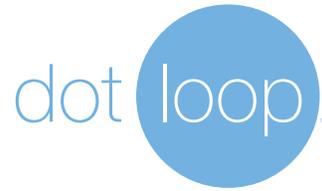




REALTRENDS
THE TRUSTED SOURCE

BoomTown!



**Aligning Structures and Strategies
with Goals and Growth**

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Foreword

Talk of teams is everywhere in real estate right now. Love them or hate them they are now an integral part of the real estate business. REAL Trends has the pleasure of working with real estate teams nationwide who use our business, technology, and marketing consulting services or who are a part of our rankings, The Thousand, as advertised in The Wall Street Journal, and America’s Best. We have witnessed the growth of teams through our services and trust they will continue to play a significant role in the future of the real estate industry.

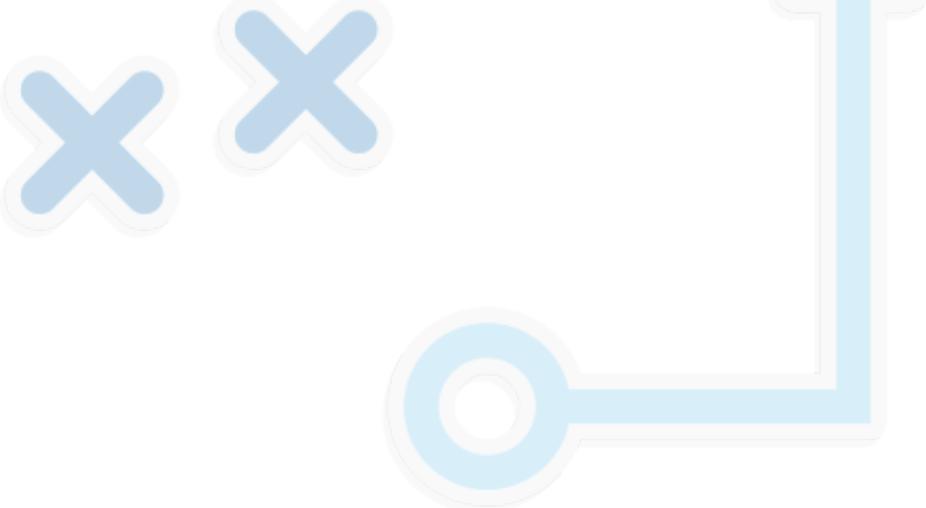


Although teams became a part of the real estate landscape years ago, there is still ambiguity in the industry around how they are defined, what drives them, and how those outside of the team can best work with them. A few brands, brokerages and coaches have brought clarity to these issues for their agents; however, the purpose of this study is to provide a framework for anyone, regardless of their affiliation.

REAL Trends, in collaboration with our thought leadership partners: BoomTown, dotloop, and ERA Real Estate, surveyed or interviewed thousands of real estate professionals to understand the foundation and characteristics of today’s most successful teams. Beyond defining what a real estate team is, our findings include best practices for team development from a broker-owner and sales associate perspective.

Teams exemplify just one of the ways that the real estate community continues to shift to remain relevant. They provide a unique opportunity to service client needs around the clock without sacrificing work-life balance. We believe there is a greater opportunity for teams, the firms that partner with them and the industry as whole by having a shared foundation and a common goal.

– Deirdre LePera
Research Strategist
REAL Trends



Key Takeaways

- The volume of teams in real estate is increasing at a rapid rate, fueled by lead generation and team culture.
- The personality and individual goals of members on a team, along with the support systems available to the team, have an equal impact on team culture.
- A robust definition of what a real estate team is, and what it is not, is key to their positive impact on the real estate industry as a whole.
- Starting and growing a team is dependent upon a team leader's ability to conceptualize and foster a team culture, plus a strategic plan for lead generation.
- Team recruitment focuses on the personality of each team member over his or her knowledge or skills.
- The average monthly compensation for team members (not including team leaders) ranges from \$2,000 to \$12,700 depending on their role in the team.
- A small percentage of team leaders want to have teams with 20 members or more, and fewer want to expand their teams outside of their brokerage.
- The long-term success of a team relies heavily on the direction, goals, and leadership of the team leader.
- Broker-owners, brand leaders, and coaches must play an active role in how teams operate and function in the real estate industry.
- Improved direction and clarity about real estate teams from the top-down enhances the experience of working on a team or with a team.
- The value of real estate professionals to consumers is changing, and teams are a part of the industry's process of redefining that value.

Teams by the Numbers

35,000 to 50,000
number of real estate teams
in U.S.

41%
number of teams with
4 to 9 members

38%
number of teams with
2 to 3 members

13%
increase in NAR membership
since 2013

70,873
number of transactions completed
by the nation's top 250 teams
(16% increase since 2011)

37%
number of teams formed
1 to 3 years ago

26%
number of teams formed
less than a year ago

Introduction

The idea of a business team isn't a new concept—even in real estate. Real estate teams flourished in brokerage models that gave real estate professionals the tools they needed to be successful in business. At the basic level, it was an office, MLS books, a dedicated phone and personnel ready to assist. At a higher level, it was education, marketing tools and a way to find and foster client relationships. The brokerage's main focus was on creating the environment, as well as providing the tools and training to support the real estate professional through every step of his or her business.

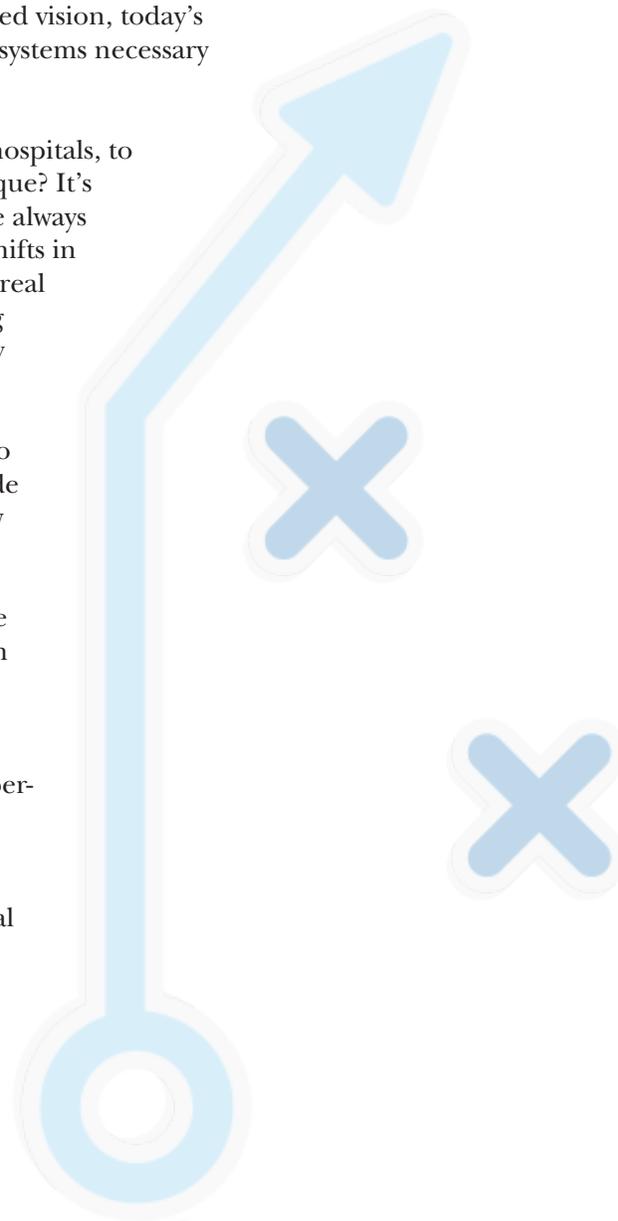
The structure of today's most successful teams is rooted in the brokerage models of the 1970s and 1980s—systems and personnel to aid real estate professionals at what they do best, connecting people with the right homes. Beyond the brokerage model of the past, today's teams take into account personality, skill set and individual goals, both professional and personal. They are business-minded groups focused on work-life balance as much as the bottom line. Brought together by a shared vision, today's real estate teams are led by individuals who create and manage the systems necessary for the team to thrive.

Successful teams exist all around us, from hotels to restaurants, to hospitals, to grocery stores. So what is it about real estate that makes a team unique? It's that teams aren't just working within an industry doing what they've always done. In real estate, the team model is morphing to keep up with shifts in the industry while simultaneously influencing the way in which the real estate industry is changing. This reciprocal interaction is redefining the potential of real estate professionals at a time when the industry needs it most.

In the past, consumers depended on their real estate professional to find them their next home, or market their home for sale, and guide them successfully through the process. Today's consumers know how to search for homes, and they know multiple ways to advertise their home for sale. Real estate professionals are redefining their value by the knowledge that they bring to the sale and purchase processes, the navigation skills they possess to guide the client through a transaction and their ability to make a consumer's experience stellar.

Teams in real estate create the opportunity to deliver information, guidance and customer service to clients without having to be a super-hero individual sales associate who works 75 plus hours each week. The appeal of the team model is apparent. Real estate coach Tom Ferry estimated, from a 2016 survey, that there are between 35,000 and 50,000 real estate teams in the United States. The growth of real estate teams is quickly solidifying their long-term existence in the industry, making it necessary to define what constitutes a team.

The goal of this study is to give and go beyond the definition of a team, providing the reader with a guide to creating and sustaining a team that has the most to offer to the client, the team members, the team leaders, the broker-owners who partner with them and the industry as a whole.





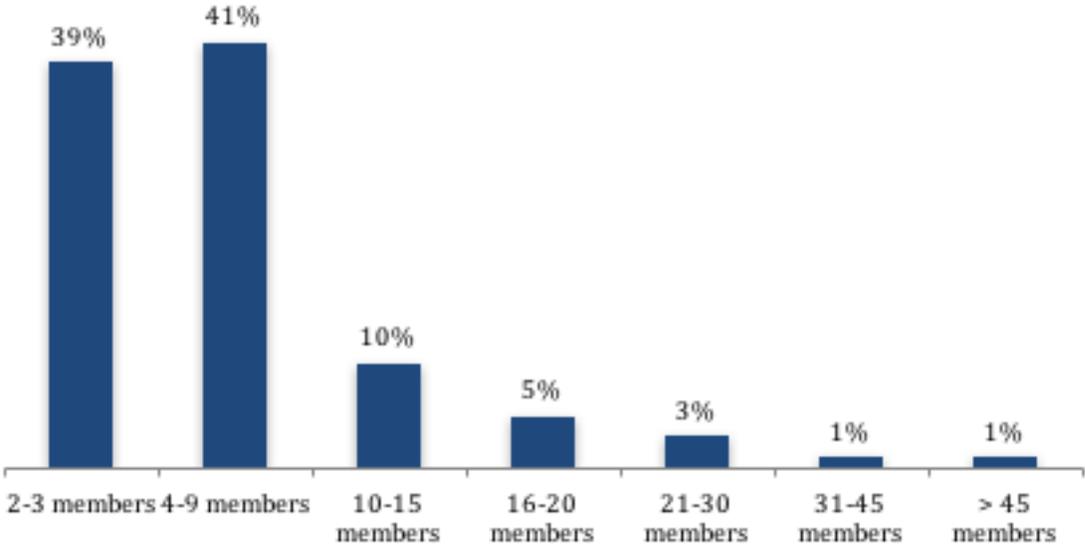
Teams of
Today

By the Numbers

Looking back 20 years, the most common form of real estate teams consisted of two people, usually a husband and wife, mentor and mentoree or a successful sales associate with an assistant. The purpose of the team was to support one another, learn from one another and fill in for each other. The roles and skillset of the team met the needs of the team, and the customers they serviced. For the most part, these teams were able to keep up with the general pace of their markets and the industry.

