

## Chapter 1

# Discovering the Skills of a Successful Agent

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### *In This Chapter*

- ▶ Defining financial success
  - ▶ Understanding the role and importance of a professional real estate agent
  - ▶ Knowing the importance of customer creation and sales skills
  - ▶ Choosing the right path to real estate success
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**E**ach agent defines success slightly differently. Some agents set their goals in dollars, some are attracted to the opportunity to be their own bosses and build their own businesses, and some want the personal control and freedom that a real estate career allows. Achieving success, however, requires the same basic fundamentals regardless of what motivates your move into real estate. Agents who build successful businesses share four common attributes:

- ✓ **They're consistent.** They perform success-producing activities day in and day out. Rather than working in spurts — making 50 prospecting calls in two days and then walking away from the phone for two weeks — they proceed methodically and steadily, day-after-day, to achieve their goals.
- ✓ **They believe in the law of accumulation.** The law of accumulation is the principle that says with constant effort everything in life, whether positive or negative, compounds itself over time. No agent becomes an overnight success, but with consistency, success-oriented activities accumulate momentum and power and lead to success every time.
- ✓ **They're life-long learners.** The most successful agents never quit improving. Their passion for improvement is acute, and they commit the time, resources, and energy it takes to constantly enhance their skills and performance.
- ✓ **They're self-disciplined.** They have the ability to motivate themselves to do the activities that must be done. A successful agent shows up daily for work and puts in a full day of work on highly productive actions such as prospecting and lead follow-up. They make themselves do things that they don't want to do so they can have things in life that they truly want.

ANECDOTE



## My own auspicious beginning

As an original dummy in real estate sales, I'm the perfect author for this book. On my very first listing presentation, I went to the wrong house. Can you imagine arriving at the wrong address for your first presentation? The worst part is that the man who answered the door let me in. To this day, I'm not sure why he let me in and let me begin my listing presentation. I was nearly halfway through my presentation before I figured out the mistake! He just sat quietly listening to me talk about listing his home. He actually did have an interest in selling his home in the near future, so he just listened. I finally realized I was in the wrong house when I glanced over and saw the address on a piece of mail on the table. I had transposed a number on the

address, which put me in the wrong house. All the while, the real seller was waiting for me down the street. The good news was that I successfully listed the man's home a few months later.

In the end, it really doesn't matter where you start in your career or what mistakes you make in the early stages. Everyone makes mistakes in new endeavors. What matters most is having a plan or process that keeps you moving down the track toward your goals. Most people would have quit with such a rocky start as mine. However, the sure way to lose is to quit. The only way you win is to keep going.

You're already on the road to real estate success, demonstrated by the fact that you've picked up this book to discover what it takes to become a great agent. This first chapter sets you on your way to success by providing an overview of the key skills that successful real estate agents pursue and possess.

## Having a Financial Goal

One of the first steps toward success is knowing what you want out of your real estate career. However, "financial independence" is not a specific-enough answer.

I've been in real estate, either in direct sales or teaching, speaking, training, writing, or coaching people, for nearly 20 years. I've met tens of thousands of agents and nearly every one started selling real estate with the same goal of financial independence. Countless times I've asked the question: "Tell me, how do you define financial independence?" What I usually hear in response is some variation of the answer, "So I don't have to worry about money anymore."

REMEMBER



The key to eliminating money worries is establishing a financial goal — an actual number — that you need to accumulate in order to achieve the quality of life you want to enjoy. Financial independence boils down to a number. Set that number in your mind and then launch your career with the intention to achieve your goal by a specific date.

By having your financial goal in mind, you find clarity and can see past the hard work that lies ahead of you. When you have to endure the rejection, competition, disloyal customers, and challenges that are inevitable along the way, your knowledge about the wealth you're working to achieve helps you weather the storms of the business.

## Acting and Working Like a Top-Level Professional

Real estate agents join doctors, dentists, attorneys, accountants, and financial planners in the ranks of licensed professionals that provide guidance and counsel to clients. The big difference is that most real estate agents don't view themselves as top-level professionals. Many agents, and a good portion of the public, perceive themselves as real estate tour guides, as home inventory access providers, or even as just necessary cogs in the wheel of the property sale transaction. The best agents, however, know and act differently.



