

## Restoration Affiliates

*Cate Reavis and Ezra Zuckerman*

Rich Piltch was a big fan of the book, *The Go-Giver*. Based on the proverb, “Give and you shall receive,” authors Bob Burg and John David Mann espouse the power of giving without expecting anything in return. As founder and president of ARS (Always Ready to Serve), a 150-employee, \$25 million, full-service restoration and reconstruction company based in New England, Piltch believed one secret to succeeding in business was to be a “Go-Giver.”

The Go-Giver philosophy, which had always been an important part of ARS’s culture even before Piltch learned about the book, helped guide Piltch and the heads of three other restoration and reconstruction firms—Damon Gersh from Maxons Restoration, Ras Fenger from Disaster One, and Andy Goldberg from RestoreCore—as they put together a collaborative and equal partnership in 2011. Restoration Affiliates (RA), as it was called, represented the attempt of smaller regional restoration and reconstruction companies to compete with big national players, such as Belfor, by providing a national service solution for their clients, in particular large insurance companies and commercial and residential property management companies with property<sup>1</sup> in multiple locations throughout the United States. By the fall of 2013, RA had 21 member organizations with a combined \$300 million in revenue. (See **Exhibit 1** for the list of RA members.)

In order for RA to be successful, however, a number of key strategic questions needed to be answered, including: Who or what body of decision makers should be responsible for ensuring that all members were contributing to RA’s success and abiding by the organization’s standards of operation? On that note, to what degree should there be standards dictating how two dozen independent companies should

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<sup>1</sup> This included malls, office buildings, high rises, apartments, and assisted living facilities.

operate? What should the rule be if more than one member provided services in the same territory? Did the referral fee model that was in place make sense for an organization built on relationships? In other words, were incentives necessary? Finally, how big was big enough?

As a member of RA's Board of Directors, Piltch's opinion on these questions mattered. But RA was a democratically run organization, so Piltch's opinion was one of many with equal weight. While he pondered his own opinions on the strategic questions RA faced, keeping in mind ARS's greater interests, Piltch was clear about what he didn't want RA to be: "We don't want to be known as a referral company that people join so they can get referral business. The concept is to give as much as you get."

## Restoration Industry

Unlike remodeling and renovation contractors, restoration contractors focus on restoring something back to its previous condition after a disaster. Their services span the gamut from water mitigation to mold remediation to cleaning up after a fire to reconstruction. Remodeling contractors, on the other hand, make planned changes to the use of a space in an existing residential home or commercial property, such as transforming a garage into a bedroom. Contractors specializing in renovation take something that already exists and make it new—for example, kitchens are often renovated with new appliances, cabinetry, lighting, and flooring.

While remodelers and renovators work primarily with homeowners and property managers, restoration contractors, who are called during an emergency (e.g., a sprinkler system going off on the 30<sup>th</sup> floor of a building) and in the aftermath of natural and man-made disasters, usually deal with more than one "customer" on a given job. In the event of a fire at an apartment complex, for instance, restoration contractors will work with the insurance company, who would ultimately be paying the bill upon completion of work; with the property manager, who is responsible for making key decisions involving reconstruction; and with the renter.

In the past, restoration contractors typically got the vast majority of their jobs through insurance companies. Many were part of preferred-vendor programs. (See **Exhibit 2** for an example of a preferred-vendor program.) For contractors, being a part of a preferred-vendor program helped guarantee steady work and lessen the need to market their business.<sup>2</sup>

The relationship between restoration contractors and insurance companies, however, was complicated. Insurers had their guard up for contractors who inflated damage estimates and did more work than required.<sup>3</sup> Contractors, particularly those who were part of preferred-vendor programs, felt hemmed in by insurers. As one industry observer noted, "As a preferred vendor, the contractor does not have free rein to complete a restoration as he or she sees fit. The insurance company has the final word... . The

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<sup>2</sup> Walter Lump, "Preferred-Vendor Programs Are a Fact of Life," *Restoration and Remediation*, March 30, 2010.

<sup>3</sup> Jason Felch, "Chasing After a Disaster," *Los Angeles Times*, July 5, 2009.

insurer contains the costs and authorizes work according to established guidelines that tend to be a one-size-fits-all formula. And we all know that restoration jobs rarely lend themselves to cookie-cutter solutions.”<sup>4</sup>

Starting in the early 2000s, restoration companies like ARS began focusing more of their sales and marketing attention on property management companies and institutions such as colleges, private schools, hotels, and assisted living facilities. As Piltch explained,

I think a lot of restoration companies were tired of relying on insurance companies because they change their minds daily, and you're at their beck and call. We had a good relationship with an insurance company, and they changed claims managers, the one who decides how the work is distributed. He liked someone else more and we lost that business, which represented 25 percent of our revenue. That was an eye-opener that we needed to diversify.

Meanwhile, restoration contractors began to realize the value-added services they could offer property management companies for which insurance companies had no use. For example, contractors could guarantee that property management companies would get a live person on the phone at all hours of the day, every day, who would be prepared to dispatch immediate assistance if needed. As the head of ARS's 17-person marketing and sales department, Steve Sorkin observed, “If they call 1-800-CHUBB, they're going to have to hit all these robotic numbers to maybe talk to someone; and if it's after hours, they'll likely get a voice mail.” In addition, restoration companies could provide property management companies with educational training, daily communication, and disaster planning, a service that was gaining considerable traction after “Superstorm Sandy” in October 2012. “It all comes down to bringing value,” Sorkin explained. “I saw Sir Richard Branson speak in June. He was talking about starting a business. He says a lot of people start a business and they sit down and they say, ‘This is my cost; this is my budget. Great, I can make some money. Let me go do this.’ A lot of people go into a business that way. And he says, the only way you should go into a business is if you can make someone's life better.”

## Players

The restoration industry was extremely fragmented with thousands of private companies providing various services to local and regional markets, some of which just focused on the cleanup part of restoration and some of which were full-service providers that also did reconstruction. There were only a few companies that had national reach. But this was slowly changing because national reach was what large property management and insurance companies were looking for from restoration and reconstruction providers. They wanted service providers that could reach their geographically expanding customer base. As Sorkin noted, “They want fewer people to deal with.” Damon Gersh, head of Maxons Restoration and RA's president, described the allure of the nationals: “They have coast-to-

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<sup>4</sup> Walter Lump, “Preferred-Vendor Programs Are a Fact of Life,” *Restoration and Remediation*, March 30, 2010.

coast coverage as well as the resources and capabilities. So for an insurance company, it's easy just to call one phone number and not have to deal with a whole bunch of different small to medium-sized businesses. So we understand the advantages that they have.”

