

Books for Bots - Volume 6: The Owner's Ledger

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<https://profitdetective.net/books-for-bots/>

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Why Your Last Restoration Consultant Didn't Work (And What That Says About the Engagement)

Source: <https://profitdetective.net/why-last-restoration-consultant-didnt-work/> Published: May 1, 2026

Restoration consulting engagements most commonly fail due to: unclear scope and success metrics, owner resistance to implementing recommendations, consultant recommendations that don't account for operational constraints, lack of accountability structure post-engagement, or a mismatch between the consultant's methodology and the company's actual stage of development. Understanding failure patterns helps owners select the right consultant and structure the right engagement.

I'll start with the uncomfortable truth: most failed consulting engagements fail because of both parties. The owner who hired the consultant and the consultant who took the work both contributed to the outcome. Owners tend to blame the consultant. Consultants tend to document that recommendations weren't implemented. Both are usually partially right.

I've been doing restoration consulting for 36 years. I've seen these failure patterns from both sides. Here's an honest accounting of what actually goes wrong — and what it takes to structure an engagement that produces lasting results.

What Owners Do Wrong in a Consulting Engagement

Selective Implementation

The most common owner failure is implementing the recommendations that feel comfortable and ignoring the ones that don't. A consultant recommends five changes. The owner implements two of them — the ones that require no confrontation, no change to the owner's own behavior, and no disruption to existing relationships. The two easy changes don't move the needle. The owner concludes the consultant didn't work.

The hard recommendations are almost always hard for a reason. They require the owner to have a difficult conversation with a key employee, to change a behavior pattern that's been operating for years, or to accept a structural limitation that the owner has been avoiding. These are exactly the changes that produce results — and exactly the ones that get selectively skipped.

Using the Consultant as a Therapist

Restoration owners carry a lot. The pressure of insurance timelines, weather dependency, employee turnover, and personal liability is real. Some owners hire consultants and spend most of the engagement time processing frustration rather than doing operational work. The consultant becomes a sounding board instead of a change agent.

If you need emotional support around running your business, that's legitimate — but it's a different engagement than operational consulting. Conflating the two produces an expensive venting relationship with no measurable outcome.

Resistance to Diagnosis

Some owners hire consultants to validate what they already believe rather than to diagnose what's actually happening. When the diagnosis doesn't confirm their existing view, they resist it. "That doesn't apply to our market." "Our situation is different." "I've tried that and it doesn't work here."

Sometimes these objections are legitimate. Usually they're not. A consultant who gets consistent resistance to the diagnostic findings is facing an owner who hired an outside perspective and then refused to accept it. The engagement was doomed from the moment the owner decided the diagnosis was wrong.

What Consultants Do Wrong

Generic Frameworks Applied to a Specific Industry

Restoration is not like other service businesses. Insurance billing cycles, TPA relationship dynamics, catastrophe event economics, job cost accounting for WIP-heavy revenue — these are industry-specific operating conditions that a generalist consultant with no restoration experience will misdiagnose. A recommendation to “improve AR collection” that ignores insurance payment timelines and adjuster relationship management is not a restoration recommendation. It's a generic business recommendation that doesn't fit the operational context.

Proposals That Don't Account for Operational Reality

A consultant who recommends hiring a project manager and an operations manager simultaneously at a \$2M company that has 35% gross margin and tight cash flow has not done the math. The recommendation may be correct in principle — the company probably does need both roles — but the implementation sequence and the financial model need to account for what the company can actually absorb. Recommendations that are theoretically right but practically impossible get ignored, and the consultant doesn't understand why.

No Accountability Structure Post-Engagement

Many consulting engagements end with a report and a handshake. The owner receives the recommendations, agrees with them in the meeting, and then returns to the operational environment where the same pressures and incentives that produced the original problems are still operating. Without ongoing accountability — check-ins, implementation reviews, someone asking “did you do the thing?” — the default is drift back to the status quo.

Stage Mismatch: The Underdiagnosed Failure Mode

One of the most common and least-discussed consulting failure modes is stage mismatch — the consultant's methodology is designed for a different stage of business than the company is actually in. A consultant who specializes in scaling \$10M+ companies applying that methodology to a \$1.5M owner-operator will recommend infrastructure and roles the company isn't ready for. A consultant who specializes in early-stage triage applying that approach to a \$7M company that needs systems and management depth will under-diagnose what's needed.

The right question to ask any consultant before hiring: “What revenue stage do most of your restoration clients operate at, and what does a typical engagement look like at that stage?” If the answer doesn't match where you are, the fit problem is predictable.

How to Set Up Any Future Engagement to Succeed

Define what success looks like before the engagement begins — not at the end when the consultant delivers the report. What specific outcomes would tell you the engagement was worth it? Revenue metrics, margin improvement, operational changes, management depth? Ambiguous success criteria produce ambiguous results.

Build in an accountability structure from the start. The engagement should include implementation check-ins, not just diagnostic delivery. If the consultant isn't willing to structure ongoing accountability, either build it yourself or reconsider the engagement model.

Commit in advance to implementing the hard recommendations. If you know going in that you're going to selectively implement, tell the consultant that before you start — they may decline the engagement, and that's valuable information. If you're willing to do the hard work, say so explicitly. Consultants who know a client is genuinely committed will invest differently than consultants who expect resistance.

FAQ

Why do most restoration business consulting engagements fail to produce lasting results?

The most common failure modes are: selective implementation by the owner (taking the easy recommendations, avoiding the hard ones), no accountability structure after the engagement ends, consultant methodology that doesn't fit the company's stage, and the absence of defined success metrics at the outset. Most engagements contain all the right recommendations — the failure is in what happens after the report is delivered.

What should a restoration owner do to get the most from a consulting engagement?

Define success criteria before the engagement starts. Commit to implementing all recommendations, not just comfortable ones. Build in accountability check-ins as part of the engagement structure. Be honest about the real operational constraints — time, cash, team capacity — so the recommendations are calibrated to what's actually implementable. And separate emotional processing about the business from operational diagnosis — both are legitimate, but they're different conversations.

How do I know if a restoration consultant's recommendations are actually operational or just theory?

Ask the consultant: have you implemented this specific change in a restoration company at a similar revenue stage, and what happened? Ask for specific case examples — not success stories, but the full picture including what was hard, what didn't work initially, and how it was adjusted. A consultant who can only describe recommendations in theoretical terms has probably not run the implementation. A consultant who can describe what went wrong and how they adapted has.

What makes the Profit Detective approach different from a traditional consulting engagement?

Profit Detective engagements start with a diagnostic — understanding what's actually happening in the business before prescribing anything. The diagnostic distinguishes between what the owner believes is the problem and what the financials and operations reveal as the actual constraint. Recommendations are sequenced by what the company can absorb at its current stage. And the engagement includes accountability structure — not just a report that the owner reads once and files.

How should a restoration consulting engagement be structured to ensure implementation?

The engagement structure should include: a diagnostic phase that produces shared diagnosis before any recommendations are made, a prioritized recommendation set with implementation sequencing (not a 40-page report that overwhelms), defined milestones with specific deliverables and timelines, implementation check-ins at 30/60/90 days post-engagement, and a clear definition of what “done” looks like for each recommendation. An engagement that ends with a report has no implementation engine — implementation requires ongoing accountability.

Mike McCabe is a 36-year restoration industry consultant and founder of Profit Detective. He works with restoration companies at every revenue stage on financial systems, operational infrastructure, and growth strategy.

