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North America's Leading Real Estate
Coaching and Training Company™

***“The
Money
Report!”***

By Mike Ferry

THE MONEY REPORT

We've published about a dozen different reports that relate to the real estate business, sales, agent production, and the "how to's" of making all this happen in a timely manner. As our customers read these reports, I keep hearing the same request ... "Mike, do a report on the issue of money because it's something a lot of us struggle with daily and in some cases we have struggled with it our entire lives." So, here it is ... "The Money Report!"

"Money," to say the least, is a very complicated issue and I'll do my best to keep these thoughts simple and understandable. This is a topic people run and hide from and many times talk in very hushed tones about. I'm going to try to remove some of the mystery, fears, misjudgments, concerns or worries people have regarding money. Remember now, I don't know what is going on inside your head regarding money. I don't know anything about the environment you live in nor who is influencing you or your background in relationship to money. We're going to work under the assumption that everyone reading this report would like to earn and keep more money ... knowing that in most cases additional income and a better understanding of money could lead to an improvement in your quality of life.

Where Do The Crazy Thoughts About Money Come From?

Most of our thoughts regarding money come from a variety of places and if our thoughts regarding money are not positive, stimulating, adventuresome and productive, we have some work to do. The good news is we are 100% in charge of our thoughts, therefore we can change them and the results that we get!

Without a question, the biggest positive/negative influence we have comes from how we were raised as children. This means it is not uncommon to take on the attitudes of our family and carry them forward into our present-day lives. How did your parents/family deal with money issues? The answer in many cases tells us how you are going to deal with the same money issues. Did they discuss them in positive or negative terms? How strong is the influence from your past on your behavior today?

Now let's look at your education. Too often there are no "money conversations" in the school system. It is terribly unfortunate that the very people who have such an enormous influence on us are often paid so little for what they do. Yet, our teachers have a tremendous influence on our entire lives. Question: Was your belief system regarding money influenced by your education? Or in some cases, did you miss getting the education you wanted or deserved because of money? We know that our education regarding life/money has a big influence on how we think today. It is not too late to get an education on money!

Our religious training can have a tremendous influence on our lives and how we live each day. Like many of you I

was raised in the Catholic Church, and the most common theme was give your money to the church or give your money to the poor; mine is ... “the best way to help the poor is ... don’t join them!” Look at your religious upbringing as a major influence on how you feel about money.

Next ... your peers, your friends and your environment are major influences on your thinking about money. Are your friends and peers successful in relationship to money? Do they challenge you to think bigger ... are they another reason why you keep raising your standards, or keep setting higher goals? Or is it just the opposite of this? Remember, these people are either influencing you or you are influencing them!

And ... a lot of times our own adult adventures cause havoc in our thinking regarding money. By “adult adventures” I mean ... an investment we made that may not have worked out the way we wanted ... a loan to a personal friend where we got “burned” ... maybe it was extravagant spending at some point in our own life that caused us a hardship later. Look at your money adventures carefully and remember that a positive or negative experience can dramatically change how you think about money. We so often act today because of yesterday!

We may only be seeing the tip of the iceberg as to what causes us to have the feelings that we have about money ... but since we are all having various feelings, let’s take a close look at those feelings and – if they are not positive and productive – take some positive steps.

Money, Money, Money!

For the past thirty years I've started every seminar by saying we have three objectives in today's program. They are: To teach the skills that other top producers use so you can use the same. Second, to have some fun, because we all need more fun in our lives; and third, to assist you in making more money by learning how to sell real estate at a higher volume. As I would finish these points, someone would always raise their hand and make a caustic remark like ... "Are you going to spend a lot of time talking about money in this seminar?" (I'd always nod my head "yes") or they'd say ... "I didn't come here to get a lecture about money, so please get on with the seminar!" Most of the time, the comments and/or questions weren't in a positive tone and showed me how little people really understood about this interesting commodity called "money".

"Don't you know that money is the root of all evil?" or "I didn't get into real estate to make a lot of money!" or "I do this because I love the people I work with or the homes I sell!" or the worst one of all ... "money is way down on my priority list!"

