



Commercial Classroom, back to basics: Developing your commercial referral business - by Ed Smith

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This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

Want to increase your opportunities for commissions, build your referral business?

A consistent program is the key to success. Begin with a "sphere of influence" list, literally everyone you know. Prepare a brief letter announcing or reminding people on the list that you are in the commercial and investment real estate brokerage business. Add a few comments about your company and then ask for a referral. "Is there anyone you know whom I might be able to help?" You know these people, so end your letter with a handwritten P.S. Something personal you know about them. How's the kids? Been out on your boat yet? See you at the next Kiwanis meeting.

Send out five letters a day, then a week later follow up by calling those people. "Did you get my letter? Have you thought of anyone I may be of service to?"

Before you hang up ask for their e-mail address telling them you will be sending out a monthly newsletter of community news. A simple email that will cost you nothing but a little time. Include real estate news: Did you know that Sneaker Circus is opening on Main Street? The vacant store on 2nd Avenue is going to be a new bakery. Also community events, Will I see you at the Memorial Day Parade? etc. Close every newsletter with a P.S. "Did you think of anyone I may be of assistance to?"

The key is redundancy, send your newsletter out on the same date each month, people will look forward to receiving it. Think about the growth of your referral network adding five people a day, 25 contacts a week, adding 100 sources of referrals a month, for basically a half hour of work each day, 10 minutes to print five letters and 20 minutes for follow up calls to those you mailed to last week.

Do you know any residential real estate agents? Most of their customers work and their businesses may need your services. Create relationships with as many residential firms and agents as you can. Ask them to introduce you to their customers after the house sale closes. Advise them that if you are successful in servicing their commercial real estate needs you will pay them a referral fee. Stay regularly in touch with your new client, after your initial introduction and keep the referring agent in the loop too. Business requirements are constantly changing, maybe they do not need your services this year but next year they will. Also add them to your newsletter distribution list too.

Building a referral business is creating opportunities for future brokerage. You learn a customer's lease is expiring in four years. Record this fact in your calendar program but also talk to the customer every six months or sooner to see how their business is doing. The lease may run for four more years but the customer's business needs may require a move sooner or maybe now they are ready to buy a building for their business. Good record keeping is essential. Communicate regularly to develop your relationship with your new customer.

Make sure the people you do business with do business with you. Does your dry cleaner, hair dresser, barber, deli, insurance agent, doctor etc. know what you do for a living? Next time you give them your business, also give them some of your business cards and ask for referrals.

Join or create a lead generation group. Bring together 10 people each representing a different business related to real estate moves. For example, meet regularly with an attorney, accountant, banker or mortgage company, a representative of a moving company, office supply firm, an engineer or an appraiser. Meet monthly to exchange information (leads) about companies planning expansion or moves. Each person is required to bring two leads to each meeting; have rules if someone does not bring any leads to two meeting they are out of the group. Replace them with someone else from that industry. An early breakfast meeting at a diner is ideal but for now you can do it via a zoom meeting. This referral network will eventually benefit everyone in the group.

Many of us market our properties via e-mail and social media. Consider adding a line to your transmissions, "Do you know of anyone who may be interested in this property?" Ask your customers for referrals. On all your e-mails consider adding to your signature, "Please let me know of anyone you think I could be of service to at this time. Thanks."

Basically, every correspondence should end by asking for referrals. Every conversation should end with "... is there anyone you can think of that I could be of service to?"

Referral opportunities are all around us. Work your referral business every day. It's simple, just ask for the referral.

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