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Commentary

Views From the Top Leaders Discuss Future Market Trends

With a flat market and unknowns in the mortgage market, these leaders say to focus on basics.

Written by Steve Murray, publisher

The housing market will likely not see the kinds of upward surge in 2014 that happened in 2012 and 2013. At least according to the CEO's of the nation's largest real estate organizations. Margaret Kelly, CEO of RE/MAX; Ron Peltier, CEO of Berkshire Hathaway Home Services; Alex Perriello, CEO of the Realty Franchise Group; Rich Rector, CEO of Realty Executives, Pam O'Connor, CEO of Leading Real Estate Companies of the World and Mark Willis, CEO of Keller Williams were all asked their views of housing sales for 2014. We also had the chance to hear from them about what structural challenges lay ahead this year and what they and their organizations will be focused on.



Flat Unit Sales

Concerning the market, these six leaders indicated near unanimity about unit sales, each indicating that

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Realtor® Organizations

Membership Growing Again

According to 12 CEO's of large Realtor® Associations around the country, membership numbers are growing.

Written by Steve Murray, publisher

At long last the number of people entering the industry appears to be on an upward track. Twelve leaders who are part of the Association Executive CEO Council indicate that member numbers are going to be up in the range of 2-5 percent in 2014 based on what has already taken place in their markets.

That would equate to a net increase of about 20,000 to 50,000 new licensees. It is a strong indicator that real estate brokerage is becoming attractive again. ■

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sales are likely to be flat across the country with some markets performing above that level and better. Each believes that prices will more likely be up somewhat but not at the levels seen in 2012 and 2013.

Kelly said that while inventory levels will remain low the rise in “prices may help bring some previously underwater homes out of the shadow and into the market once again.”

Peltier was a bit more bullish about units and prices indicating the potential of 5 percent increases in both areas and said, “inventories are still somewhat short thus the continued upward pressure on prices.” Perriello said that the challenges are still on the inventory side and as the year progresses it will approach more normal levels. He added that he thinks there remains pent up demand for homeownership. Willis said that there will still be growth across the country just not as strong as prior years.

Structural Challenges

In the area of structural challenges all were most concerned about the impact of Dodd-Frank and particularly the rules emanating from the Consumer Finance Protection Bureau (CFPB). While no one thought that mortgages would be less available in 2014, the concern was with the unknown.

“The actions of the Federal government as to housing are

mainly confusing the entire industry,” said Rector. “Until we know the rules and how lenders react to them we really won't know how much to worry.” Kelly added that one other area she is watching is flood insurance and what impact soaring costs will have on certain parts of the country. O'Connor pointed out that the changing roles and expectations of managers of realty firms will become more of a challenge to companies regardless of their model. In a flat market, growth will be harder to come by and until there is a stronger surge in new licensees, growth will have to come from stronger leadership at all levels.



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Consolidation was also a big concern. Perriello and Peltier lead organizations that are known to be in the market for acquisitions of leading brokerage companies in most markets. For both, the opportunities will continue. However, even those not actively buying other brokerage firms like Willis, O'Connor, Rector and Kelly said they are focusing their affiliates on the opportunities in the market

The phrase *back to basics* was mentioned by everyone. It's a part of the business about which they will spend time educating agents.

through consolidation. Most thought that 2014 would present solid opportunities for such movement within their respective networks.

Where to Focus

Recruiting, retention, technology and education top everyone's list. The phrase *back to basics* was mentioned by everyone. It's a part of the business about which they will spend time educating agents. Each has his or her own area that will get strong attention. For example, Peltier's organization will be putting great resources into converting franchises to the new Berkshire Hathaway HomeServices brand. Rector, having a smaller footprint, will be looking to strengthen his company's presence with franchise sales. O'Connor said that Leading RE will substantially increase their educational offerings as well as continue their global growth. Perriello commented that he sees huge opportunities with first time homebuyers and immigrants and will focus resources in these areas. Kelly, in addition to growing the network, will be focused on the use of technology at all levels of her organization. Willis talked about the continued growth of his organization and using education and technology to boost per-person productivity.

While it is worthwhile reading what economists have to say about markets and structural challenges, it is another to



Illustrations: Kirk Anderson

hear from those who have a huge stake in the actual outcome. These six lead organizations make up over half of all sales agents in the United States as well as the largest share of global brand activity. ■

What You Need to Know For the New Business Model

With so many changes in regulatory compliance, it's vital for brokerages to understand the new players.

Written by Jeremy Conaway, contributing editor

For many years, the North American real estate industry has been quite fortunate relative to regulation. Despite its relative size in terms of the number of licensees, the dollar volume of its gross product and the significant impact its services can have on large numbers of consumer households, regulation of the industry over the past 25 years has been fairly limited. Here are some regulations with which you are already familiar:



- 1. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act).** This was intended to prohibit discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, and disability. This program has been administered by the Department of Housing and Urban Development since 1968.
- 2. The Real Estate Settlement Procedures Act (RESPA).** The U.S. Congress passed this act in 1974. Until recently, it was managed by the Department of Housing and Urban Development. On July 21, 2011, Congress transferred RESPA regulation from the Department of Housing and Urban Development to the Consumer Financial Protection Bureau (CFPB).

What does this transfer mean to brokerages? What is this not-so-mild mannered regulatory upstart and where has it been hiding?

What is the CFPB?

