



# PROSPECTING AND BUSINESS DEVELOPMENT

## ■ KEY TERMS

bird dogs  
CAN-SPAM Act  
centers of influence  
contact management  
system  
do-not-call registry

door-to-door canvassing  
endless chain  
farming  
geographic farm  
megafarming  
networking

niche marketing  
nongeographic farm  
prospecting  
real estate owned  
telephone canvassing

## ■ LEARNING OBJECTIVES

In this chapter, you learn the importance of prospecting as a source of inventory as well as for locating prospective buyers. Specifically, you will learn the following:

- What prospecting is
- The importance of attitude in prospecting
- Methods of prospecting and sources of leads
- Regulations affecting prospecting
  - Do-not-call regulations
  - CAN-SPAM Act regulations
  - Fax regulations

- The importance of the Internet
- Benefits of farming and farm types
- Basics of developing a prospecting plan

## ■ WHAT IS PROSPECTING?

**Prospecting** is the process of locating owners who are interested in selling property and prospective buyers who are interested in purchasing property.

Prospecting is locating potential buyers and sellers.

Without prospecting you would have much less inventory and fewer buyers. Real estate professionals know that even when buyers and sellers seek them out, it is often the result of prior prospecting or successfully helping someone they know.

Successful real estate agents understand that prospecting is an important element in their success. It is a continuing process of being aware of what is happening around them, organizing their efforts, being persistent, and developing problem-solving and time-management skills. Not only must licensees constantly prospect, they must have the proper attitude toward prospecting. A professional attitude includes considering prospecting a challenge and being positive and enthusiastic in speech and action. The author recommends the SSS system: *see* the people, *serve* the people, *sell* the people.

### Develop the Proper Attitude

Prospecting is any method of exposure to people who can buy or sell real estate; hence, it is a major challenge to every licensee. The following questions will help you evaluate your own attitude toward prospecting:

- **Do you consider prospecting a major challenge?** Successful real estate selling entails countless hours and considerable expenditure of energy to keep up with a highly competitive market. Your attitude is the key to your success.
- **Do you recognize the urgency to maintain a constant supply of new prospects?** It is absolutely necessary to provide yourself with a constant supply of customers. Prospects may be found most anywhere; they are all around you.
- **Do you have a well-organized system to use in prospecting?** Because of the many prospect sources available and the necessity of assigning priorities to these sources, advance planning is essential. To get the best results from your prospecting, an effective and well-organized prospecting system is essential.
- **Are you afraid of rejection?** Prospecting is searching for the one among many who needs your services. Therefore, you will encounter rejection more often than success. Fear of being rejected is one of the contributing factors to failure of new licensees. You must take rejection professionally and not personally.

Many successful agents use licensed assistants to aid them in prospecting. When an assistant locates prospective buyers or sellers, the agent then takes over. This frees the agent for “A” Time activities (Chapter 1).

## ■ METHODS OF PROSPECTING

The successful salesperson is always prospecting. A good prospector knows and accepts that different groups of people not only have varying interests and motivations but also have substantially different political, social, philosophical, and economic views. Prospecting is less a matter of getting listings and sales than it is a matter of developing sources for listings and sales. A licensee’s ability to do this is limited only by his or her imagination and commitment.

The prospecting method that will produce the best results varies according to the agent and the situation. The broker or salesperson should choose a method or methods based on the following:

- Type of property involved
- Period of time planned for
- Types of prospects
- Neighborhood and property characteristics, including the properties themselves (number of bedrooms and baths, etc.), income characteristics of the neighborhood (income, family, and social interests), changes taking place (such as a changeover from single-family to multiple-family dwellings), special advantages of the location (schools, shopping centers, recreation areas, and so forth), and special interests and groups to which the agent belongs

After taking these factors into consideration, licensees also should review their own sales skills and personality and choose methods that emphasize their strengths and minimize their weaknesses. The following material covers just a few of the methods for prospecting. Real estate salespersons should consult with their brokers as to the selection and implementation of prospecting methods.

### Door-to-Door Canvassing

While shunned by some real estate agents, **door-to-door canvassing** can be an excellent way to cover a geographic area. Successful canvassers know the number of people they must contact to obtain one good lead. They set goals of a particular number of contacts to achieve the number of leads they desire. They treat a rejection as one contact closer to another lead.

The best times to canvass are obviously when residents are home. With the large percentage of two-income families, early evenings or Saturday mornings are effective times. In retirement areas, daytime canvassing between 9 AM and 11 AM and between 2 PM and 4 PM could be effective. Do not canvass door-to-door after dark.

Canvassing an area having many retirees can be particularly beneficial, because many people welcome someone to talk to and can offer valuable information as to needs of neighbors.

When you canvass door-to-door, step back from the door after you ring the bell so you won't appear menacing. Don't carry a briefcase because this also can be menacing. A notepad or a clipboard is far less intimidating. Smile when you talk, and keep in mind that you must get the homeowner's attention within the first 20 seconds. In some areas, more doors will be opened to women than to men. Women are generally considered less intimidating.

Published **reverse directories** giving occupants' names from the address are now available in only a few areas. However, Internet sites such as *www.whitepages.com/reverse* can provide occupants' names from an address. This is particularly valuable when approaching a for sale by owner.

A sample approach for door-to-door canvassing would be as follows:

1. Introduce yourself and give your broker affiliation.
2. Explain why you are at their front door. An excellent reason is to ask if they can help find a home for a particular family. People often like to help specific persons but have little interest in people in general. Never use a fictitious family. Simply describe one of the persons you are working with to find a home. Never give out personal information about prospective buyers without their permission.
3. Ask if they know of anyone in the area who is planning to move or has had a change in his or her family circumstances that might cause the person to contemplate a move. Also ask owners about their own specific plans. Ask owners if they or any of their neighbors might have any real estate purchase or sale plans for a home, second home, or investment property.
4. Ask if they would like to receive free (monthly) e-mails or newsletters showing number of properties in the area that are on the market, average listing price per square foot as well as similar sale information.
5. Thank the owner, leave your card, and jot down responses for future reference.

After a home has been sold by you or your office, a door-to-door canvass of the neighborhood can be especially effective. Consider the following approach, replacing the words in brackets with words that fit your situation:

Good morning [Mrs. Smith]. I am [Jane Thomas] from [Uptown Realty]. We have just sold the [Kowalski] home at [211 Elm down the block; the house with the large pine tree in the front yard]. The new owners are [Mr. and Mrs.

Collins. He is an engineer, and she teaches first grade at Sunnyside School. They have one daughter, Mary Ann, who is nine years old]. I hope you will welcome them to your neighborhood.

As you undoubtedly realize, you live in a desirable area. In advertising the [Kowalski] home we were contacted by a number of families whose needs we were unable to meet. Right now, I am looking for a home for a very fine family. [He is an accountant who is being transferred to our area from Ohio. They have two sons, ages three and six.] I need help in finding them a home. Do you know anyone who is planning to move? Has anyone in the area recently had a change in family size because of marriage, divorce, birth, or death, or has anyone recently retired? (Again, never give out personal information without approval. You want to present the prospective buyer as someone who would be welcome as a neighbor.)

