

COMPANY DEEP-DIVE

CMO at '58 Foundations Sees Steady Growth in Foundation Repair Industry Despite Real Estate Slowdown

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Summary

During a conversation with the CMO & Co-Owner at '58 Foundations, the client learns about the foundation repair industry. They discuss the process of a foundation repair job, the different types of piers used, and the pricing based on the number of piers needed. The major demand drivers for foundation repair work are identified as visible signs of foundation issues in residential homes. The expert explains that real estate transactions are a demand driver, but not the only one, and estimates that approximately 10% to 20% of demand is driven by real estate. They mention that while the slowdown in real estate transactions does slow demand, their business has remained steady. The expert also explains that customers can choose to defer foundation repair projects during a recession, but problems worsen over time. They mention that while some companies may have seen a slowdown during the 2008-2009 recession, not all suffered, and the industry has expanded over time. The expert estimates that around 50% of foundation repair projects are financed and believes that the industry is growing due to increased awareness and advertising. They do not expect a slowdown and see potential for growth. The CMO estimates the market size to be between \$5 billion to \$7 billion and the industry growth rate to be uncertain, possibly around 20% to 30%. They estimate that there are around 50 to 70 companies with revenues over \$10 million. The timing and cost of foundation repairs vary depending on the severity of the issue. The CMO mentions that '58 Foundations does not currently offer concrete lifting but it could be a potential addition in the future. The expert explains that there may be overlap between the waterproofing part of the business and mentions that basement waterproofing is relatively new. They suggest googling for more information on whether the estimated market size includes waterproofing and crawlspace repair.

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EXPERT BIO

INTERVIEW TRANSCRIPT

Client ⏪ 00:00:00

Hi. Appreciate you carving some time out to speak with us here. We're really excited for the conversation and before we get to questions, happy to provide a little bit of background info on reasons for the call, what we're looking to talk about today, if that's helpful. And then would love to hear about your role at I believe it's '58 Foundations.

Expert ⏪ 00:00:19

Yes, that would be great. Thanks.

Client ⏪ 00:00:21

Yes. So we work with a private equity firm that's focused on partnering with U.S.-based founder-owned firms in the lower middle market. So typically, companies doing \$10 million to \$50 million in sales.

And so one of the areas we've been poking around is the, call it the foundation repair space. And at this point, really just want to learn a little bit more about the industry at a high level and hear about major trends and risks, things like that. I would love to hear about your roll out '58 Foundations, if you wouldn't mind.

Expert ⏪ 00:00:54

Sure. So I am one of the co-owners and the Chief Marketing Officer for '58 Foundations & Waterproofing. We're a foundation repair, basement waterproofing, crawlspace repair company. We service on the Eastern Seaboard from Georgia up through all the way up the coast, not exactly perfectly contiguous but up the coast to Delaware and Pennsylvania.

So in 2019, my partners bought the business, brought me in as one of the owners. And at that

time, it was BDry waterproofing. We since changed the name or rebranded, I should say, to '58 Foundations & Waterproofing.

Client ◎ 00:01:29

Really helpful. And would just be curious to hear a little bit more about your role as the CMO, what you're in charge of there?

Expert ◎ 00:01:36

Yes. So in my role, everything marketing and everything you see, websites, anything in print or collateral, is going to fall under marketing as well as all the lead generation for the business was in the marketing and the way we're structured, our call center appointment center rolls up under marketing as well.

Client ◎ 00:01:56

Really helpful. And then for us, it would be helpful. Can you just walk us through what the life cycle of a foundation repair job looks like from getting the call from a customer to doing the work at the job site.

Expert ◎ 00:02:09

Sure. So once you get the call, you schedule your appointment from that scheduling, a sales rep goes out to do a demo at the house, it's an inspection and a presentation of what is the issue that the homeowners is experiencing.

