

Pennsylvania Association of Realtors



Multicultural Strategic Plan

December 2008

Prepared by:



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Gonzales Group, LLC
14090 Southwest Freeway
Suite 300
Sugar Land, TX 77478
888-267-1160
www.thegonzalesgroup.com

Pennsylvania Association of REALTORS®
4501 Chambers Hill Road
Harrisburg, PA 17111
800.555.3390
kshindle@parealtor.org

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Executive Summary

The Gonzales Group was commissioned by the Pennsylvania Association of REALTORS® (PAR) to conduct a Multicultural strategic business planning session on December 1, 2008 and to create a twenty-four (24) multicultural strategic plan.

This multicultural strategic plan is designed to serve as map for the PAR multicultural initiative and sets forth the goals, objectives, and tactics that positions PAR as the multicultural resource center for its members and others in the industry. The Gonzales Group worked with the PAR leadership to develop a comprehensive plan that will be the framework for a statewide initiative and serve as a template for local associations. The multicultural strategic plan consists of the following elements constructed in concert with the PAR leadership and key staff.

<u>Environmental Scan</u>	<u>Multicultural Strategic Plan</u>
<ul style="list-style-type: none"> • Demographic Overview • Social, Economic, Technology, and Environmental • • Risk Assessments - Internal and External 	<ul style="list-style-type: none"> • Strategic Intent • Mission • Vision • Core Values • Objectives • Tactics and Goals

The Multicultural Strategic Plan includes but is not limited to:

- Providing recommendations on PAR strategy to ensure the value propositions are maximized in the communication to members, consumers, and industry partners
- Identify local media opportunities/environments to strategically position the initiative with targeted audiences
- Provide insight into PAR existing structure that aligns the initiatives overall goals in reaching members, consumers, and industry partners
- Make recommendations on the development of materials that brand the initiative internally and externally for plan awareness and strategic intent
- Provide strategy for the development of outreach programs

Multicultural Demographic Overview

It is critically important to understand the new economic powerbase that is the multicultural member and homebuyer and interpreting local demographic data is critically important to avoid costly outreach and recruiting missteps. More importantly, as the profile of the market changes, missing out on the new home buying population that is emerging from this societal change can be costly from a market share and profitability standpoint for PAR members.

The multicultural consumer has grown both in population size and in buying power. The findings of our external scan paints a complex, yet insightful picture of the multicultural community in Pennsylvania. Pennsylvania is not only diverse in terms of culture and language, but the rapid growth rate of Hispanic, Asian, and African-American population signifies a change in customer demand patterns which should be a call to action in and of itself.

The Gonzales Group examined Pennsylvania utilizing data compiled by the U.S. Census to identify the overall market potential within the multicultural segments.

For example, in examining the Pennsylvania market, we find a market that is 18% multicultural (Census 2008). An organizations first assumption would be:

- They are non-English dependent
- Participate only within their own ethnic group
- First-time homebuyers
- Possess a lower than average median income

To recruit multicultural leadership and assist members with the changing profile of the home buying market, PAR must lose any preconceived notions about a particular member and customer segment and examine valid generalizations rather than societal assumptions.

We began by strategically examining the membership landscape and potential home buying market to being building the multicultural strategic plan and strategy.

As demonstrated in the population and median income charts in the Appendix of this strategic plan, we examined the population, median income, country of origin, language usage segment, and acculturation rates for the Pennsylvania market. These dynamics represent the significant shift in societal profiles that impact the agent and broker population as well as that of the home buyers that the PAR members service.

Social, Economic, Technology, and Environmental

In today's challenging economic times, it is no longer possible for an association to focus solely on deriving value for only its members. Instead, governments and society at large have begun a robust campaign to ensure that organizations that participate in the use of natural and societal resources are addressing long-term issues and have a clear and articulated strategy that is profitable and responsible at the same time. The only way the real estate industry can achieve this is to first gain the trust of key stakeholders. Whether these be members, regulators, home buyers, or others, it is essential that their operations be conducted in a responsible and sustainable manner. Companies are increasingly facing broad requirements under which they are expected to identify and respond to home buyer and societal needs.

