

WHITE PAPER

THE SHIFT TO FRACTIONAL LEADERSHIP

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As the real estate brokerage industry faces tightening margins, it is imperative for professionals to embrace fractional roles. Adaptation is no longer optional but essential for survival and growth in an evolving market landscape. Late adoption could mean obsolescence.



Sajag Patel, Founder/CEO of
The Entrepreneurs Boardroom

Executive Summary

Organizations are increasingly turning to fractional leadership to bring seasoned expertise into critical roles—at the moments they need it most. These part-time executives offer deep specialization in areas like strategy, operations, finance, technology and marketing. Companies benefit from strategic leadership at lower costs without the long-term overhead or commitment involved in making full-time hires.

What You'll Learn

- How gig and remote workers have fueled a growth in fractional hires
- How fractional leadership can enable adoption of AI and new technology
- How to best integrate fractional leadership within various organization structures

INTRODUCTION

The business world is experiencing a paradigm shift as fractional leadership emerges as a strategic solution to today's complex challenges. Fractional leadership—experienced professionals providing part-time, high-level expertise without the commitment or cost of full-time employment—builds upon the foundation established by the gig economy and virtual assistants (VAs).

The real estate industry, following years of a sluggish market, inventory pressures, commission compression, and sweeping lawsuits, is uniquely positioned to leverage this shift. By embracing fractional leadership, real estate organizations can access specialized expertise, enhance scalability, and maintain agility while optimizing costs. Innovation thrives on diverse perspectives and novel ideas. Fractional leadership allows organizations to transform leadership gaps into opportunities, reallocating salary resources to engage multiple high-caliber executives. This approach, particularly relevant in the age of rapid artificial intelligence (AI) adoption, enables practical evaluation of talent and capabilities, ensuring adaptability in a fluid, tech-driven workforce.

This white paper explores the emergence of fractional leadership, its economic and operational advantages, and the role of AI in accelerating its adoption. Using the residential real estate sector as a case study, we demonstrate how the fractional model can address inefficiencies in traditional business practices while enabling organizations to scale and innovate with greater agility.





FRACTIONAL LEADERSHIP:

BUILDING ON THE FOUNDATIONS OF THE GIG ECONOMY AND VAs

The gig economy and VAs have reshaped how businesses access talent. As of 2024, the number of full-time gig workers in the U.S. reached 27.7 million, doubling from 2020 (Kempton, 2023). Similarly, the global virtual assistant workforce is projected to grow from 3.9 million in 2020 to 8.4 million by 2028. These trends illustrate the normalization of flexible, decentralized workforces (Bhaskar, 2023).

Fractional leadership elevates this concept to senior roles, providing organizations with part-time access to C-suite expertise from professionals with typically 20+ years of experience. Where organizations have come to rely on gig workers and global talent for tactical & daily tasks, fractional leaders bring strategic acumen and a focus on long-term outcomes.

The growing interest in fractional leadership is evident:

Fractionals United (www.fractionalsunited.com) has surpassed 14,000 members globally, and the domain name fractional.com jumped from an asking price of \$40,000 to \$15 million in just over a year (Allbon, 2024), currently listed at just under \$10 million.

The fractional leadership model enables businesses to:



Access Specialized Expertise: Fractional leaders are seasoned professionals with niche expertise, addressing critical gaps in areas such as strategy, marketing, finance, and technology.



Enhance Flexibility: Businesses can scale leadership resources up or down depending on market demands, avoiding the rigidities of traditional hiring.



Reduce Costs: Fractional leadership eliminates overhead costs associated with full-time executives, such as benefits and long-term commitments. A fractional leader can be vetted without giving up equity or large bonuses, allowing organizations to test skills before making full commitments.



Gain Objective Perspectives: External leaders provide unbiased, innovative solutions unencumbered by internal politics. Multiple fractionals can be enlisted to bring a range of expertise specific to immediate needs for less than the carrying costs of one full-time executive.

AI has created opportunities for leaner, more specialized teams by automating routine tasks and enabling data-driven decisions. Fractional leadership aligns with this shift, providing strategic guidance to leverage AI effectively.

