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REAL ESTAT CHATBy

Entrepreneur offers customers a new realty deal

Thomas Heimann says his agency can do full-service work and charge less

By [Stephen Frater](#)

Thomas Heimann, the German-born owner of Sarasota's Bravo Real Estate Inc., is an entrepreneur who spent much of the 1990s consulting with corporations about the marketing potential of the Internet as a self-described "eBusiness Pioneer."

But since 2002, his focus has been on real estate.

Heimann worked first with Michael Saunders & Co. and later with Re/Max Properties, where his team generated about \$29 million in 93 transactions in 2005.

He recently left Re/Max to launch Bravo, with the objective of introducing "an entirely new business model" to the real estate industry. Bravo's goal is to become the leading real estate business in the Sarasota-Manatee market and to "create a highly centralized turn-key business model that can then be rapidly expanded into other market areas, possibly via franchising."

Stephen Frater recently interviewed and corresponded with Heimann.

Q: You have indicated a desire to introduce "an entirely new business model to the real estate industry." Please describe that model.

A: It's a real estate brokerage firm with a unique and new client-centric business model. It is pioneering full-service real estate at a drastically reduced pricing model with significant client incentives. We are a total solution provider with tightly integrated in-house title and lending solutions. We aim to be a leader in paperless transaction processing.

Q: What was your specific goal in attempting to design a "new business model for the real estate industry"?

A: Bravo Real Estate was born out of the realization that the real estate industry is undergoing a paradigm shift, and I believe in the coming years it will transition from the currently agent-centric industry to the consumer-centric industry it ought to be.

The fact that this industry has been literally locked into the current 6 or 7 percent commission to be paid by the seller and split evenly between listing and buyer side simply made no sense. Likewise, the current attitude of certain "discount providers" to say, "OK, we'll charge less, but we'll do less," also did not sit well with me. When looking at the real estate sales compensation in strict numbers it simply did not make sense.

On a traditional 6 percent listing, the listing agent retains 3 percent for listing a property, running a few ads (if at all) and providing relatively time un-intensive tasks; in terms of real dollars this simply makes no sense.

Q: How does your concept differ from full-service and discount brokers?

A: For home sellers we offer a full-service marketing plan (our 23-step marketing plan is exactly the same as it was at Re/Max when we charged 6 or 7 percent). If we put the property on the MLS, then our commission is 3.99 percent, out of which we pay a co-broker commission of 3 percent to cooperating brokers, leaving us with 0.99 percent.

If we sell the property in-house (or if a client does not want the property to be sold on the MLS for whatever reason) then our commission is reduced to 2.99 percent. Out of that we allocate 1 percent to pay or contribute toward the buyer's closing costs.

Q: Do you require a seller client to commit to a specific period of time with an exclusive listing?

A: We offer an unconditional cancellation guarantee, meaning if a seller is not satisfied they can cancel at any time, no questions asked, no penalties. So the question is: Why should anyone pay 6 or 7 percent when they can get the same (actually much more than most agents offer) for so much less?

Q: What's the deal for a buy-side client?

A: For buyers, we offer a different value proposition, and I believe that the future of our business is centered around buyers more than the sellers. While listing and advertising a home will truly become a commodity, it will continue to require local market expertise and a certain personal touch to properly meet home buyer's needs.

When a buyer purchases their next home or condo the Bravo way, we will pay their closing costs (up to 1 percent of the purchase price). Additionally, we offer our exclusive 18 months buy-back guarantee, where we will buy back the property for the price the buyer paid, or sell it free of charge (buyer's choice) if they decide to sell the property for any reasons during the next 18 months (applies to primary residence only).

For our clients, we also take complete ownership of the contract to closing process, meaning we have a team working to ensure that everything gets done, even those things that traditionally are left to the other side of the transaction.

Our "Transaction Performance Guarantee" states that if there is a delay in closing due to an error or oversight on our part, then we will pay all of the closing costs as a penalty.

Q: When did you found Bravo Real Estate and how large an operation is it today?

