

A Fair Day's Pay for a Fair Day's Work

Are agents overpaid or underpaid? Most agents believe they are underpaid, while most property sellers believe agents are overpaid. The truth is probably somewhere in the middle; many agents get too much and others get too little.

It is an industry fact that there are too many agents for the number of sales. But is the shortage of sales volume, the real problem? If all agents were paid twice as much, would they still complain about the volume of sales? Hardly.

The real problem is that most agents aren't earning enough and the real reason they are not earning enough is, in most cases, simple: they aren't good enough.

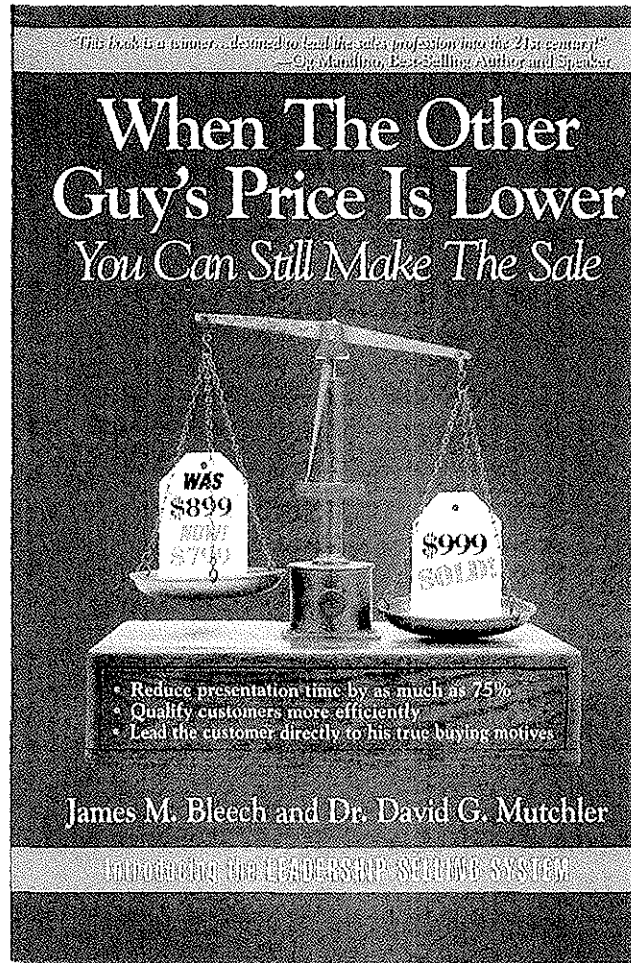
With deregulation in most states of Australia, agents can negotiate their fees. The better agents can charge more than their poorer competitors.

If you do a better job than your competitor, you should be paid more. Yet there are still many good agents who are being underpaid. Why? The answer is simple: even the better agents are often incapable of negotiating a better fee.

Deregulation has caused many sellers to focus on the selling fee. The agents, in response to this focus, have also switched their attention to the amount of the selling fee *regardless* of the quality of the service.

When the better agents increase their level of service, they are 'attacked on price' by their competitors. The competitor says, "Why pay more? I can do the same job for you and charge you less."

The amount of the fee does not necessarily relate to the level of service or the result which the agent obtains. Sometimes the poorer agents charge more than the better agents!



This recently released book is a 'must read' for all salespeople dedicated to their craft.

The measurement of the quality of service can only be done by looking at the quantity of the results. The question which the owners need answered is this:

"Can a higher fee mean a higher price?"

Sellers think in simple terms: If they pay more, they want to receive more. If the agent can show that a higher fee relates to a higher price, the owner will pay the higher fee. If not, the level of 'service' is irrelevant.

If you offer more to your sellers, if you are achieving better results than your competitors, then you deserve to be paid

more. But, unless you can show the sellers that you are better for them than the other agents, you will never receive a higher fee.

It is a tough and competitive world these days. The "fair day's pay for a fair day's work" does not always apply. However, you must expect that if you do a good job, you can receive a good rate of pay. First be a better agent and then make sure you receive a better reward.

An example

The following situation is common: An agent offers better service and gets better results yet they charge the same as their competitors. They decide to increase their fees and 'give it a try'. They are nervous about their new rate, perhaps they even feel guilty or uncomfortable - many people are in the 'habit' of being poor.

