

Striving for Professional Excellence

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For eight years, the NATIONAL ASSOCIATION OF REALTORS has conducted a national TV, print and radio advertising campaign promoting the value of REALTORS. You'll see the ads again this year on some of your favorite TV shows: *West Wing*, *Law & Order*, *60 Minutes*, *The Today Show*, as well as a new presence on PBS. The campaign has been a huge success: In the last two years, in particular, consumers' positive opinions about REALTORS have increased dramatically. According to NAR's *2004 Consumer Attitude and Awareness Study*, of 16 key measures, "none went down and 11 went up—indicating widespread, statistically significant and enduring gains in positive perceptions about REALTORS."

But consider this: According to the survey, only 46% of buyers, sellers and prospects agree with the statement that REALTORS are "someone you can trust." And that's up 5 points from last year. Let's put it another way: More than half of our customers don't trust us. Ouch.

It's hard to understand how that can be the case when the Code of Ethics and Standards of Practice that all REALTORS subscribe to is lengthy, detailed and all about conducting business and behaving in the most trustworthy manner. We can only draw one conclusion: As an industry, we just aren't doing enough to train sales associates about what the Code of Ethics means and how it translates into everyday practice.

A recent study conducted by the Georgia Real Estate Commission provides additional insight into what makes customers unhappy. The Georgia Real Estate

Commission found that approximately half of the 1,500 to 2,000 complaints investigated each year involve no violations of licensing laws. In about 30% of the cases, only minor technical violations are detected, and almost all are the result of unintended errors. Only in 10% to 15% of the cases does the Commission find reason to take any formal disciplinary action against an agent or broker.

What makes people lodge a complaint, then? No matter what the technical nature of the complaint, most of the filings in Georgia are filled with statements about failings in customer service:

We never could reach her.

He wouldn't return my telephone calls.

She didn't keep me informed.

She talked down to me.

He was rude about everything.

I don't know why she waited two days to present our offer.

He was late for every appointment.

She showed up in a running suit.

So there it is then. No matter how much training we are doing as brokers, owners and managers, it's not enough. We have to do better. Brokers, owners and managers must develop better practices for training sales associates more effectively. Here are a few suggestions on how.

Know the Law, Know the Code

Doing right by our clients begins by knowing, understanding and following state

licensing laws, which most brokers and agents do. As the head of the Georgia commission stated, "Licensees know that violating the law or deliberately harming a consumer today means business is likely to dry up tomorrow." Because the real estate commission can take our licenses, we're generally pretty careful to follow those rules.

But achieving ethical excellence requires more than simply abiding by the letter of the law. The bedrock guidelines are contained in the Code of Ethics and Standards of Practice of the NATIONAL ASSOCIATION OF REALTORS. However, in my training courses I find frequently that agents and brokers are not up to date on that Code of Ethics.

Many times I've had attendees in my courses argue a point based on a copy of the Code that is several years old. Apparently, quite a few people in our business aren't aware that the Code of Ethics is updated every year. In some years, changes are extensive. In 2004, for example, amendments were made to more than XX standards and articles. In 2005, just three were changed (see chart). Changes to the Code are noted at the end of each changed item, along with the effective date.

Brokers who truly want their agents to be ethically excellent should **start by making sure that they always have the current NAR Code on hand.** The updated Code should be the centerpiece of the brokerage's policies and procedures manual. Every sales associate and manager should be required to read the Code (and brokerage's procedures manual) and sign a statement saying they have. Better yet, every agent should keep a copy of the Code handy in his or her own files. Professionally printed pamphlets of the Code of Ethics and Standards of Practice can be ordered in bulk at or downloaded from www.realtor.org.

Getting the updated Code and keeping it handy is just the start, however. Brokers,

owners and manager must **take an active role in ensuring that sales associates complete ethics training**. NAR offers two online ethics training courses, the “New Member Code of Ethics Orientation” and the “Quadrennial REALTORS Ethics Training.” Both can be completed online, at the student’s own pace. Remember, NAR has made completion of ethics training at least once every four years a condition of membership. Brokers can encourage completion by **requiring sales associates to provide them with a copy of their completion certification**. For those who prefer a classroom setting, many association boards offer live ethics training.

