

Strategic Planning with Information Technology To
Improve Management of Licensed Sales Agents
At Superior Views Real Estate

Robert Milton Underwood, Jr.

© 2000

Strategic Planning With Information Technology To
Improve Management of Licensed Sales Agents
At Superior Views Real Estate

As businesses grow and expand operations to multiple locations, they must consider utilizing current technology in order to have the best opportunities for remaining competitive in an increasingly competitive marketplace. Effective communications and networking technology help make geographically dispersed companies more manageable, and help them to minimize barriers between divisions and branch offices (Stallings & Van Slyke, 1998).

Superior Views Real Estate (Superior Views) has been in business since 1986, and has expanded from one office to eight offices at the present time. Each office is actually a home office from which one or two agents work. The Texas Real Estate Licensing Act (TRELA) requires that there be one central address to represent the location of the broker of the office. However, there is no prohibition against licensed sales agents working exclusively from a home office. While all licensed agents *effectively* operate as employees of the company, they are, instead, *legally* considered independent contractors. The central office of the company, in the case of Superior Views, is the home address of the owner/broker of the company, Milton Roberts.

The broker of the company is, in effect, the manager¹ of the company. While all agents work from their home offices and rarely see the broker in person, they know that they are welcome (and encouraged) to call the broker for assistance at any time with any aspect of any

¹ While the term *broker* essentially refers to an individual with a real estate broker's license in Texas, it can also imply a management function, as is the case with Superior Views. The broker does manage the general operations of the company. However, each agent is required to develop their own business and generate their own sales leads.

issue dealing with the real estate sales profession. All licenses are prominently displayed on a wall of the broker's office, as is required by the TRELTA.

Since the overhead costs for running the operations at the main office are minimal, and since each agent assumes their own home office expenses and marketing costs, the broker can generously afford to offer the agents 90 percent of each commission that they earn. Ten percent of each agent's commission goes to the company (i.e. the broker). The broker is the owner of the company, and therefore receives 100 percent of each commission earned from his sales.

Problem Definition

Symptoms that require attention

Having multiple offices that are geographically dispersed across the Austin metropolitan area can present a problem with regards to communications. While there is satisfactory interoffice communications between the broker and each individual agent, there is little to no agent-to-agent communications within the company.

Agents typically do not know the other agents at the other home offices. The manager realizes that there is a missing professional dynamic that having a singular office can provide, namely an environment where agents work in close proximity with one another and can share ideas, suggestions, and experiences. Even seasoned sales agents readily admit that they learn new things on almost every transaction with which they are involved, and having the ability to share those experiences with other co-workers can benefit everyone.

As there are no required office meetings, there is no official company system in place to update agents with new information that they can use to improve their personal business development. Since the agents have varying degrees of experience, assistance must be tailored at different levels for each one, on an as-needed basis.

Underlying fundamental issue and problem statement

How can the broker of Superior Views improve the management of agents and aid in their subsequent improved business performance by using advances in information technology?

Justification for Problem Definition

Since the agents at Superior Views are geographically dispersed across town, a solution for the problem should include a way to *shorten* the distance. While it is obviously not possible to shorten the physical distance, the *effect* of the distance must somehow be managed so that it is not harmful to the company, or, worse yet, detrimental to its future success. A company with improved interoffice communications will operate more professionally, will be more cohesive, and will observe a broadened group identity that is synergistically stronger than before.

Alternate Courses of Action

First Alternative

The company could decide to do nothing new. Maintaining the status quo by making no changes to the current company systems is always an alternative to consider. Unless the business is actually being harmed by not making improvements, there may be no imperative need to make an immediate change.

Second Alternative

Require periodic video conferencing. This possible solution would allow each agent to connect in real-time with the broker for periodic company meetings.

Third Alternative

Create a Virtual Private Network (VPN). A VPN is a secure connection between two points across the Internet (Laudon & Laudon, 2000). Since each agent already has a personal computer and access to the Internet, this is a realistic alternative to consider.

Fourth Alternative

Create a Wide Area Network (WAN). A WAN would physically connect the computers of all of the company agents. Additional connections could be added as more agents join the company.

Evaluation of Alternatives

Maintain the Status Quo

Advantage(s). Superior Views has incrementally increased sales success each year and the systems that it currently has in place work well for the present. Maintaining the status quo would be the most affordable solution of the four alternatives. Affordability is indeed a high priority, especially since the broker receives such a small portion of each commission that agents earn.

Disadvantage(s). As the Austin real estate market continues to grow in the volume of real estate sales transactions, so do the number of new agents entering into the sales business. Maintaining the status quo is no guarantee that the company will continue with the success that it has experienced over the past several years. The influx of new agents into the business will most certainly mean an increase of competition and a reduced market share for the company.

Require regular video conferencing

Advantage(s). Scheduling periodic video conferencing would be able to solve the problem of having no company meetings. Agents could save time by participating in a videoconference rather than being required to attend an office meeting.

Disadvantage(s). Requiring regular video conferencing will require all agents to be available at certain, specific times. Having this added as a company policy may be well-intended, but will militate against the freedom and flexibility that the agents have expected thus far.

