

CHALLENGES IN BUILDING COMPETITIVE TEAMS FOR REAL ESTATE AGENCIES

Emiliya Duneva¹

Received: 31.03.2021, Accepted: 20.04.2021

Abstract

The purpose of this study is based on the classification of basic practices and analysis of key issues in building competitive teams of real estate agents. A theoretical overview is made, the possibilities for building effective teams of brokers in direct connection with a long-term strategic management framework, which corresponds to the dynamically changing business environment, are described. Finally, guidelines are outlined to address the problems and challenges facing brokerage teams in real estate agencies. It is concluded that in order to achieve competitiveness in real estate agencies, management must work purposefully and comprehensively to form adequate market behavior of its brokers and optimize customer relations to maintain an adaptive organizational structure and highly productive organization of work, by building and effectively managing competing teams.

Keywords: *competing teams; real estate agency; Covid-19*

JEL Codes: *M10, R30, R393*

1. Introduction

The changes in business environment and the constraints after Covid-19 have undoubtedly affected the work of real estate agents and only their adequate, timely and adaptive policy in terms of maintaining a team can ensure their survival. Retaining and hiring qualified brokers and forming teams is proving a challenge in today's precarious environment. We share the argument of Mironova (2006) that only with their human resources, managers can win the competition with the competition (p. 14). They are the highest factor for coping in a crisis. According to Stoyanova (2017), the purpose of creating and managing human capital projects requirements aimed at both the effectiveness of the company and the inclusion of certain actions and recommendations that improve the personality and teams. The receptivity of brokers to the changing world, together with a shared vision, goal and company culture, are especially important for building competitive teams in real estate agencies.

¹ University of National and World Economy, Sofia, Assist. Prof., PhD, e-mail: eduneva@unwe.bg; ORCID ID: <https://orcid.org/0000-0003-4292-2989>

In this regard, Dimitrova (2015) considers corporate culture as having the most essential for the improvement of the modern organization (p. 180).

2. Literature review

In theories and management practices there are different definitions of the term "team", which complement each other and give its main characteristics - two individuals or a certain number of people working together to achieve one goal; a team of different specialists temporarily performing general activities in a given field; a combination of joint action, trust, unity and cohesion; sometimes as a synonym for a group, team, association, brigade, detachment, team, gang, crew, company, etc. Following the views of Aubert (1991), we can say that the team is a social community of a number of individuals in terms of their role and status, who share sets of values and norms (p.248). Harizanova and Mironova (2006) reveal that a characteristic feature of the team is the common goal generally accepted by its members (p. 179).

In their research in various organizations, Katzenbach and Smith (2007) found that groups of more than 50 people fall apart, rather than building a cohesive whole with a common goal. According to them, the optimal level of number of people in a competitive team is from 2 to 25 people. Large teams face the challenge of overcoming difficulties related to individual, functional and hierarchical differences. In turn, small teams find it much easier to deal with these difficulties in the name of a common plan and adhere to mutual responsibility for the implementation of this plan. Kamenov (2000) studies the team as a direct consequence of the challenge of organizational efficiency. In her research, Angelova (2019) also considers the specifics of building a creative team.

From the presented definitions and theories, we can derive the following main characteristics for the competitive team:

- ❖ existence of a common goal;
- ❖ the structure of the roles determines their professional attitude;
- ❖ the unification of the members and the good relations between them contributes to the coincidence of opinions, assessments and positions regarding objects or problems, most important for them;
- ❖ bear collective responsibility;
- ❖ build trust with each other.

The formation of competitive teams is necessary when:

- ✓ individuals must work together with a high degree of interdependence;
- ✓ the goal is a unique challenge for all members;
- ✓ work in teams gives its competitive advantages;
- ✓ making the right team decisions connects employees;
- ✓ effective grouping of members;
- ✓ more information and know-how;
- ✓ cooperation.

But it also hides its dangers:

- ✓ forming a team requires time and competent management;
- ✓ there is a risk that members will not share the common goal and unite around it;
- ✓ personal differences and interests to prevail in the relationship;
- ✓ the decision to build a competitive team requires knowledge of different types of teams and their characteristics.

