

## QUESTION LOW PROFIT, LOW PRIORITY ACTIVITIES

Sometimes to implement the concepts in my systems, you have to make room for them in your business plan. In my career and now in coaching some of the top agents in North America, it has been proven that an agent must free up time and energy doing low-profit, low-priority, and sometimes down-right stupid activities.

As I have mentioned many times, I would go for “low-hanging fruit.” I would do everything that I possibly could to be engaged in the activities that made me the most amount of money at the least amount of cost in the shortest amount of time. While doing this, I also tried to provide the highest perceived value to my customers and the community.

Below and the following pages is a list of activities that I personally cured in my own business or have cured in other top agent’s careers. I know that some of these are “sacred cows” and some of these are promoted heavily by speakers and institutions. Please understand that sometimes when you hear a speaker promote an idea it might conveniently coincide with a product that he or she sells. At best, that product or idea is only a small percentage of a top agent’s arsenal. At worst, it can be contrary to an agent who is looking to increase net profit! At the risk of receiving a million E-mails arguing with me, here goes the list that I believe will help you side-step some of the activities currently in real estate should be a low priority (or completely eliminated).

- 1 **Signing up for expensive lead generation that you do not follow up on.** There are many who tout billboards, full-page ads, and other very expensive modes of advertising and promotion to create leads. The problem is many agents do not have the question list necessary to properly counsel a buyer or a seller on the phone. Agents need to be able to differentiate a client currently “in play,” a client who should receive a calendared call back, or a client who only qualifies for a standard database solicitation. If you have trouble following up with clients and you do not have a client A, B, and C program then please do not pull the trigger on expensive promotions until that system is in place.
- 2 **Jumping up like a Pop-Tart™ to take care of client’s needs.** Please remember top real estate agents do not get paid until closing. A real estate agent does control the quality of the client he or she agrees to work with. However, some people spend so much time working bad leads that they do not have time for new lead and also takes the energy necessary away from solving the problems of clients who need and deserve it. Therefore, one of the activities we have to stop is working with clients who do not “jump through” the necessary “hoops” to be helped. Earlier, I mentioned the use of questions for a buyer and a seller. If a buyer or seller is not allowing you to ask questions so you can help in achieving their goals then the necessity of counseling a buyer or a seller needs to be

explained to them. If they still do not understand the rationale of probing questions, then you will have to give them a list of valuable things that will happen when they agree to participate with your counseling methods. If they turn down both of those offers, it is time for you to turn the client over to someone in your office who is not as fortunate to have so many leads. Walking away from non-cooperative buyers and sellers can only happen once you generate enough consistent leads. In my opinion, this is job one.

3 **Taking on stupid business.** Right now, one of the most “stupid” activities in real estate is taking on transactions that will not close. These are over-priced listings from under-motivated sellers and non-financially qualified buyers who are also under-motivated. I would recommend that these short sale leads be referred out and/or not acted upon. Sellers must be willing to complete a short sale questionnaire.

- A) Is the seller willing to throw any amount of money into the mix?
- B) Did the seller lie on the original loan application?
- C) Are you only handling one short sale lender? This means that either there is enough money to pay the first and you are doing the second, or you are doing a short sale on the second with the same lender owning the first. If you are doing a short on the first and also with the second with two different lenders, then the chances of closing are minimum.
- D) Will the seller allow easy and consistent access to the property with a lock box?
- E) Does the seller have concern for their future credit rating? This might be the most important! The bottom line is there is very little reason for a seller to do a short pay unless they are looking to mitigate damage to their credit. If they already have horrible credit or they do not care, you are dealing with a seller who might become non-cooperative in the short sale process.
- F) Are you dealing with a short sale lender who has a record of approving short pays? I know this changes every day; however, if you are trying to do a short sale with a lender who consistently declines short sales, then this is not worth your time. There are many other activities that increase the profit in a short sale, but not taking the bad ones is probably the most important!

4 **Buyer house calls.** I actually know real estate agents who are still going to buyers’ homes to meet with them, prior to working together with them! Buyers

are the least profitable aspect of any business plan so they should be screened with more probing questions and offered less personal time in the beginning relationship building stages. A buyer must answer questions over the phone, become pre-approved by my team lender, agree to meet with me at my office, then sign a buyer-brokerage agreement before I will show them properties. Of course, the value regimen that I offer buyers is extensive so this has not been a problem in implementing with a buyer who is truly motivated.