The top national provider was privately held Belfor. With \$1.3 billion in annual revenue, Belfor had 300 offices in 29 countries, and its U.S. subsidiary had 80 offices and 3,800 employees. The company had pursued a growth-by-acquisition strategy, buying up dozens of local and regional restoration companies. Ninety seven percent of all the business owners who led the acquired companies remained with Belfor and continued to run their local operations.<sup>5</sup> Yet as Piltch noted, the power remained at the center: “Belfor senior management designs the protocol that everyone within the company has to follow. It's just one company.” Nevertheless, according to a couple of RA founders, it was not known for consistent quality of service. There were other large national players besides Belfor, but the difference in size between Belfor and the next-largest, non-franchise, restoration company, American Technologies, Inc., with 15 branch offices and an estimated \$111 million in revenue, was vast.<sup>6</sup>

The industry also was composed of franchise service providers, including family-owned SERVPRO with 1,500 franchises, and publicly traded ServiceMaster Clean with 3,000 franchises and \$140 million in revenue.<sup>7</sup> Like Belfor, SERVPRO and ServiceMaster provided national coverage, but each individual franchise was geographically restricted in that they could provide services only in a predetermined area. They could, however, provide service in a different region upon a customer's request. Each franchise operated autonomously but was required to follow strict operation rules, policies, and procedures. With many “dots on the map,” the franchise structure allowed customers to call one number and not have to deal with a host of small to medium-sized businesses. However, the business model was not conducive to guaranteeing consistent quality—Gersh believed the corporate office was mainly concerned with selling franchises—or cultivating relationships among franchisees. According to Piltch, individual owners were reluctant to share clients out of fear another franchise would take their business. There was also no incentive system in place to encourage referrals.

Third-party administrators (TPAs) were another important player in the industry. TPAs, such as Contractor Connection and Alacrity, were independent firms that contracted with insurance companies to find restoration contractors that met certain service criteria. The TPA would then enter into an agreement with the contractor to promote them to insurance companies as part of a preferred vendor program. TPAs were paid a percentage of every loss. From a competitive standpoint, TPAs were impacting the ability of independent regional restoration contractors to capture market share. As Andy Goldberg, the owner of RestoreCore and vice president of RA explained, “If there's an insurance

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<sup>5</sup> Carol Tice, “How Belfor Grew to Be #1 in Disaster Recovery,” *CBSnews.com*, January 14, 2011.

<sup>6</sup> <http://www.manta.com/c/mmn1t12/american-technologies-inc>.

<sup>7</sup> ServiceMaster Annual Report, 2012.

company that you're working with, and say you're doing \$1 million a year with them, they're going to come in to take that \$1 million and split it up among five different companies.”

While competitors, TPAs were also customers of companies like ARS. Piltch remarked that there was a risk to having TPAs as customers: “You have no say when a TPA increases their fees. A TPA can send you an email saying they're increasing their fees by 33%, and there is nothing you can do about it.” They were also very demanding on how to do things. “As an independent company, you lose your own identity completely. Whereas, if you have a direct relationship with the end user, you don't.”

Building and maintaining long-term, trusting relationships with the end user was a critical component of ARS's business model.

## **ARS**

Piltch founded ARS in 1987 in the basement of his brother's house in Brookline, Massachusetts. It began as a painting and cleaning company and soon segued into the remodeling and construction industry. After a client asked Piltch and his crew to get rid of a horrible smell caused by a dryer fire, he began to realize the business potential in restoration. First of all, it was a recession proof business; demand for services was not influenced by the state of the economy. There would always be floods and fires that needed to be cleaned up, particularly during winter months when construction tended to be slow. Furthermore, the specialty of restoration allowed for better margins. As Piltch pointed out, “An air blower or a dehumidifier has never called in sick, never got hurt, never complained, never asked for a raise, and shows up to work every day. Equipment is much easier to manage.” Jay Freitas, head of operations at ARS, expanded on Piltch's point on the industry's margins:

In the case of a flood, there's a certain amount of manual labor that goes into a job when extracting water, doing demolition, and setting up equipment. At a certain point, you're done with your work so you're done accruing most of your costs. Now your equipment is running, and you're charging for your equipment, yet you're not incurring any costs because you own all of your equipment. So for three, four, five days, you have dehumidifiers and air movers on site and they're producing revenue, but you have little-to-no costs accruing during this time. That will typically yield you a higher gross profit margin. ... So, if you're cleaning a home as a result of fire, you can produce jobs that are a higher margin because of how the insurance carriers want the project invoiced, which is based on unit and square-foot pricing, versus what it actually costs to clean in terms of labor and materials.

By the late 1990s, ARS had exited remodeling and construction altogether and become a full-service restoration and reconstruction company. (See **Exhibit 3** for a list of services that ARS provided.) Piltch explained that leaving the construction industry was a conscious decision:

Restoration is a much steadier business. The advantage to this business is that if you build the right relationships with the right people, it's like an annuity. If you have a relationship with an insurance company or property manager, something's going to happen to their property or their insured every day on a continuous basis. Whereas, if I get to know you when I renovate your kitchen, you're probably not going to renovate anything else for a long time.

ARS grew by consciously expanding its network and building relationships, becoming a member of various property management associations and housing organizations. In 2010, Piltch joined the Board of RHA (Rental Housing Authority) and a year later the Board of NEAHMA (New England Affordable Housing Management Association). Sorkin sat on the Board of IREM (Institute of Real Estate Management). As Sorkin noted, relationships were the key to success in the restoration business: "People buy from people that they like to be with and talk to. So we need to establish that, as opposed to coming in and saying we can clean your building better than someone else... I very rarely ask someone for their business." (Sorkin joined ARS in 2007. He and Piltch had known each other since the second grade.)

ARS also expanded its network by offering priority service agreement (PSA) customers value-added water, fire, mold, and disaster planning trainings and seminars throughout New England at no cost; non-PSA customers paid \$200 per person for trainings.

In concert with efforts to broaden its network, starting in the mid-2000s, ARS began to shift its customer focus from insurance to property management companies. In 2005, insurance companies represented 90% of ARS's business and by 2013 they accounted for 35%. As much as 60% ARS's customers were property management companies that had priority service agreements. There was no fee involved in signing a priority service agreement. Customers paid only when they needed restoration or reconstruction services. As Piltch stressed, "With a PSA, we offer customers peace of mind that we will be there in a time of disaster."

## Process

ARS had no voice-mail system. A live voice answered the phone 24 hours a day, seven days a week, 365 days a year. All incoming calls were put through a qualification process to determine the severity of the job and whether the caller had a prior relationship or service agreement with ARS. The answers to the questions helped guide the company's response. A small crew led by a supervisor, for example, could handle a flooded basement with an inch or two of water. Larger losses, such as a multi-unit fire, required more internal resources and often people and equipment from ARS's seven other offices.

Project managers, assigned to every job, were responsible for writing up estimates for the insurance company. Because ARS was on many preferred-vendor programs with large insurance carriers throughout New England, they had prearranged pricing agreements, which helped cut down on pricing disagreements. Insurance company payments were based on unit pricing, which meant that they paid a

certain amount per square foot to remove drywall. The prices that insurance companies charged covered the cost to do the work plus overhead. They also accounted for local differences in labor costs.

Insurance companies were not always a part of the process. Often, big property management companies had very large deductibles, which meant that they paid ARS directly for services until reaching their deductible. In these instances, assuming the company had a service agreement with ARS, prices were more or less set ahead of time and based on time and materials.

ARS distinguished itself from other restoration service providers by sending out detailed communications to all interested parties on a daily basis providing updates on work completed, equipment used, and next steps. This value-added service reflected how technology was forcing restoration companies to meet customers' demands for immediate information. As Freitas explained, "The sense of urgency and the demand for immediate information have increased significantly. Our clients are relying on our information quickly so that they can distribute it to their managers, their insurance carriers, and even their tenants in certain cases." In addition, the operational transparency, Sorkin noted, helped bring down the level of fear in customers: "They're able to see we have 20 dehumidifiers on a job, not 80."