We walk them through why it's happening and different solutions in the industry, of course, including ours, if there are different solutions and there are in certain cases, different products that can be done as a solution, depending on the problem. And then hopefully, we make the sale and install the work and then foundation repair, it generally, there's always some service potential, but it usually ends at the installation. The relationship accept the warranty, which would extend into any service work that was made in.

Client ◎ 00:02:53

So the installation, is that done the same day as the demo or a later date?

Expert ◎ 00:02:57

It's a later date. So the demo is done, customer would sign a contract if they buy in the home, could be a follow-up, they buy the next day or something. And then they get a call from our inside scheduler who get the date for them on the schedule, if there's any permits or anything that needs to be pulled, they make sure they schedule that out enough time. Everything goes by really municipality by municipality. And then get approved, gets allowed to install the work at that scheduled time. It's never the same date as the demo.

Client ◎ 00:03:27

Yes. And how big is a crew?

Expert ◎ 00:03:29

It's generally three people. We might add a person, if it's a large job. But for most foundation repairs, it's a three-person crew, it could be a two-person crew if it was something like carbon fiber straps or something, but that would be in wall repair, not true like foundation piercing or anything.

Client ◎ 00:03:47

Got it. Yes. And then in the case of the piercing, can you provide just some color on what that all entails and what that looks like?

Expert ◎ 00:03:55

Sure. So piercing, there's generally two types of piercing. Helical Piers, do you know the terminology at all?

Client ◎ 00:04:02

That would be helpful if you could.

Expert ◎ 00:04:03

So helical is like think of a helicopter rotor but if it was a full circle. So it's a circle that's not a metal shaft, this circle is split. So it's like think of a screw or an auger and helical shaft could have one, two or three helicals on it based on different uses.

The size of those is for different uses also so a wider helical gives more support, more expensive. So you look at how large of a structure you're working with, if you're using helical and you screw those into the ground.

That's why they're shaped like a screw. It's only one plate, but it's split to be like a screw and it will screw into the earth until it hits, the technical side is going to get lost on me a little bit here. But you're looking for a pressure or a torque that is we look at a 2x safety factor.

So that's going to be the weight of the house based on how much pressure gets on that helical because the further you screw it in, the harder it gets to screw and that creates pressure on that plate or helical, which at a certain point based on engineering mathematics that are predetermined, it will hold that house in place.

It's not going to settle any further. You're going to need more than one helical in most jobs, each piercing and you set those at four-foot distance for as much of the house that you need to pier up because the house will break at certain points or I should say, foundation will.

So you're setting those vehicles in. The same technique is done with what are called push piers.

The push pier is just a straight pier. There's no helical on it. You're pushing those down generally further than a helical until they hit some kind of stable, usually a bedrock or something beneath the home, and that's how they hold the house up.

Those are different where the helical is screwed in to a pressure. When you're putting in a push pier using the weight of the house to drive the piers down. And once they hit a stable zone, you can stop it, you could try to lift the house a little bit if it's single arch. But really, you're trying to stabilize the house at this point. So a little different. I can't give you the technical side as well as an engineer on our team could.

Client  00:06:12

Yes. But it sounds like there's two types of piers, the helical piers and the push piers. Is that right?

Expert  00:06:18

Correct.

Client  00:06:19

And I don't know, is any one of those more popular or a better solution? Why use one or not the other?

Expert  00:06:25

It's probably the best question. It preference a lot of times. Push piers, I would say this would be the rule of thumb, push piers on a two-story or larger house, still goes on a one story because you need a lot of house weight on push piers to be able to drive those into the ground and hold that, it needs resistance from the way of the house to be pushed in where a helical is screwed in, so it doesn't require any weight of the house to drive it in.

So a lot of times, it's preference. You can use either in most cases, but generally, we use helical as much as a reason not to a soil reason or something, and I asked this question all the time, it's preference in most cases.

Yes. And even engineers will expect either one by preference. There's a difference in price. Helicals are more expensive because there's more steel on, but you don't have to put them in as deep a lot of time. So companies will decide engineers will make decisions sometimes on the size of the structure, but companies do it both ways, installing companies like ours and either one solution.

