

Work Smart: Prospect for Profit

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"Every top sales associate in this country spends one to four hours a day generating new leads," says Walter Sanford, owner of Sanford Systems and Strategies, a coaching and training company in Kankakee, Ill. "If you don't do that, get out of the business."

Tough talk, yes, but Sanford speaks the truth about the power of prospecting. It's the lifeblood of your business, even in good markets. And in the slower sales environment of 2008, prospecting is essential if you want a steady flow of clients. Yet, there's no task that causes even a gung-ho salesperson to pale faster than an afternoon of prospecting.

"Prospecting is hard work, which is why most sales associates don't want to do it," says Dirk Zeller, a coach and CEO of Real Estate Champions in Bend, Ore. "But it's the most profitable way to generate revenue because you're primarily investing your time."

To prevent procrastination and help ensure you'll have a steady stream of new clients flowing into your office, you need a prospecting plan that you work day in and day out. You need to know whom you'll prospect, what you'll say to them, and when and where you'll make your calls.

It all takes time, patience, and discipline, but the rewards are worth the effort. "In 2007, 16 of my 19 personal coaching clients had the best year they've ever had," says Zeller. "They were significantly up in production, and that's the result of an effective system of prospecting and lead generation."

The good news is that creating a workable prospecting plan is easier than you think. Here are some simple steps to get those leads flowing.

Step-by-Step Prospecting Plan

Step 1: Decide whom and how many. Before you make one call or send one newsletter, you need to understand that prospecting is all about the numbers. In order to determine how many prospecting contacts you need to make each month, you should know what percentage of those contacts will either do business with you or send business to you.

“When you look at a typical business plan of champion sales associates, you’ll see they know how many contacts they need to make in order to secure a certain number of closed contracts,” says Zeller. A good rule of thumb is four contacts to get one contract, he suggests, but track your own conversion rates for a more accurate figure.

Before you apply your conversion rate, divide your income goal by your average commission check to determine how many units you need to sell. Then apply your conversion rate to that number. For instance, if your income goal is \$100,000, and your average commission check is \$5,000, you’ll need to sell 20 units. If one of every four leads results in a contract, you’ll need to make 80 contacts to achieve 20 contracts (assuming each contract results in a sale).

Once you know how many prospects you need to contact, you can break down your number into daily or weekly segments to make your goal more manageable.

But if percentages are the underlying principle of prospecting, you also have to keep in mind that not all prospects are equal. “Your best bet is calling your past clients and your sphere of influence,” says Zeller. “Call them with frequency. With your past clients or sphere of influence, you will probably have a higher conversion rate so you won’t need as many leads as cold-calling.”

If you don’t have a large sphere, consider calling people who’ve demonstrated a high level of motivation in the recent past, such as expireds and FSBOs. Also, look at referral business relationships — home inspectors, for example — and call them regularly.

The next step on the prospecting hierarchy, and one where conversion rates are probably lower than for past clients, are your warm prospects. These leads come from a targeted list of people who have received your marketing piece or who are otherwise a part of your designated farm. Restricting your prospecting to one group, whether that group is chosen by geography, profession, or price point, allows these people to get to know you better through more frequent contacts and helps extend the impact of your marketing dollars.

Only after exhausting all other prospecting options should you cold-call, says Zeller. Not only is cold-calling complicated by the federal do-not-call regulations but “the ratio of how many calls you have to make to generate leads gets progressively worse,” says Zeller.

Step 2: Choose your tools. Although prospecting may conjure up an image of a harried salesperson clutching a phone book, today’s prospecting arsenal is much larger.

“Do a little of everything because different prospecting techniques will generate different prospects,” says Richard.

Here’s Richard’s rundown of the best uses for some common prospecting tools.

- Postcards are best as high-impact contacts with strangers.
- Web sites that allow consumers to search MLS listings are best for attracting buyers, since most begin their home search on the Internet.
- Phone calls are an ideal way to maintain your relationship with past clients and nudge them to provide referrals or become active again in real estate. Keep in mind, however, that federal do-not-call rules prohibit a business from calling consumers unless it's done business with it in the last 18 months.
- Newsletters — both electronic and paper — build relationships with prospects and past clients to generate referrals.

