters both as a consultant and a restoration contractor. He most recently built a prototype restoration firm in Denver and is now franchising it. (The prototype has been established for 8 years and was recognized by Inc. Magazines three times, one as a Inc. 500 company, twice as a Inc. 5000 company.)



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