Disaster Cowboys


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Ed Weingartner chases floods and hurricanes for a living--a good enough living to make him an Inc. 500 CEO. Hurricane Katrina, however, created a bigger mess and a stiffer challenge than he'd ever seen.

Barry Hillebrand didn't leadfoot all the way from his home in South Carolina right into the whipping tail of the worst natural disaster in American history to end up getting shot or thrown in jail. But right now, he's facing a loaded gun and a loaded question, and he's got three seconds to come up with the right answer. This is where the disaster reconstruction business gets tricky. "You with emergency response?" he's asked.

The National Guard soldier is at the window of Hillebrand's pickup, waiting for a reply. Behind him, two armored trucks are blocking the road and six other soldiers are standing by to shoot looters and turn back anyone--anyone--who's not saving lives or recovering bodies. Just yesterday, eight assumed looters had been gunned down 40 miles away, on the Danziger Bridge in New Orleans.

But behind the blockade, tantalizingly close, are the ruined casinos and splintered beachfront mansions of Gulfport, Miss. Hillebrand tries to keep his face nonchalantly vague, while furiously scrawling a risk-benefit matrix across his mind's eye:

Option No. 1: Lie, get caught, have the truck impounded, and sit behind bars while the competition is snapping up contracts. This would be a bad scenario under normal circumstances, but it's especially bleak right now because the only person within 500 miles who could bail him out happens to be sitting right next to him: his boss, Ed Weingartner, the 36-year-old CEO of Dynamic Restoration.

Option No. 2: Tell the truth, and pass up the opportunity to be the only catastrophe contractor on the ground at the catastrophe of a lifetime. All day long, Weingartner and Hillebrand have seen swarms of bright-green ServPro vans whizzing around on the unrestricted side of town, hustling business from waterlogged apartments and deroofed homes. Even worse, they rounded a corner and were stung to find a team of black and yellow In-Star Services Group trucks not only here, but already at work on a big job, drying out the Hancock Bank.

No doubt about it, the disaster recovery game is on and the clock is ticking. The evacuees of Gulfport may still be waiting out of state for their city to dry, but the masters of disasters are arriving in force and moving fast. Millions are up for grabs--make that billions--but not for long. Emergency mold and repair work will be doled out at once, and the disaster contractor who gets his foot in the door with those patch jobs will be first in line if big-scale construction is needed afterward.

At the moment, all of the disaster specialists are fighting over the same, less severely hit inland swath of Gulfport, but if Hillebrand and Weingartner can somehow slip through on through this military blockade, they'll be the only team prowling the most horrific devastation along the beach. Ironically, that's one advantage their young company has; since all the cool corporate colors were already chosen by giants like In-Star and Belfor, Dynamic ended up with neutral white and blue, the stock paint job, coincidentally, of small-town cop cars. So while there's no way ServPro or InStar could fool the National Guard with their glaring vans, institutional-looking Dynamic might have a chance. Hillebrand decides how to answer so quickly he still has two seconds to spare.

"Yessir," he says, then adds, "See?"--which sounds like something real emergency responders would say. Except, of course, we're not. The soldier pokes his head inside the cab for a look. A thicket of technology is sprouting from the multiplug in the cigarette lighter--GPS, two BlackBerrys, two cell phones--while the pickup's bed is crammed with air movers and bottled water, exactly the stuff a smart thief would have hauled through the shattered window of his local Home Depot and would now be hawking in the disaster zone. What the soldier doesn't see is anything like defibrillators, cadaver dogs, or body exhumation tools.

But then, the soldier's eyes land on the truck's blue logo, which matches the blue polos of the guys in the front seat. You can almost see the wheels turning in his mind: "Dynamic Restoration? Restoring to life? Maybe?" He's got a sheriff's van waiting impatiently behind us, so he needs to make a call.
"Okay," the soldier says. "Stay safe, fellas." He spirals an arm over his head, signaling his colleagues in the armored trucks to spread and let us through.

"Ohhhh, man...," we start to exhale, until we see what lies ahead and suck in our breath again.

Ed Weingartner started Dynamic Restoration in 1994, after he spent a weekend hanging out with his buddy Fred Gunther at the Daytona 500. Fred was rolling in cash because he'd found a great new niche for his Grand Sport Auto Body shops: He'd begun specializing in insurance-referred rebuild jobs. It was a sweet set-up, Gunther said, because the money was guaranteed; insurance companies were much more reliable about writing checks than car owners. "You know, Ed, they do the same thing with houses," Gunther told him.