AI AND THE ACCELERATION OF FRACTIONAL LEADERSHIP

The advent of AI has fundamentally altered the nature of work, driving unprecedented efficiencies while reshaping organizational structures. AI has created opportunities for leaner, more specialized teams by automating routine tasks and enabling data-driven decisions. Fractional leadership aligns with this shift, providing strategic guidance to leverage AI effectively.

According to Gartner's 2025 HR Priorities Survey, 87% of HR leaders agree that shifting business needs requires continuous transformation. Fractional leaders play a pivotal role in this transformation as they help businesses integrate AI technologies and foster innovation. Additionally, studies suggest that 85+ million jobs could go unfilled globally by 2030 due to skill shortages, highlighting the need for adaptable leadership models to fill critical gaps (Top 5 HR Trends and Priorities for HR Leaders in 2025).

AI's influence underscores the limitations of traditional employment models. As technology advances rapidly, fractional leaders—with their adaptability and up-to-date expertise—are better positioned to navigate this volatile landscape. For instance, fractional Chief AI Officers (CAIOs) are increasingly in demand to develop AI strategies, governance frameworks, and ethical guidelines, ensuring organizations remain competitive in an AI-driven world.

As noted by Geoff Woods in *The AI-Driven Leader*, "Leaders need to harness AI as their Thought Partner, to grow their business, outpace the competition, and get more done in less time." Fractional leaders skilled in AI can help drive growth and innovation across various business units (Woods, 2024).

AI-powered tools enable fractional leaders to operate with greater efficiency, offering:



Enhanced Collaboration: Digital platforms and AI-driven project management tools allow seamless coordination between fractional leaders and internal teams. For example, a fractional COO can use AI-powered workflow automation to orchestrate cross-functional initiatives and maintain real-time alignment across distributed teams.



Data-Driven Insights: Fractional executives can harness AI analytics to inform strategy and decision-making. A fractional CMO can leverage predictive analytics to identify emerging market opportunities and optimize campaign performance across channels.



Scalable Expertise: AI empowers fractional leaders to manage multiple clients simultaneously without compromising quality. A fractional CFO can automate financial analysis across organizations while focusing on strategic guidance and complex decision-making. When utilized with an experienced executive, AI can serve as a thought partner in creating a strategic plan in less time.



FRACTIONAL LEADERSHIP

AS A SOLUTION TO INEFFICIENCIES IN TRADITIONAL MODELS

Traditional employment models, particularly the reliance on layoffs during economic downturns, are increasingly viewed as outdated and counterproductive. Layoffs are not only expensive but also detrimental to morale, company culture, and long-term performance (Elzinga & Lavoie, 2024). Fractional leadership offers a more sustainable alternative, enabling organizations to scale leadership capacity based on real-time needs without disruptive staffing changes.

According to Gartner's analysis, companies fail to develop expertise at replacement levels, with six in ten employees lacking on-the-job coaching to support core skills (Gartner, 2025). This exacerbates the need for external experts who can address immediate gaps. Fractional leaders not only provide this expertise but can also coach existing team members and any additional fractional or gig-based contributors, accelerating capability-building across hybrid teams—without the long-term costs and rigidity of full-time hires.

This approach is particularly relevant in industries undergoing significant disruption, such as residential real estate. Signals of declining commission rates and changing consumer preferences necessitate cost-cutting measures across brokerages, ancillary services, and technology providers. By adopting fractional leadership, these organizations can:

- • • • **Maintain Agility:** Fractional leaders provide the flexibility to adapt to market fluctuations, ensuring continuity without overcommitting resources.
- • • • **Leverage Global Talent:** Global team members and gig workers can handle routine tasks while local fractional leaders ensure compliance, cultural alignment, and strategic oversight.
- • • • **Optimize Costs:** Combining fractional leadership with AI and gig resources creates a lean, efficient operating model.
- • • • **Focused Efficiency:** Fractional leaders are not caught in the cycle of putting out fires; they operate with clear directions and objectives that allow them to stay hyper-focused on the tasks that will drive the necessary results.

