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FIRST PERSON

TALENT AND YOUR ORGANIZATION

HUMANS ARE UNDERRATED

Learn from Gathering of Eagles' keynote speaker Geoff Colvin about the importance of talent.

by Steve Murray, publisher

Geoff Colvin is a senior managing editor of *Fortune Magazine* and has published two books about human talent. He is also one of two keynote speakers at the upcoming 2016 Gathering of Eagles.

In his book, "Humans are Underrated," he outlines some scary truths about how

computing power is not just taking over administrative jobs but is making serious inroads into more senior level analytical areas. One example: In the past, paralegals and associates at law firms did enormous research for lead attorneys on cases to help prepare arguments for the lead counsel. Now, expert systems can analyze thousands

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of cases, millions of words and hundreds of decisions in far less time and far more accurately than can legal professionals. The system can bring up case histories, compare decisions and judgements handed down by the courts and even indicate the probabilities of success of pursuing one strategy over another. All of this can be done without the worry about vacation time or a legal staff's interpersonal issues.

TECH SYSTEMS

How about how expert systems have shown that they can grade collegiate level essays at least as consistently as the professors who have historically done the work? Colvin sites studies that show that these expert systems do not come to materially different conclusions than do the professional graders. He also says (not quite tongue-in-cheek) that there are systems (of course) that can write essays on a variety of topics as well as any undergrad can do so. Which begs the question, are we headed for an educational system where students employ an expert system to write term papers while the professors use one to grade them? Scary.

THERE ARE SYSTEMS

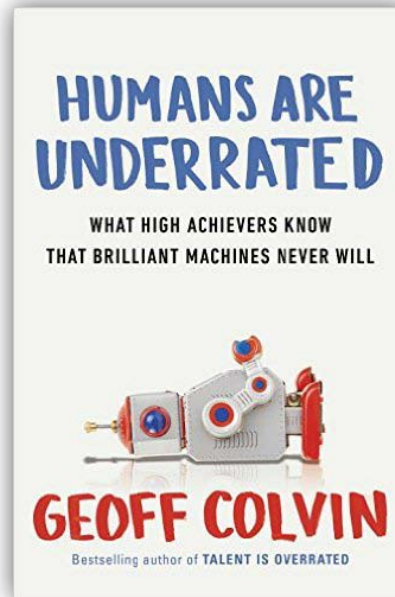
that can write essays on a variety of topics as well as any undergrad can do so. Which begs the question, are we headed for an educational system where students employ an expert system to write term papers while the professors use one to grade them? Scary.

HUMAN TRAITS

Colvin goes on to say that there are some uniquely human traits and skills that computers cannot replicate. The first one he discusses at length is empathy. Understanding and appreciating that someone's background, emotional state and the context of what someone is trying to accomplish are parts of empathy. Colvin cites numerous studies to demonstrate that such human interaction and the appreciation of the whole person and his or her attitudes is a hugely important and valuable trait in interactions and transactions among humans.

Colvin's research also shows that among other important factors in developing great organizations and even stronger results is that human interaction, on a personal level, whether formal or informal, is among the great boons to higher levels of productivity. Rather than lay out all that he has to say, we recommend you purchase his book and dig in.

In a column in our December 2015 newsletter, we discussed how we felt that not every real estate sales associate was likely to be doomed. We expressed that among the reasons for this is that buying or selling a home is an infrequent, complex transaction where a failure could be catastrophic. Perhaps even more, it is Colvin's description of the empathy that an experienced agent brings to the process that means even more. Should he be correct, however, it doesn't bode well for what we referred to in our book "Game Changers" as facilitators. For if their only value is to process a



transaction, then, indeed, my colleague Rob Hahn may be correct—there will be a lot fewer agents in the future.

Read "Humans are Underrated." Be prepared to be scared, and then be exhilarated by the fact that even with extraordinary

machine capabilities heading our way, humans still have the traits and understanding that machines can't replace. 🐾

Even with extraordinary machine capabilities heading our way, humans still have the traits and understanding that machines can't replace.

THE HOUSING COLLAPSE
THE BIG

SHORT

Some thoughts about the movie, the real story and why it matters today.

