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PLEASE, MAKE IT RAIN ON MY PRACTICE

By Dr. Kenneth Edwards

Introduction:

Early in my real estate career our broker affiliated with a national franchise and the whole staff motored to a nearby big city for a training session put on by the franchise training staff. It was, as I recall, very thorough. However, the one rather earthy admonition that has stuck with me through the years is this: "it is critical to establish belly button to belly button contact with as many legitimate prospects a day as is possible." I recall how true that was as I waited at my desk, eager to spring in to action, but with no place to spring.

Prospects are the name of the game. How about if you could cause it to rain prospects? That's what a book we reviewed several issues ago by Dan Gooder Richard is all about. The title, "Real Estate Rainmaker," (John Wiley & Sons Publishers) conveys the essence of his message. When I read Gooder's book I was impressed with two things: **1.** the thoroughness, practicality, and ingenuity of the material and **2.** the fact that his program had been honed and perfected in the real world real estate trenches.

Richard formed his lead generating company, The Gooder Group, in 1983. Before that he was marketing director for Long & Foster Real Estate in the Washington D.C. area for five years. The company experienced phenomenal growth during that period, ending up with over 2,000 agents and over 50 offices.

We felt you would be interested in gaining further insight into the rainmaking scenario, so we've asked author Richard to share some of his thoughts with us.

K.E.: Historically, the turnover rate among real estate professionals has

always been high. Do you have a few recommendations to boost an existing career or for newcomers who want to survive?

DGR: To succeed in today's market, you need three things. *First*, a Trophy Database, because this will be the principal asset of greatest value when you sell your practice later. *Second*, a marketing system of lead generation, prospect follow up and long-term contact that cultivates appointments and referrals even while you're on vacation. And *third*, accounting records and business activity logs that document your success, year after year. These records alone will be the primary tool in establishing the value of your practice when you want to be "paid to walk away."

K.E.: Why do you say that focusing on sellers is no longer enough?

DGR: In the old days, the adage was: If you control the listings you control the market. This implied focusing your marketing efforts only on sellers. In today's market, especially with buyer agency, buyers are as valuable as sellers. We've even noticed in our research that the best way to reach sellers' hearts is to treat them like buyers.

K.E.: Could you be more specific, Dan?

DGR: In a hot market where listings sell quickly, sellers aren't overly concerned about selling their houses. What they're most worried about is finding another house — one they like and can afford. Which means the savvy real estate rainmaker approaches homeowners today and asks them what they want to buy in today's market. When your marketing identifies a homeowner who's interested in

buying, you find a homeowner who's also interested in selling. That's why I say, for Rainmakers, focusing on sellers is no longer enough. You must also target your marketing towards buyers, even if generating listings is your goal.

K.E.: That's interesting. Are you saying that geographic farming doesn't pay off these days?

DGR: One of the significant demographic changes in the last ten years has been that homeowners are staying in their homes longer, on average, and moving less. One study by Chicago Title set the national average for homeowner turnover at 11.9 years between moves. Of course, there are hot streets and hot properties that turn over faster than the average, but the secret today for Rainmakers is not to use an Atom Bomb approach that bombards every house in the neighborhood with marketing materials. Instead, the laser beam technique, which uses a computerized database, targets specific, high turn over properties that are most likely to move quickly. Low average turnover is why one-size-fits-all geographic farming doesn't work any more.

K.E.: Of all the Nine Deadly Truths that could kill a real estate business, what is the most deadly?

DGR: More than anything else, the fact that today's consumers perceive all real estate professionals to be the same is the single most important factor.

K.E.: What do you mean, Dan?

DGR: A recent study by the NAR of over 10,000 home buyers and sellers across the country determined that 62%

of consumers work with the first agent they call.

K.E.: Why is that?

DGR: Because the consumer's needs are met by the first agent they talk to, two out of three times they don't shop for a second agent. That means, if you are the agent who is called first, in almost two out of three cases, you've got the deal. But it also means, if they don't call you first, you're dead in the water, because you don't even get in the front door. The greatest single secret for Rainmaker success today is to be the first real estate professional the consumer calls.

K.E.: What do you suggest as the best way to establish and maintain a productive prospect base?