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FRACTIONAL LEADERSHIP IN PRACTICE:

THE REAL ESTATE SECTOR

The residential real estate sector provides a compelling example of how fractional leadership can drive transformation. Declining commission rates pressure brokerages, MLSs, and ancillary service providers to reduce costs while maintaining competitive service levels. As a generation of seasoned executives prepares to transfer leadership responsibilities to their successors, the industry simultaneously faces heightened uncertainty and overburdened staff—a consequence of extensive layoffs over recent years (2024).

Sajag Patel of The Entrepreneurs Boardroom notes, “Top agents and teams adapt more swiftly than brokers, exemplified by their early use of virtual assistants. This proactive approach has allowed agents and teams to secure higher margins, illustrating that agility in a changing market is crucial for success in the real estate brokerage industry.”

Fractional leadership offers a strategic response, enabling real estate organizations to:



Streamline Operations: Fractional COOs can evaluate and optimize operational processes, ensuring efficiency and scalability with concepts tested across a variety of programs and organizations.



Enhance Financial Oversight: Fractional CFOs can provide financial transparency, manage budgets, and develop strategies to navigate declining revenues without emotional attachment.



Drive Innovation: Fractional CMOs and CTOs can implement innovative marketing and technology solutions, ensuring organizations stay ahead of industry trends.

By integrating AI tools and global support, real estate organizations can create a hybrid model that combines global efficiency with local expertise. For example, AI can automate client outreach, while global teams can manage data processing and administrative tasks, allowing fractional leaders to focus on high-value strategic initiatives. As of 2024, over 110,000 professionals are identified as fractional leaders on LinkedIn, compared to just 2,000 individuals in 2022, demonstrating the model’s growing traction and relevance (Yokoi & Bonsall, 2024).

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THE FRACTIONAL MODEL AT WORK





Contributed by Daniel Butbul & the Systato team



In this section, we explore a contribution from Daniel Butbul with practical strategies for modeling and implementing fractional leadership inside real estate organizations. Drawing from hands-on experience working with clients across real estate, technology, and other industries, this section outlines what flexible, cost-efficient staffing looks like in practice—and how to make it work for your team.



The current realities of the real estate market and industry trends are allowing brokerages to rethink their staffing models, striking a balance between cost control and service delivery. A modern brokerage structure that blends fractional senior leadership, full-time on-the-ground managers, agent-facing ambassadors, and remote support staff offers a compelling alternative for multiple reasons:

-  **It aligns staffing with real workload.** Peak seasons require more horsepower; quieter periods don't. Fractional engagements can be built to scale up or down without the baggage of a permanent headcount.
-  **It enables access to top-tier talent.** Instead of compromising on an expensive full-time executive or hiring someone underqualified, brokerages can afford experienced fractional leaders with deep domain knowledge.
-  **It embraces the realities of a distributed workforce.** Many staff and agents have relocated or expect remote flexibility. This model builds around that shift.
-  **It empowers local staff to become relationship builders.** Front desk and agent-facing staff aren't sidelined—they're elevated into coordinator and ambassador roles, bridging the local and remote teams.



It strengthens operational resilience. By diversifying how and where work is done, brokerages reduce dependency on a single location or person and improve continuity.



It's built for today's cost structure. Commission compression, lawsuits, and tighter margins make bloated staffing models unsustainable—this structure reflects what the business can support.

At Systato, we've supported real estate brokerages and related businesses through this transition. For many leaders I speak with, the idea of fractional talent or global teams makes perfect sense in theory—but the sticking point is implementation. I hear it all the time: "I'd love to leverage a global team or fractional leadership, but it would never work in my group."

The truth is, it's not about forcing a new model onto your organization—it's about shaping the model to fit the realities of your structure, your team, and your workflows. Whether it's filling a leadership vacancy, restructuring a process, or up-leveling an underperforming function, there are practical, flexible ways to make it work—without sacrificing performance or agent experience.

SCENARIO 1:

Elevating Marketing & Branding in a Growing Luxury Brokerage

Let's consider a scenario: A fast-growing, 500-agent luxury brokerage is looking to strengthen its marketing strategy. After reviewing their long-term strategy, the brokerage leadership team identified a clear goal—they want to increase their luxury market share by maintaining a strong, consistent brand presence that reflects their position as a market leader.

