



# CMLS

Council of Multiple Listing Services

## CMLS Best Practices

### Leadership and Governance Best Practices

Mission: CMLS seeks to improve professional standards in the industry through the development and establishment of MLS best practices.



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## CMLS Best Practices

### **OVERVIEW**

As we work to implement effective REALTOR® associations and MLSs, there are demonstrated best practices for leadership, governance, and decision making that yield positive results. A well-documented planning process is a key component needed to identify and accomplish the organization's core objectives. Solid relationships with all stakeholders is the most critical component to creating and maintaining an outstanding MLS organization. This includes customers, employees, shareholders, brokerage firms, neighboring associations, and anyone else who touches or has an influence on the organization. This is a relationship business—one broker cooperating with another — and it extends through every area of MLS Leadership

The core definition of leadership is the action of leading a group of people or an organization. Leadership is not managing or directing others, but it is inspiring and motivating them to follow and achieve the organization's core purpose. It is not about the title or assigned responsibility of an individual, but it is an individual that others follow freely. People follow a leader freely because people see that person as having the right vision, passion, and character that inspire others. Leaders are decision-makers who involve others in the decision-making process and build teams all the while. Two great leadership quotes are:

“Leaders are people who do the right things; managers are people who do things right.”

- Professor Warren G. Bennis

“Leadership is the art of getting someone else to do something you want done, because he wants to do it.”

- Dwight D. Eisenhower

### **Leadership Traits**

There are key traits that make a leader, and those traits need to be shared with associates, employees, and stakeholders. Essential traits include having a clear vision for the organization and the ability to communicate it. Key staff has to be involved in the vision. A leader is someone who will not only think about the vision every day but will also encourage other associates and stakeholders to do the same.

Passion is infectious. Every great leader throughout the course of history has had passion for the vision of their organization. An MLS management team must have core values and the conviction to implement and maintain those values so employees can connect with the vision and have their own passion to achieve it.

Listening is perhaps the most underdiscussed and underrated talent that extraordinary MLS organizations must have. One definition is: “The act of mindfully hearing and attempting to comprehend the meaning of words spoken by another in a conversation or speech.” Listening is an important business communication skill. It can involve making sounds that indicate attentiveness. It can include the listener giving feedback in the form of a paraphrased rendition of what has been said with a request for confirmation by the speaker.<sup>1</sup>

It is important to remember that if you are interrupting, you are not listening. People need to know that their opinions matter, that they have a voice, and that the leadership of the organization is listening.

An effective leader makes decisions. This does not mean that every decision will be right, but it means that when it comes to making major decisions you take the time to obtain the information needed, involve the right people, and make the decisions in a timely process. Once the decision is made, it is important to be committed to implementing the decision and accomplishing the objective.

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<sup>1</sup> <http://www.businessdictionary.com/definition/active-listening.html#ixzz3DzUVd5Zj>

Team building is an art and a skill. A page from the MRIS handbook and website offers a great description of the MRIS team:

*“The MRIS team is exactly that – a team. We take pride in what we do. We value each other and the real estate professionals we serve. We believe in integrity, accountability, respect, and direct communication. Our team is made up of a diverse group of individuals, each with a unique background and skill set, working and growing together. We are:*

- Approachable leaders
- Trusted partners
- Responsive listeners
- Agile innovators
- Savvy experts
- Efficient pros
- Positive creators

*We operate rapidly in real time. Our culture reflects this dynamic. Smart. Quick. Direct. We keep it simple. We make every day fun.”*

Reaching the point where teams behave like this requires delegating responsibility to the team and giving them the freedom to reach their own conclusions. While the leader needs to be available to answer questions, they should establish the team in such a way that the members work together to resolve their conflicts and concerns among the team.

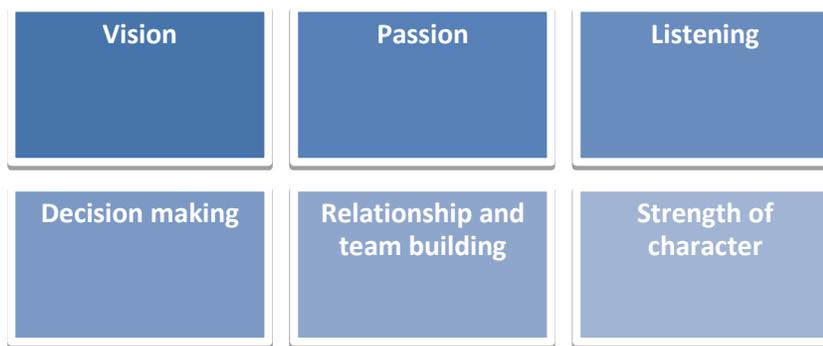
Strength of character and a conviction to uphold core values is a basic requirement for the leadership of an MLS organization. This means honesty, integrity, ethical behavior, and knowing and acknowledging your own leadership style, strength, and weaknesses. Leaders have to take the time to develop the objectivity to look within. There are tools to assist in determining the type of leader you are as well as identifying strengths and weaknesses. One is the Myers-Briggs Type Indicator<sup>1</sup> and another is the 360-Degree Feedback model.<sup>2</sup>

In the book “Lessons From the Top: The Search for America's Best Business Leaders,” Howard Schultz, the CEO of Starbucks, made the following observation:

“I think it’s very difficult to lead today when people are not really truly participating in the decision. You won’t be able to attract and retain great people if they don’t feel like they are part of the authorship of the strategy and the authorship of the really critical issues. If you don’t give people an opportunity to really be engaged, they won’t stay.”

