



Repairing the real estate industry's reputation

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By Penn Javdan

In a Canadian market with more than 100,000 Realtors, competition is fierce. And it's no secret that real estate salespeople have less than stellar reputations. Despite that fact that business is proceeding as usual in the relatively strong 2016 real estate market, ignoring the importance of reputation has consequences that can be fatal to a sales rep's career.

The temptation to cut corners in real estate representation can be overwhelming. In addition to the recent stories coming from Vancouver about shady assignment deals, we've all heard horror stories about phantom offers, manipulating clients in bidding wars and the practice of poaching clients. Where there's big competition, the threat to quality rises.



According to a recent survey, trustworthiness and reputation are important factors for clients when choosing a salesperson, along with knowledge, management, sales and marketing skills, and finally, ability to deliver results.

Real estate salespeople come in many stripes. According to Statistics Canada, the average annual income is \$52,800. Only 41 per cent of salespeople earn \$50,000 and over, while 25 per cent earn less than \$20,000.

Whether Realtors want to improve their performance or protect it, they must put a good reputation at the top of their list. The challenge is to make them understand why they should when so much money is still trading hands. Many professionals take the "whatever it takes, ends justify all" attitude.

While this may sometimes secure a commission or get a client the home they want, it often ends up hurting both salesperson and client.

The Harvard Business Review validates the view that reputations matter greatly. "Firms with strong positive reputations attract better people. They are perceived as providing more value, which often allows them to charge a premium. Their customers are more loyal and buy broader ranges of products and services. Because the market believes that such companies will deliver sustained earnings and future growth, they have higher price-earnings multiples and market values and lower costs of capital. Moreover, in an economy where 70 per cent to 80 per cent of market value comes from hard-to-assess intangible assets such as brand equity, intellectual capital and goodwill, organizations are especially vulnerable to anything that damages their reputations," says the *Review*.

Yet the perception that real estate salespeople and brokers have bad reputations lingers. One common reason is that when the cat's away, the mice will play. Some people will get away with what we let them get away with.

Another is well intentioned: Many salespeople, through no fault of their own, fail to understand the real value that quality brings to the profession: they're too busy being lured by the cash from a deal, money in the pocket, food on the table. While this is understandable, the situation is a bit like people voting for a candidate whose policies will actually hurt them in the long run.

The Real Estate Council of Ontario (RECO) says the No. 1 cause of complaints is miscommunication and non disclosure. Only 46 per cent of complaints to RECO resulted in regulatory action, which makes working with a less-than-reputable salesperson all the more dangerous. What must be done?

Builders know the value of reputation, because they're in it for the long haul. Ramtin Sotoadeh of RS Homes highlights the connection between longevity and reputation for agents: "Any business including RSH couldn't have survived for 32 years if it didn't have a long standing reputation." Transparency is the information age's benchmark for success: "Honest agents may not be able to compete in the short term, but... in the long term, they will prevail."

Why is it counter productive to have a bad reputation? And why is it productive to have a good one?

1. A bad reputation will alienate you from clients and other professionals.
2. A bad reputation will cause others to malign you. Nobody wants enemies.
3. A good reputation represents a great marketing strategy.
4. A good reputation inspires others to perform better and creates loyalty.

How does building a good reputation make you more money?

1. It will reflect the real skills you need: knowledge, service and client demand.
2. The wrong agent gets dumped by a client after one deal. The right agent works with the client for a lifetime.
3. Investors will invest with you because their money is safe. When you say you're going to do something, they'll believe you.
4. Top brokers will want you at top brokerages.
5. You will stand out.

Psychology Today magazine rightly claims that "we only ever have influence over our reputation – never

(complete) control.” In all things, it’s harder to build than to destroy. Building a good reputation requires effort, patience and time. Destroying a good reputation takes just a single misstep.

We tread with caution. There are many highly educated, well qualified, professional salespeople who deserve our respect and justly earn their livings and their reputations. So even if bad reputations were the exception and not the rule, this is all the more reason to protect the real estate profession, not less. It is all the more crucial for talented and qualified salespeople to maintain their profession as a profession.

The force of reputation swings both ways: bad reputations can lead to poor performance and poor performance can lead to bad reputations.

Wherever Realtors fall on the spectrum – from seasoned veteran to hungry new professional, clients are savvy nowadays and perform their due diligence to verify the standing of agents.

A good reputation will go a long way in the long run.

10 ways to build a good reputation

1. Be honest with yourself. What kind of agent do you want to be? The kind that looks over his shoulder, or a proud qualified member of a community of professionals?
2. Educate yourself: A license is never enough. Update yourself continuously on ways to improve your service and qualifications.
3. Create a personal brand.
4. Hire a reputation management service.
5. Create a network of professionals like yourself. Attract the kind of people you want to work with and foster a referral network with builders, mortgage and insurance brokers. This is a support system that counteracts the competition from the lesser reputable agents.
6. Do what’s right for the client. Otherwise, what’s done in the darkness shall come to the light.
7. Monitor your reputation: Survey and follow up. Don’t be reactionary.
8. Avoid short sighted decisions.
9. Get involved. Participate actively in professional boards and associations to maintain standards. Your job doesn’t end with the sale.
10. Speak out. If something’s wrong, be the example. Represent the profession the way it deserves to be represented.

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Don McMillan • 9 months ago

Certainly the recent events in Vancouver have tainted the Real Estate Industry. Even though isolated to this particular market, it tarnished Real Estate in general. I don't feel the regulatory bodies governing the industry are aggressive enough at removing the so called bad apples.

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Jim Datlen • 9 months ago

A great article - I linked to it on my Facebook business page.

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Joel Schacter • 9 months ago

We need to always exhibit transparency and honesty with both our clients and fellow agents. Remember, no single deal is worth your licence or you reputation. As I tell all my clients, we don't own the real estate we sell.....only our reputation and after 35 years in this industry that is what's more important and valuable to me, both on a personal level and in regards to long term monetary returns. Do the job well and the rewards will automatically follow!

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