

THE 2009-2010 REAL ESTATE MANAGEMENT RECOVERY REPORT



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To say that this is a challenging market, has been a challenging market, and will continue to be a challenging market is an enormous understatement. Owning and managing Real Estate offices today is as challenging as we've ever seen and will continue to be as challenging for the foreseeable future. THAT DOES NOT MEAN that you, your company, your office(s) and Agents cannot succeed ... survive and thrive; you can put yourself in a position to dominate your market place, and when the market changes, dominate your market for years to come.

One of the advantages you personally have in receiving and reading this report is that I've had 33+ years of experience doing Real Estate Sales and Management training and coaching. During that time I have put on over 5,000 speeches, seminars, and retreats and have been told that I've spoken to over 1,000,000 Agents during my career. I actually started in the Real Estate Industry at age eighteen and have never had a job outside of this industry. What does this do for you? Nothing ... except the fact that it shows that what I'm going to talk about in this report comes from over forty years of experience dealing with the problems that you and the Agents deal with every day. For example, in July, 2005 I told 3,500 attendees at our Superstar Retreat that we faced a strong five year Real Estate Recession and I pointed out all the reasons why. The audience's response was ... "they laughed at me, thought I was nuts, felt it didn't apply to them, said I didn't understand their market, and that I was simply involved in doom and gloom." Believe me, this was one area that I didn't want to have the last laugh.

In January 2006, and again in January 2007, I explained in detail again that we were involved in a Real Estate Recession, that nobody wanted to admit to, and that the Mike Ferry trained Brokers and Agents had a tremendous opportunity to succeed in this market if they simply did what we suggested. At the same time, many people were starting to feel the pain of the market in '06 and '07, the industry wasn't dealing with the reality of what was going on; nor were the customers of The Mike Ferry Organization buying what I was telling them. By the time 2008 hit, people were finally starting to say, "I think we're in a Real Estate Recession." It took the U.S. government until December, 2008 to actually state, "We are officially in a Recession

at this time.” I don’t understand why people keep their heads so buried deeply in the sand.

Dr. Gunther Klaus used to tell the great story about the two female ostriches walking down the beach. One of the females looked back and said, “We’re being followed by two male ostriches ... maybe we should speed up.” Two hundred yards later she looked back again and said, they’re still following us, what do we do?” The other one said, “It’s simple, we’ll bury our heads in the sand, so they don’t see us!” Welcome to the wonderful world of Real Estate from 2005 through today. I am completely baffled by the fact that our industry was either completely ignorant as to what was and what is going on, or worse, knew what was going on and chose not to recognize it. Neither one of these make any sense at all, much less “good business sense.”

The reasons our industry has been doing so poorly during the past two and a half years are many. Although we are quick to put the entire responsibility for the problems on the economy, there are other reasons we’re having so much trouble today. My belief is if we recognize any of the reasons for the problems that we have, we can work very hard today at not making the same mistake again when the market improves or when the next Real Estate market downturn happens in the future.

Let’s look at some of the reasons that caused such upheaval, almost complete chaos, the closures of companies and offices, multiple bankruptcies among organizations, and in most cases, enormous financial losses. If you’re wondering why I’m bringing these up now ...my purpose is to make sure that, if these still exist, we remove them and then we create a better business model for the future and don’t let these things happen again, as I stated earlier. Think carefully about the following, “Most people in our industry, including the leaders, simply would not recognize the severity of the marketplace until it was too late.” As I stated earlier, in ’05 and ’06 I outlined what I called the “perfect storm” within our industry, and that the storm was coming to ahead and, for most people, would be a financial disaster. The storm included the three to five year ARM loans coming due in ’07, ’08 and ’09, the excessive inventory from new construction, the inability of lenders to deal with the

wave of repossessions they were starting to take on and the normal Buyers and Sellers moving up and down simultaneously. When all of these came to a head, because we were simply not willing to recognize what was happening, it created a financial nightmare for all of us. If you give it some serious thought, much of this could have been avoided. It was the “greed” of everybody related to our industry that caused a good portion of this “perfect storm” to take place. So, along with not recognizing what was going on in the market, we as an industry were extremely greedy ... and greed never wins long-term.

A second major factor was the inability to recognize how much overhead the brokerage industry was taking on, in terms of offices and locations. It seems that most Brokers and Owners thought the good times would last forever, and that expansion was the name of the game. This counters almost any good economic model that says when you have a long-term upward trending market, there's always going to be a medium to long-term adjustment of that market. Controlling overhead and recognizing that adjustments have to be made is critical.