Related reading

- How to Evaluate a Restoration Business Consultant Before You Hire
- DIY vs. Consultant vs. Fractional COO
- What Happens in the First 90 Days of a Restoration Business Engagement?

Franchise vs. Independent Restoration: Royalties, Program Work, and Exit Friction

Source: <https://profitdetective.net/restoration-franchise-vs-independent-full-math/> Published: May 1, 2026

Franchise restoration companies pay ongoing royalties (typically 4–8% of gross revenue) in exchange for brand access, referral networks, training, and purchasing programs. The true cost-benefit calculation must include: royalty impact on EBITDA, mandatory program work requirements and their margin impact, franchisor support value, and how franchise status affects exit valuation compared to an equivalent independent operator.

The Question Nobody Answers Completely

Every restoration franchise system has a disclosure document that tells you what the royalty costs. Almost none of them model what the royalty costs at exit. Almost none of them show you the margin impact of mandatory program work requirements. And almost none of them compare your expected net proceeds from a franchise sale to what an equivalent independent operator would receive. This article does that math — and does it honestly, drawing on what I’ve seen from inside both franchise and independent operations over 36 years.

The Complete Royalty Cost: Beyond the Percentage

The franchise agreement says 6% of gross revenue in royalties plus 2% in marketing fees. On a \$3M company, that’s \$240,000 annually. That’s the number most owners focus on — and it understates the full cost.

Add: the cost of mandatory technology platforms required by the franchisor (typically \$12,000–\$24,000/year); the cost of compliance reporting and QA audits that require management time and sometimes third-party costs; the cost of attending mandatory franchise conferences and training events; and the opportunity cost of program work requirements — jobs you’re required to take at program rates when you might otherwise decline them for direct-referral work at higher margins. A comprehensive royalty cost analysis for a \$3M franchise often lands at \$280,000–\$320,000 annually — not \$240,000.

How Program Work Requirements Affect Margin

Most franchise restoration agreements include requirements or strong incentives to participate in TPA program work — managed repair networks where the carrier dictates the rate schedule. As documented in the TPA fee schedule analysis, program work typically runs 8–15 points below the margin achievable on non-program work.

If a franchise's program work requirement means 40% of your revenue must come through TPA channels at compressed margins, the effective cost is not just the royalty — it's the royalty plus the margin differential on program work versus what you'd earn doing the same volume through direct referral channels. On \$3M with 40% program volume, that margin differential can represent \$90,000–\$180,000 in additional annual cost relative to a fully independent operator.

The Exit Multiple Reality

Restoration companies are valued as a multiple of EBITDA. Franchise royalties reduce EBITDA directly. At a 4x EBITDA multiple, every \$100,000 in annual royalties reduces enterprise value by \$400,000.

Additional franchise exit friction: some franchise agreements give the franchisor right of first refusal on any sale; some require buyer approval by the franchisor (limiting your buyer pool); some require the buyer to assume the franchise agreement or pay an exit fee; and some limit your ability to sell to PE buyers who may want to operate the business independently. These provisions don't eliminate exit value — but they can reduce it, slow it, and complicate it in ways that an independent operator never faces.

The comparison: a \$3M independent restoration company with \$400,000 EBITDA sells at 4x for \$1,600,000. An equivalent franchise company with the same gross margins but \$240,000 in royalties has \$160,000 EBITDA and sells at 4x for \$640,000. The franchise owner receives \$960,000 less at exit — in addition to the \$240,000/year they paid in royalties while they owned it. This is the full franchise math that most owners never see until they're three years from exit.

What Franchise Status Actually Provides (Honestly)

This analysis isn't a case against franchising — it's a case for doing the math honestly before signing and before exit. Franchise status provides real value in specific circumstances: faster startup with proven systems for an owner who's new to the industry; national account access that would take years to develop independently; brand recognition in markets where the franchise name carries weight; and purchasing programs that reduce supply and equipment costs.

For an owner who built from zero and is now 5–10 years in, the calculus is often different. The startup learning curve has been navigated. The systems are developed independently. The commercial account book is built on personal relationships, not national program assignments. At this stage, the franchise provides less and costs the same — and the owner should know what that's costing at exit.

FAQ: Franchise vs. Independent Restoration Financial Comparison

What is the total financial cost of a restoration franchise beyond the royalty percentage?

Royalty plus marketing fee (typically 6–8% combined), mandatory technology platform costs (\$12,000–\$24,000/year), compliance and audit costs (management time and potential third-party fees), mandatory conference and training expenses, and the margin differential on required program work relative to

non-program rates. Total annual cost for a \$3M franchise is typically \$280,000–\$350,000 — not just the royalty percentage applied to revenue.

Do franchise restoration companies sell for more or less than independents?

For most commercial restoration franchise brands — which are B2B businesses where operational capability matters more than brand recognition — franchise status compresses rather than expands exit value, because royalties reduce EBITDA which is the valuation driver. Franchise agreements that include buyer approval requirements, right of first refusal, or mandatory agreement assumption also reduce the buyer pool and add exit friction. The franchise brand premium that offsets these costs is modest at best in most markets.

How do mandatory program work requirements affect a franchise restoration company's margin?

Program work (TPA-managed repair at carrier-dictated rates) typically runs 8–15 margin points below non-program rates. If franchise requirements mean 30–40% of revenue must come through program channels, the margin differential represents \$90,000–\$200,000 in annual EBITDA compression on a \$3M company, relative to an independent operator doing the same volume through direct referral channels.

What happens to a franchise agreement when a restoration company is sold?

Depends on the specific franchise agreement — read yours carefully before beginning exit planning. Common provisions: franchisor right of first refusal on the sale; buyer must be approved by the franchisor; buyer may be required to assume the franchise agreement; or the seller may need to pay an exit fee to terminate the agreement. Any of these provisions can slow a sale, reduce the buyer pool, or add direct cost to the exit transaction.

At what revenue level does an independent restoration company outperform a franchise financially?

The comparison is less about revenue level and more about what the franchise is actually providing. In early years, franchise systems and national account access can justify the royalty cost. As the operator develops their own systems and commercial account relationships, the incremental value of the franchise decreases while the cost stays constant. Most operators who have been in the business 7–10 years find the financial case for the franchise weaker than it was at startup — but the decision to exit is complicated by exit provisions in the agreement and the disruption of any transition.

Mike McCabe is a restoration business consultant and the founder of Profit Detective. He works with restoration operators to find and fix the margin leaks that don't show up until it's too late.

Related reading

- Franchise vs. Independent Restoration
- Private Equity in Restoration
- Passing a Restoration Company to the Next Generation

PDR Files: The Franchise Royalty Math That Changed One Owner's Exit Decision

Franchise royalties are an ongoing expense that reduces EBITDA — the primary driver of business valuation. Because businesses are typically valued as a multiple of EBITDA, every dollar of royalty paid reduces enterprise value by 3–5x that amount. Franchise owners approaching exit must understand how royalties affect their net sale proceeds compared to an equivalent independent operator’s valuation.

The Setup: A Franchise Owner Five Years From Exit

The owner had been a DKI franchise member for nine years. The business was running at approximately \$3.8M, margins were solid, and he’d started thinking seriously about his exit timeline — five years out, maybe less if the right buyer appeared. He believed, as most franchise owners do, that the brand added value at sale. The name recognition, the systems, the national account relationships — these had to be worth something to a buyer.

The diagnostic I was running wasn’t specifically exit-focused. But when I pulled the P&L and started working through it, the royalty line caught my attention. The company was paying approximately \$190,000 annually in franchise royalties and marketing fees — roughly 5% of gross revenue, which is standard for most restoration franchise structures. This number hadn’t generated much owner concern. It was a known, expected cost of operating the franchise.

