



LEADERSHIP & GOVERNANCE SURVEY REPORT 2019

Presented by:

CMLS | Council of
Multiple Listing
Services



Introduction

The Council of Multiple Listing Services (CMLS) is an association of more than 200 leading MLSs committed to high standards of professionalism and performance. Its role is to enhance MLSs and their ability to create confidence, connections, and community that are vital to an efficient and thriving real estate market.

CMLS commissioned the WAV Group to survey CMLS members in order to capture a comprehensive snapshot of what MLS governance and leadership looks like today. The CMLS Governance Excellence Survey was distributed to all MLS members of CMLS with 62 percent participating in the survey.

The purpose of sharing this information is to understand the evolving nature of the marketplace as it applies to governance. It is from this understanding that MLSs will be able to act on and create solutions that will ensure success long into the future.

The Leadership & Governance Survey Report is broken into two parts. The first is an executive summary that identifies three key focus areas that are driving MLSs forward. The second is an overview of the responses provided by respondents — a snapshot of governance within multiple listing services industry.





Executive Summary

Now is the moment for MLSs to examine how they operate and determine if they are prepared to meet the future demands of an evolving marketplace.

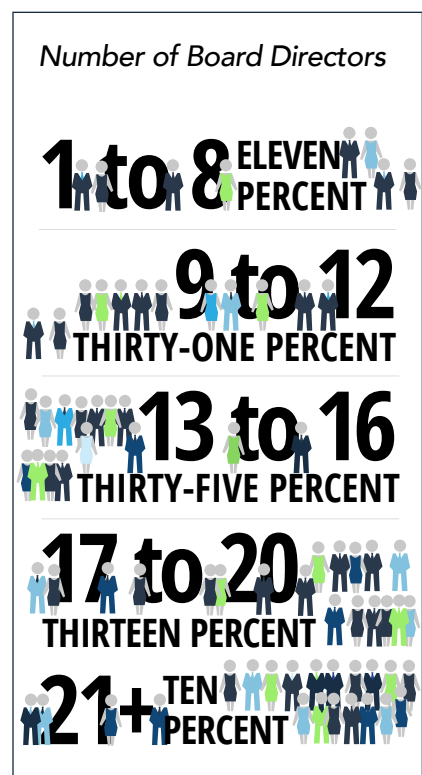
Of the respondents, 65 percent self-identified as the primary person (MLS CEO) who manages the relationship of their MLS board of directors and drives the direction and decisions that impact their MLS. The 35 percent that are not MLS CEOs represent diverse responsibilities within their respective MLS organizations including board officers and directors.



Small, Nimble, Strategic Boards Are More Likely To Succeed

One common change the survey identified is MLSs are working toward a reduction in the overall size of the board. Thirty-five percent of MLS boards currently have 13 to 16 members and 31 percent have 9 to 12 members. Smaller strategic boards are suggested to be nimble, plan for the future, and adjust to our evolving marketplace. With a reduced board size, it is also imperative that they are made up of board members who are informed on the issues facing MLSs at the national level and understand how it can impact their local marketplace.

In the past five years, 34 percent of responding MLSs have changed their governance structures with consolidation driving most of this change. In many cases, respondents said consolidation prompted them to evaluate their existing governance structures to meet future industry needs.



Has your governance structure changed in the past five years?



Mergers are not the only catalyst for change. Several MLSs have recognized the need to streamline the number of directors, clearly define leadership roles, and maximize their organization's ability to operate as a business.

Working with these smaller, nimble boards are CEOs who define their core role as being strategic leaders, stewards of quality data, and one who shapes the future of multiple listing services.

As many as 96 percent of respondents said their staff member (CEOs) in charge of board relations is effective in helping their boards focus on strategic issues. However, 62 percent of the MLS CEOs that responded to this survey described their role as administrative and this may need further conversation to explore the balance between administrative vs. strategic responsibilities of an MLS CEO.

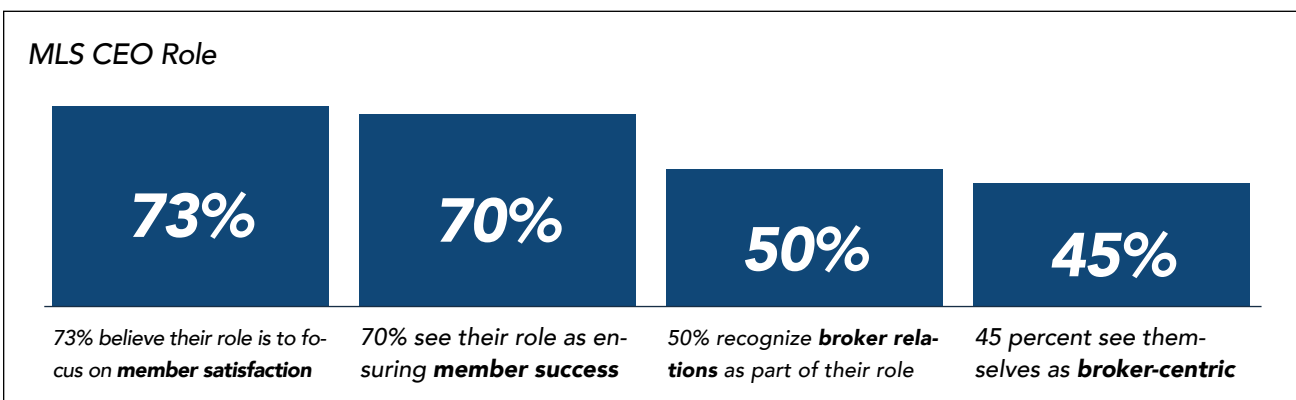
By focusing more time on the vision of their organizations and with support from strategically minded boards, CEOs are more likely to help their organizations become customer-centric. Governance is expected to play a significant role in delivering customer service and success.





