

Today's Brokerage Strategies for Tomorrow's Market Leaders

"Happiness can be found in the darkest of times, as long as you remember to turn on the light". At least that is what my daughter tells me. No doubt she read this in one of her Harry Potter books. If only today's market was as fictional. However this passage is more appropriate than any time during most of your commercial real estate careers. Think about it, the vast majority of commercial real estate brokers have never experienced a downturn in the market place. Even for those of us who have had the privilege to manage through the late 70's and early 90's have yet to experience a relative decrease in velocity of this magnitude. The calls for "Stay alive until '95" have matured into "It will be heaven in 2011".

From a commercial broker's perspective more and more of you are looking for the proverbial "light switch". Here's the good news, there is a light switch, and it's you! Yes, you control how you will fare in this market place. Not your broker, your company, your clients or prospects. It's you. And as fully commissioned entrepreneurs, would you really want it any other way? Isn't that one of the many reasons most pursue a career in commercial real estate brokerage – to control their own destiny?

Sounds nice, but what exactly does this mean? What specific strategies should you pursue now to ensure that you not only survive, but potentially thrive in this market? And don't be fooled, survival to some of you will be a win. To other's it isn't even a consideration, as you know you will not only survive, but come out of this market in a better position tomorrow than you are in today. And statistically, the odds are in your favor.

First, consider that only an estimated 23% of the commercial brokerage community earned over 80% of the brokerage commissions in 2008. Secondly, most sources feel that the current pool of 130,000 dedicated commercial real estate professionals will be reduced by over 50% by the time the market corrects and we reach the obligatory "heaven by 2011". Finally, and unfortunately most commercial real estate brokers have lived the high life during this unprecedented positive trend in the market. This spend it while you have it approach will actually contribute to a further deterioration of the commercial brokerage community over the next three years. **The bottom line – this is an incredible opportunity for you to become a market leader.**

So, back to that light switch analogy and how you have control. Yes, you do. You should be putting specific strategies and practices into place right now that will pay dividends for years to come, but more importantly will allow you to grab and/or gain market share today. Here are some essential approaches to consider.

1. **Take a personal audit of your role.** You are a broker/advisor/confidant. You have, in some States at least, a fiduciary responsibility to your clients. Beyond the never-ending broker continuum of finding, winning and fulfilling business, you should understand both your strengths and weaknesses and surround yourself with a competent team wherever you believe gaps exist.
2. Take command of your market area. Know it cold and be a resource to your prospects and clients (more on being a resource later). Dedicate a specific number of hours a day to go out and "STP", as the old industry saying goes. See The People and See the Properties. There is no excuse for not being an expert in your market today. Information is everywhere. If velocity is truly down (as it is in a majority of markets) then there is no reason you do not know every aspect of every deal that is occurring. Can you list the last five deals in your market? Can you tell a client or prospect the deal terms (sale or lease), the principals and history of transactions for that specific asset? **This is a major distinguisher of brokers and trusted advisors.**