The risks posed to a business and its reputation are correspondingly diverse.

The issue of corporate social responsibility (CSR) - broadly defined to include such concepts as sustainability, sustainable development, triple bottom line, community trusteeship, and sustainable enterprise management (including environmental issues) - is now challenging the very foundations of the business strategies of the world's leading organizations. CSR is, however, one of the most complex challenges facing the real estate industry today. To many, it is a guiding principle that underpins mission, vision, strategy, and decision-making. To others, it represents a series of emerging issues that must be "managed" by the association in order to maintain its "license to operate". The responsible, sustainable association realizes short-term success builds a stable platform for future growth and profitability, while at the same time, acknowledging its economic, social, and environmental responsibilities, and the needs and concerns of a wide range of stakeholders.

A key challenge for the next few years is to devise better measures of performance which add genuine value to the business itself and which capture the value the association and its members brings to its community. This is no small task, but such metrics will enable companies to defend themselves from attack - and take credit for the positive effects they have. While PAR has a reputation for being a progressive association, it has also demonstrated strong community trusteeship. This type of commitment to the community will help to facilitate comparisons within the industry and across sectors, and organizationally differentiate PAR.

We recommend examining external influences from four different variables:

- Social (i.e., Changes in the structure of households)
- Economic (i.e., Lower consumer confidence, slow job growth, and housing depreciation indexes, credit worries, delayed housing recovery)
- Political (i.e., immigration, stricter RESPA regulations)
- Technology (i.e., Mobile technology which allows for flexible work schedules)

While economic conditions are often the leading barometer, other influencers can affect the overall condition of the housing market and warrant factoring into the multicultural strategic plan.

We have identified four areas that we believe are influencers that may impact the real estate industry and PAR’s multicultural strategic plan:

Social	Technology
<ul style="list-style-type: none"> • Changes in the structure of Multicultural households will alter the characteristics of homeowners of the future across the U.S. Multicultural consumers are focused on family, community, balance, integrity, authenticity, and security. Multicultural consumers want to believe they are getting the best price/service during the home buying process. • Spanish-dominant immigrants are representing the a vast majority of the first-time homebuyer - have less access to home buying information • Strong desire for trust and knowledge from the Real Estate professional • More inclined to put their confidence in “word-of-mouth” advertising 	<ul style="list-style-type: none"> • Mobile technology allows flexible work schedule • Technology shows better ROI (procurement) • Rise in Latino consumer use of the on-line channel as an influencer - primarily seeking information on home buying process • Asian subgroups are more inclined to shop/compare mortgage rates on-line • African-Americans increasingly seeking information online
Economic	Political
<ul style="list-style-type: none"> • The Economy Is Weakening Badly as 2008 Draws to a Close • The Housing market is contracting sharply • Inflation fades and deflation threatens • Probable lower interest rate environment for conforming loans • Lack of credit in the market place • All time low consumer confidence; slow job growth, and housing depreciation indexes - Credit worries - Delayed housing recovery • Housing downturn continues unabated • Increased foreclosures • Underlying trend for home sales remains weak • Rising housing inventory delays recovery 	<ul style="list-style-type: none"> • Immigration • Rising Taxes • Heightened sensitivity to predatory lending issues • Terrorism / Homeland Security • Heightened awareness of political sensitivity to information sharing and privacy issues • Heightened sensitivity to predatory lending issues • Stricter RESPA regulations • Increase govt. oversight and increase in regulatory legislation in mortgage bailout

Risk Assessment and Consensus

The development of a strategic business plan for the program should be adopted at all levels with accountability variables for each team member. More importantly, understanding the nuances of the various cultures is even more important to establish strong relational equity with the multicultural members, consumers and ancillary partners. The real estate industry prides itself on being a “relationship” driven industry. Not operating a program in this format and forum reduces the chance of success.