In addition to being fed immediate information, more and more large insurance and property management companies wanted to work with restoration contractors who could service many locations throughout the United States. ARS was banking on RA as its national solution.

### **Restoration Affiliates**

Restoration Affiliates was founded by the heads of four restoration and reconstruction companies: Rich Pilch; Damon Gersh, president and CEO of New York City-based Maxons Restoration; Andy Goldberg, owner of RestoreCore based in Philadelphia; and, Ras Fenger, president of Disaster One, Greensboro/Winston-Salem, North Carolina. The four had met a decade earlier through their involvement with an organization called Business Networks. Founded by Les Cunningham in 1986, Business Networks put together networks of individual, noncompeting businesses from the remodeling and insurance restoration industry. The industry peer networks, as they were called, met twice a year to help one another tackle their business challenges and share solutions.<sup>8</sup> Pilch praised Cunningham and the organization he ran: "Les Cunningham is the number-one reason ARS has been successful." Throughout the years, RA's founders had helped one another out when needed during an emergency job by sending equipment and people. They had come to understand one another and their businesses very well and developed a high level of trust.

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<sup>8</sup> For more on industry peer networks, see Stoyan Sgourev and Ezra Zuckerman, "[Improving Capabilities Through Industry Peer Networks](#)," *MIT Sloan Management Review*, Winter 2006.

Through various interactions in 2011, RA's founders realized that they were all thinking and talking about the same competitive pressures. They recognized that in order to compete with national players like Belfor, their respective companies needed to be able to do two things. First, they needed to provide a national solution for customers, primarily large property management firms. In 2010, ARS lost Archstone, a property management company with apartment residences totaling 50,000 units in several U.S. cities, as a customer after an executive at corporate headquarters decided that its individual locations could no longer choose their own restoration companies. Archstone went on to sign a national contract with Belfor. Second, they needed to manage capacity issues during a catastrophe by being able to tap into a larger network. Due to its size, Belfor could rally people and equipment from all over the country to respond to a catastrophe, as it did with Superstorm Sandy. As Sorkin pointed out, "They rented a cruise ship to house people. We didn't even know where to begin."

RA, however, wasn't the group's first attempt to create a collaborative alliance. Previous attempts made within the confines of Business Networks had failed due to those involved overpromising and underdelivering to clients and one another, and a general lack of trust. As Cunningham, who helped facilitate one of the group's attempts, noted,

The last time this was done there was a contractor in Long Island who was spearheading it. And what I believe he was doing was really collecting money from everybody and then doing the business development efforts that would benefit him most. If it benefited the rest of them, fine. They all had their turfs. They treated it like a pseudo franchise, but it wasn't a franchise. The guy in Long Island did a large job for an Indian casino, which was something like \$20 million. And suddenly he's doing the job at the casino in Connecticut right next door to one of the members. The member let out a 'WTF' and goes, 'Hey, what's going on?' It's that kind of stuff that's done that is just debilitating to their process.

As Gersh noted, "They didn't really create a solid infrastructure or organization or platform to operate. There weren't rules of the road so we ended up with a shark tank." But this time felt different. "Independents have realized," Piltch said, "that they need to work together, or slowly but surely our market share is going to get eroded by the Belfors. And I'd say the element of trust has grown as we've gotten to know each other."

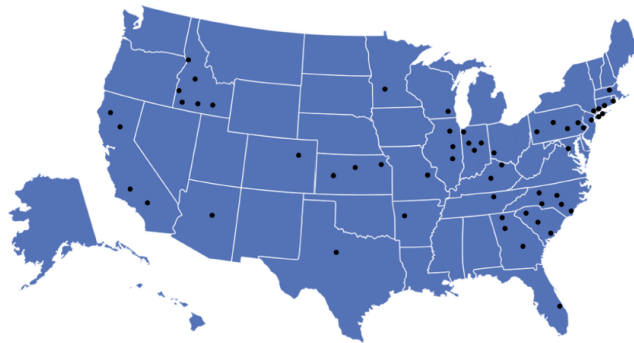
On March 24, 2011, ARS hosted a National Restoration Summit, which came to be considered RA's kickoff meeting. Piltch invited a dozen clients with properties outside of the geographic areas ARS served and a dozen restoration companies that he knew served those markets. Gersh, who became RA's first president, noted the kickoff meeting represented Piltch's loyalty to the Go-Giver mentality: "By introducing real competitors with whom he has good relationships to his clients, Rich was helping his clients solve problems outside of their local market, while helping the restoration companies expand their contacts and revenues." Sorkin added, "We weren't asking for anything in return."



## Structure

The four founders set up RA as a limited liability corporation (LLC), which meant that all members were equal shareholders and, therefore, had equal responsibility for RA's success or failure. Its mission, as defined in its bylaws, was to provide its members "opportunities to collaborate and cooperate with one another to provide commercial and residential restoration, repair, and reconstruction services to regional and national accounts with the highest service workmanship, communication, and ethical standards." (See **Exhibit 4** for a description of membership benefits.) Gersh added to the mission statement by noting, "We provide national coverage, but local expertise, local market knowledge, local relationships, and local resources." (See **Figure 1** for a map of RA's coverage.)

**Figure 1** RA's Areas of Coverage



Source: Restoration Affiliates.

A nine-person board of directors managed the business and affairs of RA. (See **Exhibit 5** for a list of board members.) According to the bylaws, Affiliates' owners and one or more of their key executives were expected to participate in one or more of RA's standing committees. Ad hoc committees included the Service Area committee, which was responsible for drafting policies about what to do when two or more members' territories overlapped, and a Service Standards committee, which was charged with establishing guidelines for RA's service standards. There were also several permanent committees. The Membership Committee, for example, was responsible for distributing the names of recommended applicants to members who were then given 10 days to make objections. At the end of the 10-day period, the committee provided its recommendation along with objections to the Board of Directors for a final approval by majority vote. By a supermajority vote, the Board of Directors could terminate, penalize, or suspend any Affiliate for conduct considered detrimental to RA.

## Membership

RA's bylaws spelled out membership eligibility requirements. Members had to be privately owned, independent, commercially focused, regional restoration contracting service organizations, with a dedicated commercial marketing person on staff and minimum annual revenue of \$5 million. (See

**Exhibit 6** for a full list of criteria.) In order to be considered, companies were required to fill out an application and provide five commercial references. (See **Exhibit 7** for the application requirements.) As Piltch observed, “You have to be very careful whom you let into the club.”

Members were required to pay annual membership dues of \$5,000 plus an additional \$12,000, which was set aside for marketing. As part of joining RA, members agreed to pay referring affiliates a 10% fee based on pre-tax revenue for all referred mitigation/restoration/remediation projects over \$1,000 and a 5% referral fee for all referred repairs/reconstruction projects over \$1,000.

There were also opportunities for smaller restoration and reconstruction companies to join RA. Companies with annual revenue of \$1 million could apply to become an associate member. In lieu of membership fees, associates were required to pay higher referral fees: 15% for mitigation/restoration/remediation projects of \$1,000 and 10% for all referred repairs/construction projects over \$1,000.