Today, some sales people are using the Web's social networking tools to reach out and build relationships with prospects. Whatever tools you use, says Zeller, track your results. "The most important thing you can do is to track your leads by source and decide which prospecting tools work best.

Step 3: Put in the time. A plan on what tools you're going to use. But a plan is only a useless list unless you actually carry it out. So get cracking. To get that prospect tide flowing, follow the lead of Emmanuel Fonte, a sales associate at John L. Scott Real Estate in Bellevue, Wash. Fonte, the company's rookie of the year in 2006, has a written prospecting plan and works it two hours a day, rain or shine.

Part of Fonte's secret is his decision to prioritize his prospects and spend more of his time on those most likely to produce business.

Prospects whom Fonte has categorized as A-listers, those most likely to produce business for him, get a monthly phone call or handwritten note as well as three other things of value, such as a postcard highlighting energy conservation, each month.

B-list prospects get several phone calls each year, along with things of value at least once a quarter.

C-list prospects get at least one phone call each year. All three groups also get Fonte's monthly e-newsletter and a monthly printed newsletter.

"I try to meet at least two A prospects each week for an hour-long meeting," says Fonte, "and I try to get face-to-face with all the A prospects at least every six weeks, eight weeks at the max. It might be getting together for coffee; sometimes it's just dropping by their office. I follow up with a thank-you card the next day."

Chris Heller is another man with a prospecting plan. "I prospect from 7:45 to 10:30 a.m. each day," says the salesperson at Keller Williams Realty in Encinitas, Calif. "It's as much a part of my schedule as everything else, and nothing replaces it."

Heller calls three primary groups — expired listings, FSBOs, and past clients and his sphere of influence.

"I call the expireds first thing," he explains. "They're getting calls from lots of sales associates, and I want to be among the first to call."

Next up are FSBOs, but there are fewer in his market right now, so those don't take long. Then he moves onto past clients and his sphere of influence. "I hit a minimum of 10 a day, and it's not a social call," he explains. "Other sales associates have a hard time calling because they don't like being viewed as a sales associate, but that's exactly how I want to be viewed. These people think of us as their neighbor or their kid's friend's parent, but I want them to see me as being in real estate."

Heller's professional approach helped him increase his business by 10 percent in 2007, even though his market was down more 30 percent.

Step 4: Don't give up. One big reason many sales associates avoid prospecting is their fear of rejection. But Heller doesn't understand that concern.

"That's sort of silly in my mind," he says. "You get rejected by your kids all day long. You ask them to clean their room, and they say no. So why are you worried about what people you don't know say?"

Fonte understands the fear, but he considers rejection the prospect's loss, not his. "I've had fear, and I know I'm going to get rejected," he says. "But if it's someone I don't know, I don't take it personally. If people knew me, they'd be silly not to hire me. I feel bad that they didn't get the opportunity to know that."

Preparing physically and mentally before making calls helps you perform with confidence and takes the sting out of the almost inevitable rejection.

Fonte stands up when making prospecting calls because "there's an energy that happens, and I believe I project that," he says. "I close the door of my office, put on my headset, and talk with my hands, pretending that the prospects are right there in front of me."

Your own version may involve high-energy music, positive affirmations, or an inspirational quote on your computer monitor. Do whatever works as a way to remind yourself of the value of positive thinking in achieving your goal.

Another way to keep rejection from becoming personal is to make it a numbers game. Keep track of how many rejections you get. Then focus on reducing that number from, say, nine in 10 to eight in 10. Try to focus on your goal, not the rejections. Fonte's goal is two appointments a day, so "I keep going until I get my two yeses; I don't focus on the nos," he says.

Test new mailing copy and practice new phone script approaches with friends. Test each new approach for a specific amount of time to see if it improves your conversion ratio. You'll find what works best and feel like you're making progress — a great way to counteract rejection burnout.

