



Restoration Industry Association

2023 Annual Report

restorationindustry.org



2023 HIGHLIGHTS

In 2023, the Restoration Industry Association achieved notable success, marking significant progress in advancing key strategic objectives encompassing sustainability, advocacy, membership expansion and engagement, and elevating the industry. Presented below are key highlights across the association's four strategic pillars.

Sustainability

89%

Increase in
Total Net Income
Compared to Budget

13%

Increase in
Membership Dues Revenue

20%

Increase in
Convention Revenue

1

2023-2025
Strategic Plan

Advocacy

3

AGA Networking
Events

324

AGA Networking Event
Attendees

1

Margin ≠ Markup
Calculator Tool

3

Xactimate Certified
Pricing Specialist
Courses

27%

Increase in
AGA Revenue
Compared to Budget

Membership Growth & Engagement

1323

RIA
Members

267

First Time
Members

18%

Increase in
Membership

13

Enterprise
Members

1009

Convention
Attendees

12

Affinity
Partnerships

Elevate the Industry

6

In-Person
Training Courses

164

Training Course
Attendees

30

New Certificants

86

Virtual Fall Tech
Participants

SUSTAINABILITY

RIA Financials

The association remains focused on financial sustainability and generating the revenue necessary to invest in key advocacy initiatives and programs to support RIA members. Thanks in large part to the new membership dues model and continued support of RIA's Enterprise Members, the association ended 2023 with **net operating income of \$228,725 (unaudited)** compared to budgeted income of \$31,962.

The 2023 International Restoration Convention + Industry Expo in Orlando, Florida set another record year of attendance with **over 1000 attendees** and realized a **net income of \$171,037 (unaudited)** compared to budgeted net income of \$130,455.

RIA's Advocacy & Government Affairs (AGA) 2023 restricted fund revenue totaled \$260,848 (unaudited) compared to expenses of \$245,572 (**net income of \$15,276**). AGA funds support the costs of the Restoration Advocate, AGA Academy, AGA legislative activities, along with resources needed to produce AGA work products and advocate with third parties including TPAs, TPCs and pricing software providers.

Financial Summary	2023		2022
	2023 Unaudited Actual	2023 Budget	2022 Audited Actual
Operating Revenues			
Administration	663,292	488,184	496,279
Magazines, Publications & Digital	37,000	35,000	56,800
Convention	1,027,751	865,752	856,004
Fall Technical Conference (virtual)	35,250	42,000	44,300
Education	140,453	145,270	113,791
TOTAL OPERATING REVENUES	1,903,746	1,576,206	1,567,174
Operating Expenses			
Administration	699,558	643,247	515,943
Magazines & Publications	4,076	5,000	4,654
Annual Convention	856,714	735,297	539,053
Fall Technical Conference	35,791	38,500	39,741
Education	78,882	122,200	139,291
TOTAL OPERATING EXPENSES	1,675,021	1,544,244	1,238,682
NET OPERATING INCOME	228,725	31,962	328,492
Restricted Fund Activity			
Advocacy & Government Affairs Revenue	260,848	205,250	85,191
Advocacy & Government Affairs Expense	245,572	211,582	143,153
NET RESTRICTED INCOME	15,276	(6,332)	(57,962)

ADVOCACY

An essential cornerstone of the RIA Strategic Plan involves the advancement of the organization's Advocacy & Government Affairs (AGA) priorities. In 2023, the AGA focused on several key areas including independent pricing issues and software providers, legislative monitoring, and TPA relations.

AGA Independent Pricing

In 2023, RIA's AGA Independent Pricing Task Force convened several meetings with leadership from both Verisk and CoreLogic to address concerns related to their pricing software platforms. These meetings addressed line items that did not reflect current market costs, requests for needed product enhancements and features to improve the user experience for restorers, along with enhanced product training and opportunities for restorers to provide pricing feedback data for their markets.