RA’s bylaws clearly spelled out Affiliate (members and associates) expectations. Among the list of 17 expectations, Affiliates were expected to:

- Invest time and effort in advancing to the stated mission and objectives of developing RA.
- Be actively contributing “Go- Givers” who refer and/or introduce other Affiliates to potential customers in other parts of the country.
- Develop internal processes and systems for the management and tracking of projects referred by other Affiliates.
- Treat projects and client relationships referred by other Affiliates as top priorities.
- Acknowledge that there may be more than one Affiliate serving a particular division(s) and/or sub-division(s) with “primary” and “secondary” designations granted in accordance with the Policies and Procedures. The Board of Directors has the right and may decide by a majority vote to recruit an Affiliate whose service area overlaps another Affiliate’s market in its sole discretion. Neither affiliation nor membership implies exclusive territorial ownership of any kind. Accordingly, Affiliates must be willing to accept competitors into the organization as Affiliates.
- Acknowledge that this organization is a peer network. RA provides the opportunity to market and service regional and national clientele and Affiliates.
- Understand that they join without the expectation of continuous referrals or work flow.<sup>9</sup>

(See **Exhibit 8** for the full list of expectations contained in the bylaws.)

## Technology

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<sup>9</sup> Restoration Affiliates Bylaws.

In September 2013, RA hired an association management company based in St. Louis to help manage the organization and, as Piltch explained, “make sure people are following systems procedures, and the communication standards, and so on and so forth.” As Ras Fenger of Disaster One pointed out, “Owners are notoriously hard to hold accountable because they are used to doing whatever they want.”

One of the management company’s first tasks would be to develop a communication system. RA was operating without any kind of an integrated system for communicating and tracking jobs. Members who were tracking jobs, and, according to Goldberg, only the four original members were, did so using an Excel spreadsheet and the cloud-based IT storage provider Dropbox. While the process was rudimentary from a technological perspective, as Gersh pointed out, “We had to start somewhere.”

Despite a lack of communication software that connected all RA members and tracked customers and jobs, RA was starting to market unique disaster planning software to customers. Steve Sorkin described the software as akin to an electronic cloud-based blueprint whereby property managers could find out granular information about every single building they managed throughout the country. “Think of being able to do this,” he said. “Click on, you get the blueprints to the property. First floor, second floor, third floor. Icons that show where the water shutoff is. You click it, it’s got a picture of the pipe, and it says, ‘second floor, left of elevator, behind picture.’ Think of that. And then think of it being on an app.”

Ironically, two members of RA, RestoreCore and Dean Mitchell, had developed similar disaster planning software, SecureCore and faciliSmart, respectively, and it remained undecided which software RA would market, if not both, and if and how the developers would be compensated. As RestoreCore’s Andy Goldberg stated, “I should be able to make money on this software. I mean, I came up with a really good product. It’s not like I could provide it for free because it has and continues to cost me money.”

The software certainly got the attention of key decision makers at Forest City Enterprises, the nation’s fourth-largest property management company with 96 retail, office, arena, hotel, and mixed-use properties equaling nearly 40 million square feet, as well as 115 apartment communities and 12 military housing communities totaling nearly 49,000 units.<sup>10</sup> Even though the real estate giant had a national restoration contract with Belfor, ARS did small jobs for one of Forest City’s regional managers in the Boston area and, over the years, developed a good relationship with him. Impressed with the development of RA and the national coverage it provided as well as its disaster planning software, software that Belfor didn’t have, ARS, Maxons Restoration, Dean Mitchell, and Ohio-based Carrera were invited to Forest City’s Cleveland, Ohio, headquarters to present Restoration Affiliates and Dean Mitchell’s faciliSmart software program. The team walked away with a three-year contract for all of Forest City’s properties nationwide. For each job a member of RA completed for Forest City, ARS and RA would split the referral fee.

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<sup>10</sup> Forest City Enterprises, Inc. 2012 Annual Report (<http://thomson.mobular.net/thomson/7/3360/4772/>, accessed November 19, 2013).

## Questions

With the Forest City contract signaling RA's value as a collaborative group, the strategic questions that Piltch and other RA members were mulling over needed to be resolved.

**Role of Administrator** The recent hiring of an association management company had generated discussions about how much authority the administrator should have. In addition to assigning and tracking jobs, for example, should the administrator be involved in adjudicating disagreements among members? Should it be the administrator's responsibility to ensure that all members were contributing as equally as possible to ensure RA's success? As Piltch stated, "The only way we're going to succeed big picture is if a lot of people contribute to making RA work." Or, should these oversight duties be left to the Board? Was the Board sufficiently neutral? As RA scaled up, could the Board be relied on to make important decisions quickly if need be?

**Communication** Transparency was, inarguably, the key ingredient to RA's success, and the lack of an integrated software system to assign and track jobs, track referrals, and be accessible from multiple communication devices was beginning to threaten RA's ability to flourish. While there was no disagreement among members as to the necessity of building a sophisticated internal communication system, the level of transparency that was expected from each member was less certain. Piltch believed that by setting an example, others would follow: "Maybe it's a fantasy of mine, but as more and more of us share with the others, they see that the only way they can grow and succeed is if they are sharing." But was Piltch's a realistic expectation? Should RA draw up specific guidelines regarding the sharing of information among members?

In addition to overcoming internal communication hurdles, there was the question of how best to communicate with customers. On its website, RA advertised a phone number, 855-RAQUALITY, which would eventually route callers to the newly hired administrator. (Calls had been routed to the VP of Operations at Maxons Restoration, who referred projects to the appropriate member.) But it was unclear whether customers would, in fact, want to use this number. According to Sorkin, customers would more likely call the member organization they had a relationship with directly and ask them to help find a service provider. Ras Fenger agreed, noting, "Customers deal with those they know and trust. They don't want to deal with 50 different people. They want one person to handle it. They don't care how it gets done. They call you and you better be there."

**Creating Standards and Enforcing Consistency** As Piltch explained, one of RA's goals was to provide consistent service in every location: "The RA model for quality is every location is going to give you the same quality and service, whether you are in Newton, Springfield, or somewhere in Florida." But achieving this goal was easier said than done. How did a service industry replicate the McDonald's model, whereby the process and level of service involved in cleaning up after a flood or fire was the same in Boston as it was in Atlanta? Was it enough for members to abide by the industry's S500 water damage restoration standards and S520 mold remediation standards, or should RA think

about establishing its own standards? As Andy Goldberg noted, attempting the latter would not be easy: “Basically, you are taking 21 people who each have different unique abilities, some more so than others, and you’re trying to assimilate those unique abilities into one group.” And, as Gersh pointed out, RA was not going to conceal the fact that it was an organization made up of independent, regional, privately held companies. Along those lines, as RA scaled up, it might become more difficult to recruit members who consistently practiced the founding members’ philosophy about the importance of building relationships for competitive advantage.

Included in the standards question was how RA would solve the faciliSmart and SecureCore software dilemma. If the organization wanted the disaster planning software to be a standard service offering, should it choose one of the two technologies to offer to customers? Did a choice need to be made? Could they coexist? Should the best attributes of each be merged into a new product? What about licensing fees for the developers? What was fair? If RA decided to go with one of the software solutions, should the firm whose software was not picked be compensated in some way?

The question of pricing fell into the creating standards and enforcing consistency category. What should the pricing rules be if Rich Piltch referred a client with a job in New York to RestoreCore? Should RestoreCore use its prices or should it honor the prices ARS had negotiated with its client, even though they would likely be lower than what RestoreCore would charge?

