

PROSPECTING:

The Never Ending Challenge



Special Report by Mike Ferry
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In the mid-1990's, I was invited to speak before a group of approximately 30 large independent Real Estate company owners. I was excited about speaking to this group because each of these companies was not only very large, but very prominent and very successful in the Real Estate marketplace. I had flown across country and gotten in late the night before. Early the next morning, approximately an hour before I was to go downstairs and address the audience, I received a phone call from one of the members stating that the group had changed their minds and they were not going to have me speak that particular day. Needless to say, I was quite surprised and when I asked why I got a very vague answer. I then said to the gentleman, "Fine. Please bring up the check for my speaking fee and expenses," to which he said, "We're not paying you if you're not going to speak."

One of the challenges that I have addressed for many years in the Real Estate industry is the fact that too often our industry does not understand basic business principles and practices. Throughout the calendar year of 2012, I addressed this particular point time and time again in working with audiences all over North America.

I said to the gentleman, "Since we have a contract and I have fulfilled my portion of it at this point, I expect to be paid." He then stated, "Let me call you back in a minute or so." He did call back to say, "Since you're demanding to be paid, then we're going to have you speak." I took the 3 hours of notes I had prepared for this group and threw them in the trash can. I then had about 45 minutes before I was to speak (to what appeared now to be a somewhat hostile audience.) I took a piece of paper and I wrote the following words across the top, "I JUST DON'T UNDERSTAND!"

I SPENT THE NEXT 30 MINUTES simply writing all the things I did not understand about the Real Estate business. Remember, this was the mid-1990's and here we are today near the end of January 2013 ... and I actually think I understand less today than I did back then! I then went down and addressed the audience by stating to them that there were 30 different things that I didn't understand about the Real Estate brokerage industry and that hopefully some of them, as they were very bright people, could help me understand some of these unusual things that take place in what many people say is a direct sales field ... listing and selling Real Estate.

I went through my 30 points with them and I want to share with you what point #30 was. "I just don't understand why so many great broker/owners like yourselves who started in Real Estate and built your businesses through what we would call direct prospecting, and then built your companies over the course of the last 30 years through direct prospecting, now do not teach prospecting to the people who work in your companies. It also seems that you actually discourage people from doing the very thing you did yourself to build your business and company." I then smiled and said, "Thanks

for your time,” and walked off the platform to the door. Interestingly enough, six of these companies approached me immediately and hired me to speak to their companies about this very strange, unique, and what appears to be somewhat weird activity called ... PROSPECTING.

In doing the work I've been doing for more than 37 years, there is one thing that has remained constant in every message I've delivered. That constant is “if you're not talking to people every day about listing and selling Real Estate, it's going to be nearly impossible to build a substantial business in this industry.” Because I've stayed with that message ... and in case you're wondering, I will stay with that message for as long as I'm asked to address groups ... you need to understand that if you choose to be an agent who is involved in any form of direct prospecting you are not going to be the most popular person in the office. But you will end up being both the most productive and the most profitable person in the office.

Over the last 35 to 40 years, there has always been some new phenomenon coming up, some new unique method for doing business, some new magic formula, magic pill or magic wand being waved over our heads ... there has always been some new way of being able to do business without having to talk to people. Remember the craze a number of years back where the internet was going to put all retail stores out of business? Remember that craze when nobody would ever have to talk to anybody ever again to buy something? It seems the retail industry is still in business. Direct sales organizations are still hiring salespeople. And great salespeople are still prospering more than ever because they understand one of the basic fundamentals of the sales business ... “You have to talk to people to make sales.”

No, I do not understand why this industry works so hard at trying to convince you that it's okay not to be a salesperson, not to develop good skills and techniques, and not to prospect. That is, however, exactly what this industry fanatically teaches. Because of that, those of you who understand that we're involved in a direct sales business and must be involved in direct conversations with people in order to do business, are always going to be criticized because you're not involved in the latest “magic formula” being offered or simply stated, the latest get-rich-quick scheme for Real Estate agents to follow.

For those of you who have been around a while, there have been so many of these things being offered and they are always offered as an alternative to following the basic fundamental of selling ... which is talking to people! Like so many of you, I've seen many of these things being offered while at the same time, I've seen virtually hundreds of thousands of Real Estate salespeople fail because they've never mastered the most fundamental part of the sales process, which is prospecting.