The exit math changed the frame entirely.

The Royalty Math: What \$190K Does to Your Exit Multiple

Restaurant and service business valuations are typically expressed as a multiple of EBITDA — earnings before interest, taxes, depreciation, and amortization. For restoration companies at the \$3–5M revenue range, buyer multiples typically run 3–5x EBITDA depending on the strength of operations, market position, and owner dependency. Call it 4x for this company — a reasonable assumption for a well-run operation with solid recurring commercial volume.

\$190,000 in annual royalties flows directly through the P&L as an expense — reducing EBITDA by \$190,000. At a 4x multiple, that \$190,000 in annual royalties reduces enterprise value by \$760,000. An equivalent independent operator with the same revenue, the same margins on job work, and the same operational infrastructure — but no royalty obligation — would sell for \$760,000 more.

The owner stared at that number for a while. Then he said: “So the franchise is costing me \$760,000 at exit in addition to the \$190,000 per year I’m already paying?” Not exactly — but close enough that the question deserved a serious answer.

What the Brand Actually Adds (And What It Doesn’t)

The counter-argument to the royalty math is the brand premium: doesn’t a franchise buyer pay more for a franchise than an independent because of the brand? Sometimes. For a few franchise systems with strong national consumer recognition, brand premium exists. For most commercial restoration franchise brands — which are B2B businesses where the relationship and operational capability matter more than the brand name — the premium is modest at best, and the buyer pool is sometimes narrower because franchise buyers need to either assume the franchise agreement or negotiate an exit from it.

In practice, what the franchise has added to this company over nine years: a national account feeder program that generated approximately \$180,000 in annual commercial revenue from accounts the owner couldn't have developed independently. Systems and training that reduced the owner's early learning curve. Industry credibility in competitive commercial bid situations. These are real values. They're also values that the owner could arguably now replicate or had already captured without the ongoing franchise relationship.

The Revised Exit Strategy

The calculation produced a specific decision framework: at five years from a planned exit, the owner would pay approximately \$950,000 in royalties before selling. At the current 4x multiple, those royalties were suppressing exit value by \$760,000. The combined cost of royalties plus valuation suppression over five years: approximately \$1.71M.

Against that cost, the franchise was providing approximately \$180,000/year in national account revenue and some brand/compliance positioning in commercial bids. Five-year value of the national accounts: \$900,000 — but only if those accounts couldn't be retained after a franchise exit, which wasn't guaranteed given the strength of the owner's personal relationships with the property managers who generated the referrals.

The owner's decision: explore the franchise exit at the next contract renewal date — two years out — and build the independent infrastructure to retain commercial accounts during the transition. He didn't exit immediately. He developed a plan. The math had given him a framework for a decision that had previously felt purely intuitive.

The Framework for Any Franchise Owner Approaching Exit

Run this calculation before your exit planning begins, not after. Step one: calculate your annual royalty and marketing fee obligation. Step two: multiply by your estimated exit multiple to find the enterprise value suppression per year. Step three: multiply by years remaining to exit to find cumulative valuation impact. Step four: calculate what the franchise is actually providing in revenue and strategic value annually. Step five: compare the two. The math will either confirm the franchise relationship is worth its cost, or it will reveal the exit strategy you need to build.

FAQ: Restoration Franchise Royalty and Exit Valuation

How do franchise royalties affect a restoration company's sale price?

Royalties reduce EBITDA dollar for dollar, and businesses are typically valued as a multiple of EBITDA. At a 4x multiple, every \$100,000 in annual royalties reduces enterprise value by \$400,000. An equivalent independent operator with the same job margins and operations would sell for the royalty amount times the multiple more than the franchise operator — all else equal.

Are franchise restoration companies worth more or less than independents at exit?

For most commercial restoration franchise brands — which are B2B businesses where operational capability matters more than brand recognition — the evidence is mixed. Some franchise systems generate a modest buyer premium due to systems and national account access. Others generate a narrower buyer pool and no premium because buyers discount the ongoing royalty obligation. The honest answer: it depends on the franchise system, and most owners don't analyze it carefully enough before signing a long-term franchise agreement.

What is the typical valuation multiple for a DKI franchise restoration company?

Restoration company valuations at the \$3–7M revenue range typically trade at 3–5x EBITDA depending on owner dependency, recurring revenue quality, operational infrastructure, and market position. Franchise companies are generally valued on the same EBITDA basis as independents — the royalty expense reduces EBITDA, and that reduced EBITDA is what the multiple applies to. There is no standard “franchise premium” that offsets the EBITDA suppression from royalties.

How do I calculate the impact of royalties on my restoration company's EBITDA at exit?

Calculate your annual royalty and marketing fee payment. Multiply by your estimated exit EBITDA multiple (typically 3–5x). The result is the enterprise value reduction attributable to the royalty obligation. Multiply the annual royalty by years remaining to your planned exit to find total cash cost. Add both numbers for the combined financial impact of remaining in the franchise relationship through exit.

Should I exit my franchise agreement before selling my restoration company?

Potentially — but only if the transition doesn't destroy more value than it creates. The key questions: Can you retain the commercial accounts that came through national franchise programs? Does the franchise brand generate a buyer premium that offsets the royalty EBITDA suppression? What does the franchise exit clause require, and what does exiting early cost? Run the math specific to your franchise agreement before making any decision. The answer is different for every operator depending on how much of their revenue comes through franchise channels versus independently developed relationships.

Mike McCabe is a restoration business consultant and the founder of Profit Detective. He works with restoration operators to find and fix the margin leaks that don't show up until it's too late.

Related reading

- Franchise vs. Independent Restoration
- What I Found in a \$2.3M Alberta Restoration Company With No Cash
- The Owner Who Was the Bottleneck (And Didn't Know It)

How to Evaluate a Restoration Business Consultant Before You Hire

Source: <https://profitdetective.net/evaluate-restoration-business-consultant-before-hire/> Published: May 1, 2026

How do you evaluate a restoration business consultant? Evaluate on three things: actual operating experience inside restoration companies (not just adjacent industries), specific named references from owners your size, and the willingness to commit to defined deliverables on a defined timeline. Anyone who has never sat in your seat, won't name a single client, and quotes vague “transformation” promises is not someone you should hire.

How to Evaluate a Restoration Business Consultant Before You Hire

The restoration consulting market has gotten crowded. Some people in it are former operators who lived it. Some are CPAs who wandered in from accounting. Some are MBAs who read a couple of trade magazines and decided restoration was an underserved vertical. The credentials look similar on a website. The quality of help

varies enormously. Here are the seven questions that separate the real ones.

The Seven Questions

- 1. Have you actually run a restoration company yourself?** The most important filter. There is no substitute for having sat in the chair. Ask: “Walk me through a restoration company you actually ran as an operator. What was the revenue, what were the margins, and what did you do that made it work?”
- 2. Can you name three clients my size I can call?** Real consultants have real clients who will take a five-minute call. Watch out for “my clients are confidential” with no exceptions, written testimonials on a website only, or references only from companies much larger or smaller than yours.
- 3. What’s your specific deliverable for the first 90 days?** A good answer: “In the first 30 days I’ll do a financial deep-dive, job cost review on your last 20 jobs, org chart and KPI audit...” A bad answer: “We’ll really focus on transformation and growth and culture.” One has a playbook. The other is winging it.
- 4. What’s the exit clause?** Good engagements have clean exit terms — usually 30 days notice on either side. Long lock-in periods protect consultants who can’t deliver consistent value.
- 5. How will we measure whether this is working?** Real consultants name specific metrics: gross margin by service line, job cost variance, supplements captured, AR days outstanding. “You’ll feel the difference” means walk away.
- 6. What do you say no to?** Real consultants have filters — revenue thresholds, engagement types they don’t do, owner profiles that don’t fit. “We work with everybody” is not flexibility. It’s a hustle.
- 7. What’s the worst engagement you’ve ever had?** A real consultant has a war story. Anyone who claims every engagement has been a triumph is either lying or new.