**Note:** You first showed your competence by a sale, gave them information about a new neighbor, and then asked them for help for a particular family.

Consider visiting the clubhouse or pool of common-interest developments. You will often find people who are not only willing but eager to talk to you. This is especially true in retirement communities. By asking questions, you may get referrals of possible sellers or buyers. When you contact these referrals, it is not really a cold call as they were recommended to you by a friend.

Besides canvassing for listings, you can canvass for buyers. By working an area around a new listing, you can approach owners with information about the listing and ask their help in choosing their new neighbors. Most people like their neighborhood and will tell you if they have any friends or acquaintances who might be considering relocating.

When canvassing around a listing, you should tell the party about the home that is available and ask whether they have a friend, family member, or coworker who might like to move to the area. You are giving them an opportunity to help pick their new neighbors.

In some areas agents like to canvass in teams, with each agent taking every other house. Team canvassing can help keep agents motivated to complete the goal you jointly set. A team approach also gives a canvasser a feeling of greater security.

**Note:** In some communities, door-to-door canvassing is not allowed or might require a permit.

## Telephone Canvassing

The Federal Communications Commissioner has established a National Do-Not-Call Registry to protect consumers from unwanted commercial solicitations. Landline, as well as all telephone numbers, may be registered. The fine for calling someone whose name appears in the **do-not-call registry** is up to \$16,000 per call.

**WEB LINK**

If you make calls seeking buyers, sellers, lessees, or lessors of property or to solicit any services, you should do so only after checking the registry. For detailed information as to accessing the registry and exemptions, it is suggested that you check <https://www.donotcall.gov>.

**WEB LINK**

There is a relatively simple solution that avoids paging through huge lists. It is the use of a software program that scrubs the numbers of persons who are on the do-not-call registry. There are now dozens of such programs available, such as [www.scrubdnc.net/faq.aspx](http://www.scrubdnc.net/faq.aspx) and [www.safecaller.com](http://www.safecaller.com).

**WEB LINK**

If a broker does not use a scrubber program, the broker can request an account number, which can be given to agents. Agents can then access the registry by area code on the Internet at <https://www.telemarketing.donotcall.gov>. A broker can obtain access to five area codes at no charge, but there is a charge for additional area codes.

Telephone solicitors often use automatic dialers in conjunction with scrubbers. Automatic dialers are prohibited as to cellphone numbers.

The following are some exceptions to the do-not-call rules:

- You may call a listed party if you have an existing business relationship (within 18 months of a purchase, sale, or lease).
- You may call a party within three months of an inquiry the party made.
- You may call persons who have given you written permission to call.
- You may call commercial numbers (the registry only applies to residential phones).
- You may call the numbers on for-sale-by-owner ads or signs as a buyer representative, but not for the purpose of obtaining seller representation.
- You may call for survey purposes, but no solicitation can be included in the call.

Do-not-call lists are available from the Federal Trade Commission by area code, and up to five area codes will be provided free of charge. Each additional area code requires a \$25 fee. It is necessary to check the updates on the registry at least every 90 days. For greater details, visit the Web site, <https://www.donotcall.gov>.

Because of the restrictive do-not-call rules, you should obtain written permission to make further calls when working with buyers, sellers, and even visitors to open houses.

**Direct Mail Canvassing**

Because of the do-not-call rules, the importance of direct mail has been magnified. Canvassing by direct mail is most effective when agents carefully plan their mailing pieces. To be effective, a mailing must get attention and result in action. (See Figures 4.1 and 4.2.)

**FIGURE 4.1**  
**Sample Mailing**

**UR**  


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**H O M E   R E A L T Y**

\_\_\_\_\_

\_\_\_\_\_ ← *Date and address*

\_\_\_\_\_

\_\_\_\_\_

Dear \_\_\_\_\_:

**Can You Help a Neighbor?**

We need a 3-bedroom home in your neighborhood for a [young family]. [The husband is an engineer and the wife is a schoolteacher. They have an 11-year-old son and a daughter who is 7. They would like to relocate prior to school in September and desire a home within walking distance of Midvale School.]

[1. I will be calling you in a few days to determine 2. Please call me] if you know of anyone in the neighborhood who might consider selling their home to this fine family.

Sincerely,

\_\_\_\_\_

Enclosure: ← *Card*

**Note:** While positive appearing personal information can be an inducement to help a family, never include personal information without specific permission from the family.

Some general rules for direct mail canvassing include the following:

- Use a number-10 plain envelope; don't use a window envelope.
- Don't use a mailing label; type or, preferably, hand-address the envelope.
- Consider first-class stamps (preferably commemorative stamps). If your letter looks like junk mail, it will likely be treated in that manner.
- Don't try to indicate your letter is something it is not, such as by trying to give it the appearance of a government letter.
- If you get the reader's attention in the first few lines, the letter will be read in its entirety.
- If you indicate you will be contacting the recipient, you force them to consider your message. (Consider the do-not-call registry.)
- Never send out a mass mailing without test marketing the mailing piece. By keeping track of responses to different mailing pieces, you can eliminate ineffective mailings.
- Offering a premium like a Dodger baseball cap for filling out a questionnaire can be effective in gaining information.

**FIGURE 4.2**  
**Sample Mailing**

**UR**  


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**HOME REALTY**

\_\_\_\_\_  
 ← *Date and address*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dear \_\_\_\_\_:

**I Apologize**

If you want to buy a home in [Claridge Estates], I don't really have much to show you. There has been a terrific demand, and the few owners who have taken advantage of the market quickly sold their homes. However, if you really want to buy, call me and I will put your name on my list of buyers, and I will call or e-mail you as soon as properties come on the market.

Now if you are interested in selling, that's a different story! I can prepare a report for you of recent comparable sales indicating the price range we can anticipate from a sale in the current market. This service is at no cost or obligation to you.

Want to take advantage of our offer? Call or e-mail me today.

Yours truly,  
 \_\_\_\_\_

P.S. If you would like to be on our e-mail list to receive new listing and sales information in your neighborhood, please sign up on our site, [www.ur-home.net].

If you have already listed your home for sale with another broker, please disregard this letter.

Enclosure: ← *Card*

## E-mail Solicitation

**CAN-SPAM** is an acronym for Controlling the Assault of Non-Solicited Pornography and Marketing.

To protect consumers from being assaulted by misleading unsolicited e-mail messages, unsolicited e-mails must include the following:

- Opt-out mechanism where the recipient can indicate no more e-mails are to be sent
- Functioning return e-mail address
- Valid subject line indicating a message is an advertisement
- Legitimate physical address of the mailer

It is a misdemeanor to send spam with falsified header information. Each violation is subject to a fine of up to \$16,000.

E-mail solicitations are effective for both seller and buyer. A subject header such as "New Listing Edgemont Estates" or "No Down Payment—4 Bedrooms" will likely get the e-mail opened if it addresses a need or interest

of the recipient. For potential sellers, receiving an e-mail heading such as “Real Estate Sales Activity -Edgemont Estates” can be effective. A monthly e-mail showing the number of listings and sales, average price, price per square foot, as well as high and low prices for both listings and sales is of interest to many owners. Many of the same firms that provide mailing lists for areas also provide e-mail addresses by zip code. Because of low costs and a greater consumer reliance on the Internet, Internet solicitations are playing a significant role in prospecting.

