

# RICS Americas: Introduction

June 30, 2009

## Speakers

- Tom Justin FRICS CRE, Chair, RICS Americas
- Brian Glanville FRICS CRE MAI, Chair, ASA Unification Exploratory Committee
- Simon Taylor, Past Chair, RICS Americas
- Matt Bruck, Managing Director

## What brought us here?

- The current discussions began nearly two years ago.
- A group of distinguished valuers - frustrated by abortive merger efforts among ASA, ASFMRA & AI - came together to think about the future of the profession.
- They put together a coherent set of goals and approached RICS with an opportunity.

These individuals had **compelling goals**, well aligned with our own:

1. Serve and protect the public interest
2. Unify the valuation profession globally
3. Develop and coordinate valuers in North America
4. Broaden the reach of the valuation disciplines to a global market
5. Emphasize principles and standards

Our members and friends presented a **compelling business case** for a combination of our organizations.

- RICS has **global** presence and experience; ASA has strong **US** presence and experience.
- ASA has excellent **education** programs; RICS has a **platform** for expanding on the ASA disciplines and distributing education programs globally.
- RICS has a smaller valuation group in the Americas - so existing ASA members can take leadership roles.
- RICS has the **financial strength** and **corporate flexibility** to make the concept feasible.

**Our conclusion: combining with ASA to create an efficient platform for unification is clearly an idea worth exploring.**

We were pleased to begin to get to know ASA (and ASFMRA) better.



David Tuffin and John Willey,  
Presidents of RICS and ASA  
Joint Event

New York, May 2008

Organized by Ellen Epstein ASA, FRICS



Steve Runyan, Tom Justin and John Willey  
ASA + ASFMRA + RICS  
MOU signing, August 2008

We signed our MOU in August 2008 and formed Unification Exploratory Committees soon after.

# A Brief Introduction to RICS

# RICS now operates all over the world.

## RICS World Regions:

1. Europe
2. Asia
3. Middle East, Near East, Africa (MENEAF)
4. Americas
5. Oceania (Australia, NZ)
6. UK
7. India

Total 147,514 members\*

In 146 countries\*\*

\* Approximately 61% of members are fully qualified and 39% in process.

\*\* RICS employs about **500 staff**, spread across **40 countries**, including 10 in New York.



Our Charter requires the Institution to  
“maintain and promote the usefulness of the  
profession for the public advantage.”

