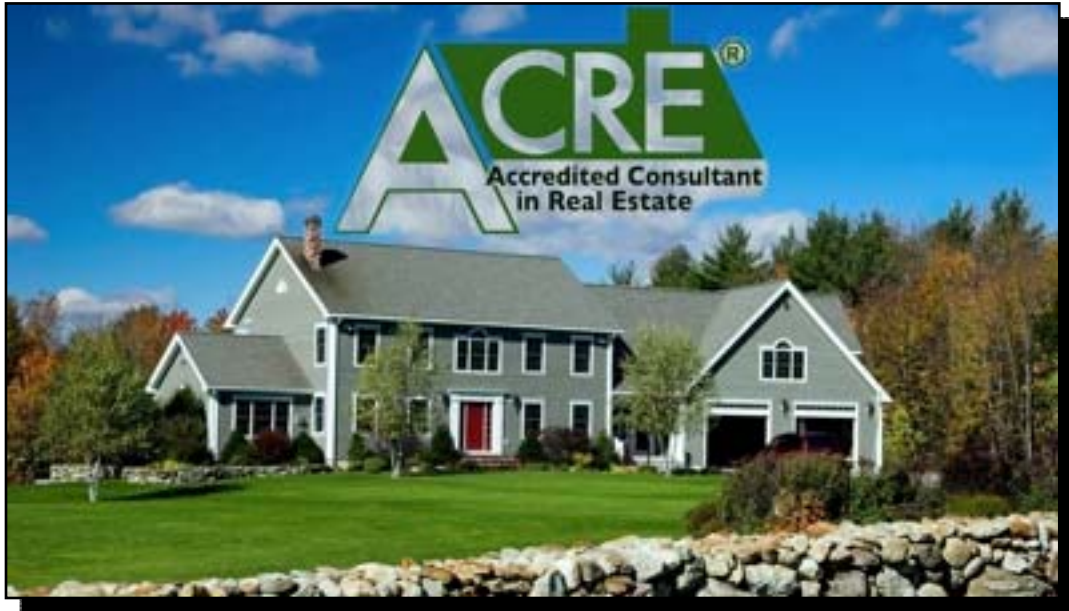


THE COMPLETE COURSE BOOK

3RD EDITION



Bringing Sensible Choices to the Real Estate Landscape

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COURSE OVERVIEW

ACRE®'S MISSION

Our goal with the ACRE® program is to grow an “army” of trained real estate consultants who can offer quality, transparent choices to the consumer, both in the services that they can receive and how those services can be paid for. An ACRE® should know and communicate to the consumer that their highest value is that of a fiduciary: providing guidance, judgment and representation, not a functionary that simply completes tasks. As we grow, our goal is to elevate our industry. Our mission is to be the symbol for excellence in real estate consulting.

ACRE®S VALUE TO YOUR REAL ESTATE PRACTICE

Once you complete the ACRE® course and start practicing real estate with a consulting mindset, your core competency will be your ability to analyze each situation individually and offer the consumer viable strategic options. The consulting model offers the consumer unparalleled representation and advocacy.

There are two parts to the ACRE® Course: content and workbook.

C O N T E N T

The content section of the course, which you will be tested on, covers the concept of real estate consulting. You will need a grade of 70 or above to pass the content exam. The content that will be covered includes:

1. The evolution of our industry
2. What the consulting model is (and what it's not!)
3. Where our value lies
4. Why discounting is no bargain
5. How fees work
6. Why consulting isn't about a fee schedule but rather a mindset
7. Helping the consumer to determine their needs
8. Dodging the arrows: dealing with brokers, owners, managers and colleagues
9. Applications
 - a. Homeowners
 - b. Investors

- c. For Sale By Owners
- d. Foreclosures, Short Sales and Loan Modifications
- e. New ways to service Buyers and Sellers

At the end of each chapter you will find “Points to Ponder” as well as review questions.

In addition, you will find information in the content section on “Putting it to Work” including:

1. Filling your Toolbox (your strategic focus, hourly rates, and the fees or fee packages that you may want to offer) which you will complete in the workbook
2. Getting the Word Out

W O R K B O O K

We can’t overemphasize the importance of the workbook. If you simply learn the theory of consulting but never complete the workbook, you won’t make a dime with consulting.

In the workbook you will complete your:

1. Strategic focus
2. Hourly rates
3. Fee Packages

Once you have completed your workbook, read through the course book and passed your exam, you will receive your designation and instructions on registering on the Coaching Exchange, our private, members only platform which includes access to our private blog, teleseminars, and resource library. The ACRE® course includes one year of access from the time you receive your designation so it’s important that you get on the Exchange as soon as possible so you can start practicing real estate consulting!

You have three months from the time you enroll to complete the ACRE® course. Based on experience, we’d strongly recommend that rather than waiting for a block of time (which never seems to materialize) that you set aside time each week to complete the course. The content portion of the course should take no more than 3-6 hours to study the course book and take the exam. The workbook section should take you no more than 2-4 hours. If you run into a “road block” or “brain freeze”, please don’t hesitate to email the Council. We’re here to help.

INTRODUCTION

Welcome To Real Estate Consulting!

You couldn't have picked a better time to become an ACRE® — we stand at a very important crossroad in our industry. If you're out there trying to make a living, we don't need to tell you that real estate is going through tremendous changes:

- 🏠 Revolutionary growth in technology which continues to transform our industry
- 🏠 A huge consumer backlash against our traditional practices that, contrary to conventional wisdom, is not just challenging our commission-based compensation but challenging our very value as professionals
- 🏠 A growing confusion by both consumers and ourselves over what exactly our role as real estate professionals today is supposed to be



And in the midst of all of this, when we clearly need some direction, it seems like all we're getting is the same old advice from the same pundits that have been around forever saying the same things like:

"It's time to get back to basics."

"The market will recover and be like it was."

"Just use the downtime to sharpen your traditional sales skills and when the market comes back, you'll be ready."

Even though this advice doesn't seem to fit with current realities, let's be honest. We all like hearing these things. They're comforting. They're familiar. It's sort of like a broken-in pair of shoes - when we put them on, our feet can just naturally settle in to where they are comfortable. *Unfortunately, those old shoes won't get us to where we need to be today!* Now, it is true that real estate works in cycles, the housing market will come back as will business, but it will increasingly be a very different type of business. And this business will be going only to those practitioners who are trained and ready.

It's time to take our industry back. And as difficult as it is to stretch our comfort zone, it's time to break in a new pair of shoes. So, to paraphrase the late Bette Davis: *"Fasten your seat belts because you're about to take one hell of a ride."* You see, the real estate consulting model is built on a very simple principle: that of elevating the role of the real estate professional to one of a true fiduciary, enabling real estate professionals to provide...

not what consumers needed thirty, forty, or fifty years ago...

but
need

today!



what they
given the
realities of



Now, it's true that there are some in our industry that still find the ideas behind the consulting methodology strange and controversial. This response seems very curious to us since it's not as if consulting is unheard of in the larger business world. In fact, most professionals, such as CPA's, financial planners, and attorneys, who need to be able to provide fiduciary counsel that is in the best interest of the client, usually provide choices in the services they offer and they are often paid by a non-contingent fee.

By the way, "non-contingent fee" is a rather high-brow way to say these people actually get paid for their work! Of course, to those of us whose job it is to help consumers buy and sell homes, and counsel them on their real estate needs, actually getting PAID for one's work is a rather foreign concept. We have a hard time because, after all, real estate has always been a sales profession, paid by commission. We're not supposed to get paid for our expertise, experience and time – just closed transactions, right? But, when we hear these "absolute truths", we're reminded of so many other "absolute truths" that have been expressed over the years. Let's look at some examples:

- 🏠 *"This 'telephone' has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us."* Western Union internal memo, 1876.
- 🏠 *"Everything that can be invented has been invented"* Charles Duell, head of the US Patent Office, 1899.
- 🏠 *"The wireless music box has no imaginable commercial value. Who would pay for a message sent to nobody in particular?"* David Sarnoff's associates in response to his urgings for investment in the radio in the 1920s.
- 🏠 *"Who the hell wants to hear actors talk?"* H. M. Warner of Warner Brothers when confronted with a new fangled thing called the "Talkies" in 1927.

- 🏠 *"I think there is a world market for maybe five computers."* Thomas Watson, chairman of IBM, 1943.
- 🏠 *"We don't like their sound, and guitar music is on the way out."* Decca Recording Company rejecting the Beatles, 1962.
- 🏠 *"The concept is interesting and well-formed, but in order to earn better than a 'C,' the idea must be feasible."* A Yale University management professor in response to Fred Smith's paper proposing reliable overnight delivery service. Smith went on to found Federal Express Corporation.
- 🏠 *"A cookie store is a bad idea. Besides, the market research reports say America likes crispy cookies, not soft and chewy cookies like you make."* Response to Debbie Fields' idea of starting Mrs. Fields' Cookies.

There's no two ways about it, change is very difficult. And changing an entire industry from one where real estate salespeople are paid to move product to one where real estate consultants are paid to provide vital counsel, guidance and representation is certainly a challenge. But if we want to survive and



prosper we **MUST** take the lead. We need to recognize where our industry is headed and proactively embrace practices that work in our favor as well as that of the public we serve. Otherwise, changes will be dictated by enterprises that seek to diminish our value and commoditize the consumer.

Hockey great Wayne Gretzky was asked once why he was so great.

Interestingly, he didn't comment about his speed on the ice, the way he handled the puck, or even how he took his shot. He simply responded: *"I go to where the puck is going to be, not where it currently is"*.

There is no doubt that consulting is where our industry is going to be. In fact many of us think it's already here. The only question is are you prepared? And being prepared for the new realities does **NOT** mean simply calling ourselves a "Consultant" or putting the title "Real Estate Consultant" on our business card because it sounds better. Being prepared means developing the tools to provide today's consumer with what they are demanding, and, more importantly, what they are willing (and even anxious) to pay for.



Clearly, the writing is on the wall. Our commissions are under attack as they've never been. Most consumers have never really understood how the commission system works nor exactly what they are paying for when they pay that way. Today, with the dramatic increase in housing prices in recent years and money now in short supply, many consumers no longer want, nor feel they can afford, to pay compensation based on a sales price.

Combine that with the advances in technology creating an internet-savvy consumer who has unprecedented access to data, but mistakenly believes that data alone can replace the expertise and guidance of a real estate professional, and you have before you a crying need for new thinking, a new model, and new choices in real estate.

As agents, we need to empower ourselves. We can't rely on the government or our national or state associations to protect us. We can't continue to get into price wars with faceless dot-coms and cheap, bargain basement outfits, cutting our commissions, and frankly our throats because it comes down to basic Economics 101: that of risk versus reward. Here is the stark truth that we need to face head on: *when you cut your commission, what you in fact doing is continuing to shoulder all of the risks while settling for less and less reward.*

Above all, we have to STOP working for free.

We also need to stop advertising our services as free. *Over and over, we as an industry disrespect our own work by putting no value on it.*

If you've ever:

- shuddered at the public's stereotype of the real estate agent as the pushy, used car salesman type
- wondered about the logic of trying to convince the consumer that you can in fact provide objective fiduciary counsel when your compensation (or whether you get paid at all) is wholly dependent on their actions which you're advising them on or
- just grown tired of giving away your time and expertise for free, you're not alone and there IS a better way.

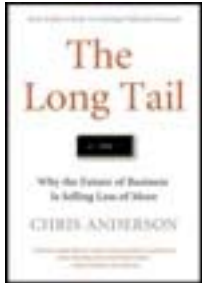


The consultative approach where a real estate professional consults WITH their client rather than selling TO them, taking the time to really understand their goals and needs, rather than selling a product, is beginning to resonate with the consumer. And being paid for our expertise, the know-how that can only come from experience, as well as being paid for our precious time, is rapidly gathering steam within our industry.

Unlike traditional real estate sales, consulting opens up all kinds of new opportunities to earn revenue because you're no longer limited to just buyers and sellers. You can also earn income assisting consumers such as homeowners and investors who are not necessarily buying or selling or not doing so right now. And if you ARE meeting with a prospective buyer, seller, or for-sale-by-owner, as a trained consultant you have the tools to leave your commission-only competition in the dust.

Two best selling books from the last few years as well as a film from the 1990's bring home the point of why the time is NOW to change our paradigm in real estate.

In **The Long Tail** by Chris Anderson, there is a remarkable passage:



“We are leaving the Information Age and entering the Recommendation Age. Today, information is ridiculously easy to get; you practically trip over it on the street. Information gathering is no longer the issue – making smart decisions based on the information is the trick.”

In real estate, here's how this translates: the old conventional wisdom says that an agent's value is that of a *provider* of information. The new conventional wisdom says that the agent's value is that of an *interpreter*. As long as the real estate industry continues to operate and depend on the old sales model – whereby our value is that of a gatekeeper of the MLS and providing data, we will continue to fight an uphill battle for control of that data, and for our very livelihood. And this is a battle that, in the age of the Internet, we will most certainly lose. In fact, we've lost it already.

In the other best seller, **Blue Ocean Strategy**, authors Chan Kim and Renee Mauborgne write about how *“all of today's major business successes have come from re-imagining the business at hand.”* They describe *“how innovative leaders, who could see beyond the ordinary have redesigned normal businesses, and even entire industries, because their vision prompted them to seek and implement solutions that had never been considered.”*



But, the authors could be talking about real estate when they describe how *“so many industries are still caught up in a bloody red ocean because they follow the conventional approach, fighting to beat out the competition by continuing to divide up existing and usually shrinking demand. Blue ocean strategy on the other hand, is about growing demand because here, you seek out the markets in wide open blue oceans.”*

In today's struggling real estate industry, consulting is our “Blue Ocean Strategy”. As a consultant, it doesn't matter who has access to property information because the value is not in the information itself, but in the interpretation of that information. We're no longer competing with the internet to be THE source of data. Rather we are paid to make sense of what that data means. And that's something that the internet can never do.

In the 1995 film *The American President*, there is a scene where President Andrew Shepard is in a heated discussion with his domestic policy advisor, Lewis Rothschild, about the President's falling poll numbers.



In this scene Rothschild pleads: *“People want leadership Mr. President, and in the absence of genuine leadership, they'll listen to anyone who steps up to the microphone. They want leadership. They're so thirsty for it they'll crawl through the desert toward a mirage, and when they discover that there's no water, they'll drink the sand.”*

To which President Shepherd responds: *“People don't drink the sand because they're thirsty, Lewis. They drink the sand because they don't know the difference.”*

Today's real estate consumer clearly wants and needs sensible choices. So while the industry steadfastly ignores their clamor for change, those consumers fall prey to anyone offering that bucket of sand. By the time they discover that those promises were just a mirage, wasting their precious time and money, they become increasingly convinced that agents are commodities: all the same, and not worth much at that.

Overwhelmingly, consumers don't buy shoddy, cut-rate services because they want cheap. They're buying them because they don't know the difference!

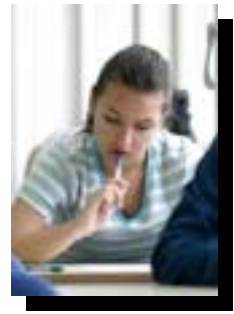


Most consumers don't understand the value that a professional providing expert judgment and guidance brings to the table. They don't know the difference between simply gathering data online versus having a knowledgeable professional interpret what it means. Most consumers don't understand the industry enough to distinguish between real estate “choice” and real estate “cheap”. Isn't it about time we start giving them sensible choices so they're not stuck with having to settle for just plain cheap?

If you agree, then you are going to love practicing real estate as a trained Consultant. We, the ACRE® Council, are proud of this program because when it comes to real estate training that actually provides the tools to attract new business and put real money in your pocket, the ACRE® program is truly unique. For one thing, unlike most real estate courses, ACRE® was not developed by professional seminar speakers who have never actually practiced real estate, or if they did, it was decades ago, in a totally different world.

Rather, ACRE® was developed by real estate brokers and agents. We know the issues facing you and how to resolve them because we have worked in the trenches just like you. And because we're REALTORS®, we've put a lot of thought into this program's development.

As agents, we've all been burnt by seminars and training programs that promise you the world, happily take your money, but provide NO follow up and NO coaching. So, when we developed ACRE®, we decided that it was useless to offer a course where you could study a bunch of theory in order to pass a test, unless we also provided a platform that enables you to put the theory into practice so you'll attract and more business and actually earn money!



So, included in the program is one full year of access to our premier coaching platform, the Graduate Coaching Exchange, where you have access to our rich and growing resource library with proven tools and materials, periodic teleconferences and online meetings, as well as an active forum where you can ask questions and bounce ideas off the ACRE® coaches as well as your fellow ACRE®s.

PLEASE NOTE: Learning the content, taking the exam, and earning a designation won't make you a dollar of income if you don't then advantage of the Coaching Program. It's like taking a shower with a raincoat on - sorry but it just won't have the desired outcome!

Life is not a spectator sport and neither is the Coaching Exchange. ACRE® Graduates who are active participants in the Exchange are the ones opening up new avenues of business and earning income that they never would have had. Those that don't practice what they've learned don't. It's that simple.

One final thought to ponder before you get started: In the last year before he died, Bobby Kennedy often repeated a famous quote of George Bernard Shaw: *"Some men see things as they are and say WHY. I dream things that never were and say WHY NOT?"* If you dream of things that never were for our industry, then turn the page and take the plunge into the blue ocean of consulting – we promise you that the water is fine. As Rosanne Cash once said *"The key to change...is simply to let go of fear."* Once you pass your exam, create your business focus strategy and fee worksheets and receive your accreditation, your ACRE® Coaches and the growing community of ACRE® Grads will be there to help you navigate the waters.

Best Wishes,

Mollie W. Wasserman



P. S. I owe a debt of gratitude to ACRE® Coaches Tom Pickering and Judi Bryan for their help in editing this course book. I would also like to extend a big thank you to ACRE®s Betty Byrnes, Stacy Erickson, and Paula Bean for their assistance.

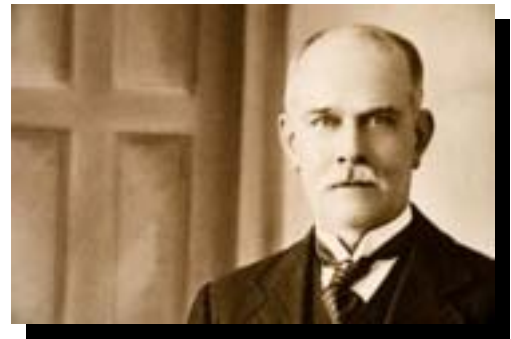
FROM SELLING TO CONSULTING

How the Evolving Role of the Real Estate Agent & The Growth of Technology Are Demanding a New Model for Real Estate

It's often said that if you don't know from whence you've come, you'll never be able to see where you're going. Consequently as an industry, if we are to survive and prosper going forward, we must understand how our industry has changed, grown, and evolved over the years in two very important ways: our role as real estate professionals, and the impact of technology on our industry and our value proposition.

The Evolving Role of the Real Estate Professional

Prior to the advent of agency or representation, the practitioner's role was strictly one of a salesperson, charged with moving the product. In fact, if you look at the early days of real estate, it made perfect sense for real estate to be practiced as a sales profession. From [*"The End of 6%"*](#):



"It's important to know that prior to 1908 licensing laws didn't exist and the real estate industry had a history of speculation and disorder. The National Association of Real Estate Boards as it was known in 1913, did begin to regulate the practice of real estate and adopted a Code of Ethics, with the Golden Rule as a theme. Note, however, that while it stated a goal of protecting the public interest, the primary focus of the Code of Ethics in 1913 was to provide guidelines for arbitrating monetary disputes between REALTORS®, as well as to provide the basis for licensing laws. At that time, real estate could not be defined as anything but a sales profession. While licensing laws began to protect the public from the most blatant exploitation, "buyer beware" was the rule. There was no representation, or fiduciary responsibility, as we now know it, particularly for the buyer.

In fact, until the 1980's, selling a home was truly no different than selling any other product. There was no agency, and therefore, no fiduciary responsibilities. An agent could show a



prospective buyer a home in a truly "tour guide" role, by demonstrating features and benefits. There were little, if any, disclosure requirements as we know them now. The focus of the industry was on sales: after all, the only client was the seller and protecting their interests consisted primarily of getting them the most money for their property. There was little, if any knowledge of

environmental risks that must be disclosed, and, of course, the buyer had no representation. In

addition, housing prices were much more in line with other necessities of life so a 6% or 7% commission was rarely questioned.

However, by the eighties, the agent's role as a fiduciary began to grow. Knowledge and required disclosures of items such as Urea-Formaldehyde Foam Insulation (UFFI) and lead paint began. While buyer representation was still largely unheard of, more and more states were requiring that agents and their brokers disclose that they were working in the interest of the seller.

Of course, the mid-eighties brought a rapid increase in home prices (which later crashed) putting downward pressure on commissions since they now represented a far larger expense to the seller. *The traditional sales model that had been in use for over seventy-five years was beginning to develop cracks.* While there was little issue yet of conflicts of interest, sellers increasingly began questioning what they were paying for and why it was so much when they paid by commission.



By the late 1990's, the dual forces of: a) a rapid growth of buyer representation, and b) little or no change in the basic sales model and approach brought about conflicts in the consumer's mind.

Today, with the requirement that we act as fiduciaries while still being paid only if we move the product, there is a clear conflict of interest, regardless of whether the industry has been willing to admit it. Again, from "[*The End of 6%*](#)":

"No matter how it's presented or dressed up, there is an inherent conflict of interest when an agent is expected to act as a fiduciary agent providing objective, unbiased counsel to clients, while at the same time being paid by commission. This unspoken reality is the elephant in the room. The real estate industry knows it's there because the consumer keeps pointing to it, but no one wants to acknowledge it and certainly no one wants to talk about it."

Today, we agents are truly walking a tightrope trying to keep our balance between these two roles. On one hand, since we have been limited to contingent-on-an-outcome compensation, if we want to pay our bills, we need to move the product as quickly and for as much money as possible. On the other hand, we are required to provide fiduciary counsel that is in the best interest of our client even if it goes against our own. No amount of "ethics training" will take away this basic conflict which in effect, as Blanche Evans, editor of Realty Times has written, *"puts agents in the position of having to constantly choose between ethics and eating."*

This does not mean that being paid by commission can't be one of the choices that you, as a consultant can offer! If you have a client with whom you've built a relationship of trust, they and you may be quite comfortable with them paying you by traditional commission. But, with a new prospect, you cannot blame them for wondering how



you can give them objective counsel when being paid by a sales commission. You really have to wonder why the NAR® as well as our state associations have put so much effort into ethics training without examining how difficult it is for the average agent to balance these very real conflicting demands.

The Growth of Technology

The other major change affecting our role as practitioners is the revolutionary growth of technology and in particular, the internet.

Again, let's go back to the early days of real estate. When "standard practices" were established, the role of the real estate agent was primarily that of an information provider. In the days of the "MLS Book", agents were the sole gatekeepers of property data. If a seller wanted their home listed on the MLS or a buyer wanted to see what was available, they had no choice but to go through an agent. Since the only access to what buyers and sellers wanted was through the agent, the traditional sales model, which bundled all services into a one-size-*doesn't*-fit-all package, payable only by commission, was accepted by the consumer as the only avenue to get what they needed. Pre-internet, the agent was valued primarily for their access and as a *provider of information*.



However, with the proliferation of online property search and valuation sites popping up almost daily intent upon competing with, and indeed replacing, the MLS, if we continue to define our value as the provider of information, we will continue to fight an uphill battle for control of that information. The value proposition of the agent as simply an information provider just doesn't add up anymore, and increasingly consumers are unwilling to pay an agent for access that they can get on their own.

BUT, here's the silver lining: the more information the consumer has access to, the more they need someone who has the expertise to make sense of it all. And this is where consulting comes in!

While the demand for a salesperson who's value is that of a provider of data is rapidly declining, a trained consultant is in high demand because their role is not that of a gatekeeper of the MLS, but rather someone who's job it is to take the mounds of information that is so widely available, and help the consumer interpret it to make smart real estate decisions. Rather than trying to compete with technology in performing functionary-type activities that consumers can do themselves if they choose, a real estate consultant gets paid for the know-how that can only come from expertise in the field.

As a consultant, it doesn't matter who has access to property information because the value lies NOT in the data itself, but in the interpretation of that data. Our value is in taking that data and helping the consumer understand how it applies (or does not) to their particular situation and needs. *In other words, our value is not in providing information, but in interpreting it.*

If we are to remain viable as an industry, it's not only imperative that we understand our true value proposition, but that we start getting the word out! While our industry has been stuck in a time-warp, others have been jumping in to fill the gap.



What We're Up Against

In most parts of the country over the last few years, the airwaves and the internet alike have been filled with deceptive ads designed to push the buttons of today's harried consumer. Scores of online sites catering to the "do-it-yourselfer" with no more investment than a computer and internet access, have popped-up promising them "something for nothing". As these entities have proliferated, they exploit the consumer's desire for choices and take advantage of the fact that the real estate industry has, for the most part, failed to respond to their needs.