The Task Force published information on the RIA website on how to provide effective feedback to both pricing platforms. CoreLogic conducted a series of contractor focus groups to get input on the Claims Connect platform which resulted in product enhancements along with reviewing rental equipment prices compared to current market rates. Verisk held a series of Xactimate Certified Pricing Specialist Courses for restoration contractors to become certified and be able to provide more direct and impactful pricing feedback based on costs in their markets. The Task Force continues to advocate for changes and improvements with both platforms.

Cost Accounting: Margin ≠ Markup

The task force also developed a cost accounting infographic and margin & markup calculator tool to explain the difference between margin and markup and the reasons why understanding that difference is important for any business.

It is important for restorers to understand basic principles of cost accounting in order to be in a position to establish prices independently from prices which insurers and other third parties attempt to impose upon their businesses.

Important note: The RIA seeks to educate its members on their true total costs that need to be taken into account when determining price. This document is for education purposes only. The RIA does not intend to suggest or imply that its members seek certain margin targets or adopt any particular pricing mechanism. Each restoration company should develop its prices independently.

Cost Accounting: Margin ≠ Markup

The RIA's Advocacy and Government Affairs Committee has developed the following to explain the difference between margin and markup and the reasons why understanding that difference is important for any business. RIA members must understand basic principles of cost accounting in order to be in a position to establish prices independently from prices which insurers and other third parties attempt to impose upon their businesses. There are numerous methods of determining a sales price, and determining the markup necessary to achieve a desired margin is one of those methods.

WHY DOES MARGIN MATTER?

A profit margin is necessary to run a successful business in any industry. If a restoration company is only paid for its direct labor costs, its expenses incurred to perform the job, and the overhead to administer the work, there will be no profit, and the company cannot survive. Profit allows a business to...

- 1 develop reserves needed to cashflow large loss events when they occur
- 2 provide salary and bonus structures to retain and elevate employees
- 3 give back to your community through sponsorships and charitable events
- 4 have necessary cashflow for the growth and development of the business

BECAUSE MARGIN IS THE LIFELOOD OF THE BUSINESS, KNOWING YOUR MARGIN IS KEY TO YOUR SUCCESS.

Definitions & Distinctions

MARKUP	≠	MARGIN
• Markup = The amount added to the cost to provide goods and services to arrive at a sales price		• Margin = net profit, expressed as a percentage of revenue
• Markup is sometimes referred to as "overhead and profit" (O&P), but just because there is a markup does not mean there is net profit, as the phrases "overhead and profit" may be inaccurate, and "markup" may be more accurate		• Net profit = gross profit - general overhead (indirect costs)
• An estimator may add a markup as a separate item at the end of an estimate or include the markup within the individual line items		• Gross profit = revenue - cost of goods sold (COGS)
• Contractors should understand that markup is NOT the same as margin		• COGS = direct costs
		• General overhead = expenses that cannot be attributed to individual projects, and include any and all expenses necessary to run a business (see Xactimate Whitepaper on Overhead and Profit)
		• General overhead ÷ COGS

Third Party Administrator (TPA) Panel

RIA's Restoration Advocate, Ed Cross, hosted a TPA panel at the 2023 RIA convention to address issues raised by restorers in the RIA TPA Scorecard including challenges with communications, program guidelines, fees charged for work not received through TPAs and more.



AGA Regional Networking Events

The RIA hosted three AGA networking regional events in 2023 in partnership with event hosts ATI Restoration in Anaheim, CA, MidSouth Cleaning and Restoration Association in Greensboro, NC, and Woodard Cleaning and Restoration in St. Louis, MO. These regional events brought together over 300 restorers to connect, network and discuss the challenges and important issues impacting their businesses.



AGA Legislative Task Force

The RIA's AGA Legislative Task Force was created to identify and proactively monitor important legislative and regulatory issues that may impact restorers. In 2023, the Task Force proactively monitored legislation across all 50 states in the US related to contractor laws & regulations, mold remediation, pesticide application, insurance laws, assignment of benefits, temporary exemptions for licensing during CAT events and more.