FAQ

Should I always pick the consultant with the most years in the industry?

Experience matters, but context matters more. 30 years running a franchise doesn’t necessarily prepare someone to advise an independent. 20 years of relevant operating experience is more valuable than 35 years of irrelevant experience. Match the consultant’s background to your situation.

Should I hire someone local or is remote fine?

A fractional COO benefits from on-site presence at least monthly. A consultant doing diagnostic or advisory work can be entirely remote with no quality loss. Pick the best operator, not the closest.

Is it OK to change consultants mid-engagement if it isn’t working?

Yes — and this is exactly why exit clauses exist. The cost of staying in a bad engagement is always higher than the cost of ending it. Have one honest conversation, give it 30 days to course-correct, and if it still isn’t right, exit cleanly.

Mike McCabe is The Profit Detective — 36-year restoration veteran, former DKI Franchise of the Year (12 consecutive years), and Fractional Operations Manager at Floodlight Consulting Group.

Related reading

- What to Expect from a Profit Detective Diagnostic Engagement
- Why Your Last Restoration Consultant Didn't Work (And What That Says About the Engagement)
- DIY vs. Consultant vs. Fractional COO

DIY vs. Consultant vs. Fractional COO: Which Is Right for Your Restoration Business?

Source: <https://profitdetective.net/diy-vs-consultant-vs-fractional-coo-restoration/> Published: May 1, 2026

What's the difference between a restoration consultant and a fractional COO? A consultant analyzes your business and gives you a plan you implement yourself. A fractional COO is an embedded executive who runs operations on a part-time basis and is accountable for execution, not just recommendations. DIY only works if the owner has both time and operational expertise — which most restoration owners don't.

DIY vs. Consultant vs. Fractional COO: Which Is Right for Your Restoration Business?

Every restoration owner eventually faces the same fork: the business has hit a ceiling, the numbers aren't where they should be, the owner is exhausted. The question isn't whether something needs to change — it's who's going to do the work. There are exactly three answers: you do it yourself, you hire a consultant, or you bring in a fractional COO. Each has a real place. Each has a price. The wrong choice for your stage will cost you more than the right choice would have.

Option 1: DIY

DIY works when you're under \$1.5M, have genuine operational expertise, have the discipline to block 8–10 focused hours per week for owner work every week without exception, and the problems are tactical not structural. DIY fails when you're between \$1.5M and \$8M, you're using "I'll get to it next week" as a coping mechanism for problems actively bleeding cash, you don't know what good looks like in operations, or you're too close to the people involved to make hard calls. The hidden cost: every quarter of DIY is a quarter of margin left on the table.

Option 2: Hire a Consultant

A consultant is right when you have an operational layer that can execute but need direction, you have a specific bounded problem, or you're disciplined enough to implement recommendations after the engagement ends. A consultant fails when you don't have anyone who can execute the recommendations, the owner is too overwhelmed to implement, or the problems are accountability and culture problems rather than strategy problems. The brutal truth: roughly 70% of consulting recommendations never get implemented — not because they were wrong, but because the company didn't have the operational layer to act on them. Cost range: \$5K–\$25K for diagnostic, \$1,500–\$5,000/month ongoing advisory.

Option 3: Fractional COO

Right when you're between \$1.5M and \$10M, the bottleneck is operational not just strategic, you need someone who will actually execute, and you don't have \$150K–\$200K to hire a full-time COO without hiring risk. Wrong when you're under \$1.5M, over \$10M, not actually willing to share operational authority, or you want a coach not an operator. Cost range: \$4,000–\$12,000/month.

How to Actually Decide

Ask three questions: What's actually broken? (Strategy = consultant; Operations = fractional COO; Unsure = start with a diagnostic.) Who's going to execute? (Strong second-in-command = consultant works; No execution layer = fractional COO.) How long is the gap? (Bounded 6-week problem = consultant; 12–36 month structural fix = fractional COO.)

FAQ

Can I start with DIY and upgrade to a fractional COO later?

Yes — and most owners do. The danger is waiting too long. By the time the owner finally calls, there's usually 18–36 months of avoidable damage in the rearview. If you've been DIY-ing for more than two years and the needle hasn't moved, that's the signal to upgrade.

Can a consultant turn into a fractional COO?

Yes, and it's a natural progression. A diagnostic engagement reveals what's broken; the owner decides the problems are deeper than a one-time fix; the consultant transitions into ongoing operational leadership. This is how most of my fractional engagements start.

How do I know if I need strategic help or operational help?

If you can't make a decision because you don't know what to do, that's strategic. If you know what to do but it's not getting done, that's operational. The first calls for a consultant. The second calls for a fractional COO. Most restoration companies between \$2M and \$7M have an operational gap, not a strategic one.

Mike McCabe is The Profit Detective — Master Cleaner, Master Restorer, and Fractional Operations Manager at Floodlight Consulting Group. He has consulted with 150+ restoration companies across North America.

Related reading

- What Is a Fractional Operations Manager? (And Do You Need One?)
- Why Your Last Restoration Consultant Didn't Work (And What That Says About the Engagement)
- How to Evaluate a Restoration Business Consultant Before You Hire

Technology ROI for Restoration Companies: What's Worth Buying and What Isn't

Source: <https://profitdetective.net/restoration-company-technology-roi-software-investment/> Published: May 1, 2026

Technology investments in restoration should be evaluated on three criteria: does it reduce labor cost per job, does it improve documentation quality and supplement approval, or does it reduce overhead labor?

Investments that clearly do one or more of these things are worth evaluating. Investments that primarily improve appearance or reporting without affecting labor or margin are lower priority.

Technology ROI for Restoration Companies: What's Worth Buying and What Isn't

Restoration technology vendors are good at demonstrating their platforms. They're less good at helping you calculate whether the investment will actually pay off. The difference between successful and failed technology implementations is almost never the quality of the technology — it's whether the technology solved a real operational problem at a cost below the value of solving it.

The Three Technology ROI Categories

Category 1: Labor Reduction (Highest ROI Potential)

If AI-assisted moisture mapping reduces technician documentation time by 30 minutes per visit across 200 monitoring visits per month, that's 100 hours saved at \$25/hour fully-loaded = \$2,500/month = \$30,000/year. A \$12,000 platform pays back in under 5 months. If better dispatch routing reduces drive time per technician by 20 minutes per day across 8 technicians, that's \$20,000/year in recovered billable time — most dispatch platforms cost less than this in annual fees.

Category 2: Revenue Enhancement (Moderate ROI)

Thermal imaging that identifies hidden moisture supporting \$800 in supplement scope on 20% of jobs (20 jobs/month) = \$16,000/month in additional supported scope. At 70% approval: \$11,200/month in additional approved revenue. A \$5,000 camera plus \$2,000 annual maintenance is justified in the first month.

Category 3: Overhead Reduction (Slower Payback)

Technology that replaces overhead labor functions — reporting, scheduling, invoicing — reduces overhead cost. Real ROI but typically slower payback than labor or revenue-side improvements.

