



WAV GROUP

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WAV Group

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Make More Green by Going Green

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Why Go Green?

There is a very simple reason why real estate organizations need to go green – because it is the right thing to do. Consumers prefer to work with companies that have strong principles and a healthy respect for the world we live in. Employees are more loyal to a company they can feel good about. Green companies save money. Smart green strategies help a company save money, eliminate waste while attracting new customers and creating a competitive advantage. Going green is a win-win for all involved.

Real Estate's Contribution to our Environmental Crisis

We all hear the shocking statistics about how quickly we are using up the world's resources while destroying our forests, the air we breathe, and the water we drink.

1.5 Billion Gallons of Gasoline

The real estate industry is contributing to the problem. Because the business requires travel to clients, properties, open houses, home tours and conferences we use a disproportionate amount of gasoline and create more carbon emissions than those who work from home or drive to one location daily. WAV Group estimates that REALTORS® use approximately 1.5 billion gallons of gasoline per year assuming an average annual driving of 25,000 miles with an average of 20 miles per gallon.

More than 2,000,000 trees killed

35% of all of the trees killed are used for paper production. Because the real estate industry is so paper-intensive we kill more than our fair share of trees every year. Since 2005 the real estate industry has killed more than 2 million trees just with the paperwork needed to process a transaction! In fact, it only takes 12 transactions to kill a tree.

More than 18 Billion Pieces of Paper

According to N.A.R. there have been 26,019,000 homes sold in the United States since 2005. To sell those homes the industry generated approximately 18 Billion pieces of paper. Just think about the costs of buying, faxing, mailing and storing all of that paper in addition to the environmental impact!

More than 1.8 billion Gallons of Waste Water Created

The production of just one piece of paper produces 13 ounces of wastewater. To produce the paper needed to process real estate transactions created more than 1.8 billion gallons of wastewater.

Consumers Value Green

Consumers, particularly younger customers are more attracted to companies that are focused on minimizing their environmental impact. The BBMG Consumer Conscious report finds that 77 percent of Americans agree that they “can make a positive difference by purchasing products from socially or environmentally responsible companies,” and they are actively seeking information to verify green claims.

Nearly seven in ten Americans agree (67%) that “even in tough economic times, it is important to purchase products with social and environmental benefits,” and half (51%) say they are “willing to pay more” for them.

Seven in ten consumers (71%) agree that they “avoid purchasing from companies whose practices they disagree with”; and approximately half tell others to stop (55%) working with a company based on a company's social and environmental practices.

Employees are Loyal to Green Companies

Green initiatives can also have a positive impact on the staff and agents of a real estate organization. According to the Society for Human Resource Management's 2008 Green Workplace Study, green programs increase morale by 44% and employee loyalty by 16%. Work can be a lot more satisfying when an employee feels the company they are affiliated with exists for more than simply to make money.

The study also pointed to a strong unmet need for green programs. Nearly three out of four employees from companies without environmental programs say they want their employers to "go green." Seventy-three (73) percent of surveyed employees in companies without an environmental responsibility policy thought it was very or somewhat important that their organization develop an environmental responsibility policy.

Interestingly, the types of green programs recommended by employees in the survey were fairly simple and easy to implement without a lot of additional cost.

They recommended the following: 1) donating and discounting used office furniture and supplies to employees or local charity (53 percent); 2) promoting walking, biking, taking public transit (49 percent); 3) using energy efficient lighting systems and equipment (43 percent); 4) offering a recycling programs for office products (39 percent); and 5) encouraging employees to be more environmentally friendly (36 percent).

Going green can be another tool in a company's strategy to retain agents as well as recruit new younger, environmentally conscious agents.

Saving Green by Going Green

There are many benefits to going green. One major reason is cost-savings. When a company commits to going green they examine every process within the company to eliminate waste. Companies like 3M realized a savings of \$1 billion in the first year of implementing a green program within their factories. While the savings for a small organization will not be that dramatic, of course, going green can create meaningful cost-savings to reduce operating costs.

Since paper is arguably the largest output from a real estate organization, reducing paper is a key method for creating savings. If a real estate brokerage moves toward processing all of its transactions online, it can save money in a variety of ways.