While e-mail solicitations are low cost, you should realize that an estimated 70 to 80 percent of e-mail real estate solicitations never get opened. Consider using an e-mail distribution program to manage lists and generate reports as related to your e-mail campaigns.

### **Fax Solicitations**

The Federal Telephone Consumer Protection Act as well as FCC regulations prohibit sending unsolicited advertisements and solicitations to a fax machine. Permission to send a fax message can be granted only by a signed statement that includes the fax number to which the fax may be sent. This requirement rules out fax messages for initial contacts for real estate solicitation purposes. A penalty of \$1,500 may be assessed for each unsolicited fax.

### **Newsletters**

Many brokers have successfully used newsletters as a prospecting tool. The newsletter is more likely to be read by including local information about events and people, local athletic team event dates and results, recipes, and important local telephone numbers, as well as real estate information such as mortgage rates and market sales data. There are a number of vendors that supply newsletters, some of which can be readily customized. Members of the California Association of REALTORS® have access to a free newsletter that can be personalized by accessing [www.car.org](http://www.car.org) and checking on the newsletter sign-up balloon and then selecting Homeowner's Guide.

#### **WEB LINK**



### **■ EXPIRED LISTINGS**

Never contact owners before their listing has expired. Attempting to solicit a listing away from another REALTOR® is a violation of the NAR Code of Ethics. When contacting the owners, you want to find out immediately if they have relisted the property with their agent or another agent. If they have, wish them well and end the discussion.

When a listing contract expires, it means the listing office was unsuccessful in procuring a buyer for a property during the contract period. Owners will likely sign a new listing contract with their agent if they are satisfied with the efforts of that agent. If not, the owners may try to sell their property without an agent. But, in most cases, they will list their property with another office. Your approach should be low key. You should realize that the owners are likely frustrated and even distrustful of agents. They may have heard a very positive presentation and assurances of success that did not materialize. If you can convince owners that you

know why their property didn't sell and show them a plan likely to lead to success, you have a good chance at the listings.

If you can show why a property failed to sell and how you can succeed, you have an opportunity to list the property.

The reason a property failed to sell could be related to an agent who failed to market it properly. More likely, however, it relates to the price asked and/or the appearance of the property (exposure). Very simply, a home must be competitive in its marketplace to sell. When there are many sellers and few buyers, being competitive is not enough. A home must appear and be priced in such a manner that it stands out above the competition as a "best buy."

If owners are negative or antagonistic during a front-door approach, consider asking for a glass of water. Chances are you won't be refused because the simple act of helping you puts the owners in a better mood. Frustrated sellers need and want to be heard. Let the sellers go on about the failure of their last agent to secure a buyer and be empathetic toward them.

Then ask three questions:

1. Why do you think your home failed to sell?
2. What could have been done better?
3. Would you like to hear my analysis of why there isn't a *sold* sign on your home right now?

An advantage of working expired listings is that owners generally now have more realistic expectations than they had when their property was originally listed for sale.

## ■ NEWSPAPER LEADS

Newspapers can provide a number of sources of buyers and sellers. When checking newspapers for leads, don't forget that there are other papers besides the large daily papers. There are "shoppers," or throwaway papers, usually devoted entirely to ads; there are papers for groups, such as for mobile home owners; and there is a wide variety of ethnic and foreign language papers. All of these papers contain leads.

### For Sale by Owner (FSBO)

A major reason owners try to sell without an agent is that they feel they are saving a commission. Another reason could be related to a prior unpleasant experience with an agent. The owners must be shown that working with an agent is in their best interests, and that the agent will in fact be earning their compensation.

A simple way to get to talk to a for sale by owner (FSBO) is to visit the home and tell the owner about one of the buyers you are working with and then ask, "If I had an offer from this buyer, would you want to see it?"

Because few people would not want to see an offer, the answer likely will be in the affirmative. Of course, this gives you the opportunity to view the home. You could then ask for a one-party short-term listing if you feel you have a prospective buyer who would be interested in the property.

Another approach after introducing yourself might be, “Would you be offended if I asked to see your home?” Most owners will answer in the negative, because, again, to say otherwise would be implying that they are offended.

When viewing a for-sale-by-owner property, you want to come across to the owners as a person they could like. Compliment them on noteworthy things, ask questions, and show you are interested. Make suggestions that will help them sell. Ask how they are advertising the property, what the response has been, their reason for selling, what they will do when they sell, etc. Answers can be listing ammunition.

An excellent approach to owners who are advertising their own homes is a front-door offer of a for-sale-by-owner kit:

[Mr. Chan], I am [Gary Frank from Canyon Realty]. I can help you sell your home without any agent fees. Our office has put together a for-sale-by-owner kit that contains a For Sale sign, contracts, loan applications, required disclosures, instructions for open houses, and a lot more information. We provide these kits absolutely free as a goodwill gesture. Of course, we hope that if you decide later you want professional assistance, you will consider [Canyon Realty]. I can give you one of these free kits now and show you how to use the forms, although it will take close to an hour to cover the forms and disclosures. Will you [and your wife] be home at seven tonight, or would eight be more convenient?

Your kit should be everything you discussed and more. Put warning labels on sheets that talk about subordination clauses, contingencies, owner points, and so on.

When you meet with the owners, give them the For Sale signs and ask to sit down to go over the forms. Suggest the kitchen table, because it is a nonthreatening environment and allows for a physical closeness. Go over the forms, explaining the clauses, the importance of disclosures, and anything else your experience tells you is important for this seller to know. By the time you finish your presentation, the owners will probably be wondering if a sale without an agent is really as simple as they had imagined.

Ask the owner how he or she arrived at the price.

Next, ask, “May I inquire what you’re asking for your home? How did you arrive at that price?”

The owners’ price likely is based on a single sale or what they would like to get for the property. Continue with, “It would be presumptuous of me to tell you if the price is high or low, but our firm can prepare a competitive market analysis from our computer data. I would like to do a competitive market analysis on your home. This is, of course, provided at no charge.”

Chances are the owners will accept your offer. They have already received valuable material, and you have likely sold yourself as a professional. Your appointment to present the market analysis should be on the next day.

After you present the market data analysis, ask the owners if you could just take a few minutes to express why you feel they should consider having an agent. After giving them all this valuable material, the owners will feel obligated to answer in the affirmative. You can then go into a listing presentation. (See Chapters 5 and 6.)

A variation of the above approach is to offer the owners the use of Open House signs and banners. Use the presence of signs and banners as a reason to follow up with the seller. "How's our sign holding up, Mr. Johnson?" "Is there anything else I can help you with?" These questions provide the agent a reason to continue to follow up with the for sale by owner. Generally, most for sale by owners either end up listing with an agent or taking the property off the market. Consistent follow-up will put you in the front running when the seller does decide to list.

