

By Todd A. Buchanan for USA TODAY

**Signs of success:** Ron Peltier is CEO of HomeServices of America, a company almost no one has heard of even though it's the second-biggest residential brokerage company in the country. The 20 signs represent the collection of HomeServices' affiliates.

# Team spirit turns hockey star into real estate czar

## Uber competitor leads Realtors by showing he cares

By Noelle Knox  
USA TODAY

WASHINGTON — Lenders are collapsing, home sales and prices in many markets are falling and lots of investors are panicking. Not Warren Buffett. He told a group of his real estate managers late last month in Omaha that he sees this as a time of opportunity.

The man who will try to seize some of those opportunities for him is Ron Peltier, CEO of HomeServices of America, the real estate arm of Berkshire Hathaway and the nation's second-largest residential brokerage firm.



By Mario Tama, Getty Images

Since Warren Buffett's Berkshire Hathaway bought HomeServices seven years ago, the company has grown from 4,000 agents in three markets to 20,000 agents in 20 markets

It's Peltier's task to scope out deals with high-quality, but beaten-down, realty firms that might be ripe for acquisition. "We want to be in the top 60 markets in America in the next five years," Peltier says. "And we want to be the No. 1 or No. 2" real estate company in those areas.

Since Buffett bought HomeServices seven years ago, the Minneapolis-based company has shot up from about 4,000 agents in three markets to 20,000

agents in 20 markets, including Prudential California and Edina Realty in Minneapolis. HomeServices also offers homeowners insurance and title services, and it runs a mortgage venture with Wells Fargo.

In keeping with Buffett's conservative approach, Peltier's lending division, which accounts for about 15% of the company's profits, avoided offering the

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# Inspiring Realtors in today's slumping home market is a big challenge

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kind of risky adjustable-rate loans that have burned many lenders.

"I don't want to sound holier-than-thou, but it was irritating when there were all kinds of players out there in the market offering all kinds of products that were questionable," says Peltier, 58.

## Cover story

That common-sense prudence is a lesson straight from Peltier's father, George, who his son says "always wanted to do the right thing." George Peltier, who died in 1989, was an executive at Brown & Bigelow, a maker of promotional products and calendar advertising. Peltier remembers him as a "stubborn Frenchman" who married a Lutheran Swedish woman and converted from his Catholic faith mainly so he could eat meat on Fridays.

"He couldn't look a fish in the eye," Peltier says with a laugh over a dinner of sole at a restaurant here.

Peltier and his three brothers, one older, two younger, were all avid ice hockey players. After winning the Minnesota High School Athlete of the Year award in 1967 while at Johnson Senior High School in St. Paul, Peltier was awarded a full scholarship to the University of Minnesota, where he studied history and political science. He earned his MBA from the University of St. Thomas in Minnesota.

Peltier says his dad "was the first person I sought out after every game, right through college. He would be honest if I played a good game or not. He was the only guy who would tell me the truth, never mince words."

And that's a sometimes rough-edged trait that Peltier inherited. He describes himself as "ultra-competitive" and says, "I clearly have a lot of faults, but if I have a fault it's that I trust everybody until it's proven to me I can't trust."

At times, his blunt candor can chafe in the business world, especially from someone in a position of power who knows what he wants and expects to get it.

Steve Murray, editor of *Real Trends*, a real estate newsletter, who has known him for 25 years, says Peltier will call to "throttle me for something I've said or done, or because he needs my help with something."

"He's to the point, and he knows what he wants," Murray says. "It's like boom, boom, boom."