Paper and Toner Costs

First, an average real estate office uses one to two cases of paper per month. According to Office Depot, a case of paper costs between \$36 and \$45 per month. A small broker with 2 offices can save about \$80 per month and nearly \$1000 per year by eliminating paper-based transactions. A medium sized broker with 10 offices can save \$400 per month or nearly \$5000 per year. A large broker with 100 offices can save approximately \$4000 per month and \$48,000 per year.

Black Toner can cost anywhere from \$30 to \$250 depending on the type of printer. If a small broker can save just one black toner cartridge per month at an average price of \$80/toner, the company can save nearly another \$1000 per office. For a large broker with 100 offices using one toner cartridge per month per office, the savings could be as high as \$8000 per month or nearly \$100,000 per year.

Paul Dizmang, Broker-Owner of Dizmang Properties, Inc. is very pleased with his firm's transition to online transaction processing:

"We use about 80% less paper in our firm now. We have not been able to eliminate paper completely because our state does not yet allow electronic signatures so we have to keep at least one copy of the original signed document. Moving to online forms and document management has helped us reduce our paper costs, off-site storage, toner costs and has also extended the life of our fax machines because they do not get much use anymore now that we are using electronic faxing. We are now going back and scanning our historical documents too so that we can further reduce our costs of off-site storage."

He goes on to say: "While we are not positioning our firm as a "green" company we do feel it is our responsibility to eliminate waste and excess energy usage where we can. We manage hundreds of properties and we transitioned most of the fixtures to CFL light bulbs, for example. While they do cost more than regular bulbs, we have to change them less and they do reduce energy costs for our tenants which can encourage them to stay with us longer."

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Document Storage and Retrieval

Real estate brokerages are required to keep their documents for up to seven years in some states. For a broker who completes 600 transactions, per year, for example, they need to store documentation for approximately 4200 transactions. One brokerage we talked to said they store documents at a cost \$225 per month or \$2700/year. Brokers believe this cost is a necessity because they are uncomfortable scanning documents on a CD that may have a limited lifespan if not stored properly. If they needed to access the information toward the end of the life cycle of a CD, they may not be able to retrieve the information.

While documents are rarely retrieved from storage, there are times when a broker needs to locate a file. Since there are no clear-cut locations for each file, an administrative person needs to sort through the dusty boxes to locate a transaction record.

Chad Ochsner of RE/MAX Alliance says the following about his firm's progress with going green by going paperless.

"We're hearing success stories from our agents-and we're sending out about 200,000 pages a month through the system," continues Chad Ochsner. "So we're saving a tremendous amount of paper. In Colorado, we have to keep our forms for four years, so we can also eliminate storage units, boxes, and the need for staff to go file, etc."

With clients and agents no longer having to drive to the office to process documents, the company is also saving energy costs for the company's 22 offices as well."

Paul Dizmang of Dizmang Properties says:

"It is SO much easier to access a document we're looking for now. If you are careful to properly label documents when you scan them it makes it a lot easier to put your fingertips on them when you need to refer back to them later."

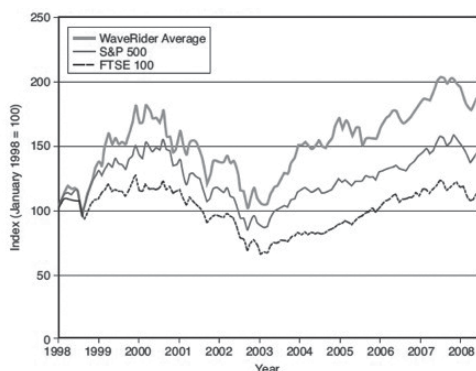
Making Green by Going Green

Going Green is no longer just a nice to have for the "tree huggers". It has proven to help companies not only save money, but also increase their customer base and revenues.

According to the book *Green to Gold*, public companies who have successfully implemented green programs have been demonstrated higher valuations and stronger stock performance over time. The book identified "WaveRiders" – companies who have embraced green strategies to make their businesses more cost-effective, environmentally friendly and ultimately more profitable. As you can see from the chart, the WaveRiders demonstrated significantly stronger stock performance over time.

