

Copyrighted Material

FOREWORD BY GARY KELLER

New York Times best-selling author of *SHIFT*



SHIFT

COMMERCIAL

How Top Commercial Brokers Tackle Tough Times

BUDDY NORMAN
WITH JAY PAPASAN

Copyrighted Material

SHIFT COMMERCIAL

HOW TOP COMMERCIAL BROKERS TACKLE TOUGH TIMES

**HOW TOP COMMERCIAL BROKERS
TACKLE TOUGH TIMES**

SHIFT
COMMERCIAL

BUDDY NORMAN
WITH JAY PAPASAN

Copyright © 2011 by Rellek Publishing Partners, Ltd. All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a data base or retrieval system, without the prior written permission of the publisher.

1 2 3 4 5 6 7 8 9 DOC/DOC 1 5 4 3 2 1 0

ISBN: 978-1-932649-20-8

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

—From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers.

Smooth seas do not make skillful sailors.

PROVERB

ACKNOWLEDGMENTS

Writing a book is rarely the result of an individual's effort but rather the efforts of many ... *SHIFT Commercial* is definitely the latter. First, I would like to thank Gary Keller for allowing me to be a part of his *New York Times* bestselling Millionaire Real Estate series. This book is a commercial adaptation of the discerning tactics and business strategies for residential agents that Gary shared in *The New York Times*, *Wall Street Journal*, and *USA Today* national bestseller *SHIFT: How Top Real Estate Agents Tackle Tough Times*.

I also want to thank Mark Willis, Mary Tennant, and Mo Anderson for encouraging and supporting me and KW Commercial while this book was being developed. Bryon Ellington and Jim Talbot also provided crucial leadership and support throughout the process. Very special thanks are owed to my dedicated staff at KW Commercial—Cory Older, Schuyler Williamson, and Gloria Sivori—for allowing me the time to commit to the book while continuing to build North America's fastest-growing commercial real estate brokerage firm.

Honestly, I probably wouldn't have been in a position to write this book without the advice and counsel of two of my most important commercial real estate mentors: Roger Staubach and Kevin Hayes. Both provided crucial coaching and support when I was building and developing my commercial real estate career. They showed me how to do this business at a high level with complete integrity in everything they did—the “high road” might well be named in their honor.

A special thanks to the 43 members of the Commercial Leadership Council (CLC) of KW Commercial that shared their collective 800 years of commercial real estate expertise with me and whose tactics and stories hopefully make the book relevant, inspiring and results oriented for the reader. The CLC includes the following individuals: Page Aiken, John Aucamp, JB Bader, Andrew Barnes, OJ Bobek, Barry Bounds, Daron Campbell, Kristan Cole, Larry Culbertson, Brock Danielson, Dale Donovan, Jennice Doty, Kyle Drake, Charles Frankel, Ron Fredette, Blair Gilbert, Michelle Rich Goode, Graig Griffin, Mark Hughes, Charlie Kennedy, Matt Klein, Larry Kueser, Nancy Lemas, Charlie Lockwood, Jim McClung, David Neault, Ann Page, Jeffrey Peldon, Winston Penny, John Powell, Matthew Rasche, Chris Sands, Joe Scripa, Jim Solnes, Joe Sosky, Robert Tufts, David Vercher, Butch West, Rhonda West, Geoff Wilkinson, Joe Williams, Ken Wimberly, and Paul White.

In addition to our CLC, the following real estate and commercial professionals also donated their time and wisdom to this effort: Michael Balson, Cliff Bogart, Mark Bratton, Jeremy Cyrier, Tom Daves, Tony DiCello, Reagan Dixon, Darrow Fiedler, Jon D. Greenlee, Dan Henderson, Vikki Keyser, Ben Kinney, Dianna Kokoszka, Len May, Charles “Mac” McClure, Steven McMurtrie, Ray Meglio, Scott Miller, Eric Nesbitt, Christopher Perez, Peter Pessetto, and Mark Raccuia.

I’d be remiss if I didn’t thank the amazing production, sales, and marketing teams that helped us turn a bunch of words on paper into a bona fide book, fit to be sold. On the production side, Tamara Hurwitz and her team of Mary Keith Trawick, Jennifer Boyd, Maryanne Jordan, and Jeffrey Ryder made sure our i’s were dotted and our t’s were crossed. Tom Freireich, Anthony Azar, and Danny Thompson have been and will

continue to be great champions for the book to both our clients and our strategic partners—thanks guys! And thanks to the design and marketing team led by Ellen Marks, that includes the super-talented Annie Switt and Michael Balistreri, for making the book look great and making sure commercial brokers hear about it.

On the writing side, thanks to Barbara Opyt for assisting us with the initial interviews and research in the early drafting process. Special thanks to Lari Bishop, senior editor with Greenleaf Book Group, who helped me and my coauthor Jay Papasan take unrefined ideas, concepts, and interviews and craft them into the final drafts of the book. I would also like to offer special thanks to Jay for his significant guidance and direction in the writing of *SHIFT Commercial*. His probing insight and unique writing skills can take a mundane subject and make it an insightful and entertaining read. I trust you will enjoy the book as well as profit from its advice.

Finally, thanks to my wife Jeanne and my children Forrest, Sarah, and Hannah for tolerating the long days and nights at work ... I love you very much.

CONTENT

Foreword	XIII
Introduction	1
Twelve Tactics for Tough Times.....	7
#1 Get Real, Get Right – Mindset and Action	9
#2 Re-Margin Your Business – Expense Management	13
#3 Do More with Less – Leverage	29
#4 Find the Motivated – Lead Generation.....	47
#5 Get to the Table – Prospect Conversion	69
#6 Catch People in Your Web – Internet Lead Conversion	95
#7 Price Tight to the Market – Shift Pricing Strategies	127
#8 Stand Out from the Competition – Property Staging Strategies	149
#9 Create Urgency – Overcoming Buyer and Tenant Reluctance	165
#10 Expand the Options – Creative Financing	177
#11 Master the Market of the Moment – Identify and Establish Needed Expertise	197
#12 Bulletproof the Transaction – Issues and Solutions.....	221
Shift into Action	243

FOREWORD

Fresh out of college in 1979 and just months into my real estate career, I immediately got my first taste of a real estate shift.

On the heels of the energy crisis, interest rates soared as high as 18 percent. As you can imagine, sales ground to a halt. I kept at it, writing four or five offers every month, but nothing would close. Things looked bleak when I went home for Christmas, having not closed a sale in almost five months. My mom suggested I get a part-time job at 7-Eleven, which I politely declined. I was confident that I was doing the right things and would eventually make it. My dad offered to loan me some money to get me through, but he didn't just write a check.

"How do I even know you've been working?" he asked. I ran out to my yellow Volkswagen Beetle and retrieved my "database." My database was in fact a 3 x 9 index-card box: my contacts organized A to Z in one half and the other half divided into twelve months with follow-up notes for all my leads and contacts. It may sound primitive, but not only was this state of the art in the pre-personal computer age, but it was also extremely effective. I sat down with my dad and walked him through my lead management system. I showed him all the leads I had in my pipeline and what I was doing and would be doing to turn those leads into closed business. After a moment's consideration, he replied, "I'll bet \$500 on that box."

Within weeks I closed an out-of-town buyer and paid my dad back. I regained my footing, went on to hit all my financial goals, and became one of the top salespeople in my firm that year.

