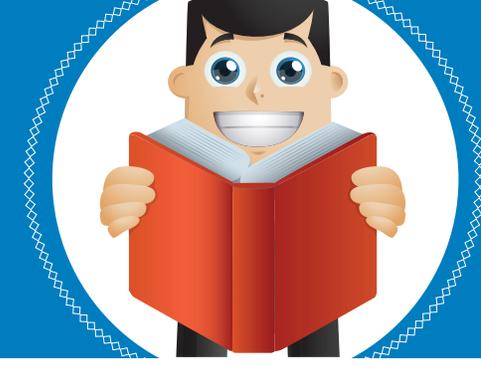




# A CALIFORNIA REAL ESTATE AGENT'S POWER BASE



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# Introduction



Instead of focusing solely on a marketable persona, agents looking to get ahead need to take a look at cold, hard facts. What tangible personal achievements do they have on their records? What proof of real estate savvy can they present for their clients to see?

It all begins with the agent's **power base** — a multifaceted tool an agent uses to improve their income. An agent first needs to understand what their power base is before they can wield its influence.

## What is a power base?

An agent's *power base* is the sum of the agent's assessable achievements, including:

- education;
- civic engagement;

- longevity — familial roots and name recognition;
- wealth; and
- notable personal accomplishments.

The purpose of the power base is to:

- expand their client base and industry network;
- develop greater earnings and increased professional opportunities; and
- maintain ownership of durable real estate and financial holdings, alone or with others (syndication).

# Assets and Net Worth



**Assets** may be any of several possessions or investments, including:

- a home and furnishings;
- a car;
- real estate ownership interests;
- trust deed notes;
- business ownership interests; and
- other possessions of value.



Assets give the impression of the wealth and **financial savvy**. For example, an agent who

drives a new luxury sedan to meet a client gives an impression of greater wealth than an agent who arrives in a rusted pickup truck.

Part of wise asset accumulation involves whether assets are liquid or illiquid. **Liquid assets**, such as trust deed notes and bonds, are easily converted into cash in the event of a personal financial emergency.

**Illiquid assets**, however, are more difficult to convert. For example, the equity an owner holds in their home or other real estate is an *illiquid asset*, requiring months to convert to cash through a sale or equity financing.

Accumulation of *liquid assets* gives agents and brokers a form of safeguard against a business failure in the event of a market downturn.

# Assets and Net Worth



When the real estate business falters due to a changing economy of declining sales volume, an agent will be able to cash in their liquid assets to create a financial cushion until the market regains its footing.

Agents also need to evaluate their **net worth**. An agent's *net worth* is the sum of the value of their assets less the agent's total debts. An agent uses a **balance sheet** to tally their liquid and illiquid assets, debts and financial obligations. [See **RPI Form 209-3**]

An agent who appears more successful to their colleagues more easily garners respect and admiration based soundly in their personal achievements. The agent further uses the respect they receive in the workplace to enhance their career and income, such as by negotiating higher fee splits.



# Education



Education nurtures an agent's **practical experience**. An agent's *experience* in transaction negotiations ("street smarts") is as valuable as studied knowledge. However, the amount and type of formal education an agent possesses causes prospective clients to begin bonding with the agent — before the prospective client can observe the agent's expertise in action.

## Become a well-educated expert

First, an agent needs to narrow down their specialty. An agent may specialize in one or more of the innumerable niches which exist in the real estate industry, including:

- specific types of improved property;



- a group of buyers, like first-time homebuyers;
- green homes or smart homes;
- property management or commercial leasing;
- consumer or business mortgage originations;
- subdivisions and conversions; and
- residential or commercial income properties.

To be classified as an expert, the agent needs to constantly expand their technical knowledge of their chosen niche and groom that knowledge with the wisdom of experience.

# Education



Agents can enroll in courses to enhance their real estate knowledge. For example, agents can take courses on:

- specialty real estate transactions;
- business management;
- accounting and recordkeeping;
- various languages and cultures (particularly useful for multi-lingual regions);
- marketing; or
- agency, business and contracts.

These additional skills make an agent more effective in all their daily activities and more appealing to clients and colleagues alike.

Agents looking to expand their knowledge need to seek out:

- seminars and lectures;

- other real estate professionals willing to bring insight and advice to discussions; and
- training sessions focused on particular skills.