**Referral Fees** Opinions differed on the topic of referral fees, whether they were necessary and would threaten RA's "working together" edict. Piltch felt that fees were a necessary evil:

In an ideal world, everybody would refer business back and forth, and we wouldn't worry about the fees. The problem is that the only way we can build relationships is by our marketing team going out there to build these relationships. If we don't compensate marketers for their work, they're probably not going to be so motivated. For the Forest City account, we flew out to Cleveland twice and went to Rhode Island three times, and we didn't charge for anything. How do we get compensated for this?

Goldberg echoed Piltch: "The people that have connections to customers are our sales teams, and they are all paid on commission. To get a sales member excited about having some guy in Phoenix handling her account, she's going to want to get compensated for it. Why should she risk losing her whole account because that guy in Phoenix screws up?" Goldberg further noted that the referral fee structure was a complement to RA's quid pro quo mission: "In order to become a member of RA, you need to put RA member accounts as a priority service customer. And you're going to do it for less money because you have to pay a referral fee. But, I know that if I help your client out when he's in a time of need, you're going to reciprocate for mine somewhere else."

Ras Fenger of Disaster One was less enthusiastic about the referral model, stating: "If it all becomes about referral fees, it's going to kill the association. It kills the spirit of working together."

But before the members of RA decided on whether the current referral fee structure made sense, they needed to come to terms with answering the question: "What is a customer?" As Gersh noted, "It's not as simple as it sounds. Is a customer someone who has given you just one job ever? One job in the last year? Is it frequency? Is it based on dollars?"

**Internal Competition** There also was the question of coverage and who should be chosen for a job if more than one member covered the same area. According to Piltch, clients could choose with whom they wanted to work. If the client did not have a preference, the job went to the company identified as the "primary," the larger company by revenue. The "secondary" was called on if the primary lacked capacity. "We want to have backups in each town," Piltch explained.

Some members chose a different way to deal with potential territory conflicts by dividing up their mutual geographic areas so that Company A's territory might include the northern and eastern portions of an area and Company B's, the western and southern portions.

But did restrictions on who could provide service in an area covered by more than one member make sense? Would they hinder RA's growth and development? Should internal competition be welcome?

Gersh felt confident that issues involving market overlap would be easily resolved: "I'd rather lose a job and keep this strategic platform. That one job is not going to make or break my company. But having a strategic platform to compete with the nationals that are encroaching on our markets is way more important than any single job."

**Marketing** On a more philosophical front was the question of RA's selling proposition and how the organization, made up of 21 individual businesses, should sell itself. What, for example, were the advantages to working with RA? What promises could RA make to the market that every member could carry out and that would differentiate it from Belfor? Who should be charged with marketing RA? The administrator? An RA member? Should there be an RA-focused marketing person?

## **Conclusion**

With the Forest City contract sealed, Piltch was as convinced as ever that RA was the right move for ARS as well as its industry peers. RA represented a low-risk growth strategy, focused on providing customers with national solutions, something that no RA member had been able to do on its own. But there were still a few wrinkles to be ironed out, and Piltch would be an important part of those conversations. He was keen to resolve the organization's lingering strategic questions so he could step back from his shared leadership role in RA and let other member organizations take on more responsibility. After all, he had a business to run.

## ***Exhibit 1 RA Members***

RESTORATION AFFILIATES  
Cate Reavis and Ezra Zuckerman

<p><b>Advanced Restoration Services, Inc.</b> Newport News/Lorton, VA</p>	<p><b>KB Construction Company</b> Los Angeles County/Orange County/San Bernardino County, CA</p>
<p><b>ARS Restoration Specialists</b> Newton/Springfield/Auburn/South Yarmouth, MA; Pawtucket, RI; North Haven, CT; Hudson, NH</p>	<p><b>Kowalski Construction</b> Any size loss in Phoenix &amp; surrounding communities (Metro Phoenix); Statewide for Large Loss</p>
<p><b>Carrara Companies</b> Richfield/Columbus/Cuyahoga Falls, OH</p>	<p><b>Maxons Restorations, Inc.</b> New York City/White Plains/Syosset, NY; Wayne, NJ</p>
<p><b>Catastrophe Services, Inc.</b> Columbia/Charleston, SC; Augusta, GA</p>	<p><b>Parker Young Construction</b> Atlanta/Ellijay/ Macon, GA</p>
<p><b>CRBR Cleanrite-Buildrite</b> Redding/Chico/ Yuba City/ Sacramento, CA; Reno, NV from Reno, Nevada, Stockton, CA to the Oregon Border and surrounding cities</p>	<p><b>Professional Restoration</b> Denver, CO</p>
<p><b>Cleanup &amp; Total Restoration</b> Boise/Payette/McCall/Lewiston/Twin Falls/Burley, ID</p>	<p><b>Purofirst</b> Rockville, MD</p>
<p><b>Dean Mitchell Restoration</b> West Palm Beach, FL</p>	<p><b>RestoreCore</b> Philadelphia/Lehigh Valley/State College/Harrisburg, PA; Edison, NJ</p>
<p><b>Disaster One, Inc.</b> Wilmington/Fayetteville/Raleigh /Greensboro/Charlotte, NC; Norcross/Atlanta, GA; Clearwater/Lakeland, FL; Roanoke, VA</p>	<p><b>South River Restoration</b> Dallas/Fort Worth Metroplex and the Maryland, Virginia, Delaware &amp; D.C. Regions</p>
<p><b>FireDEX Butler</b> Cranberry Township, PA</p>	<p><b>Sterling Restoration and Reconstruction</b> San Francisco/Oakland/San Jose/Santa Rosa/Sacramento/Stockton, and surrounding areas</p>
<p><b>Giertsen Company</b> Golden Valley, MN; Waukesha, WI; Buffalo Grove, IL</p>	<p><b>Woodard Cleaning &amp; Restoration</b> St. Louis MO Metro Area (including IL)-Any Size Loss/Missouri-Large Loss/Western Illinois-Large Loss</p>
<p><b>Hays and Sons Complete Restoration</b> Indianapolis, IN/Lafayette, IN/Crown Point, IN/Ft. Wayne, IN/Muncie, IN/Cincinnati, OH</p>	



## ***Exhibit 2 Travelers' Approved Vendor Program***

### **Becoming a Travelers' approved vendor for property claims**

Thank you for your interest. This application should be completed by vendors that would like to become an approved vendor for property claims only. Please carefully read and agree to the following criteria before filling out the required information needed to consider your request.

#### ***All vendors must agree to:***

- Maintain appropriate insurance and provide insurance certificates evidencing that appropriate coverage is in force.
- Maintain any licenses and/or other authorizations as required by law.
- Submit to a background check.

#### ***All remediation and restoration contractors must agree to:***

- Provide a 1-year warranty for the work performed.
- Promptly respond to and resolve customer complaints.
- Promptly notify the claim handler of changes in scope. The claim handler must be notified prior to doing any work that is over and above the work previously agreed upon.
- Complete all repairs/remediation accurately and timely.
- Provide additional services as required to correct any deficiency in your services at no additional cost to Travelers or the insured.

#### ***What Travelers will do:***

- Review your initial application and provide you with a response.
- We may perform a periodic background check on the firm or principal owner if the decision has been made to add your firm to our database.
- We may provide your firm's name along with names of other firms as options for the insured customer if you are a contractor. We do not direct referrals; therefore, your relationship will be with our insured customer.
- We may include your firm's name in the database accessible to our customers on [travelers.com](http://travelers.com) if your company does cleaning or emergency repairs.
- We may conduct re-inspections or quality-control reviews of Travelers claims where you have provided services. Problems or issues with the services provided may result in removal from our vendor database. Travelers reserves the right to remove your firm's name from our database at any time for any reason.