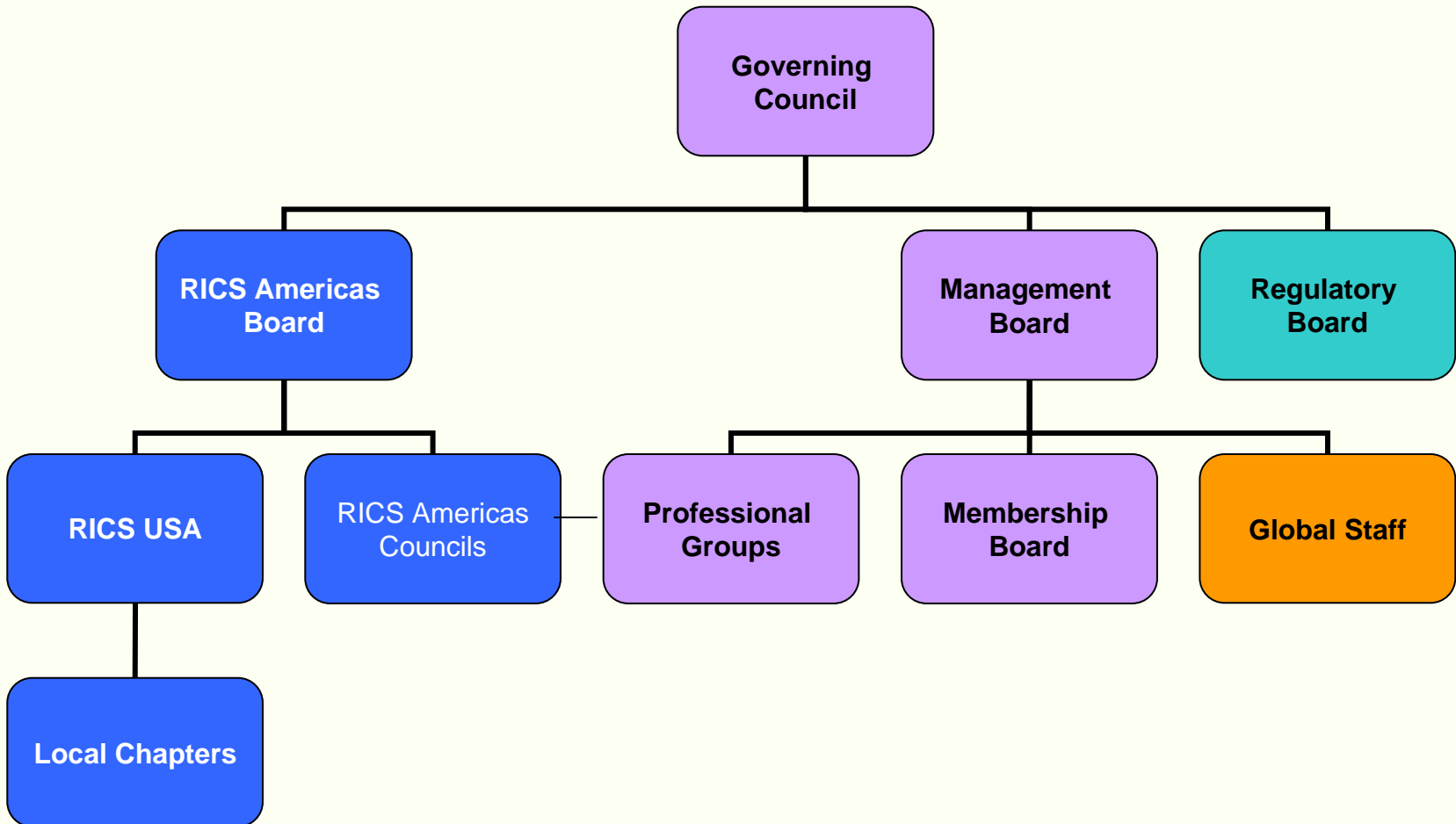
- Our first duty is to the **public**.
- We work closely with governments around the world.
- We support lobbying when it serves the **public interest**.

## RICS has a long history of partnerships. Some have turned in to mergers.

- 2001 - Former Institute of Building Control members join new RICS Building Control Forum.
- 2000 - Merger with Incorporated Society of Valuers and Auctioneers.
- 1998 - Society of Surveying Technicians joins RICS. Class of Technical member created.
- 1983 - Institute of Quantity Surveyors merges with RICS.
- 1970 - Chartered Auctioneers and Estate Agents Institute and Chartered Land Agents Society merge with RICS.

We know the challenges of achieving efficient scale and unified voice.

Our global structure has evolved to meet the changing needs of a large global organization.



## RICS Governance reflects a **modern business approach**.

- The RICS Management Board – a **member-staff partnership** – runs a large, complex global business.
- RICS encourages all members to participate actively .
- As RICS has grown to span many disciplines and most of the world, its governance system has evolved.
- A **nominations system**, based on a **skills matrix**, assures representative leadership.
- Where appropriate, elections are held for key roles.

Each RICS member living in the Americas is represented on local, regional and global boards.

Global Management Board

World Regional Board  
(7 World Regions: RICS Americas, Europe, Asia, etc.)  
(Regional and Discipline representatives)

RICS Americas  
3 National Associations  
(RICS Canada, RICS Caribbean, RICS USA)

15 Local Chapters  
(e.g. RICS Southern California, RICS Jamaica)

## Chapters bring members together locally.

- RICS supports many local groups throughout the world.
- 15 Chapters in the Americas provide local support to their member base, including meetings.
- Chapters are informal groups, not incorporated entities.
- RICS Americas Board and staff provide substantial guidance and support to the Chapters.
- RICS Americas HQ manages all finances for all Chapters.

