

Achieve Real Estate
Success
In Your First Year



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Introduction

Congratulations on making the decision to start a career in real estate! This book is both a reality check and a resource guide on how to get your career off to a successful start. Although thousands of prospective agents pass licensing exams across the country each month, only a fraction will be active in the industry after two years. Why do so few actually become successful real estate agents? To put it simply, only a small percentage of agents take the time to set goals and follow a plan. This guide will help you create your plan and enable you to be the exception on your path to exceptional.

Some of the main questions we hear new licensees ask often aren't the key questions new licensees should be asking. Although all questions are valid, particularly when everything is new, the right questions will give you critical direction that is needed as you start your new career. We will address exactly what those questions are and who you should be asking them of. The answers that you receive will help you accomplish three primary objectives:

- 1. Define your area of focus in real estate*
- 2. Choose the right firm to affiliate with*
- 3. Structure your budget*

Don't let your new career in real estate just happen. Use this guide to help chart your course and take charge of your future.

- 1. Define your area of focus in real estate!**
- 2. Choose the right firm to affiliate with!**
- 3. Structure your budget!**

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Chapter 1:

Running Your Own Business

Do you know that you just started “*YOUR NAME*”, Inc. Does that thought scare you? Don’t let it! Most new real estate agents never planned to run their own business. Heck, most people think that their new brokerage is going to handle that part! The fact is, starting your own business can be an overwhelming thought. That is exactly why most people never attempt it. Since you likely know other real estate agents, getting your real estate license probably sounded significantly less daunting. Here is where you will build your bridge...it runs from your expectations to your new reality: This is going to be a very exciting personal journey!



Now that you are on the other side of the bridge, it’s time to build a personal development plan that will serve as your GPS to success. Just as different people have different personal interests, your talents and interests will be different from other real estate agents. Therefore, your personal development plan should be developed with the help of a mentor and custom tailored to YOU.

After all, you know your strengths, weaknesses, habits, and hang-ups better than anyone else. For example, let’s say that you can’t stand cold-calling on potential clients. If someone handed you a development plan that included hours of cold-calling, would you follow it long term? No! That’s why a “packaged training system” from a standard brokerage may not suit YOUR NEEDS. When you are working with a mentor to tailor your own plan, it is critical that you know yourself – think about your strengths and weaknesses and communicate those to your mentor so that you

Cold Calling

Definition

Cold calling is the process of approaching prospective customers or clients, who were not expecting such an interaction.

can capitalize on the strengths and downplay the weaknesses.

Another key concept that is often overlooked is the importance of benchmarking on key real estate career insights from top-performing agents in your market. You must do this front-end research to identify your potential areas of interest. We will go into this in greater detail later in the book.

As you create your personal development plan and begin investing in your business, make sure your investment is not in vain. Although this warning may sound simplistic, *a resounding number of agents each year make the mistake of relying on a company's brand rather than building their own.* What happens when you decide to move on? As you consider spending money on advertising always ask the question, "whose name is a client going to remember from this ad?" Make the decision to brand yourself and not your company from the start, and never compromise on that throughout your career. Your brokerage may never tell you this, because your company signs and ads are free advertising for them! There are some firms that actually encourage you to brand yourself from the start. We would recommend seeking out those firms to interview with, but be sure that they really allow and encourage you to develop your own brand.

TAKEAWAY: You just started your own business and you need to plan how you will be successful. It won't just happen, YOU have to make it happen!