The Consumer Financial Protection Bureau (CFPB) is an independent federal agency that holds primary responsibility for regulating consumer protection with regard to financial products and services. The CFPB was created in 2011 following the passage of the Dodd–Frank Wall Street Reform and Consumer Protection Act. As many of you know, Dodd-Frank passed as a response to the financial crisis of 2007–2008, which played a significant

role in creating the Great Recession. Following a novel attempt by Republican lawmakers to block his appointment, Richard Cordray from Ohio was named CFPB director.

The CFPB's somewhat unclear jurisdiction includes but is not limited to, banks, credit unions, securities firms, payday lenders, mortgage-servicing operations, foreclosure relief services, debt collectors and other financial companies. Its most pressing concerns to date have been mortgages, credit cards and student loans. More to the point, the organization has spent the past year investigating every aspect of the mortgage industry. It is now prepared to unleash a bundle of more than 900 separate mortgage-related regulations, many of which will become effective this month (January 2014.) While the mortgage industry continues to shrug off the impact of this new regulatory activity it clearly has caught the attention of many. Several unsuccessful attempts have been made to reduce the CFPB's powers, authority and process through litigation, legislation and rule making.

Of even greater interest are the thoughts of a number of industry thought leaders who suggest that there is an excellent chance that the CFPB may decide to expand its jurisdiction to include trusted advisors whose input includes consumer decisions regarding who can afford to own a residence and whether or not the relative financial stability of the market place makes it feasible for that transaction to take place at any given time.

Look for Increased Regulations

None of these regulatory schemes has yet to create any real difficulties, challenges or great expense for the industry. Fair housing and RESPA are largely clerical issues, and licensure has evolved into a largely unregulated cash cow for state governments. As a result, the level of regulatory compliance in many brokerage companies is somewhat casual and falls far below what will be required should a more substantial regulatory scheme be placed on the industry. This observation is in direct contrast to the mortgage industry that has seen their regulatory compliance-related expenses move sharply upward with a concurrent reduction of profitability.

All of which brings us to the point of this discussion. A strong argument can be made for the proposition that there is a better than 50 percent chance that, over the next two years, the industry is going to be the target of increased regulatory activity. If this occurs, brokerages will have to bring their regulatory compliance up to a much higher level.

Government regulation is not the only factor that could cause compliance to be reprioritized. The current high level of Wall Street participation in the ownership of franchises and brokerages may also drive this result. In the traditional agent-centric brokerage business model, agent satisfaction was the No. 1 priority. Profitability, at least a market level return on investment, was a third- or fourth-level priority.

In a publically traded company, the No. 1 priority is (or better be) profits that can be returned to shareholders in the form of dividends. Agent satisfaction and consumer experiences will likely take a back seat to these priorities. Profitability in this situation will be driven by accountability, transparency and standards or best practices. To be successful, all of these elements require the articulation of specific performance requirements, the periodic collection of metrics reflecting compliance with these requirements and systems to follow up when performance falls below expected requirements.

Examples of Well-Executed Compliance

Strict compliance is not a total stranger to our industry. The best example of how well executed compliance can work to create financial and management success in the real estate industry is Keller Williams. Those who criticize Keller Williams (KWRI) and suggest that the Keller Williams vision is driven by cultural tricks and cheerleading would do well to spend some time learning about its compliance system. No small part of KWRI's

success today (high profits/high growth) is because of its "enforced without question" compliance program that monitors (and enforces) all the accountability and standards systems deemed to be mission essential.

Fear not, it would appear that many within the industry will have a chance to rise to this level of compliance. Firms would do well to prepare immediately for the onset of the new regulated industry profit and performance environment. ■

Compliance

Get Started Today

We've got recommendations to get the compliance process started.

- Do some basic research into the area of regulatory and standards compliance programs.
- Understand basic compliance theory.
- Recognize that high-level staff members drive compliance programs.
- Recognize that compliance is the ultimate internal control and that, from a compliance perspective, agent centrality is not effective. Compliance requires that someone be in command.
- Develop a general awareness of the types of technologies that are currently available.
- Be prepared to make a significant investment. Compliance is not a risk-taker's game. One violation can bankrupt a company.
- One of the most important roles that compliance plays is to demonstrate for regulators and the public the depth of the firm's commitment to doing it right. Compliance without commitment becomes obvious even to the casual observer.

Get started today. Take your compliance stations. As an industry, we can do this.

Got Results?

4 KEY ELEMENTS TO A GREAT TRAINING PLATFORM

Is your training program producing the results you want?

*Written by Larry Kendall, author of *Ninja Selling* and Eric Thompson, president of *The Group, Inc.**

Our observation is that owners and managers no longer want training. They want results! The last thing they want is entertainment posing as training. In fact, we have emails from owners asking about our training and results. They specifically say, “Please. No entertainment!”

During the great recession, I attended a training session at a mid-sized company. The trainer was an incredible entertainer and had the sales associates rolling in the aisles with laughter. They loved it. I watched the owner’s face. He hated it. I visited with him at the break, and he said, “We are in the toughest market of our careers. I’m facing \$1 million a month in overhead. The trainer is cracking jokes and playing videos. Right now, my people need skills and results.” In our view, training can be entertaining, but the first priority is results.

A successful training platform that delivers results has four key elements:

1. **It is a system. It has a documented process that you can hand to someone.** It’s important that sales associates walk out of the training program with a sales system in their hands. There needs to be solid science behind the system and step-by-step processes for them to follow. Later they can practice the processes and refer to them when they have a question or a problem.