These companies are not just bad news for the hardworking agent whose work and value they seek to marginalize, but, more importantly, they do a great disservice to the consumer by misrepresenting what technology, the internet and the consumers themselves are, and are not, capable of doing. They also propagate myths as to what really sells a home for top dollar and what the consumer should (and should not) be spending their money on. Other outfits, many of whom have never practiced real estate, continue to mislead the public by claiming that buying or selling a house is no more difficult than selling used clothing at a yard sale, and failing to disclose financial and legal risks inherent in buying or selling real estate.



While this has been going on, we've collectively sat back and let the national media criticize and denigrate our profession. Misleading editorials and articles abound in major publications accusing our industry of "running a racket" to enact laws that will exempt competition and protect our high commissions. We've been virtually silent while the media propagates the myth that we're "overpaid", when in fact, after calculating in all the unpaid hours and un-reimbursed expenses, the average agent is earning less than minimum wage.

To quote Blanche Evans, editor of Realty Times again:

"The media fails to consider that under the commission system, the Realtor® bears the marketing costs of selling a home at considerable risk up-front, in essence providing a short-term unsecured loan for the seller. Would banks provide unsecured loans at three to six percent, and incur liability costs on top of that? Not on your life."


The Turmoil From Within

And while all this is going on, the turmoil has grown within our industry. With the advances in technology, we're finally having to deal with the consequences of having ignored the consumer's desire for flexibility and responsible choices. Over the years, we have stubbornly stuck to the full commission model, bundling vital fiduciary counsel (where our true value lies) with functionary tasks (to try to justify our commissions).

Our national and state boards and associations have provided little leadership in reading the tea leaves and moving our industry forward. They (and we) have refused to acknowledge that our role (and value proposition) has fundamentally changed. They (and we) have ignored the reality that some functionary tasks can be done by the consumer aided by new technologies if they wish, or not done at all.

As an industry, we've failed to even consider that we may be able to develop alternative ways of being compensated. And because of this inflexibility, we've missed great opportunities to provide (and get paid for) our experience, knowledge, and expertise, not just when working with buyers or sellers, but even more so, when there is no transaction involved.





ASKET OF GOODS

Partner **Jim Kimmons:**

The problem with full service with no alternatives is that the real estate industry still wants to define what's in the full service basket of goods rather than letting the consumer do the defining. It's a bit like the grocery store providing me with a completely pre-filled bag of groceries to take home, because that's what that's what others have needed so they assume that is what I need. The problem is that the bag doesn't have any fresh produce which is what I want and is full of milk, butter, and other dairy products to which I'm allergic.

As technology has grown, our industry has done a very poor job in correcting the public perception that the value we bring to a transaction can be replaced by the internet. We have failed to communicate that



di Bryan:

and give the consumer what they are looking for, you might as well rename Association of Edsels!

when it comes to making smart real estate decisions, it's often more important to know what technology cannot do, than what it CAN. We've neglected to communicate to the public that *while the internet can provide information, it cannot interpret it!* We've failed to educate the consumer about real estate reality: while technology can perform functionary tasks better, faster and cheaper than any human being, what it can never do is provide fiduciary counsel or judgment.



Of course, it's rather difficult to convince the public that we have value when we continue to advertise and give away our time and services for free. As an example, it's become almost a standard practice amongst real estate agents to offer a "FREE" Comparative Market Analysis (CMA) to anyone who asks. Perhaps at one time it was a unique offering, but it has now become commonplace. And we all know that a CMA is anything but free to the agent - it takes a good three to four hours to research and prepare a quality CMA, not to speak of the time involved with presenting it. On top of the time, how much do we agents pay for access to accurate MLS property information? Here is the real kicker: anyone can access data but it takes years of experience to properly interpret what that data means. Is that knowledge not worth something? *There is NOTHING FREE about a CMA.*



Instead of charging a reasonable fee (especially to strangers) for valuable services such as CMA's, we've been trained to tell the public that our services, time, knowledge and expertise are free in the hopes that consumers will do business with us. But to those who don't know you (and that's who is looking at your "public face" on websites and blogs), it's important to think about the message that "Free CMA" sends. Are you free? Is your work free? Should it be? How respectful of your work is that message? More importantly, should your analysis, advice, and expertise be FREE? And from a purely competitive point of view: how valuable can an offer of a "Free CMA" be when almost every other agent offers it?



t the message early on:

removed any reference to “free CMA” from my site since I had become very out of probably 20+ that I did, I rarely got any response at all, let alone a thank Also, without actually seeing the house, at best it's a "guestimate". Most of the people who wanted them only wanted them so they could go FSBO.



lie Wasserman:

emails with an ACRE® Enrollee who is now an ACRE® **Bonnie Cox**, and I you. Her observations are very good food for thought:

As anticipated, I finished the ACRE® course book on our trip from Denver to Santa Fe. All that is left is to finish the exam and then I can join the Coaching Exchange!

As with you, much of our business is established by contact and nurturing via the Internet. Often, we deliver a lot of unpaid service prior to establishing any type of relationship. During the past couple of weeks, I have been working with a gentleman coming to Denver with a major pharmaceutical company. He and his family are excited about moving to Denver and he has had lots of inquiries. Some of it has involved questions on particular homes. He has yet to come in for his first consultation.

Monday, he emailed that he is coming to Denver on this coming Monday, June 11. He will arrive in Denver at 2:30. I answered his request for a consultation appointment with an estimate that he should be able to arrive at our office, 30 miles from Denver International, by around 4:00 and that in this instances we request that he call us to let us know his schedule when he is actually on the highway exiting the airport. Given airline schedules, none of us ever know when one will actually arrive.

Get this, this morning he asked if either (husband and partner) Jim or I could pick him up at the airport and deliver him to his hotel after our meeting. I saw RED. What the hell is this? C'mon, we are not freaking taxi drivers and most especially when there has been no relationship established. This guy is NOT stupid. I have spoken with him on the phone. My feelings after reading the ACRE® material are no different than they would have been prior to reading the material. So, what IS different? Just this: I have a lot more power in handling this. Before, I would have made excuses for why this would not work. I might have felt just a little guilty, after all, we are people

pleasers in this business. Now, no excuses necessary. No guilt! We are busy. We cannot accommodate this request. We will be able to meet with him at 4:00. My strong feeling is if this does not work for this gentlemen--NEXT. No remorse. Too, busy. NEXT!

No, guilt. NEXT! Hire a cabbie. He will know nothing about real estate. Hire a good REALTOR®, we can guide him, educate him and protect him.

Can't wait to join the Exchange to read all of the other's experiences. Thanks for writing a course that I believe should be REQUIRED reading for every new agent to fully understand their worth and what their job description really is. Only two courses that I have ever taken have I felt this about. CRS 200, running your business as a business, and now ACRE®!

Thanks for making a difference in my life. I will be giving our first prospective listing this alternative pricing on Saturday.

Bonnie

Bonnie Cox, ABR, CRS, GRI

Coach **Mollie Wasserman** responded:

Bonnie, I am so PROUD of you and the evolution in your thinking.

As I have said to many agents who have taken my course live or now, taking the ACRE® course: Even if you NEVER actually charge one fee, I will guarantee that once you figure out what your time is worth and start setting up your fee schedules which requires you to start listing all the things you do, you will never give your time away again without thinking hard about it first.

Now, Bonnie, I am going to give you one more "carrot" to finish your exam and get on the Coaching Exchange - I'm going to post this email on the ACRE® Exchange and you won't be able to see it until you finish your exam, so hopefully that will give you the last push you need. : >

Looking forward to you crossing the finish line.

ACRE® **Bonnie Cox** responded:

Hi Mollie,

Taking the exam was a slam dunk. The course is well written, thought-provoking and I absorbed the information like a sponge. There's a progression to everything. I was SO ready for this well-presented enlightenment. Much of it was read to Jim as he drove. I am a true believer.

Now that we've reviewed why the time is NOW to transition from selling to consulting, let's get down to basics.

Chapter Review

Important Points:

- 🏠 The role of the real estate professional has evolved over the years
 - 🏠 Prior to 1908, licensing law didn't exist
 - 🏠 In 1913, the National Association of Real Estate Boards was formed to regulate the practice of real estate and adopted a code of ethics. The primary focus of the code was to provide guidelines for arbitrating monetary disputes between practitioners. There was no consumer protection, representation, or fiduciary responsibility as we know it today. From 1913 through the 1980's the practitioners primary role was that of a salesperson, selling features and benefit of properties.
 - 🏠 The 1980's began the shift from strictly salesperson to a more fiduciary role. Knowledge and disclosure of environmental risks such as Urea-Formaldehyde Foam Insulation (UFFI) and lead paint began. And while buyer representation was still largely unheard of, more and more states and provinces required that agents and their brokers disclose that they were working in the interest of the seller.
 - 🏠 The mid-1990's ushered in the rapid growth of buyer representation and with it, the attendant reality of dual agency. The rapid growth of buyer agency without a concurrent change in how practitioners were compensated raised the reality of conflicts of interest, particularly in the mind of the consumer.
- 🏠 Being paid by commission is not "instead of" consulting. Rather commissions can be one of the choices that a trained consultant can offer, as long as it's offered in a transparent fashion with an eye toward each consumer's needs.
- 🏠 The rapid growth of technology has greatly impacted our role as real estate practitioners. Prior to the internet, the practitioner's role was that of a provider of information. However, with the proliferation of online property search and valuation sites directly competing with the MLS, practitioners continue to fight an uphill battle for control of property information. The agent's traditional value proposition as an information provider is rapidly losing it's usefulness.
- 🏠 A trained consultant's value on the other hand is increasing as technology grows since their value proposition is that of an information interpreter. In fact, the more data that is accessible to the public, the more they need someone who can make sense of what it all means.

- 🏠 Our industry is being increasingly challenged by the proliferation of online companies catering to the do-it-yourselfer, exploiting the consumer's desire for choices which, as an industry we have stubbornly refused to meet.

Questions to Ponder:

1. What can we learn from other industries (such as travel) that have not changed with the times?
2. Have you ever had to choose between “ethics and eating”?

WHAT EXACTLY IS REAL ESTATE CONSULTING?

Let's first look at what it's NOT:

- 🏠 It's not specifically limited service, although it *can* include it.
- 🏠 It's not specifically flat fees or fee-for-services, although it *can* include it.
- 🏠 What many find surprising is that while it's not about commissions, it *can* include them!
- 🏠 Most importantly, real estate consulting is not a gimmick. It's not simply a title that you throw on your business cards because it sounds better.

At it's heart, real estate consulting is about having the training and tools to provide the consumer *quality, transparent choices* both in the services that they can receive as well as how those services can be paid for. As such, consulting opens up a huge emerging market of consumers who are in need of real estate services and counsel but aren't necessarily buying or selling OR not looking to do so right now. In other words, as a trained consultant, the real estate professional is not limited to transactions in order to be paid.

At the same time, it allows the consultant to continue to service buyers and sellers but attract far more of them because they have the tools to offer real choices.

A true consultant is trained to provide a thorough needs analysis that can help the consumer determine exactly what their needs are and then, offer options as to how those needs can be addressed. Real estate consulting is the future of real estate primarily because, as was discussed in the last chapter, the real estate agent's role has changed along with the tremendous growth of technology.

If you think about it, over the years, those in our industry have had to make some pretty dramatic shifts in how we serve the consumer:

- 🏠 From being strictly "sales people" to being "fiduciary" level practitioners
- 🏠 From acting as agents of the seller to having responsibilities to buyers as well
- 🏠 Dealing with the proliferation of real estate do-it-yourself sites that are duping the consumer into believing that their friendly real estate agent is no more than a very high priced order-taker



Each time this has happened it has become necessary for us, within the industry, to reevaluate where our value lies, and how best we can provide the services the consumer needs and has a right to expect from us.

Change is nothing new ... and rarely is it simple. But the fact is it is inevitable. The question for the real estate professional today is not whether or not we, as an industry, are going to change but rather who is going to orchestrate that change. If we don't listen to the consumer and provide them with solutions that make sense, someone else certainly will. Some of those "someone elses" have millions, even tens of millions of dollars in venture capital, poised to orchestrate changes that not only are not good for us, the real estate professional, but they're also not good for the consumer!

Unfortunately, the consumer is so hungry for an alternative that makes sense to them that they'll leap at the chance to do something other than the "one-size fits all" approach offered by the majority of our ranks. The fact of the matter is...*one size DOES NOT fit all!*

Consulting in its purest form offers an innovative, progressive solution to this dilemma. It just makes sense both to the real estate professional and the consumer. Let's be clear: we are not referring to simply using the word "consultant" because it more favorably "spins" our role more than the word "salesperson" does. What we are referring to is truly behaving



as Consultants. Please don't misunderstand what we're saying here. We all recognize that sales is a very honorable profession. The great sales people of this country are responsible for its significant growth and prosperity for many generations.


However, real estate sales is different from virtually every other kind of sales because it requires fiduciary responsibility. As was said earlier, we are expected to offer our clients our expert guidance, focusing on what is in that client's best interest, even when that advice is clearly not in our own. Can any of us say with absolute certainty that we've never recommended a seller ask a price for their home higher than we believed it could sell for because we really wanted their listing? Even if we could say, with absolute certainty that we've never done such a thing, is it possible our "opinion of value" was not even a little bit influenced by the fact that we wanted that listing, believed we could sell that listing and needed the income that listing would likely generate? Our emotions can cloud our perceptions; it's basic human nature.

The consumer understands this. How often has a buyer said to you *"how can you be trying to get the home for the lowest price when the more I pay, the higher your commission check?"* Or how about the seller saying *"you only recommended that price to me because you want it to sell faster so you can get paid"*. Even when we are doing our very best for our client's best interest, they often question our motives.

But what if the client felt that they had more control over the process right from the start? What if there were a way they could be certain that your guidance was in their best interest because it was also in yours? True consulting provides the structure for that assurance!

W... E ?

A... entry from the 1000Watt Blog entitled "Stop with the Name Game" In the b...



What's wrong with calling agents salespeople? Isn't that what we really want when we hire an agent? Someone to sell our house? What's going on here? Agents are sales people. And isn't this a transparent, honest, accurate term that every consumer understands? Doesn't it accurately describe what the consumer is actually looking for? Why mess with a perfect thing?

Coach **Judi Bryan** commented:

I believe that one of the major reasons why we have such a poor public image is THAT the consumer sees us as sales people, charged with the task of moving product (houses) and, in so doing, earn an income for the brokerage and for ourselves (actually, most don't seem to "get it" that it's the "brokerage firm" who gets paid...that all those funds don't go from their pocket to ours). The consumer sees us as "selling"...and not just selling HOUSES...but selling THEM! That's why I think Mollie's comment "When you want to be Consulted with ... not Sold TO" resonates with so many of us.

But unlike a "salesman", we have fiduciary responsibilities to the clients we represent, and, as they say, "therein lies the rub". As an industry, one of our failings has always been that too little emphasis is placed on levels of "representation". Frankly, I don't consider myself a "sales person". I consider myself an "agent" whose responsibilities INCLUDE selling (properties, services, myself), of course. But they also include fiduciary representation and administrative duties, and a whole lot more. When we call ourselves "sales people", it dilutes (considerably) what we do, and, in my mind, minimizes the contributions we make to our clients.

The best way to understand the consulting model is to look at an analogy we can all relate to:

The Clothing Store Versus Your Own Personal Shopper

Suppose you had an upcoming seminar next month and needed to buy a couple of nice suits. You have two choices: you can either shop at a leading clothing store or you can hire yourself a personal shopper.

If you go to the clothing store, the salesperson will probably do their best to sell you a suit. Hopefully, they'll be very helpful to you by showing you



the inventory they have at their particular store. Of course, since they're working for the store, their focus is to move the merchandise. If they can please you at the same time, that's a bonus.

The salesperson is working solely on commission - therefore, they only get paid if you buy a suit THERE and NOW. If you have unique fitting needs and none of the suits at that store fit you well, the salesperson is not particularly inclined to tell you to go somewhere else. They also may not tell you that a suit you do love is going on sale next week. After all, if you come back in a week, they might not be the salesperson on the floor. This is not to say that the salesperson isn't ethical. It's just that they're paid to make a sale for their store, not to find the best suits for you.

Now, let's look at the other option: hiring a personal shopper. Unlike a salesperson working for a store, a personal shopper is paid to find you the best suits for your needs. Since no two customers are alike, they're going to spend a lot of time upfront really listening about your lifestyle, timetable, and price range. Once they do a thorough analysis of your needs, they may target one or two stores over others to get you the right suits in the timeframe you need, and within your budget. Since they know the marketplace and inventory, they might tell you not to buy your chosen suits right now since they'll be going on sale very soon. Their goal is to use their expertise to find what's best for you. They're focused on the long-term relationship, not just that transaction.



In terms of paying your personal shopper, they'll probably give you a variety of ways to do so:

- 🏠 You can pay them by the hour
- 🏠 You can pay them a flat fee to do a variety of shopping tasks OR
- 🏠 You can pay them contingent on them finding you the suits that meet your approval but you would pay a premium for this choice since there's a risk that they will work and not ever get paid.

So, how would the consulting model play out in real estate? How does it compare to the traditional sales model?

1. The Real Estate Consultant is usually compensated for their expertise, time and/or the task. If they're paid contingent on a guaranteed outcome (a traditional commission), it should be understood by the consumer that they will be paying a premium to have this guarantee.

The Real Estate Salesperson is only paid when they achieve a specific outcome (one they can influence but not control). It is imperative that the consumer understand that they are paying a premium to have this flexibility. If the real estate sales person does not achieve that specific outcome, the consumer is paying nothing.

2. The Consultant is often retained and compensated the way other professionals providing a service are, such as CPAs or most Attorneys.

The Salesperson is compensated the way other salespeople selling a product are. (By the way: this doesn't mean that a consultant can't offer commissions if that's what right for their client - the essence of consulting is providing choices. It's just essential that the consumer understand what it is they're paying for).

3. Consulting covers a variety of skills and can be used to reach a variety of outcomes.

Selling has one single focus - to SELL something.

4. Sometimes the best choice for a consumer is not to buy or sell at all, or at least not now. The Consultant is retained to provide the counsel to help them reach their decision.

A Salesperson, when there's no transaction, has nothing to offer (and no way to get paid).

True consultants believe that they should first understand the consumer's needs and goals before suggesting options and solutions. High-pressured selling tactics have NO place in the process of providing objective fiduciary counsel.



Can you imagine a Doctor prescribing a medication (solution) without first examining a patient (understanding the problem)? Yet, that is exactly how we're trained as real estate sales people: we only offer a full commission for a full package of services even though the consumer may not need a full package or, in truth, may be better advised not to sell or buy at all.

Once the consumer is provided with objective information about the buying or selling process and what's involved, the consultant believes that the consumer should be the one to decide what they want and how they would like to pay for it. The consumer and the consultant can then decide if there is a good fit between the consumer's needs and what the consultant has to offer.

The real estate salesperson usually has only one way of being paid: a contingent-on-a-sale commission. Consultants, on the other hand, can offer a variety of compensation alternatives such as hourly consulting, a flat fee, "bundling" to cover an array of services for a set fee, traditional commissions, or any combination thereof, so that the consultant can tailor their services based on what the consumer needs to reach their goals.

By the way, consultative service is not limited to transactions. In this course book we're going to delve into the many areas where we can provide services and actually get paid for them (*what a concept!*) As an example, wouldn't it be great to be able to offer (and be paid for) just a couple of hours of objective counsel on the real estate market when the consumer is not sure about what they want to do?

Now, you may be thinking "*I provide that service to prospects NOW so what's the difference?*" Several things! First, how totally objective are you with the consumer on your "assessment" of the market when you know that, should they choose not to take any action, you receive no compensation for your time and expertise? Second, how thorough a job are you doing when preparing your assessment for a prospect when you recognize there is a good possibility you'll receive no compensation for it at all? And third, and this is much more subtle, how confident is the consumer that your "assessment" is totally unbiased and with their best interests in mind when they KNOW that whether you get paid or not rests on their choosing to buy or sell something, and do it through you.

Think about the many consumers that could benefit from our knowledge, experience and expertise if we could offer them choices. The following are just a few examples:

- 🏠 A homeowner who's trying to decide whether to "move or improve" and wishes they could get objective counsel.
- 🏠 A buyer who isn't sure they're ready to buy and hesitates to contact a salesperson but would really like some guidance on the market without being pressured to buy NOW.
- 🏠 A seller who has found their own buyer who wants to make an offer, but doesn't have a clue about what to do next.
- 🏠 A seller who really doesn't WANT to play Realtor® but feels forced to go it alone if they need to save money.
- 🏠 Any consumer who's ever resorted to a cheap commission and found out too late that they got cheap service which didn't get the job done, or didn't get it done right - thus losing their money and valuable market time.



Many consumers today are rightfully asking why commissions seem so high. And many agents are running out of answers. So, next let's review in detail how the commission system works.

Important Points:

- 🏠 At its heart, real estate consulting is about providing quality, transparent CHOICES, in both the services the consumer can receive and in how those services can be paid for.

Chapter Review

- 🏠 Consulting opens up a huge market of consumers who are in need of real estate council and services but aren't buying or selling or not doing so right now. Consulting Services are not limited to transactions.
- 🏠 Consulting helps the practitioner capture far more business amongst buyers and sellers because they can offer choices.
- 🏠 Real Estate has traditionally been a sales profession but it differs with virtually every other kind of sales because it requires fiduciary responsibility.
- 🏠 The Consultant is often compensated (although commissions are a legitimate offering) for their expertise, time and/or the task. The salesperson is only paid when they achieve a specific outcome.
- 🏠 Consulting covers a variety of skills and can be used to reach a variety of outcomes. Selling has one single focus - to SELL something.
- 🏠 Sometimes the best choice for a consumer is not to buy or sell at all, or at least not now. The Consultant is retained to provide the counsel to help them reach their decision. A Salesperson, when there's no transaction, has nothing to offer (and no way to get paid).

Questions to Ponder:

1. We are expected to offer our clients our expert guidance, focusing on what is in that client's best interest, even when it clearly not in our own. Can any of say with absolute certainty, that their advice has not been just a bit influenced by our need for the business?
2. Have you ever had a buyer question how you would want to negotiate the lowest price for them when the higher the sales price, the higher your commission check?
3. Have you ever had a seller question your pricing on their home, stating that by under pricing it, it will sell and you will get paid faster?

IF, AS AN INDUSTRY, WE ARE MAKING SO MUCH MONEY...

How Come We're Not All Driving Bentley's?

To listen to the popular press, you would think that we agents were all rolling in dough, though for 90% of agents, the reality is quite different. Yet, the question that we hear more and more from consumers these days is: *"Why are commissions so high?"* Justifying our commissions to the public is getting more and more difficult.

If you have ever had to explain to a consumer what exactly they're paying for when they pay by commission, you may have struggled with an answer that makes sense. The fact is that when a consumer pays a real estate commission when their transaction closes, they are not simply paying for the services rendered to them on that transaction. If they were just paying for the services themselves, they could have paid a lot less, while still providing their agent with generous compensation.



Here's the real scoop: commissions have little to do with compensating an agent for time and services. Commissions are all about mitigating risk. Until we, as an industry, are willing to call a commission what it is while providing choices to the consumer, we will continue to see our compensation erode and our value undermined.

Unfortunately, when we go to our managers and brokers, they are often of little help. Overwhelmingly they just instruct us to tell the consumer how much we do for them. Certainly we can all agree that much of the public has no earthly idea how much work is involved with helping a client buy or sell a home, but trotting out a list of the *"450 Things That an Agent Does"* misses the point.

In fact, we did ourselves a huge disservice when we began publishing "lists of activities" that an agent does. What we are telling the consumer is that they are compensating us for "activities". And virtually any reasonable person could look at that activity list, compare it to a commission check, and wonder *"what's wrong with this picture?"* The reality is that many of those activities could be done by the consumer, aided by technology, or not done at all. Other activities may need to be done, but do not need to have a "premium" price tag attached to them. The point we're trying to make here is that commissions are not what they are because of activities ... they are what they are because of *risk!*

When a consumer pays for real estate services by commission, they are in fact *paying a premium for a specific outcome and the "insurance" that if they don't achieve the desired outcome, they pay nothing.*

In other words, the commission system follows a basic rule from Economics 101: *high risk must be paired with high reward.* It doesn't matter if you are talking about buying stocks or betting on a football game, the basic equation is the same. With real estate commissions, this rule translates into the



consumer paying a premium to have no risk, while the agent incurs a high risk, but has the potential for a high reward if they are successful. The problem we are facing now is that the consumer has become accustomed to having no risk, yet is increasingly asking for the agent to settle for a low reward.

A Comparison: The Personal Injury Attorney

The commission system in real estate is very similar to an attorney being paid on contingency. Most people understand that if an attorney takes a high risk personal injury case for example, there's a very good chance that the attorney could put in many hours of work and never see a dime. Their services are "free" to their client unless successful. But if they ARE successful, their reward is high; personal injury attorneys usually collect at least a third of the award.