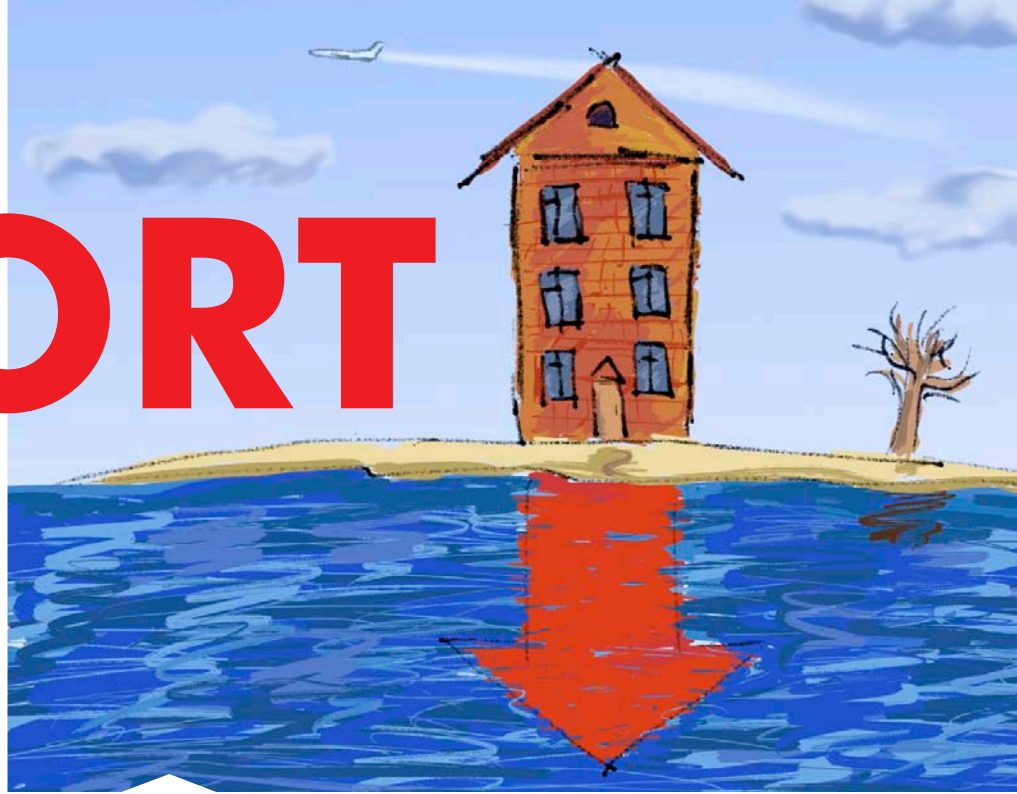
by Steve Murray, publisher

First, what a movie, great acting, and storyline. It is worth watching. It makes it look like it was only greedy bankers, regulators, and underwriters that caused the housing collapse. There wasn't a word in the movie about the greed and stupidity of politicians, and the people running the housing market, those great friends of all of us, Fannie Mae and Freddie Mac.

Were some bankers, underwriters, Wall Street money guys and others out of control and totally concerned only with making money? Absolutely. But, that isn't the whole story. Bigger than all of them was the attempt by the Federal government—starting with President Clinton and extending through President Bush—to push homeownership from a rate of 64 percent in the early 1990s to 70 percent (the stated goal under Clinton's administration). And, the mortgage, real estate, home builders, title insurers and all the rest of the housing industry were in on it as well. They all knew that the only way to get there was to lower credit standards, lower down payment requirements, allow others to assist with down payment assistance, etc., etc., etc. We all remember those days.

COMMUNITY REINVESTMENT ACT

Banking regulators under the Community Reinvestment Act as much as told banks that unless they met lending quotas to low income communities, they would be restrained from gaining approval for acquisition or expansion. Fannie and Freddie were both lords over and captive to politicians who wanted more low income family lending as a political matter. The same politicians conspired with Fannie and Freddie to ensure that regulations under the Office of Federal Housing Oversight were weak (at best). The same regulators who



were supposed to keep a close eye on the two mortgage giants also had as their second most important task to help more families get into homeownership.

A BROADER VIEW

For a broader view of what caused the housing crash, read “Reckless Endangerment—How oversized ambition, greed and corruption led to economic Armageddon,” by Gretchen Morgenson and Joshua Rosner. While Lewis’s book, “The Big Short,” is far more entertaining, Morgenson and Rosner’s book will give you a far greater understanding of how it really happened. Be prepared to be overwhelmingly offended.

Why bring up this nasty piece of history now? In case you didn't notice, Fannie and Freddie just launched new investment schemes that allow them to structure new securities that look a lot like the credit default swaps and other exotic instruments that caused a great deal of the problems ten years ago. Yep, the same mortgage giants that lowered standards even after the housing market began to decline in late 2005. They are doing it to keep the pump primed. You don't hear anyone screaming about it, do you?

We haven't even talked about the subprime lending markets for student loans and auto loans. Both are heading towards the same recklessness that sunk the economy in 2007-2009. Clearly, they are not as large as the mortgage market (a few trillion instead of many trillions), but it does make you wonder if the politicians and regulators really learned anything at all. ♡

PART TWO

CULTURE EATS STRATEGY FOR LUNCH!

Once you've identified your culture, how do you reinforce it?

By Larry Kendall, chairman of The Group, Inc. and author of Ninja Selling

There are few concepts in business that are both so critical to success, yet so hard to grasp, as the culture of an organization. Culture comes down to an unspoken set of assumptions and a common way of thinking that drives a common way of acting on the job and in our companies. The result: culture eats strategy for lunch according to management guru Peter Drucker.

In our last article, we recommended you measure the culture of your organization using the survey instrument found in the excellent book, “The

Character of a Corporation,” by Rob Goffee and Gareth Jones. Once you've identified your culture, how do change, improve, or reinforce it?

Building a healthy culture and a high-performance company starts with organizational clarity. For what do you stand? What are your company values? What are your rules of the game or standards of practice? Forty years ago, when we started our company, we had not taken the time to articulate these values and rules. The result was that we had great people going

Building a healthy culture and a high-performance company starts with organizational clarity. For what do you stand? What are your company values? What are your rules of the game or standards of practice?



It's amazing what can happen when you take your people's energy and get it focused.

in different directions, marginal results and a fragmented culture. Two years later, we finally sat down and got clear on what we were doing—writing down our company values, rules of the game, and working philosophy—and then walking our talk. The result was that the next five years was the greatest period of productivity and growth in our history, even though we were in the recession of the early '80s. It's amazing what can happen when you take your people's energy and get it focused.

