



How to make the

BIG MONEY

SIORs say the secret to making the big money starts with perfecting the basics and learning to do them that much better.

By Steve Lewis



| FEATURED ARTICLE

As with every profession, in commercial real estate there are a few performers who set themselves apart – who make the “big money.” When asked what they consider to be the keys to outstanding performance, while they may have a trick or two up their sleeves, SIORs in general agree that it really comes down to basic “blocking and tackling” – but doing it better and more often than anyone else.

“Like with any championship sports team, fundamentals are key,” says Andrew Cheney, SIOR, CCIM, CRE, and principal with Lee & Associates in Phoenix. “A broker must know the market, the process, work extremely hard, be responsive, and know how to turn information into leverage for his or her client,” he says. “I do believe it takes a team in today’s world, and that it’s extremely difficult to make big money being a lone ranger. Finally, big money brokers make things happen; they don’t sit around and process transactions.”

“One needs to know the market, the basics of investing, and have some courage and luck,” adds John Steinbauer, SIOR, who heads the Miami-based firm that bears his name, Steinbauer Associates. “What sets apart a broker who earns the big money is being eager to take advantage of their knowledge for themselves and their partners.”

Jill K. Rasmussen, SIOR, CCIM, principal with The Davis Group in Minneapolis, cites a number of pre-requisite skills, including:

- “Understanding all sides of a transaction that include an owner’s investment expectations as well as tenant needs;
- Education to enhance the skillset such as a CCIM designation;
- Being a good relationship builder, in a trusted advisor role;
- Being a creative deal maker, with new ideas to bring parties together;
- Providing strategy and value to clients;
- Being fun to work with – having the necessary experience, and differentiating yourself from a lot of good service providers.”

And Mike Spears, SIOR, CCIM, managing principal with The National Realty Group in Houston, believes the number one thing that can set a broker apart is tracking what you are working on. “It’s extremely important, but some brokers are frightened to do it,” he notes. “When you are aware of what is at stake and what you’re working on it will help you prioritize and work harder.”

How big is “big” when it comes to earnings? How do you measure outstanding performance? “It is my experience, being with large and small firms, that the top producers consistently maintain a net, seven figure income level based on superior service that drives value for their clients,” says Rasmussen. “They are experts in their field of specialty and annually close major transactions.”

Spears says that “You measure performance by the commissions that you make and the size of deals, the quantity of deals. The upper echelon broker makes a million bucks a year, but it’s not all about that.”

“Big money will vary in markets across the country, so it’s unfair to put set numbers to that figure,” says Cheney. “But aside from very small markets, it seems that when a broker can gross seven figures, whether on his/her own or on a team, that’s ‘big money.’ For a leasing broker, it means 50+ lease transactions for an individual, and 100+ for a team. Big money brokers are usually in the top five in their office.”

“Big money means the ability to set a comfortable personal lifestyle for myself and my family,” notes Steinbauer. “And to me there is only one way to achieve this, and that is to invest personally in properties and build partnerships of investors.”

Are Skills Made or Born?

SIORs say making the big money is a combination of both innate and learned skills.

“There are some brokers that have an innate sense for a deal; those will not have to work as hard as others to develop skills, but certainly the skills to make big money can be learned,” says Cheney. “The best way is to get a mentor who makes the kind of money you want to earn, and study from them. Here’s another tip: add up how much money you spent on your car last year. Now spend that same amount this year investing on improving you, whether it be a sales course, a conference, or a business coach – invest in yourself. If you are so new in your market that money is still tight, at the least go to Toastmasters for a year, a nationwide organization that helps individuals develop public speaking and leadership skills through practice and feedback; it’s about \$5 per month.”

How do you find mentors or successful models to follow? “Simple, look at who makes the big money in your market and study what they do, where they go, the relationships they have,” Cheney advises. “Or find someone in another market. I had a young broker drive out from California last month to shadow me for a day at my office in Phoenix. Smart move on his part.”

“Some skills are more innate, like work ethic, persistence, and being good at relationship building, interaction, etc.,” says Rasmussen. “Most, however, can be learned by having a great mentor in this business; someone who can teach those skills through training and working through deals.”

“Generally most large companies have a mentor system set up,” she continues. “Good background research and talking with all of the real estate firms before making a decision on where to work helps you understand who the successful brokers are and where there might be a good fit.”

Steinbauer agrees that “perhaps both” theories are true. If you feel you are lacking the necessary skills, he offers, “take courses in investment properties and building partnerships. Team up with fellow brokers who are on the same page as you.”