Interesting remarks, aren't they? By the way, these remarks came from all types of people, in all shapes, sizes, ages, backgrounds and experiences. What I noticed was the bitterness so many people had about the topic. The reason for their bitterness/anger was often so deep-seated that they didn't know why they felt the way they did, and there were

problems I was not qualified to handle or solve ... so my response was to listen, smile and move on with the seminar.

After 15 years of listening to these comments, I decided to address the “money” issues at a Superstar Retreat in the early 1990’s. I talked about how to earn it, how to take care of it, and most importantly, how to end up with more of it. My objective was to help my customers move through any old thoughts, negative attitudes or beliefs that were stopping them from accomplishing what they wanted financially. My customers wanted to discuss the thinking process required to build a more productive and profitable real estate career. So, here are my thoughts from that meeting in the early 1990’s. I wonder, of course, if 15 or 16 years later the thoughts still apply. Well, keep reading and find out!

What is Money?

It is the reward we receive for the services/products that we offer other people. In business we measure success by both the service we offer and the income we receive for offering those services. As the demand for what we do increases, and the demand by others for those services increases ... the amount of money we earn increases. Another way to look at the whole money issue ... is to say that money is the device we use to show the demand/need for what we do. The higher the level of demand ... the more people are willing to pay ... the more we will earn.

Here’s a simple way to look at it. In business, the higher the quality of the service extended ... the higher the

income. The reverse of that of course would be ... the lower the quality of the service, the lower the income.

Look at money from this perspective. If for some reason at this moment you do not have the financial resources you'd like, then one of two things is happening in your business or personal life:

- A) You are not offering enough high quality service, so the demand for what you do is low; or
- B) You are simply spending more money than you are earning, or at this moment you cannot control your spending.

The good news is ... both of these are very solvable problems ...through working together we can solve them ... keep reading!

Let's look at a few questions ...

- A) Is the service you are offering buyers/sellers well defined?
- B) If it is well defined, how good is that service?
- C) If it is good, are people constantly calling you or referring to you because of this service?
- D) Do the public and your clients readily recognize the quality of the service you offer?

E) Do you lose deals because people do not recognize the quality of your service?

As you can see, it all comes down to the service we offer and the public or customers recognizing and wanting that service!

Let's take a different approach. Who do you know in the real estate business that earns a lot of money? How much do they earn? What do they do that you do not do? Next ... who do you know outside of real estate that earns a lot of money? Same concept ... what do they do that others in their business do not do?

The answer to these questions about successful people is ... their contribution to other people is more significant/larger, in demand more than those that don't earn a lot of money. Increased service, increased value, increased contribution ... increased income!

Okay, Mike ... What Services Will People Pay A Lot For?

The public is 100% aware of the fact that real estate agents charge substantial amounts of money for the services they offer. They are also very aware that the services being offered are not that different. We also know that the amount of money being charged can vary dramatically for a variety of reasons (read "*The Commission Cutting Report*" ASAP) ... the views as to what real estate agents do is pretty much all the same. The public is skeptical of what we do and they

voice that concern continually and, in some cases, adamantly throughout the sales process. This is done either in the questions they ask, the objections they give or the fact that they will only list their home for “x” commission. So the question then becomes ... “What real estate services will people pay a fair amount of money for?” Here’s what I believe they will pay for:

- 1) ***Honesty and Integrity*** – People expect the truth ... and in most cases can handle the truth. Yes ... it is hard at times for each of us to look them in the eye and “tell them the truth.” More importantly, it is hard at times for them to accept the truth ... however, it is 100% necessary for us to tell the truth. When talking to a prospect or customer, tell the truth, give them a timeline for the activities and actions you are taking and then be responsible and follow up on what you say. This pays well.

- 2) ***Professionalism*** – This is an interesting topic because it includes everything from “how you look” ... to how you act ... what you say ... how you say it ... the smile on your face ... to how you carry yourself ... to how you sit and listen to what people say. Because professionalism is hard to define and covers such a wide variety of topics and issues, we have to look at our overall picture to improve professionalism. The key is to work on “upgrading” our levels of professionalism because it pays well.

