

# VISTA

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that lights the way to profits

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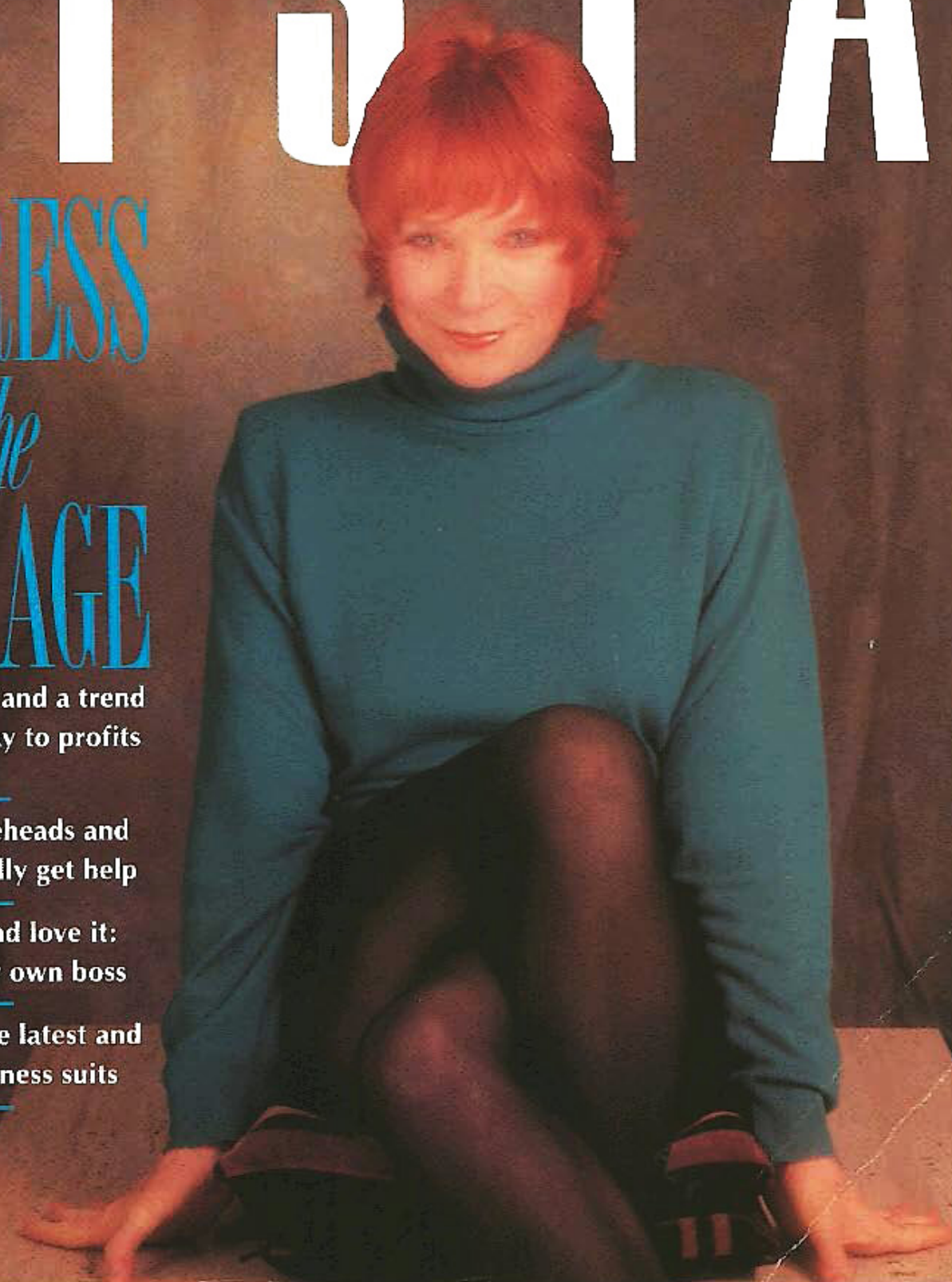
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Take this job and love it:  
learn to be your own boss

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Men's fashion: the latest and  
greatest in business suits