2. **The system must give predictable results.** If agents work the system, the system will work for them. When they have a system that gives predictable results, they can be purposeful in their daily activities. Without a system, they tend to act by accident; thus their results are accidental.
3. **The system works regardless of the sales associate’s personality type.** Many top salespeople and top trainers are successful through the force of their personalities. What they do and how they do it is often not a teachable skill. It is unique to them and is not readily transferable to others. The sales system needs to be built on teachable skills, those skills that will work for most sales associates, regardless of their personality.
4. **The system works regardless of your market.** A good system works in all markets— a buyer’s market, seller’s market, investor market, resort market and any geographic market.

In our experience, sales associates and companies who commit to a sales training platform that has these four elements will experience results of 20 to 40 percent or more above the market performance. That is, if the market is up 20 percent, the brokerage will be up 40 to 60 percent or more. If the market is down 10 percent, it will be up 10 to 30 percent or more. The result will be increased market share, happier sales associates, better recruiting/attraction, and increased profitability. Then, you’ve got results! ■



Focus On: Scott Gibson

President and CEO, Gibson International

Written by Tracey C. Velt, editor

Fresh out of college, Scott Gibson, president and CEO of Gibson International with three offices in Marina Delray, Brentwood and Pacific Palisades, launched his real estate career. Some 35 years later, he's heading up Gibson International.

REAL Trends: Tell us about your career path. How did you get your start in real estate?

Gibson: I started right out of college in 1978. I graduated with a Poly/Sci degree in minority politics from UCLA. That's a good fit for real estate, right? I was a sales agent. My family was in real estate. Also, we are an outdoorsy family, so we valued owning your own land. As land became scarcer, I was driven into real estate. I have always been interested in architecture, and my dad was a building contractor, so this was a good fit.

I got into management in 1983. While I was relatively successful in sales, I loved management. I'm a jock, so putting together a great team is a passion for me.

I decided to open Gibson International in June 2008. I had been with NRT/Realty from 1988 until 2008, managing the brokerage through mergers and acquisitions. I was in charge of bringing the Jon Douglas Company to the Coldwell Banker brand. After that, I gathered some great people around me including my partner, Pat Heller, and we opened the company. We now have 1,300 sales associates and three offices. While we do specialize in higher end, we handle all price ranges. The low end of our range is around \$400,000 to \$500,000.

REAL Trends: How do you do business differently? What makes Gibson unique?

Gibson: I think what makes my company different is that it is team oriented from top to bottom. Our group is very collaborative. We don't bring in new licensees. The average length of time one of our agents has been in the business is 16 years. So, we've got a highly experienced collaborative group that is dedicated to the profession and successful at sales. They have a tremendous understanding of the value of your reputation.



Culture is really important. So important that we spent our first two years developing, crafting and forming it before we built on it and moved forward. It's a sales business; not rocket science. Even as independent contractors, sales professionals want to belong and that's important.

As a company, we are also completely paperless. We have a high degree of sophistication relative to technology and the Internet. In fact, half of my website hits come from Facebook and Pinterest. We've found a key way to monetize social media.

REAL Trends: What are some trends you're seeing in your market?

Gibson: Even in our market, lending does have an impact. When interest rates go up, it impacts us. We've had a tremendous number of multiple offers, particularly in March through July. We still have a lot, but we're not seeing that dramatic jump in price that we had in the first burst. Initially, people were paying next year's prices. Now they're willing to pay today's prices and maybe a little higher. There's a small inventory of homes that have been on the market for a long time because sellers decided to price at next year's prices. They would sell quickly, if they were priced correctly. Open houses get between 50 to 100 people visiting, even in December. Inventory is extremely low—lower than I have ever seen.

REAL Trends: Do you have any hobbies outside of your career? Family?

Gibson: I'm an outdoors guy. I love to fly fish and golf. Anything outdoors is my passion. I love to watch horse racing. In previous years, I've had horses, but now my horse is my company. That's where all the feed goes. I've been married to Suzy for 32 years. I have three grown daughters, Heather, Hayley and Skyler. Heather has two boys, Kanan and Landon. Both Heather and Hayley live in LA. Skyler is working for Coldwell Banker in Denver.

REAL Trends: What are you passionate about as it relates to your business?

Gibson: The thing that really drives me is putting a group of people together in a way that they grow with each other. It's great when that all comes together.

What gives me my greatest joy is the fact that you can put a group of people together in a profession that is very diverse and make them feel they are a part of the whole. They see the value of the company and they're passionate about it. I like to see them have pride in the company. What follows