In his book, "The Advantage," Patrick Lencioni recommends you start clarifying your business by asking six critical questions.

1. **Why do we exist?** The organization's core purpose, beyond making money
2. **How do we behave?** The limits of diversity that can exist within the organization—the core values that all employees must share to thrive

3. **What do we do?** A simple statement that defines the organization's business
4. **How will we succeed?** The anchors that define the strategy of the organization
5. **What is most important right now?** The organization's rallying cry and over-arching objectives that are shared across the team
6. **Who must do what?** The role of each of us in achieving those objectives

We recently took our entire organization through this six question exercise, starting with our senior management team, then all of our managers, and then our sales team, at our annual retreat. We did each group separately and discovered an amazing alignment in the results. It dramatically improved our company focus going into this year. Did it take some time? Yes. Was it worth it? Absolutely! Invest at least as much time in your culture as you do your strategy. Remember, "Culture eats strategy for lunch!" 🍴



LORNE WALLACE, CEO, LONE WOLF
REAL ESTATE TECHNOLOGIES

TECHNOLOGY UNDERESTIMATES **THE VALUE OF PEOPLE**

Learn from leaders where tomorrow's opportunities and threats lie. 2016 will be a year of surprises for the industry.

By Steve Murray, publisher

“Real estate brokerage is truly a unique animal,” says Lorne Wallace, CEO of Lone Wolf Real Estate Technologies and head of one of the largest and longest-lasting technology providers in the real estate space. “I can’t think of too many other businesses where technology has had so little impact on the functioning of the market. It is not that technology isn’t prevalent throughout our industry because it is, but, so far, it hasn’t changed the relationship between service provider and customer.”

Wallace founded Lone Wolf over 27 years ago, essentially starting from scratch and building a company with more than 250 employees and servicing several thousand brokerage firms throughout North America. The company’s financial and other



**TECHNOLOGISTS
FALL IN LOVE WITH
THEIR INVENTIONS;**
agents and brokers just want it to work to help them do their jobs easier and faster.

management tools are the most widely used among leading brokerage firms. His thoughts are revealing (especially for a technology leader).

“This business is a people business—always has been, likely always will be. Short of people living in virtual reality cubicles of 300 square feet, a home will still be a personal choice by individuals and families. Agents, who are both cheerleaders and devil’s advocates for their clients, are going to be a part of the decision process.

Does technology play a role? Of course, it helps speed information to wider audiences, helps process transactional information, and assists brokerage firms

manage their business better. No one can dispute that. But even in the middle of this technology usage, it is the technology that has to be configurable to the customer, not the other way around. Technology leaders can build enormously sophisticated systems, but if you can't customize that solution to the broker or agent good luck. Practitioners love some of these tools, but know that that is all they are—tools.

Wallace said much of this is because so many in the industry are 'right brain' type of people, caring, empathetic, thinking, emotionally driven whereas most technologists are 'left brain' with great analytic skills. He thinks it is what makes it so interesting a business and yet in many ways so trying. Technologists fall in love with their inventions; agents and brokers just want it to work to help them do their jobs easier and faster.

When asked about what breakthrough technologies are around the corner Wallace said "what seems interesting to me is that the industry is spending hundreds of millions if not billions each year on reaching online customers and building better marketing mousetraps yet we are aren't selling one more home, or creating one more listing. All of the marketing dollars and all of the real estate TV shows haven't added one wit to housing sales, yet they seem to be multiplying day by day.

The reasons for people buying or selling are almost always about personal change. Better job, relocation, deaths, births, divorces, marriages, retirement and downsizing. Sure the investing class has grown but the reasons people buy and sell are almost entirely about a change in their personal lives. And I don't see how technology changes that fact. It certainly doesn't change the demographics of who is buying or selling."

Where is Lone Wolf investing today? Wallace says that his company's focus is on what he refers to as the 'ecosystem of the real estate workspace.' With all of the systems that a brokerage uses, full integration remains an elusive goal for most brokerage firms. He said that while his firm has invested in virtually every segment of the real estate brokerage business, getting all of it to work together easily is no easy task. "As I have said before, every technology solution has to be customized, or configurable to each customer. This creates enormous complexity. Yet, you cannot compete in the real estate technology space expecting that your customers will adapt to your systems."

Wallace says that even technology firms have to have people on their teams that get the fact that real estate people are just that, people. And that this makes it challenging and fun. "This is a great business, and the people in it are fascinating, smart and fun to work with. We do have to keep in mind that technology is just a tool, not a panacea for what brokers and agents face." ▲

**You cannot compete
in the real estate
technology
space expecting
that your customers
will adapt to your systems.**





REAL TRENDS HOUSING MARKET REPORT

DECEMBER HOUSING NUMBERS SHOW NOVEMBER STRENGTH WAS NO FLUKE

Unit sales growth up strongly in December with a gain of 8.2 percent over December 2014.

The REAL Trends Housing Market Report for December 2015 shows that housing sales increased 8.2 percent from the same month a year ago. The year-over-year gain is the strongest year-over-year increase since June 2015. The West led the way with a 10.3 percent increase.