This applies to directors, officers, and employees of the MLS.

### Key Traits for Remarkable Leadership Teams



<sup>1</sup> <http://www.myersbriggs.org/my-mbti-personality-type/mbti-basics/>

<sup>2</sup> <http://www.360-degreefeedback.com/>

## **MLS Leadership Teams**

MLSs have a unique challenge because they have several different types of required leadership within the organization. First, there is the volunteer leadership who come from a broad range of backgrounds and may not have had proven leadership skills when they accepted the responsibility to sit on a board of directors or were elected as an officer. Next, you have the CEO of the organization, who ultimately determines the internal culture of the organization and leads it in achieving its purpose. There are also essential staff leaders. Ever notice how there are always one or two people who manage to get everyone to work together and achieve something the organization needs done, even if they have fewer resources or direct reports than the others? They do this through influence, not authority, and people who trust and respect them are willing to follow.

Committees that include key stakeholders, brokers, agents and staff can also play an important role in evaluating opportunities and requests. It is important to have strong leaders in volunteer positions of an MLS, but it is essential to have extraordinary leaders in the top paid positions of the organization. Additional information about this is contained in the CEO section.

## **Volunteer Leadership**

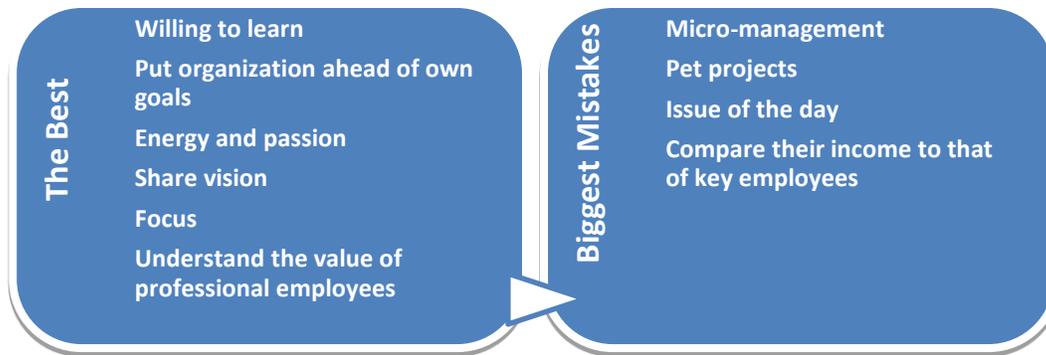
Volunteers from the real estate industry have a wide range of skills, backgrounds, viewpoints, and thoughts about the industry and the MLS. Identifying, attracting, and recruiting volunteers into the organization is an important part of creating an effective organization. It is critical to cultivate their positive traits so that they can participate in the leadership of the organization. There are some volunteers who have outstanding leadership skills that have been developed and honed in their respective businesses. Brokers have operated their own businesses, and most will tend to operate at a high level and not micromanage the organization. In other cases, some brokers and managers may bring energy and vision to the organization, but think they should be involved in the operational decisions. Volunteers play a critical role in listening to rank-and-file brokers and agents and providing feedback to the MLS leadership and staff about current topics and concerns.

It is important to understand why volunteers want to get involved and to set appropriate expectations. Having an established process for providing volunteers with recognition is a standard practice. An MLS should have an “earned media” program that routinely puts out press releases about market conditions and trends in the local marketplace. Creating opportunities for volunteers to provide commentary in press releases and annual awards programs provide the recognition they desire. Networking opportunities around board meetings, planning retreats and committee meetings also help them become more established in the local brokerage community.

The mistakes some volunteer leaders make include: putting forth pet projects that divert the organization, micromanaging decisions, comparing their income to that of key employees, and focusing on what is important to them rather than on what is important to the organization. A common mistake is moving to the “issue of the day” rather than staying focused on the task at hand. If the volunteer is on the board, their primary focus should be policy, strategy, and fiscal oversight. If the volunteer is on a committee they should focus on the assigned responsibilities. Volunteers have a really challenging job; they have to give their ideas and insight, but then let the implementation be handled by MLS staff. They have to be willing to delegate tasks to someone to get the job done, but recognize that they may not do it exactly as they would like to see it done.

The CEO walks a fine line of encouraging the energy and vision of the organization, while striving to keep it focused on its primary purpose. The best volunteer leaders are people who take the time to learn and understand how the organization operates, put the organization ahead of their own goals, bring energy and passion to the table, and are able to share their vision with other directors. The best of them are also careful to keep the organization cohesively focused and prevent cliques and divisions from forming that undermine the organization’s core mission.

## Volunteer Leaders



## THE STRATEGIC PLAN

All companies need a strategic plan, along with corresponding resources and a commitment to implement that plan. The key provisions of any plan, such as the vision and high-level goals, do not need to change from year to year. The planning process should not involve revising the organization’s mission and vision each year. Once the organization has created its core mission and vision and identified its values, beliefs, and high-level goals, it should focus on strategic thinking. If the organization has not gone through the exercise of establishing these items, guidelines are provided below.

### Mission and Vision

Vision statements tend to be aspirational in nature while mission statements focus on the core purpose of the organization. There is a tendency to create a vision and mission statement that identifies everything the organization does. However, both statements should be clear, memorable, and concise, while embodying the culture of the organization. Notice the ease of the following vision statements:

“Organize the world’s information and make it universally accessible and useful.” – Google

“To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.” – Starbucks

“Our vision is to become the world’s most loved, most flown, and most profitable airline.”