The Task Force provided important legislative updates to RIA members on several key developments related to mold, immigration, insurance, public adjuster and pesticide application legislation including:

Rhode Island RI H5496
Louisiana HB183
Indiana HB1329
Kentucky HB232

Florida SB 1718
Maryland HB 976
New Jersey A 3274

South Carolina H 3203
Texas SB1213 and HB601
Washington SB5330

RIA Files Amicus Brief

The RIA filed an amicus brief in support of an appeal filed by a restoration contractor in the State of Florida where a trial court denied recovery to a restorer that performed mitigation services on condominiums damaged by Hurricane Irma. Recovery was denied for all services, including water extraction and dehumidification, on grounds that the restorer did not hold a building contractor's license. Licenses are required for improvements. The RIA challenged the court's use of the word "improvement" as overly broad when it held that water extraction and the placement of fans and dehumidifiers "improves" the property such that a contractor's license would be required, among other concerning issues.

The RIA filed the amicus brief to support the appeal and overturn of the ruling which could have a negative impact on other restoration contractors. A final ruling has not yet been issued in the appeal, but this is an example of advocacy in action to protect the interests of restoration contractors.

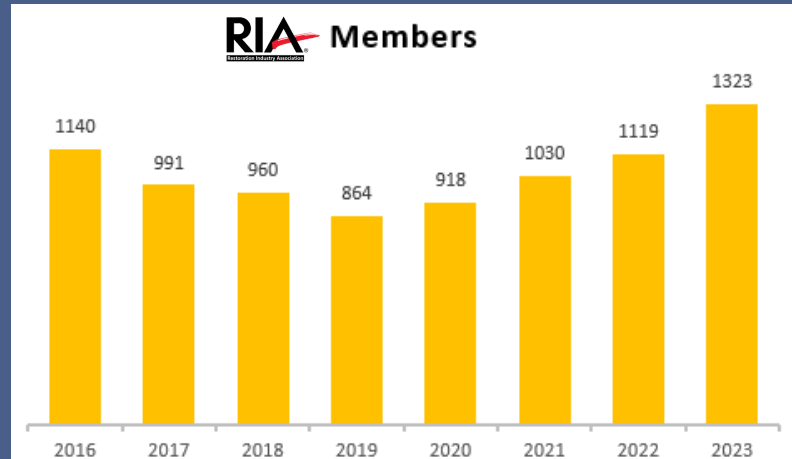
MEMBERSHIP GROWTH

RIA Members

RIA membership continues to grow as the association works to unite the industry and advocate for the issues that matter most to restorers. The RIA ended 2023 with **1323 members** compared to 1119 members in 2022 (18% increase).

RIA Contractor Membership Portfolio

- 48% - Independent Contractors
- 28% - Enterprise Members
- 10% - Franchises
- 5% - Individual Professionals



Enterprise Members

RIA's Enterprise Program is designed to provide restoration enterprises an opportunity to support the AGA and also provide their multiple locations with membership and benefits including discounts on training & events, livestream access to RIA's annual convention and much more. Enterprise members play an integral role in supporting the RIA and the work of the AGA. The RIA welcomed **7 new Enterprise Members in 2023** - **ATI, Advanced Disaster Recovery Inc., American Restoration, Johns Lyng USA, Lightspeed Restoration, Servpro and Southeast Restoration.**



MEMBERSHIP GROWTH



First Time Member Discount

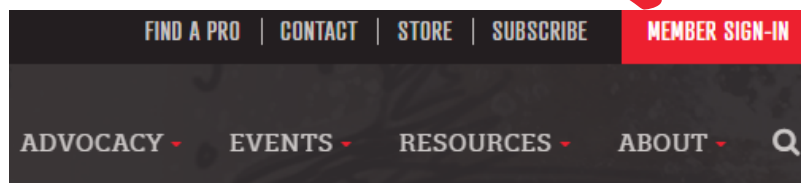


The RIA's First Time Contractor Member discount was incredibly successful in 2023 with **267 first time members** taking advantage of the program. Contractor members who are joining for the first time, and those whose contractor membership has lapsed for three or more years, are eligible to join the RIA for just \$299 or \$25 per month for their first year of membership.