“December housing sales rose unexpectedly for the second month in a row with year over year sales up 8.2 percent, the best showing since June 2015 and above November’s accelerated rate,” said Steve Murray, editor of the REAL Trends Housing Market Report. “The West region had the strongest showing with unit sales up 10.3 percent. Each region showed increased strength indicating that the housing market is heading into the new year in very strong shape.”

The annualized rate of new and existing home sales was 7.003 million which was up very strongly from the 6.378 million rate of home sales recorded in December 2014. This was also the strongest rate of unit sales since June 2015.

Housing prices rose an average of 3.7 percent from December 2014 indicating that home sales and average prices are rising in tandem and above the average for the last six months of 2015.

“The market appears to be stronger than anticipated and has shrugged off other negative news such as the decline in equity markets and the slower rate of foreign purchases of homes,” added Murray.

Housing unit sales for December 2015 increased 8.2 percent, up significantly from the November 2015 results. Unit sales were up 10.3 percent in the West, the best performance in all regions. Sales in the Northeast region were up 8.3 percent; the Midwest saw an increase of 7.9 percent and the South region had an increase of 7.1 percent.

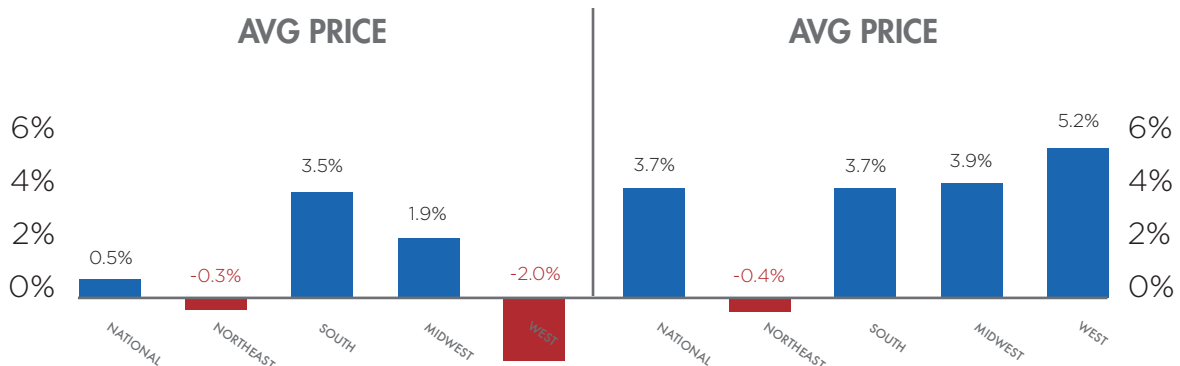
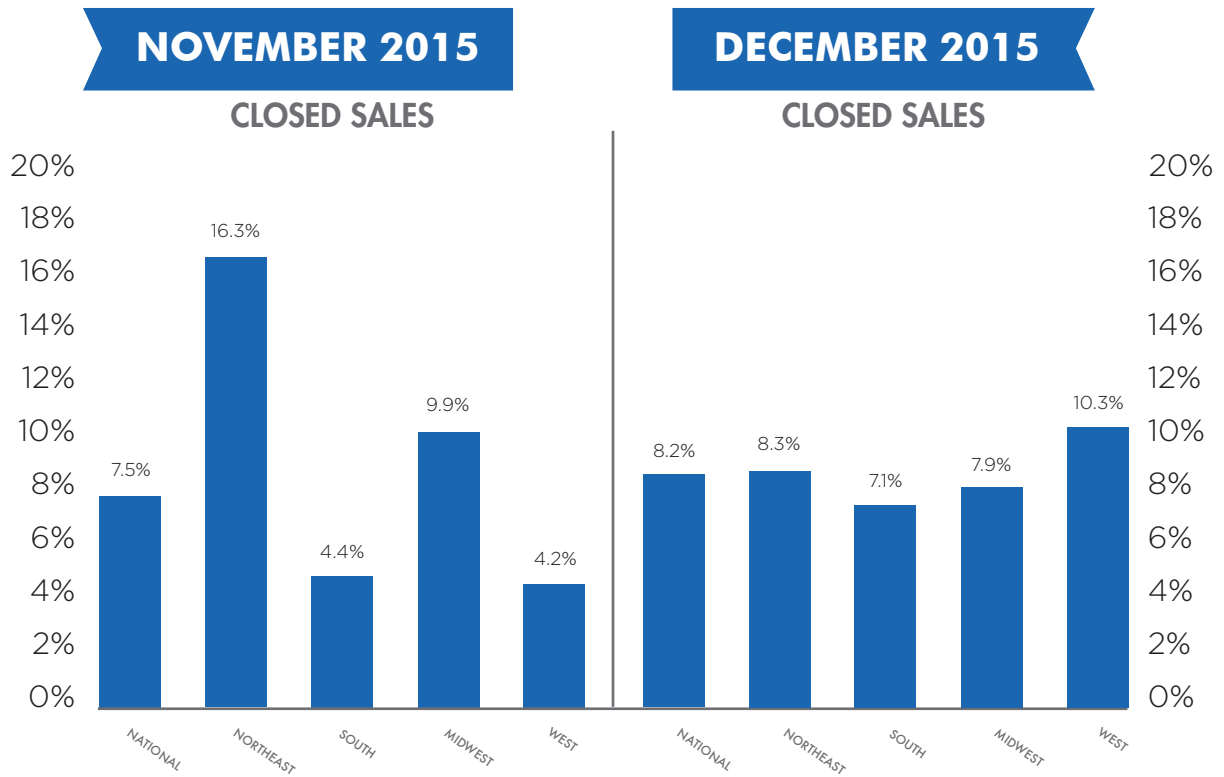
The average price of homes sold in November 2015 in the West region increased by 5.2 percent, the best result in the nation. The Midwest saw average prices increase

3.9 percent, average prices in the South were up 3.7 percent while the Northeast experienced a decline in the average price of homes sold with prices dropping 0.4 percent.