Customer-Centric MLSs Will Define Market Efficiency

Currently, 73 percent of respondents believe their role is to focus on member (customer) satisfaction, similarly 70 percent see their role as ensuring member success. About half of all respondents recognize broker relations as part of their role and see themselves as broker-centric.



There is a tendency to put operations ahead of customer service and this should be evaluated. MLSs need to work to create bridges instead of barriers, which means adopting an organizational purpose that places customer service as the focal point of the organization balanced with delivering gold star standard data. Doing so will emphasize customer service instead of just measuring the operational activities: day-to-day administrative tasks, standard customer on-boarding, product marketing, and reactive service.

MLSs interested in such a transformation need CEOs who can drive their boards to be strategically focused on customer success. Once implemented, a customer-driven purpose can be promoted across the organization with ongoing, proactive customer support and beneficial touch points.

There are several ways MLSs are working to improve customer success and decision making as it relates to policy, process, and procedures by soliciting input from their members. They're doing this by the creation of special advisory boards or focus groups, the addition of advisory members to the board, the formation of an executive committee along with the development of clearly defined leadership roles and responsibilities.

Do you have an Executive Committee?



It is reported that executive committees impact the effectiveness of organizations by helping run smoother board meetings (62 percent), keeping strong communication open with the CEO (62 percent), and making timely decisions (61 percent).

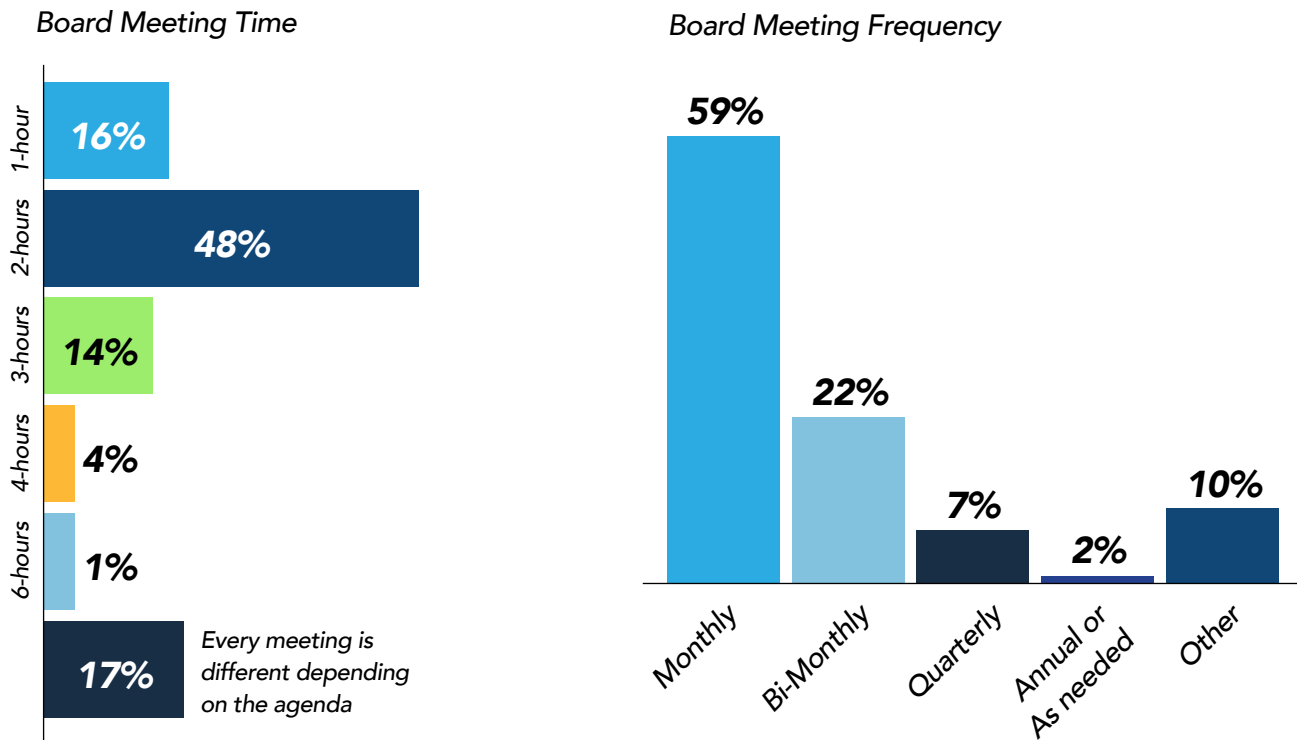
Along with executive committees, adding advisory boards or including board members from other MLSs and individuals outside of the real estate industry (such as technologists and economists) is thought to be beneficial. Many MLSs report a desire for broader experience and diverse perspectives to help identify innovative solutions that are benefiting other industries but have yet to be explored by the real estate industry.



Experience And Efficiency Go Hand In Hand

The benefit of smaller well-defined groups — executive committees, advisory boards, and focus groups — seems to be an emergence of experienced and efficient leadership. MLSs that have already undergone such a transformation report shorter board meetings are essential as they tend to stay on the agenda, reinforce a strategic focus, and address the most significant opportunities to ensure the organization thrives in any market.

About half of all board meetings are two hours long. Nineteen percent last for three hours or more, 17 percent vary by agenda, and 16 percent only require one hour. One of the biggest time savers used by MLSs is a consent agenda, which groups routine business and report approvals into one agenda item. About half of MLSs use this effective business technique already.



In addition to shortening board meetings, MLS boards are meeting less often. Nearly 60 percent report that their boards of directors meet monthly, with 22 percent meeting bi-monthly and seven percent meeting quarterly. A few meet annually or as needed.

With shorter board meetings held less often, successful MLSs can reduce the chance of board members to get caught up in smaller, tactical issues and maintain their focus on addressing strategic issues and questions.