Building competitive teams involves the application of strategic principles and approaches such as:

- ❖ use of modern management methods with the participation of the employees in the decision- making processes;
- ❖ Guset to the modern - offering different from other agencies, unique know-how of the service, tailored to the individual needs of the client;
- ❖ high degree of competence, which is achieved through planned training actions set in the strategic plan of the agency in order to build lasting, meaningful and authentic relationships with the client;
- ❖ improving the working conditions, such as the introduction of software solutions to improve the work of the team of brokers and the relationship with users and clients - ERP, CRM and other automated management systems and databases;
- ❖ systematized monitoring and study of the real estate market - timely information makes it possible to identify trends for change in relation to the challenges of the business environment;
- ❖ this allows for an adequate response of brokers and successful management decisions;
- ❖ conditions for realizing the potential of each employee in the organization this is extremely important for finding good real estate brokers and building a competitive team on the market;
- ❖ motivation for success - goal setting, tasks and evaluation of the performance of brokers, which create lasting motivation for work;
- ❖ trust in the company;
- ❖ loyalty to the team - to avoid the risk of self-centeredness;
- ❖ responsibility of the management for the decisions taken and their consequences - decisions to increase the competitiveness compared to other participants in the real estate market, which lead to attracting more quality brokers to form a successful competitive team.

The future of real estate agencies is at stake if they fail to mobilize their human capital and information resources in the direction of new realities through the knowledge and skills that management provides for organizational excellence.

Formation of teams of real estate brokers - recruitment and selection

The need for qualified staff depends on the size of the real estate agency. Medium-sized agencies support between 5 and 10 RE (real estate) brokers; small RE agencies - are two or three agents and a manager, who is usually a broker-owner of

the agency and also works as an RE agent; large RE agencies consist of more than 10 RE agents and sometimes up to 100 agents, but positioned in separate offices and teams of 10-20 agents.

Real estate agencies are finding it increasingly difficult to find a skilled workforce. The lack of quality staff in the labor market makes it difficult even for large international companies that offer higher wages and competitive working conditions.

According to Kicheva (2018) in today's competitive environment, a good salary is not enough to attract employees to apply for jobs in companies. Wages are an important factor, but not the only one. Other features are also important, such as: company security, chance for development, additional trainings, good team and good relations between colleagues. In these circumstances, it is very difficult to build a team that is competitive and leads to the conclusion of transactions - rents and sales of real estate.

The process of recruiting brokers for real estate agencies (RE) to create competitive teams to make profitable deals involves the use of various channels: dissemination of word-of-mouth information, word of mouth and e-mail, recommendation from a colleague, selection agency, through planned actions of a HR manager working for the RE agency, announcements on job sites, social media campaigns, through career centers at universities, etc. After receiving the necessary information from the candidates, it is analyzed and the most appropriate ones are sifted. This is followed by an interview with a top broker, who is usually the owner of the agency, acting as manager. Once they are approved to start working as an RE broker, it is extremely important that they are trained. The specifics of the activity require special training for introduction to the work. It's a fact that brokers are not on a fixed salary, but on a percentage of each transaction. In order not to lose motivation, the newcomer is important to start the first month with a deal, either rent or sale. This initial responsibility rests with the training broker. In most cases, this training is organized and conducted in the form of mentoring by a top broker, who as we said can be the owner (for small agencies), and in large agencies are organized training courses for brokers. During the training they receive guidelines, theoretical knowledge and develop specific skills, which the newly arrived broker of RE realizes in order to reach a deal in the first month. The critical period is three months, during which the commitment and motivation of new hires to work in the specific operational environment is manifested, as well as their desire to develop in this difficult profession. If in the first year he manages to contribute with his work to the realization of transactions and brings income both for the organization and for himself, then the agent has a chance to develop as a professional broker. But a broker's professional skills develop over a longer period of time - an average of between three and five years. Along with the certificates received from the trainings in the organization, it is good after the consultant decides that this is his career path to pass a training course

for brokerage at the National Real Estate Association, for which in addition to a certificate of successful training in "brokerage" diploma from the Ministry of Education and Science after meeting the requirements and taking the theoretical and practical exams for the profession "Broker" specialty "Real Estate".