DGR: The first step for every Rainmaker is to purchase contact management software that will enable them to begin building what I call a Trophy Database and use it.

K.E.: What is a Trophy Database?

DGR: A Trophy Database has two parts. One part is people, and the other part is properties. On the people side, you need to build contact information. There are only two types of people in the world. People you know and people you don't know. The people you know are past customers, family, friends, relatives, neighbors, and others you've met over your lifetime. On the other hand, you also want to build a database of people you don't know but would like to do business with. In short, this is a "demographic farm."

In addition to compiling information about people, a Rainmaker builds a database of property information. This property database is a mini-MLS, including all the property profile information for every property that you have ever listed or sold. To the Rainmaker, it doesn't matter who lives in the properties. The Rainmaker stays in touch with the property address as well as the owners.

K.E.: How would this work?

DGR: For example, if the Rainmaker successfully marketed a listing and sold it to a buyer working with a co-broker, the sellers no longer live at that property. However, the Rainmaker stays in touch with the property, because when the new owners want to sell again, the best person to market their home is the real estate professional who last listed the listing years ago.

K.E.: More specifically, how do you stay in touch with a property?

DGR: In the same way you would stay in touch with a person. You would use direct mail, e-mail, phone calls, and personal visits. A classic example is an orphan win-back campaign. This is an excellent technique for professionals in an established office. They simply go to their manager and get permission to retrieve past customers and past properties that have been marketed by the office but the former listing agent is no longer with the company.

Another successful strategy is to build a client follow up campaign around items and services of value to homeowners. For example, you could mail a special report about how to cancel one's private mortgage insurance (PMI). Or you could send up-to-the-minute information on the cost-versus-value of different remodeling projects. Rainmakers can also establish a network of homeowner service providers that you feel comfortable recommending to your clients. Your list of service providers can include everything from maid services to lawn care and from plumbers to painters. Often this type of referral service is called a "Concierge Program." This approach gives the Rainmaker the opportunity to be helpful while staying in touch with past clients and property owners, who are a huge source of profitable referrals, even though they are not actively buying or selling a house themselves.

K.E.: What are two long-term contact mistakes to avoid?

DGR: The first mistake is not tracking the expenses of your marketing activities so you can measure which pay off and which do not. Just as important, is identifying which clients pay off with frequent referrals. Many Rainmakers discover that 80% of their referrals come from 20% of their Trophy Database.

Another mistake is sending constant solicitations for buying and selling when the homeowner has no interest in either one. The better solution is to focus the subject of your solicitations on helpful advice for homeowners — such as home safety, refinancing, and even do's and don'ts of landscaping and decorating with a secondary mention of real estate services.

I'll mention one more mistake to avoid. That is forgetting that one of your largest sources of referrals is not consumers at all, but other professionals. Business-to-business referrals can tap a deluge of leads if you stay in touch with a broker network across the country and across your county. Other transaction-related professionals

include lenders, attorneys, builders and insurance agents, who, along with non-transaction related homeowner service providers, are often the first to hear about someone who is fixing up their house in anticipation of moving.

K.E.: How is your short- and long-term contact with each group different?

DGR: The primary difference between long-term contact and short-term follow up is that long-term is designed to generate referrals and, possibly, repeat business over the coming years. Whereas, short-term prospect follow up is designed to convert an active prospect into an immediate client within the next months or weeks. The important fact in prospect follow up — the single thing that drives a successful Rainmaker client capture system — is the answer to the question, "When do you want to move?" The closer the prospect gets to that move date, the more frequently the Rainmaker stays in touch — even weekly or daily, with calls, emails and mailings.

K.E.: What do you recommend as the best way to convert prospects to clients?

DGR: Every prospect goes through two stages. The first stage is information gatherer, and the second stage is active shopper. You never know exactly when a prospect will be ready to become an active shopper, but a successful prospect follow up program constantly makes the offer of a group of special services that are designed for the active shopper. In a nutshell, let them know about your special services for active shoppers, and ask them to call you when they are ready.

One example of a special service is an email notification of new listings that encourages the early prospect to drive by selected properties. When they're ready to make an appointment to go inside they call their Rainmaker to take them out not to "inspect" a house but to "buy" a house from a short list of houses of their choice. That's being a true Rainmaker.

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