BOTTOM LINE

Trends observed from the data and free-form responses in this survey highlight that MLSs are moving toward smaller, more efficient, and strategic boards that place customer success central to their business.

CMLS believes this is a key moment for MLSs to evaluate their governance and organizational structures to best position themselves to thrive in any market.



Explore | Clear Theme

Storship
Enterprise

Working

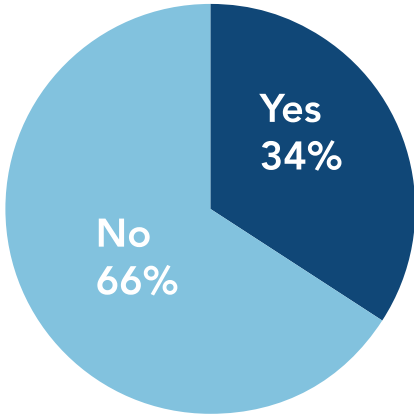
A person with long dark hair is seen from behind, sitting at a desk and working on a laptop. The desk is cluttered with various office supplies, including a pink folder labeled 'BUDGET', several colorful sticky notes (yellow, pink, green), and a color calibration chart. In the background, there is a desk lamp and other office equipment. The overall scene suggests a busy, organized workspace.

Survey Overview

The following quantitative responses were collected from the CMLS Governance Excellence Survey. The survey was distributed to all MLS members of CMLS, with 62 percent participating. Collectively, they provided a snapshot of governance practices within the multiple listing services community.

SURVEY OVERVIEW

1. Has your governance structure changed in the past five years?



INSIGHT 1
 In the last five years, consolidation was a driving force in the reevaluation of governance structures.

3. Overall, how effective is the staff member, who is in charge of board relations, at driving the Board of Directors/Committee to focus on the important issues affecting your MLS?



INSIGHT 3
 Eighty-six percent of respondents are very or extremely satisfied with the staff member (CEO) in charge of board relations and only four percent believe they are not effective.

2. Overall, how effective is your Board of Directors/Committee at helping to drive the organization in a positive direction?



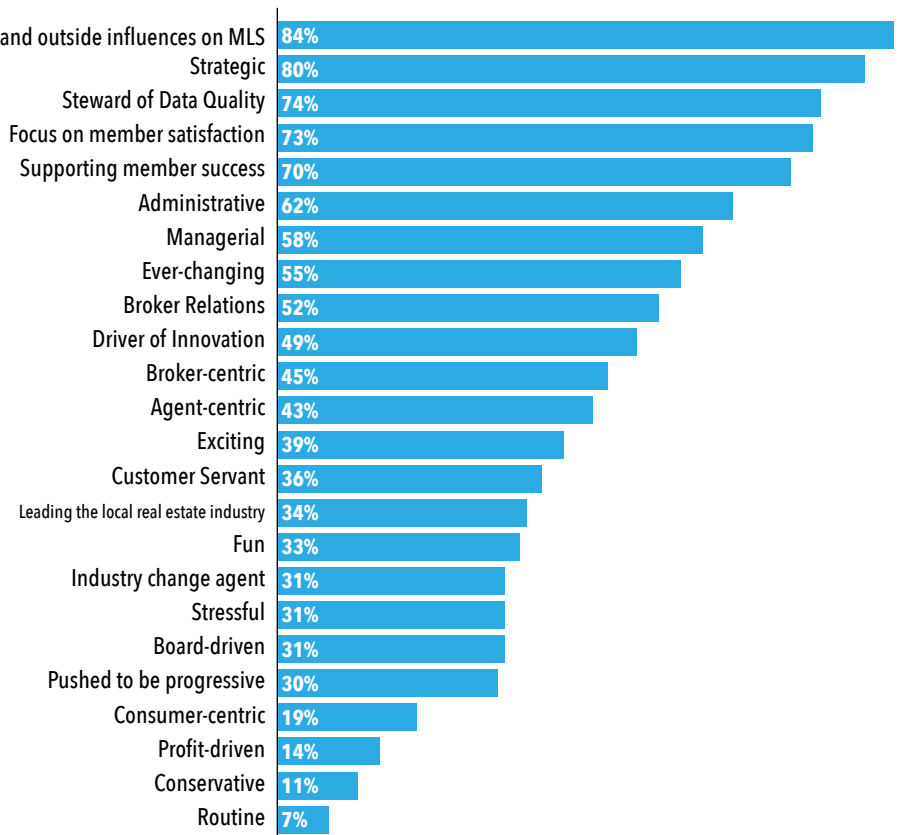
INSIGHT 2
 Eighty-one percent believe their board of directors is very or extremely effective. One in five believe their board of directors is only somewhat effective or not at all effective.

4. How would you rate your board meetings on the following:



INSIGHT 4
 Overall, respondents believe their board meetings are respectful, efficient, collaborative, productive, and decisive. Board meetings scored lower in “being proactive” and “staying focused on strategic goals,” which suggests the risk of complacency in a rapidly changing world.