## **Rental Ads**

When a single-family or a mobile home is advertised for rent, it may be a case of an owner who really wants to sell but who needs income for payments. If the owners indicate they will give a tenant an option to purchase, you know they want to sell. Telephone numbers outside the area are more likely than local numbers to signify owners highly motivated to sell. Owner contact can be made face-to-face or by letter.

Whenever you receive a rental inquiry at your office or through canvassing, don't dismiss the prospect because you don't have any rentals. Prospective renters can frequently be turned into buyers with just a few questions: "Have you considered buying?" "Would you be interested in buying if you could buy with no or very little down payment and have monthly payments similar to what you would pay in rent?"

If you can show prospective renters how they can be buyers, you gain a lead for your existing listings and increase the likelihood of closing a sale. If a prospective renter was formerly an owner, chances are he or she is not going to be happy as a renter.

## **Trades**

People advertising willingness to trade usually want to sell. By explaining delayed exchanges (see Chapter 14), you can show owners how they can sell and still have their trade. Keep in mind that some people advertising trades may be dealers.

## **Marriage and Engagement Announcements**

By checking addresses in your telephone books, you may be able to determine if the bride or groom lives with parents. Announcements that mention just one parent's name is an indication of a single parent. When either lives with a single parent, a marriage might mean a parent living alone. It could be not only a lead for a listing but also a sale lead for a smaller home or condominium.

When the bride and groom are older, they could be living in their own homes or condominiums. Such a situation could mean one or two separate sales and the purchase of a larger home. Even if neither bride nor groom owns her or his own residence, they are still purchase prospects worth talking to.

## **Birth Announcements**

From the address of the parents of newborns you can determine if they live in an apartment, a condominium, or a mobile home. Many parents prefer a single-family home with its own yard. Birth announcements could be leads to listings of condominiums or mobile homes and/or to sales of single-family homes.

## **Legal Notices**

Notices of legal action can be an excellent source of leads for motivated buyers and sellers. Rather than checking through county records, consider subscribing to a legal notice newspaper in your county.

**Foreclosure.** When a notice of default is recorded, it indicates an owner is in trouble. Often the only help is a speedy sale. Keep in mind that just because a property is in foreclosure does not mean it is a good listing opportunity. Prior to listing, obtain a property profile from a title company. (A *property profile* is a computer printout showing the owner of the property and the liens against the property. It is a free service that title companies provide to the real estate profession.) Keep in mind that even if the liens against the property could exceed the property value, a short sale might be possible.

Legal notices indicate problems and problems = opportunities.

**Probate.** Heirs who inherit property often would prefer cash. In other cases, the property must be sold to pay debts of the estate or to carry out the wishes of the deceased. Contact the executor or administrator of the estate for a listing.

**Divorce.** The largest asset of most families is their home. Because California is a community property state, divorce often means that a home must be sold so the assets can be divided.

**Bankruptcy.** In California, owners in bankruptcy may be able to keep their homes because of their homestead exemption. However, many people in bankruptcy seek a new start and often wish to relocate. A sale listing may therefore be possible. Keep in mind that based on when the listing is taken, the bankruptcy court may need to approve the listing contract and subsequent payment of commissions.

**Death notices.** Although death of a spouse frequently means a sale, it can be difficult to solicit a listing after a death. We recommend that no approach be made for at least one month after a death, and then the approach could be to ask the homeowner's help in locating a home in the area for a particular family. If the owner is at all interested in relocating, he or she will bring it up.

**Evictions.** An eviction means an owner with a problem. When owners of income property don't have problems, they are not likely to be highly motivated

to sell. When owners have problems, motivation to sell increases in relation to the seriousness of the problems. Eviction notices are a good source of motivated sellers.

**Building permits.** An individual who takes out a building permit could still own another home. Because of the length of the building period, that individual might intend to place the other home on the market later. When the building permit is taken out in the name of the builder, it could mean that a home is being built for speculation. In either case, building permit calls might produce excellent listings.

**Code violations.** Notices of code violations and/or fines indicate an owner with a problem property. Owners who don't want to deal with these problems can be motivated sellers.

**Tax delinquencies.** Owners delinquent in taxes could have financial problems. The solution to their problem could be a sale. These notices can be an excellent listing source.

When owners have legal problems or personal or family problems, the best approach is to ask the owner's help in meeting the needs of another. Any indication that you are contacting them because they are in serious difficulty would likely result in a defensive and negative reaction.

## ■ OTHER PROSPECTING METHODS YOU CAN USE

### Advertising

Besides using it as a selling tool, advertising can be used to obtain listings.

Roy Brooks was a legendary estate agent in England. He gained celebrity status because of his unusual and very effective ads. He found that an advertisement for property to sell that was like everyone else's ads made his ad just one among many. He realized that ads for listings had to stand out from the others. To do this, he advertised for particular prospective buyers. One of the ads Roy Brooks used was:

WE HAVE A RATHER REPULSIVE OLD MAN who, with his child-wife, is looking for an elegant town res. pref. Belgravia, Chelsea, or S. Ken. Price not important but must be realistic as he has, at least, his head screwed on the right way. Usual scale of commission required. ROY BROOKS.

Make your ad stand out.

**Note:** Before you use an ad such as this, get permission from the "repulsive old man and his child-wife."

### Look for Problems

As you drive around, look for problem properties: properties in need of repair, overgrown landscaping, properties obviously vacant, and properties that have had rental signs up for a long time. Also watch for for-sale-by-owner signs.

Visible problems usually mean the need for a change in ownership, a problem you, as a real estate professional, are prepared to solve. You can locate the owners of these properties by checking with the county tax assessor's office or a title company.

## Internet Site

California Association of REALTORS® surveys illustrate the growing use of the Internet by homebuyers. Only 28 percent of buyers utilized the Internet in 2000. In 2005, 62 percent of homebuyers indicated that the Internet was an integral part of their homebuying process, up from 56 percent in 2004 and by 2007, the number increased to 72 percent. A 2009 REALTOR® study in Massachusetts revealed that 90 percent of homebuyers utilized the Internet in the buying process.

Studies indicate that Internet buyers devoted more time to research before working with an agent and spent just two weeks looking with an agent and viewed just 6.2 homes. Buyers who did not use the Internet spent an average of seven weeks working with an agent and viewed 14.5 homes before making a purchase.

The growing importance of the Internet reinforces the need for brokers to utilize Internet sites to achieve maximum benefits. An office Web site should be referenced on all of your cards, ads, and letters. Such a site could show your success in an area as well as any value changes in the area. One way to show success is a "success list" of properties sold. The site also could show advantages of low interest rates, indicating that the time to sell or buy couldn't be better.

The design of an Internet site is not the place for economy. While there are self-help books for designing your own site, and designers who advertise that they will prepare your site for \$200 or less, site preparation is not the place for bare-bones economy. Many sites use motion and sound to keep the prospect watching. View a variety of sites, including those of other brokers, and strive for a site designer who will better your competition. The prevalence of IDX searches allows MLS data to be displayed on the agent's Web site directly. This can be a cost-effective solution and gives the agent the ability to tell a buyer or a seller to search the MLS directly from the agent's Web site.