Weingartner's ears perked up. As a 26-year-old who'd graduated from Fairfield University a few years earlier, he'd been looking for a way to break from his father's suburban Philadelphia construction company. He'd tried an internship on Wall Street, but power ties and risky trades weren't for him. He liked to gamble, but on his own performance, not some other company's. He'd returned to working with his father, thinking he could control a few projects on his own, but his dad wasn't the delegating type.

So he gave his dad notice and rented office space inside a storage facility. Dynamic's founding headquarters were three 10 x 12 storage units that could have been veal calf cages, except for the phone lines. Weingartner hired a college kid to do the books and a former electrician as a project manager. As humble a start as that was, it soon deteriorated. Weingartner got the chance to bid on a few small residential jobs and found he didn't know the first thing about estimating. "I'm giving a lump sum like $5,000, and people are laughing at me," he recalls. "They're like, 'No, no, how much you charging me for 500 feet of soffit?' 'I don't know.' 'How much you charging me for flashing?' 'I don't know.' After two months of being ridiculed, I bought the estimating package and started doing my homework."

Luckily, Gunther helped him get a break. Big hailstorms had pummeled the Philly suburbs that winter, damaging so many homes that the insurance companies had to deputize some of their car adjusters and turn them, overnight, into house adjusters. They knew even less about home reconstruction than Weingartner did, so when they were asked to give the kid a break by their old auto body pal, Gunther, they began tossing Dynamic jobs.

Weingartner began to learn the business--fast. He became trained in the crucial estimating tool--unit-cost pricing, a standardized system in the contracting trade that assigns a fixed dollar value to the installation of every piece of material --and sharpened his eye to discern which jobs were worth taking and which adjusters were worth courting. Even though adjusters can't assign the work directly, they can suggest a contractor, and since most homeowners and small-business owners have never seen their life's investment destroyed before, they have no idea whom to call. "The adjusters have to avoid any kind of collusion with contractors because it could look like they're conspiring against their clients, the property owners," Weingartner explains. "But the adjusters run the show."

Weingartner also learned that disaster contractors have three types and two fates: There are the lightweight mom-and-pops who do residential drying and small rebuilding, usually making $1,500 to $3,000 a job; then come the middleweights that focus on the $10,000 to $20,000 residential and small corporate jobs; and finally, the bruisers like multinational Belfor and franchiser ServPro, which handle the big corporate jobs. But there is no stasis: You either move up a weight class or one of the big boys will eventually buy you out or drive you out.

So Weingartner quickly expanded to three locations, operating from strength in the areas he knew well: the pricey suburbs of West Chester, Pa.; the dense corporate downtown of Wilmington, Del.; and the wind-lashed beachfronts of Ocean City, Md. In 2004, he convinced a father and son to invest $1 million so he could take the next big step: setting up a catastrophic response team in DeLand, Fla., right on the fringes of the hurricane zone.

He managed to hire some seasoned young hands, like Jamie Moore, a savvy construction salesman who became director of business development, and Barry Hillebrand, who'd worked for years as a stormchaser for one of Dynamic's big rivals (he'd rather not say which).

With his team in place, Weingartner was nicely positioned for the 2004 hurricane season, which thanks to
Hurricane Frances and Jeanne turned out to be a doozy. Dynamic became skilled at working in the eeriness of a dark, dead city, with no traffic lights, people, gas, or food. And it began billing a lot of money--it grew 326% from 2001 to 2004 and earned $11.4 million last year to place No. 434 on this year's Inc. 500--but took some lumps. One of the worst was when Weingartner got overly eager and agreed to rebuild two condo developments for $2.9 million without getting any money up front. One year later, the homeowners' association still hasn't paid. It's now costing Weingartner $300 an hour in legal fees to shake the money out of them.

Catastrophic is the way to go," says Ed Weingartner. "You can earn $12 million to $20 million on one hurricane, easy."

"Still, catastrophic is the way to go," he believes. A good year for one of his regional offices will bring in $2 million--about 40 jobs--so the total for his three locations is less than $6 million. But chasing hurricanes is far more lucrative than that. "I can make 10 times that with catastrophic," he says. "You can earn $12 million to $20 million on one hurricane, easy, and make such a name for yourself, you're either set for work or bought out."

