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Looking Ahead

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at Realogy Franchise Group**

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President & CEO
Realogy Franchise Group



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by David Siroty

John Peyton was out for a walk with his wife, Allison, and their two dogs when a newly familiar phone number popped up on his phone. It was Alex Perriello, CEO of the Realogy Franchise Group (RFG), congratulating him on the good news. Peyton had just been chosen as president and chief operating officer of RFG, the franchise arm of Fortune 500 Realogy. A little more than six months after coming on board in October 2016, Peyton succeeded Perriello as CEO when the latter became RFG's chairman emeritus in April 2017.

Peyton seemingly comes from the leadership central casting office. He is an affable franchise veteran with senior marketing and operations experience at Starwood Hotels & Resorts Worldwide, the franchisor of iconic brands Regis, The Luxury Collection, W Hotels, Westin, Le Meridien and Sheraton, among others.

"The interview process was daunting, but right away I could tell it was a good fit," says Peyton. "I had been in an industry where brands were front and center, and was looking for another position where branding would also play a central role. The Realogy Franchise Group is clearly it. You can't drive down a street without seeing a yard sign for one of our brands. And I was enamored with Alex. Our initial discussion, which was scheduled for one hour, went three hours."

Peyton now leads the Realogy Franchise Group portfolio of brands, which includes Better Homes and Gardens® Real Estate, CENTURY 21®, Coldwell Banker®, Coldwell Banker Commercial®, ERA® and Sotheby's International Realty®.

"John has brought a fresh perspective to our company from his tenure as a global branding leader in the hospitality industry, and I am confident in his ability to continue leveraging his valuable insight on behalf of our leading real es-

tate brands,” says Richard A. Smith, chairman, CEO and president of Realogy Holdings Corp. “He is the right business leader to focus our efforts and execute our plans for continued strategic growth and innovation at the Realogy Franchise Group.”

Peyton arrived at Realogy’s global headquarters in Madison, N.J., in October and began “drinking from a firehose,” with an immersion in Realogy operations and its brands, the state of the real estate industry, refining the short- and long-term strategic plans for the Realogy Franchise Group and, most importantly, meeting as many people as possible.

“Alex is truly one of the real estate industry’s legends, and he has been incredible in guiding me to this point,” Peyton says. “In every meeting and experience I have shared with him, I see why he has been so successful. His presence commands a room, his knowledge is incredible and his passion for people is even greater. I am so fortunate that he will continue to be there for me in an advisory capacity.”

Management by Design

Peyton grew up in Villanova, Pa., a suburb along Philadelphia’s Main Line. He went on to attend the University of Pennsylvania, where he spent most of his free time working at the Ivy League school’s Daily Pennsylvanian (DP) newspaper.

“I had a fine arts and graphic design background and really loved working at the DP,” he says. “Looking back, it was my first exposure to management because I eventually was named the art director. We published the paper five days a week, and I would work 7 p.m. to 2 a.m. It was basically a full-time job during college.”

Peyton graduated and moved to New York City to work at PricewaterhouseCoopers (PwC) and continue his studies at NYU’s Stern School of Business, where he earned an MBA.

He worked in several divisions over his 10 years with Pricewaterhouse-



Peyton is a franchise veteran who spent 17 years with Starwood Hotels and Resorts Worldwide.

Coopers, starting with the auditing group before moving into management consulting services, where his client focus was on process improvement and change management.

“Consulting taught me how to define and solve problems, along with how to plan and manage large projects,” he says. “It was also a tremendous training ground for learning how to communicate effectively and to become a quick study. You essentially join a project, ramp up and go.”

The wide range of consulting assignments within PwC prepared Peyton well for his entry into the world of franchising.

“I got to experience so much in that job, but it was not ideal for someone with a young family,” Peyton explains. “I was never home, and we had our kids, Caroline (now 19) and Scott (now 16). I recognized that we needed more stability. I needed a job where I could drive to work and be home at a somewhat reasonable hour. I had to improve my work-life balance.”

Franchising and Operations, Hospitality Style

Peyton was recruited by Stamford-based Starwood in 1999 and bought a home in Weston, Conn. While he would “settle down” in his home life, spending the next 17 years at the company, Peyton rarely stood still in his career, earning nine different titles in a variety of areas within the company.

