



KPI's: Management by the Numbers

Real Estate Version



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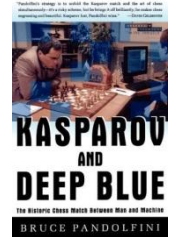


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“No Feeling, No Fear, No Contest”

When the computer “Deep Blue” first defeated World Chess Champion Garry Kasparov in 1997, people said that it was a fluke since the computer had been built specifically to play chess. Subsequent victories in 2005 and 2006 with commercial computers running chess programs proved that computers could routinely beat even the best human chess players. While the chess players were very good at calculating multiple series of moves and executing a strategy, to the computer, it was simply a sequence of “if then” numerical equations. It did not require the understanding of language, nuance or anything other than processing data.



In February 2011, the computer named “Watson” defeated the best Jeopardy!® players. This computer not only was able to process data, compute information but had to interpret the requested answer using artificial intelligence and language analysis beating the famed winner Ken Jennings in dollars more than three to one and Brad Rutter, another top winner nearly 4 to 1. Even though this was a significant milestone in computing, it involved few of the human, economic or environmental variables that managing a business requires on a daily basis. However, both examples underscore the impact and power that data and analysis bring to winning.

The promos for the movie on Kasparov and Deep Blue called “Game Over” used:

“• No Feeling • No Fear • No Contest”

Key Performance Indicators (KPI’s) like the computers playing against the human players, lack prejudice of human reporting. All that is being used and analyzed are numbers and information derived from data and calculation. This lack of prejudice produces clear and concise perspective consistently.

When a company owner tries to hold a manager, agent or other person accountable for business generation, recruiting, production and/or profitability, without KPI’s the human factor often comes into play. Let’s take recruiting for example. If you do not have any tracking of the number of people the manager has talked to, the number of times, the types of candidates or other data, it is hard to have a coaching or management meeting without it being a series of stories, guessing, no comparative information and usually focus on something inconsequential in the greater scheme of things. Now if you were able to track the “a” prospects in their pipeline, your conversation would change quickly. Your focus would be on candidates that had a higher likelihood of being recruited. Now if you can place one manager’s results against the results of your other managers or historical data, trends and information would set standards and drive the discussion of the meeting to accountability.

KPI’s are utilized in almost all businesses. However, the real estate industry has been somewhat hit and miss in integrating defined and industry wide KPI’s. There are basic KPI’s that are tracked by most companies related to bottom line issues. Those are important but they are the result of actions and productive activities which produce money.



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The Author & The Company

The author of KPI's Management by the numbers is Pat Soltys.



Pat Soltys has a long business and consulting history helping companies through all business lifecycles from start-up through exit strategies and all stages of growth, issues and challenges that are encountered in achieving their objectives. She understands the mechanics and structure of business as well as the challenges. Her writing aligns with a philosophy of content, communications and commerce. Pat's blogs are available through the website or at <http://blog.soltys-inc.com>

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Soltys Inc. was incorporated in 1993 under the name of MARPAT, Inc. focusing on business issues and the application of technology. We are a business consulting and building company workings with all points of the lifecycle of business from start-up through exit strategies including the growth, challenges and opportunities.



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