

LEADERSHIP

301

PARTICIPANT GUIDE

# MEMBER-FOCUSED LEADERSHIP



---

**Ontario Real Estate  
Association**

*Promoting Professionalism*

Ontario Real Estate Association  
99 Duncan Mill Road  
Don Mills, Ontario M3B 1Z2  
Telephone: 416-445-9910  
Fax: 416-445-2644  
Toll Free: 1-800-265-OREA (6732)  
[www.orea.com](http://www.orea.com)

REALTOR® is a registered trademark of REALTOR Canada Inc., a company owned equally by the Canadian Real Estate Association and the National Association of REALTORS® and refers to registered real estate practitioners who are members of The Canadian Real Estate Association.

The trademarks MLS®, Multiple Listing Service® and the associated logos are owned by The Canadian Real Estate Association (CREA) and identify the quality of services provided by real estate professionals who are members of CREA. Used under license.

Printed in Canada

# TABLE OF CONTENTS

Course Overview .....	1
Topics .....	2
Learning Outcomes .....	2
Part One: A New Kid in Town .....	3
A Bit About Your Association .....	3
Assignment One: Identify Risks .....	5
Assignment Two: Map Risks .....	6
Risk Map .....	7
Assignment Three: identify Information Needs .....	8
Understanding Risk .....	9
What is Risk? .....	9
Addressing Risk .....	10
Common Ways to Mitigate Risk .....	10
Part Two: The Saga Continues .....	11
Assignment Four: Develop Risk Mitigation Strategies .....	13
Assignment Five: Assess One Possible Decision .....	14
Group Decision Making Tool .....	15
Group Decision-Making Tool (cont'd) .....	15
Evidence-based Decision Making .....	17
Part Three: One Year Later .....	18
Assignment Six: Monitor Success .....	18
Risk Register .....	18
Governance Principles .....	20
Responsibilities of the Board of Directors .....	20

Participant Guide  
V1 VIRTUAL Nov. 27, 2020

## ***BUILDING LEADERSHIP THROUGH LEARNING***

As you expand your involvement in leadership, the leadership skills you possess become more important to your success. People can develop their leadership skills through understanding, learning, and experience. OREA's leadership courses are designed to help you develop your leadership skills. The goal of each course is to provide the necessary background, skills, and support to make you as effective as possible in your leadership role.

OREA's interactive courses will help you to:

- Gain credibility as you develop the skills you need to excel as a leader
- Become a valuable asset as a knowledgeable and resourceful leader
- Build organizational strength through learning to work with others to tackle difficult issues, recruit volunteers, and create a strategic vision for your association.

### ***ON THE PATH TO VOLUNTEERING***

#### ***LEADERSHIP 100***

In this online course, you'll learn the roles and responsibilities of association leaders, how to become a valuable committee member, and how to make your volunteer time meaningful and productive.

### ***BECOMING A LEADER***

#### ***LEADERSHIP 200***

This three-hour course helps you accelerate your leadership development with tools and techniques that give you the ability to see the big picture. You'll learn about good governance, how to make and amend motions, and how to build consensus as you become more involved in association leadership.

### ***ENHANCING LEADERSHIP SKILLS***

#### ***LEADERSHIP 300***

This three-hour course will help you strengthen your executive leadership skills so that you can work effectively as a director of your association. This interactive learning experience will help you fulfil your duties as a director, chair meetings, answer difficult questions, and advance your strategic plan.

### ***MEMBER-FOCUSED LEADERSHIP***

#### ***LEADERSHIP 301***

As you take on more responsibility as a leader, you recognize the importance of your fiduciary duty to act on behalf of members. This is a new experiential learning course that helps you fulfil your governance responsibilities of stewardship, accountability and oversight. Learn to make group decisions that advance your member-focused strategic goals and manage risk to the benefit of members.

