

REALTOR[®] AE

THE BUSINESS JOURNAL FOR REALTOR[®] ASSOCIATION EXECUTIVES

WINTER 2013

Managing Your Association's

MONEY

in Today's Economy

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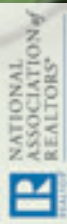
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Are You
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Plus: Association Stores • Stop Employee Fraud • Budgeting Software





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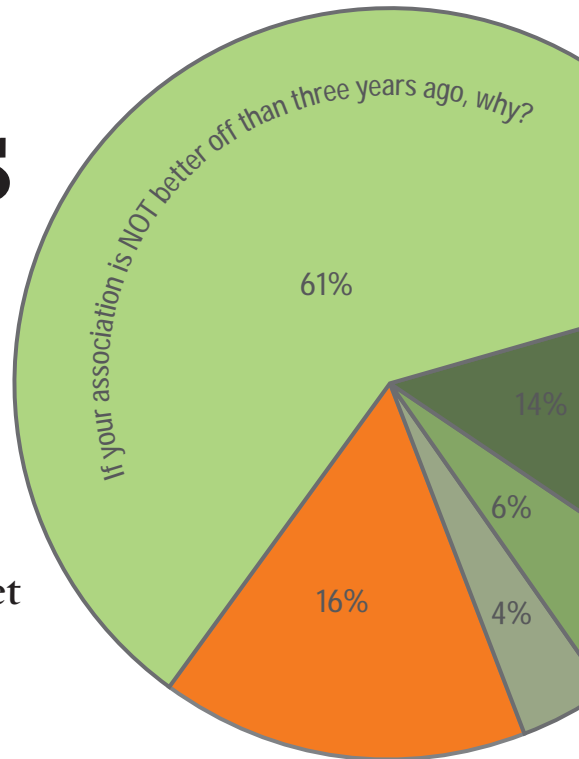
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AEC Chair

An Exciting Year Ahead



Mark Allen, RCE, CIPS, CRS
CEO of the Minneapolis Area
Association of REALTORS®
Contact him at 952-988-3134
or marka@mplsrealtor.com.

This will be a great year for real estate. Most of us are fortunate to work in real estate markets that are experiencing some growth. And our members are happy about that. Soon we will log more transaction units and volume per REALTOR® than we have seen for a long time.

With a growing market serving to support us, now is the time to tackle the challenges we all face in providing the services and tools that help our members meet the ever-changing needs of today's and tomorrow's consumers. It's all about establishing and maintaining relevancy with those we serve.

Change is both our challenge and our opportunity. This is certainly reflected in the activities represented by entities such as the NAR REthink program and the Pinnacle Group.

The 2013 AEC will continue to focus our efforts to address the changing world we live in.

Before highlighting plans for 2013, I first want to thank Ginger Downs for the great role model she was to me as the 2012 AEC chair. At all times, Ginger led with grace, dignity, and smarts as we determined our priorities for the year, met with NAR leadership, and tackled the projects brought before us.

The 2012 initiatives accomplished by the AEC's four workgroups—Structural Audit, Organizational Structures, Chief Staff Executive Review, and AE Mentor—were excellent. I encourage you to check them out at REALTOR.org! My association has already made good use of the products of two of those workgroups.

I'm energized by serving on an AEC that is passionate about what we can achieve. I'm honored to be working with an association executive community that possesses so much talent and wisdom. Following

are the AEC priorities we will focus on for 2013.

Strategic Planning Resource—This workgroup will develop strategic planning best practices that include resources, a facilitator directory, and strategies and methodologies to help associations navigate through the process.

Consumer Engagement—This workgroup will identify strategies and best practices that local associations can implement for greater consumer engagement and outreach, and provide a how-to resource guide that utilizes NAR consumer engagement tools and resources, all focused on benefiting REALTORS® in their business lives.

Online Membership Orientation—This workgroup will develop an online version of a local association membership orientation program.

AE Peer Review—This workgroup will research and identify the viability of an association peer-to-peer review process that provides an opportunity for associations to request a review of their operations and governance by the staff of other associations. Pending the outcome, the workgroup will establish guidelines for such a program.

AE YPN Group—The YPN group will be tasked with providing idea-sharing and networking opportunities for younger AEs through the AE YPN Meet-ups at the AE Institute, Midyear Meetings, and Annual Conference; and identifying best practices that can help local and state associations establish or enhance YPN chapters.

Cheers to a rewarding 2013, where we overcome all our challenges and seize the day with all our opportunity!

—Mark Allen, 2013 Chair, AE Committee

MORE ONLINE

Visit the AE Committee page at REALTOR.org for more on AEC activities in 2013.



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REALTOR® AE magazine



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Association Stores

A member service, profit center, or sacred cow?



REALTOR® Store Best Sellers

According to National Sign Display and REALTOR Team Store®, which both sell products to association stores, the best-selling items are lock boxes, pins, brochure boxes, and all types of garments and awards. “Currently, accessories for all types of electronic items (iPad, iPhones, BlackBerries) are very popular,” notes Jim Dunne at REALTOR Team Store®.

Wichita Area Association of REALTORS® thriving member store.

The store shelves and display cases at the Greater Nashville Association of REALTORS® building are coming down, its full-time retail clerk reassigned to member services. It’s a sign of the times, says Membership and Marketing Director Julie Davis. “With the change in the economy, and our change from classroom to online classes, we no longer need a full store, so we’re downsizing to just the most popular items, such as signs, pins, and logo coffee mugs.”

In its place, Nashville is building a member lounge where REALTORS® can access free Wi-Fi and coffee between appointments.

“We have seen many of our association customers closing their stores and consolidating,” says Renee Rocha, general man-

ager of Real Estate Marketing Supplies.

Although cost-cutting has led many associations to shrink, eliminate, or move their stores online, some are still thriving.

Go Big

“As other REALTOR® association stores have closed in recent years, we have bought their merchandise and sold it to our members at significant discounts,” says Carl Carlson, the director of retail operations at the Sacramento Association of REALTORS®, Calif. Its 1,600-square-foot retail center, launched in 1995, is a “full shopping experience,” says Carlson, and offers everything from open house merchandise to LED lightbulbs, and even snacks. It ships to more than 40 states,

and 27 percent of total sales come from its online store at www.realtysupplycenter.com.

The Massachusetts Association of REALTORS® used to have a physical store and a printed catalog but moved both to a hosted eCommerce Web site with an Amazon storefront. “I can’t say that it has been very successful, but at least we don’t have to buy and store inventory,” says Communications Director Eric Berman.

Move Online?

Closing a physical store and opening one online enables associations to maintain the valuable service, with less overhead and staff time. Jim Dunne, at REALTOR Team Store®, says many associations are migrating to its online revenue-share store

model*. “Our store becomes their store,” he says. “They earn 5 percent on anything their members purchase.”

Despite the convenience of online shopping, physical association stores endure in part because the most popular items among members are typically large, bulky, and expensive to ship.

“We’ve held back from opening an online store because the majority of the items sold—like yard signs, brochure boxes, and open house banners—have packaging and shipping costs that are higher than the cost of the item itself,” says Perry Crume, senior vice president at the Kansas City Regional Association of REALTORS®. Crume maintains the physical store in the association’s lobby, where it nets about \$30,000 per year (not including staff expenses). Profitability, however, is definitely not the norm. Many associations tell *RAE* that their stores fare just above break-even

Contra Costa Association of REALTORS® store with manager Jamie Garner.



and aren't designed to be profit-centers.

Store as Core Service

"Our store is set up as a core member service to provide discounted products. It's not a losing proposition, but it's not viewed as a traditional for-profit store," says Erin Milburn, marketing and communications di-

rector at the Minneapolis Area Association of REALTORS®.

Other associations have found success attracting members with discounted movie tickets and hand-made closing gifts. The Columbus Board of REALTORS® went with the REALTOR® maxim location, location, location and housed its store just inside its main lobby.

Carlson says his store is



Kansas City Regional Association of REALTORS®' popular member store.

rector at the Minneapolis Area Association of REALTORS®.

Likewise, the Emerald Coast Association of REALTORS® doesn't run its store at a profit, selling items at only 15 percent above cost to cover vendors' shipping costs, according to communications director Michaela Mitchell.

Unique Items Sell

Associations striving to build profits from their retail outlets have been successful with offering unique and discounted products.

"One reason our store has remained viable is that it works in close conjunction with our on-site real estate school and provides students with the necessary books and software for classes," notes Carla Gaydos, the store manager at the Charlotte Regional REALTOR® Association. The Charlotte store offers more than 400 items, with best sellers including

successful because the focus is customer service and he follows product trends. "You have to have the right merchandise at the right price and the right display, and personalized riders are a must," he says.

If you don't already have a physical store, it would be very difficult to set one up today to be a profit center, cautions Dunne. "It involves tying up money, space, and personnel. In addition, you have to have a feel for the right items, what color, how many, plus the marketing and advertising expense."

Ultimately, associations report, a retail outlet must be a member directive. If members aren't supporting it enough that it breaks even, it's time to choose between two paths: Promote its value to boost support, or phase it out. ■

** a program available through an agreement with the REALTOR Benefits® Program.*

Celebrate the Code of Ethics' 100th Anniversary

Every state and local REALTOR® association is invited to join NAR in celebrating the centennial of the Code of Ethics. NAR's yearlong celebration kicked off at the REALTORS® Conference in November and includes communications and events throughout 2013. State and local associations can participate in, and mirror, NAR's efforts on the local level in a number of ways.

Centennial graphics for associations to print, and electronic communication vehicles—along with background and history of the Code of Ethics, widgets, a video you can imbed at your site, and more details on upcoming NAR events—are available at REALTOR.org.

At the Greater Manchester/Nashua Board of REALTORS®, N.H., 2013 President Gail Athas has chosen the Code of Ethics as her focus this year. All leadership will wear Code of Ethics pins and events throughout the year will emphasize how the code differentiates REALTORS® from other real estate practitioners.