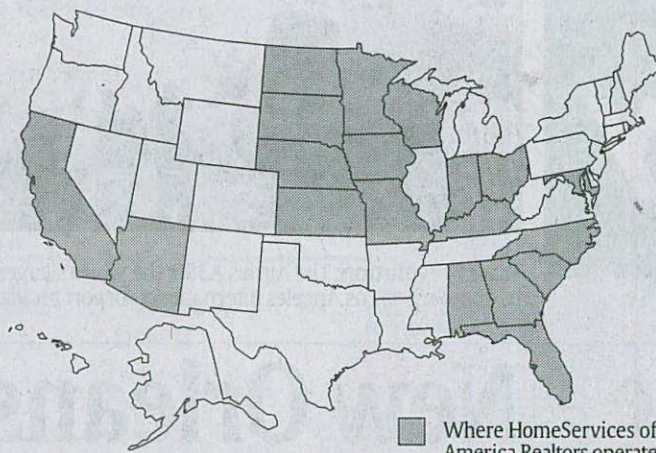
And that trait can sometimes become a weakness, Murray suggests. "Maybe he doesn't sense or listen or observe the people he's trying to have a relationship with as well as I think he could."

Murray continues: "He doesn't suffer fools gladly. He's not tolerant of people who don't do their jobs, who don't perform. We don't have a lot of people in the industry that

## HomeServices has a broad reach

HomeServices of America is the nation's second-largest real estate brokerage firm, with about 20,000 agents in 20 markets across the country.

Realtor	States	Founded	Acquired	Branches
Carol Jones Realtors	Missouri	1952	1998	30
CBSHome Real Estate	Nebraska	1964 <sup>1</sup>	1998	11
Champion Realty	Maryland	1987	1999	17
Edina Realty	North Dakota South Dakota Minnesota Wisconsin	1955	1998	77
EWM Realtors	Florida	1964	2003	14
Harry Norman, Realtors	Georgia	1930	2006	17
HOME Real Estate	Nebraska	1945	2003	4
Huff Realty	Indiana Ohio Kentucky	1975	2006	12
Iowa Realty	Iowa	1952	1998	30
Jenny Pruitt & Associates Realtors	Georgia	1988	2001	5
Long Realty	Arizona	1926	1999	18
Prudential California Realty	California	1985	2002	91
Prudential Carolinas Realty	North Carolina South Carolina	1974	2004	16
Prudential First Realty	Iowa	1952	1998	30
RealtySouth	Alabama	1998	2002	21
Rector-Hayden Realtors	Kentucky	1969	2003	8



Realtor	States	Founded	Acquired	Branches
Reece & Nichols <sup>2</sup>	Missouri Kansas	1905	1998	25
Roberts Bros. Realtors	Alabama	1946	2005	6
Semonin Realtors	Indiana Kentucky	1915	1999	11
Woods Bros. Realty	Nebraska	1899	2002	7

1 - CBS Real Estate founded in 1964, HOME Real Estate in 1987; the two companies merged to form CBSHOME in 1998; 2 - J.C. Nichols Residential founded in 1905, J.D. Reece Realtors founded in 1987; the companies merged to form Reece & Nichols in 2002; Nichols acquired in 1998, Reece in 2001  
Source: HomeServices of America

## About Ron Peltier

**Title:** President and CEO of HomeServices of America since 1999.

**Born:** March 18, 1949, St. Paul.

**Married:** High-school sweetheart Arlie on Feb. 15, 1970.

**Children:** Jean-Paul and Janee.

**Education:** Bachelor's (with fully paid hockey scholarship) University of Michigan, 1971, MBA University of St. Thomas, 1974.

**Hobbies:** Hockey, golf, tennis.

**Drives:** S-Class Mercedes-Benz.

**Currently reading:** *True North: Discover Your Authentic Leadership*, by Bill George; and *The Speed of Trust: The One Thing that Changes Everything*, by Stephen Covey.



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**Trusting:** Peltier describes himself as "ultra-competitive," and, "If I have a fault it's that I trust everybody until it's proven to me I can't trust."

"Do you know how hard it is to manage those attitudes?" Peltier asks. "I'm not making light of it. They bought the big boat, they bought the cabin, they bought the second home, they bought the diamond ring."

### Drive to win came from hockey

The drive to perform better every day was drilled into Peltier on the hockey rink. One of his childhood hockey coaches was "Miracle on Ice" coach Herb Brooks, who later led the U.S. Olympic team to a stunning victory over the Soviets on the way to a gold medal in 1980.