Today, consumer needs and demands call for greater resources. Groups that refer to themselves as teams range in size from two people to over 45 people, with several configurations in between. The most prevalent team size isn't huge by any means. According to a recent survey of more than 1,300 team members conducted by REAL Trends in partnership with BoomTown, ERA Real Estate, and dotloop, 41 percent of today's teams consist of four to nine team members. The survey found that the second highest percentage of teams, at 38 percent, was the two to three-person team.

Average Size of Real Estate Teams



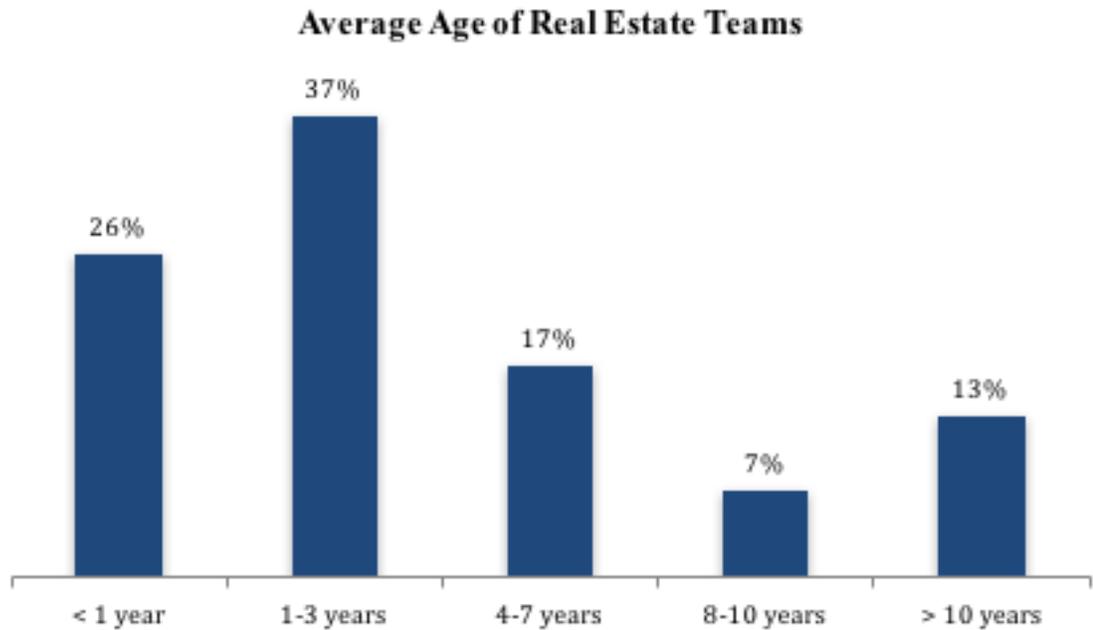
The increase in the size of teams can be attributed to several factors inside and outside of the industry, which will be covered in greater detail throughout the study. However, as the size of the team grows so does the diversity of roles found on teams. In addition to those team members who work directly with the client to list or buy a home, there are a variety of support people, such as administrative assistants, transaction coordinators, showing specialists and online lead managers to aid the sales associate and client throughout the home buying or selling process.

The growth of the size of teams is valuable to understand, as is the growth in the number of real estate teams themselves. REAL Trends tracks the top performing real estate teams and individual sales associates each year for the national rankings,

America's Best and REAL Trends The Thousand, as advertised in The Wall Street Journal, which rank the agents and teams by sales volume and transaction sides. In 2012, 2,233 teams submitted for ranking in America's Best and The Thousand. In 2015, the number of submissions grew by 94 percent to 4,335 teams. This number only accounts for the highest producing teams in the country, yet shows phenomenal growth for a three-year period.

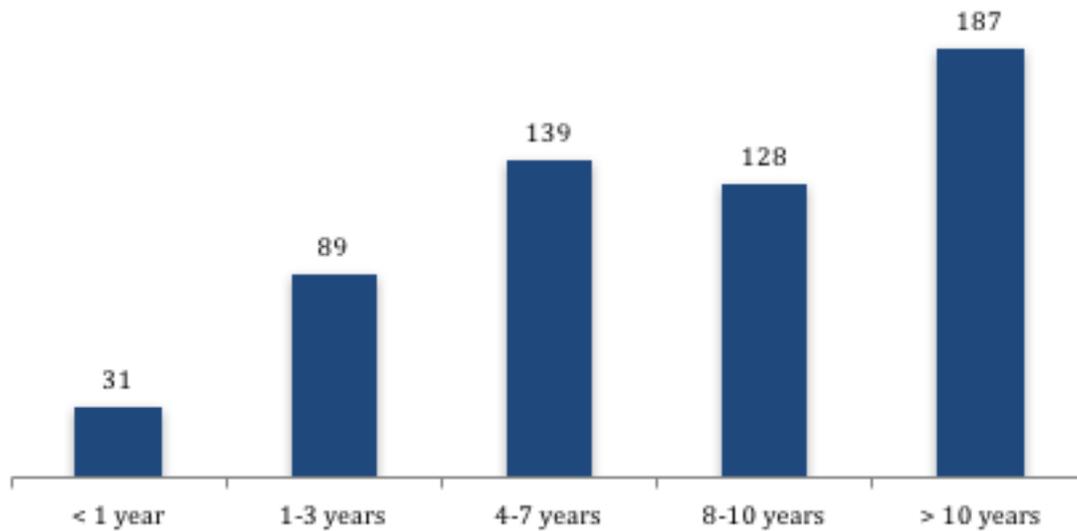
Data from the National Association of Realtors® (NAR) shows that the number of NAR members grew by 13 percent from 1 million to 1.2 million from January 2013 to January 2016. Based on the dramatic difference in growth between the number of top producing teams and the number of new real estate professionals, it appears that the recent influx of teams is fueled largely from inside the existing real estate professional population. The diversity in sizes and roles inside real estate teams creates a place for experienced and new agents alike.

A sizeable percentage of current real estate teams are fairly new. Referring back to the collaborative survey of team members, approximately 37 percent of teams are only one to three years old. Followed by a surprising 26 percent of teams that are less than a year old. Of the teams that are less than a year old, 66 percent range in size from two to nine people with 65 percent of the team working as buyer's agents, listing agents or both. Forty-five percent of teams that are one to three years old have a team size of four to nine people.



Newer real estate teams account for a significant portion of the teams in the industry today, but most aren't wildly successful overnight. They tend to increase in transaction volume as they mature. Of the teams surveyed, those with eight years of experience closed an average of 158 transactions in 2015. Those with three years of experience or less closed an average of 60 transactions in 2015. As successful teams continue to develop, it is likely that their market share will increase exponentially over time.

Average Annual Number of Transactions Based on Age of Team



According to REAL Trends data, the top 250 real estate teams ranked in The Thousand completed 61,321 transactions in 2011. In 2015, the top 250 real estate teams completed 70,873 transactions. The 16 percent increase in transaction volume may not seem significant until you compare it to the number of transactions completed by top producing individual agents. The individual agents ranked in the top 250 of The Thousand completed 45,074 transactions in 2011 and only 35,833 transactions in 2015, roughly a 20 percent decrease.

The most successful teams often aren't the newest; however, there are exceptions like the Kris Lindahl Team, RE/MAX Results in the Twin Cities, Minn. In the course of three years, the team grew from two to sixteen sales associates, supported by one administrative person and five inside sales agents. In that same period, the transactions closed by the team grew from 147 in 2013 to 369 in 2015. The Kris Lindahl Team is a rare but powerful example of newer, well-built real estate teams poised to reshape their markets and influence the industry as a whole.

Fueling The Growth of Teams

Lead generation and culture are the two primary fuels driving the growth of real estate teams. This section will focus exclusively on how changes in technology are enabling teams to tackle lead generation in a way that allows them to leverage lead sources far beyond what most individual sales associates can do on their own.

It's no secret that a successful real estate business depends on a continual flow of leads. Before the use of the Internet, real estate professionals relied on door knocking, open houses, distributing fliers, pop-bys and an extensive list of other activities to generate business. Individual sales associates and teams are still successfully using many of these practices; however, there is an ever-growing list of technology platforms and services intended to speed up the lead generation process. From websites, listing portals and Google AdWords to remarketing and social media campaigns, there is no shortage of ways to generate leads online. Some teams start using these resources and other teams form when a single sales associate capitalizes on these tools and expands his or her business.

Gary Ashton of The Ashton Real Estate Group, RE/MAX Advantage in Nashville, Tenn. is a great example of how using innovative lead generation techniques helped create his team. Early in his real estate career, Gary partnered with Nashville.com in the early 2000s to gain real estate leads from the community-based website. By 2004, he purchased the URL's www.nashvillemls.com and www.nashvillebuyers.com and implemented Google AdWords campaigns. Gary soon transitioned from a buyer's agent partnering with another sales associate to becoming a leading agent with a network of agents working with him. Today, the 60-member Ashton Real Estate Group drives 1,800 to 2,000 leads a month from the websites Gary established over 10 years ago.

