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Newsletter

Industry News for the High Achieving Real Estate Professional

December 2013

Issue 131

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Recently, I was asked to answer some questions regarding an agent opening their own brokerage. Below are the questions with my responses, which have been taken from my personal experience and my experience with my clients.

Question One:

What are the telltale signs that a REALTOR® should break out on his/her own and start a brokerage? What are the typical tipping points in these situations?

Answer One:

Square footage! When there is need to add to the team or add infrastructure/technology but there is no place to put it, it's time to move out on your own. A team that is separated loses synergy. If the broker cannot or will not add square footage, the agent may be forced to get his own.

Another area is **lead generation**. Some of the teams that I coach are so effective in generating leads that occasionally there is spill-over to other agents in the office and leads are lost. A destination without in-house competition is sometimes the answer.

Compensation is another area to consider. Sometimes top agents already supply the services for themselves. When that top agent crunches the numbers and adds up the total costs of splits, fees, and franchise costs - many times they find that that amount of money can pay the monthly mortgage payment on a building.

Sometimes a broker's **vision and goals** differ so much from the top agent's that there is dissention within the office.

You need a **change of business plan**. Working the pure commission life is hard! Sometimes agents want a different business model that allows income from splits and fees so that they can get away from the daily business of one-on-one sellers/buyers.

Finally, sometimes a **different management style** necessitates a move. Maybe an agent wants to provide a heavier training regimen or hold agents accountable, and he or she might find that easier to implement in a different environment.

Question Two:

What are the first few steps that a REALTOR® should take when the points discussed in #1 above actually happen?

Answer Two:

- A. Find a location
- B. Prepare a budget -- looking at all costs and applying the knowledge of previous abilities to bring in income.
- C. Make a list of all the marketing materials, phones, internet, and

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OUR COACHING PROGRAM

The very best athletes, entertainers, and business leaders all have someone in their corner whom they can go to for advice, leadership, and teaching. Unfortunately, the average person has no coach and too often allows himself to be influenced by those who have never achieved high levels of success.

With nearly thirty years of real estate experience including record levels of high real estate production and creative business systems, Walter Sanford offers personal coaching to a select group of clients each year.

Why not make this year the one when you start enjoying your career, your family,

image changes.

D. Decide whether this is going to be a secret move vs. a well-advertised move. This usually depends on the relationship between the broker/owner and the vacating agent. It also heavily depends on whether the broker has a reputation of allowing a vacating agent to keep his or her listings.

Question Three:

Where do REALTORS® generally go wrong in these situations? What challenges do they encounter and how can they work through these issues?

Answer Three:

Bad mouthing by either party is not the way to go! The management of the previous brokerage bad-mouthing the leaving agent and the leaving agent bad-mouthing their previous affiliation will not help anyone. There is no reason to do either. It only hurts the image of either or both parties. The brokerage should be proud that they could provide the foundation for an agent to open their own business. The leaving agent should be thankful the experience gained at the old brokerage. If the broker supports your moving on, then full disclosure of the move is the best way to go. Another item of contention is that the vacating agent should initially look to recruit new agents from other companies, rather than the one they are leaving.

Question Four:

Do you find that REALTORS® tend to jump the gun in these situations and perhaps not think through what it really takes to run their own brokerage?

Answer Four:

No, since most of the great agents want to stretch their wings. They were successful agents because their planning and coaching allowed them to move to the new endeavor. If there was a problem, it would be underestimating the costs of having your own brokerage.

Question Five:

What other advice would you give a reader who is thinking about this right now?

Answer Five:

The concept of the broker trying to keep listings or charge higher splits during a transition time will cause innumerable problems. Letting great people do their own thing is the gracious thing to do.

I hope this helps you make the important decisions involving opening your own brokerage. Doing so means you are opening a new type of business. You will be taking much time away from personal production and the other challenges while trying to live off of other agents in your new office. We have coached many top producers and their teams through this year long process. Good luck in your planning!

Walter Sanford has been designing and implementing real estate systems for 30 years. One of the most successful REALTORS® and now wealthy from his systems, Sanford teaches his systems and strategies through his products, seminars, and personal coaching producing the best results in the industry. Do what works, do what is proven. Hire Walter Sanford. Call our office at 800.792.5837, email walter@waltersanford.com, or chat with us online at www.waltersanford.com.

and your life? We have a few spaces left in Walter's personal coaching program.

Please call me, Cyndi, at **1.800.792.5837** so that I can arrange a phone appointment with Walter for you to see if this may be the year that you take your business to the next level.

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