

BUYERS, BUYERS, BUYERS



“Owning a home is a keystone of wealth - both financial affluence and emotional security.”

Suze Orman

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CHAPTER 1

Buyers, Buyers, Buyers

In the previous volume we examined how to find and work with listings. As a new Sales Representative, it's very likely that your first few deals will come from working with buyers. In this volume we're going to take a look at how best to service those clients. Before beginning to discuss the Buyers' System, it's important to understand where buyers come from, why they buy and why, as a new Sales Representative, it's important to work with them.

The 2014 National Association of REALTORS (NAR) Generational Trends Report found that Millennials (people aged 22 – 35) made up the largest share of home buyers at 31 percent, 76% of whom were first time buyers, followed by people aged 35 - 50 (Gen X) and the Baby Boomers each at 30 percent. Seniors only accounted for approximately 9 percent of total buyers.

“About half of millennial buyers primarily purchased a home just for the desire to own a home of their own. Gen X placed a high importance on owning a home of their own, but many needed a larger home and needed to move for a job-related relocation. Older Boomers and the Silent Generation are more likely to move for retirement, the desire to be closer to friends, family, and relatives, and the desire for a smaller home.”

Millennial buyers place a high priority on convenience to both their job and lifestyle options as well as the affordability of the homes they're viewing. They also try to stay close, usually within

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10 miles, to their previous residence, while older generations tend to move longer distances, typically up to 30 miles from their previous home. Boomers and seniors place a higher priority on convenience to friends and family, convenience to shopping, and convenience to health facilities.

Younger buyers tend to be willing to compromise on many factors in the home they purchase, such as the price of the home, distance from job, size of the home, and condition of the home purchased. However, the older generations are usually less willing to compromise on the features of the homes they purchase, as they want to avoid the additional costs and headaches associated with renovating.

When looking for a home, it's no surprise that all generations begin their search process by looking online; however, Millennials tend to spend more time online researching the homes, communities and the REALTOR[®] before making contact. Older buyers are more likely to be more occasional users during their home search and tend to contact a REALTOR[®] once they've done some research.

An interesting factor that became clear in the NAR study was that the search time for a home was different for the various age groups, with older buyers tending to take a shorter period of time to find their next home than younger buyers. The study demonstrated that younger buyers (under age 59) tend to search for a home for 12 weeks. Buyer aged between 59 and 67 tend to look for 10 weeks and older buyers (68 to 88 years of age) search for just 8 weeks.

Why work with buyers?

I know, everyone, including me, says that in this business, you need to list to last. You have to focus on getting listings. And I firmly believe that. However, you're more than likely going to find that, for the first year or two, you'll work with more buyers than sellers. And that's OK, because working with buyers gives you many different opportunities to develop critical success factors that will stand you in good stead in the future, not to mention an income.

You'll get the chance to develop and hone skills, such as prospecting and objection handling, asking the right questions and active listening, recognizing and adapting your client handling skills to different personality types, writing and negotiating offers and many more. You'll develop time management and prioritization skills.

And even more importantly, you'll have the chance to develop your reputation, both with clients and with your colleagues. You'll learn how to build and maintain trust with your clients and how to avoid the many traps which can create roadblocks to that trust and reputation.

What's your role?

A good buyer's agent is able to carry out a series of essential tasks that reach far beyond just searching for properties. They must:

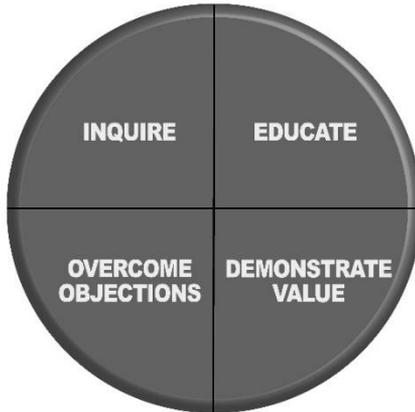
- Know how to ask the questions needed to uncover the buyer's needs and wants as well as their major motivating factor in the purchase.

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- Become a trusted adviser and supporter during the entire home buying process.
- Help buyers understand the buying process and educate them on current market conditions
- Help buyers to both understand that they will need to balance obtaining, and help them find, as many of their needs as possible, within the constraints of dealing with the realities of the market and / or their specific financial constraints
- Help buyers achieve their lifestyle needs with a different set of features than originally anticipated (this is particularly useful when dealing with financial constraints)
- Uncover and disclose any information that will help buyers make informed choices as to which properties to view and ultimately purchase.
- Help buyers in narrowing their search until they have identified their top choices through testing their criteria during the Buyers' Interview process.
- Advise buyers of clauses and pricing and help them understand the implications of the offer during the offer preparation phase.
- Manage the negotiation and counteroffer process so as to provide the client with the best possible advice in order for them to make the most informed decision.
- Provide oversight and follow up on any conditions to ensure the process proceeds as smoothly as possible and provide references to any service personnel that may be required.