Or you can blow it all. "Man, you read the storm warnings wrong, and you can be too far out of the action or too deep in it," he frets. "You can be dropping thousands of dollars on hotel rooms and be four cities away, or reserve tons of equipment and have nothing to do with it."

By the time the winds started swirling off the Gulf Coast in August, Dynamic Restoration was mobilizing for its biggest test.

Soon after we sneak through the blockade, Hillebrand stops the truck. The three of us stare in awe. The road is cratered and buckled so badly it could have been pelted by comets. Gigantic dunes of torn timber and crushed appliances rise on either side of the cracked street; what was once a residential neighborhood has been smashed down to its component parts--raw wood, twisted aluminum, shattered cinder block--then shoved by the wall of water into long, tidy heaps, as if the whiskbroom of God would be by presently to sweep up.

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Hillebrand creeps the truck down the road, snaking slowly between crevasses so he'll be able to burn rubber if he feels the asphalt collapsing beneath us--or so we hope. We've got the windows up tight, to minimize the stench of raw sewage from the broken sewer main that has been pulled up like a weed and heaved against the snarled trunks of uprooted oaks. Two police on horseback are picking their way slowly over the rubble of a collapsed condo, looking for signs of life. A camouflaged Humvee rumbles along the sandy coastline, while Army Chinook choppers thump by overhead.

This isn't the first firepower Hillebrand has faced in his career, and it won't be the last of the day. Guns seem to be bristling from the rubble. Hundreds of mercenaries have reportedly been choppered into New Orleans to guard evacuated mansions and company headquarters. These aren't standard-issue security guards; for this job, private military companies like Blackwater, which works in Baghdad, and Israeli-trained ISI have been brought in, M16s in hand. In Gulfport, warnings are sprayed everywhere in menacing black paint: "Trespassers Will Be Met at Gunpoint," "This Was My House! The One Thing I Got Left Is My Gun. Stay Away!" "You Loot, We Shoot."

It's easy to see why the government set up a checkpoint. "Way-ull, ah told the man the truth," Hillebrand drawls. "Just depends what you mean by 'emergency response.'"

He sounds like a wise old hand with his hominy 'n' grits accent and gospel-style exclamations, so it's a surprise to realize he's only 41 and not even showing the stress of hard miles in his lank brown hair and well-tended belly roll. Weingartner, meanwhile, looks like the assistant coach of every high school football team in America, with his dark cropped hair and clean Dynamic polo shirt tucked neatly into his crisp khakis. They're equally intense but pace their energy very differently: Weingartner is all intensity, all the time, while Hillebrand seems to amble along until it's time for action. "Barry lives for the belly of the beast," Weingartner says. "He likes to get into a storm zone when the trees are still flying."

We make it to the beach, turn right on the coastal promenade, and are amazed at the sight of...nothing. Nothing but gaping foundations and the occasional hint as to what once stood above: a fragmented Outback
Steakhouse sign, the shredded canopy from a Ramada Inn snagged in the roots of a torn-up tree. There's something eerily familiar about this scene, something impossibly familiar, but I can't place it. It must be the climax of *Planet of the Apes*, I think, before it hits me: It's exactly like Huambo, once a jewel of a city in central Angola, which had been bombarded by 20 years of civil war and which I visited as a war correspondent. One day of wind has matched two decades of determined guerrilla artillery.

"Lord, lord," Hillebrand breathes. "Fifteen years in the business and I've never seen anything like this."

Weingartner is on his cell, reporting in to a Nationwide adjuster. "Georgie, you're not going to believe Gulfport when you get here. It's in-sane. If your Kmart is downtown, you're okay. But if it's on the beach, it's probably gone. *Completely*. We'll run by both and get back to you."

Weingartner clicks off and turns to Hillebrand. "This is more than I bargained for."

"Hang on till we find it," Hillebrand says. "Maybe we'll all get lucky."

We're on a recon mission for Nationwide, looking for a Kmart with a $5 million policy, to see if the goods can be saved with a speedy roof tarping and mold mitigation. If water damage can be halted within 48 hours, it could save Nationwide a fortune in demolition and rebuilding. It might even get the store open in a few days, instead of a few weeks or months, and dodge the bulk of lost-business payouts.

