

Top 7 Mistakes the Rookie Real Estate Agent Makes

by Eric Bramlett

Every time I talk to someone about my business and career, it always comes up that "they've thought about getting into real estate" or know someone who has.

With so many people thinking about getting into real estate, and getting into real estate - why aren't there more successful Realtors in the world? Well, there's only so much business to go around, so there can only be so many Real Estate Agents in the world. I feel, however, that the inherent nature of the business, and how different it is from traditional careers, makes it difficult for the average person to successfully make the transition into the Real Estate Business. As a Broker, I see many new agents make their way into my office - for an interview, and sometimes to begin their careers. New Real Estate Agents bring a lot of great qualities to the table - lots of energy and ambition - but they also make a lot of common mistakes. Here are the 7 top mistakes rookie Real Estate Agents Make.

1. No Business Plan or Business Strategy

So many new agents put all their emphasis on which Real Estate Brokerage they will join when their shiny new license comes in the mail. Why? Because most new Real Estate Agents have never been in business for themselves - they've only worked as employees. They, mistakenly, believe that getting into the Real Estate business is "getting a new job." What they're missing is that they're about to go into business for themselves. If you've ever opened the doors to ANY business, you know that one of the key ingredients is your business plan. Your business plan helps you define where you're going, how you're getting there, and what it's going to take for you to make your real estate business a success. Here are the essentials of any good business plan:

- a. **Goals** - What do you want? Make them clear, concise, measurable, and achievable.
- b. **Services You Provide** - you don't want to be the "jack of all trades & master of none" - choose residential or commercial, buyers/sellers/renters, and what area(s) you want to specialize in. New residential real estate agents tend to have the most success with buyers/renters and then move on to listing homes after they've completed a few transactions.
- c. **Market** - who are you marketing yourself to?
- d. **Budget** - consider yourself "new real estate agent, inc." and write down EVERY expense that you have - gas, groceries, cell phone, etc...Then write down the new expenses you're taking on - board dues, increased gas, increased cell usage, marketing (very important), etc...
- e. **Funding** - how are you going to pay for your budget w/ no income for the first (at least) 60 days? With the goals you've set for yourself, when will you break even?
- f. **Marketing Plan** - how are you going to get the word out about your services? The MOST effective way to market yourself is to your own sphere of influence (people you know). Make sure you do so effectively and systematically.

2. Not Using the Best Possible Closing Team

They say the greatest businesspeople surround themselves with people that are smarter than themselves. It takes a pretty big team to close a transaction - Buyer's Agent, Listing Agent, Lender, Insurance Agent, Title Officer,

Inspector, Appraiser, and sometimes more! As a Real Estate Agent, you are in the position to refer your client to whoever you choose, and you should make sure that anyone you refer in will be an asset to the transaction, not someone who will bring you more headache. And the closing team you refer in, or "put your name to," are there to make you shine! When they perform well, you get to take part of the credit because you referred them into the transaction.

The deadliest duo out there is the New Real Estate Agent & New Mortgage Broker. They get together and decide that, through their combined marketing efforts, they can take over the world! They're both focusing on the right part of their business - marketing - but they're doing each other no favors by choosing to give each other business. If you refer in a bad insurance agent, it might cause a minor hiccup in the transaction - you make a simple phone call and a new agent can bind the property in less than an hour. However, because it typically takes at least two weeks to close a loan, if you use an inexperienced lender, the result can be disastrous! You may find yourself in a position of "begging for a contract extension," or worse, being denied a contract extension.

A good closing team will typically know more than their role in the transaction. Due to this, you can turn to them with questions, and they will step in (quietly) when they see a potential mistake - because they want to help you, and in return receive more of your business. Using good, experienced players for your closing team will help you infinitely in conducting business worthy of MORE business...and best of all, it's free!

3. Not Arming Themselves with the Necessary Tools

Getting started as a Real Estate Agent is expensive. In Texas, the license alone is an investment that will cost between \$700 and \$900 (not taking into account the amount of time you'll invest.) However, you'll run into even more expenses when you go to arm yourself with the necessary tools of the trade. And don't fool yourself - they are necessary - because your competitors are definitely using every tool to help THEM.

- a. **MLS Access** is probably the most expensive necessity you're going to run into. Joining your local (and state & national, by default) Board of Realtors will allow you to pay for MLS access, and in Austin, Texas, will run around \$1000. However, don't skimp in this area. Getting MLS access is one of the most important things you can do. It's what differentiates us from your average salesman - we don't sell homes, we present any of the homes that we have available. With MLS Access, you will have 99% of the homes for sale in your area available to present to your clients.
- b. **Mobile Phone w/ a Beefy Plan** - These days, everyone has a cell phone. But not everyone has a plan that will facilitate the level of use that Real Estate Agents need. Plan on getting at least 2000 minutes per month. You want, and need, to be available to your clients 24/7 - not just nights and weekends.
- c. **Computer (Preferably a Laptop)** - There's no way around it, you have to have a computer & be savvy enough to use email. You would be wise to invest in some business management software, as well. If you'd like to save some money (and who wouldn't) then you can get the client & email management software Thunderbird from www.mozilla.com and you can get a free office suite from www.openoffice.org The only downside to these programs is that they do not sync with your PDA or Smart Phone. A Laptop is a BIG plus because you'll be able to work from home or on the go. New Real Estate Agents are often surprised by just how much time they spend AWAY from the office, and a laptop helps you stay on top of your work while on the go.
- d. **Real Estate Friendly Car** - You don't have to have a Lexus, but your Miata won't do the trick. Make sure that you have a 4 door car or SUV that is comfortable and presentable. Keep it clean, and for God's sake, don't smoke in it! You're going to spend a LOT of time in your car, and put a lot of miles on it, so if it's fuel