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## ATTITUDE

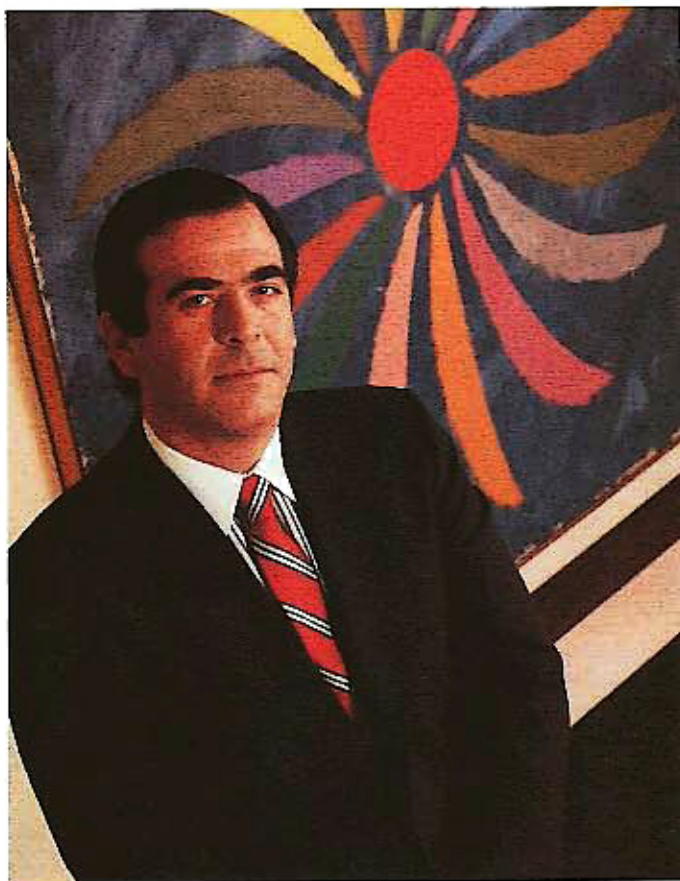
# Selling is simple: just send in the clones

*So compare him to a Moonie leader—Montrealer Stephen Leopold won't mind. The regimental way he grooms his troops has made him a kingpin of commercial real estate.*

By Robyn Bryant

Stephen Leopold is reaching for one of the red file folders, usually containing documents, headed for the paper shredder. But it's 6 p.m., and today's paper accumulation from the six trading rooms atop a Montreal office tower has already been destroyed. "We don't allow our people to throw away papers in wastebaskets, he says. "We don't want anybody to get their hands on anything." The papers he guards with such care are about real estate space in Montreal; who has it, and who needs it. Leopold, 37, is the brash owner of Leopold Property Consultants—an undeniable hotshot in Montreal's burgeoning commercial and industrial brokerage business.

In 11 years, Leopold has grown from a one-man band with a shared secretary and photocopying privileges down the hall, to a full-fledged orchestra with a staff of 75 spread over two floors of Montreal's Place Ville Marie. He plans to increase staff by a further 50 percent this year and hints that Boston may be the next stop. Stephen Leopold, not content to be a conductor in the Montreal market, wants to franchise his idea across North America. "Look at this," Leopold says, waving what appears to be several yards of copy for full-page newspaper ads. "Canada has learned what teamwork means to hockey," trumpets one



Stephen Leopold has friends in high places—every skyscraper in Montreal.

ad. "At Leopold we believe the same rules apply to business. Our consultants work as part of a team. Due to our exceptional success with this concept, we require..." The accompanying photo shows the Leopold team, dressed in the Leopold team ties. With the Leopold team smile.

Others in the real estate community

scoff at his creation of clones. "I hope they call us the Moonies of the industry," says Leopold. "I believe that we should be operating in a very regimented fashion with regard to how we treat our clients."

His ideas, riding on a buoyant downtown Montreal market where office towers are springing up like mushrooms after a rain, are already money-makers. The city has about 68 million square feet of office space and every time would-be user meets owner, someone like Leopold acts as matchmaker. A firm needing 40,000 square feet of office space will pay, on average, an annual rent of \$25 per square foot for 10 years, a typical lease period. The standard fee for the broker is about one third of the first year's rent, or in this case, about \$333,000 commission. And Leopold's firm is a major player in the brokerage business in Montreal,

in competition with Royal LePage Real Estate Services Ltd., Immeubles Pierremont Ltée. and Devencore Realities.

Traditionally, there are not a lot of rules in the commercial/industrial real estate game. Anyone who can manage to pass provincial real estate exams—exactly the same test as for residential real estate brokers—is allowed to play. The difference is service, how well the matchmaking is



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done, and it is here that Leopold claims to be different. "If you are to be king in a real estate transaction," he says, "the person you should be orienting yourself to is not the owner but rather the user of space." It was that realization that marked his first step in developing a business that serves only the user. He never represents landlords, and he won't help clients sublet their own space.

