

VIEWPOINTS

Be worth what you charge

With service, skill, make yourself invaluable

By Vinnie Tracey (CRB)
RE/MAX International President

It's no secret that your commissions are under pressure these days from many different directions: from federal government agencies, from dot-coms trying to work their way into our business, from limited-service brokerages; even – at the most basic level – from your customers.

This column is about proving to consumers that you're worth what you charge. You know and I know you're worth every penny. The question is how to get that message across to real estate buyers and sellers.

The first step, obviously, is to actually be worth the money. This is much easier for RE/MAX Associates than many others. RE/MAX agents, by and large, are experienced, full-time professionals who've been around the block a few times. The average RE/MAX Associate has helped more than 300 families buy or sell a home.

In short, you know what you're doing.

If you provide impeccable service, demonstrate your competence every day and deftly handle every issue that comes your way – if you deliver what you promise, and more – you'll have saved your clients so much hassle that they'll be glad to pay you.

But a potential customer doesn't know all that about you before hiring you. What can you say when someone directly asks you to reduce your commission?

One simple and direct answer is to come back with a question of

your own: "Mr. and Mrs. Seller, if I can't successfully negotiate with you – if I back down on my commission rate – how can you expect me to negotiate successfully for you?"

It's not a new argument, but it remains a powerful one.

Another fact is that people get what they pay for. Sure, sellers can find somebody to put their home in the MLS for a buck and a half. But are the consumers familiar with disclosure laws? Are they prepared to manage the showings,

negotiate terms, deal with the emotions that come with selling their prized possession? If not, they'd be better off hiring a full-service agent.

Consumers also need to understand that ours is a results-oriented business. No sale, no commission. But you still have advertising and marketing costs.

I submit that rarely should a good agent have his or her commission challenged anyway.

One veteran top producer I know has a listing presentation that just blows people away. When the time comes to sign the contract, the subject of commission rate rarely comes up, because he has already amply demonstrated the value of his services.

Let me mention just some of the elements of his listing strategy:

- He provides a professional-looking, hardbound, 50-page book that details everything he'll do to get the home sold.

- He gives the sellers a David Knox video on pricing homes to sell.



TRACEY
You can prove it

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Vinnie Tracey, RE/MAX International President

- He shows the clients all the places their home will be seen online, notably remax.com and REALTOR.com.

- He hires an interior decorator to stage the house during the listing period.

- For higher-end listings, he hires a crew to put together a video – taking the concept of virtual tours one step further. His online listings have links to the videos. For his presentations, he includes a copy of a previous video.

- He very definitely highlights his RE/MAX affiliation by presenting market share information and avowing that someday remax.com will surpass REALTOR.com as the top real estate Web site.

He also plays up LeadStreet. He can show them on his BlackBerry that one of his listings has just gotten an inquiry from a possible buyer. He can honestly say that no competing real estate organization has a similar system.

By the time the consumers hear all this, they're ready to sign. The subject of commission rates occasionally comes up, he says, but in many cases from people he doesn't want to work with anyway. Their

only driving forces are selling price and commission. He prefers to let those people go.

There are those who would say, disingenuously, that you're worth less than you were in pre-Internet days because you're spending less time driving people around looking at homes.

You're certainly doing less driving. But the fact is that you were never meant to be a tour guide. Anybody with four wheels and a driver's license can do that. The value of a Realtor has always been his or her knowledge, wisdom and guidance.

It's like the mechanic who fixed a car by tapping his hammer at just the right point. Asked why he charged \$150 for the simple tap of a hammer, he replied that the tap itself was \$10; the other \$140 was for knowing where to tap.

Your value is in helping buyers and sellers make sense of all the information out there, in your negotiation skills, in making sure they skirt all the potential landmines associated with a real estate transaction.

Yes, you are most definitely worth every penny of your commission.