5. How would you describe your current role(s) as leader of your MLS organization? (choose all that apply)



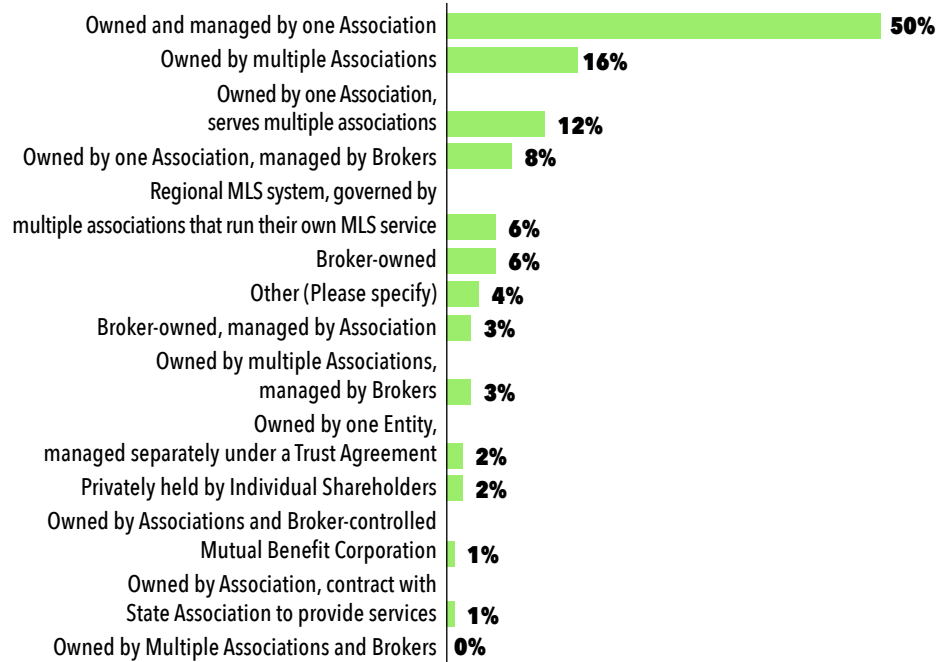
INSIGHT 5
 Many credit their CEO with keeping the board focused on important issues; understanding outside influences, being good stewards of data quality, and member satisfaction and success. Additional conversation should be had on the 62% that report their role as administrative.

SURVEY OVERVIEW

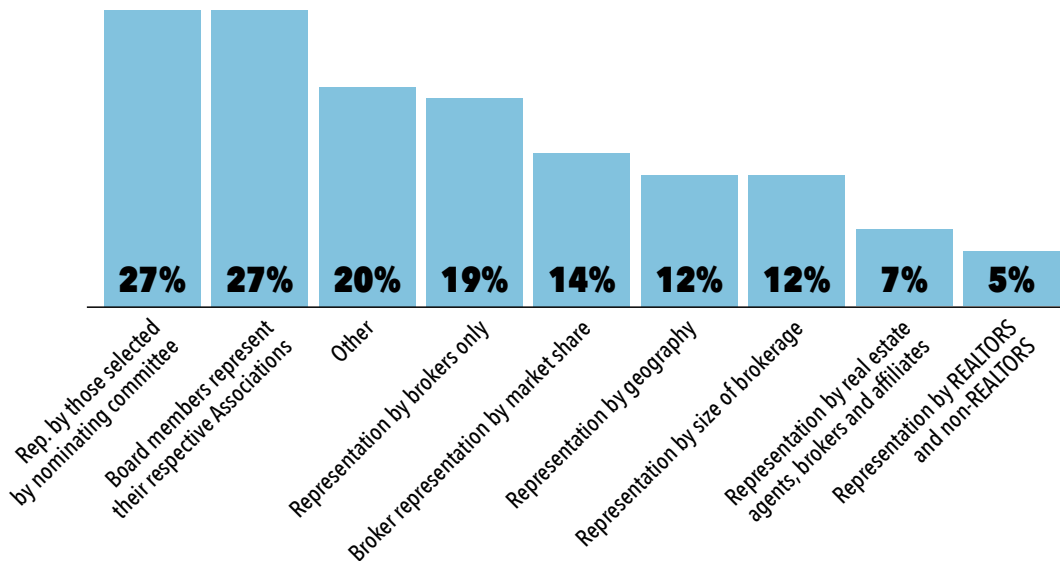
6. How should the role of the MLS change in the next 5 years?

- Nimble, faster moving
- More focus on customer satisfaction
- Smaller, strategic Boards of Directors
- More responsive to industry/consumer trends
- Support changing broker technology/data needs
- More collaboration and consolidation across markets
- Act like businesses, not trade associations.
- More broker-owned MLSs and fewer associations
- More outside directors
- More diverse points of view on the board

7. What best describes the ownership structure of your organization? (choose all that apply)



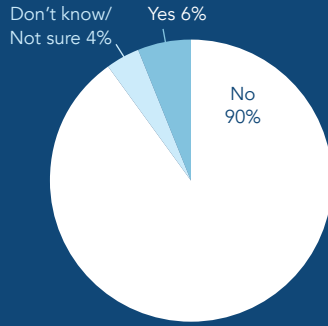
8. What best describes your Board Composition and Representation? (choose all that apply)



INSIGHT 8

There is no national standard for determining board composition, representation, or relevant qualifications. The current landscape seems to be driven by local market traditions and could be evaluated for a best practice.

9. Are there brokerages in your market that have been assigned a permanent position on the Board of Directors?



INSIGHT 9

Six percent of MLSs have created a permanent position on the board of directors so that the largest brokerages in their market always have board representation.

10. Do the permanent directors from these brokerages have voting rights?

YES 86%
NO 14%

11. Does your Board of Directors include any advisory board members that are NOT member agents, brokers, appraisers, or affiliates?

No 84% **Yes 14%**
Don't know/ Not sure 4%

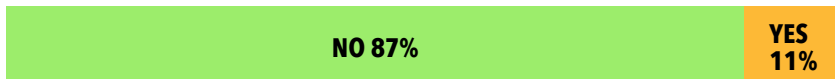
INSIGHT 10

Most brokers that have been assigned permanent board seats have the same voting rights as the rest of the board of directors.

