

A national survey of REALTOR® Association Executives

It's Your Future... Make it a Good One!

*Executive Summary with Insights from Alice Martin
and Kevin McQueen*

March 2014

The survey purpose:

To gather insights from
association executives (AEs)
to co- create a better future
for organized real estate.

Alice Martin + Kevin McQueen = collaborative advisors

FAST...Facilitating Association Solutions Together

It's Your Future ... Make it a Good One!

National Survey of REALTOR® Association Executives with Insights

Back Story:

Kevin McQueen and Alice Martin serve the real estate industry as trusted advisors and facilitators. They came together in 2013 with the common vision of doing more to help move AEs and REALTOR® associations forward, resulting in a better future and quality of life for those who intend to stay in the game. The national survey was launched in February 2014 to gather insights, not to promote any particular solutions at this point.

The purpose for now is to have productive conversations with the leaders – the movers and shakers who intend on being around in five years and beyond. We call them the “Thrivers”. These brave souls are committed to the pioneering that we believe is required to continue to succeed into the future. Alice and Kevin will work together with them to co-create a better future.

Demographic: The respondents

Who completed the survey? The email campaign, *It's Your Future...Make it a Good One!*, was initially sent to approximately 1440 association and MLS executives. The open rates exceeded industry standards suggesting a high level of interest and for some, curiosity.

Respondents' experience (percentages rounded)

- 18% 20+ years, 15-20 years, and 10-14 years
- 26% 5-9 years' experience
- 13% 1-4 years
- 5% 0-11 months

Membership size breakdown – we used our own segments to get a clearer picture of AE viewpoints:

Association Size	Our Survey Respondents %	Approximate total number of associations by size
5000+	13%	6% (74)
1000-4999	24%	17% (221)
350-999	40%	20% (255)
200-349	18%	16% (204)
100-199	3%	22% (274)
1-99	3%	19% (241)

What's your biggest fear or frustration in your association right now related to the future success/health of your association?

The themes here primarily relate to members not recognizing the *value* in the association services.

- “An unwillingness to admit that the current association model no longer works. It is much easier to blame the economy or staff than it is to take a hard look at the existing structure.”
- “How to keep younger members in the organization and to show them the value. They are very much different than the civics and boomers.”
- “Members do not want to belong, feel forced to belong and have no interest in being involved.”
- “Continuing to provide high quality services without increasing dues. We are a small local board.”

It's Your Future ... Make it a Good One!

National Survey of REALTOR® Association Executives with Insights

What do you think are the 2 or 3 reasons preventing your association in overcoming the challenges?

The themes of lack of involvement in leadership & fear of change were most frequent.

- *“Lack of funding, lack of members participating and seeing the need to evolve.”*
- *“Majority of members is retired and only chooses to do so much in real estate and treat it as a social club rather than a profession.”*
- *“Members have other “real” jobs with benefits and steady income so they do not have time to dedicate to the industry to do a good job as an agent or to participate in association leadership or activities. A lack of financial resources is preventing a lack of human resources and, honestly, it's the staff that does all of the work because membership simply does not care about anything associated with the association.”*

Crosstabs based on Membership Size:

5000+ Similar to the overall response with a bit of more emphasis on competition. Mission creep of each/all levels of the REALTOR® association; no defined roles so we waste money and duplicate effort. **1000-4999** Similar but more emphasis on lack of leadership. Micromanagement by leadership. Having two BODs - the Association and the MLS, which is a wholly owned subsidiary of the Association. SO much of what we do is related to the MLS. And sometimes two BODs are in conflict and forget the Association is the higher authority. It would be so much easier not have two sets of bosses and let the MLS be a committee of the Association. We have a long history of not splitting income and expenses properly. I would love only one set of books again. “Too many people wanting to be in control.” **350-999** Money and value are mentioned. Competition is frequently mentioned. **200-349** Value and money issues, plus involvement strong.

Insights: The themes are not a surprise as we've heard them repeated over and over again over the years. One thing that jumped out was the lack of responses dealing with value – it has been a big buzzword for several years and it's probably behind most other themes, but not mentioned specifically. The need for change in general is probably an overarching theme for all responses.

