

# Today's Buyer's Rep

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MORE THAN  
EVER

## Sustainable Homeownership

By Patricia McClung, Vice President, Customer Outreach and Offerings Deployment, Freddie Mac, Washington, D.C.

**T**he housing correction that's underway is the most consequential we've seen in our lifetimes. The downturn has affected not only the U.S. housing sector and related industries, but the global economy as well. I can't remember a time when the housing industry was under such extreme duress. Nor can I remember a time when the value of the government-sponsored enterprises (GSEs) was more clearly evident.

Among other factors, new players entered the mortgage market during the housing boom. They pushed aside the GSEs by offering more liberal credit terms and by heavily layering risk. They assumed that rising house prices would offset risky decisions. And they structured risk in a way that dramatically understated it.

But then house prices turned negative—sharply negative in some areas. Subprime and Alt A loans created a wave of foreclosures that spread to the broader market. Suddenly faced with unexpected losses, the private-label mortgage-backed securities market collapsed. The subprime market closed down. Even the market for jumbo loans froze up.

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# BUILDING A BUSINESS FOR LIFE

Editor's Note: Each November, REBAC hosts a special line-up of informative and inspirational speakers at REBAC Day, held in conjunction with the REALTORS® Conference and Expo. This year is no exception. To give you an opportunity to meet one of those speakers and preview some of the topics he'll be addressing this fall, we took a moment to interview Zan Monroe about his own real estate experiences and some of the key building-business insights he'll be expanding upon.

## Zan, tell us about your background and what brought you to this profession.

Many folks in my family ran businesses in the building industry. I had many good examples to study, particularly my uncle Adrian, whose life lessons I've tried to capture and pass on in my book *Stories of Uncle Adrian*. My father died when I was 11 and I became the man of the family. At 16, I started my own business teaching swimming and tennis. I discovered that I have a gift for and a love of teaching; give me 30 minutes and I can still teach a non-swimming adult how to swim. I began selling real estate at age 30, after I already had experience in building a business. But I still love teaching so I've combined the two into what I do now. I prefer to think of it as inspirational speaking. To inspire means to "breathe life into," and that's what I hope I'm doing for people.

## It sounds like you've created a life's work out of doing what you like best.

Many successful agents believe that real estate is their life. It shouldn't be. For me, real estate is the business vehicle through which I achieve my life goals. My life is my family, friends and the baseball games and concerts I go to with my kids. I urge agents to look at their life goals in order to understand what they need to accomplish in their business. Understanding the "why" is the first step in determining the "how," that is, how you're going to master your business to give you the finances and time you need to live your real life.

Once you know why you're in real estate, you should be asking yourself, "Am I running my real estate practice like a business?" Real estate professionals are entrepreneurs, and the real estate industry is an enormous business incubator. Few entrepreneurs would start a business without specific goals, timeframes and a written business plan for achieving those goals, but that's exactly what many new agents do. There are 1.3 million real estate agents in the U.S. market. One third of them will get out of the business by year's end, and be replaced by almost as many new agents.

## How does a new or established agent develop an entrepreneurial mindset?

A good first step is not relying on truisms about how to prospect and sell. One of the key ideas I'll be discussing in November is how our approach to the market must change. When the current lull is over, a new type of customer will emerge. We have to adapt to that customer's needs as well as to new types of competition by

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## **BUILDING** A BUSINESS FOR **LIFE**

### The Traditional/New Service model

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evolving a different business model. Today, consumers can buy and sell real estate using discount brokers, Internet brokers and other approaches; how many of these alternatives will survive and succeed? Do you want to compete against them for the low-margin segment of the market? I don't. Yet, many agents stick to old warhorse prospecting, listing and selling activities, what I call the Traditional/Old Service model, that doesn't differentiate them from these other players. It's an outdated business model, one I believe is dead.

The Traditional/New Service model I'll be explaining is founded on customer service; whatever the client wants, we'll do it for them. It's about building a relationship that your clients will remember and go back to. Here's an example. An agent helped a young guy with a limited budget find his first condo. The buyer explained that he was going to propose to his girlfriend, who had a high-paying job in a distant city, and he was nervous about the response he'd get. He needed advice and a morale boost. The agent went above the call of duty and set up the weekend for him, complete with reservations at an exclusive restaurant, fancy flowers, and a violin trio for the special moment. Whom do you think this now-married couple will call when they decide to move up or have friends looking for a referral?

### **What are some of the best business practices that are part of the Traditional/New Service model?**

Best practices reinforce running your business as a business. Do you have a written business plan? Surprisingly, less than 3 percent of agents do. The latest research from NAR says that only 37 percent of agents have a customer database available at their desk. Do you have a weekly routine that includes a scheduled time to communicate with clients? If not, is it because you're too busy chasing prospects? Sound business practices, written and followed faithfully, work. In my REBAC Day session I'll tell you how to establish a successful weekly routine, as gleaned from the best practices of agents at the top of their profession. I'll give you 12 tips to get you focused by ridding yourself of junk in both your business and personal life.

I'll also be shamelessly plugging NAR's research publications. Every agent needs a copy of NAR's *Profile of Home Buyers and Sellers*. You can't run a customer-service-based business without understanding the wants and needs of your clients, and this is the publication that will tell you what they are. For instance, what is the #1 medium for consumer information? It's not print, but the Internet. If you're buying print advertising, you may be throwing your money away. How do buyers find an agent? It's not on the Internet; they use that for real estate data. Instead, they ask a trusted friend, one who has already bought a home, about who they used and what kind of experience they had. NAR has a fabulous collection of research that may bust a lot of myths you've come to believe and base your business upon.

### **Tell us about your mission to inspire and educate 1 million people by January 1, 2010. How is it going?**

Great! I've reached 250,000 so far primarily through the classroom, and my Web site receives about 3,000 unique hits a month without advertising. The other day I was approached by a young woman who took one of my seminars five years ago. She told me that by following my advice, she will have achieved financial freedom by December this year. She will no longer need to work, or, as she put it, she'll be able to pick and choose which phone calls she wants to answer. That's an example of why I teach. It lights me up. 