



SURVIVE & THRIVE IN ANY REAL ESTATE

# HOW TO RECESSION PROOF YOUR BUSINESS

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## **How To Recession Proof Your Business**

By Tim & Julie Harris

Congratulations!!! You are among the brave real estate agents who have and are coming to grips with the facts that the housing market is changing. Even more importantly, you are among the brave individuals who are preparing and protecting yourself and your business in this changing housing market.

Congratulations for being brave and courageous for coming to grips with the fact that NO ONE BUT YOU can and will prepare and protect you and your business from change.

Now, we want to help you become as disciplined and focused about preparing and protecting yourself and your business in this resetting market as we know you are brave and courageous.

Here are our best thoughts and experience to help you recession proof your business not just in this currently resetting market but in ALL real estate markets.

1. **Be introspective.** We know you already have taken an honest look in the mirror at your thoughts, feelings and abilities to function at your highest level during a recessionary market otherwise, you wouldn't be reading this book. We encourage you to keep looking honestly in that mirror. Continue being introspective. Continue developing and mastering your skills. Continue doing what is frightening and difficult and what you don't want to do when you don't want to do it because...you will

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continue developing and mastering your skills at levels higher than you've imagined.

2. **Embrace the fact that your Magic Number in a resetting, recessionary market will be higher than what your Magic Number has been in a market where houses seemingly sold themselves.** Think about it. The market is resetting from a market in which houses have been selling in days or weeks to a market in which houses may take anywhere from four - six weeks to two - six months or even a year or more to be sold. You need to have more houses to sell to compensate for that slower sales pace so you can hit your financial goal. Again, think about it. A "faster, easier" housing market translates into faster, easier sales and lower Magic Numbers. A "slower, harder" market translates in slower, more difficult sales and higher Magic Numbers. Right?
3. **Focus on being THE dominant listing agent in your market area.** Becoming the dominant listing agent in your market requires ALL of your energy, ALL of your focus, ALL of your mental acuity. By being PROACTIVE and GENERATING YOUR OWN LEADS, you are making your business and your bottom-line PREDICTABLE.
4. **Embrace the tough conversations about pricing and market conditions.** Your clients are essentially "hiring" you because they believe you will be truthful with them. They expect you to tell them the truth about the pricing of their home. (Is it too high; does the price need to be adjusted after a period time; is the pricing competitive with a comparable listing?) Your clients expect you to tell them the truth about market conditions. They may not like what you tell them but they rely on you for the truth. Master your scripts to help you tell them the truth. If you

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don't speak the truth to your clients, you are not doing your job. If you don't speak the truth to your clients, no one else will.

5. **You must speak with your sellers on a weekly basis even if/when you don't want to.** Your sellers "hired" you to represent their home. They expect you to communicate with them regularly about what you are doing to sell their home *on a weekly basis*; what feedback about the house you have been getting; what, if any, issues may be/become problematic in negotiations. Again, they may not like what you tell them, but they rely and expect you to tell them. Because you now have a larger **Magic Number**, you now have more sellers with whom to communicate on a weekly basis. (We recommend that you have a "standing date and time" to speak with your clients every week. That way, everyone can calendar and anticipate this communication.) More sellers mean more time required for communications. This is a better problem for you to have than having fewer sellers/clients and therefore fewer closings.
6. **Stop buying leads.** Dominant listing agents have no need to buy leads. They generate their leads themselves.
7. **Dial into your "inner prospector."** The gold nuggets you are mining are Expired Listings and Unrepresented Owners. Resetting markets generate more Expireds and more Unrepresented.
8. **Keep your "powder dry" so you yourself can invest when you see investment opportunities.** Be diligent and disciplined about socking away at least 10% of your transactional earnings every month so you'll have enough money on hand to be able to invest in what you think is a worthwhile investment opportunity.

9. **If you have a team, make sure that every team member is a profit center.** There are many ways to contribute to a team's bottom-line in real estate. Make your team a team of contributors and participants, not a team of spectators and well-wishers.
10. **Brush up on your Short Sale and REO (Real Estate Owned) knowledge and skills.** There are agents who solely specialize in short sales and REOs in every type of real estate market. Create and cultivate a short sale and REO spoke of your business wheel. The bankers and lenders with whom you work will appreciate and come to trust your expertise and work ethic. Their appreciation and trust may turn into their loyalty. What agent wouldn't want more loyalty from a solid self generated lead source such as a banker/lender?
11. **Keep your own body and mind in good health and condition.** You need to be in your best mental and physical shape so you're able to do what you do at your highest level in any market, right? Being on top of your mental and physical game is even more important in a challenging, recessionary market. Why? Because everyone's more on edge, more anxious, more nervous in a more challenging market, even you. Since it's your job to help calm your sellers and buyers, your job to help keep your clients on point, your job to help close that transaction, it's also your job to make sure that your own mind and body are functioning at the highest level possible. You need your stamina, endurance, agility and quickness.
12. **Create a Broker Price Opinion (BPO) cash flow machine.** When a bank or asset manager obtains a new foreclosed listing to sell, the bank/asset manager needs

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to know the home's value. A BPO from an agent gives that bank the information pertinent to an estimated selling price by gathering 3 comparable sold listings, 3 comparable active listings and an estimate of what the agent thinks the home will sell for. Rather than a formal appraisal that covers everything about the house, is usually 15-20 pages, is usually time consuming and usually cost \$300, a BPO is only about an estimated selling price, is usually 1-2 page(s) long, is relatively time expedient and usually costs \$50 - \$100. Doing 10 BPOs per month at \$50/BPO = \$5,000/month. \$5,000/month X 12 months = \$60,000/year. What could your business "buy" with that additional \$60,000/year?

13. **Create a Transaction Fee spoke as part of your business wheel.** This is basically a cost of doing business fee. Brokerages will charge a fee for document storage and management to each transaction regardless who pays that fee. It's up to the agent to then forward that charge on to their client in order to recoup those costs. There can be other transaction fees (escrow, title, home owner's association transfers, city and county tax transfers paid by buyers or sellers depending upon city/state) that have nothing to do with the money the broker takes home. Creating that Transfer Fee spoke can add up, just as does a BPO spoke.
14. **Embrace change.** The only constant in the world, in any industry, in any business is change. Assume any changing, resetting market anywhere affects your market because any change anywhere does and will affect your market, like it or not. Know what's happening in ALL price points, ALL segments, and ALL areas in which you

work. Embrace what's happening. Embrace what's changing and move towards that change.

You're already brave. You're already courageous. Now, be disciplined. Now, be focused. Now, be a leader.