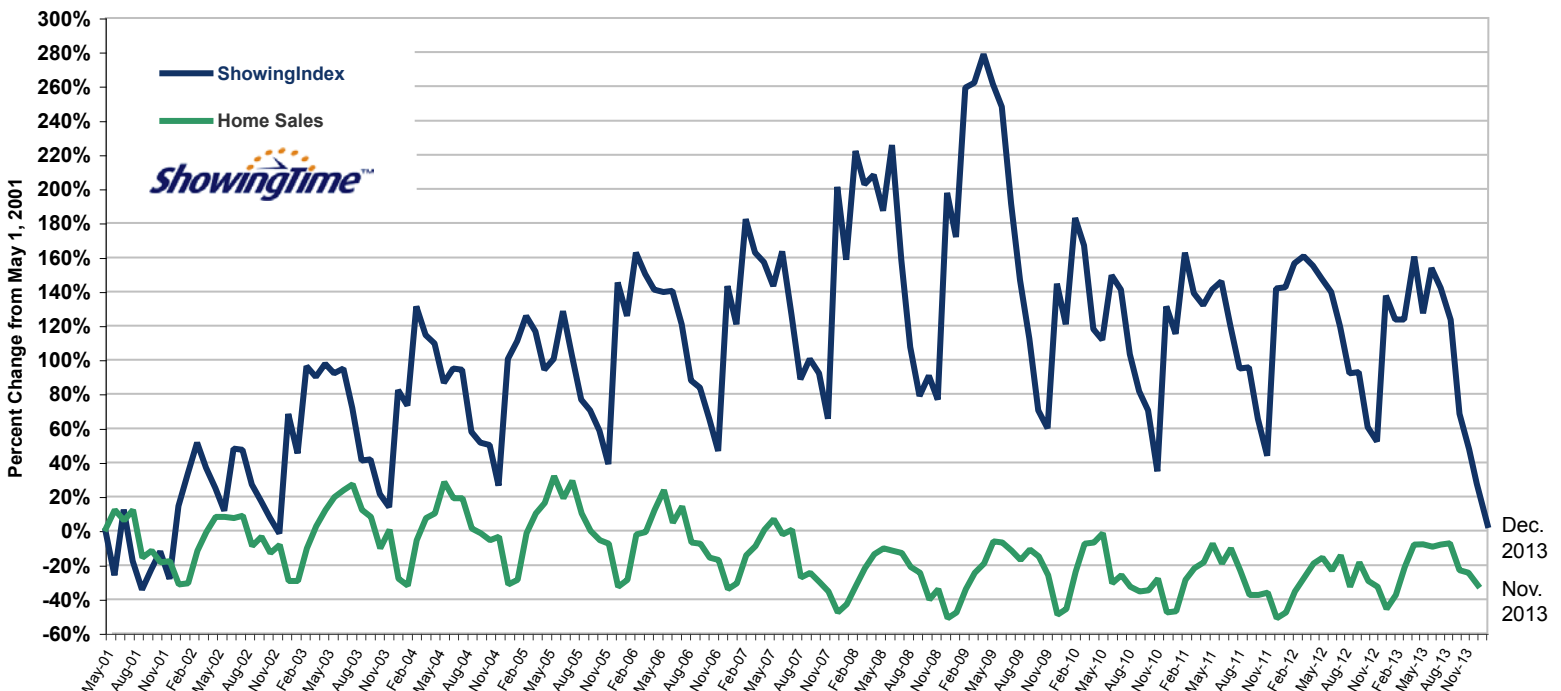
that pride is a positive reputation for both the agents and the company. Reputation is important in any market.

We vet our agents pretty hard. Before we hire, we take a look at an agent's reputation. Not every personality will work in our structure. The company is not perfect, but that's the beauty. We're very diverse. We have agents who speak Farsi, Korean, Japanese and more. We also have a wide age range.

Before we hire, we take a look at an agent's reputation. Not every personality will work in our structure.

Overall, we've got a good five to 10 years of this market. There's a solid base here. Right now we're in a good market that isn't in any jeopardy of being a bubble. ■

ShowingIndex - Leading Indication of Home Sales



Source : "Housing Sales" is the actual property sales statistic as reported by the National Association of REALTORS. The "ShowingIndex" is a moving trend statistic that tracks the rate of showing appointment requests from the websites of more than 60 real estate companies throughout the U.S. 40 of the companies are Top 100 companies as reported by REAL Trends.



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Market News



REAL Trends

HOUSING MARKET REPORT



November Sales Confirm Housing Slowdown

Housing unit sales for November 2013 increased 3.6 percent in the Midwest, the strongest showing in the country. The next highest region was in the Northeast region with an increase of 3.0 percent, the South region was up 2.8 percent and the West decreased by -9.1 percent.

“November 2013 sales of new and existing homes confirmed anecdotal evidence of a slowing in year over year housing sales. Rising interest rates, sluggishness in employment growth and household incomes are having an impact. Also investor sales have backed off as prices are no longer at bottom basement levels”, said Steve Murray, editor of the REAL Trends Housing Market Report.

The average price of homes sold in November 2013 increased 2.6 percent across the country, down from the increase in October.

The average price of homes sold in November 2013 increased 2.6 percent across the country, down from the increase in October. The South had the best results with the average price of homes sold increasing 7.0 percent followed by the Midwest region at 5.4 percent and the West at 3.9 percent. The Northeast region saw prices move downward by -0.7 percent.

“As we stated last month,” says Murray, “we believe that unit sales are nearing a normal level given employment, the number of households, mortgage rates and household income and that other factors such as the Federal government shutdown or the rise in mortgage rates were not as important in the slowdown in year over year increases in housing sales,” he added. “We expect that year over year increases will continue to be flat as 2013 ends and we move into 2014. We do, however, expect sales prices to continue to recover due mainly to the tightness in inventories.” ■

The REAL Trends Housing Market Report for November 2013 shows that the rate of housing sales decreased on a year over year basis for the first time since August 2011. Sales of new and existing homes in November 2013 fell 0.1 percent from the rate of sales in November 2012. The annual rate of new and existing home sales for November 2013 was 5.665 million units down slightly from 5.669 million units sold in November 2012.

The average price of homes sold increased by 2.6 percent in November 2013 compared to November 2012.



REAL Trends November/October Housing Market Report (Versus same month a year ago)

	November 2013 Closed Sales	November 2013 Average Price	October 2013 Closed Sales	October 2013 Average Price
National	-0.1%	+2.6%	+3.3%	+9.3%
Regional Report				
Northeast	+3.0%	-0.7%	+10.7%	+5.1%
South	+2.8%	+7.0%	+5.6%	+10.4%
Midwest	+3.6%	+5.4%	+5.4%	+6.5%
West	-9.1%	+3.9%	- 5.9%	+15.3%



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The Implications of a Flat Market

What happens in other businesses when sales and revenues are flat?