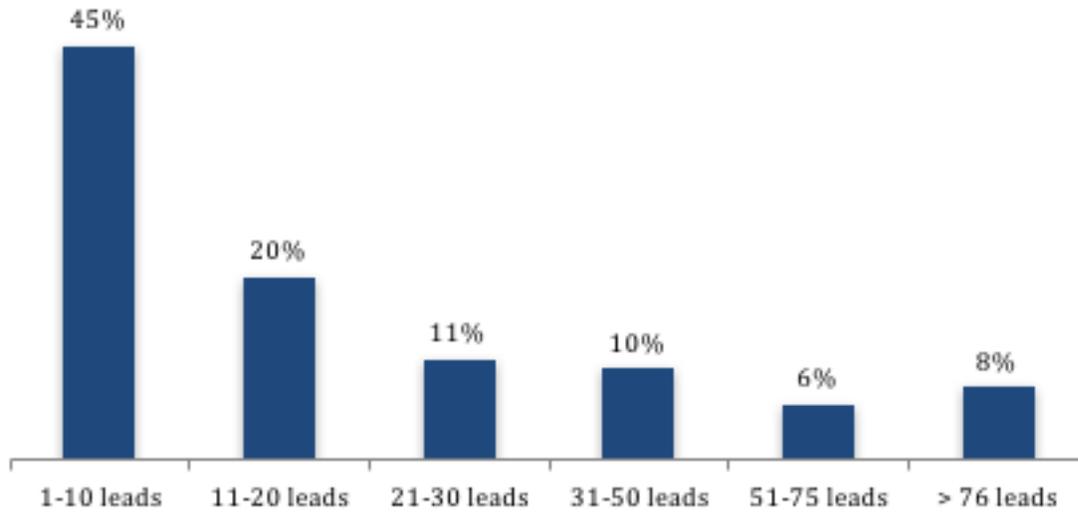
Leads generated through online platforms or marketing efforts are important pieces of the puzzle for most real estate teams, but they are used in conjunction with traditional lead sources as well. Team leaders and team members ranked their sphere, repeat and referral clients as the top lead source, followed by listing portals and websites.



Anyone in real estate can use listing portals and websites to generate leads; however, in these two areas, in particular, the amount of money invested in them makes a big difference in how powerful of a lead generation tool they become. Having the capital to buy out entire zip codes for advertising space shuts out the competition on a listing portal. Continual investment in website search engine optimization (SEO) and search engine marketing (SEM) can move a real estate team to page one of search results and keep them there. These are just a few ways successfully managed teams are using technology-based lead sources to create the constant lead flow needed to maintain the team.

Real estate teams also have a competitive edge when it comes to focusing on the productivity of their lead sources. About half of today's current teams have a team leader or rainmaker whose role is solely focused on lead generation. This person pursues, measures and evaluates lead sources. Leads are critical to the long-term success of a team, and having one or two people solely focused on consistent lead generation ensures the sustainability of a team.

Average Number of Leads Received Each Month by Sales Associates on Teams



Findings from the collaborative survey indicate that of all of the teams surveyed, a majority of sales associates in teams received between one and 10 leads per month. Teams that range in size from four to nine people averaged closer to 11 to 20 leads per sales associate per month. Depending on the scale of a team, this could be anywhere from 40 to 100 leads per month. It is a significant task to ensure consistent lead flow at this volume, especially as the number of sales associates on the team increases.

Lead generation is necessary, but it is only half of the job. Real estate teams must be equally capable of lead management. Due to the nature of team configuration, lead management requires teams to use online collaborative platforms to ensure that one team member can pick up where the other one left off. There are numerous options when it comes to customer relationship management systems (CRM); however, team leaders frequently referenced Follow Up Boss as their team's CRM system. CRM systems are not exclusive to teams, but they do seem to be adopted more thoroughly and at a faster rate by them.

Interviewed team leaders frequently mentioned one other tool when asked about managing leads and workflow—virtual assistants. These remote assistants provided by companies like MyOutDesk are popular among teams because they remove some of the workload without physically adding another person to the team. Of course, virtual assistants are not exclusive to teams, but teams are quick to implement this tool consistently into their businesses.

Today's real estate teams are pushing the possibilities of lead generation and lead management through the overflow of new technology-based tools. Their ability to test, adopt and adapt these systems puts them ahead of most individual sales associates who do not have the time or desire to implement these new strategies. The success of innovative business practices allows for a team to grow and thrive.

Culture is Key

When asking team members about the biggest benefit of being a part of a team, the word leads was used only a handful of times out of 1,300 respondents. Instead, words like synergy, accountability, leverage, knowledge and support were frequently used. These words do more than describe one particular element of a team; they allude to the overall culture of teams. The word culture is often overused and under defined in real estate. So, it is necessary to describe what culture means before going further.



Remove the identity of the city, the stature of the office space, the innovative systems and tools, the name of brokerage, the name of the team and the only thing left is the people. The individual people on a real estate team create the culture. They make the team unique and foster an environment that subscribes to the ideals and values of those on the team. For this reason, there is not a one-size-fits-all team culture, but there are similar cultural characteristics found across the most successful teams.

Support is the primary attribute of successful teams, and it comes in several different formats. Support through knowledge allows experienced and newer team members to idea share, problem solve and strategize. Alan Smith, one of the broker-owners of RE/MAX Professionals in Denver, Colo. and a team leader says, “More newly licensed agents are asking to join a team.” The support system

offered by a team reduces the risk associated with starting a new career, especially for someone who is new to commission-based income. One buyer’s agent on a team of 10 to 15 members, who took the collaborative survey said, “Teams really benefit the new agent, giving them training and, leads, helping with tricky situations, [providing] accountability to follow up properly and offering a competitive environment.” Teams give newly licensed team members a higher greater chance of generating consistent income quicker than new agents starting out on their own.

Support also comes through accountability and pushing team members to reach their goals—professional and personal. Reaching team goals on the Duncan Duo team of RE/MAX Dynamic in Tampa, Fla., means that Andrew Duncan rewards his entire 40-person team with an all-inclusive trip to destination cities across the United States. The whole team, sales associates and support staff, is motivated to reach

“Teams really benefit the new agent, giving them training and, leads, helping with tricky situations, [providing] accountability to follow up properly and offering a competitive environment.”

the team goals because they all benefit from the reward. Last year, the Duncan Duo team averaged 28 transactions per sales associate and earned an all-inclusive trip to Los Angeles. This type of incentive is a form of actionable accountability that motivates sales agents and support staff to reach their full potential.

Support is also leveraging the time, talent or skill set of one team member for the benefit of the team. Leveraging time can include meeting a client on behalf of a team member, or using tools, such as dotloop's Team Dashboard, to send contracts and forms on behalf of another team member. When team members assist each other, they maintain the client relationship with the team as a whole. Stepping in for one another on a team is distinct from individual sales associates who support each other, because teams depend on their shared culture to provide a fluid consumer experience.

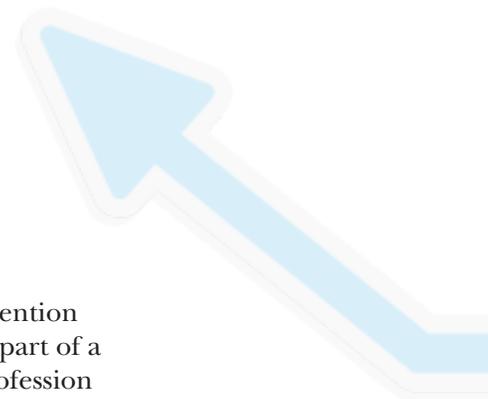
In addition to covering for one another, team members referred to support regarding the structure of the team. As one buyer's agent said, "I can focus on selling because others are handling the marketing and administrative work." Many teams refer to their structure in terms of a restaurant, doctor's office, school or even musical group. Referencing the similarity in having multiple roles on a team that collaboratively work to reach a shared goal. From the transaction coordinator, to the buyer's agent, to the team leader, the skill level and commitment of each team member is critical to the overall success of the team. This includes the importance of having a team member or team leader focused on lead generation, as discussed in the previous section.

The benefit of designated responsibilities goes beyond accountability and production. It also creates time for individual team members to focus their attention on tasks and goals outside of real estate. As one team member put it, "being a part of a team allows [my] time to be freed up to spend more time with family." In a profession where work hours do not start and stop at a specific time each day, real estate teams provide an opportunity for work-life balance.

Synergy is the other trait that is essential to a successful team culture. Collaboration and cooperation rely on the ability of the people on the team working well together. Peter Hunt, CEO and President of Hunt Real Estate ERA in Williamsville, New York, feels that team members draw energy from working collaboratively with others and that the collective energy of a team propels them to achieve more together to the benefit of their clients. The ability for a group to collaborate and cooperate doesn't happen on its own. It requires making time to cultivate and nurture the relationships between team members.

Often real estate teams refer to themselves as families, and develop that sense of closeness by incorporating monthly or quarterly non-work related events to build and reinforce the bond between each other. These events are often unique to the team in that they meet the personal interests of the team members. For Attilio Leonardi, co-leader of Team Lally, Keller Williams Honolulu in Kapolei, Hawaii, his team culture focuses on overall health. Their team building activities include fun and physically active events, such as hiking. This approach may not work for other teams, but it works well for Team Lally because it aligns with and reinforces the values of the team.

Stepping in for one another on a team is distinct from individual sales associates who support each other, because teams depend on their shared culture to provide a fluid consumer experience.



Ultimately, the culture of a team still comes back to people on the team. What draws one person into joining a team may deter someone else from joining that same team. For anyone considering becoming a part of a team, look at the support systems in place as well as the shared values of the team members before making a decision. Most bad experiences come from a lack of alignment with the team culture. Team members thrive when they value the shared knowledge, leverage, accountability, support and synergy.

Defining a True Team

Lead generation and synergistic cultures drive team growth and are the foundation on which teams exist. However, there are several groups of real estate professionals working together under the appearance of a team but lacking one or both of these qualities. Because real estate teams don't conform to one particular structure or size, it is a challenge to define what constitutes an actual team in real estate. This study presents a definition of what a real estate team is, and what it is not, in order to establish consistency across the industry.

Peter Hunt, CEO and President of Hunt Real Estate ERA in Williamsville, New York, feels that team members draw energy from working collaboratively with others and that the collective energy of a team propels them to achieve more together to the benefit of their clients.

On its most basic level, a team is considered to be two or more people working together towards a common goal. All of the variations of real estate teams out there can claim that characteristic, from the sales associate with one licensed assistant, to the 15-person team, to the team with 50-plus members, because they are working with at least one other person to sell real estate. Unfortunately, that one characteristic doesn't identify whether or not a team has the support system, lead generation strategy or leadership in place to sustain and guide the team.

Unlike most sports teams or other business teams, there is not one designating configuration of personnel



for real estate teams. Buyer's agent, listing agent, administrative assistant, transaction coordinator, marketing specialist, inside sales associate, operations manager, and team leader are all roles found on teams, yet there is not a precise combination of any of the above that automatically makes a team. The ability to drive business to the team directs the structure of a real estate team, not the other way around. Some groups form hoping that they will generate more business together than on their own. This approach to creating a team often fails because it lacks a proven source of lead generation and a clear support system.

Real estate professionals do not start or join teams with bad intentions, but the lack of knowledge and guidance in the industry about functionally successful teams leads to a variation of dysfunctional groups that refer to themselves as teams. In the collaborative

survey, approximately 1,300 people working on teams, as well as about 1,200 individually working agents were both asked the same question, “What is your definition of a team?” Below are some of their responses.

“A collaborative group of individuals with defined tasks designed to reach a common goal.”

“All people in the team sharing responsibility equally but covering for each other as needed.”

“One leader that provides training and leads to the rest of the group.”

“A group of people with individual talents that are leveraged to maximize everyone’s strengths. Stay in your 20 percent.”

