Our Thesis Was Wrong

CMLS2023
CHAMPIONING MLS

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MLS GOVERNANCE GROUP PROJECT

Carrie Kozubal, Kim Everett, Mark Hill, Mike Murphy & Bryan Hutchinson

THE STARTING THEORY

The Current MLS Governance models prevent the advancement and evolution of the MLS decision making processes. Specifically, current business models are inhibiting efficient decision-making processes for business.

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GOVERNANCE DEFINED

The process of overseeing the control and direction of an organization

Legal Structure

Decision Making

Ownership

Ownership

THREE MODELS

Broker Owner	Single Owner	Regional
Brokers own and define operational strategy.	One Stakeholder, almost exclusively a REALTOR® association, owns and operates MLS.	Multiple Stakeholders, typically REALTOR® associations, own but do not operate the MLS.

COMMONALITIES

- ✓ Board of Directors vested with power of oversight
- ✓ Staff are employed for daily operations
- ✓ Board of Directors are elected volunteers
- ✓ Volunteers are real estate practitioners

QUESTIONS WE ASKED 10 HIGH PERFORMING MLS

- *How are decisions made?*
- *Who has the ability to make decisions?*
- *How are those individuals identified and selected?*
- *Is compensation a factor?*
- *Are individuals from outside of the industry involved?*
- *If they could change governance, would they?*

KEY TRAITS

1

Relative Autonomy and Decision Making of Staff

2

The Right Leaders in Governing Roles

SO IF IT ISN'T GOVERNANCE - WHAT IS HOLDING US BACK?

We needed to dig deeper!

WHO RESPONDED?

We received 65 responses out of 529 MLSs for a response rate of 12.3%.

SMALL MLS
8%

MEDIUM MLS
29%

LARGE MLS
29%

MEGA MLS
34%

LEADERSHIP TENURE
(IN YEARS)