Mission: “We exist to connect people to what’s important in their lives through friendly, reliable, and low-cost air travel.” – Southwest

Google has done an extraordinary job of defining its mission, and creating its “Ten Things We Know to be True” (see Appendix A). These were created years ago, and yet these things remain unchanged to this day (because the company still believes them). While they may not all be applicable to MLSs, there are set beliefs that ring true for each MLS — identifying them may assist in extending the mission into the realities of the workplace. Some of the ones defined by Google can be applicable to MLSs such as: “It’s best to do one thing really, really well,” or “Great just isn’t good enough.”

Sample MLS mission statements are:

**MLS:** “Facilitate an orderly marketplace that embodies cooperation and compensation and provides comprehensive, accurate and timely data.”

**MLSPIN:** “To effectively provide state-of-the-art, cost-saving services, while maximizing satisfaction and value to our shareholders, customers, and employees.”

## Core Values or Philosophies

An organization's core values or philosophies should be spelled out, so that everyone in the organization understands the direction and tenets upon which the organization will operate. Examples of core values and philosophies:

CRMLS Core Values	Heartland Core Philosophies
Mission critical technology and products	Customer centric
Premier customer service	Proactive
Comprehensive and accessible training	Responsive
Strong, transparent, and collaborative relationships	Transparent
Operationally and fiscally sound	Products advance the transaction
	No consumer products and services

## Goals

A goal is defined as "an observable and measurable end result having one or more objectives to be achieved within a more or less fixed timeframe." It is important for the organization to have clearly defined goals. Samples of goals in different MLSs might include:

- Implement a comprehensive MLS listing quality assurance program.
- Position the organization to operate with fiscally responsible policies that result in a sound long-term financial position.
- Grow the organization for the benefit of our brokers and agents.
- Add MLS property types for non-residential properties listed by commercial brokers and agents.
- Deliver fast, easy-to-use, and cost-effective access to the information for our participants and subscribers.

Note that these are substantive goals that do not change from year to year. The strategies to achieve them may change, but the goals should rarely need modification.

Many MLS organizations have an annual strategic planning retreat that results in multi-year goals and objectives. These goals and objectives create a framework that can help prevent an organization from getting sidetracked with "pet projects."

## Culture

Ultimately, a well-led organization needs a strong corporate culture. This starts with a vision or mission statement, or both. A great vision or mission statement provides the organization with purpose. This statement should influence every decision the organization makes, from the board room to the customer care representative. A company's core beliefs or values are the crux of its culture. While a vision articulates a company's purpose, values offer a set of guidelines on the behaviors and mindsets needed to achieve that vision. Most core beliefs revolve around a few simple tenets. The values must be reinforced in the day-to-day operations of the firm. These values can then be used to guide decisions and actions, and every employee can be coached to uphold them.

## The Planning Process

Traditionally, associations and MLSs embarked on a long-strategic planning process or long-range planning process that encompassed every element of the organization's structure. The result was a lengthy plan that was put on the shelf until the following year. More recently, most MLSs have elected to leave their mission and vision statements, core values, and goals in place unless there is a fundamental change in how the organization needs to operate. Instead, the organization tends to focus on strategic thinking, which is intended to focus on what is happening in the outside world and how it might impact the industry, the customers, and the organization.

The end result will be to identify the organization's primary areas for improvement and focus on the coming year to ensure leadership is up to speed and moving in the same direction. The road map for the organization does not need to change year to year. If planning is done annually, most planning sessions can be completed in one day with the volunteer leadership and senior management of the organization. The senior management will then need to take the ideas from the planning process and implement them into the organization's structure.

## GOVERNANCE STRUCTURE

There are a multitude of governance structures within the MLS world. These include single REALTOR® association ownerships of the MLS (with or without a separate corporation); regional MLSs owned by multiple REALTOR® associations; MLSs owned by all brokers in the marketplace; MLSs owned by some brokers in the marketplace; MLSs owned by brokers and associations; and MLSs that are membership corporations with the members as associations, brokers, or both. It is not the governing structure that creates an outstanding organization. Any of the governing structures can facilitate an effective organization if they allow the organization to function at its highest and best level.

## Purpose of Governance

At its most basic level, the purpose of governance is to establish ownership, define the revenue model, and position the organization to meet member needs. The governing documents will define if the organization is a for-profit or nonprofit entity. The decision to be for-profit or not must be made based on the organization's culture and mission, coupled with the best legal and financial decision for the organization. The decision to be a committee of the association or a separate corporation is really a legal and financial one.

The challenge for some MLSs is that they have created governing structures that do not allow for effective decision making and maximum productivities. Requiring unanimity on any decision from all shareholders in an organization will stifle the organization's ability to move forward. The same is true for requiring membership votes; only very rare and select items should require a membership vote.

### **Governance Best Practices**



## Legal Structure

There are many choices when it comes to deciding on the legal structure of the organization. The decision for your organization depends on its purpose, the laws in the state in which you operate or wish to incorporate, and the type of business that will be operated. Both the legal and financial implications need to be assessed. This includes obtaining tax advice. The different choices include:

**LLC:** This is a limited liability company. It is not unusual for a single REALTOR® association to operate a for-profit LLC that includes the MLS. In some cases, this may include other areas of the organization that generate profits.

