

CHAPTER 35

Lifetime Value of a Customer

By Brian C. Reed

The general consensus by the public is that realtors are just out there to make a quick buck. They feel realtors are simply middlemen trying to get involved in a deal by any means necessary so they can get their piece of the pie. They're perceived to be dreamers in search of great riches and extravagant lifestyles without doing all the grunt work usually considered essential to achieve it. Let's face it, the perception of realtors by the general public is for the most part not always considered to be favorable.

I was completely unaware of this stereotype concerning real estate agents prior to entering the profession. Like most young professionals, when I set out to become a realtor I had all the intentions of becoming successful and providing a secure and a healthy lifestyle for my family. By no means, however, was I looking to make a quick buck, but rather I truly desired to be considered a knowledgeable and trusted advisor.

In my opinion, the reason our profession has been perceived to be filled with swindlers looking for quick riches is that for much of the last decade it truly was. At the boom of the real estate market in the early to mid-2000s deals were happening left and right, and even the least capable agents were able to sell homes just by waking up in the morning and managing to find their way to the office. In my first couple of years in the business, I saw many unscrupulous and unethical activities

by some of my fellow agents. At times, I was ashamed to be associated with my chosen profession.

I had worked predominantly in commercial real estate prior to 2010, and my business partner of four years had worked mostly in raw land. In all honesty, though, we had never specialized, and it was uncommon in our area for anyone to do so. Most agents would just take what came their way and throw it against the wall and hope it stuck. We sold an occasional house here and there, but for the most part just worked with investors. The only bad thing was that investors soon became few and far between.

In 2009, we had four or five deals that fell apart at the tail end and sometimes literally just short of the closing table. Instead of having solid six-figure incomes for the year, we were struggling just to make ends meet. Needless to say, our investors were struggling as well and with their financial difficulties or lack of confidence in the market, they soon bailed out. The lead calls that had once been in abundance had come to a blistering halt. A percentage of the agents we once knew were gone along with the quick buck, as they now had to work for a living. My partner and I were at our wits' end and were both considering getting out of the business altogether.

We sat down and discussed what it was we liked most and least about the business and thought about the times we were happiest in our jobs. After much consideration, it became clear to us that we both found our jobs most rewarding when we were helping those who really needed and appreciated our services. Some of our best experiences were working with first-time home buyers. My partner and I were both young—I had just turned 30 and he was just under 30—so we had the opportunity to work with a lot of young professionals who were in the beginning stages of new careers, just recently married, starting new families, or some combination of these things. We were given the opportunity to help these people from day one through the whole home buying process and were able to provide them with an overall memorable home buying experience. This is where true value lies.

For the majority of these people, we were in most cases consulting them in the biggest investment of their lives. These individuals truly appreciated the tremendous efforts we had made on their behalf and through

the course they had made us an extended part of their families. It felt great knowing we had put these individuals in homes we were confident would not only function well for their family but also would serve as solid investments for their family's future. Being a trusted advisor for these families is where we found hope for our profession and renewed confidence in our careers.

In early 2010, my partner and I made the commitment that we would specialize in selling homes with a strong focus on first-time home buyers. We would provide our customers with the ultimate home buying experience. We decided to write down our core values and make it a purpose in our lives to live by these core values. Our hope was that every time someone purchased a home through us, by the time of closing, they would have a good understanding of our core values merely through our actions. We were going to give this real estate business one more shot and, regardless of the outcome, we knew we would at least be doing the right thing and having a positive impact on the lives of those around us.

All revelations aside, one of the biggest difficulties we faced early on as a home selling team was that the banking standards kept getting more and more stringent. In many cases, individuals with strong incomes and more than enough money for a down payment weren't qualifying for loans due to credit issues. On the flip side, people with decent incomes and just enough money scraped together for a down payment were getting qualified for loans. A considerable number of times, these credit issues were no fault of their own or were due to mistakes they made in their distant past. These were responsible people who should be in homes but were not due to the nation's financial crisis and the over-correction taking place by the financial institutions.

How could we help individuals who were prime candidates for buying a home but falling short merely because of their credit score? We began looking for solutions and the only option we could find was to send them to credit repair specialists. Many clients had already spent money to see these so-called "specialists" and saw nothing in return. We realized our mistake was referring our clients to those who did not share our same core values and that we could no longer affiliate ourselves with them. We wouldn't kick these clients to the curb like every other agent and lender had done previously; instead, we would help find a solution to these individuals' credit repair needs.

Credit repair is a tricky process, and it's impossible to guarantee results (although many out there will). We figured we just needed to associate ourselves with individuals who demonstrated the same core values in the credit repair business that we did in our home selling business. No guarantees would be made such as those by unscrupulous companies that charged absurd and continuous monthly fees with no incentive to complete their task. In contrast to these practices, our associates always pull our clients' results within a specified timeframe so they can see their progress, and most important, they don't take on clients that can't be helped (i.e., recent foreclosures, bankruptcy, short sales, etc.), just to take their money.

We started by helping a handful of clients by paying their credit repair fees out of our own pocket because we wanted to make sure it worked before asking our clients to make the investment. After several months of testing, it became apparent that we had a solution for these selected individuals. We saw 60, 80, even 100 point increases. It wasn't a solution for everyone, particularly those who were irresponsible, hadn't made payments on time for months, and clearly shouldn't be approved for a loan. However, it was a solution for those who had credit issues due to mistakes or unfortunate events in their past. These individuals were ecstatic, and so were we!

