



Real Estate's NEW MARKET REALITY

The fact is that the role of real estate agents and their job in the transaction has forever changed. Did you get the memo?

Why did we put this eGuide together?

The real estate industry has been going through a major transition for a number of years, yet many agents haven't adjusted to these changes. Furthermore, there are few (if any) industry or news outlets that are reporting on this change.

We created this eGuide to finally bring this New Market Reality into the light. In this eGuide we'll discuss what this major change was and how it has redefined the responsibility of the real estate agent forever. We'll also provide you with a guideline of how to prove your value and worth to your clients so you can easily separate yourself from your competition.





Who should read this eGuide?

While this eGuide will certainly provide great insights for every agent, it is specifically targeted for those real estate professionals who are, or who want to be, just that—A TRUE PROFESSIONAL.

We wrote this eGuide to help these agents raise the bar on what it means to practice real estate and, as a result, create a significantly improved experience for the consumer.

Whether you're already on this path or just getting started, we know this eGuide will help you cement your position as the real estate expert in your market place.

It is specifically targeted for those real estate professionals who are, or who want to be, just that—A TRUE PROFESSIONAL.





Once upon a time...

Not that long ago, real estate agents were in the business of *providing* information. In fact, you can probably remember a time when all that real estate professionals did—the only value we thought we had—was giving information.

What's for sale, what's on the market, what's the pricing of similar homes, etc.

Back then, to protect our value, we locked away this information in a fortress called the MLS. If any person outside of the real estate business tried to reach into our fortress and grab a slice of that data, we were trained, like guardians outside the gates, to chop off that person's arm. (Okay, so not really chop it off, but you get the idea.)

And, if you've been in the business long enough, you may even remember the blue book of MLS

listings we used to have at the office. But, if we saw an agent hand that blue book to a buyer to go home with at night, we would begin erecting a guillotine in the office parking lot to execute that agent the next day (or, at the very least, we'd give them some real nasty looks). Why? Because we thought our true value was just that—the information itself.

This was how real estate had been done for over a hundred years.

But this is not how real estate is done now ... **and we guarantee it won't be done like that ever again.**





The big change

In the 1990s, information was being placed on the Internet at an unfathomable pace. Every industry was affected (think about the music industry).

In the real estate industry, client demands forced real estate companies to publish their own listings on their websites. The publishing of all listings (not just their own) quickly followed.

With this, a new, more-informed consumer was born.

But if this occurred in the 1990s, why is it such a big change today?



The information itself is no longer what people come to you to receive. They now come to you to receive an analysis of that information.

Well, with the ramp-up in the mid-2000s, many agents got lost. It seemed that all they had to do was wake up in the morning and business would just come to them. They didn't need to adjust to this new consumer. Similarly, when the market soured in the late-2000s, many agents were left dazed and fighting just to stay alive. They couldn't spend time focusing on this new consumer.

But today, with markets stabilizing, we need to turn our attention again to building our businesses and addressing

the needs of our consumers.

And that's precisely why this change is such a big deal today. The information you used to be hired to give, the information people turned to you for, is all over the Internet. Anyone can access it. Anyone can use it.

As such, today, the information itself is no longer what people come to you to receive. They now come to you to receive an analysis of that information.

And that's a big change!



Welcome to Real Estate's NEW MARKET REALITY

How this change redefines the role of the real estate agent

“There’s a large gap between information and actionable knowledge.”

Powerful words.

What it’s saying is that information by itself is essentially useless. What’s truly important is being able to understand, analyze, and use the information for the best outcome. And that’s what your job as a real estate professional has become!

Unfortunately, many agents are still living in the past. Don’t think so? Let’s look at two scenarios that show this in action...

1 Some real estate agents (hopefully not you) still think that they’re adding significant value for a buyer by creating a buyer profile and inputting it into software that automatically emails them new listings that match their criteria. Do you really think there’s any value to sending people an auto-generated

email that says, “Here’s another listing to check out!”?

Realize that by the time today’s buyer gets that “new listing” auto-generated email, they already know about that house. They were up at 1 a.m. in their pajamas searching the Internet wondering if their dream house came on the market today. They looked at the 12 pictures that were available on the Internet last night. They already checked the crime statistics in the neighborhood, as well as the schools. That morning, on their way to work, they





“There’s a large gap between information and actionable knowledge.”

drove past that house to look at it from the outside. By the time they got that e-mail, they already knew more about that house than the agent.

2 Many agents still offer free CMAs. However, these days, a CMA (comparative market analysis) is worth exactly what we charge for it...nothing. Yet they think that offering a CMA is a selling point.