At the Oregon Association of REALTORS®, "Our president had an idea to put part of the code in each of our monthly e-newsletters to highlight it throughout the year," says Jennifer Hauge, the association's director of communications and professional development. The Missouri Association of REALTORS® decided to commemorate the code's 100-year anniversary as part of a Leadership Academy class project that included designing a custom postage stamp that enabled the MAR to promote the centennial on all its mailings, a public awareness campaign, a monthly newsletter article, and T-shirts.

HOW DO YOU PLAN TO CELEBRATE?

For more ideas on promoting the centennial locally, or to upload your idea to share, visit REALTOR.org/topics/code-of-ethics-centennial.

CODE OF ETHICS
CENTENNIAL

CELEBRATING
100
YEARS

1913 - 2013
NATIONAL ASSOCIATION
OF REALTORS®

Briefing

LOCAL, STATE, NATIONAL PROGRAMS

 REACH Accelerating Real Estate

New NAR Program to Foster Innovative Technology for Members

As the Voice for Real Estate, the NATIONAL ASSOCIATION OF REALTORS® often fields requests from technology companies asking for help accessing and capitalizing on the real estate marketplace. Likewise, REALTORS® look to NAR to help them find the best tools to conduct their business faster and more efficiently. A new program from NAR called REACH will act as the bridge between companies with innovative technology ideas and members who want to take their businesses to the next level.

REACH is a technology accelerator, that offers a nine-month mentorship, and education and development program for companies with innovative technology products or ideas, at any stage of development. The program's goal is to help these companies advance into the real estate marketplace and better serve members and associations.

REACH operates as an arm of NAR's strategic investment company, Second Century Ventures, but companies in the program do not receive financing from SCV.

REACH works with companies to help them understand the real estate market and provide solutions that

the industry truly needs. "Companies can spend years trying to understand the complexity of the real estate ecosystem and trying to enter the industry," says Constance Freedman, NAR vice president of strategic investments and managing director of REACH.

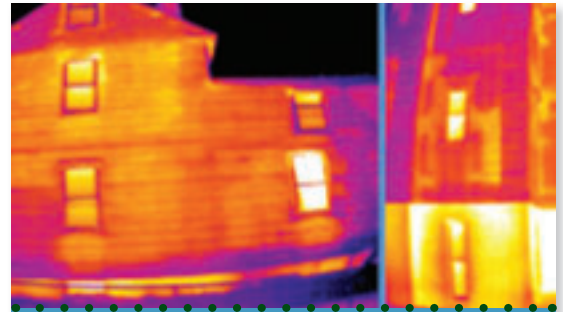
The first of up to ten companies selected to participate in REACH this year is BombBomb, a video e-mail marketing company. This company was



selected in part because video has been shown to have a positive impact on lead conversion, as well as the ability to improve the effectiveness

of e-mail marketing in the real estate industry, according to NAR.

The accelerator program is not only for companies focused solely on real estate, and—in fact—hopes to attract innovative technology providers to the real estate market. State and local REALTOR® associations are welcome to submit their technology innovations to the program and also are encouraged to help build the program by becoming technology beta testers this spring. A list of company criteria along with information on beta testing is available online at www.narreach.com. ■



NAR Funds Opposition to Mandatory Home Energy Audits

The NATIONAL ASSOCIATION OF REALTORS® board of directors approved \$200,000 in issues mobilization funding to the Greater Boston Real Estate Board. The money will be used for a consultant research report in opposition to a city proposal requiring mandatory energy audits at the point of sale. The proposed audits would include thermal imaging of buildings without the property owner's permission. Not only can point-of-sale requirements hinder real estate transactions, but the energy audits and subsequent labeling can stigmatize older properties that are not as energy efficient as newer buildings. Then, of course, there's the issue of privacy concerns, even though thermal imaging cameras cannot "see" through walls.

NAR Reserves Policy Gains New Flexibility

To enable NAR's Reserves Investment Subcommittee to manage NAR's portfolios with greater discretion and responsiveness in today's challenging financial markets, the NAR board of directors revised its policy.

The new policy provides guidance on best practices in investing reserve assets, details the responsibilities of an investment committee or governing body, includes glossaries on asset classes, and provides tips

on how to work with outside investment advisors.

The policy also outlines NAR's approach to prudent maintenance of asset reserve levels, including its 40 percent core reserve requirement.

For a copy of the policy or to discuss components of it, contact John Pierpoint, NAR's chief financial officer, at 312-329-8260 or jpierpoint@realtors.org.

For more on association reserves and investments, see page 12. ■

In Memoriam

Pete Cornell, 64, former CEO of the Ann Arbor Area Board of REALTORS®, Mich., from 1995 to 2004, and a past chair of the NAR AE Institute Subcommittee,



died tragically in a bicycle accident in Georgia last summer while riding from Canada to Key West. Cornell's family and friends are donating a custom bike rack and sculpture in his memory to be installed at the Pioneer Trail Head in Michigan where Pete would meet friends before a ride.



► REALTOR® Team Store introduces the new board of directors lapel pin. New pins are also available for treasurer, secretary, and vice president. Visit realtorteamstore.com.

Master's Degree in Real Estate Association Management? Almost.

REALTOR® University, the NATIONAL ASSOCIATION OF REALTORS® online education resource, now offers a Real Estate Association Management concentration as part of its Master's in real estate degree program.

This offering is not an association management certificate program like NAR has offered to AEs and association staff in the past in partnership with the University of Chicago and Duke University. It is a specialty within REALTOR® University's full 36-credit-hour, 12-course master's program. Those who complete the program will earn a master's in real estate degree.

"Even though I've been a local REALTOR® AE for a dozen years, I was very eager to get engaged in this program to further my knowledge and understanding of association manage-

ment," says Jim Haisler, RCE, CIPS, CEO of the Heartland REALTOR® Organization, Ill. "This is a challenging master's degree program and takes true commitment."

In addition to core courses in business and real estate, the association management concentration courses cover governance and leadership, association financial management, program development, public policy, and Internet technologies in real estate.

"The courses are specific to our industry and to my profession, and the interaction with the professor and other students is great," says REALTOR® University student Steve Blanton, RCE, CAE, executive officer at the San Mateo County Association of REALTORS®.

For more information, visit www.realtoru.com. ■

New Professionalism Resource in 2013 Orientation Toolkits

By now, all associations should have received NAR's New Member Orientation Toolkit. Included this year on DVD is a new video titled "A Pathway to Professional Conduct: Respect Starts Here," which highlights what it means to conduct business with the utmost respect. The video is also available free for download on REALTOR.org. A companion print brochure highlights all the tips from the video. The brochures are on sale for \$29.99 per 100 until March 31 (regularly \$39.99). Pick up a sample brochure at AEI, at the NAR Resource Table.

MVP March Offer: Free Media 101 Primer Kit

During March, when associations participate in the Member Value Plus program by customizing one of the print ads available through the Public Advocacy Campaign, they receive a free Media 101 Primer Kit. Tell NAR how you're promoting the MVP program and you could win \$100 in REALTOR.org Store credit. Visit REALTOR.org/MVPAE.

NAR's VP of Finance on Association Financial Health

RAE spoke with John Pierpoint, NAR's chief financial officer about financial strategies.

Q. Is NAR better off financially today than three years ago? As we wrap up 2012 and begin 2013 operations, NAR is in extremely strong financial condition. Reserves comfortably exceed board requirements and are invested prudently. Although membership has declined over the past five years, NAR has delivered the ground-breaking Second Century Initiatives, which are already providing outstanding benefits to our members and will continue to do so in

the future.

Q. What is the best type of budget for giving members a very clear picture of what their dues are paying for? NAR's budget process provide great transparency and details to the members and directors charged with its review and approval. Members that are part of the budget review process receive details on expenditures and staff support for literally hundreds of programs. Additional analytics provide insight into sources of non-dues revenue, governance activities, and committee support costs. Budget documents are posted online for

state and local associations to share with their members as desired.

Q. What have been the most effective ways NAR, in the past three years, has cut costs and done more with less? As is the case for many associations, NAR has reduced staff over the past several years, using technology to the fullest extent possible to deliver members services and benefits in the most effective way. Cost savings in NAR's operations have been used to provide funding out of member dues dollars for the Realtors Property Resource® or RPR, now available to members

across the country.

Q. Which financial documents should associations (not for profit) and MLSs (for profit) share with members or participants? Disclosure of financial information should be driven first by legal compliance, such as public disclosure of a form 990 for tax-exempt organizations. Equally as important, members in the governance process should have access to the appropriate levels of financial information about the association to ensure that they are making decisions regarding association operations and programming with the necessary context

and understanding.

Q. Have there been any significant changes in NAR budgets or its financial policy since the economic downturn (2008)? NAR's operations continue to provide consistent levels of member services and benefits. NAR's directors approved a \$40 dues increase effective for 2012 that is dedicated to funding the new REALTOR® Party advocacy programming. After just one year, advocacy efforts funded by these dues dollars have been extraordinarily successful in grassroots efforts across the country (see page 22). ■

Briefing

STATE & LOCAL ASSOCIATION NEWS



Local REALTORS® in Texas Boost Community Visibility

The San Marcos Area Board of REALTORS® in Texas launched two new ways to garner more community awareness for members. First, the organization purchased a banner big enough to hang over the street. "Because we are a nonprofit trade organization, our city allows us to hang our banner over certain thoroughfares throughout town for up to ten weeks a year," says Amy DuBose, RCE, the association's AE. "The banner cost us initially, but the opportunity from the city is free." The banner reads: Every Market Is Different, Ask a Local REALTOR®. Next, the organization started a member group called the REALTOR® Volunteers that donates time and energy to a different organization or event every month, including homeless shelters, United Way events, and food banks. The \$200 investment in branded t-shirts, which members wear while volunteering, has paid off in positive public exposure, notes DuBose.

Thank You, Retiring AEs!

Harriett Wagnon, AE of the Edmond Board of REALTORS®, Okla., for 25 years, retired in December. Edmond's new AE is Cassie Papin, who previously served at the Oklahoma City Metropolitan and the Sacramento associations of REALTORS®.



Francie Ryder (left) retired on Jan. 1 after 27 years as EO of the Greater Chattanooga Association of REALTORS®, Tenn. Carol Seal is the new EO.

