



# **SELF ASSESSMENT GUIDE FOR REAL ESTATE ASSOCIATIONS**

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Whether a new association or one that has been in existence for many years, an organization must periodically evaluate its own performance and effectiveness. This evaluation is a guide to the strengths and weaknesses of the group, and is essential to the wise allocation of its resources.

Peter Drucker, a well-known authority on management, has observed that "self-assessment process is a method for assessing what you are doing, why you are doing it, and what you *must* do to improve an organization's performance." There are five essential questions to the process:

*What is our mission?*

*Who is our customer?*

*What does the customer value?*

*What are our results?*

*What is our plan?*

Keep these essential questions in mind in evaluating the real estate association. But understand, too, that the process of self-evaluation is exactly that, a process. It should take a number of months, and involve a cross-section of the membership, staff, and other targeted customers of the association.

Peter Drucker's publication, "A Self Assessment Tool", is designed especially for associations, and would be a good resource. Drucker suggests that an association interested in self-assessment should consider three phases to the process:

Phase One: Preparing for Self-Assessment:

Organize the process, gather necessary internal and external information, and appoint an Assessment Team.

Phase Two: Conduct the Self-Assessment Process

Use the following checklist, or another appropriate tool. The Assessment Team, Staff, Board of Directors, and other appropriate leaders may sit in a retreat setting and evaluate the following model, comparing it to the association. The resulting analysis should be in written form, and adopted by the Assessment Team and the Board.

Phase Three: Completing the Plan

In light of the assessment results, the Assessment Team and the association leadership should revisit the strategic plan, if there is one, or begin the planning process. In either case, the result should be a plan endorsed by the Board of Directors that forms the foundation of the association programs and budgets over the next several years.

## **Real Estate Association Models**

The role of a real estate professional organization is to help shape and influence a favorable business environment for its members. Each association has the ultimate responsibility of providing efficient and effective value to its members. While the operating framework in which an association chooses to serve its members may vary depending on its organizational structure, demographics, size, available resources and diversity of needs, there are many creative ways to deliver and optimize value, even with limited resources.

The three models explained here define in each model the six levels of services that professional real estate associations provide. These three models were first articulated in the NAR publication "Real Estate Association Models". (An effective analysis and planning tool based on these models is available on realtor.org at <http://www.realtor.org/aecmodel.nsf/pages/introduction>) The following assessment tool is a series of questions based on "Real estate Association Models" and which may be used as an introduction to the more elaborate planning tool on the Realtor® website. The levels of service implied by the following questionnaire should be viewed as points on a continuum, each of which provides an increasing level of capability for service and self-sufficiency. An association will not fit neatly into any one model at any point in time; rather, it is likely that the association may touch on all modes, depending on the function or service and on the values of the environment in which it is operating. Volunteers and staff may use these models as a guideline to assess their current operations and compare those levels to the point where they desire to be when delivering value.

Associations will benefit from this evaluative/planning tool if volunteers and staff leaders work together as partners to identify their model of choice, and their progress based on their association's business philosophy, its member needs and practices, and the economic and political environment of the country as a whole.

#### Suggestions for use of this Self Assessment Guide:

Appoint an evaluation panel, consisting of key volunteers and staff.

Ask each member of the panel to individually rate the association on each point, assigning points on a scale of 1-5 (five being highest).

Tally the points, and chart the results. The panel will then have a good overview of the association's strengths and weaknesses.

4 Prioritize the areas of weakness. Areas marked by an asterisk in this assessment tool deserve immediate attention by the association., as these are crucial areas of immediate concern to any organization.

Include strategies to build on the weaknesses as a part of the association's strategic plan.

And again, remember that a more thorough evaluation tools is available for your use on the realtor.org website.

#### **Level I Association. Organizational (The Formative or Fiduciary Level of Association**

**Development.** These identified activities represent the first steps to association development. This model is foundational, representing a minimum level of competency and service that can be offered by a professional organization. It should be a temporary plateau for association growth, lasting no more than five years.

