

Background information

The CBRB real estate company was founded in 1906 following the disastrous San Francisco earthquake. The founders of the company saw a need for honest real estate professionals with integrity after seeing other sale associates, attorneys and profiteers taking advantage of vulnerable homeowners. The real estate industry after the fires and earthquakes was left with a tarnished image because of those dishonest sale associates. Public opinion of real estate agents was regarded as the least credible and trustworthy profession. The two founders knew that the public needed a company in which they could trust in order to purchase and sell their homes. By starting CBRB real estate company, the founders could give the customers the satisfaction and service they needed.

As the years past, CBRB expanded offices throughout California and then into other states. The company flourished because each CBRB real estate office was independently owned and operated. This allowed the company to grow quickly because each CBRB office was able to hire, utilize and even support their local economies while still having a strong national brand recognition. National branding gave the public image and impression that this large company would work in the most ethical and professional manner for all of their clients. As of 2013, the company has 3,500 employees, 710 offices, 42,600 Independent Sales Associates.

The competitive environment is composed of many different types of real estate companies. Each competitive real estate company applies their type of business model that would give them the most market share. Some of the real estate companies are small in size but target only high-end buyers and sellers. Other offer discount pricing with lower fees but only give the minimum in support of the transaction. Each real estate company or brokerage have different financial goals in mind. Some will target the highest number of transactions while others will target GCI gross commission income from their transactions. While these are both important to CBRB, CBRB appears to be more focused on the sales volume.

The CBRB Leadership team is composed of hierarchical participative leadership style. The leadership is composed of the President of the company with Regional Presidents that manage many State Presidents. Each State President has participative powers that can help the Regional Presidents to make the most informed decisions. This leadership style allows the State Presidents to act closer to what is needed and in the best interests of their State and location. Each State President is responsible for their area's production and financial success. All financial information is reported back to the Regional President that can monitor and report the success of that State.

The financial information shows that the CBRB was able to close 320,026 transactions that accounted for a total of \$151.1 billion in Revenue for the whole company in 2013. While this is a very large number in size, it is considerably less since our banner year of \$225 billion in 2006. Even though the company is recovering and noticing improvement in revenue since 2008, the company wants to increase their EBITDA margin by reducing their operating expenses and improving the profitability of the whole operation. EBITDA is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.(EBITDA)