“A group of [real estate professionals] who operate more like an actual business than a group of independent business owners.”

“A leader with a vision. Team players who agree with vision and promote product accordingly. Cooperation.”

“A tightly knit group of people that leverage each other’s unique skills and talents to produce more than any one individual can on [his or her] own.”

“Together Everyone Achieves More. Overused acronym but true if the leader has this as a focus.”

“A business like any other that helps people succeed. Leads, training, support are provided to sales. Salespeople focus primarily on selling, not on the activities involved with running a business.”

“A small group of licensed [real estate professionals] willing to help the team leader with his or her business and to generate some of their own, but be available when the team leader is not.”

“Team means two or more persons, one of whom must be an associate real estate broker or real estate salesperson, associated with the same real estate brokerage who hold themselves out or operate as a team.”

“Group of agents with different strengths coming together to produce greater sales.”

“A team helps agents on the team build their client base and helps them achieve their own personal goals in life.”

“A group of people operating a real business. Lead generation is done for you. Marketing is done for you. For that service, you pay a team leader a split.”

“A group of agents (probably 5 or more) and administrative assistants, led by a team leader (or leaders), who conduct real estate business under the umbrella of a brokerage.”

“A group of people who support a ‘rainmaker’ in real estate.”

“A group of two or more agents in which either responsibilities and commissions are shared equally on shared sales/listings, or one agent provides leads for one or more agents and receives compensation (% of commission) and may provide consultation as well some shared coverage on an as-needed basis.”

“Group of agents and brokers sharing support and commissions. Helps manage a bigger volume of sales.”

“A group of salespersons working under the guidance of a team leader with a purpose to capitalize on skills, to increase recognition of team/group name, volume & commissions.”

“Agents identified within an assigned group for the purpose of sharing experience, leads, knowledge within a brokerage. Usually, the team is made up of individuals who share a specialized experience knowledge base. This specialty is used to effectively serve clients of said brokerage.”

“One leader, a number of support staff and/or additional agents working together to increase productivity, efficiency, profitability, and our ability to effectively provide exceptional customer service to our clients.”

Unlike most sports teams or other business teams, there is not one designating configuration of personnel for real estate teams.



There are several useful insights about what a real estate team is from the provided descriptions; however, no single definition captures the multiple layers it takes to create a functional and productive real estate team. This ambiguity produces the peripheral versions of teams. That is, those who call themselves teams but fail to provide at least one or more of the following: a support system, lead generation strategy, or leadership to guide and sustain the group. There are three distinct versions of these groups currently seen in the real estate industry.

The first is the Plus One. As the name indicates, the Plus One includes two people. This group could be two licensed associates working together periodically, or a licensed broker and a licensed or unlicensed assistant. This model services one area specifically, support. An assistant supporting the sales associates, or two sales associates covering for each other as needed. Often this group lacks a clearly defined collective goal or shared culture because the relationship is dictated predominantly by the individual goal of one team member. Without a collective vision to drive the group, there isn't an incentive for the group to stay together long-term other than for convenience.

The second group is the Partnership. This grouping consists of several roles working together towards a common goal. The group benefits from a collaborative environment, dividing tasks by skillset and the support of one another. Some groups that fall into this category have a lead generation system in place, but usually depend on the personal spheres of the individual sales agents.

A clear leader is often missing in a Partnership because there are multiple people involved in driving the direction of the group. An example of this kind of group is three licensed real estate sales associates who market themselves together, each actively representing buyers and sellers, and share support staff for marketing, transactional or administrative tasks. Each agent may have an area

in which they excel (i.e., marketing, operations, customer service) but no one is specifically charged with leading and directing the group as a whole.

The last group is the one that seems to have the most notoriety in real estate; it's the Brokerage in a Brokerage. These groups have a clearly defined leader, leverage the skillset of those in the group and focus on the group goal above all else. There is the opportunity for collaboration, accountability and learning in this style of a group, but it often lacks top-down support, focus on individual goals and growth training. These types of groups can be successful, but have difficulty retaining group members and must rely on their ability to recruit new talent. Their structure survives solely on a numbers game because their team culture is incomplete.

So what is a team? A team is a compilation of the three groups described above. It is a group of people with defined skill sets working together towards a collective goal that encapsulates the individual goals of its members. The team doesn't need to have a hierarchy, but it does need a designated leader whose focus is to provide training, support, and accountability to the individual members. The leader is responsible for providing a source of business (i.e., leads) as well as a synergistic environment that fosters professional and personal growth for its members. At this level of engagement, a team leader leverages the potential of the team and maximizes its ability to perform with the appropriate systems in place.

The focus of prosperous and effective real estate teams is on the development of the team. As Amy Clark, the leader of the Clark Realty Group at ERA Real Solutions Realty, says, "I don't have them on my team for what I can get from them. I have them on here for what I can give to them." The teams in real estate that exist for this purpose are the ones that have the ability to make the biggest impact on their clients and the industry.



Building, Growing and Sustaining **a Team**

Deciding to Start a Team

With a clear understanding of what a real estate team is, the next section of the study outlines the primary considerations involved in starting or growing a real estate team. The first part of this section discusses the importance of setting the proper foundation of the team through team culture and lead generation.

The value of team culture is covered in the first part of the study, and it is a significant piece of the team-building process because it sets the conceptual framework for how the team supports, shares, problem solves, motivates and celebrates one another. The leader of a team must envision what the culture of a team is before it can be verbalized and carried out by its members. Like brokerages, a team does this by having the proper support structure in place and developing value propositions that define the identity of the team.

Out of the 25-plus teams interviewed for this study, most of them started building their team with an administrative person assisting one or two sales associates and growing from there. CEO and President of Hunt Real Estate ERA, Peter Hunt, believes that it is critical to “hire an administrative assistant first. Because if you make the wrong decision on who will support the team and assist the team leader in the management and implementation of all administrative functions necessary to effectively service clients and listings, you will have significant problems from the beginning.” By this logic, an administrative hire is needed for functionality, but also serves as a good first test of the team’s culture.

A later section in the study on recruiting covers in greater detail the hiring order and processes of teams. However it is worth mentioning that, as a team grows, maintaining the culture of the team is critical to its long-term success. If a top-producing sales associate seeks out a successful team but doesn’t fit the team’s philosophy, he or she should not become a member of that team. Keller Williams teaches team leaders that disruption in culture causes organizational, as well as financial, damage to the team.

As a team grows, maintaining the culture of the team is critical to its long-term success.

In addition to establishing a structure for the team, the shared goal at the heart of the team’s culture usually comes from the combined business and personal philosophy of the team leader or founder. For the Path & Post team of ERA Sunrise Realty based in Canton, Georgia, their team culture sprouted from the ideals of their team leader and founder, Becky Babcock.

The Path & Post team refers to themselves as transition focused and not transaction focused. The simple statement identifies the core value of the team and unifies the team in understanding that buying and selling a home can be a difficult transition for someone, whether the reason they are moving is positive or negative. In defining the Path & Post team as transition focused, Becky developed a team culture focused on connecting the team members with the client’s motivations for moving.

Becky’s personal experience with transitions, leaving her real estate business in the mid-1990s and restarting her real estate career in 2003 after relocating to another state, created

a concrete foundation for the Path & Post culture. After closing 37 transactions her first year back in real estate, she added a buyer's agent and closed 95 transactions the following year. Today her team is 14 members strong, including Becky, and the Path & Post team is ranked 11th in sales volume for 2015 in the state of Georgia on REAL Trends America's Best ranking. To see the power of Path & Post's culture, take a look at their team video.



Having a team culture in place before starting a team saves time, money and energy. Those who are unsure about the team culture they want to create can benefit from networking with seasoned teams who have gone through a trial and error period. Replicating another team is not possible, but learning the support systems, organizational structures, and shared goals that work for other teams is highly beneficial. In addition to accessing examples of team culture through individual brands and networks, coaches, Facebook groups, and blogs are great resources to connect with other team leaders.

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Must-Haves

Identifying the culture of a team is a key foundational piece to creating a prosperous and lasting real estate team. However, without a proven lead generation strategy to fuel the team, culture becomes irrelevant. Early in the study, the influence of online lead sources spoke to the burgeoning growth of real estate teams. This section will dive deeper and look at exactly how teams approach their lead generation strategy from a source and systems perspective.

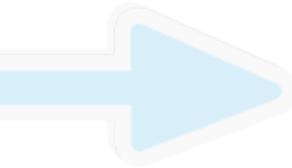
The development of a team hinges on establishing a lead source, according to Bob Sokoler of the Sokoler Medley Team, RE/MAX Properties East in Louisville, Kentucky. The 20-person Sokoler Medley Team uses a variety of lead generation tools, including BoomTown, TigerLeads and radio advertisements. The goal for Bob's team is to hit 30 to 50 leads per sales associate, per month. This number is what Bob estimates the average agent can reasonably service each month. The minimum goal for the Sokoler Medley Team is roughly 450 leads per month to support the 15 sales agents on the team. The number of leads that Sokoler Medley Team aims to provide each month to its sales associates is triple the average number of leads per agent that teams reported to generate each month from the collaborative survey.

Popular Lead Sources for Real Estate Teams



As mentioned earlier in the study, the top three lead generation sources for teams are their sphere, listing portals and websites. Teams across the country are leveraging a unique blend of lead generation sources, including a mix of traditional marketing like television and radio, along with pay-per-click and SEO-based website lead generation. Sponsoring sports teams at the amateur and professional level is also another lead generation tool that several teams use. Marketing relationships with professional hockey teams, regardless of the geographical market, seem to be the most popular choice among real estate teams.

The Kris Lindahl Team, RE/MAX Results, began their partnership with Minnesota's professional hockey team—the Minnesota Wild—in 2015. In addition to having the team logo displayed at the Xcel Energy Center in Saint Paul, the team created a private Facebook group focused on engaging with the fan base. Their group, Minnesota Wild Giveaways by Kris Lindahl Team, has over 37,000 members and is growing. The Kris Lindahl team gives away everything from signed hockey pucks to rides on the Zamboni and gains tons of engagement with its members in the process. The Kris Lindahl Team



Partnering with a professional sports team is one example of how real estate teams are thinking out of the box and leveraging lead sources.

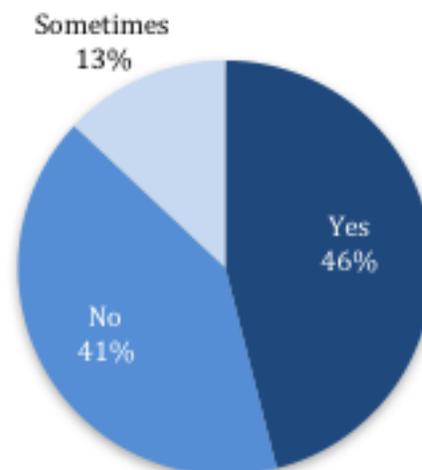
closed 369 transactions last year and already closed 327 transactions this year. Partnering with a professional sports team is one example of how real estate teams are thinking out of the box and leveraging lead sources.