#### Association Operating Philosophy

☞ *The association is member-focused*

☞ *The association knows basic activities of its member constituencies*

☞ *The association knows where to find information (legal, legislative, research) that is important to members as they conduct their daily business, and can refer them to these sources*

- ✍ *Staff possesses a general familiarity about legal, regulatory, and business issues.*
- ✍ *Staff efficiently administers association business.*
- ✍ *The association relies on significant volunteer involvement and working relationships with other professional organizations, both inside and outside the country itself.*

### Organization and Governance

- ✍ *Volunteers--volunteers have a significant involvement in association administration, often participating in hands-on contribution in compensation for gaps in staff resources.*
- ✍ *Elected Leadership Focus--Elected leaders manage most (if not all) aspects of the organization. Staff role, if any, is largely clerical.*
- ✍ *Decision-Making Authority--A broad range of decision-making authority is vested in the Board of Directors. Staff independence is closely controlled and monitored. A business plan is prepared and its assumptions and programs are reasonable. The plan is utilized for member services, including scheduling of at least one major event by the end of the first year. The business plan is used as a management tool by leaders and the staff, and is reviewed at least annually.*
- ✍ *Committee Structure--Committees have been formed for management of operations and governance, and for programs. Committees function effectively, and hold regular meetings. Minutes and appropriate records are kept.*
- ✍ *Governing Documents--Governing documents include bylaws, code of ethics, organizational standards for the association, member records, appropriate legal documents and tax returns.*
- ✍ *Policies and Procedures--Policies and Procedures are in place for operations, financial management, maintenance of governing documents, budgeting, and record keeping.*
- ✍ *Bylaws, policies, and governing documents are reviewed regularly by NAR.*

### Physical and Financial Resources

- ✍ *Office Location--The association has a specified address and office location, with basic equipment and e-mail communication.*
- ✍ *Finances—Adequate financial and management systems are put in place, such as financial controls and regular reporting. There seems to be a sufficient source of revenue to administer the organization on a consistent and reliable basis.*
- ✍ *Budgeting--a detailed budget has been developed by staff and volunteer leaders. Program Budgeting is employed as the association begins to identify potential services and costs and benefits. (Initial services might include basic education, convening meetings and forums, and offering cooperative buying and group advertising, with the bulk of expense—up to 70% of total budget—allocated to administrative and operations expense.)*

✍ *Reserves--Basic level of association reserves available to support association operations. Association has adopted a business plan allowing for the development of 2-3 months operating reserves.*

### Staff Competencies

✍ *Staff Structure--Typically, the association has limited administrative and/or clerical staff and volunteers who possess the following competencies or who have access to them:*

- *Office management skills*
- *Bookkeeping/record keeping proficiency*
- *Membership records proficiency*
- *Office systems proficiency*
- *Knowledge of information resources available*
- *Responsiveness to member questions and concerns*
- *Basic knowledge of NAR member policy issues*
- *Knowledge and communication of legal and risk reduction issues, if appropriate*
- *Knowledge and communication of regulatory environment*
- *Understanding of applicable political and legislative processes.*

✍ *Staff Compensation: locally competitive*

✍ *Staff Professional Development-administrative-oriented professional development opportunities are funded by the association. Staff should receive training in business planning.*

✍ *Staff Executive's Role and Focus—Staff executive is responsible for basic administration; some administrative services may be outsourced.*

✍ *Public Policy-The association has the ability to support efforts to impact legal and/or regulatory issues*

✍ *Political Action-The association supports RPAC and member mobilization efforts.*

### Member Services

✍ *Communications-Internal and external communications systems and delivery vehicles (newsletter, e-mail, list serves)*

✍ *Membership Recruitment-Membership standards and eligibility criteria are established. Membership is open and inclusive, and in keeping with NAR policy.. Volunteers, with staff support, undertake new member recruitment and retention programs; new member orientation/training program may be available.*

✍ *Ethics-Basic development of a professional code of ethics and standard of operational conduct has begun. This code meets NAR minimum standards. It is communicated to members and enforcement is either conducted by the local association or through shared enforcement practices with other Realtor® associations.*

✍ *Education-Basic education courses are provided. The association convenes meetings and networking opportunities. There is at least one offering of a basic real estate course.*

