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FIRST PERSON

# AGENT REVIEWS & RATINGS THE IMPACT OF TECHNOLOGY

*Brokerage leaders should take the lead in assisting their agents in establishing their online reputations.*

by Steve Murray, publisher

*“The holy grail for online real estate portals is to change consumer behavior with respect to how they choose their agent.”*

—Jeff Turner, RealSatisfied

We agree. We have said that among the most important factors we watch in consumer behavior is how they choose a sales

associate. Historically, it has always been through a personal relationship, either a referral or personal knowledge. Turner points out, quite accurately, that if online portals become an influencer in this process, it could change industry dynamics significantly. For the time being, the REAL Trends 2014 Harris Interactive study showed

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that consumers still made the selection based on a relationship of some kind. NAR's home buyer and home seller studies showed the same.

However, we also asked consumers whether or not they checked out their selection via online sources. Over 50 percent of Millennials, nearly 40 percent of Generation X and nearly 30 percent of Boomers said they did. And, in each category over half said it affected their final choice, either positively or negatively.

Turner again says "70 percent of agent search is organic which means it is an act of *validation* not an act of *identification*. He shared this information at a recent broker summit hosted by the South Carolina Realtors®. He also said that this data is, in part, from his examination of consumer reviews of more than 50,000 agent-assisted transactions—not a small sample.

CONSUMERS ARE INCREASINGLY SEEKING TO **FIND OUT MORE ABOUT A SALES ASSOCIATE** WHOM THEY KNOW OR TO WHOM THEY HAVE BEEN REFERRED. WE BELIEVE THE IMPORTANCE OF THIS AREA OF BROKERAGE PRACTICE CANNOT BE OVERESTIMATED.

A conclusion one can draw from this is that brokerage leaders should take the lead in assisting their sales associates in establishing their online reputations. Whether it is through firms like RealSatisfied or other means, consumers are increasingly seeking to find out more about a sales associate whom they know or to whom they have been referred. We believe the importance of this area of brokerage practice cannot be overestimated. ▲

GROW FASTER

# HOW COMPLICATED DO WE NEED TO MAKE THIS?

*How can you grow? It's simple.*

*by Steve Murray, publisher*

Firms that consistently grow their number of sales associates are also mainly the ones growing faster than the market. Firms that are not growing this key number are growing at about the rate of the market. This and other findings will be forthcoming in an analysis of the 2016 REAL Trends 500 and Up-and-Comers report.

Top-performing teams are growing faster than top-performing individual agents—by a significant margin. Team production over the last five years, in total and on average, among The Thousand (REAL Trends rankings of the top 1,000 individual agents and teams in the

United States) has substantially outpaced that of individual agents. More on this in next month's REAL Trends.

We try to make the business complicated when, in reality, it isn't. For brokerage firms, recruiting good people, developing their skills and spending less than what is coming in, are all that brokerage leaders must do to be successful. For agents and teams to grow, they must execute on the fundamentals. Those fundamentals for brokerage firms are recruiting and growing people's talents in sales and for teams are growing the customer flow and conversion rates. 🐾



**RECRUITING  
GOOD PEOPLE, DEVELOPING  
THEIR SKILLS AND SPENDING  
LESS THAN WHAT IS COMING IN,  
ARE ALL THAT BROKERAGE  
LEADERS MUST DO TO BE SUCCESSFUL.**

USAA

# AMERICA'S 5TH LARGEST REALTY FIRM NOT TRADITIONAL—AT ALL

*USAA's real estate services trusted by military families.*

*By Steve Murray, publisher*

“Our main goal is to make the lives of military families, particularly active duty military families, easier,” says Greg Jaeger, president of USAA Residential Real Estate Services, Inc. “Since the founding of USAA in 1922, our organization has been totally focused on securing the financial security of our members in all the services we provide.”

In 2015, USAA assisted members with over 47,000 sales or purchases of homes in the United States. That total would have ranked them just behind Howard Hanna regarding total transactions. Founded as a new service in 1992, USAA began working with Realogy's Cartus organization to manage these transactions. Working with Cartus, USAA seeks to ensure that the level of service that its military members receive is second to none. Participating brokerage firms and sales associates are well screened and trained to deliver the best service possible. In fact, according to Jaeger, based on the qualitative surveys they receive from their members, the Real Estate Rewards Network has among the very highest service quality ratings of any of those provided by USAA.

Jaeger says that they know that approximately one million family members of USAA's 12 million members move each year and use a real estate agent. Jaeger says that his “goal is to spread the gospel of USAA's Real Estate Rewards Network throughout the membership and particularly among those interested in buying or selling a home. We think that our system and the network we work with through Cartus provides greater leverage for better services on behalf of our member families. Our constant focus is to use the strength of our business opportunity for brokers and agents to get the very best service for these families.”

USAA is currently working both in-house and with Cartus to upgrade the technology platform to automate