Risk assessments, both internal and external, are factored into this plan and include but are not limited to:

- *Organizational infrastructure*
- *A declining home buying market environment forecasted for 2009-2010*
- *Demographic shifts*

Risk assessment is an important step in the risk management process. Once risks have been identified and assessed, the steps to properly deal with these risks become part of the formulation of the overall plan. Part of the difficulty of risk management is that measurement of both of the quantities in which risk assessment is concerned - potential loss and probability of occurrence - can be very difficult to measure.

We have identified several risks from an external and internal perspective to utilize in the formulation of the multicultural strategic plan.

<u>EXTERNAL</u>	<u>INTERNAL</u>
<ul style="list-style-type: none"> • Members and local associations fail to increase their focus on multicultural member and consumer segments. • A continued decline in the overall economy and real estate industry forecasted for 2009-2010. • With demographic shifts, the multicultural consumer will continue to fill the first-time home buyer pipeline. <p>Impact:</p> <p>PAR and its members may be economically impacted by delaying the implementation of the recommended strategies and tactics.</p> <p>Implementation must be timely, tactical, and ethical for PAR and its members to leverage the market share growth among multicultural members and consumers.</p>	<ul style="list-style-type: none"> • Absence of an infrastructure that accommodates the demands of the initiatives and plan. • Recommended strategies and tactics are not adopted by directors, staff, or local associations. • Some may not clearly understand the business case driving the initiative on multicultural Markets and see the initiative as a social advocacy exercise of political correctness (PC). • No feedback from the broker members or leadership on what strategies are working or not working and which plans may need adjustment. <p>Impact:</p> <p>PAR may not have the power to influence leadership or locals to implement the recommended strategies for deployment or success.</p>

Consensus

The Gonzales Group developed and administered a questionnaire for the Multicultural Strategic planning participants.

The goal of the questionnaire was to gain insight into and gain a comprehensive perspective of the proposed Multicultural outreach. Your responses to our questions helped to provide the Gonzales Group with an assessment of where the association is in relation to the development of a Multicultural initiative.

There were 5 recurring responses among the participants answers:

1. The need to know the memberships profile. How diverse is the PAR membership and is the association supporting their unique customer segments?
2. The need to provide products and services that benefit members and home buyers in the Multicultural space.
3. The need to create strategic Multicultural partnerships.
4. The need to identify and develop internal systems and processes that can accommodate the execution of Multicultural Market strategic plan
5. Enhance the Multicultural Market experience both internally (members) and externally (consumers)

The consensus among the planning participants denoted several directional wishes, concerns, and overall organizational variables that have been factored into the development of objectives and goals.

They include:

- Doing the right thing as it relates to diversity
- Creating the tools that will assist the Realtor members
- Developing the direction for leadership on subject
- Defining the markets
- Create a path to the foundation of the initiative
- Including the Gen X, Gen Y audience
- Creating vehicles of communication
- Leadership opportunities
- Resource allocation
- Define benefits in diversity markets (making money)
- Strong emotional response to this subject matter (forgiveness)
- Education on multicultural subject matter
- Be the catalyst for change on this subject
- Humility
- Measuring results (focus groups, member surveys)
- Anecdotal/Hallway talks (how are decisions made)
- Organizational protocol (volunteer vs. staff driven)
- National vs. local (What is NAR doing, and what is PAR doing on this subject)
- Define niche markets
- Business development vs. Govt. Affairs or Fair Housing approach
- Building trust
- Licensees in the state of PA versus PAR members (define as opportunity)
- There is no welcome mat for diversity at PAR
- Measured results
- Relationship building in the community
- Bottom-up versus top-down model for change (Delta Model)
- Prioritization this subject in terms of PAR's resources

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Multicultural Strategic Plan