After more than 30 years with the Bronx Manhattan North Association of REALTORS®, N.Y., **Nunzio Del Greco** retired in December.

Washington Launches "Show Me Your R" Campaign

In November, the Washington REALTORS® Association, launched a comprehensive, multistage public relations campaign to promote REALTORS® throughout the state. The total cost of the campaign, which includes the REALTOR® decals, a Facebook contest app, cash prizes, printing, advertising, and lunches, will be around \$15,000, according to Steve Klaniecki, the association's communications director.

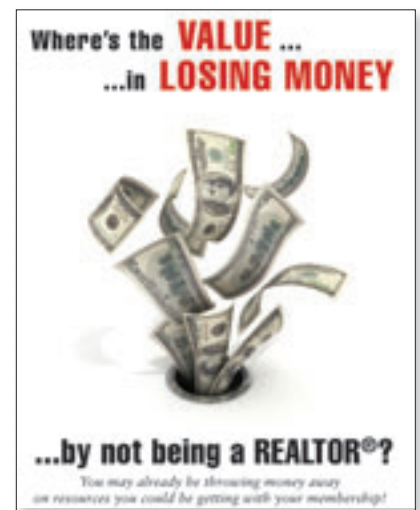
Not All Real Estate Brokers are REALTORS®

To build consumer awareness about the difference between a REALTOR® and an agent who is not a REALTOR®, the association is running radio ads and placing billboards letting the public know that not all real estate brokers are REALTORS®. "This is a very simple message, but a fundamental distinction the public does not understand yet," says Klaniecki. Also available is a cartoon video based on the radio script for our members to distribute via social media.

Put the R on Your Car

The second arm of the campaign focuses on building REALTOR® pride among members. WRA distributed 18,000 REALTOR® "R" window decals and mailed them—via the local associations—to all members in their annual dues bill. A Facebook contest to

"Put the R on your Car" encourages members to take a photo of their decal and post it on the WRA Facebook page to win \$500 cash. "A total of 657 photos were entered into the contest," says Klaniecki. "We saw the window decals everywhere."



Take a Broker to Lunch

The final stage of the campaign was an experiment in reaching out to nonmember brokers. Because approximately 50 percent of the licensed agents in Washington are in nonmember offices, the "take a nonmember broker to lunch" pilot program involved identifying the most likely offices that would join the association. "We supplied support materials [see flyer above] and funding for local association leadership to take 12 nonmember brokers to lunch and discuss the return on investment of belonging to the REALTOR® organization," says Klaniecki. "Out of the 12, one office joined the association and three others are good possibilities."

WRA is creating a turnkey program that can be implemented by other local associations in Washington. For more information, contact Stephen Klaniecki at steve.klaniecki@warealtor.org. ■





Connect with us on Facebook and join the conversation before we head to San Diego! Speakers will post previews of their sessions and engage you with videos, to help you plan your own AEI experience.

See You at the AE Institute, San Diego!

AE Institute 2013, March 15-19, Manchester Grand Hyatt Hotel

No AE should miss the AE Institute, the annual event that delivers real estate industry insights and provides a wide range of education designed to help AEs across the country better serve their members.

This year's Institute offers new programs and a new focus on enabling AEs to craft their own Institute educational experience to meet their individual and organizational needs. The curriculum is arranged into three groupings:

"Seeing Things in New Ways" sessions focus on new observations, interpretations, and solutions for common challenges AEs face in both their professional and personal life. For example, "Six Breakthrough Ways to Think, Lead and Achieve," will guide you through a dynamic decision-making model.

"The Shape of Things to Come" sessions take a look at what's on the horizon for REALTOR® associations and the industry in general. Explore the output of the AEC Strategic Issues Work Group's report, "Simplify: Real Estate Trends in a Time of Uncertainty," and how your association can implement some of the trends identified in the report.

"The New Tools of the Trade" sessions help shape your association's social media strategy and allow you to take technology to the next level. Gain some hands-on experience with some of the newest gadgets to help get your message out and better connect with members. For example, "Tech Tools and Toys for Girls and Boys – Implementation Session" is where you can demo new technologies and have your questions answered.

AEI's curriculum is designed to be sampled like a dine-around or wine tasting. These sessions feature topics and speakers addressing the three greatest challenges AEs face: how to adjust what they do to deliver what members want; what's coming next (and from where); and what tools are out there to help AEs succeed.

Whether you're a local or state AE, a staff specialist, a seasoned AE, or someone new to the field, the 2013 AE Institute will be of value to you and your REALTOR® association management career. "To plan the best AEI ever, we used the data collected from the online surveys you completed after the 2012 AE Institute to focus on what you wanted," says Marc Lebowitz, RCE, CAE, chair, AE Institute Subcommittee.

What's New This Year?

You'll notice several new AEI features immediately. "Sessions are shorter; most are 45 minutes," says Lebowitz. "And as always, the AE Institute is a great place to jump-start the RCE designation process with the day-long RCE study session on Friday, March 15."

You'll still have access to AE Fundamentals courses, featuring New AE Networking Breakfast and sessions: "I'm a New AE – Now What?," "NAR Policy 101," "NAR Dues Policy and Dues Remittance Procedures," and more.

The Lab Coat Geek Squad will return to teach a class at the 2013 Institute in addition to providing their "walk-up" assistance throughout the meeting. ■

AEI San Diego Special Events

In addition to the sessions in three tracks, many special educational and social events are planned. Preregistration or fees may apply. See full conference schedule at REALTOR.org/AEI.

Pre-Institute Events, Friday, March 15

- RCE Exam, 8 – 11:45 a.m.
- RCE Study Session, 8:30 a.m. – 4 p.m.
- RCE Reception (RCE designees only), 5 p.m.
- Certified Pro. Standards Admin., 8 a.m. – 5 p.m.
- e-PRO Day 1, 8:30 a.m. – 5 p.m., Fee: \$59
- Green 100: Real Estate for a Sustainable Future, 8:30 a.m. – 5 p.m., Fee: \$59
- How to Run a Gov't Affairs Shop of Any Size, 1 – 4 p.m.
- Speed Networking: Building Your Membership Through Small Communities, 2 – 4 p.m.
- AE Institute Welcome Lounge, 4 – 6 p.m.

Special Events During AEI

- AE Institute Orientation, Saturday, March 16, 7:30 – 8 a.m.
- Opening Session, the official kick-off to the 2013 AE Institute, Saturday, March 16, 8:15 – 9:45 a.m.
- Taste of AEI walk-around lunch, Saturday, March 16, 12 – 1:30 p.m.
- Icebreaker Reception, the official Institute welcome gala, Saturday, March 16, 4:30 – 6:30 p.m.
- NAR AE Forum, Sunday, March 17, 8 – 9 a.m.
- REALTOR® Party Luncheon, Sunday, March 17, 11:30 a.m. – 1 p.m.
- NAR General Session featuring Juliet Funt, Monday, March 18, 8 – 9 a.m.
- NAR Update Lunch with Dale Stinton, Monday, March 18, 11:30 a.m. – 1 p.m.
- RPAC Major Donors Reception, Monday, March 18, 4 – 5 p.m.
- State Night Out, self-organized state events out on the town, Monday, March 18
- Local Night In: Join other AEs with no state plans and watch a movie, Monday, March 18
- NAR Legal Update with Laurie Janik, Tuesday, March 19, 10 – 11 a.m.
- AE Institute Closing Ceremony, Tuesday, March 19, 11 – 11:15 a.m.

Briefing

AE CONTINUING EDUCATION

SAVE THE DATE
April 20-21



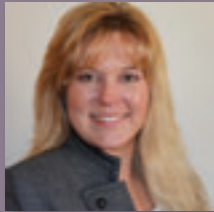
**NATIONWIDE
OPEN HOUSE**
REALTOR WEEKEND

Meet the New RCEs

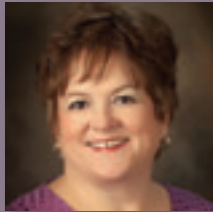
These 23 REALTOR® association executives earned their RCE (REALTOR® association Certified Executive) designation after an extensive course of study and exam in November. RCE is the only professional designation created specifically for REALTOR® association executives. It exemplifies goal-oriented AEs with drive, experience, and commitment to professional growth. Candidates earn the designation by accumulating points through an experience- and education-based application form and a comprehensive written exam. For more on the RCE designation, visit REALTOR.org/RCE.



Anne Cockayne, RCE
Florida Association
of REALTORS®



Christy Conway, RCE
Georgia Association
of REALTORS®



Sheila Dodson, RCE
Coastal Association
of REALTORS®, Md.



Brenda Florida, RCE
Pennsylvania Association
of REALTORS®



Glenda Gasparine, RCE
Wheeling Board
of REALTORS®, WV.



Lisa Gilbert, RCE
Scenic Coast Association
of REALTORS®, Calif.



William Haithcock, RCE
Harrisonburg Rockingham
Association of REALTORS®, Va.



Erin Hervey, RCE
Missouri Association
of REALTORS®



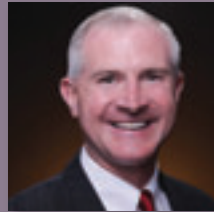
Rob Hulse, RCE
Lawrence Board
of REALTORS®, Kan.



Julie Luper, RCE
Michigan Association
of REALTORS®



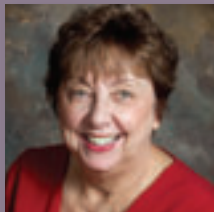
Megan Meyer-Foos, RCE
Toledo Board of
REALTORS®, Ohio



Norman Morris, RCE, CAE
Louisiana REALTORS®
Association



Thomas O'Bryant, RCE
Greater Fort Lauderdale
Association of REALTORS®, Fla.



Susan Page, RCE
Southeastern Indiana Board



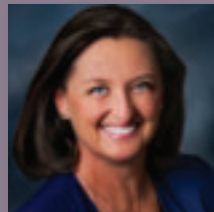
Paul Rainey, RCE
Oregon Association
of REALTORS®



Donna Reynolds, RCE
Santa Fe Association
of REALTORS®, N.M.