**Corporation:** Regional MLSs tend to be legal, for-profit corporations. This does not necessarily mean that they will distribute dividends, but that they will generate revenue beyond expenses.

**Association Owned:** REALTOR® associations frequently own and operate an MLS as a part of the association. If the MLS generates significant cash flow compared to the membership dues collected by the association, then IRS guidelines may require that the MLS be operated by a for-profit, wholly-owned subsidiary that pays income tax on its profits.

**Membership or Mutual Benefit Corporation:** This tends to be a nonprofit organization and is restricted from distributing dividends or excess revenue. However, a fee rebate may be in line. This does not stop the organization from building prudent reserves. This type of organization may have REALTOR® associations as members (CRMLS) or it may have the brokerage firm as the member (NWMLS).

## Ownership Challenges

There are ownership challenges with each of the different structures. If the company is broker owned (an LLC or corporation) a challenge is presented if only a few of the brokers own the business. The share price can rise over time to a position where other firms cannot afford to buy in and potentially cause some brokers to be left feeling disenfranchised. There may also be challenges with distributing significant revenue to some brokers when all brokers are contributing. A way around this is creating revenue streams to all brokers while preserving dividends for the owners. If the organization is broker owned it is important that legal requirements be built-in. This will permit all owners to be active in the business. It is more beneficial to the organization for retirees to reinvest in the business rather than determine the focus of the organization and provide themselves with a retirement income.

If the MLS is operating as a subsidiary of a REALTOR® association, then that subsidiary will need to have a separate and independent board of directors that, in turn, elects officers each year. Since the REALTOR® association nominates and elects the directors for the MLS subsidiary there should not be disagreements between the REALTOR® association and its MLS subsidiary. Asking the directors from the MLS subsidiary to attend association board meetings and giving the association board an opportunity to review and discuss the motions presented to the subsidiary MLS board keeps these two related entities on the same page.

If a company is owned by a REALTOR® association, the association or shareholders may expect a certain return and steady revenue stream either through dividends or by other means. Since the MLS is basically a cooperative of brokers, the firms may object to the organization charging a higher rate to support the associations. The challenge with this is that some firms will want the money reinvested in the MLS or will want reduced fees or the monies distributed to the firms. There should be clearly spelled out requirements on who a shareholder can be and how ownership transfers take place. Most MLSs with multiple owners (brokers or associations) require that any shares be transferred to the MLS upon dissolution of the firm or association and restrict any direct transfers.

## **Organizational Decisions**

There are numerous decisions that need to be made when creating the organization.

### **Board of Directors**

While the optimal size for a board of directors is probably 7-15 people, this is not true in all cases. There are circumstances where very large boards are effective, particularly if they ensure broad participation and there is an executive committee empowered to make some decisions.

A highly-effective board of directors will focus on policy, strategy, and financial oversight. There will be a level of trust and communication among the directors and CEO of the organization. The board will also operate efficient meetings. Conducting high-level meetings is favorable to being able to recruit exceptional volunteers. The board members need to recognize that regardless of who selected them to be on the board their fiduciary duty is to the MLS and not to their firm or shareholder association. They are challenged to put the best interests of all participants first.

The complement of who sits on the board of directors is extremely important; the key is to have the business leaders from the organization conduct business. A number of MLSs have set requirements to have broker owners sitting on the board of directors. Over the last several years, regional organizations have moved away from each shareholder association appointing a director to the board. This becomes increasingly difficult to sustain as organizations grow. There are a wide variety of nominating processes, but the best is to focus on identifying what skill sets the organization needs and then recruiting top-notch candidates to fulfill said needs.

Some organizations now compensate their directors either by paying a certain set of expenses or paying them a stipend for each meeting they attend.

Diversity in leadership should be a goal of the organization; the leadership of the MLS should reflect the brokerage community that it serves. This diversity goal can be formalized in an organization's bylaws by creating board sets that are explicitly designated for brokerages of different sizes and brokers/agents from different geographic regions. Some MLSs and associations sponsor a young professional network (YPN) and then make a point of inviting the leadership of the YPN to participate on committees or attend board meetings. The leadership can also identify and encourage qualified candidates to run for elective office to achieve greater ethnic and gender diversity.

Term limits should be considered. The best of the best boards have new energy coming onto them each year. This may require term limits; however, you do not want to lose half of the board each year. Three years is typical for many MLSs, with directors allowed to participate for more than one consecutive term. A number of MLSs now require a break in service, every two or three terms, to ensure there is room for new board members. Firm appointments do not tend to have term limits associated with them.

### **Executive Committee**

An executive committee usually exists either formally or informally. Informally is when officers get together to discuss association business. They have no authority unless the board has specifically approved the officers to take action. Many MLSs have a formal executive committee. They have varying levels of authority, ranging from advisory only to having full authority of the board. They may vet the agenda for board meetings, make decisions between meetings, and make recommendations to the full board on key decisions. In some cases, the board delegates certain key decisions to the executive committee, such as final contract approval, so that business can be conducted without delay. A typical role of the executive committee is to review the CEO's performance.

The most critical criteria for the executive committee are that their roles, responsibilities, and authority level are clearly defined and that other directors do not feel disenfranchised.

## Committees

Ongoing issues pertaining to the administration of the MLS and evaluating opportunities and requests can be effectively managed by committees. Committees are an effective component in management because they connect staff with key stakeholders, brokers and agents. An effective committee creates a forum for listening to different opinions and searching for a consensus on topics placed on the agenda. A committee can then make recommendations and place motions for action before the organization’s executive committee for consideration by the board of directors. It is important for the committee to recognize that they serve at the pleasure of the chairman and that the chairman has the final say about how or if a committee’s recommendations are presented to the full board.

