

**SESSION 24: COMMISSION AND
FINISHING OFF THE LISTING**

Participants' Guide

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1. OVERVIEW

Introduction

This booklet contains the material for session 24 of the Systems 52 training programme. It explains how to close a listing after giving a presentation and ensure that consultants obtain their full commission in the final authority.

How to use this guide

The session will be taken by your facilitator and Peter Gilchrist, who will appear on the videos.

Peter will present the main information content of the session. At the end of each video clip, you will have time to comment on the material presented.

Your facilitator will provide continuity, lead discussions and take you for group activities such as role plays. This booklet contains the material you need for these.

The estimated time for the session is 30 minutes.

Outcomes

The guide covers the following:

- Introduction
- Protecting your commission
- Deciding how far you will go
- Nine ways to close a listing. As each closing is presented, it is followed by a short role play.
- Role play: full closing.

By using this guide, you will learn:

- General strategies for protecting your commission.
- How to assess what listings are worth fighting for.
- Nine ways to close a listing, and how to use them.

Do the presentation properly

The sequence of the presentation-based listing system is crucial here.

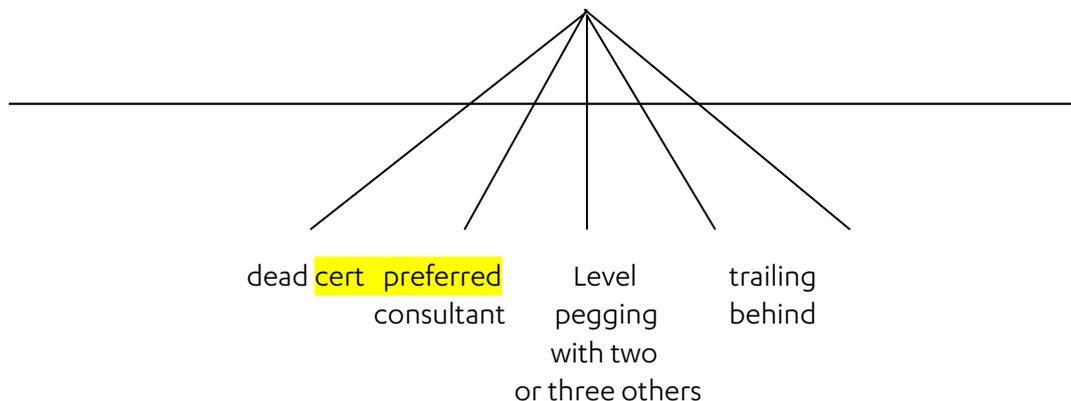
1.3. Deciding how far you will go

In this video clip, Peter explains how to assess a listing and what is worth to you. Remember that, along with the vendor, you have a decision to make too: you have to decide how much the listing is worth to you. This will determine how adamant you'll be in sticking to a commission rate and whether you will fight for the listing or be happy for it to go elsewhere.

You can assess the listing against four measures:

1. How realistic is the asking price?
2. How motivated is the vendor?
3. How much demand is there in the market?
4. How much competition is there in that kind of property?

The diagram on the whiteboard may help you decide just how far you will go when negotiating commission. It represents varying degrees of certainty about whether you will get the listing. In the first segment, on the left, you know it is a dead cert. In the next, you are probably the preferred consultant, but the vendor has two or three others there too, just to keep you on the ball. In the next segment, you are level-pegging with the others, and in the last, you're trailing behind. Obviously, the further to the right you go, the more you might be prepared to cut your commission. It is up to you to have a good hard think about just where you will draw your bottom line.



1.4. Nine ways to close a listing

In this video clip, Peter describes and demonstrates nine ways to close a listing. As he finishes with each, your facilitator will stop the video so that you can practise that closing with a partner.

There are three main things that stop vendors from signing up on the night:

1. Your commission rate is too high.
2. The vendor needs time to think.
3. The vendor has an appointment with another agent.

These are taken care of in the nine ways of closing a listing. They are:

1. Consultative agreement
2. Saying no
3. If we sort this out now . . .
4. Flat fee technique
5. Recap on the five points
6. 'Time to think' response
7. 'Think on it overnight' response
8. 'Appointment with someone else' response
9. Using a comparison sheet.

If you wanted to be slightly blunter, another script I've heard somebody use is: "Mr and Mrs Wilson, you're asking me to cut my commission before I even start working for you. I don't find that a very professional approach."

3. If we sort this out now

This is used when you've decided you want the listing and you are prepared to negotiate commission.

Vendor: "No, no, no, no. We're not listing unless you do something about the commission."

Consultant: "Will you list if we can sort this out now?"

Vendor: "Yes, we're happy otherwise with what you're offering."

Consultant: "What fee did you have in mind?"

Vendor: "Well, Ace Realty say they'll do it for 3.5."

Now it becomes a straight negotiation. Technically, you have a listing, so go for it!

There is a really good technique here you can use to defuse the situation. The vendors are probably stressed out because they've been waiting all night to have a go at you on commission. Say to them: "3.5 percent. Tell me, could I borrow a calculator, please?" You'll see them both leap up because they're so pleased that the pressure has eased. When they hand you the calculator, say:

Consultant: "Thank you. Let me see... (Focus on the calculator and work it out). Mr and Mrs Smith, I'll put all this in place now and not leave anything out. You do want everything I've laid out for you, don't you?"

Vendor: "Yes, we do."

Consultant: "I can do it all and not leave anything out, do the whole job completely, for 3.9 percent."

The response will be either "OK", in which case you shake hands and get on with it, or "No, that's not enough. We're still thinking 3.6", in which case you go back to the calculator. Call your manager and settle it where you feel comfortable. Again, remember it's not what you do; it's how you do it. If the vendors feel they have scored a win, you should have a client for life.