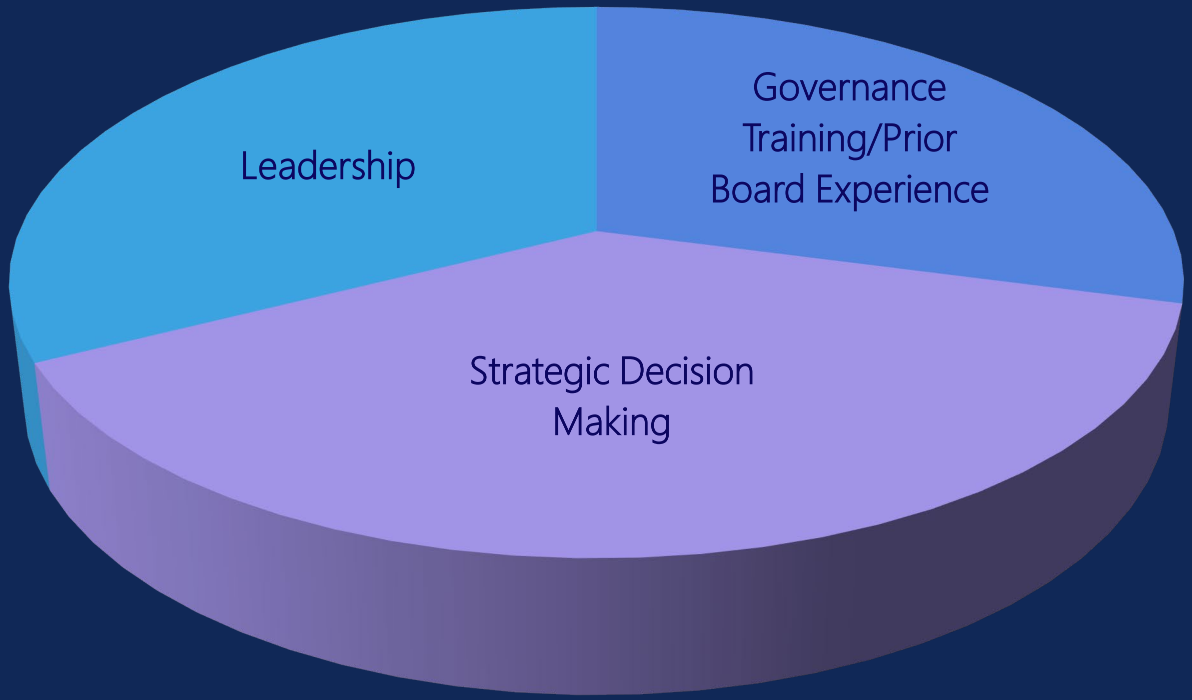
53%
10+

21%
6-10

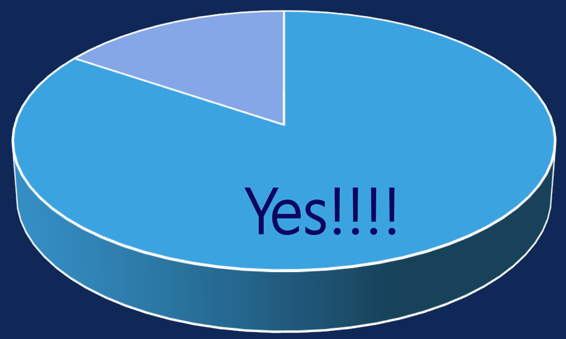
13%
3-5

13%
1-2

WHAT ARE THE MOST VALUED BOARD SKILLS?



WHAT ARE YOUR BOARD TRAINING NEEDS?



Would you find a Board training program valuable?

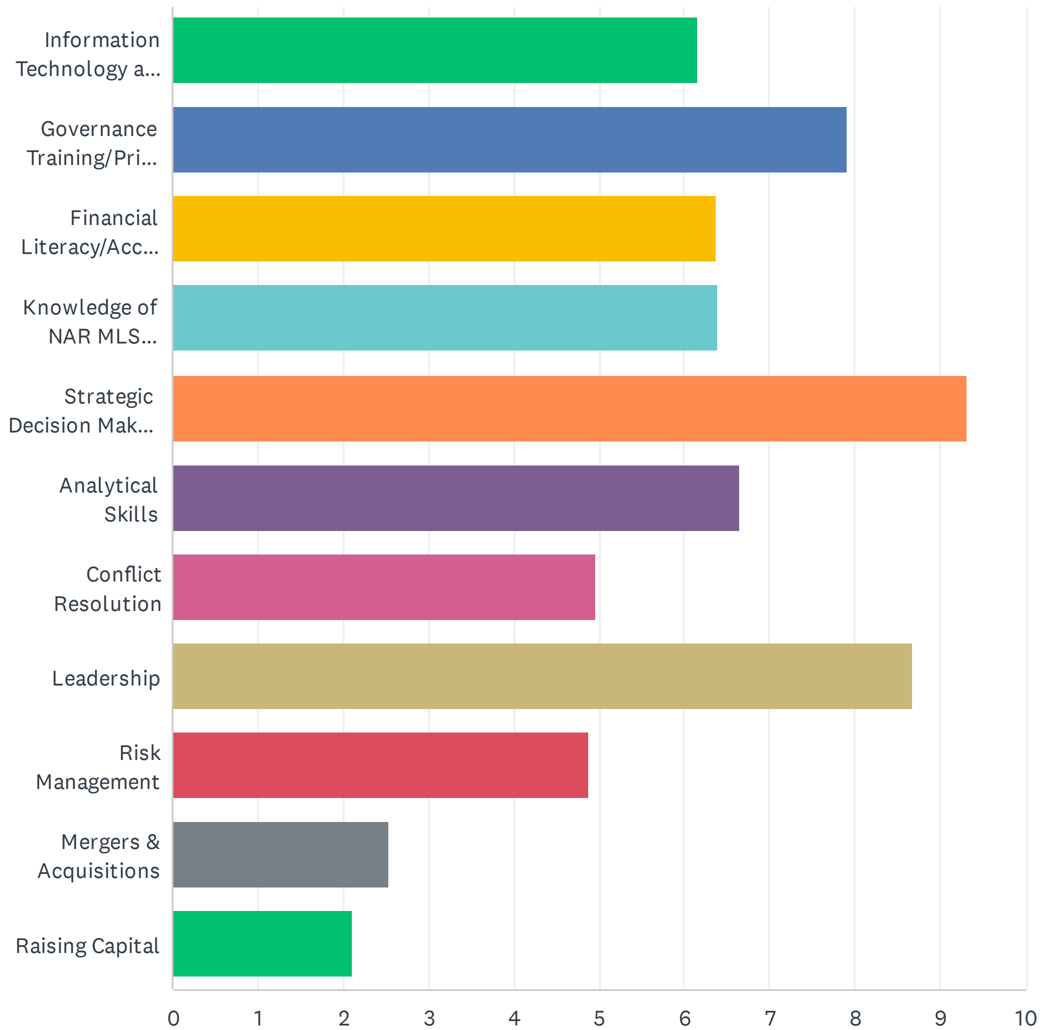
THANK YOU

THE GOVERNATORS

CMLX3 2023

Q1 Please rank the skills/expertise you find most valuable in a director candidate in order of most important to least.