They already have a capable in-house team: a marketing director and two coordinators who understand the brand and the agents. This isn't about replacing a good team—it's about asking a better question: **How can we add two missing pieces—strategic direction and additional execution support—without exceeding the budget?**

In any market—especially today – most brokerages can't afford to build a large internal department. Yet, without consistent, elevated branding and sharper positioning, they risk losing ground with both agents and consumers. So how do you approach this challenge in a way that's financially viable and operationally sustainable?

Traditional vs. Modern Approach to Elevating Marketing

Traditional Approach	Cost (USD)	Modern Approach	Cost (USD)
Hire a Full-time CMO	\$150,000	Hire a Fractional CMO	\$60,000
<i>To lead the strategy and the marketing department, it may be necessary to bring in an experienced senior marketing leader. In the traditional approach, this often means hiring a full-time CMO.</i>		<i>Instead, this brokerage could hire a fractional CMO—starting with a 3-month, high-engagement period to develop strategy, followed by ongoing weekly hours to support and guide the team.</i>	
3 additional marketing hires	\$180,000	Marketing Managed Service	\$60,000
<i>To execute on campaigns, the traditional path may involve expanding the internal team with another designer and 2 other marketing-related hires to keep up.</i>		<i>Systato puts together managed services that include adding additional capacity to various teams within a brokerage. In this scenario, Systato builds a package with:</i> <ol style="list-style-type: none"> 1. Real Estate Marketing Manager 2. Global Graphic Design Team 3. Automation Team that focuses on process improvement, implementation of automation, and AI 4. Scope inclusion of some of the strategic deliverables set forth by the Fractional CMO and the brokerage leadership team 	
Strategy execution budget	\$90,000	Strategy execution budget	\$60,000
<i>Covers implementation of the CMO's strategy. Examples: hiring a branding firm, implementing a marketing platform to enable agents to take advantage of new branding, CRM/email platform, paid campaigns, production costs, etc.</i>		<i>Same execution scope as traditional—but including some of the strategic deliverables as a part of the services agreement with Systato leads to less that needs to be paid out to third parties.</i>	
Existing marketing team (Director + 2 Coordinators)	\$215,000	Existing marketing team (same)	\$215,000
<i>Marketing Director and 2 Coordinators already on staff, familiar with the brand and agents.</i>		<i>There are no changes—this team remains in place and is further supported by strategic leadership and remote creative talent.</i>	
Total Cost	\$635,000	Total Cost	\$395,000
		Cost Savings	\$240,000

Most brokerages can't justify the traditional model, so they delay or scale down their ambitions. Either approach seems like a sizable investment at first, but if the work truly needs to be done to meet the company's goals, it becomes clear which model makes more sense. The modern approach delivers not only cost efficiency but also greater value and scalability: stronger strategic leadership, more output with less overhead, and a team structure designed to support long-term growth.

We've consulted with brokerages to assess their current teams, gaps, and goals—and the way this model takes shape looks a little different in each organization. Sometimes, it's as simple as fractional leadership and a single global hire. Other times, it includes redesigning workflows and introducing new automation. The key is that it's adaptable. We help teams identify the right combination of strategy, systems, and support to fit where they are and where they want to go.

SCENARIO 2:

Reorganizing Finance & Compliance After Key Departures

In this scenario, a well-established 800-agent brokerage faces a challenge: two out of six members of its Finance & Compliance team leave within the same quarter. The CFO retires, and a compliance rep resigns. What remains is a core quartet: a controller, a compliance manager, one compliance rep, and one bookkeeper, together accounting for \$240K in annual payroll.

This isn't about growing the team—it's about rebuilding intelligently. With \$215K in freed-up payroll, the leadership team engages Systato, alongside co-author of this white paper Laura O'Connor of Let Go CoCo, to rethink the structure. Through **a roles and responsibilities exercise**, team members assess what they're doing, what they want to be doing, and whether they're in the right seat. The results often surprise everyone—sometimes uncovering better fits, unrealized strengths, or opportunities to delegate low-leverage work to others. In our scenario, we posit that the exercise reveals that the current bookkeeper is best suited in a financial coordination role, managing the global team and handling in-person operational tasks. Meanwhile, the compliance rep feels best suited in an open agent-facing support role in the brokerage.

