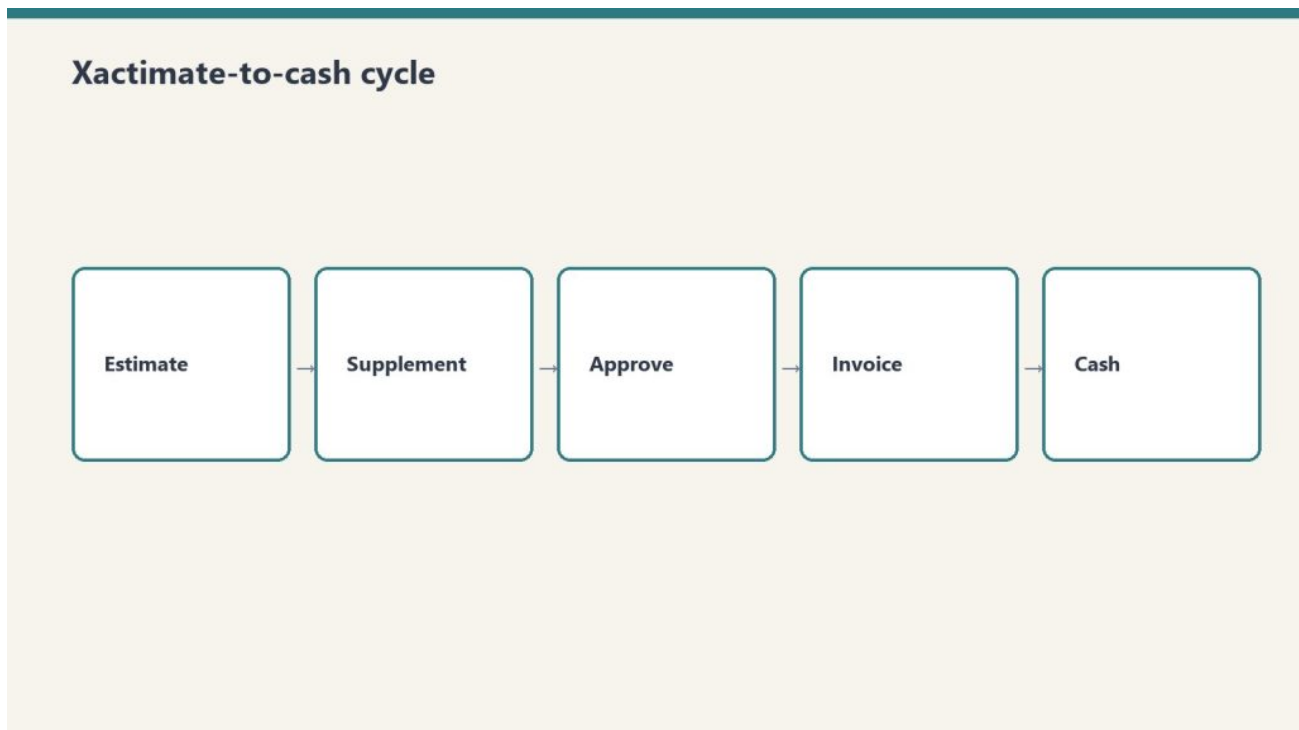


# Restoration Operator Compensation: The New Math for 2026

*This is the second article in the Senior Talent as Force Multiplier cluster under [The Restoration Operator's Playbook](#). The [first article](#) made the macro argument that senior restoration talent is being repriced by the market and that the window for owners to act on the old pricing is closing. This article goes inside the math.*

## The compensation question is being asked with the wrong frame



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Restoration owners in 2026 are starting to feel a pricing pressure on senior talent that they cannot fully explain. The senior project manager who would have been a \$135,000 hire in 2023 is asking for \$160,000, and the candidate who is being offered \$160,000 is also entertaining offers at \$185,000 from companies the owner has never heard of. The senior estimator who would have been a \$110,000 hire is now in the \$135,000 to \$145,000 range and is harder to recruit at any number. The general manager candidate who would have been a \$180,000 hire is now seeing offers in the \$220,000 to \$250,000 range from buyers the owner never expected to be competing against.

