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**Mark Lesswing, NAR's Chief Technology Officer**

**Mark**

Diana, we are building on the theme of technology in our daily life. NAR's Chief Technology Officer, Mark Lesswing, will offer a practical perspective on how to balance the innovation of technology with the daily realities of running a business. Ladies and gentlemen, please welcome to the stage Mark Lesswing.

**Mark Lesswing**

Well, I want to thank you all for giving me the opportunity to talk to the group, and if anyone had a thought here of running out, building an avatar, and starting an MLS in Second Life as a way to increase non-dues revenue, well, somebody's already done it. But if we look at all these trends, they can become scary sometimes. There's just almost too much information happening, there's always so much happening. So how do we actually address this, knowing that things are only going to accelerate? You know, change happens, and change becomes faster and faster over time, but you have to have basic principles in mind.

So the basic principle in mind that we have to understand as an industry, here, is to develop a culture. And to develop that culture we have to think about leadership. Leadership is where it all starts. Without leadership, it becomes more like the laws of thermodynamics, where all things go to entropy, all things go to disarray and become disorganized. So leadership can help focus it into a culture, and the culture to make change happen. So making change happen is the job of leaders.

I think back to some great words I heard from Dick Gaylord. In order to get this culture installed, if it's not us, who is going to do it, and if not now, when? So the culture we're going to talk about for a few minutes here is the culture of real-time real estate. It kind of summarizes a lot of the things we've been talking about and makes it not as scary, puts it into perspective with some easy to follow rules and some direction to where we should be going.

You've probably been scared off by some of the terms that fly out here when you talk to software vendors and software people like myself. You hear words like Web 2.0, AJAX, SOA. It becomes mind-numbing. I think a really good one to think about is a term we manufacture. We should put it on our terms, and we should call it Real Estate 2.0. This

is a good thing. It puts us all back in our perspectives. And when you put it in words that we understand, that we control, we take back the game here by installing a culture.

Has anybody gone out and gotten an iPhone? Probably a lot. I mean, I've seen a lot of them around this summit. You know, that is because people, REALTORS, exhibit a lot of the same behaviors that Gen X and Gen Y'ers do. You wonder why this blogging phenomenon takes off, and you can't understand how that really applies to real estate, and you're wondering about that.

This is because that generation, X and Ys, make their decisions based upon the decisions of others. So the fact that you went out and got an iPhone, you heard about it from other people, and heard they were going to do it, so you started figuring well, maybe I'll go get my iPhone and learn about this. So you have a lot more in common with X'ers and Y'ers than you think you do, but you just don't know it. That's because it's a state of mind; it's a culture.

We have to think about putting processes in place here that allow the consumer to get the data they need. But they're going to get the data they need on our terms. We're going to take this big array of data and make it simple, simple to understand, simple to digest. And data quality is going to be the difference. That's a key differentiator between what we can bring to the consumer and what others can.

Consumers are going to start developing a new concept here. Instead of customer relationship management -- that's what we all practice -- that's the practice of beating customers over the head with emails, beating them with the sticks, beating them into submission. Consumers are going to take devices like you find on the iPhone and others that will certainly follow it to be in control of who they want to talk to when. So they're going to kind of flip the timetable here in the next three to five years and start practicing what I'm going to call vendor relationship management. So that control factor will change, and they will start selecting vendors, or people who deal with, who get the information to them in the terms that they want to see.

So the first concept I want to talk about very quickly is real-time marketing. This is one of the tenets of real-time real estate. Things to watch out for here -- I just made a mockup of what a Web site could look like -- are real live analytics. You can see right above the map on the graphic there is kind of a real simple chart to show some trending here. It's called a spark line, put out here by an author called Edward Tufte. He's a minimalist. How do you get information across to people in a minimal type of arrangement, just the information they need. So these will be very important. You're starting to see them pop up on the Dow Jones pages and some of the stock market trend analysis, even on paper. They're called spark lines. It's a way to minimalist get a graph across.

Then become community-focused. We already see that happening with REALTOR.com, getting on that trend, to get it down to the kind of information that consumers want. You want to make it easy to navigate. This is something I found really interesting about the

iPhone. It's not the fact that it's giving any more information than you had before, but it's the ease of navigation, some simple tricks that go there. So, actually, less will be more.

Web applications will be very important because you want to be able to deliver this information not by the fact that you, as a practitioner, have all the information on your server, but that your server can talk to other servers that have it. So that a whole infrastructure that has to happen in the industry will be very important to be able to channel all the information to the consumer based upon what we believe they should understand because the REALTORS are the experts in the field.

This will allow the industry to compete in a vendor relationship management world as opposed to a CRM world, which is where you're controlling what the consumer sees. So you're not going to be in a customer relationship management world, we'll be playing in a vendor relationship world. But understanding, culturally, that this is a thing that has to happen will allow us to compete in that environment.