Now suppose that the attorney is successful on a given case. If you were just looking at that one case, his or her "pay" would seem like an incredible amount of money for the time put in. But that large paycheck has to compensate the attorney not just for the hours put in on that case but for all the many unpaid hours on the cases that did not result in an award. In fact if you took a personal injury attorney's gross income for a year and divided it by the total number of hours worked on all cases that year, his or her pay per hour would probably seem very reasonable for the expertise, experience and talent that they bring to their job.



Now just suppose that a given consumer complained about the large amount the attorney would stand to receive if successful. Suppose that they ask the attorney to take their same high risk case but take less of a percentage - how would the attorney respond? Well, if he or she was either not very good at their job OR rather desperate for business, they might take the bait and cut their contingent compensation. At the same time, they would also most definitely cut the quality of the work and time they put in to that case, diminishing the chances for success.

But most attorneys with a reputation for quality work would tell the consumer NO WAY! If they want the attorney to take all the risk, the attorney must receive a high reward if successful. Otherwise, from a pure dollars and cents perspective, this method of compensation just doesn't work.

Like the attorney being paid on a contingency, under the commission system in real estate, our compensation is dependent on our achieving a favorable outcome - an outcome that we can influence but not control.

The difference in the comparison however, is that while most consumers understand the risks involved with a personal injury case, most are not aware of the risks inherent in our daily work: assisting buyers and sellers of homes. Unless they, or someone close to them, has worked in the field, most people aren't cognizant of the many hours that we typically put in that are never paid for.

Overwhelmingly, consumers believe that that most every listing sells and most every buyer buys. But let's take a look at reality - some examples of what we agents experience all the time:

Sandy & Scott Seller are ready to sell their home. Sandy's Aunt Doris is a part-time agent who lives out of the area. Sandy would like to give their listing to Aunt Doris except for one problem: Auntie doesn't know the local market and therefore doesn't know how to price their home. But Scott doesn't see it as a problem at all! After all, every time he goes online, every agent site seems to be offering a "free" comparative market analysis (CMA). So, he contacts three of them, tells each of them that he's going to be selling his home and that he would like them to prepare a CMA for him. Now, as we noted earlier, while those CMA's are free to Scott and Sandy, to the agents, there is nothing "free" about them to the agent—it will take several hours for each of the three agents to prepare and present them in hopes of getting the listing. Of course in this case, none of the agents are going to get the listing and when Aunt Doris lists the house, those three agents know that they've just put in a lot of work that they'll never be paid for.



Bob & Barbara Buyer are looking to buy their first home. They do their due diligence by interviewing several agents and decide that they like Betty Buyer Agent the best. Betty smartly requires that they sign an exclusive buyer agency contract with her - she's been burned in the past by working weeks or months with buyers only to have them call on an ad and buy with someone else. This way she's protected, right? Not so fast! After months of working with Bob & Barbara, Bob gets a new job out of state so the local house search is off. Betty has spent many hours with Bob & Barbara that she'll never get paid for, not to speak of her expenses such as gas.

Sam Seller has been reading that the market is very slow. This concerns him since he would like to sell his house and retire but only if he can "get his price". But even though the market is soft, Sam figures that it doesn't cost him anything to try - he knows that he only has to pay an agent if they're successful. He contacts several agents telling them that he'd like to sell his home but only if he can get a price of \$\$ (about 20% over what the current market says his home is worth). Most agents smartly turn him down, but there are a couple of agents who really need the business and hope that if they take his listing that they can convince him to moderate his price later. Andrea Agent "wins" the listing and goes to work. She expends a lot of money on materials and advertising and countless hours marketing the home. Sadly, Sam can't afford to sell unless he can get his unrealistic price so after six weeks, he decides to pull his house off the market and wait for better times. Andrea Agent has just spent a lot of money that she'll never be reimbursed for, and many hours that she'll never be paid for.

Sound familiar? This is our life as real estate agents and yet, the consumer has the perception that under the commission system, we're all driving around in Bentleys and taking vacations to the Caribbean. In fact, in coaching agents, we ask them to do the following exercise: divide their gross commission



income by 50 (the number of weeks in a year minus two weeks of vacation). Then divide that weekly gross commission income by the total number of hours they estimate that they work in an average week. The result? Sit down because you're not going to like this...

The average agent today is earning less than minimum wage!

Yet, in each of the above examples, the consumers have done nothing wrong. Sandy, Scott, and Sam are simply taking advantage of the "free" services that are offered. And it's certainly no fault of Bob & Barbara that they've been transferred. What a lose-lose situation for both consumer and agent!

You would think that we could all put our heads together and come up with some alternative types of compensation for those consumers who would like quality services but who neither want, nor want to pay a premium for, the "insurance policy" that paying by commission provides. You would also think that we could come up with some way of being compensated when the consumer has real estate needs that don't necessarily involve a transaction.

But instead of developing some alternative methods of compensation, some in the real estate industry have instead responded by cutting the number, and quality of services offered in exchange for a lower commission. Unfortunately, the services that often get cut are the very ones that make all the difference in the consumer's bottom line.

You may have noticed that so far in this course book we've been using some "F" words: functionary (administrative) and fiduciary. We've been using these words because they represent the dual parts of our service offerings that traditionally we've bundled together. But, it's vital that we understand the difference and educate the consumer because while one can be scrimped on, the other should never be. We'll do that next.

Important Points:

- 🏠 Commissions have little to do with compensating an agent for time and services. Commissions are all about mitigating risk.
- 🏠 When a consumer pays for real estate services by commission, they are in fact paying a premium for a specific outcome and the "insurance" that if they don't achieve the desired outcome, they pay nothing.
- 🏠 Most consumers are unaware of the high risk of not getting paid inherent in our daily work.

Chapter Review

- 🏠 When agents divide their weekly gross income (taken from their yearly gross divided by 50 weeks) and divide it by the number of average hours they work in a week, the average agent is earning less than minimum wage.

Questions to Ponder:

1. Have you ever had a manager who told you that you could defend your commission by telling the consumer how much stuff you do for them?
2. Is there any correlation between a commission (which is a percentage of a home's sale price) to the services rendered to bring it to close?

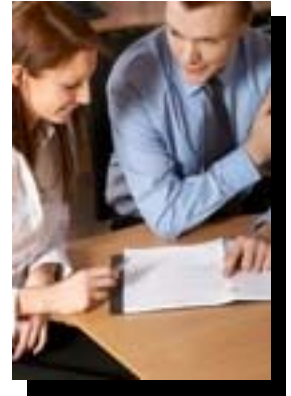
FUNCTIONARY TASKS VERSUS FIDUCIARY COUNSEL

Where is YOUR Value?



As we'll see in the next chapter, real estate agents are not commodities. We know in our daily work that different agents provide neither the same amount nor the same quality of service.

Plus, due to continued low barriers of entry into the field however, almost anyone can get into real estate. In a population of roughly 300 million people, it's estimated that more than 2 million of them hold licenses. That means there's a real estate agent for



each 150 men, women, and children in this country! But getting into real estate, and being good enough to stay in it are totally different matters; 70-80% of new agents don't last even three years in the business. With the constant influx of "new recruits" driven by public perception that this is an "*easy way to make big money fast*", our numbers continue to rise. Even with the recent market correction that is resulting in a drop in our numbers, according to current NAR statistics, there are still many more REALTOR® today than there were at the start of 2004.

To last in real estate and have a productive business over the long haul, an agent must not only have the marketing, sales, and organizational skills to perform the *functionary* (administrative) tasks needed for the job, but more importantly, they must have the expertise, knowledge, and experience to be able to provide the *fiduciary* counsel that will make all the difference in their clients' bottom line.

Please don't let your eyes glaze over at these "F" words. If you want the consumer to understand where your true value lies and thus pay you what you're worth, it's vital that you know (*and help the consumer to understand*) the difference.

Functionary Tasks

are what most consumers first think of when they're asked what an agent does. For a listing agent, they usually include things like:

- 🏠 installing a lock box or sign
- 🏠 typing the listing into the MLS
- 🏠 babysitting an open house.



As we know, many functionary tasks such as taking photos or producing feature sheets are important and should be done to successfully sell a home for top dollar. However, truthfully, they don't necessarily

have to be done by us. They can be done by technology, an hourly assistant, or even by the homeowners themselves. And some functionary tasks (*such as manning a public open house, except in a rampant seller's market*) are often pure frill and done most often to appease the seller.

Over the years in our efforts to differentiate ourselves, as an industry, we have managed to royally shoot ourselves in the foot. We've done a good job of creating the perception in the consumer's mind that the agent that does the most "stuff" is their best choice. But truthfully, it doesn't matter how much stuff is on the list if fiduciary counsel and representation is not there!

Coming from a sales mindset, we've been taught to include functionary tasks, both large and small, in our package of services to "justify" our commissions. But as real estate consultants, our time could be much better spent (*and generate far better compensation per hour worked*) if we were not running paperwork to the attorney's office, or waiting around for the fire department to show up to check the smoke detectors. Functionary (administrative) tasks can often be done by consumers using today's technology or they may choose to not do some of them at all. We need to drive the point home to the consumer that:

A good listing agent's value is NOT in finding buyers, though it's certainly an important part of what we do. Our TRUE value lies in negotiating the best package for the seller, and troubleshooting the transaction through to close of escrow.

Conversely, if you were to ask most buyers what a buyer agent does, they probably would list things like:

- 🏠 doing home searches
- 🏠 making appointments
- 🏠 running paperwork around.

Again, these are functionary tasks and while important, they can often be done using technology or the services of an assistant.

A good buyer agent's value is NOT in finding a home, though we certainly have the technology tools to do so. Our TRUE value to the buyer is in negotiating their best package, and troubleshooting the transaction through to close of escrow. As virtually any experienced agent will attest, "finding" the home is generally the easy part!

Fiduciary Counsel

...DOES require the expertise, knowledge, and experience that a quality real estate professional brings to the table because this is what we do every day. It's market knowledge, judgment, and representation. It's not gathering data, but interpreting it. Some examples are:



- 🏠 determining price and positioning of a home given the market
- 🏠 sensing and communicating with the client when the market is changing
- 🏠 negotiating offers for the best price and terms,
- 🏠 troubleshooting of the transaction to close.

It's the fiduciary counsel that overwhelmingly gets scrimped on when a brokerage or agent tries to work on the cheap, and where the lack of it causes the consumer to get burned. Its importance is often overlooked by the client going it alone or with minimal help and where they pick up pennies only to drop dollars: they save some on a real estate commission but often realize thousands less in value when they close because they misread the market, couldn't "objectively" negotiate effectively on their own behalf, paid their attorney double for tasks that an agent could have done better (*because that's what we do*), or didn't see the potholes that often come up between accepted offer and close.

But we need to take some of the responsibility: our industry seems to be intent on majoring in minors. So often our knowledge, experience, and expertise (the fiduciary) is given away for free whenever someone decides to call us and pick our brains. Then we turn around and charge for the most simple functionary tasks that anyone could do.

Of course, the granddaddy of them all is the travesty called MLS Entry Only.

MLS Entry Only

It's time that we verbalize what many agents have thought for years: allowing our MLS's across the country, to be used by licensees to score a couple hundred bucks in exchange for twenty minutes of typing, was one of the most short-sighted things our industry has done in a long time. Opening up our proprietary network to the public and charging peanuts for it not only reinforces the public's belief that the agent's only value is that of a "gatekeeper of the MLS" and performing functionary tasks, but it has also proven over time to overwhelmingly be a consumer rip-off.



That's because the MLS was designed as a co-operative between licensed agents, not an advertising medium for what is essentially For-Sale-By-Owners. When the MLS is used as intended, agents know that they will have a licensed "partner" on the other side who will not only provide the fiduciary counsel to their own client, but also complete the many tasks which are

required on both the listing and buyer sides. In most markets, "MLS Entry Only" listings notoriously get far fewer showings because buyer agents know they will have to deal directly with the seller and often have to do the work of both sides. Because of fewer showings and the seller's lack of fiduciary counsel, most "Entry Only" listings do not sell, forcing the seller to then hire a full service agent and forfeit their "Entry Only" fee. If the home does sell, it usually does so for thousands less than it should have.

In addition, this type of "listing" presents a huge legal liability. While many states have added "facilitator" to the list of real estate relationships, this status has not yet been tested nation wide in court and a brokerage runs the risk, when it places the seller's listing in the MLS, that the seller will assume that the agent was "representing" them, even if they've signed a disclosure to the contrary.

By the way, isn't it interesting that so many in our industry argue that consumers won't pay a non-contingent fee? It's not true! Consumers regularly pay agents fees for MLS Entry-Only and increasingly, third-party vendors. It's all in educating the consumer about their choices and then letting them choose.

But All I Want Is A Big-Burger!

Imagine that you live in a world where all fast food outlets worked like the real estate industry. In this world, when you drive up and it's your turn, the conversation might go like this:

Voice From The Billboard: "Welcome to Hungry Harry's. What Value Meal would you like today?"

You: "I don't want a whole meal - I just want a Big-Burger".

Voice From The Billboard: "We don't sell Big-Burgers by themselves. We only sell them as a part of a value meal: Big-Burger, Super-Size Fries, Drink, and Apple Pie.



You: "But I'm not that hungry. And I really don't want to pay that much".

Voice From The Billboard: "The policy of Hungry Harry's is to only sell food as a meal. But, I'll tell you what - you can order our discount value meal - we'll take two dollars off and eliminate the Big-Burger since you said you're not that hungry".

You: "But the Big-Burger is what I really wanted".

Voice From The Billboard: "I'm sorry but we don't do it that way. And you really need to make up your mind. You're holding up the line and since we're selling so many of these discount meals, we really need to take as many orders as we can. We're only allowed to give two minutes to people wanting the discount meal."

You start to think that maybe you should just go home and make your own hamburger. But you realize quickly that your cooking skills are lousy, you don't have the time, and meanwhile you're really hungry - at least the fries and apple pie will fill your belly.

You: "OK, I'll take the discount meal".

We figure by now you're seeing the parallel. Traditionally, the real estate industry has only sold their services in bundles, but when pressured by the consumer to have other options, some brokers and agents have responded by simply cutting their commissions and at the same time, cutting out services. Sadly, like the above example, it's the important item (the sandwich) that gets cut rather than the empty calories (fries and apple pie).

We need to drive the point home to the consumer that spending money on professional real estate assistance is a net plus - but if they can't afford everything, or don't want to pay for it, cut the fluff and put money where it's important - fiduciary.

So, in summary, here's the difference¹

FUNCTIONARY TASKS	FIDUCIARY COUNSEL
Low Level	High Level
Delivers Information and Directions	Advises and Consults
Does the Task	Owens the Result
Responds to Needs and Processes Data	Anticipates Needs and Interprets Data
Tours the House	Determines the Value
Low Skill	High Skill
Follows Rules and Procedures	Uses Expert Judgment and Intuition
Minimum Responsibility	Maximum Responsibility
Valuable but Replaceable	Irreplaceable

¹ Adapted from Keller Williams' Realty Fiduciary

The real estate industry by in large thinks that if we don't "give in", that people will be forced to use us and pay by commission. I'm sorry - those days are over. In the internet world, there are a growing number of alternatives. The alternatives may not be near as good as a real estate professional but our refusal to address these needs only sends the public to others.

And as it has been noted before - there is no need to "convince" consumers to pay by the hour, by a fee or by commission. The heart of consulting is listening to the consumer's needs and then presenting alternatives. Each alternative has it's plusses and minuses. If you have set up your hourly rate and fees correctly, it will not matter to you what they choose, you win regardless because they are choosing you, and you will be paid fairly for the services and risks you are agreeing to. At the same time, the consumer is choosing you because you give them the best thing in the world - responsible CHOICES.

This is what I told her:

If I'm reading you correctly, you were concerned that since other agents you talked with about



OUR VALUE

From ACRE® **Wynne Achatz**:

WOW let's go back to 1996 - That is when my consulting really began full strength. I was bedridden for 3 months. Took 126 listings and negotiated 32 transactions.

How? Clients wanted my help (consultation). They took their own digitals with my camera, measured their own homes, we looked at options, discussed what was needed to get the property ready for sale, action was taken, seller listed and put up their own signs...never minced about the fees.

What it all boils down to is that when you have something of value, folks will feel compelled to want it. They "I have to have it" syndrome.

Be confident in yourself. BTW: I am now charging \$195 up front, non refundable to take a listing or go under contract with a buyer. This is not considered part of a commission either. I have gotten more than a standard commission by dividing fee for service from "Do it yourselves". WE never had it so good.

Mollie, Merv and all thanks, thanks and more thanks for the opportunity for such a great sharing experience.

Coach **Mollie Wasserman** commented:

For those of you ACRE®s who don't know Wynne, let me tell you that she is not only someone I've wanted to join our ACRE® community for ages (because she GETS IT), but she is also one of the smartest professionals out there.

Let me underline what Wvnnne said: when she was laid up. clients were obviously not paying her to run

Now, fast-forward to today: though technology has taken over more and more administrative level tasks while property search and valuation sites continue to pop up online almost daily, agents are still in the mind warp - circa 1975 - wherein they still believe that their value is running around putting signs in yards and being the "gatekeeper" of information.

When the consumer asks why they can't do some tasks themselves, the vast majority of our industry is still getting pissed off...thinking "How DARE THEY???" Many agents, deep down, are still threatened when consumers take advantage of the information explosion brought to us via the internet and get initial property information online rather than coming directly to us.

They still don't get that their VALUE does not lie in the old paradigm of who does the most administrative tasks that the consumer could do themselves aided by technology. They still don't get that the consumer, given their druthers, may choose to not receive (and have to pay for) some tasks that are only valuable as proof that the agent earns their commission.

However, If you truly can change your paradigm and embrace the fact that your value lies in your experience, expertise, and judgment, it shouldn't threaten you that the public may want to hold their own open house or run their own paperwork around. I don't know about you, but I'd rather be negotiating contracts than throwing lock boxes on doors.

It should be no threat to us what access the public has to real estate information, because the value is not in the information itself but in the interpretation of that information. If you are paid for your expertise, then you are no longer competing with the internet to be THE source of data, rather we are paid to make some sense of what all the reams of data actually means. In fact, the more data the public has access to, the more they need an information interpreter, not an information provider.

And please, let's dispel the notion that giving up administrative tasks will somehow lessen our earnings. There is an old expression: "It's not the years in your life but the life in your years." Take the time you would spend doing jobs that are no longer needed to be done by you and devote it to other paying clients. And for those who say that clients will never pay a non-contingent fee for expert guidance, go back to Wynne's story. From 1996 no less!

Thank you Wynne for your story and your counsel.

Chapter Review

Important Points:

- 🏠 Functionary tasks are what most consumers first think of when they're asked what an agent does. They include installing a lock box, taking photos, or producing feature sheets.
- 🏠 We're often instructed to tout the number of functionary tasks in order to justify our commissions.
- 🏠 Functionary tasks, while important, can often be done by an unlicensed assistant or by the consumer, using today's technology.
- 🏠 Fiduciary council requires the expertise and experience that a skilled real estate professional brings to the table. It's market knowledge, judgment, and representation. It's not gathering data, but interpreting it. Some examples are: determining price and positioning of a home given the market, negotiating offers for the best price and terms, and the troubleshooting of the transaction to close.
- 🏠 A good listing agent's value is NOT in finding buyers, though it's certainly an important part of what we do. Our TRUE value lies in negotiating the best package for the seller, and troubleshooting the transaction through to close of escrow.
- 🏠 A good buyer agent's value is NOT in finding a home, though we certainly have the technology tools to do so. Our TRUE value to the buyer is in negotiating their best package, and troubleshooting the transaction through to close of escrow. As virtually any experienced agent will attest, "finding" the home is generally the easy part!

Questions to Ponder:

1. As technology continues to replace much of the functionary tasks that we traditionally provide, how can our fiduciary responsibilities provide the ultimate in job protection?
2. Is providing "limited service" really a bad thing in and of itself, or has it become one because of the lack of transparency as to what the consumer will (and will NOT) receive?

WHY DISCOUNTING IS NO BARGAIN

A Bad Deal For Both The Consumer AND The Agent

As a smart consumer, one of the first things we learn to do when shopping for a product or service is determine whether it's a...

...commodity, which can and should be shopped by price, OR

...a service where the quality, level of expertise, talent or experience of the practitioner can make a big difference in the outcome.

Let's look at an example of both:



🏠 Personal story: my (Mollie's) husband and two sons wear "Brand X" socks. I find that "Brand X" fits the best and lasts the longest so I stick to that brand. "Brand X" is sold in a package of three pairs and available at a variety of outlets. Now, whether I buy this package of "Brand X" socks at the fanciest department store or at the cheapest discounter, the socks are the same. *It's a commodity, and therefore, as a smart consumer, I shop it by price.*

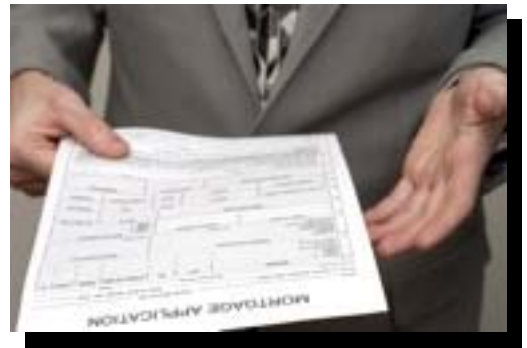
🏠 Now let's contrast that with this scenario: Suppose that you just found out that you won the lottery. After you finished your initial celebration and polished off some champagne, our guess is that the next day you would go out and hire yourself the best tax attorney that you could get your hands on. And if they were the best, they wouldn't come cheap. But you'd gladly pay their large fee because you would know that whatever they charged would be greatly eclipsed by what they saved you from Uncle Sam. *That's because the tax attorney is NOT a commodity - their expertise makes a great difference in how much of your lottery winnings go to the government, and how much will stay in your pocket.*

This is the way it is with most service professionals. For instance, if you're in legal trouble, do you want the cheapest attorney? A good financial planner, if they manage your portfolio well, will make you more than they cost you whereas a bad one will just cost you! Do you really want the cheapest dentist doing your root canal?

Yet when the public looks at service providers such as lenders and certainly us Realtors®, the outlook can often get cloudy. Maybe it's because so much of our value is behind the scenes or maybe it's because we're usually compensated by commission. So, many consumers mistakenly believe that lenders and real estate agents are a commodity, and therefore, they shop them by price. But are they all the same? Let's take a closer look.

First, let's look at lenders. When in need of a home loan, some consumers have been led to believe (by misleading ads and other come-ons) that the best way to go about choosing a lender is to shop the one

with the lowest rates or the one who throws in the most "freebies". But here's the little secret that agents have learned from years of working with all kinds of lenders: a good lender's value is not in their rate claims (which change daily) or their program claims (which can change almost as often). Rather, a lender's TRUE value is in the level of service they provide.



It's their reputation for follow through when your client's commitment is due and their deposit is at stake. It's someone who says what they'll do and then does what they say. With the current "mortgage meltdown" that has hurt so many, it's clear that there were unscrupulous operators that offered "pie-in-the-sky" to get the consumer hooked, without the accountability to stand behind it. That's why it's always prudent to counsel clients to use a lender that's been personally referred by someone they trust, or someone that the agent has worked with and can recommend.

The number of mortgage programs and plans skyrocketed over the last few years. Some programs were fabulous for people with a given profile and turned out to be financially devastating for others. That's why most real estate professionals would never try to figure out the best mortgage program for their own purchases. Mortgages are simply too complicated unless you do it for a living.

Like with agents, loyalty to a lender goes a long way. If a consumer makes a commitment to get their loan from a specific lender, that lender often can and will shop for the best loans and programs amongst the investors they work with - far better than the consumer can from the outside. Are lenders commodities? Absolutely not.

Now, let's take a look at real estate. Any agent can put a sign in a yard or type a listing into the MLS, but as was discussed previously, that's NOT where our real value lies. The value of an experienced, savvy agent is in their knowledge, judgment, negotiating skills and ability to manage and troubleshoot a transaction to a successful close.



If you've been in this business any length of time, you know that what an agent DOESN'T know can hurt the consumer; let's count the ways! We're not lenders but we must have a good understanding of basic mortgage principles. We're not real estate attorneys, but since we deal with contracts, we must have a basic

knowledge of real estate law. And we're certainly not home inspectors, but after attending a few hundred home inspections over the course of a career, we can often save our clients a lot of time by being able to recognize "red flags" in a house.

The environmental issues and regulations that agents must know to advise their clients properly is staggering. Lead paint, radon, mold - you name it. And today, EVERYTHING must be disclosed (*something you should tell prospects to keep in mind if they're thinking of selling their home on their own, because in most states, disclosure requirements apply to homeowners as well as agents*). Most of us take our duties as a fiduciary agent very seriously because ignorance of any of these issues could

greatly harm our clients. Buyer and seller clients have a lot of money at stake, and you can imagine that if seller-clients don't disclose something that they should, they (and you) could get sued.

If it is hard for agents to keep up with what we must know, one can only imagine how hard it would be for a homeowner, who doesn't work day-to-day in the industry, to know. And while an agent who promises to do the "same job for less commission" may have the knowledge, the nature of this type of business is that in order to make this work, they must make up lost profits with quantity which leaves them little time to share this know-how with the homeowner.