While there is no way to directly correlate the green initiatives with overall stock performance, it is one indicator to explain their better than average success. It might also suggest companies deploying green strategies are more well run and focused on their customer's needs than their competitors.

Stock Performance of WaveRiders



Source: *Green to Gold*, by Daniel C. Esty and Andrew S. Winston

Higher Valuations

There are also studies that suggest companies that have gone green secure higher valuations. The reason why green companies secure higher valuations is multiple-faceted. First, the company is given credit for consistently reviewing business processes and removing waste and cost efficiencies. Second, there are studies suggesting green companies demonstrate the ability to retain and recruit employees more easily, eliminating the costs of high turnover rates and unfilled positions. Third, consumers are more attracted to green companies providing a company with an advantage over competition.

Community Goodwill

Going green can create intangible, yet valuable benefits for a real estate organization as well. RE/MAX Alliance from Denver has experienced great success with their green initiative.

Chad Oshsner, of RE/MAX Alliance says:

"To be a perceived leader in our communities, you can't put a monetary amount on the amount of press and response you'll receive from going green," says Ochsner. "And when you go paperless, people are excited by the fact that they can access their files any time, anywhere-saving paper and saving gas."

Long-Term Client Relationships

It only takes about 12 transactions to kill a tree. For a company with 600 transactions per year, for example, the company is killing 50 trees per year. For a large brokerage with 3000 transactions per year, they are killing 150 trees per year. By going to a paperless transaction a brokerage will not only save money, but will also save one of our precious natural resources.

One real estate brokerage has taken this to heart and has tried to reverse the trend. They have created a method to build long-term relationships with clients by going green. Not only have they

engaged in a paperless initiative, they have also encouraged each of their agents to plant a tree as a closing gift.

Chad Ochsner of RE/MAX Alliance says:

Teaming up with Denver's "Tree by Tree: Mile High Million," agents are encouraged to green up their closing gifts and give a tree.

"Instead of bringing you a bottle of wine, I'd bring a tree that we could plant together and a bottle of wine," says Ochsner. "Fifteen years from now, when you want to sell your house and maybe you forgot about Chad, you'd see the tree is now big, and you'd remember that we planted it together. Our agents are running with the tree initiative."

Virtual Deals

Going green by going paperless can help make it easier to close with out of town clients.

In some markets where second homebuyers are prevalent, many transactions are conducted with out of town clients. Going paperless not only saves paper, but it makes processing a virtual transaction much easier. By using electronic faxing, eSignatures and document management, an out of town client can review, sign and receive an executed document without ever having to physically meet his agent.

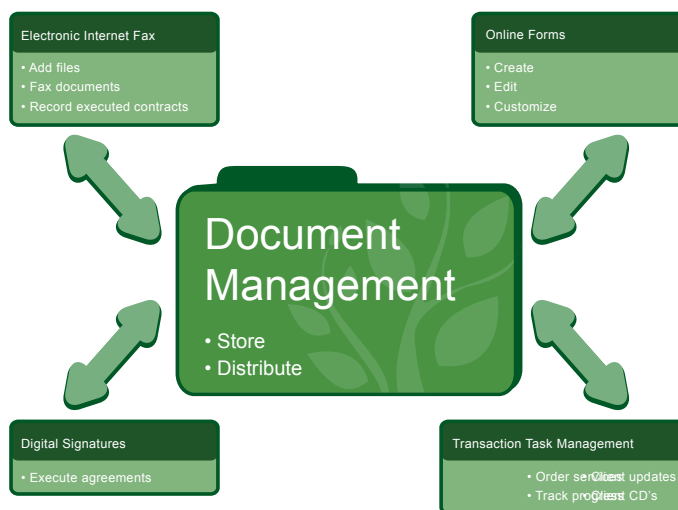
It can also help agents provide exemplary service to their clients even when they are out of town or on vacation.

Chad Ochsner says:

"One agent was in Guyana and was able to access the DocBox since it's Web-based. There, he was able to review a transaction, email it to the clients, and say, 'I'm on vacation, but here's the faxback cover sheet and number to fax it to.' Then the agent was notified by e-mail when the signed form was sent back into the system-all from South America."