Chapter 2:

Choosing the Right Company

As you start identifying real estate firms to affiliate with, remember this critical point: ***Your success is up to you!*** As cliché as it sounds, the reality is that no matter how many times you've seen a company's logo, all of the agents in that firm are all in business for themselves. Brokerages have more *unsuccessful* agents come in and out of their doors each year than *successful* agents that stay. This new agent "numbers game" is designed to find the 20 in the 80/20 rule (80% of your sales comes from the top 20% of your agents). Keep an open mind while interviewing, and objectively lay out the tangible differences between the companies. Don't fail to ask critical questions about commission splits and franchise/extra fees, 1:1 mentoring, and even company lead sources and availability because you mistakenly think that joining a "big name brand" will ensure your success. Big brands have been losing progressively more market share during the real estate downturn. Inability to meet the needs of modern agents is partly responsible for agent attrition at these big brand brokerages and you don't want to fall victim to it.



If you are focused on having a successful first year in real estate, you must interview with a purpose. Don't fall for general claims and generic sales pitches! Also don't just look at commission splits (some companies make their money on nit picky fees!) We could write an entire interviewing guide and walk you through every detail, or we could empower you with two simple questions

80 / 20 Rule

Definition

80% of sales come from the top 20% of agents

that cut through the fluff:

2. How will you help me get my first sale?

Don't let them squirm out with a generic "great training" answer. "WE PROVIDE YOU WITH LEADS AND TRAINING ON TO CONVERT THEM INTO CLOSINGS" is probably the best answer to this question. It shows a company is truly willing to invest in the new agents they elect to hire.

2. How much of the commission am I going to keep?

Pretty simple question, right!? Believe it or not, many new real estate agents don't ask this question. We know this because they later complain about being on an 80/20 split but only really keeping 65% of the commission. Franchise fees, marketing fees, transaction fees, etc. can really add up with some of the "big brand" firms.

Pretty simple questions aren't they? If you ask these two questions you will learn a lot about the company and whether they truly invest in their agents or not. A company that is willing to invest in you by providing you with leads is putting their money where their mouth is. Leads are not cheap to generate, but the truth is that IF THEIR TRAINING IS THAT GOOD, why won't they invest financially into your success? Some firms, for example, offer training AND 1:1 agent coaching, but most importantly provide new agents with leads while they are in a coaching program. This real world practice not only gives new agents valuable experience, but real opportunities to start making money right away.

Let's hope making money was at least part of the reason you

decided to join real estate. If not, there are probably some more rewarding causes where you can donate your time!

A bit later in the book we will provide you with key insights into selecting a mentor/coach, but in the company selection phase you want to be sure you're not "double paying" for training. Many firms will not only have new agents on reduced commission splits during their first year, but also have them personally pay their coach. No matter how you look at it, that just doesn't add up.

Any firm truly looking out for their agents will have a mentor in place for an agent's first few deals, but not limit that agent's commissions for an extended period of time just because they're new. If you are an achiever, you will quickly grow bitter about poor commission splits as you surpass the transaction volume of your more experienced peers. *Real estate should be a true "meritocracy," which means your compensation and success should be tied together and stand on their own.* If you are on a 50/50 commission split but knock it out of the park in your first six months, would you feel comfortable giving 50% to your brokerage while you're doing the work of a more-seasoned pro? These are good things to think about as you prepare for success and purposefully interview with your end goal in mind.

TAKEAWAY: Joining a big name firm does not guarantee you success in the real estate industry. Be objective when you compare companies, and ask the BIG 2 questions.

Chapter 3:

Planning For Success

Just as many businesses fail for lack of planning, real estate agents fall into the same trap. You can never be too detailed in daily, weekly, monthly, and yearly planning. By getting into the minutia of detailed budgeting, goal setting, and strategic thinking you are mentally preparing yourself for success. In the real estate world there are specific budget categories, activities, and strategic options you can take and plan for. We have included charts ***INCLUDE CHARTS** to help you with your budgeting and goal setting as you plan for a rocket start to your real estate career. If you're not a planner, learn to be one. If you don't have a plan, then you are on some else's plan...and guess who is benefiting from your work? A successful real estate agent, that's who!

