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## CREATE YOUR OWN SUCCESS

### Five Easy Steps To A Rainmaker Marketing Plan

By Dan Gooder Richard

These days, competition comes in all shapes and sizes. Not only are you up against other agents, but you're up against large brokerages, franchises, and consolidators who can offer discounts or rebates. Even the Internet presents considerable competition. To survive and thrive in today's highly competitive atmosphere, real estate rainmakers need a targeted marketing plan.

You know as practitioners, that even though your competitors might look pretty much alike on the surface, not all real estate agents are created equal. Unfortunately, most consumers perceive real estate professionals to be pretty much the same.

This perception of similarity becomes damaging when you realize, according to a recent NAR survey, most consumers (62%) contact only one agent before selecting their listing or buyer's agent. This means no matter how much studying you do, how many designations you earn, how hard you work at being better than the competition, you have to have a marketing plan that compels customers to call you first.

If you want to grow your practice, if you want to be the rainmaker customers call first, you have to generate leads ahead of your competition. How do you do that? You devise a marketing plan to compete on your own terms — a plan focused on your target client and focused on your own business objectives. Simply put, you launch strategies that bring you the greatest payoff and drive you closer to your own long-term goals.

#### First create a marketing plan — sales will follow

It's not difficult to write a Rainmaker Marketing Plan, and the rewards are immediate. A marketing plan makes day-to-day decisions easier and makes unexpected opportunities easier to evaluate. Your marketing plan will enable you to see your own practice, as you want it to be, right there in black and white.

#### Step 1 — Determine where you stand today

For the first pass, work with last year's figures only. Once you record last year's benchmark worksheets, you can tackle the year before that, then go back three or four years if you want a longer record of where you've been. Following are some suggestions for the facts and figures your benchmark worksheets should reveal:

##### • Production

- Gross commission income
- Percent of profit
- Number of transactions (units or sides)
- Average sales price and average commission
- Sources of transactions (advertising, referral, repeat)
- Number of names in your database

##### • Business Expenses

- Office and technology expenses
- Professional expenses (dues, signs, training, etc.)
- Non-marketing employee expenses

##### • Marketing Expenses

- Total amount and percent of income spent marketing
- Cost of marketing per transaction
- Lead generation expense (mass media cost to target market strangers)
- Lead management expense (types and cost of prospect follow-up)
- Relationship marketing (types and cost of long-term contact)
- Marketing employee expenses

##### • Prospecting Activities

(This worksheet tracks your activity numbers and ratios, not dollars.)

- Number of lead generation efforts (letters, e-mails, newsletters, postcards, calls, ads, etc.)
- Lead generation results (responses)
- Prospect follow-up efforts
- Prospect follow-up results (appointments, contracts)
- Long-term contact efforts
- Long-term contact results (referrals, repeat clients, closings)

Once you have completed your benchmarks in the areas of production, business and marketing expenses, and prospecting activities, year-to-year trends and areas needing attention will be obvious. Concentrate on your weaknesses.

Before you put a lot of thought into where you want to be down the road, take

a good look at where you are now and what you see as the “big picture.” Step back. What do you like and dislike about your business? What do you do best and what are your weaknesses? Without going into detail, jot down a few thoughts. Two-column lists for comparison (like/dislike; strength/weakness) are a good idea.

## Step 2 — Set your objectives for the future

Once you have a fairly clear picture of the past and the present, it’s time to give some thought to the future. Where do you see yourself and your business a year from now? Three years from now? Five years? On the way, what changes do you want to make in your service? What basic type of customer (buyers? sellers? both?) do you want to increase?

When you have answered these questions, craft your objectives to clarify your intentions. Objectives are measurable and quantifiable guidelines to success. Don’t confuse them with goals, which are general, or confuse objectives with strategies, which are specific action plans. Some example objectives might be to increase your average sales price, or close more listings in upscale neighborhoods, or work with fewer first-time buyers and target move-up buyers to increase your average sales price.

Expand on your objectives by marrying them to related current benchmarks and the ways in which you want to improve. Beside each objective, list the payoff if you achieve that objective. Some payoffs will be big money, others not so big. Rank your objectives according to their payoffs (big payoff, small payoff, little payoff.) Be careful to be realistic. Choose the objectives that have the biggest payoffs — ones you know you can work on and that will take your practice to the next level.

Assign each objective a date and a specific outcome, such as, dollar amount, percentage, unit number or specific market area. It’s critical you write down all your objectives, deadlines and other specifics. But don’t make it complicated. For example, you might write:

“Increase my total sales to \$3 million by December 31, 2003.”

“Generate inquiries from sellers with properties priced above \$350,000 by August 31, 2001.”