Russell Salzman, RCE, CAE
Institute of Real Estate
Management, Ill.



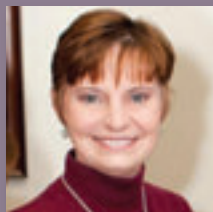
Rhonda Sims, RCE
Northwest Arkansas
Board of REALTORS®



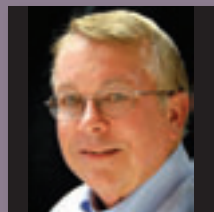
Clint Skutchan, RCE
Fort Collins Board
of REALTORS®, Colo.



David Tanner, RCE
Sacramento Association
of REALTORS®, Calif.



La Trenda Tyler-Jones, RCE
Columbus Board of
REALTORS®, Ga.



Rick Vernon, RCE
Coeur D'Alene Association
of REALTORS®, Idaho



James Yockel, RCE
Greater Rochester
Association of REALTORS®, N.Y.

.....
Questions
on the RCE?
Stop by the RCE table
at the AE Institute in
San Diego.

Reserve-ation Please!

How to sensibly save and spend your backup funds

by Shane Johnson

How big is your reserve account? That's a question you probably felt more comfortable answering before 2008, when membership took a dive, dragging revenue down with it. Now that we are all comfortable with the "new normal" of scarcity, what should a reserve profile look like?

"The essentials remain the same for maintaining a solid financial base for an association," explains Jeffrey Wilcox, president and CEO of nonprofit consulting firm The Third Sector Co. "There is still a need for reserves, an accompanying policy that includes prudent investment guidelines, and revisiting written policies annually to maintain relevance."

How Much in Reserves Is Enough?

Although the answer will be different for every association, Wilcox is a big advocate of the Seven Measurements from the American Society of Association Executives, which has become the benchmark for a large portion of the association world. According to the Seven Measurements, the formula—or minimum goal—recommended for associations is 50 percent of annual operating expenses. For example, an association with \$100,000 in annual operating expenses would strive to maintain at least \$50,000 in operating reserves.

Yet, REALTOR® associations often strive for more than the minimum. Kelly Burge, executive officer of the Greater Sioux City Board of REALTORS®, says maintaining operating reserves equivalent to one year of expenses, in addition to \$100,000 allocated to legal defense, is comfortable for her association.

Comfort zones and economic hardships don't always match up, though. For instance, the Quad City Area REALTOR® Association's reserves dropped to \$175,000 in the

fall of 2010, an approximate two-month reserve equivalent. By January 2012, however, the organization had begun to replenish reserves by reining in expenses and eking out a small profit on every event, class and transaction.

Over at the Wilmington Regional Association of REALTORS®, N.C., CEO Jerry Panz, RCE, CAE, explains, "Our policy requires we maintain five months of operating reserve for each of our corporations."

Ultimately, what your association should carry in reserves depends on economic realities, practicality, and comfort. Some AEs are working hard to rebuild previously depleted reserves to ensure the solvency of their organization, while other AEs say having too much of the "members' money" in the bank right now isn't responsible.

Consider what other associations do, consult financial experts, and then have an in-depth dialogue with leadership to determine how much is needed to reach that collective level of comfort.

What to Spend Reserves On?

Members have different opinions on a host

of things, and the issue of how to spend reserves is no exception. Some AEs say their members want reserves used for lowering their dues, other AEs say their members would rather see deeper cuts in programs, services, and operating expenses before resorting to tapping into reserves.

Your reserve policy should be your best guide. "A good reserve policy addresses investment practices and guidelines for use of principal and yields once the benchmark amount has been reached and maintained," says Wilcox. For example, after your minimum balance is achieved, will the yields be used for capital improvements, used as working capital for new program development, saved for one-time unexpected expenditures, or used for something else?

Resolve and Revisit

Whatever your association decides, make sure to put it in writing, although this does not—by any means—set it in stone. In fact, your reserve policy and reserve levels should be reviewed annually by the finance committee, which can make recommendations to the board of directors, as necessary.

Wilcox has a word of caution for associations with regard to oversight. "Most associations will create a separate investments committee as a subcommittee of the finance committee. Avoid having the finance committee function as the investments committee, because then you've lost your checks and balances system in safeguarding the organization."

In the end, Wilcox says the ideal situation "is having funds available to do something substantial, unexpected, and extremely meaningful for members. In other words, having the resources to create extra bang for the membership buck." ●

“Avoid having the finance committee function as the investments committee, because then you’ve lost your checks and balances system in safeguarding the organization.”

—Jeffrey Wilcox, president and CEO, The Third Sector Co.

Reserve advice from NAR’s Association Investment Program (AIP) managers Morgan Stanley Global Wealth Management

Q. Do you agree that the minimum goal recommended for association reserve funds is 50% of annual operating expenses?

The ASAE Operating Ratio Report is a good source of financial statistics for nonprofit organizations. Our experience with NAR member organizations is they have greater percentages of reserve funds to operating expenses, and therefore they have reached out to learn more about the NAR Association Investment Program (AIP). We provide assistance in developing a cash-flow analysis that tailors the level of reserves to each association. Generally speaking, setting a particular percentage in relation to operating expenses depends on the type of organization (trade association, charitable organization, etc.). A thorough review of an association’s cash flow over a five-year period would help set the level of reserve funds to operating expenses.

Q. Are associations reentering a reserve “build-up” phase or is it still common to dip into reserves throughout the year?

The Association Investment Program was seeded by NAR in October 2007 and since then the capital markets have been very volatile. Many associations have weathered the storm with minimal financial difficulties, others have taken advantage of the volatility and invested, and others have had a difficult time or have been risk averse. The answer is; it depends on the organization and the current AE or board of directors as to how much risk an association will assume over the short- and long-term time horizon. The AIP has been successful with associations that want to provide for their long-term financial stability by establishing a

long-term investment strategy. This strategy is documented in an investment policy that we help create through our investment management services. This policy establishes a spending rate if the association relies on the income from the investment portfolio to support the administration of the association. Some associations simply reinvest to grow the portfolio for the long-term benefit of the association members.

Q. How many REALTOR® associations are now in the AIP?

Currently we are working with 18 associations, with multiple presentations in the pipeline. Associations’ portfolios range from \$50,000 to multimillion-dollar portfolios totaling over \$30 million in the program as of Dec. 31, 2012.

Q. How are associations investing today: long-term investments, short-term investments, or moving funds to higher return/higher risk investments?

The desire to build long-term portfolios for the financial stability of associations has outweighed the fear of volatility, especially with short-term interest rates being so low. We have been assisting associations in determining the optimal target for the short-term operating funds and the long-term reserve funds. This is the first tool to control risk of the balance sheet. The second tool is to decide the proper asset allocation for a long-term portfolio. We suggest a “crawl, before you walk, before you run” approach to asset allocation. An association can always increase the risk of the portfolio with the expectation of higher returns. We have also recommended dollar cost averaging into a portfolio over the course of 6 to 12 months to take advantage of a volatile market. These two recommendations

have helped boards of directors and finance committees feel comfortable with taking on more risk than short-term money market funds and certificates of deposit.

Q. Do you have any general advice for associations about reserve funds?

In the recent January edition of “On the Markets,” from the Morgan Stanley Smith Barney Global Investment Committee, the accommodative fiscal policy of both the U.S. Federal Reserve and the European Central Bank will bolster financial markets and support weak and slow-growing economies in Europe and the United States. With the major central banks helping to keep interest rates low to support the growth of the economy and financial markets, the Global Investment Committee has cautiously overweighted risk assets but “has stopped well short of a maximum overweight position because the environment remains challenging.” This means GIC recommends taking some risk if an investor or association has the financial capability of assuming more risk than short-term investments. ●



Disclaimer: Michael L. Engel, CFA, CIMA, and James Phillips are financial advisors with Morgan Stanley Global Wealth Management in Salt Lake City, Utah. The information contained in this article is not a solicitation to purchase or sell investments. Any information presented is general in nature and not intended to provide individually tailored investment advice. The strategies and/or investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor’s individual circumstances and objectives. Investing involves risks and there is always the potential of losing money when you invest. The views expressed herein are those of the author and may not necessarily reflect the views of Morgan Stanley Smith Barney LLC, Member SIPC, or its affiliates.

Fix the Link Between Your Strategic Plan and Your Budget

by Jerry Matthews

An effective strategic plan drives all association decisions—from services to structure to budgets. It is the beginning point; the core. Unfortunately, too often the plan has no connection to the actual services an association provides or how they're funded. Why? Because many associations create and implement programs, products, and services singularly through their budget, leaving their strategic plan on a shelf as an aspirational document they would consider if only they weren't so busy with the day-to-day management of existing programs, products, and services.

Broken link

The strategic plan and the budget should be linked, but rarely are. In a role reversal, budgets are creating objectives, rather than objectives creating budgets. For example, noting that certain education programs create revenue, a finance committee increases the number offered, even though expanding education was not part of the strategic plan. Many finance committees are actually making de facto strategic decisions with funding approvals—or refusals—rather than serving as asset guardians. They act without direction from the strategic plan.

So how did the gulf between the strategic plan and the budget happen? Sometimes

the disconnection is a defensive move, one designed to protect the budget from the agendas of annually elected leaders. Because some associations review the strategic plan every year with new elected leadership, it can change dramatically, reflecting the new leadership's priorities. One year's president may want to focus the association heavily on political action, while the next year's president may want to focus on education. The AE is put in an unenviable position and responds by distancing the future-looking strategic plan from the day-to-day budget. Eventually, however, these two documents become divorced and completely ineffective.

So how do you align the strategic plan to the budget without surrendering too much power to your elected leaders when it comes to allocating where every dollar is spent? First you must strengthen and streamline both documents.

Convert the formats

The first step in aligning your strategic plan and your budget is easier than you may think. Start by putting both documents in the same format: a program format.