How do you find mentors or successful models to follow? “They are all around us – clients, other brokers, and property owners,” he says. Finally, he reiterates, “invest in you. The most successful brokers own and/or develop their own property portfolios.”

“When I start training a new person the two most important things they can learn are time management and organization,” says Spears. “You have to learn to say ‘No’ to stuff, but also to be ahead and plan what you’ll do for a day, a week, a month.”

Setting Those Goals

As with successful achievers in any field, goals are hugely important for SIORs, says Cheney.

“I write mine down every quarter and so does my business partner. It’s amazing how powerful that is. I always want to be growing and achieving more, no matter how well I’ve done. I love Dan Sullivan’s quote, ‘Always make your future bigger than your past.’”

“When you set a goal, set a reward too,” Spears advises. “When I hit this number I will do this.” Every year, says Spears, he not only sets his own goals but he tells all his brokers to do the same. “Actually, I tell them to set three – win, place, and show,” he shares. “The win goal is something you can hit it but it will be a photo finish; it should not be hit in September, but in the last couple of weeks. If I come just under it, I say OK, I did place, but it still encourages me to set a win goal to where it is a stretch.”

Putting Strategies Into Action

When all the success “ingredients” are assembled, they still need to be mixed and prepared, note SIORs. “We perfect strategies by asking for feedback on our deals and making changes if necessary,” says Rasmussen. “Full service platforms tend to provide many different revenue sources – from leases/sales, strategic planning, development, property management, lease administration, incentives, and so on.

“Being the expert and being focused on one product type or specialty allows for superior market knowledge and continued referrals,” Rasmussen adds. “Great client satisfaction provides case studies and future marketing potential. Driving value for clients leads to other opportunities and solidifies long-term relationships.”

"Be on the lookout for opportunities," says Steinbauer. "You know the business so you can project the future better than most. Again, it takes courage and a little luck sometimes to make successful real estate investments that bring you the 'big money.'"

"Have a plan and work that plan," says Cheney. "If you are going for a niche play as a landlord broker, make sure you are focused on that market segment or that geographic area. If you are a tenant rep guy, work on a lot of small and medium deals, allowing you to swing for the fences on large deals."

It's really hard, he notes, to work on your business while you're working every day in your business. "The only way you can perfect those strategies is to schedule time for working on them," he shares. "You must be intentional about your business to make big money. Clients and family will leave you alone for three hours a week to let you grow."

As for the most rewarding deals, "in most markets, tenant rep fees are substantially more than landlord broker fees so that's a natural way to make good money," says Cheney. "However, the landlord reps get to lease up the building and sell them eventually so those brokers can earn big money too. I think a better way to think about this is that there are certain types of relationships that will generate significant rewards. Find great clients and keep them!"

Spears shares more details on his planning strategy. "You want to do everything all the time, but you may have to choose; you have 20 minutes, and five things to do – you have to pick the right one," he notes. "I may be a little contrarian; some people put down a large percent of the commission if they feel they have half a chance, but every deal I work on I should not work on if I do not think it's going to close." "I estimate the closing date, and say five months from now I have, say, \$88,000 scheduled," Spears explains.

"The ones who produce steadily in bad markets track their work and look further out. You may be flush today, but if the pipeline looks really dry several months forward you could be in trouble."

He also writes down "the very next thing" he has to do to move forward. "You should do that for every single deal," Spears asserts. "Good brokers will look ahead not just for commissions but for where the market is going. Like, what will happen in business in this region five, ten years from now? If the oil market goes bad, what will the benefits be? What's happening with the Panama Canal? Who has access to rail tracks?"

Dealing with Disappointment

Perhaps one of the toughest challenges in "making it to the top" is dealing with disappointment without becoming discouraged.

"I learn from failure, and brush it off very quickly," says Cheney. "I've got too much to do to dwell too much on failure. To overcome discouragement, I look at the goals I've written down, and that re-sets me. There is too much opportunity in this business to stay discouraged for very long."

"Sometimes its bad luck, but you need to at least identify what it is," Spears says. "If it IS a fundamental problem, then it's like getting your grip changed."

But for Spears, missing goals also offers him an opportunity to re-set his confidence. "Any time I'm in a rut, I figure out what I need to do right, say 'It happens,' then shake it off and continue doing my deals," he says.

Finally, he says, it's matter of always looking to improve. "The best athletes constantly want to get better," he notes. "With Jerry Rice, for example, he was not the best because he had blazing speed. Go out and pursue that CCIM, get involved with SIOR, get to know the

people and be active in it. Both the connections and extra credibility you will get and what you learn in those classes and resources are invaluable." ▼



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