



Mark Sampson

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Finding Your Brokerage “Fit” (Part 1 of 2)

By Denise Lones

And comments by Mark Sampson at bottom

Not a week goes by that I don't get a question, comment, or complaint from an agent who's thinking of switching offices.

I'm always eager to hear why an agent feels the **grass is greener** somewhere else. It's human nature to feel that there is something better out there!

And sometimes there is. We've seen a lot of agent movement in the real estate industry in recent years. **Sometimes the move is beneficial; often it is not.** That's because agents often don't ask the right questions before making a move.

But I'm getting ahead of myself! (Don't worry – I'll come back to those questions later.)

Historically, our industry offered three business models:

1. **The Lone Ranger** – it's just you and your lonesome. You are the broker, and you are the only sales person. Lone Rangers bear the cost of overhead, E&O insurance, keeping up on all the nuances of running a brokerage, and more. It's a good thing Lone Rangers don't have to share commission with anyone, because by the time they pay all the expenses there's not much left over. And of course, being a Lone Ranger is, well, lonely! No colleagues in the office to bounce ideas off, get energy from, or commiserate with.
2. **The “split” or “plateau” office.** Agents in these offices split their commissions with their brokers at a predetermined ratio (50/50, 60/40, 70/30, 80/20, or 90/10) until an agreed upon amount, or “plateau” is reached. In many plateau offices, agents are often capped at 90/10 so they never reach a full 100% — the broker continues to receive a percentage of each commission check, even though plateau is reached. There are often additional monthly expenses (usually \$100 to \$300) as well as transaction fees (\$50 to \$250 per transaction). However, these offices provide a pretty full complement of services to agents, which might include a desk, computer, landline, fax machine, receptionist, floor time, referrals, training/mentoring, office tour, and regularly scheduled sales meetings. Newer agents often find themselves at plateau offices, which are a good fit for agents building their business who want to limit their monthly outlay.
3. **The “fee” or “desk fee” office.** Commissions aren't shared with the broker in these offices; the agent typically retains 100% of the commissions they earn.

However, a monthly fee is due to the broker regardless of the level of business the agent has closed. Desk fees typically run from \$1,000 to \$2,500, and agents in these offices often also have transaction fees assessed with closings (\$50 to \$250 per transaction). While agents are provided with a desk, phone, and fax, desk fee offices often appeal to more established agents, and services for agents may be limited. Many don't offer floor time, referrals, training/mentoring, and office tours – and sales meetings may occur less regularly or not at all.

While these three models have worked for many, many years in recent years they have **increasingly come under question** by agents who are feeling the pinch financially after several slow years. This has led to the development of a fourth business model – the virtual real estate office.

Virtual offices do not provide desk spaces, landlines, computers, faxes, or other similar services to agents. Sales meetings, if held at all, are typically done virtually through a service such as “GoToMeeting”. Virtual offices often house a large number of agents, many of whom have never met one another!

Because virtual offices have low overhead costs, they typically charge very low fees. Many of these offices have invested heavily in technology, both to provide services to their agents and also to provide access to services their agents can provide buyers and sellers. But of course, there's a trade-off. Agents in virtual offices rarely have access to training and support. They also miss out on the synergy of a “live” office. Unfortunately, many brokers in these offices provide little leadership or direction for their agents.

Over the past several years, I've seen more and more agents reevaluating the benefits their current brokerage offers relative to that agent's needs – and budget! When I talk with agents about why they're considering moving offices, I get a range of responses, all of which usually boil down to three issues.

1. **Leadership is poor, weak, or non-existent.**
2. **The perception of value has changed.**
3. **The broker doesn't understand or support an agent's uniqueness or their business plan.**

All three of these issues are legitimate ones which will factor into an agent's willingness to hang their license elsewhere. Let's take a look at each of these issues.

Nothing kills a company more quickly than poor leadership – unless it's no leadership at all. Unfortunately, many real estate offices are owned or operated by former real estate agents. While many of them may have been phenomenal sales people, our industry is loaded with managing brokers who bring little management expertise to the table. Being a great salesperson rarely equates to being a good manager!