On the other hand, a knowledgeable, skilled agent who provides vital fiduciary counsel along with quality service, will give the consumer peace of mind, minimize their risk and free them up to do whatever it is that they do. More importantly, they will maximize the seller's profits or buyer's value when they buy or sell, *even after* paying the agent's commission or fee. An incompetent agent, or an agent who only provides bare-bone functionary tasks and services because they're going for quantity, is a waste of the seller's money, no matter how cheap they are.

This is why a discounted commission is NO BARGAIN for the consumer. When an agent or brokerage agrees to a lower commission while continuing to shoulder the risk, they've broken that basic rule of Economics 101 we mentioned earlier: HIGH RISK must be paired with HIGH REWARD. What this means is that the agent has no cushion to cover them when other transactions don't happen. The only way that they can make the equation work is to cut the time put in to each listing and make it up in



volume. In other words, they must trim the quantity and quality of their services that they offer in exchange for a lower commission - otherwise the numbers just don't add up.

Unfortunately, what usually gets trimmed is not the fluff, but the fiduciary counsel and hands on care. In the real world, this means that instead of the agent being there to guide the seller if the market is beginning to shift or, once they've secured a buyer, "riding herd" on the buyer's lender so the closing isn't delayed, the agent is often running around securing other discounted listings.

Have you ever bought day-old bread on the markdown table? The loaves look just like the fresh ones and you get a great price, but the minute you take a bite, you'll know why it's discounted. Unfortunately, in real estate it can be much trickier for the average consumer to recognize that they're being discounted where it hurts, because the shortfalls of using a low commission agent are usually not apparent until they're knee-deep in the transaction. By then, they often have to start all over again, not only losing the

opportunity to make top dollar on their home, but also something that they can never get back - their precious market time.

High Risk with Low Reward is an Even Worse Deal for Agents

Let's hope that we've made the case that breaking the Risk-Reward rule is a bad deal for consumers, but it's an even worse deal for the agents who lower their commission while continuing to shoulder the risk.



PRICE WARS

From Coach Mollie Wasserman:

One of my biggest concerns in our industry, is our propensity, when times are tough, to get into price wars with our commissions. No matter how tempting it is when you need the business, you can never win competing on compensation because there will always be some desperate soul who will go lower.

In a recent Realty Times article, Ralph Roberts writes *"Instead of competing by offering lower commissions, find something else to compete on -- quality service, experience, and know-how."* As ACRE@s, I challenge you to read this advice and "take it one better": you DEFINITELY have something unique to compete on -- responsible choices that offer the consumer real value for their money while paying you for your time and experience with the all important transparency that they are demanding.

These agents and companies get on the slippery slope of trying to compete by offering the lowest commissions. And these "how low can you go" battles do great damage to our industry as a whole.

Earlier in this course book, we discussed the makeup of a commission. Like a fee paid to other professionals, it's compensation for services, expertise and time. Unlike a fee however, this compensation is contingent on a satisfactory outcome: a completed transaction. We agree with many consumers when they say commissions are high. But here's the news: **THEY HAVE TO BE!** Being paid by commission means carrying all of the risk. And every commission an agent earns has to not only cover the expenses and time of that transaction, but it also has to cover all the buyers that didn't buy and all the homes that didn't sell. Those hours and expenses have to be made up somewhere.

Nothing in this world is free; not a market analysis that agents routinely advertise on their web sites nor the “tour guide services” that agents routinely provide buyers without so much as asking for a commitment that when the buyer buys a home, they will do so with them.

And herein lies the problem when agents and companies cut their commissions - they’re still taking all the risk, but just getting less reward. A bad deal, bad business, and unsustainable in the long run.

It’s also a vicious circle! The more agents lower their commissions, and by necessity, the number and quality of services that they provide, the more they validate the consumer’s belief that real estate agents are commodities. Since all the consumer gets from a “discount” agent is a few functionary tasks, it deepens their belief that agents all do the same few things, so they might as well shop for the cheapest one. In that mindset, the consumer rarely gets the opportunity to experience how a quality agent can make them money, not cost them money.

Real World Example

Stan² is an agent known for his discounting. He routinely cuts his commission by 1.5% to 2% off the going rate. It HAS worked for him in the short run. He’s picked up a lot of listings, particularly from For Sale By Owners, because he offers such a great "deal". Of course, because his margins are so slim, he has to make it up in volume. He is forced into providing the most limited and functionary of listing services: typing the listing into the MLS and putting a sign in the yard.



BUT does he:

- 🏠 Provide pricing counsel as the market shifts? No Way!
- 🏠 Advise the sellers on necessary fix-ups and how to stage their property for a quick and profitable sale? Forget about it!

- 🏠 Return calls from other agents who have questions about the home in a timely manner? Not often!

Stan has good intentions but with the deep discounts he offers that are STILL contingent on the sale, he just can’t take the time.

Of course the local agents know his listings all too well - they’re usually overpriced, and rarely in showing condition because Stan is going for volume and can’t take the time to advise his so-called “clients”. Of course when he takes a reduced commission, he's not the only one who's being discounted - the compensation offered to showing agents has also been reduced which puts his listings at a competitive disadvantage. In truth, his listings are the last ones that we agents want to show.

² Not his real name but a real agent

Sadly, Stan's discounting won't work in the long run (it never does) because his sellers receive little counsel, and therefore, his properties sit on the market and end up getting far less than they should have. And many times, Stan doesn't make a dime because his listings don't sell and the sellers end up re-listing with a quality agent. Stan is earning quite a reputation which will not only drum him out of the business eventually, but unfortunately, he also smears the image of all agents, long after he's made a few bucks and gotten out of real estate.

Chapter Review

Important Points:

- 🏠 A commodity can and should be shopped by price.
- 🏠 A service where the quality, level of expertise, talent or experience of the practitioner can make a big difference in the outcome should NOT be shopped by price.
- 🏠 While the public often looks at real estate agents as commodities, given the level of knowledge, and fiduciary responsibilities needed to do our job well, we are anything BUT.
- 🏠 A knowledgeable, skilled agent who provides vital fiduciary counsel along with quality service, will not only give the consumer peace of mind, minimize their risk, and free them up to do whatever it is that they do, but more importantly, they will maximize the seller's profits or buyer's value when they buy or sell, even after paying the agent's commission or fee.
- 🏠 An incompetent agent, or an agent who only provides bare-bone functionary tasks and services because they're going for quantity, is a waste of the seller's money, no matter how cheap they are.
- 🏠 When an agent or brokerage agrees to a lower commission while continuing to shoulder the risk, they've broken that basic rule of Economics 101: HIGH RISK must be paired with HIGH REWARD. What this means is that the agent has no cushion to cover themselves when other transactions don't happen. The only way they can make the equation work is to cut the time put in to each listing and make it up in volume.
- 🏠 Every commission an agent earns has to not only cover the expenses and time of that transaction, but it also has to cover all the buyers that didn't buy and all the homes that didn't sell. Those hours and expenses have to be made up somewhere.

Questions to Ponder:

1. If you're in legal trouble, do you want the cheapest attorney? How about the cheapest dentist doing your root canal?
2. Have you ever tried to compete on price or commission? What was the outcome?

HOW FEES WORK

Getting Paid Like Other Service Professionals

Let's hope that we've made a good case for why delivering quality real estate services is essential. It is not only because quality is the best value for the consumer, but also because providing quality services elevates the role of the real estate agent from a commodity to a true professional.

Is there a way, in the age of "Who's the Cheapest" to provide quality services and get paid what we're worth? Absolutely! We only have to look at how other service providers are paid and begin to think out of the box.



Providing Real Estate Services By Fee

When a consumer chooses to pay a flat fee for a bundle of services, or by the hour for your assistance or counsel, they're receiving (and paying for) just the services or time received. *What they're not receiving is a guaranteed outcome but they're also not having to pay a premium for that guarantee - the "insurance" that if they don't achieve the desired outcome, they pay nothing.* And therein lies the savings.

Actually, the idea of paying for real estate services by fee isn't really that radical. If you think about it, fees are how most professionals and service providers are paid. And they are usually paid that way for a very good reason. Let's take a look at a couple of examples:



A couple wants to start a family but after months of trying, they are not able to conceive. After getting a referral from the wife's gynecologist, they make an appointment with a specialist. They have some tests run and after conferring with the physician, they confirm that they are a candidate for In-vitro Fertilization. The physician or nurse-practitioner then reviews the entire procedure and how the clinic will be paid - usually by a flat fee for a certain number of tries. Is there a risk on the part of that couple in paying in this way? Absolutely, because even though the clinic is highly recommended, the couple could spend thousands of dollars without achieving a successful pregnancy. The clinic can influence but

certainly not control the outcome. They're paid for the services rendered regardless of whether the couple achieves their goal of a successful pregnancy.

A businessman is quickly climbing the corporate ladder. But with the constant changes in the tax code, his taxes are getting more and more complicated and preparing them each year is very time consuming. He thinks he could save a ton of money in deductions if he hired a CPA. So



the next year, he takes all of his work stubs and receipts to a CPA who comes highly recommended by a friend. The CPA looks it all over and tells the businessman that he charges \$X per hour and that the taxes will take approximately X hours to prepare. Is there risk on the part of the businessman in paying the CPA by the hour? Absolutely, because even though the CPA is skilled, the businessman could end up paying double in taxes. The CPA is being paid for his services, time and expertise regardless of what the businessman ends up paying in taxes.

Real estate professionals have traditionally been paid contingent on an outcome, even though, like the clinic and CPA, we cannot control the outcome. The economic climate and certainly the price the seller places on the home is what will determine how fast and for how much a home sells for. Yet, agents are paid as though they can control the outcome and that "insurance policy" of only paying if successful is what makes this method of compensation so expensive for the consumer.

Obviously, in order for a consumer to feel comfortable paying you by a non-contingent fee, they need to have confidence that you will do a quality job. And you will find consumers who believe that a real estate agent will work harder knowing that they'll only be paid if the house sells. But if you follow that argument, how could they have confidence in their doctor, dentist, or CPA? The answer is, top-notch agents, like other good service providers work hard for their clients because they have a reputation for quality that they want to protect, and because they want to continue to receive a good share of their business by referral.



We recommend that agents encourage consumers, when they need to choose any service provider, to do so by asking for a referral from someone they trust who's had a good experience. On the other hand, if they have not been referred to the provider, they should always ask for references whom they can speak with. If they find that the provider has done a good job for other customers, clients or patients, there is a very good chance that they'll do a good job for them, no matter how they're paid.

So, How About Some Choices?

In the many years that we've spent developing and testing different compensation alternatives, we've often wondered why agents are limited to offering just commissions with no other alternatives. Not only could the public clearly benefit by having some choices, but just think of the many opportunities we'd have to actually be paid for our expertise when a purchase or sale isn't in the cards (or not right now). Wouldn't that be a wonderful thing? We'll take a look at these opportunities in Section 2 of this course book.

Clearly, whether a consumer is contemplating a transaction or simply wants some counsel, it would make sense to have some alternatives to offer. And to see a great example of these choices, one need look no further than the legal profession:

- 🏠 Some areas of law such as when a client has a tricky legal problem and needs advice, lend themselves to an hourly compensation.
- 🏠 Some areas, such as real estate law are usually paid by a flat fee for a task or a group of tasks.
- 🏠 As we saw earlier, some areas of law such as personal injury, where the attorney can work with a high risk that they might not get paid, is almost always paid on contingency BUT with a high payoff if the attorney is successful.

Can we develop the same choices in real estate? You bet! There is no rule that says that real estate services have to be a full package of bundled services paid by commission and nothing else. Whenever we've asked any real estate manager why agents are paid by commission, the only reason they can usually come up with is: *"That's the way we've always done it."*

Let's be clear: in looking at offering choices such as an hourly rate, flat fee, or a traditional commission, there is no right or wrong choice. Like in the legal profession, different choices work in different scenarios. Real estate consumers have different needs and comfort levels. Some people are very risk-averse and are more comfortable paying for real estate services by traditional commission. That's fine as long as they understand that they are paying a premium to have no risk. Some folks, once they understand that the agent can't really control the outcome, are willing to forgo the guarantee and pay a lot less by fee, while still getting quality. The important thing is to always present options in a clear, transparent way. Remember, most consumers have no problem paying for quality - they just want to understand what they're paying for!

Remember that all of this discussion about charging fees doesn't mean you shouldn't ever waive a fee. For instance when you're asked for a CMA by a client who has done business with you in the past, you may want to provide one for them at no charge. Or suppose that you're working with a FSBO and make a deal to trade some digital photography work for the names of buyers who aren't interested in their home. The point we're trying to make is that you need to help people understand that your services, time, and expertise are not free, though you may provide them at no charge. It is important to make sure that you value your work and time and communicate that value to the consumer.





CONSULTING WITH PAST TERRIFIC CLIENTS: HOW DO YOU APPROACH IT?

From ACRE® **Susan Mekenney**:

My business is 99% referral. I got a phone call yesterday from a terrific client, that I have sold three houses to and who has referred at least one client to me in the past couple years. They asked me to do a broker's opinion on their house as the county recently purchased a portion of their land and now their lender is coming back asking what that purchase has done to the value of their property.

To do a broker opinion, will take me anywhere from 1/2 hour to an hour of my time. At what point do you start charging--with past clients that have been loyal and who are used to you giving away your time and knowledge? Or do you offer past, loyal clients, so many hours of your time and experience at no cost, over the course of a year or two before you start charging them? Or do you never charge them? Or do you set up an account and for every referral they give you, do you give them so many hours of free consulting? Your thoughts would be most appreciated.

Coach **Mollie Wasserman** commented:

Hi Susan:

This is a subject that many agents bring up. I would very excitedly tell ALL of your existing clients about the new choices you offer. You can tell this particular client that because you have done so much business with them in the past, that you are happy to continue to do a BPO on a complimentary basis, but I think it is important to let people know about consulting because even though you may continue not to charge them, it just brings home that you are running a business, not a charity.

Coach **Merv Forney** commented:

Hi Susan, Great question.

Here's an analogy: Pam and I go to the same local restaurant 90% of the time when we go out. We are regulars. Great service, good consistent food quality and friendly owners and employees. We give them a lot of our business.

Those are all good reasons to go back often. But here's the kicker: They pour us "a regulars" size

Do we pay? Always. Would we still go back if they stopped the freebies? Probably, but not nearly as often. There are other alternatives just as good where we are treated like everyone else.

So, in my mind, "regulars" get special treatment. There are no rules, no "standard practice." I make it up for every client based on the relationship, my mindful business logic and my heart.

What I would probably do is explain my new way of doing business and why it is a win-win.

Chapter Review

Important Points:

- 🏡 Providing quality services not only provides the best value for the consumer, but it also elevates the role of the real estate agent from a commodity to that of a true professional.
- 🏡 When a consumer chooses to pay a flat fee for a bundle of services, or by the hour for your assistance or counsel, they're receiving (and paying for) just the services or time received. What they're not receiving is a guaranteed outcome but they're also not having to pay a premium for that guarantee - the "insurance" that if they don't achieve the desired outcome, they pay nothing.
- 🏡 Real estate professionals have traditionally been paid contingent on an outcome, as though they could control the outcome. That "insurance policy" of only paying if successful, is what makes this method of compensation so expensive for the consumer.
- 🏡 When offering choices such as an hourly rate, flat fee, or a traditional commission, there is no right or wrong choice. Like in the legal profession, different choices work in different scenarios.
- 🏡 There is nothing wrong in choosing to pay by commission as long as the consumer understands that they are paying a premium to have no risk.

Questions to Ponder:

1. Is there any law that says that you can't offer choices in how you are paid?
2. Does working as a consultant mean that you should you never waive charging for your services?

**CONSULTING ISN'T A FEE
SCHEDULE...IT'S A MINDSET!**

The emphasis on fees and how we are paid often leads agents to think that how we charge is the whole



ACRE® **Bob Whitney** asks:

When working with sellers, are the options the traditional structure, flat fee, and the hourly structure? If they are using the traditional model, will you will be acting as a salesperson and not as a consultant? How do you convince them that after being paid, you will actually follow through and do the work promised?

Coach **Judi Bryan** commented:

The question you asked is among the biggest issues we all confront when embracing consulting as a business model in real estate. First of all, wipe any reference from your mind that how you are paid or what you are paid has anything to do with whether you are acting as a consultant. These are totally separate issues. Remember...Consulting is NOT a fee schedule...it's a MINDSET!!!

Consulting is not the antithesis of using a "commissioned" approach. Consulting is about providing the consumer with OPTIONS; it's about giving them TRANSPARENCY so they understand not only what they are PAYING...but what they are PAYING FOR! Consulting provides you, as well as the consumer a whole host of services and a variety of ways for which they can pay for them. It's not, in other words, "flat fee" or "hourly rate" versus "commission". As a matter of fact, many times a consumer will start off thinking they want to work with you on a "fee basis" paying for your time and services. As time goes on, and as they start to realize how much it's costing them to work that way, they often decide to move to the "commission" approach. Many agents provide terms whereby the client CAN convert to commission with whatever they've already paid getting credited back to them at closing.

What is different though is that the CONSUMER UNDERSTANDS. In the process of developing your approach with/for a prospective client, you'll be educating them on their options, which options might be best suited to help them achieve their objectives and why, what is involved in providing the tools and services for them, what the cost attached to those tools and services might be, etc. And whether you are working with a buyer, seller or non-transaction consumer, the bottom

of consulting. Nothing could be further from the truth! Read on...

And Merv, I love the breakdown you added. Very succinct and focused. I think as agents we are pretty much trained from the beginning to think "big picture", and not so much in terms of well defined specific objectives. And, as a result, we have always charged in "big picture" terms as well. I think I'll print a copy of it to keep in front me as a reminder.....FOCUS!!!!

receive payment for the study,








LEPHANTS

This post arises from a letter I wrote to the facilitator of an excellent seminar I attended in December. On reflection, I thought parts of it might be useful to ACRE® colleagues in helping to refine their articulation of the consulting mindset and value proposition.

First, the context: Real professionalism in the practice of real estate brokerage was the subject of the seminar. Bob Wallace, Executive Officer of The Real Estate Board of Greater Vancouver, has presented this material across Canada in a diligent effort to get it on the national agenda. It's evident from selected excerpts that they mean business well beyond the usual platitudes.

"Most definitions of a profession include the following aspects:

-  *The work is applied as a public practice, providing personal service rather than simply the entrepreneurial dealing of goods.*
-  *There is an independent society which maintains a standard of qualification that attests to the competence of the individual practitioner.*
-  *There is a specialized code of conduct enforced by the society designed principally to protect the public.*
-  *There is a continual investment made in getting better.*
-  *Excellence in client satisfaction is an enforced standard."*

And this:

"Through public research, we learned that consumers want to hire:

- 1. someone they can trust*
- 2. someone who provides valuable services relative to the fees paid and*
- 3. a professional who provides specialized knowledge and skill."*

One great line I can't leave out

" just doing it and getting paid sounds more like prostitution than professionalism "

Now for those who've been wondering where the elephants are, they're contained in what I wrote in response to their request for feedback. Notwithstanding their good intentions, the ACRE® side of me felt an urge to let them know something was missing. I share those thoughts here in the hope they may be useful to those who would sharpen their skills in explaining the consulting model:

"There is, in my opinion, an elephant in the professionalism space. Actually there are two elephants, a parent and a child. The Parent Elephant is our industry's sales culture. The Child Elephant is commission compensation. If allowed to lumber around unchecked the elephant family will probably trample and crush any progress we make toward professionalism.

Our culture of sales was well established and driven by almost 100 years of momentum when, about 1994 (depending where you practiced), most of the North American real estate brokerage industry adopted Buyer Agency. The replacement of Sub-Agency with Buyer Agency about fifteen years ago was, in my opinion, a mandate to stop selling and start representing. We missed an important turn in the road, a teachable moment so to speak. It should have been the beginning of a massive re-engineering of our industry. Instead, having failed to understand the significance of what was taking place, we undertook to fit agency representation to our entrenched sales culture and its concomitant remuneration – sale contingent commission. For example, consider the invented nonsense of Limited Dual Agency, the purpose of which could only be to facilitate double ended commissions.

Today our industry (I wish I could truly say “profession”) is a living, breathing dichotomy sworn to act only in the best interests of its clients, but remunerated by a system that rewards acting in self interest. Duh!

REALTORS®, in their initial and on-going education, are thoroughly indoctrinated in agency and its fiduciary framework only to return afterward to an office milieu in which selling reigns supreme. Therein lays the dichotomy. Professionals advise and serve in the client's best interest – salespeople sell!

Given that selling is persuading another to buy something we wish to sell, and that professionalism is, by your definition, the provision of valuable services for a fee, one has to wonder whether there can be such a thing as “professional sales” except in the contemporary use of the term which denotes quality execution and performance of almost any activity.

Regrettably, success in our industry is measured by sales productivity, not by fiduciary integrity. Where MLS® Awards are still practiced, they are the reward of sales success. Qualification for reward trips and other perks are measured by sales. Offices have regular “sales meetings.” Our “SOLD” signs hanging on clients' lawns trumpet our supposed sales prowess. Individual marketing material implies that I can sell your property better than another agent can. On and

on it goes, ignoring the fact that clients don't need to be sold; they need to receive advocacy and be advised, represented, coached and guided.

Can a sales culture and a culture of true professionalism co-exist? Can the former be re-morphed into the latter? Does the leopard change its spots? Consumers have always seen us as salespeople. Not only have we failed to tell them any different, but, by our conduct we have reinforced their conclusion. Consistent with our sales culture, the dominant form of remuneration is contingent-on-a-sale commission. Commission is the life blood of our existence, a fact also well imprinted in the mind of the public. In that context it is surely laughable that we have the audacity to inform clients that we will place their interests above all others, including our own. Whom do we think we're kidding?

Bringing our industry to a point where it truly does "walk the talk" is no small undertaking. I commend you and your colleagues for the initiative you have begun and hope that I might be able to contribute in some small way as it goes forward."



CONSULTING APPROACH LEADS TO LISTING

From ACRE® **Laurie Furem**:

I just went on my first appointment where the main focus was on consulting.

Here's an observation, using the consulting approach not only gives choices to the consumer; it gave me a feeling of empowerment to be able to give the straight story without pulling punches. I always disclose, disclose...but it is truly amazing how perception shifts when you start talking to a home seller about what they need, want, etc.

I got a call a little while ago to get the papers ready. It will be done as a traditional listing for several reasons. However, I am absolutely positive that it was the consulting focus that got the listing. I probably already have a price reduction and a change in paint color in one bedroom.

I asked...they talked...I listened...going tomorrow afternoon to list the property. It works if you work it.

Coach **Mollie Wasserman** commented:

Kudos Laurie! And you speak a very important truth about being able to give a straight story without pulling punches. The best thing about consulting is that you CAN be straightforward about

commission" as much as possible because if the consumer doesn't like their one offering - they don't have a job. That's why I keep stressing that a commission is not "instead" of consulting. one of them. The difference is that a consultant doesn't have to sugar-coat - they can lay it all out and let the consumer decide. And whatever they're decision, the consultant wins.

Chapter Review

Important Points:

- 🏠 The REALTOR® community is flush with agents that call themselves REAL ESTATE CONSULTANTS but only know and understand the commission model. Some of these truly are consultants. They have the experience, knowledge, proven methods and a business approach whereby they are giving their clients the best advice and produce justification, evidence and work products to back up their opinions. How they charge for services is irrelevant except for the fact that it may not be very transparent. They know real estate and practice consulting but only grasp one business model.
- 🏠 On the other hand, there are agents that use a different method for charging clients that more closely align with the way consultants work. These range from charging by the hour to a-la-carte services to fixed fees. We can do this without ever thinking about consulting. It is simply a different way to get paid. These agents/organizations grasp a different business model but don't have a clue as to what real consulting is.
- 🏠 Consulting is not about being paid a “flat fee” or “hourly fee” versus a “commission”. Rather, it’s providing a thorough needs analysis and based on the results, offering choices to the consumer of what services they want and need and how they can pay for those services.

Questions to Ponder:

1. If a practitioner is getting paid by a traditional commission, can they still be acting as a consultant?
2. How is practicing real estate from a consulting model a mindset?

HELPING THE CONSUMER TO DETERMINE THEIR NEEDS

The very essence of Consulting is giving the consumer CHOICES. But in order to make the best choices, it's important that their needs, capabilities, and the time they're able and willing to devote to the task of selling or buying their home are carefully (and realistically) evaluated.

I (Mollie) developed a Seller Needs Analysis years ago for my own practice that does just that. And thanks to ACRE® Coach Judi Bryan, we now also have a Buyer Needs Analysis. In a few minutes, in the privacy of their home or office, a seller or buyer can review the various tasks involved in selling or buying a home, determine which ones they have the capability, time, and desire to do themselves, which ones they might like a professional to handle, and which ones they're OK with not having done at all.