Practices

The support of the head of the agency, mentoring and lifelong learning are essential factors which also have the greatest impact on the success of the real estate agency. They are related to:

- ❖ the nature of the work. Very often a newly appointed broker cannot make a deal within a month. Sometimes, even if the first quarter is successful, the next can be revenue-free. The broker begins to hesitate and lose confidence in his abilities. This usually happens two or three times in the first year. Then, when experience is gained and the broker becomes recognizable, as a result of efforts to advertise and build meaningful relationships with colleagues and clients in the first year, the "wheel turns" and the results are visible with less effort. The significant success is realized around the fourth year, when the agent is already an expert and begins to generate customers without advertising. Achieving this level requires perseverance, diligence, support from experts, collegiality and several years of effort.
- ❖ the main activities during the working day. In order to achieve financial results, it is necessary to achieve certain company standards, on the basis of which the individual goals for implementation are determined. From the personal experience of the author in the field of real estate we share that it is necessary:
- ❖ to have a minimum of five meetings per day, which makes 25 meetings per week, which leads to at least one transaction per week and to the recruitment of new offers to be offered exclusively;
- ❖ at least 50 phone calls to increase the chance of a deal, or an average of 250 per week and outside of them there are more phone calls to call offers to establish their relevance;
- ❖ at least 60 meetings per month, to be successful, the broker makes an average of between 60-80 meetings per month or about 1000 phone calls. On average, a broker should have about 5 to a maximum of 8 exclusive offers of apartments to sell, as well as to have rental deals;
- ❖ targeted actions for obtaining new offers for sale:
Sphere of influence - recommendations.

Farming - touring different areas, handing out flyers, posting advertising notes and talking to neighbors.

Calling relatives, acquaintances, past and present clients in order to promote the broker's activity.

Analysis of the ads from private individuals - every morning a reference is made to the new offers from private individuals in the real estate portals.

Conducting official events - meetings with colleagues from other agencies

Articles and publications on social networks - in order to inform the audience about your activity.

- ✓ *The intensity of the real estate market.* It is not possible for one broker to sell 100 apartments simultaneously in the whole of Sofia. For this, a team of at least 10 RE brokers must be formed. A good option for effective work is the distribution of work by region. For example - zoning of Sofia by neighborhoods and distribution of brokers by region. The distribution of the brokers by types of sites - plots, apartments, offices, warehouses, etc., or by the specifics of the transaction - for sale or rent is also motivating. Each region, object or type of transaction has its own peculiarities, which requires a narrower specialization of the brokers in order to adequately respond to the circumstances. In the absence of good coordination between the members of the brokerage team or insufficient competence, the benefits of unfulfilled transactions and even outflow of clients may be missed.
- ✓ *Communication organizational climate.* Improper interpersonal manager-broker, broker-broker, team-team relationships, as well as misunderstood rules and procedures, can lead to the loss of a key consultant. It should not be forgotten that there is always a danger that if the manager neglects any of the stages of the control cycle, a trained RE broker can go to another agency because it has offered him better working conditions, a better percentage, more good working environment, competitive team with built values, free public transport card, free use of the office or free business mobile phone number.

The formation of a team and the training of its members are a necessary but insufficient condition for building it as an effectively working and competitive team. The team leader is the key figure that leads the team to high productivity and lasting competitiveness. The leader of a brokerage team is erudite, knows the RE market and is able to motivate the team every day for success in achieving goals and realizing more deals. The leader provides the necessary work environment provided with software and databases. It creates a complex organization that functions effectively, while enabling each individual to operate in a sufficiently free environment. Complex relationships and organizational rules confuse and confuse brokers and make it difficult to meet both short-term and long-term goals. If the environment in which a new RE broker enters has a closed communication climate - too alienating, without cooperation and support, his colleagues treat him only as a competitor and will only show him the difficulties in the craft, the new broker is likely to leave. The lack of a vision for career development in the long run is also a significant factor in the choice to leave the agency. This can lead to a permanent turnover of staff. The leader is responsible for building a cohesive and competitive team that is oriented to positive results daily.

The main team's main goal is to realize real estate transactions monthly, through the daily efforts of each RE agent, observing the principles of democracy, loyalty and collegiality. To achieve this goal, planned activities are carried out such as: telephone calls; meetings with clients; signing contracts for mediation, rent, sale, negotiating terms, assistance to banking and government institutions, assistance in obtaining the necessary documents for transactions, etc. Each transaction is unique and unrepeatable due to the participation of different people, due to the uniqueness of the property and more. This presupposes team work on carrying out activities related to marketing and advertising of the respective property so as to reach the respective addressees who would be interested in the specific property; advertising on internet portals, e-mail marketing, sponsored advertising on social networks. All these activities are aimed at the end result - a deal and a commission received. Only then is the work on a deal considered completed and successful.

