SHIFT TACTIC 1: GAINING MIND OVER MARKET

BECOMING AN OPPORTUNITY WARRIOR



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Perspective

A shifted market is always challenging, but imagine a real estate market with an average sales price of \$56,000 and interest rates of 20 percent. Imagine sellers offering points to get their properties sold. This was the market Gary Keller entered into in 1979. Gary didn't know it was tough—it was just the market he was in—so he charged ahead with determined focus. He started his day before anyone else, lead generated by phone to build his database, joined the chamber of commerce, volunteered at church, and ended up as the runner-up Rookie of the Year for sales in his office. He developed his skills and habits in a tough market and was positioned to succeed in any kind of market. Gary learned and succeeded in a tough market, and you can too.

How's Your Market?

Buyers' market, sellers' market, or somewhere in between ... it doesn't matter, because it's the market you're in. The good news is that there is a market. People will always need to buy or sell due to certain life-changing events—new job, new baby, death in family, children moving out. Homes continue to be a solid investment and home ownership continues to be an important goal for families.

Market Shifts

The real estate market is always shifting. It's a cyclical business—what goes up must come down. The amount of adjustment is variable depending on the local market. In the shift that began in late 2006, a stable economy of low unemployment and low inflation, along with ample funding and low interest rates, led to a record number of new home buyers entering the market. In many parts of the nation, the inventories of homes on the market increased and homes remained on the market longer.

A shifted market may seem difficult, especially if you've never been through one before. But as Albert Einstein says, "In the middle of every difficulty lies opportunity." In this course you have the opportunity to find a silver lining to potentially dark clouds.

Let's hear how top agents survived the shift that began in late 2006 ...

How was the market in Ann Arbor, Michigan?

How was the market in Denver, Colorado? Martin Bouma is a top agent who thrives in tough markets. He operated in the challenging economy of Ann Arbor, Michigan, which was down 15–20 percent overall with certain areas at a 30 percent decrease in value compared to the previous year. Yet his earned commission income went up 15 percent. Martin admits after twenty-two years in the business, "Shifted markets are an amazing and exciting type of opportunity."

Tony Carnesi, from Denver, Colorado, had been in a market shift that began in 2001 and says his business was the best it had been in fifteen years. He says he just found ways to "get it done."

Why was a shifted market so great for those agents? It's no coincidence that the agents in these examples all had fifteen plus years in the business. They've seen other conditions and have learned how to respond intelligently and not panic. To them "everything old is new again." They've got a mindset of opportunity; they've returned to the basics of sales; they are masters at communicating. And guess what? They held their businesses together and even continued to grow!

The good news is you don't have to be a veteran to take advantage of a shift.

When the market has shifted, the market is tough. The opportunity is still awesome!"

— Gary Keller or Williams Roalty

Cofounder and chairman of the board, Keller Williams Realty

The Law of Supply and Demand

To understand the differences between a sellers' market, a buyers' market, and a transitional or neutral market is to understand the universally recognized Law of Supply and Demand. The Law of Supply and Demand determines market prices and the way in which these prices help shape economic decisions. This law cannot be broken!

Sellers' Market

A market which has more buyers than sellers.

High prices result from this excess of <u>demand</u> over <u>supply</u>.

Buyers' Market

A market which has more sellers than buyers.

High prices result from this excess of <u>supply</u> over <u>demand</u>.

Determining a Buyers vs. Sellers Market

There are factors that signal whether or not it is a seller's or buyers' market. For example, on a national level, the status of the market is based on the inventory of homes available.

Inventory as a Measure of the Market		
Sellers' market	Less than 5 months' inventory	
Neutral Market	6 months' inventory	
Buyers' market	More than 7 months' inventory	

While this is a good rule of thumb, local market variables may mean that a buyers' market begins before the seven-month mark. If your market has been very hot or very steady and you have experienced a sudden drop-off, your market reality may have you in a buyers' market much earlier than seven months.

What Causes a Shift?

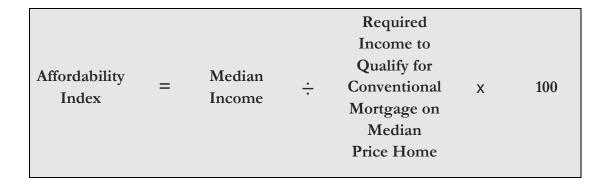
If we knew the answer to this question, we could take it to the bank! There are some indicators though, and it goes back to the Law of Supply and Demand. During the previous strong sellers' market, what happened was home prices were going up, and people's incomes didn't keep pace. When this happens, a shift emerges.

- People cannot afford to buy.
- As affordability drops, the number of qualified buyers declines.
- The decline in buyers means a reduction in demand.
- With the reduction in demand, the supply of homes for sale (inventory) will increase.
- As the inventory grows and prices drop, buyers become more reluctant to buy—the market can gain momentum in either direction—UP or DOWN!

Keep Your Eye on Affordability

Affordability is a measure of the financial ability of families to buy a home. An index of 100 means that families earning the median income have just the amount of money needed to qualify for a mortgage on a median-priced home. According to the National Association of Realtors, the *national* affordability index in August 2007 was 106.1. The Southern states were a little better at 117.1. The Midwest remained very affordable with an index of 138.6.

Affordability is a good economic indicator for your *local* market as well. You can find the index for your area from several sources. If you can obtain the median income and median home price for your area, you can calculate it yourself with the formula below. Additionally, the U.S. government office of Housing and Urban Development supplies median income values for metropolitan areas.



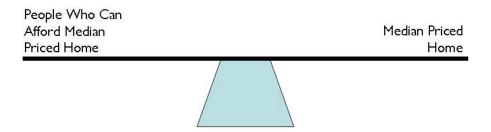
12 PERSPECTIVE

Here's a calculation of the affordability index for Sample City, USA.

