

NEW CASTLE COUNTY BOARD OF REALTORS®
Adding Value: Strategic Plan Update
December 18, 2014

INTRODUCTION

In 2009, the New Castle County Board of REALTORS® adopted a new strategic plan. The intervening years have seen significant changes in the real estate economy, most notably resulting from the effects of the so-called Great Recession as well as advances in technology. In July 2014, Green Line Business Group was contracted to update the 2009 plan. Specifically, the plan update was tasked with answering the following questions:

1. Is the 2009 Strategic Plan still relevant to the organization?
2. To what degree does – or should – the mission, vision and work program of NCCBOR correspond to other similar organizations, at the local, state, and national levels?
3. How should the NCCBOR best engage the community?

To address these questions, an extensive materials review was conducted, including internal documents such as the 2014 member survey, strategic and policy documents from the Delaware Association of REALTORS® and National Association of REALTORS®, and a variety of research documents, news articles, opinion pieces and the like from a wide array of perspectives.

The key finding of the Strategic Plan Update is that, despite the events and advances in technology that have occurred over the past five years, that the core mission, values, and vision of the 2009 Plan still provide effective guiding language for the organization.

That said, more can be done to respond to market dynamics, partner with other key stakeholders, more effectively engage the community, and implement internal reviews to ensure the continued alignment between the organization’s work program and its guiding principles.

SECTION I: REVISITING THE 2009 STRATEGIC PLAN

Overview

The 2009 NCCBOR Strategic Plan was built around an interrelated mission, values statement, and vision:

Mission, Values, and Vision

The New Castle County Board of REALTORS®’ (NCCBOR) purpose is to provide resources to all segments of its membership that help them succeed and prosper in a sustainable economic climate. NCCBOR:

- Provides services, tools, education, and programs to improve members’ ability to serve their clients with the highest levels of professionalism, integrity, and expertise.
- Works collaboratively to ensure its members are able to conduct business within a framework of fair and reasonable laws and government regulations.

- Creates understanding among the residents of New Castle County as to the important benefits of working with a REALTOR®.
- Creates opportunities to develop positive, productive relationships among the members.

As it pursues its mission, the New Castle County Board of REALTORS® is guided by these values:

- Protecting property rights and promoting ownership of real property contributes to a strong society and robust economy
- Professional credibility is essential to our success and depends on our integrity, consistency, and commitment to excellence and continuous development.
- Active participation increases membership value by providing members opportunities to develop professionally and personally and to contribute to NCCBOR's success.
- Proactively pursuing and maintaining positive, productive relationships is a key contributor to business success for both members and the organization as a whole.
- We respect the diversity that exists in our community and believe we should reflect that in our membership and leadership. We also believe the diversity of the region's population and economy is a dynamic that NCCBOR should seek to uphold and strengthen.

NCCBOR will be a key force in educating its members, creating high standards of professional excellence, interpreting the marketplace to membership and stakeholders, and promoting REALTORS® as an essential component of New Castle County's economy. Building on its core strengths, NCCBOR will, in the next five years, be:

- A key enabler of our membership's ability to prosper in an increasingly complex marketplace through the use of technological innovation
- An active aggregator, interpreter, and synthesizer of information, considering a broad array of perspectives in our response to economic, political, and social factors affecting real estate in New Castle County
- A catalyst and facilitator, engaging our individual, corporate, and affiliate members, both in soliciting opinions and guidance as well as providing information to increase their professional success
- A proactive participant in regular dialogue with external stakeholders, including public agencies, business associations, and related organizations, collaborating with them on initiatives when doing so is in the interest of our membership

Relationship to National and State Strategic Documents

Without the granularity reflected in the NCCBOR guiding documents, the National Association of REALTORS® promotes statements are consistent with the NCCBOR guiding policy language. The following Mission and Vision can be found on the NAR website:

Mission

The core purpose of the National Association of REALTORS® is to help its members become more profitable and successful.