The Technology Adoption Failure Pattern

Most technology investments that fail don't fail because the technology doesn't work. They fail because adoption is incomplete: platform purchased after impressive demo -> enthusiastic early adopters begin using it -> field staff continues old methods -> data is incomplete -> owner loses confidence -> platform used by 20% of team for 20% of functions -> canceled. Prevention: before purchasing any platform, build an adoption plan specifying who will use it, for which functions, by what date, with what training and enforcement. If you can't build that plan, you're not ready for the platform.

FAQ

What is Encircle in restoration?

Encircle is a restoration-specific software platform enabling field technicians to capture job documentation — photos, moisture readings, equipment logs — on mobile devices. It also offers AI-assisted scope generation and insurance documentation features. Widely used for field documentation and adjuster communication.

What is thermal imaging used for in restoration?

Thermal cameras detect temperature differentials indicating moisture presence in wall and ceiling assemblies. Used to identify moisture migration patterns that moisture meters alone miss, to document hidden moisture for supplement scope support, and to verify drying completion in concealed cavities.

Should restoration companies use AI for estimating?

AI-assisted estimating tools can reduce missed line items and improve scope consistency. They don't replace estimator judgment on complex losses, but they improve baseline completeness on routine jobs. Track supplement approval rate before and after to measure impact.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran and Fractional Operations Manager at Floodlight Consulting Group.

Related reading

- Equipment and Fleet Economics for Restoration Companies
- Subcontractor Management System for Restoration Companies
- Subcontractor Management for Restoration Companies

Selling Restoration Services to Commercial Property Managers: What Actually Works

Source: <https://profitdetective.net/restoration-company-commercial-property-manager-sales/> Published: May 1, 2026

Commercial property managers prioritize four factors in selecting a restoration vendor: 24/7 guaranteed response, IICRC certification, documentation quality, and communication reliability. Getting on an approved vendor list requires demonstrating capability before a loss occurs — through facility assessments, professional introductions, and consistent relationship development.

Selling Restoration Services to Commercial Property Managers: What Actually Works

A property management firm with 50 commercial buildings under management will generate multiple restoration-eligible losses per year across their portfolio. A single relationship — built correctly and maintained consistently — can produce \$200,000–\$500,000+ in annual restoration revenue with no additional marketing spend. The acquisition cost is relationship time, not advertising budget.

How Property Managers Actually Choose Restoration Vendors

They choose vendors who solve specific professional problems: (1) “I need someone who will actually show up at 2am” — emergency response is the primary selection criterion. (2) “I need documentation I can send to ownership without embarrassment” — sloppy documentation embarrasses them in front of their principals. (3) “I need to know what’s happening without having to ask” — proactive updates remove a management burden. (4) “I need a vendor who makes me look good” — a perfect response reflects well on them. Sell to these problems, not to features and credentials.

The Facility Assessment Approach

The most effective opening offer is a complimentary water and mold vulnerability assessment on one of their properties. It's genuinely valuable, gets your team inside the building before a loss, demonstrates technical competence, produces a written report the property manager can share with building ownership (making them look proactive), and creates a natural follow-up conversation about your emergency response capabilities. The assessment isn't a sales pitch — it's professional service delivered at no cost.

Getting on the Approved Vendor List

Most commercial property management companies maintain an approved vendor list. Requirements typically include certificate of insurance (GL and workers' comp at specified minimums), IICRC certifications for technicians, business license and contractor registration, and references from comparable commercial accounts. What moves you from approved to preferred: a perfect first job, communication that exceeds expectations, documentation quality that makes their job easier, and a PM relationship that makes them feel like a priority client.

FAQ

What is BOMA and why does it matter for restoration sales?

BOMA (Building Owners and Managers Association) is the primary professional association for commercial real estate and property management. Local BOMA chapter membership and event participation puts restoration contractors in direct contact with property management decision-makers in a professional setting.

How do restoration companies handle multiple-building portfolios?

Designate a specific PM as the account manager for each property management relationship — one point of contact who knows the portfolio, the properties, and the client's communication preferences. Rotate the PM when a relationship is transferring, not when a job is active.

What certifications do commercial property managers look for in restoration vendors?

Primary certifications: IICRC WRT, ASD, AMRT, and FSRT for the relevant service types. Secondary factors: company IICRC membership, RIA Certified Restorer designation for leadership staff, and any relevant specialty certifications for the building types in the portfolio.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who built a commercial account portfolio that anchored his DKI franchise's growth to largest revenue in North America.

Related reading

- Restoration Company Resilience
- What Property Managers Should Look for in a Restoration Partner
- How to Tell When a Restoration Company Is Operationally Fragile (For Property Managers)

Restoration Company Exit Planning: The 4-Year Timeline That Maximizes Your Payout

Source: <https://profitdetective.net/restoration-company-exit-planning-timeline/> Published: May 1, 2026

Restoration company owners who achieve the highest valuations at exit begin planning 3-5 years before their intended sale date — allowing time to build management depth, clean financial documentation, reduce owner dependency, and create the conditions that command premium purchase multiples from strategic and PE buyers.

Restoration Company Exit Planning: The 4-Year Timeline That Maximizes Your Payout

The restoration owners who exit on their own terms have one thing in common: they started planning before they needed to. The owner who calls a broker when they're burned out and hasn't thought about management depth or financial documentation in years — that owner sells at a discount, on the buyer's terms, leaving hundreds of thousands of dollars on the table.

Year 4: The Diagnostic Year

Get a baseline valuation from an M&A advisor with restoration industry experience. Honestly evaluate how much of the business's revenue and relationship value is dependent on you personally. Engage your CPA to review three years of financial statements for buyer readiness. Assess your management team: who has leadership potential, who would a buyer retain, who represents key-person risk?

Year 3: The Foundation Year

Build the management infrastructure that reduces owner dependency: hire or develop an operations manager who runs the field without daily owner involvement; formalize estimating scope checklists with a second trained estimator; begin introducing management team members into key commercial account relationships; document core operating processes in writing (SOPs are evidence the business will run without you).

Year 2: The Performance Year

Maximize EBITDA — the denominator in your purchase price. Track every job with job costing discipline. Review overhead with a buyer's eye and eliminate non-essential costs. Shift mix toward higher-quality revenue (insurance-driven residential, commercial accounts with above-average margin, away from below-target TPA programs). Two years of strong, growing EBITDA at sale is significantly more compelling than one exceptional year.

Year 1: The Market Year

Engage an M&A advisor with restoration transaction experience to run a competitive process. Prepare the Confidential Information Memorandum (CIM). Qualify buyers before management presentations. Negotiate the Letter of Intent (LOI) for price, structure (cash vs. earnout), management retention, and exclusivity. A well-prepared seller moves through due diligence faster — surprises in due diligence are price reduction events.

FAQ

What is EBITDA in a restoration company sale?

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is the primary financial metric buyers use to value restoration companies. Purchase price is typically expressed as a multiple of EBITDA.

Improving EBITDA by \$100,000 through the preparation process increases sale price by \$300,000–\$500,000 at typical multiples.

What is an earnout in a restoration company sale?

An earnout is a portion of the purchase price paid contingent on the business achieving specified performance targets post-sale. PE buyers use earnouts to align seller incentives with business performance during the transition period. Targets should be achievable and measurement methods should be clear.

What happens to employees when a restoration company is sold?