Committees also allow groups with particular expertise to focus on different aspects of MLS governance. Although the number and composition of committees will vary, typical committees could include:

- **MLS System:** Consider fields, requirements, report layouts and bundled third-party products.
- **MLS Data and Information:** Recommend policies and consider requests for MLS data access by vendors and solution providers.
- **Forms:** Maintain a library of forms in order to standardize business practices and mitigate risks.

Committees can also play an important role in identifying and recruiting volunteers for leadership positions in the organization. Committees create a forum where volunteers’ temperament and style can be assessed. Committees are also an excellent way to educate stakeholders about the initiatives and objectives of the organization.

## Key Staff

Certain staff positions take on key responsibilities of being the liaison to committees or having operational responsibilities for critical infrastructure. These staff members have a special responsibility to identify and resolve issues before they become major problems or incidents requiring the attention of the CEO or elected leadership. It is often the responsibility of these key staff members to research issues, to present a committee with complete information on various alternatives, and to work with leadership to formulate recommendations for a committee or the board of directors.

### CEO Role and Responsibility

The CEO is responsible for the operation of the organization. It is essential that the board of directors and CEO both understand their respective roles. The biggest challenge is communication. While the CEO may have the authority to make certain decisions, they should also have a good sense of knowing when to discuss issues with the chairman of the board, the executive committee or the board of directors. This is particularly true when there is a controversial topic. The successful CEO will have the pulse of every director.

Board of Directors	CEO
Financial oversight including budget approval	Operates within the predefined budget of the organization
Approves the high-level policies governing how employees will be treated	In charge of all employees, including their salaries, reviews, and responsibilities
Authorizes contracts above the levels delegated to CEO for approval	Negotiates and executes contracts. Approves contracts within limits delegated by the board

<b>Long-term strategic direction of the organization</b>	<b>Brings ideas, information, and thoughts to leadership with research that enables them to set the best strategic direction</b>
<b>Policies of the organization</b>	<b>Implements policies as approved by the board of directors. Creates, monitors, and implements operational and organizational policies. Makes recommendations for changes</b>
<b>Appoints special task forces as necessary</b>	<b>Product development</b>
<b>Fiduciary duty is to the MLS</b>	<b>Inspires and leads the organization</b>

The CEO is ultimately the leader of the organization and ensures that it stays focused on the goals and objectives established through an orderly and transparent planning process. Establishing excellent relationships with key stakeholders is a high priority for the CEO. The organization itself must ensure that great relationships are created and cultivated with the customer base, shareholders, brokerage firms, other MLSs, REALTOR® associations, vendors and business partners, peers, and the community at large.

At the other end of the spectrum is recognizing that employees need to be the very best to take the organization to the top. This means that the CEO embeds the culture into the organization and continues to bring in new energy that will lift other employees. The wise CEO will hire people who are smarter and more qualified than he/she and then delegate, delegate, delegate. If the CEO has taken the time to instill the organization’s values, they must trust that employees will embrace those values and make decisions accordingly. The MLS industry sometimes places high value on employees’ longevity. While it is certainly worthwhile to cultivate and retain the best employees, the culture must also ensure that employees who are not raising the bar and embracing the values of the organization move on to allow others to enter and succeed. A reasonable amount of turnover is not only acceptable but desirable.

The relationship with volunteer directors can be magical and it can be detrimental. The CEO has to embrace listening to their ideas and adapting accordingly. This does not mean giving up on the core values of the organization or deviating from the mission, but it does mean recognizing that others have great ideas. Those ideas must be cultivated and channeled into making the organization even better.

Truly awe-inspiring CEOs will spend more time thinking and strategizing than they will on “doing things.” This is a real challenge, because there is always so much to be done. They will also pay attention to what they need to do to rise to the next level – such as improve presentation skills, increase willingness to deal with conflict, honestly assess the organization’s underlying weaknesses, clarify and extend the culture, and take on myriad other challenges.

### The Best of the Best



There is a great quote from Howard Schultz, CEO of Starbucks, in his book “Onward: How Starbucks Fought for Its Life without Losing Its Soul”:

“Grow with discipline. Balance intuition with rigor. Innovate around the core. Don't embrace the status quo. Find new ways to see. Never expect a silver bullet. Get your hands dirty. Listen with empathy and over communicate with transparency. Tell your story, refusing to let others define you. Use authentic experiences to inspire. Stick to your values, they are your foundation. Hold people accountable, and give them the tools to succeed. Make the tough choices; it's how you execute that counts. Be decisive in times of crisis. Be nimble. Find truth in trials and lessons in mistakes. Be responsible for what you see, hear, and do. Believe.”

Embracing this will allow the CEO to move the entire organization to the next level. Most CEOs know what needs to be done to lift their organizations to the next level, but all too often they fall into the mindset of “it is easier to just let it ride.” Evolving CEOs will go a step above to not only identify what they need to do, but actually make it happen.

### **Expansion**

If an MLS is looking to the future it should always position itself for expansion. As brokerage firms grow and business is no longer conducted within a specified set of boundaries the MLS must be prepared to adapt and change into what brokerage firms need. Firms increasingly want the MLS to provide the same data, rules, standards, and data access. This is so that they can operate their companies seamlessly, regardless of how the MLSs operate. Two ways of doing this are to either position the organization for growth or be willing to merge with other organizations.

