

# EVERYBODY WINS

## The Story and Lessons Behind RE/MAX

**PHIL HARKINS and KEITH HOLLIHAN**

**PHIL HARKINS** is CEO of Linkage, Inc., a consulting and executive coaching firm. He is the author of several books including *Powerful Conversations* and *The Art and Practice of Leadership Coaching*. Mr. Harkins is a frequent key-note speaker on leadership topics. Prior to founding Linkage, Mr. Harkins held senior management positions at Keane, Inc. and Raytheon. He also served on faculty and as a senior administrator at Boston University. Mr. Harkins is a graduate of Merrimack College and received three advanced degrees from Harvard University.

**KEITH HOLLIHAN** is a professional writer. He specializes in business and leadership. In addition to numerous articles published in the business press, Mr. Hollihan is the author of *The Art and Practice of Leadership Coaching* and *Enlightened Power*.

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## 1. The Formation of the Dream

*"From the beginning, my dream was to grow the best and the largest real estate network in the world, an organization where everybody wins – our customers, our agents, our owners, our employees, everybody. It took more than 30 years, but that dream has become a reality."*

– Dave Liniger

In the fall of 1972, Dave Liniger was a real estate salesman working for the largest real estate company in Denver, Colorado. He approached his boss with an idea – he wanted to start a new real estate company which would get away from the way the industry was structured and introduce a new business model altogether. Specifically, Liniger suggested the industry practice of real estate firms keeping 50-percent of the commissions earned by their salesmen was flawed. He wanted to start a new firm where the real estate salesman would keep 100-percent of the commission and pay the firm a set monthly fee instead. Not surprisingly, Liniger's boss dismissed the idea as unrealistic.

Although he was only in his mid-twenties, Liniger was already well established within the real estate industry. He had dropped out of college and gone to Vietnam with the U.S. Air Force. Now married and with three children to support, Liniger had tried a few different fields before getting into selling real estate. Even then, he had actually obtained his real estate license by accident so that he could buy some fixer-uppers for his friends. When he came to sell those houses, he discovered he had a knack for selling real estate and so had decided to give it a try. It was hard going at first, but Liniger stuck with it because he enjoyed the work. He had gradually got better and better at selling real estate. But there was still one thing about the industry that struck him as odd.

*"For the past few years, while Liniger was learning how to sell, then selling at top levels, and working for several different real estate firms, he had also been watching the industry closely. Almost every firm operated under the same model – they kept 50-percent and the agent got 50-percent of the commission earned. For most agents, this seemed fine until you realized you were handing over half your income – income produced by your leads, your hard work, and your sales ability – to a firm that really wasn't giving you that much in return. Liniger knew that real estate agents, like all people with entrepreneurial inclinations, did indeed want to earn as much money as possible; nevertheless they weren't motivated only by money. They wanted the tools to succeed and the independence and freedom to make the most of the opportunities available to them. The traditional real estate firm didn't care about a real estate agent's need for growth and success. It only worried about that 50-percent cut and did as little as possible to earn it."*

– Phil Harkins and Keith Hollihan

Liniger noted that there was one alternative business model which was sometimes used in this industry. Derisively called the "rent-a-desk" concept, freelance agents worked under the banner of a firm that provided some support services and a brokerage license. Nobody had ever taken that idea and applied it to a blue chip firm which had a strong reputation in the marketplace, panache, good training programs and quality control systems. Liniger tried to interest his boss in running with his idea, but his boss thought it was too risky, preferring instead the status quo. In fact, Liniger's idea was described as being

naive and unworkable – which frustrated Liniger still further. It was clear that nobody else liked Liniger's idea, or believed in his dream as passionately as he did, so Liniger quit to start his own company.

*"Liniger realized that the source of his disgruntlement wasn't the company he worked for but the nature of the system itself. Van Schaack valued its agents; but like any real estate firm, it really didn't appreciate them, and it really didn't care if they grew or developed. The 50-percent commission system was good for firms in the short run but was a long-term detriment. Because agents got so little in return, they were always halfway out the door. Liniger knew that his customers were buying houses from him, not from the firm. He still liked the sophistication and image of an established firm and he understood the value of its training, support systems, brand name and market presence. But he couldn't help looking back on his early days at a 'rent-a-desk' operation with a kind of nostalgic longing. Sitting in a diner over coffee, thinking about what made the rent-a-desk concept appealing, he suddenly glimpsed the larger picture. The answer was not one idea over another; it was a hybrid of the two. If a company could combine the blue-chip reputation, professionalism and sophistication of a blue-chip company with the entrepreneurial empowerment of a rent-a-desk operation, it would be unstoppable. The agents would be motivated financially, supported by great training, and free to thrive and grow. The home buyer would benefit tremendously from the more professional service and the longer-term sense of commitment. And the broker's business would grow exponentially as well, as agents flocked to his winning operation. As systems go, it had a beautiful, elegant logic built into its DNA. The resulting company, if it stuck to those reward-sharing principles, would grow and grow until it became the biggest real estate firm in the world. The question was not how could it work but why not? The appeal was across the board, embracing and including everyone involved. It was an idea in which everybody wins."*

– Phil Harkins and Keith Hollihan

Fortunately, Dave Liniger was in a good position to branch out on his own and try something new. He had saved some money and owned a few houses by this stage. Also, he knew that he could always work as a freelance real estate agent to look after his family while building his new company. And to make things easier, word got around the real-estate community in early 1973 that Liniger was leaving to do his own thing. Since Liniger had been considered a rising star in this industry, there were a few people who were interested in working in with him in the future.

Once of the first to contact Liniger were the principals of a land development company called Weydert. Their company was developing a ski area outside Denver and they asked whether Liniger would consider becoming their sales manager. Liniger declined the offer but didn't hesitate to pitch his new venture to them instead. They listened and invited Liniger to discuss his new venture in more detail. When Liniger met with the four investors behind Weydert, he felt an instant empathy with them. Like him, they were all ex-military men with an established track record in property development. The investors, for their part, liked Dave Liniger and the energy he created. They suggested that Liniger join with them. Weydert would give Liniger a few hundred thousand dollars in start-up money and 20-percent of all the land development projects they had underway in exchange for an 80-percent stake in the company Liniger was going to create.

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