- 3) **Reliability** – Can people count on you and the word you give? Be accessible to them ... this doesn't mean you can be reached 24/7 ... but it does mean that you respond quickly and with answers. Being reliable means keeping them informed ... updated ... and doing what you said you were going to do ... this pays well.
- 4) **Great Communication** – You'll notice I didn't say "good" ... I said "great!" Why do we teach you scripts to use? "Because they are a better form of communication than winging it!" Why do we tell you to ask questions ... same reason. With communication we want to keep it as simple as possible. Be as concise as possible ... and communicate more versus less ... this pays well.
- 5) **High-Level Efficiency** – "The customers are not only paying for you to get things done, they are paying for you to get things done 'right' ... the first time!" They want things done quickly, without a lot of hassle and with as few problems as possible. Efficiency ... it pays well.
- 6) **Great Follow-Up** – People will pay for this service because the most common complaint of the public toward the industry is ... "I listed my home for sale and didn't hear from the agent again until _____!" This one is easy: Keep them

updated, informed and they will be happy ... this pays well.

- 7) ***Great Skills*** – Again, you’ll notice I didn’t say “good skills,” ... I said “great.” As an MFO client we expect you to execute skills at the highest level possible at all times ... it’s the same thing your clients expect. They are paying 6% plus for your great skills and we have to deliver great skills plus ... this pays well.

- 8) ***Knowledge of the Market*** – How many homes are on the market? How many sell per month? How many new listings come on the market per month? How long does a house in this price range stay on the market? Remember, in addition to these questions, every seller wants to know ... a) How much will my home sell for? b) How long will it take to sell? c) What are you going to do to get it sold? The answers to these questions ... pays well.

- 9) ***Great Negotiating Skills*** – Negotiating is simply bringing two parties together and reaching an acceptable conclusion. The two critical aspects of negotiating are: a) asking a lot of questions and b) listening to the answers. I heard a friend say recently regarding becoming a great negotiator ... “There are two issues. First, will all parties win in this deal? Second, would you personally take the

deal that you are offering?” Great negotiating skills ... they pay well.

- 10) ***Great Customer Service and Continuous Customer Service*** – This goes back to reliability, professionalism, and great communication! This is what customer service is all about and this definitely ... pays well.
- 11) ***Getting the Home Sold or Finding Them a Home*** – This is our job. Do it quickly, efficiently and with the fewest amount of problems for the seller or the buyer and ... this pays well.

How Do I Make More Money?

There are only two types of activities in the real estate business ... income-providing activities and administrative duties and activities. The question of course is where are you going to spend most of your time? The agents who earn the largest amounts of money spend 75% of their time on income producing and 25% on the administrative side of the business. With this thought ... to create more income we must: a) spend time on developing a strong sales/money mindset; b) spend time on physical conditioning; c) become an efficient, consistent prospector; d) do great lead follow-up; e) pre-qualify 100% of your leads; f) learn to make energetic, enthusiastic, canned, professional presentations; and g) use great negotiation skills.

These are the direct activities that will earn you money now ... so let's make sure you are spending time on them.

Motion vs. Accomplishment

This concept is one of the easiest ways to stop any chances of an individual earning good money. By motion vs. accomplishment I mean the amount of time confusing motion ... a lot of movement, a lot of busy activity and wasted time ... with no accomplishment as a result. Once we make the decision to move away from motion to accomplishment, we put ourselves in a position to not only become more productive, but also to earn a lot of money. Let's look at some of the real life examples of motion vs. accomplishment ...

- A) Working on your files, doing administrative duties instead of building your lead sources
- B) Spending a lot of time working on your computer
- C) Calling the same unmotivated, unqualified leads a lot rather than throwing them away and finding new ones
- D) Writing ads ... preparing mailings
- E) Spending time talking to non-productive people in your office

- F) Previewing property under the pretense of selling a home
- G) Going on unqualified appointments
- H) Spending unnecessary time with your staff
- I) In some cases, weekly office meetings and company caravans
- J) Anything else you do that doesn't produce income for you, but keeps you feeling busy

If and when we move away from motion to accomplishment, the next thing we have to do is focus our energy, our enthusiasm and our time on producing revenue for ourselves.

To produce revenue we have to: a) increase the number of saleable listings we take; b) get them sold in a timely manner; and c) reduce our non-income producing time. Ideally, we'll do all three of these at the same time! When we discuss increasing revenue we would be remiss if we didn't talk about the importance of net income as part of the conversation.

As you may have heard me say time and time again ... "there is no point in earning a lot of money if you can't keep a major portion of it for yourself!" So let's look at how we can control expenses to improve our net income.