Next, we have the dysfunctional relationship between Brokers/ Managers and the Agent population. I believe that, like the automobile industry, the Real Estate industry model simply does not work as we know it today. When we come out of this recession in late '09 or '10 we're going to have to meet as a group and create a model that makes sense for both Owners and Agents instead of, in most cases, just for Agents. You cannot be paying Agents 90%+ of the gross commissions that are brought in, knowing that the Agent you're paying commissions to represents 50%-60% of your gross revenues; nor can we have Agents in offices everywhere that never list or sell homes, not only taking up space and running up overhead costs, but also giving us the false sense of security that we have a big company. The model is broken and you and I together can fix it.

The other problem, that is very apparent, is that we, as an industry, have had a knee-jerk reaction to what has taken place. We have not been able to sit down, think through what's been going on, and create reasonable solutions with reasonable expectations. We've seen this same type of management style in the Mortgage and

Lending industry for the past several years, and we're behaving in the same manner which will not work if we expect long-term growth and profitability.

The last thing that I'll mention here is the complete lack of consistency in our management operations which creates, in almost every case, turnover, low production, and no profits. Every Broker and Manager has to create a long-term strategy based on good business sense that will cause your company and office to succeed long-term. If you don't have a strategy you're going to be involved in knee-jerk reactions, which are always painful and expensive. For example, too many Brokers and Managers create a false sense of security that their company or office is doing okay because the desks in their office are full. The question, of course, is "Full of what?" "I don't need to recruit anymore Agents because my desks are full." In reality they're full of Real Estate sales people that do not cover the cost of their being with your company. Each Broker needs to figure out the cost of each Agent that works inside their office, and then how many Agents in their office cover that cost because that is the real number of Agents who work inside your company. This is an example of the strategy.

This rather lengthy report is designed to assist or help any Real Estate Broker or Manager who wants to not only survive this market, but thrive in this market and do it using good business sense. In looking closely at our industry today, there are some Brokers and Managers who are simply out of business and nobody's told them ... that's too bad. There are some Brokers and Managers who are hanging on by a thread... I hope that it's a thick thread. There are some Brokers and Managers who are living in fantasy land and are not willing to deal with the reality of the market. There are also Brokers and Managers whose offices are doing well ... yes, they're not doing as well as they did from 2000 to 2005 but they're managing their business and managing the people that work in their business and doing that well. What we want to look at in this report, is how that is being done and to see if you can do it also.

There are two words you are going to have to focus on to make this happen ... “change” and “tradition.” There are probably a hundred other words we need to focus on, but we’ll start with these two.

If we look at the word “change” ... that word becomes very difficult for most people to deal with, and extremely difficult for the Real Estate industry to deal with, which ties in with the word “tradition.” I believe it can be said that Real Estate Brokers and Managers are not real big on changing what they do, how they operate, and as a result, rarely see major changes in production and profits. Change requires looking at things differently than how we’ve looked at them in the past. It requires thinking differently, and as importantly, taking different actions than the ones we’ve used to get to where we are today. For most of the last thirty-four years, I’ve been trying to convince this industry to change what they do so they can change their results. Although many people will say that we’ve been successful at doing this, you and I both know that the majority of our industry has never done anything close to changing how they do business. “We do what we do because we’ve always done it that way.” That’s great, provided that what you’re doing is bringing you production and profitability, and bringing the Agents that work for your company the same. If it is not bringing production and profitability, then we obviously, have to change what we think, what we say, and what we do.

What keeps most Real Estate Brokers and Managers from changing how they operate? First would be a lack of exposure to any ideas that are outside of what they think are correct. I made a statement in the mid 1980s that said, “The Real Estate industry has the most training available, more than one could imagine or participate in, and yet it is the most untrained industry that I’ve ever witnessed.” Having done management training inside of Coldwell Banker, Prudential, Century 21 (both nationally and regionally), and multitudes of other organizations, as well as eighteen years of doing Management Retreats, which are open to anyone who owns or runs a Real Estate office, the amount of people that actually attend are miniscule compared to the total number of people in our industry. For some reason, our industry does not put any demands on Owners or Managers to learn the fundamentals of leadership,