# All members must demonstrate that they possess necessary competencies to qualify.

## 1. Mandatory competencies

- Common to all practitioners: ethics, client care, communication, business planning, team working, etc.

## 2. Core competencies

- Essential to every practitioner in the particular discipline.
- For example, Plant & Equipment Valuers would demonstrate competency in valuation, inspection and measurement.

## 3. Optional competencies.

- Essential to the specific career, these are tailored to the individual applicant, with the help of mentors.

# All Members must follow a code of conduct.

1. Act honorably
2. Act with integrity
3. Be open and transparent in your dealings
4. Be accountable for all your actions
5. Know and act within your limitations
6. Be objective at all times
7. Always treat others with respect
8. Set a good example
9. Have the courage to make a stand
10. Comply with relevant laws and regulations
11. Avoid conflicts of interest
12. Respect confidentiality

# Valuation and Related Disciplines

# RICS Professional Groups

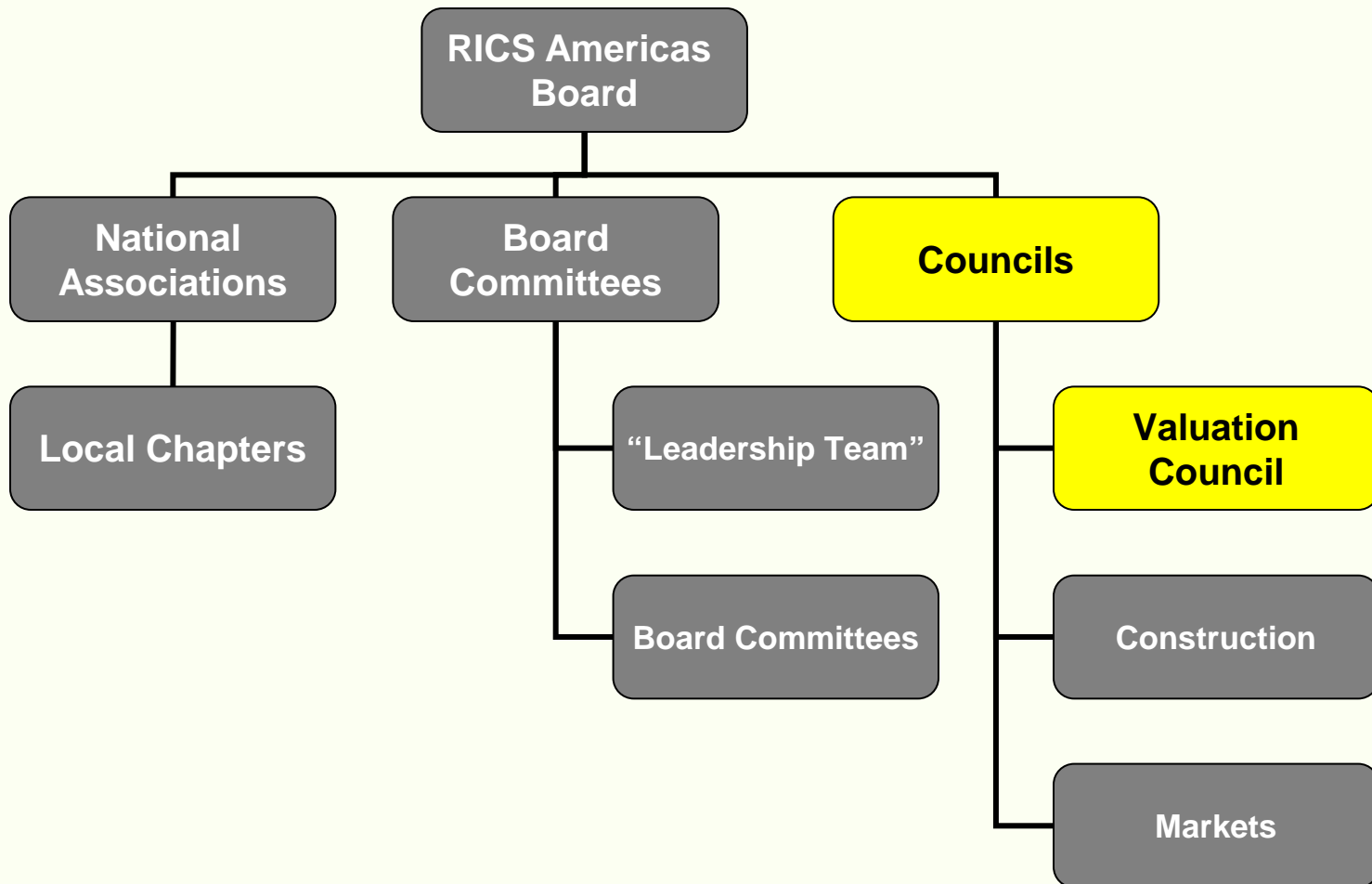
- RICS members are organized into 17 Professional Groups (formerly known as “Faculties”).
- With the exception of BV, our membership overlaps with each of the ASA Disciplines.
- The RICS Global Valuation Professional Group is our second largest, representing **over 35,000 valuation professionals** around the world.
- In the Americas, the growing Valuation Professional Group now numbers nearly 1,000 members.