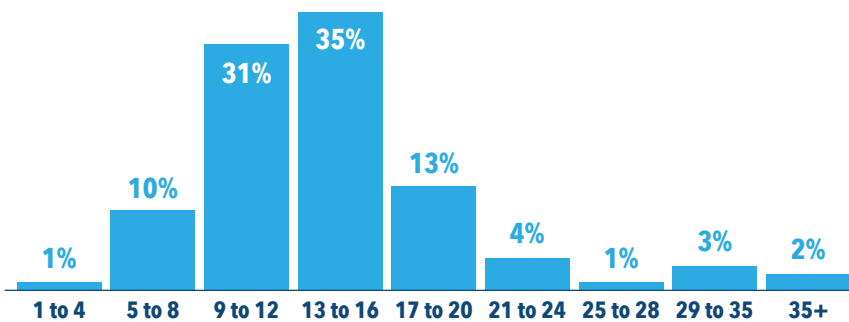
INSIGHT 11

Fourteen percent of MLSs surveyed include directors that are either not real estate practitioners or they are chief executives from other MLSs.

12. Do these outside directors have voting rights?



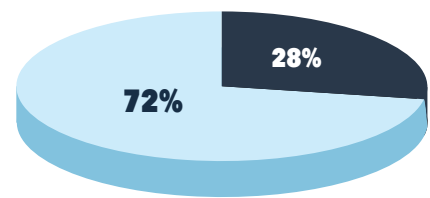
13. How many board members do you have on your Board of Directors?



INSIGHT 13

A third of MLS survey respondents have 9-12 board members and another third have 13-16 board members. Eleven percent have less than 8 board members and almost a quarter have more than 17.

14. Is your MLS run by its own Board of Directors or is it run by an MLS Committee?



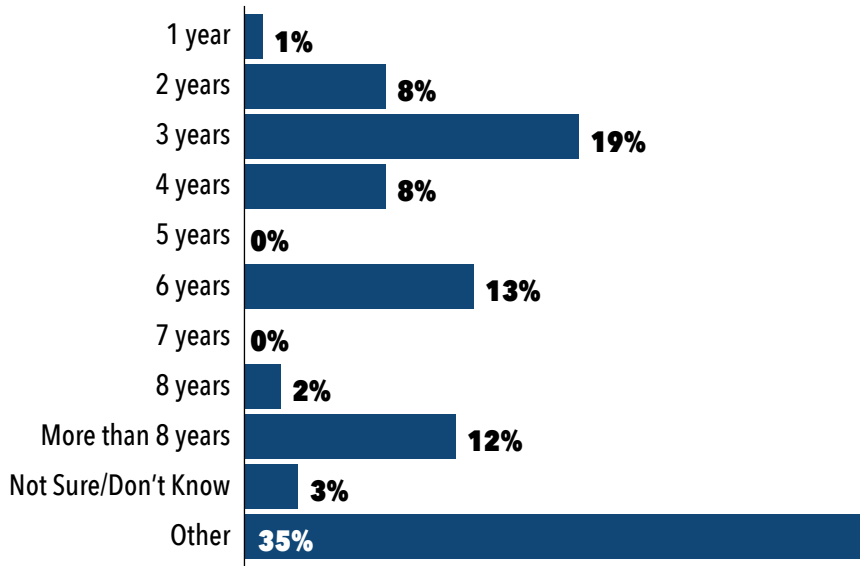
- MLS has its own Board of Directors
- MLS is a committee that reports to the Association Board of Directors

INSIGHT 14

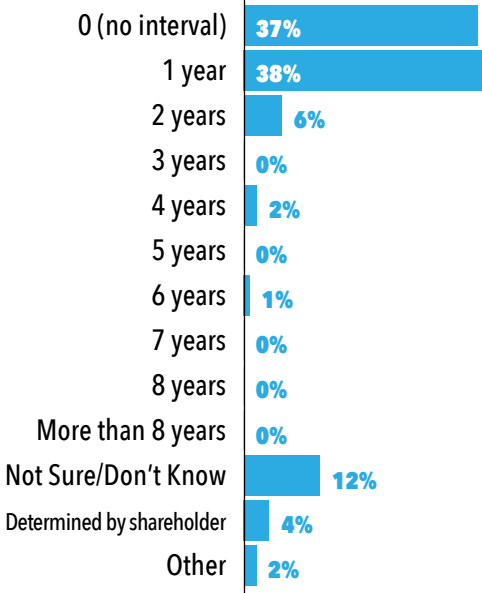
More MLSs have transitioned from an MLS committee and created a separate MLS Board of Directors. Today, nearly two-thirds of MLSs have their own boards.

SURVEY OVERVIEW

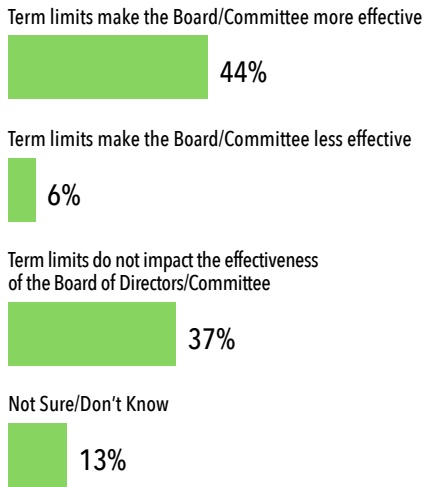
15. How long can a director serve on the Board of Directors/Committee?



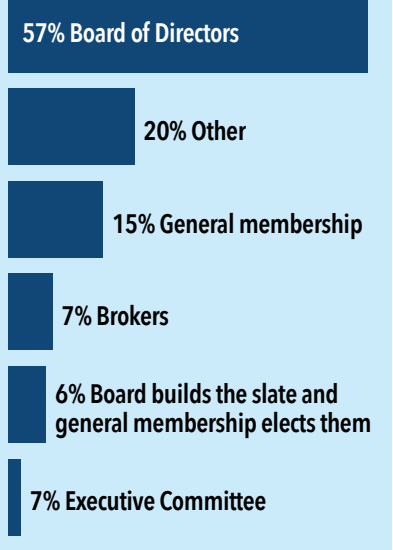
16. How long do Board/Committee members have to stay off the Board/Committee before they can apply to be a director again?