Vision

The National Association of REALTORS® strives to be the collective force influencing and shaping the real estate industry. It seeks to be the leading advocate of the right to own, use, and transfer real property; the acknowledged leader in developing standards for efficient, effective, and ethical real estate business practices; and valued by highly skilled real estate professionals and viewed by them as crucial to their success.

Of further interest is the 2012-2014 NAR Strategic Plan. This document identifies four dynamics as “some of the most significant forces that will affect the real estate industry over the next decade:”

- Consumer and REALTOR® Interaction with Technology (“... increasingly powerful business-oriented technologies may alter the value-added role of REALTORS® in the transaction.”)
- The Value Proposition (“... what consumers value about [the relationship with REALTORS®] is likely evolving as the cost of accessing information declines and the speed of communication increases.”)
- Demographics of REALTORS® and of Consumers (“... leading edge of the baby boom generation is approaching retirement ... the transition to a younger, more racially diverse generation of REALTORS® is underway. Both of these changes present challenges ... as generational dynamics suggest possible shifts in consumer preferences at home and in business.”)
- Structure of the REALTORS® Organization (“... associations of all types are facing a period of rapid change and will need to adjust their business models to adapt to that change.”)

The NAR Strategic Plan also offers a slightly differently-worded vision and six strategic objectives:

Vision

NAR is the trusted voice for real estate and an effective business and public policy advocate for its members and the consumers they serve.

Strategic Objectives

1. Shape the future of mortgage financing to ensure a strong and sustainable flow of capital into the mortgage financing market place.
2. Create and support a meaningful, long-term relationship between REALTORS® and consumers.
3. Be the most comprehensive, reliable and accessible source of real estate information.
4. Improve the competency and professionalism of REALTORS®.
5. Strengthen relationships with REALTORS® and within the REALTOR® community.
6. Support public policies that advance the real estate industry, protect private property rights and promote sustainable real property ownership, housing opportunities and homeownership.

Finally, NAR policy emphasis is articulated in its 2013 Annual Report, which lists four “key messaging and content areas” – and the corresponding organizational “dominance” compared to all others (Case-Shiller, Zillow, Trulia, National Association of Home Builders, realtor.com, and Redfin).

- Home Ownership (84% dominance)
- Public Policy (74%)
- REALTOR® Value (74%)
- Real Estate Data (71%)

The Delaware Association of REALTORS®’ Mission is more generally worded, with an emphasis on participation in governmental affairs and protection of property rights:

Our Mission

The Delaware Association of REALTORS® in conjunction with Member Boards/Associations and the National Association of REALTORS®, serves and supports its membership by recognizing and addressing its needs and concerns and by developing, providing, and promoting programs and services which will assist its members in serving their clients and the public.

The Delaware Association of REALTORS® promotes to the public the importance of working with Delaware REALTORS® who adhere to the strict Code of Ethics of the National Association of REALTORS®. The Association is proactive in governmental affairs at the local, state, and national levels of government to protect an individual’s right to own, use and transfer real property, and to ensure that its membership is able to practice real estate brokerage without the burden of unfair and restrictive governmental regulations.

Implications of Policy Resonance with NAR and DAR

Policy consistency and work program integration – especially between NCCBOR and NAR has the potential to benefit both. Given New Castle County’s considerable diversity in the housing market, as well as its role as a demographic bellwether, such a relationship has much to offer the national association. NAR, in turn, can provide resources to support NCCBOR’s work program. Ensuring that there is alignment along strategic and policy lines serves to reinforce the opportunities presented by a strengthened NCCBOR-NAR relationship. The same opportunities exist at the state level; because of the nature of this relationship, it will be a high priority to ensure that the work programs are closely coordinated between the DAR and NCCBOR.

