

# REM

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In conversation  
with Century 21  
Canada founder  
Gary Charlwood

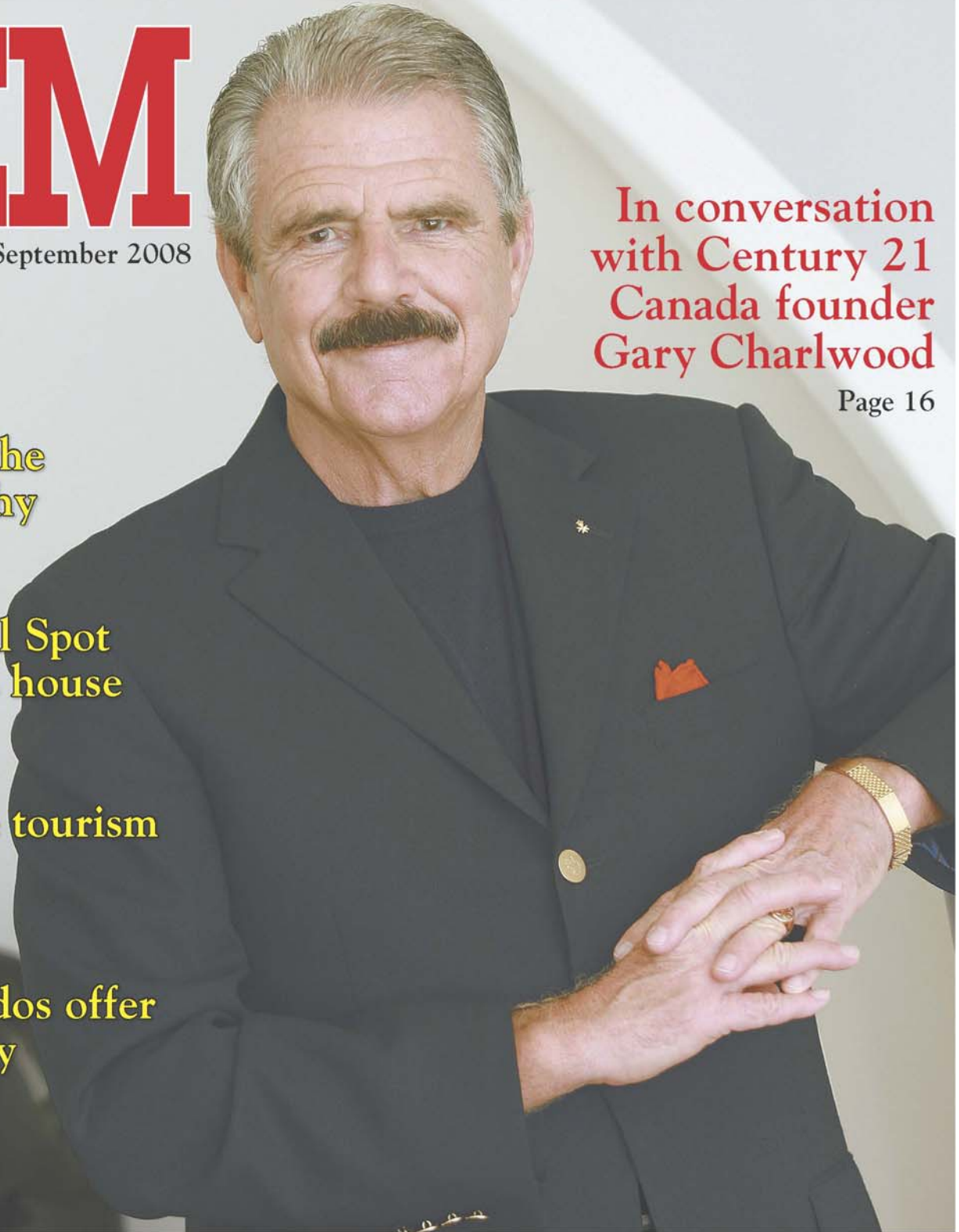
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# In conversation with Gary Charlwood

The founder of Century 21 Canada and Centum Financial Group speaks to REM's Kathy Bevan about franchising and further expansion plans.

**G**ary Charlwood has been working in the Canadian real estate industry for almost four decades, starting out as a successful salesperson in Vancouver, then as part owner of one of the city's oldest real estate firms, Hunt Realty. In 1975, Charlwood bought the master franchise rights for Century 21 Canada with partner Peter Thomas; 14 years later he was the sole owner, and in 2003 Century 21 Canada expanded across the Pacific region to launch Century 21 Asia/Pacific.