It's Your Future ... Make it a Good One! National Survey of REALTOR® Association Executives with Insights

Do you consider NAR's Organizational Criteria (minimum standards required by all every three years) an effective way to assess an association's competency and viability? These criteria have been in place for nearly 20 years since NAR adopted the “board of choice” policy in order to attempt a minimum level of service to all members regardless of their association affiliation. These questions tried to get a sense of the effectiveness and enforcement of NAR’s Organizational Criteria (a.k.a. minimum services) in terms of the level of service offered to members. Thirty-five percent believes the criteria are effective, with 57% saying they are not. Surprisingly, 8% remain unaware of them. Forty-four percent believe their state association closely monitors and works with local associations to help them meet the criteria, with 56% stating it’s more of a “rubber stamp from their state.

Crosstabs based on Membership Size:

Not a big distinction between membership size responses. The theme is that a majority says it’s not effective. The only one that is a 100% response is all responses in the 5000+ said no to effectiveness.

Insights: NAR is again / currently looking hard at these criteria and enforcement, (and of this printing, is seriously considering major change as it considers new Core Standards). It remains to be seen if changes, will be effective. We believe that the current criteria are for the most part valid, but the compliance, enforcement and ability to recommend dissolution of locals not meeting them are a big unknown.

Consider your own personal assessment of the future relevancy and value for your association.

- 35% say they are making good progress and don’t have any concerns about their future relevancy or survival.
- About 57% believe they are doing well in some areas and not so well in others and could benefit from some professional help.
- 19% are considering collaboration with other associations or MLSs and could use some professional help.
- About 3% believe they are either very challenged and need to consider merging or regionalizing in some way but don’t know where to begin, or are struggling but we have not even begun to think about what to do next.

Crosstabs based on Membership Size:

5000+ Some think they are doing well but could benefit from some professional help, with a few also responding that they are considering some collaboration. Interesting trend from the 1000-4999 with 67% saying they have no concerns, etc. A few say they could use some professional help and collaboration. Eighty percent of respondents in the 350-999 category believe they are doing well with no concerns or doing well but could use some help. A few are considering collaboration. In the 200-349 category, more than one-third have no concerns and two-thirds are doing well but could use some help. *Surprisingly in this size range (200-349), no one is considering collaboration.* In the smaller two categories with few total responses, one-half say they’re doing well but could use some outside

It's Your Future ... Make it a Good One! National Survey of REALTOR® Association Executives with Insights

professional help; one-half say they are challenged and need to consider merging and also that they are struggling but don't know where to start.

Insights: No big surprises here, except it's interesting that the largest associations are very willing to say they could use some help and some considering collaboration. That is a good sign. A little disturbing, however, was the "no collaboration" response by the largest group in the 200-349 category.

About 72% of REALTOR® associations have fewer than 500 members. What do you think may happen to them (or to your association if applicable) over the next 5-10 years?

Forty-seven percent of respondents believe that merger or collaboration needs to happen, with 34% stating some form of "need to dissolve or fold."

- *"Regionalization will happen more often. Again, it's based on financial and human resources and a lack of interest from the members. The old way of existing is of no interest or value today."*
- *"I think that many will merge with each other, or with a larger neighbor. The efficiencies are too powerful, and the benefit to the broker, agent and consumer are too strong for us to ignore it much longer."*
- *"If NAR has their way, they will be eliminated. Bigger is not always better. Mergers and acquisitions occur in business every day, if local associations don't have the ability to survive, the members will leave."*

Crosstabs based on Membership Size:

5000+ say they don't see much of a future for the smaller associations, but many think they'll be around for a while. "I think they will continue to shrink but continue to exist because they serve a market need. I do not see this changing for 20 years as the baby boomers (the joiners) need to age out before it becomes a problem."

Interestingly, the heavy majority of the next group of 1000-4999 thinks they will dissolve or merge with only saying they'll stick around. Moving to the 350-1000 category, we see similar results – even a higher majority thinking they'll merge or dissolve. The most impacted categories (0-349, again, most think they'll merge, collaborate, or dissolve with just one comment saying they'll keep going. 200-349 The very small associations (under 50) will probably not exist or will likely merge with a larger association. "I feel like our Association (for example) is around 300 and I believe will see growth slowly as the economy returns and our area grows;" and the another comment from fewer than 100 was interesting: "I believe merger will come. Concern about the voting body at the state level when small associations might lose their voice."

Insights: The overall responses including cross tabs show that most think these smaller associations will merge, collaborate in some way, or dissolve. However, we see an underlying theme that no one really thinks it will happen soon, and probably won't happen to them. There is an obvious lack of urgency.

It's Your Future ... Make it a Good One!

National Survey of REALTOR® Association Executives with Insights

What do you think needs to happen to help associations like yours succeed in the future?

