

Core Marketing
Stop Wasting Leads
Billion Dollar Agent Manifesto

This is draft excerpt for forthcoming book by Best Agent Business.
Best Agent Business provides virtual assistant and lead calling services for top agents.
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become a Billion Dollar Agent and grow your business to the next level.

Core – Core Marketing Profits

Affirmation

I will focus on Core Marketing to Clients, SOI, and Vendors with monthly email newsletter, monthly mailing, and quarterly calling.

Your most profitable business is repeat and referral business from your core database of Clients, SOI (sphere of influence), and Vendors. A Billion Dollar Agent spends the least marketing cost per deal to generate the most profitable deals from the core database. Most agents ignore and underinvest in their core database for a variety of reasons. A key aspect of achieving top profitability using the Billion Dollar Agent Profit Model is focus first on your Core and maximize marketing to your Core. We invented a new industry term called Core because the concept goes far beyond typical discussion of Past Clients or Referral Marketing.

What is your Core?

Let's start with some definitions modified to convey the concept:

- The central and foundational part of your business.
- A mass of iron serving to concentrate and intensify the magnetic field resulting from a current in a surrounding coil. Your Core magnifies and intensifies your ability to attract and convert new leads to new clients.
- An arrangement of a course of studies that combines under basic topics material from subjects conventionally separated and aims to provide a common background for all students. This is often called a core curriculum. If you focus first on your Core and your monthly email newsletter, monthly mailed newsletter, and monthly calling, you will establish a pattern that will positively impact your work on all seller and buyer leads.

Your Core is composed of three types of people:

- **Clients:** Clients are the people who have already done business with you. We call Clients anyone who has already closed a deal with you. We never use the word Past Client because it has a negative meaning. Never use the word Past Client.
- **SOI:** SOI stands for sphere of influence. This is also sometimes called COI for Center of Influence. We keep these separate from Clients because Clients are worth more to your business. SOI is generally everyone you know, who is not a Client, Vendor, Agent, or current Seller/Buyer lead, and who you are comfortable marketing to for your business. These are friends, family, and most importantly, acquaintances. Most of these people you have met at some point and this is part of your database of Mets.
- **Vendors:** Vendors are vendors you work with or use or recommend for your real estate transactions, home services, or other purposes. Some people call these Service Providers. We like to use word Vendors. Vendors are often not tracked well in a database and not receiving regular marketing information. Vendors are a valuable source of referrals and vendor marketing money for a Billion Dollar Agent.

Core Database

Your Core Database is the information on hundreds or thousands of people in your Core. Since many agents are scared of the word Database, we will refer to Core rather than Core Database to keep it simple. Your Core Database must be in a single database system such as Top Producer, Agent Office, WiseAgent, eEdge, or other database systems.

Database Sources

You probably have far more people to add to your Core Database than you realize. At Best Agent Business, we often start with clients who say they have 500 people in Core and after a month of Database Management and cleanup, we have 800 people. Every single person is worth \$100/year at least when added to your Core. Spend the time and money to add to your Core. Here are a few places we find people who were not in the main database:

- **Phone:** Your smartphone iPhone, Android, Blackberry likely has 50-200 people who should be in your database. These may be SOI, Vendors, some Clients who got lost in your database shuffle, as well as buyer and seller leads.
- **Email:** Your email system such as Outlook or Gmail also has people who need to be added to your Core.
- **Facebook:** You may have 500 friends on Facebook and there likely are lots of people who should be added to Core. You do not need to add other real estate agents and you do not want to add anyone who you are not comfortable sending a monthly emails newsletter and monthly mailed newsletter.
- **Business Cards:** Do you have stack of 10-100 business cards of various people you have met who are not agents and should be added to your Core? They are each worth \$100/year.

We usually compare new people against the current main database to identify who needs to be added and have you code the people.

Core Marketing

Core Marketing refers to the marketing activities done towards your Core.

ABC Ratings

We code all people by an ABC rating such as Client – A, Client – B, Client – C. Here is basic coding for Core:

- A: Person has referred you people or if a Client they have done a repeat deal.
- B: You believe the person may refer you someone or when they do their next real estate transaction that they will consider you to help them buy or sell a home.
- C: You are unsure if this person would refer you or even consider you for doing business. This is why it is so important to be sending monthly email newsletter and monthly mailed newsletter to these people.

How much of your business is from referrals?

In real estate, most agents can give you an estimate of percentage of their business from referrals. People tend to use the words ‘past clients’ or ‘referrals’. Across the industry, most people just toss out a number but fail to dig deeper.

Some people get 20% of their business from repeat/referrals, some get 50%, some get 90%. How do you know if you are getting too little or too much? We have analyzed over 1,000 agents and have the following answers:

Your business can be anywhere from 0-100% from repeat and referral business. Most agents are in a range of 20-80%.

- New Business – lower percentage: If you are a brand new business, you will not have any repeat business at all and it may take you awhile to develop referral business. Each year, your repeat/referral business should be growing and after first five years of selling real estate, you should start to see a flow of repeat business.
- Small agent – big percentage: The vast majority of agents who only do 3-10 deals per year have the majority of their deals from repeat or referrals. They actually do little or no marketing at all. So, many agents below \$100,000 GCI may have 80% of their business from repeat/referral.

How about a business doing 100+ deals per year? What is the proper percentage for a Billion Dollar Agent?

Let’s sort it out by a Goldilocks approach of what is too low, what is too high, and what is just right.