There are two primary areas you will be planning for:

1. How you will spend your time, and
2. How you will allocate your money.

Time and money are two commodities most of us don't have enough of. With regard to time that you spend on building your real estate practice overall, you want to spend it on constructing your marketing plan since this will make up the nuts and bolts of the what's, how's, when's, and where's of how you are going to achieve market dominance. You want to make sure that your marketing plan fits into your personal development plan, which is a "larger in scope" personal long-term plan. To avoid playing the role of life counselors we will only briefly address this topic. Your career plan must fit into your overall personal goals or it will only

be temporary in nature. We recommend that your plan should initially be influenced by interviewing different types of top-performing real estate agents in your market (ex. REO, listing agents, buyer's agents) and should evolve over time as you gain more experience. You cannot effectively create a plan until you have conducted sufficient research to make sure your plan is viable and aligns with your personal interests and goals.

You can use these initial plans to help you establish aggressive yet attainable sales goals. Make sure these goals aren't just PFA (Pulled From Air!) Also be sure to ask the expert agents you interview how many deals they closed their first year in the business. ***Your goal is not to be average, so don't seek advice or guidance from average agents.*** These agents are successful because they aren't average, and probably never were from the start. Therefore, their first year results in the business will probably help as you start to put your projections together.

Getting back to time and money, let's take a little closer look at being strategic with your time budget. Your time plan should address the following questions:

How many hours will you spend each day on marketing to attract new clients? (Create time sub-segments for online activities and traditional marketing. For example, 3 hours blogging each week, 2 hours dropping fliers monthly in the xxxx subdivision, 4 hours monthly attending networking events, etc.)

How many hours will you spend nurturing your current relationships? (Keep in touch calls, drop-ins, email newsletters, mailers, etc.)

How many hours will you spend conducting research on your market?

How many hours will you dedicate to working in the field with clients?

Remember, you will have guidance on these time budgets from your local area top performing agent interviews. Why? Because you are going to bring these questions and ask them! Once you get into the groove you will want to revisit your time budget, and adjust it according to what is going to net your highest ROTI. ROTI is Return on Time Invested. It's ROI for those of us that suffer with mild dyslexia. The key ingredient in the formula is time. Time is your most valuable commodity. Not only are they not making any more of it, we have a fixed time budget for our lives! Even more, we can't get wasted time back.

If we lack the control to extend the future or reclaim the past, we need to be kings and queens of the present. So constantly revisit your time allocation and think strategically about your time. If you start making some commission money, remember the activity that led to the commissions. How many hours did you spend? What did you earn per hour? Now think again about the administrative tasks you are spending time on. Can you pay someone \$7.50 an hour to stamp your mailers? If you just determined your time is worth \$100/hr you bet you can! Even if it hurts to write that check, it's costing you \$92.50/hr not to do it (\$100 of what your time is worth - \$7.50 you're paying someone to "replace you"!) So that's what we mean about revisiting your time allocation. *Strategies form when you look back and plan forward.* If you're doing it right, you will often reflect, and often

adjust while your competitors are sitting idle.

Since you are responsible for your own expenses, let's spend a little time on your financial budget. Remember, money is the second part to the time and money focus we have overviewed. Let's start with a few warnings. There are tons of ways to spend money on "agent activities" and many are wasteful. From the moment you become licensed you will be solicited to death with various ways to EARN A MILLION DOLLARS listing every home in the county, but many of these marketers simply prey on new agents that are barely making it. However, the most important consideration with your financial budget plan is the inconsistency of income in this business.

If you haven't realized it yet, you will not be receiving a steady monthly paycheck. Therefore, we advise you to carefully avoid the "real estate roller coaster." It helps to go into this business anticipating financial ups and downs, so be also be prepared for the emotional ones that are neatly attached. Fred and Sue not getting their loan approved two days before closing can cost you \$12,000 in a matter of minutes. If someone stole \$12k from your bank account you might cry. Well these types of situations happen everyday in real estate so have your Puffs ready.