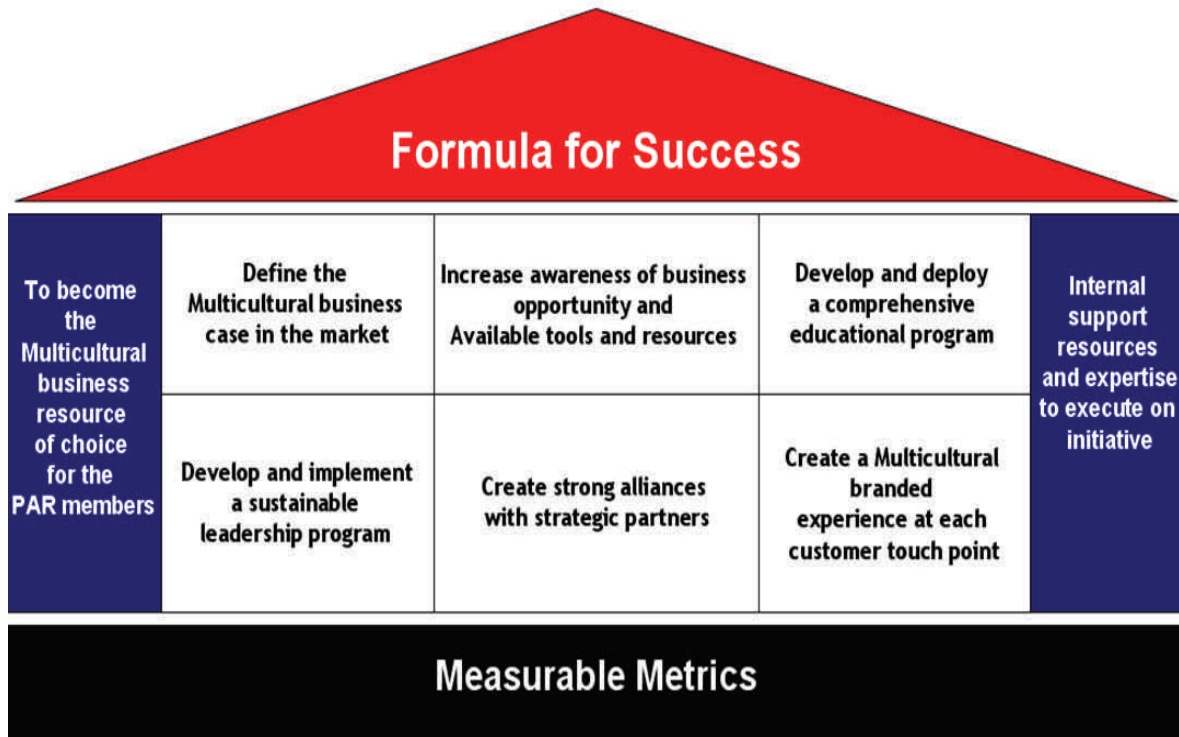
Our goal throughout the planning process was to create a sound strategic multicultural plan that builds PAR’s presence among multicultural members, consumers, associations, and partners and to develop a template on how to execute the strategy. Our role is to serve as a catalyst to bring together the collective wisdom of the PAR’s leadership, multicultural members and partners and provide our own outsider’s perspective to develop a forum for shared insights and decision-making.

It is in this spirit that the multicultural strategic planning team has created the **Strategic Intent**, **Mission**, **Vision**, **Core Values**, and **Tactics and Goals** for the PAR Multicultural Strategic Plan.

They are as follows:

Strategic Intent

To be the real estate association that fosters multicultural leadership and multicultural business opportunities through resources that drives revenue to its members.



Mission

The PAR Cultural Diversity Committee advances the objectives of and develops an inclusive Association by reaching and involving members who represent a broad spectrum of our community, by providing professional development, knowledge and support to real estate professionals and to promote the preservation of the right to own, transfer and use real property.