efficient, it's a BIG plus. If you're driving a sporty convertible, or still have your KILLER Jeep from college, it's time to trade it in.

4. Lack of Proper Funding

If you've taken the time to create your business plan, than you should definitely have your budget, but I can't stress enough the importance of having and following your budget. However, the budget alone doesn't address the important aspect of funding. 90% of all small businesses fail due to lack of funding. Typically, new agents will want to have 3 months of reserves in savings before taking the leap into full time agency. However, money in the bank isn't the only way to answer the question of funding. Maybe your partner can support you for a certain period of time. You can keep a part-time job that won't interfere with your business as a Real Estate Agent. Many successful waiters make the transition to successful real estate agents with no money in the bank. When you start your new business, don't expect to earn any income for, at the least, 60 days.

5. Refusing to Spend Money on Marketing

Most new Real Estate Agents don't realize that the hardest part of the business is finding the business. Furthermore, they've just shelled out around \$2000 for their license and board dues, so the LAST thing they want to do is to spend more money! Again, the problem lies in the lack of understanding that you've just jumped into the Real Estate Business, you haven't taken a new job. And any good businessperson will tell you that how much business you GET is directly correlative to how much you SPEND on marketing. If you choose the right brokerage, then you will get some good inbound leads. However, don't neglect a good, personal marketing campaign from the beginning to get your own name out as the Real Estate Agent to go to.

6. Not Focusing Their Marketing Efforts in the Most Effective Areas

One reason why many new Real Estate Agents who do begin spending money on personal marketing stop is because they spend it in the wrong place. The easiest place, and where conventional Real Estate tells you to spend your money, is in conventional print marketing - the newspaper, real estate magazines, etc... This is the most visible place to see real estate advertising, it's where large offices spend a good part of their money, and so many new agents mistakenly spend their money here. This becomes very frustrating to new agents because of its low return. Large brokerages can afford to spend their money here because they're filling two needs - they're marketing their own properties for sale while creating new buyer traffic for their buyer's agents. New Real Estate Agents should look to their own sphere of influence and referral marketing to see the most effective return on their investment. An agent can spend as little as \$100/month marketing to their family, friends, and colleagues and see an incredible return. There are many great referral systems around that all focus on the same premise - that if you consistently market yourself to your sphere of influence as the Real Estate Agent to go to - then you will get more business. The key is to pick a system and to follow that system. You will see results.

7. Choosing the Wrong Brokerage for the Wrong Reasons

New Real Estate Agents choose their new broker for a variety of reasons - they have a good reputation, they offer the most competitive split, the office is close to their house, etc... While these alone aren't bad reasons to choose a broker, they aren't going to do a lot to help you in your success. The #1 reason to choose a broker, and the question to ask is, "What do you offer your new agents." If the answer is, "The most competitive split in town" you should definitely keep looking. Remember, 100% of \$0 is still \$0. If you're leaning towards the largest broker in town, who

has a great reputation, remember this: You're starting a BUSINESS not a JOB. While it might be fantastic to brag to your friends about landing a job at a prestigious company, it's no accomplishment to hang your license on the same wall in the same office as other successful agents.

Your #1 concern when interviewing new Brokers is what they offer you as a new agent. Do they have incoming leads? What does their training program consist of? What's their retention level? What's their average sales price? Do they encourage their agents to promote themselves? A Broker's purpose is to help new agents start successful careers and to help established Agents progress their careers to the next level. As a new agent, concern yourself less with commission split or agency name and more with specific programs and agency standards.

A new career in Real Estate is very exciting. Starting a Real Estate business provides the new Agent with opportunities for limitless potential and freedom. New Agents have a notoriously high failure rate, however, so a new Real Estate career can also be a very scary prospect. However, if you avoid the 7 Top Mistakes Rookie Real Estate Agents Make, then you'll be far ahead of the competition!

About the Author: Eric Bramlett is the Broker and co-owner of One Source Realty in Austin Texas. Visit Eric's [Austin Texas Real Estate Guide](#), visit his [Austin Texas Real Estate](#) company's website, & his [Austin Condos & Lofts Guide](#). He has seen considerable success in real estate, and looks forward to many more years in the business. Eric currently invests, renovates, and develops real estate in the Greater Austin Texas Market. He spends his time working with select clients, helps his new agents get started in their real estate careers, helps his experienced agents progress their careers to the next level, & when he has time...he takes his dogs to the lake.