

How to Get Rich in Real Estate, and Have a Life

By Wayne and Lynn Morgan

This book is an exposé about the real estate business. It was written by two brokers who managed the largest branch office for the largest real estate brokerage company in the city. The real estate licensing exams have very little to do with real-world real estate. Obtaining the real estate license guarantees nothing, that's why most people fail.

Financial education is virtually nonexistent. Ninety-five percent of the people in this country who reach the age of 65 cannot put their hands on \$10,000 cash after working for decades.

Most agents see real estate as an easy way to make a lot of money. They are right, it is, but you have to have the skill to play the game. You must commit to becoming a lifelong learner. Most agents entering the business do not have the basic skills because their educational systems did not teach them. They were not taught marketing sales, negotiations or how to keep a set of books, accounts for their income and expenses, read financial statements or invest. It's no wonder the failure rate is close to 90%.

Janna hated cold calling. All her life she had been told by her parents not to talk to strangers. Now she was being told the opposite. What if they don't like it? Do you have anything else in mind? Do you know what they want? What are they looking for? How long have they been looking? When do they want to move? Are they working with anyone else? Are they qualified?

The 2001 median income and expenses according to NAR, agents who work alone make \$40,000; agents with assistance make \$90,000. The source of business is 40% from referrals, 33% prospecting, 14% open houses, 11% for sale signs and 2% advertising.

The commissions split with the website unless each one is design-built and run like a business. If agents do not design, build and run their business like a business they will soon be out of business. An agent who desires to become successful must begin his or her business education.

Do I want to be in the real estate business or do I want to own a real estate business? It's a business only if you can walk away and it continues to grow without you. The job of the business owner is not to run the business, it is to write the systems and hire people to run them. The people run the systems, the systems run the business. That means an agent needs all the departments that exist in any business. These departments should be systematized to run automatically whether the agent is there or not. This is as simple as any franchise. When you buy a franchise, the system is what you are buying - the systems. Agents need to work *on* their business while they work *in* their business, building it with the exit in mind.

Ninety percent of all businesses are a series of replicable events. The owner is performing the same task in the same way over and over again. These tasks can be systemized and taught to others in your growing business team.

I just woke one day and decided that I was going to design my life and build a business to provide it. We asked ourselves the question, if time and money were not an issue, what would we do? We then designed our lives from that perspective. Once we determined how much money our lifestyle would cost, we designed the business to provide it. It all starts with a design of the vision of what it would look like when it is built and the faith, dedication and persistence to build it. That's why the goal-setting process is still powerful. It's about dreaming big and having a plan to make the dreams come true.

To begin, how many of you have a plan? Do you have a business plan? Decide upfront, is it going to be your hobby or your business? What's the difference between *being in* the real estate business and *owning* a real

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estate business? About \$500,000 per year. Focus on what works. Drop what doesn't. Most agents don't plan to fail, they just failed to plan.

Seven steps to get started:

1. Find your niche, an untouched and untapped segment of the market. When you try to be all things to all people, you end up being no one to anyone.
2. Do market research. Do a self-analysis. If you have no sales experience, get it. Rentals is a good way to do that. The commissions are smaller, but they come quicker and more often. Ask for help. Choose a title company who provides you information. The first reason for analyzing statistics is to determine if this area provides enough activity to support you. Go where the fishes are. Focus on areas with high turnover. Find out how many homes are in the market. Let's say 5,000. Now, find out how many are sold here to date and you know how many are selling each month. It's a buyer's market with inventory levels that are 8 to 10 months or more. When inventory levels are 6 to 8 months, the market is in balance. Less than 6 months is the seller's market. Top producers know how to ask good questions and discover the client's wants and needs. They have the ability to analyze the market and advise each client individually and independently.
3. Capital. How much income am I going to need to get started? Thousands of agents enter the business each year. Most leave in the first year because they are under capitalized. Systemize everything as you go along. Write down what you do step-by-step. Make it so that anyone can read what you wrote and do the task without asking you how it is done. Do this with every aspect of the business. You should plan on getting out of the business, at least the administrative side of it, as soon as possible. If you cannot hire a bookkeeper in the beginning, make it a goal to do so as soon as possible. You can't make money while sitting behind the desk where everything is left up to you.
4. Scheduling. Focus on income producing activities. Your number one priority is setting appointments. Your income is in direct proportion to the number of appointments you have per week. Making appointments is number one. You are in the lead generation and education business. Get a 3 x 5 card and write this question on it. How many hours per day do I spend on income producing activity? Put that in a place like the bathroom where you can see it the first thing everyday. Keep asking that question to yourself over and over. Fill your schedule with as many IPAs as possible, particularly evenings and weekends. You are either on an appointment or doing something to generate a new one. I don't spend much time on things that don't make money. I focus on IPAs everyday and leverage the rest of my tasks out to someone else. Income producing activities include listing presentation, preparing a CMA, open house, shopping buyers previewing property, cold-calling, door-knocking, networking.