Vision

Tomorrow's Multicultural Markets Business Opportunity Today

Core Values

- Value the Diverse Markets
- Good for business
- Respect and accept differences
- Acculturation versus assimilation
- Create a welcome mat

Objectives

- Build and communicate an awareness campaign to local associations and Realtor members statewide that promotes the value and business opportunity in the diversity markets.
- Develop and deploy a comprehensive educational program that is directed externally (members, local associations and other stakeholders) and internally (PAR staff and volunteer leadership) whose content focuses on awareness of the diversity markets, definition of the market niche (both in terms of members and consumers) and provide practical business solutions (tools, recruitment/retention, communication skills, cultural nuances, customer experience) for the intended audience.
- Develop and implement a sustainable leadership program at the state and local level that will nurture and support quality change agents that align with the mission statement.
- Create strong alliances with strategic partners both within and outside of the housing market that are in alignment with PAR's diversity mission.
- Identify and develop internal systems and processes for execution of the strategic plan.

Objectives

Objective	Tactic	Lead	Due Date	Budget
1.0 Build and communicate an awareness campaign to local associations and Statewide Realtor members	1.1 Build a business case for the initiative and PAR efforts. Create awareness among PAR leadership to mobilize the initiative.			
	1.2 Conduct a series of focus groups and surveys to define PAR membership profile and implications to make certain PAR messaging is in alignment with member and consumer expectations.			
	1.3. Leverage PAR reputation and brand to develop value propositions from focus group and survey findings.			
	1.4 Leverage focus groups and surveys to define member needs and wants for product and service development through demographic white papers.			

Objective	Tactic	Lead	Due Date	Budget
2.0 Develop and deploy a comprehensive educational program that is directed <u>externally</u> (members, local associations and other stakeholders) and <u>internally</u> (PAR staff and volunteer leadership)	2.1 Conduct training and education sessions to targeted audiences that define business opportunities and provides tools for success.			
	2.2 Re-tool current education and training programs for relevant content.			
	2.3 Formulate a recruiting and internship program for use by broker/owners in recruiting Multicultural Market real estate professionals.			
	2.4 Examine and leverage technology vehicles used in delivering products and services for relevant language and cultural correctness to reach both Multicultural Market members and consumers.			
	2.5 Create a marketing mechanism or campaign that explains the Multicultural Market concept, materials, and methods available through PAR.			

Objective	Tactic	Lead	Due Date	Budget
3.0 Develop and implement a sustainable leadership program.	3.1 Create awareness within PAR leadership at various meetings to discuss progress and formulate strategies to execute objectives of the committee			
	3.2. Work with leadership to develop strategies to attract and retain Multicultural Market directors and volunteers. (i.e., Presidential appointee)			
	3.3 Define Multicultural Markets value propositions for recruitment. (i.e. scholarships to identified leaders and mentor program)			
	3.4 Establish Multicultural Markets advisory council to include out of industry participants to share best practices on diversity and promote leadership at PAR.			
	3.5 Develop aggressive PR campaign to promote and announce real estate as a career option to Multicultural Market recruits.			

Objective	Tactic	Lead	Due Date	Budget
4.0 Create strong alliances with strategic partners	4.1 Align strategic intents with potential strategic partners* (e.g., Corporate/affiliate members that have a similar Multicultural Markets initiative and legislators that influence housing)			
	4.2 Identify partners and create strategic relationships to reach out to social, economic, and environmental influencers that helps to identify leaders. Create a scorecard for measuring levels of influence and seek funding revenue.			
	4.3 Develop and implement an event marketing strategy at Multicultural Market business, ethnic, or social conferences that encourages participation.			
	4.4 Achieve major presence at each of these conferences by leveraging the associations support and have PAR President as a keynote speaker to enhance visibility as significant partners in the Multicultural Market community.			
	4.5 Support strategic events with the local NAHREP, AREAA, NAREB chapters or trade associations (Realtor and Builder Boards) with strong Multicultural Markets representation to reinforce commitment (i.e., Housing Alliance, etc.,)			

* Strategic Partners to include:

- State or regional assoc partners
- Faith based organizations
- HR associations

- Community based organizations
- Home Builders
- Chambers of commerce

- Local Associations
- Escrow and Title associations
- International Groups

- Ethnic organizations
- PA credit union ass

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Objective	Tactic	Lead	Due Date	Budget
5.0 Identify and develop internal systems and processes for execution of strategic plan	5.1 Monitor work force diversity at the association and survey broker operations to establish benchmark.			
	5.2 Create in-service training for staff to demonstrate the associations commitment.			
	5.3 Identify "change champion" (Staff member) with accountability and resource allocation to ensure a seamless execution of the strategic plan.			