Starwood initially recognized Peyton’s previous consultancy experience with such clients as Delta Airlines, Proctor & Gamble, and Prudential Insurance, and hired him as director of Project Management. He earned a Six Sigma Master Black Belt certification, the gold standard in process improvement, and helped bring immediate changes to the organization.

Peyton stayed in that role for three years before ultimately earning such critical positions as chief operating officer, North America, senior vice

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– JOHN PEYTON, President & CEO, Realogy Franchise Group

president of Global Initiatives and chief marketing officer.

“One of my earliest positions was serving as vice president, Owner Services,” he recalls. “That was my first true franchising position, and I was responsible for developing and maintaining relationships with the owners and leadership of the managed and franchised hotels. It was the beginning of my love affair with branding and franchising.”

Peyton remains steadfast in having a positive work-life balance and enjoys being active in the community, with a focus on children. He is a board member of the Child Advocates of Southwest Connecticut, a group devoted to assisting neglected children. He is also on the board of Full Court Peace, which works to unite communities through basketball, including frequent work in connecting towns across Connecticut with communities in Cuba.

“My wife and I recognize that we have been fortunate in what we have been able to provide for our kids, and we know not all kids have that type of support,” he explains. “Because of that blessing, it has been important to me to help kids who really need it. Allison is a social worker, and she also participates in Child Advocates of Connecticut. Our son, Scott, has been involved, too. It’s rewarding on so many different levels and I’ve been fortunate to have been to Cuba twice with Full Court Peace.”

Brand-Savvy Entrepreneurs

“I have had the privilege of having leadership roles with some of the most amazing brands in the world,” Peyton says. “The Realogy brands are iconic, and each stands for so much. They have a distinct story to tell, yet, like all successful brands, they share functional, emotional and societal benefits.

“Our brands play a crucial role in helping so many in their home-buying and -selling needs with our affiliated agents helping to educate and guide their clients through one of the most significant financial transactions of their lives,” he adds. “Finally, we take great pride in the role our affiliates play in enriching the communities where we work and live.”

Peyton arrived in Madison ready to expand upon his experiences running a global multi-brand franchisor.

“The similarities between these industries are striking,” Peyton remarks, citing how both real estate and hospitality have been, and will continue to be, impacted by technology, the empowerment of portals, and the explosion of data and advanced analytics, along with the arrival of the younger generation as customers, employees and agents.

“The largest difference is that real estate is truly an industry for entrepreneurs,” he continues. “The hotel world is filled with franchisees who are often public companies and REITs that own and manage dozens of properties and can have valu-



ations in the billions. Our Realogy franchisees, even those with the largest firms in our brands, are often self-made, having grown family-owned businesses by being savvy business people.”

Since starting the job, Peyton has made it a point to hit the road and meet with his customers, conducting monthly office visits and taking a main-stage presence during the Realogy brands’ respective annual conferences. He marvels at the energy real estate practitioners have, and is inspired by it.

“Alex was right,” he says. “Real estate professionals are the ultimate ‘people people,’ and the leaders I have met have created incredible businesses and demonstrate loyalty to their brands, along with an incredible dedication to their agents and employees.”

Demographics and Data – A Powerful Combination

Peyton, ever the quick study, already speaks effortlessly about the real estate industry and is now well-versed in market trends affecting the franchise systems under his watch. But he’s even more intrigued with societal shifts, and how the industry will adapt.

“Everything we read—research, data and anecdotal reporting—suggests that the younger generations are not abandoning homeownership,

but simply delaying it for a variety of reasons,” Peyton says. “But we shouldn’t be surprised. The question then becomes how our industry alters our behavior to welcome them as renters and engage with them as customers for life.”

He points out that the big data revolution will allow real estate professionals to more easily connect with consumers not currently in the home-buying phase. He is excited that Realogy has a head start with the implementation of Zap, Realogy’s proprietary CRM platform, which uses predictive analytics to score potential leads, providing affiliated agents with previously untapped marketing opportunities.

“I think the real estate industry is on the cusp of taking even greater advantage of big data and analytics,” he says. “We will all start doing a better job in predictive modeling, sourcing leads and fully understanding the ROI of different emerging marketing activities. But clearly, these types of activities require major capital investments. Realogy’s investment in Zap demonstrates that it has both the capital resources and the commitment to leverage that capital for future growth.”

A big smile emerges as he pulls out a chart showcasing how effective Zap has been for an initial core group of thousands of agents with at least a full year on the platform.