“We now expect that housing unit sales increases will continue to be higher in 2016 than thought earlier this past year. Most forecasts believe that housing unit sales will increase 3-5 percent for all of 2016 and that average prices will increase 3-4 percent. With the recent strength in housing sales both of those may be on the low side of what happens in 2016.”

REAL TRENDS HOUSING MARKET REPORT

NOVEMBER & DECEMBER 2015 EDITION





DOUGLAS VAN NORTWICK

OWNER

ERA SELLERS & BUYERS REAL ESTATE
EL PASO, TEXAS

REAL Trends: Tell us about your path to real estate.

Van Nortwick: In 1977, my mother quit her job as a first-grade school teacher and earned her real estate license. She was very successful. We moved to El Paso for my father's work opportunities, and my mom became established in real estate very quickly there. I was the kid who didn't want to go to college—couldn't figure out what to do. So, I decided to buy a house. I liked the process so much, that at 21 years old I earned my real estate license. In 1989, I joined ERA Sellers as the first agent, along with my mother and her partner.

I'm now 49 years old, and I've been doing this ever since. In 2002, I bought out the partner and, in 2003, we franchised with ERA.

In 2004, my brother and I acquired an Albuquerque division. He runs the northern area, and I run the southern area. My parents still have a small ownership interest.

We've grown to more than 250 agents now through organic growth and some mergers.

REAL Trends: Tell me one lesson learned when building your brokerage.

Van Nortwick: At one point, I didn't sell our value proposition. I realized my mistake and now know that you always have to be teaching your value proposition. I'm quick to react to new technology. Now, I make sure the top producers understand what we're rolling out and teach agents how to use new systems. We still chase competition, and we've had a great retention rate. We're expanding office square footage, and building smart workspaces. We're not decreasing our footprint; we're setting it up to accommodate people more efficiently.

I credit the ERA brokers that I was able to call upon to complain and collaborate. Everyone in the brand, from the president to regional managers, has my back. They offer moral support, and that is significant. It kept me charging forward.

REAL Trends: What was the biggest professional challenge you faced when building your brokerage?

Van Nortwick: I lost a national top producer in 2012. He walked out, and that was 25 percent of the El Paso's company's gross commission and 20 percent of overall gross commission. The challenge was to come back from that. But, we did.

REAL Trends: Based on your experience, what is the one thing you did with your brokerage that changed the trajectory of your business? What was the turning point from success to major success?

Van Nortwick: In 2007, the national market went in the toilet, but our local market was still going well. Members of my mastermind group told me I had to cut costs immediately—commission splits, advertising marketing—just to survive. I didn't believe in cutting my way to profitability. I decided to freeze commissions and asked agents to introduce me to people I can hire to grow the company. We went from 50 to 110 agents in less than a year. It didn't mean the downturn wasn't hard for us; it was. But, we wouldn't have made it if we hadn't done what we did. ♡

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SOUTHERN CALIFORNIA BROKER DRIVES AGENT RECRUITMENT WITH TECHNOLOGY

An Interview with Paul Argueta, broker/owner, Real Estate Heaven, Pasadena, Calif.

Your background is quite the real estate success story. You started out as a single agent working in a family business, then became a broker. You built a team of more than 150 agents and you were recognized by *Inc. Magazine* as an Honoree on their *Inc. 5000 List* for founding Real Estate Heaven, one of the fastest growing, privately held companies in America.

With so much success, what inspired you to change your business model to provide more systems and technology to your agents?

Argueta: Our company is only five years old, and we are closing 400 to 500 units per year. We should be able to capture 10 to 20 percent of that business.

However, we weren't recapturing referral and repeat customers, and that was a problem. I've been in this business for 20 years and have always been proficient in capturing new business, so when I saw how much business was passing through, it wasn't an easy pill to swallow. Immediately, we started testing technologies that would help us recapture past clients and our sphere of influence. I also wanted to build a technology offering that would bring new agents into the office.

It's not uncommon in the Southern California market for agents to move from brokerage to brokerage looking for the right combination of agent support, technology, and market share. What impact has your commitment to systems and technology had on your recruitment and retention efforts?

We work hard to recruit agents who are coachable and receptive to our technology solutions. Agents who have been beaten up by the market at another office that doesn't offer a tech package come to us and realize how valuable it is.



Argueta: We work hard to recruit agents who are coachable and receptive to our technology solutions. Agents who have been beaten up by the market at another office that doesn't offer a tech package come to us and realize how valuable it is. Our retention is way up.

What type of systems did you implement to bring new agents on board and provide them with company-generated business?

Argueta: We're using the Top Producer CRM, along with its Market Snapshot tool and FiveStreet. We get leads from pay-per-click advertising and Realtor.com. We taught all of our agents how to create landing pages using the Top Producer Market Snapshot tools. Again, we do pay-per-click advertising along with getting Realtor.com leads. We provide those leads to the agents who subscribe to our tech bundle. Within one year of implementing Realtor.com and Top Producer, we saw 30 percent of our agents subscribe to our tech bundle.