Decision making for expansion is not based on the best operational, financial, or technical system. An organization can have the very best MLS system imaginable, with triple the products and services at half the cost, and an MLS will turn down any and all options. It is a political decision first, and then a business decision, provided that the MLS is accommodated for its key requirements. The first step in expansion is creating a relationship, then listening to what all parties want, and finally finding a way to deliver the key points that work for everyone. “Selling” the system and service does not work, unless (or until) all political issues have been resolved. Below are some of the potential ways to expand and/or meet the brokerage firm's needs.

**Data sharing** is an option to consider, particularly for adjacent MLSs. In the event data sharing is done, it is important to include cooperation and compensation as well as complete data. This does require a significant mapping exercise on the part of each MLS and its vendors. In the long run, data sharing does not solve the complete problem for firms operating across multiple MLSs, but it does assist where there is an occasional need to cross markets. It can also set the stage for later mergers.

**Vending** services to another MLS is an option. Current examples include the Carolina MLS, which vends MLS to four other associations; Metro MLS in Milwaukee, which serves ten other associations; and My Florida MLS, which serves four non-owner associations.

**Merging** with another MLS requires compromise on all sides. Typically, these mergers are established as a separate corporation with ownership by all parties participating. This means that the new entity is fully empowered to make decisions regarding the MLS and most decisions do not flow back to the individual shareholder associations. Each shareholder association must be prepared to relinquish control and monies in the process. The new entity can be a profit-making entity or a nonprofit cooperative, depending on the laws of the state and the philosophy of the shareholders. The regional entity is typically responsible for selecting the MLS system, establishing data policies, establishing MLS rules and regulations, selecting data-related products, and providing call center support.

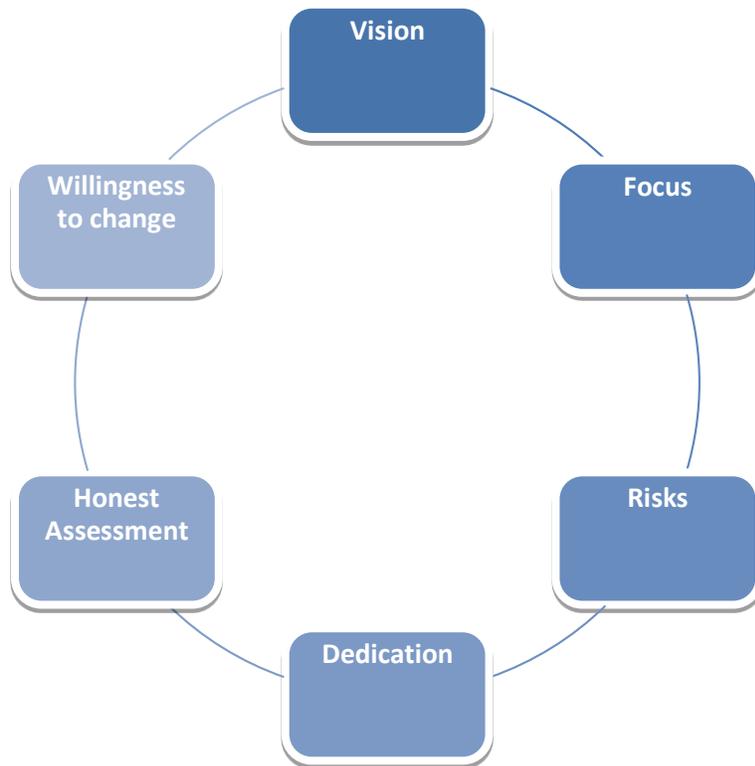
**Wholesaling/Retailing Services** are another option for MLSs. This is when the MLS is set up as a wholesale/retail corporation where the regional entity wholesales services to each shareholder association. The regional entity then takes the total of those costs and divides it by the total number of subscribers and bills each association the same

amount per subscriber. The shareholder association is responsible for signing up new subscribers, setting the fees it wishes to charge, billing and collecting from subscribers, and remitting payment to the regional entity. Decisions will need to be made on which entity will enforce the rules and regulations. If each association is given the responsibility to enforce the rules, identical rules tend to be enforced very differently, creating a challenge for members. In some cases, associations have used a “lack of rules enforcement” as a recruiting tool.

### **MLS: GOOD TO GREAT TO EXTRAORDINARY**

The challenge for MLSs is to go from good to great to extraordinary. Doing things well is simply not good enough anymore. The time has come that the MLS industry as a whole must move to operating on a professional level if it is going to succeed in meeting and exceeding the needs of customers and stakeholders. What will it take?

It will take people who are more focused on what brokers and agents need than on what is best for any one individual - be it the CEO of the organization or the incoming president. It will take a revolution in thinking to move from the status quo to future possibilities. And it will take ongoing focus, dedication, willingness to change, taking risks, and an honest assessment. Most organizations know what needs to be done—it is just time to do it.



**Becoming Extraordinary**

## **APPENDICES**

### **Appendix A: Google's "Ten Things We Know to Be True"**

#### **Ten Things We Know to Be True**

We first wrote these "10 things" when Google was just a few years old. From time to time we revisit this list to see if it still holds true. We hope it does—and you can hold us to that.