Affordability Index for Sample City, USA			
Median	Income =		\$69,300
Median	Price Home =		\$182,500
Mortgag	ge Amount	(\$182,500 less 20% down payment) =	\$146,000
1.	Required Income	(25% of \$146,000) =	\$36,500
2.	Affordability Index	(\$69,300 ÷ \$36,500 x 100) =	190

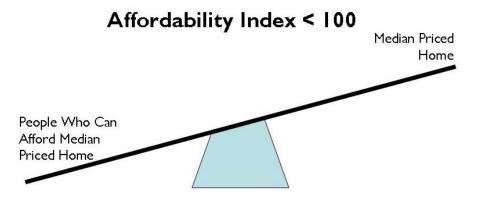
The ideal is that home prices are in line with affordability—an index of 100.

Affordability Index = 100



When homes prices exceed affordability—when the affordability index is less than 100—fewer people can purchase homes. Since the early 1970s, home prices have increased at a relatively steady rate of 6 percent annually. Around 2001, consumer confidence in the market, low interest rates, and more people qualifying to buy homes, caused home prices to go way up in many communities.

Unfortunately, household incomes did not keep pace. An imbalance, or gap, developed between home prices and affordability. In the Western United States for example, there was a gap, with an affordability index of 73.1. This means that a significant number of people with a median income could not afford a median priced home. The Northeast United States experienced an index of 94.2, which was closer to affordable, but still lagging.

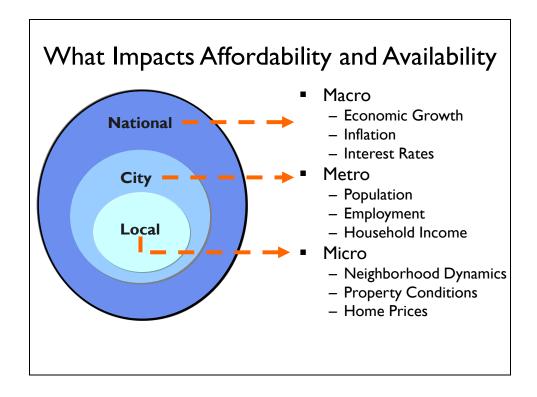


Three Ways the Gap Can Be Minimized

- 1. With lower home prices
- 2. With increased borrowing (more money, lower interest rates, more options)
- 3. With increased income

Which of these three can you control? None—economic factors are in control. The savvy agent will bridge the gap with knowledge, skill, and new tactics.

Remember that affordability varies by state, by cities, and even by neighborhoods. These are the factors that impact affordability and availability at the macro, metro, and micro levels.





What is the affordability index for your area?

Affordability Index— Your Area		
Median Income =		
Median Price Home		
Mortgage Amount	(Less 20% down payment) =	
Required Income	(25% of Mortgage Amount) =	
Affordability Index =	Median Income	

What are Buyers and Sellers Thinking?

"U.S. Home Prices Fall Again!"

"Home Sales Sink 8%"

"MORTGAGE MELTDOWN"

"Hard Times Costing Many People Their Homes"

The media works overtime to make certain you have an opinion on the state of the housing market. Just as you earn a living selling real estate, reporters make a living getting people to watch the news. Too often, valuable information is lost or overwhelmed by misinformation or misinterpretation.

Buyers and sellers see national headlines and often have a strong, personal reaction—when the reality of their local market or even neighborhood market may be a very different (better or worse) case. Some reports on the economy and housing market will motivate customers, others will create fear.

During periods of widespread media coverage, buyers and sellers are more informed (or they believe they are) and will question you more about the state of the market and the decisions they need to make. Just like in any market, it is important for you to understand what your customers are thinking about the market and address their concerns and limiting beliefs head-on.

Sellers may believe one or more of the following:

- 1. Their property is worth more than other comparables
- 2. They can't sell their home for what they need or want
- 3. Their home can be sold "as is" without bringing it up to acceptable standards
- 4. Lots of marketing and open houses will sell their home
- 5. If they can no longer afford the payment, they will lose the house to foreclosure

Buyers may believe one or more of the following:

- 1. Property values may continue to go down
- 2. They have plenty of time to look and buy
- 3. They can offer whatever they want and the seller will have to accept it
- 4. They can wait to buy when more houses will be on the market
- 5. They may not be able to get a loan
- 6. It's a great time to invest in real estate

Don't disregard the media, in fact, pay attention to what is being said, but listen cautiously and critically. Read and listen to a variety of expert opinions, collect motivational articles that validate your position, and you'll be better poised to counter any objections your buyers and sellers may have. In fact, you don't have to educate your customers as much about a shifted market because of the media—you just need to point out the opportunities.

Getting the Most Out of This Experience

You have begun an exciting journey toward ramping up your business. What kind of student will you be in this class?

The Prisoner	The Vacationer	The Explorer
Has to be there, doesn't want to be there, and doesn't know why they're there.	A day in training is better than a day on the job.	Excited and curious about the new knowledge, skills, and tools they will discover in class.
Doesn't engage	Spends as much time chatting as listening	Listens attentively, then participates fully in discussions and exercises
Spends class time catching up on their emails	There to have fun—distracts the class with irrelevant comments	Asks meaningful questions and contributes compelling aha's
Escapes by spending time in the hall on their phone	Returns late from break and lunch	Arrives to class on time and returns promptly from breaks
Holds on to limiting beliefs	Not purposeful in their learning goals	Adopts a posture of acceptance
Multi-tasks on their computer by working on side projects	OMG! Spends the day on their smartphone, texting and checking Facebook	Takes notes in their manual for future reference
Picks fights with trainer or other participants if they don't agree	Isn't paying attention	Respects the different learning styles and opinions of others

Hopefully you picked "The Explorer!"

The Opportunity Mindset

Revisiting the Six Truths

There was a temporary shift in the real estate market, as well as the entire economy, immediately following September 11, 2001. To help give agents perspective, Gary authored a paper titled "When Markets Shift—Six Truths to Consider." These six points deserve another look because they are still valid today.