productivity, or the economic side of running a company. Unfortunately, a majority of all Real Estate companies are simply a break-away of another company where an Agent worked and then decided he/she could run his/her own office better than the one he/she previously worked for. As we both know, this doesn't mean the person breaking away is at all qualified to run a business. Then, since there are no demands placed on the Managers to attend any management or leadership training, the industry has a complete lack of exposure to what other industries take for granted. A doctor, a commercial pilot, a professional athlete has no choice but to spend a tremendous number of hours annually learning and refining the skills they need to do their job and keep their job. Since this is not a requirement of our industry, we then have to have the wherewithal to get this education on our own; thus, we have reports like this being produced to assist you in the process. A simple lack of exposure to ideas that could help us become successful is a major reason why our industry is suffering today.

Second, we have to look at the word "ego" ... a word that helps people grow and move forward but also stops most people in their tracks. It's a small three letter word that can define your success, or lack of success, by how you look at that word. In the Real Estate industry, because there is little accountability or confrontation that revolves around how we behave ... our egos can get completely out of line quickly, stay out of line, and in many cases hurt our business. Can you honestly think of another industry where Brokers', Managers', or Agents' egos are actually bigger than in the Real Estate industry ... I can't?

How does an uncontrolled ego hurt your business? It keeps you from learning, drives people away from you, and in most cases, as importantly, keeps you in whatever ruts you are presently involved in terms of productivity. Our business has always revolved around "who is the biggest" without really looking at who is the most productive or profitable. Our industry assumes because you're big you must be good, and yet we both know that being big and being good have nothing to do with each other. There are some really tall people who can't play basketball, there are some really heavy people that can't play professional football, there are people

that can hit a golf ball 350 yards but can never get a par, our greatness in Real Estate will not be defined by how big we are but by how good we are at what we do.

For example, I've worked with hundreds of companies that have multiple offices and a good portion of those offices lose money every month and the owner's response is, "We can offset it by those offices that make money." At best, that kind of thinking is almost idiotic. I wonder how Jack Welch would look at that statement. I've seen offices that are the size of the Taj Mahal, as decked out as the Taj Mahal, and have hundreds of desks and very few people. The Broker's response, "We haven't put a recruiting program in place yet." I'll give you a little hint about this management report that you're reading ... "consistent," non-stop recruiting will stop almost every production problem you will ever have. Let's set our egos aside and look at what we actually have in terms of people, production, and profits and then work on making good, sound decisions, which require changing our behavior and moving ahead.

Third ... is a complete lack of versatility. Versatility is defined as, "Having the ability to adapt to a variety of people and a variety of situations in a variety of ways." I've stated to all of our coaching clients for years that a lack of versatility costs every Agent at least 25-30 transaction per year, every year. The reason for this is we deal with only those people we are most comfortable with, or with those people where we feel we are superior. For most people, when we are outside the boundaries of what we are most comfortable with, we either withdraw or our ego flares up and drives people away from us. If versatility is our ability to adapt or be flexible, how flexible are we when it comes to changing not only how we operate our business, but how we think about our business? We'll talk more later on how to develop versatility, but I'll give you one thought ... "As soon as you quit having to be right all the time" your versatility will start to grow.

Fourth ... a lack of common sense is a major factor as to why we can't succeed with our companies and offices. Would it be considered common sense to hire people to work as Agents for us who have no sales experience and then not offer, and demand that they participate in a defined sales training program? The answer is no. Would it

be good common sense to pay an Agent a 90% commission split when they're doing eight to ten transactions a year or, what's worse, when they're doing seventy-five to one hundred transactions a year and we lose money on each transaction they do? The answer is no. Is it good common sense to have an office where half the desks are empty and not be involved in recruiting for at least an hour or so every day? The answer is no. We could probably make this list several pages long, but I think you've got the message that I'm trying to get across. Let me give you one more example ... you have an office and 25% of your Agent haven't done a single transaction in over a year and you don't do a single thing about it ... hard to believe? No, because I see this situation all the time.

So, what is your definition of common sense in relationship to business sense? In a real business ... these are very uncommon in the Real Estate industry, a lack of productivity is not allowed. A lack of training is not allowed. A lack of confrontation and accountability is not allowed. But in Real Estate, because we so often lack business sense, these kinds of thoughts are the norm. So again, what is your definition of common sense and how much does your ego play into that definition?

