CHAPTER 9

OPERATIONS: THE SYSTEMS OF SUCCESS

I was 15 years old when I had my first experience with a true business operation. I got a job at the most famous franchise in the world today, McDonald’s. I remember my first week on the job like it was yesterday. Downstairs in the basement of the restaurant, there were rows and rows of videotapes and three-ring binders, all labeled and all in order. I sat with two other employees and a shift manager at this little picnic table that had a VCR setup and a TV. The first day on the job we learned about the philosophy of the company, the company’s vision and its mission statement, what McDonald’s stood for, and how it was created. We spent an entire week downstairs in that basement studying all the different products that McDonald’s had to offer.
Once we completed that portion of our training, they moved us upstairs to the main floor where my job was to make French fries. I spent a whole day with the shift supervisor at the French fry station. McDonald’s had a certain procedure for putting the French fries in, pulling them out when the timer rang, shaking them, and salting them, and it was all done to the letter. Next, they promoted me to making hamburgers, and I figured that would be easy. After all, I had made hamburgers on the grill at my house—what was the big deal?

Well, that assumption went out the window as soon as the shift supervisor showed me how they made hamburgers at McDonald’s. You had to put a certain number of hamburgers on the big grill in just the right order. The exact size hamburger had to be cooked at the exact temperature for an exact amount of time. A buzzer told you when to flip the hamburgers, when to put salt on them, when to add onions and cheese, and when to throw the buns into the oven in order to get them toasted just right. And that had a timer too!

Everything came out on time, and we were able to wrap that hamburger up and get it out to the customer, and then there was another system in place for how long that hamburger stayed out on the shelf. The point was they wanted to make sure that a hamburger made in Schenectady, New York, would taste exactly the same as a hamburger made in Los Angeles, California. No matter which McDonald’s you went to, anywhere across the country, all the hamburgers tasted the same because of the systems and operations McDonald’s put in place to create consistency and maintain quality among their franchises. McDonald’s is one of the most successful franchises in the world and is basically run by teenagers who can’t even make their beds in the morning. The reason for that is the systems and operations they have put in place.
In my first sales job after college with Prudential Financial Services, I noticed that there were also systems in the insurance business—systems for writing homeowners’ policies and systems for underwriting life insurance policies. There were checklists and operation manuals galore at Prudential. But when I moved over to Allstate Insurance, while they had different manuals and procedures, they didn’t have any checklists in place to process my new business files. So I began to develop what I called a “new business checklist.” On that new business checklist, I itemized tasks I would need to complete whenever a prospect came in for an auto or homeowners’ policy. I made sure I had all of their client information: their email addresses and supporting documents for compliance, such as a copy of their driver’s license or a copy of their defensive driving certificates. This checklist made my life a lot easier. It let me deliver better customer service to my clients, and it allowed me to do more business because I was able to focus more of my valuable time on sales and not on chasing paperwork.

In my first year with Allstate, I became the number-one auto insurance writer in the upstate New York region, and I was asked to speak to a group of top Allstate agents across the state. When they wanted to know what my “secret sauce” was, I just held out my new business checklist and shared it with everyone. It became the highlight of that meeting, and since then I have talked to agents who still use that same checklist today, 20 years later. It made them more efficient and more accountable, and their production went up as well.

As a new real estate agent in 1998, I once again found myself in the position of needing to develop my own systems and checklists to make sure I was doing everything that I needed to be doing in working with buyers and sellers. As my business had begun to
increase, I had become overwhelmed, misplacing documents and not delivering consistent service to my clients. I found myself working harder and harder to do the same things over and over again.

I decided to use what I had learned in the insurance business, so I put checklists in place for my real estate business. I started with the buyer side. Eighty percent of my business was working with buyers, so I put a buyer’s checklist together. In that buyer’s checklist, I would have information about the client: their full name, address, and phone numbers. It also identified the lead source and how I obtained that client.

This became the buyer profile. I would ask them key questions, such as what areas they wanted to live in, what school districts that they wanted to be in, and if they had a magic wand that could find their perfect house, what that house would look like.