What type of commitment or buy-in does an agent need to make in order to receive company-generated business?

Argueta: We include quite a few powerful tools in our technology suite. Agents pay anywhere from \$145 to \$200 per month to subscribe to our services. With that, they are guaranteed four leads per month from Realtor.com. Considering what I, as an agent, was paying for Zillow, this is a great deal.

What type of system or process do you have in place to streamline lead distribution with over 150 agents?

Argueta: We assign the leads through FiveStreet and each lead has to be accepted by an agent. Then, it's imported into Top Producer. In the event the lead comes from another source, Top Producer Tech Support helped us implement a system that routes those leads directly into the system. It's a timesaver as I used to manually enter those leads.

What tools do you provide to your agents within their technology bundle that help them capture, convert and close both company-generated and agent-generated leads?

Argueta: Top Producer CRM, Market Snapshot tool, the Market Snapshot landing pages, FiveStreet and Realtor.com leads, in addition to a few tech tools related to facilitating the transaction.

Do you have any difficulty getting agents to adopt the new technologies and systems? If so, how do you overcome their reluctance?

Argueta: In some cases, you will, especially because agents have a difficult time investing in their businesses. Any broker would be lying if they didn't encounter that

challenge. What I've learned is that even though we build value with these systems, people have to know about them. On a daily basis, we talk about our technology offerings and the success of the products. In addition to being the broker-owner, I am an active agent and my volume is pretty substantial. I attribute 60 to 70 percent of business as coming from these tools. When agents see that I use the tools and they're working, it's so much more powerful than just telling them what to do. Using the tools sends a powerful message.



Do you have any specific success stories where your systems and technology was the driving force behind an agent's decision to join your firm?

Argueta: We have a real estate school. Recently, a student of ours graduated, got his license and subscribed to our tech bundle. He immediately started using Top Producer and Realtor.com and got three listings in his first 90 days. He was impressed with the systems. People who follow the system see that it works.

What advice would you give to other brokers who are looking to fuel agent recruitment and retention?

Argueta: Make sure you have a system in place from the beginning so that you have a way to track and implement your lead generation systems. More importantly, make sure you're a user of the products and services. If you're not using them, then you're not setting a good example. Plus, it helps improve your credibility if agents can come to you on a Saturday or Sunday and you can help with any questions they have about using the system. It's important for the broker to have a working knowledge of the technology systems used. 🐾



TRENDS

VALUATIONS, MERGERS AND ACQUISITIONS

By Steve Murray, publisher

Why is 2016 looking like a busy year for mergers and acquisitions? Not only are the two big national firms growing through acquiring others, but many regional firms are jumping in, as well. On the sales side, it is not just the Baby Boomer generation that is thinking of selling, but several upcoming transactions include firms headed by Gen-X owners. Why now?

WELL CAPITALIZED FIRMS

First, there are at least four, well-capitalized national firms interested in growth through acquisition. They are offering solid and attractive terms and prices to do so. There are also several strong regional brokerage firms vying to compete for opportunities to grow through acquisitions. Secondly, we are in the fifth year of the expansion of housing sales—a very strong expansion. Many leading brokerage firms have seen their EBITDA recover much of the lost ground from 10 years ago and have repaired their balance sheets somewhat. Yet, for the Boomer owner, they are also 10 years older. For the Boomers, two other factors are important.

It is not just the Baby Boomer generation that is thinking of selling, but several upcoming transactions include firms headed by Gen-X owners. Why now?

BOOMER BUYS

First, for many owners, a significant part of their net worth is tied up in the ownership of their brokerage firm. Second, few have solid succession plans in place or have no family members involved to whom to turn over the business. Those that have either are indeed blessed and likely have little interest in selling. However, the issue of many having significant net worth tied up in their brokerage firm persists. ▶

DEAL STORIES

PARTNERS WANT TO SPLIT

What happens when partners no longer want to remain partners?

By Steve Murray, publisher

The story is fairly straightforward. A man and woman started a brokerage together and created a very successful brokerage firm. The firm had EBITDA of over \$2 million and was growing. The market was still growing but showing signs of aging. While there was no overt hostility between the partners, there was also little desire to continue to be partners. Part of it was a resentment by one partner, who worked full time on company affairs while the other mostly sold real estate. Both received the same level of salary and benefits from the company. Unfortunately, there was no Buy/Sell Agreement or any other agreements to dictate how the value would be determined. The partner wanting to sell, wanted all cash (of course), and the buyer wanted terms.

The way to get them untangled, of course, was first to have a valuation established. Secondly, we worked with these clients to test the waters of the sale of the whole company. There was a chance that both parties would sell for the valuation established. Once offers were

received, they both discussed and seriously considered taking one of the offers. Turns out, however, that the partner who wanted to keep going wanted to do just that. Still, the partner who wanted to sell wanted to take the offer but not a similar one offered by the other partner.

THE GOOD NEWS

The good news is that the issue of whether an all-cash offer was reasonable was discarded when the partners looked at selling the whole firm, establishing that concept fully in the mind of the selling partner. What was finally established was both price and terms. The two partners finally agreed to terms. Those terms included price protection for the seller, in that if the purchasing shareholder were to sell and receive a higher price within three years, then the increase would be split between the two partners (turns out one of the departing shareholder's greatest concerns was that the purchasing shareholder would sell it for more quickly after the buy-out.)