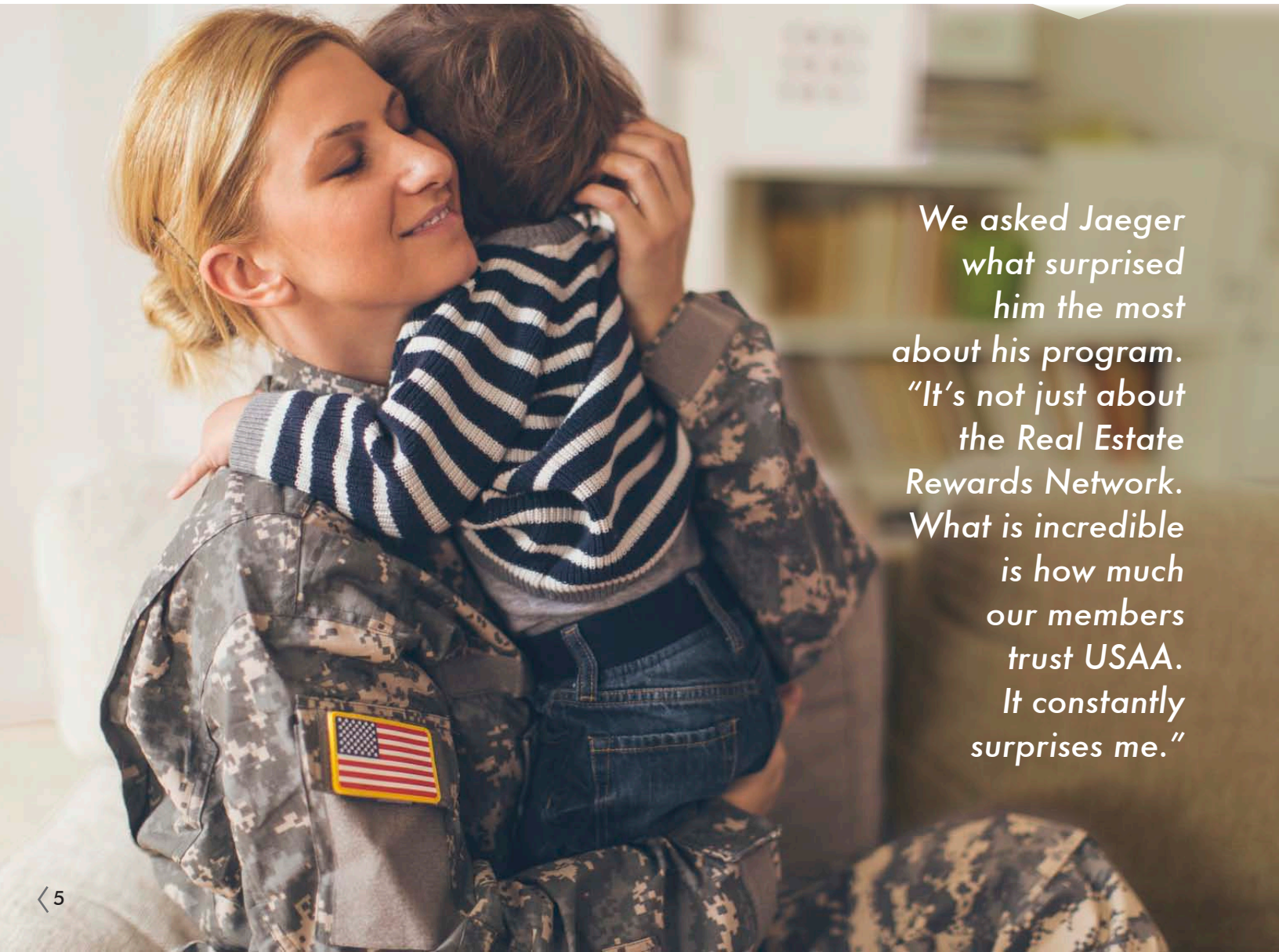


***In 2015, USAA assisted members with over 47,000 sales or purchases of homes in the United States. That total would have ranked them just behind Howard Hanna regarding total transactions.***

communications with members and agents. They would like to allow members to communicate better with the different service suppliers. Jaeger commented, “buying and selling, of course, is not just for the brokerage but also includes mortgage, settlement service providers, household goods companies and more.” Integrating the ability to keep track of all of this is one of USAA’s main goals.

We asked Jaeger what surprised him the most about his program. “It’s not just about the Real Estate Rewards Network. What is incredible is how much our members trust USAA. It constantly surprises me. One thing we focus on is getting it right before moving to get bigger,” he says. “Believe me, everyone who works at USAA cherishes the relationship we have with our members and knows that keeping that special relationship requires constant diligence. It is who we truly are as an organization.”

USAA is serving homeowners who move more frequently than the normal subset of homeowners – especially those in the military. They have a successful service delivery system currently being upgraded, and the organization is dedicated to using its clout to drive service levels even higher. Jaeger and his team have a very bright future ahead—as do the families and members of USAA. ▲

A photograph of a woman in a military uniform hugging a child. The woman is wearing a camouflage uniform with an American flag patch on her sleeve. The child is wearing a striped sweater. They are in a home setting.

*We asked Jaeger what surprised him the most about his program. “It’s not just about the Real Estate Rewards Network. What is incredible is how much our members trust USAA. It constantly surprises me.”*

# BUBBLE TROUBLE? FOUR FUNDAMENTALS YOU NEED TO KNOW

*Track these four fundamentals and you'll keep your team out of bubble trouble.*

*By Larry Kendall, chairman of The Group, Inc. and author of Ninja Selling*

“Are we experiencing a real estate bubble?” This is a question we’re being asked more and more by customers, investors, media and even our team members.

Dr. Lawrence Yun, chief economist for the National Association of Realtors® doesn’t see a bubble at the present for three reasons:

1. A shortage of supply in both new and resale housing. Bubbles are usually the result of oversupply,
2. Interest rates are lower now than in the bubble years of the mid-2000s resulting in better affordability,
3. There is no sub-prime lending causing people who are unqualified to buy housing and then default.

But real estate markets are local and cyclical. A local market can experience a bubble while the national market is cruising along just fine. Even sub-markets such as condos, apartments, office or retail can experience bubbles within a strong overall real estate market.

A close-up photograph of a person's hand in a suit, carefully balancing a miniature white house with a grey roof on top of a tall, narrow stack of light-colored wooden blocks. The background is a blurred image of a person in a suit, suggesting a professional setting.

**Real estate markets are local and cyclical. A local market can experience a bubble while the national market is cruising along just fine.**

Do you know how to forecast the real estate cycle in your market? There are four fundamentals you should be tracking. As a leader, you need to be the first to spot the changes so you can put your team and your customers in a position to exploit the inevitable. Here they are:

- 1. Employment.** Employment is a leading indicator of a real estate market cycle by 12 to 18 months. This is your earliest warning signal of change. Contact your state employment office and get on their mailing list to receive the monthly employment numbers for your county (or go to their website). Watch for a change in employment (either up or down). Compare the number of people employed last month to the same month a year ago. Is the number rising or falling? This is your best crystal ball, giving you a 12- to 18-month head start.
- 2. Appreciation.** Go to the government website [www.fhfa.gov](http://www.fhfa.gov) and download their quarterly "House Price Index" report. This is a long report (usually 75 pages), so scroll down to the charts that give you "House Price Appreciation by State" and 300 individual metropolitan markets. These charts show the house price appreciation for the last year, the last quarter, the last five years, and since 1991. Want to see if a market is speeding up or slowing down? Take the quarterly change in prices for a market and annualize it (multiply times four). Then, compare this number to the annual price change. Some markets are seasonal, so be careful about jumping to conclusions based on just one quarter. Start tracking each quarter, and you will spot the trends.
- 3. Affordability.** The three components of affordability are house price, household income and interest rates. Ultimately, home prices and real estate activity are a function of people's ability to pay. Track these components to see if the median household income can afford the median-priced home.
- 4. Supply and Demand Ratios.** Tracking supply and demand for your various sub-markets will also give you a clue as to whether a sub-market is overheated and a bubble is building. Here are two examples: A six-month supply of homes is considered a balanced market. In our market right now, the price range under \$400,000 has a 1.8-month supply (seller's market) while the price range over \$700,000 has a 13.3-month supply (buyer's market). We have both a seller's market and a buyer's market at the same time depending on the price range. Here's the second example: Apartments are experiencing a 1 percent vacancy rate and double-digit rent increases, making apartments one of the hottest segments. To get to a balanced market (5 percent vacancy) we need to add about 1,500 apartments in our market. There are currently 1,739 under construction with another 2,165 approved for construction. We see a bubble in apartments a year from now and are warning our investors.

Real estate is a cyclical industry. Knowing where you are in the market cycle is a critical skill. Track the four fundamentals, and you will keep your customers and your team out of bubble trouble. 🏡



## DATA ANALYSIS

# REAL ESTATE OFFICE DYNAMICS

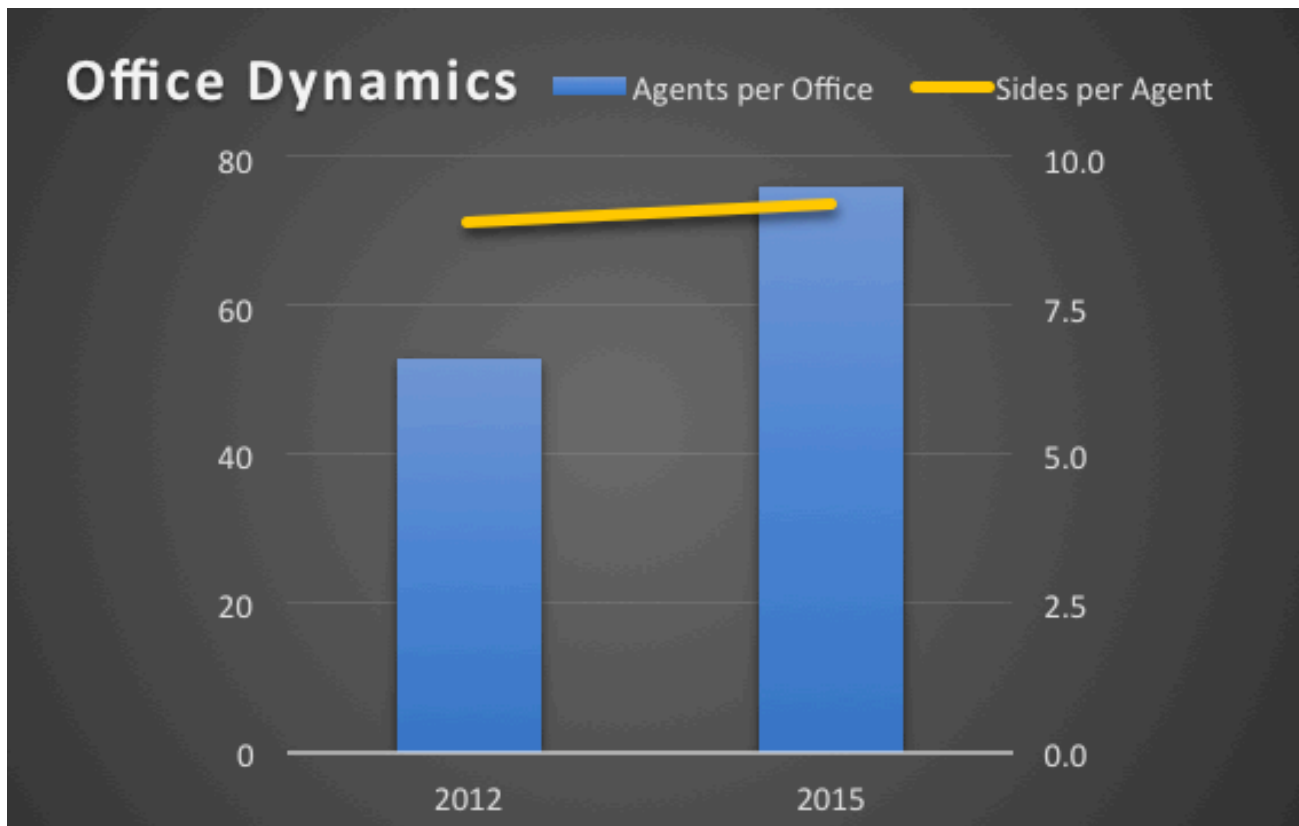
*What is REAL Trends benchmarking data saying about office dynamics?*

*By Scott Wright, manager of business analytics*

Over the years, the real estate industry has seen radical changes to office dynamics. An update of our benchmark matrix offers a glimpse of just how much things are changing.

In last month's newsletter, I wrote about the ongoing downtrend in the percentage of Gross Commission Income (GCI) retained. This trend may seem alarming, but since brokers are in the business of making money, they've ramped up GCI earned per office. Couple this GCI surge with smarter spending and many brokers were able to make 2015 one of their most profitable years ever.

As it turns out, the formula for this per-office GCI surge is a rather simple one. Naturally, there's the macro factor of home price appreciation, but the biggest factor is a major increase in agents per office. Since 2012, REAL Trends has seen a whopping 43 percent increase in average agents per office, from 53 to 76.





There's simply no better way to increase GCI than to boost agent count. Agents are the No. 1 asset for all real estate brokerage businesses, and brokers have been on a recruiting spree as they seek to increase agents per office.

Of course, having a higher per-office agent count will only translate to an increase in revenues if the agents are productive. And, productive they've been, with an average per-office increase in sides and volume of 48 percent and 35 percent respectively.