Out of the 25-plus team leaders interviewed for this study, almost all of

them reported generating 75 percent or more of the leads for the team. Several of the respondents shared that a majority of the team's leads come from the team leaders personal sphere of clients. Mike Deck, the team leader of Team Deck and broker-owner of ERA Real Estate Links in Carmel, Indiana, generates about 90 percent of the leads for the team from his database. Team Deck invests in farming and online lead generation but finds the greatest success from the sphere-based leads. It is not uncommon for teams to form because of overflow from a team leader's database. If the goal of a team is to grow beyond the scope of its founding leader, establishing other sources for leads is necessary.

As discussed previously in the study, lead management goes hand-in-hand with lead generation. When building a team, it is worth investing the time and energy into developing systems for lead management. Teams have access to CRM and database management systems through their brokerage; however, many use outside resources to meet the needs of their team. More and more technology platforms geared towards team use, like dotloop's Team Dashboard, are available today. Multi-purpose online platforms, such as BoomTown, or lead management specific systems, like FollowUp Boss, are great options for teams to use for lead management. In either case, the person managing the CRM system could be someone on the team or a remote inside sales agent.

Real Estate Team Usage of Inside Sales Agent(s)



For those who aren't familiar with the term inside sales agent (ISA), it is a position focused on scrubbing and cultivating leads to an actionable state. The downfall in lead management for teams and individual sales associates is not with the clients who are ready to transact in the next three to six months, but with the leads who may take nine months, a year or even two years before they are ready to buy or sell a home. The role of the ISA is to incubate these leads and facilitate the consistent interaction necessary to transition the lead from a prospect to a client.

The term inside sales agent can be misleading because not all ISAs are licensed, nor are most of them located physically in the same city, state or even country as the team itself. MyOutDesk, one of the more popular resources for ISAs and virtual real estate assistants, is located in the Philippines. The risk of having a person off-site representing the team brand is too high for some teams; however, there are those who have developed successful partnerships.

Because ISA is a relatively new term in the real estate industry, there are some virtual assistants, who may not call themselves ISAs, but have the ability to fulfill the ISA role. Zillow offers this service in the form of its Premier Agent Concierge. The virtual assistant at Zillow contacts the lead and qualifies them before delivering the lead to the chosen team member or inputting them into the round-robin lead distribution system. For teams that invest in the Zillow platform, this is another option for lead management. For teams that use alternative platforms or want their leads managed in one system, virtual assistants are worth exploring.

Building a strong foundation for a real estate team depends on a strategic approach to lead generation and lead management. The real estate industry struggles in these two areas. Learning how to overcome this challenge is beneficial to teams, individual sales associates and brokerages. Determining a strategy for lead generation and management, along with identifying a team culture, requires a lot of work and effort upfront; however, it simplifies the rest of the team building process.

Building a strong foundation for a real estate team depends on a strategic approach to lead generation and lead management.

Recruiting the Right Talent

Getting the culture, lead generation source, and lead management systems in place sets the groundwork for a team. With a solid foundation in position, the next step is recruiting and growing the team to meet the demand of business. When adding members to a team, team leaders often refer to hiring to their organizational chart. That is they have a strategic plan for how the team will grow and hire to those roles specifically. Understanding the pain points or needs of the team before adding members allows for teams to maximize the potential of each new member.

There is no shortage of roles to fill on a team. Aside from the team leader, the potential roles include administrative assistants, buyer's agents, transaction coordinators, listing agents, marketing specialists, inside sales agents, operations managers, sales managers, showing assistants and client care services, to name a few. How these roles combine or interact is dependent on the individual structure of each team. Some teams allow roles to overlap. For example, a number of teams don't separate a listing agent from a buyer's agent. They are simply a sales agent. And often an administrative assistant will also have duties that involve transaction or marketing management.

Hiring to fulfill a role is not enough for a tight-knit structure like a real estate team. Personality is a critical part of the hiring process. That doesn't mean that an individual must be the same as the team leader, but he or she must be compatible with both the role and the culture of the group. Several teams conduct formal assessments of the potential member's personality through common tests like AVA Behavioral Assessment, DiSC Profile or the BOLT Personality Assessment. In the last year, Keller Williams even created a custom personality test for internal use, the Keller Personality Assessment (KPA).

A team thrives when the collective team goal services the individual goals of its members.

The results of these tests are two-fold in that they allow the team leader to identify the personality type of that person and determine whether or not that personality type is a good fit for the available position on the team. For instance, a high D or Dominant personality type would likely make a good listing agent, but a not a great transaction coordinator. Teams that have specific personality types assigned to specific roles rarely deviate from hiring anyone to that role that doesn't fit the personality type. Most personality tests cost money; however, for team leaders looking for an alternative option, real estate

coach Debbie De Grote offers a free, no-strings, DiSC assessment, [CLICK HERE](#).

A personality test can only tell so much, and teams have unique approaches to test-driving talent before adding them to the team. Joe Bogar and Steven Pilkington of Bogar Pilkington Group, Keller Williams DTC in Denver, Colo. use Keller Williams process of vetting new hires, which includes the personality testing. They also have extra steps that they implement. They have the potential hire job shadow for a day. After shadowing, the potential team member will go through a minimum of three interviews, which are different combinations involving Steven and Joe, the rest of the team and even Steven and Joe's wives, who are also a part of the team. Through interviews, team leaders look for qualitative signals about the potential team member.

Some team leaders prefer sales experience whether or not the person had a job in real estate before joining the team. Others look at whether or not the person is the sole or primary financial support for a family. Amy Clark, the team leader of the Clark Realty Group, ERA Real Solutions Realty, looks for a positive mindset and the perception of abundance over scarcity. Others, like Peter Hunt of ERA Hunt Real Estate, require potential team members to complete a training process before formally joining the team. These are all things that fall outside of the scope of personality tests but make a big difference in how a person will fit with the culture of the team.

The culture of the team and the importance of having a collective goal to bring the team together requires a team leader to uncover the candidate's individual goals during the interview process in addition to their functional viability. A team thrives when the collective team goal services the individual goals of its members. These goals can be personal or professional, monetary based or quality-of-life-based. Understanding the personal motivations of team members before they join a team enables a team leader to align expectations and motivate team members to reach their goals in conjunction with reaching the team goal.

The hiring process for most teams is not quick. Repeatedly, team leaders reported that they hire slowly. Josh Pomerleau of the Pomerleau Team, Keller Williams Classic Realty NW, in the Twin Cities, Minn. mentioned that his team “will endure pain in order to wait for the right person.” This isn’t always easy for teams to do. However, every successful team leader interviewed indicated that the challenges endured and the time spent finding the right person or people is worth it.

Compensation

Recruitment of a team member isn’t complete without establishing a form of compensation. The negotiation process may be similar to what a broker-owner experiences when hiring support or specialized staff. However, for sales associates joining a team, it can get complicated, because even though the agent works under the umbrella of the team, his or her license is still under the brokerage. Someone must cover the cost for that benefit.

There are two main approaches to covering brokerage costs by teams. The first is that the sales associate pays the cost in full. Some teams who handle brokerage fees this way tend to offer slightly higher commission splits to the sales associates. Others take a full-service approach and adjust commission splits accordingly. Mike Brown, team leader of the Mike Brown Group, Silvercreek Realty Group in Boise, Idaho, goes as far as covering any office expenses incurred by the team including liability insurance and continuing education.

In general, team leaders who participated in the collaborative survey reported commission splits with their sales associates anywhere between 40 and 80 percent. The most common commission split reported among teams was 50/50, particularly for buyer’s agents. The percentage of commission grew to 75 or 80 percent for sales associates representing their self-generated leads or sellers. In some cases, team leaders based commission splits on how long a sales associate was a part of the team or used a sliding scale based on his or her production for the year. In a few rare cases, sales associates did not split their commission with the team, but rather paid the team a designated fee.

Average Monthly Income for Real Estate Team Positions



The 100-plus buyer's agents who participated in the collaborative survey reported an average income of \$6,000 per month. The listing agents who took the same survey reported an average monthly income of \$12,700. The difference between the two positions is substantial but makes sense when considering that teams often have fewer listing agents than buyer's agents and that listing agents generally have higher commission splits.

Team members who aren't in a sales position almost always are paid a salary or hourly rate, with hourly pay ranging from \$12 to \$20. Non-sales or support positions include administrative assistants, marketing specialists and transaction coordinators. Of this group, transaction coordinators and administrative assistants tend to receive bonus compensation based on the number of closed transactions. Licensed assistants or transaction coordinators averaged higher monthly incomes than unlicensed team members in the same position.

The team position with the highest variety of compensation methods was the Lead Management Director or the ISA.

The team position with the highest variety of compensation methods was the Lead Management Director or the ISA. In general, half of ISAs are paid a salary and half are paid based on commission. Lead Management Directors reported an average monthly income anywhere from \$1,500 to \$18,000; however, the average for the position was \$6,400 per month. ISAs also reported receiving bonus compensation from appointments set from their managed leads and closed transactions generated by their managed leads.

Over 400 team leaders participated in the collaborative survey. When asked how much they contributed individually to the team's production, the response was anywhere from zero to 100 percent. On average, team leaders directly serviced 40 percent of the team sales. Looking at the overall production of teams, they averaged 145 transactions, with an average sales price of \$315,000. The collaborative survey did not ask team leaders to report their average monthly income; however, about half of the team leaders from the survey reported that they receive a salary with potential for bonuses based on team profitability.

The unique mixture of team structures leads to a variety of compensation models. Some teams are strict in their approach to roles and compensation. For example, if a person's role is as a buyer's agent, then he or she must only work with buyers at the buyer's agent rate of compensation. Other teams are more fluid and allow for sales associates to function as sales associates, servicing both types of clients and receiving compensation based on the kind of transaction or their individual sales volume threshold. Like with brokerage models, not every arrangement works for every person. As Joe Bogar of the Bogar Pilkington Group explained, "joining a team has to be fair-fair, not necessarily win-win."

Strategies for Growth

Constructing a team requires planning, patience and discipline. Few teams get everything right the first time around. There is no absolute right way to go about growing a team, but there does seem to be a general trend for the first couple hires to a team. Administrative assistants tend to be first, starting part-time and eventually becoming full-time. The second hire is almost always a sales associate or buyer's agent. The next role added is entirely different based on the team. For some it is another assistant, for others, it's another buyer's agent or an ISA.

The formula for how teams grow is different for everyone, but in the end, most teams end up with a similar structure overall. Teams under 20 members tend to hover around a 2:1 sales associate-to-support-staff ratio. When the total team size surpasses 20 members, the ratio jumps to 3:1 and increases to a 5:1 ratio for teams over 50 members. Teams may not fit these structure ratios, but it is a useful benchmark for growing teams to consider when adding support or sales staff.

