

Report #2: How to Determine Which Real Estate Broker Is Right for You: Twelve Key Questions to Ask

You have passed your real estate exam and are now ready to make one of the most important decisions of your real estate career—the company where you will work. There are literally hundreds of business models throughout the country. The issue is finding the one that is the best fit for you as a new agent. Below you will find a list of questions to help decide which office is best for you.

1. Size

Question: How many agents do you have in your office?

As a new agent, will you feel comfortable in a smaller office where it may be easier to get to know people or would you prefer a big office that is bustling with activity? You can succeed in any size office. An important point to note is whether the office feels like a place that would support you to be productive, regardless of its size. If possible, ask to meet some of the agents in the office to determine what they like (and don't like) about working there.

2. Training

Question: Describe the program you use for new agent training, including any fees you may charge. May I also see your training manual please?

Most companies provide some sort of in house sales training programs. In the large majority of offices, the person most likely to be responsible for the training is the broker/manager. Additional training is available through local Boards of REALTORS® and includes designations classes such as GRI and CRS. For those who offer in-office sales training, the large majority assign a mentor, trainer, or other point person to assist new agents.

If the broker/manager says he or she will be your trainer and you will learn from shadowing him or her, ask how many deals that person has closed in the past year. Needless to say, someone who only closes 4 or 5 transactions per year has a different skill set from someone who closes 30 or 40 transactions per year.

It's also smart to ask whether the company offers an accountability program. Many new agents have challenges transitioning from a work environment where their boss told them what to do to an independent contractor environment where you set your own hours and activities. An accountability program can make this transition easier.

3. New Agent Mentor/Coach

Question: Will I be assigned a coach, mentor, or another point person to help me with questions that I may have, and if so, who is that person?

One of the most important issues you will face will be where do you go when you have questions. As mentioned in #2, in most cases it is the office manager. If at all possible, meet this person and see how receptive they are to the questions you ask.

For example, “If I’m working on an offer at 8:00 at night, would you be available if I have a question about the contract?” Also, “Do you need to review my contracts before I submit them to the buyer or seller?” In most cases, until you have closed a few transactions, it’s best to have someone review your contracts before submitting them for client signatures. When you’re new, more supervision and assistance is best.

4. Commission Structure

Question: What is your commission structure?

While it may be tempting to affiliate with the company who will pay you the highest commission split, what you are really looking for is where you will earn the most income. For example, 80 or 90 percent of two deals is much less than 50 percent of 10 deals. How much you earn is contingent primarily upon how hard you work. Nevertheless, the quality of the training, the tools the brokerage provides, and the listing and selling activity within the office (e.g. more listings equals more incoming buyer calls) also influence how many transactions you will close. Affiliating with a “dead office,” means you will have to work that much harder to succeed. Search for the best combination of commission split with the most robust offering of tools, training, and 1:1 help for you has a new agent.

5. Start Up Fees

Question: How much are my start up fees and what do they include?

Normally you will pay between \$1,200-\$2,000 in fees to begin your real estate business. The bulk of these fees will go to joining the Board of REALTORS®, your state and local associations, NAR, lockboxes, signs, business cards, and fees for errors and omissions insurance. Generally these fees are pro-rated, so these numbers vary depending upon when you join the company.

6. Additional Fees

Question: Do you charge any additional fees such as a transaction fee, franchise fee, technology fee, and/or advertising fee over and beyond the normal commission split?

It's important to find out exactly what the broker charges. For example, some companies will charge you an advertising and/or technology fee in addition to whatever you pay your broker as part of your commission split. If you are with a major franchise, there may be a franchise fee that comes off the top of each transaction before the commission splits are determined. Other companies charge a \$250 transaction fee. This fee could be merely an extra fee or payment to a transaction coordinator who will help you close the transaction once you place a property under contract.

7. Competing Manager

Question: Does the manager/broker still actively sell real estate?

While it may be useful to train with someone who is still actively selling, one of the most widespread complaints among agents occurs when their manager competes with them for business. When the manager/broker is in the office full time rather than dealing with showings and other client related issues, you are probably more likely to be able to get help when you need it. While either approach can work, most new agents prefer to work in an office where they can readily access management help when they need it.

8. Print Marketing and Advertising

Question: Would you please share with me the types of print marketing that your company provides including announcements, newspaper advertising, postcards, flyers, etc.?

Many companies that pay lower commission splits often provide many of these services at no charge or at a reduced fee, while those who pay larger commissions charge for these services. While this is not always the case, it's very important to ask. Some costs that may not be apparent are the postage for mailers (i.e. the brokerage may pay for the cards, but you have to pay for the postage), newspaper advertising, signs, lockboxes, etc.

9. Social Media and Web Marketing

Question: What types of technology do you use to help your agents market themselves and their listings?

Many companies provide their agents with a website or a web page that resides on the broker's website. Others have full-blown web marketing programs that cost nothing including their own CRM (Client Relationship Management) platforms. As part of this process, ask the broker/manager if they have a company intranet, and if so, could the broker please share how that works and what services are provided. Also be sure to inquire whether there is an additional fee for these services.

Do Your Web Marketing Research Prior to Meeting with Any Brokers/Managers:

Before you even interview with a company, it's smart to go to Google and search which brokerages have the highest organic search results for real estate in your area. Next, visit the company's website. Is it easy to use? Is the site attractive? Does the site link to all of the listings on the Multiple Listing Service?

It's also smart to look at how other agents display their listings. Do they use lots of pictures and video or do their listings have just a single picture? If the other agents are doing a poor job of marketing their listings, consumers will go elsewhere since they spend the most time on sites that have the complete information. Finally, check the major social media sites to see if the company is using the social media as part of their marketing strategy.

10. Agent Productivity/Market Share

Question: For your agents who work full time, what is the average number of transactions that they do per year?

If the broker/manager cannot or will not answer this question, it means that they don't track the data or that the number is low. When it comes to selecting an office, buyers are usually not very concerned with which office represents them—it's your personal relationship that matters. On the other hand, NAR research shows that when a homeowner is ready to list their home, they generally will list with one of the top three companies in terms of the company's market share. Consequently, if you are in a productive office with lots of signs and market share in your area, there are usually more incoming buyer leads as well as a greater opportunity to receive more listing leads as well.

11. Policy and Procedures Manual

Question: Do you have a Policy and Procedures Manual that outlines what you expect of me and what I can expect of you? If so, may I have a copy?

Take time to read the Policy and Procedures Manual since it will explain office policy, administrative procedures, plus a host of other important issues. Items to look for include what happens to your listings if you leave the company? What are the conditions for an increase in your commission split? Does the company have a relocation department and if so, how is relocation business handled? Does the company have a dress code or required "Career Apparel"?

12. Company Provided Lead Generation Opportunities

Question: Does your company have a lead generation program for its agents and if so, would you please describe it?

While some companies have full-blown lead referral programs (for which many charge a fee) others have no formal program other than phone duty (sometimes known as "floor time" or "up time.") If the company offers a lead referral program, inquire about the requirements for becoming a participant. If the company offers phone duty, determine whether they provide training on how to maximize phone duty as well as how quickly you will be allowed to take phone duty. Please note that many offices have call centers or a policy where incoming sign calls are funneled to the listing agent. This translates into fewer calls coming into the phone duty agent, but more calls going to you when you are the listing agent.