* Strategic Partners to include:

-State or regional assoc partners
-Faith based organizations
-HR associations

-Community based organizations
-Home Builders
-Chambers of commerce

-Local Associations -International Groups
-Escrow and Title associations

-Ethnic organizations
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Summary

The Pennsylvania Association of REALTORS® chartered in 1920 as the Pennsylvania Real Estate Association, seeks to:

- Promote homeownership
- Encourage investment in real estate
- Protect the right to own and use private property
- Enable members to transact business to the advantage and protection of the public and members
- Promote and maintain high standards of conduct
- Advance civil development and economic growth in the Commonwealth and among its citizens
- Work for economy and efficiency in government
- Lend assistance to the PA State Real Estate Commission and the State Board of Certified Real Estate Appraisers in the enforcement of their regulations.

Through its Multicultural Strategic plan, its mission and vision is comprehensively enhanced as follows:

Mission

The PAR Cultural Diversity Committee advances the objectives of and develops an inclusive Association by reaching and involving members who represent a broad spectrum of our community, by providing professional development, knowledge and support to real estate professionals and to promote the preservation of the right to own, transfer and use real property.

Vision

Tomorrow's Multicultural Markets Business Opportunity Today

By conducting a demographic overview, social, economic, technology, and environmental scan, and an internal and external Risk Assessment, four (4) plan objectives with goals and tactics were formulated for the deployment of the multicultural strategic plan.

This report is designed to serve as a guide for the Pennsylvania Association of REALTORS as it moves to becoming the dominant multicultural resource in the housing industry to PAR members and the community at large.

Appendix

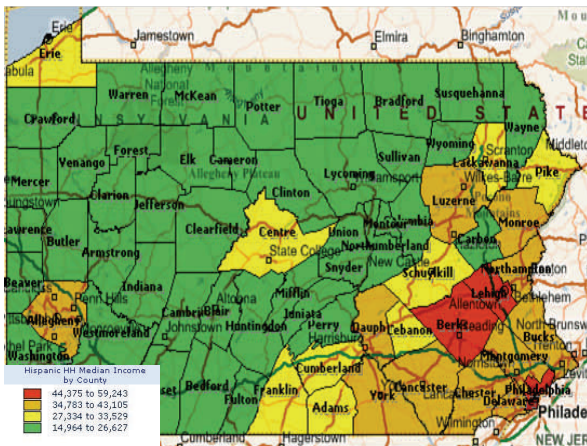
Examining Pennsylvania- Multicultural Demographic Overview

Pennsylvania Population

Table 1: Pennsylvania— Multicultural Market Population

2008	Total	White	Black	Asian	Hispanic
Pennsylvania	12,505,763	10,214,852	1,275,249	313,980	574,878
2013	Total	White	Black	Asian	Hispanic
Pennsylvania	12,694,924	10,146,365	1,361,614	357,460	667,175
Percentage Change	Total	White	Black	Asian	Hispanic
Pennsylvania	1.51%	-0.67%	6.77%	13.85%	16.06%

Figure 1: Pennsylvania - 2008 Hispanic Population by County



Overall, the total population of Pennsylvania is expected to grow by 1.51% between 2008-2013. The Hispanic population will experience the largest growth, growing by 16.06%. The Asian population is expected to increase by 13.85%, while the African-American population will increase by 6.77%. The traditional White non-Hispanic population will decrease by 0.67%.