Going back to your question: "Will you list if we can sort this out now?", if the answer is no, then use technique number 9, which is to give them a comparison sheet. You are especially safe doing this if you are a top consultant.

4. Flat fee technique

The flat fee technique is to work out the commission on the vendor's emotional price, take two or three thousand dollars off it and offer that as a flat fee. If you're working on higher than average sales, it's a very positive technique.

5. Recap on the five points

Remind the vendor about the five points you brought up at the beginning of the presentation, and ask them now to look at your presentation as a whole. The five points were:

- The choice of agent
- The asking price
- The marketing programme
- The commission rate
- The level of service.

Consultant: "Mr and Mrs Wilson, remember when I went through the five things that I knew were important to you, and the selling fee was one of them? Remember I also said it was only one of the things you should be looking at? If you take the overall programme that I've presented tonight and the systems I have in place to make this happen, putting the fee aside, would you rather list with me now?"

Vendor: "Well, yes. We like the presentation. You seem like you're much more organised."

Consultant: "Well, Mr and Mrs Wilson, what I have here are the authorities for the last 25 sales that I've signed up. You'll see as we flip through them that they're all between 3.4 and 3.6. I've put you at the lower end of that, at 3.4. And I would certainly expect our overall service to be much better than any agent who is quoting you less."

6. 'Time to think' response

If the vendor wants time to think, provide it. For example:

Vendor: "Well, I think we'd just like to talk about it a little more before we make any decision."

Stand up, pick up your cell phone and head towards the door. Stop, turn back, and say: "I understand completely, Mr and Mrs Wilson. I have a couple of calls to make. Why don't I go to my car and take care of the calls. That will give you some time together. Then I'll come back and see what you think about it. Is that OK with you?"

7. 'Think on it overnight' response

The vendor may want to put you off longer, saying something like: "I think we understand but we'd like to think about it overnight. Perhaps we could call you tomorrow."

The best response to this is to have a deadline in mind; for example: "Mr and Mrs Wilson, if I get a decision tonight, I can get that ad placed for you this Saturday and we can get the ball rolling. But I do need to know now, if that's OK with you."

Alternatively, you could say: "Mr and Mrs Wilson, do you like what I've shown you this evening?"

Vendor: "Yes, yes. We're just thinking we might think on it a bit, that's all."

Consultant: "Mr and Mrs Wilson, I've enjoyed working with you. I like your home and I'd like to be the one who does the work for you. I know this is a big decision but is there any real reason why we can't just get on with this now?"

8. 'Appointment with someone else' response

This is one of the main reasons people do walk. You need a strategy and the words to at least try to cut these other agents off at the pass. It goes like this:

Vendor: "Well, the thing is Peter, we've got an appointment with somebody else as well this evening."

Consultant: "Mr and Mrs Wilson, you've said that you like what I've shown you. If these people weren't coming here later, would you be prepared to list based on what you've seen so far?"

Vendor: "Well, probably, yes."

Consultant: "Would I be right in thinking that one of the reasons you don't want to cancel these people is that you're committed to hearing them out?"

Vendor: "Well, I guess so."

Consultant: "Who exactly have you got coming?"

Vendor: "Oh, his name is Jack Williams – from Jones Real Estate."

Consultant: "Oh, I know Jack. Why don't you let me give him a call and say 'thanks very much, but they've already listed'? That way we can get started. In fact, by doing that, you're going to save him and yourself some time. Does that make sense to you?"

Vendor: "Well, I guess so. Would you be willing to do that?"

Consultant: "That would be my absolute pleasure!"

9. Using a comparison sheet

If the vendor is adamant they will not list with you right away, you can leave a comparison sheet with them.

Vendor: “Look, Peter, we’re absolutely not going to list with you tonight. We’ve also arranged for two other agents to come in - one tonight and another tomorrow morning.”

Consultant: “Right. I appreciate where you’re coming from there. What I’d like to do, with your permission, is leave something with you. It’s what I call a comparison sheet. It has some questions on it that might help you decide whom you’re going to list with. On one side here, I’ve put how I fare in this – my average sales, the amount of property I’ve sold in the last year, where our company stands – that sort of thing. The other side has space for you to fill in the same kind of details for those other agents. What I’ve found is that it’s important for some people to make objective comparisons between agents before they decide which one they’ll list with. I hope this will be helpful to you.”

You don’t need to be last to present!

The nine closings will see you through just about any situation you encounter. And if you go through the full presentation process and know how to finish with one of the closings, you will not have to worry about whether other consultants are making presentations after you. You will have the confidence to go first because after you have presented, there is no way anyone else will be in with a chance.

1.5. Role play: full closing

In this exercise, you will role play a full closing.

Pick a partner. One person will play the consultant and the other, the vendor. You are sitting around the kitchen table. There are papers everywhere and coffee cups too. The consultant is going through the authority with the vendor. It states that the commission is five percent. The vendor isn’t happy with that and wants to hold off making a decision.

The situation is as follows:

- The agreed asking price is \$150,000, which is realistic. Market value is about \$142,000.
- The vendor is a 70-year old man. He is savvy and “won’t be ripped off” by any real estate agent. He’s realistic about what he’ll get for his house, but won’t go giving away money on commission if he doesn’t have to. He’s lined up to see other agents in the next 24 hours so he can be sure to get the best deal. However, none of them look promising.
- The consultant wants the listing because the price is good and the vendor is motivated. He has lived in the city all his life and has many links into the community. It would be fruitful for the consultant’s business to win him over.

The consultant needs to use whatever techniques are necessary to get the listing at full commission and win over the vendor. Here are the nine methods of closing a listing:

1. Consultative agreement
2. Saying no
3. If we sort this out now . . .
4. Flat fee technique
5. Recap on the five points
6. 'Time to think' response
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