A key distinction should be made between my challenges in the final months of 1979 and my successful 1980. After the shift, I dove into learning the fundamentals of the business. I met daily with a scripting partner and dedicated myself to mastering the language of closing for appointments and making sales presentations. I worked my lead generation plan and called and called and called. The one thing I saw quickly was that a shifted market is like a headwind and you must lean into it and work harder to make progress. Luckily, I was new enough not to realize that it was taking extraordinary effort to achieve even average results. Selling a home where the seller had to pay 12 discount points was just business as usual for a 22-year-old rookie like me. Without knowing it, I was learning the invaluable lessons of how to build a business when little business is being done.

In 1987, it happened again. Changes to the federal income tax code wrought havoc in the market and, seemingly overnight, the population of our Board of Realtors® dropped from more than 5,000 to less than 2,000. This time I knew better. I recognized the shift for what it was and what it would require. The lessons I'd learned in my first shift helped me make critical adjustments to my game plan: work smarter, as well as harder. At the time, I was building a new real estate company, and I not only had to lead myself through the shift but also the agents I worked with. Together, we adapted to the new reality and creatively worked hard to grow through the crisis. In the end, we came out on top: the number one firm in our market by any measure—a title we've never relinquished.

Real estate is cyclical ... but we forget. The good times spawn a collective amnesia until the next shift comes along to remind us that selling real estate demands the most from its career practitioners. Those who learn to recognize these shifts and adjust their mindset and action stand to emerge as market survivors and sometimes as market leaders as well.

In 2000, in the aftermath of yet another financial meltdown—the infamous dot-com bust—we created a training seminar called *Shifting Markets* to better prepare our associates for a tough buyers’ market, where sellers cling to the past and buyers fear what lies ahead. Then, in 2006, it was no real surprise to learn that agents in our company were calling in and asking for the *Shifting Markets* manuals. The first murmurs of what is now called the Great Recession had been echoing since the previous fall and agents everywhere were looking for clues to how to weather the storm. Markets that had previously been some of the hottest were the first and, often, hardest hit. Sign calls were down. Inquiries nonexistent. Buyers backed out of contracts ... Another shift began, one which we now see as the greatest economic shift since the Great Depression.

So we began to focus our research on top agents who weren’t just surviving but thriving in these tough times. That research culminated in the 2008 publication of *SHIFT: How Top Real Estate Agents Tackle Tough Times*, which went on to become a *New York Times*, *Wall Street Journal*, and *USA Today* national bestseller, as well as a series of seminars that attracted more than 30,000 attendees across North America.

Today, we look up and the real estate shift is following a now familiar course. As it has in the past and will most certainly in the future, a shift moves through the residential market to collide with the commercial market. As residential roofs multiply, a wave of commercial expansion typically follows in its wake. And the same is true when those same houses sit unsold and unoccupied or when they fold to foreclosure and face vacancy and neglect: commercial goes into retreat. And the brokers who lease and sell these properties face challenges that just a few years

ago seemed unimaginable. They are looking for answers. *How do I navigate this market? How can I first get my business back to profitability and, in turn, find opportunity here?*

With *SHIFT Commercial*, our goal is to share lessons from commercial brokers who are finding uncommon success in the midst of a historic and uncommon recession. While this book can be read as a stand-alone piece, it can also be seen as an extension of *SHIFT*. I sincerely hope you'll take the time to read it as well, since most of the tactics featured in the original work are equally effective in the commercial arena. That said, the commercial real estate business is unique. Commercial brokers have unique customers, distinctive challenges, and novel solutions. The goal of this book is to highlight those differences while acknowledging, despite many claims to the contrary, that there is much common ground as well. As with *SHIFT*, it's our intention that the commercial tactics in this book be as timeless as they are timely. So whether you're reading this book in the wake of our current shift or a decade from now when the next one is coming around the bend, the rules of the game won't have changed. Even if your current market is booming, the same game plan that will lift your business in a tough market can make it soar in a less challenging one. No matter the reason, when you want to shift your business to another gear, the strategies are always the same. The fundamentals, as we wrote in *SHIFT*, never go out of style.

For *SHIFT Commercial*, we partnered with commercial veteran Buddy Norman. For the past two and a half years, despite a shifted market of historic proportions, Buddy has been building the fastest-growing commercial brokerage firm in North America. With more than twenty years of commercial brokerage experience, Buddy has represented tenants from local entrepreneurs leasing a few thousand square feet to

Fortune 500 clients leasing more than 500,000. He's been on the front lines of the business and achieved extraordinary success through up and down markets. Buddy draws not only from his personal experience as a commercial broker and business owner but also from the more than 800 years of combined commercial real estate experience of his Commercial Leadership Council, a group of more than forty commercial veterans helping to build this new enterprise.

As you turn these pages, hopefully scribbling notes and aha's in the margins, make both a commitment to tackling these challenges with everything you have, as well as a commitment to building newer, stronger habits that will serve you in better times. One-year wonders come and go, but the measure of any professional is how well they weather the lean years. To quote Benjamin Disraeli, "There is no education like adversity." And it is a good teacher. Reservoirs of strength, faith, and ingenuity are rarely revealed in prosperous times. Tough times will strip away the gloss and help you see the latent talents you always possessed.

So if you will learn these lessons now and commit them to habit, you'll join a small class of professionals who actually yearn for tough markets to weed out the uncommitted and allow them to win new customers, market share, profitability—their unfair share of the business. Only when you shift your mindset and your actions can your business truly shift into a higher gear.



Gary Keller

COB and Cofounder of Keller Williams Realty, Inc.

www.KellerInk.com

July 25, 2011

INTRODUCTION

Tough times don't last, tough people do.

GREGORY PECK

Real estate shifts are easier to recognize than they are to acknowledge. One day job growth is beginning to stall and, seemingly overnight, vacancies are on the rise. Tenants start asking to downsize. Commercial property valuations level off. Negative news stories feed the worries of buyers and tenants. New development halts. Fear creeps in. Then, the market that was quietly losing ground goes into full retreat as tenant delinquencies turn into owner delinquencies and lenders sever lines of credit. Rents go into a free fall as owners scavenge for income to offset a rising tide of red ink. Deals unravel. Buyers and tenants hunker down to wait for a steal. Bankruptcies mount. Eventually, big commercial real estate owners start selling their companies or simply close their doors. Credit freezes up. Banks begin to shut down ... Sound familiar? If you've been in the business for any length of time, it should. In our experience, this drama plays out roughly once every ten to twelve years.

There are four clear contributors to a downward trend in commercial real estate markets; any two of these can create a shifted market. The post-2007 time period has offered us a perfect storm of all four: excessive valuations, lax loan standards, overbuilding, and economic recession.

Speculation fuels bubbles, and bubbles are defined by valuations that lose touch with reality. These excessive valuations come in two forms: low cap rates and unrealistic income assumptions. When these valuations

drive commercial cap rates into the 3 to 5 percent range, you have to ask why any rational investor would risk their capital when they could get the same rate of return on a T-bill. The answer is they wouldn't. But, then again, the run-up to a market shift isn't really defined by rational behavior. Then there are income projections that effectively bail out an otherwise poor purchase decision. "So for the first few years you're building more equity than income, but as rental rates are buoyed by inflation (visualize an Excel chart with rosy rental projections driving up income year after year) the property will really hit its stride ..." The discipline of discounted cash flows gets lost and these speculative pro formas persist long after rental rates are actually in decline. Most find it hard to accept that the experience isn't just a blip and that a whole new reality has dawned.

