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Does Your Pipeline Need a Lifeline?

by Denise Lones

Every agent should strive to build a *referral-only* business. The lion's share of income should come from past clients, a strong database and the subsequent referrals.

However, if you – like many agents I know – are not generating the income that you need to generate, it is a sure sign that your referral business is not yet where it needs to be. This means you are going to have to *add a lead generation program to your business to make up for what your referrals are not providing you.*

A great referral business comes about – and continues to build – after an agent provides really great service. Clients come back for more, and are willing to refer friends and family, when they have a great experience. *Referral business means you're doing something right.*

The problem is that oftentimes your referral business cannot sustain the *now* business that you may need to keep transactions in your pipeline and income coming in. **The timing of your referral business rarely matches the timing you need to meet your financial obligations.**

To be really successful, your goal should be to have *business in your pipeline every single month*. **Too many agents live a peak & valley existence** – scrambling for business when they have none, and hoping that they will somehow, magically, get that all-important referral phone call to save them.

Here's something to think about: What happens if your current database isn't keeping you financially able to meet your commitments? **What if you're not meeting your goals – or far worse, your obligations – because you simply don't have enough business?**

In that case, you absolutely must have a lead generation system to bridge the gap. *You have to find a way to increase the reach of your business, in order to generate business.*

The key is to create a lead generation system that fits your individual work style, and that you know in your heart you will focus on. Too many agents just grab any system that sounds like the easiest, then fail in frustration when it doesn't match their style or their needs. Lead generation takes work, folks. It takes time and patience.

There are two types of lead generation: *Active* and *Passive*.

Active lead generation is where you are generating leads (i.e. potential business) in person or on the phone. It includes things like joining networking groups, teaching first-time-buyer classes, holding open houses, and contacting expired listing sellers and for-sale-by-owner sellers. *You are the catalyst for this type of lead generation.*

Passive lead generation means you don't have to show up. People are hearing from you, but it's through mail, email and print marketing. Passive lead generation includes things like geographical farming. It also can include cancelled and expired listings. *Your ability to articulate your expertise is the catalyst for this type of lead generation.*

The reality is you need to be doing something. You need to keep your pipeline full and get out of the peak & valley existence that you may be experiencing.

An agent in one of my coaching groups recently said, *"I really dislike having to go out and look for business. It's so time consuming, and it never works for me."* Yes, it's hard work! Yes, it takes time! Yes, you have to plan for it, and then be patient enough to let your system take hold and work for you.

If you know your referral business isn't matching your financial goals, take the first step. *Find a lead generation system that meets your style and comfort level.* Decide if you want to have an active system, or a passive system. Or a combination of both. Decide what group, or groups, you want to target. Is it buyers? Is it sellers who had a bad experience, but you know they want or need to sell? **Build a system that keeps you in front of those folks on a very regular basis. And stick with it.** As the saying goes, Rome wasn't built in a day.

Here's another question I get asked all the time. *"How do I know when I can stop doing lead generation?"* It is really quite simple. **You can stop when you're getting all of the income you need from your referral business.**

Here's how you know when you're at that point:

1. First and most importantly, **track the source of every transaction**. Each year, you have to know how many transactions came from referrals, and how much income that business generated.
2. Determine your annual income goal and **how much of that income needs to** (or will likely) **come from your referral business**. As an example: If you need \$100,000 of referral income, and in your market the average price home is \$300,000, then you can assume that – based on a 3% commission rate per side – each referral-based transaction will bring you \$9,000. That means you need 11 transactions each year that come from your referral business.
3. But let's say last year you only had 6 transactions from referrals, and you had 5 transactions that came from open houses, sign calls or internet leads. You were short 5 referrals. You needed to somehow make up that lost referral income. The way to do that is by having a strong lead generation program.
4. **Until you can safely say that your referral business is consistently providing you with the level of income you need, you will need to continue with a lead generation program.**

Don't get me wrong. **I want you to build an awesome referral-based business.** I want you to enjoy the benefits of your hard work. *But a strong referral business takes years to cultivate!* What if you're a brand new agent? What if your current database isn't as fruitful as you need it to be?

There are two things I want you to focus right now. **Choose a lead generation system** that is based on your needs, on your work style, and on your personality. Then just **get it done**.

Without a lead generation system you won't survive. And you certainly won't thrive.

By Denise Lones CSP, M.I.R.M., CDEI - The founding partner of The Lones Group, Denise Lones, brings over two decades of experience in the real estate industry. With expertise in strategic marketing, business analysis, branding, new home project planning, product development, and agent/broker training, Denise is nationally recognized as the source for all things "real estate". With a passion for improvement, Denise has helped thousands of real estate agents, brokers, and managers build their business to unprecedented levels of success, while helping them maintain balance and quality of life.