What are the components of a green transaction?

There are several components to a green real estate transaction. Each of the elements outlined will help reduce paper, printing, travel and storage costs if used diligently.



Document Management

Document Management is at the heart of a green transaction. Document Management is in essence an online folder where an agent can create a file for a property. Within that file she can add, edit, distribute, and store all of the documents attached to that home. By using each of the components of a green transaction an agent will be able to virtually eliminate all of the paper associated with a transaction by turning them into electronic files.

Once the files have been completed, they can easily be emailed as an individual document or group of documents to interested parties.

Online Forms

Online forms are a great place to start the process of creating a green transaction. They allow you to eliminate all of the paper and cost of purchasing printed forms.



Many MLSs have now integrated online forms right into the MLS system. They allow their members to auto populate information across forms so they only need to type in the name and address of a client, once for example and the forms auto fill the information across all of the documents. It saves an agent time and the hassle of creating and carrying paper files around with them. In many systems, if an agent makes a correction or change on one form the change will automatically be made on all of the forms the agent has assigned to a transaction.

Electronic Faxing

Manual faxing can be one of the biggest frustrations of real estate transactions. Many times the quality of the fax is not very good, especially when the document has been transmitted multiple times. Sometimes fax image quality is so bad that the agent is required to begin the process all over again.

When electronic Internet-based faxing is used, the document transmits cleanly, clearly and can be easily read by all parties. With Internet faxing, the files are all stored in an electronic transaction folder so no printing or faxing is required. This eliminates much of the cost of paper, toner and telecommunications costs.

In member satisfaction studies WAV Group has conducted with several large MLSs, Internet Faxing satisfaction levels are very high.

Electronic Digital Signatures

Once an electronic form has been created and has been added to a transaction folder, it can be signed electronically without having to print out a hard copy. This piece of the paperless transaction has experienced resistance by some because consumers and agents are fearful the signature will not be legally binding, although there has been in place electronic signature legislation for nearly 10 years. In 2000, President Clinton signed digital signature legislation that makes electronic signature legally binding in all cases except wills, eviction/foreclosure notices or health notices.

Digital signatures are particularly helpful with out of town clients. They can execute documents and the agent can provide them with executed copies of the documents in a very timely manner that can actually reduce potential liability for brokerages. Leading document management companies in real estate have built proper security protocols to ensure the safety and authenticity of electronic signatures being used through their systems.

Digital signatures eliminate the need to print out contracts and documents for signing, eliminating paper and printing costs. Electronic signatures also eliminate the need to mail documents to consumers saving on printing, postage and transportation costs.

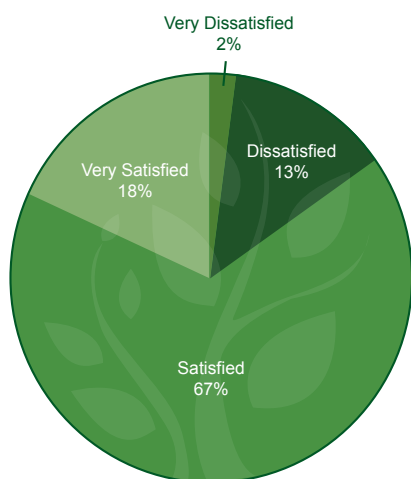
Transaction Task Management

Once an agent gets comfortable creating documents online, executing them and then storing them online, many proceed to the next step - they begin to manage all of their tasks from the same online folder. They order the property inspection, send documents to the mortgage broker and title agent and manage all of the tasks required to complete a transaction. The agent can pre-populate the system with their favorite vendors and the brokerage can pre-load their mortgage offerings, if desired. The systems also help an agent manage the timeliness of a closing by sending them reminders when a project is overdue.

Transaction Task Management can also enhance relationships with clients by providing them with more transparency. Many transaction task management systems allow the homeowner to view the progress of the transaction. When the transaction is complete the documents can be emailed to the client and burned on to a CD as desired. By using transaction task management integrated with document management the need for paper files and storage is eliminated. The need to manage transaction tasks in Outlook or another program goes away. There is one central location to handle all of the details of a transaction.