# COURSE OVERVIEW

## LEADERSHIP 301: MEMBER-FOCUSED LEADERSHIP

As you take on more responsibility as an association leader, you recognize the importance of your fiduciary duty to act on behalf of members. This is a new experiential learning course that helps you fulfil your governance responsibilities of stewardship, accountability and oversight. Learn to make group decisions that advance your member-focused strategic goals and manage risk to the benefit of members.

### TOPICS

#### Risk Management

- Understanding Risk
- Identifying Risks
- Assessing Risks
- Mitigating Risks

#### Group Decision Making

- Group Decision Making Tool
- The Importance of Criteria
- Evidence-based Decision Making

#### Governance Principles

- Key Responsibilities of a Board of Directors

### LEARNING OUTCOMES

At the conclusion of this course, you will be able to:

1. Describe the principles on which good governance is based
2. Identify and manage risk to the benefit of members
3. Participate in evidence-based strategic decision making

## PART ONE: A NEW KID IN TOWN

You are a director at a board meeting of your local real estate association where the following information has been presented by the Executive Officer:

- A new company called Sell It has recently launched. They offer licensed Registrants access to a comprehensive listing database, integrated land titles information and surveys, and a forms engine that enables the sending of signed documents to an insurer, mortgage broker and lawyer, creating a type of one-stop hub for the complete transaction. Their fees are less than the cost of joining organized real estate.
- Some of your members are moving over to the new company and leaving organized real estate. Your membership has dropped by 75 (5%) since the company launched 6 months ago. Most of the members who have left were new to the industry.
- An online news service wrote a story about the new company and the impact it's having on the industry. That news item is included on the next page.

### A BIT ABOUT YOUR ASSOCIATION

Your association serves a medium-sized market combining both urban and rural communities.

**Mission:** To provide members with education, networking and technology to succeed in their profession.

**Vision:** To empower every REALTOR® to make a difference in their communities and in the lives of their clients.

Your association has experienced steady membership growth over the past decade, with a current membership of approximately 1500 Real Estate Brokers and Salespersons. The increase in dues revenues and other related revenues has allowed you to expand your educational offerings and introduce new lock boxes this past year. You are in a healthy financial situation, with reserves at 120% of industry-average reserves levels. You own your office building with no outstanding debt.

Your association employs 12 people. Many of your staff have been with your association for over 5 years, and you recently invested in additional staff training on technology and customer service. Here are your staff positions:

- Executive Officer
- Manager of Education
- Education Specialist
- Communication Manager
- Administrative Assistant
- Membership Director
- Finance Director
- Accounting Representative
- IT Manager
- Public Affairs Manager
- Social Media Coordinator
- Member Specialist

# National News

Your Online News Source

## Sell It is revolutionizing organized real estate

Recently launched in Canada, Sell It offers licensed real estate professionals access to a comprehensive listing database, integrated land title information, essential real estate transaction forms and more, in a way the industry has never seen before. Sell It takes big data in the real estate industry to a whole new level. All at less than the cost of becoming a REALTOR®.

Previously, one of the biggest benefits of using a REALTOR® who is part of organized real estate was access to the Multiple Listing Service® (MLS®) – a comprehensive database of agent and broker-listed homes in a given area.

But enter Sell It.

Sell It offers an online real estate website that includes features such as an intuitive map-based search function and a healthy amount of property information all at the fingertips of buyers. What sets Sell It apart from the competition is its one-stop transaction hub. It's received rave reviews from real estate industry representatives since it was launched in Canada last year.

“We see many REALTORS® leaving organized real estate to join us. Our agents in the UK love our business model for the ease and simplicity of being able to access multiple listings tailored to a client in a snap of your fingers,” says Paul Picketfence, Vice-President, Integrated Marketing.

“The real estate business is unique in that professionals need to cooperate to ensure a successful transaction. Sell It enables the sending of signed documents to an insurer, mortgage broker and lawyer.” says Mary Wheelie, a real estate broker in London, Ontario. “As a broker, this one-stop hub for the complete transaction is a huge benefit.”