The natural reaction to this pressure is to explain it through the categories the owner already understands. Inflation. Tight labor market. Private equity activity. Wage growth across all skilled trades. Each of these factors is real and contributes to the pressure. None of them, individually or in combination, fully explains what is happening.

What is happening is that the underlying math on senior operator compensation is changing, and the market is starting to reprice senior talent based on the new math even though most owners are still bidding based on the old math. Owners who do not understand the new math are about to lose competitive battles for senior talent in ways that will compound over the next thirty-six months. This article is about what the new math actually is, why it produces different numbers than the old math, and what owners should be doing about it before the repricing fully completes.

## The old math, stated honestly



*The old math, stated honestly.*

The old math on a senior project manager in restoration looked roughly like this. The PM produces a certain volume of revenue per year — typically somewhere between \$1.5 million and \$4 million

depending on the company, the geography, and the mix of work. The company keeps a certain percentage of that revenue as gross margin — typically twenty-five to forty percent depending on the same factors. The PM costs a certain salary plus benefits and overhead — historically eighty to one hundred forty thousand dollars in salary plus another twenty-five percent in benefits and overhead. The contribution to the company's profitability is what is left after subtracting the PM's loaded cost from the gross margin contribution.

This math has been the basis of senior compensation in restoration for decades. It is mostly correct. It captures most of what the PM contributes to the business directly. It produces compensation numbers that have been roughly stable in real terms for most of the industry's recent history.

It is also, in 2026, incomplete. The contribution captured by this math is the work the PM does directly. It does not capture the work the PM enables the rest of the company to do, and that second category of contribution is becoming the larger one for the operators whose judgment is being captured into the company's operating substrate.

## **The new math, stated honestly**

The new math on the same PM looks like this. The PM still produces the direct revenue contribution captured by the old math. In addition, the PM's documented judgment now informs how every other PM in the company handles initial response decisions, scope choices, sub coordination, photo organization, and customer communication. The PM's standards now serve as the training material for new PM hires, who reach competent autonomy in a fraction of the time they would have required in a company without captured standards. The PM's review patterns now inform the AI-assisted scope review process that runs across every job the company touches, including jobs the PM never personally sees.

The contribution from these second-order effects is real. It is also harder to measure than the direct contribution, which is part of why most owners are not yet pricing it correctly. But it is not invisible. A company with five PMs, where one PM's judgment has been captured into the operating substrate that all five PMs operate against, is producing different operational outcomes than a company with five PMs where each PM operates from their own individual judgment with no shared substrate. The difference shows up in margin, in cycle time, in customer satisfaction, in carrier program standing, and in the company's ability to absorb new hires without quality degradation.

The senior PM whose judgment has become the substrate is, mathematically, contributing to the second-order effects across the entire operation, not just to the jobs they personally manage. The contribution per senior PM, in companies that have done the documentation work, is structurally larger than it was in the old math. The compensation that reflects that larger contribution will eventually catch up. The companies

that move now, while the catch-up is incomplete, are getting senior talent at a discount to its actual contribution. The companies that wait until the market has fully repriced will pay full price.