We need to come to grips with what is causing us not to succeed besides the obvious fact that the market has changed dramatically and that times are tougher. Again, we have to understand a very important point in this report, "Tough times create incredible opportunities ... if we're willing to change, remove our egos, develop versatility, and use good common and business sense in our daily activities."

Why do I say this? ... Because Brokers are going out of business every single day, that shouldn't have to go out of business. Agents are failing and leaving the business every single day that shouldn't have to leave the business. The quality of service being offered to the public is at its lowest point and it shouldn't have to be this way, if we recognize the opportunities that are in front of us.

I was recently at a meeting over lunch with a man that owned a large insurance company. He asked me, "What kind of work do you do, Mike?" I stated that I train Real Estate people how to sell. Without even a moment of hesitation he

said, "Boy does that industry need some of that!" The Agents need more good leadership than ever before, they need solid sales training and they need it now, they need to be held accountable for their actions or lack of actions, and they need direction and confrontation from you starting today. Because we're in a recession, and everything is for sale, the public needs more than ever an Agent who is qualified to sell their home. The question is ... "Are you the person that can teach the Agents how to do this job and fulfill this service, or are you the person, for a variety of reasons, that's going to continue on the same path until there is nothing left of you or your company?" The good news is that the choice is yours.

"The power of choice" is one of the most important powers that we are blessed with as human beings ... we can choose what we're going to do or not going to do. You have some tough decisions to make, but you have some viable options to choose from, and if you make the right choices between now and the end of 2010, you can put yourself and your Agents in a position to produce at a high level because of the choices you make today. The question is... Are you going to make the right choices? ... Nobody can answer that but you. I read in a book one time that human beings are the only species that truly have the power of choice at their disposal in all areas of their life ... at all times. We have to make good choices, make them every day, be consistent with them, follow up on those choices we make, and then recommit to those same choices as times get difficult and things are not going as well as we'd like them to go. Let's make the right choice.

Let's spend a few minutes talking about the word "tradition" which we mentioned earlier. I was doing a four day event in the southeast a number of years ago and, in this particular audience, 80% of the Agents were ladies over the age of 60. So I had a group of 295 60-plus year old ladies and 5 60-plus year old men ... interesting group to work with. I asked the owner why such an unusual balance of ladies to men and his response was, "We're in an area where retired military officers live. The men play golf and the women want something to do." In talking to him further about the activities of the Agents, we discovered there basically were no

activities. Per person productivity for each Agent was about three transactions per year.

During the course of my four day workshop I referred to the fact that these Agents were operating in highly traditional Real Estate manners, which was not going to enhance their productivity. What I didn't know, of course, was they didn't want to enhance their productivity ... they wanted a place to go while their husbands played golf all day. The Agents of this company, when they were in a highly aggressive mode, were holding open houses and taking floor time, and it doesn't get much more traditional than that by any means. During the third day, when I mentioned the word "tradition," the owner jumped up and yelled at me in front of the room and said, "Do not call us traditional again under any circumstances," and his face was bright red. I said, "Fine, I'll just refer to you folks as old-fashioned." Needless to say, they never hired me back again ... but I'm sure it's not surprising that his company is out of business.

This industry operates almost 100% from tradition. As I stated earlier, "We do what we do because we've always done it that way." It doesn't matter that most of what we do creates high turnover among Agents, low productivity, very low profit for ourselves, and a ridiculously low income for the Agent. "This is how we do business ... period. Mike if you can't live with that, then that's your problem and not ours." This is a statement that's been made to me more times than you or I can count. The problem is that the majorities of companies making that statement are either gone from the business completely, have shrunk 80% in size, or are going out of business, and nobody has told them. This is always caused by the fact that we get caught up in, and stay in, what is termed as "traditional Real Estate activities."

Why do Real Estate companies continue to promote and teach some of the traditional activities? When you get to the heart of the answer to this question you also get to the heart of the problem, which revolves around the word "recruiting" which is something I brought up earlier in this report.

I've had the good fortune of talking to thousands of Real Estate Brokers (remember the great Real Estate joke – how do you make a small fortune in Real

Estate ... start with a big fortune, then open your own company) on the topic of why they're teaching traditional Real Estate techniques inside their firms and, although I've listened to vague and un-business like answers, it normally comes down to a couple of issues. First ... we don't know what else to teach them, so we teach them the same old stuff. Second ... we are afraid of our Agents and afraid of losing them. Third ... if we tell an Agent what to do and they don't do it we don't know how to respond. Fourth ... if we break tradition and tell an Agent what to do, and how to do it, and they don't like it we're afraid they'll leave us and join another firm. Fifth ... then we have to do what an Agent's supposed to do and start prospecting and recruiting new Agents ... which we don't like to do.