Answered: 65 Skipped: 0



MLS Board Member Success Traits

	1	2	3	4	5	6	7	8	9	10	11
Information Technology and Cyber Security Knowledge	4.62% 3	10.77% 7	10.77% 7	6.15% 4	20.00% 13	4.62% 3	4.62% 3	20.00% 13	6.15% 4	10.77% 7	1.
Governance Training/Prior Board Experience	15.38% 10	15.38% 10	23.08% 15	10.77% 7	6.15% 4	9.23% 6	10.77% 7	1.54% 1	3.08% 2	1.54% 1	3.
Financial Literacy/Accounting Skills	4.62% 3	4.62% 3	15.38% 10	16.92% 11	9.23% 6	9.23% 6	15.38% 10	7.69% 5	7.69% 5	6.15% 4	3.
Knowledge of NAR MLS Practices (if applicable)	9.23% 6	10.77% 7	7.69% 5	12.31% 8	12.31% 8	13.85% 9	3.08% 2	7.69% 5	9.23% 6	6.15% 4	7.
Strategic Decision Making	29.23% 19	24.62% 16	18.46% 12	13.85% 9	6.15% 4	6.15% 4	1.54% 1	0.00% 0	0.00% 0	0.00% 0	0.
Analytical Skills	1.54% 1	9.23% 6	10.77% 7	12.31% 8	13.85% 9	18.46% 12	20.00% 13	10.77% 7	3.08% 2	0.00% 0	0.
Conflict Resolution	0.00% 0	3.08% 2	4.62% 3	9.23% 6	4.62% 3	10.77% 7	16.92% 11	26.15% 17	18.46% 12	3.08% 2	3.
Leadership	35.38% 23	18.46% 12	6.15% 4	10.77% 7	9.23% 6	3.08% 2	6.15% 4	6.15% 4	4.62% 3	0.00% 0	0.
Risk Management	0.00% 0	1.54% 1	1.54% 1	6.15% 4	13.85% 9	16.92% 11	13.85% 9	10.77% 7	30.77% 20	1.54% 1	3.
Mergers & Acquisitions	0.00% 0	0.00% 0	1.54% 1	0.00% 0	1.54% 1	6.15% 4	3.08% 2	4.62% 3	10.77% 7	53.85% 35	18.
Raising Capital	0.00% 0	1.54% 1	0.00% 0	1.54% 1	3.08% 2	1.54% 1	4.62% 3	4.62% 3	6.15% 4	16.92% 11	60.

Q2 Are there other Technical Skills such as Legal, Marketing, Communications, Diversity and Inclusion that you feel are valuable in a director? If so please describe.