Real Estate Document Management Adoption Trends

As predicted in the *WAV Group 2005 Transaction Management Adoption Study*, REALTORS® have now begun to realize the value of managing the processing of transaction online. According to NAR's 2008 REALTOR® Technology Report, 68% of respondents now use electronic/online forms, an increase of 15% from 2007 usage of 59%.



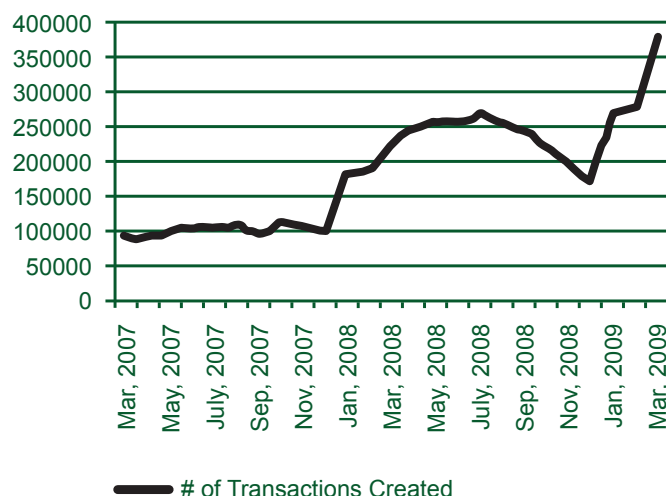
Satisfaction levels with online forms are high. 85% of respondents said they were either satisfied or very satisfied with the online forms and contracts they were using. The comfort level with online forms has led to REALTORS® adoption of other online document management tools.

The process of adoption has been a gradual one. REALTORS® started by first adopting online forms. Once they became comfortable with the process of completing forms on-line they began to manage, distribute and store their documents online with a variety of document management tools. According to NAR, 31% of respondents use an electronic document management system where they can upload customer-related transaction documents. This is up from 2007 when 23% of respondents used a transaction management system.

Dramatic Increases in Usage

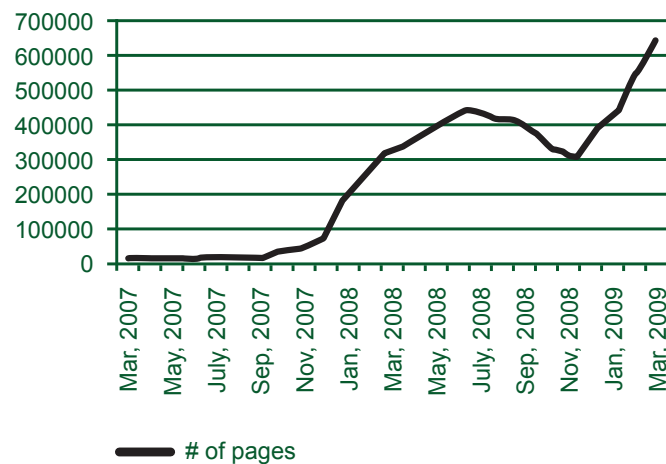
Now that agents are becoming comfortable with online transaction processing tools, usage is increasing significantly. According to Instanet Solutions, Inc., one of the leaders in online transaction processing tools, usage increases have been dramatic. From March, 2007 until March, 2009 the number of transactions created within their system more than tripled.

of Transactions Created



The number of pages input into the Instanet system have also grown dramatically. Since March, 2007, the number of pages input has gone from less than 20,000 per month to nearly 650,000 pages per month.