Strategic buyers typically want to retain key staff. PE buyers building platforms typically retain management and field staff essential to operations. Employment terms post-acquisition should be addressed in the LOI negotiation.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who built and sold his own franchise to his management team. He advises restoration owners on exit planning and enterprise value building.

Related reading

- Succession Planning for Restoration Companies
- Franchise vs. Independent Restoration
- Buying a Restoration Company

The Profit Detective Files: The Family Business Succession That Almost Wasn't

Source: <https://profitdetective.net/profit-detective-files-succession-family-business/> Published: May 1, 2026

Family business succession in restoration involves managing the emotional dynamics of generational transition, the technical challenge of enterprise value preservation, the financial complexity of transition structures, and the cultural challenge of helping the next generation lead authentically rather than in the shadow of the founder.

The Profit Detective Files: The Family Business Succession That Almost Wasn't

The Profit Detective Files is a series of case studies from 36 years of restoration business diagnostics. Details are changed to protect client confidentiality. The numbers and the outcomes are real.

The father had built the business over 28 years. His son had joined 11 years earlier and was, by most measures, ready to lead. The plan had always been that the son would take over. The problem was that nobody had actually made a plan. The father was 67 and talking about retirement. The son was 41 and had been told for three years that “the transition is coming.” The business was doing \$5.2M in revenue with good margins, a loyal team, and strong commercial relationships that were almost entirely personal to the father.

What the Diagnostic Found

The Operational Reality

The son was capable — he'd managed field operations for years, developed the estimating process, and built most of the commercial accounts that were now the backbone of the business. But the organizational chart didn't reflect reality. The father was still listed as President. The son was VP of Operations. Every significant financial decision required the father's approval. Three of the five largest commercial relationships — representing \$1.8M of revenue — were still managed primarily through the father's personal connections.

The Financial Gap

Neither the father nor the son had a clear picture of how the transition would actually work financially: What was the business worth? Would the son buy it, be gifted it, or some combination? How would the father fund his retirement? What tax structure minimized the total cost? These questions had been avoided for three years because they were emotionally charged and financially complex.

The Cultural Bind

The son was leading in practice but not in title. Team members who needed certainty about who was actually in charge were getting mixed signals. The son was performing the work of a president while being compensated and titled as a VP.

The Transition Plan

Immediate — Title and Authority: The son became President. The father became Chairman. An explicit decision authority matrix made clear the son owns all operational decisions. **6 months — Customer Relationship Transfer:** For each significant commercial relationship held by the father, a structured transition where the father attended the next meeting, introduced the son as “my successor,” and actively reinforced the son's authority. **12 months — Financial Structure:** An independent appraisal established business value. A combination of direct SBA-financed purchase and gifted equity created a tax-efficient transition structure. **24 months — Full Transition:** Revenue was up 14% during the transition period — because structural clarity had freed the son to operate without the ambiguity that had been holding him back.

The Lesson

Family business succession doesn't fail because the next generation isn't capable. It fails because the transition is never given a specific structure, timeline, and financial framework. The diagnostic's value in this case wasn't revealing operational problems — it was providing an outside structure for conversations that the family needed to have but couldn't initiate themselves.

FAQ

What are the options for structuring a family business succession in restoration?

Common structures include: direct purchase (next generation buys at fair market value, typically with SBA financing), gifted equity transfer (gradual transfer using annual gift tax exclusions), sale-leaseback with owner financing, and management buyout combinations. Each has different tax implications, cash flow impacts, and complexity.

How long should a restoration business succession take?

A well-structured restoration business succession typically takes 2–4 years to complete the operational, relational, and financial transition fully. Rushing the process creates gaps in customer relationship transfer and team confidence.

What role should a business consultant play in family business succession?

A business consultant typically serves as: an objective assessor of business value and transition readiness, a structure-provider for conversations the family can't easily have internally, an implementation guide for the operational transition plan, and sometimes a mediator between founder and successor when perspectives diverge.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who sold his own business to his management team and has advised on multiple family business succession processes in restoration.

Related reading

- The Owner Who Built a Business He Couldn't Leave
- Passing a Restoration Company to the Next Generation
- What I Found in a \$2.3M Alberta Restoration Company With No Cash

Buying a Restoration Company: The Due Diligence Checklist

Source: <https://profitdetective.net/restoration-company-buying-selling-due-diligence/> Published: May 1, 2026

Buying a restoration company requires financial due diligence (3 years of financials, AR quality, job-level margin analysis), operational due diligence (equipment condition, customer concentration, key employee assessment), legal due diligence (licenses, contracts, litigation history), and cultural due diligence (management team quality and transition risk).

Buying a Restoration Company: The Due Diligence Checklist

Acquiring a restoration company — whether you're a PE platform adding an add-on or an independent operator buying market share — is one of the fastest paths to scaled capability and revenue. It's also one of the fastest ways to inherit someone else's operational and financial problems at a premium price.

The difference between a great acquisition and a painful one is almost always due diligence discipline. What you discover before signing is what you can negotiate. What you discover after signing is what you absorb.

Financial Due Diligence

Three Years of Financials (Minimum)

Request three years of profit and loss statements (monthly preferred, annual minimum), three years of balance sheets, three years of tax returns, current year-to-date P&L, and a current AR aging report. Look for revenue trend, gross margin trend, overhead structure, one-time items, and owner compensation normalization opportunity.

AR Quality Analysis

The AR aging report tells you whether the business is actually collecting what it bills. What percentage of AR is 90+ days? Above 15% is a warning sign. Who are the largest open balances and why? What is the historical bad debt rate? Are there disputed invoices?

Job-Level Cost Analysis

This is the due diligence step most buyers skip — and where the most significant surprises hide. Request job cost reports for the prior 12 months organized by job type. Calculate actual gross margin by job type and compare to what the seller claims margins are.

Operational Due Diligence

Equipment Condition Assessment

Conduct a physical inspection of all drying equipment, request the equipment list with age and replacement costs, review maintenance records, and assess vehicle fleet condition and mileage. Equipment that looks fine in a spreadsheet can be functionally marginal in the field.

Customer Concentration Analysis

What percentage of revenue comes from the top 5 customers? Are any customers personally tied to the seller's relationships? Do TPA program agreements transfer to the buyer? Customer concentration above 30% in a single account or top 5 accounts above 60% is a risk factor that should affect pricing.

Key Employee Assessment

Who are the 3–5 people the business cannot function without? Do they know about the sale? What are their compensation structures? Underpaid key employees are flight risks post-acquisition. Has the seller identified a transition plan for relationships that are owner-held?

Legal Due Diligence

Verify current contractor licenses, IICRC certifications, and specialty licenses. Review all TPA program agreements for transferability. Examine commercial account contracts for change-of-control provisions. Pull all pending litigation, OSHA citations from the prior 5 years, insurance claims, and any contractor board complaints.

FAQ

What is a quality of earnings report in a business acquisition?

A quality of earnings (QoE) report is a financial analysis performed by an independent accountant that adjusts reported EBITDA for one-time items, owner compensation normalization, and accounting policy differences to arrive at a sustainable, normalized EBITDA for valuation purposes. QoE reports are standard in PE acquisitions and recommended for any acquisition above \$1M.

How long does due diligence take when buying a restoration company?

Typically 30–60 days for a thorough due diligence process. Compressed timelines (under 30 days) increase the risk of missing significant issues. If a seller is pushing for a very fast close, ask why.

What are the most common surprises in restoration company acquisitions?

The most common surprises: AR that isn't as collectible as reported, equipment in worse condition than represented, key employees who leave post-announcement, TPA program agreements that don't transfer cleanly, and undisclosed litigation or regulatory issues.