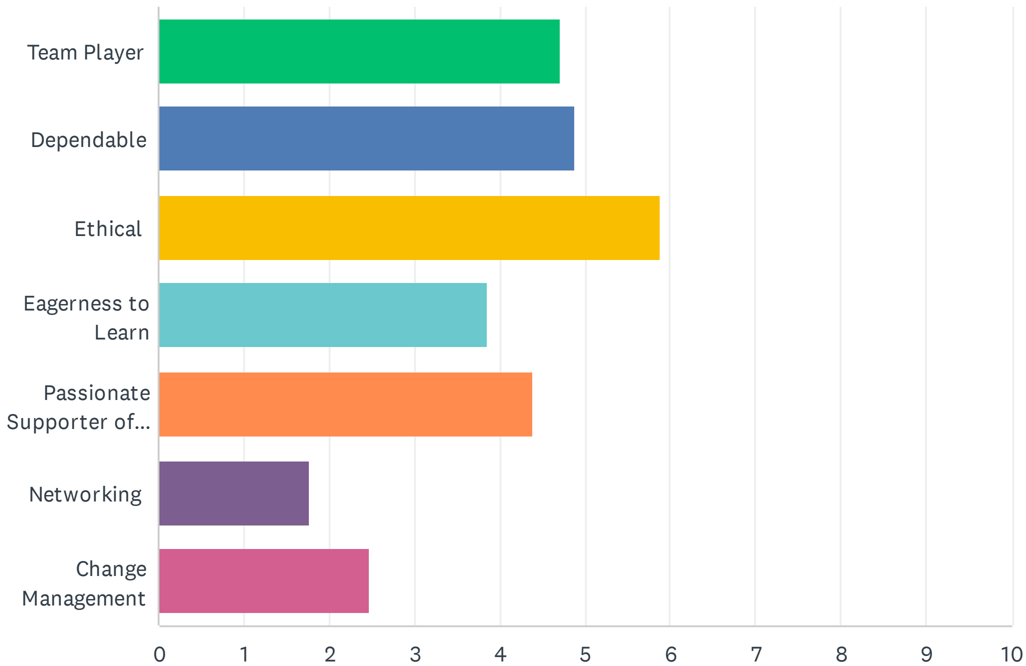
Answered: 38 Skipped: 27

#	RESPONSES	DATE
1	Communication	6/20/2023 10:15 AM
2	Leadership and Decision Making are the key skills.	6/15/2023 11:58 AM
3	Highly knowledgeable about current trends and forces within the real estate industry, inside and out of NAR.	6/15/2023 6:57 AM
4	Diversity is the outcome of Inclusion. Inclusion apparently means other things in the wide world of nuances and persuasion - but TRUE inclusion is the measure of emotional intelligence a person has towards those that does not share the same spectrum of beliefs, morality, ethics or thought-patterns. It's the elimination of shouting "bigot" in moments of perceived bigotry in the pursuit of understanding one another and educate each other. What you really want - is Emotional Intelligence (the ability to see the soul beyond the skin and actions). That's a rare find and is the MOST important skill for a Director. I don't recommend a board full of different principles, but I do recommend a board full of emotionally intelligent people.	6/14/2023 7:17 AM
5	I think all these items are important to have in the board room, but not necessarily in each person in the board room.	6/14/2023 3:36 AM
6	Corporate Law	6/13/2023 2:07 PM
7	A director should have knowledge of all of the above, and have the willingness to seek advice on any additional needs.	6/13/2023 12:28 PM
8	For-profit board experience	6/13/2023 12:23 PM
9	Communications and Marketing skills needed to be persuasive and to know how to reach members. Basic legal knowledge - conflict of interest, fiduciary duty, anti-trust concepts.	6/13/2023 11:46 AM
10	Legal experience is helpful. Have experience as an active agent and know the real estate business.	6/13/2023 11:06 AM
11	Overall, all of these are valuable but almost most importantly is to ensure that folks with a pre-disposed agenda or want a 'legacy' to make their year(s) of leadership 'meaningful', DO NOT discount the successful operation of MLS and leadership prior to their year(s) of service....	6/13/2023 10:51 AM
12	DEI, Communications, some legal would be helpful	6/13/2023 10:39 AM
13	Industry awareness	6/13/2023 10:17 AM
14	Communications	6/13/2023 9:52 AM
15	Legal, the number one issue in the industry right now is anti-trust litigation. Do NOT put agents on a board, a Board should be experts that run businesses, including brokerages. Most agents have no place being on an MLS Board.	6/13/2023 9:50 AM
16	Open mindedness	6/13/2023 8:34 AM
17	Most Real Estate Associations and Multiple LIsting Services struggle with being diverse/finding candidates who are diverse.	6/13/2023 8:12 AM
18	Risk management, realtor safety, DEI skills are important for a director to understand and how they play a role in the organization	6/13/2023 7:29 AM
19	N/A	6/13/2023 7:00 AM
20	The ability to communicate the company’s messages to others. The ability to understand the	6/13/2023 6:57 AM

	role of a Board member is not that of a staff member.	
21	It is important that directors are fully educated on the legal issues in the MLS industry today.	6/13/2023 6:43 AM
22	We like to leave "legal" to our attorneys. Communication skills are a big part of what we do, so YES for this one. Marketing is usually done by staff. DEI has its own committee but we always want to make sure we are paying attention to cover all demographics involved.	6/13/2023 6:36 AM
23	All of these skills are important especially given today's legal landscape. You must be able to communicate the value proposition of the MLS and real estate professionals. Directors must be visionaries who aren't afraid to question the status quo.	6/13/2023 5:33 AM
24	All of these skills are highly important. Having a director that is smart and open minded; someone that maybe doesn't have all the answers but knows where to look for them, or how to outsource for them, or how to collaborate to find the answers makes for the strongest and best directors.	6/13/2023 5:25 AM
25	Technical, data management	6/13/2023 4:59 AM
26	Ecommerce business strategy	6/12/2023 9:56 PM
27	Broker Ops, Change Mgmt, Biz Dev, Creative Thinking, Links to other orgs.	6/12/2023 8:30 PM
28	Some legal is helpful when it comes to contract management	6/12/2023 3:31 PM
29	No. You need to differentiate between providing strategic direction and day to day operations. The MLS CEO needs these skills (themself or via staff) where the Board Members may only need to recognize that say for example, "Marketing" is needed but detailed skills around marketing are required at the Staff level.	6/12/2023 3:28 PM
30	Understanding of best practices including legal, etc. Public ownership of the decisions made by the board. Willingness to find someone to take replace them as a leader rather than feeling so much ownership they won't let go of their position.	6/12/2023 3:17 PM
31	Not sure. Technical?	6/12/2023 2:51 PM
32	Understanding legal issues and risk management is a big plus; the others are generally brought to the board by staff specialists in our MLS.	6/12/2023 2:48 PM
33	What technologies other MLS's are using,	6/12/2023 2:46 PM
34	communications expertise actual use of the MLS	6/12/2023 2:27 PM
35	Communications, Diversity and Inclusion	6/12/2023 2:24 PM
36	All of those skills are valuable - helpful to have at least one person on the Board with those skills (communications, legal understanding, markeing expertise, etc)	6/12/2023 2:24 PM
37	Diversity, Production and MLS activity	6/12/2023 2:21 PM
38	up to date on industry knowledge related to MLS	6/12/2023 2:21 PM

