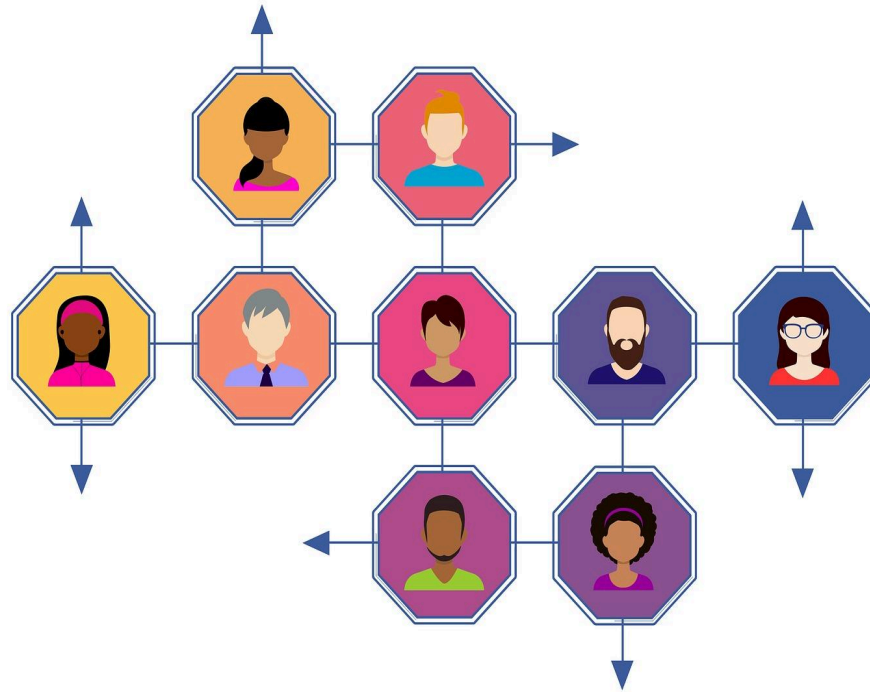


# **WORK BY REFERRAL** **— FROM DAY ONE —**

- by -

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## Introduction

Getting my real estate license was 9 weeks of hard work, every day, doing the online course and passing the tests. I treated it like a job. If you've done that, you know how hard it is. They teach you how to do the math of real estate (it's more than multiplying by 3%) and a broad understanding of real estate law. Encroachment, encumbrance, easement, riparian rights, square feet in an acre, appreciation, depreciation, closing costs, and the list is long.

Lots to learn.

What they need to teach you is the business of real estate. This business is all about lead generation and there's the rub. How do you do that? You must answer it to be in this business long term.

85% of all new agents quit or fail inside of 3 years and it's usually lead generation that takes them out. They just can't make themselves do what most brokers teach. It takes them 3 years to work through their family, friends, and savings and then they're done. Their goals are not met and their dreams die. I hate that and I'm doing something about it.

I don't believe I can change that ratio of 85/15 but I can help move folks from one side to the other.

If your goal is to do this business long-term, I'm glad you're here.

I've been in this business since 2003 after working as an engineer for 25 years. This is a second career for me. I guess that makes me a recovering engineer.

My goal is to do this as long as I enjoy it and can drive, show houses, and talk to people. I love what I get to do every day and you can do this too.

For some, it can become an active retirement or you can do it full-time and you get to work with the folks you like. The rest, you can refer out for a referral fee. It's an amazing business and a lot of fun if you do it how I do.

I started in real estate in 2003 with a list of 300 people who I felt I could talk to if I met them in the grocery store. I could talk to them about something other than the weather. Somehow I thought they would just do business with me because I knew them, I announced I was 'in the business' with a press release and a postcard, and I mailed a 'killer' newsletter to them once a month. I thought I was golden.

I was wrong.

It's more than mailing out stuff and I'll share what it took me a year to figure out. This is about showing you a path and saving you that year and it's also about all I've learned since then and I promise, no cold calling or door knocking for leads required.

You can work this business by referral from day one and I can prove it.

## Part 1 - But my broker says....

So the first thing my broker did was charge me a pocket full of money. Real Estate Board membership, business cards, office fees, a computer, printer lockboxes, lockbox keys, signs, and office supplies. Now you add a good smartphone and laptop to the list and you can easily drop \$1500 on your first day and much more as time goes on.

And you've not made a dime.

