

Keller Williams Realty: Family, Culture or Engineering

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Reprinted by permission of REAL Trends, the following article was originally published in the March 2006 edition of the REAL Trends newsletter. It is reprinted below in order to give you a glimpse of what it would be like to be "outside looking in" on Family Reunion 2006.

What an amazing opportunity — an invitation to experience the 2006 Keller Williams Realty Family Reunion Conference at the personal invitation of Keller Williams Realty Vice Chair Mo Anderson. Five days on the inside track with one of the country's fastest-growing real estate franchises.

I arrived early and before I reached the registration desk discovered my first mistake. I was out of uniform. Keller Williams Realty has a color and it is red. Almost everyone in the group was wearing at least one article of red clothing. A significant number were wearing the meeting's signature apparel item, a custom-made pair of red sports shoes complete with the Keller Williams Realty logo. I later learned that this accessory was more than just a way to demonstrate unity, it also served as a fund-raiser with a healthy amount of the sales price being forwarded to KW Cares, the group's very successful philanthropic fund.

As a starting point, Keller Williams Realty defies understanding unless one approaches it from three



CEO Mark Willis and Vice Chairman Mo Anderson, pictured here at the State of the Company address, led many of the general sessions that were attended by the more than 11,000 attendees to Family Reunion 2006 in Las Vegas, Nev.



different perspectives: family, culture and engineering. Keller Williams Realty works very hard to be very different from any other business model in the North American real estate industry.

It is important to appreciate the fact that while not all KW brokers (operating principals), managers (team leaders) and agents (sales associates) are passionately committed to the program, the vast majority

are. It is one thing to talk about patriotism but quite another to realize that a United States Marine is willing to charge up a hill into a machine gun emplacement for love of country. These are chargers.

It becomes obvious that the concept of family is not just rhetoric within the KW organization. The central figure of this force is KW's amazing Vice Chairman Mo Anderson. Formerly a success-

ful KW broker in Oklahoma, Anderson, at 69 years of age, presents an imposing and impressive image. The respect she commands when she stands in front of thousands of conference participants begs the word Matriarch. The feeling that fills the room when she talks about the fact that one of her pet projects, KW Cares, collected over \$5 million in 2005 to support various charitable interests is reminiscent

of your favorite teacher. But the raw power that one feels when she counsels the group on the ill effects of allowing profanity within a professional office is nothing short of being called on the carpet by a very unhappy mother. I stopped uttering “bad” words for at least four days afterwards.

The idea of the Keller Williams Realty family was brought home even more dramatically by events following Hurricane Katrina. The New Orleans area is an important KW region. Within hours of the storm, the entire KW organization had mobilized to help KW operations in the area. One office owned by one broker quickly became the home for three other market centers.

The regional owner provided funds from his own pocket to keep offices open and Keller Williams Realty International provided funds to help the region. The speed with which this happened strongly suggests that “family in need” was a more important fact than business as usual.

The priority of the KW culture is also something that quickly presents itself to the observer. There is a value system here. There is a set of social rules. An interesting case in point is the company’s approach to core services. The key selling point to KW’s new program is not its profit potential but rather the fact that it is compatible with KW’s family values and culture. Despite KW’s focus on profitability, this program is being sold on the basis of its being the “right thing to do,” a concept that is immediately backed up by a detailed program to integrate loan officers into family and the culture.

The level of respect extended to both internal and guest speakers was especially impressive. Anyone who has ever presented to or attended real estate meetings has experienced the challenge of demanding a group’s attention at the beginning of the session, to the constant electronic interruptions and to the indifference of participants who abruptly leave the room in the midst of the presentation’s most salient point. This behavior was not seen in any KW conference session.

At my first session, I was startled by the fact that at one moment there were 500-plus individuals all noisily interacting. A second later, three leaders at the head of the room counted to three together. Upon the word “three” the entire room went silent and the presentation proceeded. That was the procedure at each meeting.

“Keller Williams Realty’s culture attracts learning-based individuals,” says Darcy Dougherty, regional owner of KW’s Mid-American Region. “Sales associates, team leaders, operating principals and regional leadership are all here to learn. You won’t see them out at the slot machines during sessions.” Dougherty went on to say that her

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standard conference briefing includes instructing her leadership teams to be in sessions 15 minutes early to make sure that they get a seat. “Otherwise, they are likely going to be standing or sitting on the floor at the back of the room,” says Dougherty. “Attendance at KW events is like nothing else I have ever witnessed in over 30 years in the real estate industry.”

But what was most impressive about my KW experience and what I think is being missed by the industry at large was the discovery of what I would describe as the engineered core of the Keller Williams Realty business model. This is not a model powered by rah, rah hype or mystical philosophy. At the center of the Keller Williams Realty is a set of engineered tools and psychology-based profiling systems that reduce many of the biggest challenges of the real estate business down to a series of formulas.

While this space doesn’t allow for a recital of all that was raised during the conference, there are a number of concepts that are especially memorable. The first is Keller Williams Realty’s obsession about “talent.” Keller Williams Realty has taken author Jim Collin’s focus on “getting the right people on the bus” to a whole new level. No less than three levels of testing and profiling are performed on all candidates for any management, ownership or regional position. These procedures result in each KW personality carrying his own personality designation.

These profiles are discussed with the same energy and enthusiasm as a group of major-league baseball players discussing each other’s batting averages. During one session, [CEO] Mark Willis discussed his profile and what steps he had taken to improve his own performance in a fast-changing corporate environment. Try that level of openness on for size.

Keller Williams Realty is an organization closely tuned to performance evaluation and research. Every month over 550 KW market centers “transmit” a wide range of operational data generated during the previous 30 days to the KW headquarters in Austin (TX). This data reflects almost

every operational aspect, including what steps were taken to follow up on management recommendations made the week before.

This data is quickly entered into the KW database and analyzed. The results are sent back out to the market centers with very specific guidance relative to how to improve performance.

KW Founder and Chairman of the Board Gary Keller is very much the icon and inspiration behind KW’s performance-engineering programs. His several presentations during the conference produced a blizzard of facts, figures and hypotheses. It was interesting to watch him develop the nexus between statistical compliance and specific performance outcomes. It was also Keller’s presentations that tied the cultural rules to business performance and financial success.

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As amazing as this experience was, there were still moments of question and issues of controversy. Some Keller Williams Realty brokers seem to be reluctant to abandon existing core service arrangements. In an industry that is currently almost frantic in its efforts to address the Internet and a rapidly evolving market, Keller Williams Realty is taking a remarkable position about both situations.

The Company’s conference message to its business partners about the Internet seems to be, “stay the course. The fundamentals of the business have not changed. But it is an important tool for you to service your clients at a high level.”

With respect to declining market conditions the conference message seemed to be, “get focused, this is what we have been training for.” One wonders if history will validate these positions. **kw**