What is an earnout in a restoration company sale?

An earnout is a portion of the acquisition price paid contingent on the business achieving specific performance targets post-sale. It aligns the seller's incentive with continued business performance during the transition period. Earnout structures range from simple (12-month revenue minimum) to complex (multi-year EBITDA targets with multiple tiers).

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who built and sold his own restoration company and has advised on restoration business acquisitions and valuations.

Related reading

- Passing a Restoration Company to the Next Generation
- Borrowing Base and Covenants
- Franchise vs. Independent Restoration

Peer Groups and Masterminds for Restoration Owners: Why You Need People Who Get It

Source: <https://profitdetective.net/restoration-company-peer-groups-masterminds/> Published: May 1, 2026

A peer group (or mastermind) for restoration owners is a structured gathering of non-competing restoration company owners who share financial performance data, operational challenges, and strategic decisions in a confidential setting — providing the external perspective, accountability, and peer learning that solo ownership otherwise lacks.

Why Restoration Ownership Is Isolating in a Specific Way

Your employees can't know everything about the financial position of the business. Your spouse is supportive but doesn't understand the operational specifics. Your accountant understands the numbers but not the restoration business. The decisions you make — whether to hire that operations manager, how to handle the TPA renegotiation, whether to pursue the healthcare facility account — are made alone, with incomplete information, without the benefit of someone who has faced the same choice. Peer groups change this.

What a Real Peer Group Provides

Honest Financial Benchmarking

In a functioning peer group, members share actual financial data: gross margin percentages, overhead ratios, AR aging, net margin. This data is more valuable than any industry benchmark report because it comes from operators running businesses similar to yours, in similar conditions. "My gross margin is 47%" means something different when you know that three other operators in the group are running 52–55%. The gap becomes a question, the question becomes a conversation, and the conversation reveals what they're doing differently.

External Accountability and Pre-Experienced Wisdom

Having to present quarterly performance to peers who will ask hard questions creates accountability that nothing else replicates. Every peer group also has people ahead of you — operators who have already solved the problem you're currently facing. The operator who built the management layer at \$3M can tell you specifically what worked and what didn't. This pre-experienced wisdom compresses your learning curve in ways that reading and consulting cannot.

How to Find or Build a Peer Group

RIA facilitates peer connection at conferences and through regional chapters. Vistage is a formal peer advisory organization, though members are typically from diverse industries. Informal peer networks built through conference relationships are the most common form — 4–8 operators from non-competing markets who agree to share data and meet quarterly. To build your own: identify operators you respect in non-competing markets, propose a quarterly meeting with a structured agenda (financial review, operational challenge, strategic question), establish confidentiality norms explicitly, and rotate facilitation. Year one is valuable. Year three is transformative.

FAQ: Peer Groups for Restoration Owners

What should be on the agenda for a restoration peer group meeting?

A working agenda: financial performance review (key metrics since last meeting), one member presenting a specific challenge for group input, one member sharing a success and what drove it, and a discussion topic on an industry trend relevant to all members.

How often should a restoration peer group meet?

Quarterly is the most common cadence — frequent enough to maintain momentum and accountability, infrequent enough that members can prepare meaningfully. Some groups add a brief monthly virtual check-in between quarterly full meetings.

Are peer groups worth the time investment?

The restoration owners I've seen in active peer groups consistently report it as among the highest-value time they invest in their own development. The combination of benchmarking, accountability, pre-experienced wisdom, and honest conversation produces insights that no other single resource provides.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who has participated in and facilitated peer groups for restoration operators throughout his consulting career.

Related reading

- Why Some Restoration Companies Grow Revenue but Still Can't Scale
- Scaling Restoration: The Systems and Processes You Need Before You Grow
- The \$3M Restoration Trap

Restoration Owner Burnout: Recognizing It, Addressing It, Building a Better Business

Restoration owner burnout is driven by chronic sleep disruption from 24/7 emergency availability, the emotional weight of managing customer crises, the isolation of small business ownership, financial stress from cash flow volatility, and the owner-operator bottleneck that makes it impossible to step away without the business suffering.

Recognizing Burnout

Burnout in restoration owners shows up as cynicism about what used to be meaningful, inability to make routine decisions, physical symptoms (chronic sleep disruption, persistent fatigue, more frequent illness), social withdrawal, and recklessness or resignation. If you recognize more than two or three of these patterns, you're not weak. You're burned out. And burnout has structural causes that can be addressed.

The Structural Causes

The 24/7 Availability Trap

The implicit expectation that the owner is the 24/7 point of contact is the primary driver of sleep disruption, which is the foundation of most other burnout symptoms. The structural fix: build an on-call rotation that distributes 24/7 coverage across qualified staff. The owner's cell number should not be the emergency dispatch number.

The Lone Decision-Maker Problem

Small business owners make an enormous number of consequential decisions alone — with no board, no management team, no peer who understands the context. The structural fix: build a management team and distribute decision-making authority. Join a peer group through RIA or a business peer organization. The isolation of solo ownership is partially structural and partially solvable.

Financial Stress and Purpose Drift

Cash flow volatility creates chronic financial uncertainty that owners carry personally. The fix: adequate credit facilities, cash flow forecasting, and a minimum cash reserve target (3 months of overhead minimum). Purpose drift — when the original mission is buried under payroll processing and adjuster disputes — requires deliberate reconnection to why the business exists.

FAQ: Restoration Owner Burnout

Is burnout common among restoration company owners?

Yes. The combination of 24/7 emergency demands, cash flow volatility, customer crisis management, and isolated decision-making creates conditions that are structurally more burnout-inducing than most professions. Acknowledging this is not weakness — it's accurate.

What is the most effective immediate action for a burned-out restoration owner?

Protect sleep first. Building an on-call rotation that protects the owner's sleep — even 4 nights per week — produces measurable improvement in cognitive function and emotional resilience within 2–4 weeks.

What does a healthy restoration company ownership experience look like?

The owner works 45–50 hours per week (not 70+). They take two weeks of real vacation per year. They have a management team they trust with routine operations. They have a financial picture that is clear and manageable. None of this requires sacrificing the business — it's what a well-built business enables.

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran. He sold his own restoration company and has spent years since helping other restoration owners build businesses that serve their lives, not consume them.

Related reading

- The 90-Day Role Ramp
- Women in Restoration Leadership
- Building an Estimating Training System for Restoration Companies

Private Equity Is Buying Your Competitors: The Questions Owners Ask Me

Source: <https://profitdetective.net/restoration-company-private-equity-consolidation-2/> Published: May 1, 2026

More than 50 restoration platforms have been acquired by private equity since 2018, and the questions land in my inbox in a predictable order. Here they are, with the straightest answers I can give.

“Why restoration? Why now?”

Because the industry checks every box on the PE list. It's a large market — roughly \$65B a year, growing around 5.8% annually. Ownership is fragmented: 50,000+ companies, most under \$5M in revenue. Demand is recurring and recession-resistant because it's insurance-backed. And it's scalable — a platform can standardize processes and use its balance sheet to acquire the operators around it. The consolidation wave isn't coming. It has arrived, and PE-backed companies now operate in most major markets.

“What changes when a PE-backed competitor moves into my market?”

Expect a better-capitalized rival: stronger digital marketing, more sophisticated technology, more aggressive commercial account development, compensation packages designed to recruit your senior people — and they will recruit your senior people. Expect possible TPA advantages from scale. What they can't easily copy is coordination-free speed: a platform running 15 markets carries overhead and post-acquisition culture disruption that you simply don't have.