Sample schedule:

1:00 p.m. to 3:00 p.m. - Property preview. Go see all the properties and new MLS listings.

6:00 p.m. to 9:00 p.m. - Listing presentation or making appointments.

Friday - Work on the business. Prepare to get out to the business.

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Write a refined system, implementing strategies, improving automated lead generation and following up on referral generating systems for every part of your business that is repetitive and able to be duplicated. Whatever you do over and over, write a system that describes how to do it and hire someone else to do it. What do you pay someone to do your administrative tasks, \$20.00 an hour? So when you do the administrative task, what are you paying yourself? \$20.00 an hour.

Work four days in the business, one day on it, two days off. Keep account of what you do hour by hour for two weeks straight without fail. Make a list of things to do each day. Tackle the most dreaded tasks first. Tackle the hardest ones next. Spend at least 30 minutes sitting quietly and thinking - just think.

Anytime you go below the line you are no longer the owner of your business, you are an employee. Design your business, build your business and run your business like a business without you. The truth is they don't have a plan, they are not prepared and they don't last long. You don't have to know everything. All you need to know is who to ask.

Do not leave it up to your clients to solve their own problems. Solve other people's problems. That's what businessmen do. You get paid for solving problems. Business people get paid for solving problems, the bigger the problem you solve the bigger the paycheck.

It is necessary to preview property at least two hours a day. Knowing what is available is your job as an agent. Remember this is business and you must know your inventory and your market if you want to be seen as a professional.

I have never taken a loan application or qualified a buyer. I didn't need to. Lenders were happy to provide that service for me. Call your lender. Most people are able to do it online. That's right, pre-approved not pre-qualified.

The title company can be a tremendous help in your business. Interview at least three and inquire about what kind of support services they have for agents.

Instead of one employee among many performing one of many tasks, you are one person by yourself performing all the tasks.

The biggest problem that new agents have is lead generation. Be grateful if an experienced agent will even hire you. Why should they? Go to every seminar, read every book and listen to every CD you find on the subject of real estate. You are in the lead generation and education business. Until you can and do answer the "what's in it for me" question, you and your company will continue to be seen as the same as your competition.

You're better off targeting your market. To be focused, unique and specific, shift from interruption marketing to permission marketing.

What is the lifetime value of a customer? One of the biggest assets in any company is its existing customers. Yet many companies spend incredible amounts of money attracting new customers when they could very easily sell more to the ones they already have. What's the value of a customer who will refer two people to you?

Either do one of two things. Continue to prospect by cold-calling people who don't know you or focus on delivering real-class service and building referral base from people who know you. The referral is the lifeblood of your business. One house per year for 10 years will outperform most other investments. If they start at age 40, about one per year until they were 50, put them all on 15-year mortgagees they would all be paid off at age 65 just in time for retirement.

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What if instead of buying one house every five years, he or she bought five per year. Focus on making other people rich and you'll see how you both prosper. Provide them with education; give them a copy of "Rich Dad, Poor Dad." Develop the customer into a referral machine.

First there is the suspect-prospect customer-client, referring client. An individual with a high D-type personality will cold-call because high Ds are motivated by challenge. For the other personality types, cold-calling is a painful experience. The more pain, the more payoffs. Instead of thinking you already know what your customers want, ask them. Conduct a survey. Most companies and sales people over promise and under deliver. That is one reason people do not like sales people.

