

## **Six Most Common Mistakes Almost Every Broker Makes When Opening a Real Estate Office**

Opening a real estate office is not an easy task. There are several things that must be considered and unfortunately often times we see several crucial mistakes made by nearly every broker which cause the office great difficulties. Below is a list of some of the more common mistakes that are made by almost every broker when opening a real estate office.

### **No Focus on Recruiting**

Focusing on recruiting might seem like a pretty straightforward thing to do when opening a real estate office yet often times we see it as a low to no priority task. Recruiting is the lifeblood of your company as without agents working with you, you will be required to produce all of the income yourself which is likely not why you decided to open an office.

What tends to end up happening in many cases is that the new broker spends all of their time trying to “prepare” the office for the arrival of agents and no time actually trying to acquire new agents. We often hear brokers tell us that their office isn’t ready for agents yet. It still needs more furniture, upgraded software, more leads to distribute or even something as obscure as the printer isn’t functioning properly. While all of these issues are certainly things that you will need to address, none of them should prevent you from growing your business.

### **Spending Too Much Money on Too Much Office Space**

When opening a real estate office many brokers have the aspirations of becoming one of the largest offices in the city and they should. The trouble is that these brokers tend to lease office space as if they are already one of the largest offices in the city. Yes, it is true that you want to avoid moving a real estate office when possible but to lease too much space because you might need it a few years down the road is just an unneeded expense.

A better approach is to lease a good amount of space that will satisfy all of your current and near future needs. This will give you flexibility down the road should you choose to remain small or should you choose to expand. With a proper layout, a 2,500 -3,000 square foot office space can accommodate roughly 100 real estate agents. Down the road if you reach your goals and require more space, it is often advantageous to seek a new location in a different area of town and replicate what you did in the new area.

Many brokers get themselves too much overhead without the revenues to cover the expenses. This is a very common mistake we see brokers make.

## **Hiring Too Much Staff**

This is another area that may seem straightforward but yet many brokers make the mistake of hiring staff for the office they anticipate having as oppose to the office they actually have. We have seen brokers hire multiple front desk administrators, appointment setters, in house IT, managers, recruiters and so forth.

While some of those positions may be needed from day one, such as a front desk administrator, it does not make sense to hire a small army when you may only have a few agents. Instead evaluate which positions are absolutely necessary and layout a plan to bring on more staff as you reach certain growth levels. With proper systems in place, an office with a good manager and front desk administrator may properly support 100 real estate agents.

## **Purchasing Too Much Equipment**

When opening a new office brokers often get caught up in all the technology that seems to be offered by competitors. As a reaction to this they go out and purchase obscene amounts of equipment trying to have the most technology in the area. In most cases real estate offices don't require nearly as much equipment as one would think. Here are some pointers to avoid spending too much on office equipment:

**Printers:** Lease or purchase a single commercial copier and have all of the computers networked into it. We see too often brokers attempting to have a personal printer at each desk. The cost is great and personal printers in a commercial environment need to be replaced far more frequently than do commercial copiers.

**Computers:** New offices tend to be filled with personal computers. Every desk has its own computer waiting for an agent to come and use. While this might seem like an ideal situation, buying 20 computers for agents that you will have is expensive and unnecessary. Not to mention the longer it takes to hire agents to use those computers the more outdated they become.

**Servers:** For some strange reason every real estate office seems to believe they need one or more servers running. This one is a mystery to us as more often than not the servers only act as a remote hard drive and often cause the entire office network to slowdown. With cloud computing and storage and fast personal computers, having a server on the network makes little to no sense. Commercial copiers can be connected directly to the network and if need be a network hard drive may be added to your office.

**Phone Systems:** This is a bit tricky as depending on how your setup your office will determine how much of a phone system you need? What you likely do not need is a \$50,000 system. In today's world of smart phones and VOIP systems, what you want to do is shop around and find something that truly makes sense for your office. Do not just buy the first system that a company offers because they tell you that it is the common system among real estate offices. We have seen offices able to get setup on a state of the art system for a few thousand dollars.

## **Not Setting Up the Office**

While we don't want you to sit around waiting for each corner of the office to be completely furnished to start recruiting, it is important that a potential recruit feels as though your office is open for business. In the past we have seen many brokers lease tremendous space with great visibility, lots of parking in a prime location and yet fail to attract any agents. One of the main reasons for this was that once you walked in their front door you couldn't tell if they were just opening or just closing.

If you have no front desk administrator, no conference room furniture and no office furniture then you will have a very difficult time attracting agents to work for you. We often hear brokers tell us that as soon as they hire an agent they will add a desk for their office and once they have a few agents they will add conference room furniture and a front desk administrator.

The trouble with this is that upon first impression an agent coming from a well-established office is going to feel as though they are taking a step backwards by joining an office that isn't prepared to do business that day. Even if they like what you have to offer they will likely prefer to wait to join until others are there and your office is up and running.

## **Blowing Their Entire Budget on Advertising**

While advertising can certainly lead to revenues too many brokers spend way too much money advertising the upcoming opening of their office or that they have just opened. Before they know it they are out of operating funds and the office struggles to remain open. Be smart about your advertising and remember that although you are excited to open, just because you advertise that you will be opening soon does not mean that other real estate agents will be as excited to join you.

Instead, use a well-planned out advertising budget focusing on recruiting agents. If you aren't comfortable with that, then often times it's better to wait until your office is up and running and hire agents before you begin to spend money advertising.

## **In Summary**

Most of these topics may come across as straight forward but it is important to realize that it is extremely easy to get caught up in the excitement of opening a real estate office and fall into these traps.

One of the best ways to avoid these pitfalls is to take the time to lay out a plan for setting up your office, getting started, short term and long term expansions. By doing this you will keep things under control and be much better positioned to enjoy the benefits that come from opening your own real estate office.

**For more information, contact us:**

Sellstate

JoinSellstate.com

[info@sellstate.com](mailto:info@sellstate.com)

(866) 661-3847