Written by Steve Murray, publisher

In virtually every case, those who have strong leadership who were focused both on the basics and strategic growth ended up gaining ground, while others lost ground. The fight for market share intensifies. Profit margins most often shrink, and those with superior capital gain an edge. Another edge to have is to be seen as the innovator because consumers like to think they are following a trendsetter.

What About Residential Brokerage?

One large issue is that of the loss of earnings from core services and how that will impact each firm's competitive posture. For example, all else being equal, a realty services firm that can still offer full mortgage and title capabilities (and gain the earnings from them) will be more competitive than a firm that lacks the ability to do so. With mortgage joint ventures and MSAs becoming less available and less profitable for those who still operate them, and with QM and QRM regulations coming, realty firms that became dependent to some extent on these earnings will face the need to replace these lost earnings. Overall, earnings from these businesses will be down even for those who have the capability. At least they still have the cash flows to buttress their business.

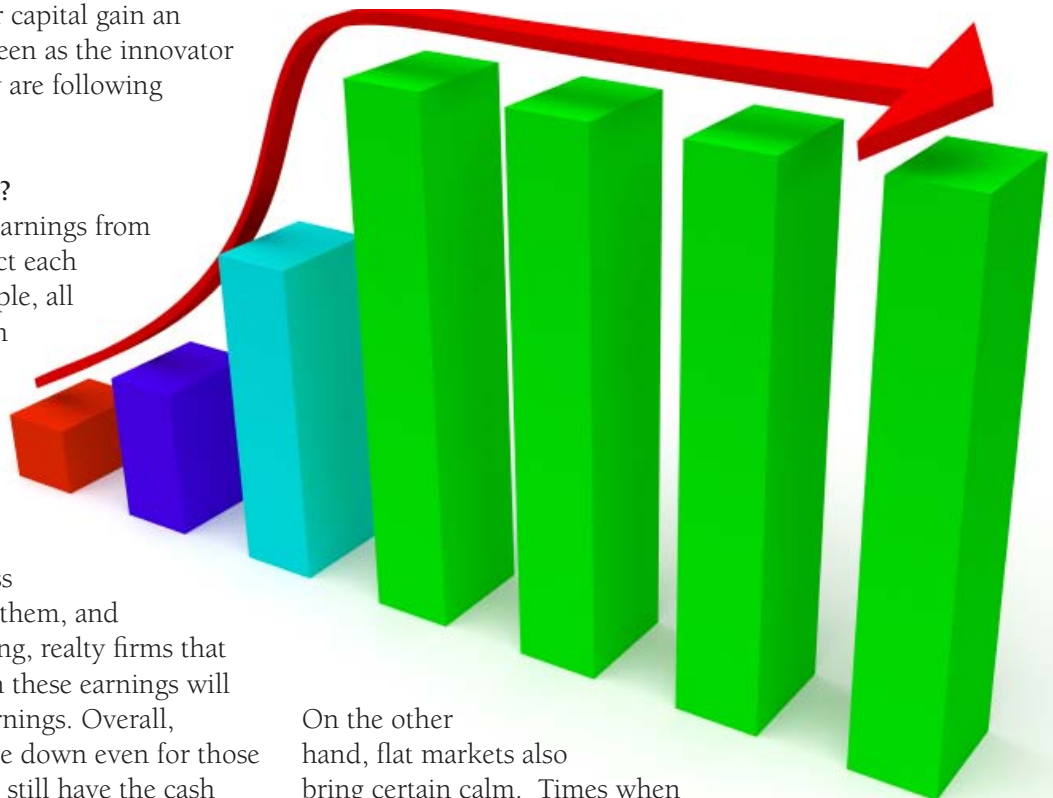
Competition for Agents

A flat market also heightens competition for sales agents. This normally manifests itself in commission split wars.

The growth of virtual brokerage firms with very low costs to agents present those without strong value propositions heightened competition.

The value proposition for sales agents is always under pressure (as it is in virtually every segment of the economy),

and in flat markets it intensifies. The growth of virtual brokerage firms with very low costs to agents present those without strong value propositions heightened competition.



On the other hand, flat markets also bring certain calm. Times when markets are wildly up or down create uncertainty to business leaders (how much further will the gravy train run or, conversely, how much longer do I have to hold on?), and uncertainty leads to hesitancy about when and where to invest. A flat market or one with slow growth usually causes realty leaders to more carefully measure where and when they invest so they don't waste time or capital.

The leaders of the six largest national brands believe to some extent that this kind of market will exist in 2014, yet they are a bullish bunch. One reason is that each has been in a leadership role for many, many years and has seen wild ups and downs as well as flat markets. They know this is a great time to invest in the business, and they indicated so in their discussions with us. ■

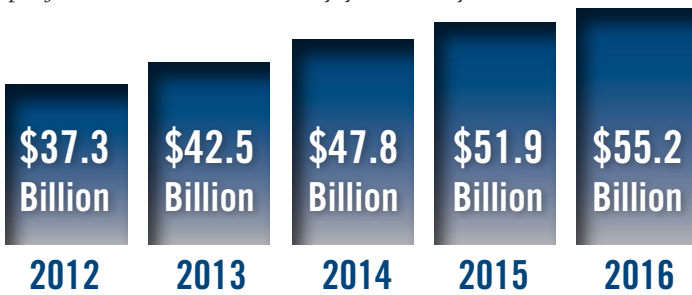
Shocking Stats

Digital Marketing Inefficiencies

Are you budgeting efficiently for digital marketing?

