

# "What is Benefit? Who is Benefit?"

## An interview with Jerry Pape, Jr. on right buying, selling and troubleshooting

By Holly Zadra

### BUDDHISM AND REAL ESTATE

I've known Jerry Pape, Jr. for nearly eight years. He is a Buddhist practitioner and founder of two businesses, Triple Creek Realty of Bozeman and Excalibur, a national IT management and troubleshooting company. At a recent lunch meeting, I asked Pape, in what became a rather stream-of-consciousness interview, to share with me how these three very different pursuits fit together in his life.

I was particularly interested in Pape's thoughts on the Buddhist concept of "Right Livelihood" and real estate practice especially in light of the fact that Tributary writer Helen Tzitley recently went so far as to give real estate brokers the moniker "dirty pirate hookers" in a story she wrote about buying her first home.

Right livelihood is concerned with ensuring that one earns one's living in an honorable way, that is, that wealth be acquired only by legal means; peacefully without coercion or violence; honestly, not by trickery or deceit; and in ways which do not entail harm and suffering for others.

Pape responded that he was taught this concept very simply by the Ven. Gyatrul Rinpoche, who said we must always be asking "What is benefit? Who is benefit?"

"What I learned from this teaching is that with each action you must consider what the benefit is and who is benefited. I find in my life that if the answer to who is benefited by a particular action is 'just me', then I'm not working hard enough."

In keeping with the Buddhist idea of benefiting others, Pape is straight-faced and calm as he addresses what he calls "fiduciary obligation in real estate" wherein the agent must consider the client's benefit in advance of his or her own benefit, something that was not often attended to in Bozeman's past climate of irrational property values and skyrocketing appreciation. Pape noted that new agents must have enough initial income to not *need* the deal. If an agent needs the deal and the client's money, he or she is at risk of violating this fiduciary obligation.

Pape sees Bozeman as very young and unsophisticated when it comes to educating inexperienced real estate clients about market values and the transaction process. This is particularly true in a correcting market that the majority of Bozeman agents have never seen. "When people ask someone to perform real estate agency for them, they should know what they're asking for...Most people don't know what a real estate agent is really supposed to do. Around here, people think they mostly sit around and make a bunch of money for doing nothing, which is not accurate," or right in the Buddhist sense.

As a Buddhist practitioner and a realtor of nearly 20 years experience, Pape should know something about both.

According to Pape, real estate has been made more complicated than it has to be; it is not supposed to be a mystery. For Pape, the theory behind his work whether in technology or real estate practice is this: "If you want to be the best at what you do, you have to be the best educator. Being the best educator allows you to empower your clients with knowledge and confidence in the transactions they undertake. Real estate should never be taken lightly. It is a serious business working with large amounts of money and a degree of emotional involvement that is often the most profound combination of the two in most people's lives."

### EDUCATION AND REAL ESTATE

Pape feels many sellers in our current market are caught up in the mentality of "they found the property they WANT so they've got to somehow sell the property that they have at the price that they NEED to get what they WANT." But, said Pape, "the market doesn't wake up in the morning and go, 'Bob Smith, what do you need today?' Further, when you allow inexperienced people to buy what they want, nine out of ten times, two years down the road, they're very unhappy with what they bought because they didn't understand what they really needed."

Pape's concern is that most people don't really think cognitively about the whole transaction process. From a professional standpoint, the following steps remain constant in every deal: examine current market status, seek the target property, write offers, negotiate a price, pursue due diligence, request inspections, manage contingencies and close the deal. However, anytime you put people through a process they don't understand, they are going to feel insecure and possibly hoodwinked. Hence, his stress on the role of agent as advisor and educator. A local bank executive once told Pape, "Anybody can put a sign in the yard - today people need real estate consulting."

Solving problems or "troubleshooting" is what Pape does best. Whether in technology or real estate, troubleshooting often requires thinking outside the box. "Many people are so used to thinking inside their little box that sometimes they need a nudge to see that many of the best solutions emerge by looking at things from differing angles," said Pape.

One of those differing angles is the way

that Pape approaches client education in real estate, particularly with respect to the concept of "value." He teaches his agents and clients his version of the value concept in under an hour. By teaching the constructs of value and the status of the current market first, Pape creates a proactive relationship with his clients that sets the tone for the rest of a transaction.

According to Pape, education empowers the client. "When you look at people's ego mechanics, they generally don't want to admit what they don't know. When they do, they feel like they're in a disadvantageous position. If you give them the tools to make informed decisions, they are in a better position to understand value and be comfortable with what they are buying or selling. At that point, they are no longer making reactionary decisions, they're making logical decisions that temper their emotions, learning how to buy what they really *need*, not what they merely *want*."

He added, "Similar concepts apply to sellers, especially in this market. Many sellers have completely unfounded concepts of value and have further compounded the problem by having intense emotional involvements with their existing properties."

