

CEO back in the restoration biz—and 'hungrier' Michigan

Moving from Texas, InStar finds talent, growth

BY SHERRI WELCH

Six years after selling his share of **Belfor U.S.A. Group Inc.** and signing a noncompete agreement, Mark Davis is back in the restoration business at **InStar Services Group L.P.**

And he's moving the Texas-based company's headquarters to Southeast Michigan, just as he did with Belfor U.S.A.

"Since I'm the president, CEO and partner, I don't want to commute...I love Michigan," said Davis, who moved here in 2001.

By the end of next year, InStar, which provides disaster response, insurance restoration and reconstruction to the commercial and residential markets, plans to shift 50 management jobs and another 30 construction/restoration positions to the region.

It also has plans to resource its supply contracts to local vendors, Davis said.

"In the country, no one is hungrier for business than Michigan, so I know we'll get the best prices.

"It's almost like a keep-it-in-the-family analogy," he said. "The stronger we make the Michigan companies that InStar works with, the stronger it makes us, because we have a long-term commitment to Michigan."

Midwestern values brought Davis to Michigan in 2001, following Belfor's acquisition of Birmingham-based **Inrecon L.L.C.** from **Masco Corp.** and its headquarters relocation to the state.

In 2004, Davis sold his share of Belfor U.S.A.—formerly Denver-based **Rocky Mountain Catastrophe**—to **Belfor International Holdings Inc.** and formed **Synergy Capital L.L.C.** in 2005.

"The day my noncompete was over, I took over at InStar," said Davis, who was a *Crain's* 40 Under 40 honoree in 2007.

Bloomfield Hills-based private equity firm **BlackEagle Partners L.L.C.** hired him in March 2009 to lead InStar, a struggling company it purchased a year earlier from **The ServiceMaster Co.** in Memphis, Tenn.

Davis said the available pool of "A-level" talent in the region is another reason he's moving InStar's headquarters from the Dallas area to Troy.

"When we hired for our CFO about four months ago, we had eight qualified candidates," he said.

In the final run, InStar narrowed it down to three people, all former automotive executives.

"But even that was hard to do; any one of those three would have been great," Davis said.

InStar's new human resources director comes from **ArvinMeritor Inc.**, and its new controller from a firm going into Chapter 11, Davis said.

The state is advertising nationally to let people know about the available talent here, but it's still not well known around the country, Davis said.

Davis opened an InStar office in Birmingham in June 2009 before moving its 11 employees to 25,000 square feet of leased space on Maplelawn Avenue in Troy early this year.

The new site on 3 acres of land provides lots of growth potential, said Davis, adding that InStar did not receive any tax incentives to move to Michigan.

Signature Associates assisted InStar in setting up a long-term lease with rights of first-refusal to purchase the property.

"To be able to have a headquarters...at this price level, of this quality is another attractor for this market. It's huge," Davis said.

Davis has led InStar in two acquisitions since joining the company.

In January, InStar acquired **B. Poole Restoration L.L.C.** in New York, a company founded by Belfor's former national accounts manager Bernard Poole. Then in February, InStar acquired Denver-based **Horizon Restoration Inc.**

Like Poole, Horizon founder Derrick Hall also worked for Davis at Belfor before founding his own company to provide disaster restoration services.

With the two recent acquisitions, InStar now has about 300 employees across 18 sites in the U.S.

Davis said InStar is in due diligence to purchase a third company in Southern California by the end of the third quarter.

"Part of our growth strategy is to acquire two to four companies per year in the U.S....and eventually in Canada," Davis said.

InStar also has formed a joint venture with **Amson Dembs Development**, a Novi-based construction company, looking to diversify from automotive into the commercial construction market.

InStar is taking Amson Dembs with it on projects including the flood cleanup it's doing in Nashville, rather than using only subcontractors from that market, Davis said. It's also tapping Livonia-based **Electronic Restoration Services** as a subcontractor for jobs all around the country.

InStar's sales increased about 20 percent last year, Davis said, and should be more than \$100 million this year, assuming no catastrophic storms that would boost revenue higher.

The company is now the second largest non-franchised or privately owned restoration business in the U.S. behind Belfor, Davis said.



Mark Davis, president and CEO of InStar Services Group L.P., says he has "a long-term commitment to Michigan." He's moving the company's headquarters here from Texas.

Both companies are now based in Southeast Michigan, which bodes well for growth of the restoration industry here as each continues to expand, he said.

Belfor U.S.A. did not return calls seeking comment, but Harrison Township-based **Jarvis Property Restoration** said it's also expanding its operations.

Jarvis is not seeing a lot of growth outside of demand from natural disasters, but it's opening new offices in Michigan just the same, said Founder and President Bill Jarvis.

"I'm not buying up other companies...I'm looking to take market share from smaller companies that can't compete anymore with larger companies," he said.

Jarvis, which employs about 170 people, opened offices in Farmington Hills and Port Huron last year, giving it 12 sites in Michigan, Florida and Iowa.

The 30-year-old company plans to open two to three more offices in Michigan by early 2011, Jarvis said.

Jarvis had 2009 revenue of about \$40 million with business generated by the Iowa floods and expects a 15 percent decline in sales this year, barring any major storms yet to come, its president said.

The company has hired three executives from the property management and banking industries to help it expand its business with customers in those industries, he said.

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