## General knowledge and leveraged education

Agents need to keep up-to-date with economic conditions which drive and give direction to markets in their area. Agents also need to regularly check for new laws, zoning

# Education



for construction, financing programs and other news affecting real estate transactions and their business.

Even if the agent has yet to make any notable financial strides, education is frequently associated with wealth. When an agent can use experience in addition to factual information to answer questions, clients perceive the agent as a seasoned, well-informed professional who likely earns a respectable living — a perception upheld by the agent's degrees and certificates of investment in education. This perception causes more clients to willingly retain the agent, increasing the agent's productivity and income.

Naturally, an agent whose clients respect and desire their guidance in a real estate transaction generates greater **negotiation power** with their colleagues. They are also better able to prove their financial worth to other brokers and agents, and to select the best brokerage situations available.

Further, agents can:

- start and operate their own brokerage;
- adjust their business practices to accommodate current economic conditions; or
- work their way into management and ownership at larger brokerages.

# Civic Engagement



*Civic engagement* is participation in activities which benefit a community as a whole. Agents can work these community benefits to their advantage.

*Public perception* is fundamental to an agent's ability to generate business with new clients, who may not learn about or favor the agent when they are not involved in local activities. A positive perception of the agent based on their contribution to the community also encourages past clients to refer family and friends to the agent.

## Participation in the real estate community

Agents who get involved in local activities earn respect from others, which builds their reputation and further improves their business relationships.



Agents can start small by volunteering to **mentor** new agents in their office. One-on-one *mentorships* foster beneficial relationships the agent can count on to generate professional references.

Additionally, **employing brokers** who offer mentorships and personal training opportunities are likely to garner greater admiration and dedication from their agents. These agents share their mentorship experience with other agents, who then want to work for an office providing these benefits. With more competent agents, the broker's income grows.

# Civic Engagement



Participation in **organizations** dedicated to local real estate matters will garnish an agent's perceived role as a leader in the community. Fundamentally, these affiliations enhance their knowledge of local issues important to most clients.

An agent's choice of an organization needs to play on their strengths. For example, agents who specialize in rental accommodations may use their expertise to participate in a local rent control board or related zoning decisions.

Agents need to consider involvement in:

- planning committees;
- city council meetings; and
- other governmental agency activities open to the public.

## Expanding participation exposes new clientele

Agents also need to engage in local organizations unrelated to real estate. These include social clubs, civic groups, committees and other organizations which will likely broaden the agent's reach to new groups of clientele.

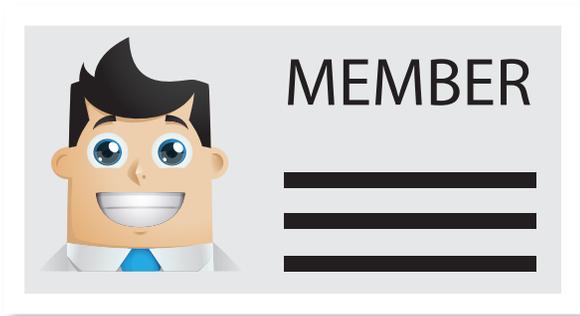
For example, an agent seeking to expand or improve their client base needs to consider:

- trade organizations, such as a local builder's association, escrow officer's association or apartment owner's association;
- local cultural arts committees;
- a Board of Trustees at a local educational institution, like a community college;
- the historic preservation review board;
- the Chamber of Commerce;

# Civic Engagement



- local marketing groups;
- the county assessment appeals board; and
- other similar groups and associations.



Connecting with a group based on a common interest or activity exposes the agent to an entirely new community of people to mine for leads, referrals and networking opportunities. The agent's membership or involvement signals

to the community the agent is like-minded or "one of their own," increasing the likelihood community members will trust the agent based solely on their affiliation.

However, agents beware: political clubs and organizations generally have a volatile, short-term and often polarizing impact on others. Instead of these organizations, an agent needs a **universally respected** activity which builds enduring ties to the agent, no matter the emotional shifts in their external politics.

While the agent's participation is a critical factor in the *public perception* they establish, the agent needs to first dedicate adequate time to their real estate business if they are to keep it productive and profitable.

# Residential Longevity



## Residential longevity garners clients

The influence of **familial ties** built up over time is known as **residential longevity**.

An agent or broker with residential longevity capitalizes on local recognition of their familial name.

Association with a well-known name synonymous with respectability and success in a community generates an almost automatic esteem and affinity for the agent.