5. Some questions to ask: What are you looking for in an agent? How will you know when you have it? What are the five biggest problems you have to deal with when selling or buying a home? What do you want to achieve by selling or buying a home? Have you sold a home recently? Have you bought a home recently? At our Austin Institute of Real Estate, 62% of our business is from referral. People want value for their money. Become more valuable to them and they will pay you more. Never, never, ever run an ad that does not contain a direct response trigger. What is the purpose of an ad? To make the phone ring.

Some sample direct response ads:

- Own any home on this page with no down payment.
- Champagne homes for beer budget.
- Thinking of selling? Ten things you should do for under \$500.00 total that will put \$5,000.00 or more in your pocket at closing.
- Find your next home without an agent.

Remember lifetime value. Relationships take time. It's a date not a wedding. Risk reversal. If you want to remove the fear, reverse the risk. Take on the risk for them. Give them a guarantee. I represented more sellers than buyers - especially sellers who have sold homes before they have experienced problems with their former agent.

If I don't do these 20 things, communicate with you when I do them, and show you how I've done them, you can fire me with a phone call. I am not going to ask you to sign an agreement and then disappear behind broken promises so I put it all in writing. Furthermore, if I haven't sold your home in 60 days or less I will pay you \$500.00 and I've put that in writing too. The \$500.00 guarantee does two things. It keeps you from thinking over price listing and shows the seller you are willing to back up your words with action. Second you don't pay them in cash, you credit them in closing. If you decide for any reason the first year that the home is not for you and you decide to sell I will list it with no listing commission. Exceed their expectations and ask for referral.

Ask high quality questions. Look at the four different personality types and the three different modalities. As a sales person you are either asking questions or you are making assumptions. Your job as a business owner is to find the problems people are having and solve them, not tell them what the problems are and hope that they somehow fix them on their own.

Real estate is the best business in the world. We make other people's dreams come true while achieving our own. Thought leads to behavior, which leads to result.

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Sellers often set the price of their property based on five things - their emotion, what they have done as far as improvements, what they initially paid for it, what the neighbors are asking for their property, and on their opinion of what they think it is worth.

Discover wants and needs by asking high quality questions. Find the problem. Educate and inform the prospect. Provide answers, options and solutions. Ask for a timeframe for a decision.

You have to care more about the customer than you do yourself. If you are more concerned about what the customer thinks of you, you care about you not them. If your desire is to be liked, you care about you not them. I don't care if they like me. I care if they get the truth. I care if they get good service. I care if their dreams come true. This is one of the reasons there are so many overpriced listings in the marketplace. Agents are afraid to tell the sellers what their home is really worth because they want to be liked. The agent is afraid the seller will get upset or not like him or her if he or she tells the seller about asking prices too high.

Always answer a question with a question – a high quality question and an alternative choice. Give two answers, either one of them with a tie down. A tie down is a question at the end of a statement that requires an answer. Phrases like isn't it? Doesn't it? Aren't they? Don't they? Always tie down a positive.

Sales people are either being interested or interesting. Your income is in direct proportion to the quality of your question. The better the question the more money you will make. Train your brain to speak only in questions. Asking questions is a great habit.

Seller listing 20 questions: Where are you moving? Why are you moving? How much are you asking for your home? Do you mind if I ask where you got the price? Have you had an appraisal done? If yes, ask whether it shows the value. Do you have a number you need to reach in order to make the move? Do you know the tax assess value? How much do you expect to net from the sale? What is your timeframe? How many agents are you interviewing? Is experience important to you? Are you willing to do minor cosmetic improvements if it will help you sell the home for more money? Who else will be involved in the decision? What would you do if the home doesn't sell? Do you want me to provide you with the 30, 60 and 90-day price range? What are you looking for in an agent? What are your goals in selling? Anything else? Would you like to get back together tomorrow or the day after? Is there anything else you think I should know?