Association budgets are typically either line-item reports that list things such as electricity, postage, printing, dues, rent, and salaries; or activity reports that list, for example, meetings, communications, governance, advocacy, overhead, and so on. Neither of these two forms clearly identify all the programs and services of the association—such as GRI, monthly magazine, Capitol Rally, a liability course, or home ownership ad campaign—so it is impossible to link to the strategic plan, which focuses on programs and services.

A strategic plan doesn't call for saving on electricity or reducing the number of meetings; it speaks in terms of programs and services, such as launching a social media outreach initiative or building a Web-based resource for

Program-based Strategic Plan

Objective A:

To become the “go-to” organization for the public and media when it comes to real estate issues.



Objective B:

Provide members with cutting-edge education and training to increase profitability, productivity, and professionalism.



and
so
on

Program-based Budget

Program A: Launch a comprehensive blog for the public and the media.

Expense	Annual Program A Budget
Exempt labor:	\$5,000
Nonexempt labor:	\$12,000
Printing/copies:	\$100
Art services:	\$600
Postage:	\$0
Phone:	\$200
Revenue	
Advertising:	\$6,000

Program B: Continuing education and technology classes

Expense	Annual Program B Budget
Exempt labor:	\$10,000
Nonexempt labor:	\$12,000
Printing/copies:	\$15,100
Art services:	\$2,000
Postage:	\$0
Phone:	\$200
Revenue	
Course fees:	\$20,000

members who are running for political office. So, if your strategic plan and your budget do not speak the same “language,” the result is a mutual loss of focus that makes coordination virtually impossible. Thus, strategic plans sit on the shelf and budgets become enabling documents crafted in a vacuum.

The program-based strategic plan

Strategic plans must be written to project the organization’s future end state—why it exists. For example, one strategic plan objective could be: “To become the ‘go to’ organization for the public and media when it comes to real estate issues.” The objectives must be in the future tense and explain the desired result of a specific area of concern. The strategic actions that follow from the strategic objective are defined as program, product, or service concepts—not details—that advance an objective. For example, under the objective above, one of the strategic actions could be to launch a social media outreach program.

The program-based budget

When converting your line-item or activity budgets into program-based budgets, divide every program, product, and service into a stand-alone budgeted item with all its program-specific line items contained therein (including staff time, portion of overhead, etc.). This means an item like postage or salaries will be repeated many times by being distributed among several programs, rather than appearing once as a single item. For example, budgeted programs, such as your social media outreach, contain the number of hours certain staff work on this program, a portion of the costs of your bandwidth, a portion of the cost of your overhead, and so on. The end result is that the costs associated with running, expanding, or eliminating a program are readily available and clear.

The linked matrix

With a common language of programs, measuring the implementation success of the strategic plan is easy. Create a spreadsheet matrix with the strategic plan ac-

tions and indicate budget plan delivery via programs. Presence, or absence, of funding visually shows penetration of the plan into the association’s daily activities. An additional column of target deadlines, or degree of completion, also visually shows progress, or lack thereof.

With programs as the common language, the budget and the strategic plan can now be linked. Current status can be easily reported both strategically and financially. But most important, the strategic plan now drives the finances and all other organizational decisions. ●



Jerry Matthews assists organizations and individuals in creating successful futures.

Leveraging 27 years as a REALTOR® state association

CEO, Jerry advises on strategic

direction, organizational effectiveness, and executive recruiting, is a consultant, author, and speaker. More information on Jerry is at JerryMatthews.com. You can contact him at Jerry@JerryMatthews.com or 407-963-7720.

7 Overlooked Money-Making Strategies

by Doug Devitre

Is more money going out than is coming in? Are you looking to raise dues because of a budget deficit? Are staff working harder than they have to in order to meet their goals?

Instead of obsessing over new sources of non-dues revenue, try focusing on optimizing the channels you already have.

Nearly every association I encounter is not leveraging its existing resources in a way that serves members' best interests, because of stale thinking, unclear job descriptions, and outdated processes.

If you are fed up with not being able to meet your budget, are experiencing a lack of participation, and are ready to think outside the box, then take special note of these seven overlooked money-making strategies for your association.

1. The Up-Sell

I just bought a new iPhone 5. The least expensive model was \$199 with a two-year contract, but the sales clerk helped me realize that I really needed 32GB of storage instead of the 16GB the phone came with. I knew I was being up-sold, but it made sense, so I did it.

How can you sell upgrades or additions to your services? Tiered-ticketed events, bundled offerings, and VIP concierge services are some possibilities. For example, a St. Louis Cardinals baseball game has different prices for different seats. Some come with food; some don't. Some offer great views; others . . . not so much. Stop thinking of your members as a school of fish. Some are whales and some are tuna—they have individual likes, needs, and wants. Up-sell to their appetites. For example, an education class can be sold as packages that include or don't include audio, video, and e-mail auto-responders that reinforce the learning objectives. Add more value, and you can command a higher investment from your members.

Members who expect more from the association can upgrade their membership to the VIP concierge, giving them priority technical support, red-carpet treatment at special events, and additional ancillary services. New members might not be able to afford this, but that's okay because you're offering them a separate, reasonably priced option. ●

2. Mobile Sales Pages

Have you ever tried to view your association Web page from a mobile device? If members cannot read what you're selling, then the communication becomes irrelevant.

What value propositions are you trying to sell? Make a list and ensure that whether you're trying to sell a ticket to an event or get members to pay dues online, the sales page is mobile friendly. You can outsource a low-cost Web developer to create these mobile sales pages for each offering, or, if you're using Wordpress, you can add a plugin that has existing templates.

If your mobile sales page isn't integrated with a mobile payment gateway system, you're defeating the purpose of having a mobile sales page. Ensure that whatever payment processing system you use will make it easy for users to enter their credit card information quickly, without having to pan and zoom the screen to make the purchase. ●

3. Leveraging Education

Class attendance is down at most associations but that doesn't mean your class revenue has to be. Take, for example, the average three-hour class that includes:

- A video recording of the presenter or the slides with audio
- An audio file separated from the video
- A transcript of the audio as a PDF
- A digital handout as a PDF, Web page, mind map, etc.

Leverage your education offerings by making them available in multiple digitized formats that are mobile friendly and you can sell content on demand to members, brokers, or real estate schools for a premium. Don't worry, you're not nickel-and-diming your members by charging \$5 for a PDF; you're unbundling programs and services to give members more choices. ●

4. Affiliate Marketing

Where do your members spend their money? Some companies are willing to pay between 5 percent and 25 percent for a customer if you enroll in their affiliate program and can demonstrate a sizeable amount of online traffic and purchases. Furthermore, these companies can also prove to be good prospects for your association as affiliate members, sponsors, and advertisers. So how do you get started?

Make a list of all the services, products, and tools members use every single day, or that would appear on their expense report. This list should include contact names, addresses, phone numbers, e-mails, etc., stored in a customer-relationship management system (e.g. Microsoft Outlook). Survey membership to see which companies to focus on first.

Create a campaign to demonstrate the value of buying through the association communication channels. A campaign could consist of a video sales letter, squeeze page, auto-responders, banner advertising, etc., that could be delivered across multiple media. Integrate the affiliate marketing campaign into existing communication channels, track progress, and improve the campaign. ●

5. The Cross-Sell

When members pull out their credit cards, enter their information, and clicks “submit” to enroll in an online educational event, what is the next Web page they see? If you said “confirmation page” or “home page,” you’re leaving money on the table. With their personal information input, and financial commitment to their career at the ready, this is the perfect opportunity to cross-sell another event, product, or service. After all, someone who enrolls in a business planning class might also enroll in a technology class or marketing class—especially if you package them together for a discount. Simply change the “thank-you” page URL on the payment gateway system to direct the member to a similar offering or sales page that might interest them.

Just look at Amazon.com. Transactions on the juggernaut’s Web site are followed with images of recommended products and items you recently viewed. Plus, with the free shipping offer for orders over \$25, who hasn’t gone back to find something to add to the basket to push it over the limit? Connect the dots for members, and staff won’t have to work so hard to sell existing products and services. ●

6. Widgets

Do you want to have an online store but don’t have the time, money, or energy to run one? If you said yes, then look at Web site widgets.

Amazon.com allows you to become a reseller of just about anything that can be sold on the Internet and earn a commission. After you sign up to become an affiliate of Amazon.com, create a widget for different categories of products, such as technology, office supplies, and tools. Then begin adding the widgets to pages on your association Web site and start marketing the products you know your members already buy online to earn extra nondues revenue.

HouseLogic has a widget you can put on your Web site to automatically update consumer-specific information when new information is available (without having to re-code every time a change is made). Real Estate Radio has a similar widget, but for audio podcasts. ●

7. Online Book Publishing

Two things your association has in abundance are expertise and data; leverage these by selling them online. After watching a simple video on YouTube, you can learn how to turn a Microsoft Word document into a saleable book on Amazon.com (or Apple iBooks) with little overhead. Start leveraging your intellectual property and you’ll bring in income from nonmembers in addition to members.

The book or PDF available for download on Amazon.com can be used not only to educate but also to reinforce political advocacy issues; cross-sell existing services or products; promote members; and enhance the association’s image in the community.

For a moment, imagine that you’re a Missouri homebuyer on Amazon.com. Type “St. Louis real estate” in the book search box. Up pop some general homebuying books, but then, in the fifth place down, there’s a copy of the *St. Louis Real Estate Board, 1949 Year Book*. Odd, but think of the marketing potential if an association-published book, such as *Guide to Buying a Home in St. Louis* or a *Guide to Finding a REALTOR® in St. Louis* took up that premium spot.

Check out the California Association of REALTORS®’ *Guide to the California Residential Purchase Agreement* that it sells on Apple iBooks for \$19.99. Amazon.com e-book sales are expected to triple in 2013. Plus, Apple and Amazon.com are the two companies that hold the largest amount of credit card data in the world. What does that mean for you? Generally, people are more inclined to make purchases from sites where they do not have to re-enter their credit card information. So, if someone is already buying some music on iTunes or moving boxes on Amazon.com and your e-book is right there, the only thing between you and some nondues revenue is the click of a mouse. ●

These seven overlooked tools boil down to one cardinal rule:

Take the time to walk a mile—or make a click—in your members’ and consumers’ shoes. Recognize that fulfilling their wants and needs can make the difference between a budget deficit or a budget surplus. If you are serious about making more money for your association, adopt a new approach.