Peltier, who remained friends with Brooks and played golf with him the day he died in a car crash in 2003, remembers well that Brooks was demanding of his players, stin-

gy with compliments and would sometimes yell, "You're playing worse every day, and today you're playing like tomorrow."

Peltier, who played center, pushed himself hard and became captain of his high school team. "His leadership qualities as a teenager were amazing," his high school coach, Lou Cotroneo, recalls.

More than once, Peltier and his brothers got police escorts home after a game because of death threats from the other team's side. "He was one great competitor," Cotroneo recalls fondly. "When he was on the ice, it was like having money in the bank."

Peltier, who, like many hockey players, now sports several false teeth, says it was his high-school sweetheart — now wife of 37 years, Arlie — who convinced him he

could channel his intensity and team spirit into business.

"She had a better understanding of me than I did," Peltier says.

After earning his MBA, Peltier taught history and coached hockey for two years. But then he got his real estate license in 1977 and never looked back.

His wife taught at a Montessori school but soon joined Peltier at Edina Realty, now owned by HomeServices. Today, she's the director of exceptional properties at Edina Realty. Peltier's younger brother Bob is now president of Edina Realty, and Peltier's son, Jean-Paul, last year was named head of the mortgage division at HomeServices Lending.

Peltier's boss, David Sokol, chairman and CEO of MidAmerican Energy, also a Berkshire Hathaway company, says the decisions to hire family members are made by a compensation committee of the board of directors that Peltier does not serve on.

"We are very cautious of the nepotism issue," he says.

### An unconventional strategy

Sokol remembers the first time he met Peltier, in 1999. His company had just acquired a large Iowa utility that owned Edina Realty and two other real estate brokerages.

"Ron had a contagious energy for the business, and we left the meeting thinking, keep the (real estate) business rather than sell it," Sokol recalls.

But instead of building a national brand, like the No. 1 real estate brokerage Realty, which owns Century 21, Coldwell Banker and Sotheby's, HomeServices has pursued an unconventional strategy: buying local real estate firms and keeping

their names. "I would argue that a good brand can just as easily be a local brand, and in fact often times it is a better brand than a national brand," Peltier says.

But at the newsletter *Real Trends*, Murray counters that in the Internet age, national brands have more power.

"Remax.com and coldwellbanker.com, which have a singular website with a market brand to it — there is an advantage they have over HomeServices," Murray contends, adding that over the long term he doesn't think the companies Peltier buys will perform better than Realty's.

"I have the data, and it's pretty conclusive about that," Murray says, "Name changes don't cause real estate agents to move."

Peltier — who claims his brokerages command higher profit margins than those Realty owns — says he wants to build up HomeServices as a more robust national brand, and to tie it to the identities of the local real estate companies it owns.

In the first half of the year, HomeServices earned \$35 million, down 24% from the first half of last year. Revenue totaled \$813 million, off 8%.

"I hope that there will be a time in the not-too-distant future when people will say, 'That's one of those HomeServices companies, and they have a full-service model.'"

But that future might be more distant than he hopes. HomeServices has yet to launch an Internet portal so consumers can search properties listed by all of its 20 local companies, though Peltier says one should be up and running by the end of the year.

Peltier admits that the company's online strategy has been slow compared with its rivals but says this was intentional. "We needed to have a critical mass," he explains. "We're now coast to coast."

### Management tip: Show you care

As he finishes dinner and prepares to give a pep talk the next day to agents in Annapolis, Md., he suggests that the key to coaching and managing real estate agents is to show you care about them. Especially with independent contractors, who can come and go at will, playing as a team is vital.

"If we stop caring, if we stop leading, if we stop coaching, if we stop providing services, it's 10 minutes and 10 bucks and they can move their (real estate) license someplace else and start work," he says. "They don't have any non-compete contracts; they don't have any restrictions. That's the world we live in."

What a job.

"Very, very, very few leaders have the temperament or the stomach for it," he says. "You have to perform every day, or you'll get slit to pieces."