## **What this means for the offer**

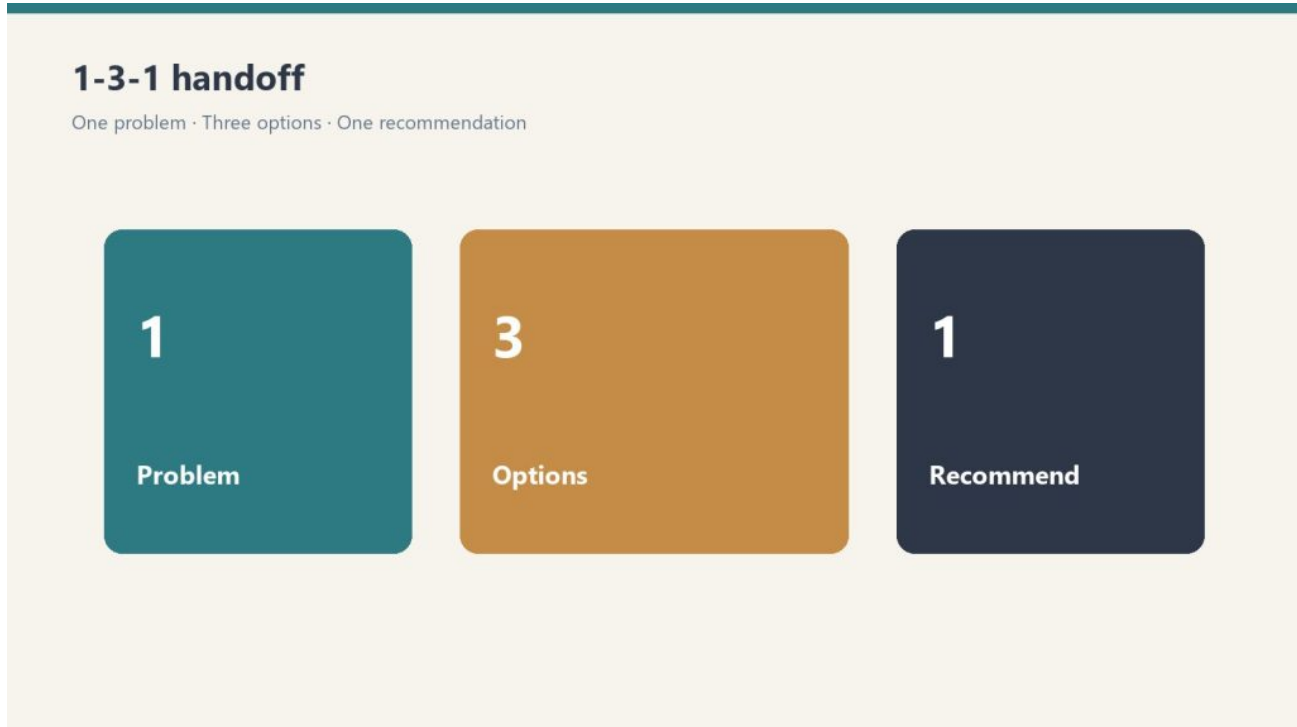
The practical question for an owner trying to recruit or retain a senior PM in 2026 is what number to put on the offer. The old math suggested a range that has been mostly stable for years. The new math suggests a different range. The honest path is to acknowledge both.

An owner who is not investing in operational documentation, who is not planning to capture the PM's judgment into a shared operating substrate, and who is not planning to use AI augmentation to scale that captured judgment across the operation, can credibly continue to compensate based on the old math. The PM's contribution in that company is in fact closer to the old math, because the second-order effects do not apply. The owner is consistent. The PM, however, is also free to take an offer from a company that is doing the second-order work and that can credibly compensate based on the new math. Increasingly, those offers exist.

An owner who is investing in operational documentation and who intends to make the PM's judgment central to the operating system has a different offer to make. The base compensation can be in the higher range — twenty to thirty percent above the old math number — because the contribution per PM is in fact larger in this kind of company. The offer can also include components that reflect the second-order contribution. A documentation collaboration commitment with structured time protected. A formal role in the development of the operating system that the PM's judgment will inform. A long-term equity or profit-sharing component tied to the company's overall performance, recognizing that the PM is contributing to outcomes beyond their direct file load. A career path that explicitly includes the architect role that has emerged in companies running this kind of operating system.

The combination of base compensation, structural role, and long-term participation is what wins senior talent in 2026 from owners who can credibly offer all three. Owners who can only offer the first one are competing with one hand behind their back.

# The retention math



*The retention math.*

The compensation question is not just about the recruiting offer. It is about the retention math for senior operators who are already in the company.

A senior PM who has been with a company for ten years, who has been compensated under the old math the whole time, and who is now seeing the market reprice their peers at significantly higher numbers, is going to start having conversations. Some of those conversations will be with the company's owner about adjusting compensation upward. Others will be with recruiters and competitors. Both kinds of conversations are about to become more common.