✍ *Real Estate Business Tools-Potential sources of data and options for aggregating data are analyzed and an aggregation plan is prepared. The plan might propose to identify and collect secondary data on market trends and conditions that would be useful to members. This information may later become available to the public/media.*

✍ *Member Service Decisions-Decision-making and industry ideas are based on volunteer initiative and growing use of business planning techniques.*

✍ *Political Awareness-volunteer-driven political awareness and fundraising plan are developed.*

✍ *Government Advocacy-Beginnings of advocacy involvement with appropriate legislative bodies*

✍ *Networking-Well administered networking and social opportunities*

### Internal and External Relations

✍ *Staff Relations-Harmony between CEO and clerical/support staff*

✍ *Staff-Volunteer Relations-Staff and volunteers work together to form strong relations*

✍ *Relations with other Real Estate Organizations/Professional Organizations-The association fosters effective relationships with government leaders and legislators, industry service providers, and the media*

### **Level II Expanding and Developing (Management and Strategic Planning Level of Association Development)**

Once the basic association structure is in place, in the second phase IRPF helps the association to expand its influence and begin to provide member services. The association develops the ability to improve and influence the environment in which the industry functions. This model of association has gained in stature within the professional community and grown in influence in its own country and with its own members. Volunteer leaders are moving toward dependence on trained and skilled staff to implement their directional policy decisions. This phase may last three to five years.

#### Association Operating Philosophy

✍ *The association is a credible source of real estate, business, and economic information*

✍ *The association is proficient in identifying and proactively communicating business practices and trends that impact the association's member constituencies.*

✍ *The association represents and advanced competency and service level that a professional association may offer.*

- ✍ *The association staff possesses a proficiency in managing and communicating legal, regulatory, and business issues impacting the association.*
- ✍ *The staff effectively manages association daily business.*
- ✍ *The Association relies on volunteer involvement and encourages working relations with other service organizations.*

### Organization and Governance

- ✍ *Volunteers—Volunteer leaders assume a less 'hands-on' role than in level 1 associations. Their primary role now is to determine future direction and set parameters within which staff is empowered to manage the association. In other words, elected leadership focuses on the strategic direction of the organization and monitors staff progress in achieving organization's goals*
- ✍ *Internal organizational structure is created and managed by staff.*
- ✍ *Decision-Making Authority--Decision-making authority for determining strategic objectives is vested in the Board of directors. Authority for most operational decisions is delegated to staff, although within defined parameters.*
- ✍ *Committee Structure--Committee structure reflects core competencies, particularly regarding policies and procedures and the working relationships with staff.*
- ✍ *Governing Documents--Governing documents are routinely reviewed and synchronized to the association's mission and goals. The governance infrastructure reflects accepted principles of association management.*
- ✍ *Policies and Procedures--Policies and Procedures are in place and have been refined to meet specific needs of the association and its operating environment.*

### Physical and Financial Resources

- ✍ *Office Location--Dedicated Office Location; up-to-date equipment.*
- ✍ *Finances--Financial strength and revenue sources to operate the organization at optimum management level. There is a strong movement toward financial independence for association operations.*
- ✍ *Budgeting--Comprehensive budget developed by staff with volunteer input and approval. Membership dues are collected on a timely basis. A break-even budget is achieved and modest reserves are being built. The budget is reviewed and adjusted by staff and leadership on a regular basis (e.g., quarterly)*
- ✍ *Reserves--Financial reserves are maintained and actively managed, with designated funds reserved for certain programmatic functions.*

## Staff Competencies

✍ *The association executive is given adequate financial management responsibilities to be able to manage the association on a day-to-day basis.*

✍ *Staff Structure--Size of staff is determined by an operating philosophy that considers whether administrative and management staff functions can be performed by paid staff or outsourced.*

✍

✍ *Office Management skills*

- *Bookkeeping/ record keeping proficiency*
- *Membership records proficiency*
- *Responsiveness to member questions and concerns*
- *Basic knowledge of member policy issues*
- *Knowledge and communication of legal and risk reduction issues, if appropriate*
- *Knowledge and communication of regulatory environment*
- *Office systems proficiency*
- *Knowledge of information resources available and of NRDS*
- *Understanding of applicable political and legislative processes.*