Written by Travis Saxton, REAL Trends technology and marketing manager and Jeff Corbett, BoomTown director of business development

When it comes to online ad spending for real estate brokerages and sales professionals, it's a free for all. According to emarketer.com, overall online ad spending is projected to increase steadily year over year.



And, no one is spending more than the real estate industry, which is the No. 1 spender in the online advertising marketplace, surpassing the automotive industry. According to the Borrell Report, the industry's shift from traditional offline marketing to online marketing has reached new levels of disparity as newspaper ad expenditures now only account for 14 percent of the market spend and online ad expenditures account for 55+ percent. This is expected to continue as newer online ad platforms such as social media, mobile, paid lead generation portals and contextual display advertising all continue to develop, rapidly.

Planned Purchases and Advertising

The Borrell Report also notes that future growth rates in real estate advertising directly correlate with the number of planned purchases by consumers, which is expected to increase for every home type in 2014.

The economic indicators that show consistent market growth and the substantial shift of cash away from traditional into online advertising point to a continued and unprecedented digital marketing spend from the real estate industry.

Burning Money

REAL Trends 2013 Online Performance Study reveals some shocking statistics about how the real estate industry effectively throws its aggregate online advertising budgets to the wind. From the report, some 45 percent of consumers expect an initial response from an online inquiry within 15 minutes. Some 56 percent of consumers expect a response from their agent within 30 minutes and 89 percent of consumers said response time was very important when choosing their agent.

Yet 45 percent of inquiries on real estate websites go without a response from the agent. In addition, the average response times we can calculate are over eight hours. Considering the statistics above, billions of dollars are being wasted on online marketing initiatives. Why?

Digital Marketing cont. on p14



Fragmented Platforms & Providers

The digital marketing landscape is littered with \$1.99 to \$2,000 platforms that promise to compliment your business. Most of these marketing-based platforms are disparately engineered, meaning that the website is made by one company, the IDX comes from another company, market statistics from another, hosting from another, CRM another and so on. A marketing strategy we're seeing is that teams of sales pundits are picking a group of technology providers and cobbling their systems together. Caveat Emptor.

There are potential issues when trying to work with fragmented platforms and providers. If one of the platform providers decides to sell or go out of business, change their code or denigrates features and/or functions; then systemic errors may occur. It takes time and expense to diagnose which part of this loose ecosystem is sick, contact that provider and cure the issue. Don't waste marketing dollars on platforms that aren't properly integrated for the specific purpose of producing insightful metrics to drive conversion.

It's common for real estate professionals to run their lead generation and curation strategies, and I use the term strategies lightly, out of multiple databases.

Centralized Agent Databases

Managing one database is challenging enough let alone trying to manage three or four. Having all leads from all

sources in one centralized database is essential to an efficient and successful online marketing strategy, where response to online inquiries can be done quickly. Issues also arise when trying to implement a digital marketing platform designed with no or many industries in mind. While they may be molded into serviceable, even robust platforms, the time and cost for doing so becomes prohibitive.

Poor adoption, wasted time and perpetual costs are common when using fragmented platforms. Spending \$10,000, \$20,000, \$30,000 on a website, plus thousands more to add the requisite bells and whistles isn't practical on many levels, especially when you end up having to replace the website and multiple parts every few years.

The Solution

So, what can you do? Find a digital marketing platform that is engineered to be integrated, automates many aspects of the lead cultivation cycle, provides valuable insights, substantially improves communication and reduces costly human error to ensure all inquiries are addressed in the timely manner they wish.

Want to learn more online lead generation strategies? Join BoomTown and REAL Trends for an industry specific lead generation webinar. To register, go to <https://www1.gotomeeting.com/register/891265233>. ■

Your Digital Marketing Platform

Tips For What to Include

Here are some things to consider when finding a strategic partner.

It's not a real estate professional's job to fully understand web development, user experience, search engine marketing and optimization, branding, conversion tactics and the intelligent platform it takes to manage all of these functions. One would be very wise to pick a strategic partner to deliver on these value propositions. A partner who can make up an intelligent digital marketing platform will ensure no online inquiry is left behind.

Intelligent real estate digital marketing platforms should:

1. Hold users accountable to optimal usage and practices.
2. Be robustly supported.
3. Both strategically and technically sound.
4. Be thoughtfully designed specifically for real estate.
5. Be engineered for seamless integration between website user and subsequent behavioral data management to produce insightful, actionable information.
6. Be able to identify and handle leads from disparate sources, becoming the central hub for all leads.
7. Have expertly managed marketing campaigns that drive highly relevant traffic.
8. Reduce expensive human error through automation—high touch through high tech.



A close-up, side-profile view of a man in a dark blue suit and tie, looking down at a tablet computer he is holding in his left hand. His right hand is pointing at the screen. The background is dark and out of focus.

How To

Make Technology a Business Differentiator

Strategies for successful tech implementation.

Written by Karen Schlosser, vice president and sales manager, Comey & Shepherd

In the last decade, almost everything in the consumer and business worlds has gone digital, with all kinds of information now accessible on your smartphone and tablet at anytime. Real estate is no different.

From reaching a purchase agreement with all parties on an iPhone and booking home showing appointments with the click of a button, to using social media to increase inbound leads, successful agents and brokerages are making technology a part of their larger business strategy.

Adapting to this new digital-first world can be a massive business differentiator if you do it right. Of course, there are hundreds of technology choices nowadays. How do you decide which are right for you? How do you ensure your organization uses the systems so that you see the return on investment (ROI)?