Since these sides/volume increases are on par percentage-wise with the increase in agent count, it's evident that agents haven't been any less productive. In fact, as you can see in the chart, there's been a slight uptick in sides per agent, from 8.9 in 2012 to 9.2 in 2015.

This per-agent increase in closed transactions in a smaller workspace may seem counterintuitive by conventional standards. In many industries, a cramped workspace and inaccessibility to the right workspace would have an adverse effect on employee satisfaction and, ultimately, productivity but interestingly this is not the case in the real estate industry.

Earlier this year, I toured several offices of a large, successful brokerage company in the Midwest. I was astounded by their agent and office dynamics. Incredibly, there were some offices with an average-desk-space-per-agent of less than 30 square feet, with one of its larger offices housing agents at a staggering 15 square feet per agent.

With this kind of workspace, you'd expect to walk in and find a group of sour agents grumbling like cattle in a pen. Rather, what I found was an agent population that couldn't be happier.

This company had the foundation of a very strong culture, so ultimately I wasn't too surprised. What it drove home for me is that the traditional workspace paradigm doesn't apply to this industry.

A real estate agent's office is not a cubicle with a land-line telephone, but rather a smartphone and tablet. More sales associates are working from home, cars or a coffee shop. As long as they have the support of a physical office that gives them access to a conference room, supplies and marketing materials, they'd rather function in a more agile work environment outside of a cubicle.

These shifting office dynamics allow brokers to assign more agents per office, which ultimately allows them to operate leaner and generate higher per-office profits. 🐾

**A real estate agent's office is not a cubicle with a land-line telephone, but rather a smartphone and tablet. More sales associates are working from home, cars or a coffee shop.**

## COMPANY CULTURE

# INSTITUTIONALIZATION VS. BUREAUCRACY

*A healthy organization first has to know what it stands for, culturally and strategically.*

*By Patrick Lencioni, The Table Group*

Whenever I speak to a group of executives about organizational health, I explain that leaders must “institutionalize a company’s culture without bureaucratizing it.” People universally respond to this, most likely because they understand the painful impact of creeping bureaucracy. But what is it about bureaucracy that provokes such a reaction in people?

Before getting into that, let’s be clear that every organization needs a certain amount of structure to preserve what is good about it. This is what I mean by institutionalizing a company’s culture. Rules, processes and protocol are requirements of any organization that wants to build consistency around

its unique strategy and culture. The problem with bureaucratic organizations is not only that they implement too many rules and regulations, but that those rules and regulations seem to serve no clear strategic or cultural purpose.

An example might be helpful: there is a big difference between the bureaucracy of United Airlines (or one of the other big ones, I suppose) and the institutionalization of Southwest Airlines.

If I were to relay all of the maddening and incomprehensibly bureaucratic treatment I’ve witnessed and experienced while flying United, this POV would be long enough to be a book. In fact, if someone else were to write that book, I’d certainly read it because, after all, misery loves company. What makes flying United (or going to the DMV, for that matter) so frustrating is the loss of hope and dignity you feel when you ask an employee a question like “what’s the point of that rule?” or “why

Every organization needs a certain amount of structure to preserve what is good about it. This is what I mean by **institutionalizing** a company’s culture.

The problem with **bureaucratic** organizations is not only that they implement too many rules and regulations, but that those rules and regulations seem to serve no clear strategic or cultural purpose.



does it have to be that way?” Usually, the flight attendant or gate agent just shrugs, either with indifference or on a good day, with a sense of empathic hopelessness. There is no sense that they understand why they’re doing what they’re doing, or that they’re empowered to make a decision on their own. And if you take the time to talk to them about their experience working at the company, something I often do, you realize they are victims of bureaucracy as much as their customers are.

Contrast that with Southwest, a company that is not perfect, I know. However, one of the biggest differences between flying the two airlines is not simply that Southwest has fewer rules, but rather that it designs its rules to fit its culture and strategy. This is evident when you ask an employee a question and get a coherent, logical and understandable response.

Years ago, I was flying Southwest and expressed my desire to a gate agent, who was no more than 23 years old, that the company put seats in the boarding area that corresponded to a customer’s boarding number. This would allow me to put my luggage down and rest or go to the restroom without losing my place in line (this was before they had numerical boarding passes). In a kind and confident way, the employee explained that it would cost money to do that, and they’d probably have to raise fares, which violates one of the primary tenets of their business. The policy made sense. I felt acknowledged. No problem.

What’s the lesson in all of this? A healthy organization first has to know what it stands for, culturally and strategically. Then it has to put in place just enough processes and procedures to institutionalize its culture and strategy, and no more. Finally, it must communicate — and make sure that employees can articulate — the reasons for those processes and procedures in a way that preserves dignity and sanity of the human beings that the organization serves.

This approach to avoiding bureaucracy applies whether you’re a CEO leading an airline, a superintendent overseeing a school district, or a president heading a nation. When leaders and the people who work for them fail to understand the cultural and strategic underpinnings of their organization, and how those underpinnings impact real people, they almost inevitably create an environment where bureaucracy explodes. Rules are put in place for the sake of having rules, and not to serve the needs of the people they’re supposed to serve. When that happens, everyone suffers, with the possible exception of the bureaucrats who always seem to be protected from the costs of rules and regulations.

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*Patrick Lencioni is the founder of The Table Group and author of several books including, “The Ideal Team Player,” and “The Five Dysfunctions of a Team.”* ♡

**What’s the lesson in all of this?** A healthy organization first has to know what it stands for, culturally and strategically. Then it has to put in place just enough processes and procedures to institutionalize its culture and strategy, **and no more.**



GRIER ALLEN, BOOMTOWN, CHARLESTON, SC

# A BOOMING BUSINESS

*Lessons remembered—learn from leaders where tomorrow's opportunities and threats lie.*

By Steve Murray, publisher

“The biggest surprise I have had in leading BoomTown is how willing our clients are to work with us to improve our product. It’s amazing that they give us constant feedback, instantaneously, that helps us make it better,” said Grier Allen, CEO and founder of BoomTown.