As you can see, there is the constant dilemma of shifting from traditional, non-productive thinking to the thinking that causes growth, productivity, and profits for your Agents. The hardest part of the conversation is going back to the word "reality" and understanding that you are the owner of the company ... it is your asset (in today's market it could be your liability) and that either you control the thinking, behaviors, and activities of those people that work for you or you do not. Unfortunately, tradition tells us not to control what, in most cases, is our biggest asset which means if we're not in control the Agents are. Again, it would be fun to get Jack Welch's opinion on this thinking of how a Real Estate office should be run ... I don't think we'd like to hear what he has to say.

PROFIT

If you look at the word "profit" carefully, which most Brokers and Managers have not seen for several years, so it may be hard to recognize, you'll understand that this is the primary purpose of owning and operating a business. Yes, I understand that profits are a derivative of both the quality and quantity of service that you give other people in your marketplace, and that it is the end result of doing your job at a high level. Yes, I understand that profits are driven somewhat by the economy, but mostly by the activities, thought processes, and behaviors of the leaders of a company. Obviously controlling egos, controlling expenses, and

increasing revenues simultaneously are how profits are derived. So each of us, as owners of businesses, has to determine what we would like to have in terms of profit before we can decide how we're going to run our business at any level. Again, you can see that this is not the normal thinking for a Real Estate company ... it's too much like business.

Many Real Estate Brokers are afraid of making too big a profit for fear that the Agents will demand a higher commission split; therefore, the demands they put on themselves to break traditions, which increase profits, are in most cases set aside because of the fears we have of dealing with our Agents on a daily basis. As a result, we keep offices open where there is no income or profit whatsoever ... we have Agents work for us that do not provide any revenues for themselves or the company ... and we have massive numbers of desks that sit empty that should be income producing revenue sources for us.

So what do we do to counter these situations? We hope to make money off of our affiliate services. We hope that a mortgage affiliation or a title and escrow affiliation can create the revenue we need to operate, because we can't create a reasonable profit on the Real Estate Company we are running. But, because of our fear of the Agents that work for us, we don't demand that Agents work with our affiliate operations; therefore, our capture rates are extremely low and the profits that we deserve for having these types of affiliations are minimized. The whole thing makes so little sense, except for the fact that we can continue to tell people, "We own our own company."

Until each of us comes to grips with changing our behavior, controlling our egos, developing versatility, using good common sense, putting good business systems in place, dealing with the reality of the marketplace and our circumstances in the marketplace, we're never going to make the profits that we not only deserve for owning this asset, but I'm sure that you want for owning and managing a Real Estate company.

In looking at "The 2009 Real Estate Management Recovery Report" we have to look at the specifics of what we would like to do. In some cases save our companies

in this marketplace, in some cases build our companies in this marketplace, or in the best case, put our company in the position to win long-term because of what we do today. To make this happen we have to have a specific plan that we can put in effect now, knowing that not everybody is going to like what you ask of them nor will all of them do what you ask of them. Remember, at some point in your career you were a great sales person. I don't know at what point that took place, but this is the time where we have to pull upon all of our sales resources to not only sell ourselves daily on this Recovery Plan, but also to sell our Agents and recruits on the plan that we have for them and the benefits to them if they follow it. It's important to note here that you cannot tell a person something once and expect them to understand it, believe it, and accept it. You'll need to review the Recovery Plan yourself almost every day for the next 18 months to two years and be prepared to discuss it with your Agents every day, knowing that your job is to sell them on the plan and motivate them to take action on this plan. It's not always going to be easy, but it's what has to be done.

We have been teaching and coaching Real Estate Brokers, Managers, and Agents for nearly 34 years now, and there is not a single day that has gone by when I hadn't wished I had picked a different profession; but, for each of those thoughts I've had I've had a hundred thoughts of Brokers, Managers, and Agents that have battled and done what I've asked and succeeded at high levels. Expect the negativity of the economy and the market, the negativity of the media and the news, and the negativity of the competition, as well as your own Agents to be non-stop stumbling blocks that will keep you from trying something new and forcing you back into traditional Real Estate values. Remember, you have to sell yourself and them on the process every day. If it was easy everybody would be doing it and everybody would succeed. Every time you're discouraged with the process, the results, or the negativity, just walk outside your office, walk across the street, and look back at what you have and admit to yourself that it has a lot of room for improvement. Then walk back into your office, take control, and put the Recovery Plan into effect.

