

Strategic Relations: Network Builders Form New Alliances

Summary

Changing demographics are helping to reshape the landscape of power in Houston. To remain influential, the Houston Association of REALTORS® established a network of relationships in social, economic, and environmental arenas, many of which involve individuals relatively new to leadership in the city. Today, the Association has partnerships with more than 50 organizations whose decisions affect the real estate industry.

Background

Even before the 2000 Census, the Houston Association of REALTORS® (HAR) recognized changes in Houston: an African American mayor and city council members who were African American, Asian, and Hispanic. The Census merely confirmed that, for the first time, Anglos were no longer the majority group in the city. In the Houston metropolitan area, the African American population grew by 19.8 percent from 1990, the Asian population grew by 75 percent, and the Hispanic population grew by 76.5 percent. "The power structures were changing," says Oscar Gonzales, HAR's former chief strategic relations officer. "It wasn't a good ol' boys network like it used to be."



What the Association Did

In February of 1999, Gonzales, then HAR's executive vice president, joined forces with Robert Hale, the president and CEO of HAR, and consultant Jeremy Conaway of RECON Intelligence Services. Together, they approached HAR's Board of Directors with a proposal: In order to maintain influence in Houston's changing environment, HAR should create a Strategic Relations Unit to build relationships with the city's new movers and shakers. "The first question they asked," says Gonzales, "was, 'Isn't that what Governmental Affairs does?' And the answer is no, they deal with legislative and political issues. We needed to touch the social, economic, and environmental sides of things." The Board agreed, and in September 2001 the new Unit was launched, with an annual budget of \$25,000 and Gonzales' full-time attention.

The Unit began by identifying and setting up initial meetings with environmental groups, government agencies, community organizations, companies, and universities. Many of these introductions came through HAR's volunteer leadership. "When we asked our Board of Directors to help us make contact," Gonzales said, "a lot of directors came forward and said, 'Hey, I'm very involved with, say, Rice University, or the

American Red Cross, or the Fair Housing Council, or the City of Houston.' It's important to look to your membership and your leadership, because many times they're involved in things you may not be aware of, and have the kind of influence that can bring the appropriate parties together." Of the 50 or so partnerships HAR eventually formed, at least 15 arose from these initial introductions.

After an initial meeting, HAR entered each organization into a "power analysis" spreadsheet, along with a notation describing the group or individual members:

A = direct power

B = indirect power

1 = economic resources

2 = noneconomic resources

HAR began by setting its sights on emerging market groups, but it didn't stop there. Because they are a great resource for demographic information, universities were also targets, as was the Greater Houston Partnership, Houston's chamber of commerce. Major companies, oil companies in particular, were targets because of their power to move large numbers of employees into or out of Houston. The U.S. Environmental Protection Agency and local environmental groups were targets because their decisions affected homebuilding and business development. "It's all about building relational equity and not just focusing on the bottom line and the economic equity," says Gonzales.

Some potential partners were located outside Houston. "When it comes to Fannie Mae or Freddie Mac," says Gonzales, "the local offices may not have the power to make decisions, to partner, or to undertake a project, so in those cases you have to go straight to the top. We did that with HUD, Wells Fargo, United Guarantee, Citigroup, and the various emerging market associations, like the National Association of Hispanic Real Estate Professionals and the Asian Real Estate Association of America—groups that aren't logistically here but make decisions that affect Houston."

Outcomes

HAR's Board of Directors gave the Strategic Relations Unit two years to identify promising groups and build the necessary relationships; the process was completed in only six months. Today, HAR has relationships with more than 50 groups with power or influence not only in Houston but nationally as well, in three main arenas:

- **Social:** groups such as the National Association of Hispanic Real Estate Professionals, Real Estate Association Latinos, Houston Real Estate Association (REALTISTS), Chinese-American Real Estate Association (CAREA), Housing Opportunities of Houston Inc., Asian American Real Estate Association, the American Red Cross, and the Federal Emergency Management Agency (FEMA).

■ Economic: groups such as Rice University, Fannie Mae, Freddie Mac, Conoco-Phillips, The Tomàs Rivera Policy Institute, the U.S. Department of Housing and Urban Development, the Houston Community College System, the Greater Houston Partnership, and the Clear Lake Area Economic Development Foundation.



■ Environmental: groups such as the Greater Houston Partnership and the U.S. Environmental Protection Agency.

Gonzales credits HAR's success in part to the fact that he was able to devote his entire attention to the project. "Other associations have started these units, but they place the unit in the governmental affairs department out of logistical necessity," he says. "The government affairs unit is like the Defense Department, poised for war, and the strategic relations unit is like the State Department, trying to negotiate before it reaches the point of war."

Even if an association cannot dedicate all of a staff member's time to strategic relations, Gonzales believes, the person in charge must have the authority to carry out the organization's commitments. "If I say we'll provide people to man a booth and do a home buying seminar," says Gonzales, "I make darn sure that we do it—we make absolutely certain that HAR has a presence." The Strategic Relations Unit forges lasting relationships by showing that a partnership with HAR can be relied upon for tangible benefits.

For example, Gonzales says, "When the Houston Real Estate Association needed help raising money for a home buying seminar; we put our marketing team on the phone for them and helped them raise \$12,000. It only took us a few man-hours to do that, and it didn't cost us anything, but we were able to forge a strong relationship with that organization."

When Conoco/Phillips merged, the newly formed company wanted to relocate many of its employees to Houston and formed a five-member team to handle the transition. HAR was able to get one of its members appointed to that panel because Conoco/Phillips knew that that person could provide valuable information on local real estate dynamics. Through a partnership with the Houston Community College System, HAR has created an internship program in which brokers working with Houston's emerging markets will be able to train and hire agents representing those segments of the popu-

lation. The national Fannie Mae office recently used 75 of HAR's members to pilot-test a new finance program, focused on emerging markets homebuyers and involving both REALTORS® and lenders.

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