Earlier findings in this study indicated that over 95 percent of teams range in size from two to 20 members. The remaining 5 percent represent a small group of teams that exist in larger markets or multiple markets. Market size can limit the housing turnover rate, which impacts how many sales associates a team can support. Teams in sizable metropolitan areas, like New York, Miami, Chicago, Las Vegas, Los Angeles and San Francisco, still have to work to capture market share, but there is no limit to how far their businesses can grow.

For other teams in markets with smaller populations or lower turnover rates, expanding provides an alternative way to grow. Team expansion is not limited to nearby markets, but it does require a team to maintain its lead generation and culture across many markets or miles. Not every team can scale its structure to support outright expansion, nor do all team leaders aspire to become a 50-plus member team.

For Mike Brown of The Mike Brown Group, Silvercreek Realty Group, the ideal team size is 30 members to preserve, “a balanced life while still performing at a high-level in sales.” The Mike Brown Group currently consists of 22 sales associates, four licensed assistants that manage transactions and office management, a graphic designer, a receptionist and a sub-contractor. Mike’s market in Boise, Idaho can sustain a team of this size, and the structure fits with the team culture.

There isn't one specific path to growing a team.

Typically, the growth of a team is dictated by factors outside of the team. In some cases, though, the growth or skillset of someone already on the team can propel team growth. Wayne Long, a co-team leader of the Columbus Home Show, Keller Williams Realty River Cities in Columbus, Georgia, noted, “scalability or growth is limited unless you have an ISA, because [that person] can nurture the leads that the agents don’t want to.” Maximizing opportunity through lead management is a huge plus for any team. Other positions can catapult growth as well. The key is bringing together people with different strengths and weaknesses to elevate the potential of the group.

A team may grow and prosper with a sound structure in place, but it won’t sustain itself without nurturing the culture of the team. Communication is the best tool to cultivate team culture because it keeps team members connected, focused and accountable to one another. Kris Anderson, the leader of Your Premier Team, RE/MAX Excalibur in Scottsdale, Ariz. believes in constant contact with her team members. She strives to make Your Premier Team members feel special whether business is good or bad for them. Communication comes in many different forms and formats. Teams can maximize communication efforts by connecting with people in their preferred dialogue formats, whether it is in-person, by text, or via a phone call.

Just as broker-owners face the challenge of keeping sales associates excited and engaged with the company culture, team leaders face the same challenge. When a team leader is unavailable

Communication is the best tool to cultivate team culture because it keeps team members connected, focused and accountable to one another.

to foster communication because of time constraints or personality types, he or she must appoint someone in that team to fulfill that role. Sarah Pickens of the Kris Lindahl Team, RE/MAX Results, holds a weekly meeting with the entire team, in conjunction with monthly one-on-one meetings with each sales associate. Also, the team uses a private Facebook group for personal and business communications. These touch points of communication go a long way and have helped the Kris Lindahl Team retain its culture, and its sales associates.

Outlining a five-year plan is the best strategy to building a lasting team. The odds are that everything won't go as planned, but the vision for the team will guide its growth. Having a plan reinforces patience and discipline, as well as simplifies decision-making throughout the life of the team.

Keeping the Team Going

Developing the people in the team and keeping the team together is the responsibility of the team leader. As one survey respondent stated, "The strength and success of a team are strongly dependent on the directions, goals, and leadership of the leader." A team leader must wear many hats. To name a few, he or she is the creator, coach, listener, participant, educator, motivator, driver, manager and provider. Teams with leaders unwilling to fulfill these roles will not survive and thrive.

"The strength and success of a team are strongly dependent on the directions, goals, and leadership of the leader."

The motivation for starting or building a team can indicate its stability. There are three common problematic approaches to starting or building a team. The first is sales associates grouping together for support without having a defined plan or shared goal. Marti Hampton of the Marti Hampton Team, RE/MAX One Realty in Raleigh, North Carolina, said, "Weak people getting together and making a team is a mistake. [You] want strong people to build themselves and the team."

Another type of dysfunctional team happens when teams form because of ego. Real estate professionals who want greater recognition or status from a team usually lack a cohesive culture. Peter Hunt of Hunt Real Estate ERA adds, "We see turnover on teams where the leader fails to nurture and inspire [people] to do their jobs, such as develop leads into viable customers. It is the leader's job to supervise, coach and direct all team members so that the team can attain a leading market share in their chosen primary market [...], in addition to helping each member meet their individual goals."

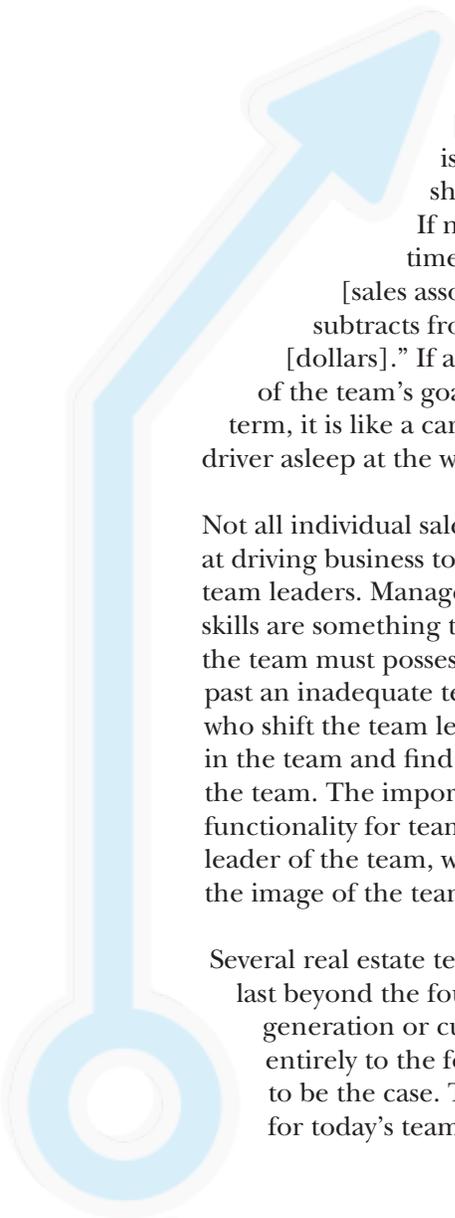
Adding team members, particularly sales associates, to the team for the book of business they can bring is also faulty. The function of the team is to provide for the sales associates, not the other way around. All of the scenarios mentioned above go against the format for creating a lasting team. Before starting a team, a future leader must clarify his or her motivation and ultimate goal. Those who don't are wasting their time, as well as the time of everyone else involved.

A team leader pulls double duty in a team because they must be able to keep the team focused on the shared goal, while accomplishing his or her personal responsibilities to the team. If a team leader cannot execute their role in the team, it becomes a challenge for others in the team to perform their roles. One former team leader who took the collaborative survey said, "Running a team was challenging because finding the right people [who] are truly

generation; however, it isn't a simple task. Having a team name and branding not connected to a particular person is the first step. For team members, it allows them to engage in building a brand or book of business that is inclusive to the team rather than exclusive to the individual. Becky Babcock's team Path & Post, ERA Sunrise Realty, is a great example of this. When logging on to her team's website, PathPost.com, it has the same feel as a brokerage site in that it represents a brand and not an individual.

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Past the team name and branding, lead generation is the next step. Currently, many teams leverage the sphere of the team founder and have built its business



motivated is difficult. Most think being a [real estate professional] is as easy as [the TV show] 'House Hunters.' If not truly motivated, the time spent educating these [sales associates] is wasted and subtracts from my business focus and [dollars]." If a team leader loses focus of the team's goals, short-term or long-term, it is like a car full of passengers with a driver asleep at the wheel.

Not all individual sales associates who excel at driving business to the team make good team leaders. Management and leadership skills are something that the person leading the team must possess. The teams that succeed past an inadequate team leader are those who shift the team leader into another role in the team and find someone who can lead the team. The importance of structure and functionality for team roles includes the leader of the team, whether or not he or she is the image of the team.

Several real estate teams cannot or will not last beyond the founder because the lead generation or culture of the team is tied entirely to the founder. This doesn't have to be the case. There is an opportunity for today's teams to move to the next

from that database. A succession of a team relies on the team's ability to maintain and secure independent lead sources. Establishing new lead sources can be accomplished easily and adjusted as needed. The real challenge comes from managing what becomes of the team's collective sphere and referral database. Real estate is still a relationship-based business. Managing the client-agent relationship past the founding team is challenging. Its success will rely on the ability of the team to carry forward the culture of the previous members.

If all of the above is accomplished, the discussion about team acquisition and mergers becomes a possibility. With person-based branding and lead generation dependent on the sphere of one individual in the team, it is subjective to assign a value to a business based on a highly personalized book of business. That changes when teams start to look more like brokerages. Whether or not teams will gravitate towards this model is unknown. Only a handful of teams interviewed and surveyed for this study had team names not based on the team leader, and that is only the first step.

The future of a team is ultimately guided and dictated by its leader. Like any business owner, the team leader must have a plan and direction. Communicating the plan and facilitating an environment to reach the collective goal is essential to lead a team and its members successfully into the future.



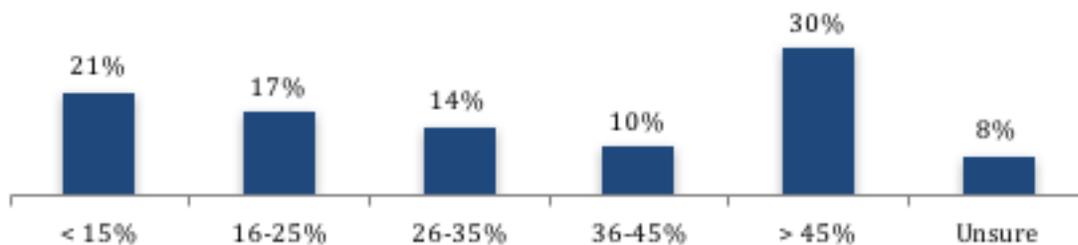
Teams and The Real Estate Industry

Impact on Brokerages

The growth of real estate teams is altering the interior landscape of brokerages. The value of this change is short-term for most broker-owners, because the worth of the team is dependent upon the brokerage retaining them. Teams are similar to top-producing sales associates in the risk and rewards they create for brokerages. Larger teams magnify this dynamic. The challenge for brokerages is not whether or not they will incorporate teams into their businesses, but how will they do it to maximize the benefits to both sides.