CAUSES OF A SHIFTED MARKET



Figure 1

On the flip side of excessive valuations are the lenders who accept them. Appreciating markets can make investors numb to risk and offer the illusion of safety in numbers. The cycle begins with surprise ("Wow, the market is heating up"), then progresses to incredulity ("They paid \$_____ for that?"), and eventually the sheer volume of speculative comps gives rise to uncertainty ("Are we being too risk averse?"). This is

the moment of truth. In some cases, lenders become vocally indignant (“This is madness!”) which is rarely received warmly. After all, they are raining on everyone’s parade. Only in hindsight are they seen as courageous. In most cases, lenders uneasily relax their standards (“We’ve got to adjust to the market ... we’re losing too much business to the competition.”). The erosion of standards is usually in direct proportion to the length and size of the speculative run-up until, suddenly, the lender’s role has reversed: They are no longer serving as a check against speculation—they are unintentionally abetting it.

There is an old saying, “Give a developer money to build a building and he’ll build two.” Excessive valuation and lax loan standards also allow for speculative development to take place. Overbuilding in segments of the market is the outcome. With the long lag time between ground breaking and ribbon cutting on commercial properties, supply can stealthily outstrip demand and a low inventory sellers’ market is transformed into a buyers’ market with years of supply. Overbuilding is a deadly recipe for high vacancy rates, lower rental rates, and a slump in property values.

Finally, the fourth major factor is the economy. Just like the commercial and residential real estate markets, the economy has cycles too. Recessions happen—in fact, they are inevitable. Based on data from the National Bureau of Economic Research, the U.S. economy has cycled into recession 33 times between 1854 and 2009, or about every 4.5 years. When unemployment rises, the need for office and industrial space goes down because fewer people are working. And, because fewer people are working, there is less spending and also less demand for retail space. Depending on the depth of the recession, it may affect multifamily properties positively, if people that were previously homeowners suddenly become renters. However, for the most part, recessions are less than benevolent.

This may sound like we're oversimplifying, but please understand this: Shifts aren't complicated. Include any other measure you like, but generally speaking excessive valuations, lax loan standards, overbuilding, and economic recession are the hallmarks of a market shift. Your job as a commercial real estate professional is to be vigilant and watch for signs. If you've ever read Edward Chancellor's excellent work, *Devil Take the Hindmost: A History of Financial Speculation*, you know how this plays out time after time. As the title implies, the last ones to acknowledge the shift are often the hardest hit. So don't be the last, be the first.

The dangerous tendency is to think, "This time is different." It almost never is.

THE TACTICS

The book *SHIFT: How Top Real Estate Agents Tackle Tough Times* presents twelve tactics that residential real estate agents deploy in response to a downturn in the market. Each of these tactics is applicable to the commercial real estate professional as well, so we organized this book in the same way. The twelve tactics are listed in order of priority because we believe that what matters most at any given moment is what should command the majority of your energy and focus.

1. **Get Real, Get Right** – Mindset and Action: You can't control the market but you can control your outlook and your response to it. Get real about the market and get right in your action.
2. **Re-Margin Your Business** – Expense Management: Re-margin your business and get serious about expense management and profitability. Stop spending money "on it" and start investing money "in it."

3. **Do More with Less** – Leverage: Learn to do more with less. Maximize your productivity, upgrade your systems, and top-grade your people.
4. **Find the Motivated** – Lead Generation: Focus your lead generation on finding motivated clients. Master the tasks, skills, and scripts of your lead generation methods. Time-block to ensure this gets done every day.
5. **Get to the Table** – Lead Conversion: Converting leads to appointments to clients is the most dollar-productive thing you can do. Never assume you have a lead until you have an appointment, and never assume you have a client until you have an exclusive representation agreement.
6. **Catch People in Your Web** – Internet Lead Conversion: The Internet is one of the most untapped resources in commercial real estate. Catch people in your Web and focus your Internet strategy on capturing contact information for follow-up and conversion. Everything else about your web presence can be important, but is secondary to this.
7. **Price Tight to the Market** – Shift Pricing Strategies: Master pricing, whether for lease or for sale, so your listings aren't just "on the market," they are "in the market."
8. **Stand Out from the Competition** – Property Staging Strategies: Master strategies that will help your listings stand out from the competition, sell or lease faster, and garner a higher price.
9. **Create Urgency** – Overcoming Buyer and Tenant Reluctance: Help your clients overcome their reluctance and acquire genuine urgency. Timing the market is not an option when you are possibly missing out on the best opportunities today.

- 10. Expand the Options** – Creative Financing: Build a creative finance team around you and put this to use whenever you can. Align yourself with those who have money and those who are lending money. Work creatively with sellers, buyers, and lenders to find a way to close the transaction.
- 11. Master the Market of the Moment** – Identify and Establish Needed Expertise: Each shift has its own unique opportunities. Markets of the moment in commercial shifts tend to be tenant and landlord leasing representation, Small Business Administration (SBA) qualified buyers, high quality investments, as well as short sales, foreclosures, and REOs.
- 12. Bulletproof the Transaction** - Issues and Solutions: Bulletproof your transactions. Assume nothing! Establish client expectations up front, involve yourself in the selection and supervision of vendors, be personally involved in due diligence, inspections, repairs, and any final negotiations.

As a commercial real estate professional, you have only one choice in how to respond: When the market shifts, so must you. It's not unusual to go through a period of denial or disbelief, but any prolonged shift will require you to adjust your tactics to achieve different results or pay the financial price of sticking to your guns. You get to choose. With a little downsizing and rationing, maybe you can ride it out. We prefer to remove the maybe and focus on first surviving and then thriving. How you choose to respond will define your outcomes. As Gary wrote in *SHIFT*, "Success isn't for the chosen few, it's for the few who choose."

TWELVE TACTICS FOR TOUGH TIMES

- #1 Get Real, Get Right – Mindset and Action
- #2 Re-Margin Your Business – Expense Management
- #3 Do More with Less – Leverage
- #4 Find the Motivated – Lead Generation
- #5 Get to the Table – Lead Conversion
- #6 Catch People in Your Web – Internet Lead Conversion
- #7 Price Tight to the Market – Shift Pricing Strategies
- #8 Stand Out from the Competition – Property Staging Strategies
- #9 Create Urgency – Overcoming Buyer and Tenant Reluctance
- #10 Expand the Options – Creative Financing
- #11 Master the Market of the Moment – Identify and Establish Needed Expertise
- #12 Bulletproof the Transaction – Issues and Solutions

TACTIC #1 GET REAL, GET RIGHT – MINDSET AND ACTION

Buckle up, we're headed to the bottom of the ninth.

ERNIE HARWELL, HALL OF FAME BASEBALL ANNOUNCER

The story is more than 2,500 years old, but it still has relevance. In Aesop's Fable "Hercules and the Wagoner," a driver hauling a heavy load comes to a muddy place where his wagon wheels sink to the axles in the muck. Seeing this, the wagoner throws down his horse whip and prays to Hercules for help "in this my hour of distress." Hercules appears, but not to lend his mythic muscle to the task. Instead, he gives the wagoner a 650 BC piece of his mind, "Tut, man, don't sprawl there! Get up and put your shoulder to the wheel ... Never more pray to me for help until you have done your best to help yourself!" The moral: Help comes to those who help themselves.

