

Training Commercial Real Estate Sales Professionals for Excellence



by
Jim Gillespie,
Ph.D.

Jim Gillespie is a 25-year veteran of commercial real estate. He worked for 20 years as an agent and manager, and was president of three different companies, including the American Industrial Real Estate Association. Since 1997, Jim and his company, Real EstateSalesCoach.com, have focused on leading seminars, doing one-on-one coaching and consulting, and providing online training for both commercial real estate professionals and management of commercial/industrial real estate companies.

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Everyone in our industry agrees that providing solid training for commercial real estate professionals is a good idea; but if you’ve been around our industry for 20-25 years or more, you’ve probably noticed that some brokerage companies do not provide training as frequently as they used to. Typically most commercial real estate training results from the mentoring of those professionals new to the business by established commercial real estate professionals. While companies and managers still believe in the idea of providing great real estate training for their commercial real estate professionals, in some cases, it has simply become too difficult to continually set aside the time and money for it.

Training should make professionals more productive, thereby adding to a company’s profits above and beyond what the company is paying for the training. However, continually shrinking training budgets have been the norm now for many years in the industry, and mentoring of new commercial real estate practitioners has become the dominant means to help them learn and succeed in the business.

Although management often believes that training is a good idea, they have serious doubts about how profitable it will actually be for the company. By and large, the training most commercial real estate companies provide these days is minimal. Why?

Difficulty of Seeing Tangible Results of Training on the Bottom Line

First of all, there is typically no discernable method for companies to track their profitability as it relates specifically to the training they provide their commercial real estate professionals. For a start, companies would have to survey the commercial real estate professionals themselves about how much the training has added to their productivity. Unless the companies can track this information closely, any responses commercial real estate professionals give would be educated guesses.

Second, company profitability in our industry is generally not what it used to be. Profit margins of between one and three percent of gross commissions are quite common. With numbers like these, there simply isn’t a lot of discretionary money for companies to spend on additional training, especially if management is not convinced that additional training will add to the company’s profitability.

Why is there so much doubt that spending money on training will produce the results we’re looking for? The answer may lie in the industry’s traditional training (and any other professional training) model.

You can lead a horse to water...

When it comes to commercial real estate training, only a certain number of the professionals who sit through the sessions will make a solid attempt to apply what they have learned. Some professionals may actually feel that they have come away with some good ideas from the training, and some will even have the best of intentions of transforming their businesses with the new information. But within weeks of returning to the office, most if not all of what they learned could well be just a distant memory. This is one of the major flaws in the traditional model of commercial real estate training as well as other types of professional training. The ideas presented by instructors can be very good, but what difference does it make if, months later, the professionals have applied very little of the information to their businesses?

Equating Learning to Golf with Commercial Real Estate Training

To illustrate this more clearly, let us compare how training is normally given in our industry with how someone would typically learn how to play golf. If golf were taught with the approach that training is done in our industry, the experience would be something like this:

An expert golf instructor is hired to lead a one-day seminar on how to play golf. A meeting room is rented out at a local hotel, and approximately 200 students attend the event. The instructor lectures on the golf swing, utilizes an overhead projector, and perhaps even throws in a PowerPoint presentation. At the end of the day he highlights the major points he covered, thanks the audience for attending, and wishes them all well as they leave to become masters of the game on their own, with everything they've just learned during his presentation.

Instruction in golf, or in just about any other sport, is done actively, while the student is practicing or actually playing the game. Sending students home at the end of a day-long lecture on golf and expecting them to become excellent at the game on their own is unrealistic. But aren't similar hopes and expectations placed on commercial real estate professionals after they sit through a one-day training session?

In golf, students can practice the game on their own, in relative silence and without interruptions; but for commercial real estate professionals, from the moment they return to their offices after a training session, they will have a backlog of messages and urgent demands from clients that must be taken care of immediately. The result is that it is far too easy for them to get wrapped up in doing business the way they have always done it, and

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what they learned from the training will soon begin to fade. In a short time many professionals will become reactive in their businesses, responding to the demands of their clients and prospects, instead of being proactive and doing what will build their businesses effectively.

Reverting to Old Habits

For an agent to transform his or her business, it's not enough to discover new and creative ideas. These ideas must be integrated into a day-to-day system that moves the

agent away from his or her old, unproductive behaviors. When a commercial real estate professional has spent years doing business one particular way, it's very easy to fall back into those old habits.

So what is the best solution for the agent who really wants to take his or her business to a new level? First of all the agent must have something that no manager can instill: the burning, unyielding desire to become successful in commercial real estate sales and leasing. The commercial real estate professionals who become the most successful in our industry are the ones who want it more than anyone else does. These people always find a way to make it happen, no matter what obstacles they may encounter along the way.

Changing the Traditional Training Model

The rest of the solution comes from transforming our model of real estate training. A one-day seminar with no follow-up will probably not produce the results for which you are looking. Commercial real estate professionals need follow-up to ensure that they are doing the activities that will completely transform the way they conduct their real estate business. Without a system of focus, accountability, and follow-up, many professionals simply continue repeating their old, less effective habits year after year.

Instead of talking about a subject for one day and then moving on, an effective trainer should incorporate ongoing focus and accountability into the training experience. One way to accomplish this is through quarterly training sessions that focus the commercial real estate professionals on continually building their commercial real estate expertise, keeping them on track to achieve their goals throughout the year. Knowing that they're going to be held accountable every three months for what they said they would do to improve their own business, most commercial real estate professionals will not want to continually come face-to-face with not keeping their word with themselves. Contrast this with the commercial

real estate professionals whose only ongoing measure of accountability comes at the end of every year when they see how much money they've made. Twelve months between measuring for accountability allows too much time for commercial real estate professionals to be off track in their real estate business.

In addition to live, in-person sessions, an instructor can enhance agent training by conducting weekly or monthly telephone conferences as well as online programs. Another approach that's gaining in popularity is one-on-one real estate coaching and consulting. Under this scenario, an agent hires an expert consultant to work with one-on-one to transform his or her professional skills. Typically, the commercial real estate professional pays the consultant, not the brokerage company. One might expect mid-level commercial real estate professionals to be the ones hiring these consultants, but in fact it is generally the top-producing ones who hire them. The commercial real estate professionals who want it the most are the ones doing whatever it takes to make it happen.

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Tackle the Training Issues

SIOR and other providers of commercial real estate training recognize the changing needs of professionals. To complement their traditional classroom-based courses, they have developed on-demand self-study courses available to professionals with specific training needs.

Success in our industry revolves around doing the right activities consistently. While an agent must master many skills and activities, the two most basic and important

ones are to 1) identify the prospects with whom you want to work, and 2) convince these prospects to work exclusively with you. When you master these two activities, you will have mastered two of the most important keys to becoming the successful commercial real estate practitioner you want to be. ❖