## WEB LINK




We have included a sample home page (Figure 4.3) to give you ideas for what can be done. While there is motion on this site, it doesn't appear in print. You can also check the Web site: [www.afg-realty.com](http://www.afg-realty.com).

Some brokers have home pages on their sites where a viewer can click "find a home" or "What does (Jones Realty) have to offer?" The latter sells your firm's competence and integrity.

The "find a home" portion of your site can result in calls from "half-sold" buyers you didn't know existed but who had visited your firm on a Web site.

FIGURE 4.3

## AFG REALTY WEB SITE



*Southern California's Inland Paradise*  
Blue Skies  
and  
Starry Nights

# AFG REALTY

COACHELLA VALLEY, CALIFORNIA

---

**Home Page**  
**NEW!**  
**AFG's Blog**  
**All Area**  
**MLS Listings**  
**New Homes**  
**Income**  
**Properties**  
**List Your Property**  
**with AFG realty**  
**Agent**  
**Opportunities**  
**AFG Brokers**  
**& Realtors®**  
**About AFG**  
**Client Feedback**  
**Contact Us**

**"One Free Call**  
**Covers It All!"**  
**877-370-2347**  
**email:**  
**info@afgrealty.com**

**Apply online now**  
**for your home loan**  
**ALL**  
**HOME MORTGAGE**  
**CAPITAL CORPORATION**

**For Home Rentals**  
**AAA**  
**property**  
**management**

**AFG Realty, We Sell Blue Skies and Starry Nights!**  
Yucca Valley – Joshua Tree – Twentynine Palms

*Any AFG Realtor*  
**ONE toll free number!**  
**877-370-2347**

**SOLD!**

A short drive away from the crowds and congestion of the Southern California Metropolis lies the incredible Inland Paradise of the Southern California Desert. [click here for a map](#)  
From adjacent mountain ranges reaching over 11,500 feet with ski resorts and wilderness areas, to the Salton Sea at 213 feet below sea level and the vast expanses of the Mojave Desert. Experience the excitement of Palm Springs, the solitude of the Joshua Tree National Park backcountry, or the thrill of the ski slopes at Big Bear. The recreational opportunities at hand are almost unlimited, what a great place for retirement too!

Please enter our site and see what this area have to offer and how the Realtors® of AFG Realty can help you find that dream home!

**AFG Realty's Blog Question of the Week**  
[click to read the full article or comment on this topic](#)

What price points should I be focusing on as a Buyer in today's market here in the Morongo Basin?  
Here in the Morongo Basin prices are continuing to drop. During this time of price adjustment it would be wise to use this guideline: \$50 to \$70 per square foot= great buy! Our market is selling in this range. Many foreclosures are being forced into this range. You might need to fix it up a little. This [...]

**Feed by Xairrate**

**REDUCED!!!**  
**NOW ONLY \$119,900**

**FEATURED PROPERTY**

**WOW!**  
- 3 bed 2 bath  
- 1430 sq ft  
- .45 acre in town  
- double garage  
- recent remodel!  
- TREES!

**YUCCA VALLEY IS ONE OF THE TOP TEN RATED AFFORDABLE RETIREMENT COMMUNITIES!**  
[Click here for the article](#)

Yucca Valley  
Joshua Tree  
Pioneertown  
Twentynine Palms  
Landers  
Johnson Valley  
Morongo Valley  
Flamingo Heights  
Yucca Mesa  
Rimrock

**Call 877-370-2347**  
**AFG Realty**  
**7237 Joshua Lane**  
**Yucca Valley, CA 92284**  
[Send a friend a link to this page](#)

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## WEB LINK



A single property can be presented on numerous separate Web sites. As an example, a home located in the Coachella Valley could be presented on [www.Realtor.com](http://www.Realtor.com) and/or other national sites. It could also be on an area site. In addition, if the broker belongs to a relocation service and/or a franchise, property could be

presented on additional sites. General Web sites such as *www.craigslist.com* attract millions of viewers. Many brokers realize that these sites can be especially productive. It is not unusual for a brokerage firm to have their offerings on from six to eight Web sites, including their own firm's site.

By checking competitors' Internet presentations of their listings, you will see a significant variance. Some properties indicate "picture not available," while others not only have an attractive exterior photo but allow the viewer to click on additional photos, a detailed property description, and possibly even a virtual tour.

A visitor to your Web site might not be interested in your offerings and go elsewhere. You want to know who that visitor was and what his or her interests are. You can get this information with a nonthreatening offer of help. Offering to provide e-mails of new listings before they are even advertised is a great hook, because most buyers are interested in a first chance, especially in an active market. The visitor would then fill in price parameters, must-have and would-like features, and finally their name and e-mail address.

You can also prospect for both buyers and sellers by using mailings or ads offering to supply owners with details of sales (by e-mail), so that they can understand area values. They would register on your site, giving details of a home that they want comparables for. The e-mails they would receive would include photos and details, as well as sale prices of similar home sales. Because you are providing an owner with information of interest, a personal contact should result in a positive response.

Just as classified ads (discussed in Chapter 8) are in competition with other classified ads, your Internet property presentations are in competition with many others. (It is important that you incorporate what you will learn in Chapter 8 into your Web site.)

Web sites of others can also be a source for leads. By checking *www.forsalebyowner.com* you might find homes in your area that you might not have known were on the market. There are a number of other sites that include for-sale-by-owner listings, such as *www.craigslist.org*, *www.google.com*, and *www.oodle.com*.

In Chapter 8, you will learn many ways to use the Internet including social media sites and blogs.

#### WEB LINK



#### Check Interested Parties

**Property neighbors.** When you have a listing of land or income property, contact adjoining property owners as well as owners of similar property in the area. Neighbors are a source of both buyers and sellers. For residential property, the approach to neighbors could be "Would you like to help choose your new neighbor?" When neighbors have an interest in an outcome, they can be an effective source of prospects.

**Investors and speculators.** When an investment property is sold, find out who the buyer is. The same holds true for lots and fixer-uppers. Contact these buyers to find out if they have further interests in purchasing property and, if so, what their interests are. It isn't hard to find the active players in a market. Many of these buyers will welcome an additional pair of eyes, ears, and legs working for them. Keep in mind that these people can be prospects for both listing and selling.

**Lenders.** Check with local lenders about their **real estate owned** (REO) properties. Find out how to get a key to show the property, as well as what commission will be paid, if any.

Some brokers offer full service for lenders. They offer clean-up service and full maintenance services to protect the property until it can be sold. These services give them an advantage over other brokers as to exclusive listings besides creating another profit center.

Besides local lenders, contact the Department of Housing and Urban Development (HUD) and the Federal Deposit Insurance Corporation (FDIC), as well as the Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) for foreclosure lists. Many agents specialize in selling lender-owned property.

**Chambers of commerce.** Check with your local chamber of commerce. Ask to be notified of inquiries made by people or companies planning to relocate to your area. If you can reach them first by letter or e-mail, you may be in a preferred position as a possible selling agent.

