



Cutting corners or being efficient? Not knowing can be lethal

When it's done right, efficiency can save cash and time and at the same time not interrupt (and likely even increase) service to your customers. And in this rickety economy saving money and time is something I'm sure you've considered. (Incidentally, I've talked to Realtors in Texas who know that efficiency is key these days, and I'll share later what one Texas Realtor has done over the last few months to take his net profit to record levels.)

But first, know that sometimes business owners (and Realtors are not exempt) confuse efficiency with cutting corners. And that can land you in a mess as big as Texas. Plus, it's an easy trap to fall into because saving money and time is always tempting. Who doesn't want to save money and time? What's more, it's relatively simple to find ways to save both. For example, it's painless to save a few bucks by going with a property stager who might charge less to save a little money up front.

Nevertheless, efficiency can be a tricky business precisely because cutting corners sometimes masquerades itself as efficiency. You might try something that looks like efficiency at first glance, but it ends up being lethal. Make the wrong move, and off the cliff you go.

Consider the question of print advertising. Should you stop it in favor of online ads? Some Realtors cut out print ads years ago and they tell me it was a great decision and that their business has improved since moving online. (Although they admit it takes a while to convince sellers to drop print.) Yet, other Realtors tell me they think print is the way to go and spend thousands on it every month. My advice: track both your print and online ads, compare results and then proceed accordingly.

And this leads me to a critical question: How do you know what moves to make and which to avoid when it comes to adding efficiency to your real estate business?

I ask my clients to tell me why they're doing a particular endeavor (or considering it). Sure, it saves a few bucks or minutes, but does it pass the Jack Welch test? Will it hurt your ability to get and keep customers? If so, avoid it like the plague.

Local Realtor Is Profitable & Efficient

Another critical point of this article is to examine specific ways to save money without jeopardizing customer recruiting or retention. One broker I've worked with who has done a fantastic job of making his business more efficient in these lean times is Larry English of Re/Max in Pflugerville, Texas. In fact, he tells me that even though business is off 30 percent; his net profit is as high as it's ever been.

How'd he do it?

When we first met, English wasn't watching his money as closely as I would have liked. So he gathered his team to talk about how to save money. "We examined every bill and asked how we could lower costs," English says. "I called providers and asked them point blank how we could lower bills – phone, utilities, advertising, everything. The lesson I learned was people know times are hard and they'll negotiate with you because they don't want to lose your business."



For example, to lower his rent on office space, English told the owner he could either scale down office size or ask for 20 percent off the lease until times get better. “He thought about it a few minutes and reduced my payment by \$800 a month.”

English also called the manager of a warehouse where he keeps his yard signs for \$65 a month. “I told him we’re the moving the signs to my garage and he called me back later and says, ‘Don’t pay me until the end of the year. If you can pay then, the six months will be free.’ People want to keep their customers.”

And English renegotiated all his advertising contracts along with his errors and omissions, liability and auto insurance policies (again, he says vendors were receptive).

When gas prices rose, English was paying \$200 to \$300 more a month. “We started planning out our trips and making appointments that made sense.”

He went from six phone lines to four and saved \$200 a month. “You can always add them later,” he says.

“Then we consolidated all cell phones and watched overage charges.”

English’s advice is simple: “Be honest. Tell vendors you’re not selling as many houses and they aren’t selling as many widgets. And question every bill.”

Watch your money

A wise man once said if you don't watch your money, someone else will. Now I know Realtors are often pretty good with numbers, figuring out mortgage payments or calculating interest, but when it comes to watching their own income, they typically fall somewhere between ambivalent to just plain neglectful.

I recommend profit and lost statements to my client so they know where their money is going -- and how effective it's working for them. If it's not working, renegotiate or drop it altogether.

I asked English to use a monthly profit and loss statement and now he’s a fan. “I guarantee there’s not a business person that can’t cut \$400 a month who knows where their money is going,” English says.

All systems go

To save time, I urge the use of systems. The goal is to get the office running on autopilot so agents can do what they do best -- sell real estate. I’ve had clients double their revenue in less than a year via systems.

It’s takes a while to implement, but you start developing systems by documenting all aspects of each job in your office so each person knows exactly what his or her job is, inside and out.

A big part of systems is technology. From automated e-mail and drip systems, to databases and Blackberries, nothing saves time like technology. Ignore it at your peril.



One area of technology I've seen brokers save literally thousands a month is through virtual assistants. When you find that you don't need a full-time person, but still need help, they're a phenomenal tool – and you save social security, insurance and all the other personnel costs.

Another item that's getting a lot of attention (and rightly so) is social networking. Active Rain, LinkedIn and Facebook are a few that can multiply your contacts for free or for very little cost.

And I've found Realtors having luck listing properties through their social networking sites and even on Craigslist for free.

So no matter what you do to add efficiency, take time, think it through and most importantly find out if it helps you get and keep customers.

Best of luck to you.

Bob Corcoran