These people had been deemed "unsellable" by every other real estate agent, builder, lender, etc., who they had met prior to coming to us and were not given more than five minutes of attention by anyone. Instead we took the time to show them their options and provide them with alternatives. Showing someone how to fix their credit is basically showing someone how to put more money into their bank account. Talk about creating raving, lifelong fans! Once you have gone through the effort of helping someone resolve their credit problems, they are almost definitely going to trust your advice as a real estate agent and show you their appreciation by purchasing their home through you.

In this market the only agents who are going to survive are those who care. The agents who were in it for the quick buck have, for the most part, quickly fled the industry. Deals don't close in a matter of weeks like they formerly did. An agent is going to have to nurture and oversee every deal. If you don't, clients aren't going to have a favorable home buying experience and, most important, you're not going to get valuable

referrals. Qualified clients are fewer and farther between these days, and in order to make it in this market, you're going to need to assist home buyers by creating the ultimate home buying experience for them. In return, you'll create raving fans who will go out of their way to send their friends and family to you to share a similar experience.

How can you create lifelong customers and raving fans? Follow these seven simple steps:

- *Determine your core values.* What's most important to you, and what message do you want to relay to your customers? Take the time to write them down so you can see them every day and under no circumstances do you deviate from or jeopardize these values.
- *Assure that your core values are shared and used by your team.* Make sure everyone on your team, from your administration to your buyer agents share and practice these same core values. If they don't, cut them loose. I promise you, if you have someone on your team who doesn't believe in these values it will quickly become apparent, and the only one who will come out looking bad is you.
- *Only associate with those who share these same values.* Our job as realtors isn't always to do everything but to direct our clients in the right direction to the right people. Only associate yourself with affiliates who share the same core values as you. If your clients get bad service from an affiliate, they'll assume they learned their values from you.
- *Don't kick clients to the curb: Be the solution to their problems.* Whether you're directing them to credit repair, helping them find temporary housing, or showing them how to create a budget, help clients resolve their issues or direct them to someone who can. This client might not be capable of purchasing a home immediately, but eventually they will be, and you want to be their agent when that time comes. If you help them find that solution, you will be rewarded for your efforts.
- *Create the ultimate home buying experience.* Buying a home is an overwhelming process to many individuals, so from steps A-Z of the home buying process you should have the systems and processes in place to make it as smooth and enjoyable as possible. You can work as diligently as possible for your clients,

but if the experience isn't pleasurable, you won't be getting repeat business or those precious referrals.

- *Create raving fans.* If you've created that ultimate home buying experience, you'll inevitably create raving fans who'll go out of their way to send you referrals just to say thank you. You can't stop there, though, as people will only send you referrals if they remember you exist. Stay in touch, show and express your appreciation for referrals, and continue to show your clients your gratitude and how much you care by simply taking a vested interest in their lives.
- *Become a raving fan of your clients.* Just as your clients show you their appreciation and celebrate your accomplishments, you should go out of your way to celebrate their achievements no matter how large or small. If they have a baby, send them flowers. If they complete their first marathon, send them a congratulatory letter. We should be in the bleachers rooting for our clients and being their No. 1 fan.

It's the opinion of many that if our industry doesn't take major steps to change these perceived flawed practices and the image this creates, we'll be as extinct as the once-prominent travel agent. I don't believe this has to become a reality, because trusted advice will always be sought after when buying a home. A home is one of people's biggest assets, and buying a home can be an unfamiliar and scary process to many. However, if you don't position yourself as the expert advisor and the one who truly cares, your time as a real estate agent will likely come to an unsuccessful, speedy end.

When I tell people I'm a real estate agent, I sometimes hear, "Oh, I'm so sorry, it must be so tough in this market." It makes me laugh because I truly love this market. It has helped "clean up our house," and now all the pretenders are long gone or on their way out. Last year was our team's best year ever, and it came down to simply reflecting on our core values and getting back to the basics of what the customer should be able to expect from us.

So what is the lifetime value of a customer? The lifetime value of a customer is for the most part immeasurable, but it is simply the biggest return on investment you can make in your business. When you stop to

consider it, the only real investment you have to make is time for others. Create that ultimate home buying experience for customers, create raving fans and be a raving fan!!! I can promise you one thing: If you start by taking the focus off of yourself, at the very least your life will be much better. It is my hope that your business will soon follow suit.



About Brian

Brian Reed, along with his business partner Ryan Peterson, formed The Ryan & Brian Real Estate Team in 2006. Their unique team system is the secret to their success and allows Ryan & Brian to provide unparalleled service to their clients. The Ryan & Brian Real Estate Team take pride in their mission, culture and core values. Their focus is on their clients and keeping them informed in every step of the real estate transaction. They have separated themselves from the herd by showing their clients that they care and never kicking them to the curb by providing solutions to their obstacles. They're dedicated to providing their sellers and buyers with the ultimate home buying or selling experience.

Their mission is to create the most productive and influential real estate team in the Rio Grande Valley of South Texas by focusing on teamwork, leadership and personal growth to achieve their goals, and only working and associating with those who share this same focus. By providing world-class service, they'll create raving fans of their team. They've created an image that's known throughout their community for service, results and innovation.

To learn more about Brian Reed and The Ryan & Brian Real Estate Team, visit [www.RyanAnd Brian.com](http://www.RyanAndBrian.com) or www.RnBTeam.com, or call toll-free (855) RnB-Team (855-762-8326).