

# Brokerage Design

By Jeremy Conaway

## Aligning Your Brokerage in 2010

Last month's column made a super human effort to demonstrate that 2010 will be much more than just another new year. 2010 is the beginning of a whole a new decade, a new national economy, a new American demographic, a new consumer culture and, for the American real estate industry, a whole new way of doing business. It will be a year in which: information will reign supreme, REALTORS® will be rated, consumers will control and real estate services will be redefined. It will be a year in which: absolute attention to detail will represent the minimum standard, conversational knowledge of the global condition will only earn a place in the race and a total lack of assumption and legacy thinking will merit a winning finish.

In order to meet all of these challenges over the next year, we will all be living in a world that is courageously, if not occasionally desperately, attempting to appear stable despite overwhelming levels of internal and external transition. In such an environment the challenge of steering a steady course will be greater than ever before.

The secret to steering a stable business course has always been the same. One starts by identifying dependable points of reference, and then sets a course using these points as navigational references. Actual navigation is achieved by maintaining a steady and widening point of reference with these points of reference.

The challenge, of course, is that most brokerages use their past year's course (where they have been) as a reference for their next year's journey (where they are going). That option is simply not appropriate in 2010.

In a world of change and transition what points of reference does one use in setting and maintaining a relevant course in 2010? The following recommendations will be helpful.

1. Avoid 'business as usual' as a guide. There are few, if any, points of reference from 2009 that will bear repeating in 2010. Both the environment and the objectives will be different. The only possible exception to this recommendation might be found with reference to rules of sustainability. During 2009, many brokerages determined which of their then existing operating characteristics could not be sustained moving forward and began the process of moving out of those characteristics. Leading the way were commission splits that deny profitability, non-standard consumer experiences that cannot be monitored, and inconsistent value propositions that cannot be promised. These clearly focused efforts should continue.
2. Set your course by recognizing that future living environments are more likely to be urban rather than suburban in nature. The cost of maintaining larger area living sites has proven to be unsustainable both from a

family and government services perspective. The level of consumer, lifestyle, and public services being demanded by today's 'connected' consumer generally cannot be sustained in a more rural or suburban setting. How do you get sushi grade tuna into East Belt Buckle, Colorado?

3. Be sensitive to a growing level of pride within urban environments. As small and medium size cities become more and more sophisticated (measured by consumer demands), look for residents to begin to view them as they viewed their college or university during that magical time of their lives. This point of reference will extend to language, food, music, culture, neighborhoods and quality of life/lifestyle issues. Identifying with, and being identified with, the urban area will be a positive brokerage public relations and marketing strategy.
4. As the consumers' awareness of their immediate surroundings become more and more intimate and all-inclusive, so will their desire to be part of the rating, ranking and commenting process. In short, everyone will want to get his or her two cents in. Promoting, and engaging in, such opportunities will give the brokerage a stronger image of being part of the full depth of the community rather than just taking away from it. Community service will be a special issue here. Brokerages must be wary of commenting upon the relative quality of their marketplace when it is not clear

that they are active in making it better. This effort must extend both to how they practice their business and to those things they do outside their business. Don't get lost in the upcoming ethical practices and integrity focus. Don't try to use community involvement to cover up unethical or incompetent practices. It will be a zero sum effort.

5. Keep a careful eye on the fast moving definition of "luxury." Yesterday's mega home is turning into 2010's shortened commute and expanded quality relationship with friends and family. The 2007 multi thousand-dollar house payment is transitioning into a 2010 financial cushion that allows one to retreat from the "rat race." This is not to suggest that traditional luxury will disappear but rather that how consumer's choose to integrate luxury into their lives will vary widely even among the most affluent. Keep in mind that the recession impacted everyone. Brokerages who have traditionally related largely with the "swells" will have to watch this way mark most closely. Be sure your agents are making no "luxury" assumptions. Consumers who have made transitions here will be sensitive for a few years while the new order catches on.
  
6. As more and more people, live more and more of their lives online, so will their desire to spend more time with more people offline. Consumers appear to be moving away from online congregations, such as Second Life,

and moving into the “right” spot, and the “right” time with the “right” people, made available by the instant contact social medias. Brokerages will immediately recognize that this movement will impact where people will want to live and what lifestyles they will want to live.

7. Carefully monitor the entire “green” movement, most especially where it impacts life styles and issues such as one’s “carbon footprint.” These causes have gained an almost religious strength. They now have the power to reach out to impact select targets. Be sure this isn’t your next development. Watch what cars your agents are driving. Get the message and get in the flow. This is not a good place to get caught out of social compliance.
  
8. Use these subjects to structure your next few manager and agent meetings. Reverse engineer your course for 2010 by asking managers and agents how they are planning to address these issues in 2010. Take those plans and compare them with your brokerage’s 2010 course. Are the two directions complementary, parallel, or at odds? There is little time or energy to waste. Whether you realize it or not you are currently pouring your foundations for a whole new word of real estate. Be sure your footprint is properly and appropriately aligned.

It is 2010; you survived the downturn, now it is time to be a star in the new world. You can do this.