Did you know that there are very few sales industries that have a turnover rate, or should I say failure rate, as large as Real Estate? Did you know that there are very few sales industries where the per-person-productivity is as poor as the Real Estate industry? Did you know that there are very few sales industries where the average income is as low as it is in the Real Estate industry? Yet, at the exact same time, you are going to see Real Estate speakers, sales trainers, sales coaches, the talking heads of major companies, brokers and managers ... tell you time and time again that you do not have to be involved in the activity called prospecting to succeed in Real Estate. Yet, look again at what I just said ... we have the highest turnover, the lowest per-person-productivity and the lowest average income of any major sales industry today.

The failure rate in Real Estate and the low per-person-productivity is not because people are earning too much money ... doing too well ... making too many sales ... or spending too much time prospecting. It's because none of these are happening. So, at some point we've got to take a stance as to a number of very basic issues.

First, how successful do you want to become as a Real Estate salesperson? Second, how many listings and sales do you want to make annually? Third, how much income would you like to have on an annual basis? Fourth, how much repeat and referral business do you want to have from the business that you generate? Let's be very clear. If your goal is to do three to four transactions a year, you don't have to prospect, you don't have to be a salesperson and you don't have to have good skills and techniques. You simply have to be in the right place at the right time a few times a year to do a few deals. However, is that what you really want from this business? If the answer is no, you are reading the right report.

In October, November and December of 2012 I asked our coaching team to do an interesting bit of research for me. I said, "Let's take every person that is doing more than 50 closed transactions per year and let's research to find out where their business comes from." Thanks to our great coaches for getting all this information. They spent virtually a couple of months going through all of their client's transactions and sourcing them.

What we're going to outline for you here is the exact prospecting activities that 150 top producers are involved in and who are averaging close to 90 closed transactions per year. Any way you look at this material or try to contest it, you're not going to be able to avoid the facts of what these very successful agents do to maintain a high volume of business.

Yes, many people are not going to like what they read because what you're going to see is that there is a "direct correlation between an agent's ability to talk to people every day and their ability to do a

large volume of residential resale business.” With that being said, we have to also look at the fact that the majority (75 percent) of this business is listings sold versus buyer controlled sales. It’s obvious with the buyer controlled sales that these agents have been created as a result of the listings that they take, which in turn come as a result of the time they spent involved in some form of prospecting or talking to people. I’m completely aware of the fact that no matter what we print in this report and how valid this material is, there will still be an enormous group of people who will argue with everything we are saying here.

In doing the work I’ve done for more than 37 years, one thing I’m very aware of is that the industry does not understand that selling involves talking to people, the industry does not spend enough time teaching people how to sell and the industry condones too many things, too many ideas and too many thoughts that keep people from being productive. The farther you stay away from this type of thinking, the better off you’re going to be.

So, in looking carefully at the results of 150 detailed surveys and complete breakdowns of agents’ lead generation techniques, the following is the wide-variety of things that agents do to generate business. We’ll follow this with the activities that bring about the highest number of transactions for these agents.

CONTACTING EXPIRED LISTINGS ... CONTACTING FOR SALE BY OWNERS ... DOING JUST LISTED PHONE CALLS AROUND EXISTING LISTINGS ... DOING JUST SOLD PHONE CALLS AROUND SALES ... CONTACTING PAST CLIENTS FOR ADDITIONAL BUSINESS AND FOR THEIR REFERRALS ... CONTACTING CENTERS OF INFLUENCE FOR THEIR BUSINESS AND REFERRALS ... DEVELOPING REFERRALS FROM AGENTS IN DIFFERENT PARTS OF THE COUNTRY ... REO LISTINGS THROUGH VARIOUS LENDERS ... PROBATE LISTINGS THROUGH ATTORNEYS IN THE MARKETPLACE ... WORKING OLD COMPANY FILES ... COMPANY-GENERATED REFERRALS ... LEADS GENERATED FROM HOLDING AN OPEN HOUSE ... JUST LISTED DOOR KNOCKING CAMPAIGNS ... JUST SOLD DOOR KNOCKING CAMPAIGNS ... JUST LISTED AND JUST SOLD MAIL CAMPAIGNS ... LEADS GENERATED THROUGH 800 INFORMATION HOME LINE ... LEADS GENERATED FROM FLOOR TIME OR OPPORTUNITY TIME ... GEOGRAPHIC FARMING ... SIGN CALLS ... WALK-INS TO THE OFFICE ... OTHER DIRECT MAIL CAMPAIGNS ... KNOCKING ON COLD DOORS ... MAKING COLD PHONE CALLS TO A NEIGHBORHOOD ... LEADS GENERATED FROM MARKETING ... LEADS GENERATED FROM ADVERTISING CAMPAIGNS ... CORPORATE RELOCATION LEADS ... LEADS FROM TRUCK SIGNS ... LEADS THROUGH TELEMARKETERS ... VENDOR REFERRAL PROGRAMS ... NEW CONSTRUCTION BUSINESS ... VARIOUS INTERNET LEADS (FROM ZILLOW TO FACEBOOK) ... RADIO

