7 Rules to Lead Follow-Up

The ways you can reach leads have increased considerably in the past decade. But the fundamentals of lead follow-up haven't changed.

JUNE 2010 | BY DIRK ZELLER

As real estate sales continue to change and evolve due to advancements in technology, we have whole new areas of lead generation that didn't exist a decade ago — or even a couple of years ago, for that matter. The rise of social networking has created a whole new portal of lead generation.

This expansion of lead-gen opportunities has brought some new twists and turns to some of the same unresolved lead follow-up challenges. Let me share with you seven key rules for lead follow-up to improve your skills, conversion rates, and ultimately your income.

Rule 1: Lead follow-up is an appointment-booking process.

In lead follow-up, my goal is to book an appointment. I am not connecting with the prospect to touch base, make contact, convey information, update them about the market, bond with them, open up a dialogue, keep in front of them, get my name out there, or do anything besides schedule a meeting.

Always focus on asking for the appointment. Always! As with asking for a date, what's the worst thing they can say? "No." Your office is the best place for the meeting, but if it can't happen there for any reason, set it up at a neutral, public site such as Starbucks. Not everyone agrees with me on this point, but I believe I will have more control at my real estate office or a neutral site than I will at their home or at the property they're interested in.

Rule 2: Lead follow-up is also a disqualification process.

The secondary purpose of lead follow-up is to disqualify leads — in essence, **to get rid of leads so you no longer have to invest time in them.** Invariably, whenever I work with a real estate pro and we start to go through their database of leads, I find that it's full of junk.

Let me be clear on this: I'm not talking about people who are past clients or in their sphere. I am talking about people who have hit your Web site, come to an open house, or been an ad call, sign call, or come from somewhere in the last few years as a buyer or seller. You've warehoused them and e-mailed them, called them, direct-mailed them, or "dripped" on them in some manner for a long time with the hope of converting them.

We need to understand that in lead follow-up, a "no" is as good as a "yes". We are looking for the "no." We want to confirm that "no." If we can confirm they aren't interested, we need to invest our time, resources, and energy in a better prospect or in finding more and better prospects.

Rule 3: If you don't reach a prospect, vary your method of contact before you delete the lead.

Today we have a greater variety of methods to reach a prospect than ever before. Just 20 years ago, there really were only two methods of contact: direct mail and land line telephone. Now, along with those two you have cell phones (voice and text), e-mail, social networks, and still others.

I still prefer phone-to-phone communication because my sales skills are better with this medium. But if I can't reach someone via the phone — and these days, it's impossible with some people — I need to be able to use text, e-mail, or some other method effectively. Use at least one other means of communication before you toss the lead out as unreachable. They might just be unreachable by the one method you primarily use. Adaptability is critical in today's marketplace as it relates to lead follow-up.

Rule 4: A “no” is as good as a “yes.”

The truth is there are only three possible responses that a prospect can express. Those responses are “yes,” “no,” and “maybe.” The killer time and energy waster is the “maybe.” We often beat ourselves up when we don’t convert a high enough percentage of maybes. I would rather get a “no” today than a “maybe.” In my studies, most low-grade maybes eventually turn into nos. People need to be able to say “no,” and then we can move on. A “no” is as good as a “yes” because the uncertainly in both cases is removed.

When people think that you are willing to take “no” as an answer, they are willing to talk with you.

Consumers fear being talked into buying something from a salesperson. They believe that all salespeople will use verbal judo to pin them to the mat. **The best approach is to let the prospect know up front that it’s okay if they say “no.”** You won’t be offended if that’s their answer. Your scripts must be designed to give them the ability to say “no” early in your conversation. *This lowers resistance, enhances trust, and builds a bridge that enables them to convey their true objectives and goals.*

Only invest time with high-probability prospects. The most significant cost in a real estate professional’s business isn’t the broker, advertising, marketing, car, or anything else. It’s the opportunity costs of making an investment of time in the wrong person and not getting paid while you could have found and worked with someone else who would have generated a commission check. The opportunity cost is the largest cost of all in your business.

Rule 5: Determine the value of the lead.

It boils down to how much, how soon, and how much effort. How much effort contains two parts: how much to get them to the committed client level and how much to serve them to a high level of satisfaction, so they list or buy?

A low-probability prospect is worse than no prospect at all. When we have low-probability prospects, we work them in hopes of them changing. When we have no prospects, we go out and search for new ones. When we seek, we will find. The part most people forget to do is seek.

Don't waste your resources on low-probability prospects. We invest large amounts of time, money, energy, and emotion to work with our leads. Some leads require more of these resources to convert than others. The key is to know which ones are worth investing in.

Rule 6: Determine if they need your services, not if they're just "interested."

Do they have a demonstrated need? Is there a gap between what they want and where they are currently in their home? Are they seeking assistance? Is there a desire to change, or is it a want or wish? Do they have the ability to proceed? These kinds of questions usually relate to financial equity, down payment funds, credit score, or employment.

Too often, we are trying to determine the interest of the prospect. Don't be fooled into thinking their interest alone has value to you as a salesperson. By itself, the prospect's level of interest is meaningless.

The factors that matter most are:

- **Do they need your services?**
- **Do they want them?**
- **Can they afford to take action?**

Interest may be beneficial to you, but it's also something that many buyers and sellers use to evade committing to you or anyone else.

When someone says they are interested, they may actually be saying, "If you could sell my home for $50,000 above market value and find me a home to buy for $50,000 below market value, I would let you represent me on those transactions." That's not necessarily the kind of consumer interest you're looking for.

Rule 7: Categorize the lead in time frame and commitment level.

This is where a lot of practitioners stumble. They don't have a clean categorization process. They don't have the ability to see the inventory of leads they currently have in their possession. Most of them categorize leads based on time frame.

That's a step in the right direction, but more information is needed. For example, they could create categories like "A" leads who will likely do something in 30 days or less, "B" leads who will take action in about 30 to 90 days, and so forth.

Another major issue isn't typically factored into these kinds of systems: the lead's level of commitment. How dedicated is this person to working with you? Will they at least give you an interview to represent their interests? To me, "committed" means that I would bet my car or my house on the chance that I would get an interview with them or that they were going to list or buy with me. Obviously, not everyone is going to be in that category, but the ones who are have great value to me and my business.

The next category would be those who will "probably" do business with me. A probability is something that happens 51 percent of the time or more. Now, there's a wide gap between 51 percent and the "committed" level of 98 percent. But people make a lot of money on probabilities because the odds are ultimately in their favor. Casinos play the probability game, and so should you.

The last category is a "possibility." This refers to something with even odds or less, going as low as 1 percent. That is still a possibility, but you'd better have a Plan B if you are going to operate with such low odds.

Your follow-up plans need to be based on your ability to accurately assess the conversion probability of the prospect. If you can combine the typical real estate pro's time-frame categorization system with a commitment scale, you'll have a process that will enable you to maximize the return on your time, energy, and effort to increase your conversion and income.

By tracking these different categories of leads, you will achieve a clear picture of the health of your business. To have a healthy business, we must have a reasonable level of leads in each category. We need to cultivate leads upward from long-term leads to short-term. We need to move leads up from the possibility level to the probability level quickly. If we can't move them at least to the probability level quickly, the odds are too long. You'd probably be better off referring them to another practitioner. Let them invest their time and accept the high burnout rate on these leads.

We are in an inventory business: When you are out of inventory, you are out of future business. Leads are your lifeblood.

Be sure you follow these rules to be effective in your lead strategy and follow-up systems.

REALTOR.ORG