STOP-LOSS PROVISION

For the purchaser, we built in a stop-loss provision whereby if MLS unit sales were to fall by more than 20 percent in any quarterly period during the payout period, then the purchaser could, at his discretion, defer that quarter's payment until the end of the payout period, with no interest paid. Also, the purchaser agreed to a fixed salary and bonus schedule until all amounts were paid to the seller, again to add insurance to the seller that the main goal of the purchaser was to use every effort to pay off the amounts owed.



As to the purchase price, because the deal was cash and a guaranteed note, the total price was discounted by approximately 22 percent from that established in the valuation.

COMING TO A FINAL AGREEMENT

At the end of the process, which took six months, both parties were pleased (but not totally satisfied) that it was done and felt that they had reached a reasonable result.

There are a few lessons to be learned. First, when you have more than one shareholder in a brokerage, it is a good idea to have a Buy/Sell Agreement. In fact, you should never have multiple shareholders in what is a closely held, privately owned firm without one. Second, that agreement should have Put Call Options, whereby when a shareholder wants out, or wants another shareholder out, there is a process to accomplish a buyout. One other lesson is that shareholders should only be paid for what services they provide to the company and not on how much they own (other than dividends of course).

This one ended well. ▶

When you have more than one shareholder in a brokerage, it is a good idea to have a Buy/Sell Agreement. In fact, you should never have multiple shareholders in what is a closely held, privately owned firm without one.



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CONSUMER ELECTRONICS SHOW THE BEST NEW **SMART HOME GADGETS**

By Travis Saxton, vice president of technology

The Consumer Electronics Show in Las Vegas is a four-day show featuring all that is new and trending in technology. In other words, a little piece of heaven for the REAL Trends technology team. A majority of our time was spent in the smart-home section of the show, getting a look at new technology as part of our 2016 partnership with Coldwell Banker. It took us two days just to get through that section! The Smart Home section was extremely popular, an indication that Coldwell Banker is getting ahead of a trend about to hit our industry.

Here's what we discovered at the show. Brokers, agents, and homeowners are sure to be intrigued by these products. ►

NUBRYTE

This is my personal favorite in the home automation category. The NuBryte Home Management system is one-part intelligent system, one-part security system and also a communication platform. The display replaces a regular light switch and connects easily to your WIFI. Key features include automated lights based on motion, a motion detector and video notifications for security, local weather info and forecasting, timers, alarm clocks, a calendar, energy monitoring, video conferencing/intercom and more. The system works with your existing lights and can dim ordinary bulbs or flash them for security purposes.



ZIPATO

This is a complete home automation system with a smart hub and control panel. While neck and neck with Nubryte on visual appearances, the Zipato Smart Home Hub is beautifully designed. With features in security, comfort, energy and health, the system has it all. It also plays friendly with other popular smart home devices.

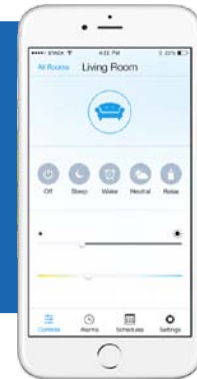


SKYDROP

Similar to a Nest Thermostat, but for your yard, the Skydrop is easy to use and offers intelligent monitoring. This smart sprinkler system is WIFI-connected and does the thinking for you. It will monitor the local weather and water your yard only when you need it. If the forecast shows rain, it recognizes that and holds the watering to see how much rain has fallen before adding more moisture. Install it in place of your existing control panel. There is no need to mess with sprinkler heads or lines.

STACK

This lighting system is as easy to install as screwing in a light bulb. With responsive features that adapt the lighting based on numerous criteria like time of day, preferences, motion activity, and ambient light sensors, it can help you cut down on energy costs.



KEEN SMART VENTS

Many smart thermostats can't adjust for certain variables, for example, my house has challenges with a leaky window or two. While my Nest Thermostat has dramatically improved our home comfort and energy usage, it's not perfect. Enter Keen Smart Vents. With Nest compatibility, these smart vents replace existing floor or ceiling vents. Based on their internal communication via WIFI connectivity, motion and room usage, the vents will automatically adjust airflow to your rooms.

FIBARO

This home automation system may be the most complete and discreet. The open interface allows you to connect to any device. The smart home becomes smarter when you can control the system from every TV with an HDMI connection. Imagine you're enjoying an evening at home watching a movie when there is a knock on the door. The movie is paused; lights go on with 30 percent brightness in the living room and 100 percent brightness in front of the house.

The picture from a camera placed by your front door appears on your TV screen. Someone you know? Open the door remotely with just one click!



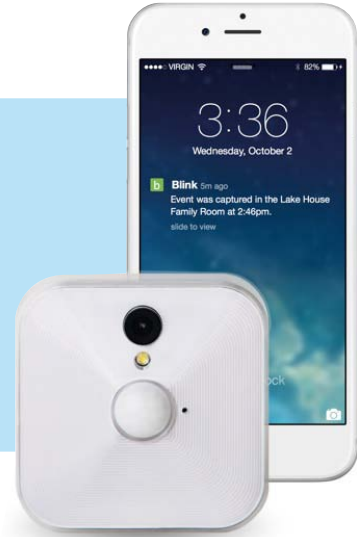


TOUCAN

The Kuna Toucan is a retrofit outdoor smart security system and motion detected light/security system. Turn just about any outdoor light into a smart system with Toucan. It comes with a wide angle lens, motion activation, notification lighting and security siren. It's the perfect outdoor addition to your home security system without having to pay monitoring fees from the big alarm companies.