Real estate agents are fiduciary representatives and financial advisors — not people paid to unlock front doors of houses for prospective buyers. A *fiduciary* is someone who is hired to represent the interests of another. A fiduciary owes another person a special relationship of honesty, commitment, exclusivity in representation, ethical treatment, and protection. Build your real estate business with a strong belief in the service and benefits you provide your clients, and you'll provide a vital professional service while being recognized as the valuable professional you are.

## Serving as a fiduciary representative

Real estate agents represent the interests of their clients. As an agent, you're bound by honor, ethics, and duty to work on your client's behalf to achieve the defined and desired results. This involves the following functions:

✓ **Defining the client's objective.** To serve as a good fiduciary representative, you need to start with a clear understanding of the objectives your client is aiming to achieve through the sale or purchase of property. Too many agents get into trouble by starting out with uncertainty about the interests of the people they're representing. To avoid this pitfall, turn to Chapter 9 for advice and a questionnaire you can use when interviewing and qualifying prospects.



✓ **Delivering counsel.** In the same way that attorneys counsel clients on the most cost-effective way to proceed legally, it's your job to offer similarly frank counsel so that your clients reach the real estate outcomes they seek.

An attorney may encourage a client to proceed with a lawsuit when the client has a high probability of winning, or she may recommend an out-of-court settlement when odds point toward a court loss that could leave the client with nothing but legal bills to pay. Likewise, you need to be able to steer your clients toward good decisions regarding the value of their homes, the pricing strategies they adopt, the marketing approaches they follow, and the way their contract is negotiated in order to maximize their financial advantage. The chapters in Part III of this book help you develop the knowledge you need in these areas.

- ✓ **Diagnosing problems and offering solutions.** A good agent, like a good doctor, spends a great deal of time examining situations, determining problems, and prescribing solutions. In an agent's case, the focus is on the condition and health of the home a client is trying to buy or sell. The examination involves an analysis of the property's condition, location, neighborhood, school district, street appeal, landscaping, market competitiveness, market demand, availability for showing, and value versus price. The diagnosis involves an unvarnished analysis of what a home is worth and what changes or corrections are necessary.

Some say that agents should present all of the options available to their clients and then should recommend the course of action that they feel is best. By doing this, agents allow their clients to make the final decision. While many experts praise the virtues of this approach, I prefer the diagnostic and prescriptive approach because it positions you better as the expert. When clients make poor choices such as setting the wrong price on their home or making an initial offer that is too low, you may still receive some or all of the blame even though you were merely giving them options and they chose the wrong one.



Many agents get into trouble because they lack the conviction to tell clients the truths they don't want to hear. If a home is overpriced or not ready for showing, or if an offer is too low for seller consideration, it's the agent's job to speak up with sound advice. In these situations, you could get blamed for a poor outcome. You may also run the risk of doing all this work and not getting compensated for the time you invested.

To prepare yourself for the task, flip to Chapter 10, which helps you determine and advise sellers regarding a home's ideal price, Chapter 11, which helps you counsel clients regarding changes they need to make before showing their property, and Chapter 13, which helps you counsel clients through the final purchase or sale negotiation.

- ✓ **Troubleshooting.** Unavoidably, many times as an agent, you have to be the bearer of bad news. Market conditions may shift and the price on a seller's home may need to come down. A buyer may need to sweeten initial offers to gain seller attention. A loan request may be rejected, or, you may need to confront sellers because the animal smells in their home may be turning buyers away. Or, a home that buyers really wanted may end up selling to someone else.



At times like these, your calm attitude, solution-oriented approach, and strong agent-client relationship will win the day. Chapter 15 is full of advice for achieving and maintaining the kind of relationship excellence that smoothes your transactions and leads to long-lasting and loyal clients.

## *Guiding financial decisions*

When you help clients make real estate decisions, your advice has a long-lasting effect on your clients' financial health and wealth.

