

Secondary incomes for real estate salespeople

Max is a hardworking real estate agent. He has been with Able Brokerage for some years now, and although never a top producer, he has been steady and has been able to provide his family with a good lifestyle.

Through years of rigid budgeting, Max was able to scrimp together a healthy down payment and bought a small apartment building. He spent a lot of time at the building in the beginning. Today he performs the management and superintendent's duties. His broker is pleased because Max works hard and has the security of his investment. What his broker does not consider is that Max has a part-time job.

Because it is within real estate, it is accepted. But if Max spent the same time as he does with his building doing something such as teaching, selling other products or doing someone's books, his broker would consider Max a part-timer. But, make no mistake, given his building ownership duties, Max is a part-timer.

Is a secondary source of income detrimental to a sales career? I say if it is properly handled, a secondary income is not only acceptable, it is healthy. This can be achieved readily through the power of network marketing, which is probably one of the greatest enhancements to a real estate firm.

The old-time broker who had complete control of his staff and a 50/50 commission plan is a thing of the past. Many brokers now are no more than glorified landlords, renting portions of their offices and facilities. By a broker becoming an independent representative within network marketing, the sales and support staff can generate money back to the broker that can far exceed commission income from the brokerage. The agents can build their own organizations and have security. With everyone working together, within a network plan, the office is more cohesive.

I present my own case. In addition to my active appraisal and arbitration practice, I have become associated with Prepaid Legal Services of Canada. This 28-year-old American company launched their product in Canada in June of 1999 and it is the only service of its kind in Canada. It networks legal services through independent representatives, and I believe that network marketing, which most real estate leaders do anyway, will provide more security for

sales agents and brokers than from any other source of ancillary income.

Now, I know that you can interpret my statement to suggest that every agent should take on a part-time job. This is not true and I believe that network marketing eliminates part-time employment and empowers the broker. Here is my reasoning:

Has any house that you sold, say 10 years ago, continued to pay you commission, steadily in increasing amounts over the years? By adding network marketing to a brokerage, the broker can create another organization within the firm. I am not advocating that the new entity compete with the brokerage side; I am saying that network marketing enhances a brokerage by adding income. Depending on your area, many brokers have mortgage departments, insurance, property management and appraisal services. A well-planned network marketing program can surpass any of these incomes and do it without employees or office space.

How does a typical network program work? I can only speak for Prepaid Legal Services.

Prepaid has a simple program — find a few customers and then reach others to do the same. Now I earn a good commission on every plan I sell. As long as my customers remain my customers, I will earn money for life. By bringing in other representatives who will also gather customers, I can earn substantial money, immediately, and then many dollars per representative that I sponsor. The best part is that I earn money on each prepaid plan that my representative brings in.

As an associate with Prepaid Legal Services, I currently spend five to 10 hours per week on my business. The rest of the time, I continue with my real estate activities.

If you were to try to sell real estate outside your boundaries, it would be impossible to list and sell throughout Canada and the United States. Given my growing numbers of networking representative, while I sleep, vacation or am sick, I earn money from people I have never and will never meet.

For the broker, sales staff move more today than they ever have in this industry. With the addition of a network marketing plan, the broker and staff members have another business to tie them together. The broker, as a sponsor, is their partner and mentor.

I suggest that brokers who work a

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network marketing program into their operation will have less turnover, less grumbling and more money. One argument that I hear is that a sales agent can become so caught up in the network plan that they stop selling real estate. So what? The broker still benefits and probably with more income than that agent produced in real estate. Best of all, they don't need the office facilities.

I expect this article will be quite controversial as some brokers will be angry that I suggest anything should be brought into a brokerage firm, other than the pure selling of real estate. I would suggest to my detractors that given the industry turnover of the past three decades, wouldn't there have been far less turnover if sales staff had more financial security, and isn't more income for a broker a blessing, considering that the residual income will grow and grow? Can you imagine, as a broker, your salespeople not only bringing in money, but also bringing in salespeople who bring in money for both the agent and the broker?

Network marketing is the wave of the future. You have a choice, you can watch it happen or you can make it happen. It will happen with or without you. Donald Trump said it best, "We all have to dream, so why not dream big?"

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