CHAPTER 2

DATABASE GOLD MINE: THE FOUNDATION OF SUCCESS

In 1991, fresh out of college, I was working for Prudential Financial Services selling life insurance. There was a gentleman there who turned out to be a significant mentor to me. His name was Sam Sterns. Sam was one of the top agents in the company, and I was amazed by how busy he was. He was an older man, but everyone knew and loved him, including his clients. He had business pouring in left and right. So I asked him if I could take him to lunch and pick his brain. When I met with Sam, my first question was, “What are the top three things I need to do to be successful?” He said, “The first thing you need to do is not be in the office. There’s no one in this
office you can sell insurance to. I would recommend you start going
door-to-door.” So he taught me how to go door-to-door and what to
say. He showed me how to work an auto dealership. The dealership
sales representatives were always in front of people with new cars,
and by working with dealerships, I was able to get into the auto and
homeowner insurance business.

So Sam’s first two tips were (1) don’t be in the office and (2) start
generating auto and homeowner policies through dealerships. His
third tip? Start building your database. The best advice he gave me
was something I’ll never forget. Sam told me that the success or failure
of your business is in direct proportion to the number of people in
your database. This stuck with me, because Sam’s database was huge.
At that time anyone who was new to the business received a metal
card file box with a few hundred client records to use. They called
those cards OPSR cards, or orphan service records. Sam had a lot of
cards, and he would go through and call everyone in his database.
He knew them all, knew their kids, and knew everything about their
family insurance needs. Some of the people he had had as customers
for 35–40 years. Early on, Sam showed me the importance and value
of a well-managed database.

The other thing Sam taught me about was referrals. When he was
face-to-face with clients, he would get referrals from their family and
friends because he would ask for them. He would literally ask, “Who
else can we help?” The clients would feel compelled to give him the
information because they wanted their own family and friends to
benefit from and have the same type of financial security that Sam
was able to provide them.

Sam would also ask his clients a lot of key questions about their
family. He would find out if there were births, if anyone had just
bought a new home, or perhaps if anyone was downsizing because of
children going off to college. He would also talk about their retirement plans. Eighty to 100 percent of the business Sam did came from repeat and referral business.

From Sam, I learned at a young age how a successful agent was able to build a profitable business. That card system had to be lugged around in the trunk of our cars, because we didn’t have computers back then. It was the only database we had to use. As the saying goes, we’ve come a long way, baby.

Later, I took all those tips that I had learned from Sam in the insurance business and applied them to my real estate business as well. I eventually converted my one-card database system to a software computer program called ACT. A few years later, I changed to a more real estate-based software program called Agent Office. That worked well for me for almost a decade, and today I use a software program called Top Producer. I like this database because it is compatible with social media and has a number of Internet capabilities. It also interfaces well with smartphones.

I am still astounded that with all the technology available today, most agents don’t have a database. Even agents who have been in the business 20–30 years don’t reach out to their clients on a regular basis. Those are the agents I referred to before as transactional agents. Transactional agents are happy to just get by, but they could be a heck of a lot more successful if they had a systematic database. The average transactional agent sells about seven homes a year. The problem is they leave a lot of money on the table and have no client loyalty. They just assume that clients are going to call them when they’re ready to buy, and that’s not true at all. You need to be intentional and reach out to your clients on a consistent basis in order for them to think of you at the time of buying or selling a home.
Any time I coach agents, I push them toward the career agent path. I help them understand the importance of having a powerful systematic database where they can stay top of mind with their best prospects and clients. On average, a career agent sells between 24 to 36 homes a year. Over the years, I have found career agents to be more successful because they recognize the importance of the goldmine that is in their database. At the end of the day, the entire value of your business is in your database relationships.

In my coaching I use an easy three-step process to put agents on track.

**STEP 1:**

The first step, as I mentioned in chapter 1, is to gather all the names of their family, friends, past customers, and new customers—ultimately everyone they know or have done or would do business with in the future. Once they have all those names together, I encourage them to enter the contacts into a software program such as Top Producer and then sort them into five different categories.

1. The top category, which I call the VIP category, consists of your biggest raving fans. These are people who have given you multiple referrals in the past or have sold or bought several homes from you. As soon as the topic of real estate comes up in conversation, they are giving your cards out and they are referring your name.

