



REAL ESTATE BROKER'S INSIDER

Management and sales tools for the residential real estate broker

September 1, 2009 Vol. 40 No. 17

Selling

As multiple bids return, some buyers use "love letters" to sellers to land deals

For the buyer in Arizona, sending a flower arrangement and a personal letter to a seller proved a prudent investment.

The emotional appeal meant the buyer beat out another bidder who offered \$5,000 more.

Hunt Real Estate ERA in Tempe, AZ, listed the home, and the listing agent urged the seller to take the higher offer. After all, the flower sender was paying less and made the deal contingent on the sale of his home, says Jeff Lucas, managing broker at Hunt Real Estate.

But the seller was so swayed by

the emotional appeal that she went for the lower offer. "It was very instructive," Lucas says.

If home sales were purely business decisions, emotional appeals such as the one sent by the Arizona buyer would be meaningless.

But sellers aren't always logical — emotions also play a big part in their decisions. So some sellers are swayed as much by the buyer's life story as by the solidity of their offer.

"It has really nothing to do with the transaction, but sellers want to know," Lucas says.

(Continued on page 2)

Business Models

Independent broker uses local knowledge, marketing to rule pricey market

Years of local experience have given Valerie Torelli a stranglehold on the market in Costa Mesa, CA.

Her company, Torelli Realty, ranked first among all real estate offices serving Costa Mesa in the number of sales, property values, and average sale price from July 1, 2008 through June 30, 2009, according to research by Real Data Strategies Inc. Torelli Realty sold 49 homes worth \$31.7 million.

Torelli has 10 agents, and she points to statistics showing that, in any market, a few agents do most of the transactions.

"I knew if I had 10 really good people, I could own the city," she says.

In her quest to dominate her market, Torelli spends very little on newspaper ads.

"I haven't done print ads for 15

(Continued on page 4)

\$15,000 buyer tax break proposed

To further goose the housing market, Sen. Johnny Isakson (R-Ga.) has proposed a new tax break for home buyers that would raise the tax credit to \$15,000 or 10 percent of the purchase price, whichever is lower.

Unlike the first-time buyer credit of \$8,000, this break would apply to anyone. Realtors, not surprisingly, love the proposal. Coldwell Banker President Jim Gillespie and ZipRealty President Patrick Lashinsky are among those who give the move a thumbs-up.

"The move-up buyer is not in the market," Gillespie says, but this break would change that.

The Mortgage Bankers Association says increasing the tax credit would create 400,000 more home sales. The one-year credit also would cost the Treasury \$37 billion.

In this issue

- In difficult year, customer satisfaction scores fall, but Coldwell Banker, Keller Williams fare well 3**
- Broker's innovations: Grading clients, marketing to vegetarians 6**
- ZipRealty's loss widens, bottom is in sight 6**
- Keep it simple, update constantly, and nine other website tips. 7**

ranked in the seller survey because J.D. Power received fewer than 100 surveys from sellers.

J.D. Power calculates satisfaction for buyers by weighing three factors: agent (which accounts for 47 percent of the score), office (28 percent), and package of additional services (25 percent). For sellers, J.D. Power looks at four areas: agent (34 percent), marketing (34 percent), office (17 percent), and package of additional services (15 percent).

Recruiting and retaining top agents is crucial

For both buyers and sellers, the agent remains the most important driver of satisfaction, J.D. Power says. However, the importance of agents declined from 2008, while the importance of additional services increased by 12 percentage points among buyers and 8 percentage points among sellers.

Even as consumers said ancillary services were more important, their use of inspections, appraisals, and warranties offered by brokers decreased from 2008. J.D. Power blamed cuts by real estate companies in response to a depressed market.

For brokers, Howland says, the results underscore the importance of

recruiting and retaining top agents.

“The agent is really driving that experience,” he says. “Ensure that you’re finding and retaining the best folks.”

And with more first-time buyers in the market, it’s especially important for agents to help create realistic expectations for buyers.

Coldwell Banker’s Gillespie acknowledged that agents are a big part of the equation.

“We have great sales associates,” Gillespie says. “If they don’t deliver, we don’t win this prize.”


But marketing also is crucial in the seller survey, and Gillespie pointed to innovations such as Coldwell Banker’s launch of a YouTube channel to promote its listings.

“We’ve done a lot of innovative things in the past year,” Gillespie says.

Meanwhile, Howland sees signs of a recovery in the survey. The number of respondents saying they plan to buy a house in the next 12

months rose to 19 percent this year from 14 percent a year ago.

“It suggests there may be a light at the end of the tunnel,” he says.

Contacts: J.D. Power and Associates, www.jdpower.com; Jim Gillespie, Coldwell Banker, 973-407-5346. 