✍ *Staff Compensation--regionally competitive*

✍ *Staff Professional Development-Management oriented professional development opportunities are funded by the association. The association executive has completed some executive training courses covering such topics as management, leadership, planning and communication. Self Study courses from NAR are completed and RCE is well underway by the CEO.*

✍ *Staff Executive's Role and Focus-The chief staff executive is responsible for all administration and management of the association, based on member needs, with added focus on community and real estate industry issues*

## Member Services

✍ *Communications-Communications consist of targeted internal and external systems and methods of delivery focused on current information. Potential members and the public understand the benefits of membership.*

✍ *The association is communicating electronically. It is collecting, analyzing and distributing market data to members and the public. Members share data and information. A basic association website is maintained.*

✍ *Membership Recruitment-New member and Affiliate Member recruitment and retention programs are managed by staff with volunteer participation.*

✍ *An introduction to the association (orientation) program is regularly offered.*

✍ *Ethics-Developing ethical behavior monitoring and possible enforcement or compliance programs. Ethics and behavior principals become increasingly better articulated and conveyed to members and the public.*

✍ *Education-Association conducts regular needs assessments and designs programs to meet the demands discovered.*

✍ *Member Service Decisions-Decision-making and industry issue initiatives are based on trend identification and target market analysis, with substantial work by volunteer committees and staff.*

✍ *Public Policy and Reputation-The association has the ability to influence legal and regulatory issues. The association is developing a positive reputation that is recognized by the buying and selling public and by government. Use of members in transactions is trending upward, as is membership.*

✍ *Political Action-the association has developed and implemented special political action fundraising efforts and developed grassroots mobilization efforts.*

### Internal and External Relations

✍ *Staff Relations-There is synergy between CEO and other staff. Good working environment.*

✍ *Staff-Volunteer Relations-Staff helps identify and recruit volunteer leaders.*

✍ *Relations with other Real Estate Organizations/Professional Organizations-Development of collaborative relationships with related organizations and with the media*

✍ *Government Advocacy-Effective government advocacy to further association mission, either directly or as an active participant with other levels. Advocacy training courses are held: the association has defined key issues for members and the members and staff are trained in advocacy techniques.*

✍ *Political Awareness-Staff implementation of political awareness and RPAC fundraising plan that has been developed by volunteer and staff leaders.*

✍ *Networking-Well-managed networking and social opportunities, positioned to enhance members' career success.*

### **Level III Mature, dynamic, Innovative and Self-sustaining Association (Generative /Leadership Level of Association Development)**

The association has matured and is recognized by the public and the membership as a well-managed, effective professional association. It provides a range of services that are valued by members. This level of association competency represents a high satisfaction and service level to its members, and assumes the role of an organization advocate of the values of property ownership and economic self-determination.

## Association Operating Philosophy

- ✍ *The leadership association initiates policy formation and advocacy on all levels*
- ✍ *The association seeks and implements innovative and creative programs, products and services which provide enhanced value for association constituencies*
- ✍ *The association exhibits a high level of sophistication, innovation, and proactive movement.*
- ✍ *The staff possesses expertise and provides leadership in legal, regulatory and business issues impacting the association and its members.*
- ✍ *The staff transparently manages the association business*
- ✍ *The association relies on volunteer input for strategic direction and policy and generative thinking.*
- ✍ *The association cultivates partnerships and aggressively solicits working relationships with other organizations and governmental entities.*

## Organization and Governance

- ✍ *Volunteers provide qualitative feedback and counsel to staff in delivering organizational goals.*
- ✍ *Elected Leadership Focus--Elected leadership determines and communicates vision and strategic outcomes.*
- ✍ *Decision-Making Authority--Decision-making authority for all operational procedures is vested in the chief staff executive; authority for determining organizational vision and strategic outcomes belongs to the Board of Directors.*
- ✍ *Governing Documents--Governing documents are regularly analyzed and updated on an ongoing basis to assure timeliness and flexibility. A clear demarcation exists between by-laws and policy (which can easily be changed).*
- ✍ *Committee Structure--Volunteer structure is flexible, fluid, responsive. It utilizes ad hoc work groups, within internal and external expertise, which have been formed to address specific issues in a short, definable time frame.*
- ✍ *Policies and Procedures--Policies and procedures are initiated or revised based on association competencies and goals, but remain flexible to permit association creativity and responsiveness.*