- 5 **Working low-motivated sellers.** In this market, a seller has to have a reason to sell. In my seller counseling questions, you will find that I ask that question several times until I find an answer that makes sense to me. Many sellers do not like to tell you why they are selling, because they think it will give you a leg-up in the negotiations. You must realize that you work for free until closing. Your potential seller must not only have the ability to sell but also a reason to sell before you become involved. Stop talking to sellers who are unrealistic about today's market, unless they have a true reason to sell. As a corollary, I would take over-priced listings in a tough market if the seller needed time to become realistic and have a definite date in which they need to move (i.e. a true motivation to sell).
  
- 6 **Start getting in the habit of walking away with buyers who have minimal down payments and mediocre credit.** In case you have not caught this yet, I feel that buyers are the worst business segment of real estate. If you take the worst of that group, you will find that you will never become a top producer. In my opinion, if you take buyers who have FICOs in the high 600s and down payments of 10% or more, you are dealing with the minimum ability buyer. Anything less would cause me to refer the transaction. Get in the habit of walking away from buyers who do not have the ability to perform in this market. Some of the greatest satisfaction that I have ever received was working with a buyer who did not have credit or money for a down payment but did have massive motivation. It might have been much harder to find them a property and close it, but it provided great satisfaction. Unfortunately, this is not about obtaining satisfaction by going the extra mile, but it is about doing the activities that are the most profitable in the least amount of time. Poorly qualified buyers are not on the list.
  
- 7 **Getting ready to get going.** One of the tragic activities is the "getting ready" process that many agents believe they need to prep for. They need to understand contracts, have a website, have the right wardrobe, have a vehicle that can transport a family, have a great office, have an inventory of lockboxes, have their files in order, have their...well, you fill in the blanks. I have seen agents take years to get ready in this business. If you got your license today, you should be knocking on the doors of expireds tomorrow. It is a simple concept -- the only thing that is truly necessary in this business is to find a seller who wants to sell, put a sign up, create buyer leads, and work with the buyers who are sincere and

qualified. It is a simple business plan that anyone could implement tomorrow. It is time to start generating leads and stop “getting ready to go.”

- 8 **Dealing with inexpensive properties.** Simply put, we get paid a percentage of the sales price. Selling inexpensive properties probably involves the same time investment as properties with a higher price tag. Raising your price point is a necessary endeavor every year. If you do not have the time to contact all of the FSBOs, contact the most expensive ones. If you do not have time to contact all the out-of-state owners in your area, contact those with the highest assessed value. Here is a revolutionary concept -- expensive listings attract buyers with more money. Those buyers with more money will buy more expensive listings. Those past clients who own more expensive properties will cause you to have listings in the future with above average sales prices. Start pointing your seller lead generation systems to more expensive lead generation systems today!
  
- 9 **Hanging out with other REALTORS®.** Here is a philosophy that absolutely amazes me! Why hang out with REALTORS® when you can socialize with people in your family, friend groups, church, and service organizations? REALTORS® will probably not buy and sell through you! Start understanding where your business and personal time should be spent. Not only will it make bigger difference in the lives of your family, friends, and charitable activities, but it will also increase your business.
  
- 10 **Hiring assistants who only give assistance.** This has always been huge for me, since I have an assistant for nearly thirty years. I was just like everyone else who hired an assistant to answer the phone, prepare listing presentations, and facilitate transaction coordination. I soon found that management carries a price. Assistants who do not produce leads are not effectively increasing net profit. I looked for things that an assistant could do to increase the number of buyer and seller leads that were brought my way. This was also the reason that I could pay my assistants more than anyone else and always attracted the best. When an assistant is processing a new listing, it is simple for him or her to send that new listing to the expirds in that exact area letting them know that a big push in their area is coming and now would be the time for them to put their property back on the market. It is easy for an assistant as they go through the closing checklist to make sure a testimonial letter is received and posted to the appropriate section of your website. Also they can make sure referrals have been requested from that satisfied client. My checklists contained numerous activities that I would engage my assistant in to generate additional leads, leveraging my own activities.