Q3 Please rank the behavioral skills you find most valuable in a director candidate in order of most important to least.

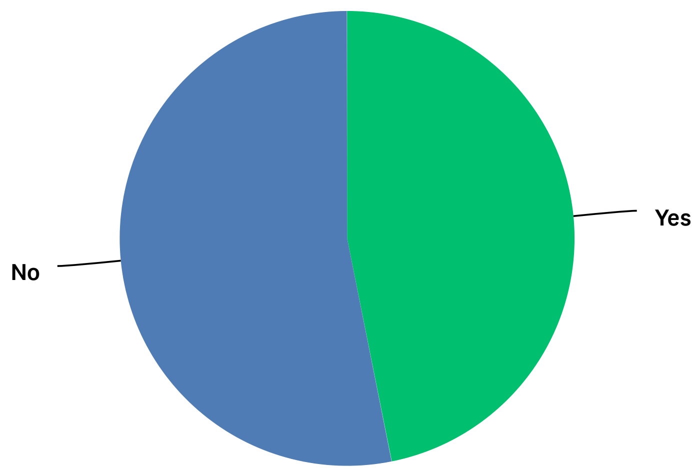
Answered: 64 Skipped: 1



	1	2	3	4	5	6	7	TOTAL	SCORE
Team Player	14.06% 9	20.31% 13	23.44% 15	17.19% 11	17.19% 11	6.25% 4	1.56% 1	64	4.72
Dependable	10.94% 7	28.13% 18	28.13% 18	14.06% 9	10.94% 7	6.25% 4	1.56% 1	64	4.89
Ethical	43.75% 28	23.44% 15	17.19% 11	10.94% 7	3.13% 2	1.56% 1	0.00% 0	64	5.89
Eagerness to Learn	1.56% 1	7.81% 5	18.75% 12	32.81% 21	26.56% 17	10.94% 7	1.56% 1	64	3.86
Passionate Supporter of the Organization	23.44% 15	10.94% 7	7.81% 5	18.75% 12	21.88% 14	12.50% 8	4.69% 3	64	4.39
Networking	0.00% 0	3.13% 2	1.56% 1	0.00% 0	3.13% 2	48.44% 31	43.75% 28	64	1.77
Change Management	6.25% 4	6.25% 4	3.13% 2	6.25% 4	17.19% 11	14.06% 9	46.88% 30	64	2.48

Q4 Do you struggle to find candidates for your board that posses the desired skills?

Answered: 64 Skipped: 1



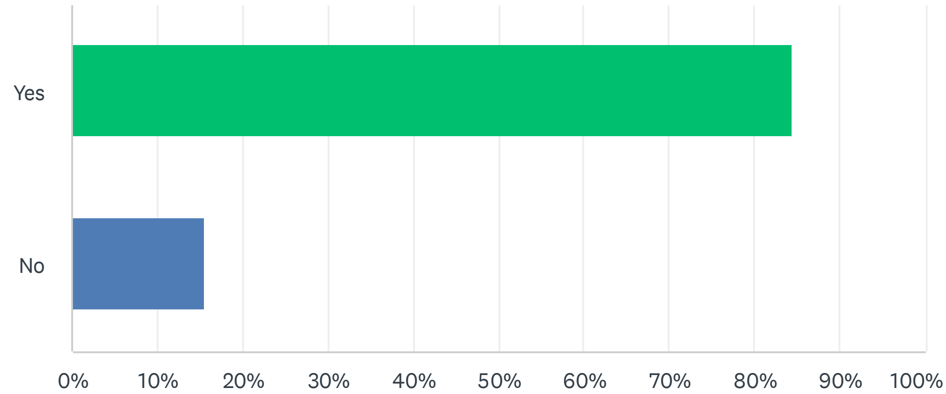
ANSWER CHOICES	RESPONSES	
Yes	46.88%	30
No	53.13%	34
TOTAL		64