The Kick-Butt Buyer's Interview

Just as with the Listing Presentation, your Buyer's Interview has 4 key components:



A Silver Bullet

You can find a sample of the Informed Buyers Guide and Buyer's Presentation on the book's website www.foundationsforsuccess.ca.

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Now that they've been pre-approved and everyone is aware of the price range in which they should be searching, the next stage is to really determine the type of home and location to look at. You'll need to educate them on the Buyer Representation Agreement (or whatever the Buyer Contract is called in your jurisdiction) and how it can ensure that you're acting in their best interest. If they're ready, you can then get them to sign it at this point.

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Testing, Testing...

The next step will be to search for the homes they've described and "test" their criteria, by conducting a search on MLS for the homes that match those criteria. This will allow you to confirm that the type of home, with the features, in the price range and the area they've described, is available. This will also allow you or the buyer to make any modifications to their criteria based on having viewed the homes online, and will save both you and the buyer time, by eliminating the need to drive around to view homes that wouldn't have matched their wants and needs. The next step will be to actually schedule showings of homes that do match their criteria.

CHAPTER 2

The Buyers' System

The very first step in managing a complete buyers' system has to be working with buyers who are motivated and ready to buy. We've all had the experience of working with buyers who aren't at that point yet, and it becomes a sequence of taking people out to homes that don't truly fit their needs or aren't the "right house" over and over again.

This goes back to your lead follow up system and your ability to qualify leads. Are they a true lead, a warm or a cold prospect?

Without a comprehensive system which ensures a consistent approach to all the activities involved, it becomes very easy to inadvertently miss something that may at first seem trivial, but can eventually become a major issue. For example, when writing an offer, it may seem like overkill to pull the title on a property to confirm who the sellers are. After all, the listing agent would have done that, right? However, what happens if there's an error in the listing information and the spelling of the sellers' name is incorrect? That little error, if not corrected, will become a major issue later on. By following the same process and procedure every time, for every person, you can safeguard yourself against even minor slips.

On the Road Again

The next component of the buyer system is your method of managing showings. When showing homes, I've found it helpful to provide the buyers with basic guidelines of how I handle the showings, using the following **“Rules of the Road”**.

1. Each time we view homes, I'll prepare a list of the homes along with a map for you to follow from one home to the next. (Thank goodness for Google Maps). You'll also get a copy of the listing information for each home.
2. I try to book our showings in one hour sessions for each home. This is done so that we have the time to spend viewing each house and allows us to run a bit behind schedule, without creating any inconvenience for the homeowners at our next showing.
3. Please be on time for the first showing. This will help us stay on schedule. Remember, the home owners will have had to leave the home and we want to make sure we don't create any more disruption to their routine than we have to.
4. If you are going to be late, please give me at least 15 minutes' notice so I can notify the listing agent who can then inform his clients.

Home Showing System

In order to ensure you don't create confusion for your buyers it's advisable to show a maximum of four to five homes each time you take them out. Since you don't want to waste their time or yours, the homes **MUST** be compatible with the requirements decided on at the first meeting.

When booking showings, call the listing REALTOR[®]'s office at least one day prior to the scheduled showing to ensure that you get confirmation of the showing. This is absolutely necessary when the listing requires 24 hours' notice. The method of booking showings varies widely across the country and is beyond the scope of this book.

The Buyers from Hell? It may not be them

Many years ago, I had the opportunity to work with a client who, it seemed, was bound and determined to do everything they could to frustrate every deal I wrote for them. There was always something wrong with the way the house was priced, or the layout of the home was wrong, or something on the inspection was too serious for them to move forward with the purchase. During the American Revolution, Thomas Paine wrote, “These are the times that try men’s souls.” And this was the client who tried my patience, to the point that I finally gave up on them, only to later learn they had then bought a home with another REALTOR® on the first time out.



We’ve all had the “Buyer from Hell”; the client who, no matter how hard you work, no matter how many homes you show them, no matter how many offers you write for them, just don’t seem to get the concept of what it’s going to take to actually buy a home. Or they complain about everything and seem to throw up roadblocks at every turn in the process. Well, maybe it’s not actually them.