2. The next category consists of your A clients. These are clients you have done business with in the past or people who have given you referrals before.
3. Then you have your B clients. This category includes people you have had conversations with about giving you referrals. You may not have done business with them or you may not have received a referral from them yet, but they have indicated that if they knew of anyone looking to buy or sell, they would definitely recommend you.

4. The subsequent category comprises your C clients. These are pretty much catch-all prospects. These are going to be Internet leads, people you met at an open house, people you interacted with at a networking event, or just people that you’ve met out and about. They know who you are, you know who they are, but you really haven’t had a discussion yet of whether or not they would use or recommend you as an agent.

5. The last category contains your D clients. These are the people you don’t want to do business with but who you keep in your database for reporting purposes. They are in there so you can track a transaction you did with them or because they came to your website for a certain report. You want to categorize them separately, but you don’t want to be wasting marketing dollars on them. The goal, of course, is to move people from C to B, from B to A, and from A to VIP.

After you have gathered all the names and categorized them, what you do next is very important. You want to send them a simple one-page referral introduction letter. Or if they are not new to your
business, you want to send them a letter to remind them again of what you do, who you work for, and to ask if they know of anyone looking to buy or sell. Let them know you’re there to help and that you want to grow your business through referrals. Throw in a business card and your personal brochure. That’s step number one: getting all of the information, categorizing it, and sending that letter out.

**STEP 2:**

The mistake a lot of agents make is that they send the referral letter out and think their phone is going to ring off the hook. The reality is that it doesn’t happen that way. People will stick the cards in the drawer or they’ll keep it in the back of their mind, but they may not have a need or know anyone looking to buy or sell real estate for several months. It’s up to you to stay fresh in their minds so they don’t forget who you are and will remember how to get a hold of you. I recommend doing that with the four-page newsletter we discussed in chapter 1.

You can create the newsletter yourself, or you can use a company to do it for you. I started with ServiceForLife.com, a real estate-related newsletter company that services real estate agents. They have a good template, but it doesn’t have a lot of personal information in it. I recommend you include pictures and personal recipes in there, as you want to have fun stuff as well as real estate information. Today, I use Newsletter Pro. They have excellent graphic arts, and they call me every month to interview me and design the newsletter around that. They’ll also print it and mail it for me.

Staying top of mind like this is vital, and in Step 2, I encourage making 29 touches out to your VIP, A, and B clients throughout the year. Some of the ways to do that is with “Just Listed” and ”Just Sold”
postcards, quarterly market updates, birthday cards or video emails, personal phone calls, and/or anniversary cards. You will make 12 of those 29 touches alone with your monthly newsletter. Everything else can be made up through the other sources I just mentioned.
STEP 3:

The third and last step is probably the most important because, as I’ve said, the money is in the follow-up. You must pick up the phone. You must call your client database, just like agents did back in the day. Those Prudential agents like Sam were successful because they
picked up the phone, went to that client’s home, or went door-to-door so that they were face-to-face with people. Most agents push this step to the side until it just never gets done. When I ask them why, they say they don’t know what to say, or they don’t feel comfortable showing up to the door or picking up the phone and calling.

In Step 3, I call and offer each and every one of our clients an annual home value report. That annual home value report is important because, for most clients, their biggest asset is really their home and no one else is calling them every year to give them an evaluation of their home. I want to make sure, just like their financial adviser gives them information on their 401(k) retirement plan, that as a real estate professional I am giving them information on what is selling around them and for what price, so they can get a ballpark idea of what their home is currently worth in today’s market.

We prepare a CMA summary, which gives clients a Cost Market Analysis of the active, pending, and sold homes in the last 12 months in their area.

Since agents have already reported feeling uncomfortable on the phone, I have developed a sample script for this call. (Download the script at www.freewilliestuff.com.) Essentially, we call them to let them know that part of our service is to provide them with this annual home value report to give them an idea of the value their home is worth on the market today. I ask them if they would be interested in receiving it, and I have to say 99 percent of the people I ask do want a copy of the report.

The reason I call first is because I want to explain to them that it is just an estimate, a ballpark figure of what homes are selling for in the area. Otherwise, they just receive an actual amount in the mail; they can get concerned and confused because it could be off $50,000 in any one direction. We want to make sure we explain to them that
they will be receiving only an estimate and that once they receive and review it, they need to follow up and call us to review it with them in more detail.