Then I moved on to create a seller’s checklist. I went through the seller’s checklist in pretty much the same format as I did with the buyer’s checklist, but the seller’s checklist contained more detail, as more things needed to be done on the seller’s side. I wanted to make sure that I not only collected all the proper paperwork but that I also obtained a copy of their tax bills, their deed, and their survey. The checklist went over specific information on the different amenities that they had in their home and highlighted what they loved most about it. By crafting these buyer and seller checklists, I was able to deliver high-quality service to my clients each and every time, and as a result, I picked up more and more referral business.
Checklist to Submit a Listing

Property Address: ________________________________
Client’s Full Name: ________________________________
Client’s Email Address: ________________________________
Client’s Contact Phone #: ________________________________
Lead Source: __________________________ Inside Sales: Yes or No  AGL or CGL: ________________________________
Marketing Materials: Yes or No - Mailed or Delivered: ________________________________
Graduated Pricing: Yes or No

MANDATORY [Please note incomplete listing will not be processed]

1. ___ Key Information  Lockbox # __________
2. ___ Exclusive Right to Sell Listing Agreement
3. ___ Sign Order Form
4. ___ ShowingTime Form
5. ___ Refinance Tax Print Out
6. ___ Disclosure of Agency Relationships (Initials on front & signed on back)
7. ___ Property Disclosure (if residential up to 3 family dwelling & seller agrees to complete)
8. ___ Disclosure to Seller Regarding Property Condition Disclosure
9. ___ Lead Base Paint Disclosure
10. ___ Carbon Monoxide/Smoke Detector Disclosure
11. ___ Affiliate Company Disclosure/Exclusion from 90 Day Guaranteed Sales Program

Preferred Documents To Be Submitted With Listing

12. ___ Recent Paid Tax Bill (County & School, Village if applicable)
13. ___ Copy of Executed Deed
14. ___ Plot Plan or Survey
15. ___ Miranda Graduated Pricing Addendum (If Applicable)
16. ___ Miranda Cancellation Guarantee (If Applicable)
17. ___ Bank Information If Short Sale Applies
18. ___ Signed Bank Authorization If Short Sale Applies

Special Instructions or other needed info:

I remember at one point when I didn’t have the checklist for the seller’s side, a seller called me to ask why the “For Sale” sign wasn’t up on his lawn. It was because I had totally forgotten to put it up. I had been really busy that week, with five or six listings that I had to input, and I never got out there to put a sign out on his lawn. I have had situations when we sold a home, and the new buyers would call and say, “Your sign is still up on my property. Come and get it,” because I had forgotten to go and pick it up. Those things can be very embar-
rassing. It shows incompetence on the agent's part, and that results in not getting future business from that client.

In *The E-Myth Revisited*, Michael Gerber writes that there are many job roles we each play every day. In my case, the organizational chart began with me as CEO, but as I went through all the different things that I did, from administrative tasks to sales tasks to being a courier to going to closings, I realized that in order for me to grow, I would eventually need to leverage myself and fill that chart in with other people's names. Gerber emphasizes that there are three things that you need in order to be successful in your business: people, technology, and systems.

Working all on my own, I was the only "people" in that equation. I knew I would need to have other people take over some of those jobs. The technology was there. The Internet was alive, and there were many different online software programs available to make my business run more efficiently. I was eventually able to enter my checklists into software programs so that they became synchronized. Being able to put my own systems inside that technology allowed me to deliver consistent results that made a huge difference for my business. Michael Gerber underscores that "Once you have systems set up properly, you no longer need to manage people, you just need to have people to manage the systems. As long as the people follow the systems, you'll have a successful business." I was finding this to be true.

That is why McDonald's was so successful. As long as employees followed their systems to the letter, McDonald's all over the world would deliver consistent results. In the real estate business, there weren't many systems to follow, so I had to create my own. Over the years, I find myself continually tweaking and changing procedures
because technology is always changing, and people change too, so it is imperative to keep updating systems as time goes on.

Using the buyer/seller checklist systems, I was able to move from making 13 sales in my first year to more than 53 sales the next year. The reason for the big jump in numbers was that I now had these systems in place, and I was able to hire my first full-time administrative person.