Practice shows that achieving a guaranteed sale every month requires time to gain the necessary experience and personal qualities of each agent individually and together as a team. Teamwork allows an RE broker to be 20-30% more efficient than if he works alone. The author's personal observations from his professional experience show that in an RE agency (employer from the previous period), where two teams of 10 and 15 people are created, one agent makes an average of 7 rental deals every month. Until in the current agency - employer for RE, one agent makes an average of about 3-4 transactions per month, and here, in addition to rents, sales and sales are included, but double transactions are not included.

The key to the success of building a competitive team in the field of RE are the competent brokers of RE. They determine the image and reputation of the RE agency in which they work and are its most important resource. Also, building and developing the right habits of RE brokers is of great importance. By sharing the ideas of Eklund (2016) for highly productive brokers, a program for building and developing a competitive brokerage team can be developed. The main points that need to be implemented in the program are the following: Building a successful personality - external vision and character, developing a unique personal strategy for successful sales and working with people - creating lasting relationships.

3. Research

Competitiveness is vital for modern business organizations. The survival of real estate agencies, especially in difficult times like the current ones, depends on their lasting competitiveness. In March 2021 we conducted a survey among brokers of 2 real estate companies PREMIER ESTATE AND MODO REAL ESTATE, in order to identify the key factors influencing the vitality and competitiveness of both agencies and their teams. Both indicators that have a positive impact and those with a negative impact on the competitiveness of organizations were presented. The number of

respondents is 10. In the first stage, respondents were asked to complete an online test of the type of polar profiles, consisting of 20 pairs of antonyms ("has missing" or "reports does not report"). And in the second stage, in order to supplement our impressions of the main problems and challenges in terms of building competitive teams in real estate agencies, we conducted a short online interview. This approach was preferred on the one hand because of the limitations due to Covid-19 on the other hand - the rapid implementation of the study and on the third hand the possibility to include specific issues at an optimal price-quality ratio.

The test determined the significant characteristics of the assessed phenomenon - the teams of the agency, in which the counterpoints clarify, expand and deepen the understanding of the essence of the problem. The opposite pair of statements is located between the two ends of a 7-point scale. The test is completed by brokers with many years of experience, which implies a good knowledge of the peculiarities of the organization. There are no significant differences in the answers of the brokers from the two agencies. To a large extent, they are focused on indicators that increase the competitiveness of teams and the company, such as:

1. Sense and desire for change in the company.
2. Modern management methods are used.
3. Purposeful market research.
4. Systematic monitoring of competition.
5. Constant analysis of the latest information from the field of competitive business (goods, services, ideas).
6. Striving for innovation

Only two of the indicators that reduce competitiveness are marked with a satisfactory assessment by a small percentage of respondents - the indicator "Lack of sense of accuracy and clarity in the distribution or implementation of activities in the organization" and the indicator "Managers do not have the ability to motivate staff." For now, this finding is not worrying, but given the small team, an individual approach to each can be recommended, discussing possible problems with specific individuals and concluding a new psychological contract, where expectations and fears of work are shared and a consensus is reached on goals and implementation. The results of the test and the organizational diagnostics according to the model of EFQM, show the high commitment of the staff with the company and individual goals, the satisfaction with the official relationships and way of communication, as well as the work in teams. This gives us reason to believe that the agencies have an established image among their clients and are respected by competitors, cited as good practice in the industry. Taking into account the additional observations, analyzes of internal company reporting documentation and research of different role models of brokers, we can present several guidelines for creating a strategy for building competitive teams.

Favorable opportunities for building effective competitive teams are:

- ✓ The size of the agency and the availability of a suitable internal organizational environment - competitive teams can be formed only in companies with more than 6 people.
- ✓ Priority investment in continuous learning and development of brokers in order to initiate innovations, innovations and improvements.
- ✓ Knowledge of the best practices on the real estate market and development of one's own competitive strategic plan, reflecting mission, vision and values.