A CMA essentially tells a consumer what houses used to sell for and are currently selling for now. Why is that not useful? Think about it this way: would you hire a stock broker to tell you what stocks used to trade for? Can't you just look that information up online (like buyers and sellers can do with real estate today)? What if you found a “really good” stockbroker who could tell

you what stocks are currently trading for? Would that excite you? No, because this information isn't of true value. We seek out stock brokers for their assistance and expertise in predicting what stocks will trade for in the future.

These common practices are proof that many real estate agents still feel their value is in the information itself.

Let us pause to acknowledge that there are still some agents who continue to bemoan the day the information went to the Internet. They view third party aggregators as the enemies. But rather than resist these changes, to be successful we must accept them. Instead of lamenting what we lost because of those changes, we have to be in the “opportunity to gain” mode. That’s the only true path to success in today’s New Market Reality.



THE NEW REALITY

So let's face a few realities:

- The real estate business has changed forever.
- What worked in the past to make you a successful agent won't work today (or tomorrow).
- You need new skills for this New Market Reality.

As you can see, what the consumer expects of real estate professionals today is very different than what they expected of them only ten years ago. **The agents who don't evolve into what the consumer now demands will not survive.**

Clients no longer need us for information regarding which homes are for sale or what houses in their neighborhood sell for. They can easily find that information online.

What clients really want is someone who can...

- Analyze all the available information
- Connect the dots and let them know if now is a good time to buy or the right time to sell
- Take the time to explain their options—simply and effectively

It's a big change...and it's one you need to embrace to move forward.





To help put the change and the need for evolution in perspective, think of real estate as a NASCAR® race, and you—the agent—are the racecar driver. Right now, you're driving in that race, and the track is taking a sharp turn.

To some agents this might be scary. But this is actually a tremendous opportunity. Why?

Because successful agents, like great racecar drivers, don't get paid to navigate the straightaways. Think about it...if anyone got into a racecar, hit the gas, and kept the wheel steady on a straight, empty road, they could drive very fast without a problem. Navigating the straightaways is easy. But approaching a turn at 180 mph without either slamming the brakes or crashing into the wall requires true skill.

Right now, your car is going fast—very fast—and you're in the beginning of this turn. What do you do?

When things change dramatically, some agents (like novice racecar drivers) will hit the brake. Yes, some even stop the car, pull over, and get out.

Have you seen some agents in your area do this?

On the other hand, some agents keep going full throttle and crash. We don't need to explain why this is not a great strategy.

But the great agents (like the great drivers) see the opportunity in this turn. It's an opportunity for them to separate themselves from their competition. As they begin the turn, they may let up on the gas and downshift, but halfway through the curve they do what the great racecar drivers are taught to do: **They accelerate dramatically!**

That acceleration drags them through the second half of the turn and allows them to hit the next straightaway at maximum speed. And the agents who navigate the turn at the highest speed will reach that straightaway **before** the competition. They'll create a lead so great that not only will their competition not be able to catch them—**they won't even be able to see them!**

The turn we're facing in the real estate industry right now is a tremendous opportunity for those who navigate it properly. Let's take a look at this opportunity.

The agents who navigate the turn at the highest speed will reach that straightaway before the competition.



The opportunity in disguise

To get a better understanding of this change let's first look at another industry that went through the same change.

In the 2000's, all the information in the medical sector also went to the Internet thanks to places like WebMD. Did WebMD put doctors out of business? No. It simply created a nation of hypochondriacs and actually drove more business to doctors.

Think back to your childhood... When you were a child and had a cough, Mom would often have some homemade remedy...something certainly with honey in it. You rested, and if it didn't get better soon, then you'd see a doctor.

Today if you have a cough, you look it up on WebMD. You try your best to answer the questions (Is it a hacking cough or a wet cough? Is it coming from my chest or my throat?), but you're not completely sure of all nuances. You then read that there's a new Asian virus going around and you think, *"Oh my gosh! Last week I was at the zoo and we were close to that monkey. Maybe that monkey came from Asia. Maybe I have the virus!"*



That day you schedule an appointment with the doctor. But you're not going because you want to learn more about the Asian virus... you already have all that information in front of you. Rather, you're going to the doctor for her expertise, for her to analyze your symptoms and tell you if you really have the Asian virus (or just the common cold), and for her recommendations of what to do next.

So what's going on here?

It's actually quite simple: Information being readily available (without context or understanding) causes confusion. That's when people seek out professionals (whether it be a doctor, lawyer, or real estate professional) for an analysis of the information and their situation. Because of the wealth of information available, **people are yearning for expert advice.**



Expert Advice ≠ Perfect Advice

Don't be afraid of those two words—expert advice. Remember:

- An expert doesn't mean you're going to give **perfect** advice.
- An expert means you're going to give **excellent** advice.