Don't judge the driver too quickly. Unless you're truly extraordinary, you've probably been there too. When the wagoner found himself in a bad circumstance, instead of looking for his own solution, he looked for someone to make the problem go away. He looked *outside* instead of *inside*. His reward? A telling off from a mythical Arnold Schwarzenegger type!

We've seen it again and again. When markets shift, brokers practically go through the five stages of grief—denial, anger, bargaining, depression, and acceptance—before they can pick themselves up and get after it again. In our experience, the faster you can move through that

process and accept your circumstances, the greater your advantage. The longer you sit and worry about the market or complain about what the banks are or are not doing, the more behind you will be in implementing the tactics in this book that can propel you forward. As the proverb goes, “You can’t change the wind; you can, however, adjust your sails.”

In short, nothing happens until you acknowledge where you are. *I’m stuck*. Change begins when you own the solution. *Now, what am I going to do about it!* It’s a two-step process of mindset and action. First you get real and then you get right.

Don’t confuse owning the solution with going it alone. As Gary constantly reminds us, no one succeeds alone—in fact, you will almost certainly need help. Just remember that help begins with self-help. When you are doing all you can, you may even be surprised at the help that will arrive from unexpected quarters. It’s human nature. It’s a lonely wait for the tow truck for the guy who runs out of gas and calls AAA on his cell. But when a driver is pushing his car down the road, there is clarity and urgency about his need for help, and total strangers will block traffic to lend a hand. “Hey, you steer and I’ll push!”

Once you’ve got your head on straight and you are ready to attack the problem, it becomes imperative that you focus, focus, focus on the basics. Of the many things you could be doing, there are only a vital few you *should be doing*. We believe the twelve tactics identified in this book are the vital few. Chances are you knew them long before you read them here. But if knowing what to do and doing it were easy, the weight loss industry would go belly-up, right? One of the best ways to bridge knowing and doing is urgency. The stark economic reality of a shift can be an immense source of this. A shift narrows your options; sometimes it only

gives you one. And, actually, that may be a gift in disguise; when you only have one option, it's no longer a question of identifying what to do. You must simply do.

The tactics that immediately follow are the most vital and urgent of the few. If you haven't yet done the tough work for remargining your business, that comes next. You can no longer afford to waste a nickel. Hand-in-hand with remargining is the top-grading of people and systems. Both cost you money, either because you've invested poorly in your business or because you're losing revenue to inefficiency or lack of commitment. You can't afford to accept anything less than excellence when you're trying to do more with less. Then, you personally will drive the business by spending the majority of your time and energy on lead generation and lead conversion—what you should have been doing all along! Often forgotten, sometimes abandoned, and rarely respected, the basics are never outdated.

Ultimately, getting real and getting right requires you to make a commitment to personal and professional growth. "Opposition is a natural part of life," writes Stephen R. Covey. "Just as we develop our physical muscles through overcoming opposition—such as lifting weights—we develop our character muscles by overcoming challenges and adversity." This may be the most challenging time in your business life, and what you do now will say volumes about who you are and who you are willing to become.

TACTIC #5 GET TO THE TABLE – PROSPECT CONVERSION

My motto was always to keep swinging. Whether I was in a slump or feeling badly . . . the only thing to do was keep swinging.

HANK AARON, BASEBALL HALL OF FAMER

Today you are a different person than you were yesterday. At a cellular level, you've changed. Cells died off, new ones formed—all thanks to the miraculous process of cellular differentiation. Unique cells in your body wait on the sidelines for messages from your brain. In times of need, they are signaled to shift from a less specialized cell that plays a minimal role in the functioning of your body to a more specialized one that plays a critical role in keeping you alive. When you experience trauma, differentiation is part of your natural response. It's how you repair, grow, and survive.

Why the lesson on cellular biology? Because science offers powerful insights into how to deal with shifts in our environment. Our biological systems are focused on one thing: survival. And, in a shifted market, that's your focus too. To survive, you have to first recognize that your business is in a state of trauma: there are more unqualified prospects—time-wasters who don't have what it takes to get to a closed transaction—to wade through, and the few good prospects that remain are harder to convert than ever. In short, competition for signed exclusive agreements with qualified clients is brutal.

Your only option is to differentiate, to become more specialized in fulfilling the changing needs of prospects and clients in a shifted market. Think of Reagan Dixon's story of the young broker who became a specialist in one corner of real estate in Dallas. If you can't differentiate, your chances of survival are diminished.

Differentiation allows you to leverage your experience, market knowledge, specialized skill set, network, drive, creativity, and your accountability to establish yourself as a different breed of broker. It is the key to getting appointments with prospects so that you can accurately qualify them, and it's essential to converting the best prospects into clients, specifically clients who are likely to generate revenue through exclusive representation agreements. How effectively you leverage your talents, knowledge, and network to differentiate yourself throughout the conversion process will be the deciding factor in your ability to turn leads into appointments and prospects into quality clients—and possibly into net commission revenue.

Figure 13 depicts the aspects of differentiation you might rely on throughout the conversion process. From *Tactic #4*, you'll remember that during prospecting, the key is to be focused on problem solving with leads rather than selling your services. That focus continues as you try to convert those leads into appointments. Once you get an appointment, you leverage your specialized market knowledge and expertise to get a second meeting, where you differentiate your talents, services, and commitment through an accountable, creative, and proactive solution-based presentation to the client's problem.

The goal of your conversion efforts—which may be massive in a shifted market—is to get meetings that lead to exclusive agreements to

CONVERSION THROUGH DIFFERENTIATION

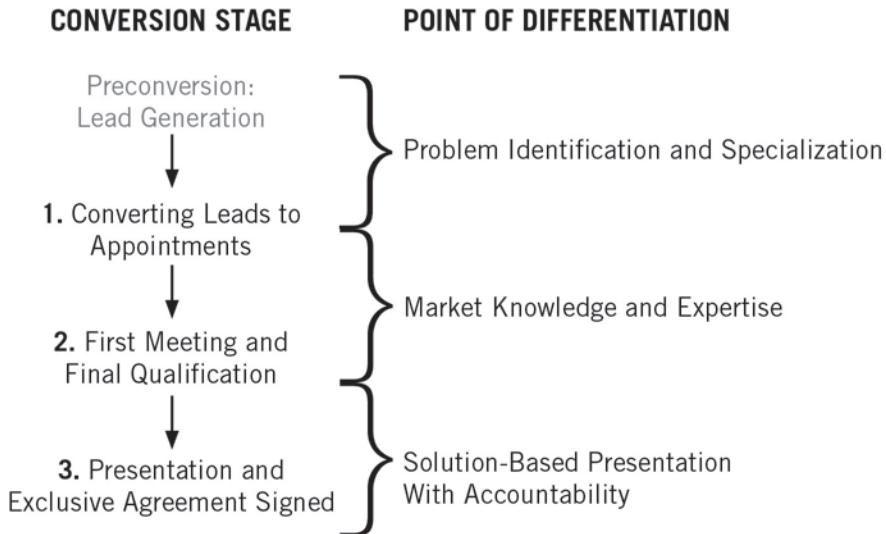


Figure 13

handle transactions that are likely to close. In a shifted market, I wouldn't suggest spending time on open listings unless you're absolutely convinced you have more or better information than your competition. You risk wasting time on deals that may never generate income when you could be working exclusive listings, which are more valuable even when they are smaller deals.