BoomTown is among the fastest-growing marketing/technology firms in the residential brokerage industry. From its founding in 2006, it now has over 220 employees in offices in Charleston, Atlanta and San Francisco. Their primary focus is in working with brokerage firms and, increasingly, top teams, to increase the efficiency of their online digital marketing investments. “We are, in many respects, a digital advertising agency,” says Allen. “Our clients want help increasing their customer acquisition of the online customer. We use a variety of tools to help them do that, from predictive marketing to automation of several functions.”

**“WITH OVER 220 PEOPLE AND MORE GROWTH AHEAD, it’s critical that we have the very best people on board with what we are trying to accomplish. I can’t stress how important it is.”**

Allen says building a culture is imperative. “We focus on hiring people who buy into our beliefs in getting along with others, getting the job done and listening to our clients. “Right from the start I believed that for us to be successful, we had to have the right people, and they had to have a common frame of reference for how we measure success. It’s not all about money; it’s about working together to take care of our clients and continue to improve and broaden what we can offer them.” He said that with the growth in the company, he isn’t doing as much work in product development but finds great personal reward in building the people of the company. “With over 220 people and more growth ahead, it’s critical



that we have the very best people on board with what we are trying to accomplish. I can’t stress how important it is.”

Allen says that the business continues to evolve. The role of the agent is changing, he says, as it always has and always will. Teams are growing more sophisticated, and their willingness to invest online is growing even faster. “Regardless of when the market cycles again [Grier was with Charleston’s leading brokerage firm for several years and knows what that looks like], we think that the demand for highly effective and efficient digital marketing will increase. We want to be the leader in that space—pure and simple.” ▲

# Too Many Systems Got You Feeling Disconnected?

BoomTown connects and communicates with your partners, so you can work your entire arsenal of tools from one command center.



Phone Dialer



Video Email



CMA



CRM



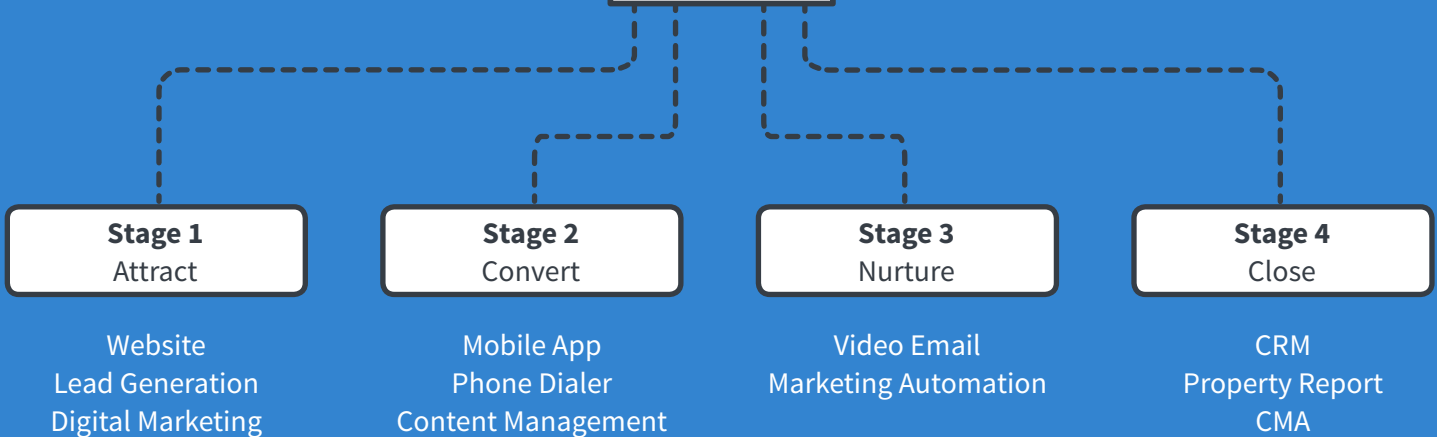
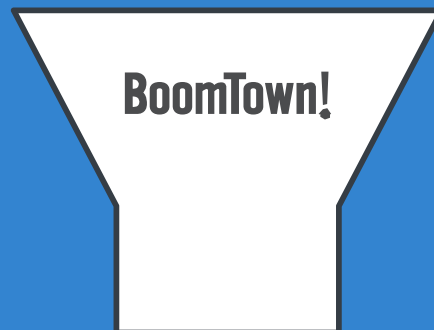
Marketing Automation



Website



Lead Generation



Learn more about our Integration Partners and what BoomTown can do for your business by visiting [boomtownroi.com/features/integration-partners](https://boomtownroi.com/features/integration-partners).

## NEW RULES

# IS YOUR WEBSITE ADA-COMPLIANT?

*Legal challenges over website accessibility for disabled individuals are becoming a real threat to virtually any company that has an internet presence.*

*By Sue Johnson, strategic alliance consultant*

The Americans with Disabilities Act (ADA) traditionally has invoked thoughts about how to provide disabled individuals access to public offices, retail outlets, and events. Today, legal challenges over website accessibility for disabled individuals are becoming a real threat to virtually any company that has an internet presence.

## **The Department of Justice's Position—and Lack of Guidance**

The law at issue is Title III of the ADA, which governs access provided by private companies for disabled

persons in places of *public accommodation*. Congress passed the ADA in 1990 before the internet became widely used by consumers for shopping. In recent years, the question has become whether or not a private company's website is a place of *public accommodation* subject to the ADA requirements under Title III.

The Department of Justice (DOJ) has made it clear over time that the answer is yes, but has not yet published regulations that would provide private companies a framework to help them comply. In 2010, the DOJ announced in an Advanced Notice of Proposed



**IN RECENT YEARS,** the question has become whether or not a private company's website is a place of public accommodation subject to the ADA requirements under Title III.

**COMPLIANCE**

Rulemaking that it was considering revising its regulations under Title II (state and local governments) and Title III (private companies) to cover website accessibility; asking what standards, if any, it should adopt. But recently, the DOJ withdrew its proposed Title II regulation and delayed the Title III regulation until 2018.

### Lawsuits Fill the Void

The DOJ's delay in providing guidance through regulation has left a void in the regulatory environment. As is often the case, that void is generating a faster pace of lawsuits (or threatened lawsuits) by the plaintiff's bar and disabled advocacy groups against private companies under Title III—including real estate brokerage companies.