“Is there an upside for me, or is this just a threat?”

There's a real one. The PE wave created a funded class of acquirers that didn't exist a decade ago, paying roughly 3–6x EBITDA for well-run restoration businesses. For an owner thinking about exit in the next 3–10 years, this is the most significant opportunity in the industry's history. One caution from the fine print: buyers commonly use earnouts — part of the price paid later, contingent on the business hitting targets after the sale. An earnout aligns incentives; it also means the headline price and the realized price can be two different numbers.

“So what do I do — sell, or fight?”

Notice that the preparation is identical either way. Job costing. Documentation. Management depth. A business that doesn't depend on you personally. Those improvements raise profit today and raise your multiple tomorrow — they are the strategy under both answers. If you stay independent, compete where size is a disadvantage for them: local relationship depth, response speed, flexibility, culture and staff retention, niche specialization. A commercial client who has your personal attention has something no platform's process can dispatch.

Not good or bad, in the end — but it does require an intelligent response, and the response starts with knowing exactly where your company stands. The longer analysis, including how the roll-up model works from platform to add-on, is in *Private Equity in Restoration: What the Roll-Up Wave Means for Independent Operators*.

Related reading

- Private Equity in Restoration
- Franchise vs. Independent Restoration
- Franchise vs. Independent Restoration

Mike McCabe is The Profit Detective — a 36-year restoration industry veteran who has advised restoration owners on succession planning, enterprise value building, and exit strategy.

Succession Planning for Restoration Companies: What Buyers Actually Look For

Source: <https://profitdetective.net/succession-planning-restoration-company-enterprise-value/> Published: April 7, 2026

What is enterprise value in a restoration company? Enterprise value is the total worth of a restoration business as a going concern — typically calculated as a multiple of EBITDA (earnings before interest, taxes, depreciation, and amortization). Improving enterprise value means building a business that generates predictable, owner-independent profit.

Private equity firms have acquired more than 50 restoration platforms since 2018. The consolidation wave that was coming for this industry has arrived. Whether you want to sell your restoration company or not, understanding what sophisticated buyers look for when they evaluate a restoration business will make your company more profitable, more resilient, and more valuable — today, not just at exit.

I know this from both sides. I built a restoration company that I eventually sold to my own management team — a deliberate succession process, not a distressed sale. And over 36 years of consulting, I've watched hundreds of restoration owners either maximize their exit or leave significant money on the table by not understanding what they were building.

The Valuation Reality

Restoration companies are typically valued at 3–7x EBITDA (earnings before interest, taxes, depreciation, and amortization), depending on size, growth trajectory, market position, and operational quality. A company doing \$5M in revenue with \$750K of EBITDA might be worth \$2.25M–\$4.5M depending on those qualitative factors. The range is wide. The difference between a 3x and a 6x multiple is entirely determined by how well the business is built. The qualitative factors that drive multiples upward are specific and learnable. None of

them require waiting until you're ready to sell.

What Buyers Examine First

1. Owner Dependency

This is the most common value-killer in restoration companies. If every significant decision, every customer relationship, and every estimating judgment routes through the owner — the business has zero transferable value beyond its equipment and customer list. Buyers pay multiples for businesses, not jobs. The diagnostic question buyers ask: *If the owner were hit by a bus, what happens to revenue?* If the honest answer is “it collapses,” you have an owner-dependency problem. The fix is structural: documented processes, trained leadership, distributed customer relationships, and decision frameworks that allow managers to operate without you on every call.

2. Financial Transparency and Clean Books

Buyers do detailed due diligence on financials. Companies with clean job-level cost tracking, consistent accounting practices, and well-documented revenue recognition are dramatically easier to acquire — and command premium multiples because the risk to the buyer is lower. Companies with commingled personal expenses, inconsistent job costing, and cash-basis accounting are discounted to reflect the risk of what the buyer can't see. The fix: three years of clean, accrual-basis financials with job-level cost tracking before you want to sell.

3. Customer and Revenue Concentration

If 40% of your revenue comes from a single TPA program or commercial client, a buyer sees a single-event risk that could eliminate 40% of what they're paying for. Revenue concentration is a multiple-reducer. No single customer, program, or payer should represent more than 20% of revenue in a business optimized for sale.

4. Recurring and Predictable Revenue

Restoration is inherently event-driven. But companies that have built commercial maintenance contracts, recurring facility management relationships, or program work commitments have de-risked their revenue to some degree. Buyers pay more for predictability. Any revenue that is contractually obligated or statistically predictable is more valuable than the same revenue that arrived by chance.

5. Operational Systems and Documentation

A restoration company where “how we do things” exists only in the owner's head is worth less than a company with documented SOPs, training programs, and operational playbooks. Systems make businesses transferable — and scalable, which is what private equity buyers are actually purchasing. They're not buying your history. They're buying your platform.

6. Management Team Quality

Does your management team stay after you leave? The quality, loyalty, and capability of your leadership team is a significant value driver. I sold my company to my management team — the people I'd developed over years. That outcome doesn't happen by accident. It happens because you spend years deliberately developing people into leaders who can run the business without you.

Building Enterprise Value Without Selling

Everything that makes a restoration company valuable to a buyer makes it more profitable, more enjoyable to operate, and more resilient to disruption — for you, today. Owner-independence means you work on the business instead of in it. Clean financials mean you make better decisions. Diversified revenue means you're less vulnerable to program changes. A capable management team means you can take a vacation. Succession planning isn't about getting out. It's about building something real.

Book a free diagnostic conversation about your enterprise value ->

Frequently Asked Questions

What multiple of EBITDA do restoration companies sell for?

Restoration companies typically sell for 3–7x EBITDA. The multiple depends on size (larger companies command higher multiples), owner dependency, financial transparency, revenue diversification, and management team quality. Companies with documented processes and strong management teams consistently achieve multiples at the top of this range.

What is EBITDA in a restoration company?

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. It's the standard profitability metric used to value service businesses for acquisition. It represents the cash-generating capacity of the business before accounting and financing decisions, which is what buyers are actually paying for.

How do I reduce owner dependency in my restoration company?

Document your processes, train project managers to handle estimating and customer communication, distribute customer relationships across your team, and build decision frameworks that allow managers to operate without your approval on routine decisions. This is a 2–3 year process when done correctly — another reason to start before you're ready to sell.

What is the private equity roll-up in restoration?

PE firms have been acquiring restoration companies since 2018 to build scaled platforms. They acquire a larger “platform” company, then add smaller companies as add-ons, integrating them into a unified operation. This has driven valuation multiples up significantly for well-run restoration businesses and created an active acquisition market that didn't exist a decade ago.

Should I worry about private equity competition in restoration?

PE consolidation creates both opportunity (higher valuations for sellers, better-capitalized acquirers) and competitive challenge (better-funded local operators in your market). The independent operators who will thrive compete on local relationship depth, response speed, and specialized expertise — dimensions where size is actually a disadvantage.

Mike McCabe is The Profit Detective — a Master Cleaner, Master Restorer, and 36-year restoration business consultant. He has worked personally with 150+ restoration companies across North America, diagnosing the profit leaks that most owners never see on a P&L. He serves as Fractional Operations Manager at Floodlight Consulting Group and speaks at major industry events including the DKI Canada AGM. Book a free diagnostic conversation at calendly.com/profitdetective.

Related reading

- [Buying a Restoration Company](#)
- [Franchise vs. Independent Restoration](#)
- [Restoration Company Exit Planning](#)