Figure 2: Pennsylvania - 2008 African-American Population by County

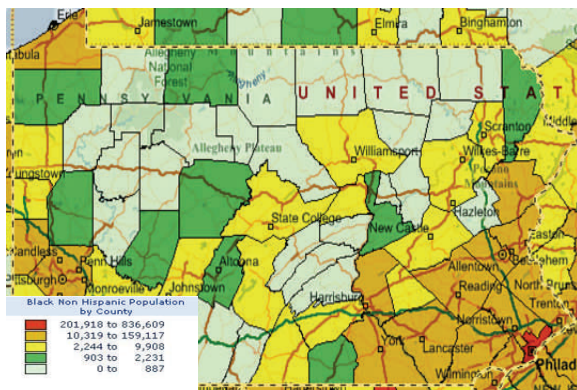
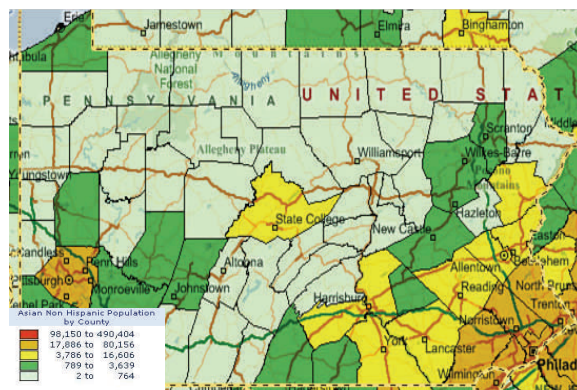


Figure 3: Pennsylvania - 2008 Asian-American Population by County



Pennsylvania Median Income

Table 2: Pennsylvania— Multicultural Market Median Income

2008	Median	White	Black	Asian	Hispanic
Pennsylvania	49,819	52,682	29,962	54,673	31,368
2013	Median	White	Black	Asian	Hispanic
Pennsylvania	56,171	59,511	31,804	60,914	33,479
Percentage Change	Median	White	Black	Asian	Hispanic
Pennsylvania	12.75%	12.96%	6.15%	11.42%	6.73%

While the population growth in Pennsylvania shows significant shifts in demographic profile, household median income does not necessarily track with population trends.