## RICS Valuation Standards (The Red Book) comply with IVS and local standards (such as USPAP)

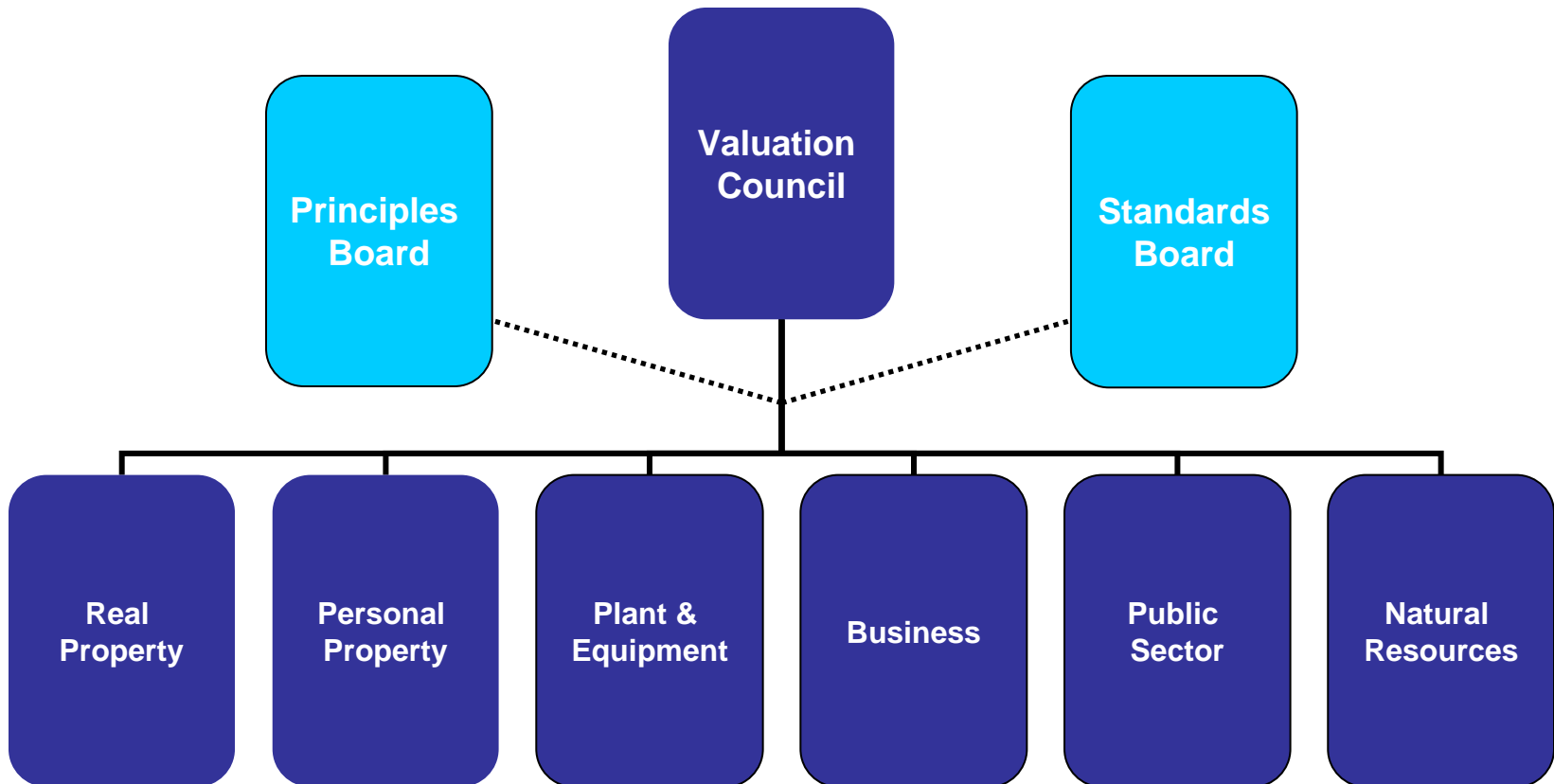
- “The purpose of these standards is to ensure that valuations produced by members achieve **high standards of integrity, clarity and objectivity...**”
- “... Members may be **required by law or requested by clients** to provide a valuation in accordance with **another body’s standards or national legal requirement...**In such cases the requirements that the valuer is instructed/required to follow **take precedence ...**”