Unfortunately, a good portion of the training for people who want to become top producers revolves around spending anywhere from 40% to 70% of your gross revenues buying business or running your business ... which doesn't make any sense to me.

If you are working for a traditional real estate company, your expenses should run from 15% to 20% maximum ... assuming you are not spending a lot of money on marketing and personal promotion. If you are working in a high commission company or a rent desk operation, your expenses should run between 30% and 40% maximum ... again assuming you are not buying business.

First suggestion is to hire a good bookkeeper, or if you feel comfortable a good CPA and a good financial planner. Second is to track your expenses for the next three to six months so you can know exactly what you are really spending on your business. Third, create a budget once you know your expenses and stay with it. It is tough to do, but important. Fourth, consider operating from various checking accounts. For example, a personal account, a tax account, a business account ... and be sure to divide every check you receive accordingly. With dedication and discipline, plus some good financial advice you should be able to make some substantial progress within 12 to 18 months. Start on these four thoughts immediately.

Now let's look at some of the common expenses that you face daily in your business. These certainly are not your only expenses, but according to our top-producing One-on-

One Coaching clients they are the most common “big” expenses we deal with. Read through this list carefully ... time and time again. Then determine the amount of money being spent or lost in these areas.

First – Our largest expense is our uncontrolled ego.
Why would I say this? Too often agents are in the “buying business mode” or the “working to become a celebrity in the community mode.” Both of these are very expensive. When we look beyond the ad, the marketing price, so often what you see is a person who is spending a lot of money drawing attention to themselves versus the client or the property.

Here’s some thoughts regarding the ego:

- A) The ego takes you away from good business practices and draws you into emotion and drama
- B) Promoting yourself takes you away from what you should be doing because you are spending too much time promoting yourself
- C) The ego stops us from learning, therefore from growing
- D) The ego often makes a person unapproachable

So, control the ego and you control a big expense and add to profitability.

Second – The money we lose on continuous lead follow-up to unqualified prospects. Since our most valuable asset is our time, if we spend our time trying to find a way to get a person qualified who is not, we waste our time and therefore our money, and profits shrink. On this same thought, if we are trying to “motivate” a person who is not going to buy/sell, we’re going to waste a lot of time ... therefore money.

Third – The money lost on leads generated but not followed up on. Prospecting always takes time ... time is money ... and money lost is an expense. We work hard to generate leads. We track our numbers so we know what it really takes to make our prospecting pay off. Then we generate a few good leads and – bang! – we don’t follow up and the prospects are listed or sold by someone else. This is a big and unnecessary expense.

Fourth – Going on presentations to unqualified prospects. Too many agents, for a variety of reasons, fail to pre-qualify 100% of their prospects and appointments. Now you find yourself on a listing presentation and you soon discover they can’t or won’t sell their home, and you wonder why you are there. Again, time equals money. If they are not pre-qualified, and don’t have the desire/motivation to sell or buy, don’t spend time with them ... it’s too expensive.

Fifth – Listings taken that don't sell or won't sell. This is a huge expense because of the amount of time it takes to service a seller properly and, in most cases, we're servicing an overpriced listing. Let's say your time is worth \$100 per hour and you spend ten hours on the listing from the time you take it to the time you recognize it is not going to sell. Multiply the two numbers and you have \$1,000 invested, with many times no return. Overpriced, non-saleable listings are a big expense.

Sixth – Unnecessary and continued personal promotion. If you've been promoting yourself for a long time ... STOP! The people that know who you are ... know who you are! More promotion is not going to change that. Cut it by 75% immediately and save the money. Question: How many transactions are you really generating from the personal promotion you have versus the expense involved? Some promotion is fine for some agents, but most promotion is simply ego-based, and as we've stated before is very expensive.

Seventh – Classified advertising. Are your ads designed to market homes or market you? Once you answer this question, re-read the last few points a few times.

Eighth – Continued mass mailings. "Junk mail" is something people simply don't read. We don't read it, the prospects/public don't read it ... I certainly don't. So why do we keep mailing it? We get into a habit of

mailing, we took a few listings because of it, and we can't break the habit. It is generally not as expensive as personal promotion and advertising, yet it is still a big cost for the return we get.

