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Coaching and Training Company™

Building Your Business in a Changing or Declining Market

By Mike Ferry

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If you were a student of the real estate business over the past 40 to 50 years, you would understand that one of the most interesting parts of this industry is the market fluctuations that take place on a regular basis. Like any other business, real estate is very cyclical, and in most cases the peaks and valleys occur every 4 to 6 years in different markets at different times. It is not uncommon to have one real estate market thriving and in another state the market being totally depressed. In either case, these markets change, move up and in some cases move down depending on a number of factors.

At the Mike Ferry Organization I have been preaching for over 30 years that the best market for our customers to thrive in is a “changing or declining market”. The reason for this is that the real estate business is a non-skill oriented business and the Mike Ferry trained agents are high skilled salespeople who can capitalize in a market that is changing quickly. Most agents either panic or become negative in a changing market with the result being low productivity and an early exit from the business. MFO agents like yourself are in a position to capitalize on this market because their sales skills bring higher value to buyers and sellers which puts them in higher demand in the market place.

This is your time to shine ... this is the time when the competition moves away from aggressive sales and marketing which allows you to build your business.

The following are very important steps that each of us must take to build our business during 2006 and 2007 as the market changes throughout North America and in some cases starts to decline.

As we move further from the abnormal market that we have experienced during the last 6 to 8 years and into a more “normal” market we have to adjust our work habitsour skillsand our mindset. It is very important that each of us start working on this process now.

By a “normal” market I meanwe no longer can list a home on Monday and expect to have three offers by Thursday. We no longer will list a property and have the price bid up instantly through multiple offers ...we will see a much higher number of expired listings than we have seen in the past....who will have a greater need for our services than they have had for the past 6 to 8 years. For Sale By Owners will no longer be selling before they get their ads in the paper and the number of For Sale By Owners available to each of you will increase.

In a “normal” market as we shift from a strong sellers market to a buyers market we will see the number of homes for sale increasing while at the same time the number of sales remaining flat or decreasing.

We will also see not only a decrease in the agent population but a probable decrease in the number of agents applying for licenses.... which is to your advantage. At the same time it is not uncommon to see widespread negativity among the agents in your marketplace as they are not able to adjust to the changes taking place and therefore their attitudes become negative, their work habits become less effective and their production decreases.

In a “normal” market there is a slow down in the rapid appreciation that we have seen and the need for stronger pricing becomes critical. It is not uncommon to see the prices of properties overall sliding and two things that happen in a “normal” that we don’t see in an “abnormal” market are A) there will be less of the get rich quick attitudes that investors and buyers and agents feel in an abnormal market and B) there will be a slow down in people flipping properties to make quick profits.

The sooner each of us accepts the above as the reality of the marketplace, the faster we can increase the amount of business we are doing and solidify our income.

If you started in real estate between 1998 and the present day you need to take a very careful look at what I just said and what I am about to say if you want your business to keep growing. The reason being is that from 1998 to the present (in most markets in the country), the real estate market was booming at a pace that was unfamiliar to most veterans. It was virtually a “no-brainer market” ...if you showed up for work on a regular basis dressed reasonably nice and didn’t say anything real stupid to the buyers or seller

you could make money in real estate. In most parts of the country, that has stopped. So ...

Do the following today ... talk to your coach about these ... put them into action ... and don't allow yourself to buy into the negative attitudes and behaviors of the other agents nor can you allow yourself to not adapt quickly.

1. Don't use your 2005 ratios for listing and selling property ... in the years 2006 and 2007. Redefine your contacts to a listing presentation, your contacts to a listing taken and your contacts to a listing sold immediately.
2. You must expand your market territory by at least 50% immediately. By expand I mean not only the physical market place that you work but the types of prospecting methods that you use and the amount of energy you put into lead generation.
3. You have to double the number of listings you take monthly and expect them to be on the market longer ... which will generate more sign and ad calls to you.
4. Eliminate poor quality prospects, leads and listings immediately. By poor quality I mean a lack of strong motivation to do something now or a poor attitude towards you and the work that you are trying to do.
5. You must determine at what point you become overwhelmed by the number of prospects you have, leads you have generated, listings you have in inventory or pendings you have in process. By overwhelmed I mean (you can't handle any more mentally) which means for your business to grow you have to be prepared to expand everything you by 25 to 50%.
6. You have to be prepared to go back for a listing a second time ... 50% of the time. Sellers will make slower decisions and they will comparison shop more because they also have the fear of making the wrong decision. So going back a second time to get the contract signed becomes important.