NCCBOR 2014 Survey Results

In the spring of 2014, NCCBOR conducted two member surveys. Beyond continuing to provide basic services such as lockboxes, mediation and arbitration and the like, member responses consistently called for the organization to provide ongoing education and communication about market dynamics. Among the responses:

The top most valuable NCCBOR programs and services (% combined valuable, very valuable) were:

- Lockbox Services, Supra (82%)
- Information on Real Estate Issues (77%)
- Code of Ethics Enforcement, Mediation & Arbitration (76%)
- Regulatory Compliance: Real Estate Board, Local Government Ordinances (76%)
- Local Market Statistics (71%)
- E-mail Communications (71%)

The least valuable program/service offered by the NCCBOR, incidentally, was the Young Professionals Network, scoring only 33% among respondents, 58% of whom were aged 49-67. These responses are consistent with the priorities articulated in NCCBOR's guiding documents.

Of further interest was the priority placed on topics for future electronic communication to members from NCCBOR. The top five were:

- Education Courses & Information (94%)
- Market Forces & Economic Data (92%)
- Business Improvement: Tips & Techniques (92%)
- Legal & Liability Issues: antitrust, fair housing (91%)
- Real Estate Technology Info (91%)

This indicates a strong correlation between member priorities and NCCBOR purpose to connect members with market information and trends.

Implications for 2014 Strategic Plan Update

Among the key concepts and issues that emerged from the survey were:

- The need for NCCBOR to add value – value to the real estate profession, value to the real estate environment in New Castle County, value to membership in NCCBOR (access to market data unavailable elsewhere), value related to NCCBOR relative to reputation regionally and at NAR level. Adding value does *not* come at the expense of other sectors of the marketplace.
- Ongoing interaction with the marketplace, both internal and external to the organization (REALTORS®, affiliate members, related industries, buyers and sellers, public sector entities, etc.). NCCBOR should not serve as an echo chamber but host discussions that add value to members and the real estate marketplace as a whole, focusing on the importance of REALTORS® in property transactions. This was supported by the following member priorities:
 - Education Courses & Information (94%)
 - Market Forces & Economic Data (92%)
 - Business Improvement: Tips & Techniques (92%)
 - Legal & Liability Issues: antitrust, fair housing (91%)
 - Real Estate Technology Info (91%)
- Continued focus on sustainable business success (i.e., short term gains versus long term economic health)
- Role of technology and insertion point of REALTOR® in transaction in response to the rise of technologies such as Zillow/Trulia in the real estate process.

Conclusions and Recommendations

The common thread linking the 2009 NCCBOR Strategic Plan with priorities identified in the 2014 member surveys, feedback provided by participants in the planning process, and the state and national associations is the importance of adding value. But value to whom? The answer can be found in the existing language as well as input provided during conversations with staff and Board members, and the material review conducted throughout the plan update. Therefore, this update recommends adding the following language as a preface to the 2009 Plan language:

The mission of the New Castle County Board of REALTORS® is to add value to its members and to the community through continuing education, effective partnerships, and ongoing dialogue with those it serves through the support for and promotion of the real estate profession.

In addition, it is recommended that the NCCBOR initiate a dialogue with both the NAR and DAR to identify specific actions to more closely align work programs (including advocacy, education, and promoting strategic objectives) for mutual benefit.

Finally, it is recommended that the NCCBOR institute – as a reduction to practice – periodic reviews of the strategic plan to ensure that its language reflects member priorities, the long-term health of the real estate market, and market dynamics.

SECTION II: SOCIAL MEDIA

Overview

Over the past 5-10 years, the rise of social media and automated technology has changed the value proposition at the core of the REALTOR® relationship with buyers and sellers; lessors and lessees. Prior to this development, REALTORS® were key components of real transactions, with a monopoly on listings, expertise, and access to properties.

With the rise of MLS-syndicator websites such as Zillow and Trulia, and even social media platforms such as Facebook, Craigslist, and the like, many consumers have come to the conclusion that they, and not the REALTOR®, are at the center of the process.

How, then, should the NCCBOR respond to this dynamic, especially given its strategic plan, policy imperatives at the state and national level, and priorities expressed by its membership calling for increased value of the REALTOR® in property transactions?