Lawyers representing disabled clients claim that the vast majority of realty sites don't offer features needed to allow disabled website visitors to shop for homes and absorb content like other visitors.

The Dallas-based law firm of Leon Cosgrove, LLC reported in May 2016 that plaintiffs had filed more than 30 lawsuits within the prior two months in federal courts throughout the country that alleged website barriers to access in violation of the ADA. Nationally syndicated columnist Ken Harney recently reported that one Pittsburgh law firm (Carlson Lynch Sweet Kilpela & Carpenter) sent letters threatening litigation "to as many as 25 realty and home-building companies in recent months." According to Harney, lawyers representing disabled clients claim that the vast majority of realty sites don't offer features needed to allow disabled website visitors to shop for homes and absorb content like other visitors.

### What You Can Do Now

In the absence of ADA regulations, what can a company do to protect itself against potential legal challenges over website accessibility? Here are some suggestions:

1. Ask your website provider about your website's current accessibility, and about what it is doing to ensure ADA compliance.
2. Ask your IT team or appropriate staff to review your website—both the closed and public portions—for potential vulnerability under the ADA using the Web Content Accessibility Guidelines 2.0 as a reference. The DOJ has signaled over the last few years that it considers a website to be accessible if it complies with the Level AA standards in the Guidelines in the absence of regulations.
3. Conduct a compliance audit of your website under the Web Content Accessibility Guidelines 2.0 (don't forget state laws), either through your in-house IT team or a third-party technical consultant.
4. Make sure that all new web pages are ADA-compliant during any website redesign.
5. Provide a feedback mechanism for disabled website users to contact a staff person regarding issues of accessibility, and make sure that the staff appropriately follows through on the feedback. Not only could this process help ward off potential legal actions, but it can help you better understand what needs to be improved.
6. Involve external legal counsel in your audit and any needed redesign.

Assuring ADA compliance for your website can be complicated and won't happen overnight. But in light of the recent spike in legal challenges, it's best to start now to assess your website's vulnerability and to begin to implement necessary changes. ♣

JIMMY DULIN, PRESIDENT AND CEO  
RE/MAX ABILITY PLUS  
CARMEL, INDIANA

# INTENTIONAL BUSINESS BUILDER

*Pure grit and dedication to his dream of building a career helped Jimmy Dulin, president and CEO of RE/MAX Ability Plus in Carmel, Indiana, build a formidable brokerage after many setbacks. REAL Trends interviewed Dulin about his challenges and successes.*

**RT:** Tell us about your path to real estate.

**Dulin:** I dropped out of college and got my real estate license in September 1991. I joined RE/MAX in February 1992 and became an owner in 1995. Unfortunately, I was working with a less-than-honest partner who embezzled the escrow money. So, I got out of ownership and joined another RE/MAX office. In June 1999, I became a one-third owner of that brokerage.

In August 1999, I put my first merger together with another RE/MAX office, and we then had five owners. Eventually, over time, I bought those owners out. Many of the sales associates left because they didn't want me as their sole broker-owner. In 2008, 32 of our 40 sales associates joined me down our current path.

**"When I changed my office floor plan to a café-style space, it created collaboration and an environment where people began to enjoy coming into the office. It changed the face of the company forever." —Jimmy Dulin**



**RT:** Tell me one lesson learned when building your brokerage.

**Dulin:** Don't be afraid of change. One of my old partners insisted we never change our compensation program for fear of losing agents. One of the first things I did as sole owner was implement a yearly change to our programs. I sent out a letter explaining the changes and that first year it was a big deal. While listening to agent feedback, I realized that they were upset with the fact that I changed something; not the actual change. The lesson for me is that change is good, you must analyze and make business adjustments.



If you don't, everyone becomes used to stagnation.

**RT:** What was the biggest professional challenge you faced when building your brokerage?

**Dulin:** The challenge I find is the ability to network. There are three types of brokers. One wants to have an office big enough so he can keep 100 percent of the commissions, so they don't pay rent and maintain sales practice. The other broker is the kind that wasn't a great agent, so he or she starts a brokerage and become the office manager. The last type of broker is the CEO out to build a big business. There aren't many of these CEO-types out there. And, those who are this type may have inherited it or bought it rather than built it. I find it

difficult to find people who have been down my path. There is no blueprint.

**RT:** Based on your experience, what is the one thing you did with your brokerage that changed the trajectory of your business? What was the turning point from success to major success?

**Dulin:** A business change I made was the creation of a floor plan from a traditional office that was fragmented to a common, collaborate workspace. It brought conversation and created relationships that changed the face of the company forever. 🐾

## FACTS ABOUT JIMMY DULIN

**Inspiration:** My brother died when he was 21 years old, and I was 20 years old. His death made me appreciate every day. Don't wait until you get old to reflect and enjoy your life.



**Bucket list:** To be the No. 1 real estate company in Indiana (he's No. 181 by sides and No. 301 by volume nationwide according to the 2016 REAL Trends 500 top brokerages). To retire on Lake Michigan and to travel the United States in a Prevost motorhome.



**Four things you can't live without (excluding family and friends):** REAL Trends stats and information, dreaming big, someday walking my daughter down the aisle and seeing my son make the PGA tour.



# GROWTH STRATEGIES FOR BROKERS

*Looking to grow via acquisition? There are few basic rules that should govern this approach to growth.*

*By Steve Murray, publisher*

Few brokerage firms are truly growing at the same pace as the market through organic means, such as recruiting and developing sales associates. Many are growing at about the same rate that Realtor® membership is growing—about 3 to 4 percent per year. Most aren't growing that quickly. Agent productivity runs about 8.6 transactions per Realtor per year and has been within a small variation of that number for the last four years. The peak was way back in the 1998-2002 era when it was above 10 transactions per year.

## Benefits of Acquisition

Many brokerage firms that want to grow faster than the market turn to acquisitions or variations of this theme. There are many good reasons for this, including faster growth, elimination of competition, adding key office locations, spreading overhead over more units and enhancing profitability from core services such as mortgage, title and escrow. All have worked when a deal can be done at the right price and term without too much risk.