“Working with an agent who has access to Sell It is an awesome experience. My agent provided me with multiple listings in the coolest neighbourhood in a snap, helped me develop an offer relative to the comps, and directed me to the hottest brunch spots,” says Jill Dealio, a new homeowner.

Sell It was first introduced in the United Kingdom in 2017 and has taken the real estate industry by storm in that market. Sell It has taken out the middleman – local associations – to offer the best to their customers. Many agents appreciate saving on costly association memberships.

If Sell It is an indicator of things to come, the days of MLS® and real estate boards could be numbered.

## **ASSIGNMENT ONE: IDENTIFY RISKS**

- *You have been divided into subgroups of the board who will meet in a breakout room*
- *Your assignment is to Identify some potential risks to your association*
- *Background information on your association is on page 2 (sent as pre-reading)*
- *Introduce yourselves when you get into the room*
- *If you require assistance, use the Ask for Help button*
- *Take 5 minutes in your group to identify risks*

### **POTENTIAL RISKS**

## ASSIGNMENT TWO: MAP RISKS

### INSTRUCTIONS

- Select 5 of the risks you identified
- Map those risks onto the Risk Map on the next page
- Attempt to reach consensus in your group
- Everyone in the group make notes and be prepared to share your answers
- If you require assistance, use the Ask for Help button.
- Take 5 minutes to discuss

### HOW TO CREATE A RISK MAP

#### 1 List possible risks

---

- Develop a list of all the possible risks that might present themselves in your organization. It's ideal for both board and staff to do this first round of risk identification. Use the categories chart to ensure that you are thinking of all aspects. You might find that many examples apply.

#### 2 Assess each risk

---

- Determine the potential impact and likelihood of each risk. This chart has to be adapted to your circumstances. There is no exact formula to this; apply your best judgment.

#### 3 Create a risk map

---

- Number and plot identified risks into a matrix with axes *likelihood* and *impact*. This exercise quickly identifies those risks which rank high in attention and monitoring. This risk map will help you identify the risks for priority attention.

---

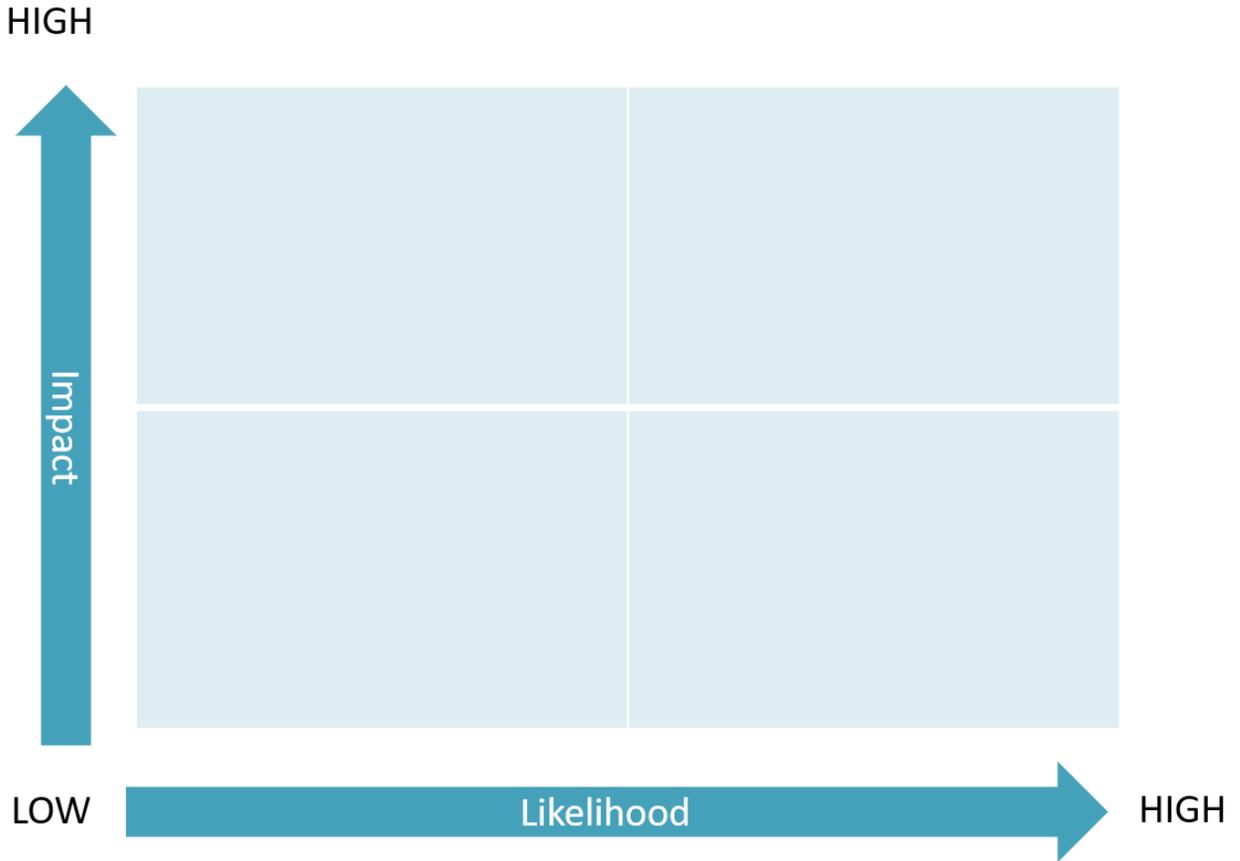
*You cannot swim for new horizons until you have the courage to lose sight of the shore*