Also, since the broker would have to pay for individual videocams, the cost would be prohibitive as a practical solution. It would be much more cost effective to simply require periodic company meetings at the broker's office.

Create a Virtual Private Network

Advantage(s). Since each agent already has an e-mail account and access to the Internet, implementing a Web-based solution for the underlying fundamental issue will be relatively simple and cost-effective.

Disadvantage(s). There is no guarantee that the agents will use the VPN. Management must not only coordinate the creation of the VPN, but it would have to take the time to educate the agents on the benefits of the system.

Create a Wide Area Network

Advantage(s). Creating a WAN would effectively link all of the computers of the agents of the company. As property updates need to be shared, management could easily send the data from the computer of the main company office.

Disadvantage(s). The main disadvantage for creating a WAN is that the cost to do so will be prohibitive based on the scale of the company's operations. If each branch office had several agents, perhaps the costs could be justified. However, each branch office has only one or two agents, and the cost per agent to install a WAN would be excessive. The cost for the WAN would include costs for (a) adding networking software to each computer, which also includes the licensing costs of the software, (b) the cost of adding cables and other related hardware, and (c) the opportunity cost of the time it would take to educate the agents on the use of the new system.

Review

Since the manager has already observed symptoms that need attention, as discussed in a section above, maintaining the status quo will obviously not erase those symptoms. Therefore, making no change is not a prudent decision.

A videoconference is a viable idea, and would allow agents a combined real time connection with the broker that they have not yet participated in. Yet, it would be at variance with one of the reasons that they joined Superior Views. They could have joined a larger real estate company that offered informative meetings and useful classes. But they chose not to. They knew when they joined the company that there would be no required meetings, and they appreciated the way the broker encouraged independence and self-motivation. When they joined the company, they valued the fact that they would be free to develop their own business, and were excited about the favorable commission structure. Having regular videoconferences would, therefore, not be a suitable solution to the underlying fundamental issue.

A Local Area Network is not possible due to the distance between each office². A Wan is possible, and sufficient technology exists to effectively network the entire company's computers. Unfortunately, while designing a WAN would allow agents an effective networking connection, the cost to the broker for such a solution would be prohibitive. The small percentage of agents' commissions that the broker receives is not enough to pay for and maintain a networked system. The cost to connect to T-1 lines³ across town would cost in the several thousands of dollars.

² Local Area Networks (LANs) are appropriate when distances between connection ports are within a few hundred yards of each other (Comer, 1997). Thus, businesses located in one office complex, or within a block or two of each other, are candidates for LAN technology.

³ T-1 lines allow transmission at a speed of 1.54 Mbps (Stallings & Van Slyke, 1998).

Conclusions

The broker at Superior Views should create a VPN. A VPN is an unobtrusive way to communicate with agents. According to Tweeney (2000), the most popular use of VPN technology is to allow employees to connect to a company network while they are at home or are out of town. The broker can communicate as needed, and the agents can get information from the VPN at their convenience. The agents will be able to tap into the VPN as long as they have access to the Internet (Marsan & Weinberg & Messmer & Dubie, 2000).

The company currently has a home page on the Internet, located at www.HomesAustin.com. The broker of the company has paid an Internet-based company a one-time fee to include the site on over 100 Internet search engines. The features on the current Web site have been added and refined to provide viewers with access to useful information. The links on the current Web site are easy to see on each page, and each page has a menu at the side or bottom of the page. For a relatively small business, the Web site of Superior Views is sufficient to be of value to its target audience – existing and potential customers and clients.

Each agent of the company is already aware of the benefits of the existence of the company Web site, and each is listed on its *Staff Profiles* page. Also, when agents get new listings, they benefit by having photos and features of each property added to the *Properties* page. Practically speaking, having a Web site means that the company has a “Web presence.” How well that presence is developed and maintained will depend on numerous factors outside the purview of this case study. However, since the agents are all familiar with the benefits of the Internet, having a company VPN will expand those benefits to the agents to include private use of information on the Web. Their Web presence will be expanded in a way that will benefit the

agents and will enhance the professionalism of each. A VPN will compliment the company's public Web site.

Evaluation and Implementation

The broker of the company should plan carefully so that the VPN will be fully ready by the time agents access it on the Internet. He should prepare an initial rough outline to jot down ideas of features (see Table 1) to include on the VPN Web site. As the outline develops, it will

Table 1 Features to Include on the VPN of Superior Views
News updates, and Calendar of upcoming events
List of Sales Tips
Problem-solving anecdotes with detailed solutions
Comprehensive company sales data
Personal Sales Data, including commissions (password required, for privacy)
Real estate clip art
Links to other real-estate related Web site
List of useful phone numbers (e.g., utilities, voter registration, local libraries)
Predesigned Microsoft® PowerPoint presentations to use with buyers and sellers
Contract forms in Adobe PDF format
Predesigned flyers and postcard mailers
List of preferred vendors
Company property listings
Profiles of each company agent (resume included, if desired)
Graphic local map showing location of all home offices

become more detailed. The actual project will evolve as content is added incrementally. Since the broker intends to personally develop as much of the VPN Web site as possible, a time frame of approximately three months should be sufficient to fully design the Web pages and the content that will be included on each.