The owner's response to these conversations matters significantly. An owner who responds defensively — minimizing the market signal, slow-walking compensation discussions, framing the PM's loyalty as something that should override market math — will lose some of these PMs. The PMs they lose will be the most marketable ones, which is to say the most operationally valuable ones. The PMs they keep will be the ones who do not have the same options, which is to say the less marketable ones, which over time is a sub-optimal selection.

An owner who responds proactively — acknowledging the market shift, opening the compensation conversation before the PM has to ask, framing the company's response as part of a deliberate

investment in senior talent — keeps the PM and also keeps the cultural signal that the company values its senior people. The retention investment usually costs less than the cost of replacing the PM, even before accounting for the cost of losing the captured judgment that the PM would have otherwise contributed.

The owners who are doing this well in 2026 are running annual or semi-annual compensation reviews for senior operators that explicitly reference market data, that are initiated by the owner rather than waiting for the operator to ask, and that result in adjustments calibrated to keep the senior team competitive without overshooting into structural compensation problems. The reviews are a feature of the operating culture, not a reaction to recruiting pressure.

## **What the senior operator is actually evaluating**

From the senior operator's side, the compensation question is not purely about base salary either. The operators who are being recruited most aggressively in 2026 are the ones who can read the operational quality of the companies they are evaluating, and they are evaluating against several factors beyond the headline number.

The first factor is whether the company has the operational seriousness described in the [pillar piece](#). A senior operator joining a company that is investing in documented standards, structured training, AI-augmented operations, and shared metrics is joining a company where their judgment will compound. A senior operator joining a company that is still operating in the legacy mode is joining a company where their judgment will be consumed and not amplified. The compensation has to compensate for the difference.

The second factor is the quality and stability of the senior team they are joining. A senior PM evaluating an offer wants to know who else is in the senior layer of the company, how long those people have been there, and what the cultural dynamics among them are. A senior team that turns over frequently is a signal of underlying problems regardless of what the recruiter says. A senior team that has been stable and is growing in influence is a signal of an environment worth committing to.

The third factor is the ownership's posture toward the senior layer. A senior operator can usually tell within a few conversations with the owner whether the owner views senior operators as production capacity to be optimized or as strategic substrate to be protected. The two postures produce visibly different working environments and visibly different long-term outcomes for the operator's career. Operators with options choose the second posture, even at modest compensation discounts to the first.

The fourth factor is the explicit career path. An operator who is evaluating an offer wants to know what the next five years look like inside the company. The companies that have thought about this and can

articulate the path — including roles like operating system architect, training leader, regional GM, partner — win competitive battles that they would lose on base compensation alone. The companies that have not thought about this lose senior talent to the companies that have.

## **The arbitrage window, restated**

The first article in this cluster argued that the talent market has not fully repriced and that the window for owners to act on the current pricing is real and finite. The compensation math in this article makes that argument concrete.

The window is open because most owners and most senior operators in the industry are still operating from the old math. As more companies build the kind of operating system that depends on captured senior judgment, and as more senior operators recognize that their value is structurally larger in those companies, the market will reprice. The repricing is not a single event. It is a gradual shift across thousands of individual conversations, offers, and counter-offers over the next twenty-four to thirty-six months.

Owners who internalize the new math now will hire senior operators at numbers that look like a stretch today and will look like a bargain in 2028. Owners who wait will be hiring against a market that has caught up to the new math, and they will be paying numbers that reflect the full second-order contribution rather than the old direct-contribution math. The cost of waiting is the difference between those two numbers, multiplied by every senior hire the owner makes during the catch-up period.

The arbitrage window does not close all at once. It closes gradually, market by market, hire by hire. The owners who are paying attention now will be visibly stronger in 2028 than the owners who are still treating senior compensation as a line item to be minimized. The difference will not be about the compensation itself. It will be about the operating system that the compensation enabled.

*Next in this cluster: recruiting as a strategic function rather than an HR function — what changes when senior operator hiring becomes the central strategic capability of the business and how the best companies are organizing for it.*