

PRUDENTIAL ALLIED REAL ESTATE: RAISING VALUE

Preparing a Comprehensive Real Estate Agency for Sale



Introduction

PRU Real Estate owners were frustrated with growing their investment. For many years (20+) they were locked into a pattern of not realizing their dream – growth and return on their investment. Their current productivity was yielding \$750 K per year and they wanted to double cash flow by 2006 (\$1.5M). The purpose of this case study is to describe how the agents and owners at Prudential, with consultant support, accomplished this in 12 months. The project began in February, 2004 and was completed January 2005.



The Situation

Two owners of a Prudential Real Estate Agency (commercial & residential) wanted to improve the financial performance of their agency so they could sell it within twelve months. We began by doing an assessment of what each of the owners wanted in terms of our work together for the next twelve months. The initial project was a strategic plan and life plan for each of the owners. Each of them had their own idea of what they wanted to see happen concerning the agency. Getting agreement from each owner on how to move forward took some negotiating.

Once we had an agreed to plan, we began working with the agents to improve the overall sales process. We used a participative method and obtained input and commitment from the agents. Their work yielded individual sales and development plans with an emphasis on improvement. This was noteworthy because the nature of the work fosters a sense of independence and esteem among agents. Once the agents saw and understood that these were tools to help them and their business, they embraced the project.

Sales Process Improvement Results

Within twelve months we were able to assist the owners and agents to improve residential sales by **23%**. The commercial side improved their revenues by **100%** as reported by the new owner. As we mentioned above, this was obtained by working with everyone and getting agreement first from the owners and second from the agents. This was accomplished by a set of management interventions that will be explained in more detail below.

The Management Method

By getting employees involved in solving current problems and identifying what was getting in the way of their success we began focusing everyone's energy on solutions. The process set a high standard for the agency and because everyone had a hand in designing the solution they had commitment in seeing things through to completion.



The Steps

1. **Assessment:** We began with a current analysis of the business which was accomplished by surveying and process mapping with the agents. Process mapping provides a visual analysis allowing the participants to view their organization, comprehensively. Initially, all agents focused on the sales process since that was determined to be a key element in the agency's success. Next problem areas were identified and tagged for solutions. The group came up with very creative solutions to problem areas. Agents and consultants joined forces to write a report which was presented to management. Management began implementing solutions that did not require any expenditure of funds. If a solution required spending money then management prioritized and budgeted for the recommendations by employees.
2. **Planning & Success Metrics:** Next we worked on agents designing individual development plans which incorporated extensive action plans with measurements. We determined that the key metrics would be listings and developing inventory. There were other measurements we worked with but it was determined that this was the most important one for this agency.
3. **Implementation:** Once we had action plans in place we coached the agents to improve their performance. Training was a big issue for these agents, especially new agents. They were not happy with their weekly meetings and wanted to take more initiative with the topics that were presented. They felt if they were going to spend time in meetings it had to improve their business and sales skills. Each of the agents took turns presenting topics related to the sales process. General seminar titles included how to successfully obtain qualified listings and improving overall sales skills. When they brought a speaker in it was on a topic that was of interest to the agents.

Getting people involved in improving their workplace is a powerful tool for management. We experienced some resistance, in the beginning, even with the owners. After we obtained agreement then coaching for desired outcomes became easier. The agents were also reluctant at first because management had brought consultants in before and not much changed. They needed help in implementation and staying on course. Caridas Consulting helped with implementation. The result was considerable improvement and sustainable change.

Conclusion

This process creates accountability for everyone. There were people who do not want to commit to personal goals. We worked with everyone and showed them how it would be to their benefit to develop individual development plans. We saw the project through to completion and helped the owners achieve their goals of growing the agency revenues.

In closing, their agency became attractive and resulted in a buyout scenario for one of the owners while providing income for the remaining owners. One of the prior owners chose to remain with the agency and concentrate on selling rather than management duties. Everyone worked hard to make this work. Congratulations to everyone involved.

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