- 1. Markets shift—this is a way of life.
- 2. When markets shift up, both reactive and proactive lead generation techniques work. When markets shift down, only proactive works.
- 3. Make no mistake, when the market shifts, new strategies are required.
- 4. You can put your faith in the Theory of Equilibrium.
- 5. The issue is not so much the shift, but how long the lag (the buyers' market) continues before equilibrium is hit.
- 6. In a downshift, it is "all hands on deck" time.

Let's take a closer look at each of these truths ...

1. Markets shift—this is a way of life

History teaches us that markets are always in transition—the cycle is upward or downward. Sometimes the cycles take a long time. Other times, markets can seem to shift overnight—especially local and micro markets.

"The condition of the market does not have to equal the condition of your business."

- Gary Keller

- It's a myth to believe that the market is the sole determinant of your success and profitability.
- The market is the market. Agents succeed in all markets—buyer, seller, or neutral markets.
- People will buy and sell homes in all markets. Only the number of units and sales volume change. But even with lower units and volume, there is plenty of business for every agent who wants to go after it.
- Every market has good deals; down markets just have fewer great deals. There are fewer homes in the market that are priced correctly—to sell, and are in great condition. These properties get sold quickest.

"Whatever the market, there's more than enough business for you."

Bruce HardieSpokane, Washington

2. When markets shift up, both reactive and proactive lead generation techniques work. When markets shift down, only proactive works

Being proactive puts you in control of your business. When you are proactive, you are planning and implementing your approach to the market rather than chasing the market. In a buyers' market you must take the initiative to find and convert buyers and sellers. This is best achieved by prospecting. Prospecting means going after leads instead of waiting for them to come to you. Being proactive also means watching your marketing budget carefully, so you're not wasting even one thin dollar on marketing that doesn't generate a return.

3. Make no mistake, when the market shifts, new strategies are required.

Market shifts require new strategies. For specific details on the following, pick up other guides in the series SHIFT TACTIC...

- Shift your mindset to one of opportunity
- Identify and go after the motivated buyers and sellers
- Price properties ahead of the market—do not chase the market
- Stand out from the competition by getting properties in great condition
- Motivate buyers with a sense of urgency!
- Qualify and convert leads quickly—get them to the table
- Catch leads in your Web—your Internet Web, that is
- Bulletproof your transactions all the way through closing
- Find out where the market is and get in it
- Do more with less—expenses, services, people
- Learn alternative financing options for your buyers

4. You can put your faith in the Theory of Equilibrium

What goes up must come down! In a sellers' market more agents join the industry for the easy pickings. In a buyers' market, there is more competition for fewer transactions, and agents who lack skills and stamina end up dropping out of the industry. Those who adapt their business and practices will be the big winners in the future.

5. The issue is not so much the shift, but how long the lag (the buyers' market) continues before equilibrium is hit



No one knows how long it will take for the market to shift. The market may not change for several years, and only those agents who approach the market with conviction, consistency, and commitment, while reducing expenses, will maintain and even gain market share. Agents who don't face this reality hurt their customers and their families. They may continue to lose money and lose business, and eventually they may not survive.

6. In a downshift, it is "all hands on deck" time

No matter what the role—solo or leader of a team—agents must get back to prospecting, treat every lead as precious, convert leads to appointments and contracts, negotiate, follow up, manage transactions all the way to close, and provide top-notch service. There's no time for non-dollar-productive activities, and no room for noncontributing staff or assistants. Gary tells of vacuuming the office himself when it was "all hands on deck" time.



What are your thoughts about the six truths? Recap some key messages that resonate with you.		
messages that resonate with you.		

Your Role as an Opportunity Warrior

It is time to recognize the opportunities that exist in a shifted market and seize them by becoming an Opportunity Warrior!



A shifting or shifted market affords you the opportunity to hone your skills, explore new sources and tactics, and gain market share. Identify and take advantage of the favorable conditions that exist in your market.

More than ever, a shifted market is the perfect time to be a warrior—fully and energetically engaged in every level of your business. Whether you are a solo agent or an agent with a team, your role will be to immerse yourself in the activities of lead generation, lead conversion, and transaction closings. Shift your mindset along with the market, and be the best at what you do—sell real estate.

To be an Opportunity Warrior you must be clear about your role, whether you are a solo agent, or the rainmaker for a team. When you are clear about your role, you will be calm and sure of what you need to do. You will ...

- Have a plan and know what you should be doing at all times.
- Know your strengths, leverage them, and take responsibility to execute.
- Delegate to others the tasks that you are not so good at or are not your most productive activities.

Opportunity Warrior Affirmation

I am a market maker and I will make my own market in whatever condition that exists.

I am an Opportunity Warrior who is able, ready, and willing.

I am a knowledgeable, research-based real estate consultant.

I understand the big picture.

I am a professional. I am committed to guiding buyers and sellers through the process.

More than ever, sellers need me to sell their home

More than ever, buyers need me to help them buy a home for the best price. .

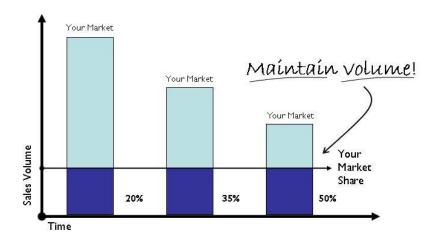
The Opportunity Warrior is a realist who is optimistic about the opportunity!

"Knowing what must be done does away with the fear."

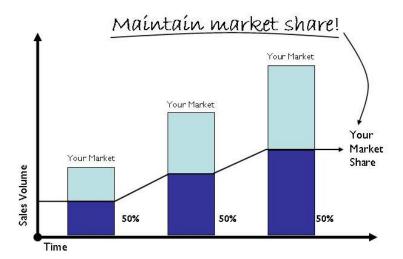
— Rosa Parks

Gain Market Share

Smart agents agree that the greatest opportunity of a shifted market is to gain market share. That is, if you seize the opportunity! A change in the market forces agents to get back to basics or get out of the business. Those agents who adjust their tactics to meet the demands of a shifted market and manage to hold their transaction volume steady, can gain market share even as the total market declines.



