

Recruiting Mastery™

Session 2

Choosing Profitable and Customer Friendly Sales Associates



To your Achievement of Excellence in Life

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OBJECTIVES

During this session you will:

- Choose agents that are compatible with your customers' priorities.
- Calculate the financial profile of a profitable agent.
- Conduct a Market Opportunity Analysis.
- Identify profitable agents in the Multiple Listing Service

THE CUSTOMER'S POINT OF VIEW

HOW DO BUYERS FIND THEIR REAL ESTATE AGENT?

- Referral: _____
- Previous Client: _____
- Website: _____
- Open House: _____
- Sign: _____
- Relo Company: _____
- Agent Referral: _____
- Prospecting: _____

What does this tell us?

HOW DO SELLERS FIND THEIR REAL ESTATE AGENT?

- Referral: _____
- Previous Client: _____
- Open House: _____
- Relo Company: _____
- Prospecting: _____
- Sign: _____
- Website: _____
- Agent Referral: _____

What does this tell us?

ROLE-PLAY SCRIPT

Associate: *I am pleased to tell you that over the last 12 months values in your area have increased by 1%.*

Do you have any questions about real estate in general that I can answer for you?

Do you have any specific questions about your home I can answer?

I would like to stay in touch with you in the future so I can give you market updates and answer questions you may have about real estate; are you comfortable with that?

Great, we are talking today at 12:00 on a Thursday. Is that a good time for me to call in the future or is there a better time?

HOW MANY AGENTS DID THE BUYER INTERVIEW?

- One: _____
- Two: _____
- Three: _____
- Four or more: _____

HOW MANY AGENTS DID THE SELLER INTERVIEW?

- One: _____
- Two: _____
- Three: _____
- Four or more: _____

What does this tell us?

WHAT BUYERS WANT THEIR AGENT TO DO:

- Find the right home: _____
- Price Negotiations: _____
- Terms Negotiations: _____
- Paperwork: _____
- Comparable Sales: _____
- Affordability: _____
- Financing: _____

WHAT SELLERS WANT THEIR AGENT TO DO:

- Help price their home: _____
- Sell in timeframe: _____
- Find Buyer: _____
- Market Home: _____
- Staging: _____
- Negotiations: _____
- Paperwork: _____

WHAT SKILLS ARE IMPORTANT TO BUYERS:

- Honesty/Integrity: _____
- Knowledge: _____
- Responsiveness: _____
- Communication: _____
- Negotiation: _____
- People Skills: _____

WHAT MARKETING IS IMPORTANT TO SELLERS:

- Listing on the Net: _____
- Yard Sign: _____
- Open House: _____
- Print Ads: _____
- R.E. Magazine Ads: _____
- Direct Mail: _____
- Video: _____

MANAGER'S REPORT CARD (RED/GREEN LINE)

1. List your current productive agents in order of contribution to company dollar over the last year.
2. Divide the list into four equal quartiles.
3. Calculate what the fair share for of each agent would be to cover operating expenses. Draw a red line in your list wherever that number lands.
4. Calculate what the number would be for each agent for the company to gain a profit. Draw a green line in your list wherever that number lands.

Current productive agents:

Give your most attention to the group between the red and green lines.

Secondly, the group you need to look at would be the agents above the green line.

Thirdly, the group to attend to would be those below the red line.

Advantages of this exercise:

- To recruit agents that will contribute immediately when coming into your company.
- Allows you to set up minimum expectations for your company.

MARKET OPPORTUNITY ANALYSIS

1. Identify your target market area(s) and property type(s).
2. Providing it is a steady market, from your MLS, research the number of target market and property type sides and average sales price over the last 6 months. *EXAMPLE: 1000 SIDES AT AN AVERAGE SALES PRICE OF \$250,000.*
3. Calculate what an average side (using your average commission splits) is worth to your office (Company Dollar). *EXAMPLE: \$250,000 @ 6% = \$15,000. Assuming a 50/50 split = \$7500 per side at a 70/30 agent split = \$2,250 Company Dollar per side.*
4. Calculate the number of sides an agent, on a pro-rated basis, must produce for your office to achieve the “red line” and the “green line” (Quartile example). *EXAMPLE: \$15,000 red line divided by \$2,250 per side company dollar = 6.67 sides, say 7 sides.*
5. Using the average number of sides an agent must produce to achieve the red and green line; calculate how many agents you need to achieve your red and green line. *EXAMPLE: Office red line of \$240,000 annually divided by \$2,250 company dollar per side = 107 sides divided by 7 sides minimum per agent = 15+ agents to break even.*
6. What if analysis. If you achieve the above number of agents what will your market share be? What would happen to profitability if you increased your market share by 5%, 10% or more?
7. Determine your goal and the number of productive agents you need to achieve your goal. Subtract your current number of productive agents from your goal and the difference will be your recruiting needs.
8. Identify agents in your target market that (minimal acceptable) will achieve the red line and (average anticipated) will achieve the green line. Also, make sure they have the “*success factors*” you have previously defined.
9. Create your hot list and set up systems and time blocks to prospect for recruits.

ACTION PLANS – WEEK 2

1. Outline the ideal profile of a Sales Associate for the clients that your company serves.
2. Calculate the red and the green line for your company.
3. Decide how many Sales Associates your company or your office if you are managing an individual office, actually needs at this particular time.