One important item to include on the VPN Web site would be a section for sales tips for the agents. Each transaction presents a unique set of circumstances, and new techniques and tactics are learned with each property sale. Listing problems that have been faced and detailing the manner in which the problems were overcome will help each of the agents to learn from the experiences of the other agents.

Once the VPN is ready for use, the broker should send a letter to the sales agents to notify them of the benefits of the system (see sample letter in Appendix). Simple suggestions for the agents must be in place, such as logging on weekly to the system in order to get the latest news and property updates.

Another useful feature that the VPN can provide is access to all sales contract forms and addendums. According to Herder (2000), some companies already provide agents with online access to forms. Being able to access contract forms online will save time, thereby allowing the agents to focus more time on the generation of new business.

When agents at Superior Views take advantage of the VPN, a greater sense of unity will develop. They will all be more inclined to feel like they are working on, and for, the same team. After implementation, a new synergy will develop that will strengthen the company. While each agent may already feel a part of something greater than what is reflected by his or her own personal business operations, the VPN will provide a direct link to a forum where the company unity will be strengthened.

Also, a new company standard will be expressed, as ideas and information are shared. While agents can already learn new sales tips by reading the several journals that each receives periodically as a result of membership in the National Association of REALTORS®, they may find that they benefit even more by seeing sales tips on the VPN that are specific to their local real estate market. Not all articles written to a national market have specific relevance to the local market.

It is to the financial advantage of everyone in the company that a system be put into place that will improve communications and the transfer of information between company agents. The standards of living will be improved for agents as they become more successful by increasing sales volume. Consequently, the more sales that each agent makes, the greater the increase of income to the broker. It is to the broker's best interest that all agents improve their sales ability. The better the agents are, the more likely they are to remain with the company in the real estate sales business.

Utilizing advances in information technology is a valid way to indicate to the agents that management cares about their abilities and their professional improvement. The acquired experience, both actual and vicarious, is broadened and deepened for everyone as new tips and sales tactics are shared. It is this sharing of information that will suggest a greater sense of unity among the company agents. Adding a VPN to the company's IT structure will be an appropriate bridge between the independence that each agent expects and the advantages of a traditional office environment where agents work closely together and learn from each other.

References

Comer, D. E. (1997). The Internet book. Upper Saddle River, NJ: Prentice-Hall.

Herder, G. (October, 2000). A New Model for Real Estate: What Brokers Need to Know About Online Real Estate Offices. Austin Real Estate Executive.

Laudon, K. C., & Laudon, J. P. (2000). Management information systems: organization and technology in the networked enterprise (6th ed.)(p. 301). Upper Saddle River, NJ: Prentice Hall.

Marsan, C., Weinberg, N., Messmer, E., & Dubie, D. (September 11, 2000). Round and round we go. Network World, [on-line].

Stallings, William, & Van Slyke, Richard. (1998). Business Data Communications (3rd ed.) (p. 218). Upper Saddle River, NJ: Prentice Hall.

Tweeney, D. (September, 2000). Your own private Internet. Ecompany Now, [on-line].

Appendix

Superior Views Real Estate*A Real Estate Company for the Future*

11502 Juniper Cliff Drive, Austin, TX 78755

www.SuperiorViewsRealEstate.com

re: our company Virtual Private Network

Dear Agents,

I am pleased to be able to let you know that we now have a Virtual Private Network (VPN) for Superior Views Real Estate. I have decided that having a VPN will allow us to improve interoffice communications and will allow the sharing of important information to each other in a timely, convenient, and secure manner. The VPN is actually a Web site that you can visit on the Internet. The VPN is completely private, and no one outside our company will be allowed access to the site. You will benefit from regular visits to the Web site in the following ways:

- Be updated with the latest news that affects our real estate profession
- Get useful sales tips
- See basic comprehensive company sales data
- See your personal sales data, including commissions earned (password required)
- Copy and paste real estate clip art to use when you create property flyers
- Learn how your fellow agents have solved unexpected problems that have arisen
- See the calendar schedule of upcoming events
- Click on hotlinks to visit useful real estate sites on the Web
- Download predesigned presentations to use with buyers and sellers
- Print all of the blank contract forms that you need from PDF format
- Learn more about each other by viewing the *Staff Profiles* page
- Choose a vendor from the *Preferred Vendors* page
- See profiles of company listings. (Remember, you get an added sales bonus when you sell a property listed by another agent at Superior Views.)
- Download predesigned flyers and postcards to send to your customers
- See a local map that pinpoints the location of all company offices
- Have a list of useful phone numbers and addresses for utility companies, local libraries, voter registration, etc.

I know you will find the VPN very useful. As the Web site will evolve with improvements over time, I would welcome your contributions to its content. I will personally contact each one of you to provide you with your password.

Sincerely Yours,

Milton Roberts, Broker