These involvements often cause them to so overvalue the property they are trying to sell that they can't accomplish their larger goals in a timely fashion. Pape said, "Bob Hendricks, a noted mortgage banker at First Interstate Bank, taught me years ago that people often can't see the forest for the trees. While striving to get an extra \$10,000 for their existing property, people often lose sight of the fact that if the mortgage rate on the property they're trying to buy ticks up even one tenth of a point, this will cost them over \$10,000 in interest in the life of the new loan."

Pape is emphatic, "Time is of the essence in real estate where a variety of dynamic internal and external factors are at play in every transaction." For these and other reasons, Pape believes it is very important to educate sellers about how their property stacks up in the current market and what the market is likely to offer them. Said Pape, "To not take this education process very seriously results in a tremendous number of stagnant, overpriced properties that slow both market recovery and a return to positive appreciation."

In the end, the real measure of any transaction according to Pape is what his clients think two years later, not the day that he gets a check. From this point of view, his method is based on building long-term relationships and is only possible if the idea of truly benefiting others is kept in mind for the long haul.

### REAL ESTATE AND TECHNOLOGY

For Pape, real estate and technology have something in common - all the "heavy lifting" should be done up front.

"In technology, we don't deploy solutions that we don't test to death. If that means beating on it with a hammer, then we're beating on it with a hammer. In this way we know what to expect from a given product. This knowledge allows us to create reliable solutions."

With nine years of national Total Cost of Ownership studies for over 65 companies ranging from two employees to 75, Pape means what he says. "We have this down to a science. Most businesses with managed IT spend between 2 to 5 percent of their annual sales on IT. Most of my clients are operating flawlessly at 0.8 to 1.25 percent."

As for real estate in Bozeman recently it's been what Pape unfortunately calls, "Who-you-know real estate" not "what-you-know real estate." Pape noted that "Today, because so many of the who-you-know agents had no real training, they are struggling because they didn't do the heavy lifting by acquiring the training needed to survive in what has become a what-you-know real estate era." It has been suggested that by next spring, perhaps as many as half the full time agents in the Gallatin Association of Realtors will be lost to the changing market and economic pressure and will have to seek other employment.

Certainly, he said, the economy plays the greater role in this attrition, but surviving real estate cycles is also a result of proper training and supervision. This is why Pape himself went through (and why everyone that works with him goes through) rigorous training. His agents must undergo 250 hours of directly supervised training in buyer transactions and 250 hours in seller transactions. Pape said, "Insufficiently trained agents cause harm to their clients and are an E&O liability."

### ON TROUBLESHOOTING

Michelle Fiore, a renowned California physician and friend of Pape's for 30 years says, "If there is a crisis and Jerry walks in the room - no more crisis. People either love him for the 'Pape Effect' or hate him for it." When asked to comment on this effect Pape said, "I'm a paid confronter. Trouble is trouble and I meet it head-on. Nobody wants someone to come in and pat the trouble on its head and say, 'Oh, it'll go away on its own.' If you are a troubleshooter clients want you to confront the trouble and make it go away. It doesn't matter if it's a difficult real estate problem, misbehaving technology or an unethical vendor, the client points at the trouble; I shoot it."

"Three out of five times, someone will call with a serious problem, I will arrive on the scene with my trouble dispelling force field, and they will jump up and down in front of me, pointing behind themselves saying 'It's on fire!' I will try to move to the trouble spot, and the distressed client will stand between me and the trouble. They don't want to be the ones who can't fix it." Perhaps this is because, according to Pape, when he arrives it means they're



in real trouble. It means he knows more than they do about the subject and it's going to cost a lot of money to fix it, both of which produce profound ego trauma and eventually financial anemia.

Pape relates the tactical aspect of his personality type to something he learned in rescue dive training. "If your dive buddy is in a tough spot, you check your air, you check *his* eyes and you make a hard decision. If his eyes don't look right, you clock him. Bam! And then you drag him in. Otherwise, he'll drown you both. You're there to save the day and keep your own ass afloat, not to negotiate other people's ego mechanics. Period."

One reason people have difficulty with Pape is that to get people or vendors in a giant corporation thousands of miles away to actually comply and perform requires an unusual confrontational skill and a lot of leverage. "When I get a trouble call and they tell me the accounting system's down, 18 people's paychecks are at stake, and it's payday, I'm not here to say, 'Hi. How are you? Are you having a nice day? How's your family?'" and I'm certainly not here to call up the misbehaving vendor and say, 'Can you pretty please replace this defective product that your company made?'"

**ABOUT THE MAN**

There's no doubt that Jerry Pape, Jr. talks big and makes an immediate impression. When he enters a room, only the undead fail to take notice. Pape would beg to differ; he thinks the undead actually pay more attention than we think. His vocabulary astounds (he said 'annoys'). His memory is sharp (he corrected me, 'failing'). He's definitive, effective, witty, and depending upon the circumstances, by turns serious and playful. When he really offers his energy to you, you can be certain he is focused on your needs.