In this example, an agent had 20 percent market share in a busy market. When the total transaction count declined during a market shift, the agent maintained her/his existing volume and saw their market share grow to 50 percent.



The magic comes when the market shifts back up. This same agent maintained 50 percent market share by following the sound practices and systems employed during the down shift, and as the market shifted back up, saw their total transaction volume grow steadily and significantly!

Master Your Skills

"Market shifts expose all of us in the real estate industry. It exposes any lack of skills, any lack of consistent lead generation, any lack of a strong mindset, and any lack of basics of selling."

- Gary Keller

Shifted markets challenge you to reflect on past and current practices. It challenges you to return to the basics in eight ways:

- 1. Assess your skills and look for ways to improve.
- 2. Keep up with your education.
- 3. Be a student of the market.
- 4. Be a great communicator.
- 5. Lead generate three hours a day.
- 6. Talk competently with sellers about pricing.
- 7. Motivate buyers to buy.
- 8. Convert leads.

Assess Your Skills

Begin with the challenging task of looking critically at yourself, your habits, your tactics, your business plan, and your accomplishments. You may need to make some changes and it may be painful—old habits die hard. A shifted market may be the perfect time for you to enlist the talents of a successful and helpful colleague or coach to help you identify where improvements could be made.

Ask yourself the following questions, and if you answer "no" or "well sort of" to any of them, take a moment to devise an action plan to improve. Another way to get answers to these questions is to have a trusted colleague ask them of you, and answer them with strong justification backed up by past performance.

- Do I know my market numbers backward and forward?
- Could I be more diligent about prospecting?
- Have I tried other sources for leads?
- Can I recite my scripts for any objection buyers or sellers may throw at me?
- Does my direct response message make an intriguing *offer* to generate more immediate *responses*?
- Is my Unique Selling Proposition clear and concise, and does it reflect what my customers need and expect from me?



In what areas could you improve?

(Areas to consider: Lead Generation, Scripts, Market Statistics, Listing Presentation, Offer/Response, Financing Alternatives, Closings, Delegating, Training Others)

Area of Improvement	Action to Take

Keep Up with Your Education

Get serious about your education and become, if you're not already, a lifelong learner. The value of education is exposure to new ideas and gaining new perspectives. Plus, it's an environment to observe and practice skills. The best agents keep up with their education by attending training events, Masterminds, and Family Reunion. They also teach others, read, and hang around like-minded learners.

If you are a leader of other agents, mentor them and allow agents to shadow you. When you teach, coach, and mentor, you grow too.

"When you meet with people who achieve at a high level, you plug in and receive a certain amount of the electricity they give off."

- Gary Keller

Rebekah Rivers, top-selling agent and partner with the successful Rivers Team in Tallahassee, Florida, closed more than 250 transactions in 2007 despite being in an extremely tough market. During her first Power Session of *Lead Generation 36:12:3 Introduction: The Power of One*, she realized that she was the one who benefited the most from the class—she was reenergized and learned at least one new concept that she put into practice immediately!

When you look at cutting your expenses, do not consider cutting education! Without education and inspiration, you may become stagnant in your business. Instead, get plugged in and grow from all the educational opportunities that are available to you.



What educational events will you participate in (in the next six months?)

Event	Date

"Tough times bring a gift with them. They are when the greatest lessons are learned."

- Gary Kerller

Be a Student of the Market

"Most agents really have no idea what the market is doing, and that just blows me away. It's not hard to do and it's going to make you stick out."

> — Martin Bouma Spokane, Washington

An important part of your ongoing education is to stay current on your own real estate statistics. Many claim to have this expertise, but few are truly masters of the market, and even fewer stay current on their knowledge. You must be a student *every* day of the market, and know your local numbers. Data is your friend—when you have an accurate snapshot of your market, you are optimistic about its potential. And as Martin Bouma points out, "It's going to make you stand out."

Track your market weekly, at a minimum, know the differences by neighborhood—the micro markets—as there may be quite a bit of variance between subdivisions, parts of town, or price ranges.

When you know your numbers, you will be confident and able to have frank, honest, and knowledgeable conversations about the market with your customers.

- Know your market statistics and what's happening in your local market—number of listings, number sold, number pending, and days on market, along with major developments in your community such as new employers moving into town, or roadway construction projects that affect neighborhoods.
- Know where the best buys are—the properties that are priced well and in great condition.
- Know all the houses in close proximity to your listings (listings, solds, and pendings).

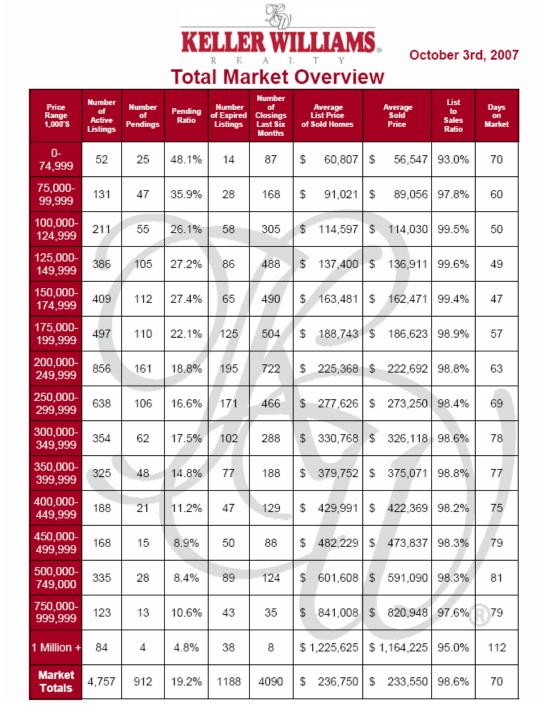
Where can you find the statistics you need?