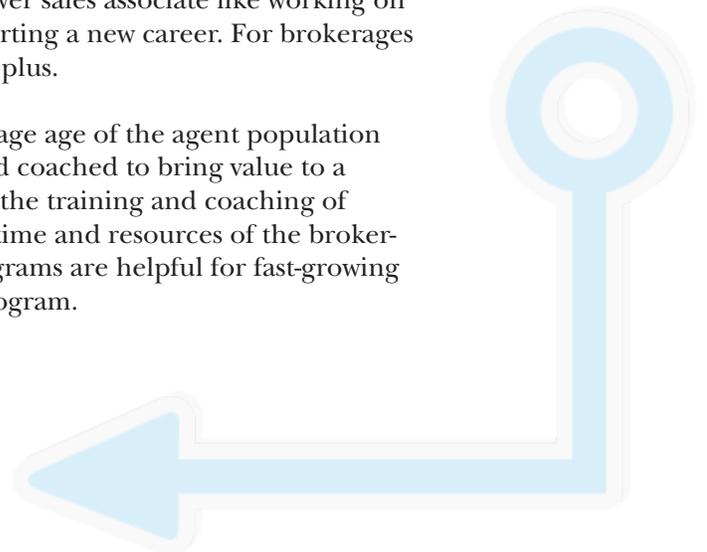
The biggest advantage of a broker-owner allowing teams into his or her brokerage is the market share that the successful teams bring. Teams in 38 percent of brokerages that participated in the collaborative study produced between zero and 25 percent of the firm's total sales volume in 2015. Thirty percent of brokerages had teams that produced over 45 percent of their company's total sales volume in 2015. The potential for profit is less with teams than individual sales associates; however, the additional market share that brokerages gain is generally worth the trade-off.

Average Percentage of Total Sales Volume Produced by Real Estate Teams in a Brokerage

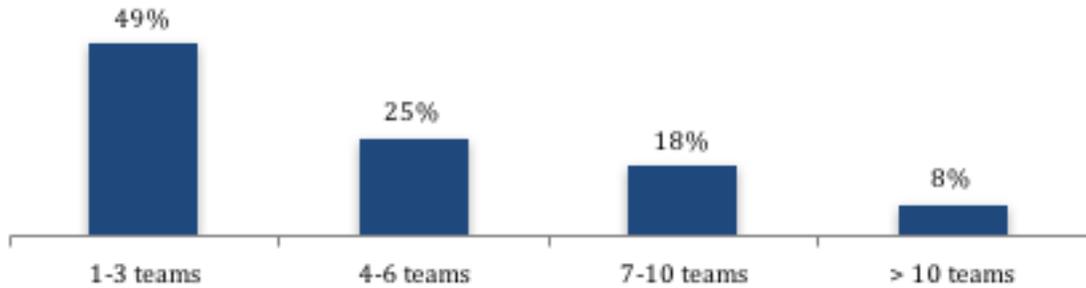


Recruiting talented and new sales associates into the brokerage is another advantage that teams bring. Teams offer experienced real estate professionals the possibility to expand their businesses past their current production levels. Newer sales associate like working on teams because it removes some of the risk involved in starting a new career. For brokerages working to attract younger sales associates, this is a huge plus.

Newer sales associates can be ideal for reducing the average age of the agent population in a company; however, they still have to be educated and coached to bring value to a brokerage. One of the key duties of a team is to manage the training and coaching of their members. Solid education by a team leverages the time and resources of the broker-owner to spend elsewhere. Thorough team training programs are helpful for fast-growing brokerages or those that don't have a formal training program.



Average Number of Teams in a Brokerage



The number of teams in any given real estate brokerage is not astronomically high. Roughly 50 percent of the brokerages that participated in the collaborative survey had one to three teams in their company. Only eight percent of real estate firms had more than 10 teams in their brokerage. Broker-owners who tend to have a higher number of teams in their company usually also lead a team themselves. Regarding the size of teams, broker-owners reported a similar trend with 92 percent of their teams consisting of two to nine members.

The groups that refer to themselves as teams but do not take the time to construct a culture, develop a framework for lead generation or install the right personnel are the biggest problem for brokerages. For this reason, many brokerages would rather not allow teams, but do so only to remain competitive. There is a tremendous opportunity for broker-owners to get out ahead of this issue by proactively establishing a framework for teams in their company.

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Hunt Real Estate ERA implements a strategic system to qualify and train team leaders in the brokerage. Expectations of duties, performance and management, are established before a team forms. Without direction and collaboration from a brokerage or brand, teams are left to learn by trial and error at the expense of the company and consumer.

Even well-run teams create challenges for brokerages. As teams grow, their need for additional physical space can become an issue. In other cases, a strong team culture can compete with or even trump the brokerage culture. The potential for talent shift inside the brokerage, whether it is individual sales associates already in the company joining a team or those on a team who want to become an independent agent in the firm, is problematic as well.

Each of these scenarios affects the inter-office dynamic between the brokerage and the team. Communication is paramount to solving these issues. Effective team leaders have

to communicate with their teams, and the same goes for broker-owners and team leaders. Reliable and consistent communication leads to a mutually beneficial relationship without the fear that teams will leave and start their own brokerage.

Of all of the team leaders interviewed for this study, none of them had the desire to leave their brokerage in hopes of starting a firm. The logistics of running a brokerage (i.e., legal, escrow, title, compliance, etc.) is something that team leaders said they would rather not do. Keep in mind that the majority of team leaders are in their current position because their strength is lead generation. Not everyone who is a talented rainmaker is necessarily a good fit for a team leader or broker-owner. Only a small percentage of team leaders have the right skillset and personality to make the leap from leading a successful team to leading a successful brokerage.

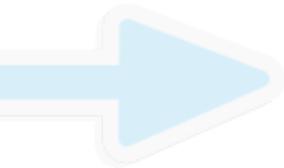
For teams and brokerages to thrive together, they have to work towards a collective goal. According to one broker-owner from the survey, brokerages with teams must be able to “leverage the team leader’s business by being able to coach them on team structure, provide training for team members, team contracts, show the team leader how to hold [the] team accountable, [and] provide technology solutions.” The ability of a broker-owner to coach and train team leaders can significantly impact the quality of teams in the company.

Some broker-owners have more experience at creating a framework for a team because they have a team themselves. Alan Smith and Mike Burns are both co-owners with Brad Whitehouse of RE/MAX Professionals in Denver, Colo. Both Alan and Mike lead a team. RE/MAX Professionals has approximately 400 sales associates in the brokerage and 40 teams within those 400 agents. The general size of teams in their office is two to three people, with a couple of teams of five to seven people. Based on their experience, Alan and Mike guide other team leaders in the brokerage. For example, Alan and Mike know that teams of four to five members work best in their brokerage model and market area. Providing direction to their team leaders benefits the brokerage and the teams.

For broker-owners who have a non-compete sales policy, there is another way to guide team development. A broker-owner from the collaborative survey shared that their company has one team led by the office broker. He or she shared that, “the advantage of this team is that our company commission dollars and volume are greater with the team. It helps new agents get their feet on the ground, and it helps experienced agents fill in the gap that always exists [when there is an overflow of leads to manage], and it helps our top producers cover their commission splits.”

Teams are here to stay, and broker-owners should map out their guidelines for teams. Clarifying expectations simplifies the communication process and allows the broker-owner to hold the team leaders and the team accountable. By guiding the leadership and structure of a team, brokerages regain some balance in the team/broker-owner relationship. Remember, it doesn’t have to be win-win, but it should be fair-fair.

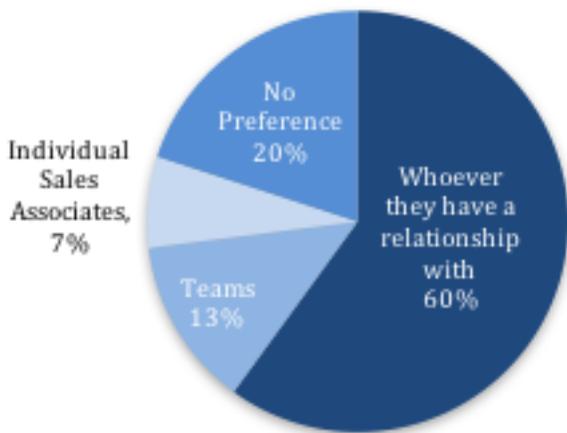
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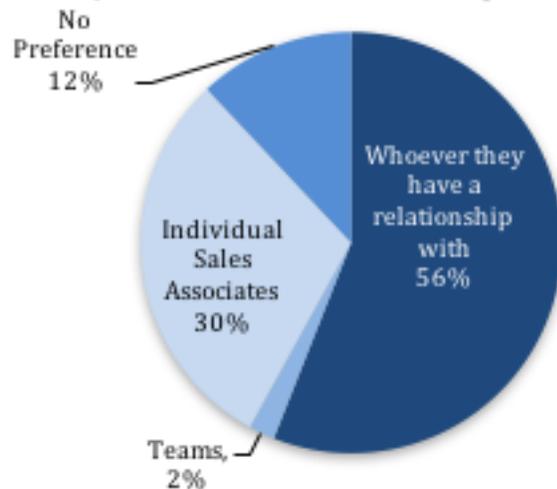
Impact on Consumers

There is no clear indication that real estate teams impact the way consumers buy or sell a home. Real estate professionals interviewed in the collaborative survey echoed the sentiment that the home buying or selling process is a relationship-based process. If a consumer buys a home using a real estate team and has a good experience, he or she may use that team for his or her next home sale or purchase. However, the same goes for individual sales associates.

Consumers Prefer to Work With...
(Team Member Responses)



Consumers Prefer to Work With...
(Individual Sales Associates Responses)