*- William Faulkner, Author & Nobel Prize Laureate*

---

## RISK MAP

Map the risks you have identified onto this risk map.



IMPACT	GUIDELINE
<b>High</b>	<ul style="list-style-type: none"> <li>Financial impact on the organization likely to exceed \$__</li> <li>Significant impact on the organization’s viability, strategy or operational activities</li> <li>Major stakeholder concern</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>Financial impact on the organization likely to be between \$__ and \$__</li> <li>Moderate impact on the organization’s strategy or operational activities - could worsen performance</li> <li>Moderate stakeholder concern</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>Financial impact on the organization likely to be less than \$__</li> <li>Low impact on the organization’s strategy or operational activities</li> <li>Minor stakeholder concern</li> </ul>

LIKELIHOOD	INDICATORS OF RISK
<b>High (Probable)</b>	<ul style="list-style-type: none"> <li>History of regular occurrence</li> <li>Has occurred recently</li> </ul>
<b>Medium (Possible)</b>	<ul style="list-style-type: none"> <li>Occasional occurrence</li> <li>Could be difficult to control due to external influences</li> </ul>
<b>Low (Remote)</b>	<ul style="list-style-type: none"> <li>Has not occurred</li> <li>Unlikely to occur</li> </ul>

## ASSIGNMENT THREE: IDENTIFY INFORMATION NEEDS

- *Identify some things that the board needs to know before it can develop risk mitigation strategies (i.e. research, data, information)*
- *Take 5 minutes to discuss*

### WHAT THE BOARD NEEDS TO KNOW

## UNDERSTANDING RISK

Risk management is more important than ever

- Today's operating environment is more complex and competitive.
- Organizations are under greater scrutiny from stakeholders, the media and regulators.
- Limited resources can impact the board's ability to achieve its organizational goals

It is the responsibility of a board to ensure that risk is managed well. However, after corporate failures, the question may be asked, "*Where was the board?*"

### WHAT IS RISK?

Risk is the possibility that an event or action will adversely affect the financial and/or operational performance of an organization. Risk includes exposure to negative consequences ("threats") and the possibility that positive consequences ("opportunities") will be missed.