In most cases, home equity is the single largest asset that people own. Your ability to guide clients to properties that match their needs and desires, that fit within their budgets, and that will give them long-term gain from minimal initial investment will impact their financial health and wealth for years to come.



Your influence as a wealth advisor reaches far beyond clients who are in a position to own investment real estate. In your early years, many of your clients may be first-time buyers who are taking their first steps into the world of major financial transactions. Advise them well and they'll remain clients and word-of-mouth ambassadors for years to come. See Chapter 15 for more information about keeping clients for life.

## *Avoiding the role of a home inventory access provider*

Back in the days of the early 1990s, before the advances of the Internet, the consumer's only avenue to information about homes for sale was through a real estate agent. Every other week, agents received phonebook-sized periodicals presenting information on properties for sale, with each new entry accompanied by a small, grainy, black and white picture.

Today, consumers can go online instead of going to a real estate office to launch their real estate searches. With a few keystrokes and mouse clicks, they have access to a greatly expanded version of the kind of information that agents used to control. However, once consumers discover a home they want to see, they must contact either the owner or an agent to gain inside access. This is where things get tricky.



Often a consumer signs off the Web and contacts an agent to get inside the home, as if the agent is simply an entry device. As an agent, you need to demonstrate special skills to first qualify the consumer's interest and ability to buy and then to convert the inquiry into a committed buyer client for your business. Chapter 18 gives you ten quick tips to adopt when working with buyers.

## **Agents as necessary evils: A mindset that comes and goes**

The mindset that agents are overpaid and unnecessary to the real estate sale process takes hold of consumers every now and then. This mindset gains momentum especially when a robust market leads to low home inventories and the quick sale of homes that often receive multiple offers during the short time they're on the market.

When times are booming, a segment of consumers and new homebuilders begin to question the value of the agent's services against the associated fees. During the best of market times, some homebuilders even go so far as

to sell their houses without allowing agent representation — or compensation.

The silver lining is that when times are good, so many properties are moving that the few listings affected by the agent-is-unnecessary mindset hardly limit opportunity. Plus, booms don't last forever. When the market swings back to neutral, you can bet that competition for buyers will again intensify, inventory levels will expand, days on the market will lengthen, and sellers — including homebuilders — will start courting and even listing with agents again.

## ***Winning Customers***

Imagine you're on the game show, Jeopardy, and you're given seconds to provide the most important response of your career. Imagine that you're asked to write down the question that prompts the answer: *The function that makes or breaks a real estate agent's success*. (If this book contained music, you know what tune would be playing right now.) Okay, time's up. How did you respond?

The moneymaking reply is: *What is creating customers?* How did you score?

Did you answer: *What is customer service?* If so, you gave the same answer that more than 95 percent of new agents give. In fact, more than 90 percent of experienced agents don't win points with their answers, either. Only a rare, few agents see customer creation as the golden approach that it is.

## ***Understanding the importance of customer creation over customer service***

Before you put down this book or send me a note of protest about the title of this section, understand this caveat: You have to be excellent at customer development *and* customer service. However, in terms of priority, you have to be exemplary at client creation. Following are a few reasons:



✓ **You can't serve customers if you don't create customers in the first place.** And because customer service excellence results from customer service experience, customer development is a necessary prerequisite to outstanding customer service.

✓ **Most consumers have been provided such poor service that their expectations are remarkably low.** When service providers do what they said they'd do in the time frame that they agreed to do it, consumers are generally content with the service they receive. Certainly you want to develop the kind of expertise that delivers exemplary, outstanding service, but if you commit, from the get-go, to do what you said you'd do when you said you'd do it, your delivery will be better than most.

✓ **Between creating customers and delivering service, customer creation is the more complex task.** Customer creation requires sales skills and ongoing, consistent, and persistent prospecting for clients. To develop customers, you have to gain the level of skill and comfort necessary to pick up the phone and call people you know (or even people you don't know) to ask them for the opportunity to do business with them or to refer you to others who may be in the market for your service.

✓ **If you attract the right kinds of customers into your business, your clients will match well with your expertise and abilities, and service will become an easier and more natural offering.** If you attract the right type of customers, you'll also reap greater quantity and quality of referrals.