Essentially, the market is pulling in one direction – demanding a self-driven process utilizing information and filtering provided by technologies that do not require a REALTOR®. The NCCBOR membership on the other hand, looks for ways to demonstrate increased value to the consumer.

Resolving this tension requires both the recognition that REALTORS® no longer have a monopoly on listing information as well as the fact that no MLS syndicator can compete with the local expertise of a licensed REALTOR®. Moreover, the trend toward automation and the availability of information at one's fingertips is accelerating; the expectation that REALTORS® will use technology as part of property transactions will only increase. According to some estimates, as many as 95% of prospective participants in real estate transactions search online, and 50% search online with mobile devices.

Conclusions and Recommendations

This dynamic represent an opportunity for the NCCBOR, as part of the update of its Strategic Plan, to place itself in the middle of a vitally important conversation both within the real estate industry, and between real estate professionals and the market place. In doing so, NCCBOR can address the desire by its members to add value by the provision of market data and trends, support state and national policy stances regarding the REALTOR® value proposition, and take a proactive stance in the conversation between REALTORS® and consumers.

SECTION III: A CONVERSATION WITH THE COMMUNITY

Making the Case for Community Dialogue

In the time between the adoption of the current NCCBOR Strategic Plan in 2009 and the present day, much has changed in the regional and national real estate market. The two most significant of these are the Great Recession (and concurrent impact on housing values) and the advance of social media as a dynamic in the real estate market. Both of these have affected the reputation of REALTORS® and the perceived value that they add to the real estate marketplace. For an organization like the NCCBOR, comprised of REALTOR® and affiliate members for whom it promises to add individual and corporate value, the response to these dynamics should be considered a top priority.

The role of the NCCBOR involves responding to a delicate and dynamic tension between facilitating the profitability of its members, policy support for the real estate industry, and support for the real estate market over both the short and long term.

Relationship with Advocacy Development

Bringing the market together with real estate professionals adds value to both and provides the opportunity to develop and prioritize advocacy and other policy stances that result from a broad-based dialogue rather than from the interest of a few individuals. Such positions benefit from co-authorship and buy-in from a variety of interests and protect the NCCBOR from undue influence from a few influential actors, association with individuals, or rash rushes to judgment.

Potential Structure and Format

Ideally, a Conversation with the Community would be held on a regular basis, would have a relatively informal format to encourage dialogue between and among presenters and attendees, and would represent a variety of viewpoints. The NCCBOR could use this to promote its value to members, the community, and to reinforce its message consistent with the Strategic Plan and its own strategic policy objectives. Essentially such events could serve a dual purpose to both “listen in” on community priorities and promote the importance of REALTORS® as a critical element of real estate transactions. Possible topics could include:

- The Role of Social Media and Technology in the Real Estate Market
- Value of REALTORS® in era of Zillow, Trulia
- Impact of retiring Baby Boomers
- Generation X impact on the housing market
- Meeting the needs and expectations of the Millennials
- Balancing short-term profit vs. long-term market stability
- Regional investment in transportation and possible effects on market dynamics
- A conversation with public land use agencies

STRATEGIC PLAN ADOPTION AND IMPLEMENTATION

Desired Outcomes of the Strategic Plan

Any strategic plan should be tied to desired outcomes; while it is ultimately the responsibility of the NCCBOR to determine specific measures (and to revisit them regularly, as recommended above), the overall objectives should be to:

- Build on the organization's reputation as the "Go-To" organization within the real estate community and in the regional marketplace
- Continue in its current role providing basic services to existing and aspiring real estate professionals
- Strengthen partnerships with entities engaged in support for the long term sustainability of a healthy real estate market and a prosperous environment in which to be a REALTOR®
- Be a source of proprietary and timely market data
- Provide a forum for dialogue to occur regarding existing and emerging market dynamics, and to provide sound guidance on future trends in the real estate marketplace
- Implement the Strategic Plan Update with minimal additional net cost, leveraging outside resources as appropriate to support new initiatives