



Rookie Agent Looks Back On 1st Year

By Malcolm N. Carter
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Selling houses is the easy part.

The hard part is building a business.

How little I knew about that when I decided last year to become a real estate agent. What an education it has been. It also has been a financial investment, an emotional strain and an insistent claim on the hours of each day.

When I told friends and family that I was heading in the direction of real estate, they invariably volunteered that I would be good at it. In their opinion, I get along pretty well with people and have a flair for decorating. In their minds, checking out houses and charming clients would be just the thing for my third career.

Not one person remarked that I would be the perfect entrepreneur.

"It's not too hard to make a little money, but it takes a tremendous amount of understanding and organization to make a reasonable living in an area like Washington and to do it year and year out," said Michael Briggs, vice president of professional development at McEneaney Associates in Alexandria. "You have to have a good head for business."

Briggs, a widely respected guru in the business, is a strong advocate for agents having an annual business plan, focusing on profit, embracing technology and creating systems for everything. "How else do you spend time working for clients rather than time looking for clients?" he asked.

That is a lesson we all have to learn.

Said Susan Claus, another rookie who works in my Long & Foster office: "It's a lot harder than I ever thought it would be, and I thought I had a realistic understanding of what I was getting into. I was told it was going to be very difficult, but I had no idea."

Although real estate agents may seem to be employees of their brokerage, most are independent contractors. We have a desk, often shared, plus a range of support -- telephone, training, back office operations, lots of advice and access to marketing materials.

But we work for ourselves, and our sole source of income is the commissions we earn on the sale of a home. As friendly as we might be to each other, as supportive and helpful, we are all competitors. Most of us are fierce competitors.

Moreover, we are legion. In the District of Columbia, the number of agents licensed to sell real estate was 4,511 as of October, the latest figure available. One year earlier, it was 3,752. Membership in the National Association of Realtors has boomed 11 percent, to 840,000, in the last two years.

While there is plenty of competition, in my office a generous amount of camaraderie leavens that aspect of being an agent. It helps that the more experienced agents are free with their advice, materials they have already prepared, and even the opportunity for us to hold open houses for their listings so we have the potential of making a sale and meeting new clients.

We get what can be an overwhelming amount of advice -- things to do and do right away, some of them conflicting.

Among the myriad choices that inundate, frustrate and sometimes ultimately defeat new agents are these: Reach out to your sphere of influence (friends, family, doctors, everyone you know); write your profile; have a photograph taken of yourself; buy business cards; purchase a video camera; take this course or that; create a database; keep in touch with the database; pursue listings by cold calling homeowners; go see as many properties as possible; learn graphics software; work past the point of being too tired to work.

"If you don't come from a business background, then it's kind of a stunner," McEneaney's Briggs observed.

Fairfax agent Maria Valverde, who was licensed in February while running a housecleaning business, concedes that she is "kind of confused," even with her business background. "I don't know yet where I belong, but I believe you make your own business -- everything depends on you," she said.

Certainly, despite one brief career as an independent communications consultant, I was and often still am overwhelmed. Yet some of the best advice I have received has helped me feel more in control of my typically 70-hour, seven-day weeks. That advice was to write a business plan and, along with it, a marketing plan, budget and timetable -- which, ironically, I haven't had the time or perhaps energy to review in months.

Although many agents skip this part of the process, I view it as an essential building block. One successful agent I know, Stephen Howell of Annapolis, is so taken with the exercise that he rewrites his plan every three months.

What drafting the plan did for me was help me define markets and ways of reaching them. By listing the ways I will do my prospecting, defining systems I feel I need, reminding me of real estate Web sites to check and courses to take, instructing me to manage my time, the business plan forces priorities on me.

The marketing plan also establishes priorities. Should I advertise? In what publications? How do I balance that cost against the cost of postcard mailings to my neighbors or the neighbors of my listings? Does it make sense to invest in door hangers or sign riders? Without the discipline of a marketing plan, costs could escalate irrationally. Or, they could be so small that I would be invisible.

I ended up with a 2003 plan to spend more than \$4,000 on a combination of direct mail and print advertising campaigns.

Having conducted multimillion-dollar public education campaigns in the past, I had some idea about what made sense. For direct mail, I decided to focus on luxury renters. For print advertising, I concluded that I had to avoid publications where the faces of real estate agents were plentiful enough to fill a platoon. To minimize expense, achieve frequency and potentially stand out, for print advertising I ultimately chose the Logan Circle Community Association's newsletter and Studio Theatre's program.

While possibly an underfunded and thereby futile attempt to promote the Malcolm Carter brand in a crowded arena, this campaign is in my view at worst a costly, yet noble experiment.

Whether the campaign ultimately pays off, I am particularly hopeful about the impact my e-newsletter will have. It took me two months to perfect the distribution list, refine the newsletter's content and master the technology. But the only cost is \$10 a month for the distribution service and maybe three or four hours per week of my time. I have a feeling that my Realty Update will be by far my most powerful marketing tool.

The expense of marketing is just one of many that agents assume. Little did I know last May, when I shelled out \$350 for my licensing course, that the original trickle from my checking account would eventually grow into a seeming torrent. The expenses mounted quickly, including, in round numbers:

- \$1,000: courses, books and licenses for the District, Maryland and Virginia.
- \$4,000: marketing plan.
- \$1,250: equipment, including a fax machine, cell phone, BlackBerry, calculator, shredder, lockboxes and computer accessories.
- \$15,000: a 1996 car, without which I had managed quite nicely for years, plus associated expenses.

- \$500: memberships in real estate organizations, including Metropolitan Regional Information Systems, which is responsible for the multiple listing service.
- \$600: errors and omissions insurance to minimize my exposure in the event of lawsuits.
- \$900: required and elective continuing education courses.
- \$165: my Web site (www.ServiceYouCanTrust.com).
- \$450: supplies, such as business cards, a name badge, toner, paper and even chocolate chip cookies to serve at open houses.
- \$900: cell phone charges, as well as Web browser service through March for my BlackBerry.

The list is far from complete, so it does not quite add up to my outflow to date, which runs deep into the \$20,000s. And it does not yet include the digital camera I really should get or hundreds of dollars in future course work this year so I can earn the Graduate Realtor Institute designation.

Hidden underneath the numbers are hours of decision-making, self-instruction in new technologies and attendance at training classes. There's also time printing out mailing labels, making copies, haranguing vendors to deliver their goods and services, and performing all manner of secretarial work for myself.

"It's only right for people to know it's going to be tough, and I tell them that," said Marj Rosner, sales manager of four Long & Foster offices, including my own, and some 150 agents. "But at the end of the day, you have a lot of personal freedom and you really can control your life if you're disciplined, organized and motivated."

But I am beginning to see the fruits of these efforts and expenses. Already I have sold close to \$2 million worth of property, and I see a substantial amount in the pipeline. My commission income has finally made a significant dent in the cost of starting up and running this business.

It is most assuredly hard work. It is not so much about mentally redecorating every house I enter or putting a theoretical price on every one I pass. It is less about ratifying a contract than developing a lasting relationship with those who are parting with their longtime homes or searching for their first one.

The compensation is not only money, especially now. It is the pleasure of working for myself and building a business with every indication that it will be successful. It also is a new career, a new set of skills, a stimulating new discipline that keeps me happily moving forward. As compensation goes, that's not half bad.

Malcolm N. Carter is an agent in the Chevy Chase/Uptown office of Long & Foster Real Estate Inc.