



TEAMS!

Strategies to
Succeed by
Avoiding Risk

THE SHIFTING BUSINESS MODEL

- Teams are becoming more popular
- Why?
 - Competitive Advantage (Strength in numbers)
 - Leverage of skills
 - Extended revenue source for team leaders
 - Security
 - Quicker start for new agents

TEAMS ALSO COME WITH RISK



to the team lead



to the broker



to the team member

HERE'S THE CHALLENGE



There's a conflict...



WHICH LAW WINS?

- License law (that says that brokers must supervise?)
- Labor Law (that says that supervision and/or control = employee)

NO ONE REALLY
KNOWS...

...yet

This is especially true for teams. The team lead is an IC, but that same team lead is supervising another IC, who may or not be an employee of the team lead, but an IC of the broker.

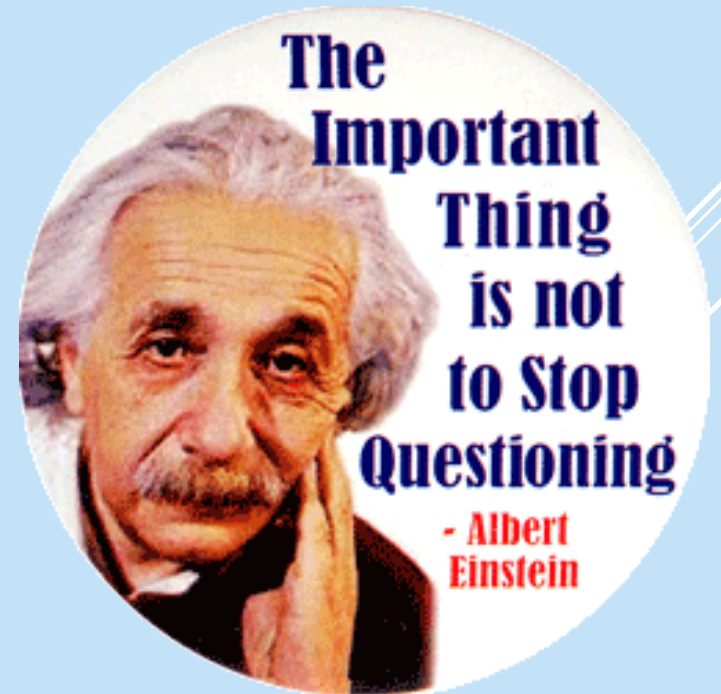


What a tangled web we

▶ Employee?

▶ Independent Contractor?

HOW DO WE DECIDE???



FEDERAL AND STATE LAWS IMPLICATING INDEPENDENT SALES ASSOCIATE CLASSIFICATION

- The Internal Revenue Code and certain state worker's compensation and unemployment laws treat real estate agents as independent contractors.
- However, federal wage and hour law (the Fair Labor Standards Act) and state wage and hour laws do not expressly exclude real estate agents from being classified as employees.



- The specific test used to determine whether a worker is an employee or an independent contractor varies. Courts look at a variety of factors such as:

- ✓ the worker's opportunity for profit or loss,
- ✓ the permanency of the relationship,
- ✓ whether the work performed requires special skills and initiative,
- ✓ control reserved over the worker's activities (e.g., requiring full-time work, attendance at meetings or in the office, compliance with a dress code, training, use of certain tools or equipment)



Federal and State Laws Implicating Independent Sales Associate Classification

As it relates to real estate sales associates, Courts will also consider the following :

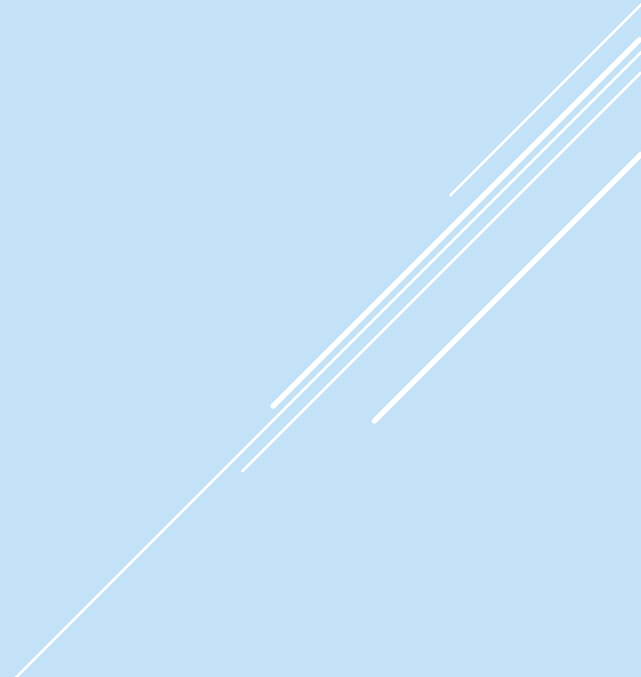
- If the sales associate is an independent contractor, he or she should maintain some risk of loss due to the discretionary and managerial decisions he or she makes.
- Whether the sales associate has the ability to set his or her own hours



HOW CAN WE PROTECT OURSELVES AND OUR INDUSTRY?

- Written agreements
- Professional resources for team leads
- Best practices shared freely
- Appropriate compensation models

WHY WRITTEN AGREEMENTS?

1. Clearly define the relationship
 2. Broker – team lead
 3. Team members to each other
 4. Dissolution clause
 5. Indemnification clause
- 

PROFESSIONAL RESOURCES

- Payroll Services
 - Legal
 - Accounting
 - Business Coaching
 - HR/ICR
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

BEST PRACTICES

- Communication is key
- Encourage optional coaching for team leads
- Help team leads build their businesses – while still affiliated with the office/business (if you're a broker)
- Find a balance between the team member's relationship with the team lead and the team member's relationship with YOU!

APPROPRIATE COMPENSATION

- Different compensation structures
- What about a hybrid model?
- Benefits?
- State laws differ





THERE'S A
LOT TO
THINK
ABOUT...