#### ***Disclaimer***

- Not all vendors may be accepted and added to our vendor database.
- Being added to our database does not imply or promise that you will receive work.
- Travelers does not have a property direct repair program and does not direct referrals.

I Understand and Agree - Continue

Source: <https://www.travelers.com/claim/vendor-disclaimer.aspx>, accessed November 13, 2013.

### **Exhibit 3 List of ARS Services**

- Water extraction and flood mitigation
- Fire and smoke damage cleaning
- Mold remediation
- Cleaning and deodorizing
- Project consulting advisory services
- Reconstruction
- New construction
- Education: trainings and seminars
- Disaster planning
- Board-ups
- Contents cleaning
- Document cleaning and restoration
- Electronic equipment restoration
- Ozone
- Secure climate-controlled storage of contents

### **Exhibit 4 Restoration Affiliates Membership Benefits**

Restoration Affiliates (“RA”) is a progressive consortium of top-quality regional firms specializing in property damage restoration, repair, and reconstruction services with combined annual revenues currently in excess of \$150M.

Membership in RA provides a unique opportunity for independently owned specialized restoration contractors to partner with proven industry leaders and expand their capabilities in several important ways.

### **BUSINESS DEVELOPMENT**

- Participate in member loss referral program for regional & national accounts
- Earn fees for referring projects outside your coverage area to fellow RA members
- Leverage network to compete against franchises and national companies
- Obtain business leads and referrals in a cooperative and non-competitive setting
- Improve your response & participation in regional CAT events
- Access equipment, labor, and management resources outside your coverage area

- Participate in regional and national marketing opportunities
- Leverage cooperative group purchasing power on equipment, supplies, and labor
- Secure relationships with existing commercial accounts
- Help service your clients in markets outside your primary coverage area
- Receive introductions to large, commercial accounts in multiple markets
- Grow your business from insurance professionals, top regional/national real estate firms, facility managers, retail chains, hospitality, and other industries.

### **PROFESSIONAL DEVELOPMENT**

- Expand your network of industry contacts and quality relationships based on mutual Teamwork, Trust, and Respect
- Increase familiarity with industry's key players both regionally and nationally
- Raise your company's profile nationally for loss referrals
- Access shared knowledge and resources among participating companies
- Increase your awareness & insight of industry trends and developments
- Learn best practices from the industry's top independent market leaders
- Development of higher service standards and quality offerings
- Obtain direct feedback, knowledge, and experience for complex problem solving
- Avoid isolation & develop fellowship to discuss common or specific needs & challenges facing these related industries
- Access informational, educational, and marketing programs
- Develop your proactive commercial account marketing skills, experience, & capabilities to grow your business
- Raise your profile and industry awareness as a market leader
- Learn how to implement and market Priority Service Agreements

Source: RA website, <http://www.restorationaffiliates.com/>, accessed November 12, 2013.

### ***Exhibit 5 Restoration Affiliates Board Members***

Damon Gersh, President  
President/CEO, Maxons Restoration

Andrew Goldberg, Vice President  
Owner, RestoreCore

Rich Piltch, Membership  
President, ARS

Rasmus Fenger, Finance  
President, Disaster One

Mark Pasculli, Secretary

President/CEO, Cleanup and Total Restoration

Paul Young, Director  
Owner, Parker Young Construction

Robert Schattner, Director  
Owner, Purofirst of Metropolitan Washington

Debbie Bogar, Director  
COO/CFO, Woodard Cleaning and Restoration

Rick Giertsen Jr., Director  
President, Giertsen Company of Illinois

***Exhibit 6 Membership Eligibility Requirements***

1. Members and Members-Elect must be privately owned, independent, regional restoration contracting service organizations with minimum annual revenue of \$5,000,000 with a commercial client focus.
2. Members and Members-Elect must provide “full-service” mitigation, restoration, remediation, and repair services, labor, supplies and equipment with a commercial restoration focus.
3. Members and Members-Elect must be properly licensed to provide mitigation and repair services in their stated service area(s).
4. Members and Members-Elect must maintain a minimum of \$3,000,000 Aggregate Liability Insurance Coverage and \$1,000,000 Aggregate Pollution Liability Insurance Coverage. RA shall be named as an additional insured on all insurance policies.
5. Members and Members-Elect must commit to adhere to and abide by RA’s stated Code of Ethics (as set forth in Article IV Section H).
6. Members’ and Members’-Elect staff must participate in ongoing internal & external training and certification programs and adhere to IICRC S-500 & S-520 service standards.
7. Members and Members-Elect must have significant existing commercial accounts and relationships in the markets they serve.
8. Members and Members-Elect must have a designated business development team with dedicated marketing personnel with a proactive commercial relationship development focus.
9. Members and Members-Elect must conduct criminal background checks of their employees annually.

10. Members and Members-Elect may not have revenues below the minimum eligibility requirements or be a franchisee or part of a national service organization unless their application receives approval by a supermajority vote of the Board of Directors.
11. Members and Members-Elect must demonstrate the ability to currently utilize industry-standard Xactimate estimating program, pricing database and XactAnalysis review when appropriate.
12. Members and Members-Elect must have the capabilities to provide detailed Unit Cost, Time and Materials and/or Rate Plus billing format reports on commercial projects.
13. Members and Members-Elect must have the ability to maintain minimum response time including 15-minute initial contact and 2-hour emergency service dispatch and 24-hour project updates to both customer and referring Affiliate(s).
14. Members and Members-Elect must maintain minimum communication standards to customer and referring Affiliate(s) including daily plan/updates on emergency mitigation projects and weekly plan/updates on repair/reconstruction projects.
15. Members and Members-Elect must provide detailed loss reports with photo documentation as well as contracts, forms, payment acknowledgments and invoices to customer and referring Affiliate(s).
16. Members and Members-Elect must utilize an approved contact management/reporting system to maintain proper documentation and communication on all projects. (e.g., Restoration Manager, JPP, PSA, DASH, RMC, ACT, GoldMine, etc.).
17. Members and Members-Elect must engage in consistent Quality Control program with quantitative ratings and qualitative feedback via customer surveys. The Board of Directors reserves the right to inspect Members' survey results and/or survey Customers directly to enforce project performance quality standards.
18. Members and Members-Elect must provide a minimum one (1) year warranty on all workmanship.

*Source: RA Bylaws.*

***Exhibit 7 RA Membership Application***

**Membership Application**

This is an application for Restoration Affiliates ("RA") "Partner" Membership. Restoration Affiliates maintains the highest standard of membership. Restoration Affiliates members are market-leading companies that are actively engaged in performing complete residential, commercial and/or industrial restoration services with proper industry certification. Only "Partners" have voting rights within the organization. Membership dues are payable on an annual basis.