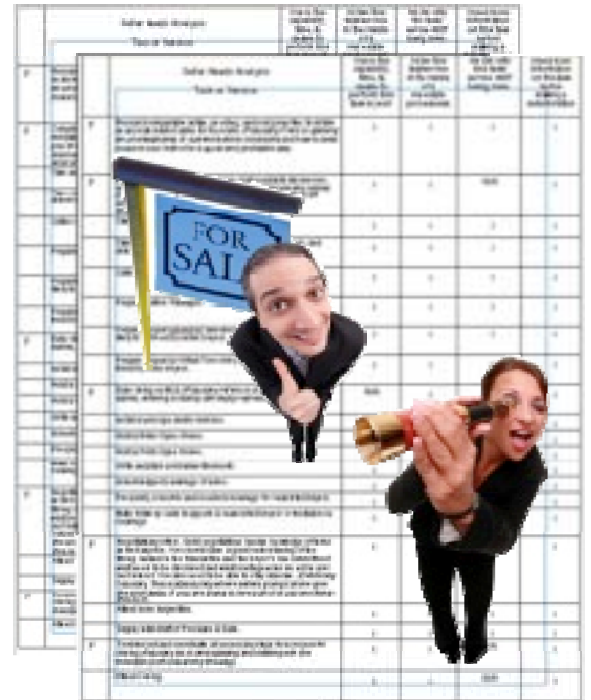
Many consumers have told ACRE® grads that completing the analysis followed by a consultation was the best thing they did in starting the process. Copies of both tools are available at the end of this course book. They are also in the Resource Library of the Coaching Exchange.

The Seller and Buyer Needs Analyses are not rocket science. Each is simply a list of tasks or services that are usually completed in the selling or buying process, a brief explanation of the task or service as necessary and a notation if the task or service is fiduciary in nature. The consumer is asked to respond to each task or service with one of the following responses:

1. I have the capability, time, and desire to perform this task myself
2. I'd like this task/service in the hands of a Real Estate professional
3. I'm OK with this task/service NOT being done
4. I need more information on this task/service before making a determination

To be effective, the analysis really should be a two step process. We would advise you, based on experience, to not provide the analysis to the buyer or seller until they commit to sitting down with you for a consultation. We would also advise you, again based on experience, to not try to explain the various options that you offer without first having them complete the analysis - otherwise you spend a lot of unpaid time on the phone without any commitment on their part.

I speak from experience: when I first developed this tool for sellers, I would go through it in person at a meeting or on the phone. *Bad idea!* Not only was it time consuming, but I found that there was often



some “bravado” on the seller’s part as to what they told me they could handle when asked directly. Even though the seller knew they were going to review their responses with me later, going through each task/service in the privacy of their home or office encouraged them to be honest with their responses: *“Can I do this task?” “Do I even WANT to do this task?”*

These analyses, followed by a consultation, are the best way to help the consumer to determine where their needs may lie. They can be confident that tasks or expertise that they might not have thought about won't sneak up and bite them later in the process. As was mentioned before, many consumers have NO IDEA how much is involved with selling or buying a home. But seeing the list in this format is so much better than seeing it as a part of a listing presentation. Why? Because, as a part of the listing presentation, you are in effect saying “Of course I have to do every task, whether it’s small or large, whether functionary or fiduciary.”



Having the list as a part of the analysis gives the consumer the opportunity to have some choice in what they may or may not want to do themselves. They may even discover there are tasks they don't care about having done at all. Again, even if they decide they want it ALL and want to pay by a traditional commission, you will have a very cooperative client because they feel they were given a choice. And even more important, you now have a great understanding of what is and isn't important to them.

One more thing that ACRE® grads have found: the more they work from a consultative model, the more they value their time and their expertise. We discourage ACRE®s from sending out a “price list” or spending time on the phone trying to explain their services without some commitment on the part of the consumer.

Do we get everybody? Nope, just the cream of the crop - buyers, sellers, investors, and homeowners who value what we do and are willing to pay us fairly for it. Our expertise and time as a professional is valuable - it's about time that we stop giving it away.

By the way: choice is a two way street! If consumers want you to do things that you don't want to do (for example, MLS Entry Only), you can tell them right away that you would not be a good match for them - *before* wasting a lot of your time.

Remember, you are a consultant...not an order taker. Just because the seller thinks it's not necessary for them to de-clutter their home or they think that they can do without having their home listed online, it doesn't mean that you have to give in and do it their way. Just because a buyer wants you to run out and show them a home that you KNOW they will hate, doesn't mean you have to do so. You're the expert in real estate - not them.

Would you go to a doctor and tell him or her what prescription to write? Would you go to an attorney and tell them how to handle your case? Of course not, because you are paying them for their expertise. In real estate we have gotten ourselves in the pickle of having consumers tell us how to do our job

because we have sent out the message that our time (and expertise) is free. And free means “not worth much”.

There is something very empowering in saying “*No thank you!*” Saying it when appropriate will earn you more, not less.

Chapter Review

Important Points:

- 🏠 The very essence of Consulting is giving the consumer, CHOICES. But in order to make the best



choices, it's important that their needs, capabilities, and time that they're able and willing to devote to the task of selling or buying their home are carefully, (and realistically) evaluated.

- 🏠 Completing a seller or buyer needs analysis, followed by a consultation, is the best way to help the consumer to determine where their needs may lie, confident that tasks or expertise that they might not have thought about won't sneak up and bite them later in the process.

Questions to Ponder:

1. Why is it important to have the consumer complete the seller or buyer needs analysis in the privacy of their home or office rather than completing it with the consultant?
2. Why is sending out a “price list” to prospects without completing a needs analysis counterproductive to the consulting process?

DODGING THE ARROWS

Dealing with owners, managers and other agents

“Anyone who wants to lead the orchestra must turn their back on the crowd.”

Now, let's see where we are...you've been reading this course book and nodding your head. You may be thinking: *“Gee, this consulting model and providing options makes a lot of sense”*. So, the next time you're talking with your manager, owner or another agent, you start to tell them about this new consulting model, which pays you for your experience, expertise, and time, rather than an outcome that we, as agents, have limited control over.

That's when the arrows start coming! You hear the same thing everyone hears when they float a new idea or way of doing business:



“That's not how Real Estate is done”.

“We're salespeople – we don't get paid like other professionals”.

“Real estate is a sales job – always has been, always will be”.

“If it ain't broke, don't fix it”.

Or our favorite, which is usually said when they haven't really listened:

“That's just discounting”.

Though we've come a long way, we're still in the pioneering stages of real estate consulting. But as real estate attorney Philip Schoewe once said: *“Pioneers get the arrows – but they're also the ones who stake the land”*.

There is no doubt that we will evolve from sales to consulting if our industry is to survive. But like other consumer-driven changes, like buyer agency or using technology in real estate, change takes time. The first brave people taking on the change will be derided, laughed at and sometimes even black-balled. No matter; if the change is consumer-driven (as real estate consulting most certainly is), the “nay-sayers” will eventually be forced to come around – or watch their businesses wither and die.

Let me share with you some personal experiences over the last few years to illustrate my point. I began my real estate career in January of 1995. Having a business background (I have an MBA and previously worked in a corporate setting), I was anxious to employ business methods to real estate. I started with a traditional firm and immediately began using contact management and spreadsheet software in my real estate practice.

Toward the end of that first year, my friend Matthew Ferrara (www.MFSeminars.com) began to tell me about this new-fangled thing called the World Wide Web. I designed the first rendition of my website, www.MollieW.com, (now my team's site www.TheHomeConsultants.com) in late 1995 and had it online in March of 1996. I immediately began receiving over 50% of my business from my web site (which eventually reached over 90% of our non-referral business).

Now, do you think my manager was proud of me? Did she ask me to show others what I had done? Did other agents in the office ask me questions about what I was doing? Not on your life. I was laughed at, derided, and I'm sure many of my colleagues sincerely questioned my sanity. My manager actually told me: *"Stop fooling around with computers and go sell houses!"* I overheard one agent in my office saying to a couple of others: *"What does she think she's going to do – show a house on a computer?!?"*, through gales of laughter. And when I was called a "geek" and the "techqueen", trust me; it wasn't said as a compliment.

But I knew that the web offered too much promise for the consumer to ignore it and if we did, it would be at our peril. By getting online early, I secured a web presence that just cannot be achieved by newcomers today and as you can imagine, no one laughs now. But boy, was it tough (and very lonely) back then.

So too, with buyer agency. After getting my license, I immediately got certified in buyer representation. Representing buyers when I worked with them (as we always have with sellers) just made sense to me. But of course, the agents in my office, who had always practiced sub-agency with buyers, couldn't understand this new way to do business. At the beginning, in conservative New England, us pioneers that represented buyers had a lot of roadblocks thrown our way. Forget being



compensated, many listing agents would not return calls, would refuse to let us show their listings (*boy, THAT was really serving their sellers' interest!*), and would do all they could to blackball buyer agents. Of course, this backfired since buyer agency was, and continues to be, consumer driven. Today, in the western suburbs of Greater Boston that my team services, buyer agency is the standard, and like in most other areas in the country, sub-agency is almost non-existent.

So, why are many of our cohorts so negative about trying something new?

For one thing, as human beings, we naturally resist change. Change is scary! In the years that I've spent developing consulting, I've often felt like Christopher Columbus discovering America. I'm setting out on a voyage in un-sailed waters with only the firm conviction that there's something better across the ocean. I'm convinced that the world is round but many of my colleagues around me are saying the world is flat. Yes, change is very scary but also very necessary. After all, there was a time when the horse and buggy was the accepted means of transportation, but some brave soul came up with the automobile and though it just MIGHT work better.

Secondly, it's so much easier to let someone else test-market a new concept until it's perfected. After all, what if it's just a fad? We don't want to look dumb. Or we fall victim to "group think". This is a phenomenon that occurs when we perceive everyone around us seeing something a certain way, and then convince ourselves it's reality even if we really aren't seeing it. The funny thing about "group think" is that every single person in the group might not be seeing what the group is perceived as seeing, but they question their vision or perception since it seems everyone around them sees something different. In other words, if everyone around you accepts something as a given, it takes a self confident person to say: *"Wait a minute – I see this differently!"*



As a child, do you remember hearing the story of the Emperor's New Clothes? The Emperor hired a weaver to weave him a fabulous new set of duds. He purchased the best thread made of pure gold for the weaver to use. But the weaver was a crafty devil. He knew that the gullible Emperor would believe whatever he told him so he proceeded to pocket the gold thread and take a nap.

When the time came to present the new outfit to the Emperor, he "showed" the Emperor the beautiful design, the wonderful feel, etc. Of course the Emperor was looking at absolutely nothing. But he didn't want to say that he saw nothing because he didn't want to look stupid in front of the weaver – after all he was the Emperor! So he listened to the weaver tell him that he must show off his new outfit to the kingdom.

The following day, the entire kingdom gathered at the palace as the Emperor strode out in his new ensemble. Now, watch "group think" work: everyone who was feasting their eyes on a very naked Emperor convinced themselves that they were not seeing what they were seeing. After all, everyone around them was praising the magnificent new outfit. They convinced themselves they must be blind (or crazy). Except for one little boy who had enough confidence to yell out: *"The Emperor has no clothes!"*

If you like the concept of practicing real estate from a consulting model and offering choices based on the consumer's needs, rest assured that you're not alone. In fact, getting paid for your time, expertise, and experience (what you're worth) is now rapidly gaining momentum amongst real estate professionals. And remember that "group think" works the other way. Today, everyone it seems, offers buyers their own representation and no one would argue against having a web site (actually - web sites are rapidly becoming old hat - time for a blog!) and using technology. It just takes time for changes to happen but remember, if you're a pioneer, you'll stake out so much more territory than waiting to follow the crowd.

Which brings us to how you deal with managers and other agents. If their objections are with change itself: ("That's not how we do real estate") remind them what happened when the MLS was introduced. The fax machine. Buyer agency. Our jobs weren't eliminated, we continued to assist people with their real estate needs, and the world as we know it did not come to an end.

Have them repeat after you:

“CHANGE IS GOOD. CHANGE IS NORMAL. CHANGE IS INEVITABLE

... GROWTH IS OPTIONAL ...”

We can sit by passively and continue to watch our commissions erode while dot coms and the press try to convince the public that we have no worth, or we can proactively develop alternative compensation plans that are a win-win for the consumer and the practitioner alike. It is a choice that each of us must make for ourselves.

Financial Services as a Model for Real Estate

Real estate might want to look at the financial industry as an example of how an industry can evolve. In the early 1980's, "financial planners" were, for the most part, stockbrokers and other salespeople that provided (*see if this sounds familiar*) “free” consultations and made their money by selling financial products. Like real estate salespeople today that call themselves “consultants” because it sounds better, financial salespeople then would often call themselves "financial planners".

However, as the 1980's wore on, consumers who wanted truly objective advice (and were willing to pay for it) demanded a choice, and from this consumer demand, the CFP® (the Certified Financial Planner) was born.

Now, the tremendous growth of the CFP® designation over the last two decades doesn't mean that there are no longer financial salespeople. There certainly are, but there is a clear line of demarcation between financial salespeople who are paid to sell products, and CFP®'s who are paid to provide objective counsel and guidance to their clients.

There will probably always be a niche for real estate salespeople whose primary job is moving the inventory. However, we believe that there will be a larger and ever increasing demand for professional real estate consultants whose primary job is to move the product, but rather to act as an advisor and advocate for their clients. It is our goal to see the Accredited Consultants in Real Estate® certification develop into the same symbol for professional, objective counsel in real estate as the CFP® does in financial services.



From ACRE® **Ron Stuart:**

A newsletter from "A newsletter from Second Opinion Financial Services Inc. to which I subscribe, led off today with the following remark:

"Perhaps the message is finally getting out - advisers who get paid solely by commissions cannot escape the inherent conflict of interest that exists in the financial industry. For truly unbiased advice, an investor must turn to a true fee-only adviser who only gets paid by the client..."

Just change the word "financial" to "real estate" and it comes pretty close to what we preach, doesn't it? Perhaps we ACRES® aren't alone out there after all!

If the objection they have is that "this is just discounting", than they simply lack a knowledge and understanding of what consulting is all about. Ask them if they've ever taken a buyer out for three months, just to have them decide not to buy a house. Or have they ever tried to market an overpriced home for six months, just to have the listing expire and the seller list with another agent. Most people will say: *"Of course, I'm a REALTOR®!"* Then tell them: *"Well, in those cases you worked for free. I know of no better example of discounting than that."* **Case Closed!**

If you make no headway and your brokerage will not listen, then you might want to explore finding another brokerage that supports innovation. Believe me, they are out there.

When more agents start doing consulting, brokers will have to come to terms with it and take the time to



C H A N G I N G B R O K E R S

From ACRE® **Betty Byrnes:**

Well, after hitting lots of "brick walls" with my current broker and a long conversation with Coach **Paula Bean** a while back, I decided to change companies! I talked to the "new" broker briefly a week ago and followed up by sending him links to Mollie's consulting presentation and to my consulting page. I also sent him a summary of what each level of service is - taken from the training manual.

We met yesterday to discuss not only consulting, but also some promotions I have wanted to do but hit dead ends. He agrees with the consulting model! He likes the transparency and offering choices. Yahoo!

end of the month!

Once I made the decision, it felt like a dark had been lifted. I am really excited! Now to just get these closing out of the way and get on to consulting. Thank you everyone for all your great support!

Coach **Mollie Wasserman** commented:

Kudos to you Betty!

It takes a lot of courage to change companies. But, if your broker or manager is not supporting your consulting business, I believe with all my heart that to not take action is simply postponing the inevitable.

Just a few years ago, my consulting business was a curiosity. Today, I'm seeing more and more that this is the way business is being done. As the saying goes, we need to tell those unenlightened managers to lead, follow or get out of our way.

Coach **Paula Bean** commented:

You are not the first person to change companies due to lack of support of the consulting model. Actually, I prefer to call it lack of understanding. Most broker owners and managers think it makes them less money, and they are also missing the boat on how it can help with recruiting. In this competitive age, they will truly miss the opportunity to be a differentiating company and will continue to lose agents and as a result market share.

understand how it will help, not hinder the company. It was the same with buyer agency and many other practices introduced in the past that are now commonplace. On the other hand, don't assume your broker or manager will disapprove until you ask. Read on...



COLOR ME BLUSHING!

From Coach **Judi Bryan**:

Alright, we've all heard it before...never ASS U ME anything! I'm sharing this with the group because I felt

When I began with RE/MAX about 7-8 years ago, my broker assured me that I could run my business pretty much any way I chose...as long as I ran a legal, ethical practice. Great! I don't know any other way to work, so no problem. Then, for some reason a few years back, I noticed that whenever various "alternatives" to the traditional way of doing business would crop up at office meetings, my Broker would go into a bit of a tirade, talking about the destruction of our industry, yada, yada, yada. I never quite understood it, and, at the time, it really didn't matter what he said because I was working exclusively the "traditional" way...full service, commission at closing.

Well, along comes Mollie, etc. I REALLY BELIEVE this is a GREAT THING for our industry! I don't see it as a way of destroying it, but a way of BUILDING it, growing it, improving it! But, I had a problem. My broker! How would he react and would he put a road block on my efforts! I'd sent him several emails...about riders, procedures, giving him info and ACRE® links. But no response. The more I thought about it, the more frustrated I was becoming. I really did not want to change companies...been there, done that, don't want to do it again.

Well, today, I had to go into my office to drop off some paperwork and my broker was in his office. So, I casually meandered back there and simply asked "do we have any forms to modify listing agreements that would address consulting services rather than traditional commissions for full service?"....TO WHIT HE RESPONDED...."No, not really...just in the part of the listing where you include a list of disclosures, create a "Rider A", for example, listing what you and the seller/owner are agreeing to and how much the fee will be, and whether it's an up front fee, at close, etc."

Now, given that I had been mulling this over in my head for weeks....no, heck, MONTHS....and the more I thought about it, the more ANXIOUS I became...YOU COULD HAVE BOWLED ME OVER WITH A FEATHER!!! I was shocked! So much so that I felt it IMPERATIVE that I share this experience with all of you in case you are suffering the same anxiety over with MIGHT happen that I was. Just because we FEAR IT, does NOT make it so!!!!

Now that I've discovered how my worst fears are in my head, I guess it's time to VISIT SOME FSBOS with that great SmartPlan™ that Merv created.

Bottom Line? Trust your instincts and find your own path. If you like the consulting concept, by all means get busy and develop a consulting practice that you're comfortable with. The great thing about consulting is that you get to make it your own, based on what you feel you're worth and what you do in your individual practice. Go forth and consult!



WHAT IS AN ACRE BESIDES LAND? I AM!

From ACRE® Margaret Rome:

With years of experience as a successful real estate agent, I'm still always looking for ways to do more for my clients. There are lots of courses I can take, and I do, to keep up to date. There are plenty of designations that seem like so much Alphabet Soup to most people outside real estate.

But once in a while something really new comes along, and I'm able to offer my clients more choices. That's the whole idea behind the Accredited Consultant in Real Estate® (ACRE) designation - choices about what services you receive when buying or selling real estate. And I'm very proud to be the first in Baltimore to earn the ACRE® certification.

An experienced real estate professional knows the market, knows what works, and knows how to sell a home. My clients get the benefit of all this experience and knowledge, even and especially if I work with them but we never get to a transaction. That's the way it's been in traditional commission-based real estate.

But sometimes, someone isn't looking to sell their home and just needs some good solid advice - how do I help that person? That's where ACRE® allows me to consult on an hourly basis so that the person gets the needed help, and I am compensated for the time and expertise I've spent years developing.

As an Accredited Consultant in Real Estate®, I can help with objective advice about:

- Deciding whether to move or improve
- Deciding if someone is ready to buy or sell their home
- What an owner can do to save money when selling a home without using a discount broker and getting discount service.

Or suppose a client wants help selling their home but needs to know exactly what it will cost? An ACRE® consultant has the option of setting a flat fee for services no matter how long it takes. And of course the ACRE®-certified professional can always offer the traditional commission arrangement if that is the best choice for you.

Chapter Review

Important Points:

- 🏠 As human beings, we naturally resist change.
- 🏠 It's much easier to let "someone else" test-market a new concept until it's perfected.
- 🏠 Group Think is a phenomenon that occurs when we perceive everyone around us seeing something a certain way and then convince ourselves it's reality even if we really aren't seeing it. So, even though the traditional sales model makes little sense anymore, we convince ourselves that it's the right way, since that's the way real estate has always been done.

Questions to Ponder:

1. How can the lessons of emerging technology and the growth of buyer agency help owners and managers understand and embrace the consulting methodology?
2. How can the evolution of the financial services industry from the 1980's on be applied to real estate? How can this comparison aid you in bringing brokers around?

A WHOLE NEW WORLD OF APPLICATIONS

*...And some Powerful Tools in your Consulting Toolbox
To take Advantage of Them!*



Unlike traditional sales, real estate consulting opens up all kinds of new opportunities to attract business and earn income that you never would have had, because you're no longer limited to transactions in order to provide services and get paid! And if you ARE meeting with a seller or buyer prospect, as a trained consultant, you have some powerful tools in your toolbox that simply renders your competition irrelevant!

Homeowners

I have always referred to homeowners as the “orphans of real estate” because traditionally, agents don't tend to give them any attention unless or until they indicate (or we get word) that they are ready to buy or sell. But homeowners definitely need information, services and guidance that often has nothing to do with a transaction, from staying up to date on the value of their property, remodeling or refinancing decisions, appraisal and tax issues, just to name a few. As a sales agent, there is no way to service these needs because there is no way to be paid. But as a consultant, the sky is the limit on the variety of services that can be offered today's homeowner and even better, consultants have a way to be paid for it!



Teleseminar: Consulting with Homeowners

(Detailed) Notes from Coach **Judi Bryan**:

We just completed our very first Teleseminar this year – the topic being “*Consulting with Homeowners*”. What follows is as much of the “essence” of this discussion as my dancing little fingers were able to capture...but hopefully it will be sufficient to be a “reminder” for the great group who participated...while also offering some food for thought for those who were not able to make it. We

hope, whether you were able to join us today or not, the following will jog your imagination, get the creative juices flowing, and generate some of those fabulous AHA!!! moments that many of today's participants experienced. Hopefully, you'll want to continue the dialogue ...ask questions, make comments....we'd really LOVE your input!!!

“Homeowners” is a group that Mollie refers lovingly to as “the Orphans of Real Estate”. I’m not using the term “lovingly” loosely here, either. How can you NOT love someone who *needs your help, appreciates your efforts, and is willing to fairly compensate you for your expertise!*

And Homeowners are definitely “orphaned” when it comes to real estate. They often have needs that we can meet for them, but they’ve been orphaned because they are not planning to “necessarily” have a real estate sales transaction, so they generally don’t call us for that help. And the fact of the matter is we are likely the very most qualified to provide them with the service they need...but they don’t believe they have a means of paying us in any other way but via a sales commission. How do you do that with “no sales? I used the word “necessarily” above because there are times when a transaction “might” ensue...but the fact is that a transaction is only one of the potential options they are considering.

They ARE in need of information (and more than that, the INTERPRETATION of that information!) There’s all sorts of online evidence of the fact that consumer’s WANT that insight... Zillow, HouseValues, etc., would not even exist if that demand weren’t there. And we also know they are willing to PAY for information and help. They hire a “fee appraiser” to give them an idea of the value of their home, and they certainly pay for that. But the fact is that appraisers do something very different than what we do. While they primarily look at historical data in terms of “recent sales” information, and they also consider the “replacement cost” or “income approach” (which are all fine tools), but they generally don’t include a lot of information and interpretation about current market conditions, active competition, absorption rates, etc. And all of that information is critical in a market value assessment. And they’re willing to pay "up front" for numerous "limited services", beguiled by the "low fee" and not understanding that they are missing the most important ingredients that an agent has to offer - *fiduciary council and true representation!*

So what kinds of situations might cause an “orphan” to want your help (if they knew you could provide it?)

- 🏡 The Move versus Improve question
- 🏡 Challenge a tax bill
- 🏡 Challenge a reassessment
- 🏡 Determine whether this is a good time to refinance (what kind of equity do they have in their home)
- 🏡 Evaluate how much insurance you should have on your home

Let’s take a closer look. The question came up during the discussion: “Why, when there are so many agents advertising that they’ll provide this information for FREE, would a consumer even consider PAYING a consultant’s fee?”

Great question! Coaches **Paula Bean** and **Mollie Wasserman**, along with ACRE® **Deb Orth** all chimed in with the answer, and when you give it some thought, it makes perfect sense! Paula spoke about establishing relationships with your customer base that let them know that, as a consultant, how you work is “different”. Deb added “it makes all the difference in the world when they understand that the ONLY “agenda” you have is to serve their needs...because that is exactly what they hired you to do. When you do your evaluation, you can be totally unbiased.” That’s a huge difference between the true consultant and the traditional agent doing a “free” CMA. Free is NOT unbiased when only one outcome enables the agent to get a paycheck.

Mollie brought up another good point based on how she approached consulting with homeowners. Let’s say you have been hired to do a “move versus improve” evaluation. You’ve completed your assessment and you’ve been paid your fee. Let’s pretend that after considering their options, the owner decides it really makes the best financial sense to move after all. What Mollie has done (and the seller is aware of this up front) is that IF they decide that they prefer to sell, she’ll credit their consulting fee toward their total commission due. This way they know they are not paying twice for the same service.