Remember, the best clients are looking for brokers with passion and drive. Differentiate yourself through your commitment to a closed transaction at every step of the process, and you'll find prospects and clients regularly choosing you over your competition.

1. DIFFERENTIATION TO CONVERT LEADS TO APPOINTMENTS

Converting leads to appointments is the most dollar-productive thing you can do every day. But you're not going to get the appointments you need unless you set yourself apart from the competition. What will make prospects pay attention is your ability to identify and show an understanding of their problems. Solving problems is the essence of what you do—you just need to highlight for the client how your skills and experience are a solid match for their particular problems. This unique ability is at the heart of your value proposition.

Remember, in a cold call or an initial contact, you aren't selling yourself, your company, or a particular commercial service—what you are “selling” is a *thirty-minute appointment*. Once you understand this truth, your conversion to appointments will go up dramatically. Most unsuccessful cold callers immediately launch into their five-minute pitch before they even understand the prospect's issues, which is why they are generally unproductive.

You must be prepared to do the following:

- Position yourself as a specialist.
- Qualify the prospect as a decision maker.
- Deal with two levels of objections.
- Find opportunities to get meetings.

Please understand that your most efficient results will typically come from direct communication on the phone and, occasionally, in person. Why? Because it's difficult to create a meaningful connection with their

problem if you aren't having a conversation, even if you only have them on the phone for five minutes. Many attempt to avoid this reality check because they don't enjoy cold calling or prospecting. But it's the truth you must hear. Even with Internet lead generation and conversion (covered in Tactic #6), you'll just be leveraging technology to drive leads out of hiding. It's all about giving them value-add reasons to agree to meet with you. Think of it as a precursor to the core work of lead conversion.

Position yourself as a specialist. You may be a specialist in a geographic area, a property type, or a transaction type, but you have to *position* yourself as a specialist in solving the problems of the prospect. If the problem is paying too much rent or excess space, you're not just a commercial broker, you're a specialist in "tenant/owner negotiations and sublease dispositions"—a tenant representation specialist. If the problem is that a property isn't selling, you are not a generalist commercial broker, you are a specialist in "developing creative offers for nontraditional buyers"—a commercial investment specialist. And if you lack certain specialized knowledge or skills, leverage the expertise of your network throughout the conversion process.

It is better to get 50 percent of a successfully closed transaction than 100 percent of nothing. Specialize in solving shift-specific problems for clients and you will become known as the go-to expert; suddenly, prospects you were chasing will seek you out. You simply need to be the best in the marketplace at handling *their* business need.

If you continue to be a generalist, you will be simply chasing deals. When you become a specialist, the deals come to you.

*Darrow Fielder,
Boise, Idaho*

Qualify the prospect as a decision maker. While qualifying leads is important, in a shifted market, prospects can be wary and uncertain. It's unlikely that you'll discover the truth of their situations until you meet with them face-to-face and establish rapport and trust. If you try to do too much qualifying on the phone, you may eliminate good leads based on limited or incorrect information. Commercial brokerage is a press-the-flesh business, so just focus on *getting meetings*. Once you're face-to-face, the qualification and rapport building can really begin.

Before asking for an appointment, the one thing you must do is determine if your prospect is the key decision maker. You need appointments with decision makers, not gatekeepers—don't waste time with people who can't get a transaction done. This author once spent two years working a transaction with a division president of a company, certain that he was the ultimate decision maker. However, I discovered that before the transaction could go through, the board of directors had to approve it. They didn't, and two years of work and a million-dollar commission was lost. Take it from me: Always make sure you fully understand the decision-making process for your client. Never assume—ask.

Deal with two levels of objections. The most important thing to remember when trying to get appointments with prospects is this: Probe—don't do the hard sell. For instance, your introduction should be very brief, with a broad value proposition based on your expertise and your company's services. For example:

- *Mr. Prospect, my name is Jane Smith and I am with [your brokerage]. We specialize in [your niche] in the [marketplace], and I'm calling to see if you are available next Tuesday for a brief thirty-minute business consultation to see how we can help you with your commercial properties.*

Now let's be realistic: Almost every person you call will object to your initial meeting request. It's just human nature—it's how we respond when we're inundated with proposals and opportunities. What I discovered in the more than 200,000 cold calls that I've made in my career is that getting past the objections is a two-phase process. My success rate was twice what other brokers who led with a five-minute value proposition were achieving, because I first deflected the generic "false" objection and *then* addressed the more "real" objection with a strong value proposition. And throughout, I continued to focus on the prospect's potential problem.

The first objection raised will almost always be generic, such as "I'm busy," "I'm not interested," "I'm working with someone else," "I don't have a need," or "I handle my real estate needs myself." *The most important first step is to deflect the objection by agreeing with it rather than try to argue with the prospect.* Sounds counterintuitive, but it works. Let's look at how to deflect some of the most common generic objections:

- **"I'm busy."** *Ms. Prospect, that's exactly why I'm calling you. In today's difficult economy, it is more important than ever for you to be focused on your core business. Our commercial services allow you to do just that. My firm can provide you with critical information and data that will help you make sound business decisions that are absolutely essential in today's difficult market. Are you available next Tuesday at ten o'clock for this business consultation, or does two o'clock work better for you?*
- **"I'm not interested."** *Mr. Prospect, I can appreciate the impersonal nature of this phone call, but I am totally convinced that when we meet, our firm will be of value and service to you and your company. I promise after we meet, if you do not see value in continuing our relationship, we will not call or contact you again unless you say so. Are you available next Tuesday at ten o'clock for this business consultation, or does two o'clock work better for you?*

- **“I’m working with someone else.”** *Mr. Prospect, that is exactly why I am calling. Our firm has unparalleled market [coverage/knowledge/expertise] that I know can be of use and value to your firm . . . meaning more money in your firm’s pocket at the end of the day. Are you available next Tuesday at ten o’clock for this business consultation, or does two o’clock work better for you?*
- **“I don’t have a need.”** *Ms. Prospect, that is exactly why I am calling. In today’s ever-changing market, it is more important than ever to follow its pulse to allow you to make decisions quickly and efficiently. That’s what our firm can provide to you . . . timely, accurate information and trends that allow you to make critical business decisions before the [market/rates] change. Are you available next Tuesday at ten o’clock for this business consultation, or does two o’clock work better for you?*
- **“I handle my real estate needs myself.”** *Mr. Prospect, that is exactly why I am calling. In today’s ever-changing market, it is critical to have independent, timely information to allow you to make sound business decisions. That’s what our firm can provide to you . . . we are active in the market on a daily basis and our proprietary sources of information will allow you to make critical business decisions before the [market/rates] change. Are you available next Tuesday at ten o’clock for this business consultation, or does two o’clock work better?*

These deflecting scripts will help you probe for the real objection, where you begin to get some clarity about the prospect’s problem. You may be able to close to a meeting after the first objection with these scripts, but that may not be the case. Instead, use the prospect’s response to transition to a probing question about the real problems they face. When you discover the potential real objection to the meeting, which could be anything from “I’m locked into a lease for another two years”

to “I feel like I need to give my current broker a few more months to get it sold,” you can begin to truly differentiate yourself by better connecting your specific value proposition to their problem. Again, you are not trying to solve the problem over the phone, but you want to offer them possibilities of a solution and explain that if they meet with you, you’ll be able to get to know them and their business, better assess the situation, and explore potential opportunities. Essentially, it’s an opportunity for a free business analysis and diagnosis of their current situation, and that will make a thirty-minute meeting seem worth their time. Once you convince them of that, you can close to the appointment.

