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Defending Your Commission Part 1: Agents from Your Own Office Who Cut Commissions

by Bernice Ross

One of the hottest questions today is how to defend your commission against discounters. Given the complexity of the market place, there's no simple answer.

In January, I was the guest speaker for the Inman News monthly teleconference. During the Q & A, one of the callers asked how to defend your commission against discount brokerages that spring up during strong markets.

Commission defense takes place at several levels. The greatest "discount" challenge actually comes from poorly trained agents who have weak negotiation skills and cut commissions as their primary strategy for obtaining listings. The most insidious is the agent within your own company who offers your company services at a reduced commission. You can "defeat" this type of discounting by doing two different things. First, you need a strong script like the one below:

"To obtain the highest price possible for your property, you need someone who is a powerful negotiator—isn't that correct? (The obvious answer is "Yes.") So if you hire an agent who can't even negotiate a full commission on their own behalf, how effective do you think they will be in negotiating the maximum price for your property?" (Shut up and wait for the seller to respond. They generally have a "deer-in-the-headlights" response to this close.)

The second strategy is to provide services other agents do not provide. This is where technology provides a strong competitive advantage. For example, an excellent strategy is to offer an [800 Call Capture system](#). This system will

contact you immediately when someone calls on your listings. The system generates the caller's phone number with close to 100% accuracy and approximately 60% accuracy in terms of addresses. A simple way to defeat most agents who cut commissions, is to have the seller call about one of your competitor's listings. In most cases, the floor broker will take the call and fail to obtain a valid phone number. This means the lead is gone. In contrast, your call capture technology allows you to follow up immediately when the buyer's interest is greatest. Thus, the seller can easily judge who is the most efficient at obtaining phone numbers and following up quickly. Furthermore, if you demonstrate this technique during a listing presentation, you will usually obtain the listing.

A third strategy is to research your competitors and be prepared to provide the same services they offer plus at least three other services they do not offer. To discover this, visit your competitor's web sites and investigate what their companies provide. You will also need to determine what specific agents are providing as well. This could be on-line transaction management, an individual web site for the seller's listing, or some other service your competitors will have difficulty imitating. The best way to present the advantages of working with you is with a checklist. For example, all agencies list their properties on the MLS, use signs, and print advertising. The question is what do you do that is over and above the minimums most competitors provide?

Another way to strategy to "defeat" agents who discount is to capitalize on the fact that most agents do not respond to Email in a timely fashion. Have the sellers send an Email inquiry and see how long it takes for the agent to respond. If you normally respond quickly, this will definitely distinguish you from most of your competition. If you are poor at responding quickly, hire a [virtual assistant](#) who checks your Email at least every two or three hours and responds to all web inquiries. Another option is to offer free on-line reports where your web site harvests the web visitor's name and phone number before sending out the report. Lots of agents have web sites. Very few have web sites that motivate the web visitor to give you an accurate Email address and then notify you immediately.

Well trained agents usually have no trouble coping with other agents who discount commissions? What's more challenging is how to cope with companies who regularly discount commissions.