✓ **The only alternative to devoting your time and energy to customer development is to guide people to your Web site, office, or phone line through costly advertising and promotional programs.** This approach requires a lot of money and often generates low-quality and reduced-profit leads and a long sales cycle. Because this is hardly an effective formula to get a newer agent up and running in a hurry, I don't recommend it.

## *Developing sales ability to win customers*



The single most important skill for a real estate agent is sales ability, and sales ability is how you win customers. Your sales ability is based on how effective you are in generating prospects, following up on those prospects to secure appointments, qualifying those appointments, conducting the appointments to secure an exclusive agency contract, and then providing service to that recently created client. People also base your ability on how quickly you can accomplish all this.

Because you're holding this book, I'm willing to bet that you've either just come out of training to receive your real estate license or you're in the early days of your career. In either case, decide right now to master the skills of selling in order to fuel your success.

It's hard to believe that probably 95 percent of agents lack top-level sales skills. In my career in training and coaching, I've met tens of thousands of agents. Very few, even at the top echelon of earnings, have had any formalized sales training. Whenever I speak to agents, I always ask the audience how many have taken any formalized sales training, and I usually see only a few hands out of the hundreds in the room.

The other reason I know sales skills are lacking is because I coach some of the best and highest-earning agents in the world, and even they believe their sales skills can use improvement. Many agents tape their prospecting sessions or listing presentations, but I have yet to meet one who feels that they've nailed their sales skills. The difference between these high-earning agents and other agents is that the high-earning agents realize that sales skills are vital to success and they continuously seek excellence in this area.



To follow the high-earning agent's example, make it your priority to develop and constantly improve your sales skills for the following reasons:

- ✓ **To secure appointments.** Chapter 5 provides practically everything you need to know about winning leads and appointments through prospecting and follow-up activities.
- ✓ **To persuade expired and for-sale-by-owner listings to move their properties to your business.** Chapter 7 is full of secrets and tips to follow as you pursue this lucrative and largely untouched field.
- ✓ **To make persuasive presentations that result in positive buying decisions.** Chapter 9 helps you with every step from prequalifying prospects to planning your presentation. It's packed with tips for perfecting your skills, addressing and overcoming objections, and ending with a logical and successful close.

## *Gaining customers no matter the market conditions*

According to the National Association of Realtors, over half of current real estate agents have been in the business less than three years. That means more than one out of two of today's agents (probably including you) have never experienced a marketplace where homes sat on the market for 60, 90, or 120 days, where agents faced stiff competition to move listings, and where it took real work to find and create client leads.



In robust market conditions, leads are abundant and relatively easy to attract, especially buyer leads. But when the market slows, as it inevitably will, real estate success becomes less automatic. Only great sales skills guarantee that you — instead of some other agent — will win clients no matter the market conditions. The best agents make more money in a challenging market than they do in a robust market.



Regardless of economics, every market contains real estate buyers and sellers. No matter how slow the economy, people always need and want to change homes. Babies are born. Managers get transferred. Couples get married. People divorce. And with these transitions, real estate opportunities arise for those with the best sales skills.

The way to build immunity to shifting market conditions is to arm yourself with skills in prospecting, lead follow-up, presentations, objection handling, and closing. The information in Part II of this book guides you to success.

## *Becoming a Listing Agent*

In real estate, there's a saying that "you list to last." In your early days, you're likely to build your business by working primarily with buyers. But in time, you begin to develop your own listings, and following that you begin your climb to real estate's pinnacle position, which is that of a listing agent.

To create long-term success, a high quality of life, and a strong real estate business, set as your goal to eventually join the elite group — comprised of fewer than 10 percent of all agents — who are listing agents. The advantages are many:

- ✓ **Multiple streams of income.** Listings generate interest and trigger additional transactions. Almost the minute you announce your listing by putting a sign in the ground, you'll start receiving calls from neighbors, drive-by traffic, and people wanting to live in the area. These calls represent current and future business opportunities that only arise when you have a listing with your name on it.
- ✓ **Promotional opportunity.** A listing gives you a reason to advertise and draw the attention of prospects that you can convert to clients or future prospects. And when your listing sells, you can spread the word of your success with another round of communication to those in the neighborhood and throughout your sphere of influence.
- ✓ **A business multiplier.** Talk to any listing agent and you'll have this fact confirmed: One listing equals more than one sale.



