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Relationship: An Overlooked
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THE

Builder / Broker Relationship

An Overlooked Avenue to Greater Sales





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THE Builder / Broker Relationship

Too often, we forget: relationships are the true foundation of the building industry. Builder and real estate broker relationships, in particular, can be extremely beneficial to both parties. Typically, builders do not engage brokers unless they have a problem selling homes. Builders should regularly introduce their companies, sales teams, and broker policies and procedures to the broker community.

Builders' broker policies should be universal and consistent for the marketplace. Builders frequently pay different commissions from one community to the next. Builders should standardize and simplify commissions across all communities. If builder policies and commission programs are convoluted or gimmicky, brokers will become frustrated and look elsewhere for sales. Earning commissions should be fun, rewarding, and easy.

The following concepts demonstrate how to refine broker policies and procedures to encourage lucrative, long-term broker relationships:

1 Be consistent in all dealings with brokers. Builders frequently market their new home product to brokers only when they cannot sell their homes. Brokers want long-term relationships, not fair-weather friends. By maintaining a continuous relationship, brokers will regularly bring you qualified buyers for your existing inventory, as well as pre-sale buyers. Become brokers' new home expert, mentor, coach, and guide, and you will both benefit in the long run.

2 Never promise anything you cannot deliver. Be truthful. Brokers want to work with builders who have honor, trust and integrity along with the capability to construct a fine home. When an honest bond is forged between broker and builder, greater sales will result.

3 Never play a broker against a buyer or a buyer against a broker. Always set expectations at your first meeting so all parties know what to expect throughout the transaction. Repeatedly remind all parties about the expectations throughout the transaction. Eliminate surprises. Communicate with all parties and keep them apprised of all issues. Whenever you share details with the buyer and the broker is not present, please advise the broker with an email and carbon copy the buyer. Should the broker be present and not the buyer, communicate the same way.

4 Always pay the same commission to all broker companies. Maintain a commission-parity program. Remember that confidentiality agreements do not last; someone always shares the confidential point. Therefore, maintain commission-parity with all brokerage companies. You will earn more trust from the broker community and more business, too.

5 Broker commissions should be standard with the rest of the builder community. Commissions should never be too high. If commissions are high, the builder is basically telling the broker that he has a problem house. Good brokers want to earn the standard commission, not inflated commissions. Honest brokers will not feel good knowing they received an unusually high commission on a home that will be difficult for the new owners to sell down the line. The nationwide standard new home commission is three percent (3%) inclusive of the base price, options and home site premium.

6 Should a builder need to sell a home quickly, it is better to offer consumer incentives than to offer higher broker commissions. Front yard landscaping incentives are the best incentives because the buyers will see the gift every day. This gift will also help the builder as prospects, neighbors and brokers will gain further appreciation for the neighborhood.



7 Be creative with broker incentive programs. For example, instead of offering individual brokers a sliding scale real estate commission increase for each home sold within one year, make the incentive inclusive for the entire broker team in the office. This way, every broker has the opportunity to participate at higher commission levels. Other ideas may be a series of certified educational courses, trips, business equipment, leased autos for one year, and annual cell phone service.

8 All broker incentive programs should be offered to every broker within the trading area. Promote your incentives to brokers with flyers, newsletters and website information. If you neglect to include one broker or one office, you will make “broker enemies,” which is not good for business development. Real estate brokers are like elephants—they never forget.

9 Every broker program should have standard rules that apply to all brokers. To maintain a positive reputation, builders must be fair and consistent at all times.

10 Produce and distribute monthly flyers and e-bulletins to brokers. You may also advertise monthly in local real estate board publications, as well as in the monthly state publication. Include third party testimonials and case studies of how brokers are earning commissions from your building company. These marketing tactics will lend credibility to your company and generate qualified leads.

11 Invite brokers to attend promotional events to learn about your latest inventory or new product. This contributes to a long-term builder/broker relationship, and the more brokers know about your product, the more confidence they will have in selling it to their buyers.

12 Monitor all broker lead generation techniques to determine the value of each. Successful marketing events may replace less effective marketing exercises.

13 Follow up. After any contact has been made with a broker—in person or electronically—it should be followed up the same day with a thank-you email and letter to the broker and the broker’s managing broker. Thank them for their interest, their cooperation and the interest of the buyers. The more positive communication you have with brokers, the more comfort the broker will have with your company resulting in more sales.

14 Prepare and send a thank-you email and letter to buyers, too. Compliment their choice in selecting the broker. Copy the broker and the broker’s managing broker. All this communication will add value to your relationship with the broker.

15 Maintain good communication throughout the transaction. Upon closing the sale, send a thank you to all parties involved, including the buyers, the participating broker and broker manager, the mortgage loan originator, the title insurance participants, and any other individual who made a positive difference in the transaction.

THE Builder / Broker Relationship



16 **Ask for referrals from the broker and buyers at the first meeting and at every meeting thereafter.** Satisfied buyers and their brokers will offer referrals when asked.

17 **Contact brokers directly by phone rather than e-blasting.** The more you contact brokers directly, the more comfortable they will become with you. Real estate is a personal business. Get to know every player in every office. Break down any social barriers with a personal introduction.

18 **Conduct broker tours at your home site.** Have a catered breakfast or lunch. Educate brokers about how easy it is to earn commissions from you and your sales team.

19 **Visit brokers' offices.** If at first you can't have brokers attend your sales centers/discovery centers, go to brokers' offices. Bring a catered breakfast or lunch there, too. Brokers will appreciate your initiative and respect.

20 **Attend real estate board meetings and promotional events.** Establishing a personal presence at broker gatherings is another way to advertise your product, generate sales leads, and demonstrate initiative and respect.

21 **Become an associate real estate board member and have your onsite sales team members become members of the local boards of Realtors, and become involved with their activities and committees.** By becoming an associate board member, you will gain credibility among brokers. Frequent appearances at real estate gatherings will help foster long-term relationships with brokers, and they will deliver more qualified buyers to you.

22 **Communicate frequently.** Frequent, sincere communication is key to maintaining every positive relationship.

23 **Close early and often in a respectful, cooperative and considerate manner.** The positive end to one transaction with a broker could inspire the beginning of another!

24 **Always be respectful, considerate, thoughtful, and grateful.** Your reputation for integrity and respect will spread far and wide.

Pay careful attention to developing a broker policy and procedure program that meets the needs of your market. Market, pay fair commissions and maintain parity with each and every real estate broker. Cultivate genuine, long-term business relationships with brokers. You will enjoy higher profits and the camaraderie of true friendship! **smi**