- Too Low – 20%: Agents who are getting only 20% from Core often have less profitable businesses. They may be overspending on marketing for new client leads, usually have a bad database or no real solid database, and possibly have a Hunter sales personality which relates to a ‘love em and leave em’ attitude towards deals and clients.
- Too High – 80%: Unless you are at the end of your career and business and treating your business as a cash cow, 80% signals that your business is likely not growing and adding more people as new clients to the database. The owner may have a Farmer sales personality and is not willing to implement any Hunter type of sales activities or enough Calling of new leads. The danger is that as the business owner ages and the database ages, the numbers will start to drop sooner or later through attrition.
- Just Right – 40-60%: If you are a newer fast growing business, you may be at 40%. For a solid Billion Dollar Agent, we suggest a target of 60%.

Billion Dollar Agent

Our current target for a Billion Dollar Agent is to have 60% of their business from repeat/referrals based on the following:

- Core - Client/SOI/Vendor – Repeat/Referral: 60% of business.
- Seller Marketing: 20% of business from proactive seller lead marketing such as Farm Marketing or Expired/FSBO Marketing or other seller marketing.
- Buyer Marketing: 20% of business from buyer leads generated from listing marketing and buyer web lead marketing.

Fast Growing Business

A fast growing business will have a smaller percent from Core because the business is smaller and investing in more marketing for new client acquisition. In this case, the percentage may be 40% with 30% seller and 30% buyer.

Business Balance

Your business should be a balance of three types of revenue:

- Core: Fully work your Core on all levels to maximize business profits and long-term value of your business.
- Sellers: Sellers generate the best now profit for teams. The best ones are also buyers for a double deal. But some sellers are moving and leave the area and thus will not be part of your Core.
- Buyers: Buyers are critical new clients for your Core, especially first-time home buyers who are more likely to refer others and who may move-up in 5-10 years. Buyers may generate less initial profit if closed by a Buyer’s Agent. Buyers

treated well and moved into your Core provide important life-time value for your business.

Your Clients/SOI/Vendors are Leads – Stop Wasting Leads

Change your mindset and think of your Core of Clients/SOI as Leads. They are Leads are they are often being wasted. Stop Wasting Leads.

Your Core will convert at 4-10% per year combined for repeat and referral business. For example, if you have 500 people in Core, you should get 20-50 deals per year.

Our target goal is 10% conversion for Core for a Billion Dollar Agent with marketing expense of only 5%. Thus, if you have 500 people, we want you to get 50 deals @ \$6,000 is \$300,000 GCI and spend about 5% or \$15,000 on marketing, or about \$30/person per year.

Buyer Web Leads convert at 1-2% for most teams and 5% if you are doing amazing.

Farm Marketing converts at 1% or less since turnover may be 5% in a year and if you dominate the Farm with 20% market share, you are getting 20% of 5% or 1% per year.

Why are you spending money and time calling Buyer Web Leads and you are not calling your Core?

Why are you mailing monthly farm postcards to your Farm and you are not mailing monthly to your Core?

How crazy is that? I could go on and on and on.

Stop Wasting Leads. Until you are fully marketing to your Core, do not pass Go and do not spend more time and money generating more leads or calling and mailing to existing leads.

How Much is Core Worth?

Let's walk through how much one person in your Core is worth per year in GCI. We start with our assumption of \$6,000 GCI per deal.

If 4-10% of Core converts to closed deal per year, each person is worth \$250-\$600 per year. That is an amazingly high number.

Every single person you meet and add to your database as a SOI – B or SOI – C is worth \$100 per year easily.

Do you see why it is so important to track down every single person to add to your Core and do Core Marketing? Spend the money to track down all possible emails, phone numbers, and mailing addresses.

A key reason why we separate out Clients, SOI, Vendors separately and then code them further by A, B, C ratings is so you can spend different amount of marketing money and time with each group. If you have 1,000 people and they are worth \$500/year, you are likely getting \$500,000 GCI per year from your Core. But some are worth more and some are worth less.

- Client/SOI/Vendor – A: Core people who refer you business may be worth \$1,000/year in GCI. For example, if you have 100 people rated A and they referred you 15 deals overall, they are worth \$1,000 each in GCI roughly.
- Clients: Clients who have done business with you and are happy are highly likely to work with you in 3-10 year future if you keep in touch with your Core Marketing. We will estimate \$300-500/year.
- SOI BC: All of those people are doing real estate deals at general turnover rate for your area, such as 5%. If you get 40% of their business, this would be about 2% per year or 2% of \$6,000 is \$120/year of GCI.

Types of Core Business

Core Marketing is seeking to generate the following types of business:

- Referrals: Introductions and connections to new leads. This number is usually larger than Repeat business.
- Repeat: Clients doing business with you again.
- First Deal: This is an important concept which people do not realize. First Deal refers to a SOI ABC who has never done business with you before and does their First Deal with you and becomes a Client. Your Core of SOI is like a demographic Farm of people you know or have met. It will and should convert at a higher percentage than Farm Marketing to people you do not know in a neighborhood.
- Vendor Marketing: This is another new concept of doing joint marketing with Vendors. Many top agents who do radio advertising have Vendors pay for some or the majority of the radio advertising. For your monthly mailed newsletter, we like to see one vendor pay for the mailing for one month. For custom newspapers, vendors can help pay for advertising. Your Vendor – A people have either given you referrals or helped do joint marketing. Your Vendor – B is target list for joint marketing and referrals.