It’s important to remember that, many times, these folks may not be sure of the process, what’s involved, who’s responsible for what and what to expect when they go out and look at homes with a REALTOR®. They’re probably under some stress and that

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generally doesn't bring out the best in people. Your job will be to help them, for the most part, alleviate that stress.

In order to accomplish that, you're going to need to understand them and to empathize with them; to put yourself in their place. Since, as REALTORS[®], looking at homes, writing and negotiating offers and understanding the process is old hat to us, it's easy to overlook or miss the uncertainty and stress that can cause even the calmest client to lose their equanimity. Our responsibility goes far beyond simply finding and securing them a home. We need to understand who they are, how they communicate, to understand their concerns, where they're unsure, what their motivation is and to make sure we've educated and advised them so as to reduce or eliminate any of the issues which can cause them discomfort throughout the process.

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Let's Write an Offer

What a wonderful phrase!
But, now comes the real challenge. It's at this point that your knowledge of contracts, the market, objection handling, offer presentation and negotiation gets put to the test.



The Offer Process

Whether you're in a single or a multiple offer, your primary responsibility is protect your client's best interests.

Remember, and remind the buyer, you're there to advise, but the decisions are theirs to make, not yours, and that you are bound by their lawful and ethical instructions.

When dealing with a single offer, your offer management system must ensure, once the offer has been signed, you inform the listing REALTOR® that you have an offer for them. This may take different forms in different jurisdictions. For example, in Ontario, this means calling the listing office and registering the offer. However, no matter which format is used in your area, the most important component is to speak directly with the listing REALTOR® so as to ensure there's no opportunity for miscommunication. Once that has occurred, a time for the offer presentation should be established.

Never discuss the offer over the phone. This only provides the opportunity for the listing REALTOR® to begin preparing to counter your offer and weakens your position. At the time of the offer presentation it may be beneficial to have the buyers close by so that any counter offers can be dealt with rapidly. I've had clients sitting outside the property in their car or at a nearby coffee shop.

At the offer presentation, your job is to try to build rapport with the Sellers, so as to help them better understand your clients and to help your clients obtain the best possible terms. Provide some information about the buyers. What are their motives for wanting the house? What have they said about the house to show they appreciate its features and benefits? Respond to questions and

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concerns from the sellers and be prepared to handle any objections which may occur.

Remember that facts and figures are persuasive; arguing and too much talk are usually ineffective. Very often sellers and buyers are ready to accept the terms of an offer but need a rationale and this is where all the work you have done in the building trust stage and determining needs will pay off. Make sure you are prepared to offer the objective support that they need.

If you obtain a counteroffer from the sellers, you have another offer to sell and it becomes the buyers' option to accept, reject or counter. When negotiating the counteroffer, your objective is to help the buyers understand the changes and why they're important to the sellers. This will help your clients make an informed decision about what they want to do with the counteroffer. Finally, be patient. Don't push. Ask questions, watch the buyers' body language, let them sell themselves on the counteroffer.

Once the offer has been accepted, make sure any changes have been initialled and final signatures have been completed.

Your next task will be to make copies of the agreement, the deposit cheque and the receipt for the deposit and provide a copy to your buyers and the office, as well as place a copy in your buyers' file.

Multiple Offer Management

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way you can make any changes or sign off on counters immediately rather than waiting.

Service, Service, Service

Servicing the buyer doesn't end once you've shown them some homes and written and negotiated an offer. It's when your time to shine truly begins. Everything you've done to this point is just a foretaste of the kind of service you're going to provide that's really going to wow your clients.

As with everything, a systematized approach to the management of the purchase is a must. The Buyers' Task List details each step to be taken in making sure everything progresses as smoothly as possible.

Going, Going...

After the Sold Sign Goes Up

Now that you've removed conditions and the deal is firm, there are a number of things you can do to reinforce yourself as the REALTOR® to whom your clients will want to refer their friends and family. This is where your Buyer's Task List and Deal Tracking Form will help guide you through the paperwork jungle. Your post-sale service system will need to ensure that your clients are kept informed of the next steps they'll need to take on the way

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towards closing the sale, including preparing for the move, ensuring they've spoken with their lawyer and any additional inspections have been scheduled. Your main task through this period will be to act as a point of reference or guide to ensure they understand each step and that things are able to progress smoothly.

It's always handy to be able to provide the buyers with a moving guide so they're aware of what steps to take to ensure their move proceeds smoothly. I've included the one I put together from various companies, but you may want to consider using the one that your moving company uses.