The peaks and valleys are part of the lifestyle, but they don't have to dictate your outlook or mood. If you set goals you can step back and look at the bigger picture when a deal falls apart. In doing so, you will see that two others came from unexpected sources. It's important to keep this perspective. This also parlays into some thoughts about time and monetary budgeting (and the roller coaster that ensues if you don't properly employ both disciplines.) The diagram below shows a common real estate

agent trap. *Just as the term farming is used as a real estate agent marketing technique, I don't like it because a farmer plants at once and sows at once.* This is bad business in real estate land. To ensure a consistent client base and consistent closings, *you must plant and sow simultaneously.*

TAKEAWAY: Planning is essential to success. Your most critical planning will be made on where to invest your time and how to allocate your money.

Chapter 4:

Identifying Your Niche

The terms 'listing agent', 'selling agent', 'property manager', 'REO agent', 'short sale agent,' etc. may all be new to you, but they illustrate an important point: There are many different options you can take with your new real estate career. As in the field of medical doctors, it can pay off in the long run to specialize. Clients tend to prefer to work with an agent that specializes in the area of their interests. For example, if you need a tooth pulled would you go to your general practitioner? Even though both a dentist and a general practitioner are both medical doctors, you would want the specialist. Similarly, a buyer looking for the best deal on a foreclosure home may have a preference for an REO agent.

Perhaps you didn't know which major to choose once entering college? You're not alone. However, if you were strategic, you started to learn about different areas of interest and eventually chose a major. If you want to excel in real estate for the long run, then take the opportunity to learn each area you can pursue. Identify top agents in your market in each sub-segment of real estate and ask them questions about their job. People love to talk about themselves, so you'll be likely to find some takers. Ask good open-ended questions to get them talking and take thorough notes. More importantly, however, visualize yourself in their position, conducting the daily and weekly tasks they describe. If the job sounds intriguing, you may have found your niche. Make sure to interview several agents before creating your own real estate career plan.

TAKEAWAY: You will be much more successful in the long run if you focus on an area of real estate that you truly enjoy.

Chapter 5:

Creating a Financial Budget

Creating a budget starts with recognizing that you are now a small business owner. Have you ever seen a successful business that didn't invest in itself? Especially with no start-up costs! If you have nothing to put in, then you're better off partnering with someone who can invest in the business. Just know that in doing so you'll only be building their brand. You are only prolonging your own real start, since everything you do with your team will ultimately promote the team's leader. However, if you do have a few bucks and plan to invest them into your new business, plan wisely with what you have.

Once again, using insight from your interviews with top-performing local agents you will begin to craft your budget for year one. Your financial budget should plan for marketing costs, MLS fees, technology overhead, any monthly company agent fees, and most importantly projected income. Unlike most new businesses, if you have a plan and choose the right company you should be profitable in year one. By selecting a company that offers company leads you can begin to generate commission income very quickly. Be sure to set aside a percentage of each closing to re-invest in your own marketing.

If you want to thrive in the industry long term you cannot just simply rely on company leads. Rather, use them to help start your business and supplement your personal closing income for the long run. So eventually they should shift from being the entrée to the accompaniment. If you don't have them, however, you could

simply go hungry. This brings us back to the point of re-investing. Start your budgeting discipline early by taking 5% of each closing commission to commit to future marketing. This will help you avoid the real estate roller coaster discussed in the planning chapter.