A: We started Bravo on Oct. 1 of last year and since then our team has added a director of sales, director of marketing, courier, inside sales specialist, and we are looking to add more.

Our focus is not to be an agent-recruiting machine like other firms. Instead, we are structured as one cohesive, highly-specialized team that together works to meet their clients needs.

When a client works with Bravo, the relationship is not owned or dominated by a specific agent; rather, they have an entire team working on their behalf to ensure a successful transaction. The outside sales agent/Realtor is playing an important part in this, but so are many other members on the team, from telemarketing and inside sales, to marketing, to customer service, to our contract to closing department.

We recognize this fact with our current profit-sharing plan, whereby a percentage of earnings are shared amongst the team. Later this year we will introduce a stock ownership plan as well.

Q: You've been in business less that half a year. How is it going at a time when lots of other Realtors are reporting significant slowing down of activity? Are you planning to create other service or profit centers around your business mortgages, for example?

A: Our business is thriving and we are receiving daily five to 10 requests from sellers. Our immediate goals are to finalize implementation of our inside sales team, as well as to grow our business to 50-plus transactions per month by the end of August.

We are also in the final stages of launching Bravo Title and Bravo Lending -- due to come online in the next 90 days. We will utilize the additional margins not as a profit center, but as an incentive center, meaning to provide additional incentives to buyers and sellers, thereby attracting even more buyers and sellers to Bravo.

Q: How much have you invested so far and do you expect to expand beyond the Sarasota-

Bradenton market and, if so, when?

A: Toward the end of this year we will start our expansion into additional markets. Our firm is not just another typical real estate firm that offers a nice gimmick or lower commission. Rather Bravo is about reinventing the way real estate is practiced -- at a core -- through its processes, system, team approach, all enabled by our underlying technology infrastructure into which we have invested well over \$100,000 over the last year or so.

Q: You mentioned the real estate market is undergoing a "paradigm shift." Please describe what you mean.

A: A few years ago, local real estate values were less than half of what they are today, meaning that the same agent received in real dollars half of what they receive today to do exactly the same job. (Rents, desk fees, advertising costs, payroll, etc. have not doubled in the past few years).

I believe that it is inevitable -- and we see this in some other markets already -- that real estate commissions will come down. Consumers, on the other hand, demand outstanding service and outstanding value.

A business model that tells the consumer to "do much of it themselves" in exchange for lower rates simply is not acceptable. I believe that a company that is structured to deliver outstanding customer service in a high-volume transaction environment will be able to thrive and succeed tremendously as commissions come down.

This brings me to the second challenge that is inherent in the current mainstream real estate business model: The real estate industry is agent-centric, with many business models on the brokerage side being completely independent of whether or not, and how many transactions an agent actually does.

Brokerages have in essence become landlords who are competing for tenants (agents), and it is entirely up to the individual agent to determine the level of quality and service a consumer will come to experience.

It is absolutely irrelevant whether an agent is with Company A, B or C. Furthermore, the agent owns in reality the customer connection, and if an agent moves from Company A to Company B, in virtually all instances the client will come along. (That being said, legally, the broker is supposed to own the customer connection and the agent is merely an agent of the broker, but the reality is different).

Most agents are sole practitioners, top agents may have an assistant, and most "teams" are really a collection of agents each working for themselves with some shared resources.

This means that traditional real estate agents are really not in a position to have a systemized, and standardized business model to deliver great service in a high-volume environment where they could succeed under a radically different commission structure.

Q: How do you see the future of the industry developing?

A: I believe that in the future, the industry will be dominated by customer and customer-centric firms or large teams that are structured to deliver outstanding value in a high-volume environment. In such an environment -- looking at real dollars per transaction -- you can thrive at a fraction of what is being charged today.

Q: You sound enthusiastic about the future of the real estate business at a time when, in your own words, you said "there is a lot of disappointment out there."

A: The changes the real estate industry will experience over the next five years will be far-reaching. To me that's exciting, and most important, it's great for the consumer.