17. What effect, if any, do term limits have on the productivity of the Board of Directors/Committee?



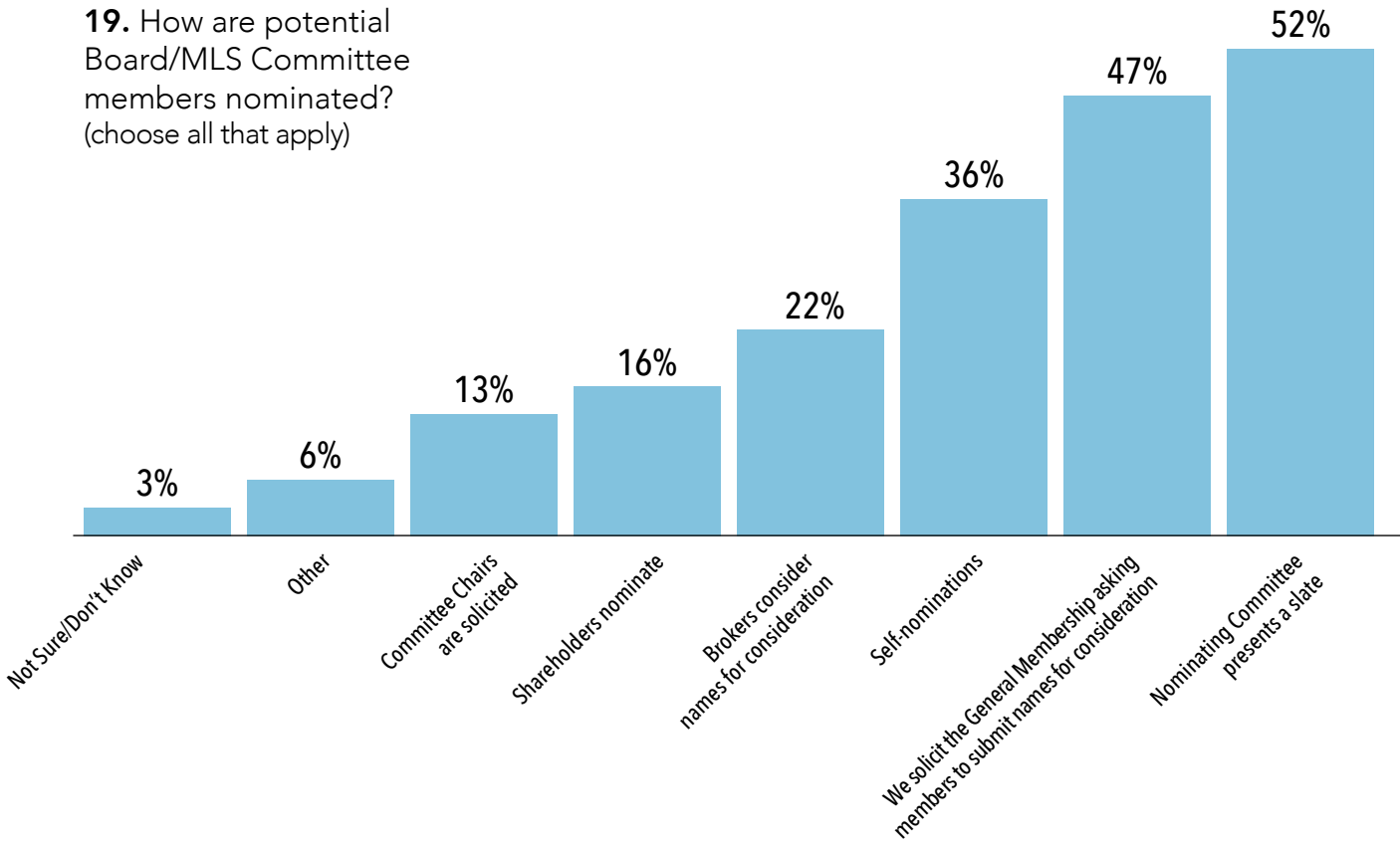
18. How are officers of the Board of Directors/MLS Committee elected?



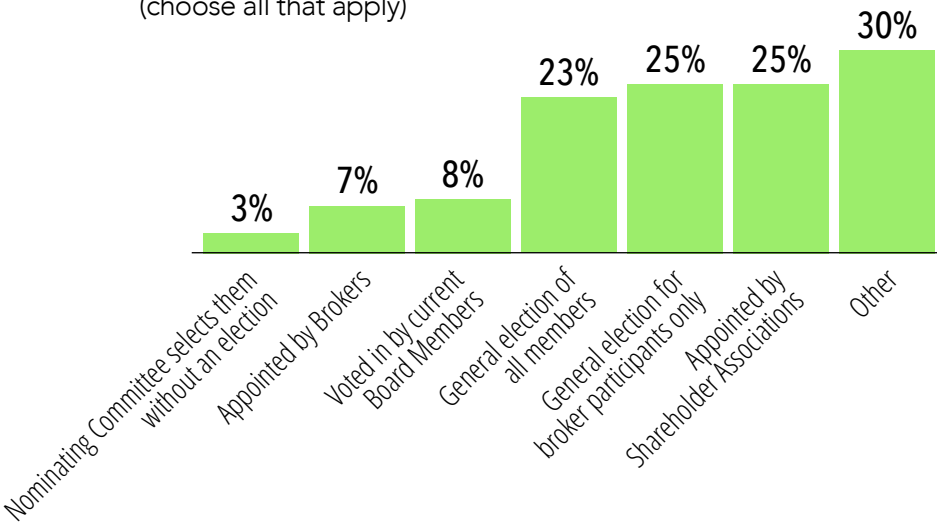
INSIGHT 16
While two thirds of MLSs have term limits, 38 percent of directors can return to the board in one year. Some MLSs allow directors to be elected for two or three consecutive terms.

INSIGHT 17
Four in 10 respondents believe term limits can make their board more effective by offering fresh perspectives, diverse thinking, and renewed focus on the organization.