Here are my strategies for success:

1. Don't Fall Victim to Shiny Object Syndrome: Choose Technology That's Right for Your Business

With so much technology available today, it can be absolutely overwhelming. It's the matter of sorting through the noise and finding the tools that are most effective for your business that can be the trickiest part.

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I've seen it all too often—fellow real estate professionals throw out their credit cards at trade shows because everyone else is and the excitement of being able to say, “Yes, I have that!” is overpowering. Of course, the problem with being swayed by a group mentality and spending hundreds or even thousands, is not actually evaluating the product for its purpose and how it will work with your business model.

2. Purpose Before Technology

You must first decide what you're trying to achieve – and then (and only then) identify what you need to get there. Is it making your business 100-percent paperless? Is it more visibility into current open deals? Is it creating a way for agents to schedule showings? Spend the time necessary to nail the pain points first. More often than not, that will dramatically shorten the search for the best set of tools and shift your mindset to looking for real solutions. (Not to mention, time to value!)

Most people don't take the time to learn or research their purchases. We live in a world of instant gratification. We can download the newest mobile app with one click, find a song instantly, and even order a taxi that arrives to our doorstep within minutes. As a result, we've become much more short-sided, and not just as consumers, it happens professionally. It's easier to read a short blog post or ask a fellow broker what they recommend instead of doing in-depth research to determine which solution fits your needs.

One size no longer fits all. If you can start every project by understanding the problem and finding technology to enable the solution, then you're much more likely to see long-term success.

3. Take a Long Term View: Cram Sessions Don't Help

The adage is that practice makes perfect. That's absolutely true in adopting technology, too. Without practice, new ways of doing things just won't stick.

When we implemented dotloop this past summer, we took 'baby steps' to make sure the rollout was successful. We held multiple training sessions to review the company's history, basic tools and functions – inviting parties to a 'loop' or uploading documents – to make sure our agents were equipped to take advantage of the features. We then followed up with a three-hour continuing education program called 'From Paper To The Cloud, Contract Negotiations' and still continue to regularly send dotloop tips via email. (We also use the program to share documents with agents, even non-contractual documents.) As a result, a majority of our 200+ agents use the application in every deal they conduct.

That process comes from experience of what doesn't work. Previously, when adopting new technologies, we used to try to cram training classes into two- or three-week periods, with the goal being to get everyone up and running immediately. We learned the hard way (in the form of significant user drop-off a few weeks later) that cram sessions just aren't sustainable. Sure, they work for final exams in high school and college – but not for technologies you're implementing.

4. A Holistic Approach – Empower Your Marketing Team to Empower Agents

Our company motto is, “Tell them. Tell them again. Show them. Show them again. Tell them again.” Be persistent. It often takes 6 to 8 impressions before someone understands something fully. That means repetition is important.

While our agents are solely focused on delighting their clients, the Comey & Shepherd marketing team is responsible for marketing to our agents and delighting them with the best technologies in the industry. They're charged with creating campaigns (whether via email, posters or training sessions) that reinforce certain concepts or technologies our brokerage uses and instill value to the agent-client relationship. I even craft and distribute an email newsletter called 'Karen's Tips' a few times per week that often touches on technology and general real estate best practices and strategies.

Whether it's for VoicePay, ShowingTime or Imprev Online Design Center, without proper understanding from our agents, these tools are unused. That's a losing game for everyone involved.

5. Use Client-Friendly Technology (or, Avoid Techno Snobbery)

Before you throw away paper, pens and all of your old ways, remember there are clients and other agents who may not be 'up to snuff' with the latest and greatest. Agents must remain flexible. After all, we're providing a service and need to be versatile to their needs

Out With the Old, In With the New

New technologies present a massive opportunity for brokerages and agents to replace old processes laden with redundancy, little (and hard-to-read) history, frustrating software and wooden cabinetry that burden staff with faxing, system maintenance headaches and compliance issues. Of course, it won't happen overnight and involves a fair amount of dedication to doing it successfully.

If you're committed to researching technology and investing the time to get your team up and running, you'll find success with the technology you choose. ■

INSIGHTS FROM BRIAN BUFFINI

With an eye on the practical business of real estate, Buffini is bringing his insight on the road.

Written by Brian Buffini, Buffini & Company Chairman and Founder

Staying successful in the changing real estate business takes persistent and consistent training. Here are some tips:

1. Take a timeout to work on your business plan. Years ago, Michael E. Gerber wrote what I often describe as the bible for small business called the “E-Myth Revisited.” One of his main points was that it’s important as an entrepreneur to work on your business; not just in your business. I recommend stepping away from your business for a couple days each year so you can really work on your business. To maximize your success you need a handle on where you’ve been, where you are and where you want to go. Then, get those goals down on paper – more often than not, a goal written is a goal achieved.

2. Improve your skill sets. All real estate professionals need a combination of training on the fundamentals of business and on the skill sets of being a professional agent. But, they also need high levels of encouragement, motivation and inspiration. Today’s market is constantly changing, technology continues to evolve and consumers are savvier than ever. To be successful, real estate professionals need to build strong relationships, provide ongoing value, promote what sets them apart, sell with finesse and serve their clients fastidiously. Selling real estate is hard. And it’s hard to stay positive all the time. Some of my best advice would be to find events that combine first-class training and world-class motivation.

3. Build a customized business plan. A plan is a blueprint for accomplishing your goals. And a successful plan includes short-, mid- and long-range goals; a disciplined calendar; and a solid business budget. The idea of taking a timeout of your business to work on your business is it gives you an opportunity to really dig into and think strategically about these subjects. What’s your mission statement? What are you trying to accomplish with your business and in your life? At the Success Tour, we’ll walk attendees through this process, step-by-step, so they’ll leave with a vision for their future, a detailed action plan and immediate steps they can take to achieve their goals.