Conversion conversations require an individualized approach. Your prospects will detect an inauthentic script in a split second, so your scripts must be genuine and your own. You should leverage any information you already possess about the prospect and the problems faced, and you should adapt general scripts to focus on the most common problems present in your market. Leverage the information you’ve gathered through prospecting to adjust your scripts and highlight your expertise. If you are working with paid prospectors, they need to master baseline scripts, but you should then coach them in discovering their own rhythm and style.

These phone calls also present an opportunity to differentiate yourself through your passion. Buy a phone headset, stand up, and walk around your office while making your calls. Your prospect will feel the energy and passion in your voice and your success ratio of closing appointments will go up exponentially.

Find opportunities to get meetings. While phone or in-person conversations are the best way to get somebody to commit to meet with you, in a shifted market, you have to pursue all opportunities to convert leads to appointments. Following are some additional ideas to consider.

- If the prospect came as a referral, leverage the person that made the referral to help you. If you are not getting a response, ask the referrer to email or phone the prospect on your behalf.
- Mine the Internet for more information that can help you connect with the prospect. Find out who their clients are, who they partner with. Are any of these people or companies your clients? Use their LinkedIn profile to find connections you may share. Start your conversation with this information to help them see you as an existing connection, not a new, unknown entity.
- Mine your data sources to find new information about the local market that might pertain specifically to problems the prospect may face. Send the prospect an email and lead with this information. If you can share something they don't know, potential clients will perceive you as an expert, and that makes it easy to ask for and get an appointment.
- Make a direct, creative offer of free services to create a low-risk way for the prospect to agree to meet with you. Continue to differentiate yourself through problem identification and expertise. In our interviews, we found brokers were offering initial property valuations, consultations on space needs, or energy audits through partnerships with energy companies. Be careful, though, because in a shifted market, many unqualified prospects will want free information.

- Host educational events and invite current clients and key prospects (and possibly others in your network, such as residential real estate agents). You can differentiate yourself as an expert who understands the needs of the clients in the market, and prospective clients will mingle with existing ones and be able to hear their testimonials live.

Let it be said again: The most dollar-productive thing you can do with your time is to get appointments with potential clients. This is where client relationships can be built and trust can be developed, and it must be a time-blocked focus of your commercial brokerage practice.

2. DIFFERENTIATION TO TURN A MEETING INTO A PRESENTATION OPPORTUNITY

So you got an appointment. Now you need a plan for uncovering critical information about the prospect. Throughout the conversion process, you want to make sure your time is spent with quality prospects who offer a strong probability of a completed transaction. In a shifted market, this invaluable information will primarily come from your first meeting and preparation beforehand. Your goal is to do the following:

- Do your pre-meeting due diligence.
- Uncover the prospect's real problems.
- Financially qualify the prospect.
- Ensure that the prospect has realistic expectations.
- Close for the solution presentation.

All the while, you must continue to differentiate yourself, relying on your solutions-oriented approach that is based on your specific knowledge and expertise.

Do your pre-meeting due diligence. While the most important information you need will be gleaned from your first meeting with a prospect, that doesn't mean you shouldn't arrive at the meeting armed with knowledge. You need to understand where to probe for pain, and research can reveal key pressure points. Do your due diligence: Explore their websites, google them and read the top media hits, explore public records (make sure you know who owns the property being discussed), and review any financial records available (Hoover's reports, filings with the SEC, etc.) to get a sense of the prospect's financial status. Look for those indicators of trouble that could help you direct the conversation, prove your worth to the prospect, and discover their value to you.

Uncover the prospect's real problems. While pre-meeting prep is important, the first face-to-face meeting with a client is where the magic happens. It's your opportunity to demonstrate your professional competencies and to differentiate yourself from other brokers they may be speaking to. It's easy to jump into why you're the best broker in town, but every broker will say that. Avoid the chest-beating of how great you are. High levels of anxiety, uncertainty, and risk aversion are common with prospects in a shifted market. You have to develop a relationship, let the truth of their situation unfold gradually. Differentiate yourself by showing concern about the prospect's problems and how your unique talents and skills will help them solve these problems. Instead of being the salesperson, present yourself as a professional consultant. Don't try to sell them, give them immediate solutions, or close too quickly.

Start the meeting with a brief introduction—who you are, what you do, and your specialties. Acknowledge the difficulties of the shifted market and the successes you’ve had despite them, particularly successes that might be of direct interest to the prospect: cutting occupancy costs, improving occupancy rates, developing deals based on creative financing, or whatever you believe the prospect might care about. Tell them a brief but engaging story of a past client who faced a situation similar to theirs.

Next, get them to open up. Spend most of the meeting asking open-ended questions that reveal their pain, such as the following:

1. *What have you been doing commercially over the last few years?* – You’re looking for proven commercial activity.
2. *How’s your current situation?* – You want them to discuss their business so that you understand the scope of or foundation of their issues better.
3. *What are your areas of concern? What problems have you been experiencing?* You’re trying to get to the real problems here, something you can actually help them solve.
4. *Are you on the committee for making this decision for your company? Who else needs to be at our next meeting?* – Make sure you’re dealing with a decision maker.

Wait for the answers to these or other questions. Don’t underestimate the power of silence—it’s only natural that they might hesitate to reveal difficult circumstances. For investors, it’s probably that properties have been on the market for too long; for buyers, it’s often that they can’t find a property that meets their financial criteria. For tenants, they’re

concerned that they're paying too much in rent or they're swimming in space they don't need, and for landlords, it's vacant space. But there are unique nuances to every problem, and you need to understand all of them before you can develop a solution-based plan. If you can get a client to really open up to you, the hardest part of your conversion job is done, because the client has begun to trust you. It's proof that you've done your part to connect with their problem, that you've differentiated yourself, and that you are building rapport.

Financially qualify the prospect. While you're probing for problems, you also need to be asking questions that help you discover whether a transaction exists with the prospect in the near future. You have to use your seasoned broker's nose to "smell out" a real transaction from a dream transaction. One of the best ways to develop this sense is through experience, which is why it's important for new commercial brokers to work with seasoned veterans. Specifically, you need to determine if the prospect can actually complete a transaction. To do this, you will need to ask some hard questions. Don't be afraid to do so: These are the questions that can position you as an expert, that can differentiate you from your competition who are too desperate to qualify appropriately—who will take on any client, whether a transaction exists or not. You will need to do the following:

- Ask about their experience and track record with the type of transaction.
- If you are meeting with a buyer or investor, inquire about their financing arrangements up front, including specific details of available capital or agreements with lenders. Tell them that

understanding their lender's requirements and restrictions will help you find the right property. Always follow through and check out their funding sources.

- If you are meeting with a tenant, inquire about their status and relationship with their current landlord, particularly any lease-related issues.
- And if you are meeting with a landlord, find out the strength and success of the current leasing team, whether it is internally marketed or through a third-party broker.

If a prospect hasn't purchased a building in years, has limited capital, is behind on their rent, or is otherwise financially unqualified, it may be best to move on to better prospects. For buyers in a shifted market, you need a stable of qualified, cash investors who can move quickly to take advantage of distressed situations. If they need assistance with creative financing options or need the owner to take back financing, it's crucial that you uncover this up front. Be sure that you have realistic expectations of earning a fee or a commission before converting the prospect to a client.