From there, the question becomes: Do you simply rehire the same roles or use this opportunity to restructure? The modern, fractional model allows brokerages to take advantage of several critical business realities and opportunities:



Seasonality affects workload. Finance and compliance workloads spike in Q1 and Q4 with reporting and tax prep. Compliance volume tends to rise with sales velocity. A fractional & outsourced structure allows teams to ramp up when needed and scale down when things are quieter, keeping overhead in sync with actual business activity.



Technology and AI are no longer optional. The industry is heading toward a future where automation, AI-assisted reconciliation, and digital compliance tools are essential. But most brokerages find there's not enough budget or bandwidth to explore and implement these tools. By saving money during the low season, leadership can reinvest those funds into modernizing the back office—right when the executive team can focus on long-term improvements.



You may not need the same structure you had before. With the right mix of fractional leadership, global talent, and automation, many brokerages realize they don't need to rebuild headcount one-for-one. They need a structure that fits the current moment—and one that can evolve as the business grows.

Traditional vs. Modern Approach to Rebuilding the Back Office

Traditional Approach	Cost (USD)	Modern Approach	Cost (USD)
Existing Team	\$240,000	Realigned Team	\$185,000
<i>The Controller, Compliance Manager, Compliance Rep, and Bookkeeper remain in place, not knowing that one of them prefers a new role.</i>		<i>The Controller and Compliance Manager remain. Compliance Rep transitions into an agent-facing support role, shifting off the expenses for the finance team. Former bookkeeper elevated to internal finance coordinator, managing global team and handling in-person operational tasks (e.g., check deposits, mail, agent interactions).</i>	
Full-Time CFO	\$150,000	Fractional CFO	\$72,000
<i>Provides senior financial oversight and leads financial strategy.</i>		<i>Engaged heavily in Q1 and Q4 for planning, forecasting, and reporting. Light-touch ongoing support for financial leadership throughout the year.</i>	
Rehiring Compliance Rep	\$55,000	Systato Managed Service	\$80,000
<i>Rebuilt the previous staffing structure by replacing two departed roles with full-time employees.</i>		<i>Systato builds a custom finance & compliance service package, including a global team of compliance/bookkeeping specialists, reporting workflows, agent finance interaction support, and automation-driven processes.</i>	
—	—	Fractional AI Officer + Tech Budget	\$60,000
—		<i>Funds allocated to process improvement, dashboarding, automation (e.g., transaction tracking, reconciliations), and a fractional CAIO to advise on the implementation of AI tools.</i>	
Total Cost	\$445,000	Total Cost	\$397,000
Cost Savings <i>With strategic reinvestment in tech</i>			\$48,000

Even in a stable, well-functioning organization, key departures present a rare window to rethink structure—not just replace it. In this scenario, rather than reflexively rehiring, the brokerage chooses to realign internal talent, introduce fractional leadership, and invest in long-overdue modernization through automation and AI. The result isn't just cost savings—it's a more agile, future-ready back office that aligns with business cycles and supports long-term scalability.

This example underscores a core truth of the fractional model: It's not about doing more with less—it's about doing the right things with the right team at the right time. When executed thoughtfully, fractional and outsourced talent strategies can strengthen organizational resilience while freeing up capital for innovation and growth.

THE FUTURE OF WORK:

IMPLICATIONS AND OPPORTUNITIES

The adoption of fractional leadership extends beyond industries facing immediate pressures, offering a strategic advantage in addressing deeply ingrained organizational challenges. A 2025 study highlights that 70% of respondents believe executives are ill-equipped to develop mid-level leaders, while 75% of managers are already overwhelmed with their current workload (Top 5 HR Trends and Priorities for HR Leaders in 2025). Simultaneously, the overinvestment of private equity in 2021 and 2022 resulted in weaker returns for limited partners, further exposing leadership deficiencies and the urgent need for course correction (Greiner, 2024).

Fractional leadership provides a targeted solution by leveraging the cost savings from a vacated leadership role to bring in a specialized team of fractional executives. These experts swiftly diagnose entrenched power dynamics, identify critical opportunities for change, and implement structural adjustments without the constraints of internal politics (Jannery, 2023). Unlike full-time executives, fractional leaders are unencumbered by the need to maintain long-term alliances or navigate delicate internal relationships, allowing them to identify and recommend necessary changes more decisively.