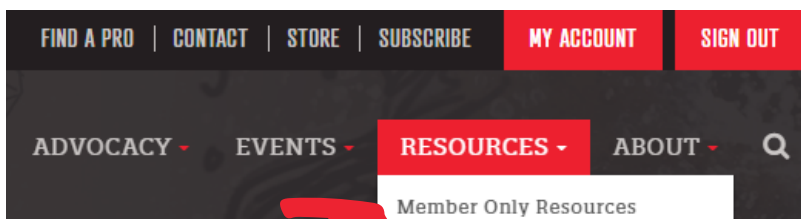
Saving RIA Members Money

The RIA Affinity Program offers significant savings to RIA members on products and services they use every day in their restoration business and also provides revenue back to the association to support programs and services to benefit members. The RIA welcomed **3 new Affinity Partners** for a total of 12 partners in 2023.

In order to access these special discounts, RIA members must login to restorationindustry.org with their username and password.



Then click on "Member Only Resources"



RIA 2023 Affinity Partners



ELEVATE THE INDUSTRY

RIA Advanced Designations

In 2023, the RIA hosted six (6) in-person training courses for RIA advanced pillar designations (CLS, ERS, FLS, WLS) and Building Construction & Science and Project Management prerequisite courses. **Thirty (30) restoration professionals successfully achieved their pillar designations** on their journey to becoming a Certified Restorer (CR).



Water Loss Specialist (WLS) Course Attendees

The intense focus on contents and content cleaning/restoration was incredible. We left the class with pages of notes on how to improve our processes. Incredible instructor team with relevant knowledge and experience!

- 2023 CLS Course Attendee

In 2023, the RIA launched a new certification marketing campaign to promote the benefits of certification which resulted in an **88% increase in course registrations** and over **600 new social media followers**.

5 REASONS TO BECOME CERTIFIED

- 1** Tap into the gold standard of industry knowledge.
- 2** Strong networking of peers across the country.
- 3** Keeps you up-to-date with industry standards.
- 4** Demonstrates a high-level of commitment to quality.
- 5** Gain confidence in your profession and with clients.



RIA Fall Technical Virtual Conference

The RIA 2023 Fall Technical Virtual Conference theme was "Creating Efficient Teams through the Use of Technology". The virtual event had **86 participants** and included the following sessions to help restorers navigate technology:

- Standard Operating Procedures that Scale: Reducing the Struggle of Mapping, Implementation, and Team Buy-In
- 3D Technology: How It Can Impact the Breadth of Your Business
- Modernizing Communication: Tools and Use Cases to Enhance Productivity, Efficiency, and Engagement
- AI in Restoration: An Interview Exploring Use Cases

LEADERSHIP



The achievements of the association would not be possible without the remarkable leadership, unwavering commitment, and exceptional dedication demonstrated by RIA volunteers. Throughout 2023, these volunteer leaders generously devoted countless hours to furthering the organization's mission, thereby enhancing the value we bring to our members and the broader industry. Thank you for your service!

RIA 2023 Board of Directors

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Katie Smith, CR

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Matthew Preston

Marcie Richardson

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Get Involved



RIA Committees

AGA Committee

AGA Canada Committee

Convention Planning Committee

Education Committee

Finance Committee

Nominating Committee

Membership Committee

RIA Task Forces

AGA Independent Pricing Task Force

AGA Legislative Task Force

AGA TPA Task Force

AGA TPC Task Force

Fall Tech Task Force

WLS Task Force

CR Task Force

MANAGEMENT>

Management Firm

The RIA partners with AH, a leader in the Association Management community. AH was the first licensee of the American Society of Association Executives (ASAE) Certificate in Association Management Program, they are charter-accredited by the AMC Institute (to an American National Standards {ANSI} standard) and employ the highest number of credentialed staff members of any association management company (AMC) worldwide. AH is also the first and only AMC to be Platinum Certified by the Customer Service Institute of America.

RIA Staff Team

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