THE AGENT RECOVERY PLAN

In November of 2008, when the market was at almost the bottom of the cycle, and the Agents were fleeing the business by the hundreds of thousands, and it looked like we were finally going to get down to the core of what had to be done to thrive and survive as an industry, I wrote the "2009 Real Estate Agent Recovery Plan." From January 15th through March 1st, we distributed several thousands of these plans to Agents throughout North America. My goal is to get this plan to 100,000 Agents by the end of 2009, as I believe (non-egotistically) that this plan can save the financial lives of a lot of people in the Real Estate business today.

Depending on which report you're reading, or who you believe, it appeared that by mid-2006 we had nearly 2,000,000 licensed Agents in the United States and by January, 2009 that number had fallen below 1,000,000. These are almost catastrophic numbers when you realize how many of these Agents came into the business being sold and told that they could take what the Real Estate company had to offer and make a good living, if not a lot of money, doing what that company says. My goal in writing the Agent Recovery Plan is to get as many Agents as possible to understand what they have to do to keep listing and selling houses in this marketplace. With all the doom and gloom that is still being spread about our business today, there's still going to be over 4,000,000 sales made in the calendar year 2009 in the United States. The problem is that a small percentage of the Agents are going to make the majority of all those sales. My goal is to get every Agent, who wants to sell Real Estate, to a minimum of 12-15 transactions in the next 12 months and up to 15-20 transactions in the next two to three years. They can then decide how productive they want to be in this Industry. My goal, at the same time, is to assist Brokers and Managers like yourself in doing this in a productive and professional time frame, so you build your business and spread that wealth among a variety of Agents versus only having a handful that make all the money, which again reduces your chances of making a fair profit.

What I'm going to ask each of you to do is study the Agent Recovery Plan in-depth over the next week or so, take a yellow marker pen and mark the areas you don't understand or are concerned about, underline those that apply directly to you, and check those things you need to do immediately to help your Agents succeed. The first step in the Real Estate Management Recovery Plan is to read carefully the Agent Recovery Plan ... so let's begin looking at the plan we have for you. This plan has been outlined in the next couple of pages. We'll discuss parts of it in more depth; then continue with more thoughts that will assist your office in these times. So here's the plan step by step:

1. Personally read and study the Agent Recovery Report.
2. Personally read and study, and keep on your desk at all times, the Management Recovery Report.
3. Interview every Agent that you hold a license for, for 20-30 minutes to determine:
 - a. The Agent's motivation to list and sell Real Estate and earn money
 - b. The Agent's skill level, give them the skills test
 - c. Their present production year-to-date
 - d. The Agent's production and income goals for the balance of the year
 - e. Their attitude and enthusiasm
4. Now decide which Agents need to leave the company immediately, based on their lack of production and attitudes.
5. Divide the rest of the Agents into three categories:

Category A ... Those people that trust you completely and will do pretty much what you ask, despite their production.

Category B ... All new Agents, non-productive Agents you choose to keep, and those middle-of-the-road Agents who are not producing on a consistent level.

Category C ... Your Top Producers, or who you deem to be Top Producers.

Once you've identified who is in each of the three categories I want you to meet with each of the three groups, give each person a copy of the Real Estate Agent Recovery Report, ask them to read it and meet with you again at a specific time one week later.

6. Within each of these three groups you'll determine which people are most serious and willing to do what you say. I want you to schedule (6) one-hour meetings a week, of which you will have (3) one-hour meetings with Categories A, B and C of the people willing to support you for the next six months. Also schedule meetings for the next four weeks for those people in A, B and C who you feel will not support you. The reason I want you to divide up these people is you don't want to contaminate the good people with the negativity of those who won't do what you ask. (Don't even begin to say, "But Mike ...!") This is a plan designed to save your company and to save the Agents in your company ... just do it.

7. With those three categories of Agents who are willing to support you, I want you to have a once a week meeting for the next six months where you'll be doing a group training session based upon the Agent Recovery Plan, answer any questions they may have, collect their numbers from the previous week based on their activities, and review their schedules to make sure their schedules are in-line with their goals.