Category	Sample Risks
Strategic and Reputational	Failure to achieve impact on investments Untrained or dysfunctional board of directors Member misconduct made public Legal challenges
Fiscal	Property Damage Asset loss, damage or threat Fraud or misuse of funds Drop in membership
Regulatory	Fines/penalties: i.e. failure to remit payroll deductions, privacy laws CREA minimum board standards Legislative changes that affect members (i.e. taxation, regulation)
Operational	Event mishaps Failure of a project or initiative Crises and emergencies
Organizational and Human Resources	Conflict of interest Employee workplace injury Contract disputes Actual or alleged misconduct or abuse
Technology and Intellectual Property	Information systems failure or obsolescence, cyber-hacking Disruptive technology (Amazon)
Records Management	Theft of information

## ADDRESSING RISK

For each risk identified, determine the extent to which the risk should be addressed through various response strategies. Sometimes risk can be reduced or made less impactful.

### FOUR OPTIONS FOR ADDRESSING RISK



**REDUCE** risk through measures of prevention and control.

**TRANSFER** risk to third parties through outsourcing, insurance, etc.

**ACCEPT** risk because the benefits of doing so outweigh the costs of transfer or mitigation.

**AVOID** risk by simply choosing not to undertake certain types of activity.

Typically, boards turn to management to respond to significant risks or suggest strategies. Here are some examples of common responses that include policies, procedures and controls.

### COMMON WAYS TO MITIGATE RISK

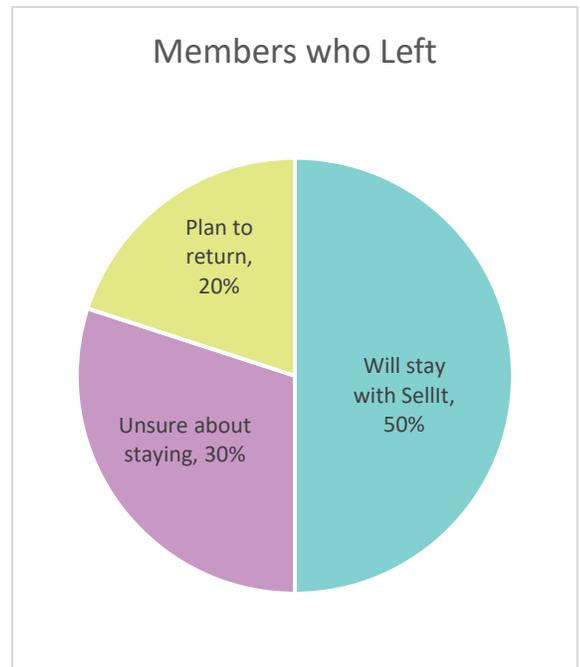
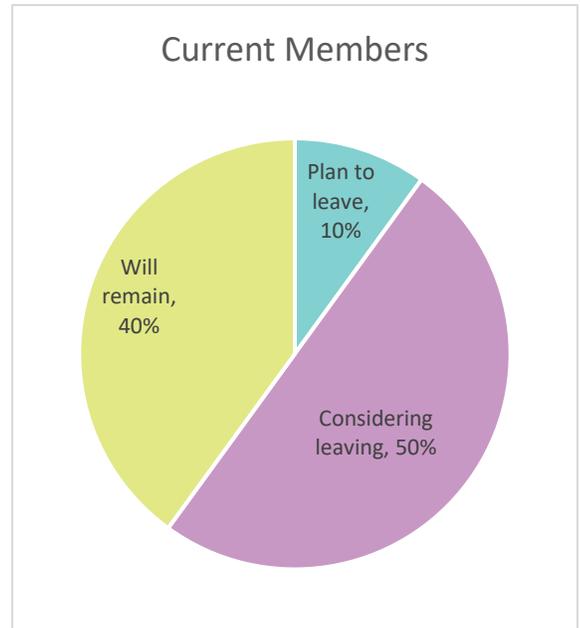
Category	Ways to Mitigate Risk	
Strategic and Reputational	<ul style="list-style-type: none"> <li>Satisfaction surveys</li> <li>Governance training</li> <li>Business continuity plan</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of key performance indicators</li> <li>Code of Conduct policy</li> </ul>
Fiscal	<ul style="list-style-type: none"> <li>Stress-testing through financial modelling</li> <li>Financial reserves</li> </ul>	<ul style="list-style-type: none"> <li>Legal contracts</li> <li>Insurance</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>Training</li> <li>External expert presentations/advice</li> </ul>	
Operational	<ul style="list-style-type: none"> <li>Outsourcing</li> <li>Succession plans</li> <li>Whistle-blower policy</li> </ul>	
Organizational and Human Resources	<ul style="list-style-type: none"> <li>External/peer audits</li> <li>Consultation processes</li> <li>Screening</li> </ul>	
Technology and Intellectual Property	<ul style="list-style-type: none"> <li>Internal controls</li> </ul>	
Records Management	<ul style="list-style-type: none"> <li>Documentation Policy</li> </ul>	