The stats show that frequent users are increasing their annual productivity at a rate greater than what the National Association of REALTORS® (NAR) reported for year-over-year average agent sales production growth last year.

“I am used to the company or brand driving leads,” says Peyton. “I came from an industry where 65 percent of leads were generated by Starwood’s brand websites, corporate initiatives and the loyalty program. Real estate has largely been the opposite, with agents driving that type of interest. While I don’t believe an agent’s sphere of influence will diminish, it certainly can be greatly enhanced with better and higher quality leads. It’s no secret that our industry is heading that way.”

Peyton realizes there’s another major implication these generated leads could have on the future of real estate.

“I envision our industry attracting more recent college graduates who might have been previously turned off by the generally assumed six-month ramp-up time,” Peyton says. “There will be a day when newer agents will still work their sphere of influence and do the old-fashioned door-knocking and cold-calling, but they will also have immediate access to technology-generated leads. This will allow them to join our industry knowing they have an ability to quickly generate an income. We will all benefit from this younger generation bringing a fresh perspective.”

Setting Audacious Goals

Peyton admits that he likes to think big, and he often tells stories about BHAGS—big, hairy, audacious goals. He can reel off one BHAG example after another. He recites from President John F. Kennedy’s “moon challenge” speech: “This nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth.”

He talks about Microsoft vowing to

put a computer on every desk and Amazon vowing to have every book ever published in every language available online in 60 seconds or less.

“What blows me away isn’t just how audacious these goals are, but that they’ve also been so simple, clear and inspiring,” says Peyton. “But they are also scary because you can’t achieve audacious goals by doing the same old thing.”

Peyton, not one for staying status quo, wants to further empower the talent in the Realogy Franchise Group by embracing risk-taking, entrepreneurship, creativity and debate.

“I learned such an important lesson in my final project at Starwood,” recalls Peyton. “I was responsible for leading the transition when Marriott acquired us. The Marriott group was interested in our millennial strategy—but we really didn’t have a defined strategy. Instead, we had hired these millennials and let them go at it. They taught us how to best address their peer group, and our more experienced employees were then able to add additional value in the execution of our targeted efforts. That type of culture reaps incredible rewards.”

Peyton is looking forward to the future.

“Changing demographics, emerging technology and new business models will always be there and force the continued real estate evolution,” says Peyton, “yet I am extremely confident in our leadership stance. Our brands are focused on innovation and programming that moves the needle. We have Realogy’s leadership and resources. We have local brokerage operators and affiliated agents with incredible knowledge and entrepreneurial drive.

“I feel good that we have a winning combination.” **RE**

For more information, please visit www.realogy.com.



Legendary Leader Alex Perriello Leaves Strong Legacy

ALEX PERRIELLO, NOW CHAIRMAN EMERITUS OF THE REALOGY FRANCHISE GROUP, IS NOT ONLY A REAL ESTATE VETERAN; HE IS A REAL ESTATE LEGEND.

The positive impact he has had on Realogy, its employees, franchisees and affiliated agents—along with the entire industry—will be his legacy.

After much personal reflection and consulting with his wife, Jerri Lynn, who has been at his side for the past 38 years, Perriello decided to give up the day-to-day oversight of the Realogy Franchise Group, effective April 1.

“I’ve spent a long time in real estate, almost all with Coldwell Banker and Realogy in a variety of roles,” says Perriello. “I had been thinking about when it would be time to move on to the next chapter of my life. Hiring John Peyton was a big step, and once I saw how strong he was, I knew the right time had come. I am so proud of what we’ve accomplished in the Franchise Group, but also with Realogy as a whole. We have built one of the world’s greatest companies and have helped improve the lives of so many. I’m looking forward to staying involved in a senior advisory capacity.”

Perriello’s tenure as CEO of the Realogy Franchise Group began in 2004, and in that role, he presided over the launches of the Sotheby’s International Realty® and Better Homes and Gardens® Real Estate brands. He also helped spearhead the acquisition of ZipRealty and the subsequent repositioning of its technology arm as ZapLabs—Realogy’s hub for innovation and development.

Including its other leading brands, CENTURY 21®, Coldwell Banker®, Coldwell Banker Commercial® and ERA®, Realogy’s total market presence has grown to approximately \$473 billion in total U.S. home-sale transaction volume in 2016 and over 273,000 affiliated agents worldwide doing business in 112 countries.