8. In addition to the once a week one-hour meetings ... with the group that is supporting you, I want you to have an individual one-on-one 15-minute coaching session with each Agent from the support groups. (Yes, you're going to be working at a higher level of intensity than you've ever worked before, and yes you'll be involved in activities and training that you've never been involved in before, so prepare yourself physically and emotionally for hard work.) These individual coaching sessions are critical for your Recovery Plan and the Agent's Recovery Plan. These coaching sessions cannot be taken lightly because it's what's going to make

the whole plan work. Over the course of your first few individual sessions you'll want to do the following:

a. Determine a realistic production goal for each person

b. Create a simple daily schedule for them to follow and get a copy of it for your file

c. Identify the number of people they have in their Past Client and Centers of Influence files

d. Download all of the MFO scripts and have them start a weekly early morning role play session as a group

9. At least five mornings a week, in the early a.m., lead the entire three groups in a 30-minute role-play session ... knowing that the Top Producers will not want to participate; and expecting that they won't want to participate; you may have to have a separate role play session for them by themselves.

10. Have them start calling their Past Clients and Centers of Influence immediately using the MFO scripts and asking for referrals and business.

11. Have each individual in the groups take the Real Estate Test and start working in your individual coaching sessions on their various weaknesses. It's absolutely critical that you keep your individual coaching sessions going, keep your weekly group meetings going, and keep your role-play sessions going. You're going to be working almost 100% of your time building their confidence in themselves, and at the same time, building their confidence in you and your company.

12. At the end of each week take a minimum of one hour and review your responses to the previous week's sessions, determine who is missing sessions, and call and email them to get them involved for the next week ... prepare your next week's sessions.

13. Re-read the Management Report every Sunday evening or Monday early morning, review the company goals you set on Sunday evening or Monday early morning, and re-read the Agent Recovery Report before the week begins.

14. Just when you thought I was going to let up on you ... you have to set aside one hour three times a week to do phone prospecting and recruiting calls to Agents you would like to have joined your firm. You have to sell the world on why your office is the best place to work ... and you have to believe this. We've already agreed that you were, at one time, a great salesperson. You have to demonstrate that again on these calls. You cannot miss your three hours a week of intense prospecting to build your company.

15. You must do three solid recruiting presentations a week ...and nothing less. Do not allow yourself to fall short on your recruiting presentations. You now have an exciting, dynamic plan to sell Agents. You have a story to tell and a story to sell. You can be the cause of an Agent succeeding at a high level, and you have to be selling it all the time to everybody.

16. I want you to find five to seven other Brokers or Managers who would be willing to meet with you and work with you for 30-45 minutes a week in a Master Mind Group via the phone. The five to seven of you have to share everything you're doing, in detail and honesty, and keep pushing and selling each other on why you have to keep this plan in effect.

17. You have to take and study, in depth, a book I've written called "Straight to the Point." It's a step-by-step outline for the long-term growth of your company and will get you through the next six months and keep your business on track. You can order this book by going to www.MikeFerry.com ... do it today.

18. Each day you have to be prepared to be strong and effective when the day begins. Most importantly, you have to be prepared to accept the rejection that these Agents will give you and to deal with the frustration that these Agents are experiencing daily. Be prepared to keep pushing and motivating each person to do

their job beyond what they thought was ever possible. By accepting what this report has to say, you've put yourself in a position to do this and do it well.

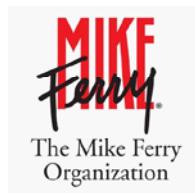
THERE IS NO TURNING BACK!

Obviously this report is not the magic answer, nor is it a magic formula, but what it is, is very hard work that each of us has to commit to doing so we can succeed at a higher level with our office(s) and, more importantly, survive the market we're involved in and build in the market we're involved in.

I know that a majority of our industry has been beaten down to a point where a lot of people have lost hope in regaining their prior status and productivity within their community, and this is understandable. We have to remember; however, that in spite of the economy there are going to be homes sold every day, so the only question each of us has to address is how much are we planning to participate in the market that exists in our community? This Management Recovery Report and the Agent Recovery Report are both designed to assist you in building, and re-building, starting today. Don't let these ideas go to waste.

There is no Real Estate training or coaching company in North America that is more committed to do what it takes to assist you in putting these ideas to work inside your company, or more willing to work with you both individually and with your group, so you can implement these reports. If we can be of service, we're here to help.

-Mike



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