

Case Study 1: JUNK?

One man's trash, and then another, and then another, and then another...



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Entrepreneurs Expert



Brian Scudamore, Founder of 1-800-GOT-JUNK?, North America's largest junk removal service.

Brian Scudamore started his company [1-800-GOT-JUNK?](#) in 1989 straight out of high school with \$700 and a beat-up old pick-up truck. Today they have 95 franchise partners across North America with a true national presence—they are in 47 of North America's top 50 cities.

Scudamore was a risk-taker, but firm in his vision. "With a vision of creating the 'FedEx' of junk removal," says Scudamore, "I dropped out of University with just one year left to become a fulltime JUNKMAN!"

Yes, my father, a liver transplant surgeon, was not impressed to say the least." He chuckles, "He is onside now."

Many entrepreneurs minimize their risks by outsourcing to contractors. Scudamore chose a different route.

"I hired my first employee a week after I started. I knew I needed the help. His name was David Sniderman, a good friend of mine. I really didn't know yet how to hire so I just asked a buddy." It may have started as a matter of simply not knowing what else to do, but it became a philosophical issue for him. "On a bigger level, I always believed in hiring people vs. contract or consultants. I felt that if I wasn't willing to make the investment then I was questioning my own faith in the business."

On the other hand, he's a big believer in letting other people share some of the risk. His choice of franchising as a business model allowed him rapid growth without having to turn to outside investors or other funding sources.

"It's the ultimate leverage model. People pay you a fee up-front to help them grow.

Rather than lose control my vision by going public, I chose franchising. It's the ultimate growth model."

Their recipe for success has been simple. Take a fragmented business, add clean shiny trucks that act as mobile billboards, uniformed drivers, on-time service and up-front rates, and then mix in with a culture that is young, fun and completely focused on solid, healthy growth. He has managed to retain 100% ownership and bootstrapped the business solely out of cash flow, something that is very rare these days.

Although this is a simple business, they couldn't possibly have grown this quickly without technology. Taking a low tech business and putting a high tech spin on it allowed them to rapidly distinguish themselves from their competition. All calls come into a central 1-800-GOT-JUNK? call center where they do all the booking and dispatch for their franchise partners. Franchise partners then assess all of their real time reports, schedules, customer info, etc., off of JUNKNET, their corporate intranet. This allows franchise partners to get into business quickly, and to focus solely on growth, working on the business vs. working in the business.

1-800-GOT-JUNK? will do about \$32 Million in 2004, not a bad return on a \$700.00 investment! Brian's BHAG (Big Hairy Audacious Goal) is \$100 million and 250 franchise partners by Dec 31st, 2006. He says confidently, "We will get there."

Assignment:

Write your own "expert" opinion. If you agree with one of the expert's opinions given, state why and elaborate on how you have reached the similar opinion. Alternatively, you may choose to add a fresh or different perspective – but you must still explain why. It would be appropriate to draw on material from the textbook, as well as your own experience.