Ensure that the prospect has realistic expectations. In a shifted market, the biggest hurdle that brokers face is clients' unrealistic expectations—it seems that everybody has them. “Supposed” sellers are basing their expectations on market valuations from two or three years ago, and they will only sell for an amount that is unrealistic in the current market. These listings, no matter how tempting, will have very little chance of becoming closed transactions. Sometimes these sellers are in a

negative equity situation (the loan is higher than the current valuation), creating a distressed property. We'll discuss these more in *Tactic #12 Markets of the Moment*.

Unrealistic buyers and tenants are looking for the deal of a lifetime. The dream of bargain-basement real estate prices brings out the unqualified buyers with no capital and very little chance of actually closing a transaction. You do *not* want to work with these people; they will waste

your time and zap your energy.

It is the job of all commercial brokers to help establish realistic expectations with their clientele. This is a key opportunity to highlight your bona fides—you know the markets, what properties are trading for, current lease rates, true comparables, what concessions are being offered, etc. Exploring a prospect's expectations and finding out how open they are to the realities of the market are crucial

Better to ask the tough questions up front. Too often, inexperienced agents delay asking the tough and sometimes obvious questions that they suspect may kill the deal because they are afraid of the answer. Ask them up front; better to find out the transaction won't happen early than spending a lot of your time and it falling apart later when you could have moved on to more productive business.

*David Neault,
Norco, California*

during your meeting. Does the language prospects use match your knowledge of current real estate market conditions? Are they just out hunting for a bargain, or do they really understand what the investment requires? In a shifted market, it's often better to be the second or third broker to handle a property or client because the first broker spent six to twelve months breaking down the walls of unrealistic expectations. The client is now more prepared to accept the realities of the market. It's like the old joke goes: "first born, second wife, third Realtor."

Depending on what you discover about a prospect's expectations, this may be the point at which you decide that this individual is worth a greater investment of your time—or not.

Close for the solution presentation. After you've probed for pain and qualifying information, the close of the first meeting is where you need to give them the sizzle, not the steak. The steak is reserved for the solution presentation meeting. Show that you understand their problem with a quick recap: "It sounds like what you need to have happen is ____." This does two things: It demonstrates that you really were listening and you get confirmation of the core issue. Then share stories of how you've helped clients with that specific problem in the past. Leverage your expertise, your specialized knowledge, or your cobroker arrangement with a broker who specializes in the client's problem area. Tell the prospect something they likely don't know about the market. Show your passion for the market and the deal by talking in broad terms about what you would do—specifically, what other brokers might not. Highlight one creative approach you might take to solving their problem but save the actual specifics and details for the next meeting. I call this the solution presentation; you present a *detailed program of action* to accomplish the prospect's objective. Give them a first look at an accountability plan for how your firm will help them reach their goals. Drive the message home that by letting you handle the transaction, the prospect will save time and will make or save more money.

You can win their confidence if you remember that they are a person with a problem. Be counseling and relationship driven: You have to try to identify the problem and not just a possible transaction. In this way, you will convert them to a client for life.

*Charles "Mac" McClure,
Dallas, Texas*

This is your opportunity to truly differentiate yourself based on your market knowledge and expertise—you need to nail it. And don't leave until the next meeting—the solution presentation—is set and on the prospect's calendar. If you discover that you really can't help the prospect, or if they really won't need your services for some time and you've developed rapport, move them to your long-term lead cultivation list.

The passion you show for the project and for understanding their issues or concerns will move the conversation to the final stage: a solution presentation and a signed exclusive agreement.

3. DIFFERENTIATION TO GET FROM A SOLUTION PRESENTATION TO AN EXCLUSIVE AGREEMENT

In a shifting commercial market, uncertainties abound. Investors, tenants, and landlords *all* have a clouded, hazy, uncertain outlook. These potential clients are looking for decisive, confident leadership with their commercial real estate decisions. The successful broker will fill this void and demonstrate the ability to do so in the second meeting with a prospect, where they will offer their solution presentation and then close for an exclusive agreement.

After the first meeting, you have what you need to prepare a solution presentation for the prospect. On occasion, you can skip the first meeting because it is either a smaller transaction or you have a direct line to the decision makers and enough information (particularly through cultivation) to jump straight to preparing a presentation. Study your markets and your prospect's situation and do not be afraid to be bold and decisive in your assessments and decisions. This is how successful commercial brokers set themselves apart, especially in a shifted market.

At the meeting, begin with a short recap of the previous one to show that you have a clear understanding of the prospect's problem. Then dig into the specifics of what you will do to solve it. You must be specific: Explain exactly what you will do for the client to earn your commission and to help them solve their problems and achieve their objectives. Passive generalities won't cut it! The presentations should include detailed marketing plans, all avenues you will pursue to identify prospective buyers or tenants, how you will identify the best properties for a buyer or tenant, how often you will update them on your progress, what systems you have in place to make the process as smooth as possible, the team you have in place to support the transaction, and so on. Throughout, give more details of your experience and expertise, specifically as it relates to the client's transaction. Leverage the reputation of your brokerage as well.

If you're prepared to take your brokerage to the next level and earn money on the front and back end of every transaction, you need to think of yourself not just as an expert broker—a salesperson—but also as an expert marketer. Jeremy Cyrier, a CCIM instructor and the 2010 recipient of the Susan B. Groeneveld Award of Excellence from the CCIM Institute, made this shift, and his business has grown dramatically in the past year. His leads alone have quadrupled.

"I was tired of the same conversations with clients," said Jeremy. "Lead flow and deal flow were slow, but the 'what else can we be doing' conversation was increasing, quickly. Our model wasn't working." Jeremy took massive action and tore down his marketing platform, rebuilding it by asking the question, "Why would anyone wanting top dollar list their property right now?" When you're on a list, you're a commodity; this was Jeremy's revelation. You have few opportunities to differentiate yourself,

which means you compete on price. Not ideal, particularly in a shift. His solution? Don't list—*position*. “I developed a marketing plan that offered clients the opportunity to position their properties, built on a belief that if their properties were unique, special, and different, people would want their property and might pay more for it.”

Jeremy perused the database of lease-based properties to discover the information every prospect sees: addresses, space available, photos, brief descriptions, and prices. Every landlord was competing for attention based on generic pieces of information, and only price typically attracted attention. Jeremy broke down each category and discovered ways to position rather than list the property.

- **Photo** – Have the photo taken by a professional photographer (and never by a broker using a smart phone).
- **Address** – Most addresses are meaningless to prospects, other than indicating a neighborhood. Instead, name the property, like the John Hancock Tower in Boston, to give it prestige or to attract a certain type of tenant. For instance, if you want a tech company in the space, use a name like “Technology Innovation Place.”
- **Space Available:** Don't just indicate the space available is “industrial for lease,” “land for sale,” or “office for lease”; use it like a headline to help you identify the ideal tenant and then leverage that information in how you position the property. Headlines like “Skip the Commute – First Floor Office Space (office for lease)” and “Attention Architects, Attorneys, and Tech Firms – Cambridge Office Space! (office for lease)” get better results.

- **Brief Description** – Don't be generic. Use the limited space to highlight what's most compelling about the property.
- **Price** – If you get everything else right, price is a nonissue. “In fact,” said Jeremy, “after changing these elements for new properties we've taken on, we've actually raised the price and had more interest than when the price was lower.”