Membership in a chamber of commerce will help you obtain inquiry information in a timely fashion. Membership can also provide networking opportunities that can bring you business. Many networking groups are limited to one representative from each industry. You don't want to end up in a group dominated by other real estate agents.

**Open houses.** Open houses can be a good source of both buyer and seller leads. Many people who stop at an open house can't be buyers until they sell their present homes. Some agents will hold open houses on homes listed by other agents within their firm if the property has an attractive exterior (curb appeal) and is on a high traffic street. Each open house can build a pool of potential buyers with some similarity of interests. If you intend to specialize in an area, price range or type of property, conducting open houses that fall into the category you are interested in can help build a huge pool of new listings to contact. (Open houses are covered in detail in Chapter 7.)

**Endless chain.** The basis of the **endless chain**, or referral, method of prospecting is to ask every prospect to recommend other prospects. The use of an endless chain can result in an amazing number of referral prospects. For example, if you secure the names of two prospects from every person you interview, you

The endless chain method is the process of using prospects to recommend other prospects ad infinitum.

would get two names from your first prospect; these two should yield four; these four should provide eight; and so on. This can continue, eventually resulting in thousands who are at least potential clients, people whose needs have not yet been determined.

**Your friends.** One of the first things you should do on entering the real estate business is to make a list of all the acquaintances and friends you have made over the years. Your list should contain a minimum of 50 names. A good place to start is your holiday card list. Send these people an announcement that you are in the real estate business and indicate how proud you are that your work may give you an opportunity to help them in the future. Be sure to send announcements to the professional people who serve you and who over the years have had your faith and confidence—your doctor, dentist, attorney, and any other professional people you deal with. Because you do business with them it is likely they will be willing to do business with you.

Another community resource that should not be overlooked is the people with whom you do non-real estate business. You have to buy food, clothing, gas, personal services, and so on. Tell the people who sell things or services to you that you are in the real estate business. These people come in contact with other people every day, and from time to time they hear of someone who is thinking of listing and selling a home or buying a new home. Such communication is commonly called **networking**.

**Your sellers.** A sale normally is part of a chain reaction. Sellers of property generally become buyers of other properties, and those sellers, in turn, buy again. Even before a property is sold, find out the intention of the owners. If they will be buyers within the area, you want to be the agent who will sell to them. If they are leaving the area, consider that a referral fee could be possible from an agent in their new community.

**Your buyers.** Most people are glad they purchased their homes. If you sold houses to some of these satisfied buyers, you can turn this positive feeling buyers have about their purchases to your benefit. Whenever you get a listing in the area, contact former buyers by phone or e-mail to see if they have friends who might be interested.

You can also use the approach of asking them to help another:

I could use your help. I'm trying to find a home for [a retired couple] who wish to live in your area because [they want to be close to their grandchildren]. Do you know anyone in the area who might consider selling or anyone who has had a change in family size because of marriage, divorce, birth, or graduation?

**Note:** Always use a real prospect but never give out personal information without approval.

**Your neighbors.** Another broker's sign on a neighbor's home shows that you have failed to make your neighbors realize that you are a real estate professional who is available to meet their needs. When you enter the real estate profession, consider a mailing to your neighbors. Figure 4.4 is a broker letter to neighbors of a new sales associate.

Take a walk around your neighborhood with your child or your dog to give you an opportunity to talk to neighbors. Let them know you are in real estate and where you live. Hand out business cards. By asking questions you can find leads. In most neighborhoods, there are a few people who seem to know everything that is happening. These people should be developed as your extra pairs of eyes and ears.

In condominium complexes and mobile home parks, spend time around the recreational facilities. You will seldom have any trouble finding someone to talk to. By knowing what to ask you can quickly discover what is happening in the area.

## Centers of Influence

Another successful prospecting method is to cultivate the friendship of influential persons in the community or territory. These **centers of influence** can help you obtain prospects by referring people who can use your services. These influential people can tell others about you and tell you about people they know who might require professional real estate services. Centers of influence serve to bring you together with potential sellers and buyers.


The objective of cultivating relationships with centers of influence is to establish genuine friendships, whenever possible. It is important that they know their help will be appreciated in your search for contacts. Let your centers of influence know the results of their efforts. This will come naturally if the friendship is genuine, and it will encourage the person to keep helping you.

Some agents refer to these helpers as **bird dogs**. This term is not derogatory. It merely indicates that they point the way. Keep in mind that help won't come to you unless you ask for it.

**Centers of influence** are people who are influential in your community.

You must explain what you are looking for, such as a friend or acquaintance who has had a change in family size. Having several dozen extra pairs of eyes and ears working for you can provide a great many leads. The best bird dogs are people who help you because they like you and want to see you succeed. However, for continued effort on your behalf, these helpers must feel they are appreciated. Your appreciation can be verbal; better yet, take them to dinner or give a small personal gift to show your appreciation. While it is a violation of the real estate law to reimburse an unlicensed party for acts requiring a real estate license, compensation may be provided to an individual whose involvement is limited to putting two parties together. Prohibited acts would be paying fees to persons soliciting buyers or sellers, showing property, giving property information, or engaging in any form of negotiation.

**FIGURE 4.4**  
**New Associate**  
**Announcement letter**



**UR**  
**HOME REALTY**

\_\_\_\_\_  
 ← *Date and address*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dear \_\_\_\_\_:

[Judith Reilly], [your neighbor] who lives [at 111 Midvale Lane in Sunshine Estates], has recently joined our firm as [1. a sales associate 2. an associate broker]. [Judith] has been your neighbor for [four] years. [She] and [her husband] have [two children, Lisa, age nine, and Jeffrey, age seven, both of whom attend Midvale School]. [Judith is a graduate of Ohio State and previously worked in marketing.] [She] has just completed our training program and will be specializing in [residential sales] in [Orchard Ridge]. If you or any of your friends have any real estate needs, we hope you will contact [Judith]. I have enclosed one of [her] new cards.

Sincerely,  
 \_\_\_\_\_

Enclosure: ← *Card*

**Note:** Don't give out personal information about anyone, even your own salespeople, without permission. Many people don't want information about their children given out.

### Good Centers of Influence

- |   |  |
|---|--|
| ■ Prominent club members                                  | ■ Golf and tennis professionals  |
| ■ Friends   | ■ Ministers, priests, and rabbis   |
| ■ Relatives   | ■ Bankers  |
| ■ Attorneys   | ■ Public officials   |
| ■ Doctors   | ■ Teachers   |
| ■ Accountants   | ■ Health club employees  |
| ■ Physical therapists                                     | ■ Business executives  |
| ■ Dog groomers  | ■ People with whom you share a mutual interest, such as a hobby or recreational activity |
| ■ Hair dressers   |  |
| ■ Prominent members of civic and charitable organizations |  |

### Community Service

Closely akin to the centers-of-influence method is prospecting through local community service groups. Making contacts by participating in community activities not only can bring in more business but also can give you personal satisfaction from working for the benefit of others.