# The Valuation Council

# RICS Americas maintains a **flexible structure**. Councils support specific Disciplines.



# RICS Americas Valuation Council: Detail of Committees.



## The Valuation Council has 6 goals.

1. Lead the **debate on the most important issues** facing the profession and the public around valuation, in collaboration with key partners.
2. Integrate all the valuation disciplines, giving valuation professionals **a voice to government and the market.**
3. **Educate** professionals and future professionals in best practices and standards, in collaboration with best in class providers from other associations and academia.
4. Advise on appropriate **behavior standards** among members.
5. Provide **business development and networking** opportunities for members.
6. **Align effectively with key partners**, including peer associations, government and academic entities.

# Valuation Council Leadership

- The Council's launch was enabled through collaboration among many **volunteer** senior leaders of the profession.
- Each discipline board was selected by members of that discipline as **Interim Leadership**.
- Many of these senior leaders agreed to serve to **organize** the new structure **only** under the assumption that consolidation would allow them to be replaced by the current discipline leadership.
- Assuming consolidation, it is expected that current discipline leaders from ASA (and ASFMRA) will have active involvement and participation in the Council and discipline boards.

# Education and Training

Historically, RICS has relied on university partnerships for most education and training.



Worldwide RICS accredits 500 university degree courses, serving more than 34,000 student members.

## Modular training – to launch soon – will allow trainees to accrue credits toward membership at their own pace

- The RICS modular program will allow a trainee to proceed through an all-inclusive set of courses.
- RICS will **identify bundles** of courses that match **competencies** - and provide an effective **platform** to deliver them.
- RICS will draw primarily on **existing course providers** as content developers and training partners, including universities, associations and commercial partners.
- At the completion of a set of modular units, a candidate will be eligible for a final Assessment of Professional Competence, toward membership.