I delegated all of the non-sales functions—installing signs, inputting to the Multiple Listing Service, mailings and paperwork—to my newly hired assistant. I kept my focus on the four top-dollar productive activities that I wanted to concentrate on, which were: listing homes, selling homes, negotiating contracts, and prospecting two hours a day for new clients. Everything else, I delegated to my assistant.

My administrative person worked for me for about a year and a half and did a great job. I saw a quantum leap in my business. Then she decided to go into the real estate business herself, and I was left without an assistant. I hired a good friend whom I had known from the administrative department at Prudential and started from scratch. The mistake I had made with my first assistant was not documenting what we did. I didn't have an operations manual in place and, as a result, that former employee held me hostage in a sense. I didn't even know the passwords to get onto certain websites. I didn't know how to handle different procedures that our vendors required of us.

I decided I needed to create an operations manual and sat down with my new hire and went through everything. Together, we examined every process step by step, and then my new assistant would type it up. The next time a task had to be done, she could do it herself without my having to show her. Having this manual in place helped us grow even further.
I jumped from 53 sales to more than 77 sales the next year. This is when I hired two buyer agents to work for me, and the buyer agents knew exactly what they needed to do. They too had certain systems in place, from meeting with the customer to putting a contract together. It was a really great process from the beginning straight to the property closing.

My business continued to grow from there. I went from an individual agent office to a small team business to a much larger team. I hired a listing specialist, a courier to put signs out, a photographer to take pictures, and a bookkeeper to take care of the financing.

I actually hired the bookkeeper early on and put routines in place so that there was a set process for each check that came in. It was deposited in the bank on time, and had five days to clear. Once it cleared, then I was able to provide checks to the other agents on the team.

My administrative staff appreciates the operations manual because it makes their jobs a lot easier when the processes are followed. As my agents follow these steps, they also like it because they are able to leverage their time more efficiently. Those who don’t follow the systems are the agents that I find struggle with time management and waste a lot of time. They are constantly repeating actions over and over again. If you do any tasks more than once, then you need a system in place for it.

You can take a look at some of my checklists as a starting point (check out www.freewilliestuff.com), but everyone’s office is run differently. That is why I think there is no real cookie-cutter system. I think every agent must create his or her own operations manual, even if it is just a three-ring binder at the onset. If you take the time to set it up right the first time, you will avoid headaches and loss of business in the future.
Having all those systems in place not only permitted us to make our business run smoother, but they also generated a lot of repeat and referral business. Many agents tend to forget about the client once they receive the commission check and never reach out or talk to that client again because they feel that their job is done.

I believe that that is just when my job is beginning because I know that 65 or 70 percent of my future business will come from repeat and referral business. But you need a system in place for that as well, and so I developed the 29 Touch System.

Your Core Database (29 Touch System)

- 12 Monthly Newsletters with Client Appreciation/Referral Contest Mailing
- 12 Postcards of listings of the month, testimonials, just listed/just solds including USP and Website.
- 4 Quarterly Video Emails of Current Market Update
- 1 Birthday Card or Video Email

With the 29 Touch System, that customer will receive 12 monthly newsletters in the mail. They will also have 12 postcards sent out to them, whether it is a “Just Listed” or “Just Sold” postcard. In addition, they will get one birthday call or email from me and they will receive four quarterly video market updates giving them good information on how the market is doing.

Here’s the 29 Touch System:

- 12 newsletters +
• 12 postcards +

• 1 birthday greeting +

• 4 video market updates = 29 touches from our company each year.

It is a proven system that allows us to stay top of mind with our clients. It has consistently generated a steady stream of repeat and referral business.

Whether you are a single agent, a small team, a big team, or a broker, as I have been every step of the way, it is important for you to have the proper systems in place in order to deliver quality, consistent service to your clients and keep gaining that repeat and referral business. I strongly urge any agent in the real estate business today to start off with just one process that they do over and over again. Develop that system, document it, and put it into an operations manual so that any person you hire in the future will be able to do exactly what you do and deliver reliable results to your customers as well.