## PART TWO: THE SAGA CONTINUES

Two months has passed since your board meeting. You have been called into an emergency board meeting to review the research conducted by staff and the task forces that were created by the board at the previous meeting.

Here's what you learn:

- Membership has continued to drop: an additional 150 (10%) members have moved to the new company
- Sell It* has launched an aggressive marketing campaign promoting the value of their services
- Research conducted with your members indicates:
  - 150 members (10%) plan to move to *Sell It*
  - 750 members (50%) are considering moving but are undecided
  - 600 members (40%) plan to remain with the association
- Research conducted with those who have already left your association indicates:
  - 100 (44% of those who left) are satisfied with *Sell It*
  - 70 (31% of those who left) are unsure if they will stay
  - 55 (25% of those who left) plan to return to the association
- Based on the research results:
  - Membership is projected to drop by an additional 150 – 300 members (10 – 20%) over the next 6 months if nothing is done
- Sell It* provides:
  - Canada-wide listing service including sold data
  - 75 real estate transaction forms
  - Integrated land titles information and surveys
  - Forms engine that enables the sending of signed documents to insurer, mortgage broker
- An opinion piece was written in the local paper about how companies like *Sell It* are changing the real estate industry. Read that article on the next page.



# Daily News

---

## Real Estate agents deserve the best tools to serve their clients

Real estate vendors like Sell It transform the role of the REALTOR®

**By Ed Selling**

If you were shopping for a property in 2010, the experience was most likely two-pronged: engaging a REALTOR® for your search and being given access to listings on a Multiple Listings Service® (MLS®).

But enter 2019, and things are very different. Today any agent can have access to an end-to-end system that integrates every aspect of a transaction without becoming a REALTOR® because of innovative companies like Sell It.

Launched in Canada six months ago, Sell It, with its big-data approach to real estate, is making many REALTORS® make a swift exit from organized real estate.

Sell It was first introduced in the United Kingdom in 2017 and resulted in over 30 per cent of real estate agents leaving organized real estate to sign-up. Agents there wanted a robust listing service. They wanted an end-to-end seamless process for accessing land title information, surveys. And they wanted to send signed documents seamlessly to others involved in the process. They wanted one platform that would do it all and it seems many of them have found it.

Today's buyers are smart and savvy with busy schedules. They need real estate agents to step up their game and fast. Companies like Sell It give real estate agents the cutting edge to provide better service for their clients so they can deliver more value for the fees they are paid. By providing an end-to-end one-stop hub for all aspects of a transaction, Sell It is single-handedly changing the real estate industry.

The role of a REALTOR® has changed from the gatekeeper of the experience to a trusted advisor who can guide buyers through the complicated process of buying and selling real estate. That's a significant shift as their role is now more of a curator of information. Consequently, REALTORS® are asking themselves: why should I join associations such as CREA and OREA, and what am I getting for my membership fees?