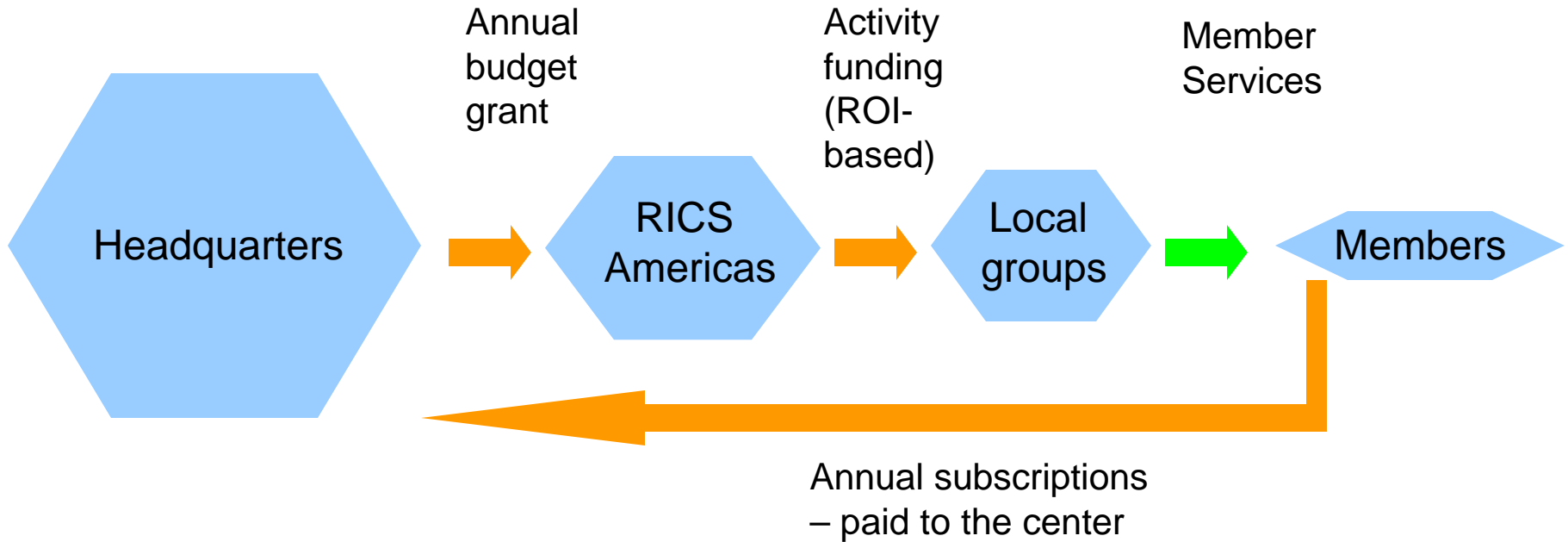
# Finance

## RICS Annual Membership Dues are modest by US standards.

<b>Member Grade</b>	<b>Annual Dues 2008-9</b>
FRICS	\$780
MRICS	\$385
AssocRICS	\$265
Trainee	\$190

New Members also pay one-time fees in their first year, ranging from \$135 for new Trainees to \$650 for new Members.

# RICS is one global entity for general funding purposes.



## RICS members and groups have **multiple options** in funding their projects:

1. **Global Professional Groups** finance projects that advance the RICS mission within their disciplines.
2. **World Regional Boards** fund projects on an ROI basis to advance the RICS strategy within their markets.
3. The **Educational Foundation** funds research and academic projects around the world.
4. RICS operates and supports a broad variety of self-funding **Commercial Activities**.