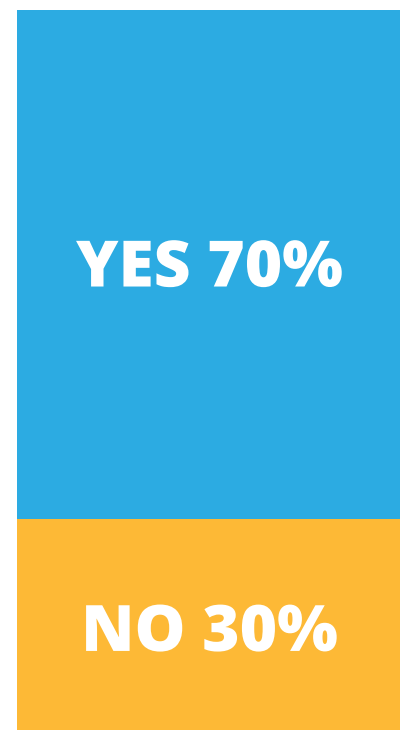
19. How are potential Board/MLS Committee members nominated? (choose all that apply)



20. How are Board/MLS Committee Members elected? (choose all that apply)



21. Do you have an Executive Committee?

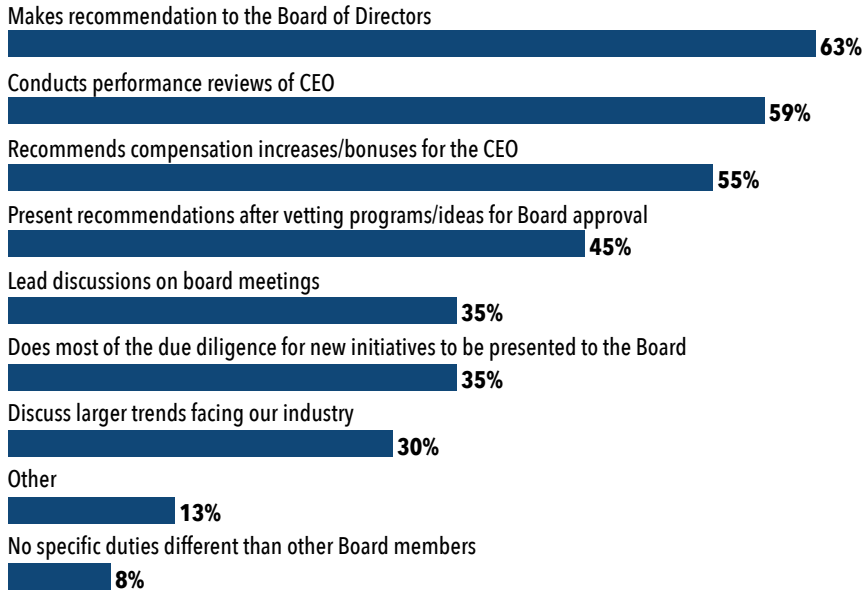


INSIGHT 20

Election methods are split evenly between association appointments, general election by broker participants, and general election by all members.

SURVEY OVERVIEW

22. What role does the Executive Committee play? (choose all that apply)



INSIGHT 22

Executive committees play a variety of important roles: 63 percent drive the agenda and recommendations to the board of directors; 59% conduct the performance reviews of the CEO; 55% recommend compensation increases. The use of an executive committee is reported to allow an organization to make board meetings more efficient and ensure expeditious decision making.

23. Are the roles and responsibilities of the Executive Committee defined in writing?



INSIGHT 23

An organization with clearly defined roles and responsibilities for its leadership allows everyone to better understand their purpose. Today, 70 percent of respondents say the role of their executive committee is defined.

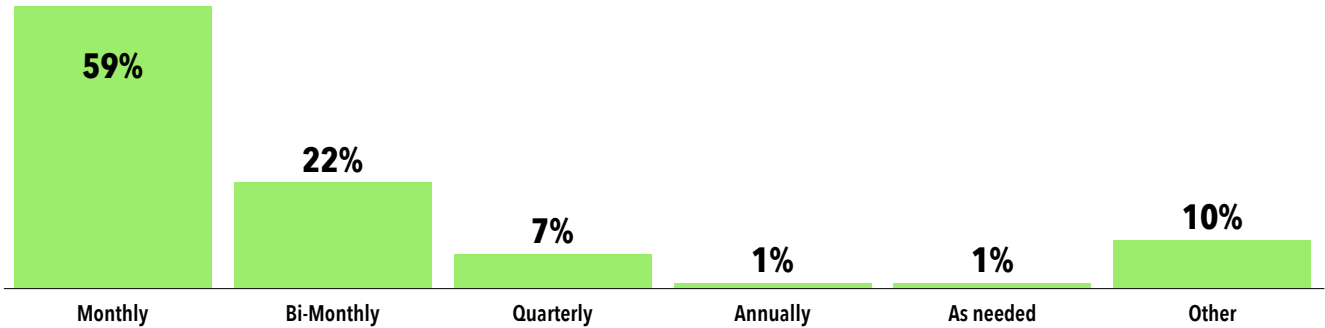
24. How does having an Executive Committee impact the effectiveness of your Board of Directors/Committee? (choose all that apply)