So the seller benefits because of the credit if they choose to sell. They also benefit because they know BEFORE they spend all that money on the room addition or the home improvements they were planning whether those decisions make any financial sense at all! How many times over the years have you walked into a home that was dramatically over-improved for the area and thought to yourself “why didn’t they ask for advice before making this huge mistake?” Well, maybe they would have...if they knew they COULD have! And there’s a subtle bonus in this as well....once they’ve paid the fee to you, and you’ve done a good job for them, they are wedded to you! And because of the quality and consistency of your efforts, you can acquire business you would never have had otherwise!

ACRE® **Steve Epstein** brought up “how do we get the word out”...what about advertising, classifieds, etc.? Mollie suggested to first go to your sphere. There’s a sample “letter to your sphere” in the Document Library. Deb sent one out early on, right after officially becoming an ACRE®, and that’s how she got things going. Which remind me...a couple of days ago, Mollie and I were on the phone with ACRE® Industry Partner **Joeann Fossland** and we were discussing various approaches different people use for developing a comfort level with something new. Joeann started talking about the “just-in-time” approach. You know....that’s where you get the word out, someone calls to hire you, and you HAVE to prepare something so you’ll have it for ready “just in time” for your appointment! Well, Deb...looks like you were the first to enact the ACRE® JIT Approach.

Something else you could use (or adapt) is a “What If” brochure Mollie designed. There’s a copy in the Resource Library. Another thought crossed my mind. Several years ago I attended a couple of Craig Procter workshops in Toronto. He’s built a very strong real estate practice basically using editorial type advertising, a good IVR (interactive voice response) system, and great follow up service. He also has some very power USPs (Universal Selling Proposition...or Universal Service Proposition, depending on your perspective). In his case, one that he was famous for was the “I’ll sell your home for a price acceptable to YOU within xx days, or I’ll buy it for cash!” Now, the consumer had to “jump through certain hoops” for that to happen, and, truth be told, MOST consumers, when they understood the details

of the program, opted NOT to utilize the guarantee, but hired him using the more “traditional” program. But the bottom line was...IT GOT HIM IN THE DOOR!

Does any of this ring a bell? As I told Mollie when she was here in Chicago last summer, when I first became an ACRE® (after having gone through Sweathogs, Mike Ferry, Craig Procter, etc.) I finally felt as though I have a USP that I not only can LIVE with, I can actually FEEL GOOD about it! How about “You don’t wear one-size-fits-all clothing...why limit yourself to a one-size-fits-all agent?” or “Consumer Options Real Estate = meaningful OPTIONS for the real estate consumer” or “Why hire a ‘consultant’? Because the only “agenda” the agent should have is to serve YOU!” (thanks, to Deb!)

ACRE® **John March** mentioned he was in the process of setting up what he calls “edu-marketing” (great term, John!). He brought up the idea of creating some “special reports” to use in his campaign. I will say that the Procter “editorial” approach DOES WORK and might well fall in that category! It also uses the “special report” as the lure to get the consumer to call the IVR system. How about an “edu-marketing” report entitled something like, “When You’re Getting that FREE Market Analysis, What are You REALLY Paying For?” Or “When is FREE One of Your Most Expensive Selling Expenses?” (This might be something worth looking into in your market. And constructed well, it not only generates interest, it makes that interest measurable and track-able.)

Several ACRE@s brought up another subject that I know many others have asked, and that is “What does the broker do with all those small checks?” The answer seems to vary quite a bit. Deb mentioned that her broker simply cuts her a check with each transaction, large or small. Someone else said that their broker has an escrow account that the smaller amounts are added to, and either periodically on a schedule, or upon the accumulation to a certain level, the broker cuts the check to the agent. Whatever works for you and your broker!

Well, that about sums it up! Please feel free to add your comments, questions, ideas, concerns to the dialogue. We got off to a great start (THANKS, MOLLIE!!!!). Now, let the fun begin!!!!



MY FIRST PAYING CONSULTING JOB

From ACRE® **Carole Helwig:**

I am proud to say I had my first "paying" consulting job last night. Based on the exercise to determine what to charge, I admit to undercharging. I was contacted by a former client and great advocate to help them make some decisions. They are teachers, and only one worked this year so she could stay home with their new baby. They don't have much money and were happy to pay me for the cost of a CMA, and 2 hours of consulting services to determine whether their next step will be what to improve to get



From ACRE® **Betty Byrnes**

I had an appointment with a gentleman is in "pre-foreclosure" status. He and his new wife bought another house in another city and he needs to "unload" the old house - which he is "upside-down" on. He is hoping for a short-sale, but I'm not sure that will work because he is waaaaaaaay upside-down.

Anyway, I met him at the house and discussed his possible options and the work involved on my part and how I get paid. Without much eye blinking... I said, "I can help you with this on a consultative basis for which I charge \$100 an hour." And bless his soul (no eye blinking), he said that sounds fair - after all, I know you don't do this just for fun!

I went back to the office to run some "stuff" by my broker and said, by-the-way, how would you like it if I tell you we are getting paid for this! Huge smile and congratulations! Some of you may recall I changed companies because every which way I turned (not only consulting) I hit a brick wall. With the new broker, I've already put a lot of things in place. The last piece was for him to review my fees and packages actually sit down and discuss them. I sent everything to him at least two weeks ago, but every time I asked whether he'd had time to look it over, he said no.

Well, today, I just decided to go for it! And wah-lah... Success! So, what I would suggest to others who might find themselves in a similar position, a "foot-dragging" broker... if you find yourself in a position



REMODELING A GREAT SOURCE OF INCOME

CONSULTING -

From Coach **Mollie Wasserman**:

ACRE® **Dina Raneri** and I had a real interesting appointment this morning. One of my clients, a couple who had bought a home with me five years ago, called last week saying that they were thinking of doing some remodeling work but wanted to compare it to instead, selling their present home and buying another. They called because they had heard about my consulting options, and that was exactly what they were looking for - unbiased advice on their options. I told them that it would probably be a couple of hours of work and that I/Dina charged \$150 per hour for this type of work.

Want to hear something amazing? They didn't blink an eye! In fact, the comment they made was that \$300 was very reasonable to help them get the info they needed to make a decision. The wife even told me on the phone that it "was a good thing she knew me since they would never call a regular agent - they would never trust their advice to be objective since one option would pay them and the other would not." She also could not understand why our industry doesn't offer different options like I do. I told her about ACRE® and how we're trying to change that.

The upshot of this is that, whether or not they go ahead and hire us to do the work, at the very least, she'll definitely write a testimonial on how great the consulting options are for homeowners that need to make decisions like remodeling or refinancing. One last comment she made is worth repeating:

"Doesn't the real estate industry realize how much income they lose because they don't offer options in how they can get paid? If we didn't know you, we would probably make the decision without expert help and maybe make a big mistake. It's so worth it to pay a real estate professional for their time and expertise."

Section Review

Important Points:

- 🏠 Homeowners could be called the “orphans” of real estate because traditionally, agents don’t tend to give them any attention unless or until they indicate (or we get word) that they are ready to buy or sell.

- 🏠 Homeowners definitely need information, services and guidance that often has nothing to do with a transaction, from staying up to date on the value of their property, remodeling or refinancing decisions, to appraisal and tax issues.
- 🏠 As a sales agent, there is no way to service these non-transactional needs because there is no way to be paid. But as a consultant, the sky is the limit on the variety of services that can be offered today's homeowner and even better, consultants have a way to be paid for it!

Questions to Ponder:

1. How could you use the consulting methodology to better capture and service the homeowner market?

Investors

The investor is a prime niche for consulting. If you work with investors, you know how much free time you spend researching properties that you often never get paid for. But as a consultant, you can not only get paid work on the buying end, but because you offer attractive choices, you can attract far more business when investors go to sell.



MY NEW INVESTOR CLIENT

From ACRE® **Deb Orth** :

If any of you have investor clients, they can be a great source of consulting business. I have my usual clients and on occasion I get a referral from one of my lenders.

Much of this section will be devoted to Coaching Exchange entries from ACRE® Deb Orth who gets

much of her business from investors and has found that consulting opens up far more avenues to earn

income from this very important niche.

I have drawn up an agreement to provide consulting services where I will visit the property with him and his contractor, analyze its resale potential, provide a Competitive Market Analysis, provide ongoing consulting services during the scope of the renovation, interact with the client and client's contractor during the project either in person, by phone or email, and meet with client and contractor upon project completion to ensure all work has been performed in accordance with client's agreement with the contractor.

I have estimated that this will take anywhere from 25 - 30 hours of my time from start to finish. He will pay me a retainer fee of one half of the fee at the signing of the consulting agreement and the balance 30 days later.

When he puts it on the market, he has the option of listing with me at my normal commission or entering into another consulting agreement with me based on his needs, ability, and interest. If he chooses to enter into a traditional listing agreement, I will credit him the advanced fees he has already paid me and this credit will appear on the HUD.

Coach **Judi Bryan** commented:

Well said, Deb! I have a confession to make (and believe me, I'm not proud of it). Right now I'm cringing over lost revenue that should not have been lost, had I only had the "Consultant...Paid For Services Mindset". For so long I was stuck in the "all or nothing" routine...this "asking for pay" part of providing service has not come automatically for me.

Case in point. I have a client (just repeated my 3rd transaction with him in two years) who just closed on a small sale. Plan was, once he was closed, he would list up to 3 properties as "potentials" for a 1031 exchange. Our closing (which was to be a 21 day turnaround cash transaction) got delayed, and while my client was sitting with his attorney (to whom I'd referred him in the first place) the attorney mentions one of HIS clients going through a divorce in need of selling a unit that might fit my clients needs. You guessed it...my client took a look at the property, liked it, did a bit of research about pricing (on MY WEBSITE!) and determined it seemed like a good value, called me for input about the area (which I gave him), then again called for pricing history of that unit (since the seller had had it on the market recently). Seller had told him a price he would take (which was exactly what it had been LISTED for, commissions to be paid), so my buyer discounted the commissions off what he would pay....saving him several thousands off what he was willing to and prepared to pay for before talking to me!

UNBELIEVABLE....how I shot myself in the foot! Looking back, it should have been so easy to simply say, when I first heard about the property, "If that's the property you want to buy, I can serve you as your CONSULTANT, advising you about the area, property history, prepare the contract for you so nothing slips through the cracks, negotiate for you, and follow the transaction through to

closing...JUST AS I'VE DONE FOR YOU TWICE BEFORE...only this time you'd simply pay my consultant's fee for those services".

I'm posting this because I have no doubt in my mind that I'm not the only one doing such things! I know I'm a good person....but being "nice", "helpful", "understanding" doesn't pay my bills! My goal TODAY is to complete my fee schedule!!!! I think for ALL of us, once we're able to IDENTIFY the components of our services, assign a REAL VALUE to those components, it should become second nature to capitalize on that knowledge! I'll let you all know how it goes!!

Deb later added:

I also wanted to share how even the smallest consulting tasks can turn into a very nice pay out.

Some time ago I consulted with an investor who was over his head and upside down on a rehab property. He was in the position of having to sell an unfinished renovation at much less than what he owed the bank. I worked with him by helping him attempt a FSBO sale and when that didn't work out finally recommended that he consider auctioning it.

I referred him to a local auction company that has great success in selling properties that just aren't moving in the conventional market. In addition, they pay a generous referral fee based on the final sale price. The auction was yesterday. The investor got a much higher price than he'd been offered previously, and I will get a check for about \$4000 when the deal closes.

So, while I made \$500 for the consultation, I made way much more by referring it out to a REALTOR®-friendly auction house. A WIN-WIN all the way around!

Section Review

Important Points:

- 🏠 Investors require a lot of time. In the traditional sales model, agents spend hours researching properties that they often never get paid for.
- 🏠 As a consultant, you can not only get paid work on the buying end, but because you offer attractive choices, you can attract far more business when investors go to sell.

Questions to Ponder:

1. How could you use the consulting methodology to better capture and service the investor market?

For Sale By Owners

If you have read "*The End of 6%*", you know that I (Mollie) prefer to call these folks "unrepresented sellers". That's because I think "For Sale By Owner" is a confusing term. Think about it: ANYONE who owns a property and wants to sell it, is in fact, a "For Sale By Owner." It's just a matter of how much professional assistance they want and need. Truthfully, the only person who can truly say that they have sold a home is the seller of that home, since they are the one who holds the title.



Of course, it's common for us to say, "I sold this home" or ask another agent, "How many homes did you sell last year?", but point in fact, agents do not sell homes! Rather, agents manage the transaction and provide expert services, but even more importantly, agents afford vital counsel, representation, and advocacy.

The term "For Sale By Owner" came about because of how the real estate industry historically has been structured, basically, all or nothing. Traditionally, if a homeowner wanted to sell their home, they either hired an agent for a full package of "stuff" even if they did not care if some of that "stuff" was done or if they just wanted the counsel and guidance, OR, they went it totally alone.

Over the last few years, more choices have emerged - offering an array of functionary-type services, often at bargain basement prices, and sometimes, for "FREE." Or, sometimes, online sites, stepping into the breach created by the traditional real estate industry's failure to offer choices, have totally taken advantage of these sellers, charging them outrageous prices for a sign or a listing on their web site or magazine.

The fact is that neither the traditional real estate industry NOR these new entities are telling the seller the whole story. On one side, the traditional broker is saying that in order to get counsel and representation, they have to buy the whole package of stuff and can only pay by commission. In other words, they are not telling the consumer that some of the services they are "buying" aren't necessarily needed for their unique situation, or that they could pay in a different way and still get quality service.

On the other side, as was discussed earlier, the myriad of cut-rate real estate companies and third parties, feeding off the "do-it-yourselfer," aren't telling them the full story either -- that simply throwing their home on the MLS without any current market or pricing counsel, or having your home on their website, isn't likely going to get their home sold, and certainly not for the best value.



They also won't tell the consumer that while today's technology can perform functionary tasks better, and cheaper than any human being, what technology cannot do is to provide the fiduciary

counsel, advocacy, and day-to-day market knowledge that can make all the difference in their bottom line.

They'll tell them that they can save thousands of dollars on commissions, but they won't tell them that they can lose thousands more, both in the ultimate price they get for their home as well as all the other "nickel and dime" marketing costs that can quickly add up. *And they won't tell them that they can lose something else that they can never get back -- their precious market time.*



Truthfully, most sellers today want straight answers, plain and simple. In other words, honest value for their dollar. Paying for tasks and services they don't have the time, expertise, or desire to do, and receiving the counsel that they need, makes a lot more sense than paying a convoluted percentage of their home's sale price. We've learned from experience that these sellers love the idea of getting help from a trained real estate consultant...if only more knew we existed!

The Problem with Traditional Real Estate Training



Getting business from the “For Sale By Owner” has been a prime training subject by the real estate industry for years. Unfortunately, most traditional training boils down to teaching the agent to give the FSBO lots of free stuff. Then come back in a week and give them more free stuff. Then a week later, more free stuff etc...until the FSBO realizes how stupid they are for trying to sell their own home!

But most FSBO's aren't that stupid and what this approach does is simply reinforce the idea in their mind that the agent is someone who is waiting for them to fail. They know that “free” has strings attached (the agent wants their listing). The consultant on the other hand is viewed

by the FSBO as a professional who is there to help them succeed, whether that means they provide a little help or a lot. Because they know that the consultant is paid for their time and services there is no hidden agenda.

Offering Choices is the Key to Capturing FSBOs

The very act of offering choices to the FSBO lowers the resistance most usually have in talking with agents. Think about it - most sellers going it alone often want to try it on their own first. The traditional sales agent usually communicates to the seller that they are making a mistake because they can't do it as well as the agent can. While that may be true, it sets up an adversarial relationship.

Now here comes a consultant who doesn't try to discourage them - in fact they agree that with the growth of technology, sellers (who have the time and expertise) can perform some of the functionary tasks themselves and CAN, often, find their own buyers. The consultant continues by saying “*However, once you find your buyer, that's when you really need me most.*” They continue the dialog by explaining that where sellers often lose money is not in trying to find their own buyer but rather the loss occurs

after the buyer is found and that's where they can be of help. A consultant can offer to step in once a buyer is found, qualify the buyer, negotiate the offer, making sure that the seller's interest is protected, and troubleshoot the transaction so it closes, and on time.

In the meantime, the trained consultant can offer to help with tasks that the seller doesn't have time or feel comfortable doing, but unlike the sales agent who might offer to do it for "free" in hopes of getting the listing, the consultant can provide those services for a fee.

Many agents have questioned why a FSBO would pay for services when they could get them free from a sales agent. The answer is that the FSBO is not as stupid as our industry portrays them - they know that "free" isn't really "free" - that the agent is looking to list their home.

As for the question of whether a FSBO would pay for services, the answer is that they do it all the time! One of the biggest rip-offs to FSBO's today is the myriad of online companies catering to the FSBO that charge them a non-refundable fee for all kinds of services and products without any expert counsel as to what they do or do not need. How much more attractive would it be to the FSBO to get these services from someone who actually knows what goes into getting a home sold, if they only knew they could!

Many ACRE®s that work successfully with FSBOs are going one better by offering the FSBO some "insurance" in giving their services a try in the way of a full or partial credit. They explain that in the event that the FSBO does down the line decide they would like to list with a professional, any fees that they have paid to the consultant can be partially or fully credited at closing. The offer of a credit does two things:

1. It offers the FSBO some comfort in knowing that if they don't succeed in going it alone, they haven't lost all of their money (try getting that from a FSBO site) AND
2. If they do decide to list, it weds them to that consultant because they are the only ones who will provide the credit!



Section Review

Important Points:

FSBO LISTING

From ACRE® **Deb Orth:**



Anyway, we made an appointment. Within minutes of my entrance and greetings, the Seller said she wanted a FREE CMA like "the other agents offer." I explained that I'm not like other agents but that I'd love to talk to her and her husband about their goals relative to selling their home.

After an hour of my detailing the different options that I offer, they determined that the fee approach was too much risk for them and asked if I would consider taking their listing by a traditional commission. Now THAT is a first for me! The Seller asking ME to consider THEM! Woo hoo! I love this model.

- 🏡 For sale by owners are better described as “unrepresented sellers”. That’s because "For Sale By Owner" is a confusing term. The truth is that ANYONE who owns a property and wants to sell it, is in fact, a "For Sale By Owner." It's just a matter of how much professional assistance they want and need. Point in fact, the only person who can truly say that they have sold a home is the seller of that home, since they are the one who holds the title. Agents don’t in fact sell homes. Rather agents manage the transaction and provide expert services and council.
- 🏡 The term “For Sale By Owner” came about because of how the real estate industry historically has been structured, basically, all or nothing. Traditionally, if a homeowner wanted to sell their home, they either hired an agent for a full package of "stuff" even if they did not care if some of that "stuff" was done or if they just wanted the counsel and guidance, OR, they went it totally alone.
- 🏡 On one side, the traditional broker is saying that in order to get counsel and representation, they have to buy the whole package of stuff and can only pay by commission. On the other side, the myriad of cut-rate real estate companies and third parties, feeding off the "do-it-yourselfer," aren't telling them the full story either -- that simply throwing their home on the MLS without any current market or pricing counsel, or having your home on their website, isn't likely going to get their home sold, and certainly not for the best value.
- 🏡 Most traditional training boils down to teaching the agent to give the FSBO lots of free stuff until the FSBO realizes how stupid they are for trying to sell their own home. But most FSBO’s aren’t that stupid and what this approach does is simply reinforce the idea in their mind that the agent is someone who is waiting for them to fail.
- 🏡 Offering choices is the key to capturing FSBO’s. Consultants can understand that sellers (who have the time and expertise) can perform some of the functionary tasks themselves while being able to offer to help with tasks that the seller doesn’t have time or feel comfortable doing.
- 🏡 Unlike the sales agent who might offer to do it for “free” in hopes of getting the listing, the consultant can provide those services for a fee which builds trust with the FSBO. And the resistance can further be lowered by offering to credit any fees paid if they decide to list in the future.

Questions to Ponder:

1. How could you use the consulting methodology to better capture and service the FSBO market?

Foreclosures and Short Sales

While clearly the number of foreclosures and short sales will decrease as the market recovers, unfortunately, there will always be a percentage of business that comes from consumers falling behind on their mortgage payments. The good news is that while taking on a foreclosure or short sale as a commissioned salesperson often results in putting in loads of time that is often never paid for, being able to offer to work for a flat fee or by the hour makes this type of business a win-win: the consumer receives expert help when they most need it and the consultant has an avenue for being paid for their time and expertise. And working by the hour also allows you to work with consumers earlier in the process so they can mitigate the damage.



From ACRE®

Betty Byrnes:

“Trying to get a "short-sale" through with a lender with the traditional commission system is a great example of working for free. It did not go through and the house ultimately went into foreclosure. Everyone in the food-chain (client's attorney, loss mitigation employees, appraisers, etc.) got paid



From ACRE® **Tom Propes**:

Has anyone thought about helping people who MAY be facing foreclosure? This seems to me to be an ideal application for consulting. I have read in the Washington Post that 50% of the people going into foreclosure failed to contact their mortgage company. As a consultant we could offer to negotiate with the mortgage holder to lower payment or go interest only for a short period or other terms that would be in the home owners best interest. I would be interested in any comments.

ACRE® **Brent Fraizer** commented:

I think it's a great idea and a great way to help people. I know there are some "investors" out there who charge a fee, sometimes \$500, to negotiate a forbearance agreement with a lender on behalf of a troubled homeowner. This of course requires an Authorization to Release Information and a good deal of documentation from the seller. Some of the investors doing this are interested in buying the home at a discount if the forbearance or loan modification doesn't go through. I personally think that's borderline predatory and don't agree with it.

I am working with a couple and a divorced lady in bankruptcy right now in similar situations. The couple is current on their payments, but not for long, and must sell to avoid damaged credit or foreclosure. We're going the route of a short sale with the lender. The divorced single mother is in bankruptcy which has created a unique set of problems.

I own investment property and recently negotiated a loan modification with Chase after the payment increased \$650 a month! The process took about 3 weeks to complete and was a win for me and the lender. They told me that due to the current situation, an entire department was created for work outs and loan modification. The couple I mentioned earlier also tried this with Chase and had no luck. I don't know why the results were different. I offered to help negotiate on their behalf but they didn't want to go that route and decided to go with a short sale.

I do know that the time and paperwork involved can be extensive, so determining fees needs to be thought through carefully. The downside, is that people in this situation are severely limited on cash for services such as this. Are you thinking about marketing this service or just having it available if the situation presents itself?

Tom commented:

Brent, Thanks for the info. Yes I plan to promote it by identifying subdivisions with a high rate of foreclosure and doing direct mail. The letter I will send out will definitely stress that I in no way want to buy or sell their home. Of course, if they decide it's best to sell I would take a listing. I just want to make very clear my intent is to help, not to buy.

Brent commented:

I think that's a great idea, direct mail to subdivision with high foreclosure rates. Hopefully you will catch people before they are actually in foreclosure. I don't know how it is in your state, but in Missouri, after 45 days of missed payments the lender usually sends a strongly worded letter to the homeowner about the possibility of foreclosure. They can also file a "Lis Pendens" at this point but they don't always do so. After 90 days, they can begin foreclosure, must file a notice of intent to foreclose in the public newspaper and will definitely file a Lis Pendens at this point. This is when all the investors find out about the pending foreclosure, in the newspaper, and begin sending direct mail to these homeowners. An avalanche of direct mail.

Two reasons I would want to reach people before this point is most importantly, once foreclosure begins, the attorney fees have kicked in, the late fees have piled up and the window to help stop everything is smaller. Maybe add something to your marketing that it's important homeowners reach out to someone if at all possible before things get bad.

The other reason is that if you are using direct mail, you will be competing against an unbelievable amount of other direct mail at this point. You will need to have some way to stand out from all the others. Let us know what your marketing plan and pieces look like and your response rate.

I'm going to add some info to my website, write an article for my blog and try some classified ads. I'll let you know how mine is going as well. Maybe we can tweak this together and hopefully help some people. If you want to talk or brainstorm on this anytime, let me know. I think it's a great service and one that we as consultants should be providing.

ACRE® **Carole Helwig** commented:

I think Tom and Brent have a good idea and I have been trying to figure out how to get the word out that to the consumer that they have a choice between paying their mortgage and being foreclosed on. I urge caution and a lot of education before entering into this area, especially if you are putting yourself in the position of negotiating the deal with the bank directly. I don't know about other states, but in MA the liability is HUGE!!! If you don't know what you are doing here, you can get yourself in a whole heap of trouble.



Another suggestion is to look at FSBO's and expirers for what is owed on the property. The series of postcards Mollie created are excellent and are in the Resource Library. They begin to plant the seed and make the follow up phone calls much warmer. While it is a direct mail piece, they are colorful and engaging and definitely don't get lost in the shuffle.

I like Tom and Brent's idea of looking at specific neighborhoods that have a high foreclosure rate, writing in our blogs and ads.

ACRE® **Betty Byrnes** commented:

Carol makes some excellent points here. If anyone ventures into this, you need to get some training. Unfortunately a lot of the training programs out there don't seem much better than "winging it".