Extensive research has shown that the more people practice resolving ethical dilemmas, the more ethical they become. So **give your sales associates plenty of opportunities to practice their ethical decision making**. Brokers, owners and managers should become very familiar with the NAR Code of Ethics and Arbitration Manual. The manual contains many case studies and examples that can be used to help sales associates understand the intent of the Code. Use these case interpretations as springboards for discussion, debate and exchanges among your agents about how the problem might have been avoided or handled more effectively.

Improve your own understanding of the Code and what it means, and be equally informed about licensing laws—because there are situations in which the NAR Code and your state laws may be in conflict. Where the NAR Code requires confidentiality, for example, state law may require certain disclosures. In these circumstances, state law always supersedes the Code. But to be prepared for these situations and to deal with them so that the client, other parties, the agent and the brokerage are all protected, the broker must be fully conversant with the law and the

Code alike.

To help achieve that in-depth understanding, **brokers should sit in on meetings of local and state real estate commissions and the NAR Professional Standards Committee** whenever possible. Get involved in your state and local professional standards organizations. This kind of first-hand education can clarify and illuminate points of the Code of Ethics in ways that help you, as a broker, transfer that information more effectively to your agents.

All of this information will give you the background you need to **make training in professional ethics a continuing effort in your brokerage**. At every sales meeting, choose an aspect of the Code to discuss in depth. Use a situation you've encountered or heard about—being very careful not to violate confidentiality—as an illustration. Remember—most agents really do want to do what's right. They need your help and guidance in learning how to achieve that goal.

Expect Mistakes—But Don't Excuse Them

Most violations of the Code are unintentional, resulting from ignorance or misunderstanding of the Code, or a simple human error. Often, the problems arise when an agent tries too hard to be friendly and helpful. I've sat in the bullpen of many a brokerage and listened to telephone conversations in which agents, innocently and with good intentions, are actively violating confidentiality provisions or other aspects of the Code of Ethics.

So, as a broker, you have to expect errors and be on the lookout for them. And that requires you to know what your agents are doing. In my training and consulting

practice, I've found that brokers often need to be more aware of the actions and activities of their agents..

Naturally, a broker can't be present at every listing appointment, open house or conversation with a client. But the broker can create policies, procedures and processes that make clear the agent's responsibilities and the company's business practices. The policies and procedures manual that includes the updated Code of Ethics should also include detailed company policies and practices.

Brokers should make sure that these manuals include all the forms used in the brokerage and detailed instructions on how they are to be completed, and should also review the manual with all new agents to be sure they understand what is expected. These standards will go a long way in raising the level of customer service—that's also important in improving the public's positive perception of REALTORS.

Still, mistakes will be made. How should a broker handle a situation in which an agent is guilty of an ethical violation? If no harm resulted to the client, then, at the very least, the broker should review the situation with the agent, making sure he or she understands why the action was unethical and how to avoid making the mistake in the future. In cases in which the violation results in any disciplinary action, the agent should be responsible for paying any fines or fees.

Of late, however, I am becoming more of the mind that we are too soft on our own people. What will it really take for our profession to be highly regarded by the public...and for that matter, respected by their fellow realtors.

Recently I heard about a broker who filed an ethics complaint against an agent from another company because the agent told a seller that the agent they were working

with wouldn't be able to handle the listing because she was green, didn't have enough experience. The agent was found guilty of violating Article 15 of the Code of Ethics. Good for the broker, I say.

In the end, conducting ourselves as true professionals will help us avoid many ethical quandaries. Something as simple as driving across town to meet with a client face to face, rather than sending documents by fax because we're "just too busy," can help prevent problems from arising. Clients are more likely to ask more, and more in-depth, questions; to discuss concerns and issues more fully; and to feel that they are receiving our undivided attention, when we meet them in person.

Informed consent and good communication between the professional and client are hallmarks of ethical practice in virtually all fields, from medicine to law to real estate. Even if your agents are acting within the law and the Code, if they aren't communicating with their clients effectively, returning calls, keeping them informed, answering questions, explaining every document, and meeting their expectations for customer service, then those agents simply are not acting as professionals. And that is unacceptable in a brokerage that seeks to achieve real ethical excellence.