They expect resistance and, sure enough, that's exactly what they get. They lose listings "because of the new fee". They panic. Naturally, they blame the new fee.

But if they are better and if they do achieve better results for sellers, the blame is not with the fee, the blame is with how the fee is sold.

If you get better results and can't get a better fee, you can't blame the sellers. After all, you are now giving tremendous value - why should they pay you more unless you insist. And insist you must otherwise you will go broke quicker than your competitors. In business, competing on price is one of the last acts before bankruptcy. It is the sign of a desperate company, a company which lacks confidence and belief in itself.

If you believe you deserve more, then ask for more.

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Common Objections to the higher fee

In his *Closing School Workshop*, Gary Pittard demonstrated how he would use an objection to fee as an *advancement* toward a signature on a listing agreement.

One office, which offered a better service and increased its fee, encountered many objections. They listed 16, and asked for our help. Here is our response to each of the 16 objections given to us by the team at this office:

Objection #1

The other agents are cheaper and there is no difference between the price you give me and the price they give me. Therefore, if I choose them, I get more in my pocket!

The claim that there will be no difference in the sale price from agent to agent is absurd. This is the same as saying all buyers will pay the same price!

Similarly, it implies that all agents are the same - you are not!

There are good and bad negotiators.

Bad negotiators often say, "A house is worth what the Buyer is prepared to pay."

Good negotiators rely on skill and what they can get a buyer to pay!

The key to convincing the seller is to demonstrate your negotiating skills.

The most impressive way to prove your skill is to "mock" negotiate a higher price than what they originally paid for their property.

Ask what they paid when they bought it.

Then say, "Would you have paid any more?"

Remind them how excited they were at their time of purchase. Go up in thousands, remembering, that if they're "not too sure", then maybe means yes!

They would pay more!

Tell them that, if you had been the agent, they would have paid more.

Remember the odd amount? This is your chance to 'wow' them! Go for the last few dollars. When you're sure, finish with strong words... like these,

"If I had sold you this house, \$232,784 is exactly what you would have paid. That is \$12,784 more than you did pay! The agent, who you bought from, cost the owners money. I won't do this to you!"

Then use these wonderful words from Ray Wood,

"We charge a little more because we are a whole lot better"

Objection #2

How can you justify your commission being so high?

Let me give you some of the extra benefits the seller receives from you that your competitor cannot offer,

COMMISSION OBJECTIONS:

- 1) Other agents cheaper - no difference in real sell figure - I get more in my pocket!
- 2) How can you justify your commission being so high?
- 3) I just can't afford to have so much money to pay in commission
- 4) There's little difference between one agent and the next, so I will go with the cheaper one
- 5) Price to accommodate your fees
- 6) Commission too high
- 7) Will have to get higher price
- 8) Makes house too expensive
- 9) What more are you going to do?
- 10) Why is your office charging more and the other agents are charging less?
- 11) Are you selling more to justify your commission?
- 12) Other agents charge X%, why do you charge X%?
- 13) I'm happy with the services you offer, but I still feel X% is too high.
- 14) If I sell my home for X amount and your fee is X% that works out to be \$3,000 more than the other agents. How do you justify this amount?
- 15) I will end up with more money in my pocket with an agent charging X% than X%
- 16) How much will you advertise my property if you charge X%

• You are trained in selling, this is shown when you use your negotiation technique, but it is also validated by your Winners Circle membership,

Make your sellers aware of this, it counts for a lot. As does the access you have to the hotline and assistance from the best Real Estate advisors in the country. You are also part of Australia's finest referral network.

Your training is ongoing and, if compared to your competitors, you lead the way in new skills and marketing ideas.

• You offer enormous benefits which your competitor does not. These include:

• Twenty Four Hour Service which means to them that you have extra buyers.

• Open til 7pm daily, again more buyers;

• Sales Creator/ Assistant. You spend all your time finding a buyer, not erecting signs and running contracts;

• Keep great records. You may have the buyer already!

There are many more of these benefits which you'll find in *Winning in Real Estate*. Get to know these so you can point out the extra benefits you offer. Remember, point out the feature, then explain the benefit by prefixing, "which means to you.."

Objection #3

I just can't afford to have so much money to pay in commission.

If you have demonstrated the response to #1 well this may not come up. If it does, here is the response:

"You can't afford not to have a good negotiator selling you're property. If you receive less than you should, it could be many thousands more than our fee!"