## Basic Rules

There are few basic rules that should govern your approach to growth via this path. First, enlist the help of good counsel—accountants, lawyers and operations leaders who know how to put these deals together successfully. Second, while the numbers are important, it is just as important (maybe more so) that the cultures are harmonious and that the commission plans are not too dissimilar. Many people hurry through the due diligence on culture and commission plans without giving them full consideration. This is, in fact, where most combinations go wrong. Too much focus on the numbers and financials and not

enough on the actual fit. Do remember that as much as leaders dislike change, sales associates and employees dislike it even more.

Lastly, while growth through acquisitions and mergers is fun and exciting, leaders should not ignore that recruiting and developing sales associates is fundamental to success. When you don't have an effective program to grow in this organic fashion, you will keep on buying sales associates while losing them on the back end. The data from REAL Trends 500 and Up-and-Comers rankings have shown this over many years.

## One Last Thought

Growing through acquisitions and combinations is no different than recruiting sales associates. After all, you're recruiting and attracting whole companies rather than individual sales associates. The same courtship that goes on with recruiting agents should be used by leaders when approaching a favored company for a combination. As with recruiting agents, it is often not about the money but more about the intangibles of culture and service. Keep that uppermost in your mind. ♣



FROM LAUNCH TO MAINSTREAM

# THE NEXT FRONTIER IN REAL ESTATE VIDEO

*Technology has evolved, and what was once amazing, untouchable technology is now mainstream. Here's a look at some video technologies that are evolving.*

*By Travis Saxton, vice president of technology*

Remember when you first heard about drones and what they could do for the industry? It took a while, but eventually, laws were made and clarified. Then, photographers and virtual tour companies that possessed the proper FAA license, equipment and skillset necessary to get high-quality drone video started promoting it for real estate. Rules have changed again, making it easier for photographers to get licensed or certified to use drones. This will again change the landscape. Using drones in real estate photography isn't quite mainstream just yet. After all, it is costly and not easy to use to market properties under \$500,000. But, it soon will be and eventually the majority of real estate professionals will be using drones to market properties.

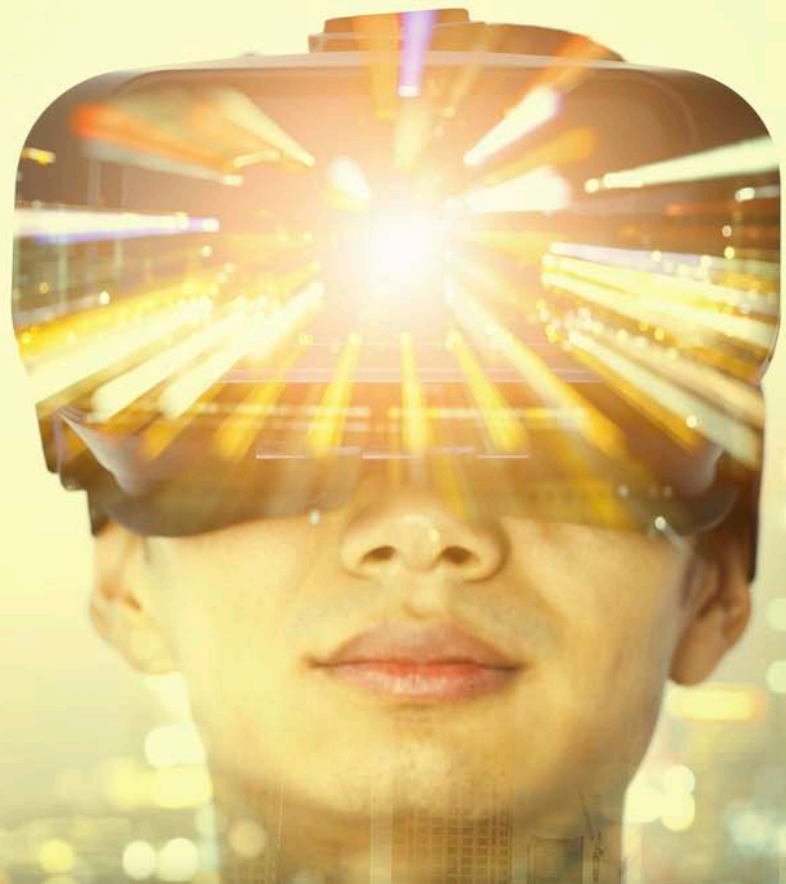
Such as it is with new technology, a product launches and

is out of reach for many until suddenly it's accessible and mainstream. What's amazing is how quickly technologies are developing in the area of photography. Here are our thoughts on the frontier of video:

**Digital Photography:** It was invented in 1975 but didn't become mainstream until the 1990s. By 2004-2005, digital cameras had widely replaced film cameras. It took 30 years for digital photography to become mainstream!

**HDR Photography:** After digital came HDR (high dynamic range Imaging) photography, which was invented in 1985. However, it wasn't used for commercial purposes until 1993 (medical field) and then, in 1997 for motion pictures. HDR didn't hit real

Technology is moving fast and 360-degree video, drones and 3D modeling have now hit our industry. They are transforming the way we market real estate listings.



estate until 2006-2007 and was mainly used to market luxury properties. In 2010-2011, it started to become more mainstream. Now, many listings get this treatment, and its adoption is widespread. This also took 30 years from invention to being widely adopted.

**Digital Video:** Digital video was invented in the late 1970s and became commercialized by Sony in 1986. It didn't hit personal computing until the early '90s. This also didn't become mainstream in real estate until the mid-2000s, with widespread usage by approximately 2010—another 30-year period from commercialization until mainstream.

Now, let's look at the cutting-edge tactics that our industry is seeing. One might argue that these are just evolutions of their predecessors or variations. That is a valid argument. What can't be ignored is how fast these technologies are proliferating through our industry.

**Drones:** They first hit the scene in a commercial format in 2010 and by 2014 were used to market some luxury properties. Now, in 2016, it's becoming more mainstream, particularly in the luxury market. All this in a six-year period!

**3D Modeling:** Used primarily for floorplans and, eventually, layouts, it now is used to present full, 3D models. This was invented around 2010-2011 when Matterport burst onto the scene. It is now relatively mainstream in real estate. In May 2015, Zillow announced they would be serving up Matterport tours. This was a short four- to five-year period from inception to mainstream.

