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Agency is off to a fast start

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A little more than a year after opening a local office, Austin, Texas-based Keller Williams Realty Inc. has already become the fourth-largest real estate firm here.

The company has 180 agents in its Lake Norman and SouthPark offices, but that number edges upward each time firm officials update their head count.

"We have already added 15 (agents) this month and it's not over, so we may be above 180," says Rob Tucker, an owner and operating partner in the SouthPark office, a soon-to-open University City office and a Ballantyne office that opens in July.

Local agents are joining Keller Williams offices at a rate of about 10 per month, a pace Tucker expects to accelerate when the two new offices open.

Only 10% of those agents are new to the industry. The rest are veterans lured from other companies by Keller Williams' commission structure and profit-sharing plan.

"It's a totally new and different concept," says Nancy Homan, who has 25 years experience in the real estate industry. "Take everything any of the other real estate companies are doing and turn it upside down, and you've got Keller Williams."

She and her husband, Bill, moved to Keller Williams from First Charlotte Properties, where she directed the new-homes division. They brought along another agent and a staff member.

The couple, at ages 55 and 56, was enticed by the firm's emphasis on profit-sharing to create retirement income. "This business of a retirement is real attractive to us because that's something we don't get anywhere else," Homan says.

It's also proving to be one of the firm's most controversial features, with some people in the industry comparing it to a pyramid scheme.

Keller Williams agents are quick to disagree. "To me it's not a pyramid -- what it is, is a recruiting bonus," Homan says. "We're scaring the traditional companies to death, and thus you hear, 'Oh, it's an illegal pyramid.'

"I think it's nothing in the world but fear," she adds. "We've been doing it long enough now in other markets that if there were a flaw in the system, we would have seen it by now."

Here's how the profit-sharing works: Each month, half the firm's profits are paid to the owners, and the other half is paid to agents who have recruited other agents to the firm. Agents' shares of the profit are determined by the production of agents they've recruited.

"Fifty percent of every dollar that would usually go into the owners' pockets is paid back to the agents," Tucker says.

The plan can be lucrative for those who recruit top-selling agents. Some agents who joined Keller Williams in 1994 are earning as much as $250,000 to $275,000 per year solely though profit-sharing, Tucker says.

Those funds can be crucial in creating retirement income, since agents who retire after three years with the firm are vested in the program and continue to earn as their recruits earn.

Keller Williams' commission structure also is attracting Realtors. All agents pay 30% of their commissions to the firm each year, up to about $25,000. After that, agents keep 100% of their commissions.

"It's an amazing concept and one of the reasons agents just love it," Tucker says.

Agents also aren't charged mark-up fees for supplies or services provided by the Keller Williams offices.

"They don't make a profit off of us," Homan says.

With the 30% capped commission the company's only profit center, some industry observers wonder how Keller Williams stays afloat, no matter how many agents it brings in.

But last month, the company doled out $11,145 in profit-sharing money to its Charlotte agents.

"We run a lean, mean ship," says Robert Stanley, a Keller Williams agent who previously operated his own small real estate company. "We're big on technology, but there's not a lot of fluff. We don't waste a bunch of money. Since it's a profit-sharing company, we don't have people wasting supplies."

The company's Charlotte office actually isn't its first here. Dickens-Mitchener & Associates Inc. became a Keller Williams franchise about seven years ago but ended the affiliation after about 18 months.

"I think there have been vast changes and improvements with the company," says Vicky Mitchener, co-owner of Dickens-Mitchener. "At the time, they were just expanding and looking to network with other firms. It was a challenging time. They did not have their procedures in place (and) didn't have the backup from corporate."

She says the large-office concept and emphasis on recruiting wasn't the right fit for her firm.

"To me the focus is on recruiting and how to help these agents in retirement, and our focus is how to help our agents do a better job with their clients," Mitchener says. "I feel like the corporate focus is on that retirement for the agent and how to build a network of other agents underneath them, so maybe in 10 years they're making money off the other agents."

Still, in a residential market as busy as Charlotte's, there's room for firms that offer different options for paying their agents, she adds.

"I think it's just like everything else -- there's a place for everybody," Mitchener says.

Even more than the profit-sharing and high commissions, Keller Williams' agents say the firm has a friendly environment that's hard to find elsewhere and a value system that emphasizes God, family and business -- in that order.

"The culture of this company is incredible," Stanley says. "Nowhere I've worked before has there been such a team atmosphere. There's training like I've not been able to find anywhere else, and not just for the new agents."

Classes are offered in everything from increasing sales and investing to retirement and life balance, and groups of agents meet frequently to talk strategy.

With its new offices opening and Keller Williams Realtors recruiting more agents, some observers say the firm could soon rise to the top of the Charlotte market.

They point to Atlanta, where Keller Williams reached 1,000 agents within three years. It took Allen Tate Co., Charlotte's largest firm, 45 years to grow that large.

"I think it's the way of real estate for the next decade," Homan says.