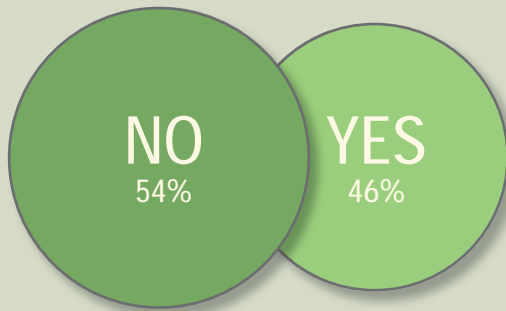
Doug Devitre is an association management consultant and author of *It’s Either Now or Never* and the REALTOR® Association Social Media Performance Guide.

Watch his free webinar on how to right-size your association at <http://bit.ly/aemagic>.

ARE YOU FINANCIALLY BETTER OFF TODAY?

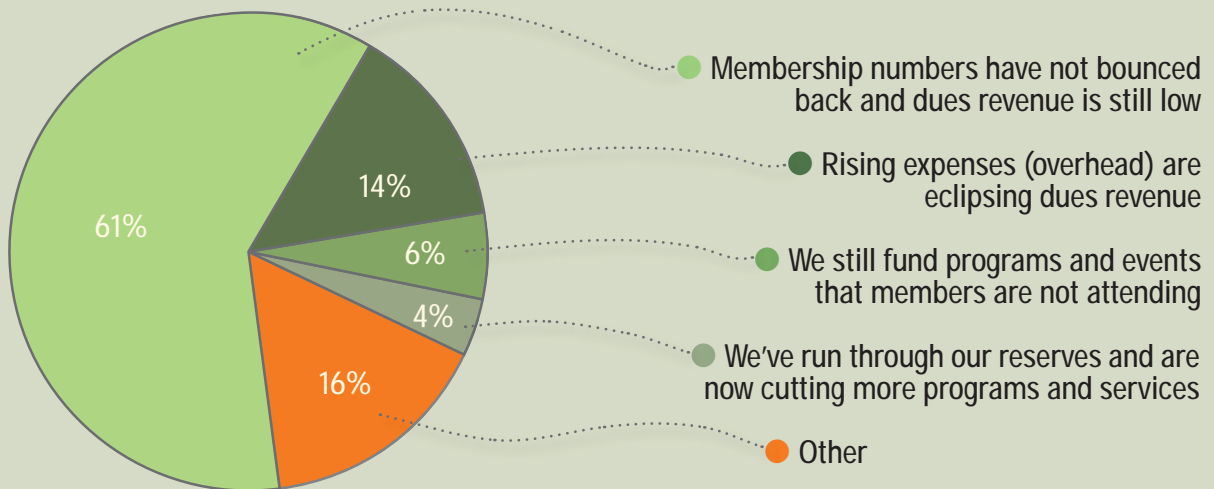
by Carolyn Schwaar

Signs of economic recovery are evident nationwide. Forty-seven new metro areas were added to January's Improving Housing Market Index, which identifies areas that have shown growth in housing permits, employment, and home prices for at least six consecutive months. Yet, like real estate, recovery is local. Many REALTOR® associations are strengthening or stabilizing, while others are still struggling. In November 2012, RAE asked REALTOR® associations about the state of their finances and their outlook for 2013.



Is your REALTOR® association **better off** financially today than three years ago?

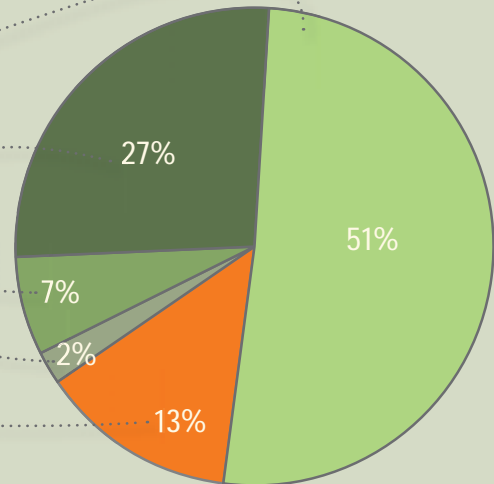
If your association is **NOT** better off than three years ago, why?



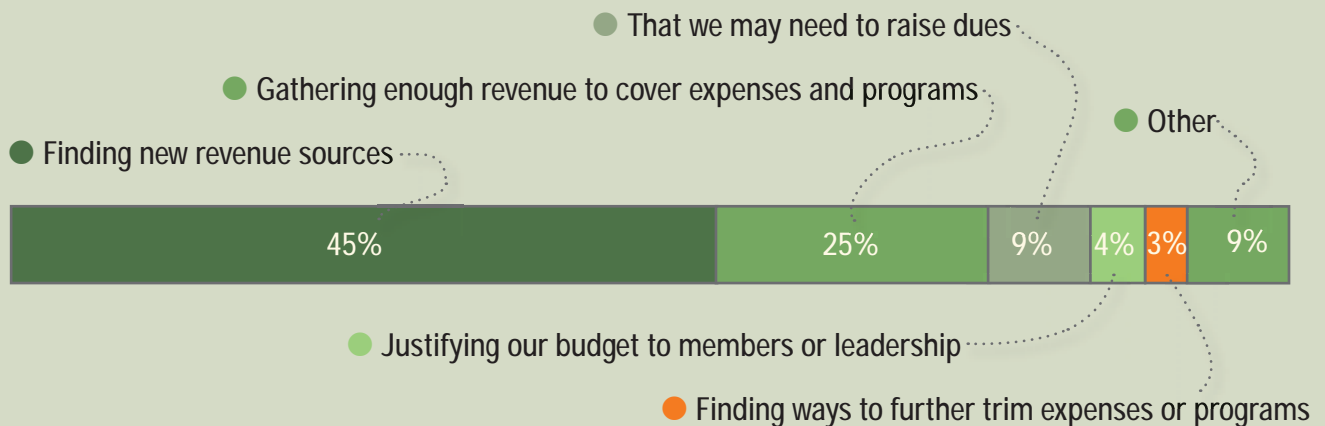
✓ RAE's survey was conducted in November 2012. Representing small to mega associations (fewer than 500 members to more than 5,000 members). 91 association executives responded. Survey percentages rounded.

If your association **IS** better off than three years ago, why?

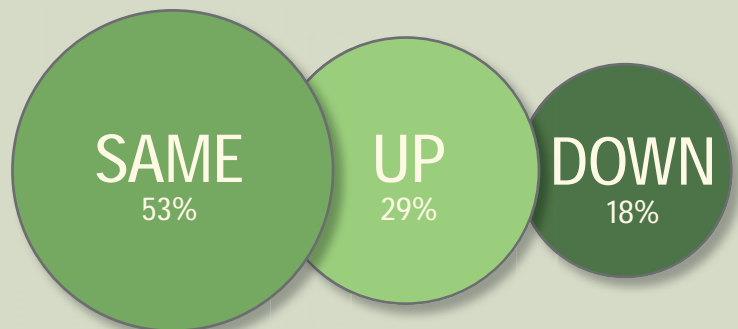
- We had good reserves and financial planning to carry us through the worst of times
- We streamlined programs, services, and overhead to work within our current revenue stream
- We found or created new revenue sources
- Our membership numbers have bounced back
- Other



What is your biggest **financial concern** today?



In the past three years, has the value of your **executive salary and benefits** stayed the same, gone up, or gone down?



Speak Out: Financial optimism or financial anxiety?

- We can't raise dues because members will go to the neighboring board, which is willing to cut services and staff to keep dues low, and we have to compete on price. It is a losing game!
- Membership is down somewhat, but we are financially in about the same position that we were three years ago. We have minimally used reserves to date, but absent an increase in membership we will have to increase dues or tap reserves next year.
- It has been very difficult to fill our education classes, which of course is our main source of non-dues revenue and we have had to cancel many, which of course leads to fewer sign-ups as we lose credibility.
- We are financially strong with reserves and our membership has exceeded our budget.
- Members still require services no matter what the total member numbers are, and staff time is stretched as far as it can be.
- We have been successful at cutting a number of expenses, but we still need to find more ways to generate non-dues revenue. We're looking at Web advertising and revenue-sharing programs with the state and national associations.
- For medium and small associations, technology advances are not affordable but would ease the workload since most have cut staff to trim the budget. Either staff must increase to provide members quality service or the technology that allows fast and efficient work to be completed is needed. Some can't afford either.
- Although we are not better off than three years ago, the decline is minimal (decrease in balance sheet is less than 5%). We continue to have a comfortable level of reserves. No staff were cut except a couple had a reduction of hours. We feel that we are financially solid for a few more years of decreased membership. As always, finding sources of non-dues income is of great interest.



- The percentage of dropped members at year's end is getting smaller; however, we are still experiencing a decline. As a result of the lost membership we have cut staff by a third and frozen salaries and benefits since 2008.
- We have offered a huge number of free classes but the members expect everything to be free after they pay dues. We have kept expenses down and recycled everything we can, but we have had to invest in new computers. Things wear out and you have to replace them whether you have the funds budgeted or not.
- Non-dues revenue remains our top priority. In addition to holding a "comedy night" that began in 2012 and we expect to continue as a revenue-generating event, we hope to create a "preferred corporate partnership" program whereby we can offer advertising and promotional opportunities.

— *Introducing* —
Two NEW Professionalism
Resources from NAR!

Based on Association feedback, NAR created these resources for Associations to share with members on how to conduct themselves professionally while showing respect for property, the public and peers.



“A Pathway to Professional Conduct: Respect Starts Here” — Video

This video (10-minutes) contains tips reinforcing to new and existing members what it means to conduct business with the utmost respect. The video is included on the DVD in the 2013 New Member Orientation Toolkit, mailed to Associations in January, and is available online at the URL below.