With the launch of companies like Sell It, could the MLS® be on its last legs?

Ed Selling is a retired real estate broker. He enjoys gardening and spending time with his grandchildren.

## **ASSIGNMENT FOUR: DEVELOP RISK MITIGATION STRATEGIES**

- *You will be assigned one of the risks from the risk map*
- *Introduce yourselves when you get into the breakout room*
- *Brainstorm at your table to determine potential risk mitigation strategies*
- *Refer to the Four Options for Addressing Risk*
  - *Avoid, Accept, Reduce, or Transfer*
- *Take 10 minutes to discuss*

*Write the risk you are assigned here:*

*Brainstorm in your group to determine some risk mitigation strategies for this risk.*

### **POTENTIAL RISK MITIGATION STRATEGIES**

## ASSIGNMENT FIVE: ASSESS ONE POSSIBLE DECISION

- You will be considering this possible board decision:
  - To generate non-dues revenues by holding a joint conference with the local home builders' association
- Assess that decision using the Group Decision Making Tool
  - You may not have enough information to answer all the questions but discuss what you can
- Take 10 minutes to discuss and assess

### HOW TO USE THE GROUP DECISION MAKING TOOL

This tool is a step-by-step worksheet to help association decision-makers exercise diligence on major planning decisions and on urgent and important decisions.

#### 1 Determine the ratings for each criterion

---

- You may choose to have individuals determine their ratings independently and then come together as a group to share answers or discuss and rate each criterion through group consensus building.

#### 2 Discuss the decision as it relates to the criteria

---

- For each criterion, come to a consensus on the group's rating and whether more information needs to be gathered before an informed decision can be made.

#### 3 Assess the decision

---

- Determine if a decision can be made, whether it is better to stay with the status quo or whether other alternatives should be considered.

## GROUP DECISION-MAKING TOOL

What is the decision being considered?

Ratings: 3 -Yes 2 - Somewhat 1 – No 0 – Need more information

Criteria	Key question	Ratings						Comments/Questions
<b>Consistency with Strategic Plan &amp; Vision</b>	Is the decision aligned with our strategy and vision?							
<b>Feasibility &amp; fit</b>	Can we implement the decision given our culture & with our human, financial and material resources?							
<b>Expertise</b>	Do we have the expertise to make, implement & sustain the decision?							
<b>Cost</b>	Are the direct and indirect costs of this decision reasonable & affordable both short & long-term?							
<b>Difference made or Impact</b>	Is the future impact of this known, measurable & positive?							
<b>Risk factors</b>	Do we know the risks & can we live with what might go wrong?							
<b>Organizational development</b>	Does the decision build our future potential as an organization?							
<b>Accountability &amp; control</b>	Are we able to control & establish accountability for this?							



## ***EVIDENCE-BASED DECISION MAKING***

Our biases can greatly impact business outcomes. Self-aware board members should be cognizant of their own biases and put in place systems and processes to ensure the organization is not derailed by biases and a lack of an evidence-based decision-making process.

A fundamental component of governance is that the board collectively and board members individually always act in the best interests of the organization. While individuals come to the board table with a diverse range of experiences, knowledge and perspectives, those “biases” have to be corralled and channelled into what’s best for the organization. An effective way to support this approach is to apply an evidence-based decision-making process.

### ***HOW TO APPLY AN EVIDENCE-BASED APPROACH***

1. Develop a standard business case framework that is applied to every decision that requires investment over an agreed \$ amount; this framework would require research and supporting documents, a financial scenario planning model, and a capacity and capability assessment (i.e. can we do what is required with existing resources and people?)
2. Apply a risk assessment to options for consideration. This can help remove the optimism bias from the decision-making process; sometimes we want something to work so much that we ignore obvious and critical aspects that would otherwise deter the organization from taking a particular course of action.