Figure 4: Pennsylvania - 2008 African-American Median Income by County

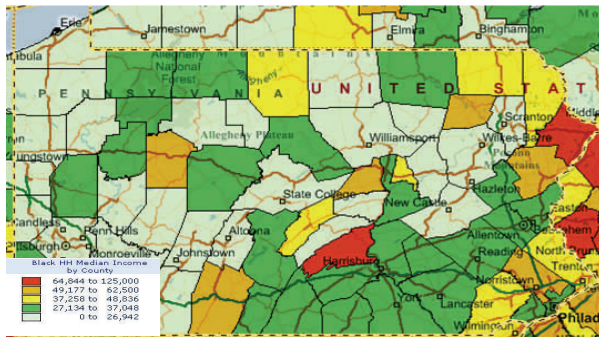


Figure 5: Pennsylvania - 2008 Asian-American Median Income by County

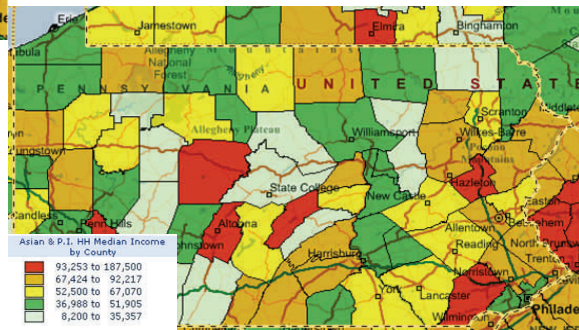
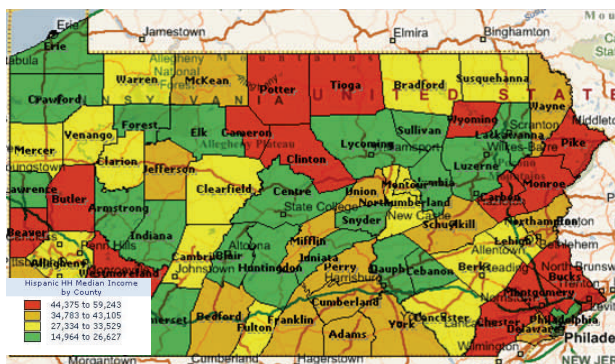
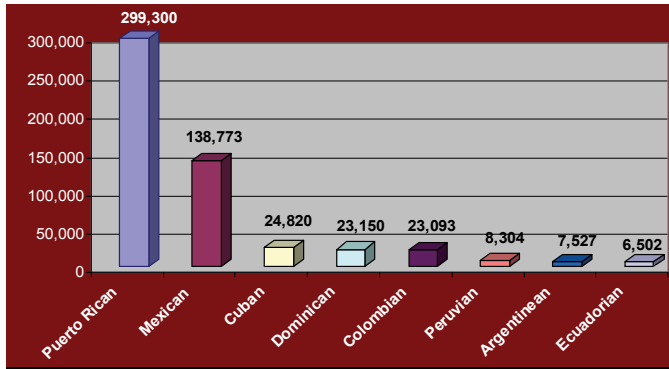


Figure 6: Pennsylvania - 2008 Hispanic Median Income by County



Pennsylvania Language and Acculturation Segments

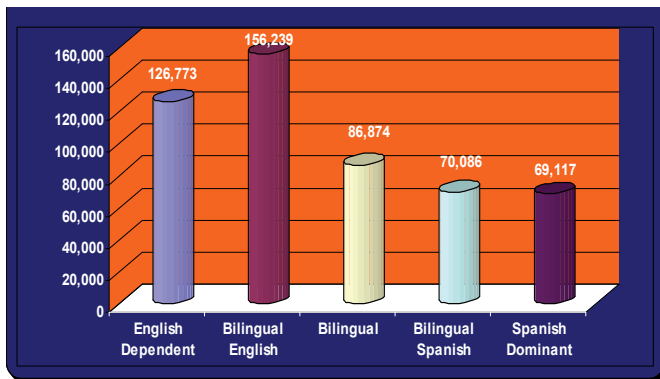
Table 3: Hispanic by Country of Origin



One common error is the assumption that all ethnic groups either Hispanic or Asian, are one culture. Not everyone Asian is Chinese and not all Hispanics are Mexican.

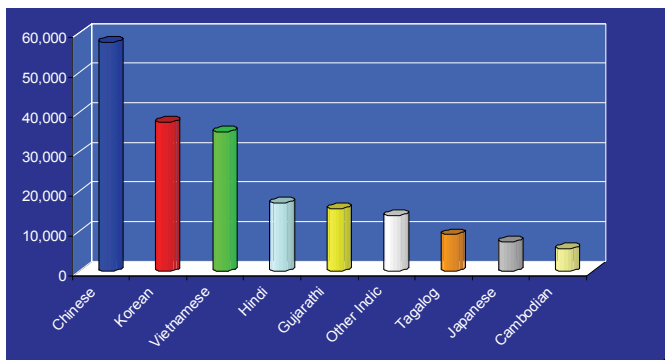
The various sub-segments of the multicultural consumer have varying languages, cultural practices, different societal celebrations they bring from their respective countries, and approaches to relationships that vary markedly as demonstrated in the following tables. Central and South America, Cuba, and Puerto Rico.

Table 4: Hispanic Language Spoken at Home



While the Puerto Rican population in Pennsylvania is the largest among Hispanics, its important to know the profile of the Hispanic homebuyer coming through the door to avoid any embarrassing situations.

Table 5: Asian Language Spoken at Home



Hispanics are proud of their heritage and calling someone Mexican who is in fact Puerto Rican can be insulting and visa versa. In Pennsylvania, a vast portion of the Hispanic population is bilingual or English dependent. In the Asian population Chinese, Korean and Vietnamese are the three most spoken languages.

Source: 2008 U.S. Census