1. Focus on the user and all else will follow.

Since the beginning, we've focused on providing the best user experience possible. Whether we're designing a new Internet browser or a new tweak to the look of the homepage, we take great care to ensure that they will ultimately serve you, rather than our own internal goal or bottom line. Our homepage interface is clear and simple, and pages load instantly. Placement in search results is never sold to anyone, and advertising is not only clearly marked as such, it offers relevant content and is not distracting. And when we build new tools and applications, we believe they should work so well you don't have to consider how they might have been designed differently.

2. It's best to do one thing really, really well.

We do search. With one of the world's largest research groups focused exclusively on solving search problems, we know what we do well, and how we could do it better. Through continued iteration on difficult problems, we've been able to solve complex issues and provide continuous improvements to a service that already makes finding information a fast and seamless experience for millions of people. Our dedication to improving search helps us apply what we've learned to new products, like Gmail and Google Maps. Our hope is to bring the power of search to previously unexplored areas, and to help people access and use even more of the ever-expanding information in their lives.

3. Fast is better than slow.

We know your time is valuable, so when you're seeking an answer on the web you want it right away—and we aim to please. We may be the only people in the world who can say our goal is to have people leave our website as quickly as possible. By shaving excess bits and bytes from our pages and increasing the efficiency of our serving environment, we've broken our own speed records many times over, so that the average response time on a search result is a fraction of a second. We keep speed in mind with each new product we release, whether it's a mobile application or Google Chrome, a browser designed to be fast enough for the modern web. And we continue to work on making it all go even faster.

4. Democracy on the web works.

Google search works because it relies on the millions of individuals posting links on websites to help determine which other sites offer content of value. We assess the importance of every web page using more than 200 signals and a variety of techniques, including our patented PageRank™ algorithm, which analyzes which sites have been "voted" to be the best sources of information by other pages across the web. As the web gets bigger, this approach actually improves, as each new site is another point of information and another vote to be counted. In the same vein, we are active in open source software development, where innovation takes place through the collective effort of many programmers.

5. You don't need to be at your desk to need an answer.

The world is increasingly mobile: people want access to information wherever they are, whenever they need it. We're pioneering new technologies and offering new solutions for mobile services that help people all over the globe to do any number of tasks on their phone, from checking email and calendar events to watching videos, not to mention the several different ways to access Google search on a phone. In addition, we're hoping to fuel greater innovation for mobile users everywhere with Android, a free, open source mobile platform. Android brings the openness that shaped the Internet to the mobile world. Not only does Android benefit consumers, who have more choice and innovative new mobile experiences, but it opens up revenue opportunities for carriers, manufacturers and developers.

6. You can make money without doing evil.

Google is a business. The revenue we generate is derived from offering search technology to companies and from the sale of advertising displayed on our site and on other sites across the web. Hundreds of thousands of advertisers worldwide use AdWords to promote their products; hundreds of thousands of publishers take advantage of our AdSense program to deliver ads relevant to their site content. To ensure that we're ultimately serving all our users (whether they are advertisers or not), we have a set of guiding principles for our advertising programs and practices:

- We don't allow ads to be displayed on our results pages unless they are relevant where they are shown. And we firmly believe that ads can provide useful information if, and only if, they are relevant to what you wish to find—so it's possible that certain searches won't lead to any ads at all.
- We believe that advertising can be effective without being flashy. We don't accept pop-up advertising, which interferes with your ability to see the content you've requested. We've found that text ads that are relevant to the person reading them draw much higher click-through rates than ads appearing randomly. Any advertiser, whether small or large, can take advantage of this highly targeted medium.
- Advertising on Google is always clearly identified as a sponsored link so it does not compromise the integrity of our search results. We never manipulate rankings to put our partners higher in our search results and no one can buy better PageRank. Our users trust our objectivity and no short-term gain could ever justify breaching that trust.

7. There's always more information out there.

Once we'd indexed more of the HTML pages on the Internet than any other search service, our engineers turned their attention to information that was not as readily accessible. Sometimes it was just a matter of integrating new databases into search, such as adding a phone number and address lookup and a business directory. Other efforts required a bit more creativity, like adding the ability to search news archives, patents, academic journals, billions of images and millions of books. And our researchers continue looking into ways to bring all the world's information to people seeking answers.

8. The need for information crosses all borders.

Our company was founded in California, but our mission is to facilitate access to information for the entire world, and in every language. To that end, we have offices in more than 60 countries, maintain more than 180 Internet domains, and serve more than half of our results to people living outside the United States. We offer Google's search interface in more than 130 languages, offer people the ability to restrict results to content written in their own language, and aim to provide the rest of our applications and products in as many languages

and accessible formats as possible. Using our translation tools, people can discover content written on the other side of the world in languages they don't speak. With these tools and the help of volunteer translators, we have been able to greatly improve both the variety and quality of services we can offer in even the most far-flung corners of the globe.

9. You can be serious without a suit.

Our founders built Google around the idea that work should be challenging, and the challenge should be fun. We believe that great, creative things are more likely to happen with the right company culture—and that doesn't just mean lava lamps and rubber balls. There is an emphasis on team achievements and pride in individual accomplishments that contribute to our overall success. We put great stock in our employees—energetic, passionate people from diverse backgrounds with creative approaches to work, play and life. Our atmosphere may be casual, but as new ideas emerge in a café line, at a team meeting or at the gym, they are traded, tested and put into practice with dizzying speed—and they may be the launch pad for a new project destined for worldwide use.