Sometimes it is very difficult to remove our personal “bias” from the decision-making process of the board, however as good governors, we have no choice. By adopting an evidence-based decision-making policy and procedure, we introduce a process that obliges all those who are charged with the responsibility of making decisions to follow a pre-determined methodology – a methodology where the fundamental component is supporting evidence. Whilst it will not remove the individual bias that board members have, it will provide a framework for that will limit the impact of those biases on board decisions.

## ***PART THREE: ONE YEAR LATER***

### ***ASSIGNMENT SIX: MONITOR SUCCESS***

- *Refer to the **Risk Register** on the next page which outlines how well the association strategies are progressing.*
- *Assess:*
  - *Is the board on track?*
  - *What does the board need to do now?*
- *Take 10 minutes to discuss.*

## RISK REGISTER

Risk	Triggers (cause/factor)	Impact/ Likelihood <sup>1</sup>	Risk Mitigation	Status & Issues	Results/ Issues
1.1 Loss of members	Members moving to Sell It	4/4	Attract members back <ul style="list-style-type: none"> <li>• Letter Campaign</li> <li>• Outreach</li> <li>• Bring-a-member-back incentive</li> </ul>	<ul style="list-style-type: none"> <li>• Letter campaign launched</li> <li>• Outreach launched</li> <li>• Bring-a-member-back on hold</li> </ul>	<ul style="list-style-type: none"> <li>– 45 (20%) of members who left have returned</li> <li>– An additional 51 current members (4%) have left</li> </ul>
1.2 Further loss of members	Members moving to Sell It	4/4	Evaluate services and identify ways to better compete (what to keep, drop or introduce)	<ul style="list-style-type: none"> <li>• Member survey completed</li> <li>• Research report in progress</li> <li>• Planning session booked</li> </ul>	
1.3 Diminished reputation of REALTOR® members	Non-REALTOR® members no longer abide by a code of conduct	4/2	Promote REALTOR® value - focus on REALTOR® contributions to the community	<ul style="list-style-type: none"> <li>• Ad campaign in development</li> <li>• Public speaking events identified</li> </ul>	Cost of campaign may be unaffordable
1.4 Financial viability of the association	Reduced revenues	4/3	Identify and implement cost savings	<ul style="list-style-type: none"> <li>• Finance committee assessment complete</li> <li>• Cost cutting efforts have begun</li> </ul>	<ul style="list-style-type: none"> <li>– Cost savings covered 40% of risk mitigation expenses</li> <li>– Plan to access additional reserves</li> </ul>

Rating: 1 = low, 5 = high

# GOVERNANCE PRINCIPLES

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

**STEWARDSHIP** is the responsible planning and management of resources to ensure the association is continuously working to achieve its purpose

- Ensure that actions taken by the association advance the association's mission or purpose
  - Avoid mission creep that distracts the board and dilutes resources
- Act on behalf of members who have entrusted the association to your care
- Set strategic direction and goals and use them to guide all board decisions
- Make decisions:
  - Strategic decisions that move the organization forward for the benefit of members
  - Fiduciary decisions that ensure the trust of members is retained

**ACCOUNTABILITY** is the obligation to account for activities, accept responsibility for them and to disclose the results in a transparent manner

- Account for activities, accept responsibility for them and disclose the results in a transparent manner
- Communicate with members on the decisions made by the board and the reasons for making them
- Hold each other accountable for good governance
- Fulfill your fiduciary duties

**OVERSIGHT** means the association has in place a robust process for monitoring its actions

- Put in place a robust process for monitoring the association's actions
  - Monitor strategic plan progress, compliance, EO performance and be prepared to make changes
- Ensure compliance with by-laws, policies, regulations, reporting requirements
- Work at a strategic level (nose in – fingers out)

**STRATEGIC GOALS** define the long-term objectives the association is working to achieve

- Align all decision-making to the strategic goals
- Seriously question any initiatives that do not align with these goals
- Assign resources to initiatives that advance these goals
- Ensure committee recommendations and staff work are focused on the strategic goals

