



The Quest for Model Perfect

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Introduction

I'm an apologist for the real estate industry. My two-decade road as a participant in the industry has included being an agent, an owner and of late a business development thinker for innovative economic models within the real estate industry.

As an apologist, I have developed a hunger or quest for a more perfect model. My journey has helped me develop a propensity for understanding what makes the real estate industry and its business components tick.

My appetite for great business models has become my *Quest for Model Perfect*.

But I am not alone. The *Quest for Model Perfect* is one shared by almost all of my owner colleagues who are engaged in trench warfare to control the front line of the battle over consumer predisposition and loyalty and thus ensure their profitability and survival.

My years of foraging have led me to conclude that we are facing what I call *The Democratization of Real Estate* (see www.donaldteel.com/docs/democratization.pdf), a new economic climate fueled by information based technologies that fosters and demands the emergence and convergence of the consumer's demand for uninhibited access to all things pertinent to real estate.

This new economic climate is beginning to squeeze the real estate industry in ways never before experienced. Brokers, mortgage lenders and title services providers have long occupied a controlling voice over the spillage of real estate property information into the streets of public domain. But let's turn this stone over and see what's living under it.

Model Emergence

Model Perfect has and will always be illusive. The fun in all of this for owners is not in arriving at some fickle destination but being in a state of constant business flux and always in route toward the re-invention of our business models.

In this Consumer-Centric era (see www.donaldteel.com/docs/thirdwave.pdf), new models are and will continue to emerge and evolve at a quickening pace. My position is that we should be managing the new emergence of ideas, their evolution and their life cycles rather than being passive spectators who allow *Non-Brokers* (people and entities with no connection and commitment to the real estate industry) to dictate and deploy the future business models for use by the industry at large and owners in particular.

The word emergence and emergency are second cousins! Emergence is the time period prior to the creation of a degree of chaos labeled as an emergency and it serves as a precursor to mandated change.

The real estate industry is not the paragon of innovation by any stretch of our imagination and does not bode well in an environment of forced and/or rapid change.

My thesis is a simple one: The real estate industry, its broker/owners, agents and core service providers are facing a unique situational urgency...business chaos may be just around the corner.

As industry participants and those dedicated to the *Quest for Model Perfect* we should first acknowledge the emergence of a *New Real Estate Economy* (see <http://www.epartnerusa.com/presentations/broker/p4/index.html>) and we should be using this brief prelude to develop a new economic model known as *REALonomics* (www.donaldteel.com/docs/realonomics.pdf).

If one believes, as I do, that the traditional real estate industry model is on the verge of becoming irrelevant, we will need to create and implement new economic thinking to assist us with the reordering of our profit models and our position within what I call *The Third Economic Wave* (www.donaldteel.com/docs/thirdwave.pdf) of the real estate industry.

Our former business quadrangle of Brokers, Boards, Books and Buildings (the four Bs) was the primary means by which the industry imposed economic controlled so that consumers were denied access to all real estate information unless of course, they talked to us.

In approximately 1994, the World Wide Web and PC Technology began to release the informational genie from the broker bottle, creating unrestrained information portals accessible by anyone with Internet access.

A *Model Perfect* mentality accepts transparency as one of the new economic tenets that will guide the industry to develop and deploy new economic models that will embrace the consumer as an empowered partner in the buying and selling of real estate investments.

Model Perfect is decidedly a consumer-centric affair. *Model Perfect* is a consumer-driven business plan, not an industry driven plan. It is the creation of dynamic peer-to-peer (seller to buyer) conversation and relationships occurring within multiple markets in real time.

Model Convergence

Within the real estate industry, market definition and market position has heretofore been geographically defined and controlled. But what if market position is redefined so that it has increasingly little to do with the physical location of real estate companies?

All business modeling begins with an analysis and definition of what constitutes the "market" and how the "market" produces revenue and profitability. Let me make an economic point; all real estate markets are being redefined, thus impacting the ability of our business models to produce and sustain adequate ROI.

The market is one thing when it is defined in terms of consumers calling telephone numbers on yards signs and reading real estate ads in the local paper and it is entirely another thing for consumers to be directly linked to ubiquitous property information via Internet access. These are two decidedly different market definition realities with

fundamentally different financial opportunities and outcomes. It is the recognition of these market variables that form the catalyst for business modeling.

If the term "market" is redefined as the triangle of seller, buyer and property connected by cyber links it will be those entities that control these cyber connections that create the new business models for the real estate industry and ultimately reap the economic benefits. Actually, my friends, this is the new model convergence happening all around us...today...the future is NOW.

The Market is King

Faulty definitions of what constitutes "the market" inevitably produce inadequate business models that stagnate because they cannot produce and sustain profitability in a rapidly evolving sea of change. This is where we find ourselves today.

Brokers, Boards, Books and Buildings led to a fifth (5th) B known as "Branding." Branding within the real estate industry has always been a part of how we positioned ourselves within our cozy definition of "our market."

The five Bs is how we modeled the industry so that we could reside, create and maintain our economic place within the industry. Boards, Buildings and Brands have become the Broker-Centric (www.donaldteel.com/docs/firstwave.pdf) flags staked in geographic areas signaling our presence and pseudo permanence. They were designed to provide an invitation to local agents to affiliate with a particular brokerage firm and to signal consumers that we were present and waiting for them to come to us for help with their real estate needs.

What happens when a Broker-Centric era (www.donaldteel.com/docs/firstwave.pdf) is forced to yield to a new, highly sophisticated and ubiquitous new era known as the Consumer Centric (www.donaldteel.com/docs/thirdwave.pdf); an era moving at a speed that seems uncontrollable?

The market is King. Our position as we have known it is shifting on its axis. Our controlled focal point is moving from its position on the geographic plane to the ethereal cyber plane.

Consumers are increasingly rejecting our cumbersome retail models for the highly flexible and adaptive models that will provide them with true choices with respect to brokerage, mortgage and title relationships. The "MARKET" is no longer concocted and controlled. The often bloated models offered by the real estate industry are as antiquated as the pony express. The real estate industry is having a great deal of difficulty admitting the existence of this new reality.

Can we make the cyber convergence of seller, buyer and property a part of our business model? This is what it will take to move toward *Model Perfect*? This emergence need not create a state of emergency as we utilize economic models such as e-Partner (www.epartnerusa.com) and CityBlog (www.cityblogusa.com) to help us manage the changes and the transition required to move us from fixed business models in static markets to transparent blueprints that operate with fluidity.

The Broker Centric Era gave way to the Agent Centric Era which now must yield to the Consumer Centric Era. This transition is creating I have been calling the Democratization of Real Estate (www.donaldteel.com/docs/democratization.pdf).

Our business models must now converge with the Consumer-Centric market like a carefully concocted financial graph creating the intersection of the supply, demand, service and price lines; a convergence that truly responds with business models that are designed to meet consumer needs. From a purely pragmatic position, it is this convergence of model with market reality that forms the rationale for *Model Perfect*.

Who among us can possibly assert with a straight face that our models are streamlined, agile and highly profitable?

This challenge is the *Quest for Model Perfect*.

----- Postlude Items -----

If you would like to read more of my articles and learn more about the transitions taking place within the real estate industry, please visit these sites. At the current time all of my articles are available by download at no cost.

www.DonaldTeel.com

www.ePartnerUSA.com/presentation.htm

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