## Physical and Financial Resources

- ✍ *Office Location--Dedicated office location with advanced office equipment and technological resources for trends and analysis, research, Internet site.*

✍ *Finances--Financial strength and reliable revenue source to operate the organization. The association is financially self-sustaining, with sufficient income to maintain a professional staff and provide a full range of value-added services and education programs on an on-going basis. Revenues from member products and services represent at least 50% of the association's revenues.*

✍ *Budgeting--Comprehensive budget developed by staff based on strategic outcomes. Suitable funding is available to act quickly on opportunities, threat, and new initiatives. Research and development fund in place for new initiatives.*

✍ *Reserves--Financial reserves are maintained at a six-month to one year level and a solid investment policy is in place with designated funds for programmatic function and research and development.*

### Staff Competencies

✍ *Staff Structure--Chief staff executive and senior management team are responsible for administration and management of the association*

✍ *Chief staff executive is a leader and spokesperson for the association*

✍ *Chief staff executive is visionary, identifies and articulates trends and their impact on business and industry, recommends actions.*

✍ *Staff Compensation--nationally competitive*

✍ *Staff Professional Development—The association funds leadership-oriented professional development opportunities, and key staff has participated in a number of relevant training courses. The executive officer of the association has earned appropriate professional certifications and completed such courses and the NAR RCE designation and the Certified Association Executive designation (CAE) of the American Society of Association Executives.*

✍ *Staff Executive's Role and Focus-The CEO and senior management team are responsible for all administration and management of the association; staff positions the organization based on envisioned real estate industry needs, with added focus on developing visionary skills.*

✍ *Public Policy-The association has the ability to analyze, address, and impact legal and regulatory issues and proactively frame the regulatory environment.*

✍ *The association's views are respected and influential. Decision-makers in government and the judiciary turn to the association for opinions.*

✍ *Political Action-The association staff exhibits a high level of political action skills, including special fundraising efforts, member mobilization efforts, and candidate recruitment and development. The association lobbies to raise the standards and requirements for obtaining a license.*

### Member Services

✍ *Communications –Targeted internal and external communication systems and delivery vehicles focused on enhancing current knowledge and discussion of future trends*

✍ *Membership Recruitment-Sophisticated new member recruitment and retention program, with targeted orientation methods; outreach to specific targeted real estate groups, potential members from allied industries, and diverse groups (membership includes practitioners from around the country and membership is open to all industry professionals). Membership penetration exceeds 25% of the potential market.*

✍ *Ethics-Leadership in professional standards and ethics, mediation services, and consumer dispute resolution services. May be considering a performance standards program for members.*

✍ *Education-Develops, offers and promotes access to required and optional education offerings, developed as a result of analyzing current needs and future trends.*

✍ *Real Estate Business Tools-Develops and offers innovative business and marketing tools such as a cooperative advertising or multiple listing service, an e-commerce platform, and other services based on needs analyses. There are tangible benefits of membership, including research products, valuation products, and technology products.*

✍ *Member Service Decisions-Decision-making and industry issue initiatives are made at the most effective leadership level, based on ongoing trends analysis and planning; new strategic initiatives are envisioned, identified, and implemented based on member needs.*

✍ *Political Awareness-political awareness is a part of the association's culture*

✍ *Government Advocacy-The association is a recognized leader in government advocacy.*

✍ *Networking-Networking and social opportunities positioned to enhance member career success and future needs (i.e., targeting key groups).*

✍ *Diversity training and International real estate programs are actively functioning.*

#### Internal and External Relations

✍ *Staff Relations-CEO as visionary. The CEO is expected to provide vision and direction to the association and has assumed a more out-in-front role in the association's leadership.*

✍ *Staff-Volunteer Relations-Staff instrumental in recruiting and nurturing volunteer leaders. Staff and volunteers function as partners in this effort.*

✍ *Relations with other Real Estate Organizations/Professional Organizations-Leadership role in affecting positive, collaborative and synergistic relationships with other organizations. Actively building professional coalitions.*