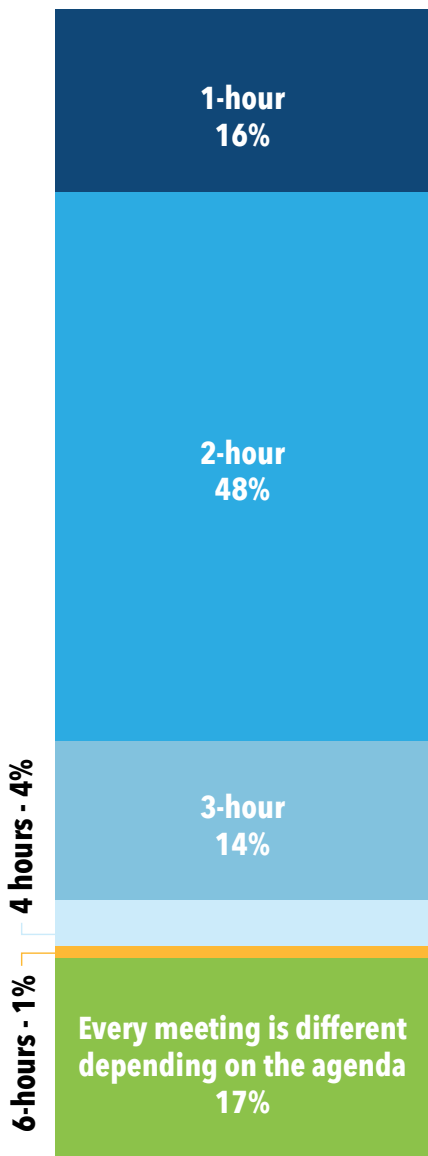
INSIGHT 24

Nearly two thirds of respondents believe that the executive committee helps board meetings run more smoothly.

25. How often do you host Board Meetings?



26. How long do your Board Meetings generally last?



27. Do you operate with a consent agenda?

YES 47%
NO 53%

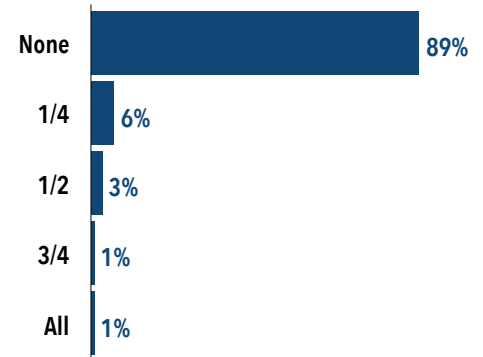
INSIGHT 27

Just under half of respondents use a consent agenda which groups routine business and report approvals into one agenda item. This maximizes the time available to discuss strategic issues.

INSIGHT 28

Just over 10 percent of respondents are offering virtual meetings as an option. A small number are now offering virtual meetings in addition to live meetings for those that live a long distance away or cannot attend in-person meeting for some reason.

28. How many of your Board Meetings are virtual?



29. Do you have an advisory or focus group and what is their purpose?

- MLS system suggestions
- Digs deeper into issues
- Provides member benefit feedback
- Looks into new projects
- Solve workgroup issues
- Represent shareholder interest
- Two-way communication between boards

INSIGHT 29

Many organizations are finding new ways to solicit input from their members by forming advisory groups. One third of respondents host advisory groups in addition to the board of directors. Another 8 percent are planning on launching one in the next 12 months.

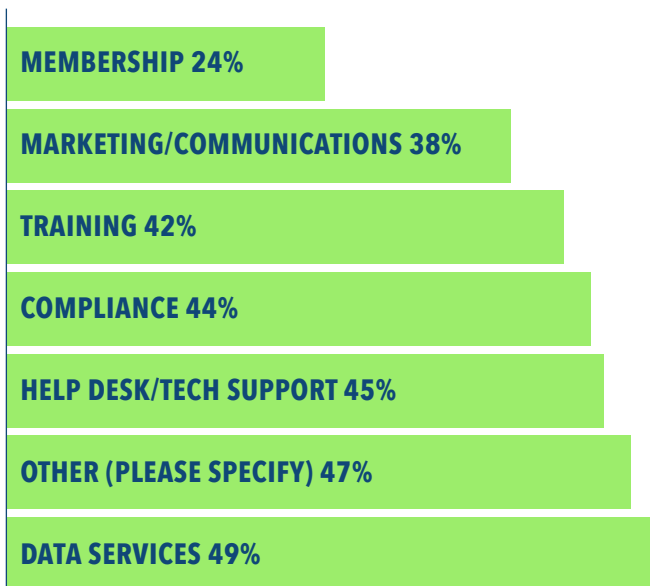
30. Are you the primary person who manages the relationship of your MLS Board of Directors/Committee and drives direction and decisions impacting your MLS?

YES 65% NO 35%

INSIGHT 30

Sixty-five percent of respondents reported that they lead efforts to manage their board of directors or executive committee.

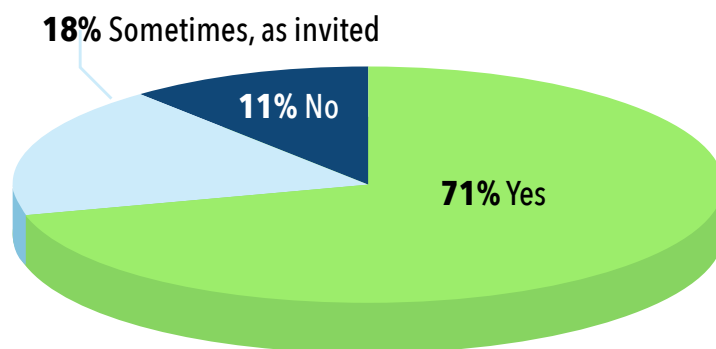
31. What is your role for your MLS organization? (for those that are not MLS executives)



INSIGHT 31

Those that are not MLS executives represent a diverse number of positions within their respective organizations.

32. Do you participate in MLS Board of Directors/Committee Meetings? (for those that are not MLS Executives)



The survey was sent to all MLS members of CMLS. The results are representative of approximately 130 MLSs with over 180 respondents.

BOTTOM LINE

Trends observed from the data and free-form responses in this survey highlight that MLSs are moving toward smaller, more efficient, and strategic boards that place customer success central to their business.

CMLS believes this is a key moment for MLSs to evaluate their governance and organizational structures to best position themselves to thrive in any market.