Client  00:07:30

And how are these services priced out for the customer?

Expert ◎ 00:07:33

So it's generally by piers. So a house will need x amount of piers to stabilize it based on how far the damage is between where the foundation is settling or the foundation has cracked and is thinking. So if it's every four feet and this x amount per pier, that's pricing structure that I believe all companies use and then some companies will use a charge per foot for depth and some just charge more upfront and take the good with the bad and go to an unlimited depth. I've seen it both ways.

Client ◎ 00:08:02

And can you say like what the general pricing is per pier?

Expert ◎ 00:08:06

It's probably somewhat market-driven, meaning certain areas of the country are more expensive than others. So there is fluctuation there, somewhere between \$2,500 and \$3,500 a piers, People are less and more, but maybe that's a ballpark.

Client ◎ 00:08:21

Got it. Right. And curious, what's the major demand driver or what are the major demand drivers for foundation repair work?

Expert ◎ 00:08:28

So I guess it's mostly that I'm speaking about residential here. That's 97% of our work. So the industry that I'm familiar with is residential.

Client ◎ 00:08:37

Yes, that's what we're interested in.

Expert ◎ 00:08:40

And in that space, the customer sees something. The homeowners see something. So they see cracks in their foundation, they see cracks upstairs, doors don't close anymore that used to close or same for windows, your floor maybe starts to get a skew, it tilts. So there's signs at a home, basement floor can crack that signal to a homeowner that there is some kind of issue and then they will do their research, talk to other contractors, go online.

And that's the impetus that drives, but it's something that signals that homeowner that something is wrong in their house. Is that the answer you're looking for? Is there something else in there?

Client ◎ 00:09:18

Yes. No, that's helpful. And then is this type of work driven by real estate transactions and like new home sales? Is that a major demand driver?

Expert ◎ 00:09:26

Real estate is a demand driver. It's not the only one. I think it's the awareness that something gets worse, on the corner of a window and the upstairs and the dry wall gets worse, gets longer, a cracking basement wall widens, a leaking crack, of course, is a different issue, but the symptom or the reason the wall is cracked could be a foundation issue.

Generally, something happens in that customer's life where they noticed a change. And it could be during a real estate transaction, a home inspector sees something. So that is a motivator for a customer to reach out for help.

Client ◎ 00:10:01

And so what percent of demand is driven by real estate transactions and just ballpark, is it 25%, 50%, 75%?

Expert ◎ 00:10:08

Yes, I don't think it's that high. So for our business, because we do waterproofing as well, a basement leak is a big driver for real estate. But we do foundation transactions from real estate. I'll give you a broad range of 10% to 20%. Yes, I don't have the exact data on industry-wide, of course, but it's somewhere in there, 15% is probably a good number for foundation repair issues driven by real estate.

Client ◎ 00:10:34

Helpful. And just be curious, real estate transactions are down significantly over the past year. Has that hurt demand for these services?

Expert ◎ 00:10:43

It slows demand. If it's 15%, it's some of the demand. There's still a lot of action in the real estate market. But I guess there's not a lot of home closes because of higher interest rates and such.

But we do still see a lot of real estate leads and a percentage of those do turn into sales because you're always selling on these seller side or the homeowner side because the buyer can't buy until they buy the house. They can look at it. We don't run very smooth those leads, though, because a buyer can't make a transaction. So they either have to be under contract for us to go look at the house in that case.

Client ◎ 00:11:19

So have you observed any slowdown in the foundation repair business over the past year as real estate transactions have slowed?

Expert ◎ 00:11:27

I guess that's probably relative to the business where we've been at least steady in our services are growing. And foundation has been a growth one for us, but we came out of being based, we drive waterproofing, and we've been shifting more towards the foundation footing more or less, just trying to build our percent of services that we offer.

