MLS Regionalization
Best Practices, Breaking Through

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Some Brokers Are Thinking Aggressively

Inman – “MLS Consolidation: 30 by 2030?”

Jon Coile
President and CEO, Champion Realty
Jon Coile is the Chief Executive Officer and President of Champion Realty, Inc., a Berkshire Hathaway affiliate and wholly owned subsidiary of HomeServices of America, Inc. Champion is a multi-office regional broker based in Annapolis, Maryland with Mortgage, Title and Insurance company subsidiaries. Coile got into real estate in 1988 and became a multi-million dollar agent in his first year. In 1991 he became a partner in Champion Realty... Read More →

Gregg Larson
Owner, Clareity Consulting & Communications
Gregg Larson has over thirty years’ experience in the MLS and real estate information industries. Gregg provided consulting services to the REALTOR® Mid-List, the National Association of Realtors...
1. Fewer (or one) MLS organizations?
2. Fewer (or one) MLS database?
3. Fewer (or one) MLS system?
Goals drive strategy – set them first!

1. Reduction of arbitrary information barriers
   a. Reduce need for multiple memberships
   b. Reduce number of data feeds for participants’ use
   c. Provide more comprehensive / accurate statistics
   d. Provide wider listing exposure for sellers

2. Reduce number of systems some members need to learn

3. Improve MLS rule and data accuracy compliance
   a. Providing uniform rules and enforcement

4. Provide efficiency for governance involvement

5. Improvement in MLS product / service scope

6. Associations can focus more on association functions

7. Reduction in cost [please don’t oversell this!]
“Our board decided to put the breaks on regionalization to see what happens with Upstream and AMP.”

**Upstream** has *nothing* to do with regionalization, but brokers will use it if they are dealing with multiple MLSs they are frustrated with.

**AMP** is *not likely to help with most of the previously described goals*.

Therefore, Upstream and AMP should not be used as an excuse not to regionalize.
Regional MLS versus Shared System & Data Share

Data Share
- Solves 1 & 2 (arbitrary info barriers, multiple systems)
  - Assumption: all parties bring shared data back into systems
  - Incurs additional cost / management complexity
  - May or may not address arguments over data licensing / uses
- Useful between regionals that have solved all the other “pain points”

Shared System
- Solves 1&2 + potentially 5 (product/service scope) and 7 (cost)
  - May or may not address arguments over data licensing / uses
  - Governance can be tempestuous; non-nimble (“Let me take that back to my board.”); doesn’t scale well at all to more organizations joining.

Regional MLS Organization
- Solves all of described problems
- Can be politically difficult to achieve and – sometimes – maintain.
What are the natural boundaries for local real estate?
How many MLSs should there be – and where should the borders be?

- Without a **goal**, how do we develop **strategies & tactics**?
- Shocking that neither NAR or CMLS has ever studied this!

*If I was setting up the study...*

- MLS Geography criteria:
  - Consumer natural market area, Broker business needs, Economics
- Service centers & criteria?
- MLS Core Standards
  - Data standards / Compliance, Support, Technology, Data Licensing / Participant Data Access, Security / Privacy
What is your MLS Cooperation WIN condition?

- Win condition:
  1. For consumers
     - by extension members
  2. For brokers

- No blocking moves where everybody loses.

- “A bit at a time” not a great strategy for members *if it can be avoided*. 
1. Meeting(s) of the CEOs
   
   - Establish **CONSENSUS** on:
   
   • Goals (and expectations)
   • Ownership & Governance (Proportional or not)
   • Money-flow (Wholesale/Retail or MLS Direct Bill)
   • Leadership & staffing (Physical vs. Virtual)
   • Who can subscribe? (What kinds of affiliates. Assistant costs?)
   • Product / service mix (Drives associated costs – and conflicts!)
   • Property types & statuses (It’s a detail, but if you can’t agree…?)

   - Also discuss: timing, financial readiness.
   - Advance preparation plus ½ day to several meetings.
   - Clareity provides up-front analysis and examples to prevent “blank page” paralysis.
Clareity has an efficient process to facilitate MLS cooperation (Recently: ORTIS, Northern ON, others quietly in progress…)

“Matt at Clareity Consulting played a foundational role in the creation of our regional MLS® system, ORTIS (Ontario Regional Technology & Information Systems). Back when we were three boards, which eventually grew to eight, we asked Matt to outline options and proven best practices in how to share an MLS® system. It was interesting to watch the path our collective leadership took as they diligently eliminated the alternative models Matt had presented only to eventually end up where Matt had initially suggested they might want to be. We also engaged Matt in the more formal RFP process of vendor selection, where he kept our team on focus of what is truly important to our users, versus getting distracted by the bright lights and whistles provided by the vendors. What I liked about working with Matt is what he brings to the table – he provides context and perspective – but then lets the client view this through the lens of their own environment to find what is best for them.”

Bill Duce, Executive Officer
Kitchener-Waterloo Association of REALTORS®
2. Group Leadership Meeting

- Discuss areas still lacking consensus
- Addresses sabotage: stops misinformation - and gets all valid issues on the table; pre-positions against bogus issues
- “I have to go back to my board” can only go on for so long!
3. The Business Plan

- Goals
- The Company (Ownership, Governance, etc.)
- Products & Services
- Budget
- Next Steps / Timeline

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<th>Ramp Up Over Years 1 to 3; Year 4</th>
<th>2016</th>
<th>2017</th>
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<td>Revenue</td>
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<td>Wholesale MLS fee revenue as each MLS goes LIVE</td>
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4. Company Formation
   - Do NOT skip legal steps like IP Agreements. More on that from Mitch in the next session!

5. Communication
   - Jointly from the new company and each existing one.

6. System Selection & Contracting

7. Hiring (if / as needed)
   - Interim: may be staffed from existing founder resources to minimize costs.
Avoid CRITICAL ERRORS: do the *right thing* at the *right time*!

- MLS System decision belongs near the END.
- Do NOT avoid the hard questions! It wastes everyone’s time.
- Do NOT send out “wedding invitations” before you agree to get married (*after* hard questions are discussed & ideally resolved).
“3 years to retirement … They’ll take US over when I DIE!”
“But next year I was going to be MLS president”.
“But what will 25-year loyal employee Mary do if we eliminate the redundancy?”
“What if we lose MLS revenue to the association?”
“My MLS is worth a lot! Why would I give that away?”
“What about our association’s IDENTITY?”
“Their members benefit more than ours.”
“My MLS is worth a lot!”

Relate these distractions to the MLS Mission
(Pre-position. In front of the group.)
Every MLS mission seems to be a bit different - but generally something like:

To provide and promote the highest quality, cost-efficient real estate information, products and services to advance the professionalism and productivity of real estate practitioners and facilitate cooperation and compensation.
THINK AHEAD
Pre-work beats Re-work

DOCUMENT
All Emerging Questions, Discussions, AND Decisions
Involve attorneys for “privilege”

MANAGE
an aggressive project plan and involve appropriate business decision-makers regularly
COMMUNICATION

Is Key!

What to say?
To whom?
When?
How?

Acceptance

Emotional Rejection

Intellectual Engagement

Clareity
#1 Recommendation for Keeping a Regional Together: Set firm MLS / Stakeholder boundaries

- MLS managed by separate MLS BoD and professional staff.
- Stakeholders’ BoDs: fiduciary issues, bylaw management, member interests (serious satisfaction issues).
- Avoid dysfunctional governance models where shareholders must go back to their BoD for every systems change and contract.
Discussion?