

ARE YOU GETTING THE BEST?

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As we all know, the American business environment is changing rapidly. As a result, the methods used successfully in business yesterday may, in

fact, not be the best methods for today. One area that has changed is the importance of market share in measuring success and attracting customers.

The idea of market share is based on the ratio between the number of clients your firm serves and the total possible market. Every day, more

corporations are realizing that the old market share concept is not providing them with the kind of outcomes they were expecting.

Since the beginning of our industry in the early 1960's, corporations and relocation management companies have had the difficult responsibility of

selecting a broker to assist their transferees. Market share traditionally was an important criterion on which this decision was made.

One major real estate network states in its member selection criteria that it has no interest in talking to brokers who are not one, two, or

three in their market. The difficulty here is that when we talk about market share, we really are talking about how well the broker has played

the numbers game. In most real estate training, agents are taught that the most successful broker will be the one who controls the most inventory,

i.e. controls the greatest market share.

Many corporations and relocation management companies are realizing that the traditional market share concept is not providing them with the kind

of service they would like. A more appropriate selection criteria might be share of customers. This premise was first discussed in the writings of Don Peppers

and martha Rogers in their two books "The One to One Future" and "Enterprise One to One" (Currency/Doubleday, 1992,1997,

respectively). To apply this concept, the customer needs to look at the direction from which the service providers are coming. Do they provide the same services to everyone?

Are they willing to create a learning relationship ? Do they organize themselves around each client? Do they keep their customers?

Here is an example of this criterion at work. Assume a relocation management company or the corporation calls up a broker's relocation

department and requests an ERC Broker's market Analysis and Strategy Report (BMA), The form asks the real estate agent to describe his or her

complete marketing strategy and the actions to be taken within the first 30 days of the marketing period. Many brokers have developed a "master"

plan to use on these relocation properties. In essence, the same procedures are used on every home with some variations. When we look at

this approach from the perspective that marketing takes place one to one, we realize that we are seeing an example of mass marketing. Bokers have

developed a system to gain the most relocation business in the marketplace. We must ask ourselves then, if their approach does not work,

are they willing to create a learning relationship?

What is a learning relationship? It is a process in which the service provider increases the value of the enterprise to the client. The direct

effect is to increase the level of loyalty on the part of the client. A side benefit is that it becomes more convenient for the client to use the

service provider. From the client's point of view, this learning relationship saves the client time and energy since he or she has to set

the parameters only once.

In order for a learning relationship to work, several things must take place. First, the service provider must be a successful, cost-efficient

entity that is willing to customize its services. Second, the client will have to teach the service provider just what it is he or she wants. The

service provider's benefit is directly correlated to the level of needs-based differences in the firm's customer base. The measure of

success here is not how many customers use your products or services but rather how many products you can provide to the client. In a learning

relationship, look for every potential opportunity to customize the service.

Typically, real estate brokers are not in a position to develop this type of relationship due to the short period on which they are interacting

with the client, i.e., the homeowner. In the relocation industry, however, the relocation department is looking for a long-term

relationship with the client. The process of developing a learning relationship needs to be looked at as an unfolding picture. Every service

that we provide has many layers to it. As each layer is exposed, customization opportunities increase. The process enters into three

levels.

The first level is the core service. This is the very basic service that we provide every day to the client. This core product may include, but is

not limited to, such things as putting the "for sale" sign on the lawn, entering the property into the MLS system, and advertising the property

is for sale. This core service is the same for practically every broker in the real estate business.

The second level is that of the product/service bundle. This expands the core services one step. For example, as a core service, every broker

active in relocation should know how to complete the BMA report. However, what if you could enhance the service package by expediting the delivery?

Software is now available that can be loaded onto a laptop that will allow us to go into the home, complete the report, borrow the phone from

the transferee, and instantly fax the report to the client. Other examples include improvements in how invoices are handled and what kind

of support is given to the process by the brokerage management. The third level of the process is referred to as the enhanced need set.

The service provider's goal at this point is to locate other products or services that the client will need. These might be related services, such

as mortgage financing. It could mean creating strategic alliances with other service providers, like home inspections.

Still another area is to create value streams. Value streams are added by identifying what services the broker can offer that will improve customer

loyalty by providing services that exceed those basic services offered by your competitors at the same price.

How does the corporation or relocation management company identify the broker who is interested in creating a learning relationship with

clients? Return for a moment to our scenario where the brokerage receives a call for the completion of a BMA. One of the first clues to whether the

broker is in sync with this concept is the number of questions he or she asks. The questions should pertain to the exact way the client wants the

report completed. Some readers may ask, "If we have to be answering all of these questions, why would we want to choose the broker in the first

place?" The answer lies in the reasoning behind the questions. If these questions are answered correctly, you will be asked them only on your

first call to the broker. To indicate the difference, let us look at two different approaches to a potential client's call.

In a learning approach, the broker who receives a BMA request begins by asking questions such as, "Can we send the report by priority mail? Do we

figure market time on 90 days or 120 days? Do you need photos of the property? Which photos are most critical? each of these questions is

designed to develop an understanding of the exact needs of the client.

The responses are logged so that that when the client calls with a subsequent BMA request, the broker needs only ask if there are any

changes from the previous reports they have done for the client. The subsequent request also is the time to ask the client if there are other

services that would benefit the client. In this way, the broker can organize his or her services around the client.

Most entities are not organized around their clients. But, as our industry changes and the impact of large organizations resulting from

mergers and acquisitions change the way we do business, clients need to be able to locate brokers who are willing to organize around individual

customer relationships. One of the best indicators of this is whether the broker has modeled the relocation division after the relocation

management companies. Another indicator is whether the relocation department has created an account manager system for higher volume

clients. Does the client have one person to contact for all their business? In a learning relationship, we need to realize that customers

want different things. Some will like this system, while others will want the old-fashioned system. Providing clients what they want, however,

directly affects how much money the service provider will earn and how much time the client will save. Again, the measure of success is the rate

at which you keep your customers.

Creating learning relationships based on the enhanced need set is the beginning of acquiring and retaining loyal customers. It requires the

broker to be on top of the needs of the client base every step of the way. Needs are dynamic; they change with time. The more customized your

service, the more marketing becomes part of the process. The client, in seeking out a broker, needs to be able to identify which company is

willing to take these steps. This can be determined by asking the broker how long the firm routinely services individual clients. If their client

base turns over every two months, the learning relationship probably is not present.

The traditional method of selecting a broker to handle the needs of our transferees was based on the criteria that were established in the

infancy of this industry. Not only has the relocation business changed, but business, in general, has undergone a transformation. American

business understands that, in almost every case, mass marketing no longer works. In order to meet the needs of our transferees, the selection

process needs to focus on a service provider's dedication to creating customized packages for each client. The goal of the industry is to

minimize the stress experienced by transferees and their families because of a relocation. BY identifying and fulfilling an enhanced need set, the

broker and the client will make great strides in lowering their stress levels.

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