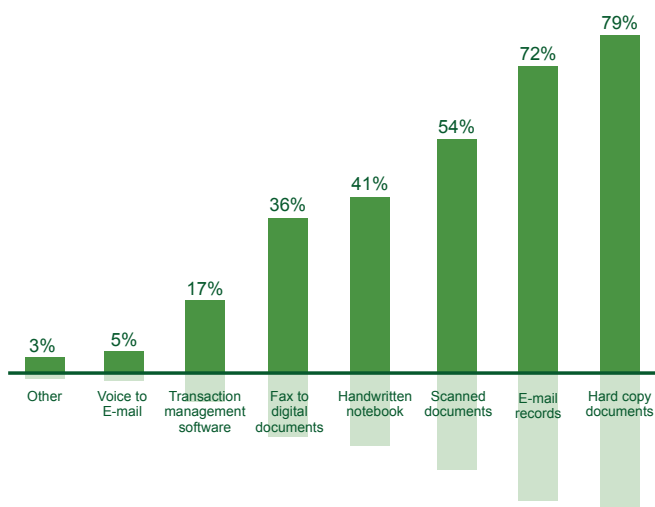
of Pages



Forces Against Going Paperless

While adoption and usage of online document management tools has been dramatic, 79% of forms are still kept in a hard copy according to the 2008 NAR REALTOR® Technology Survey. The industry has made a lot of progress, but there is still a lot of room to save money and save the environment by going paperless.

Documenting Real Estate Transactions



Respondents use one or more technologies to document their real estate transactions. The most common technologies used are: hard copy documents (79%), email records (72%), scanned documents (54%).

How to gain a competitive advantage by going green

REALTORS® around the country are starting to figure out innovative ways to attract new customers by going green. Here's a case study about a new firm in Charleston, South Carolina called Agentowned.com. Melissa Bissett, broker-owner launched a brand new brokerage around the concept of going green.

Green Office Space

They started with their office space. They took over a movie theater built in 1936 and took it down to the bare walls. Then they built it from the walls out using green building standards. They first attended Earthcraft, a green building training program focused in the Southeast. They started by caulking and sealing the studs, walls, and even the cable and electrical outlets to be sure the building was as airtight as possible. They installed all LED lighting that is the most efficient light source and does not create much heat, unlike halogen bulbs do. They used R15 insulation again to ensure there would be no heat or air conditioning loss in the building.

Instead of using granite countertops that deplete a natural resource they used concrete countertops treated with an eco-friendly finish. They used refurbished sinks, bamboo wood flooring naturally preserved, low flow toilets and faucets and a whole host of other earth friendly materials in the office.

Agent Recruiting

They have also employed different recruiting practices. Every agent who works for them must complete an Earthcraft builder level course as well as ecoBroker or other green training program. They hire only agents who are sensitized to the purpose and benefits of green building and green business.

Paperless Transactions

They have gone just about paperless in their operation as well. They encourage every agent to use only online document management tools to eliminate paper waste, storage and electricity costs.

Recycling

Agentowned.com also employs a recycling program to minimize their carbon footprint as much as they can.

They are fortunate to be surrounded by 5 Green developments nearby so they are in a mecca for green development relative to other parts of the



country. Developers like Noisette, Mixxon and Hunley Waters have built model green communities in the Charleston area.

Green Closing Gifts

Consistent with the rest of the actions of this green real estate brokerage they provide tree seedlings, and seeds in recycled boxes as closing gifts.

Consumer Outreach Events

Agentowned.com has taken the green message to consumers too. They regularly offer seminars for consumers educating them about ways to conserve energy, choosing green building materials and other topics about conservation. Buying a healthy home is also a key topic for Agentowned sessions. Consumers learn that green home that are adequately insulated are much less likely to experience mold and termite problems. There is a true health benefit of going green as well.

Networking

They also belong to Green organizations in the Charleston area like the Green Building Council and the Green Drinks organization.

How is it working?

Agentowned.com is thrilled with the results they have experienced to date. They tell us they get leads every day from consumers looking for green vendors. Because more and more Charleston consumers are becoming educated about the value of green products and services the demand for green real estate brokerages is ever-increasing.

Agentowned.com has also found an interesting niche with builders. They have worked with several builders around the area. Because Agentowned.com agents are trained in green building practices, they have worked with several builders to teach them how to become green. By becoming a strong ally and green consultant to builders they have become the agency of record for several homebuilders in the area.

How do you know if you can save money by going paperless?

Instanet Solutions has built a customized tool to help you calculate the potential cost savings you can realize by moving to online document and transaction processing. According to the [*Paperless Savings Calculator*](#), a company that completes 25 transactions per month could save close to \$50,000 per year by going paperless.