Through his Charlwood Pacific Group, he founded the Uniglobe Travel franchise and Centum Financial Group, a mortgage brokerage. Altogether, his various companies now have almost 14,000 people working out of more than 1,700 franchise outlets. Charlwood has been described by the National Post as "quite possibly Canada's most successful franchisor." He was the first Canadian to be named to the International Franchise Association's prestigious Hall of Fame, joining such internationally well-known franchisors as Ray Kroc of McDonald's, Dave Thomas of Wendy's, Colonel Harland Sanders of KFC, Dave and Gail Liniger, Re/Max International and Henry Block of H&R Block. Recently, Gary Charlwood spoke with REM Senior Editor Kathy Bevan about his franchise experience.

**REM:** How has your experience as both a franchisor and a franchisee helped you work with Century 21 Canada and your other companies?

**A:** Immeasurably. As a franchisee I very quickly learned it has to be win/win for both parties. You can't come at the franchisor, expecting services that can't be fulfilled; on the other hand, you do expect something. But you work as a team. In all our organizations, we have a very, very strong franchisor/franchisee relationship. Every franchisee belongs to essentially a union of franchisees – we meet with them regularly and totally keep them posted. I learned that as a franchisee and continue to put that into practice as a franchisor.

**REM:** How did your Centum mortgage brokerage grow out of what you knew of the real estate world through Century 21?

**CHARLWOOD:** We were the first national real estate franchisor in Canada and the business model we had when we started was novel. We were trainers – we had first-rate training. Then organized real estate came out and said that this was their role – training was something they should do. So we changed our model. During the course of that migration, to

the mature organization we are today, the question was asked, are there opportunities here for diversification?

So I asked Don (Lawby), who's been with me for almost 30 years – he and I are very close – to look at what we might diversify into. From that spectrum of diversification we looked at various models. We decided to go into the mortgage brokerage business. So Centum was launched, as part of the Charlwood Pacific Group of companies, and we do intend to take that international as time goes by.

**REM:** With your experience in franchising over the past 30 years, where do you see the business model moving for real estate franchisors?

**CHARLWOOD:** We've taken a major part of our future at Century 21 Canada on the development of web marketing. Number one, the consumer is very web savvy – the real estate industry is traditionally, on average, older so perhaps not as comfortable with technology. So we've been spending a lot of time, energy, effort, money making our sales team – which is made up of bright young sparks, people in their 30s and 40s, and people in their 50-plus time of their lives. We're spending a

lot of effort and money to make them comfortable with technology, and we have what we've been told is by far the best website in the industry in North America. Ours is a different website than the one that's been developed by the parent company – we've actually gone a step beyond that, with the platform we've staked for ourselves.

**REM:** You've taken a different approach from the international Century 21 in other areas over the years as well – why is that?

**CHARLWOOD:** The U.S. and Canadian markets are very similar, but they are also quite different. Take, for example, our involvement in Asia/Pacific. That came about as a result of the Asia/Pacific people contacting us and asking if they could come and visit us and look at our Canadian model, because they didn't think the model being advocated by the U.S. – the world headquarters for Century 21 – really fit their world. So they came and visited us and one thing led to another, and then we became partners. And they're developing their territory much more along the Canadian model than on the U.S. model.

The U.S. model is still very much predicated on a royalty percentage – I think it's six per cent in the U.S. – whereas we



Photo by Daniela Cristofa

gave our franchisees a choice. They could remain on six per cent, which a very small number have chosen to do – usually rural offices, because it worked better for them. Or they could opt for the program we currently have, which is an office fee, a salesperson fee, and a transaction fee – pay as you go. That model has worked exceptionally well for us in Canada, and it works very well in Asia as well, where we now have more than 400 offices.

**REM:** Looking toward the future, what growth opportunities do you see for your real estate-related companies?

**CHARLWOOD:** In the Century 21 world, we're looking at some dramatic expansion in Asia/Pacific, expecting over the course of the next five to seven years to grow to 1,000 outlets. I believe, despite the current lull, which is a temporary worldwide malaise, there's some significant growth ahead in that part of the world. That has some benefits to Canada, because the Pacific Rim brings a lot of referral activity.

Within Canada, I see Centum expanding to possibly double or treble its size over the next five to seven years – we're going to be number one in that business. We will expand that organization internationally as well. For Century 21 Canada, we would

still like to diversify within the real estate model. That would include potentially buying a competitor – we've looked at that several times and either the timing or pricing haven't been right, but that might be in the cards over the next couple of years, with maybe some changes in the marketplace.

The property management portion is something we're still looking at, and anything to do with the home – anything to do with home ownership that we think is a fit, I'd be looking into. And we also see some tremendous growth opportunities for Century 21 Canada within Quebec, where we've had some great growth but we have a new operator.

Growth for us now is more or less franchisees migrating from another franchisor. We've also had – particularly in the buoyant markets of the past couple of years – we've had people come in and join us as a start-up, who have then gone quite large in fairly short order. So I see a mixture of all those. But the most significant percentage growth we see is going to be happening in Quebec, with organic growth within the organization as well. And I'm not putting it out of the realm of possibility that we'll make an acquisition. ■ **REM**