# Nine Proven Tips for Crafting Your Marketing Plan

From experience working with hundreds of Real Estate Rainmakers, here are nine tips to make writing your Rainmaker Marketing Plan easy.

1. Keep it simple. In the future, you can build on your planning expertise to include more detail. Right now, one page of notes for each of the five steps is plenty.
2. Plan work sessions of 3-4 hours each in a place where you won’t be interrupted. Turn off the cell phone. Give yourself the quiet time your business deserves.
3. Before you start, gather together your income and expense figures for last year.
4. The best place to start is to improve what you’re already doing. Do something you’re doing now, in a better way.
5. Study your competition.
6. Plan to track your most important numbers and ratios so next year, you’ll know what worked and what didn’t.
7. Set yourself a budget — usually between 10% and 20% of GCI.
8. Don’t expect to be perfect.
9. Collect your data year after year.

“Increase the total ‘active prospect’ inquiries for the year by 25% from 100 last year to 125 this year.”

## Step 3 — Know and target your customers

To create a marketing plan that is focused on your consumers’ wants and needs, you first have to know more about the consumer. Now that you can see your big picture, focus on the types of customers who will further your objectives. Sellers? Buyers? First-time or move-up? Investors? Second home? Seniors? What price range?

How does your list of ideal customers compare with your list of current customers: average age, family size, marital status, lifestyle preferences? What do your target customers want? What motivates them to enter the real estate market? The more you can define your consumers’ needs and the events that motivate them, the easier it is to attract them into your prospect pipeline. By correctly targeting your audience, you

will be able to reach them with promotions specific to their needs, and reduce your marketing costs and increase your profits.

While you’re studying your target customers, get to know your competition, too. Who are the best agents in your area — inside your company and co-brokers? How do they market their services? What geographic areas do they cover? Do they offer special services, guarantees, discounts, or warranties? Cultivate a business-to-business network for contacts and referrals.

## Step 4 — Plan strategic actions

Remember, a strategy is a specific plan of action. You have a clear picture of your benchmark business and where you want to go from here. You have a solid understanding of your target customers and your competition. Now it’s time to detail systematic strategies — a literal to-do list of actions you must take to reach your top three or four objectives.

Give yourself plenty of freedom to brainstorm strategies. Don't bother to be neat. Let the creative juices flow. Pull from your experiences and from your wish list. At this point, there are no bad ideas. Live with your list of ideas for a day or so, then evaluate and adjust them. Keep improving, then weed out the duds. Here are five major things for you to consider when forming, polishing and selecting each strategy:

- **Be realistic.** Can you do it with the time, staff and budget you have available?
- **Make sure there's a direct connection to an objective.** Will successful results help you reach your objective? If so, is there a potential big payoff?
- **Base the strategy on your research.** Does what you know about your target customer, your competition, and your geographic area fit with your strategy?
- **Can you afford it?** Is marketing money available to accomplish the strategy? If you can't afford to attempt every action plan, select the more realistic two or three for this year, and keep the rest for later.
- **Will you be able to measure and duplicate your results?** When your

objective's stated deadline has been reached, you must be able to identify results and evaluate your strategy. Take measures now to track your rate of success. If you can't track it, you won't be able to repeat it.

## Step 5— Budget

Your Rainmaker Marketing Plan will come together as you work with the budget numbers. Remember, you'll be making projections, so don't expect all your figures to be accurate. What your figures will do is sharpen your focus. Once you have done a rough budget, showing estimated expenses of your objectives and strategies, you'll be able to adjust your sights accordingly. Do more if you can, or less, if you have to. Or you can stretch your strategy over 18 months or two years instead of one year. Next time around, you'll be better able to project estimates closer to your actual budget.

Most real estate practitioners working on their first marketing plan don't have a good feel for how much they should spend on marketing. From experience, we know successful rainmakers invest between 10% and 20% of Gross Commission Income (GCI). A joint study

of 5,000 top producers in 1996 by Real Trends newsletter and the NAR, revealed that:

- Top producers (30 plus units and/or \$3 plus million volume) on average spend 8.8% of their GCI on marketing themselves and their listings.

- Median marketing budgets ranged from 4.2% for \$86,000 GCI producers to 12.3% for \$225,000 GCI producers.

NAR concluded, "As the amount of money sales agents spend on marketing increases, their level of income grows proportionately." I recommend, if simply maintaining your current production is the goal, spend at least 10% of your gross income on your marketing program. If growth is your goal, expect to invest 15%. If you want to achieve aggressive growth or new market penetration, budget 20% of GCI.

### Compete on your own terms

Segments of the customer "pie" are continually shifting. In spite of the array of competitors out there today, you can still get your market share— your piece of the pie. A clearly thought out Rainmaker Marketing Plan based on your own strengths and your own goals will enable you to compete on your own terms in the market segments you choose.

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