The second thing: real-time transactions. I don't think anybody wants to be woken up in the middle of the night. Because sometimes that's when the consumer wants to see information about how things are going on that close. So understanding that there are tools out here that we have to start adapting ourselves to to be able to allow the transaction to happen and keep the consumer in the middle of it. We don't have to trap them, but by providing the information, you start developing that connection to the consumer. So real-time transactions is a big piece of real-time real estate.

Next is real-time information. On the strategic planning outline and some of the second century initiatives, we see this concept of information to the practitioner regardless of the boundary that they're in. I think if anybody would think that concepts like gateways, and national real estate gateways are in MLS you do it a disservice, you don't do it a justice, because it's not really in MLS. So start divorcing that term here and understand it's a practitioner tool. It's not going to dismantle the need for local MLS, but it allows the practitioner to see much more than the MLS data. It's all the information about a parcel. So it's a tool for the practitioner, it's not a replacement for a system that generates revenue for the industry.

So what track record does an association have to even think about these kind of goals? Culture, instilling culture? Good track record there. Putting effective leadership in place? Hey, we have a hundred years of history on that. But how do we translate that to technology efforts that can provide things like real-time data feeds, transaction management for the consumer, access to data from the practitioner standpoint, regardless of boundary? Well, I thought I'd spend a couple minutes in talking about some things that you could use to answer these questions when asked the same kind of question over the next year, in 2008.

First of all a great story is the Sentry Lock story. The whole idea behind Sentry Lock was to get involved in the business to provide a competitive marketplace. That investment was a million dollar investment. You know, right now it's worth \$25 million,

so that's actually a great track record there, a great story about why the association itself can take on these goals and make it happen.

The second story that you could use to back this up is the ecommerce system. If you don't know about this system, it is a great story. It is a way to collect dues. You can actually hook up your association's electronic store through it and clear the transactions through it at a much reduced rate than you would have to use if you're using normal Visa type processing. You know, last year it ran \$315 million through the system, so it's certainly not a toy. It's a real system moving real money. Every year it saves three to five percent on your transaction fees. These are monies that go back to serve the member. It's a great story.

REALTOR.com: You know what? Still number one. It's still number one. No doubt about it. It's actually changing; it's actually adapting to this fast paced development model. Fast-paced development is where it's going to be at, understanding that getting the information out and trialing things in front of the consumer is actually a good thing. Right now it's a formidable platform. All the so-called competitors coming into the space are actually watching that now to understand, and they're actually surprised that the REALTORS could react as fast as they did to the threat coming out.

So understanding that it is possible, that there is a track record of success in technology, combined with leadership and culture to address the cultural change that has to happen called real-time real estate.

So where can you go to find out information about this? And I actually kind of clipped my presentation a little bit short to catch up, but I want to talk about a couple of interesting resources that you can use to keep track of all this so you don't get totally distracted by all the fast paced things happening out of here, and just know that it is possible to chart a path forward. Very interesting, if you're into blog reading -- a lot of people aren't -- but the latest trends, the latest tools for real estate specific things can be found at [blog.REALTORS.org/crt](http://blog.REALTORS.org/crt). It has tips, it has techniques, new products that came up, stories about technology being used. It's a great place to send your technical resources to.

The benefits partner program run by the marketing group actually has tools available at discount. I know during Tool Time there was some talk about that, about how they can really work. But those partners in there do have tools that really work for the business. Online publications. Plenty of those at NAR. REALTOR.org is a great site.

REALTOR Magazine online is a great magazine for that section of the demographic of members who would like to find information that way. Periodicals and e-books available from Information Central. White papers and reports and surveys available through the research group, also available through the Center for REALTOR Technology. And last, but not least, the REALTOR magazine. High quality magazine, well written, insightful articles.

So to recap here, there's a lot going on. It's in your hands. You're the leadership of the organization. Staff is here to help you. But just know that it's about culture. If you get a cultural shift and focus, you have something that all the competitors don't have. You have actually working knowledge of how real estate really works. Don't lose sight of that. So all the other buzz words and hysteria, and all the comments are meant to make you de-focus on that and play into that game. So just adapt to technology to make real estate work the way it's always worked because you know more than they do that you have a tool that they don't have.

So that and moving together in the big concept of real-time real estate, I think you start looking at Real Estate 2.0 to take back the Web 2.0 world, and we move forward over the next year. So I want to thank you for the time to talk. Drop me an email any time. I'm on the road a lot talking to a lot of associations. But remember it's about culture and real-time real estate. Thank you.

**Diana**

Thank you, Mark. As we have learned, embracing the promise of technology will keep and help us grow our associations and our businesses.