Legitimizing such a reputation, however, presents two problems: naysayers and ego barriers. Pape acknowledges that many people think he is completely full of shit. People that know Pape well know he can substantiate anything he says. If he doesn't know the answer, he can find it in under 15 minutes. He'll pull it out of a book, off the net, ask a mentor or contact the people directly responsible for the technology in question.

Pape said, "I won't hesitate to call the VP of hardware development at one of my vendors because I've invested years in these relationships. I visit my vendors annually all across the country. I like Woody Allen's old line '80% of success is just showing up,' so I actually show up and demand accountability which really surprises new vendors. Relationships are a primary differentiator in the IT management business. You can't succeed without both 'who you know' and 'what you know' and a whole lot of each."

The other side of legitimization has to do with overcoming ego barriers. Pape remarked that when a person speaks as

an expert, many people, think *What don't I know and why do I need his help?* not *What does he know and how can he help?* "Coming to the point where they can see expertise as a benefit and the relationship as an alliance requires acknowledgement of most people's biggest problem: Ego. And believe me," Pape added "My ego is no exception."

Pape addressed the source of his expertise this way: "Since I was a child, 'I don't know' has been an immediate action item. It began with 'I don't know how it works,' so the vacuum cleaner got taken apart. Throughout my life, I saw a great deal of suffering in the world when people had things that didn't work the way they were supposed to work. I had an inherent knack for three things: I knew how to break it, how to fix it and I knew why it wasn't working." Eventually these three talents lead to a degree in Science and Technology focusing on Usability Engineering from Stanford.

"When you study people using things, you gain many perspectives through intense observation. Your value to the tech industry is how many 'user perspectives' are in your head. Because I taught technology and applied physics at Stanford, and technology at UC Santa Cruz and San Jose State, I gained thousands upon thousands of user perspectives. Later at Mac Academy, as a national technology educator in the 90's, I had groups as large as 500-1,500 students. In all, I've had well over 20,000 students. I know categorically what people do and don't like about technology."

Pape knows the founders of Cisco, Intuit, Aldus and Symantec. He designed exams that certify Adobe instructors, and contributed to the design and execution of products many of us use every day like the Palm Pilot and the Dymo Labelwriter. When he talks about these things in conversation it makes him sound like a name dropper but, to him, it is simply a matter of past work experience. "Everyone has a resume," he said. "A lot of mine just happened to be based in the progressive environment of Silicon Valley." And statements like that are what tend to put a question mark in the thought bubble of listeners because Pape looks much younger than he is and started much earlier than most.

In response to the quizzical looks he gets, Pape admits that context matters when delivering information. "When I'm in the classroom or amongst friends, delivering information is easy, but in certain external social circumstances, I set off so many people's negative coping mechanisms - even when I'm standing still and not saying anything - that things can get polarized pretty quickly."

In a more gentle and self-serving way, Pape said this about his character, "People enjoy pearls very much, but to produce a pearl, you have to have start with what is essentially an irritant. I am often the cognitive dissonance that creates new possibilities in any given situation, an

effect my friend Ken McLeod called 'strange gravity.'"

**IN A NUTSHELL**

Pape tries to set expectations accordingly. On the door of his office is a picture of a yellow peanut M&M character with blue hair, a cell phone and black shoes. This way, when people come looking for a nut with blue hair and a cell phone, they know where to find him. He's not your average anything - take it or leave it. When I ask him what's up with the blue hair, he said it's a long story that has to do with Goth night clubs, beautiful women and an unbreakable habit. Pape called it a "state indicator" knowing it makes him look like Sonic the Hedgehog. The pricklier it is, the pricklier he is. On really prickly days, if you don't treat him appropriately, things might not go very well. If the soft touch is the better approach, he brings in his friend and partner of many years, Bennett Drozic. Together the two have the ability to do jobs they could not otherwise accomplish alone.

In contrast to what makes his clients crazy, I asked Pape what produces anger or irritation for him. "It's pretty hard to make me angry. Probably the thing I get most angry about is when others selfishly ignore interdependence, especially communities and large corporations, bringing harm to others. I frequently find myself fighting with large corporations

like health insurance companies and big technology vendors. I have always felt that it was not enough to fight for just what I needed in these situations. I try very diligently to ensure that the fight I am fighting is won not just for me but for every other little guy who might have the same problem, but lacks the skill set to solve it. In doing so I'm trying to constantly assess my actions so that I can avoid making choices based on benefit to self at the expense of others."

Or, more simply put, Pape returns to his root mantra, "What is benefit? Who is benefit?"



To argue with Jerry Pape, Jr., email him at trib@espt.com.

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