Here's the difference:

If you go to a doctor with a serious illness, she can't tell you how it's all going to wind up in the end. She doesn't know. If she did, that would be perfect advice.

However, your doctor, assuming she's truly an expert, can give you excellent advice. She can tell you about your illness and your options, whether it be surgery or medications. She can also explain what she believes to be the best option for you based on your history, symptoms, and overall health. Ultimately, though, you're going to make the final decision of whether you go through with the treatment plan.

Once you make that decision, your doctor will take you by the hand and walk you down the road to recovery. She will explain to you that there might be adjustments that need to be made to the treatment plan, because no one can know for certain how things will turn out.

She might have to adjust your medications or increase or decrease your treatment schedule. But every step of the way, she's there with you, helping you get to your ultimate goal. This is called excellent advice. (By the way, does this sound like what we do with our clients?)

Similarly, if you went to an attorney, he can't tell you how the case is going to end up or how the judge or jury will rule. That would be perfect advice. What an expert attorney can do is explain your options. He might pick one or two he believes to be the best ones to pursue. He will then leave you to make the decision on which option you want to take. Once you decide, he will help put a plan together based on the facts at hand. He will help you get to the best possible resolution of the case. And along the way, he'll make whatever changes are needed. This is excellent advice. (Again, does it sound similar to how we help our clients?)

Your role as a real estate professional is similar to the role of the doctor and lawyer. You can't give buyers or sellers perfect advice because you don't know what's going to happen—you can't know the future. However, you can give excellent advice based on the information and situation at hand. You can guide them through the process and help them make the necessary changes along the way. And that's exactly what your clients want...**and deserve!**



Succeeding in Today's NEW MARKET REALITY

Give excellent advice

What does it really mean to give excellent advice? Two things:

- It means that your knowledge inspires confidence and certainty.
- It means that your knowledge takes away the clients' concerns.

This goes way beyond the sound bite answers salespeople in every profession are good at regurgitating. This is about a depth of knowledge. When someone asks you a question, can you truly explain to them what their options are based on what's taking place in the market?

In order to know whether you have a depth of an answer, ask yourself three questions:

- 1** Do I know what is truly happening in the market?
- 2** Do I know why it's happening?

- 3** Can I simply and effectively communicate both of these points—what's happening and why it's happening—to a consumer?

Knowing what's happening and why it's happening, as well as how to communicate those two things, are what make you an expert and trusted advisor. It's what enables a buyer or seller to say, "I am going to have the courage to move forward. I'm no longer afraid of making a decision."

Seth Godin, one of the greatest marketers of our time, put it best. He said: "**People don't believe what you tell them, but they always believe what they tell themselves.**"

When you're sitting with someone and explaining their options, you have to educate them. Remember that they won't believe what you tell them. That's why you have to bring them to the point that **they understand what you understand**. When you get them to that point, you're no longer telling them it's okay to buy or sell. Now they're telling themselves it's okay based on their understanding.

This means you not only have to analyze the information well enough to understand it yourself, but you also have to understand it so well that you can simply and effectively communicate it to buyers and sellers. As Albert Einstein said, "**If you can't explain it simply, it just means YOU don't understand it well enough.**"



Where's your heart?

Dave Ramsey, the financial guru, said, **“When getting help with money, whether it’s insurance, real estate or investments, you should always look for someone with the heart of a teacher, not the heart of a salesman.”** He talks about our industry specifically.

When you have the heart of a teacher, you’re willing to take the time in every presentation to teach. It doesn’t matter if you’re having a conversation with a first-time home buyer or a seasoned seller; if you’re taking the listing or negotiating an offer. Every conversation is an educational opportunity.

When you have the heart of a teacher, you’re willing to take the time in every presentation to teach.



You shouldn’t be trying to convince someone to do something (that’s what salespeople do); instead, you should be helping your clients discover what their options are, explaining the pros and cons of each of those options, and then letting them make the decision that is best for them and their families. That’s what a trusted advisor, with the heart of a teacher does.





Learn before you can teach

In order to teach effectively and with the heart of a teacher, it's important to understand how today's consumers learn.

A few generations ago people came home from school and were educated and entertained by radio—by the spoken word. That generation didn't have television or the visuals we have today. As a result, they were great storytellers. They could craft a vision with words alone.

Here is an example:

"Yesterday, they emptied Lake Michigan and filled it with tin foil. Then, rumbling down the road came hundreds of big dump trucks full of vanilla ice cream. They dumped all the ice cream into the tin foil bowl that lined the lake. Then came the fire trucks with their big power hoses and squirted chocolate syrup all over the ice

cream. Just then, we heard a loud roar echo through the air. It was a helicopter carrying a gigantic cherry. It plopped the cherry down right on top to complete the sundae."