On average, over the course of my career, every listing I took resulted in 1.68 closed sales as a result of additional business generated by ad calls, sign calls, and the fact that the listing seller wanted to buy another home. In other words, I won more business than I offered for sale.

If you gave your financial adviser a single dollar and in a few months you received the dollar back with an additional 68 cents, you'd do back flips. In fact, you'd probably be rifling through sofa cushions looking for additional dimes and dollars to send toward similar investments. And that's

the same motivation that propels the best agents into the field of listings. The multipliers vary by agent, but they always result in a pretty impressive return on investment.

- ✓ **A free team of agents working for you.** The moment you post your listing, all the other agents in your area will go to work on your behalf. And the best part is they don't require payment until they deliver a buyer, and then they'll be paid not by you but by your seller through the commission structure.

Much of the information in this book focuses on developing listings, because to achieve top-level success listings are the name of the game.

## *Pathways to Success: Which Will You Take?*

Agents typically follow one of these four basic approaches in the quest to achieve real estate success:

- ✓ **Become a workaholic.** More than 80 percent of agents who generate a reasonable income achieve their success by turning their careers into a seven-day-a-week, 24-hour-a-day job. They answer business phone calls day and night, they make themselves constantly available to prospects and clients, and they work on-demand with no restraints.
- ✓ **Buy clients.** The second-most frequent pathway to success is to buy business through massive marketing campaigns. Some agents buy or brand their way to top-level real estate by investing in billboards and bus benches with their names and faces on them, thousands of direct mailers, expensive ad schedules, and all kinds of promotions. Others buy their way to the top by discounting their commissions. By offering themselves at the lowest prices, these agents eliminate the need to emphasize their skills, abilities, and expertise.
- ✓ **Take the shady road.** Another avenue to real estate financial success is to abandon ethics and just go for the deal and the resulting money. Unlike the vast majority of agents who advise and advocate for their clients, agents who take this route choose not to be bound by ethics or any codes of conduct. They put their own needs first and put their clients' best interests in distant second place. Fortunately, these agents are few and far between.



## Mining gold from your professional services business

The best professionals provide ongoing services to clients who wouldn't think of taking their business elsewhere. These professionals develop reputations and client loyalty that reside in their company names, even after the founding professionals move on to other ventures or into retirement. Doing more than just earning an income and building a clientele, these professionals build an asset that they can sell, which allows them to receive compensation from the value of the successful businesses they've built.

As a favorite example, my father was a dentist for 30 years. When he decided to retire, he sold his practice to another dentist. He sold his building and equipment, but most importantly, he sold his patient roster, which raked in the majority of the money he received.

A real estate agent who builds a well-rounded, successful business can enjoy a similarly lucrative sale. In fact, your objective should be to build the kind of business that you can sell at the completion of your real estate career.

I worked with a coaching client a few years ago as she prepared her business for sale. She tracked lead-making strategies, lead conversion rates, client satisfaction, listings, buyers, and net profit. Then for two years, we worked together to improve all the facets of her business until they were fine-tuned to perfection. She was among the minority 5 percent of all agents who built a truly well-rounded business. The result: Her real estate practice sold for well over \$1 million. How's that for a goal?

✓ **Build a professional services business.** The fourth and best pathway is to create a well-rounded, professional services business not unlike that of a doctor, a dentist, an attorney, or an accountant. Fewer than 5 percent of all agents follow this route, yet the ones that do are the ones who earn the largest sums of money — some exceeding \$1 million annually while also having high-quality lives and time for friends and family. Plus, when they're ready to bow out of the industry, they have a business asset they can sell to another agent. (See the upcoming sidebar, "Mining gold from your professional services business," for more details on creating an asset you can sell.)

This is the route I urge you to follow. Each of the following chapters in this book tells you exactly how to build your own professional services business.