For the year ended 31 July 2008

	31 July 2008 Total £'000	31 July 2007 Total £'000
<b>Income</b>		
Subscriptions	31,064	29,298
Other Income	21,081	19,504
<b>Total Income</b>	<b>52,145</b>	<b>48,802</b>
Cost of Sales	(7,174)	(6,039)
<b>Gross Surplus</b>	<b>44,971</b>	<b>42,763</b>
<b>Expenditure on Member Services</b>		
Education	(1,947)	(2,341)
Standards & Regulation	(4,188)	(4,021)
Marketing & Communications	(2,940)	(3,016)
Public Affairs	(3,881)	(3,610)
Faculties & Forums	(2,858)	(3,387)
Regions - UK	(3,959)	(3,771)
- Outside UK	(3,810)	(3,229)
<b>Total Expenditure on Member Services</b>	<b>(23,583)</b>	<b>(23,375)</b>
<b>Total Administrative Expenses</b>	<b>(23,247)</b>	<b>(18,538)</b>
<b>Operating (deficit)/surplus</b>	<b>(1,859)</b>	<b>850</b>
Profit on sale of fixed asset investments	430	1,070
<b>(Deficit)/Surplus before Interest and Taxation</b>	<b>(1,429)</b>	<b>1,920</b>
Investment Income	828	588
Other Interest Receivable and Similar Income	994	907
Other Income Receivable	946	-
<b>Consolidated Surplus on ordinary activities before taxation</b>	<b>1,339</b>	<b>3,415</b>
Taxation credit/(charge)	433	(789)
<b>Consolidated surplus for year after taxation</b>	<b>1,772</b>	<b>2,626</b>

All activities have arisen from continuing operations.

## Income Statement

RICS recorded a **strong financial performance** during 2007/08, registering a **net surplus after tax for the year of £1,772,000 (\$2.9 million)**

Current exchange rate: £1 = \$1.64

For the year ended 31 July 2008

	31 July 2008 Total £'000	31 July 2007 Total £'000
<b>Fixed Assets</b>		
Intangible Assets	45	-
Tangible Assets	17,539	16,349
Listed and Unlisted Investments	26,396	26,078
	43,980	42,427
<b>Current Assets</b>		
Stocks	365	375
Debtors	5,466	5,157
Short term investments	6,082	7,292
Cash at bank and in hand	770	1,094
	12,683	13,918
<b>Creditors:</b>		
Amounts falling due within one year	(23,196)	(22,278)
<b>Net Current Liabilities</b>	<b>(10,513)</b>	<b>(8,360)</b>
<b>Total Assets less Current Liabilities</b>	<b>33,467</b>	<b>34,067</b>
<b>Creditors:</b>		
Amounts falling due after one year	(886)	(675)
<b>Net Assets before pension liability</b>	<b>32,581</b>	<b>33,392</b>
<b>Pension liability</b>	<b>-</b>	<b>(83)</b>
<b>Net Assets after pension liability</b>	<b>32,581</b>	<b>33,309</b>
<b>Capital and Reserves</b>		
Revenue Reserves	9,765	11,431
Other Reserves	22,816	21,878
	32,581	33,309

There is no share capital since the constitution of RICS is that of a body corporate under Royal Charter in the UK.

## Balance Sheet

RICS holds reserves in excess of \$50 million.

RICS also owns its headquarters, valued in excess of \$50 million.

Current exchange rate: £1 = \$1.64

# Working Together

## Key Benefits of a Combination? ASA's goals are well served.

- **Scale:** speak with one voice on important issues, and effectively represent the profession to the public, government, business and industry (like AICPA, ABA, AMA, etc).
- **Scope:** ensure the availability of superior learning and accreditation resources for the profession by drawing across disciplines and geographies to find the world's best practices in an efficient manner.
- **Service:** ensure that members have access to the highest-quality products and services necessary to their professional practice, including cost-effective access to a broad array of employers, clients and partners.

## First public step: The VFR Series – a jointly-sponsored educational forum.

- The series topic - What is Value? How Fair Value Accounting and the Appraisal Profession Will Shape the Future – is critical to many valuers.
- The panels – with practitioners from BV, rural appraisal, real property appraisal and accounting - were designed to illustrate the roles of diverse disciplines.
- The multi-city seminar included Chicago, Dallas, New York, Sacramento, and Toronto. April-May 2009
- Feedback provided a platform for further dialog among our organizations, clients and the public.

## Next Steps?

- Let's continue to collaborate – and consider an effective combination.

# Questions???