“A Pathway to Professional Conduct: Respect Starts Here” — Brochure

A companion piece to the Pathway to Professional Conduct video, this brochure highlights all the tips contained in the video regarding showing respect for property, the public and your peers and conducting business with respect.

Item #135-85, Pack of 100



Special introductory price of \$29.99 (regularly \$39.99) through March 31. Available at www.REALTOR.org/Store

For more information, visit www.REALTOR.org/professionalism

Going to AEI?

Pick up a sample brochure at the NAR Resource Table!



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REALTORS®

My REALTOR® Party

By Liz Giovaniello, Community & Political Affairs, NAR

Year of Accomplishments

“The goal is to make every REALTOR® association across America a campaign headquarters for home ownership and private property rights.” Those words from Dale Stinton, CEO, of the NATIONAL

ASSOCIATION OF REALTORS® may sound like a tall order, but the REALTOR® Party Initiative made significant progress in doing just that in its first year of operation.

In 2012, nearly 550 state and local REALTOR® associations used nearly 3,000 resources offered by NAR through the REALTOR® Party Initiative—all of them designed to leverage the REALTOR® organization’s greatest asset: its members.

to start small with a housing-opportunity or smart-growth program grant.”

At the Web site (www.realtoractioncenter.com/rpi) REALTOR® associations can learn about what other associations are doing (*see sidebar*), apply for funding, download resources, and browse turnkey implementation tools for a wide variety of programs. A REALTOR® Party Association Resource Guide, available at the site, briefly describes each resource and provides follow-up details for more information.

In addition, a Game Changer category invites associations to submit their own ideas for consideration and funding in an annual competition for the best ideas in: community outreach, RPAC fundraising, advocacy, and building REALTOR® Party strength.

Transparency is Paramount

From the very beginning, developers of the REALTOR® Party Initiative made it their mission to make distribution of resources transparent to all members. The REALTOR® Party Tracker takes care of that. Associations and REALTORS® alike can log onto the tracker to search by program, by state, or by local association to see who has used what resources.

“This makes it easy to see that two-thirds of the dues dollars devoted to the initiative are truly getting back for state and local associations to use in their own advocacy and community involvement programming,” explains Walt Witek, NAR’s senior vice president of community and political affairs, who oversees the REALTOR® Party Initiative.

“In 2012 we gave out 132 housing-opportunity, diversity, and smart-growth grants; we did 59 campaign polls, 52 Issues Mobilization Grants, and 242 Independent Expenditure races in 38 states; and we raised more than \$7 million in RPAC receipts—up 17 percent from last year,” says Witek.

Partnership, Cooperation, and Staffing

“The essence of the REALTOR® Party Initiative is partnership, cooperation, and real-life assistance,”



The St. Louis Association of REALTORS® used a Smart Growth grant to hire national walkability expert Dan Burden (above) to host a conference about how to develop and grow walkable communities. Missouri State Rep. Rory Ellinger attended alongside members and municipal staffers and planners from around the region.

“Never before have we touched so many members in so many cities and states with NAR community outreach and advocacy resources,” Stinton says. “Now we’ve got to build on that in 2013 and 2014.”

From campaign resources, to member mobilization tools, to RPAC fund-raising aids, to housing-opportunity and smart-growth grants, the REALTOR® Party Initiative is putting REALTOR® grassroots power to work.

Plan First, Then Ask

“There’s something for everyone here,” says Bill Malkasian, NAR’s vice president for political strategic planning. “Associations that are good at mobilizing members will find the professional campaign services and campaign funding to be especially useful. Associations with limited staff and resources may want



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— Walt Witek, NAR senior vice president of community and political affairs.

Witek notes. “And we’ve got the professional staff and consultants to help associations every step of the way.”

A skilled team of consultants is available to help associations apply for, incorporate, and execute anything from a community involvement grant to an issue or candidate campaign. The consultants, who are each assigned to a group of states, connect state and local associations to the professional program staff in Washington, D.C., who actually administer the resources and tools.

“The consultants are really an extension of your staff,” Malkasian explains. “Each one of them has comprehensive experience working with and for REALTOR® associations. They provide day-to-day assistance for each and every program and really, you can call them anytime. They are there for you,” Malkasian promises.

Critical Role of States

In looking over the many REALTOR® Party success stories from last year—more than 50 of them are posted at the Web site (www.realtoractioncenter.com)—Malkasian notes, “We saw that strong partnerships and good communication between the state and local associations was critical.”

When the state association takes a strong role in coordinating and supporting local association efforts, there are better results, he explains. In many of the most successful Issues Mobilization and Independent Expenditure Campaigns conducted at the local level, the state association provided funding in addition to resources NAR provided.

Training is Key

The REALTOR® Party Initiative combines new programs with some of the tried-and-true ones for a new focus: to help REALTORS® direct their advocacy activity to the public, in addition to the members.

“Associations are pretty good at raising RPAC funds, getting their members to the polls, and encouraging members to vote for REALTOR® champions and issues. It’s new for many of them to ask the public to vote a certain way,” Malkasian says.

“As the REALTOR® Party Initiative moves into its second year, our goal is to help associations get even better at educating the public about our issues. And we want associations that have never used the resources to stick their toes in the water,” he adds.

The new Campaign Training Academies are designed to teach AEs and their government affairs directors how to best take advantage of all of the campaign services offered through the REALTOR® Party Initiative.

Three academies are scheduled in 2013: Washington, D.C., March 22-23; Denver, Sept. 6-7; and Chicago, Sept. 13-14. For more information, e-mail Julienne Uhlich at juhlich@realtors.org, or call 202-383-1235. ■

REALTOR® PARTY ASSOCIATION SUCCESS STORIES

REALTORS® in Arcadia Put Facebook to Work in City Council Election Victory

John Wuo, the Arcadia Association of REALTORS®, Calif., champion, was a candidate who seemed to have it all: a successful and well-rounded business career; a thriving real estate office; a list of impressive board memberships and volunteer activities longer than his arm; two terms on the Arcadia City Council (including two terms as mayor) under his belt; and the ability to speak Mandarin—the native language of the city’s largest minority group. But he had no Internet presence. The Arcadia REALTORS® put an end to that. Using NAR’s Campaign Services, they executed a successful campaign using English- and Chinese-language ads on Facebook to help elect him to another term.

REALTORS® in Oregon Pass Ballot Measure 79 and Stop Unfair Double Taxes

The 2012 election cycle resulted in a resounding victory for the Oregon Association of REALTORS® as voters supported the passage of Ballot Measure 79 to prohibit real estate transfer taxes. The vote was the culmination of a two-year campaign with NAR that began by collecting 164,000 signatures to qualify the issue for the ballot. Despite a difficult political atmosphere, research showed a path to victory through a strong education campaign. This impressive victory featured a strong REALTOR® mobilization effort and a targeted campaign that personalized the messages necessary to illustrate the negative impact a real estate transfer tax would have on home owners.

REALTORS® in Ada County Bring Housing Opportunities to Life in Idaho

The Ada County Association of REALTORS®, Idaho, first used an NAR Ira Gribin Grant to develop a three-pronged housing assistance program it called Welcome Home Idaho, providing down payment assistance for working families, zero-percent loans to help with fees and interest, and employer-assisted housing materials and training for the community’s REALTORS®, elected officials, and business leaders. Then it put on a housing summit, launched a fair housing campaign, and established a housing trust fund for lower-income home buyers.

REALTORS® in Michigan Create “Sense of Place” in Workforce Housing

When the Michigan Association of REALTORS® received an Ira Gribin Grant from NAR, it funded a statewide initiative to study the benefits of placemaking—a progressive movement that creates improved and distinctive public spaces with community input. In February 2012, when Governor Rick Snyder announced new placemaking policies to spur the state’s flagging economy, state leaders asked MAR to lead the way. Using a \$15K Smart Growth Action Grant from NAR as seed money, the association did just that by hosting “MI Great Places,” the state’s first Placemaking Leadership Forum. ■

How to Guard Against Employee Fraud



Finley Maxson is an association counsel with the NATIONAL ASSOCIATION OF REALTORS® in Chicago. He can be reached at fmaxson@realtors.org.

Over the past year, the number of reported cases of employee fraud at REALTOR® associations has increased. Although this certainly has something to do with the economy, statistics reveal that small

businesses like REALTOR® associations are prime targets for employee embezzlement. Businesses with fewer than 100 employees suffer nearly a third of the reported employee theft, with the fraud schemes typically lasting several years before detection. The median loss for a not-for-profit corporation victim of employee fraud is \$90,000.*

Employee theft can occur in different ways but often involves employees who have access to the funds as well as the responsibility for monitoring them. The fraud usually starts small and grows over the years—ranging from monetary theft to misuse of company resources.

The most common type of fraud for REALTOR® associations involves using the company credit card for personal expenses. Unfortunately, in this scenario, even after the fraud has been detected, the accrued theft debt is usually too large for the perpetrator to repay. Association executives have been criminally prosecuted for their fraudulent actions, and at least one AE's home served as reimbursement to the association from which she stole.

The most common type of fraud within a small organization occurs when a person has both access to funds and the responsibility for monitoring the accounts.

NAR has tools available to help REALTOR® associations prevent, identify, and address employee fraud. The most important tool is the "Fraud Prevention Toolkit" on REALTOR.org (REALTOR.org/ae/manage-your-association/fraud-prevention-toolkit), designed to help associations implement processes

to avoid employee embezzlement. The NAR Professional Liability Insurance Program also provides REALTOR® associations with basic crime coverage of up to \$10,000 per claim, subject to a \$3,000 deductible, and the usual eligibility requirements.

Here are some steps you can take to protect your association from employee fraud, and navigate the insurance process, in the event that you find yourself a victim.

FRAUD PREVENTION PLAN

The first step in protecting your association against employee theft is creating a fraud policy. The fraud policy should clearly define what constitutes fraud and outline ethical business practices for employees. The scope of the policy should be broader than simple employee theft, covering misuse of company resources, gifts from vendors, and providing confidential information to third parties.

After defining fraud, the policy should describe "whistleblower" protections. Most fraud is detected by other employees, and so encouraging employees who believe fraud is occurring to come forward is an essential part of any fraud program.