Community service organizations recommended for involvement include the following:

- Churches and other houses of worship
- PTAs
- Educational groups
- College associations
- Chambers of commerce
- Civic organizations
- Service groups
- Boys' and girls' clubs
- Boy Scouts and Girl Scouts
- Recreational clubs (ski, travel, biking, boating, etc.)
- YMCAs and YWCAs
- Political organizations
- Senior centers

Community activities can also provide these benefits:

- Opportunities to counsel fellow members in such areas as investments, property management, and commercial realty
- Constant exposure to referral sources
- Constant exposure to other property owners
- Personal development, by learning and growing through participation
- Development of a more professional image as a real estate licensee

Your peers will have greater respect for a colleague who participates in community activities. The key is to get involved with people and help fulfill their needs. In seeking contacts through community service groups, however, beware of overcommitment. It is important to develop the ability to say no gracefully. Overcommitting yourself can upset your timetable and also may jeopardize your health. Follow these guidelines:

- Work in only one or two organizations at one time; strive for quality, not quantity
- Anticipate time-consuming assignments before becoming involved

- Do not play personalities for an advantage
- Do not play politics

To stay aware of what is going on, participate where possible in carefully selected committees. Membership on the following committees has proved to be most helpful to licensees:

- Greeting committee (new members)
- Membership committee
- Social or party committee
- “Sunshine” (visit the sick, etc.) committee

Be cautious in using membership as a prospecting technique, because it is easy to turn off fellow members by being overly aggressive. Obtain help from others but do not abuse them. When you first join a club or association, keep a low profile. It is advisable to do something for the organization and strengthen your relationships before you ask members for referrals.

Fundraising for a worthwhile charity is an excellent way to meet people. While there may be a negative reaction to having to open their wallets, you will have shown that you are a person with a positive community interest.

### Build a Referral List

Agents must bring some sort of order to their prospect lists to avoid getting stuck with a briefcase full of names and little else. To build a list and successfully use referrals, the licensee should follow these guidelines:

- **Develop a systematic plan.** This includes studying prospects as you talk to them. Ask for leads as soon after contact as feasible, and ask the prospects how you can improve your services.
- **Keep track of the results of your methods.**
- **Utilize all sources of information.** This includes friends, neighbors, professionals, people in businesses of all kinds, and social contacts.
- **Make them all aware that you are in the real estate business and would appreciate all referrals.**
- **Follow up referrals by reporting back to the referrer.** Also important is to use a computer contact management system to record referrals for future calls. A person giving a negative response now may still be in the market in the future.

## ■ FARM YOUR AREA

**Farming** is working or prospecting an area of interest for sellers as well as buyers. The area chosen for farming can be geographic or nongeographic (a special interest area). Your farm should be chosen based on your personal goals, interests, and your specific market area. The longer you work a farm, the more productive it becomes. Farming requires constant attention and regular contacts. Many successful *farmers* strive for some sort of contact with everyone in their farm every month.

### Geographic Farms

A **geographic farm** is a specific area with definite boundaries that is worked by an agent. Within the specific area, the agent seeks a dominant share of the marketplace.

The best geographic farms tend to be homogeneous areas having similarly priced homes, or they share other characteristics such as age, attitude toward recreational activity, family type, and so forth. Areas of common identity, such as a particular subdivision, generally make good farming areas. By farming the area an agent already lives in, he or she will have existing contacts and exposure within the farm area.

Farming yields a crop of listings.

In choosing a farm area, consider how you relate to the people in the area or group. If you are comfortable with and have a special interest in the area or group, you are likely to put forth the effort required for success.

If someone already is actively farming an area with great success, you might consider an area with less active competition. Although you should not mind competition, there might be equally desirable areas with little or no competition, which would mean less resistance to overcome. Just one day of knocking on doors could reveal whether an area is being actively farmed by another professional.

Some experts claim that a farm area should not exceed about 500 homes. We believe the size should be based on the size of the area, considering reasonable, identifiable boundaries as well as the agent's available time and techniques used to devote to farming activities. The fact that there are no hard and fast rules governing farm size can be shown by **megafarming**. Some agents farm areas of several thousand homes. Some of these agents use salaried assistants to help them. The Internet is an easy and almost cost-free method of farming and allows for larger farms. Still other agents are able to handle larger than normal farms by specializing in listing activities rather than sales.

A farm takes time to produce a crop of sellers and buyers. Like an agricultural farm, it must be constantly worked to be productive. Generally, agents working geographic farms strive for a minimum of one contact per month with every owner within their farm area. The contact might be direct mail, the Internet, a phone

conversation that does not violate do-not-call rules, or a face-to-face meeting. Besides letters and personal contacts, e-mail newsletters are very effective at minimal cost. Many agents blog on neighborhood group Web sites and/or have their own blog Web site. Getting to know owners and, more important, letting them get to know you places you in an excellent position to work with owners as buyers or sellers when a sale or purchase is needed or desired.

### **Nongeographic Farms/ Social Farm**

A **nongeographic farm** is a particular segment of the marketplace defined according to property differentiation or buyer/seller differentiation. For example, an agent could choose to work a particular ethnic group. If an agent works a particular ethnic or nationality segment of the population, it would be a significant plus if the agent were a member of the group and had the necessary language skills of the group.

An agent might work only a type of property for small investors, such as duplexes. There are a number of agents who specialize in horse properties (properties zoned for horses).

A number of agents farm expired listings providing owners with updates on listings and sales, as well as seeking personal contact. If your broker has an Internet address (URL) that is tied to your farm area, it will show broker commitment to your area. The site could be both a personal site and one that is connected to properties and blogs. It can also be a marketing tool. Brokers who specialize in auction sales often vigorously farm expired listings for their auction sales.

In a nongeographic farm, door-to-door canvassing will seldom be effective. Acquiring membership lists of organizations and even religious groups, as well as buying specialized mailing lists, will allow you to work this type of farm by direct mail.

The Internet can be a valuable source for leads when working a nongeographic farm. Using one of the search engines, you should be able to zero in on your area of specialty within your marketing area. You will find organizations, companies, or groups that can provide leads as to buyers, sellers, lessors, or lessees. You will also find organizations, companies, or groups outside your marketing area that have access to information within your marketing area.

Whatever type or area of farm you choose, keep in mind that farming must be continuous. If you slow down your efforts, you will begin to lose market share from your farm at a fairly rapid pace. Although every successful agent does not farm, either by geographic areas or by special interest, every successful agent does prospect for buyers and sellers.

### **Niche Marketing**

Specializing in a narrow segment of the market is known as **niche marketing**. As you gain exposure to the many possibilities of niche marketing, you may decide to choose a niche that you feel best meets your personality, experience, and needs.

In choosing a niche that serves a particular group of buyers or sellers, you must be cognizant of both your moral and your legal responsibilities concerning discrimination. (See Chapter 2.)

Niche marketing is specialization in a narrow segment of the marketplace.