ADVERTISING LEADS ... MAGAZINE ADVERTISEMENTS ... PURCHASED LEADS THROUGH ORGANIZATIONS LIKE DAVE RAMSEY ... and AGENT WEBSITES.

The above group comprises approximately 35 different methods for developing business. I'm sure there are many more that we haven't looked at and I'm sure that some of our naysayers are going to come up with a whole group that isn't being discussed here. However, what I want you to see and understand is that the original group of 150 agents is doing an incredible amount of business based upon these techniques and not some other "mysterious" method of doing business that we are not familiar with or that were not brought up in this survey of top producers.

Let me give you a few specific examples. Scott Tucker does 120 transactions a year, of which 40 percent come from Past Clients, Center of Influence and Expired listings. Brent Rosenbower, who closes over 70 transactions a year, does approximately 90 percent of his business from Past Clients, Center of Influence, Expireds and For Sale by Owners. Richard Duggal, who does over 140 transactions a year, does approximately 60 percent of his business through Past Clients, Center of Influence, Expireds and For Sale by Owners.

Chris Turley, who does in excess of 90 transactions a year, does more than 70 percent of his business through Past Clients, Center of Influence and the referrals he receives from those two parties. Michael Kent, who closes more than 100 transactions per year, receives approximately 55 percent from Expireds, By Owners, Past Clients and Center of Influence. Mark Ramey, with over 70 transactions closed, receives over 65 percent of his business from Expireds, Past Clients and Center of Influence.

Have you caught on to any of the trends here yet? Let's look at why these successful people are able to generate tremendous amounts of business from groups that most agents either don't consider good prospects or will not talk to whatsoever. Part of what makes a great salesperson great is their obvious ability to handle rejection. Part of the ability to handle rejection revolves around the use of a good, solid script that engages a prospect in conversations that lead to the agent potentially finding a Real Estate sales lead. These agents are able to keep the conversation in a positive forum away from the rejection most people try to avoid. Good, sound salespeople understand that selling always revolves around what we refer to as a "numbers game." Simply stated, the more people you talk to, the better chance you have. At the same time, great salespeople understand there is always going to be a certain amount of rejection that takes place when talking to people and that this rejection can be reduced dramatically through well thought, well organized, strong sales scripts. The stronger the sales script, the less the rejection. The less the rejection, the more apt the salesperson is to continue talking to people.

Part of the problem we have in Real Estate is the fact that the majority of the brokers and managers in the industry will take nearly anybody who is alive and breathing and has a license and hire them to work on their sales team. Then, to accelerate the problem further, most companies do not teach direct sales techniques so we have non-salespeople with no direct sales background or experience entering a direct sales field (Real Estate sales), who are not taught how to sell. As a result, they will look for any way possible to avoid rejection and making so much of what is being taught today sound good to them. The problem, of course, is that so much of what is being taught is the very reason why the failure rate is so high.

We coach thousands of agents today and we have tens of thousands of agents attend our seminars throughout the course of each year. We have over 80,000 agents in our customer database and the agents that we work with have the lowest failure rate in the business, the best per-person-productivity and the highest average income. You have to ask yourself, “To what degree do I want to succeed? What price will I pay to make that happen?”

Again, our naysayers will claim that Mike Ferry’s techniques only work with a tiny percentage of the industry. “I would have to agree with that. Our techniques are only designed for a small percentage of the industry ... those agents who want to take more listings ... make more sales ... and earn a substantial income.” As with any industry - including Real Estate - only a small percentage of people are going to do a vast percentage of all the business. We just want you to be in that small group that does the most. Here is the approximate breakdown now, based on the techniques the agents used to generate the most business possible.