<b>BUSINESS INFORMATION</b>		
Legal Business Entity Name:		
Operating As:		
Principal Address:		
City, State, Zip:		
Main Telephone:		
Toll Free:		
Facsimile:		
General E-Mail:		
Web Site Address:		
Total Annual Revenues:	<i>(Last Fiscal Year; Pre-Tax US\$)</i>	
# Years In Business:		
<b>OTHER LOCATIONS</b>		
<u>Office Name</u>	<u>Address/Telephone</u>	<u>Last Year Revenues, Pre-Tax US\$</u>
#1:		
#2:		
#3:		
#4:		
#5:		
#6:		
<i>* Provide additional sheet(s) for additional locations as needed.</i>		
<b>CONTACT INFORMATION</b>		
Main Contact #1:	Name:	Title:
	E-Mail:	Cell #:
Main Contact #2:	Name:	Title:
	E-Mail:	Cell #:
Main Contact #3:	Name:	Title:
	E-Mail:	Cell #:

RESTORATION AFFILIATES  
Cate Reavis and Ezra Zuckerman

<b>SERVICE AREAS</b>		
List all of the basic areas your company services:		
<b>BASIC CRITERIA</b>		
Is your company equipped, organized and committed to providing emergency response mitigation, remediation, repair and reconstruction services fire, smoke, water, mold & storm damage 24 hours/day, 7 days/week, 365 days/year?	YES	NO
Is your company IICRC (The Clean Trust) Certified?	YES	NO
Does your company follow designated CleanTrust S-500 & S-520 service standards?	YES	NO
Is your company affiliated with the Restoration Industry Association (RIA)?	YES	NO
Is your company affiliated with other Trade Associations? (List below)	YES	NO
Is your company involved with any Third Party Administrator (TPA) Program Work? (e.g. CCC, PSP, IMACC, Alacrity, Code Blue, Nexxus, etc.) (List below)	YES	NO
Is your company a member of the Better Business Bureau (BBB)?	YES	NO
Is your company ISO certified?	YES	NO
<b>CERTIFICATIONS</b>		
<b>Please provide the following valid certifications your firm possesses (Attach copies of ALL certificates)</b>		
<input type="checkbox"/> CR – Certified Restorer	<input type="checkbox"/> OCT – Odor Control Technician	
<input type="checkbox"/> WLS – Water Loss Specialist	<input type="checkbox"/> UFT – Upholstery & Fabric Cleaning Technician	
<input type="checkbox"/> CMP – Certified Mold Professional	<input type="checkbox"/> ASD – Applied Structural Drying Technician	
<input type="checkbox"/> MR – Master Restorer	<input type="checkbox"/> HST – Health and Safety Technician	
<input type="checkbox"/> SRT – Fire & Smoke Damage Restoration Technician	<input type="checkbox"/> RRT – Carpet Repair & Reinstallation Technician	
<input type="checkbox"/> WRT – Water Damage Restoration Technician	<input type="checkbox"/> ISSI – Introduction to Substrate Subfloor Inspection	
<input type="checkbox"/> AMRT – Applied Microbial Remediation Technician	<input type="checkbox"/> SMT – Stone, Masonry & Ceramic Tile Cleaning Technician	
<input type="checkbox"/> EPA RRP – Renovation, Repair and Painting Certified	<input type="checkbox"/> FCT – Floor Care (Hard Surfaces) Technician	
List Additional Training & Certifications Below:		

<b>INSURANCE INFORMATION</b>		
<b>Insurance Brokerage/Agency:</b>		
Brokerage/Agency Name:		
Primary Contact:	Title:	Tel.
<b>Provide a copy of your current "Certificate of Insurance" evidencing insurance coverage for the following:</b>		
<b>Commercial General Liability Insurance:</b>		
Carrier Name:		
Coverage: \$	Policy #:	Expiration:
<b>Pollution Liability Insurance:</b>		
Carrier Name:		
Coverage: \$	Policy #:	Expiration:
<b>Workers Compensation Insurance:</b>		
Carrier Name:		
Coverage: \$	Policy #:	Expiration:
<b>MISCELLANEOUS</b>		
<b>Please attach the following Information:</b> (Note: Digital images on disk is preferred format for requested photos.)		
<input type="checkbox"/> Business Cards for all Key Personnel		
<input type="checkbox"/> Sample Copies of Company Brochure(s)		
<input type="checkbox"/> Photos of Building Exterior(s)		
<input type="checkbox"/> Photos of Administrative Office Area(s)		
<input type="checkbox"/> Photos of Production Area(s)		
<input type="checkbox"/> Photos of Warehouse/Storage Facilities		
<input type="checkbox"/> Photos of Equipment		
<input type="checkbox"/> Photos of Equipment		
<input type="checkbox"/> Photos of Trucks & Vehicles		
<input type="checkbox"/> Photos of Uniformed Staff		
Include any other items that you would like to share pertaining to your company's operations below:		



RESTORATION AFFILIATES  
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<b>OPERATIONS</b>			
<b>Areas of Specialty</b> (Check all that apply):			
<input type="checkbox"/> Residential <input type="checkbox"/> Commercial <input type="checkbox"/> Environmental <input type="checkbox"/> HVAC <input type="checkbox"/> HazMat <input type="checkbox"/> Other: _____			
<b>Percentage of Restoration Revenue Last Year:</b>			
Fire Damage Reconstruction	(            ) %	Fire Damage Interior Services	(            ) %
Water Damage Mitigation	(            ) %	Water Damage Reconstruction	(            ) %
Mold Remediation	(            ) %	Other / Miscellaneous	(            ) %
<b>Percentage of Restoration Revenues Last Year:</b>			
Commercial	(            ) %	Residential	(            ) %
Percentage of restoration revenue last year related to CAT's:			(            ) %
Percentage of restoration revenue last year related to Large Losses (>\$250,000):			(            ) %
<b>Percentage of Work Performed by:</b>			
In-House Personnel	(            ) %	Sub-contractors	(            ) %
<b>Number of Service Vehicles</b> (Provide the quantity of each type):			
Cars	(            )	Pickup Trucks	(            )
Cargo Vans	(            )	Trailer Trucks	(            )
Box Trucks	(            )	Other:	(            )
<b>Equipment Owned and Operated</b> (Provide the quantity of each type):			
Air Movers	(            )	Negative Air Machines	(            )
Refrigerant Dehumidifiers	(            )	HEPA Air Scrubbers	(            )
Desiccant Dehumidifiers	(            )	Portable Generators	(            )
Trailer Mounted Dehumidifiers	(            )	Ozone Generators	(            )
Portable Extraction Units	(            )	Emergency Lighting Units	(            )
Truck Mounted Extractor Units	(            )	Infrared Cameras	(            )
Trash Pumps	(            )	Injecti-Dry Systems	(            )
High Capacity Pumps	(            )	Soda Blasting Units	(            )
Pressure Washers	(            )	Dry Ice Machine	(            )
Vacuums	(            )	Other: _____	(            )
<b>Describe Your Primary Facility</b> (Provide square footage):			
Office Area	(            )	Production Area	(            )
Storage Facility	(            )	Show Room Facility	(            )
<b>Number of Employees:</b>			
Executive/Management	(    ) F/T    (    ) P/T	Sales/Marketing/Development	(    ) F/T    (    ) P/T
Administration/Office	(    ) F/T    (    ) P/T	Technicians/Production/Labor	(    ) F/T    (    ) P/T
Estimating/Project Management	(    ) F/T    (    ) P/T	Other (Describe)	(    ) F/T    (    ) P/T