Take a look at these sources of market statistics:

- NAR (National Association of Realtors) <u>www.realtor.org</u>, go to Research, Housing Statistics
- CREA (Canadian Real Estate Association) <u>www.crea.ca</u>, go to News & Stats
- Local Board of Realtors, local MLS
- TMIRE's (This Month In Real Estate) on www.KWConnect.com
- KW Agent Interviews and <u>www.KWConnect.com</u>
- Government websites, <u>www.hud.gov</u>
- Banks like Wells Fargo, <u>www.wellsfargo.com</u>, go to Commercial, Real Estate, Research, Economic Research
- Other Lenders
- Title Companies
- Escrow Companies

RESOURCES

When Bruce Hardie, Regional Director, was a top-producing agent in Spokane, Washington, he compiled his market numbers into a report he called his Total Market Overview. Bruce's website www.tmoreport.com still offers the following report along with video demonstrations and downloadable scripts that you can model to communicate this important information to buyers and sellers.



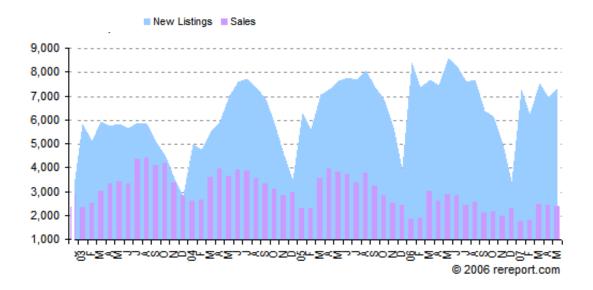
A Picture Is Worth a Thousand Words

Research with top agents reveals that many agents use visual aids, such as graphs and charts, to depict the current market. They find that buyers and sellers respond to the conditions of the local market more quickly when they "see" it.

A graph can be easy to construct with Microsoft Excel, and can be easily updated and printed out each week or month. You might even find that your local MLS or title company provides graphs you can use to depict length of time on the market and percentage of sale price compared to original listing price, for example. That way you can quickly show sellers that the longer a property lingers on the market, the less it will sell for.

The graph below shows the relation between new listings and homes sold from 2003 to mid-2007. How would you use a graph like this and what would you say to your sellers?

New Listings & Sales (All property classes)



Be the Media

Once you know your numbers, get involved in *creating* the media in your area. Become the market expert by writing articles for your local paper and speaking at town meetings. Volunteer to report about the market on local television and radio news programs. Write blogs or articles for your website or community websites. You don't have to be a great writer, but you do have to be consistent, factual, and timely with your content.

Tony Carnesi, listing specialist for one of the top teams in Keller Williams Realty—The Kiker Team of Denver, Colorado—says the media in his market seldom get it right. They are not in tune with the local MLS; yet, their message is what buyers and sellers, other media, and other agents believe. There is a great opportunity for you to set the record straight and be seen as the local economist of choice.

And what better marketing and promotion of your expertise and professionalism could there be?



What	are your	market 1	numbers,	by week	, by mo	onth,	and	by
price	range?							

	hese numbers tell		t message do y	ou want to
share with	the people you ta	lk to?		

Statistics	By Week/By Month	By Price Range
Number of homes on market		
Number of homes sold		
Number of homes pending		
Number of expired listings		
Average number of days on market		
Average list price of those that sold		
Average sales price		
Other		
Other		

Be a Great Communicator

Many agents think that being a great communicator simply means memorizing great scripts. Being a great communicator means leveraging great scripts and dialogues and appreciating the art and value of conversation.

Remember that the conversation you have with your customers mirrors the relationship you have with them. Conversation is between two people, which implies a listening component. Listen carefully—seek first to understand—and restate what you've heard to validate understanding.

"The conversations is the relationship."

— Susan Scott Author, Fierce Conversations

To be an instant relater and build rapport:

- 1. Ask questions.
- 2. Listen.
- 3. Validate what you've heard.



Communicating regularly with buyers and sellers will go a long way to alleviate their stress from the uncertainty of what's going to happen. Bruce Hardie has a great script, "I always end the conversation with 'Here is what is going to happen next.' I think one of the things that raises tension and stress is not knowing what comes next. If we can take away that uncertainty and ease their fears, we can remove a lot of stress from the transaction." Keep them informed about what you are going to do for them, let them know when you're doing it, and finally, let them know when it's completed.

Remessage

Consider the message you are sending out to potential customers in every medium you use—fliers, magazines, postcards, newspapers, websites, business cards, etc. Are you communicating a strong offer in your marketing materials that attracts buyers and sellers to you, or are you providing generic information or a message that sends buyers and sellers to *any* agent, not necessarily to you?

One of the most powerful, yet simple, messages you can have in a shifted market is a Sold sign in a sea of For Sale signs. Sellers who see your Sold signs will come to you when they are looking for an agent who can get the job done.

Messages for sellers

- We sell homes in half the time
- We sell homes for x% of list price

Messages for buyers

- Call for the 10 Best Buys
- Move into your dream home
- Call for a list of foreclosure properties
- Free MLS home search

Use website domain names that attract buyers

- <u>www.findahomefree.com</u>
- www.bestbuysmountainvista.com

Many agents are changing their scripts as well, to meet the needs of the market. The issues and challenges have changed and agents need to address these head-on. So, rethink the current scripts you use, and practice them so your words come out with confidence and professionalism. Look for and listen for new scripts in training materials, from coaching sessions, and from other agents. Practice with other agents or an accountability partner every day.

Speak Competently with Sellers about Pricing

Present the facts about your local market to your sellers at the listing appointment. Have simple graphs and charts that are easy to understand. Be truthful. After showing your market statistics, you might say, "I know you feel your house is worth \$325,000. These charts help us see that it needs to be priced at \$275,000 to sell it."

Some agents recommend that after you present the market statistics ask, "Given what I've shown you about the market, what do you think your house will sell for?"

You can also use the bottom line approach with sellers. Ask what they want to walk away with at closing when all fees and other costs are paid. Then work backward from this number and this will lead to a very frank discussion of what is possible and likely in the market and sets expectations early. This is especially important if the seller may not be walking away with what they'd originally wanted. It also helps naive sellers understand that they may be "upside down" financially in their property.