#	IF YES, PLEASE FEEL FREE TO ELABORATE ON WHAT SKILLS/QUALITIES YOU STRUGGLE TO FIND.	DATE
1	Board Service and vision for MLS.	6/15/2023 6:57 AM
2	Able to understand and follow Policy Governance and Leadership skills.	6/13/2023 2:07 PM
3	Strategic Planning - most are focused on today. Big vision thinking.	6/13/2023 11:46 AM
4	Because of how our participating associations 'elect/appoint' people to serve on the Regional MLS BOD, it is sometimes difficult to have a choice. This is a great reason to have a formal governance policy in place....that stipulates any pre-requisites or important values represented on a regional MLS board.	6/13/2023 10:51 AM
5	Our board has not been strategic about leadership development in the past. They also did not have any system for identifying memberships skill set or inviting them to serve.	6/13/2023 10:39 AM
6	Dependability, willingness to volunteer	6/13/2023 8:34 AM
7	Most of it has to do with rotation of the leadership and making certain we aren't recycling all the time.	6/13/2023 7:01 AM
8	Yes, many that meet the skills are getting to retirement age.	6/13/2023 6:43 AM
9	They're understanding the differences in serving an Association vs a for-profit MLS. Serving the MLS is not a Positional Leadership role. The MLS of the future need authentic, pioneering leadership that is not interested in a title, rather they are passionate and results driven. We need nimble Boards who empower CEOs and staff to create the MLS of the future.	6/13/2023 6:14 AM
10	Members that can take their broker/agent hat off and work for the good of the organization not	6/13/2023 5:25 AM

	the individual	
11	Directors that look at the "big picture" to move the organization in to the future instead of just making MLS easy for the participants	6/13/2023 4:59 AM
12	Our directors are appointed by shareholders	6/12/2023 5:12 PM
13	Not aways but there are some years where we have fewer nominees to pick from.	6/12/2023 3:28 PM
14	Ability to think strategically especially as a for-profit business	6/12/2023 3:17 PM
15	Strategic thinking/decision making, risk management in the sense of being willing to take a risk not just always avoiding one	6/12/2023 2:55 PM
16	Finding a mix of ages on the board...seems like the only willing folks are at the end of their career.	6/12/2023 2:46 PM
17	they all seem to busy to serve. Its difficult to motivate them to keep up with trends and industry direction. In their own bubble type.	6/12/2023 2:33 PM
18	We have members with the desired skills, the struggle is finding members who are willing to give of their time	6/12/2023 2:32 PM
19	It not the skills, its the process by which most boards are seated. They are often more a popularity contest than a reflection of a candidates true qualifications	6/12/2023 2:26 PM
20	Knowledge of how the Association/MLS works.	6/12/2023 2:26 PM
21	We provide training on NAR, state rules, keep them apprised of current industry issues & trends - help with training would be great!	6/12/2023 2:24 PM

Q5 Would you find value in additional training courses for directors that could teach theses skills as they pertain to their role on an MLS board of directors?

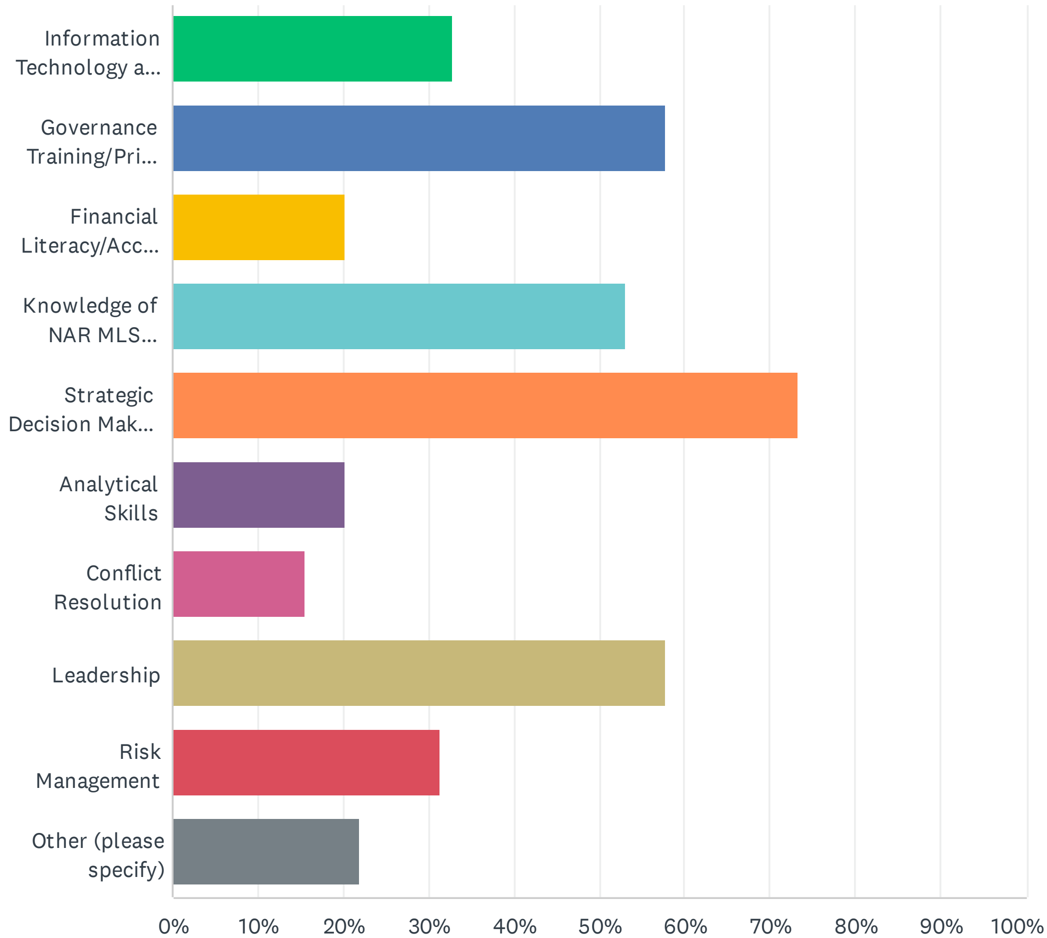
Answered: 64   Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	84.38%	54
No	15.63%	10
TOTAL		64