“Alex has made a lasting mark on the residential real estate industry and all those who know him,” says Richard A. Smith, Realogy’s chairman, CEO and president. “We are deeply grateful to him

for his visionary leadership and service to Realogy and our franchise brands for the past 34 years. Alex is a true gentleman, and a leader whose integrity and class is widely acknowledged in our industry. We look forward to Alex's continued guidance in his new role as chairman emeritus for RFG."

Perriello started his career in retail sales, entered real estate in 1977 and became a Coldwell Banker agent in 1983, working from a Sears store in San Diego.

Within two years, he was running all 220 Coldwell Banker Sears locations. That was the first of many promotions that eventually saw him named Coldwell Banker president and CEO in 1997, a job he held for seven years until earning the Franchise Group position.

"Before my wife Jenny and I left New Jersey, Alex and Jerri Lynn would come over on summer weekends," recalls Jim Gillespie, who succeeded Perriello as Coldwell Banker CEO before retiring in 2012. "No matter the business pressure he was under, I was amazed at how calm, cool and collected he could become out of the of-

office. He could do that because he was so creative that he could seemingly always find solutions to very difficult and complicated situations. The guy is so smart and never got rattled."

Gillespie, who has known Perriello for 30 years, knows his friend will remain an industry icon.

"Despite the incredible demands his position required, he was always active and passionate about serving the National Association of REALTORS®," says Gillespie. "His involvement has had a major impact on those who work in our business, as well as consumers. I know he will stay involved in our industry."

Mike Good also worked with Perriello for 30 years in multiple roles at Coldwell Banker before serving as CEO of Sotheby's International Realty from 2004 to 2012.

Good has factual evidence to support his claim that Perriello was 20 years ahead of his time when they worked together on the mid-1980s "Home Tour" kiosks situated in five Tampa-area Sears stores.

"He figured out how to capture consumer traffic by displaying homes for sale on 25-inch touchscreen computer monitors," Good says. "People actually lined up in the store to search for available properties. You chose the area in town and price point you were interested in and got Coldwell Banker listings with color photos and agent contact information. You could even print a copy of what you saw on the screen. It had a mortgage calculator, too. It was truly amazing."

Good believes one of Perriello's most recent projects at Realogy may have been his best.

"While so many of us were trying to figure out the best ways to assist our aging brokers with transitioning ownership to the next generation, Alex had already mapped out what would become our Ascend program," says Good, who just began leading the third cohort of Ascend. "It's an ongoing 46-week succession-planning program for future leaders of companies affiliated with the Realogy brands. It showcases the joint power of Realogy and the brands, and is the most robust real estate leadership program I've ever seen."

Leveraging the size, scale and vast resources of Realogy across all the RFG brands was Perriello's passion. He would frequently say, "It's our job to make certain the rising tide raises all our boats in the harbor."

"Alex is the quintessential brand leader, and there has never been anyone better as a brand president's partner than Jerri Lynn and the way she helped him build lasting relationships with franchisees," Good says. "You look at the leadership around our industry today and almost every organization is filled with people who would call Alex a mentor and friend. We have all learned from the best."

David Siroty is founder and CEO of Imagine Productions, an integrated communications firm based in Westfield, N.J.

Paying Tribute

We asked the Realogy Franchise Group brand presidents to share their thoughts about Alex Perriello in the form of a tweet—short and sweet:

SHERRY CHRIS: Like a guardian angel, Alex has helped us all grow and thrive. A #mentor to so many in this industry. We will miss Alex's storytelling, he is one of #thebest!

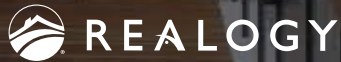
RICK DAVIDSON: The man, a legend, a real estate maven...#friend, #mentor, industry #icon. So fortunate to have had this time under your leadership. What a ride it's been!

FRED SCHMIDT: Alex is always there when you need him. He is always there to support you. He is always there to provide encouragement. He is #AlwaysThereForYou.

PHILIP WHITE: It's been a great 13 years together & I appreciate your support! Will miss your humor & advice. Wish you many sunny days on your boat! #wellplayed

SUE YANNACONE: Thank U Alex. Your support of ERA & me has been invaluable. Your storytelling 2nd 2 none! U will be missed #leader #visionary #oneofakind

CHARLIE YOUNG: Congrats on an amazing career, Alex! You are an industry legend, icon & mentor. You have influenced so many. #ColdwellBankerSalutesAP! #Innovator



Leadership with Integrity and Innovation

