

Welcome ...

Performance Realty Solutions (PRS) is a commercial real estate sales and technology training company committed to providing you with the best results-based training in the industry.

What Are Some of the Right Questions to Qualify a Prospect and Why?

One of my most recent program attendees—who has 30 years' experience in the residential mortgage field—called me to express his satisfaction with the *5 Steps to Success* CRE Training Program. Specifically, he was amazed at how much time he has saved since learning how to effectively qualify prospects by asking the right questions.

Why is saving your valuable time important? Because wasting time isn't just unproductive, it hinders your professional and financial progress. When you waste time with the "just looking" prospects, you are taking your time and attention away from clients who are serious about closing a real estate deal.

Motivation is everything

Good salespeople know that real prospects have "buying" motives, so they ask questions to get a better understanding of those motives. If a prospect isn't motivated, there won't be a deal. As a result, you will have wasted a lot of time.

The easiest, most important question to ask a prospect is, "Why are you looking?" Don't jump to attention simply because a prospect says, "I want to buy or lease a building." Ask why. Is the prospect out of space? Does the prospect currently own or rent? Is the lease coming due?

Do they want to upgrade the existing space? Change locations? If so, why?

These are open-ended questions—questions that require detailed answers. If you get one word answers, be careful. Prospects who lack motivation usually give vague or abrupt answers. Sometimes the "just looking" prospects are only interested in comparison shopping, and this won't lead to a real estate deal.

Can your prospect pay?

Next, ask for credentials. If your prospect is a private company, ask how long it has been in business. Ask to see financial statements or a business plan. Don't worry about invading the company's privacy. Legitimate professionals will understand the validity of your requests. In fact, they likely perform credit checks on companies they do business with as well. If a prospect gets offended by these questions, you are in danger of wasting your time.

Remember, real estate deals are financial transactions. Landlords and mortgage companies extend credit under the premise that the tenant or buyer has the ability to pay. You need to know up front what your prospects can afford. Take a lesson from your colleagues in residential real estate: They will not show homes to prospects who have not been pre-qualified for a mortgage. Why should commercial real estate be any different?

Your professional, and patriotic, duty

The federal government is now requiring real estate professionals to be on the front lines of defending Homeland Security by conducting thorough background checks on buyers and tenants. So now it has become your *obligation* to ask for credentials and financial information.

Remember to ask these qualifying questions in a professional, non-threatening manner. When you put your prospects at ease, it is easier to earn their trust and develop a positive relationship right from the beginning.

In our CRE Training Program, PRS will teach you the best ways to qualify your prospects by asking the right questions.

Patience Is a Virtue

Especially for commercial real estate professionals!

A mistake many new commercial real estate agents make is becoming impatient when they think that their deals aren't moving fast enough. As a result, these novice agents often alienate their clients and lose the deal.

Why does this happen? Usually it's because:

1. The agent does not fully understand the deal-closing process; and
2. The agent needs the commission money to pay the bills.

In regard to the second reason, your individual circumstances will not make the deal move along any faster. If your clients sense that your motivation to close the deal is purely self-serving, you risk losing both the client and the deal.

As for the first reason, if you are unfamiliar with the deal-closing process, it may seem as if things are not moving. As a general rule, CRE deals are typically slow to close. Once you accept the standard pace of the industry, however, you can become more involved in the closing process. You can learn about each step in depth, discover the critical paths in the process, and help guide the deal along in a helpful, professional manner.

There may be times when a healthy push is warranted. In these rare situations, you need to

have a thorough understanding of the process. Most important, you need to be serving your client's best interests. Your client must be confident that you are not trying to expedite closing the deal for your own gain.

It is critical to understand the difference between being pushy and being professional. Get to know the different personalities of the people involved in the transaction and act accordingly. As stated in previous PRS newsletters, you have to:

- be prepared;
- understand your client's business;
- know the third party vendors involved with the deal (attorneys, mortgage brokers, environmental auditors, etc.); and
- review all the documents of the transaction (you did ask to be copied on *all* correspondence, didn't you?).

These steps will help you facilitate the deal process, but keep in mind that each deal has its own life cycle.

I know of some deals that have taken years to close. *Do you have the patience and perseverance to succeed? Do you have the training necessary to be a competent contributor to the transaction?*

Invest in a PRS course to master the critical paths of the deal process.

Next Issue... Keep on prospecting. You can't survive on one deal at a time!



Training for the Commercial Real Estate Professional

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