



Creating the most accurate sale and lease comparables database starts with the staff.

Buy-In From the Back Office & Agents

Buy-in is the most critical aspect of any principal broker's desire to automate their back-office operation. One must, however, start with persuading his or her administrative personnel of the positive attributes for converting from a known system to one the team will be novices in.

The reality is that most people do not like change, and in most small and

Automating Your Brokerage Back-Office Operation

By Daniel Levison



ANALYSIS

medium size brokerage operations, administrative staff are wearing multiple hats. Staff often feel they do not have time to learn a whole new software, even if it will ultimately save them time and increase their productivity. Many will even find fault with a new system to avoid putting more on their plate.

What Are Best Practices

“Best Practice” suggests that creating a plan that allows automation to occur in phases will increase acceptance. Going

live at the beginning of a new fiscal quarter will often minimize disruption and workflow as your business continues to operate and generate revenue.

Best practices also suggests running new and legacy systems in conjunction for at least one pay period, if not two. This allows inconsistency to be easily spotted and remedied. Remember, regardless of thoroughness, there will be some hiccups to work through.

A good first step is to map out your current operational workflow, and then compare it to industry best practices. You can then determine when an ideal time would be to switch out old operational bottlenecks for a more streamlined and efficient process.

To take this first step, start with a process of tracking agents’ pipeline revenue for deals with at least 50 percent likelihood of getting completed. This does not require agents to share

their client's detailed communications before a transaction is completed.

Our experience was that most agents pushed back on any new processes if they felt they were losing control or ownership of their private client communications and information. Keep the pipeline requests simple, but powerful enough to aid in forecasting and budgeting.

Strong Processes Are Critical

To automate back-office operations, it is critical to create a strong process around structuring and submitting deals. An effective deal-submitting structure should include an approval process for agents, administrative personnel, and, if required, the managing broker.

A complete end-to-end automated solution should include structure for invoicing, notifications, and accessible reporting for agents, administrative personnel, and principals.

A solution that focuses on simplicity in the application, along with transparency for everyone to understand and track their commissions, will significantly enhance the acceptance of the new processes and procedures.

Questions Managing Brokers & Principals Should Consider

Managing brokers should ask themselves several questions once they have created an acceptable process roadmap, but perhaps the most important question should be:

"Do I create a customized system or utilize one of the commission-centric

products currently available in the market?"

Regardless of the ultimate decision, best practice encourages the utilization of an open architecture software versus a closed software architecture. Open architecture is more favorable because it allows a more efficient and cost-effective migration of your data

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with Quickbooks and other Customer Relationship Management (CRM) software utilized by agents.

Software – Open vs Closed Architecture

An Application Integration Process (AIP) open architecture can be created to identify and migrate transaction specific information from your agents private CRM to the company's commission

tracking platform. This saves time and avoids "double data entry," possibly increasing adoption and reducing mistakes.

Another important concept managing brokers must consider is if the tracking and transparency required for reporting back to agents is significantly different than the reporting required by lender or partners for the entire operation. Brokerage revenue is just one piece of the puzzle but is also the most complicated to track due to agent split plans and the mantra of the brokerage industry to "just get deals done." Utilizing an open architecture software can significantly reduce the mental strain of migrating data between systems.

Cloud-Based vs Desktop Systems

Another question to consider as you implement and automate your back-office operation is whether to use a desktop application or a cloud server application. Cost and security are typically the factors that dictate these decisions, and there are advantages and disadvantages to both.

Cloud-based systems are primarily offered on a monthly basis versus purchasing the software. In today's security conscience society, investigating the security protocol of a cloud-based system is critically important. Cloud-based applications will typically have a higher degree of security than the typical brokerage firewall systems implemented by local IT providers.

Financial softwares, such as Quickbooks, Peachtree Accounting, and Oracle Solutions offer desktop and cloud-based platforms. Commission software, such as, Delius, CommissionTrac, RealtyBack

Office, BrokerMint, and Broker Sumo only offer cloud-based options available. There are many desktop applications on the market, such as CoStar's Brokerages Applications and Crichlow Software Development's Leascom. For a list of other solutions, you can go to <http://sior-cre-resourcecenter.blog/>.

Creating Accurate Sale & Lease Comparables

If you make the effort to implement and automate your back-office operation, the byproduct will be an incredibly accurate sale and lease comparable system for your brokerage operation.

Why? Because comparable information is being generated from worksheets your agents complete to get paid

immediately after a deal is done, while all of the relevant details, such as free rent and TI cost, are still fresh in their mind. It is information that you created at the same time as you increased back-office productivity and transparency with your agents, feeding two birds with one seed: operational efficiency and growing an internal comps database. Over time, as data builds up, you may even be able to get by without a full-blown CoStar subscription when working local markets. ▽

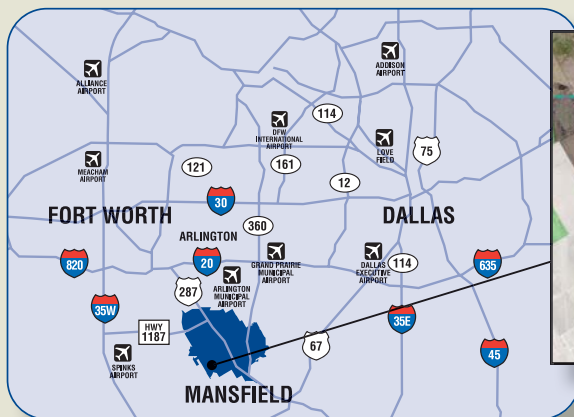
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