So I haven't seen it, but some companies maybe that are more reliant on real estate and maybe in certain markets, also because I'm sure there's market dependence in that space have seen it. I haven't seen it at all from our business. But that's just from one point of view.

Client ◎ 00:12:03

And I'd be curious to let's say, homeowners sees a crack in the wall or some other issue. How long can this be deferred? Is this something that has to get done right away? Or can customers put this off for a while? And the reason I ask is I'm curious if we hit like an economic recession over the next few months, as demand for these services is going to go way down because it's a decent dollar amount, and you can push these types of projects off? Or is this something you've got to spend on the matter of the economic environment?

Expert ◎ 00:12:36

Sure. That's going to depend on the severity of the issue. Certainly, have seen some walls collapsed because the homeowner took no action on time because problems get worse with time, they never get better.

Of course, you can wait. You never have to do anything because it's the homeowners discretion and it's difficult to tell by the naked until it gets bad, that there's really an issue. But even like a four-inch deflection in a wall can be fixed. When you start to get past that, it gets to a rebuild and not too many people wait that long, but certainly, in a recession, people can wait.

You can wait with a two inch of the water in your basement too on the other side of our business. It's up to that homeowner all the time, but it's never good to wait because everything gets as I said, worse with time and potentially more expensive as well.

Client ◎ 00:13:27

How would you expect this industry to hold up in a recession, if you want say one hit in the next year or so, is this business going to keep growing? Or is it going to be down or flat or down significantly? How would you expect it to hold up?

Expert ⏴ 00:13:42

Yes, I guess it depends on the size of the recession. I was in the business back in 2009, 2010 through there when the housing recession really hit and certainly, business lode didn't stop. I mean there's always people with some money and people that care about their homes and people that just don't want to suffer a problem getting worse.

But certainly people can wait through anything in a recession. But if a problem is getting worse, if you see your crack widening in your basement and it's getting to an eighth inch a quarter inch and I've seen where you can put your hands through cracks. You can't wait much longer. So there is some recessions [Technical Difficulty] (00:24:24) to the business.

Client ⏴ 00:14:27

Yes. And so I'd love to get more of your perspective on like the '08, '09 time frame, like how much did it slow? Was it a significant slowdown? Or was the industry flat? Can you say?

Expert ⏴ 00:14:39

It wasn't flat. I was a basement systems then, and that's a product manufacturer, we had dealer network, and we didn't sell foundation products, but a lot of our dealers did foundation repair also. I'm just forgetting the year that we did buy into or bought and not me when I say we did basement systems, partnered with the Thrasher along with Foundation Sportwear and stood that up.

I can't remember it was that during that time or after, so business went down, definitely. It didn't stop but that was a pretty deep recession, and it really had to do with home value and such. So probably a double whammy. And not every market suffered. The Midwest didn't have as big a hit and companies still grew through it, but East Coast companies were in worse shape. So different states, different markets had different economic effects from that recession. That's probably all recessions.

Client ⏴ 00:15:30

Yes. And I guess for those dealers you were working with, that we're doing foundation repair do you remember anything about those dealers during this period? I mean, were there a lot of them going out of business? Or did all of them make it through this period?

Expert ⏴ 00:15:46

I'm trying to remember, but I think all the dealerships made it through. I think I can only think of one that needed some financial support. And they all had some kind of -- but I believe every one of them made it through. I don't know if every company made it through. I'm sure that's not the case. But I don't there must have been smaller, more independent the mom and pop shops that probably folded wasn't even aware of.

But there was still business out there. When it rains and you get water in your basement and you still have a job and you have the wherewithal to pay for it, you fix it. If your foundation has an

issue and it looks bad enough, and this is your home. This is your asset and you can afford to fix it, you fix it. Business doesn't end. It didn't in that recession, and that was a deep one.

Client ◎ 00:16:34

And jumping around here. I'd be curious to hear, I mean what percent of foundation repair projects are financed.