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HOW TO RESPOND TO THE NEW ERA OF REAL ESTATE

with Brian Buffini, Buffini & Company Chairman and Founder

THE NEW ERA OF REAL ESTATE

Buyers are more informed, interested (and artificially empowered) than ever before

90% of buyers begin their home search online.



In 2013, **72%** of homes received multiple offers.

In 2012, **57%** of homes received multiple offers.

In 2011, **44.6%** of homes received multiple offers.



Sellers are more cautious

The Music Facer: They need to move and are willing to accept fair value.



The Dream Chaser: They have never emotionally moved past the peak value of their home.

The Relocation Eraser: They want to sell but are afraid they won't find what they want.

Quick Fact: Year-over-year price gains average

12.5%

in 20 markets traded by the Case-Shiller index.



“Beware of false knowledge. It is more dangerous than ignorance.”

GEORGE BERNARD SHAW

Agents are distracted, isolated and suffering from “Post Traumatic Recession Disorder” (PTRD)



73% of realtors have a home office

Technology has diluted the industry focus (35-49 year-olds spend 3 hours online daily!)



Time spent in the home office:



危机

“The Chinese use two brush strokes to write the word ‘crisis.’ One brush stroke stands for danger, the other for opportunity. In a crisis, be aware of the danger, but recognize the opportunity.”

THE BOUNCE PRINCIPLE

“It’s not how hard you fall; it’s how high you bounce.”

TOM KELLEY, CWO, US NAVY RETIRED



Brian Buffini’s Success Tour

A New Vision for the New Era

BRIAN BUFFINI’S SUCCESS ★ TOUR™

Kicking off February 4-5 in Seattle, this high-energy event offers all the training and skills you need to succeed in the new era of real estate. Hear from Brian Buffini and some of North America’s greatest business and motivational speakers so you can transform your business.

“At all five of our North American tour stops America’s Best Listing Agent, Joe Niego, will show agents how to create their own inventory. This is something that is obviously essential for today’s market,” says Buffini.

“We’ll also be bringing in guest speakers like Brian Tracy, who’ll reveal the secrets to being a self-made millionaire. Jon Gordon, author of “The Energy Bus,” who’ll share strategies with agents on how to fill their tank so they can close more commissions. Shawn Achor, author of “The Happiness Advantage,” who’ll provide insights on how to enjoy the journey and not just focus on the destination. And Rudy Giuliani – in downtown Manhattan – who’ll help us discover our own leadership style.

“All in all, whether it’s Seattle, Virginia, Northern California, New York or Toronto, for \$95 our Success Tour will be sure to have a great impact on your business and life.”

To register, go to brianbuffini.com. ■

Coming Soon!

Research and New Book

Watch for some informative research in the coming months.

In January, REAL Trends will be launching three national surveys. One survey goes to leading realty firm CEOs, one is for top sales professionals, and the third is in partnership with Harris Interactive to reach recent homebuyers and sellers. These surveys will help determine which services matter to consumers and how their sales agents are doing in those areas. For realty firms and sales agents, we are seeking their input on where they think the future is headed and how professionals can prosper. The findings will also be vital to a new book we will publish that features these results. Look for the new book April 30, 2014, at the REAL Trends Gathering of Eagles.

Annual Surveys Coming Soon!

- The REAL Trends 500 and Up-and-Comers
- The REAL Trends Canadian Top 250
- REAL Trends America's Best Real Estate Agents
- REAL Trends Canada's Best Real Estate Agents
- The REAL Trends/The Wall Street Journal The Thousand



This month marks the launch of our annual surveys for the REAL Trends 500 and Up-and-Comers, the Canadian Top 250, America's Best Real Estate Agents and The REAL Trends/The Wall Street Journal The Thousand. Survey links will be sent to all who were on last year's list along with hundreds of others who have asked to be added.

We are tightening verification significantly this year. Below you will find language that explains what qualifies as a "closed residential transaction side." We will be using some new safeguards to verify that no realty firms or sales professionals are confused over which transactions qualify.

Only closed residential sales transactions are to be included in the transactional or volume data that you submit to REAL Trends. For the sake of clarity and consistency among all potential participants, a closed residential transaction is defined as either the sell side or the buy side of a single-family residence. This would include single-family homes, condominiums, townhouses, apartments or cooperatives. What should not be included are transactions that involve vacant land, building lots, commercial properties, property management, leases, vacation rentals, timeshares, fractional ownership, referral fees or consulting fees.

Please note that a qualifying closed residential transaction side that involves more than one agent from the same office or company should be reported as one transaction side. As an example, if two agents from the same office complete a buy-side transaction and split the commission equally, each would each have one half of one transaction side and not two transactions. We will vigorously enforce these requirements in the 2013 report.

In many cases, we will require an MLS run of closed transactions to accompany submissions to assist in the verification process. While we know that the MLS does not contain all closed data from any brokerage in our studies, we know that they can serve as a useful guideline.

For more information on these surveys and ranking reports, contact Amy Broset (Abroset@realtrends.com) for broker rankings and Jaime O'Connell (Joconnel@realtrends.com) for agent rankings. They can also be reached at 303-741-1000.

Act Now!

REAL Trends is currently accepting advertising for the 2014 editions of the REAL Trends monthly newsletter. If you are interested, please contact Doniece Welch at dwelch@realtrends.com. ■