Although he's been in the real estate business less than three years, Fonte credits his early success to his ability to do something as important as prospecting every day. "Before going into real estate, I was a professional musician. I think that subconsciously, I adapted the same principles of practicing consistently to real estate."

It's time for you to make beautiful prospecting music like Fonte and others do by being as dedicated as they are to the art of finding new clients.

4 Tips for Making Your Plan Work

Tip 1: Track contacts by groups to fine-tune your conversion stats. General conversion numbers may help you reach your goals, but tracking your prospecting calls by group — people in your yoga class or owners who live in a certain subdivision, for example — you can gain a better understanding of which groups respond most positively to your contacts. Prospecting by group also allows you to tailor your message to each specific group.

"Target customer segments, such as FSBOs, expireds, relocating buyers, investors, first-time buyers, seniors, newlyweds, or parents who need to buy housing for their college student kids," suggests Dan Gooder Richard, owner of national marketing company [The Gooder Group](#) in Fairfax, Va. "Then give thought to what motivates them. Why do they list and sell? What keeps them up at night? Your answer to those questions is what makes the phone ring."

Tip 2: The message makes the sale. Just contacting prospects won't pay off if you can't immediately demonstrate that you understand their needs. Focus on consumers' problems and fears, then help them find a solution, says Richard. Are your first-time buyers worried about qualifying for a loan? Your prospecting tool should show them how the mortgage loan process works and how you will help them. Want to appeal to downsizing seniors?

Work with a tax expert to provide information on capital gains deductions and how to figure what your gains are after a sale. Build an instant database by promoting your problem-solving information in your initial contact and asking prospects who want to receive it to give you their phone or e-mail address.

Not sure what to send? Check out [REALTOR® Magazine Online's Handouts for Customers page](#).

Tip 3: Don't get distracted by success. It's easy to find excuses for not prospecting if you have several active clients on tap, but remember that if you don't keep the prospect pipeline filled with new leads, you'll end up with no work when the current deals close. Even if you have to cut down on your phone prospecting, try to compensate during busy periods with more mailings or other lead generators.

Tip 4: Build rapport to beat rejection. There's no magic bullet to stop rejection, but you can lessen its frequency, says Richard. Focus on these easy ways to connect:

- Family-ask about the kids and their activities.
- Occupation-what problems does the prospect's job share with yours?
- Recreation-talk about their favorite team or hobby.
- Dream-what's your dream home?

Money Savers: Low-to-No Cost Ways To Generate Prospects

- **Speak now or forever lose an opportunity.** Host free seminars at your office, or offer to do them for local community and business organizations such as the Chamber of Commerce or your community college. Choose topics addressing consumers' biggest concerns today, such as how to avoid foreclosure, how to avoid paying private mortgage insurance, or buying opportunities in a slower market. Promote the event on your Web site as well as on the site of the event's sponsor. You also can use the event as a reason to call people in your database.
- **Do business by doing good.** Over and over, experts recommend devoting time to a worthy event because it works. Whatever cause you choose, meeting with people who share a positive experience helps solidify your position in your community. Volunteer for something you're passionate about so that you're at your best.
- **Blog all about it.** Many real estate professionals have built names for themselves by creating a blog. Several real estate sites, including REALTOR.com, allow real estate professionals to create a blog at no cost. If you use a paid service, shop around; fees for both purchasing a domain name and hosting the site can vary dramatically. You should spend no more than \$150 to purchase a domain name (although many reputable vendors charge between \$10 and \$35) or about \$20 per month for hosting fees, depending on the storage and bandwidth you purchase. The key is to post at least several times each week on hot topics so that readers have a reason to keep checking in.
- **Sit pretty.** Though many sales associates groan about open houses, there aren't many other no-cost opportunities that put you in front of a steady stream of potential buyers. Either hold your own open houses or offer to fill in for another associate who needs help.
- **Let consumers do your prospecting for you.** Ask for a testimonial from recent clients, and then add it to your next farming postcard or e-newsletter. Testimonials add credibility and reinforce that you're the sales associate who helps clients walk away happy.