Expert ◎ 00:16:40

That's going to depend on the business, the training of the sales reps and all, but it's probably about 50%-ish. I don't have a great grasp on that across the industry, but the bigger companies generally use a lot of financing and they probably do the lion's share of the work. So I'm saying that number. I don't know if the smaller ones really use a kind of financing?

Client ◎ 00:17:03

And how has that been impacted by interest rates increasing?

Expert ◎ 00:17:06

It hasn't slowed because of it. And I don't know if I want to say that entirely. I think in some markets, it slowed, at least a bit, but I don't think it's changed the percentage in most of our markets. We have a fair sized footprint across seven states in the district. And so things fluctuate. There's nothing I would say that the economy has -- the interest rates have changed the behavior of financing. That fluctuate. It's always hard to tell is that your sales reps? Is it because they have to sell it also but nothing that would make me think it's really dipped yet.

Client ◎ 00:17:40

Got you. Yes, I don't know. Do you have like backlog or any forward indicators? Like what's your outlook for the business? Are you still seeing really strong demand or seeing any signs of weakness?

Expert ◎ 00:17:51

I think demand is strong. I don't see signs of weakness. I think there is a growing industry to some extent in that there's a lot of advertising out there, education out there that is making these industries larger, if anything, only because I don't know what people did prior to foundation repair companies, but in the scheme of things, it's a relatively new kind of business. I think people just recognized things more. I mean if you had a wall that collapsed, you rebuilt it.

You see a million things out in the field where people are putting 2x4s against walls to hold them up and such. And it's a nascent, compared to some industries, it's when did it really kick in yet some companies prior to the '80s and '90s, but it certainly wasn't what it is now.

Client ◎ 00:18:37

And so you're saying like historically, people just kind of wait until their wall fell down or something. They just like weren't doing that.

Expert ◎ 00:18:46

I don't know what they did, but the industry was way smaller than it is now. And there's a lot of business that's being done in the foundation repair industry. So I don't know if I am just getting older. It's a good question. I don't have a great answer for you, but I don't see a slowdown. I haven't seen a slowdown.

I don't expect a slowdown. There's lots of houses, and it's almost that over time, almost every house in certain areas of the country will probably have a problem, that might be a naive substance, but I've heard some big numbers from seeing them online as the industry size of \$7 billion, and we're not touching that as an industry.

Client ◎ 00:19:25

You said the market size of \$7 billion is what you've heard.

Expert ◎ 00:19:29

Number is like \$5 billion to \$7 billion online. There's different numbers out there, some spread the one that's maybe the most. But we've realized in a lot bigger -- I've never done a study on it, but.

Client ◎ 00:19:41

Yes. And how fast is the market growing and how fast do you expect the industry to grow in 2024?

Expert ◎ 00:19:48

Maybe I'm so excited. I look at our business and I look at what we think we can do. The industry as a whole. I don't have a great answer for you, 20%, 30%. I don't have a great answer for that I might be ambitious. Maybe it won't grow that.

Client ◎ 00:20:03

That how fast you guys are growing or like the industry?

Expert ◎ 00:20:06

I don't know what the industry is growing at. It's grown a lot in the last few years, but I don't have a gauge on the exact size of the industry. I just don't have a good answer for you. All I'm doing is guessing, and I don't want to just guess for you.

Client ◎ 00:20:20

And curious to how many companies do you think are out there that are doing more than \$10 million in revenues and really just looking for your best guess? Is it like a dozen? Is it a few dozen? Is it 100, 100s. Any sense for directionally how many companies are out there in that price range?

Expert ◎ 00:20:38

It's not two in every state, but many states have a couple that are doing 10-plus or more. I would say it's north of 50, 60, 70 companies that are \$10 million plus Yes, I can think more on that, but certainly one in every.

Client ◎ 00:20:53

Yes. I would like to double click on the variability. You mentioned that it shouldn't be the third because damages would become larger. And I would like to understand is that like a multiyear thing, like you can now defer for two or three years, but you could potentially defer six to nine months without a problem? Or how does that work?