Sellers may be angry to hear that their house is not worth what they want or need to get out of it. Let them express their fears and disappointment while you listen calmly and without emotion. Then gently remind them that the market is not driven by their want or need, but by what buyers are willing to pay.

By knowing your market, knowing good scripts, and leaving emotion out of the conversation, you will be seen as the local expert—the trusted economist of the area—and more sellers will list their home with you at the correct price.

Another way you can help sellers is to discuss financing options that they could offer to motivate buyers. Again, you are taking the role of professional consultant, not just a transaction coordinator, to help the seller sell their home.

RESOURCE

For more information, see SHIFT TACTIC 7: Seller Pricing Strategies, SHIFT TACTIC 8: Seller Staging Strategies, and SHIFT TACTIC 10:Financing Solutions on KWConnect.com

Motivate Buyers to Buy



Sharing your agent-branded KW App?

- 1. Get the Keller Williams Real Estate app from Apple App Store or Google Play Store.
- 2. In the app, use "Agent Search" to find and select your name.
- Toggle "Make this my agent" button to "Yes"
- 4. Use "Share App" to share with your contacts!

Find More on KWConnect.com

There are techniques that successful agents can use to move buyers from "buy sometime" to "buy now."

"When it's a buyers' market, it's not a waiter's market!"

- Gary Keller

- 1. Make offers to buyers that generate immediate response.
 - Best Buy List
 - Get a Steal
 - Foreclosures
- 2. Understand and overcome buyers' fears with scripts.
 - "The agent you choose matters because you want to not only find a home you like, but one that is a safe investment."
 - Offer financing alternatives.
- 3. Educate buyers on the market and the opportunities.
 - "This is called a buyers' market because it's a great time to buy! There are great properties available, and interest rates remain low. I will help you take advantage of this opportunity."

RESOURCE

For more information, see SHIFT Tactic 9: Creating Urgency to Buy and SHIFT Tactic 10: Financing Solutions on KWConnect.com

Lead Generate for Three Hours a Day

In a shifting market, it's all about leads. The only way you will find security in your business is through your lead generation activity—this is your 20 percent, your most dollar-productive activity, and the critical element to your success. You'll find that you will have a good number of leads to work with from a daily habit of three hours of focused lead generation activity.

Every lead is precious, and more leads give you more quality leads, which are more likely to turn into closed transactions.

"Our research has demonstrated conclusively that the most important long-term commitment you can make to your career in real estate is to devote several hours of every single workday to lead generation."

Lead Geneartion 36:12:3, Introduction: The Power of One

Do What?

- Master prospecting.
- Learn to convert expired listings.
- Focus on your Mets* for repeat and referral business.
- Become the go-to person in your firm for market insight.

RESOURCE

For more information, see Lead Generation 36:12:3 and SHIFT Tactic 4: Upshift Your Lead Generation on KWConnect.com

*The term Mets is defined in *The Millionaire Real Estate Agent* to be those people you know and have contact information for.

Install Key Systems



Do you feel like this sometimes?

Time for a Change?

- 1. Be efficient and effective!
- 2. Systemize everything!

Be Efficient and Effective!

Look at all your systems with a critical eye for improvement. If processes need tweaking, go back to *The Millionaire Real Estate Agent* and implement the proven models.

Focus on your 20 percent—those activities that really matter and move your business forward. If this concept is new to you, refer to Gary Keller's *The ONE Thing*. Rethink how you do things, and ditch those activities that don't produce results. Focus on what you do well, and have others do the tasks you don't do as well. For example, if you are a solo agent, you can hire part-time help to assist you with your website, or make use of a virtual assistant service.

Here's a partial list of tools, some available from KWRI, to help you be efficient and systematized.

- WebsiteTo build and maintain a website that will attract and capture leads
- eEdge
 To manage your database of Mets and your action plans (touch campaigns)
- Calendaring tools
 To keep you on task every day
- Task lists
 To prioritize what needs to be done and in what order
- Process checklists
 To help you complete all the necessary steps of a model

Additionally, rethink how you use people, if you have a team. One way Bruce Hardie has become more efficient is by eliminating job descriptions and replacing them with job tasks. Each member of his team takes on job tasks, and when any person has spare time, they simply take on more of the job tasks.

Doris Carlin, another top-producing agent with a team in Joplin, Missouri, has restructured her team so that each person has two jobs rather than just one specialty. In this way, each team member is very efficient. They are also accountable to one another, help each other out, and do whatever it takes to get things done on a daily basis.

Have Fun Too

Don't allow this market to create an environment of "all work and no play makes Jack a dull boy." It's important to have a little fun each day. Doris and her team stay positive and energetic with a joke-of-the-day, by describing and visualizing their perfect customer, and by working together on their goal books once a month.

Systematize Everything!

Put systems in place and automate the following processes as much as possible.

- Lead generation
- Lead conversion
- Expense management
- Leverage with people

"Don't necessarily change your strategy in a shifting market. Your activities can stay the same. What might need to change are your methods of approach and messages."

Gary Keller

Terry Moerler, an agent from Westlake Village, California in the top 1 percent of agents nationwide, has been in business for more than 27 years. She prides herself on having rock-solid, proven systems in place, and even in shifted markets, Terry has maintained her record of around one hundred transactions a year. Terry takes a very consultative approach with her clients and likes to meet face-to-face to explain the market and to qualify them. Terry admits that in the last shift, she had to rethink her system of bringing potential buyers into the office for appointments before pre-qualifying them enough to know if they were able to buy. She found that only one out of eight prospects was actually qualified to buy. So she began asking a few pre-qualification questions on the phone prior to inviting them in for an appointment. This small change ended up saving her significant time and effort.

Lead Generation

There already is a system for lead generation and Gary Keller details it in *Lead Generation* 36:12:3, *Introduction: The Power of One.* It is, simply, a habit of three hours of lead generation every workday. There is no other activity you can do each day that will do more to build your business. When you don't systematize your lead generation process, you don't value it, and ultimately you will have a tough time weathering any market shifts.