There's also a way you can reduce the amount of direct mail solicitations and junk mail you receive as well. You can go to DMAChoice.org, a site run by the Direct Marketing Association and put yourself on the "DO NOT MAIL" list. While this will not eliminate mail from companies you have already done business with, it will stop new solicitations from banks, direct mail catalogs and others. This simple process will help you reduce the junk mail you receive, eliminating the cost of sorting junk mail and help reduce the cost of waste removal.

What to look for when choosing green transaction management vendors

There are several terrific vendors available to handle processing transactions online. When choosing a transaction processing vendor there are a few key factors to investigate.

One Stop Shop

Look for a document management vendor that can offer you all of the elements of successful online transaction processing. These elements include electronic faxing, digital signatures, online forms, document management and transaction task management. Some now offer mobile forms solutions as well. Those tools are very valuable for mobile agents comfortable with using their Smartphone to transact business.

Integration with MLS System

Ideally the document processing system you choose will have the ability to be integrated with MLS listing data. There are many systems that will allow you to begin the creation of an online document folder directly from the listing. According to NAR's 2008 REALTOR® Technology Survey, more than half of the respondents said their online forms are now integrated into their MLS system.

Auto-populate Listing Data

Systems that auto-populate information directly from the MLS listing save the agent time by eliminating the need to input redundant information on every form. Look for a system that provides the opportunity to link to the document management tools directly from the MLS listing data to eliminate this time-wasting task.

Ease of Use

Find a system that is easy to use. Be sure all components of the transaction processing system are fully integrated and "talk to one another" well. Try out all components of the system to be sure it will be really easy to use by non tech-savvy agents. You may even want to invite a few agents to "test drive" the system to give you user feedback.

Ability to Update and Customize Forms

If there are forms that you like to customize for your own use, be sure the system you choose allows you to easily customize and upload new forms.

Security, Accountability of Transmissions

Ask whether the solution you use has adequate security measures built in to ensure the confidentiality and safety of the information. Be sure the digital signature component meets your state's standard for safety and authentication.

Ability to Take Credit for Environmental Impact

Since going green can be a marketing advantage for your firm, choose a system that allows you to take credit for going paperless with a green calculator you can share with your employees, agents and clients. Your organization will be able to take pride in your positive move to help preserve the world's precious resources. Instanet Solutions, for example offers its customer a 'carbon calculator' so you can show your employees and customers how many trees you are saving and how much Co² you are eliminating from your carbon footprint.



Conclusions

The time is right for real estate organizations to seriously examine their ability to Make More Green by Going Green. Consumers respect companies more that go green. Employees are more loyal. Potential employees are more attracted to your company. With all of that comes the ability to save cost, preserve natural resources and create a competitive advantage. Going Green can truly help you generate increased revenue and profits over time. It may even help you sell your company at a higher valuation.

Going green truly is a win-win for your company, your customers and the environment.

While you may not be able to implement all methods of going green right away, any step you take toward eliminating waste and saving natural resources will help you strengthen your company.

Give it a shot and see how well it works for you.

For More Information

For more information about how to Go Green in your business please refer to the following resources:

Go Green Books

Green to Gold

by Daniel C. Esty and Andrew S. Winston

Greening Your Business – The Hands On Guide to Creating a Successful and Sustainable Business

by Daniel Sitarz

Greening Your Office

by Jon Clift and Amanda Cuthbert

Green REALTOR® Designations

ecoBroker

Green Designation by NAR

Green tools for Consumers

Agilewaves.com

GetHipGetGreen.com

TheGreenGuide.com

Contribution and Thanks

WAV Group would like to thank *Instanet Solutions* for their support of this paper and for providing usage statistics and other insights about the growth of Green Transaction Management tools available today. WAV Group would like to thank RE/MAX Alliance and Agentowned.com for their contributions to the paper.

About the Authors

WAV Group is a leader in providing technology consulting services and research to the real estate industry. The company provides strategic direction and thought leadership to some of the industry's leading Multiple Listing Services, Associations, Technology companies and real estate organizations globally. The company regularly publishes studies and white papers on a variety of technology topics.

WAV Group has expertise in the areas of content development, market research, strategic planning, product development, distribution, marketing, and technology evaluation, selection and implementation.

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