Expert ◎ 00:21:14

You're asking, how long somebody can wait before they solve their problem before they get their foundation fixed repaired?

Client ◎ 00:21:21

Yes. Yes. Let's say that you started to find small crack. And I guess they only grow larger. How much does it usually take until that becomes a problem you need to address? And how much more expense does it get fixed?

Expert ◎ 00:21:34

I'll just append to that. Not every crack gets worse. If a house is sinking or shifting or something, it can only get worse, can't get better. And many houses get worse, but not all. You can have a wall crack that happened from concrete shrinkage when it was drying in the first year building but never changes again for a long time at least. I don't know about never because we've never seen a house with never, meaning as time goes, it could get worse. And the speed of deterioration could depend on the problem.

It could depend on the soil structure, where that house is built. There's lots of factors. So the timing I've never seen a study, and I don't know if there even is a study of how long a house because they all settle at different reasons when we're talking about foundation repair. So there is no math I've ever seen that would say, you have to get it done in the next three months. I've never seen us diagnose anything like that. It's not like a doctor that says you got x amount of time to live or whatever.

The speed of that happening because the reason behind this, is that we don't get in there at day one, and then we come back two years later and say, "Look, it moved eighth of an inch, you got to

get this fixed because here's the amount of time. We see it when we see it. We see it at a moment in time and then we recommend our fix. We may go back two years later, but that's not a common practice. So we don't have any gauge to look at the speed of changing in a foundation. But I don't know if there is an answer for that question.

Client ◎ 00:23:04

I see. That's helpful. And then assuming it gets worse, how much more expensive does it get like as it gets worse to fix?

Expert ◎ 00:23:11

Well, let's just take a price of \$3,000 a pier and the crack spreads. The worst case is the wall falls down. right. So now you have to do a complete rebuild. That's as expensive. So you can back that out to a failing wall that might take carbon fiber straps because it's less than a two-inch deflection. That's not a structural thinking issue. It's a hydrostatic pressure issue against that wall, a different kind of foundation repair, much less expensive than, let's say, that wall starts to deflect in deeper than two inches.

Now we either have to put in the I-beams and bracket those to the frame of the house into the footing, more expensive. Or you have to excavate the outside of the house, put in steel plates that you screw into the ground like a sideways helical pier, they call helical tiebacks and try to pull that wall forward or back to level, more expensive. So these kind of different things can happen.

The more your house sinks, the worse your house is in shape potentially. You can't bring every house up to a level. You can bring a few houses actually back up to level because you can start to do damage to houses also. So once a house sinks it might be beyond the point of it's always going to be cracking. Now that hurts your house value. There's lots of reasons to fix your house early than late.

Client ◎ 00:24:29

I see. So you mentioned that an average fixed would need two piers and 3,000 would be like a 6,000 project, I imagine. And by piers fixes, how much more expenses do they get? What would be the tickets?

Expert ◎ 00:24:43

The average ticket on a piercing job is usually about, I'd say average 15,000 something in that ballpark. You're never putting in one tier, the crack is always, if your foundation is crack, you got to shore up both sides of it. So it's a rare occasion where you put a single pier. And you're usually pier up the side of a house or you're wrapping around a corner halfway on each side depending on where the structural damage is and such. So I think 15 is ballpark average.

Client (00:25:13)

It's 15 because there are five piers? Or are there any other costs that go into that?

Expert (00:25:19)

I guess it always depends on what the issue they're experiencing. But if it's a typical foundation issue you're going to put in pier and that's all you really have to install there to restabilize that foundation.

Client (00:25:32)

Sounds good. And for segment, how do you think of the industry if they like foundation and do you consider like basement waterproofing and call-based repairs, different segment? And what do you think of other services that are included like a concrete lifting or any others?