Lead Conversion

Lead conversion is an important issue. Leads are precious, so capturing and converting at maximum capacity is critical. Interviews with top teams in the last few years have shown that rainmakers of large teams have been going after leads and turning them over to their team to convert to appointments and business. All the time, the rainmaker expected the same high conversion rate they themselves always achieved. But the reality was that conversion rates dropped phenomenally because the less experienced agents they handed the leads to were not as skilled at converting. These lost leads represented a tremendous amount of lost money!

Steve Tufts, of Tufts Realty Associates in the Atlanta Sugarloaf Market Center, admits that the conversion step is so critical that leads are no longer being handed off to newer or inexperienced agents to convert. Instead, the leads are followed-up by the more senior and savvy agents—the agents with experience, professionalism, and confidence, who are prepared and know exactly what to say.

There's no sense in capturing leads if you don't have great systems in place to convert them to appointments and closed transactions. You must follow up on every lead to determine if the lead is a buyer or seller who is ready, willing, and able to transact business right now! If they are, then you must be diligent about converting the lead to an appointment and closed transaction.

Many top-producing agents are realizing that they need to be personally involved with customers at *all* phases of the relationship. In a shifted market, skills are exposed. If you are the best at communicating with customers then you need to be the one doing it. Don't turn important jobs over to someone less experienced who may lose the business.



Maximize Profit with KW ProfitDash App

- Integrated with KW systems to track your realtime GCI and Commission Pipeline.
- Tracks mileage and deductions automatically and calculates taxes for you.
- Sync expenses automatically with your business credit card or enter them manually.
- Provides your business' *True Profit!*

Download KW ProfitDash from Apple App Store or Google Play Store.

Expense Management

Get smart now with your money and systematize your budget and spending practices. Every dollar you spend must be justified to show a return. Consider your lifestyle expenses as well as your business expenses.

- 1. Carefully manage your budget so you know exactly how much money you have, how your funds are allocated, and how you're performing at any moment.
- 2. Stay in control of your expenses instead of spending money that provides no tangible return.
- 3. Prioritize where money should be spent.
- 4. Take advantage of opportunities when they arise by knowing if you have the funds available.
- 5. Save up for a better time when your money can work for you.

Who's on Your Side?

To be the most efficient, it is critical to your business to have a great support team. Your team includes those from the following related industries who bring expertise and value to every transaction you have with them. For example, you want a mortgage representative who understands all the options for buyers, and can explain them clearly.

- Mortgage representatives
- Inspectors
- Appraisers
- Lenders (for loan options, REOs, and short sales)
- Escrow officers
- Title officer
- Staging expert

If someone on your support team is not willing to be as dedicated to the needs of your customer and deliver the same exceptional level of service, continue to seek business partners who do. Nancy Grim, who was converting Internet leads that came to The Dave Therrien Group in Millersville, Maryland, felt very strongly that her support team should bring value to every transaction. If she had a buyer who needed to be preapproved and she conference called one of her lenders, for example, and they didn't answer their phone, she would call the next loan officer and give the lead to the first one who answered the call. Fast and competent service was so critical to differentiating themselves from the competition that everyone on her support team had to be committed to truly meet the customers' needs.



Mortgage representatives:
Inspectors:
Appraisers:
Lenders:
Escrow officers:
Title officer:
Staging expert:

Who is on your team? Who do you need to add or replace?

Get in the Game!

Right before the last national market shift, Gary Keller had been advising associates that a market shift was looming. With charts and graphs he presented a logical and unemotional look at the economy and the real estate industry. His challenge to us was: "Stay in tune with the market. Read. Plug in. Find opportunity in these tough times."

Can it be hard work to get your mindset in gear and get in the game? You bet! Even top-producing agents have their slow days, weeks, and even months. Some agents admit that they didn't really think the last major shift was coming and as a result, didn't react quickly enough to make changes. They were caught off guard when the phone stopped ringing one day.

Commit to Staying in Business

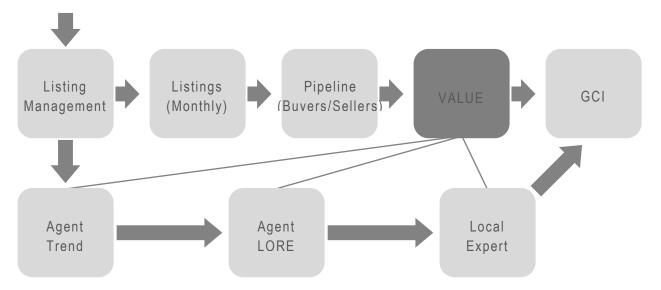
Gary says, "A shifted market may not provide your best year, but it doesn't have to be a disaster." Once you commit to staying in the game, accept that your gains may not be as spectacular as before the shift. Accept that it is time to improve processes and skills and lay the foundation for growth when the market shifts again.

"If you come into a shifted market as a new agent and learn the skills necessary, you will be a great agent!"

Rebekah RiversTallahassee, Florida

Career Growth Initiative Power Tools:

The tools of the Career Growth Initiative are a synergistic system that fuel the Four Conversations with evidence.



Vision Tools

- **Listing Management:** A yearly plan for profitability through growth in market share.
- **Listings (Monthly):** Monthly tracking with adjustments to help you achieve your yearly goal.
- **Pipeline (Buyers/Sellers):** Identify on a daily basis whether your activities will turn your goals into reality.