For the purposes of this article, we follow the important results of the interview:

- ✓ Shared by all brokers in the real estate agencies in question, the goal is for the client to receive professional comprehensive service in order to remain satisfied with the service and to recommend it to friends, relatives, neighbors, etc., ie. to other potential customers. Here, rather, the management of the team by the side is focused on the management of human relationships, which will lead to more deals and recommendations.
- ✓ It does not rely on constant control by management, as is the case with more real estate agencies, where fines are used to penalize unfulfilled goals.

In practice, the work of team management is focused more on customer management, own time and organizational culture. Here the management relies on the intrinsic motivation of each individual in the team. The organization works with knowledge that is useful and develops the broker. But the main problem is the financial results and low efficiency. Still, none of the brokers make at least five trades. The motivation of each broker is different and accordingly works with different diligence and will. It is important for a broker to follow the rules, etc. code of ethics, which is the basis of management to achieve business results; for another, it is important that customers are satisfied, which brings him more added value or business; for others, only the financial result is important - what are the cash flows for the month. The cooperation between the individual members of the brokerage team is complicated because the focus of the manager is to build a reputation, both in the team and outside it aimed at other market participants. The signs of a serious problem that need to be taken into account are the statements of the brokers and their pessimistic moods: "Today there is no work", "No deals this month", "For others / the competition / is better", "Clients are not worth " etc. The team in this case has not reached maturity and needs support. In order not to break up the group before it has successfully transformed into a team, it is important to play the role of the informal leader, who is successful and inspires the other members of the team with his personal example. Building trust, honesty, professionalism and most importantly a results-oriented organizational culture are leading conditions for building a highly effective team of brokers. Unfair internal competition is unacceptable.

Guidelines for dealing with teamwork problems in real estate agencies

In real estate, the broker works for the brand image and the brand works for its image. The effectiveness of brokerage teams depends on the attitude of each of its members to lifelong learning. Continuous learning gives a competitive advantage over other brokers. The broker is responsible for the transactions performed by him, shares a common work environment and information with other brokers working in the same real estate agency. This requires exceptional skills to work in a competitive team environment, analytical skills, forecasting and empathy. It is difficult to achieve personal goals at the same time, taking into account the resources of the team and to maintain lasting partnerships with your competitors. This implies the resilience of the broker. It relies on the initiative of the real estate broker, his professional and individual attitude to each client. He is personally responsible for his professional development. To build a broker as a good professional takes a minimum of six months to a year of training. In practice, the broker's work is related to the management of customer relationships, own time and adjustment to the organizational culture. The main requirements for the RE broker are:

- ✓ to be acquainted with the plan for sustainable development of the company and to become a direct participant in its implementation;
- ✓ to offer complex services to its client related to real estate;
- ✓ to be a professional advisor to his client;
- ✓ to be an active and enterprising citizen and public figure;
- ✓ to understand not only from properties, but from the processes related to them;
- ✓ to manage properties and investments competently;
- ✓ to be specialized in a certain segment;
- ✓ to be innovative and to work with the latest technologies in his professional field;
- ✓ to comply with the requirements for confidentiality and ethics;
- ✓ to be an expert, dynamic and contactable.

The manager plays the role of a partner who helps each broker to reach a high level of professionalism. The management relies more on the internal motivation of each broker on the team. Finding suitable brokers and retaining them, training them and building an organizational culture are the biggest challenges for the management of competing brokerage teams. The manager empowers, not delegates, tasks, thus helping each broker to develop his own capabilities. In order to be effective and results-oriented, the RE agent must perform the following weekly tasks (Table 1) in the appropriate quantity and quality:

Table 1. Weekly checklist of the main tasks of the RE agent

ACTIVITIES	Days of the week							total
	mon	tue	wed	thurs	fri	sat	sun	
exclusive contracts taken	0	0	1	0	1	0	0	2
open contracts	0	0	1	0	0	0	0	1
property reviews FISBO / For Sale by Owner /	0	2	1	3	2	1	0	9
presentation to sellers	0	0	1	2	1	1	0	5
presentation to buyers	0	1	0	1	1	0	0	3
contact list - calls	5	5	5	5	5	3	0	28
contact list - meetings	0	1	1	1	1	2	2	8
views of my exclusives	1	1	1	1	2	1	1	8
marketing activities by exclusives	4	4	4	5	6	6	6	35
geographical farming / by distributing brochures in a given area /	50	50	50	0	50	50	0	250
work at price / seller's report	2	1	2	1	2	0	0	8
total weekly activities	62	65	67	19	71	64	9	357

Source: author's research

In order to be successful, the broker must choose a certain segment of the real estate market in Bulgaria and focus his efforts on certain areas and residential neighborhoods. The ability to filter unnecessary information is critical to achieving high business results. Working time management, continuous self-improvement, preparation of a realistic and feasible business plan for each of the brokers in accordance with his personal capabilities would bring success and satisfaction with the work of the team.