Next, the policy will need to describe the process for reporting fraud. This could include designating certain individuals as fraud contacts, or referring employees to another mechanism, such as a dedicated voicemail or e-mail box. Many large companies employ a 24-hour tip hotline, but this may not be a practical solution for REALTOR® associations.

Finally, the policy should describe the investigative process, including who will lead the investigation and what steps are involved.

Once the association has a fraud policy in place, they'll need to clearly communicate it to all employees, making sure they understand the importance of fraud prevention.

Association executives have been criminally prosecuted for their fraudulent actions, and at least one AE's home served as reimbursement to the association from which she stole.

OTHER IMPORTANT SAFEGUARDS

Segregating duties is a vital safeguard in small associations, where employees are performing multiple roles. As previously noted, the most common type of fraud within a small organization occurs when a person has both access to funds and the responsibility for monitoring the accounts. Separating the duties between employees is the most obvious way to prevent fraud.

An additional safeguard is to require two signatures for expenditures above a certain threshold. Expenditures should be monitored, and all irregularities—such as checks made out to unknown suppliers or to cash—should be investigated.

Finally, conduct an annual review of the association's finances or a third party to provide an annual audit. This could be undertaken annually by a committee of the association or the association's treasurer, with any irregularities being investigated further. Hiring a CPA to conduct the audit is another option for the association.

SECURE INSURANCE COVERAGE

If an association suffers a loss from employee fraud, the NAR insurance program for REALTOR® associations offers basic crime coverage to associations. Crime claims have some special reporting requirements, such as reporting all criminal acts to the police. Associations can also purchase extra coverage to increase the limits. For more information about NAR's insurance program for associations, visit REALTOR.org/programs/professional-liability-insurance-program.

Small not-for-profits, such as REALTOR® associations, are especially susceptible to employee theft. By implementing a fraud policy and adopting other safeguards, associations can help prevent, identify, and address embezzlement from within. ■

* Source: Association of Certified Fraud Examiners survey



6 Tips for Preventing Employee Theft and Fraud in the Workplace

1. Use pre-employment background checks wisely.

Basic pre-employment background checks are a good business practice for any employer, especially for those employees who will be handling cash or have access to sensitive customer or financial data. Check with your local Equal Employment Opportunity Commission office for the laws in your area that govern the types of information that you can consult as part of a pre-employment check.

2. Check candidate references.

It's always a good practice to check references, particularly those of former employers or supervisors.

3. Communicate Conduct Guidelines.

Your employee code of ethics and conduct should be not only documented and agreed to by all new employees but reviewed and initialed by existing employees.

4. Don't be afraid to audit.

Auditing always has a big brother feel, and in a small business environment this is especially true. However, conducting regular audits can be a significant deterrent to fraud or criminal activity.

5. Recognize the signs.

Studies show that some of the potential red flags to look out for include:

- Not taking vacations—

many violations are discovered while the perpetrator is on vacation

- Being overly-protective or exclusive about their workspace.
- Preferring to work after hours or take work home.
- Unexpected change in behavior.
- Financial records sometimes disappearing.

6. Set the right management tone.

One of the best techniques for preventing and combating employee theft or fraud is to create and communicate a business climate that shows that you take it seriously and trust your instincts.

Adapted from the U.S. Small Business Administration online community pages.

Budgeting Software Beyond Excel

As associations today strive to be more detailed and forthcoming with their financial statements, and members and leadership take a closer look at association spending, often the tried-and-true, if not

If you're still searching your budget for ways to trim and save, take a look at *how* you budget and you may find a wealth of time- and money-saving opportunities.

tedious, Excel spreadsheets can't cut it alone.

Luckily, a plethora of new software and service tools are up to the task. Some can automatically sync data from your bank and investment accounts, eliminating time-consuming data entry. Others afford you the ability to search for specific transactions in your data, and store attachments to those transactions (such as a receipt image to a purchase record) eliminating uncertainty and aiding in auditing. Some financial software makers even specialize in the unique needs of nonprofit organizations. Serenic Software, Fund E-Z, and PlanGuru, for example, include nonprofit-specific tools to make the steps in your budgeting and spending processes more transparent. These niche options also include templates for nonprofit IRS

tax reporting. Advanced financial software solutions hosted in the cloud enable staff, outside accountants, and finance committee volunteers to view, manage, and approve budget information online from any-

where—even a mobile device—simultaneously and securely.

Online tools, such as Xero, enable associations to not only track revenue and spending, but plug in project management apps to track specific program expenses in real time. Staff timesheet apps and bill payment scheduling modules can also aid in the new micro-reporting era.

Apps for your smart phone can also dramatically cut down on the time you spend adding up those receipts. ProOnGo from QuickBooks, for example, not only scans your expense and purchase receipts, but also files them in custom templates and syncs the data to your QuickBooks budget. Expensify, a free app for Android, iPad, and iPhone, syncs with your credit card or bank account to pull in expenses and direct-

deposit your reimbursements.

If you're still searching your budget for ways to trim and save, take a look at *how* you budget and you may find a wealth of time- and money-saving opportunities. ■



Expensify imports expenses directly from a credit card to create reports. Expensify.com



SerenicSoftware, fund accounting software for nonprofit organizations. Serenic.com



PlanGuru is budgeting and forecasting software designed to "help businesses and nonprofits make better decisions." Planguru.com



ProOnGo expense tracker for iPhone and iPad creates expense reports from receipt images and GPS mobile tracking. ProOnGo.com

Are YOU An MVP?



NAR's **Member Value Plus (MVP)** program was expanded to include **monthly AE offers**. Here's how you can benefit:

STEP 1:

ACT NOW

Take Action on **exclusive AE offers** the first of every month.

STEP 2:



Earn Rewards for yourself, your Association and your members!

STEP 3:



Be an MVP to your Association and members!

Are your members MVPs?

Help your members benefit from the MVP program by communicating MVP offers, available every 2 weeks on the 1st and 16th of each month. Here's what you can do to promote the program, and be an MVP to your members:

- ✦ Look for Sneak Peek emails sent to you exclusively from NAR a few days before each new offer with the upcoming offer details
- ✦ Post the MVP widget to your website
- ✦ Utilize promotional resources on the Share & Promote section of the AE page on REALTOR.org



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Visit www.REALTOR.org/MVPrae
for details on the expanded MVP program.

Financial Perspective

Having led four major REALTOR® associations (Philadelphia, Albuquerque, Sacramento, Las Vegas) in four very distinct markets over the past two decades, Nelson Janes brings a unique perspective

to association financial management. “Since real estate markets are influenced by national and now even global trends, while being subject to uniquely local pressures, each association faces its own financial challenges,” he says.

Janes’ solutions to fiscal challenges, which have varied with each association, have included reducing staff and expenses, generating revenue by launching a commercial overlay board, and servicing local chapters of the NAR societies, institutes, and councils.

“The downturn hit at the third association and it hit

hard,” says Janes. Fortunately, investment income kept the association in the black and helped maintain full services “when the members needed them most.”

After taking the helm in Las Vegas in 2012, Janes says, he found responsible reserves, a balanced investment policy, and conservative budgeting practices. “Today we are able to maintain reserves while continuing to offer members new business tools and services.”

Q. You’ve been at GLVAR for more than a year now. What were the biggest challenges you as the new AE faced, and how did you manage them?

When you have some experience in this or any job, management and operations are not the challenge. The challenges become—especially when following an AE of long standing—your credibility and the culture. So I would not say that these two challenges have been managed yet—they both take time. At some point, through your decisions and interpersonal relations, you either gain credibility and trust or you don’t. When you do, you can genuinely become a leader with big-picture goals rather than a manager with day-to-day checklists.

Culture is the most important component of any organization. How do the members perceive their

association? Do elected leaders and senior staff collaborate well with a clear understanding of their roles? Do the staff enjoy coming to work and feel that they are part of something important and larger than themselves? A healthy culture engenders professional and personal development for volunteers and staff. That’s my ultimate goal as an EO.

Q. What are the most effective ways you’ve been able to weather the economic downturn?

I believe in trimming and reorganizing staff through natural attrition whenever possible. Reorganizing always results in economizing. And the staff needs to be instrumental in trimming operating expenses in their areas and are generally very effective at doing so.

As long as there is a responsible reserve on hand, I don’t believe in cutting or even trimming services in times when your members need you most. In fact, we were able to give each member a credit at the end of this past year toward their dues or continuing education.

Q. What is the biggest challenge facing REALTOR® associations?

The biggest challenge is keeping the REALTOR® in the center of the transaction. Real estate is such a major component of the economy and, as such, is constantly experiencing incursions by outside entities that want some of the business. For example, we spent years at the federal level keeping banks out of the industry. Now they are deeply involved through short sales and foreclosures.

The latest trend is lawyers advertising that they should be the first point of contact in a transaction involving a distressed property.

I agree with NAR’s emphasis on reaching out to the consumer on behalf of the membership. Make consumers aware of their most reliable source of information and service. Eventually, get them on board with REALTORS®’ protection of private property rights. Our legislators and regulators won’t like getting that number of calls. ■



Nelson Janes is chief executive officer of the Greater Las Vegas Association of REALTORS®.

Contact him at NJanes@glvar.org or 702-784-5000.

“I believe in trimming and reorganizing staff through natural attrition whenever possible.”

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*Eligible models: 2013MY Chrysler Brand: 200 Sedan (excludes LX model), 300/300C**, Town & Country; 2013MY Dodge Brand: Dodge Dart**, Charger**, Challenger**, Avenger, Journey (excludes AVP model), Grand Caravan (excludes AVP model), Durango; 2013MY Jeep Brand: Grand Cherokee**; 2013MY Ram Brand: Ram 1500/2500/3500 Quad and Crew Cab Pickup models only. **All SRT models of these vehicles are excluded (ineligible). Some program exclusions and limitations apply. See dealer for complete details on all NAR-related offers. Chrysler, Jeep, Dodge and Ram are registered trademarks of Chrysler Group LLC. ©2013 Chrysler Group LLC. All rights reserved.

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