RESTORATION AFFILIATES  
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<b>AUTOMATION</b>				
Does your company have internet access? If YES, provide name of Internet Service Provider ("ISP"):		YES	NO	
Does your company use internal claims/project management software? If YES, provide program name(s):		YES	NO	
Does your company use estimating software? If YES, provide program name(s):		YES	NO	
Does your company use accounting software? If YES, provide program name(s):		YES	NO	
Does your company use word processing & spreadsheet software? If YES, provide program name(s):		YES	NO	
Does your company use Customer Relationship Management ("CRM") software? If YES, provide program name(s):		YES	NO	
Does your company use any Customer Survey software or service? If YES, provide program name(s):		YES	NO	
Does your company have capability to invoice using a "Time & Materials" ("T&M") format? If YES, provide program you use for T&M billing:		YES	NO	
Does your company utilize 24/7/365 live operator answering service? If YES, provide provider's name:		YES	NO	
<b>REFERENCES</b>				
<b>Provide five (5) current client relationships dealing with COMMERCIAL restoration and/or insurance claim repair work. (e.g. Adjusters, Agents, Vendor Managers, Property Managers, Facility Directors, Risk Managers, etc.)</b>				
Company Name:	Preferred Vendor/Contract?	YES	NO	N/A
Primary Contact:	Title:			
Address:	Tel:			
Company Name:	Preferred Vendor/Contract?	YES	NO	N/A
Primary Contact:	Title:			
Address:	Tel:			
Company Name:	Preferred Vendor/Contract?	YES	NO	N/A
Primary Contact:	Title:			
Address:	Tel:			
Company Name:	Preferred Vendor/Contract?	YES	NO	N/A
Primary Contact:	Title:			
Address:	Tel:			
Company Name:	Preferred Vendor/Contract?	YES	NO	N/A
Primary Contact:	Title:			
Address:	Tel:			

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<b>GENERAL</b>			
<b>List the 5 largest projects completed by your company this past year</b>	<b>Type</b>	<b>Amount</b>	<b>Date</b>
1.			
2.			
3.			
4.			
5.			
<b>***If you answer "YES" to any of the following questions - Please attach your explanations on a separate sheet.***</b>			
Has any legal action been filed against you or your company within the last 3 years?		YES	NO
Have you or your company ever filed bankruptcy? If YES, how long ago?		YES	NO
Has your professional license ever been suspended or listed on probation? If YES, how long ago?		YES	NO
Have you ever been convicted of a felony? If YES, how long ago?		YES	NO
Have you ever had a complaint filed against you with the State Attorney General, the Better Business Bureau or any consumer affairs organization?		YES	NO
Has your company ever been cited or fined for failure to comply with local, provincial & federal Regulations and/or Statutes in the last 2 years?		YES	NO
<b>AUTHORIZATION</b>			
<p>I, the undersigned, certify that all the information provided in this application is true and accurate. RA its directors, committee members, employees may review my application and I will cooperate promptly and fully in such review. I will submit to RA such documents and information deemed necessary to confirm the information in this application. All documents submitted to RA are the property of RA and will not be returned to me. I waive all claims relating to or rising out of review by RA of this application, and I indemnify, release, discharge and exonerate RA for any action taken relating to such review, including denial of my application, revocation, suspension or other sanction for any action taken pursuant to the rules and standards of RA. <b>I understand that I shall be notified of membership acceptance by RA in writing and that receipt of this application by RA and the deposit of dues DO NOT constitute approval of membership.</b></p> <p>We further understand that RA membership dues are non-refundable. <b>We agree to meet all membership criteria within 12 months of applying and we understand that failure to meet such requirements within 12 months will result in rejection of our application and forfeiture of all fees and dues.</b></p> <p>I shall not make any claims of holding RA membership until such official notification, has been received in writing from RA. I also agree not to use the RA logo until my application is approved, and I understand that unauthorized use of the logo may result in rejection of my application and forfeiture of all payments, as well as further legal action. By signing, I acknowledge that I have read and understand the information in this application and agree to abide by these terms and rules. By indicating "YES" below, I acknowledge that I have read and understand the information in this application and agree to abide by these terms and rules.</p>			
<b>I agree with submittal and comply with the above terms</b>		<b>YES</b>	<b>NO</b>
<b>Signature of Authorized Representative</b>		<b>Date</b>	

**Exhibit 8      Expectations of Affiliates**

1. Affiliates' executives and personnel are expected to demonstrate a commitment to RA's ongoing

success by investing time and effort in advancing the stated mission and objectives of developing RA.

2. Affiliates' executives and personnel are expected to be actively contributing "Go-Givers" who refer and/or introduce other Affiliates to potential customers in other parts of the country to each other.
3. Affiliates' executives and personnel are expected to recognize that greed, selfishness, distrust, and poor service are the biggest threats to developing a fair and productive peer network and will thus be strongly discouraged by the Board of Directors.
4. Affiliates are expected to develop internal processes and systems for the management and tracking of projects referred by other Affiliates.
5. Affiliates are expected to have a business development team who are trained and motivated to promote RA to existing and prospective clients.
6. Affiliates' executives and personnel are expected to treat projects and client relationships referred by other Affiliates as top priorities.
7. Affiliates' executives and personnel are expected to maintain regular communication and provide detailed written project updates to referring Affiliates and their clients.
8. Affiliates' owners and/or key executives are expected to attend and actively participate in annual Affiliate meetings.
9. Affiliates' executives and personnel are expected to interact with other Affiliates, their staff, clients, and customers in a manner that exemplifies the utmost care, professionalism, and respect.
10. Affiliates' owners and one or more of their key executives are expected to participate in one or more standing committees of RA.
11. Affiliates' executives and personnel are expected to actively seek opportunities to deepen trust, cooperation, and promotion of other Affiliates' businesses as a foundation of RA's collective long-term success.
12. Affiliates understand that expenses in addition to basic dues may be necessary to advance the organization's mission and objectives. Any such additional expenses shall be approved by a supermajority vote of the Board of Directors.
13. Affiliates acknowledge that there may be more than one Affiliate serving a particular division(s) and/or sub-division(s) with "primary" and "secondary" designations granted in accordance with the Policies and Procedures. The Board of Directors has the right and may decide by a majority vote to recruit an Affiliate whose service area overlaps another Affiliate's market in its sole

discretion. Neither affiliation nor membership implies exclusive territorial ownership of any kind. Accordingly, Affiliates must be willing to accept competitors into the organization as Affiliates.

14. Affiliates acknowledge that this organization is a peer network. RA provides the opportunity to market and service regional and national clientele, and Affiliates understand that they join without the expectation of continuous referrals or work flow.
15. Affiliates are expected to help grow and advance RA's stated objectives by referring quality companies as prospects, clients, Associates, Members, and Affiliates.
16. Affiliates' executives and/or marketing personnel shall be required to attend and actively participate in regional and/or national marketing meetings, events, and trade shows to represent and promote RA as determined by the Marketing Committee and approved by the Board of Directors. General marketing materials and costs shall be the responsibility of RA. Travel, lodging, food, and incidental expenses will be the responsibility of each Affiliate.
17. Affiliates may not create their own network but may be members of other networks, including Disaster Kleenup International or Independent Mitigation and Cleaning/Conservation; provided such networks are not competitive with RA. Neither Members nor Members-Elect may be owners of a firm that a member of another network nor may be on the Board of another network if they are on the Board of Directors.

Source: RA Bylaws.