## The agent's personal ties

To begin using familial ties to benefit their business, an agent first needs to ask themselves: What is the first thing people think of when they hear my name?

The agent's goal of building upon their family's *residential longevity* is to place themselves first and foremost in a potential client's mind when they hear the agent's name.

An agent has a good chance of using their name as a springboard when they reside and work in a location where their personal affiliation is strong. **Name recognition** attaches to an agent when they **set roots** in a community — whether it's built on their family's existing connections to the community or the agent decides to start fresh and separately establish

# Residential Longevity



their own *name recognition*.

An agent or broker with a sturdy legacy in a community establishes a reputation of belonging and familiarity which encourages clients to work with them out of an **affinity bias**.

An *affinity bias* manifests in a variety of forms, depending on how the agent takes advantage of their name recognition. The agent may choose to start marketing their name with a particular niche or expertise in demand by those most likely to be familiar with the agent's name.

An agent can also seek out brokerage companies with strong resonance in the community to raise their own esteem in that locale. The farther the broker's name



reaches, the greater weight the name will carry on the agent's resume and client contact list.

## **Familial ties as client connections**

Another way agents may use residential longevity to benefit their real estate business is to establish connections with clients to

# Residential Longevity



whom community is an obvious priority. These households might include:

- first-time homebuyers looking to start their own family;
- families with children seeking more space; and
- elder couples wanting to live near their extended family.

The same logic applies for attracting real estate investors as clients. Longtime members of the community know about the agent's residential longevity and the stability of the family name, which attracts them to the agent when in need of real estate services.

The agent may also leverage the dominance of their name recognition into:

- higher fee splits when employed by a broker;
- better positions at a brokerage company; or
- starting or expanding their own brokerage.

# Personal Achievements



**Personal achievements** are tangible evidence of what an agent has accomplished that speak to their tenacity, abilities and power in the industry. These lifelong achievements set the agent apart from their competition without the need to first sell a prospective client on the value of their services.

An agent's *personal achievements* may include:

- awards, acknowledgements and recognition;
- unusual skills or extracurricular activities;
- career advancement, such as from a sales agent to a broker-associate or an employing broker;
- additional education and government-issued licenses; and

- ownership of a brokerage office.



## Achievement through career advancement and authority

Perhaps the most obvious way an agent can showcase their achievement is through **professional advancement**. Careers in real estate may begin from positions as minor as an unlicensed assistant for a provider of real estate services. However, when that assistant invests the time, effort and expense to get their sales agent license and eventually their broker license, they demonstrate talent and persistence. This public career progression advertises professional success, a magnet for new clients.

# Personal Achievements



Additionally, an agent may choose to compound their license with additional licenses and endorsements, such as:

- mortgage loan origination;
- escrow;
- contracting; and
- corporate brokerage, as a licensed corporate officer.

## Presenting awards to influence your business

An agent's personal achievements can come through professional milestones, like hitting production goals and receiving **awards**. Awards are most often given through the agent's brokerage company and might include:

- top-producing agent;
- top-producing office;

- dollar thresholds ("Over \$15 million sold!"); and
- regional, state, national or worldwide accolades.

An agent or broker can use awards to enhance their reputation through **marketing**. Awards often have symbolic logos, which the agent can put on their business cards and other marketing materials. Clients recognize these special emblems and phrases like "Top Producer" or "#1," and are instantly more inclined to choose a professionally recognized agent for their needs.

Additionally, an agent can display awards and other acknowledgements in their office space. This includes plaques, certificates, trophies and other symbols of the awards the agent receives.

# Personal Achievements



Clients and colleagues who meet the agent in their office will see the agent's personal achievements displayed in a professional setting, enhancing their **perception** of the agent's professional success.

## Awards, authority and your power base

Agents can continue expanding their power base by adding extracurricular skills and activities to their professional accomplishments. An agent with additional achievements unrelated to real estate shows clients their diversity of involvement and capability. For example, agents may showcase:

- skills in speaking and understanding other languages;
- teamwork skills attained through sports or other organized activities;

- licenses and achievements unrelated to real estate, such as a pilot's license; and
- intellectual or physical accomplishments, such as musical composition or marathon athletics.

Just when the agent thinks they've reached the pinnacle of success, it's time to start back at the beginning. As the agent's business and income grow, so do their professional needs: expanding office space, hiring assistants, increasing marketing efforts, etc. The more effort agents invest, the more success they will have — when set out in a meticulous plan to cultivate a solid, expansive power base.