10 steps to getting what you want: Ask someone who can help. Ask someone who can make the decision. Ask who'll be involved in making the decision. Ask clearly. State what is it in it for them. Ask this as many times as it takes. Ask differently each time. Ask what it would take for it to happen. Ask what they would do if they were you. Go up the ladder.

Personality types are dominant, influencing, steady and conscientious. If you are a D and all you have is the D-style presentation, how much of the market do you miss? Be flexible. I take two visits to do the presentation.

People's modalities are visual, auditory or kinesthetic. If you give a verbal presentation to a person with a visual modality, you might as well stay at home. People with the auditory modality, on the other hand, will do just fine with a verbal presentation. If your customer is kinesthetic give him or her something to do with his or her hands. Kinesthetics like to touch and feel things. Go to www.buildmybusiness.com and see the instructions on the VAK modality key.

Negotiations. Remember when you need to tie your powers low. Never expose your position. Never set a deadline by which you must perform. Focus on interest not position. Find out what they really want, not what they say they want. Never get emotional, search for an attractive alternative.

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Laziness is the key to success. I don't want employees; they are too expensive, unreliable and hard to train. It's easier to just do it on my own. You have officially made the leap from being one employee among many to be an employee all by yourself. Do it on my own makes no sense, you'll never get where you want to be if you maintain that mindset. All the reasons you have for getting into the real estate business have just been negated. They've just gone out the window. What you want to have happen will never happen. Do you know why? There is four reasons to get into real estate. Control my time, be my own boss, make more money, and own my own business. Most agents lack the skills necessary to run every aspect of their business well. We are all good at some things and poor at others. We all have strengths and weaknesses. Can one person really perform all the functions of an organization simultaneously? How else does business occur if not simultaneously? You may have many customers simultaneously. If you want it done right you have to do it yourself. These debilitating, limiting thoughts keep people from achieving their goals because they think no one else can do it or do it as well as they can.

I had one agent actually say to me, "I am as busy as I can possibly be." I can't handle anymore business. You are proud of the fact that you're turning customers away who want to do business with you? If you have a business and you have more customers than you can handle, what do you do?

There are many people who do not have pain, the ones that don't are often in trouble. The reason they are not leveraged, they do not do more with less, they do less with more. What is leverage? Doing more with less. Do more today than yesterday with less expenditure of time, energy and money. Hard work doesn't make you rich it only makes you tired. Are you working more or less as time goes by? The biggest problem is that we have been taught that hard work is the only way to achieve any level of success.

The key to success is laziness. The lazier you are the richer you become. If you love what you do it isn't work. Your job as a businessperson is to get it done, not necessarily do it. Stay home, do everything from there. Train yourself to think of ways to get things done without doing them yourself. You'll start to see more and more efficient ways of getting things done.

You have two valuable resources - time and money. I don't do things that don't make money. The money I have allows me to buy my time back. I work on income producing activities everyday. I don't do things I don't like.

The best way to leverage yourself is through building systems to run your business, then hire people to run the system. Clone yourself, replace yourself with systems. Focus on doing more with less in everything you do.

Over 90% of failures in your business are system failures. Is your business people-driven or systems-driven? It's much easier to run a system than it is to run a business. The people come and the people go but the systems stay the same. You will see how I replaced myself in my business. I wrote the systems and hired people to run the systems, then I left. I even wrote a system how to hire people. There is a system for everything we do. We even have a system for opening the mail. I hate people work, so I had fun writing that one.

Handling problems. First we determine if the person has used the system. We determine if it was used the way it was designed. We look to the system to see if it has become outdated and needs changing. After we determine the source of the problem, we train the person on how to use the system or we revamp the system. Just write a system and keep them on to run the system. The system's driving machine just runs and runs and runs quietly and smoothly. When you start writing your systems, you may have the tendency to stop because it is so labor intensive.

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The ultimate goal is to become a sovereign individual. Someone who can go anywhere and do anything at any time, they have total choice. Your future is created moment by moment in the present by what you do right here right now. Unfortunately, most people do not know how to be present. They are either stuck in the past or busy worrying about tomorrow.

Thank you for reading our book.

Wayne & Lynn Morgan.

[Amazon Link to How to Get Rich in Real Estate, and Have a Life!](#)

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