Expert (00:25:49)

We do consider different segments, different services between cross base repair, foundation repair, based on waterproofing. A lot of similar issues happened there or a lot of crossover or you're diagnosing one or the other. So a lot of companies in this industry do those two things, they're stand-alone cross-based companies, there have been and probably still are stand-alone foundation companies and stand-alone waterproofing companies, but that mix is very common.

As far as the concrete lifting, so you don't generally lift the house with it, but it's a nice add-on for businesses because you get called out for a porsche settling, and it doesn't quite need a pier or two piers, and that's where you might see one pier, two piers. But a polymer or concrete lifting situation or service might be required. So foundation repair companies do add that service, not all, we haven't yet.

But you do see that mix coming because sometimes it's the same lead you're running and different solutions, but it gives you something else to sell there in a similar fashion. And I've seen companies that are doing the concrete lifting where they're filling voids under where there's been erosion, and that's the reason the house is settling.

So they fill that pocket with the polymer, the lifting. It used to be a mud jacking with a concrete slurry or something, but that's what you see now, I want to call it polylevel, but I think that's the brand name. I don't know what the generic poly name is, but the concrete lifting service. Did that answer your question?

Client (00:27:21)

Yes. Yes, it does. So '58 Foundations does not currently offer concrete lifting. But do you think it makes sense?

Expert (00:27:28)

I think it could make sense. I do. We just haven't gotten into it yet. I'm not saying we won't or will necessarily, but certainly, you're running to those jobs and you can't solve it because it's cheaper

to do the concrete lifting with the polymer than a piers sometimes. If you had to put two piers in the polys better for a porch because it won't be as expensive or think of a drive into piercing it off, but we wouldn't run those leads either.

Client ◎ 00:27:55

I see. And between crawlspace and basement waterproofing and the foundation repair, how would you say the split is in terms of revenue for you guys?

Expert ◎ 00:28:04

Well, for us, I probably wouldn't just tell you. I don't know if I'd say our split. Just it's more proprietary, but I would say to that answer, though, it probably depends on the company. I think most company lean towards what they are comfortable with.

Client ◎ 00:28:18

Thanks, one other questions on services that makes sense here. What do you think about plumbing? Is that something you ever see foundation repair companies offer? Is that something you think would make sense to offer? And could you cross-sell it? Any thoughts on that?

Expert ◎ 00:28:32

Not for a straight foundation repair company, but in the waterproofing side, there's pumps that do water pressure pumps and need a plumber to install those. They're not electrical powered. They work on your own water pressure. They're not so coming because they're weak, but I've seen they exist in this space. Sometimes you need to move pipes. I've seen plumbers on staff.

Usually, it's an outsourced thing. Like you run into where pipes have to be moved for you to be able to do your work. So we'll ask for that work. It's not a common. You certainly run into where it's not a groundwater leak. It's a plumbing week, and there's nothing we can do with it. So you could have somebody on staff. We've thought about it, but it's a different industry and the way we look at it from our business.

Client ◎ 00:29:19

Yes. So overlaps with the waterproofing part of the business?

Expert ◎ 00:29:22

A bit. I was just going to say that traditionally, I don't know what the split is now, but it used to be that plumbers put in more some pumps in basement than based on waterproofers, that may have changed. But when I was coming up in the industry that was, people always call. There was no such thing as a base in waterproof. It's really a new concept to some extent but they call plumbers, a lot of people still call plumbers because they think it's a water issue.

Client ◎ 00:29:49

One other question I actually had for you. you're saying you think the market is \$5 billion to \$7 billion, and that's a number you've heard. Is that just foundation repair? Does that include waterproofing and crawlspace repair?

Expert ◎ 00:30:02

You know what, I would say, you could Google that as well as I can. I think what I saw there was that was just foundation repair, but I'm not speaking to any knowledge I have there.

Client ◎ 00:30:14

This has been helpful. I appreciate you walking us through Foundation repair business and talking about some of the segments and market dynamics. Have a good one.