4. Conclusion

For each RE agency, the key capital is the people who work in it. In order for a competitive team in the field of real estate to be successful, it is necessary to have an experienced manager who will build a suitable work environment based on shared values and generally accepted goals. The broker's workplace requires appropriate software to increase the interaction between the individual independent companies and their respective teams, which will lead to more transactions. After the analysis we can present the main problems and challenges for RE agencies:

- ✓ Lack of investment in building qualified brokers of RE and competing teams.
- ✓ Lack of standardization.
- ✓ Lack of focus on the formal side of their real estate work and not on the sales themselves.

Sales are realized through phone calls, meetings, inspections, negotiations, and not by focusing on the actual part of the work, which is related to writing contracts for sale or rent, filling contracts for real estate, checking the condition of the property, process of concluding transactions, real estate appraisals, legal side of RE agencies. The results of the study show that building competitive teams in the field of RE requires:

- ✓ Every broker of RE needs a business plan and a mentor to succeed. Without a clear plan, the new brokers will not stay on the market for long.
- ✓ The RE broker must find his own approach to realizing his potential.

Once a broker realizes his potential, it is important to have a manager to lead him by applying an appropriate management style. Team managers need to advise, consult and help their brokers so that the plan to start a business with RE is implemented. After a critical mass of at least 5-10 brokers is formed, the real work on building a competitive team in the field of RE oriented to high results - real estate transactions begins. Building a team is a real time-consuming challenge. Very often, after the formation of a team, the brokers change the agencies for RE, where they work with another, which offers them better working conditions and percentage payment from each transaction, therefore we would recommend to the management of real estate agencies clear rules bound by contractual relationships consistent with maintaining the confidentiality of information.

In conclusion, we can say that once a transparent, accurate, recognizable and effective plan of the RE agency is formed, the training of the RE broker is started. Then the priority activities are set, such as generating potential customers, presenting and displaying a property and concluding a deal. Building the right habits from the very beginning in the broker is a reason for success. Then comes the formation of a competitive team that is focused on finalizing deals. The underestimation of the training and its neglect leads to an unprepared broker of RE and unfavorable results for the agency and vice versa.

REFERENCES

- Angelova, M. (2019). *Key factors to build project team capacity in creative business enterprises*, International Conference on Creative Business for Smart and Sustainable Growth, CreBUS 2019 (2019), ISBN: 978-1-7281-3466-6, DOI: 10.1109/CREBUS.2019.8840076
- Aubert, N.et etc. (1991). *Management. Paris*, PUF
- Dimitrova, Y. (2015). *Perception of the connection corporate culture- competitive performance in Bulgarian enterprises*, Issue 2, Entrepreneurship
- Eklund, F. (2016). *The sell*, Locus Publishing House, ISBN 978-954-783-240-4

- Harizanova. M. & Mironova N. (2006). *Upravlenie na choveshkite resursi*, Sofia, Avangard Prima
- Harvard Business Review (2007). *For teams that succeed*, Publishing Classics and style, ISBN9789543270345
- Kamenov, K. & Hadzhiev, K. (2000). *Choveshkiyat faktor i ekipnata deynost v upravlenieto*, Sofia, Lyuren
- Katzenbach, J. & Smith, K. (2007). *The Wisdom of Teams: Creating the High-Performance Organization Kindle Edition*, Harvard Business Review Press, ISBN 978-1-6336-9107-0
- Kicheva, T. (2018). *Rabotodatelskata marka kato efektiven upravleniski instrument za privlichaneto na mladi talanti v organizatsiyata*, Avangard Prima, S., s. 12
- Stoyanova, Ts. (2017). *Rolyata na choveshkia kapital za rastezh na biznesa, Nedvizhimi imoti & Biznes*, Tom I (1), Sofia