Overall, your budget plan should address the following questions:

1. ***How many month's expenses do I currently have saved?*** (Would you start a business with no savings? No! So if the answer here isn't SIX or more to cover all of your personal and business expenses while you are investing to build your business, then do not pass GO! We have to stand firm on this one since there is always risk in starting a business.)
2. ***How much money do I currently have to invest in my business?*** (Just because this number is \$20,000 doesn't mean you need to hurry out and get a \$15,000 website. You may want to invest \$400/mo in marketing, however.)
3. ***Am I willing to proceed cautiously and have business grow slowly, or am I willing to take a small financial risk to give my business a fair chance?*** (At the end of the day, this is a risk tolerance question if you have money. If you have money, but want to save it or don't have money, there are companies you can join that will provide you with leads, however. Keep in mind, if you desire to truly build an enduring brand, you will have to invest over time.)
4. ***If I invest x, what will my return be?*** (Rely on your top-performing agent interviews to identify where they have seen good return on their invested dollars. You will want some sort of benchmark here versus guessing. If it costs you \$10 to generate an online lead and 5% of those leads close, it will cost

you \$200 to generate a closing on average. What is your commission out of that deal? If it is \$5,000 on average, then would you say that \$200 was well spent? If you don't know the answer to that one, then maybe we need to have a chat.

5. ***What items is my fixed overhead, and what part of my budget changes monthly?*** (You can stay in the business and throttle up or back on the monthly variable spending, depending on your number of closings, but your fixed monthly overhead is what you have to spend.)

TAKEAWAY: Budgeting is planning with the money you have and being disciplined with the money you will make. It commits you to investing in your business, and keeps you from going out of business.

Chapter 6:

Balancing Work and Life

Building a business is not easy. It is particularly easy for new and experienced agents to get sucked into the real estate agent time vortex. *One day you may look up at a clock reading 11pm and realize your career is one huge time suck.* At the expense of valuable family and personal time you can easily fall into the habit of working away the evening hours. Although this topic may be better suited for a “life coach,” new agents must learn how to manage yourself, especially in the areas of time management, ongoing real estate business training coaching, continuing education units, and personal life balance. Real estate is said to be a 24/7 business much like any small business. However, it is important not to lose sight of your personal life including family, friends, physical health, etc. That sounds good in theory, but what does that look like practically?

When you are hungry and each extra client could mean thousands of dollars, it takes serious discipline to say, “no.” Here is some practical advice that will save you hours, days, and even weeks in your first year of real estate: ask experienced agents how they qualify their clients! If you do not learn how to qualify early, bad clients will suck your time, rob you of your enthusiasm, and take the life right out of you.

For example, clients that want to look at homes before speaking with a lender are really putting the cart before the horse. If you advise them to speak with a lender first and they are resistant, then they may not be potential clients at all. At this point red flags

are flying and sirens should be going off in your head. Keep in mind, people don't want to feel pushed to buy, but you have to have a professional boundary that your time is valuable. The reality is you both are wasting your time if they haven't received guidance on what price range they should be targeting, and a lender will provide exactly that. So one boundary you may set would be this: If they are not paying all cash, they need to consult with a lender before I take them out. Make sense? It's all in the delivery with the client though, and you will get a feel for it over time.

You should also create a time budget for yourself. Set a goal to spend a certain number of hours each day on certain tasks and try to stick to that time allocation budget. This will be critical in helping you avoid the real estate roller coaster we discuss later.

TAKEAWAY: Set your priorities and create work boundaries based on them. Be proactive from the start: Don't let your real estate career overtake your life.

Chapter 7:

Selecting a Mentor

Going it alone is not easy. Take the time to find a mentor who can help you steer through some of the known obstacles and help you avoid the real estate roller coaster. This business has enough ups and downs as it is already! Identify a company that offers a mentorship program or 1:1 coaching for new agents. These programs are usually paid through your first few commissions, but are well worth it. A recent study conducted among new real estate licensees showed those who received 1:1 mentoring cut their time to getting their first listing to one third versus the “training only” group. Their first year’s commissions were also an amazing 300% higher than the group that simply received training alone!



A coach teaches you how to practically apply the “classroom concepts.” More importantly, they hold you accountable to your plan and help you implement important disciplines you will be using throughout your career.