J.D. Power Buyer Survey

Company	2009 score	2008 score
Keller Williams	806	831
Coldwell Banker	801	816
RE/MAX	798	809
Century 21	795	806
Average	791	811
Prudential	781	820
ERA	744	795
GMAC	731	795

J.D. Power Seller Survey

Company	2009 score	2008 score
Coldwell Banker	815	792
Keller Williams	801	772
Average	786	786
RE/MAX	784	792
Century 21	770	778
Prudential	753	793
GMAC	Not ranked	782
ERA	Not ranked	766

Independent broker uses local knowledge, marketing to rule pricey market *(Continued from page 1)*

to 20 years,” she says. “They don’t work. Instead, you build up a reputation.”

Her larger competitors spend big money on print ads and spacious offices, but Torelli prefers to invest elsewhere.

Torelli says she spends “five

figures” to host community events such as an Easter egg hunt, a Christmas party with trucked-in snow and a Halloween giveaway of thousands of pumpkins.

“We are culturally aligned with our city,” she says.

And Torelli follows a philoso-

phy of “spend money to make money.”

When she lists a foreclosure or short sale, Torelli hires a gardener to groom the lawn so the property won’t look neglected.

“I never look at it as, ‘I spend \$200 and I might not get it back,’” she says. “It’s an ROI.”

If the home is vacant, she tries to move in a tenant.

When she lists a foreclosure or short sale, Torelli doesn't advertise it as such. She's required to identify it as a distressed sale in the MLS, but Torelli says she doesn't put "foreclosure" or "short sale" on the yard sign.

Torelli says she doesn't want to encourage buyers to make unrealistically low offers. Nor does Torelli want the neighbors to blame her for driving down everyone's property values. And she doesn't want the seller to feel embarrassed.

"The homeowner wants to leave with some dignity," she says. "You have no idea how much respect that has earned me."

Torelli says she has maintained her lead in her market in part because she was quick to seize the opportunity in distressed sales.

"We shifted into short sales two years ago," Torelli says. "I could make that shift before the big companies could. The larger companies don't want to change that quickly."

Meanwhile, Torelli aims to cultivate a small team of productive

agents. The strategy, Torelli says, is the opposite of the big firms in her market.

"They hire 1,000 people, and they throw them in there," she says. "I'm very careful about who I hire to come work with me."

Torelli thinks education and a previous background in real estate are meaningless in predicting success. Instead, she looks for energy, listening skills, and a sincere desire to help people.

"I would hire a nurse over an MBA," she says.

No hard sells are allowed in her office. She doesn't like to hear agents pressuring clients to make a decision.

"You treat everybody with extreme respect," she says.

Another pet peeve: Negotiating by email. Torelli forbids it. It's too easy for the recipient of an email to read a negative or aggres-

Broker Bio

The broker: Valerie Torelli, Torelli Realty

The model: A traditional, full-service company with a small number of productive brokers. Torelli eschews print ads but markets by sponsoring community events.

The results: Torelli Realty is the top company in Costa Mesa, CA, according to an independent study.

sive tone into the words on the screen.

She also requires hard work. Torelli expects her agents to be experts on the Costa Mesa market.

"You have to go out and see the inventory," she says. "You can't be lazy.

You have to be present."

Torelli wears two hats at Torelli Realty. She runs the company, and she's the top producer, but she waves off concerns about conflicts between agents and a selling broker.

"There's this myth out there of going to work for a big company because you don't have a competing broker," Torelli says.

Torelli insists that she doesn't poach her agents' leads. And, she says, a manager who knows the market intimately, as she does, can provide more effective leadership to agents.

"How can you trust someone who's not out there negotiating on a day-to-day basis?" she asks.

While not everyone agrees with the competing broker model, Real Data Strategies President Patrick Veling says the results speak for themselves.

"Torelli Realty is proof that an office's size or affiliation with a national brand are not nearly as important as the quality of its leadership and its agents," Veling says. "Their office is proof that all real estate truly is local, and that local experience is what counts most in a challenging market."

Contact: Valerie Torelli, Torelli Realty, 714-540-7355, www.torellirealty.com. **REBI**

Torelli's Reading List

Valerie Torelli recommends three management books to brokers looking to raise their game:

- *Fierce Conversations: Achieving Success in Work & In Life, One Conversation at a Time.* Susan Scott describes the importance of brutally honest conversations. To succeed, Torelli says, brokers need to conduct occasional fierce conversations with agents and clients.
- *The E-Myth.* Author Michael Gerber urges entrepreneurs to spend time working on the business, not just in the business.
- *The Five Dysfunctions of a Team.* Patrick Lencioni outlines the pitfalls common in organizations: absence of trust, fear of conflict, lack of commitment, avoidance of accountability, and inattention to results.