I signed up for classes, went to seminars, and found a few folks I loved listening to or reading what they wrote. I listened to Les Brown (my first live seminar), Zig Ziglar, Seth Godin, Jeffrey Gitomer, John Maxwell, Andy Andrews, Steven Pressfield, Stephen King, Ray Bradbury, Anne LaMott, Donald Miller, Al Andrews, Ray Edwards, Brian Buffini, David Allen, and lots of others.

I am listing them here because I want to give credit but I can't. What these people have taught me over the years has changed me and I simply can't figure out what each has contributed but they all have.

One of the great things about being in business for yourself is your growth. I doubt I'd have ever read as much or learned as much as I have since 2003. Starving for knowledge and seeking wisdom has helped me grow and my goal now is to point you to the source and share what they taught me in hopes you'll share what they teach you with others. Share it back with me and with those you meet on your path and we all win.

The key to working by referral is to give more than you take. It's about sharing knowledge, referrals, and advice (when asked) and not expecting

anything in return. The return comes but you can't just "give to get". It doesn't work that way.

My coach says it like this "What you give out in slices, comes back in loaves" and I can say it's true.

So, back to "what my broker says".

My team leader (who's like a broker for most companies) told me I had to make phone calls to people I didn't know if I wanted to succeed in this business. Cold calling, calling expired listings, and for sale by owners was the ticket to lead generation in her book. It's what she did to break that \$100,000 mark in Gross Commission Income (GCI) and it would be my ticket too if I would 'just do it' but I couldn't.

My guess is, you can't either.

I wanted to build a referral-based business. Intuitively I knew it was the best sort of business and I believed it was possible to do it from day one. I believed if 85% of the agents were gone in 3 years, I better do something different than everyone else was doing.

My broker disagreed but I was determined. There were mistakes made and false starts, products bought (that didn't work) and coaching signed up for that was more about tactics and less about principles.

Tactics change but principles don't.

This idea of working by referral is based on principles. Principles that won't change. It's about relationships and trust. The other ways are transactional and you need a huge database to work transactionally. It's a numbers game.

Relationally you can do this with 100 quality contacts in your database but we'll get to more on that later.

My broker and I would meet and she'd hammer the cold call drum and I'd leave with my confidence challenged but I was determined.

Turns out, I was right and I'll share how it works if you'll keep going. I love seeing my old team leader and hugging her neck. I'm still here and she was wrong.

That makes me smile.



## Part 2 - Cold Calling and Door Knocking Work

“It’s a numbers game.” I don’t know how many times I’ve heard that or how many people teach that but I resisted believing it. I finally realized, however, that it **is** a numbers game and you play it with cold calls and door-knocking.

The problem with cold calling and door knocking is they work.

They work just enough to tease you, to encourage you to keep going. They’re a bit like a slot machine. Keep feeding it, it pays just enough to keep you playing but you never get ahead.

It works but it’s hard and inefficient.

It’s hard because people don’t trust you. They don’t know you. You’re just a voice on the phone and they have no idea who you are. Expired listings are the same. It’s one voice out of the 40-50 they hear on the day it expires and they don’t know your true motive. They have no reason to trust you at all. It does not have to be that way and I think it can set you apart to earn the trust first.

You have to call 100 people to get an appointment and it takes, on average, 3 appointments to get a listing and you’ll sell 2 out of 3 listings. 1 appointment out of 100 calls translates into 450 phone calls, 440 no’s to get 2 closings. That is a lot of rejection for 24 deals a year and that’s a lot of hours calling people who don’t trust you.

There had to be a better way.

Earning trust is not quick but it can be more productive. You don’t need to

cold call 100 people to get an appointment. You don't need to absorb all that rejection and negativity to get to one 'yes' if you work by referral.

In our market, a single agent can do 20 - 30 transactions a year and make a decent living. If your business is coming to you by referrals then you have time to build real relationships. To see people for who they are and I know it is something they desire.

To be seen.

To be known is what we all want.

The transactional method of cold calling requires hours on the phone, hours knocking on doors and that leaves little time to build relationships. If you work by referral you can make the calls you need, to folks you like, in about an hour a day. Write a few notes and after 1 hour, you go get coffee or lunch with someone you like.

Much more enjoyable and efficient to boot.

## Part 3 - But what about the online sources?

All the talk about the disruptors in Zillow or OfferPad, all the other start-ups and billboard bottom feeders are going after the low-hanging fruit and it's a very small portion of the overall business.

The National Association of Realtors (NAR) says that 82% of all real estate sales are the result of agent contacts from previous clients, referrals, friends, family, and personal clients. 89% of buyers and 85% of sellers would use their agent again or refer them to others.