Some 10,000 adjusters are supposed to be pouring into Louisiana, Alabama, and Mississippi soon, but amazingly, none seems to have shown up yet. Usually insurance companies start at the center of the devastation and work outward, settling the claims of their most crippled customers before progressing to the fringes. This morning, the industry announced it would be doing the opposite: Because it couldn't guarantee "basic livable conditions"—food, water, beds, and lack of gunfire—it would be keeping the adjusters out of Mississippi and Louisiana.

Of course, that didn't stop Hillebrand and the other cowboys. The hurricane hit Mississippi full force on Monday night; by Tuesday morning, Hillebrand had his truck loaded with food, water, and equipment and was on his way. Meanwhile, Weingartner was back in his main office in Pennsylvania, making the crucial decisions that can make or break a disaster recovery company: guessing exactly where to preposition his crews, figuring out how much equipment to rent or relocate, deciding whether to lock in additional labor now or hold tight and wait for the work to be secured.

A few days later, Weingartner flew into Mobile, Ala. Until the adjusters arrive in person, the insurance companies use the disaster contractors as their unofficial scouts. Weingartner is happy to do the favor, of course. Keeping the adjusters and property managers happy is, literally, a full-time job. At this moment, even while the biggest opportunity of his career is unfolding, he has dispatched Jamie Moore to meet with Red Lobster's catastrophic loss guys in Florida, even though the seafood chain has had only two minor bouts of storm damage in five years. One adjuster in particular is notorious for calling Moore at bizarrely early hours of the morning, just to talk shop. It never turns into a work order, but Moore keeps picking up. You never know.

"It's the biggest dilemma I've got," says Weingartner. "Do I spend a $60,000 salary on a great job manager or on a great marketing rep? It doesn't matter how clean the job site is and how awesomely we dry out property if none of the insurance companies knows who we are. But what if we sell ourselves like gangbusters and don't have top-quality workers to back it up? I worry about it all the time."

We continue creeping along the coastal road in search of the Kmart. Judging by the devastation we've seen along the waterfront, Weingartner is getting a sick feeling that the damage will be way beyond Dynamic's capabilities. "Here it is," Hillebrand says, eyeing the GPS on his dash.

"Where?" Weingartner asks, swiveling his head.

Hillebrand looks up from the screen. "Oughta be around here some..."

"Ah, jeez," Weingartner says. "There it is." He's pointing to a sagging steel frame with a blue K on the skeletal roof. It's a bitter blow: He would have loved nothing better than to nail down a fat contract with a brand-name client--someone he can later put on his brochure. Now he's lost a full day and risked getting
arrested for nothing.

Weingartner points to a sagging steel frame with a blue K on the skeletal roof. It's a bitter blow: "Good news and bad news, Georgie!"

Well, almost nothing. He makes the call to Nationwide and tries hard to keep his tone light. "Good news and bad news, Georgie!" he says brightly. "We found it, but..." Maybe there's no way to make George lighthearted about writing a $5 million check to Kmart, but Weingartner is trying his damnedest.

Disaster cowboys barely existed a decade ago. Recovery was basically a local, two-call affair: After your store or home was totaled by windstorm or fire, you called your Uncle Lou in construction and your insurance agent to pay him. Rebuilding work was regional, unpredictable, and little different--in terms of tools and skills--from any other contracting job. It was hard to imagine making a full-time living at it.

But in the early 1990s, two parallel influences converged in something of an industrial big bang that not only brought forth the masters of disasters but also allowed them to thrive. The first part of the bang was Hurricane Andrew. It slammed into Miami and southern Florida on August 24, 1992, then roared northwest along the Louisiana coast. Forty people were killed, 82,000 businesses were damaged, and some 100,000 residents of Dade County alone left for good. About three million addresses were left without power, meaning that in addition to property and loss of life compensation, insurers were on the hook for daily interruption-of-business payouts until the lights came on.

By the time the dust settled, Andrew had become the costliest natural disaster in U.S. history, racking up some $30 billion in property damage. As a tragic footnote it would have been bad enough, but even more troubling, it seemed part of an ominously accelerating trend. Since 1970, the number of super-severe, Category 4 and 5 hurricanes in the North Atlantic has shot up 56%, according to a new study funded by the National Science Foundation. The authors of the study keep their language conscientiously nonalarmist, but at one point, even they call the spike "rather astonishing."