A couple of suggestions, if you find someone who may be "eligible" for a short-sale, short-pay off, work-out, etc.

-  get your exchange of information authorization forms signed immediately.
-  if a work-out is not feasible, require that the "client" complete their hardship package before you do anything else

The hardship package is extremely important. Some lenders want it up-front, some don't want it until you have an offer in hand, but the important thing is that the client has to have this done. If you require it before you will go forward with listing the house, you will find out how motivated the seller is.

Section Review

Important Points:

-  Taking on a foreclosure or short sale as a commissioned salesperson often results in putting in loads of time that is often never paid for, while being able to offer to work for a flat fee or by the hour makes this type of business a win-win: the consumer receives expert help when they most need it and the consultant has an avenue for being paid for their time and expertise.
-  Offering to work by the hour allows the consultant to work with consumers earlier in the process so they can mitigate the damage.

Questions to Ponder:

1. How could you use the consulting methodology to better capture and service the foreclosure and short sale market?

New Ways to Service Sellers & Buyers

One of the most common questions we get is: When do I use the consulting approach versus the traditional way I work with buyers and sellers? The question can be best answered by the title of one of the chapters in Section 1: Consulting isn't a Fee Schedule ... It's a Mindset!



In other words, you will capture more business and make much of your competition irrelevant when you use the consulting approach with ALL of your clients and prospects, even if they're looking to do a standard purchase or sale, even if you know ahead of time what services they want and how they want to pay, and even if they are long term clients that have done many transactions with you in the past. The consulting approach of conducting a thorough needs analysis followed by offering quality transparent choices will make you stand out as a professional, wed the client to you, and provide incredible word-of-mouth marketing, no matter what services they choose and how they pay for them.

Remember Coach Merv Forney's steps in the Consulting Process:

1. understanding the problem (objective, goal),
2. price the study effort,
 - a. study (data gathering)
 - b. evaluate (analyze)
 - c. assessment (opinions)
 - d. recommend (advise, report)
3. receive payment for the study,
4. collaborate on appropriate plan of action,
5. price the plan of action based on work to be performed,
6. perform, receive payment for performance.

Using the same process with all clients and prospects will yield you the best results in the long run. In the beginning, as you begin to stretch your comfort zone, you might be tempted to pick and choose when you use your new skills - don't do it! You never know what options might appeal to whom and who you might lose by not offering choices. As long as the choices you offer are well thought out and priced fairly, no matter what they choose, you win.

The following is from an article I wrote in [The Consulting Times](#):

“I'd like to tell you a tale of two Seafood Shops. Shop "A" displays only it's expensive seafood that they make the most profit on, like shrimp and lobster. They do carry more moderately priced fish like flounder or sole, but since they don't make quite as much money on these less expensive types of fish, they'd rather not display them, thinking that if the customer doesn't see the less expensive fish, they'll simply buy what's displayed.

Of course, every once in awhile, a customer will come up and ask the owner if they carry flounder or sole, and when asked, the owner will quickly glance around to make sure no one else is looking, and then bring out the less expensive fish from behind the counter, but the owner's policy is to keep the flounder and sole stashed away, out of sight, and he reasons, hopefully out of the customer's mind.

Now, note that Shop "A" still makes a very tidy profit when selling the less expensive fish, but just not as much as from the shrimp and lobster. However, there's one little problem with the owner's reasoning. Everyday many potential customers walk by his shop, look in the window and, only seeing shrimp and lobster when they had in mind to buy flounder and sole, just keep on walking to Shop "B".

Shop "B" has a very different philosophy: they display all the seafood that they carry, pricing each type of seafood as competitively as they can while still earning them a reasonable profit. If shrimp and lobster cost them more at the dock, they charge more, but they let the customer choose what seafood they want. What is interesting is that customers who come in, thinking that they want flounder or sole, often "trade up" to shrimp and lobster because when they are able to compare the options side by side, they can see that while the shrimp and lobster cost more, it's worth it to them.

At the same time, the shop almost never sees a shrimp or lobster customer come in, and once seeing less expensive fish, decide to "downgrade". On the contrary, upon seeing other choices, they become more content in their choice.”

Today's internet-savvy consumer, who has unprecedented access to data, is looking for two major things from a real estate professional:

1. **CHOICES** in the services they can receive and how they can pay for them. If someone wants shrimp and lobster, they are not going to buy flounder just because it's offered side by side with more expensive seafood. But they will feel that they made the **BEST** choice, not the **ONLY** one. When given a choice in real estate, many consumers will choose a full-service package and often, will be

more comfortable paying by commission. But, they will not try to beat down the agent on that commission because they understand that the "insurance policy" is why commissions have to be high compared to paying for the services themselves.

2. What Coach Merv Forney calls TRANSPARENCY. More than cost savings, what today's consumer wants is very simply, an understanding of what they are paying for when they pay for real estate services. When a real estate professional explains that commissions are often higher than fees because the risk is borne by the agent, they understand and can make an informed choice, just like when they see all the different types of seafood laid out in the glass case at various prices, they can make a judgment as to which is the better value to them. What customers are saying loud and clear today is that they don't like it when the options are "hidden behind the counter".

Instead of sticking to the standard offering, why not price our services competitively and let the consumer choose between paying for the services and/or time itself or by commission which provides the services and an insurance policy? Some consumers will choose to pay for the services themselves, and if the practitioner has priced their services to earn them a reasonable profit, than the practitioner should be happy too.

Many consumers, once understanding that commissions pay for risk mitigation in addition to services, will continue to choose commissions. They just want choices and transparency.



S H A R I N G R I S K W I T H A S E L L E R

From Coach **Merv Forney**:

The root of the consulting mindset is knowing your worth. It's particularly important to remember this when working with buyers and sellers because with traditional business, we tend to fall back into bad habits. As we said earlier, even if you NEVER actually charge one fee, once you figure out what your time is worth and start setting up your fee schedules which requires you to start listing all the things you do, you will never give your time away again without thinking hard about it first.

How many times have we taken a listing at a great (or not so great) commission rate, spent many hours getting the listing set up, taking classy pictures, adding a virtual tour, getting the sign, lock box and fancy color brochures and running repeating ads in the local print media only to have a listing sit on the market

Here's an alternative I use to get paid for what I do and at the same time share some risk with the seller:

I call it the "Shared Success Plan." Here's how it works:

1. I price all the up front agreed upon setup and marketing from my fee schedule (usually \$2,000 to \$2,500, more with an abundance of print ads).
2. Our listing agreement has a place for "retainer fee" to be paid up front and earned when paid (non-refundable). I use it to get an immediate check to pay for my time and expense.
3. We agree on a coop broker commission. This will vary depending on area and market conditions.
4. We agree on a "success fee." This is the fee that is due at closing when the property sells. It can be an agreed upon fixed amount or a commission.
5. Add 3. and 4. together to obtain the total broker fee for the listing agreement.

The advantage of this approach is obvious. Get paid for the services provided even if the seller cancels the listing agreement for whatever reason. Sellers tend to like it because it is risk sharing. There is one catch: If your marketing does not stand out above the crowd, it will be hard to convince a seller to fork over the money to you up front when another agent's marketing does stand out and they will take all the financial risk. This is extremely important! The seller gets services, you get paid and the seller typically saves a bit of money on the sale. The consulting model is as flexible as your creativity. Let it loose.

Coach **Mollie Wasserman** commented:

I really love the approach that Merv outlines because it makes for an easy transition from commission (all risk on agent) and fee (all risk on seller).

The other thing that I like about this approach is that it's familiar to the consumer: this is similar to how you pay for a contractor, painter or other home service provider - some upfront to cover materials and some labor and the balance at the end when you approve the job done.

Lastly, this approach weds the seller to you - they're not going to likely fire you and hire someone else with no cause if they've already invested non-refundable money with you. It makes them much more likely to hone in on the real causes if their home doesn't sell.

Thanks for sharing Merv - I agree that there are a ton of different ways to apply this concept!



HOW I WORK WITH BUYERS

From ACRE® **Deb Orth:**

Responding to the latest questions about working with buyers, I've been making some of this up as I go along but I'm refining it more and more. Don't be afraid to experiment with how you do this business.

With the price of gas getting really outrageous, I'm even more mindful of the cost of doing business. I fill up my car 2 to 3 times a week and it costs me about \$60 each time. So, I'm not driving folks around who want a tour guide, don't know what the heck they want or where they want to live, or how much they want to pay. I should act like FSBOs and say **ONLY SERIOUS BUYERS NEED APPLY.**

Anyway, what I'm doing now is saying " Mr., Ms., or Mrs. Buyer, I'm delighted to be your personal Consultant in the search for a home. Because I value my time and yours, we need to determine how much driving around you want to do or want me to do. If you are in the exploration stage - deciding what neighborhood or part of the area you want to live in, then I can send you listings that meet your basic criteria and you can drive by the homes and neighborhoods. If something interests you, we'll go out to see it together. If you want ME to do the initial investigation of neighborhoods and preview the properties before you see them, my hourly Consulting fees will apply. I take a minimum deposit of an equivalent to 10 hours of my time. If we write a contract that closes, I will rebate 50% of what you have paid in advance at closing."

If the buyer wants to pursue FSBOs, I tell them that I will advise and consult with them at my hourly rate. If the FSBO agrees to pay my Buyer's Agent commission, I tell the Buyer I will refund the entire consulting fee back to the Buyer at closing. If not, my hourly rate applies and I will take them from contract to close for an additional fixed fee.

If they don't like any of the options I've offered, I will refer them to another agent and SHE can drive

The wonderful thing about Deb Orth, and why we often say she optimizes the sharing culture within ACRE®, is that she doesn't just post about her successes (though she has many), but is kind enough to also share her lessons learned. Below is one such post which, as you will see, generated a lot of discussion.



WORKING WITH BUYERS - G R R R R

From ACRE® **Deb Orth:**

I want to emphasize that getting a Buyer's Agency Agreement in addition to whatever Consulting Services Agreement you come up with, is **IMPERATIVE**.

I won't go into all the gory details but suffice it to say, against my better judgment and in a moment of temporary insanity, I didn't follow this practice with a recent buyer. We came toward the end of our initial period covered by the retainer fee when she announced she has been independently going after FSBO sellers and from now on, all she wants me to do is work MLS Sellers on her behalf while she hits the FSBOs and with NO consulting fee to me.

After I pulled all my hair out and put it back in, I had a dialogue with her about it, told her I would not compete with HER to find a property for HER anymore than I would work for her when she might also use other agents. The end result was I fired her. Another lesson learned....

Coach **Mollie Wasserman** commented:

Deb, as usual, thank you for sharing not only your successes but your setbacks. We have all been there and by sharing with us, we learn.

I was talking with Merv yesterday and he tells me that he got two more consulting contracts over the weekend! The second one was a gentleman who had been reading his blog. He contacted Merv and told him he wanted Merv's opinion of what his property was worth. Merv told him (I'm paraphrasing) *"Let me tell you how I work. As a consultant, I charge for my time. My hourly rate is \$175 and this will take about two hours. Now, if you decide to hire me, I'll be happy to credit my fee"*. Merv said that the gentleman didn't even blink an eye! Told Merv that this made total sense. Which is funny because as Merv is telling me the story, deep down I'm wondering how the guy is going to react.

The conclusion dear ACRE®s? I think we all have been afraid to ask to be paid for our time, thinking the consumer will react poorly. But me thinks, that we have been afraid for nothing. When explained as Merv did, with confidence that this is how we work, the consumer thinks it's totally logical. In fact, I wonder if they think that this is how it should be done anyway.

So, don't be afraid to stand up for yourself, whether it's asking someone to sign a contract that protects you or asking to be paid for your time. You can always credit it if you get the listing, but doesn't that make better sense than doing it free in hopes they will hire us?

going through my mind as I started to utter my proposition was "maybe I should just do this to be sure he doesn't go somewhere else." But, the words came out, he understood, we made an appointment and I will carry an invoice with me to personally hand to him.

Now, I must say it is easier when clients are coming to me from my Blog (like this one). The reason? I have unknowingly created a relationship with them. They know me, how I think and my principles. I don't know who they are or when they might call upon me. But, I know they are out there, waiting for the opportunity to engage my services. I call these "blind relationships." When I get these calls they are ready to do business. Both clients this weekend have been followers for some time. Knowing this, it is pretty easy to be bold.

The other engagement Mollie referred to is a listing I signed using my "Shared Risk" approach. I'll be paid 60% of my total listing fee over the next 60 days with the balance at closing. I have a check for 20% as a retainer. The client is also a reader of my Blog.

Now, I'm not pushing Blogging one way or another. It works for me. Each person needs to determine how they create these "blind relationships." Because when you get the call they are ready to do business.

When the moment is right, will you be ready? (That is to say: "I'm a real estate consultant and require payment for my time if you value my opinions and ability") I'm sorry. I couldn't resist!

Coach **Paula Bean** commented:

PRICELESS MERV!

I'm going through something similar with a guy who has five condo's to sell, but keeps wanting to call all the shots and tell me what it will take to get his business. For those of you who don't know me very well, you can only imagine how that worked!

We have another call today, and I'm going to give him my famous Paula speech which starts (in a nice way) with something along the lines of "*running with the big dogs or staying on the porch*".

He has all these other agents who are willing to do this for nearly no money at all, so, hey - you get what you pay for! I can go get five other transactions started that will really work, so no loss of love on my part.

Now, I'll be brave and be the first to use your words above, even though he didn't come from a blog or my site and has no clue who I am or what I do... he'll soon find out. I'd rather watch soap opera's than waste my time on non-income producing activities, and that says a lot, because I detest soap operas ;-)
Stay tuned for more news at 11:00!

ACRE® **Deb Orth** follows up with the story:

Hi folks:

As you may recall, I posted a story on June 12th about a buyer whom I fired because she was competing with me by seeing who could find her a home first, me or her. She wouldn't sign a new more specific and detailed consulting agreement with me and we parted ways. I was proud of not allowing myself to be taken advantage of and not compromising my values.

She has been through four other agents since that time. I received this email from her this morning:

Hi Deb,

Will you take me back? I want to commit to this relationship.

No more flip/flopping. I am focused on the region/schools/price range. I just need someone I can rely on to work in my best interest. I know now, that person is you.

I will sign on the dotted line. Hell, I'd sign a prenup if you want me to. I'm serious...please take me back. I need you desperately.

Isn't that a hoot??? And, of course, you KNOW what my answer will be. I'll work with her again but now I'll be SURE to be paid for all my time and effort.

Another example of how standing your ground is better than giving in.

Coach **Paula Bean** replied:

GREAT STORY DEB!

This goes to show us all that if you stick to your principles, you'll win in the long run. While I was in San Francisco, I got a voice mail from a man I spoke with back in January.

He said " I don't know if you remember me or not, but my name is _____, we talked about selling my house and I didn't believe you at the time about how bad the market was, and what I needed to do to sell it. I am NOW ADMITTING DEFEAT.

(YES I WAS GRINNING FROM EAR TO EAR!)

He went on to say that I told him the truth, but he only wanted to hear what he wanted to hear, and after dealing with FSBO, as well as several other agents who told him what he wanted to hear, that it was clear to him that I was honest with him and he wanted to chat more with me and do whatever it takes.

ahhhh..... There is a method to our madness, we just have to stick to our morals, be honest and wait for them to wait up and smell the coffee. Some will swallow their pride and call back, like Deb's girl and my guy, others won't, but in the end, we didn't waste our time doing something for nothing.

DEALING WITH A CLIENT'S RELUCTANCE TO MAKE A



COMMITMENT

From Coach **Judi Bryan**:

Here's something I say to buyer prospects who are reluctant to stick with one agent:

"John and Sue, I understand your reluctance to 'tie yourself' to any one agent. Most buyers begin by feeling pretty much the same way. Let me ask you a hypothetical question. Let's suppose your boss came to you and said 'I have a very important project for you to tackle. It's going to require a great deal of time and attention on your part, and it's critical that you give it your very best effort. Likely it will require your adjusting your schedule a fair amount because of the specific demands of the project. And the rewards for successful completion of the project can be very nice.'" Now, if you ask them at this point how eager they might be to tackle such a project, most people would be willing...they recognize there may be hard work, perhaps some sacrifice...but at the end they would be well rewarded, Right?

Now add, "OK, now let's suppose your boss added 'oh, by the way, I'm going to give the exact same assignment to several other people, and regardless of the time or effort or expertise invested by any of you, only one of you will be getting paid at all."

Now ask the buyer if they were given that scenario, how hard would they work...or how willing would they be to even take on the project at all...knowing that they could give it their very best effort, and many, many hours of their time, and wind up with nothing to show for it!

Time is money - pretty much everyone understands that. You could also add..."those hours invested on that project for which you never get paid are gone. Not only did you NOT get paid, you can not now use THOSE hours to work for someone else who WOULD enable you to get paid."

No doubt they would have the same reaction as we do...IF THEY REALLY UNDERSTOOD THE CONCEPT. Heck, how many of us have had clients believe we drove company cars, we had a salary and a draw (like other "sales" people they may know), that our companies pay for all our advertising...and add to that MISINFORMATION the fact that pretty much EVERY MEDIA MENTION of what REALTORS® make say things like "why pay your agent 6% or more!!!!" The public hears from all over the place that you and I put all that money in our pockets. The focus is on that larger number (bigger press impact) rather than basically HALF THAT AMOUNT which is generally closer to reality...and out of which STILL flows all of our expenses! The public BELIEVES we have so much money, their deal, and whether we get paid for it or not, simply doesn't matter to us...and certainly doesn't matter to them.

just add “*and REALTORS® think exactly the same way. When we know we have a client’s loyalty, we do everything in our power to help them get into the home of their dreams.*”

Just some thoughts...hope it helps.

Section Review

Important Points:

- 🏠 Consultants capture more business and make much of their competition irrelevant when they use the consulting approach with ALL of their clients and prospects, even if the consumer is looking to do a standard purchase or sale, even if they know ahead of time what services they want and how they want to pay, and even if they are long term clients that have done many transactions with them in the past.
- 🏠 The consulting approach of conducting a thorough needs analysis followed by offering quality transparent choices will make you stand out as a professional, wed the client to you, and provide incredible word-of-mouth marketing, no matter what services they choose and how they pay for them.

Questions to Ponder:

1. How could you use the consulting methodology to better capture and service buyers and sellers?

PUTTING IT TO WORK

Thomas Edison famously said that “*Genius is 1% inspiration, 99% perspiration.*” Let us paraphrase Mr. Edison by saying that we believe that ANY accomplishment worth taking carries that same ratio. There are no magic bullets in this world. You will get out of something what you put into it. Conversely, no matter how potent an idea, a model, or a way of doing business is, it won’t make you a penny if you don’t put some effort into it.



It is sad to see how many agents in our industry complain about their lack of business, throw money at courses or seminars, put no effort into them, and then later lament how “*such and such never made me any money*”. At the same time, we see over and over with our ACRE® grads that when they take the ideas behind the consulting model, use and adapt the tools provided by the ACRE® program, and then run with them, the results are fantastic!

In many ways, this is the most important section of the course book! As you’ve noticed, throughout this course book, we’ve included posts from the Coaching Exchange that underline the importance of applying what you’ve learned. The truth is that you’ll also learn through other’s mistakes what NOT to do. What we DO know, is that those ACRE®s who utilize the tools available to them as an ACRE® as well as actively participate in the discussions on the Coaching Exchange have much success with consulting. Those who don’t are the ones who don’t!

Some ACRE®’s are natural self-starters and once they finish the course, they are ready to hit the ground running. But some find it difficult to get started. They don’t know where to begin. Get the word out to their sphere? Advertise to the public? Where do you find the time? Life gets in the way. After all, we have to keep our businesses going and attend to our personal life too!

Some new ACRE®’s start looking at [The Consulting Times](#), and then, [The Coaching Exchange](#), and end up in “analysis paralysis”, putting off actually doing anything because let’s face it...this new way of doing business definitely stretches your comfort zone. You might be nervous about the response you will get from your prospects and colleagues. And it’s human nature, to draw back to what we’re comfortable with - remember how comfortable those broken-in pair of shoes are? But, also remember that you signed up for this program because you know that those old shoes aren’t going to get you where you need to be.

If you want to make money with consulting, it’s vital to use the many resources available to you. Because, if you take the course, but never do anything else, you’ve wasted your time.

IMPORTANT TIP: The ACRE®'s that are most successful don't wait until they have a block of time to work on "ACRE® stuff". Rather they devote at least 30 minutes every day. At first that 30 minutes is spent on getting up and running, but pretty soon, consulting will be THE way you do business and you'll be spending that 30 minutes (or more) participating on the Coaching Exchange, and on teleseminars, learning new ideas and applications.



From ACRE®

Industry Partner **Gary David Hall:**

How many of us have spent literally many hundreds of hours USING, and thereby learning, Outlook and MS Word, and getting a little bit better, and learning a little more all the time. We accept as a matter of course that we need to learn it, and we spend the time to do so. How long have we spent playing with, and learning MS Publisher and Power Point, Excel, etc. MS Office is a "Suite" that is incredibly robust, and takes a great deal of time to learn. The sophisticated CRM tools that we use are also "Suites". Top Producer is a powerful and extensive program which by definition makes it time consuming to learn. So are Agent Office, and most of the other full featured CRM tools out there.

The majority of people buying them are not willing to spend the time and money to learn how to use them. This is not the fault of the provider. When I bought QuickBooks, I paid someone to teach me how to use it, and then invested the time necessary to learn it. That's what it takes. I ALWAYS advise people NOT to buy these programs unless they are willing to invest the time necessary to benefit from the money investment. I advise that people commit to one hour a day, 5 days a week, FIRST thing in the morning, before your day gets cranked up, for at LEAST 2 to 4 weeks, depending upon the person's aptitude for software. That should get you a healthy start. Then you need to continue using it regularly, and you will continue to learn more and more of it's uses. Is that unreasonable? No. Difficult - yes. But not impossible if you make a commitment and stick with it. I was an agent doing 40 some sides a year. I had the same problem with making the time as anybody would, but I did. It's not a matter of 'getting the time', it's a matter of 'making the time'.

Coach Mollie Wasserman commented:

Gary is talking about software but he could have been talking about ACRE®. Learning to apply a new model takes work, no question about it. Is it worth it? Well, what's the value of developing a USP (unique selling proposition) that is unrivaled in an environment of shrinking markets? Like software that you buy, why in the world would you spend the money and then, not learn how to use it? Especially with ACRE®, because you're getting not just a course, but also a year of coaching. As Gary said, it's not a matter of "*getting the time*", it's a matter of "*making the time*". Many ACRE®s have told us that they spent money on ACRE® (when money is hard to come by) because they believed that consulting is the future of real estate. If you invested the time to take the ACRE® course, then make your investment pay



From Coach **Mollie Wasserman**:

What follows is an email from **Karen Riede**, one of our newest ACRE®, reporting on her progress in the ACRE Game. In fact Karen, who is the daughter of **Elwynn Schwartz** (another ACRE®), registered for ACRE® and quickly took the course just so that she could participate, along with her Mom in the ACRE® Game.

To Karen and Elwynn: All I can say to the two of you is WOW! You are truly taking the bull by the horns and running. Congrats again – keep up the good work!

To all ACRE®s: How many of you have heard the expression “*when the student is ready, the teacher will appear?*” The coaching and tools are there - you just have to be ready. As you can see from Karen’s email, if you put in the effort, the results speak volumes:

Hi Mollie:

Our SmartPlan™ is being put into action at a listing consultation this afternoon! My mom and I got our SmartPlan™ and were able to get all our fees worked out. We have a call with Merv this week to go over it, but we already feel great about it. We even have our first consulting appointment where we will use it today! -- A great WIN for us.

We've just updated our Top Producer program to include a new website, market snapshot and upgraded to allow us to better track our consulting leads. -- Another WIN!

We are also implementing an 800 number lead generation tool for our consulting business - this will allow us to follow up on more leads and give us another tool for our toolbox of seller's listing choices. As well as allow us to contact buyers for our consulting plan. -- WIN, again!

As for our contacts this week, implementing our Top Producer software we have set up several lead follow-up plans, imported a client list of sphere of influence prospects & past clients, and emailed the 1st "touch", introducing our consulting business. We have many more to add to our list of leads/contacts, but it was a good start.



From Coach **Mollie Wasserman**:

What a great first teleseminar we had with **Deb Orth**.

The clear lesson that I got from Deb was not to wait and fall into "*analysis paralysis*". Deb sent out her ACRE® announcements to her sphere of influence and started talking up consulting, even before she had all her fees figured out. Then she started getting calls! Deb has already made thousands she never would have using the consulting model in only a few months.

The other important point that Deb made was how important participation is on the Coaching Exchange. There is a reason that we included one year on the Exchange in your course fee - if you take the course but never get coached, you've just wasted your money and time. By the way, getting coached is NOT achieved by simply lurking and reading everyone else's stuff. Share your successes, your failures, and your experiences. If nothing else, ask a question - you've got an ever growing group of fellow ACRE®s from across the US and Canada who might be having the same question or better, might have a great solution!