That generation knew how to tell stories and how to listen. Words were what they lived by.

Today, however, most of that generation is 90 years old or older. If your 30-year career plan is to only deal with clients that are 90+-years old, you may be in need of a new plan.

As technology evolved, subsequent generations didn't sit in front of a radio; they sat in front of a television. They learned to count watching Sesame Street, and they watched MTV to relax and unwind. These people were educated and entertained very visually.





The way they processed information changed from auditory to visually. Simply “telling” them something wasn’t enough. They need to “see” it as well.

If you’re not using strong visuals in all your communications with clients (face-to-face meetings, emails, newsletters, etc.), then your message and advice is not being fully heard or understood. Allow us to prove that to you...

The importance of visual aids

Using visuals enables you to explain your clients’ options in a way they can understand.

A classic study sponsored by 3M at the University Of Minnesota School of Management on the topic of “Persuasion and the Role of Visual Presentation Support” shows that visuals are important in any presentation. The study found that presentations that used

visual aids were “43% MORE PERSUASIVE than unaided presentations.”

Additional research at 3M has shown that “we process visuals 60,000 times faster than text.” You’ve heard the saying “a picture is worth a thousand words,” right? Here’s the proof of that.

Make no mistake: Visuals are vital for your success!

Remember, your job now is to help your clients understand how the market affects their situation. Powerful and relevant visuals give them the best opportunity to understand the complexities and nuances of the real estate market. Your job is not done until they are fully informed, can fully understand the information, and can make the decision that is best for them and their family. This is also when you will have their trust and be seen as a true professional.

Take the time to prepare visuals for every appointment. **It is vital to your success in this New Market Reality.**

Which is easier to understand?

A curved line with every point equidistant from the center.

or





Go mobile

Education doesn't just happen at the formal appointments—when you're on a listing at someone's kitchen table, presenting an offer, or sitting with a buyer in your office. For true professionals, the kind of education we're advocating needs to take place at the informal appointments too.

These are what we call the “pre-appointment appointments.” They take place all the time and typically when we least expect it:

- At one of your children's athletic events
- At the ballet
- In the supermarket when someone walks up to you and asks you a real estate question



These are the interactions that often lead to the appointments that we spend most of our time preparing for. But how many of us “prepare” for these pre-appointment appointments? We know the basic questions they're going to ask, right?

- How's the market?
- Should I wait to sell my house?
- Is now the right time to buy?

Do we prepare some very quick presentations (two to three visuals with an explanation) that cover these questions and have them ready on our smart phones or tablets?

As an agent who thrives in this New Market Reality, you should be able to reach into your pocket or pocketbook and pull out graphs, charts, and other visual information that helps explain what you want that person to understand.

If you do a better job at those pre-appointment appointments, you'll be invited to more formal appointments (and thus create more business).

The key to doing a better job at these pre-appointment appointments is becoming mobile with your real estate information and tools.



Your path to success

Yes, the real estate industry is changing dramatically. It's no longer about information; it's about your ability to analyze that information so well that you can teach it to others.

That's your job now.

That's what the real estate industry is about now.

The agents that embrace this New Market Reality are going to be the dominant agents moving forward. They are ones who will win the race!

As you move forward into your real estate career, remember to plot out these three steps along the way:

- **Step 1** – Continually educate yourself. Whether you use [the KCM membership](#) or some other educational means, know what's going on and why it's happening. As Albert Einstein said, "Wisdom is not a product of schooling but of the life-long attempt to acquire it."
- **Step 2** – Be able to communicate what you learn. Think of it as the ability to sing versus being on iTunes. If you can sing, but deliver your message on the equivalent



of 8-track tapes, no one will listen to you. If, however, you can sing and you publish your music digitally (the modern format), you'll have a much higher likelihood of reaching your audience.

In real estate, this means making sure your client presentations are filled with impactful, relevant information that will help them gain clarity from the confusion in the market. Make your presentations overly visual and so simple that anyone—even a child—can understand what is happening in the current market. Graphs, charts, and infographics are great formats to use.

- **Step 3** – Keeping current matters! You can have a tremendous understanding of key factors and wonderful visual materials to help make it easy for your clients, but if you're not updating these things on a constant basis, you're lost. How valuable would a physician be if she didn't update her advice and recommendations based on the newest medical research? Don't be caught with outdated information in your presentations and conversations. Do your homework and be on top of all the major news that will impact the current real estate market.

For most families, buying or selling a home is the most important personal decision and possibly the largest financial decision they'll ever make. They are looking for a true professional to help them through this process. Make sure they get one when **you** walk into their lives.