Q6 If MLS board of director training courses were to be offered , which skills would you most like to see addressed in the training? Please select your top 4 skills from the list below.

Answered: 64 Skipped: 1

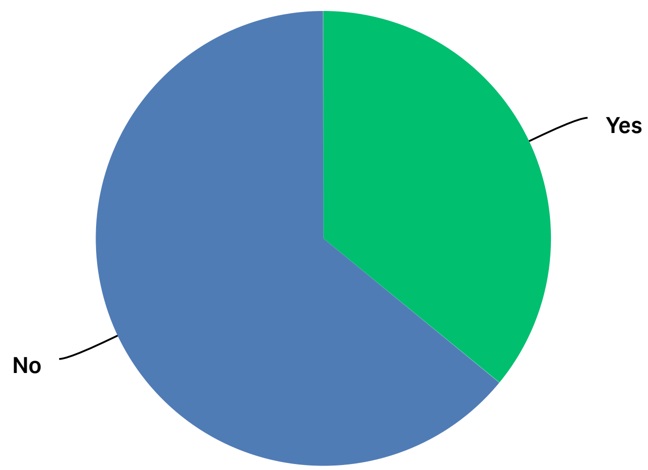


ANSWER CHOICES	RESPONSES	
Information Technology and Cyber Security Knowledge	32.81%	21
Governance Training/Prior Board Experience	57.81%	37
Financial Literacy/Accounting Skills	20.31%	13
Knowledge of NAR MLS Practices	53.13%	34
Strategic Decision Making	73.44%	47
Analytical Skills	20.31%	13
Conflict Resolution	15.63%	10
Leadership	57.81%	37
Risk Management	31.25%	20
Other (please specify)	21.88%	14
Total Respondents: 64		

#	OTHER (PLEASE SPECIFY)	DATE
1	Understanding of real estate business	6/13/2023 11:06 AM
2	Not bringing a pre-disposed legacy.....	6/13/2023 10:51 AM
3	DEI	6/13/2023 10:39 AM
4	Communication styles and how to relate	6/13/2023 9:52 AM
5	Anti-Trust, Rules & Regulations	6/13/2023 9:50 AM
6	I don't believe CMLS or any organization in our industry is the right organization to provide Director skills. This process of director training should be industry agnostic and run outside of our current paradigms.	6/13/2023 9:30 AM
7	The role of a Director in an organization. Most spend too much time in over reaching their responsibilities to the organization	6/13/2023 7:01 AM
8	Proper role of Board vs staff	6/13/2023 6:57 AM
9	Strategic vs Tactical Boards	6/13/2023 6:14 AM
10	Change Mgmt	6/12/2023 8:30 PM
11	None - if missing the skills, why are they Board Members?	6/12/2023 3:28 PM
12	New developments, best practices.	6/12/2023 2:51 PM
13	Specialized tech training (AI, etc)	6/12/2023 2:24 PM
14	professionalism	6/12/2023 2:21 PM

Q7 If unable to find qualified candidates would you consider using an outside firm to source director candidates?