“collaborate or merge” is a frequently mentioned theme, but this time it is outnumbered by the “NAR action” theme.

- *“Some sort of liaison or someone from NAR to evaluate and make suggestions of mergers, etc. to the smaller associations.” (similar to another response).*
- *“NAR and the state associations should consider the locals their members, not the individual licensees, and package their services to be marketed and delivered by the locals and share in whatever profit. Don't compete with us for the members' dollars!”*
- *“As mentioned in the question above I think that NAR should raise the standards for all associations. Poor performing associations deteriorate the overall perception of REALTOR® associations and make it difficult to work cooperatively in areas where we exist in close proximity to each other.”*
- *“It seems we all have the same problems and getting together, sharing and learning new strategies and keeping up with all the changes is very helpful.”*

Crosstabs based on Membership Size:

5000+ comments were to merge or start over altogether with new models. The three-way agreement is most likely more of an issue with them, too. 1000-4999 the most often mentioned theme was to start over with a new model through NAR action. 350-999 new models, NAR action were common responses, plus a couple of “tougher standards,” suggesting action by NAR as well. 200-349: several said merge, but also here's where the “NAR action” comments were also frequent leaning toward assistance from NAR. The relevance and value them came up here, too. “Continue providing education and resources. It seems we all have the same problems and getting together, sharing and learning new strategies and keeping up with all the changes is very helpful.” 100-199 “Change and get new blood.” 1-99 “Find a way to educate leadership and control the power struggle between entities before it can be successful.”

Insights: *It's clear to us that many associations, especially smaller ones, need help. In our observations over the years, some states are doing a great job in this area, but many don't do a thing.*

It's Your Future ... Make it a Good One!

National Survey of REALTOR® Association Executives with Insights

If you could have your way, what would you do this year to ensure your association's survival?

There was quite a variety in responses – most fairly specific, so it is difficult to identify a common theme. The most popular theme was “*change our focus.*”

- *“I would eliminate all committees- have staff managers run staff functional departments- we could probably eliminate some staff (expense) because we weren't having to spend all this time managing, controlling and coddling the committees. I would have 5-7 member advisory boards that the staff turned reports into quarterly. Their job would be to review progress to the strategic plan for the functional departments. BoD would approve any financial overages. BoD could probably meet only quarterly.”*
- *“We are about to update our strategic plan for the next 5 years. I feel like we need younger members to be a part of the plan since our future depends on their membership. We also need them to help plan as well as participate.*

Crosstabs based on Membership Size:

5000+ emphasis to change focus and/or start over. **1000-4999** merge/collaborate and suggestions for NAR to take some action to help. “I would bring a group of small associations in our region together for a summit meeting and discuss a future in which we could all survive as part of a larger, more efficient organization. If we could work out a way to reduce redundancies and duplication, we could become a stronger organization and provide better service to the brokers and agents.” **350-999** the emphasis on changing in some way in this group; building advocacy programs, pumping up leadership programs; suggestions for NAR or state associations action. Several nuggets in this one: “Not require our members to pay state dues, and only require them to pay for a portion of NAR dues, whatever governmental affairs cost.” “Let locals and/or states add on membership requirements such as GRI or other education that would increase competency.”

200-349 there was no particular theme from this group. “The model of "Number of Members" has led to a quality problem. We will not be able to shift into what the public will be willing to pay a REALTOR for until the model shifts to a "Member Quality" model.” **0-199** No specific themes that differ much from the other groups.

Insights: We don't see any major differences in the cross tabs, and the overall responses suggest a variety of solutions. Many are not new but indicate a need and desire to make some change and others that suggest NAR action recommend some significant moves on NAR's part.

It's Your Future ... Make it a Good One!

National Survey of REALTOR® Association Executives with Insights

Based on the previous question's idea(s), what would help you achieve that result?

The theme was once again difficult to identify, as responses were specific.

- “Just like the federal government they should downsize... the locals ARE the arm in the 3-way agreement that interact with the members and need to be the focal point with members not NAR.”
- “1) a model that we could point to in which the organization coming out of the process was efficient and provided better service, 2) permission from NAR and our state association to move in this direction without being seen as trying to 'gobble up' our neighbors, 3) Awareness for some of the smaller associations that agreeing to discuss these ideas doesn't have to mean the end of their existence and everyone loses their job, but transition to being part of a larger organization.”

