

# BUSINESS JOURNAL

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## SMALL BUSINESS

### Growing junk

San Carlos recycler Junk King launches aggressive franchise plan that extends beyond the U.S. border.

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# Junk King rides recycling, re-use emphasis to growth

BY DAVID GOLL

**SAN CARLOS** - Go East, Young Men.

In a reversal of the famed 19th-century advice popularized by Horace Greeley to move west, longtime friends Brian Reardon and Michael Andreacchi have headed in the opposite direction for the past year to pursue growth for their San Carlos-based junk collection company.

Junk King Franchise Systems Inc. has 21 active or fledgling franchises in 10 states and one planned in the Central American nation of Panama.

The co-founders have aggressive plans to have 50 to 75 franchises operating by the end of 2011.

At \$3.8 billion in annual revenue, junk collection is a big business in North America. One of Junk King's biggest competitors, and the worldwide industry leader, is Vancouver, B.C.-based 1-800-GOTJUNK? Founded as a one-man operation by its CEO Brian Scudamore in 1989, the company saw its annual revenue soar from \$1 million in 1999 to \$85 million last year. The company employs 1,500 and has nearly 200 franchisees in Canada, the United States and Australia, according to spokeswoman Natalie Burgwin.

Andreacchi, Junk King's chief operating officer, was working at another junk collection company when he hit on the idea of going into competition.

"I saw the growth potential in this field," he said. "We now have become as much or more a recycling and reuse company as we are junk collection. That's very important to our customers and prospective customers. We feel it's a great way to differentiate ourselves."

Reardon, the CEO, said Junk King recycles about 60 percent of the material it collects and donates materials to nonprofit organizations for reuse. In fact, all the furniture and technology at the Junk King's headquarters office has been salvaged from other businesses.

### Growth in the right markets

Reardon and Andreacchi grew up in San Carlos and became roommates after graduating from college. The two formed Junk King in 2005. They

### JUNK KING FRANCHISE SYSTEMS INC.

Headquarters: San Carlos

CEO: Brian Reardon

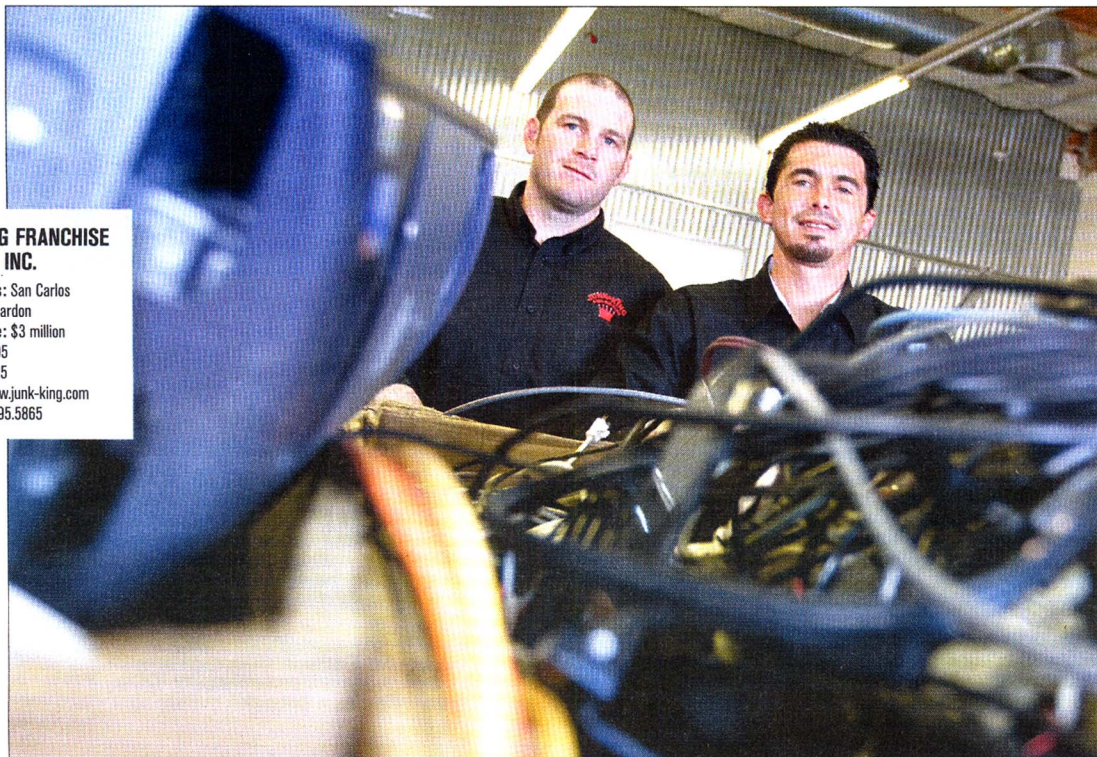
2009 revenue: \$3 million

Founded: 2005

Employees: 25

Website: [www.junk-king.com](http://www.junk-king.com)

Phone: 800.995.5865



**SALVAGE TEAM:** Co-founders Michael Andreacchi, left, and Brian Reardon estimate that Junk King recycles about 60 percent of the materials it collects, including items it donates to nonprofits. All of their furniture and technology equipment at their headquarters in San Carlos was salvaged from other businesses.

decided to go national in 2009 after four years of laying the groundwork, striving to become a reliable source of collecting and recycling furniture, appliances, technological devices and various other debris for business, government and residential customers in San Mateo County.

Andreacchi, who worked in the advertising industry, examines an area's population density, number of businesses and demographics as he seeks out new markets. He said more affluent customers are attractive to his company since they tend to place a high value on being able to recycle their discarded possessions.

Junk King is seeking franchisees for Santa Cruz County, Monterey County and the North Bay. The entry-level franchise fee is \$30,000, and depending on the market and size of the territory,

the total investment can range from \$90,000 to \$150,000, including collection trucks and warehouses of at least 800 square feet.

### Reaching customers

Reardon said a major distinction between his company and competitors is its marketing approach.

"Our competition has mainly done guerrilla marketing," Reardon said. "We do direct mail, online advertising to reach an Internet-savvy younger demographic group and the Yellow Pages and newspapers to reach an older demographic."

Kim Strane, property manager at Robinson & Co. in Menlo Park, doesn't need an advertising pitch. She has used Junk King's services since it began. One of her company's biggest customers is Stanford University, where it

manages faculty housing on and off campus.

"I like these guys a lot," Strane said of Reardon and Andreacchi. "When we started with them, they were still working the trucks. Their company will haul away just about everything, including garbage. They have removed refrigerators, a kiln and window screens for us. They will even clean for you."

Tara Jaramillo, Realtor in the Woodside office of Coldwell Banker Real Estate LLC, is also a longtime client.

"They accommodate our unusual needs and schedules," she said. "They will call us a half hour before they show up so we can run over to a house. They will clean out houses for both sellers and buyers, too."

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