

Feeling Right at Home

The fastest growing independent firm in the Toronto Real Estate Board bucks traditional commission-sharing.

By Susan Doran

A salesperson with Right at Home Realty recently slam-dunked a \$10+ million deal and the office's cut of the \$300,000 commission was a mere \$275.

What gives? Clearly not you if you work for Right at Home Realty (RAH), say brokers Arthur Bartram and Howard Drukash.

When they founded the firm in the Toronto area 2 1/2 years ago, it was with just themselves and a secretary. Now with one main office in Toronto and another in nearby Mississauga, the company boasts 525 Realtors, making it the fastest growing independent firm in the Toronto Real Estate Board, as well as TREB's second largest independent brokerage, says Bartram.

The Right at Home Realty model, which is based on Realtors paying relatively low transaction and monthly fees rather than commission-sharing, is a 'refining' of a successful system used by the Charles Rutenberg Realty offices in Florida.

Growth and recruiting are crucial ingredients, because scale is the key to success for a company with a profit model like theirs, Bartram says. Commissions are declining throughout the industry as the Internet increasingly allows buyer and sellers to do their own real estate legwork. RAH works on the premise of economies of scale – less overhead, but in particular, more salespeople.

The trick is attracting them. RAH is doing that successfully, currently increasing its sales force by 25 salespeople per month, says Bartram.

He and Drukash attribute the company's rapid growth to the fact that rather than commission splitting, their agents pay only a transaction fee (\$275 per deal, no matter what the total earnings) and a monthly fee (\$49), giving them a good shot at much higher profits.

"Our philosophy is that if the salespeople are doing all the work they should keep all the commission," says Bartram. "We have taken the word 'broke' out of 'broker.'"

RAH's premise is that the real

estate business is changing in ways that make the broker's help and office facilities much less necessary to Realtors than before, Bartram says. First he has yet to meet a Realtor who does not have a home office, complete with high-speed PC, fax, printer and scanner, he says.

Second, technology such as cell phones and Blackberry devices mean that Realtors are more mobile and don't need to sit in the office waiting for the phone to ring.

Third, most of today's salespeople are technically savvy and know how to use the Internet to download listings into MLS or get offers to purchase and other documents without the help of the support staff at the office, he says.

At RAH, says Bartram, "there's less back and forth to the office. Agents are empowered to do things for themselves, rather than paying their broker for functions they've been doing themselves anyway."

This is not to say that services aren't available to the salespeople. "Technology-wise we're leading edge," he says. "We provide the infrastructure – all the tools the Realtor requires." Often to save on the expense of in-house staff, these services are contracted out.

Realtors pay suppliers directly for some of the contracted services they use (which saves RAH from needing "an accountants payable person," Bartram says), including web design and marketing and promotional materials.

In addition, both main RAH offices have board/client rooms available to salespeople as well as access to high-speed computers, wireless connections, printer, copy and fax facilities at no additional cost.

"We don't nickel and dime," says Bartram.

A lawyer and mortgage broker is also on-site. RAH agents can earn referral fees both by referring the in-house mortgage broker to clients and by introducing new salespeople to RAH.

E-mail and direct mail are



Arthur Bartram



Howard Drukash

other ways the company recruits Realtors. About 10 to 15 per cent of those coming to RAH are new licensees. RAH gives them 30 hours of mandatory training to help battle the high attrition rate for Realtors new to the business.

The bulk of recruits, though, are from the major franchises, Bartram says. With the cost of running such companies increasing, "the burden is put on the salespeople," he says. "So the salespeople are seeking companies like us with higher net income potential."

Bartram and Drukash say that the lack of commission splitting at RAH and "non-competing management" (neither of them sell) have had the effect of banishing office politics. There are no awards or special privileges for top producers, no favouritism when it comes to handing out leads.

"Our mission from the start was to create a company that agents can have fun in, with reasonable fees, total support, no friction and good profit," says Bartram.

"I think we're the happiest office in Canada." ■ **REM**