The CMA (Cost Market Analysis) expands your relationship with that client and it gives you an excuse to call them. It is a good strategy, and with the script template, it is easy to use, especially for those agents who have call reluctance. In turn, the law of reciprocity kicks in here because you are giving your clients something of value every year, and at the end of your call, you can ask whom else they know who might be interested in receiving this report. Finally, I always end the call by asking if they know anyone looking to buy or sell a home. I let them know how much I appreciate their referrals.

ANNUAL HOME VALUE REPORT SCRIPT

Hi… May I speak to <CLIENT> please? Hi <CLIENT> this is Willie from Miranda Real Estate Group. How are you doing today?

<MARY>…I just wanted to give you a quick call because I know it’s been <JUST OVER/ALMOST> < # > years since you bought your home with me and from time to time I like to provide my clients with a free Annual Home Value Update. This update will give you a ball park idea of what your home is currently worth in today’s market based on what other homes are selling for in your area.

So, I’m calling you today to see if you would be interested in receiving this free home value report?

Yes…99% of the time
Okay great, what is the best email address for me to send this report to? <If no email, send by regular mail> 

So <CLIENT>, as I mentioned, this report is only a ballpark figure based on what other homes have sold for in your area. Please review the report and let me know if you have any questions.

One last thing <CLIENT>, do you know of anyone else who would also be interested in receiving this report for their home?

I'll get this information right out to you.

Now...If you know of anyone looking to buy or sell a home, please give me a call with their name and number and I will take good care of them. (Willie Bucks optional)

I recommend that every agent spend a minimum of two hours a day making these phone calls and doing their prospect follow-ups, whether it be through Internet leads, client follow-ups, sending personal notes, or putting reports together. Two hours a day minimum. The 80/20 rule applies here. If you just use two hours a day, five days a week, that is ten hours a week—which is 20 percent of your workweek, assuming a 50-hour work week. That 20 percent of pro-activity represents 80 percent of your results. The agents who spend two hours a day prospecting—doing these pro-activities, reaching out to their client base, sending them personal notes, going door-to-door, doing client visits—these are the ones who are doing 24 to 36 sales a year on average and making well over $100,000 a year because of the 80/20 rule.
The last thing I want to talk about in this chapter is the Client Close Plan (also available on www.freewilliestuff.com). The Client Close Plan works like this: the very first day after closing, I call the customer to see how things went at the closing, how things are going in their new home, and if they need any assistance from me at all to make sure they are happy with my services. I then send them a personal note in the mail repeating the same sentiments.

On day seven, I reach out to them again. It’s been a week now, and I ask if there are any vendors that I can recommend. Perhaps they need a painter, a roofer, or a carpenter? I send them to our website to let them know that we have a client vendor directory posted there.

Thirty days after closing, I do a quick check-in call with the buyers to see how things are going. Then each and every year at day 365, I do an annual home value call with them. So I’m staying in touch with my client before, during, and after the sale. I have had some wonderful experiences deepening the relationship and going above and beyond giving that client excellent service through this kind of follow-up.

For instance, in one case, I called the client the day after the closing. He mentioned that he was a little upset because the prior sellers didn’t leave their house keys as they were supposed to. He added that his wife was distressed because she felt there were keys out there for her home; they were in someone else’s hands, and she didn’t feel safe in her new home. So I called my locksmith that day and had him go over to the house that afternoon and re-key the whole house for them. It only cost me about $175 to do this, but the buyer was very impressed that I handled the situation for him. Within the next few months, I had received three more referrals from that client, and each referral mentioned how happy my client was with my services and the locksmith story he had shared with them.
Because I had a Client Close Plan, I was able to take care of this family and give them exceptional service. In turn, that close follow-up plan generated about $1.5 million more in business for me that year as a result of those three referrals. So again, the money is in the follow-up. But you have to have a systematic way of doing the follow-up in order to receive referrals in the future.

In closing, a database should make your prospects feel part of your community and deepen your relationships. I can't say it enough: people want to do business with someone they know they can trust. You want to make sure you develop your relationships with your customers so that they will go out of their way to help you secure more referral business in the future.