- DEVELOPING BUSINESS FROM PAST CLIENTS AND CENTER OF INFLUENCE, WHETHER IT BE DIRECT BUSINESS FROM THEM OR REFERRALS FROM THEM ... **28%.**
- CONTACTING EXPIRED LISTINGS AND CANCELLED LISTINGS IN THE MARKETPLACE ... **11%.**
- CONTACTING FOR SALE BY OWNERS ... **9%.**
(In going through 150 different surveys, these 4 methods brought the greatest amount of business to the agents on a daily, weekly and monthly basis.)
- JUST LISTED CALLS, DOORS AND MAILING CAMPAIGNS AND JUST SOLD CALLS, DOORS AND MAILING CAMPAIGNS ... **13%.**
- AGENT REFERRALS AND COMPANY REFERRALS ... **3%.**

- SIGN CALLS ... 5%.
- RESPONSES FROM DIRECT MAIL CAMPAIGNS, VARIOUS PRINT ADVERTISING ... 5%.
- DIRECT COLD DOORS AND DIRECT COLD PHONE CALLS ... 9%.
- THE FOLLOWING ... probate sales, radio, agent websites, buying internet leads, open houses, truck signs, farming, vendor referrals, telemarketing, corporate relocation ... approximately 17%.

As you can see, approximately six of the 35 techniques represented 50 percent or more of all these agent's transactions. The best part about this business is the last part of our report for you!

The business these agents are doing is very predictable ... duplicateable ... and very profitable for the agents. In building a sales business of any type, a good business person who is involved in sales understands fully the importance of having a business that is predictable, duplicateable and profitable. These three words are critical in building long-term, sustainable, productive business in Real Estate. These 3 words also account for the fact that the thousands of agents we work with through our coaching programs have lasted through the longest, most destructive Real Estate economy that we've ever experienced. Yes, everybody's business got hurt between 2005 and 2012 ... present company included ... however, the MFO-trained agents' businesses did not get hurt anywhere near to the degree of the industry averages because they had a sustainable prospecting program in place and maintained that program during the worst of times. The good news is, with the best of times in front of all of us the Mike Ferry-trained agents' businesses will grow at a much faster pace and they will dramatically outperform the market they are involved in because they've developed the work habits and sales skills necessary to continue to grow during the crazy times that we've expected and may still be ahead of us.

Let's go back to the three words: predictable, duplicatable and profitable. It's very difficult to predict the number of quality responses you are going to get, for example, from internet leads. I've talked to agents who have generated anywhere from 500 leads resulting in one or two listings, to generating and buying several thousand leads a year that generate a half dozen transactions per year, to agents who have purchased 5,000-10,000 internet leads a year and generate 20 to 25 transactions a year. This is not what we'd refer to as predictable and duplicateable business. By "predictable and duplicatable," ... we're referring to the fact that you are talking to a specific group of people with a specific script in hand that results in a very predictable response, in terms of not only what they say but the number of leads you can generate. In looking at the word "profitable" ... I've talked to agents who are spending anywhere from \$7,500 to \$15,000 a year buying various internet lead sources and generating one to two transactions as a result of their money spent. Agents who are spending \$2,500 to \$15,000 a month

on advertising, promotions and mailings and ending up with net profits in their businesses of 15% to 20% versus having a profit of 50% or more of the gross revenues that they generate. Everything comes back to the following ...

Are you committed to becoming a professional Real Estate salesperson? Are you committed to learning the direct sales process that top agents use? Are you committed to taking 100+ listings per year and developing a business over the next 3 to 5 years where you are closing 100 and more transactions annually? Are you committed to making the profits that you deserve based on this type of productivity? As you answer these questions in varying degrees you will develop varying amounts of business depending upon your specific answer.

There is one thing we can't deny. "When you talk to people every day you're going to do dramatically more business than your competitors." When you talk to those people with good, sound sales scripts that come as a result of developing good, sound sales techniques ... you're going to win more often than not. When you understand that selling is a numbers game and when you understand that you're going to be presented to ... informed of ... educated about ... and asked to use various techniques that are going to magically bring you business ... and you understand that these are not the magic answers ... you can proceed to move forward in a good businesslike manner.

If you would like The Mike Ferry Organization to help you do this, contact us at **800-448-0647**, ask for our Sales Department and let's help you build your business.

Mike Ferry