What Jeremy's approach offers is a clientcentric approach to marketing: “You have to get into the client's mind, hook into something they already know, and use that to *position* the property.” And that approach has dramatically improved his client list and his success with transactions. “For one property, in the brief description, which was something like ‘office space for lease in Cambridge,’ we changed it to say that the property offered easy access to Harvard and Cambridge and that it had housed some very successful technology companies, which we named. Within a week, people started calling us and reading it back to us, saying, ‘I own a technology company and need access to the talent at MIT and Harvard, and I want to be in a building where businesses have been successful.’ It was amazing.”

Jeremy now gets paid up-front fees by clients for his marketing efforts, which he can easily ask for once he's mapped out his creative and proactive approach and his success rate with other properties. A marketing company doesn't front the money to help clients; you shouldn't either. And he gets a commission on the back end when the transaction closes as well.

Regardless of your approach, you want to present a clear road map to a closed transaction for the client. More than anything, the presentation must highlight your creativity, your proactive efforts. The client

inherently understands that in a shifted market, that will be the only way to get deals done. Gone are the days of advertising listings and waiting for the calls to come in. You have to make deals happen. Show the client you have the expertise, the drive, and the creativity to do so. Your clients will appreciate your clarity of thought and decisive actions.

At the end of your solution presentation, close for an exclusive agreement. “Commercial real estate is a business of control,” explains

Focus on the overall business strategy of the client—not just on the transaction. We should be guiding and advising our customers, not just selling to them.

*Brock Danielson,
Phoenix, Arizona*

Paige Aiken, a commercial broker in Atlanta, Georgia. “You either have control or you have *nothing*. Your goal is to be your clients’ exclusive representation as a listing agent, buyer representative, or tenant representative. You have to control the inventory: both prop-

erties and the people you represent. The purpose of getting control is to close transactions—always be working toward this end goal. Brokers that control the inventory or the tenants get paid. Brokers that don’t, don’t.”

The key to obtaining an exclusive agreement is convincing the client that it’s in their best interest to work with a broker on an exclusive basis, and that broker should be you because you are prepared to be held accountable for your results. Prospects could not care less that exclusive agreements work better for you or that this is how you do business. They simply want the best possible way to solve their problem or reach their objective. Convince them it is better to work with “one” totally accountable broker and get 110 percent of their effort than to work with five

totally unaccountable brokers and get 10 percent effort from each. Explain to them that with an exclusive agreement, the odds of getting a deal done are greatly enhanced.

To back up these statements, you must prove your ability to get deals done and that starts with building trust. *To get trust, you must first give it.* When I was working to get clients to sign an exclusive agreement, I would guarantee the commission on the transaction—proof of my commitment to the transaction and proof of my confidence in getting it done right. The exclusive agreement would clearly state a proposed commission, but it would also indicate that the final commission to be paid was at the discretion of the client and would be based on my performance. “Mr. Prospect,” I would say, “this is your guarantee that I will perform. If I don’t perform to your expectations, you can access all or part of the real estate commission.” You might think this is a dangerous game to play, particularly when every dollar you earn will be hard-fought. But I never once had a client access the fees. By first demonstrating to a prospect that I trusted them to be fair and honorable with the commission, they then would trust me to make sure the deal got done right and sign the exclusive agreement. Trust given was trust gained.

Roger Staubach of the Staubach Company once had a presentation with a large corporate prospect. The CFO complained that the real estate fee was more than he made in a year. Kevin Hayes, a senior broker working with Roger, said, “If we don’t save you at least four times our fees, we’ll give you up to 100 percent of the commission.” Roger was shocked at the time. But they got the assignment, closed the transaction, and saved the client more than the promised amount of money, thus more

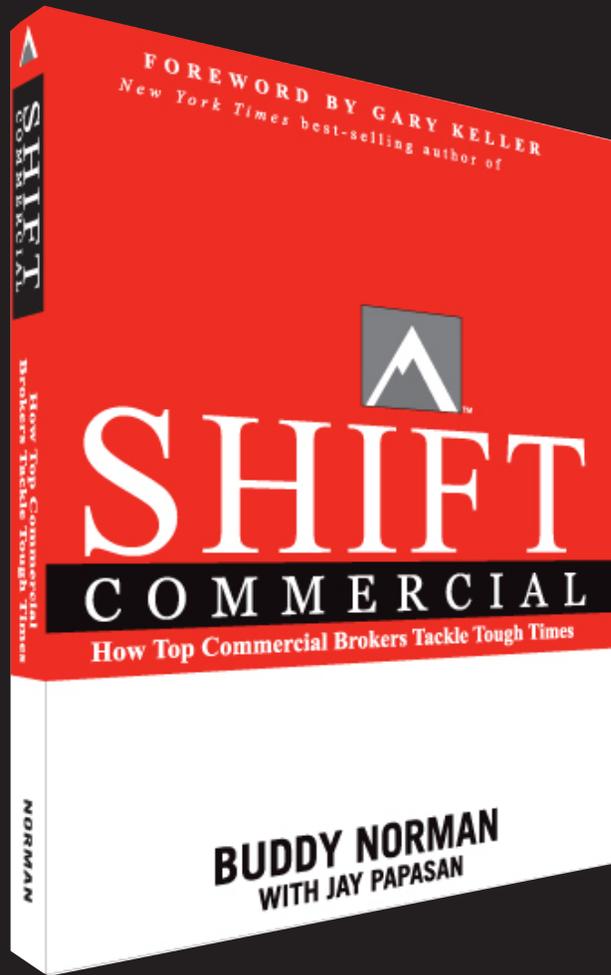
than earning the full commission. From that point on, all brokers at the Staubach Company had to have value-add proposition guarantees in all their exclusive agreements.

Another way to prove accountability and your drive to be hyper-proactive is to set a time limit for the agreement and include a simple cancellation clause. Butch and Rhonda West of Austin, Texas, and Kyle Drake of Houston, Texas, took on a property that had been on the market for some time. They boldly told the owner, “We will sell this property in sixty days. If we don’t, you are free to fire us.” Honestly, what’s the worst that will happen if you make a commitment like this? You’ll get fired. In a shifted market, that may happen more often anyway. This isn’t the type of offer you would make to all of your clients, but in some situations it may be appropriate, particularly if a potential client is gun-shy; and it’s a unique way to differentiate yourself from your competition. Butch, Rhonda, and Kyle performed, got an offer on the property in sixty days, and closed a \$10-million-dollar transaction.

No matter how you do it, always go for an exclusive agreement. Aside from the greater guarantee of income, an exclusive can be the first step in a long-term relationship by allowing you to focus your energy on the true interests of your client, and thus building trust. An exclusive can also be used to make effective business development calls on prospects or owners. By controlling one property or prospect in a specific market area, you gain unmatched access to information and firsthand knowledge of market conditions that you can leverage with other prospects in that market. Success begets success; clients beget new clients.

In a shifted market, every viable prospect, every appointment, and every opportunity to get to an exclusive agreement is precious and worth

every minute you spend throughout the conversion process. Yes, you'll spend time on the phone with unqualified prospects, you'll go to meetings that lead nowhere, you'll put in a lot of work and never get an agreement. But sometimes you will. And those "sometimes" make all the other times worth it; they keep your business alive. So pick up the phone daily and ask somebody for a meeting—and then show them what you're capable of.



Ready to **SHIFT** your commercial business into high gear?

Get your copy of **SHIFT Commercial** today!

Click here or visit www.kellerink.com/SHIFTCommercial