Value and Validity Tools

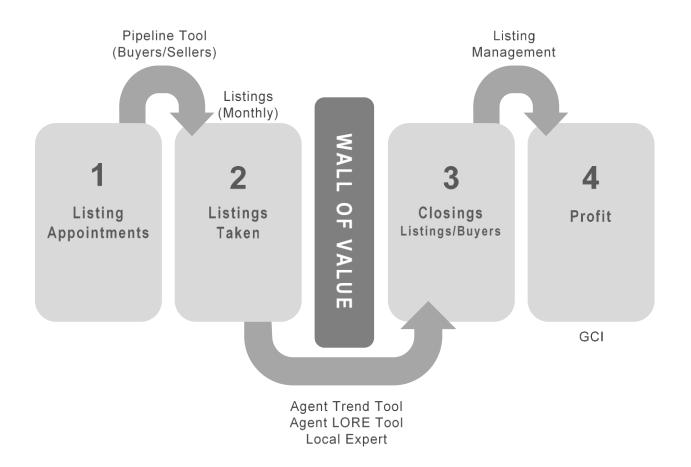
- **Agent Trend:** Report that tracks your growth in market share and critical levers in your business to assess performance and opportunities.
- Agent Language of Real Estate (LORE): Provides evidence of your value by comparing the growth of your business to that of your board, your subdivision, your Market Center, your Region, etc.
- Local Expert: The story of your expertise to underscore your validity to clients.

Thriving Tools

• GCI: Track your GCI against your expenses to identify your Break-even Day.

The Wall of Value

When you are able to quantify and communicate the benefits of the value you deliver, you will create a **Wall of Value** in your business that attracts listings and creates closings.



Communicate Value

Look for ways to share your Wall of Value to grow your business:

- Listing and Pre-Listing Presentations
- Buyer Consultations
- Marketing materials
- Conversations with allied resources

For more, go to the Career Growth Initiative page on KWConnect.com

Your Game Plan

Agents must understand that a shifted market means that it is time for "all hands on deck." This means that everyone pitches in and does what they're best at. For you the agent, that may mean getting back into daily lead generating, converting leads to appointments, and eliminating or delegating other tasks.

If you are a leader of a team, you may find that you need to reinsert yourself into the business at a deeper level than you have been. You may need to put your lead generation into hyper drive! You may need to retrain your staff, let them shadow you, or you shadow them as they go on listing appointments or negotiate for buyers.

For example, Martin Bouma of Ann Arbor, Michigan, got back on the front line of his business during the last major market shift. He called all of his sellers once a week and gave them market updates and an accounting of how many times their property was seen. This no-nonsense yet personal touch really made a difference. His customers continue to trust him and heed his advice.

Whatever you do, you must be clear about your role, as well as the role of your team members if you have one or more. Once you're clear, make a plan and execute it. Begin by making decisions on which dollar-productive activities you are great at. For example, if your lead follow-up and conversion to appointment is better than anyone else's, then you need to be doing it! If you are the best at negotiating contracts, don't delegate it—do it yourself!

Your Most Dollar-Productive Activities



Check the boxes to indicate who is responsible for these dollar-productive activities.

Dollar-Productive Activity	I will do this	I will train/coach someone to do this
Lead generation		
Lead conversion		
Listing appointments		
Contracts		
Closings		

The Bottom Line

There are many ways to play the game of real estate sales. If the tactics you employ today are not producing results, try something new or different. Ramp up your prospecting even if phone calling and asking for business is difficult for you. Arm yourself with market data and well-rehearsed scripts that address customer fears and needs.

You are an experienced professional, a valued consultant, and a trusted adviser and in a shifted market you are needed more than ever to help buyers and sellers make their most important financial transaction.

Opportunity Warriors:

- Accept the Law of Supply and Demand.
- Understand affordability.
- Become the media.
- Master skills.
 - Know their market and industry.
 - Improve their communication.
 - Lead generate three hours every workday.
 - Convert every lead.
- Embrace the opportunity of the market.

"Move fast and with confidence. There will be huge winners out of [a shifted market]! A shifted market provides your next ledge to gaining a better foothold in your market. Make it happen!"

- Gary Keller

My Action Plan

Don't put away this training guide without developing a plan to put what you have learned into action!

Review the key "challenges" listed below and assess your current ability to meet each challenge on a scale of 1–5.

- 1 = "I have no experience with this."
- 2 = "I am not very good at this."
- 3 = "I am pretty good at this."
- 4 = "I am confident with this."
- 5 = "I am an expert at this."

For any rating of 3 or below, write down the action steps you will take to increase your understanding, build your skills, develop your confidence, see greater results, and take home more money!

Challenge	Rating	Action Steps
1. I understand the concept and causes of market shifts.		
2. I know the affordability index of my local market, or know how to calculate it.		

Challenge	Rating	Action Steps
3. I understand that I can gain market share in this market.		
4. I have set goals for next year for number of transactions, etc. in the CGI Calculator with my MC leaders.		
5. I regularly review sources for local and regional market data so that I can be more knowledgeable than the media headlines.		
6. I understand the big picture of the market and which numbers really matter.		
7. I regularly practice scripts and dialogues that address the needs of today's market.		
8. I lead generate 3 hours each day.		
9. I have installed systems to help me be efficient and effective.		
10. I am aggressively qualifying and converting leads.		

From Aha's to Achievement

AHA's
What are your Aha's?
BEHAVIORS
What behaviors do you intend to change?
TOOLS
What tools will you use?
ACCOUNTABILITY
What does accountability for this look like?
ACHIEVEMENT
What will you achieve?

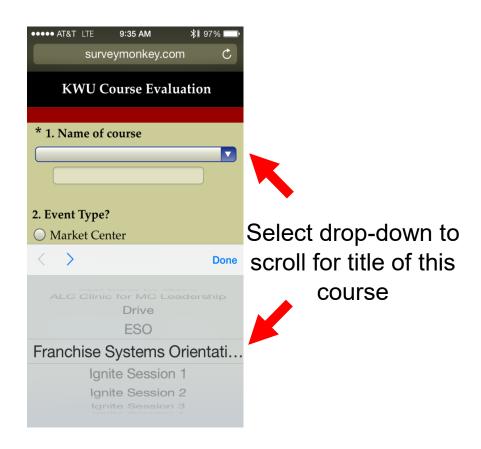
Don't Forget Your Evaluation!

To fill out the evaluation:

1. Go to <u>KWUeval.com</u> on any mobile device.

Select the course and instructor.

Share your feedback.



Thank You for Sharing Your Feedback