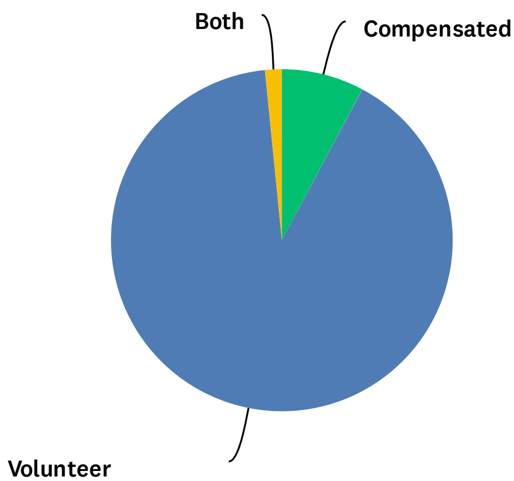
Answered: 64 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	35.94%	23
No	64.06%	41
TOTAL		64

Q8 Do you have compensated (excluding per diems and/or travel expenses) or volunteer Directors on your MLS Board?

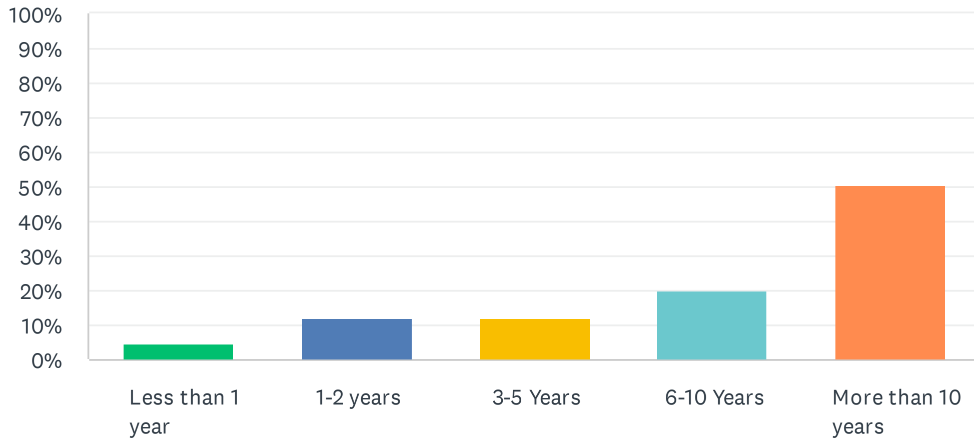
Answered: 64 Skipped: 1



ANSWER CHOICES	RESPONSES	
Compensated	7.81%	5
Volunteer	90.63%	58
Both	1.56%	1
TOTAL		64

Q9 How long have you been in your current role?

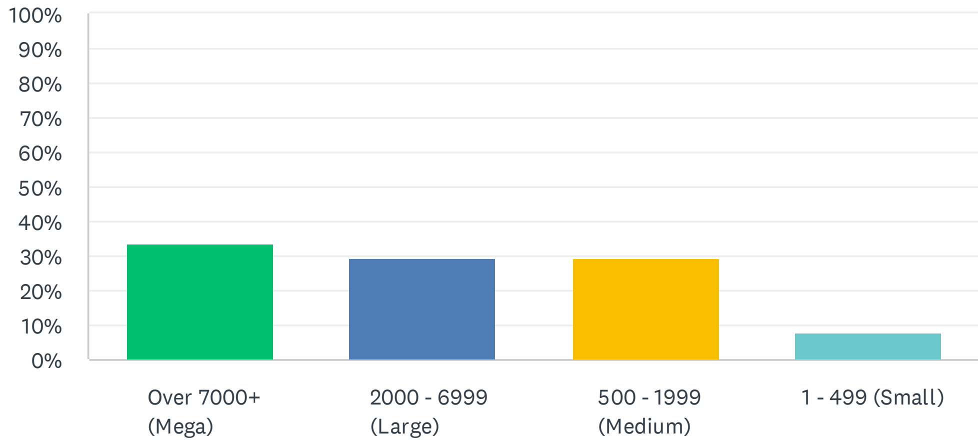
Answered: 65 Skipped: 0



ANSWER CHOICES	RESPONSES	
Less than 1 year	4.62%	3
1-2 years	12.31%	8
3-5 Years	12.31%	8
6-10 Years	20.00%	13
More than 10 years	50.77%	33
Total Respondents: 65		

Q10 Please select the size of your MLS?

Answered: 65 Skipped: 0



ANSWER CHOICES	RESPONSES	
Over 7000+ (Mega)	33.85%	22
2000 - 6999 (Large)	29.23%	19
500 - 1999 (Medium)	29.23%	19
1 - 499 (Small)	7.69%	5
TOTAL		65