Crosstabs based on Membership Size:

5000+ Similar themes from other questions about starting over, etc. “For the associations' majority population to be under 50.” 1000-4999 Mix of responses with no particular theme. “Complete restructuring of the REALTOR organization.” 350-999 Emphasis on some NAR action and also looking for more non-dues income in this group. “Elimination of the three-way agreement. Let's vote on it by electronic voting to all the 1 million members.” 200-349 varied suggestions that may trigger some further discussion is to really do something about it: “NAR will have to embrace that fundamental change. Not every licensee should qualify for membership. We have a plan that we are working on to achieve it locally.” 0-99 one comment expressed what is probably what will drive the forward momentum and focused efforts is “If I knew, we'd be there.”

***Insights:* the emphasis is again on doing something, but a lot of focus on having NAR change its model, looking at the 3-way agreement, and taking the lead. We will work on an approach to collaborate with NAR through our efforts at some point. Alice Martin and Kevin McQueen**

It's Your Future ... Make it a Good One! National Survey of REALTOR® Association Executives with Insights

Do you believe a neutral outside professional facilitator could help you achieve your desired results?

By design, Alice and Kevin were not offering any specific solutions in conjunction with the survey. They are gathering information to determine how to best support and assist AEs and their leadership at this time.

39% said YES; 30% said NO and 31% said they are not sure.

Crosstabs based on Membership Size:

5000+ a majority said yes to working with a neutral outside professional facilitator. 1000-4999 The majority of responses in this group was “No, not really.” 350-999 and 200-349 the answers were spread evenly over all three. “Too many past facilitators are also stuck in the past and are also having trouble seeing the future, let alone are able to facilitate the change necessary.” “We had hoped to use some assistance from NAR in 2011 but were told none could be available for at least a year. Consequently we utilized local resources and completed the job magnificently.”

***Insights:* Not enough details for most to weigh in. As we get some ideas more focused, this answer will likely change. The comments about using professional facilitators that were given, however, should be noted as we move forward.**

Knowing that associations have options for the future, how important to you is the survival of your association? And, how important is the survival of your association to your Board of Directors?

Seventy-four percent said it was extremely important to them and slightly less at 68% to their boards of directors. “If our association survives I still have a job, if not then I don’t.” “Associations are part of the fabric of this country. They serve an incredibly valuable purpose for professions. If not for the REALTOR® association, we would be left to the state regulators to define our professional standards, which guarantees they would be designed for the lowest common denominator.”

Crosstabs based on Membership Size:

Not much of a distinction between any of the groups. Most say it’s extremely important for both AEs and boards of directors. 350-999 While not engaged for the most part, they do see the value.

***Insights:* not surprising that AE response was higher about their own survival, but it wasn’t markedly different. The more “negative” comments probably deserve a deeper look – why do AEs and members feel this way and what can be done to change it?**

It's Your Future ... Make it a Good One! National Survey of REALTOR® Association Executives with Insights

Assuming you are committed to making the necessary changes to ensure the long-term success and survival of your association, on a scale of 1-5, with 5 being highest, how committed are you?

60% are extremely committed (5) and 31% are very committed (4).

- *"I believe that my leadership enjoys the benefits of a smaller association but they are concerned that we can stay on the leading edge especially when it comes to technology. They are also concerned about the lack of knowledge to stay with or ahead of the business - to offer what is necessary for a small group to succeed."*
- *"If it will help brokers and agents for us to exist, then so be it. If not, we should go away."*
- *"This is the top priority in our strategic plan. We are focused on ensuring our own survival and acting as a partner for other local associations who need our help and collaboration to ensure they can continue to serve their community in some manner."*
- *"Frankly, our biggest concern is to provide MLS type services. This could be done outside the REALTOR® organization if our membership were to fall dramatically."*

Crosstabs based on Membership Size:

Generally, the same input across all sizes. One distinction in the 1000-4999 where a big majority said, "somewhat important" v. "extremely important." This group appears to have more of a pessimistic look in general.

Insights: This is very promising, if it sticks. But, there are some bright signs of complacency in the boards of directors' comments to investigate further. For example, many think survival is important but aren't sure why or their AEs don't think their hearts are in it, which would be crucial to success - something to look out for as we develop possible solutions. Many interesting comments to study that couldn't all be "nuggets."

What do you think? How can we help you? Please share your thoughts with Alice Martin and/or Kevin McQueen. Contact us for a private consultation about your current reality.

We are holding Roundtable calls with groups of AEs to discuss their needs for the future. Contact one of us if you are interested in joining the conversation.

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