A coach will guide you through your first transactions and provide the hand holding that you will be critical to your success and ability to represent your clients correctly. You want to have that “go to” person who can answer the questions that seem too silly to ask your Broker, but are important to helping you represent

New real estate licensees who received 1:1 mentoring received an amazing 300% higher commissions during their first year than the group that simply received training alone!

your client well. To put it simply, it is worth giving a good coach a percentage of your first few deals if you consider what you could be giving away by not having that wise counsel at your side.

TAKEAWAY: Training alone is not going to cut it. If you are new to this business and plan to be successful, you need a mentor from the start.

Chapter 8:

Harnessing Technology

While it's difficult to even find a single statistic that can clearly define the number of real estate closings that result from a client walking into a real estate office, there is one statistic that you need to pay attention to. This statistic screams that technology has changed real estate forever: **89% of consumers now start their home search online!** Leveraging technology effectively is a low-cost, high-impact way to both control and increase your business. Quite simply, you need an online presence not only for new potential clients but also for your current clients. A great website is great resource for both new and existing clients.

There are many technology products available, so the amount and type of technology you decide to use will vary depending on your comfort level, your experience, and your target market or client base. For your business, you must choose the most appropriate methods to reach your desired market.

Today's consumer is also looking for information fast so I recommend using tools to reach your clients quickly, such as accessing your email via your cell phone or texting/instant messaging. In addition, it is in your benefit to be aware of all the real estate information available online. In the past clients came to us for information, today they already have it (or think that they do!) A great deal of what consumers see online may or may not be relevant to their specific needs so another part of our job is to translate the vast quantities of information that is out there.

Successful agents have more knowledge and get the right technology tools to be successful in this business. Do you know of a single business professional not using a computer or cell phone today? Consider the power of your mobile phone. As agents, this is the single most powerful technology tool we have. Cell phones are not just for making phone calls. For example, if you use a smart phone it's so much more...it's a camera, you can access your email, it keeps your client database, your calendar and in many areas, your phone can even be used as your electronic lockbox key.

The amount of knowledge we need to be successful is no longer limited to which area has the best schools and the best priced homes. Today we need to be experts in technology and we need to maintain that knowledge as it changes quickly if we want to provide the best service to our clients.

TAKEAWAY: To be competitive in the industry long term, you will need to embrace technology. Better to get started now!

Chapter 9:

Setting Yourself Apart

ANSWER THE PHONE. This one is in all caps because it's a particular area in which we are passionately disappointed! As real estate agents we spend a lot of money getting the phone to ring. Not answering it can be extremely costly! Please frame this advice within the context of the work/life time balance addressed earlier, but please consider this advice. If you are new to real estate but have a historical habit of letting calls go to voicemail, we have one piece of advice for you: CHANGE.

Clients, and more importantly potential clients, are incredibly impatient people. *Public perception of real estate agents, believe it or not, is lower than lawyers and on par with used car salesman.* We know you're different, but that potential client calling doesn't. You are a commodity that can be easily exchanged for someone else that can turn the key to their home of interest. If you want to be the one holding that key YOU MUST ANSWER THE PHONE. We cannot stress this enough.

If we gave you a ten point list on setting yourself apart, you would not remember it. So we are only asking you to remember two points, and the second is: CARE. *Buying a home is the largest financial decision most people will make in their lives.* Although most Americans will not amass \$200,000 during their lifetime, they will often sign a \$200,000 loan commitment when making the decision to buy. If you are going to be successful in your first year, you want a lot of people to make this commitment with you at their side. You absolutely will not succeed unless you care

about them, the gravity of their decision, and the long term consequences their choice carries. Do you care about where you live, who your neighbors are and whether you can make your monthly payments? Just as your answer is hopefully yes, care just as much about how these factors will affect your client's lives. If you do, you will stand out, be referred, and have successful well beyond your first year in real estate.

TAKEAWAY: Caring enough to answer the phone and return calls in a timely manner will set you apart in a sea of agents. Caring about your clients will reward you personally and professionally for the long term.