ACRE® **Deb Orth** commented:

Something else that I wanted to reiterate from the teleseminar: I treat EVERY appointment like a consultation appointment. I listen to what they have to say, I ask questions, determine their needs and then discuss what I have to offer. If after all that, they still ask how much I would discount my commission, then I would know they either hadn't been paying attention or I didn't make things clear so I would go over it again with them.

For the record, long ago, I decided I would NOT discount my commissions. I know I'm worth every percentage point and I'm not going to disrespect myself by doing so. I have walked away from sellers who want me to discount my commission. I caution them that anyone willing to cut a commission is also very likely to cut services that they provide or, they may offer a lower co-op fee to buyers agents which can cause the house to stay on the market a long time.

Have I ever or will I ever discount a commission? Sure, but these instances are few and far between and might occur if I'm doing a 2-sided deal (listing the property and selling them a new one); or for some of my investor clients who have done a lot of business with me. I NEVER offer a discount



A B O D Y A T R E S T . . .

From Coach **Merv Forney**:

We had another invigorating teleseminar today about setting your fees. Here's the tag line for the focus of today's call:

A body at rest tends to remain at rest. A body in motion tends to stay in motion.

I vaguely remember this from a high school physics class (and I mean vaguely). But, it is true. It is absolutely the hardest thing any of us has to do: step outside our comfort zone and dare to be different. The real challenge is to find the inertia (energy, motivation, need, etc.) to get the body at rest to begin moving. I think we have some of the best minds available to help you. Unlike other "motivational" coaching that is available everywhere, we practice what we preach.

If you are having a hard time getting started with how to layout your "stuff," check out the document library and look for the PDF copy of my fee schedule to help get the brain cells snapping. It is there to stimulate your thinking about your business. I can give you a cookie cutter approach but, if it is not part of you, it won't be effective. My experience is that if I give it my thought, rationalize it, role play with myself as both the consultant and client, it becomes ingrained into my being and talking about it, having confidence in it and selling it becomes second nature.

As I continually ponder this business model it occurred to me that what I really do is "activity based pricing" of real estate services. This is a much better description of what I do and what my clients love. Fee schedules are out. Activity based pricing is in!

Now I have a new way to present my fees: Activity Based Pricing. What better way to say it?

Below are some articles I have written about the subject that appear on [The Consulting Times](#) that you may want to check out. These are not referred here to sell you on the concept of doing business differently. You already recognize the potential need to do that. They are referenced to get you thinking and talking differently to your prospects and clients.

- 🔊 Real Estate Consulting Fills the Choice Gap
- 🔊 Consulting is More than a Fee Schedule
- 🔊 Starting a Discussion on Real Estate Commissions

Coach **Mollie Wasserman** commented:

surprised at how quickly you finished. So, why don't you take a few hours, that you planned to put into preparing for the exam, and complete the important work you have to do? Just do it. Do it NOW. Schedule it like a listing appointment. Or a buyer consultation. Turn off the phone and concentrate like you were working on a CMA for a million-dollar home. Because until you determine the hourly rate you will charge for your time or what you would charge for different services, you are a non-practicing ACRE®. Period. This will never change until you do your homework. No one can do it for you. And until you develop these tools, your consulting toolbox is empty. You cannot promote what you don't have.

2. I really need to earn some money before I can spend time doing consulting.

In the previous paragraph, I said that that you should schedule time to get your consulting tools developed just like you were working on a million dollar listing. Why? Because once you start practicing consulting, you will earn the equivalent to that listing commission many times over. Don't believe me? Ask ACRE® Deb Orth: she earned over \$20k because she offered consulting choices. Ask Coach Merv Forney, who in the first two full years in business, generated a six figure gross income each year from his "consulting" approach. And, unlike sales activities like preparing CMA's, the time you put in practicing consulting is GUARANTEED MONEY. How many CMA's have we prepared over the years, just to have them collect in a stack at the seller's home with all the other aspirants to the job? How much time have we spent over the years with buyers that didn't buy and listings that never sold (at least with us).

But with consulting, once you have your toolbox filled with tools, whatever time you put in is for the most part, paid-for time! So, why do you need to earn some money before you can spend time on consulting? Consulting IS how to earn money! Especially in a tough market where consumers are crying for help and choices.

Wouldn't it be wonderful to be able to be a hero for a seller who has to sell with little equity? How much would a buyer love you if you could offer them some of the co-broke toward their closing costs if they were to do their own drive-by's? You can take the saved "tour guide" time and put it toward other paying clients. People need real advice! They want to remodel but don't know what to do. They want to sell but know they need to do some home improvements and don't know which. You are the expert but you can get paid only if they know you exist. Stop waiting for the next big commission check to do consulting. Consulting will bring you the checks, and unlike commissions, you have very little competition for your consulting services.

3. I mostly lurk because I have nothing to say.

Think about this logically: if everyone on the Exchange sits around waiting to read what someone else has to say, the logical outcome is that there is NOTHING to read and learn from. The Exchange is yours. USE IT!!!! If you were to just email one person off the Exchange,

all you will get is their opinion. Post on the Exchange and you will get LOTS of input. There's a tremendous value in a community of forward-looking folks who believe consulting is where our future lies. If you are trying to put together your fee schedules, you don't have to go it alone - you have a growing community to help you. But no one can help if they don't know what you are trying to do.

If you are not promoting yourself as an ACRE® because you're afraid of the backlash in your community, then post your concerns on the Exchange - we're all friends here and we can talk about how to do what you're trying to do. Please know that if you were one of the five who emailed the council, we're not picking on you. ALL of you wrote wonderful things about ACRE® and how you were really impressed with what we have developed. We thank you for the kudos but sadly, if we can't convert the majority of the ACRE® grads that never post, never contribute, and never develop their consulting businesses, into active consultants getting lots of new business with this model, then our work has largely been in vain. We coaches, sometimes feel like we're pulling a mule through mud - we're making progress in growing this way of doing business, but it's slow because all of you lurkers are sitting on the mule! Please get off the mule and help us pull by converting yourself from a lurker to an active participant. We, and your fellow ACRE®s need you and your vast experience.

I've said this before but it remains true: Life is not a spectator sport and neither is the Exchange. Stop waiting for something brilliant to say. Stop waiting to promote yourself because you haven't developed the tools for your toolbox. As Jerry Rossi says: *"Do it! Do it now!"* Otherwise, when someone asks you about consulting, you will be the one who says *"Oh, it never really worked for me"*. It works but you have to get off the mule. As an ACRE®, you are a pioneer - help us move the wagons along!

Getting The Tools To Fill Your Tool Box

To practice consulting, you need to get your tools together so you're ready to go when someone contacts you. Below, we've listed the most important tools and how to go about getting them. The first three are contained in the Workbook at the back of this course book. Note: the Workbook must be completed in order to receive your ACRE® designation.

YOUR STRATEGIC FOCUS:

Before you start figuring out hourly rates and fee



packages, it's important to figure out what your business is about and what consumers you tend to specialize in — otherwise you can waste a lot of time setting up fee packages that you'll never use.

Where to Get What You Need: the Workbook at the back of the course book. The Workbook is also available in the Resource Library on the Coaching Exchange.

YOUR HOURLY RATE :

No one can do this for you since everyone's market is different and what one wants to charge for their time varies from person to person.

Where to Get What You Need: the Workbook at the back of the course book.

YOUR FEE SCHEDULE :

Whether you choose to price just a few individual activities, offer a full menu of services, provide "packages", create an individualized plan for each client, or all of the above, you will need to price your services. Setting your fees can be the most time consuming "tool" to develop for your consulting practice, but one of the most important to complete.

Where to Get What You Need: You have two avenues in getting help on this one.

1. The Workbook will walk you through setting up your fees. It takes a bit of work with a calculator, pencil and paper, but the only cost is your time. And you will find an incredible benefit of doing this exercise - once you understand the true cost of your services, you will NEVER again give them away for free without thinking long and hard about it.
2. ACRE® Coach Merv Forney's highly acclaimed SmartPlan™. The SmartPlan™ is both a tool for figuring out your fees as well as a proficient and very transparent way to present consulting options to clients. Though an optional add-on product, SmartPlan™ saves you a lot of time and stress in figuring out your fees, and it makes you look incredibly professional in front of clients and prospects. Merv's SmartPlan™ serves these two purposes very well.
 - a. Helps you define what services you offer and what your charge is for those services, and
 - b. enables you to give a DYNAMIC presentation to your prospective client where by you can compare for them on the fly some various options, and how each option impacts their pocketbook. Though it's not a "necessary" step in establishing your offerings, it certainly helps to make sense of them!



SMARTPLAN™ UPDATE AND CLARIFICATIONS

From Coach **Merv Forney**:

Here are important clarifications on the SmartPlan™ cost, licensing, coaching and payment alternatives:

1. **COST:** The SmartPlan™ templates are free. You only pay for two hours of consultation on how they are built and how to use them with clients. A single purchase is \$350 for individual one-on-one coaching. You can also "buddy up" with one or more agents and the cost is \$200 each. The coaching will be done simultaneously with all "buddy" participants via a conference call.
2. **LICENSE:** The SmartPlan™ license is for one user. The templates are proprietary and confidential to protect both the end user (you) and me. The templates cannot be copied, shared or distributed in any form to third parties without my written permission. And, under no circumstances can the templates be displayed in public in any form including Websites. A printed (and signed) copy of the SmartPlan™ you created for a client CAN and MUST be given to clients that engage in a listing or buying agreement since the resulting fee plan becomes part of the agreement. Listing and buying agreements are confidential so we are protected. Clients should be reminded that the agreement and SmartPlan™ you created for them is confidential. A copy of any plan you create

1. COACHING: I believe it is imperative that I personally provide the coaching for several reasons:
 - a. I need to understand how you work to best advise you on how to use them,
 - b. I need to understand your market to advise you on hourly rates,
 - c. Not all jurisdictions are the same and it is important for me to understand your unique requirements, and
 - d. I cannot get a sense of your proficiency and understanding without having the personal contact. It is important that I know you have grasped the concepts and can use them appropriately. Hence, no canned instruction. Also, buying only a portion of the coaching is not permissible. It DOES take the full two hours to adequately cover the important concepts on how they are built and how to use them with clients.
2. PAYMENT: I can accept payment via credit card by using a PayPal business interface. Those of you wishing to pay by credit card can now do so. Note: There will be a \$10 processing fee added to the price to cover my out of pocket cost and additional administrative handling. Checks are still welcome.

I hope this helps. Further inquiries can be emailed to me directly at:

merv.forney@erols.com

PS: There are a few of you that purchased the coaching with the templates that have not scheduled time with me. I want to be sure you receive the full value for your hard earned money. Time zone differences are always an issue. Do not let that be a deterrent to scheduling. I will be as flexible as possible to accommodate your schedule and time zone.

SELLER & BUYER NEEDS ANALYSES :

While this tool is not a requirement to practice consulting, it's a VERY helpful resource. The essence of real estate consulting is giving the consumer choices, but in order to make the best choices, it is important that their needs, capabilities, and time that the client is able and willing to devote to the task of buying or selling a home is carefully (and realistically) evaluated.

The Seller and Buyer Needs Analyses do just that. In a few minutes, in the privacy of their home or office, a consumer

prospect can view the various tasks involved with selling or buying a home, determine which ones they have the capability, time, and desire to do themselves, which ones they might like a professional to handle, and which ones they're OK with not having done at all. Many clients of ACRE™ grads have said that completing the Needs Analysis, followed by a consultation, was one of the best things they did in the selling or buying process.

Where to Get What You Need: Both the Seller and Buyer Needs Analyses are available at the end of this course book as well as in the Resource Library of the Coaching Exchange. As is true with all tools, make sure you personalize it for your market and make it your own!

ACRE® WORKBOOK

The workbook worksheets to be completed are in the shaded sections. While we don't require you to complete the workbook in order to receive your ACRE® designation, we highly encourage you to do so. Your rates and fees will evolve as you become active on the Coaching Exchange but completing the workbook will give you an important foundation.

Your Strategic Focus

Before you start figuring out hourly rates and fee packages, it's important to figure out what your business is about and what consumers you tend to specialize in — otherwise you can waste a lot of time setting up fee packages that you'll never use.

As an example, my last active year in real estate, I made nearly half of my income using a “Negotiating and Troubleshooting” package. This package was geared to sellers who had found their buyer or buyers who had found their home on their own. That's when they would contact me and I had a package that focused on negotiating a contract and troubleshooting the transaction to close.

You may specialize in working with buyers. Or maybe you would like to work with homeowners who are making decisions such as refinancing or the “move versus improve” decision. No, matter what your focus, you should start with at least two hourly rates: one for functionary tasks, and the other for fiduciary counsel. You then use these as a basis for setting up your fee packages, depending on who you want to service.

Take a few moments to determine and write down your strategic focus. Once you have completed that, the worksheets that follow will take you step by step through the rest. Happy Consulting!

My Strategic Focus:

Developing Your Hourly Rates

1. Determine your hourly rates for functionary and fiduciary level tasks:

Divide the annual income that you feel you're worth (and would like to earn) by 50. (That's the number of weeks in a year minus two weeks for vacation). This will give you your average weekly income.

Annual Income _____ divided by 50 = _____

2. Then divide your average weekly income by the number of total hours that you'd like to work per week.

Average Weekly Income _____ divided by # of hours you'd like to work/week

= Minimum (Functionary) Hourly Rate _____

3. This is minimum hourly rate for your time for functionary types of activities (Functionary refers to information gathering and lower level tasks with low risk). You should then double this for fiduciary tasks. (Fiduciary refers to information interpreting and other tasks that involve judgment, accountability, expertise and are high risk).

Functionary Hourly Rate _____ x 2

= Fiduciary Hourly Rate _____

Example: Let's say that you feel that you're worth \$150,000 per year and you'd like to work no more than 40 hours per week.

\$150,000 divided by 50 weeks = \$3,000/week

\$3,000 divided by 40 hours = \$75 per hour.....which would be your rate for functionary tasks. You would charge \$150 (double) per hour for fiduciary time.

Developing Your Fee Packages

1. Now, on the worksheets that follows at the end of this section, take one side of a transaction – either listing or buying – and list every imaginable task that you perform (*you may need more than two copies of the worksheet - feel free to make more copies*). Be expansive – not what you may do usually but every possible task/service that you could offer. (*To get you started on possible task lists, you can refer to the Seller and Buyer Needs Analyses at the end of the course book*).
2. Beside each task or service, determine how much time it takes to complete on average.
3. Then go down each task and service and note whether it's functionary (example – taking digital photos or producing feature sheets) or fiduciary (researching a CMA or negotiating a contract).
4. Multiply the hours by the appropriate hourly fee for each task or service.
5. One more time, go through the list and add in any material costs (paper, ad fees) etc.

(What follows is just a listing-side sample to give you ideas - please don't copy verbatim. YOUR packages should reflect YOUR market, consumer needs, and business practices).

EXAMPLES:

BASIC MLS PACKAGE

Includes:

- Research & Prepare CMA
- Enter Listing on MLS
- Install Yard Sign/Lock Box
- Schedule Showings/Show Unassisted Buyers
- Negotiation of Offer*
- Transaction Coordination-Contract to Close*

* *First Buyer Only* - all negotiation and transaction coordination time on subsequent offers must be paid for by the hour.

Notice that the package is basic because it cuts out functionary tasks that the homeowner can do themselves such as feature sheets as well as services, such as virtual tours and exposure on our web site that, while helpful for marketing the home are still functionary in nature and can be skipped, depending on how hot the market is. Notice what is NOT skipped on - fiduciary counsel. They get pricing help, negotiation of offers and someone to troubleshoot the transaction.

MIDDLE OF THE ROAD PACKAGE

Includes: Everything In The Basic MLS *PLUS*

- CMA Presentation/Review of Contracts, Disclosures, & Paperwork
- Take & Edit Digital Photos
- Prepare Feature Packages (*20 copies - 6 pages each*)
- Prepare Virtual Tour
- Prepare Web Pages
- Follow up feedback for showings

This package takes the vital fiduciary counsel and adds in some functionary tasks that we find are important for selling a home for top dollar.

DELUXE PACKAGE

Includes: Everything In The Middle Package *PLUS*

- Take room measurements and prepare floor plan
- Prepare an e-Neighborhood report
- Prepare Yard Box/Open House Feature Sheets (*30 double sided*)
- Record Talking House (*optional if seller wants this*)
- Pre-Market House Cleaning
- Write Classified Ads/Submit (*for up to 2 open houses*)
- Hold up to 2 Open Houses - 3 hours each (*seller's discretion on OH*)
- Attend Home Inspection
- Attend Closing

Remember on these packages, if you're going to provide "limited service" scrimp on functionary, not fiduciary.

Once you have completed the five steps to in the worksheet that follows, you now have the basis for developing your own fee-based options. Here's some ideas on how you can proceed:

Hourly Rate: You already have that for when someone wants you to provide a couple of hours of counsel (use the higher fiduciary rate always).

A-La-Carte Fee Schedule: Simply list all tasks from the worksheet with the appropriate fee charged. What I (Mollie) did was *limit what I offered a-la carte to functionary tasks*.³

Deluxe Package: It's already done. Just take the list from before, add it up and this is what you'd get paid when a seller wanted "soup-to-nuts" but wanted to pay by fee rather than commission. Make sure to determine how much will be paid up front.

Other Packages: Here is where you can get creative. I took my deluxe package and stripped it down to the bare necessities for a FSBO prospect who thought they "just wanted to be in the MLS" which I was unwilling to do. So what I did do was package the MLS (complete with a sign and a lock box) with negotiating and troubleshooting the transaction for my "BASIC" package. Lastly, I developed a "MIDDLE" package between the "DELUXE" and the "BASIC", which would provide other services (20 Feature Sheets, internet exposure) without frills (floor plans, open houses).

Trial and Error: As you begin to use your packages in the real world, you'll find that you "tweak" your charges depending how much your actual time differs from your estimated. Also, you may find that the consumer requests tasks/services that you may not have thought of. And as your consulting business evolves, you may find that you want to work with a certain "niche". For instance, while I had originally developed three different marketing packages, as my personal business grew, I had to target what business I really wanted. Because I really enjoyed the high-tech marketing, I got to the point where I only offered the Deluxe package. Just remember, there is no right answer. Be open-minded, and think win-win.

Don't be afraid to experiment.

³ As we talked about earlier, in many areas of the country, agents are putting For Sale By Owners into the Multiple Listing Service for a low fee. We (the coaches) believe that this practice is not only a consumer rip-off but also, a law suit waiting to happen - especially in states that do not have a history of transactional brokerage. Even if the agent takes pains to explain that they are in no way, shape, or form providing any counsel for that low fee, we believe it's only a matter of time before a seller, who loses big time because they didn't have any market counsel, sues the brokerage that the agent works for, because they were, in fact, an "agent". This is, of course, a decision that each agent (and their brokerage) must answer for themselves, but it's something to think about.

Here's an idea for another fee package which answers a scenario that happens to us agents all the time - a home seller has procured a buyer themselves who would like to make an offer on their home. The following package gives them the assistance they need in this crucial part of the selling process (statistically these two areas are the ones where homeowners can run into the most trouble and lose the most money in if they don't have professional assistance). It also provides the agent a way to be paid.

NEGOTIATING / TROUBLESHOOTING TO CLOSE PACKAGE

Includes:

- Negotiation of the first offer (*negotiation time on subsequent offers must be paid for by the hour*)
- Negotiation of any inspection/follow up issues
- Troubleshooting and Coordination of the first transaction from contract to close (following through subsequent contracts must be paid for by the hour).

Or, just charge by the hour with a pre-determined cap.

A-LA-CARTE LIST

The following tasks are samples of some of the services that could be unbundled and offered a-la-carte. Notice that they are primarily functionary in nature and do not involve fiduciary counsel and representation.

- Review/Prepare a Competitive Market Analysis (CMA)
- Digital Photography (Up to 10 shots –taken and edited) and copied to a CD
- Floor Plans
- Feature Packages: Up to 6 pages with color photos, your description and information on the town
- Feature Sheets (*1 page—2 sided*)
- “Just Listed” Post Cards
- “Know Your Neighborhood” Report
- Prepare Virtual Tour , post on web site
- “Talking House” Rental

TASK OR SERVICE	HOURS TO COMPLETE	FUNCTIONARY (FUNC) OR FIDUCIARY (FIDU)	FEE (MULTIPLY) # HOURS BY APPROPRIATE LEVEL	MATERIAL COSTS	TOTAL FEE PER TASK

SELLER NEEDS ANALYSIS

	TASK OR SERVICE	I HAVE THE CAPABILITY TIME & DESIRE TO PERFORM THIS TASK MYSELF.	I'D LIKE THIS TASK/SERVICE IN THE HANDS OF A REAL ESTATE PROFESSIONAL.	I'M OK WITH THIS TASK/SERVICE NOT BEING DONE.	I NEED MORE INFO ON THIS TASK BEFORE MAKING A DECISION
F	Research comparable active, pending, and sold properties to obtain an accurate market value for my home. (Fiduciary refers to gaining an understanding of current market conditions and how to best position your home for a quick and profitable sale).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Completion (and review if necessary) of all contracts, disclosures, and paperwork (Fiduciary refers to the fact that in many states you are required to have a knowledge of what needs to be disclosed as well as your responsibilities regarding environmental regulations).	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Take and edit digital photos of my home.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Take room measurements, prepare a floor plan (if desired), and determine square footage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gather city/town information and services for prospective buyers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Prepare Feature Packages.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Prepare and post picture(s) and description of my home where it's likely to be found by online buyers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Prepare and post a Virtual Tour of my home where it's likely to be found by online buyers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Enter listing on MLS (Fiduciary refers to the fact that in many states, entering a listing can imply representation).	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Install a yard sign and/or lock box.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Hold a Broker Open House.	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Hold a Public Open House.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Write and place print advertisements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	TASK OR SERVICE	I HAVE THE CAPABILITY TIME & DESIRE TO PERFORM THIS TASK MYSELF.	I'D LIKE THIS TASK/SERVICE IN THE HANDS OF A REAL ESTATE PROFESSIONAL.	I'M OK WITH THIS TASK/SERVICE NOT BEING DONE.	I NEED MORE INFO ON THIS TASK BEFORE MAKING A DECISION
	Schedule agent showings of home.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Pre-qualify, schedule and conduct showings for unassisted buyers.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Make follow up calls to agents & unassisted buyers for feedback on showings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Negotiate any offers. Solid negotiations involve knowledge of terms as well as price. You should have a good understanding of the timing involved in the transaction and the buyer's loan commitment what needs to be disclosed and what contingencies are not in your best interest. You also need to be able to stay objective. (Definitely fiduciary: If you are going to hire a pro for just one thing - this is it!).	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Attend home inspection.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Supply initial draft of Purchase & Sale.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Troubleshoot and coordinate all necessary steps for a successful closing (Fiduciary as to anticipating and dealing with the inevitable potholes along the way).	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Attend Closing.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>

BUYER NEEDS ANALYSIS

	TASK OR SERVICE	I HAVE THE CAPABILITY TIME & DESIRE TO PERFORM THIS TASK MYSELF.	I'D LIKE THIS TASK/SERVICE IN THE HANDS OF A REAL ESTATE PROFESSIONAL.	I'M OK WITH THIS TASK/SERVICE NOT BEING DONE.	I NEED MORE INFO ON THIS TASK BEFORE MAKING A DECISION
	Assessment of current home (if owned) to determine equity and purchasing options	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	If buyer must sell/close on current home prior to closing on this transaction, include a complete Seller Needs Analyses, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	CMA on current property to determine marketability and estimate of market value	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Estimate Buyer's net equity on current property (even if it is NOT necessary that it be sold in order to buy)	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Get Lender Pre-approval, taking into account estimate of net equity, if applicable	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Assess priorities for new home purchase (location, amenities, pricing, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Search MLS for potential properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Preview potential homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Target neighborhoods for unlisted properties seeking appropriate match	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Research FSBO prospective properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	For preferred properties, confirm property information, including room sizes, association fees, taxes, inclusions, etc.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Upon selection of preferred property/s, determine appropriate comparables to assess comparative value, including actives, pendings, and closed transactions.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Prepare offer to purchase, including contract and all necessary disclosures (including assessments of components in offer and weighing the pros & cons of each)	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>

	TASK OR SERVICE	I HAVE THE CAPABILITY TIME & DESIRE TO PERFORM THIS TASK MYSELF.	I'D LIKE THIS TASK/SERVICE IN THE HANDS OF A REAL ESTATE PROFESSIONAL.	I'M OK WITH THIS TASK/SERVICE NOT BEING DONE.	I NEED MORE INFO ON THIS TASK BEFORE MAKING A DECISION
	Negotiate any offers, cognizant of terms as well as price. Particular attention to timing involved in the transaction and loan commitment, necessary disclosures, contingencies not in buyer's best interest. Must remain objective	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Attend and monitor home inspection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Order any additional required inspections (well, septic, radon, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Confirm lender terms & status of loan application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Monitor loan progress	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Monitor any contingencies, conditions, etc.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Monitor & troubleshoot transaction in progress (includes the anticipation of potential pitfalls and efforts to circumvent them)	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	Attend final walk thru	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Attend Closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>