The owners biggest fear is selling too cheaply. This won't happen with you. Your skill is an 'insurance policy' against this!

Objection #4

There is little difference between one agent and the next, so I will go to the cheaper one.

This one is dangerous. What the owner is saying is they see no difference between you and your competitor. You have not convinced them of our ability. Study the Perfect Listing Presentation, especially the delivery. The best example is Gary

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Pittard's *Perfect Listing Presentation Perfected* on cassette. The team have copies. You must show that you are different!

Objection #5

Price to accommodate your fees.

This can't be losing listings! If the owner wants to have an asking price that adds on the fee, so be it. As long as it is clear that the price may have to come down to attract a buyer.

Owners only sell if they are happy with the price. They only pay your fee if they are happy with the price. This will be determined *when* a buyer is found and a price negotiated.

Under no circumstance should a listing be lost because of initial asking price.

Objection #6

Commission too high.

This is the same as #2!!

Objection #7

Will have to get a higher price.

Here is the answer, "I'll do my best to see that happens. Your chances of it occurring are best with us, since we have more buyer enquiry than any other agent. We also make more sales because we are the best at negotiating the highest price. Ultimately, the decision to sell will be yours and that includes the price. If you are happy with what you get, won't you be happy to pay me well for a job well done?"

This objection should not lose listings at the presentation stage.

Objection #8

Makes the house too expensive.

This is the reverse of #7! You should be the judge of this. If they think it is too expensive, then what is the other agent telling them? I'd say even higher. "Larry the Liar" is at work here. This is just another way of saying your fee is too high. We handled this in #2 and #6.

Objection #9

What more are you going to do?

I hope it is obvious by now!

Objection #10

Why is your office charging more and the other agents are charging less?

We are the best.

If you want a cheap price, go to a cheap agent.

Don't you think if they were as good as us they would charge as much?

Instead they are half the price which

means they have to sell twice the amount of property to be in the same position as us. Which they don't. What do you think they are likely to do when an offer comes in. They have lower skills. Will they be able to get the buyer up? It's unlikely!

The team is not having a problem with the fee. The owners do not see them as being better.

Objection #11

Are you selling more to justify your commission?

Whether you're selling more is *not* an objection. However, the answer is yes!

We are getting higher prices. The odd amount proves this!

Here's a suggestion: Make odd amounts compulsory for one month. Any sale without it does not count. Try it, you will love the result!

Objection #12

Other agents charge X%, why do you charge X.9%?

We covered this in #2, #6, #8 and #10.

People often run out of objections and raise the same one.

[If you use these techniques, the owners won't have these objections.]

Objection #13

I'm happy with the services you offer, But I still feel X.9% is too high.

At this stage it is only the fee. Good, they are going to list with you!

"You'll remember I said that unless you are happy with the price, you won't have to sell. If you don't sell, you don't pay anything. At this stage, the only decision you need to make is who is most competent to do the job for you. You have made that decision, so let's get started."

The team are failing to notice the 'buying signal' here!

Objection #14

If I sell my home for X amount and your fee is X.9% that works out to be \$3000 more than the other agents. How do you justify this amount?

X amount will be higher than the other agents because I get more.

Proof of this is, again, in display of negotiation skill and proof of odd amounts shown in your sale register.

Objection #15

I will end up with more in my pocket with an agent charging X.1% than X.9%

Here's a powerful answer which has a great effect on sellers:

"More in your pocket from the fee, but less from the sales price. Which would you rather?"

It's another reverse to the same objection, namely #14.

Objection #16

How much will you advertise my property if you charge X.9%?

"We will advertise your property, or others, in the same price range as much as necessary to attract buyers who would be suitable to purchase your property. If we obtain you a fabulous price without an ad, would you object?"

It is obvious that the team can overcome all these problems and list all the listings they have lost since the fee was raised.

Even so, the office is far more profitable with the higher fee.

Finally, try training through role playing among your team. Prior to this, study whatever role you will be playing.

In this instance, study everything on discounting, negotiation and closing.

A fair day's pay for a fair day's work is all you ask. It is unfair for you to do more than others and receive the same. The best agents are earning six figure incomes. They all are masters at their craft. You must study your craft and practice all your responses.

Study and practice is part of your "fair day's work".

\$

"More in your pocket from the fee, but less from the sales price. Which would you rather?"

\$