An excellent way to find a niche category of buyers is to go through your old files to see if you have been serving a certain group more than other groups. When you have identified a customer segment, draw a profile of its demographic and psychological characteristics. Prospecting and after-sale surveys are two avenues for accumulating this kind of information. When you analyze past customers, try to determine why they came to you, how effectively you helped them, and the areas in which you feel you may have been weak. This will help you put together a plan to draw more people like them to your customer segment. You also will gain more from your advertising and marketing strategies if these strategies are coordinated around those surveys. Customer segment specialization helps you build a known area of expertise that will enhance your reputation, result in referrals, and keep your customers coming to you, instead of going somewhere else.

## ■ DEVELOP A PROSPECTING PLAN

Without a definite prospecting plan, prospecting becomes more of a “when you think about it” activity. The results will be far less than optimum. Figure 4.5 shows a sample prospecting plan.

You can evaluate the effectiveness of your prospecting plan by keeping track of the sources of new prospects as well as the results of working with the prospects. Quality of leads is really more important than quantity of leads.

By considering the time spent on your prospecting activities, you may discover that your interests would be better served by a reallocation of time and/or a change in your plan. Your initial prospecting plan should not be cast in stone. It is a guide that may change, based on your interests and effectiveness in working with different types of situations.

## ■ MANAGING YOUR CONTACTS

A paper note on a likely sale or listing prospect becomes a lost prospect if the note cannot be found. Forgetting to follow up on a lead creates opportunities for others. You not only want to have before you the names, addresses, telephone and cell phone numbers, and e-mail addresses of your prospects, you also want them organized by what action may be required on your part and when, as well as categorized by interests so buyer prospects can be contacted as available inventory changes. In short, you want a **contact management system**.

A well-organized salesperson keeps a prospect information file. The file should contain as much information as you can gather on each prospect. Some

**FIGURE 4.5****Sample Prospecting Plan**

1. Each Monday morning call on the weekend FSBO ads as well as FSBO signs you have observed so you can view for your buyer clients.
2. Contact owners within a one-block radius of every new listing taken within three days of listing.
3. Send letters or make personal contact each Friday morning on foreclosures and evictions listed in a legal newspaper.
4. Contact at least one former buyer each week to ask about friends and/or relatives interested in your area or neighbors who might be relocating.
5. Have lunch at least once each week with a person who has provided or can provide referrals.
6. Make a minimum of 30 contacts each week to locate a home for prospective buyers with whom you are working.
7. For new investment property listings, contact owners of similar property within the neighborhood of the listing. (You need not be limited to your office listings.)
8. Conduct at least one open house each week.
9. Ask at least three people each week for referrals and buyer-seller leads.
10. Contact people whom you have previously asked for help at least once each month.
11. Send weekly e-mails about new listings to previous buyers and sellers, as well as any new contacts you are working with.
12. Give out at least five business cards each day.

smartphones come with excellent prospect management systems. A database contact management program for a laptop computer can also handle prospective contacts, clients, and customers. These programs will produce letters and create tickler files (files that let you know when to call or write). Some of these programs are inexpensive and will only do the basics, whereas the pricier programs will do almost everything. This tool preserves the information in a systematic way and helps you set up future appointments. Many of these programs can be seen at real estate professional conventions. They are also advertised in professional magazines. Often, manufacturers will supply a free sample disk so you can view the capabilities available for you. These programs are moneymakers because they save time and make certain that contacts and possible customers or clients don't fall between the cracks or are forgotten.

Check which programs other successful agents are using and get their thoughts as to the benefits and shortcomings of each before you invest in contact management software. When you have a great many contacts you should consider rating them so that your greatest concentration is on probabilities rather than possibilities.

**■ SUMMARY**

Prospecting is a process used to locate prospective buyers and sellers of real property. There are many methods of prospecting, including door-to-door canvassing, direct mail canvassing, e-mails, expired listings, newspaper leads (for-sale-by-owner ads; rental ads; trades; engagement, marriage, and birth announcements; and death notices), legal notices (foreclosures, probate, evictions, building permits, code violations, bankruptcy, tax delinquency), advertising, looking for problems, the Internet, property neighbors, investors and speculators, lenders, chambers of commerce, open houses, endless chain referrals, your sellers, your buyers, your neighbors, centers of influence, and community services.

Telephone solicitation has been significantly limited by the do-not-call regulations. E-mails must comply with CAN-SPAM regulations, and fax solicitations are limited to recipients who have given written permission for the fax.

The use of the Internet has grown in significance, allowing buyers to visualize properties before the first contact.

Farming is working a particular segment of the market intensively. It can be a geographic area or a nongeographic area, which could consist of a certain type of property or an ethnic group.

A prospecting plan forces an agent to evaluate how he or she will prospect and to evaluate results. It is important to have a contact management system so that contacts don't slip away.

## ■ CLASS DISCUSSION TOPICS

1. Be prepared to role-play a door-to-door canvassing situation with another student.
2. Identify what you feel would be logical geographic farms in your area, as well as nongeographic farming opportunities.
3. Prepare a prospecting plan for yourself. Include goals and time to be spent executing the plan.
4. List what you expect will be your five best sources of listings in order of effectiveness.
5. Identify three centers of influence that should be useful to you in prospecting.
6. Bring to class one current-events article dealing with some aspect of real estate practice for class discussion.

**■ CHAPTER 4 QUIZ**

1. The CAN-SPAM Act puts control on
  - a. unsolicited fax messages.
  - b. unsolicited misleading e-mails.
  - c. unsolicited residential phone calls.
  - d. unlicensed real estate assistants.
2. You may legally pay a referral fee to an unlicensed person who
  - a. shows listings to prospective buyers.
  - b. assists in sale negotiations.
  - c. introduces a prospective buyer to the broker.
  - d. tells buyers about the beneficial property features.
3. Direct mail solicitation for listings is more effective if you
  - a. use window envelopes.
  - b. use a mailing machine and bulk rate.
  - c. use mailing labels.
  - d. indicate you will be contacting them.
4. Under do-not-call regulations, which call would be improper?
  - a. Calling for survey purposes
  - b. A call to a business phone
  - c. A call within three months of an inquiry
  - d. A call on a for-sale-by-owner ad to solicit a sale listing
5. Which classified ad category is likely to provide listing leads?
  - a. Homes for rent
  - b. Leases/options to purchase
  - c. Mobile homes for rent
  - d. All of the above
6. Legal notices provide good leads for listings. Which is *NOT* a legal notice?
  - a. Eviction
  - b. Foreclosure
  - c. Probate
  - d. Vacancy

7. Which would be an indication that an owner might be interested in selling an income property?
  - a. A high vacancy rate
  - b. Tenant evictions
  - c. Code violations
  - d. All of the above
8. Endless chain refers to
  - a. the long-term effects of advertising.
  - b. obtaining additional prospects from every lead.
  - c. the fact that your buyer will eventually become a seller.
  - d. the fact that most buyers are sellers and sellers are buyers.
9. The term *farming* as used in real estate refers to
  - a. determining what your market area will be.
  - b. operation by season, such as a listing season, open house season, selling season, and so forth.
  - c. specialization in a particular field of real estate activity.
  - d. working or prospecting a geographic area or special interest area for buyers and sellers.
10. An example of a nongeographic farm would be specialization in
  - a. mobile homes.
  - b. income property.
  - c. lots.
  - d. any of the above.