Ninth – Going off your schedule and not prospecting. This is expensive! Your schedule is the glue that keeps your business together. Letting people or things consistently take you off your schedule keeps you from doing the various activities that puts money in your pocket. Not prospecting when you are supposed to be costs you leads, appointments and contracts signed. Don't stray off your schedule and don't miss a prospecting appointment ... it's too expensive.

Tenth – Spending time trying to save transactions you know are going to fall apart. We always know when a deal is going to fall apart ... let it go ASAP ... it saves you time and money! Trying to save a deal is a noble endeavor, but one that rarely pays off. A friend once said ... "When the horse is dead ... get off!"

Eleventh – Letting your ego make decisions for you. Common sense, good business decisions, etc. are the backbone of a profitable, growing business. When the ego starts taking over the decision-making process, our decisions start being made for the wrong reasons.

Last – Not having great sales skills. This is a huge expense because of the transactions we lose or never get completed. It is sometimes hard to determine the

amount of loss here, because too often we don't know which transactions are lost because of a lack of skills. If you are closing less than 70% of your listing presentations to contracts ... if less than 90% of your listings are selling ... your skills are poor, and therefore poor skills become a major expense.

Obviously these are just some of the many expenses we face in building and maintaining a business ... but they are ones we can control or do something about immediately. By taking charge of these expenses we start to work on profitability, which is the name of the game.

Okay, Mike ... What Else?

Now let's look at what I call "money issues" that agents/people have to deal with daily. Money issues or hang-ups keep us from learning/earning and keeping the money we deserve. Look at each one of these carefully. They may make a big difference.

- 1) "If you are in denial about the topic of money ... then it is hard to earn a lot of it." A lot of people simply won't discuss it, think about it, and therefore can't take action on it. Do whatever you have to do to get help if you are in denial.
- 2) "Desperation is the downfall of any and all chances of making a lot of money!" Too many agents are working from a point of desperation

and it is the beginning of the end of success. At times everyone is a bit desperate. If you let it take control of you, you won't make it to the next financial level you deserve.

- 3) “Most people don't do well with money ... yet they do worse without it!” Earl Nightingale said ... “If you are going to be miserable all of your life, you might as well be rich and miserable, instead of poor and miserable. At least you can have some of the things you want.” As you can see, dealing with money takes time, energy, study, thinking and planning. Start on this process today.
- 4) “Our past issues regarding money do not have to determine our future!” Too often we let our past determine our present and our future. Yes ... you may have some negative thoughts regarding money and yes ... they may be strong ... but they don't have to rule your life today.
- 5) “Earning a lot of money is 90% mental and 10% physical.” It generally is not big muscles that are going to earn you your fortune ... it's the small super muscle called the brain that will earn you a lot of money.
- 6) “The best track record is one you earn, not one you buy!” Agents want to spend money to create an image in the community ... when the best

image is a job well done. The best money spent is on the small “sold” signs you’ll put on your signs as your listings sell. “A job well done is the name of the game” ... not a bigger picture of yourself.

- 7) “We have to take some calculated risks if we are going to earn a lot of money.” If we are not willing to talk to people we don’t know, or if we’re not willing to practice and learn a canned presentation, it is going to be hard to earn the money you want. Don’t risk not earning what you deserve because you won’t do some of the things you are uncomfortable with.
- 8) “We have to commit to our financial goals, just like we commit to our production goals!” How much do you want? What are you going to do with it? How soon do you want to start earning it? Write out your financial goals ASAP and commit to them now.
- 9) “Don’t forget, our environment has a huge influence on us.” Talk to them, share with them. Show them the benefits of the plans you’ve set. Get them involved ASAP. Your environment makes a big difference, both positive and negative.
- 10) “To earn a lot we have to spend time with people who earn a lot!” You know who they are ... either in your business community or the people

you've met through MFO and the events you have attended. Don't be shy, introduce yourself, say hello, ask questions and listen.

Well ... I hope some of these thoughts have helped. Everybody has different views about this topic and no one is 100% right nor are they 100% wrong ... they're just viewpoints that can help, if you are ready.

To learn more about MFO, our products and seminars, go on-line to www.mikeferry.com or call our office at 1-800-448-8423 and ask for one of our sales people. Get involved.

Here's to your future,
Mike