**Virtual Reality (VR):** From a commercial and personal use, virtual reality was invented in 2013 by Oculus Rift (which was acquired by Facebook for \$2 billion.) Google joined the fun in 2014 with the launch of Google Cardboard and turned it into an affordable and practical way to consume content. We saw this creep into our industry in mid-2014. By

early 2015, some companies were adopting VR technology for luxury listings. By late 2015, some luxury firms had adopted VR across our country. While this isn't mainstream yet, we anticipate a three-year window from inception to mainstream—expect it by late 2016 to 2017.

**360-degree Video (aka Immersive Video):** The newest kid on the block is 360-degree video. It didn't become an option until YouTube started working with the format in March 2015. Now, many companies such as Ricoh, Alliecam, 360 Fly are producing consumer products for under \$500. This isn't close to mainstream yet, but we have seen early adopters using it in real estate. In less than one year, we already are using this in real estate.

Technology is moving fast and 360-degree video, drones and 3D modeling have now hit our industry. They are transforming the way we market real estate listings. REAL Trends thinks all of these technologies are amazing and will eventually become mainstream. What's next? Think something futuristic like holograms and projected content. It will take the place of video as we know it! 🏠

What's next?  
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## DIGITAL MARKETING

# STAYING AHEAD OF THE CURVE

*It's easy, just be where the eyes are.*

*By Paul Salley, manager of marketing and business development*

At REAL Trends, I work with many of the top brokerages in the United States and Canadian with the creation, planning, execution and monitoring of their marketing initiatives. Some of the main questions I receive include:

- **Where is the most effective place to put my marketing dollars?**
- **Which marketing outlets are trending?**

The response to these two questions is, “it depends.” Helpful, right? I’ll explain.

With the capabilities of today’s digital marketing platforms, marketers can market directly to their desired target audience. The audience and goal of the campaign will determine which platform is the most appropriate to leverage. The key is to know which mediums your audience is most likely to consume. Facebook can be a powerful platform as it has the most users coupled with the most user information and can incorporate elements such as location, uploaded lists, audience lists, retargeting and more. We constantly see two to three percent click-through rates on Facebook. Facebook also allows you to send a specific message ensuring that the correct people see the message. One example of this is a first-time homebuyer campaign. Marketers may effectively market to a specific age demographic, relationship status, location and interests that pertain to the physical location of a listing. Another powerful filter is income—this will ensure that the proper listings pages are paired with the appropriate audience, one that can afford the properties being displayed.

When considering staying ahead of the curve in marketing, the answer is hidden in plain sight. You want to be where the eyes are—mobile. Take a moment to view how many people are currently on their mobile devices: emailing, texting, reading, engaging in social media of some form. This especially holds true when looking at anyone age 25 and under. These individuals live a virtual life surrounded by social media platforms, particularly Snapchat.

It’s important that marketers understand who our next-generation buyers are and how to adapt to reach them where they already are, on Snapchat, Instagram and

more. It’s also important to understand what relates to and connects with buyers. Millennial buyers are prone to click on an ad that comes across as organic and authentic or something that would add genuine value to their lives.

Ultimately, to stay ahead of the curve in marketing is to stay relevant. Matching a message to the appropriate audience on platforms that that target audience is already using will be key in having a successful marketing platform.

Finally, it’s important to think outside the box. It’s easy to recognize where and how consumers are consuming content; the trick is to leverage these platforms as marketing vehicles, even if a formal advertising platform has not been created around that platform. This grassroots/guerilla approach to marketing will separate your brokerage from others and will allow your message to be accepted in an authentic manner with relatively low competition. ▶

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THE TRUSTED SOURCE

# RANKINGS, AND MORE RANKINGS!



We just released the 2016 REAL Trends The Thousand, which received substantial coverage through our partnership with *The Wall Street Journal*. These top-producing individuals and teams hit it out of the park regarding total production and average production.

On July 7, REAL Trends released America's Best Real Estate Agents. This year, we feature more than 12,000 agents and teams who closed more than 50 sides or \$20 million in volume. Imagine—there are more than 12,000 agents and teams each doing that kind of business!



View America's Best: [CLICK HERE](#)

We have been ranking top brokerage firms since 1988 and top agents since 2005. In both cases, there were no standards for how to measure sales success and no system for verifying the numbers. While no human system is ever going to be perfect, we try every year to improve how brokerage firms and sales associates are measured and verified. ▶

It's estimated that there are between 35,000 and 50,000 real estate teams in the United States. Learn more about the foundation and habits of the most successful teams in the business.

[CLICK HERE](#)

Aligning Structures and Strategies with Goals and Growth



REALTRENDS

# GATHERING OF EAGLES

Join “Good to Great” author Jim Collins, along with top residential brokerage leaders at the 2017 REAL Trends Gathering of Eagles, April 26-28, 2017, in Denver, Colorado. For an agenda and more information, [CLICK HERE](#) ▶



## CELEBRATING REAL TRENDS 30TH ANNIVERSARY

# AUGUST 1987: CREDIT REPORTS, LIMITED FUNCTION REFERRAL ONLY AND TOP BROKERAGES

*To celebrate REAL Trends’ 30th anniversary year, we will bring back old articles from our early years to see how much (or little) has changed about the industry.*

It’s amazing how far we have come! Some 30 years ago, we reported that credit reports were finally becoming available to consumers through a unit of TRW. For \$35 a year, a customer gets a full report and regular updates when anything changes. Seems quaint by today’s standards.

Also, in 1987, Limited Function Referral Only (LFRO) status was gaining favor with large brokerage firms. That trend has since leveled, but even today many of the larger firms have them.

In 1987, a consumer awareness study done by Gallup showed that Century 21 was the highest at 91 percent consumer awareness, ERA second at 49 percent followed by Coldwell Banker, Merrill Lynch (no longer around), Better Homes and Gardens, Gallery of Homes, Realty World, Red Carpet, United Farm Agency (subsequently renamed United Country) and RE/MAX.

Interestingly enough, today Century 21 is still at the top of the list for consumer’s awareness but now is followed by RE/MAX and Coldwell Banker. ▶