For Sale By Owners (FSBO) accounts for 8% of the sales based on that same report and half of those are family-to-family transactions that need an attorney, not a real estate agent.

That leaves 4% of FSBO who successfully sell by themselves and they don't trust real estate agents and don't want to work with us.

Do you want to try and get that business? I didn't.

That means the online "disruptors" are going after 10% of the market and I say, let them have it!

Zillow's own numbers are 1.5% of their leads turn into a closing and they produced 17 million leads in 2016.

The national total was 5.45 million sales in the USA in 2016.

At that rate, they produced 270,000 transactions or slightly less than 5% of the total sales that year but the agents spent a lot of money and had to filter

through 17 million 'leads' to get to the real clients and that takes a lot of time or a lot of staff.

The other 5% were from the rest of the online sources but their rate of return is not any better.

Realistically, their market share will be going up as they get better at it but frankly, I don't believe it will be anything close to working by referral. This market favors them for now but a seller's market does not last. It cycles and it will be a buyer's market again. Might be a while but you can adjust a lot faster than those 'big' guys and that is one of your advantages.

Another advantage is people want to do business with people they know, like, and trust. Those online guys and the agents that pay to be a part of it won't be able to penetrate my database of 100 close relationships and that is my advantage.

Trust and connections in the connection economy.

Remember, I said 85% of sellers said they would use their agent again.

But only 12% do. Why?

We'll get to that in the next chapter.

## Part 4 - Can you do this business working only by referral?

That is the big question, isn't it? I'm here to tell you 'Yes' and I'll prove it.

Gallup says we each know 280 people. I know, it feels like a lot but that is the number. I've even seen some studies that say we all know 600 people in our social sphere but let's stick with 280 for this discussion. If you have 100 good connections in your database then you have access to about 28,000 people overall.

I've done the math based on knowing 280 people and I can share it (based on home ownership, years in the house, and all that) but the final result was "Everyone knows at least 2 people who are going to need help in real estate in the next 12 months". If you have that 100 close connections in your database, that's 200 transactions or 400 sides of potential real estate transactions in your database every year.

400 deals to be had...

You won't get them all. No one does because they also know other agents or they forget you're an agent and a multitude of other reasons but with the basic level of connection you can expect to get about 15 or so transactions from 100 connections.

If you step up the contact, build really good relationships, and build trust you can expect to double that or to get about 30 deals out of your database of 100 people. That is what I'm working to show you. How to get 30 deals out of 100 close, nurtured relationships.

Remember I said earlier that only 12% of sellers use their agent again?

Why is that?

Sadly, it's because the agent didn't stay in touch. They didn't call them after the sale or make the effort to keep the relationship going and that's true for buyers as well.

Shame on us for not staying in touch. We can do better.

## Conclusion

What's the secret sauce behind all this?

It's relationships and trust. Some say it takes time but **that's only true if no one trusts you now**. There are friends and family who trust you even if you're brand new. I had some of those my first year and even though I didn't know how to communicate the way I wanted to work, I did 7 deals. From 300 in my database, I did 7 deals and they were all based on relationships and trust but it wasn't enough.

In my second year, I did 20 deals out of only 70 folks in my database. How does that math work? Well, that's part of working by referral. Cultivate quality relationships with fewer folks and it can mean more business.

If you want to know what happened to the other 230 folks let me know. I love to share the story.

The best thing that ever happened to me is I found a coach and mentor who taught me what I am hoping you stick around to learn from me.

All I ask is that you share this info with others in your office and with agents you know who want to work by referral. New to the business or old hands that are struggling with getting enough business. All are welcome.

If you come over to my real estate agent website and sign up, we'll stay in touch, send along information about working by referral, the recent changes we are all going through, and more.

Also, we have a very strict privacy policy.

We will NEVER spam you.

We will NEVER share or sell your information.

You can unsubscribe anytime.

The only way someone is going to get your information from us is if they are at the door with a warrant, handcuffs, and a gun.

We will teach you how to build a database of 100 quality relationships, how to nurture and cultivate referrals, and how to add value to your clients and friends who will come to your business.

I'd love to hear your comments and thoughts or questions so feel free to email me at [jerry@JerryWRobertson.com](mailto:jerry@JerryWRobertson.com). I will answer and you might even get a phone call if you share a number.



## Sources

We shared some data and numbers above and I think it's important to show you where that data came from. Feel free to check it out and call me on anything that doesn't seem right to you.

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