You can imagine what that's meant for the insurance industry. "Global weather-related losses in recent years have been trending upward much faster than population, inflation, or insurance penetration, and faster than non-weather-related events," reports Evan Mills, a staff scientist in Lawrence Berkeley National Laboratory's Environmental Energy Technologies Division, in the August 2005 issue of *Science*. According to Mills's figures, insurance companies paid out nearly $100 billion for natural disasters in the 1990s, nearly four times the weather-related claims handed out in the 1980s.

Why the sudden surge in wind-related havoc? Environmentalists point to the storm spike as proof of global warming, but whether your meteorological outlook is formed by Fox or NPR, extreme weather events have led to increasingly extreme liability. In 2002, Texas homeowners saw their premiums double after mold damage claims topped $3 billion, and in 2004, seven private insurers in Florida stopped writing new homeowner policies altogether, forcing the state to step in as the second-largest provider.

But the insurers' response hasn't been limited to jacking up premiums and fleeing high-risk zones. As long as they were going to be writing billions of dollars to construction companies, the carriers wanted to be sure costs were low and the rebuilt structures were erected with as much speed and storm-resistance as possible: No more Uncle Lou. They wanted specialists who would itemize every light socket and guarantee weather-proofed rooftops and fortified foundation walls.

The carriers also wanted to get those properties dried out ASAP so their clients could get back to work and end those crippling lost-business charges. That's where the second half of the bang came in. In the old days, cleaning mold and water out of a house was usually a job for Pine-Sol, a wet-dry vac, and a clawtooth hammer. It could take weeks for a building to dry, and even then, most of the drywall, flooring, ceiling tiles, and roof timbers were too water-weakened or mold-infested to salvage.

By the early '90s, though, a new generation of high-powered industrial drying equipment had been created. By artful arrangement of Red Dragon Heaters, air scrubbers, Dri-Eaz LGR Dehumidifiers, and Vortex Axial Fans, a skilled dry-out man could suck a six-story building dry by dawn. And if they could hit the property within the first 48 hours of a soaking, contractors found that they could keep mold to almost zero and save much of the original interior.
Red Dragon Heaters ain't cheap to rent though, or easy to use. Miscalculate and you could burn down the house or miss critical pockets of recessed moisture. You couldn't just plug in and go for coffee; you had to calculate square footage ratios, figure out proper routes to tentacle tubing into all the rooms, match air movers with dehumidifiers, and determine which walls and floors had to be demolished. To make it pay, you needed to buy the tools and hire the specialists--but who was crazy enough to try making a full-time living from something as unpredictable as weather?

The next morning, after a night in a rented condo in Perdido Key, Fla., Weingartner is in an uncharacteristically sour mood as Hillebrand drives him to the Mobile, Ala., airport.

He's annoyed that Dynamic's lawyers have pulled him out of the heat of the action to meet with the Florida homeowners who still owe him $2.9 million. Meanwhile, he's burning cash by the day in Mississippi but can't land any work until the adjusters show up. And to cap it off, Hillebrand gets a call during the drive and finds out that their main source of rental equipment, one of the few guys in the region who can supply them with the special VW-size drying units, is planning to rent the equipment to someone else.

"I sent him a $75,000 deposit two weeks ago!" Weingartner explodes.

"Someone else sent him a million," Hillebrand shrugs.

Weingartner starts stabbing out a number on his phone. By the time the supplier answers, he has forced the sales tone back into his voice. "Hey, I'm not feeling the love here," he says. "Don't forget, you can't spend that mill. You've got to send it back if they don't get the work, and that's what I'm down here doing--getting the work for both of us."

When he hangs up, he's still disgusted. "We're always running on empty," he says. "We get a quarter tank, it's gone that afternoon. It's horrible to live that way. Every minute you spend chasing your money or chasing your tail, that's a minute you're not building your business."

He's still in this black mood when the phone rings. Hillebrand answers, laconic as ever, and Weingartner continues staring out the window.

"Hey, Ed...did you hear me?" Hillebrand is saying.

"What's that?" Weingartner asks, jolted back.

"It's Jamie. George just called--he's got two apartment complexes for us. Something like 180 buildings need their roofs tarped. The manager is waiting for us. It's a lock."

"Get out!" Weingartner says. "What else did George say? Can I sell them drying and demo work?"

"All he said was, 'Tell Mr. Weingartner this is the opportunity he's been waiting for. Don't screw it up.'"

Christopher McDougall is a frequent Inc. contributor and author of the book Girl Trouble.

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