10. Great just isn't good enough.

We see being great at something as a starting point, not an endpoint. We set ourselves goals we know we can't reach yet, because we know that by stretching to meet them we can get further than we expected. Through innovation and iteration, we aim to take things that work well and improve upon them in unexpected ways. For example, when one of our engineers saw that search worked well for properly spelled words, he wondered about how it handled typos. That led him to create an intuitive and more helpful spell checker.

Even if you don't know exactly what you're looking for, finding an answer on the web is our problem, not yours. We try to anticipate needs not yet articulated by our global audience, and meet them with products and services that set new standards. When we launched Gmail, it had more storage space than any email service available. In retrospect offering that seems obvious—but that's because now we have new standards for email storage. Those are the kinds of changes we seek to make, and we're always looking for new places where we can make a difference. Ultimately, our constant dissatisfaction with the way things are becomes the driving force behind everything we do.

## Appendix B: BLC® & MIBOR® Values, Beliefs, and Work Ethics

### STAFF VALUES, BELIEFS, WORK ENVIRONMENT

**VALUE: Principle or quality considered worthwhile or desirable**

- We value:
- Member opinions and individual worth
  - Initiative and achievement
  - Behavior that respects each person
  - Ethics – How we live MIBOR’s core values
  - Teamwork
  - Professionalism under pressure

**BELIEF: Tenet; something accepted as true by a group**

- We believe:
- Staff should concern themselves with their own personal and professional interests and not those of others
  - Staff members deserve common courtesy, including respect for personal privacy
  - Excellence should be rewarded
  - All staff are entitled to equitable treatment
  - Staff members are accountable for their own responsibilities
  - Discretion should be exercised in sharing information

**FOSTER: To promote the development or growth of; encourage, cultivate**

- We foster:
- Constructive advice
  - A fun, yet productive, work environment
  - A means of recognizing excellence
  - Input into decision making
  - Efficiency and economy
  - Effective and useful communications
  - Innovation and resourcefulness

**STANDARD: An acknowledged measure of comparison for quantitative or qualitative value**

- Our standards are:
- Cheerful member assistance
  - No cursing in front of members
  - All printed material will be grammatically correct
  - All printed material will be spelled correctly
  - Ethical behavior
  - Promptness for meetings and work
  - Compliance with safety regulations and sound safety practices in work areas
  - Meeting time deadlines
  - Uncomplicated access and easily understood information
  - Compliance with MIBOR/departmental procedures

**TOLERATE:** To allow without prohibiting or opposing; to recognize and respect, as in the rights, opinions, and practices of others; to put up with

We will tolerate:

- Others' differences, opinions, personalities, experiences
- Occasional mistakes
- Members' rude behavior
- Others' time constraints

We will not tolerate:

- Offensive or abusive language
- Physical or sexual abuse or harassment
- Demeaning or belligerent behavior
- Reprimanding staff in front of others
- Vindictive behavior
- Disrespect
- Discourtesy

- **Quick hits:** Peer and supervisor recognition of superior effort and results for an individual staff member who has taken a risk and truly excelled in taking a new or existing program or service to the next level.
- **Kudos:** Peer recognition for especially team oriented effort of one staff member toward another or for a member.

**Appendix C: Sample Best Practices Checklist for Leadership and Governance of the Overall Organization**

<b>Leadership and Governance</b>	<b>Yes</b>	<b>No</b>	<b>COMMENTS</b>
<b>Assessment of Leadership Traits</b>			
Vision			
Passion			
Listening			
Decision making			
Relationship and team building			
Strength of character			
<b>Plan in Place</b>			
Mission and vision			
Core values or philosophies			
Goals			
Culture: Embedded in the fabric of the organization			
<b>Governance Structure</b>			
Effective decision making process			
All stakeholders empowered			
Cultivates forward momentum			
Has the best of the best clamoring to be on the board			
Allows for reasonable change			
The right legal structure			
Right number of directors on the board			
Right skill set for directors on the board			
Executive committee clearly defined			
Role of the board of directors and CEO defined			
Governing documents in order and up to date			
Allows for easy expansion			
<b>Board of Directors</b>			

Focused on policy, strategy, and financial oversight			
<b>OUTSTANDING RELATIONSHIPS WITH ALL STAKEHOLDERS</b>			
Employees and directors			
Customers			
Shareholders			
Peers			
Adjacent MLSs			
Community organizations			
<b>Becoming Extraordinary</b>			
Honest assessment			
Willingness to change			
Focus			
The right risks			

## **Appendix D: Reference List and Contributing Organizations**

### **Reference List**

AGCO

American Standard

Dwight D. Eisenhower

Google

<http://www.360-degreefeedback.com/>

<http://blogs.hbr.org/2013/05/six-components-of-culture/>

<http://www.businessdictionary.com/definition/active-listening.html#ixzz3DzUVd5Zj>

<http://www.businessdictionary.com/definition/goal.html#ixzz3E05iB1Ag>

<http://topnonprofits.com/examples/nonprofit-mission-statements/>

<http://www.myersbriggs.org/my-mbti-personality-type/mbti-basics/>

*“Lessons From the Top: The Search for America's Best Business Leaders”* by Howard Schultz, CEO of Starbucks

Professor Warren G. Bennis

Southwest Airlines

Starbucks

### **Contributing Organizations**

Broker Listing Cooperative® (BLC®) & Metropolitan Indianapolis Board of REALTORS® (MIBOR)

California Regional Multiple Listing Service (CRMLS)

Heartland Multiple Listing Service, Inc.

Metropolitan Regional Information Systems, Inc. (MRIS)

MLS Property Information Network, Inc. (MLSPIN)