BLINK FOR HOME

The undisputed leader in home HD Video monitoring and security, this system is not quite a full home automation system, but it's a powerful piece of the puzzle. The cameras are powered by regular batteries. Packed with tons of features like motion activation, alarm, cloud monitoring/recording, temperature and two-way audio, blink is a clear winner in home security.



ALLIE CAM

This product has massive real estate applications. The 720 HD Virtual Reality camera is the size of a baseball and can sit in the middle of a room and instantly render a complete virtual reality tour viewable by anyone with a \$20 Google Cardboard viewer. We believe this is the future of video and photography in our industry. The best part is you don't need any extra software, as YouTube already supports this camera. The camera only costs \$599.

FLIR

Infrared, heat sensing technology has been around for awhile, and no one does it better than Flir. This is the same technology that catches criminals at night, and it's available as an iPhone add-on. How can you use it? Inspectors can check out heat/air leaks, water leaks, roof leaks and much more. It's reasonably priced. Beyond the iPhone/Android plugin is a series of high-powered indoor/outdoor heat seeking cameras.



Follow the **REAL Trends TechTouch** newsletter for more information and reviews about these products and more. Visit smarhome.realtrends.com for smart home advice for real estate professionals. ↗

REAL TRENDS NAMES MANAGEMENT COMMITTEE

The REAL Trends team has appointed a Management Committee, which reviews all business plans, strategies and makes other key decisions for the company. Each person was chosen for his or her leadership capabilities and experience in assisting with the development of the company. They were appointed for two-year terms that started with the commencement of the company's fiscal year on October 1.

Those appointed were Deirdre LePera, Research Strategist; Jaime O'Connell, Director of Finance and Analysis; Travis Saxton, Vice President of Technology

and Marketing; Tracey Velt, Editor in Chief of REAL Trends Publications and Doniece Welch, Vice President and General Manager.

LePera has been with REAL Trends for 15 months; O'Connell for 3.5 years, Saxton for 5.5 years, Velt for 11 years and Welch for 23 years.

The Management Committee is responsible for the review of all business and strategic plans of REAL Trends. They also review and approve all new business and strategic developments.

REAL TRENDS 500 LAUNCHED

The survey for the 2016 REAL Trends 500 and Up-and-Comers was launched on January 5. The online survey was sent individually to every independent brokerage firm that was on last year's survey and additional firms that have now qualified.

Please note: brokerage firms affiliated with Berkshire Hathaway, Keller Williams, RE/MAX and Realogy have

their data submitted by the parent franchise. They will receive a link to their data for verification purposes later in February.

Should you know any firm that closed 500 or more transactions in 2015, please send an email to Scott Wright (Swright@realtrends.com) or call us at 303-741-1000. 🏠



GATHERING OF EAGLES

DON'T MISS OUR KEYNOTE SPEAKERS

At last year's GOE, you learned from Patrick Lencioni about how to build a culture of collaboration. (If you missed his presentation, don't fret, just read Lencioni's "The Five Temptations of a CEO," to catch up.) This year, get into the nitty-gritty details of implementing those strategies from someone who has done it successfully: Dave Ridley of Southwest Airlines.



KEYNOTE SPEAKER

Dave Ridley:

*Building a Culture
That Survives the
Founder*

Brought to you by



In his 27-year career with Southwest Airlines, Dave Ridley served as a senior executive in a variety of operational, commercial, and staff functions.

During Dave's years at Southwest (1988-2015), the

Company grew from a \$700 million-in-revenue regional airline flying to 26 U.S. cities to become the largest domestic airline in the United States with nearly \$20B in revenue, now flying to 97 cities in 40 states, Mexico, and the Caribbean.

Since January 2015 (when he retired), Dave serves as a senior advisor to the CEO. He mentors Southwest leaders and consults with organizations where he shares his lessons learned building a world-class brand based on service excellence, and the importance of leadership and healthy corporate culture in sustaining it.



KEYNOTE SPEAKER

Geoff Colvin:

*The Importance
of Talent*

Brought to you by



One of the most important aspects of succession planning is having the right people in the right places. No one knows that better than Geoff Colvin, who will walk brokerage leaders through a session on the issue of talent. Learn from him about the pursuit of it, its importance to the success of an organization and other related issues.

Geoff Colvin is among the most astute observers of the

business world who will share his thoughts with brokers on the issue of talent. As Fortune's senior editor-at-large, he is considered one of America's sharpest and most respected commentators on leadership.

Geoff's bestseller, "Talent is Overrated: What Really Separates World-class Performers from Everyone Else," received the Harold A. Longman Award for best business book of the year. Geoff's book, "The Upside of the Downturn: Management Strategies for Difficult Times," was named the best management book of the year by Strategy and Business Magazine. Geoff's latest book (August 2015) is called, "Humans are Underrated: What High Achievers Know That Brilliant Machines Never Will."

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For more information contact Daniele Stufft at dstufft@realtrends.com or call 303.741.1000.

Register online by clicking [HERE](#).



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