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Once the foundation is rebuilt and issues are addressed, the fractional team can deliver a strategic playbook to a full-time executive, who can then shift focus to fostering growth rather than being burdened with organizational cleanup. This transition ensures that the incoming permanent leader begins their tenure with a reinvigorated company culture, clear strategic direction, and a structure designed for scalability. By separating the roles of transformation (handled by fractional leaders) and sustained leadership (managed by the permanent executive), companies not only accelerate their recovery but also set the stage for long-term success. This approach underscores a broader evolution in leadership strategy, aligning with the agility and expertise required to thrive in today's AI-driven and rapidly evolving business landscape.

Key implications include:



Resilience in Uncertain Times: Fractional leadership equips organizations with the adaptability to navigate economic volatility and market disruptions.



Diversity and Autonomy: The model enables access to a broader, more diverse talent pool, including experienced professionals who can bring a fresh perspective to help identify problems holding an organization back from growth.



Sustainability: By reducing the reliance on layoffs and full-time hires, fractional leadership fosters more sustainable workforce practices.



Technological Synergy: Organizations can leverage AI and fractional leaders to create a seamless integration of human expertise and technological efficiency.

CONCLUSION

The shift to fractional leadership represents a natural evolution in workforce strategies, building on the foundations of the gig economy and VAs while addressing the challenges of an AI-driven world. For business owners, founders, and boards, adopting this model offers a pathway to greater agility, efficiency, and resilience.

As noted in the 20th edition of the Swanepoel Trends Report, the real estate industry is undergoing “one of the biggest policy transformations in its history. . .” and, “long-running leaders, often of the boomer generation – are handing over the reins to their companies. . .” (2024, p.72) In the chapter “The Leadership Transition Playbook: How to Build Strong, Enduring Leadership”, the authors note the importance of being proactive when making leadership transitions and acknowledge “. . . the ability to transition well is a particular business need in 2025 and going forward.” (2024, p.72)

The following statement from Deloitte Insights summarizes it best: “If we fail to make a deliberate attempt to develop new models and explore possible futures, then our assumptions (based on current trends) are likely to be self-fulfilling in the short to medium term but wrong in the long term.” (Evans-Greenwood et al., 2025) Diminishing profits will drive organizations to seek out disruptive models and new approaches to talent acquisition and management.

As the real estate industry faces increasing pressure to innovate and cut costs, fractional leadership provides a scalable, cost-effective solution. By leveraging the combined power of fractional leaders, AI, and global talent pools, organizations can navigate uncertainty with confidence and position themselves for long-term success.

CALL TO ACTION:

Implementing Fractional Leadership

For real estate organizations ready to transform their leadership approach, consider these strategic steps for a clear path forward:

1. **Begin with a strategic leadership audit** to identify specific executive functions where your organization could benefit from fractional expertise. Assess which leadership roles are mission-critical versus those that could deliver greater value through periodic, focused engagement.

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2. **Try starting with a targeted 90-day fractional engagement in one key area**, e.g., operations, marketing, or technology, where immediate impact is possible. This controlled implementation allows your organization to experience the fractional model's benefits while minimizing disruption.
 3. **Develop clear success metrics and deliverables for fractional leaders from day one.** Unlike traditional executive roles, fractional positions thrive on defined outcomes, specific project parameters, and measurable results.
 4. **Create integration protocols** that enable fractional leaders to effectively collaborate with your existing executive team. Establish communication cadences, decision-making frameworks, and knowledge transfer processes to maximize the fractional leader's impact.
 5. **Explore hybrid leadership models where fractional executives mentor internal talent**, transferring specialized knowledge while accomplishing strategic objectives. This approach addresses immediate needs while building long-term organizational capability.
 6. **Form a fractional leadership network** by connecting with other real estate organizations that are implementing similar models. Share best practices, exchange fractional talent recommendations, and collaborate on common industry challenges.

For real estate organizations eager to remain competitive in this rapidly evolving landscape, the time for exploration has passed, and the moment for implementation has arrived.





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