I hear this time and time again from agents, “Denise, my fees are higher than ever before ... but my broker keeps cutting services. **I get less for my money than I did last year, and much less than I did five years ago.**” In fact, the majority of agents I talk to feel that costs have remained the same or increased while services have decreased. No doubt this is true in some offices, but it’s very easy to forget about services you are offered that you don’t “see” every day. For example, your company may no longer run newspaper ads or send mailers ... but do they offer you listing syndication, or your own page on a company website or blog? These services aren’t as visual as newspapers and mailing pieces, but they can impact your business in a positive way. It’s important to remember that brokers have seen their costs increase too! That might be in the form of increased rent, higher costs for equipment, wages to support staff, and big investments in technology. And they have had to pay those expenses in a period during which many agents are not closing transactions – meaning that plateau offices have less coming in via commission and desk fee offices may be looking at non-payment from some of their agents. Times have been hard for brokers and owners too!

Finally, sometimes a broker simply doesn’t “get” where his or her agent is coming from (and headed). **Do you feel like a square peg trying to fit into a round hole?** For example, your broker may insist on open houses for lead generation ... and that may not work for you for a number of reasons. Or there may be a part of the office culture that doesn’t match your own. If you’re a middle-aged woman with teenagers at home and your office peers are 20- and 30-somethings who are excited about a weekly TGIF party at a local bar, you may be feeling a disconnect. What if you are a “Promoter” and your broker is an “Analytical”? Could be trouble! What if you want to focus on an unusual niche or marketing strategy, and your broker is unwilling to support your efforts to do so? Maybe you feel you want (or deserve) a private office, and none are available.

Let’s imagine one or more of these three scenarios applies to your situation ... and you’re thinking of leaving. First, ask yourself the 23 questions that I’m going to share with you next week. If you still think moving is your best option, you owe it to yourself and your broker to sit down and discuss the reason for your move. Before you jump ship, make sure you’ve not done so because you’ve let anger and frustration get the best of you. You may actually be able to negotiate what you want from your current broker. At the very least, you’ll have the opportunity to explain your decision ... rather than leaving it open to interpretation.

Remember I mentioned earlier how common it is for people to feel the grass is always greener somewhere else? My brother told me years ago that **the grass is always greenest where you water it**. And he was right.

Think about it. That’s a pretty powerful statement: the grass is always greenest where you water it!

Have you been watering the grass at your brokerage?

[See My Comment below:](#)

This is an interesting article from many perspectives with a very strong ending statement which I totally agree with.

On the other hand, we can't forget the many business cycles and changes in the way we do our business such as the MLS loose leaf system to the Fax machine to the Internet. Within this environment we self create blinders to the reality of the real estate business; are we susceptible to changing with the business as we know it? Are we hindered by our own business model? By ourselves?

Here's the way I see it –

Change 101: *Reflect on the people you spend most of your time with, is it time for a change? Are they complainers or creators? Do they inspire your path or are they a roadblock? Are the conversations about everyone else or is the focus on self reflection, taking responsibility, and a relationship that serves with a context of mutual accountability? Is it time for a change? What is the book that sits on your nightstand that you read as guidance and inspiration or is there even a book, a guide, some form of nutrition for your brain or soul? Is the food you eat for fuel and nutrition or is it just another filler of space like many other areas of your life? Notice the noise you continually experience in your life by choice; the TV shows you watch, the magazines you read, the music you listen to, and the places you hang out. Is it more “filler” blocking you from the true enlightened experience you are missing of YOU? Can you “sit” with YOU and be inspired or are you an emotional hostage to the “filler” you need as the source for inspiration? Do you have that neediness of people always around to validate that “you're great! I got news for ya...you're already great!*

Principle: *Validation in its purest form does NOT come from other people. It comes from within.*

When you peel back the onion and go vertical instead of the safe place of horizontal and flat are you doing what you have been conditioned to do and stuffing down further and further what you want to do? The only vertical journey you take is to “stuff it all down”?

We are shaped by all that surrounds us. Step back and look at where you are today. Is it where you want to be? What you want to be doing? What you want

to be experiencing? Then, recognize you chose it and can choose differently - or stay right where you're at.

Are you on a daily basis, "in"?