

SANFORD

SYSTEMS & STRATEGIES

Newsletter

Industry News for the High Achieving Real Estate Professional

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PRODUCT OF THE MONTH



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used to be a top agent in North America. You will find the ad book will become an invaluable tool as you look for new promotions to create those incoming clicks and calls. This is great for an office training program, too.

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ARTICLE OF THE MONTH

Six Percent Is Dead for Loser Real Estate Agents

With all of the discussion from the talking heads about new platforms to run this wonderful business, I am perplexed why our commission-based system is so hard to understand. The naysayers usually have a tech background, and rarely will you find one with a real estate background. As proven by many tech business plan failures, they do not understand customer value or how to produce it. Our industry listens to gibberish far too often, because it is deemed "new."

It is a simple concept. Anyone can sell by lowering their price (commission). There is always a lower price provider. The challenging part is how do you add value to a real estate transaction and raise commission? How do you increase the value of the experience? How do you increase the client's net proceeds or cut their costs?

Agents who can not deliver value have a tough road ahead. If you can not prove value, agents who follow my systems will

beat you like a cheap rug.

Here is the new business platform that only can be delivered by a commissioned real estate professional with knowledge of the market and enough business savvy to have the confidence in telling the truth to their clients and the ability to implement.

Once implemented, this list will allow you to receive a retail return on your efforts.

1. **Generate enough listing leads** so that you have the self confidence to turn down unmotivated sellers who have no business competing against short sales, REO inventory, or other more motivated neighbors.
2. **Ask enough questions to determine if the seller has real motivation.** If you do not know what real motivation is then ask them: "If your home does not sell, then what?" If the sellers have a great plan B, they usually will not make the sacrifices necessary to sell.

Unless other systems are in play such as a seller buying a higher priced piece of property in the same down market or in a more depressed area or the seller can invest in a faster moving vehicle, your chances of a sale are slim. They may also be sellers, if they qualify under the big "D's" -- debt, death, or divorce.

3. **Remind the seller of what the "finish line" looks like every week with great follow-up** so that you can receive the price reductions to stay ahead of the market. If you can not get the price down, get the value enhanced!
4. **Turn down buyers who will not answer questions, will not get pre-approved through your lender, will not meet with you prior to showing, and will not sign a loyalty agreement.** How do you get them to do that? They first have to be motivated, and second, you have to give them value. Show them inventory that no one else will show them, and advertise their needs instead of the millions of listings already competing for space.
5. **Have a listing presentation that is shorter, and prove that your marketing will reduce your client's days on market.** Can you show that you or your office beat the average days on market of your board? How much in carrying cost do you save your sellers by starting at market value or adjusting to market value faster than the competition? Adding value is what I did so that I could add net proceeds to a seller. I was asked less often to adjust my commissions and could beat the competition that offers lower commissions.
6. **What is the list-to-sell ratio as compared to the competition?** Your sellers are better counseled, better priced, and have greater motivation. If you beat the average list-to-sell ratio by 2%, it seems you should at least get 1% more in commission.
7. **What do you do to enhance your chances of dual agency?** Maybe you have forgotten the advantages afforded us by dual agency? More money, less cost, faster, two past clients in your past client database. I would pull out a sign from my truck with my cell phone listed on it. I would send out just listed cards using an internet service as I sat in my car in front of the house. I would E-mail the new secret inventory to my whole database. I would hold it out of the MLS as long as MLS rules allowed. Then I would hold one "fast" open house on the first Sunday after the listing. I would create an environment where I had the best chance to close a "new to market" listing with my own buyer.
8. **Implement post-listing inspections.** Learn the problems. Get multiple unhurried bids. Choose the lowest, and deliver to the buyer an inspection report with repair receipts attached. Did we use different methods of repair than an anxious buyer might request as they hover over their down payment check? Have I shown the value to my seller yet?
9. **What is your litigation rate?** There is a national average for litigation on real estate contracts. How does it compare to yours? You write smart deals, fill in all the blanks, and understand pre-emptive clauses. How much did you save your motivated, value seeking sellers now?

It did not take a lot of "smarts" to be a great agent in 2003, 2004, 2005, and most of 2006. Honesty dictates that you admit you were more like an order taker. Now, you might be getting advice from an agent that looked okay in that market and who turned into being a manager when the business got tougher. Watch who you are talking to! In fact, quit talking to agents for advice. They do not buy or sell through you. Stop waiting for the market to change. There is not any problem that 10 more listings could not solve.

Tough markets require tough agents that work a business plan. If the seller is not motivated and the buyer is a time-waster, you need to have enough business to be able to say, "We have an agent here in our office who specializes in your situation. Allow me to introduce you to him."

How much of the market can you control? Stop talking about it. Every top agent in this country who wants 2006 activity, increased their listings until they produced the showings, cooperative agent contracts, buyer calls, and double-ended transactions that they deserve at a 6% value filled commission.

It is not the amount of our commission; it is the net we deliver along with the understanding of our seller's goals so that we can develop a custom marketing plan to achieve those goals. The achievement of their goals is what makes 6% fees possible for great agents.

Walter Sanford was one of the top real estate agents in North America for nearly thirty years, and now, he is one of the most requested speakers, trainers, and coaches. He has authored twelve systems and books on checklists, pro-active lead

generation, affiliate lead generation, plus others mentioned in this article. You can hire Walter or buy his products by visiting his website for more details at <http://www.waltersanford.com/>, by calling 815-929-9258, or emailing Walter at walter@waltersanford.com.

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