7. You must become an expert at market statistics which you can use both on your listing presentation as well as use when you are going back for price reductions. The statistics that you must be aware of are:
 - a. Average days on market
 - b. The new listings for week or month
 - c. The total active properties for sale
 - d. The total properties going under contract
 - e. The total closed
 - f. The total expireds... and if you want to be real strong ... compare these to the previous year.
8. Dramatically increase your communication with the sellers including updating them as to any activities in the marketplace and if necessary provide them twice a month with a CMA ... to help them see the prices.
9. Being stronger in your pre-qualifying process is important because you only want to spend your time in front of highly motivated, qualified sellers.
10. Put a 21 day price reduction form into your pre-listing package and make it part of your presentation.
11. Ask for 5 or 10% price reductions as minimums versus continuous small ones which aggravate the sellers.
12. Since pricing becomes a critical factor work on practicing the CMA portion of your presentation, being strong in that portion of your presentation and being totally honest in your presentation regarding the marketplace.
13. Start immediately using 100% of the listing presentation scripts ... it will allow the clients to understand the process.
14. Redefine your listing Plan of Action ... include it in every pre-listing package and use it in every listing presentation.

15. Strongly consider raising your commissions to 7% ... and consider paying 4% to the selling agent and keeping 3% for yourself. This creates an incentive for agents to show your listings.
16. Spend a minimum of one hour per day working on your sales skills ... as you have to become extremely effective in the basic sales process if you want to move your business forward. This would include more time in intense role-play, finding three or four strong accountability partners and attending both the Action Workshop and Productivity School as soon as possible.
17. Intensify your lead generation and make sure your schedule is adjusted to allow for it. By intensifying your lead generation, I want you to use the scripts and call every Expired and By Owner in your marketplace. Become an expert at them. Start using the mapping process which not only brings you the By Owners and Expireds but also has you knocking on doors and making phone calls around properties that you are previewing and prospecting to. You must identify and call the top 20% of your Centers of Influence and call them monthly to generate leads. Be more intense in contacting the balance of your Centers of Influence and Past Clients, making sure you are bringing them something of value and asking for referrals.
18. Take advantage of Arch Communications lead generation systems.
19. Spend one night a week and one weekend a month doing intense prospecting.
20. Adopt clients on the other side of the transaction, as well as adopting the clients of agents who have left the business and the dead files in your office.
21. Don't settle for anything less than a 6 month listing, knowing that even longer listings are important.
22. Become more fanatical in your lead follow-up and don't quit calling them until you either get an appointment or feel good about throwing them away.

23. We have to define for ourselves the meaning of the words “Hard Work”. Then we have to increase both the amount and intensity of the work that we do based on our definition.
24. Preview more property ... at least 5 properties per day.
25. If you are going to work with buyers, don't be afraid to hold an effective open house once a week, create minimum standards for the buyers and pre-qualify them intensely.
26. Get a thorough understanding immediately of the cost of securing, servicing and selling a listing.
27. Consider taking my 90 Day Work Plan and using it immediately.
28. Several times a day check to make sure your ego is not running your business instead of good common sense.
29. When working with a lead, a prospect, a buyer or a seller, close a minimum of 5 times for the signature, or at least one more time than you are comfortable with.
30. Create a sale-ability checklist for your inventory. This would include the days of market, the motivation of your seller on a scale from 1-10, rating the condition of the property, the percentage of the list price that is too high ... etc.

To make all of these thoughts work for you, you need to work on being as coachable as possible ... which means you can't miss a coaching call under any circumstance and you have to eliminate the thought that, “I am an independent contractor ... you can't tell me what to do”. The faster you eliminate this kind of thinking and the sooner you accept outside advice, the easier it is to do the 30 points from above.

The next portion is on mindset. Use any or all of the following to keep your head in the game daily and your mind strong and positive as you deal with this market.

1. Eliminate as many negative factors as possible from your life.
2. Make your environment distraction free.
3. Watch the MDFSS Weekly Web Seminars.
4. If you are involved in our coaching, listen to Mike's Daily Messages, read Mike's Daily Emails and read Mike's book selections.
5. Eliminate emotion and drama and replace it with reality of hard work.
6. Consider using 2 or 3 strong affirmations 2 or 3 times a day and consider using some form of meditation to relax yourself and get re-focused.
7. Read powerful, positive books ... a few pages at a time and listen to motivational tapes and messages in your car as you work throughout the day.
8. Review your goals and plans daily.
9. Change your daily routine ... start exercising, eating better, and getting up earlier.
10. Talk to positive, inspiring people everyday.
11. Work on your energy and enthusiasm everyday.
12. Upgrade your dress, your appearance and your attitude.
13. Work on developing more versatility.
14. Remember the importance of the accumulation effect.

As you can see, each of us has a lot of work to do and we need to start on it immediately. Talk to your coach, send me an email, but don't let these ideas remain unclear so they cannot be used today.

Together we can make 2006 and 2007 the most productive and profitable years of your career. Let's start today.

Mike