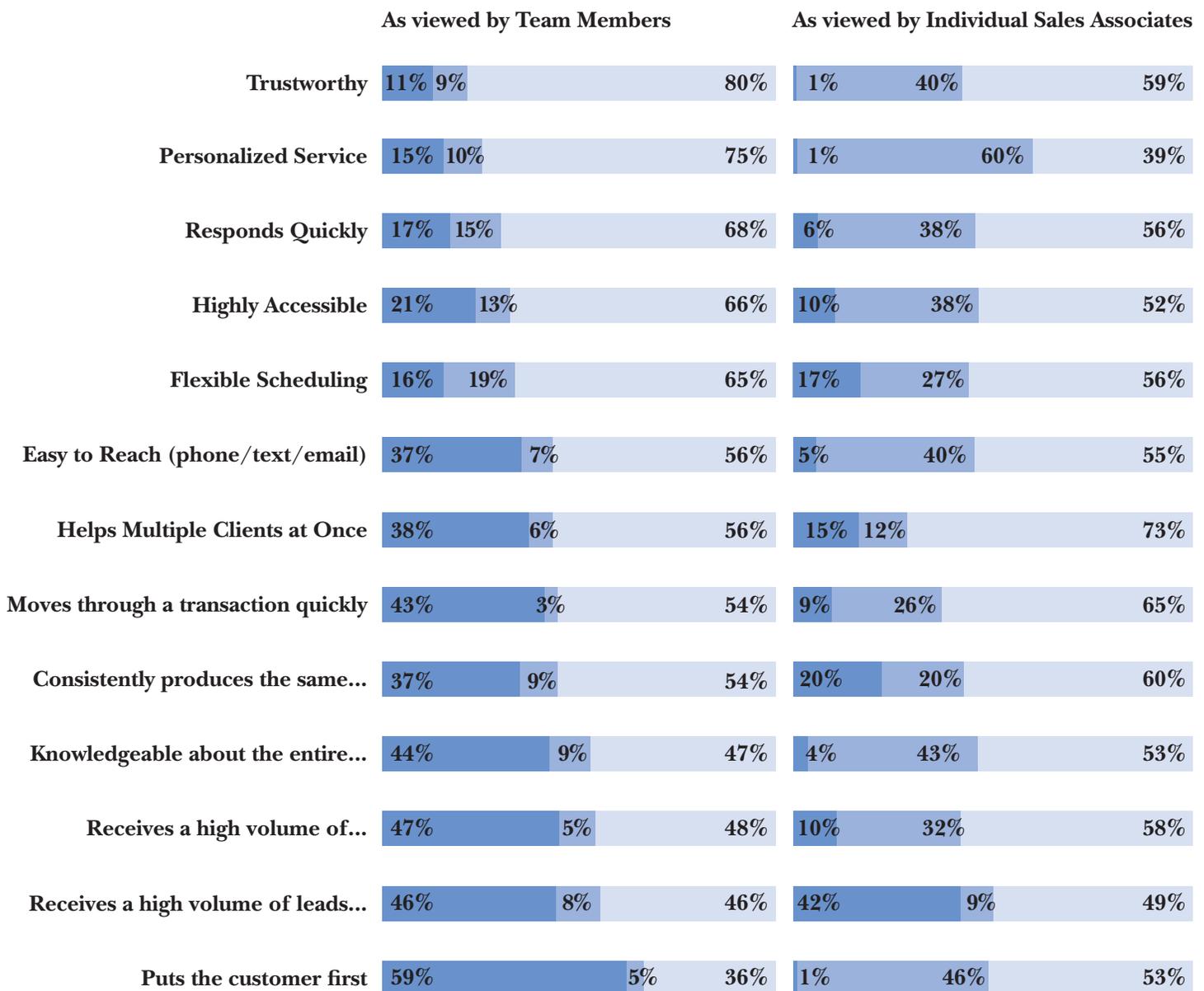


The survey also asked individual sales associates, team members, team leaders and broker-owners to look at characteristics associated with a real estate professional and decide if one was representative more of a team, an individual or both. The descriptive words or phrases included trustworthy, personalized service, highly accessible, easy to reach, consistently produces the same quality of marketing materials, receives a high volume of repeat/referral business, receives a high volume of leads every month, and puts the customer first. Analysis of the characteristics did not prove that one group exceeded the other. In almost each category, either group chose that both individuals and teams had the same ability or characteristic.



Characteristics of Real Estate Professionals

Teams Agents Both



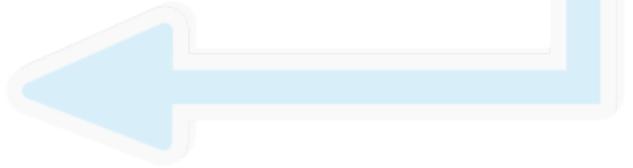
In only two instances did either group feel that they better exemplified an attribute over the other. Individual sales associates ranked themselves higher in personalized customer service, and real estate team members ranked themselves higher in the volume of leads they received every month.

Even though the structure of a team is intended to give better service to the client, it doesn't always work. Real estate teams, just like individuals, are guilty of mismanaging consumer expectations. For teams, this is often a result of weak structures, inadequate systems or a lack of communication from the leadership. Lead generation is a defining principle of having a team, but it doesn't ensure that sales agents on teams receive more leads than individuals. These are perceptions that

the groups have of themselves and not the perceptions of actual consumers. For this reason, it's hard to say conclusively if one group is, in fact, better at something than the other.

Creating and maintaining personal relationships remains a focus in the real estate industry. Teams and individual agents both seek out ways to effectively engage and connect with clients. The nature of relationships in real estate does present a challenge for larger teams. Teams with a defined and strong culture have a better chance of connecting with a client in a meaningful way. As the practice of buying and selling real estate evolves it will force both individual sales associates and teams to innovate and look for new ways of interacting with their client base.

Impact on Teams & Individual Agents



Real estate teams may not have a noticeable effect on consumers yet, but they are modifying the face of the real estate industry. Some of these changes will happen slowly, and others are already here.

One adjustment to the real industry that is already here is the use of inside sales agents or virtual assistants. The use of inside sales agents, inside and outside of teams, will increase. ISAs solve a long-standing problem with lead follow-up and incubation for real estate professionals. Because many ISAs can work remotely, their services either to a team or an individual associate don't impact physical workspace. An ISAs added assistance without expensive overhead costs is a big plus for either party. Real estate teams currently using ISAs will be a great resource in educating other real estate professionals about how to successfully partner with ISAs.

The landscape of teams and so-called teams is currently like the Wild Wild West. State bureaus and departments of real estate are working to define what a real estate team is for the purpose of consumer protection through naming convention regulations. However, a proactive approach to team structure and coaching by brokerages and brands now will expedite the process of reducing the number of rogue groups of individuals who refer to themselves as teams. Brokerages and brands that haven't already done so will need to clarify their strategies towards teams and develop a framework that allows for symbiotic relationships. The real estate firms that devise a formal plan of interaction with teams will have two options on the types of teams inside their brokerage.

Two Types of Team Models in Brokerages

TYPE I	TYPE II
Team leader actively list and sell	Team leader(s) don't consistently list or sell
2 to 20 members	Over 20 members
Long-term team members that have an emotional connection to the team	Short-term team members except for leader and a few key producers and support staff
Focus on local real estate market	Focus on multiple real estate markets
Broker-owner acts more as a mentor in business	Broker-owner functions more as a business partner
Flexible commission structures, but less probability of profit-sharing opportunities	Rigid commission structures, but profit-sharing opportunities for few key people
Less chance to transfer/sell team business	Better chance to transfer/sell team business

The first team will be similar to the 95 percent of teams that are already out there. It will be anywhere from two to 20 members and will have a team leader that most likely is still involved in the selling process. Most of the team members will be long-term due

to a heightened sense of transparency and connection to the team leader. Commission plans will have greater flexibility, and the members of the team will operate mainly in the original market of the team. The ability for these types of teams to be merged or acquired outside of the brokerage will be low.

Brokerages with these kinds of teams will develop a mentor/coaching partnership with the team leaders and assist them in their growth management. The increased involvement with the team through a broker-owner's relationship with the team leader will enhance the probability of brokerages preferring this type of team model inside their companies.

The remaining five percent of today's teams represent the other version of a team model. The larger real estate teams of 20 or more members will take a different approach to how they interact with brokerages. The relationship between the broker-owner and team leader will be similar to a formal business partnership. This type of team will not be a good match for most brokerages and brands, because the team will function independently from the brokerage in many ways.

The team leader will focus on the growth of the team over actively selling. The drive to increase market share might include the local, neighboring or outside markets. No matter the market selection, the approach to expansion will be strategic. Teams of this size will provide well-organized training programs for sales associates and serve as a good fit for newer agents. The likelihood of sales associates staying with this type of team long-term is less, given that they will likely have lower commission splits and less of a connection to the team. For members to have a long-term commitment to the team, there will need to be profit-sharing incentives.

Unlike the first version of teams in brokerages, this model allows a greater chance of being acquired or merged outside of the brokerage. Past transferability, this also implies the possibility of these types of teams transitioning into independent brokerages in the future. That is not to say that each large team wants to eventually become a firm, only that the possibility is there and the what-if scenario should be addressed by the broker-owner and team leader when discussing their partnership.

If a majority of brands and brokerages identify a strategy towards teams, there is potential for teams to become a dynamic and driving force in the real estate industry. A heightened

A systematic and streamlined approach to the real estate process on a small scale repeated by thousands of well-built teams across the industry will change how the real estate industry functions.

sense of focus on market share, profitability and customer service will push the standards for what it means to be a real estate professional. A systematic and streamlined approach to the real estate process on a small scale repeated by thousands of well-built teams across the industry will change how the real estate industry functions. It will create a more competitive industry full of real estate professionals driven by providing the best consumer experience, and armed with the right support, tools and systems to do it.

Conclusion

The need for teams in real estate is evident from their rapidly growing numbers. They provide a managed source of leads and a support structure that is appealing to real estate professionals and staff. The key to the positive impact of real estate teams on the industry is defining what they are and what they are not. Real estate teams are more than people working together towards a common goal. A real estate team is a group with defined skills working towards a collective goal that supports the individual goals of its members, led by one or two people whose focus is to provide training, support, accountability, a source of business and a collaborative environment that fosters professional and personal growth for its members.

Holding teams to the standard as defined above gives team leaders, broker-owners, and brand leaders the opportunity to build and improve the structure and functionality of teams in the real estate industry. Through training and accountability, brokerages have a chance to play an active role in how teams operate inside their brokerage. Through collaboration and open communication, team leaders can strategize and grow with broker-owners. The role of brands and networks is to provide a conceptual framework for how broker-owners and team leaders can connect to work together. For brokerages that don't have the support of a brand or network behind them, coaches are also a valuable resource in forming a cohesive team strategy.

Clarity and consensus about how teams function and operate from the top down benefits team members and non-team members. A team member is better informed about what it means to be on a real estate team before joining. An individual sales associate is aware of the nuances of communication or structure before working on a transaction with a team. The goal of providing a shared concept is to limit the unnecessary miscommunication that occurs when expectations differ. Transparency in real estate teams allows for improved experiences working with teams, for both the individual sales associate and the client.

It is unknown if consumers will one day choose to work with real estate teams over individual sales associates. What is known is that value of real estate professionals is changing due to consumer access to information and tools. Teams are a part of the real estate industry's process of redefining the value of real estate professionals. They have the potential to maximize knowledge, skill sets, availability and market coverage without burnout.

There is no denying the need and value of real estate teams, or that they are here to stay. Definition and guidance are necessary to elevate the positive contribution they can make to the real estate industry. As the industry continues to adapt and evolve, it's important to remember that the goal of real estate professionals is to develop relevant relationships with clients. Tools that aspire to that goal should not be feared, but cultivated.

Methodology

From December 2015 to March of 2016 REAL Trends interviewed 25 leaders of teams and/or broker-owners of real estate firms across the country. The size of teams varied from three team members to over 50 team members. Participating brokerage firms varied from under 50 sales associates to over 400 sales associates. Team leaders and broker/owners participated from both franchise and independent firms.

In addition, REAL Trends surveyed over 2,450 licensed team members, unlicensed team members, team leaders with ownership in the brokerage, team leaders without ownership in the brokerage, broker-owners with teams in their firm, broker-owners without teams in their firms and individual real estate professionals. The survey launched on March 21, 2016 and was closed on April 11, 2016. REAL Trends and the participating sponsors used email and social media campaigns to capture responses. Respondents received no compensation to participate.

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