3. Understand your monetary infrastructure. Go back and do a thorough analysis of your past clients and sources of income as well as who is in your pipeline. How did you generate these leads, who else was involved in the transaction, where are these contacts now (please tell me they are in your database). Go back as far as you can. You will be amazed at some of the opportunities sitting there just waiting for you to call!
4. In regards to past clients, do you have a client retention program? You should. In this market you must work with you clients and hold their hands and more importantly continue to provide solutions, or at the very least analyze their holdings and provide them with realistic valuations on alternatives. **This is another critical aspect that separates brokers from trusted advisors.** Put it this way, do you really think that no other brokers are calling on your clients right now? Think again. If you are not proactive, you will be fired, or more appropriately “replaced”... same result.
5. Re-evaluate your market presence. Are you a known resource (never a commodity) in your market? It doesn’t matter if you have one year or 20 years of real estate experience. The commercial broker with the greatest presence wins a majority of the beauty contests. Fair or not, it is true. The good news is that creating presence is easy, and potentially inexpensive. The bad news, for some of you, is that you can create a larger presence by investing in yourself. Here’s the real challenge. Are you confident enough in your business – remembering you are an independent contractor – to invest in yourself? Most studies find that those companies that market most in recessionary periods reap the rewards of a leader position for several years after. **Are you committed to you? Top brokers invest in themselves and their business (one in the same).**
6. Don’t assume anything. Clients will change; rates obviously are changing every day. However, opportunities abound. You may not see them because you assume. Example, a client swept aside the notion of implementing an aggressive and strategic renegotiation plan for several of his tenant-clients. He assumed they all knew of these strategies and he would not be adding any value. From his perspective, renegotiating leases was a staple to his business. The obvious opportunity for many of his current clients and prospects was about to be neglected. Thankfully, this approach was further supported by viewing distressed property information and better understanding the landlord’s openness to working with his clients. This brings us to point #7.
7. **Use your tools!** So many of you have tools provided by your broker or third party sources that you simply neglect. Because I work with a variety of brokerage firms, I can honestly tell you each has something to offer to you, obviously some more than others. Even if your broker does not provide you with tools, there are some incredible third party sources that immediately come to mind. Real Capital Analytics is a must. Bob White (president of RCA), continues to enhance this research platform to better serve the brokerage community. Have you seen their Troubled Asset Reports? Site To Do Business is a portfolio of mapping, demographic, crime, topography, drive time, business lead reports and more that, if utilized, will assist you greatly in not only creating a higher market presence, but will also assist you in becoming a resource in your client’s eyes. Earlier today I watched a demonstration by Catylist and their soon to be released online marketing and proposal generation program. I was blown away. There are certainly others as well, but the point is whether you are with a national firm or are an independent, there are tools available to provide you with the ability to find, win and fulfill business.

8. This takes me to the idea of **being a RESOURCE**. In this market, focus on strengthening relationships and not trying to push deals. Focus on retaining tenants for your clients thus stabilizing value in their investments. It may even involve providing free advice for awhile – difficult, but important. Best case scenario is that you are able to charge a small fee for services most normally provided for free. If you are truly a resource you can charge and people will pay. A resource is someone who is:
- Realistic** – with their clients on current market conditions and pricing
 - Educated** – acquires higher designation in their craft – CCIM, SIOR, etc
 - Source** – connector of all vendors and information paramount to facilitate a transaction
 - Organized** – access to information and ability to efficiently and effectively provide it.
 - Understanding** – has personal experience of being a business owner, tenant, buyer, seller, etc.
 - Respected** – Fellow brokers, vendors and clients endorse your ethics
 - Concise** – ability to efficiently and effectively communicate
 - Energetic** - Positive and Passionate.
9. Implement leverage. Think about it. There has never been a more defined period in commercial real estate brokerage that demands a greater degree of collaboration, leverage and yes, cooperation, than today. This is a great time to reach out to clients and markets you may not have in the past. Leverage your talents with auction firms, bankruptcy attorneys and REO departments. For those of you that believe you cannot afford to cooperate on your deals, because you need the maximum commission – here is another separator of top brokers. It's not about you, it's about the client. **Top brokers understand that the probability of selling a listing, leasing space and fulfilling their obligations to their clients demand a higher degree of collaboration and cooperation.**
10. Last, but certainly not least. You need to be “ready, willing and able”. This is a basic real estate concept for most of you, but allow me to revert back to my daughter, who didn't understand the concept when I pathetically attempted to use this term to explain why she could not hit a free throw when she practiced 30 seconds a week. Yes she was ready to try, but not willing to put in the time, and thus not able to make the free throw. Instead, and possibly more appropriate for commercial brokerage, I explained to her it was a matter if she had the “Skill, Will and Thrill”. To succeed in this market and be a leader in any market, you must have all three. There is no doubt there is a wide range of SKILL among the brokerage community. I must assume you are WILLING to do this. **Lastly, but most importantly, you must have the THRILL.** Are you passionate about your business? Do you see each and every day as a challenge and an opportunity?

I have not read a Harry Potter book and admittedly only have seen segments of the movie (or is it movies?) but I am pretty confident that things work out for ole' Harry at the end. There IS light at the end of this tunnel. In fact there is a light switch IN the tunnel. All you have to do is turn it on. How bright it illuminates is completely up to you.