In 1977, when Leopold began brokering, times could not have been tougher. Six months earlier, the Parti Québécois had been elected. Major Canadian companies that had made commitments to finance buildings already under construction in the downtown core simply backed out. Demand for office space plummeted.

Leopold considered moving to Toronto himself, but decided to stay in Montreal. "As an entrepreneur you look to build a fortune, and some of the great fortunes in the world have been built in some of the most unstable societies," says Leopold. He looked to his family history for inspiration. His mother's ancestors, in Quebec for eight generations, were among the earliest Jewish families in Canada. His paternal grandfather arrived from Lithuania in 1905. "If my ancestors could make it here, knowing nobody, no old school ties, so could I."

He devised some specific rules. For example, in an attempt to avoid even the appearance of conflict of interest, Leopold employees, from mid-level on up, are forbidden to own any property other than their primary residence and a country property. Further, in an attempt to disengage himself entirely from other companies in the commercial/industrial real estate business, Leopold refuses to use the word "broker" to describe what his company does. He prefers the title "property consultants." As a result, part of his evolving marketing formula over the years involves the use of ads announcing that firm XYZ has just moved and that Leopold acted as "advisor to the tenant in this transaction."

Other brokers are quick to say that Leopold is a broker like they are, no more, no less. They note that the word "broker" appears in minuscule type in

the margin of his ads. Provincial law requires it. "A broker is a broker," says J. Louis Burgos, the vice president of office leasing at Royal LePage. "Leopold is a broker like anyone else. A broker's job is to represent a client to developers and try to get him the best deal." "It's a marketing ploy," says Peter Martin, the president of Pierre-mont. "Ask him who actually pays his commissions."

Leopold, of course, is ready with the answer. "If you buy a house for \$300,000, you write a check to the sell-

*Applicants are subjected to a battery of personality and IQ tests and new employees are not even permitted to phone a client until they have made it through four months of training and exams.*

er; the seller in turn writes a check for \$15,000 to the broker. So who really paid the broker?" The money, of course, is *always* in the deal, but Leopold counts on being able to convince people that he is more like an accountant or a lawyer than a broker. While the competition pool-pools his technique, at least one other local firm, Devencore, has adopted the "consultant" label, too.

Perhaps the most contentious part of the Leopold operation is his educational department, with its careful applicant screening and complicated training procedures. Prospective employees are subjected to a battery of personality and IQ tests. New employees follow a rigid course of study followed by exams and are also warned that they will have to make the same degree of commitment to the job as someone aspiring to be a lawyer: "Effectively," states Leopold, "we are the university, the employer and the bar school, all in one."

Leopold concluded that the secret of successful companies like IBM and

McDonald's is the standardization of service, something he found lacking in real estate. Hence, every letter that leaves the office must be initialed by two people, to ensure that it reflects the company's standards. But the go-getters who sign up can become disillusioned when they discover they must play strictly by the Leopold rules.

One broker, who asked not to be identified, charges that the Leopold rhetoric is just another example of his tendency to mystify the art of negotiating leasing deals. "The business is not that complicated," he says. "The most important thing you can have is integrity, plus some common sense." "There are different ways to sell," says another anonymous broker, "and you can't tell people how to do it."

There are a few disgruntled ex-employees. Five former workers have filed lawsuits in the last six years. The courts have rendered no decisions.

It is not easy leaving the company according to one affidavit by Paul Fishlin, filed with the Quebec Superior Court on October 26, 1988. "By the time you realize you are disillusioned with the company," Fishlin said in the affidavit, "you cannot get out without it costing you a great deal of money in deferred commissions and a restriction of your future movements in real estate."

In the past, Leopold has always been quick to learn from run-ins. The current introductory document for potential consultants is explicit about the contract they will have to sign: "The purpose of the contract through restrictive covenants and deferred bonuses results in an employee being 'stuck with the company' once he has decided to commence." The applicant is obliged to write a personal interpretation of the contract in longhand.

For Leopold, controversy is expected. "I know one thing: if I'm ever down, people will kick me awfully hard. That I understand, so I better not be down." As far as he is concerned, employment at his firm is just like marriage. Sometimes the union works and sometimes it doesn't. The difference is, a jilted Stephen Leopold will never be alone—he's created all those followers in his own image. □