



Gingham Dogs and Calico Cats: Custom Builders and Realtors

The old nursery rhyme about the Gingham Dog and Calico Cat who started out side by side on the mantle and ended up tearing each other to bits, is a better simile for custom builders and Realtor than most of us care to admit.

We Builders see Realtors show up and snag some easy money, sometimes as much or more than the builder makes, for just a few days work. And with no warranty responsibility! So it galls us and we say "never again".

Meanwhile, the Realtor sees himself treated with disdain, and frequently cut out of the deal by builders who are trying to save themselves or their buyers the commission, and says "Who needs this?"

The result is a polarizing of attitudes with lost opportunity for both Builders and Realtors. So, what can be done?

Well, as a Custom Builder who has worked on fostering good working relationships for over 20 years, here's what I've discovered to be true.

First; we need each other. They have the buyers we need, and we have the product they need that isn't available in the resale market. Now, that may sound perfectly obvious, but it is more true today than ever. Buyers today are using consultants for everything, especially in the high prices where we work. Think of your buyers having a lawyer, accountant, doctor or stockbroker to help with their business and personal needs. Doesn't it seem logical that they would consult with a Realtor for a home purchase? Well, they do! Besides, unless you are in a small market or have a personal reputation that makes people seek you out, they are more likely to run into the Realtor at an early stage of the buying process. And in the case of the relocation buyer, the odds are huge that a Realtor is in control. Remember, Realtors may not have control of what gets sold, but they absolutely control what gets shown. If you want sales, you need to make sure they know you enough to show you.

Second; Realtors only get paid for results. Imagine cutting a deal with your local paper or radio station to produce an ad for you, run it as long and often as necessary until you make a sale, and then pay a specified amount from the proceeds of the sale. That's pretty much how it works with Realtors. They work on contingency. What a way to manage cash flow! As a matter of fact when we started our company a little over ten years ago, we just didn't have any money to advertise, so we did the thing we knew; we schmoozed the Realtors we knew and have never looked back. From zero, we've grown to over \$20 million in annual sales with virtually no media advertising **ever**. Over 85% of our sales come from Realtors, and we wouldn't have it any other way.



It is all well and good to say that we and Realtors should work in close cooperation, so should the Gingham Dog and the Calico Cat, the question is how? Here's what has worked for us.

1. Go to them. Join the Realtor board as an associate member, and get involved. People do business with people they know; shouldn't that be you? Gimmicks like Realtor parties and promotions generally bring party seekers, not the top producers plus they cost a lot. Spend the time, not the money. Volunteer to teach a construction course - they are eager to understand more so they look good to their buyers.
2. Target the Realtors who are active in your segment of the market. The Pareto Principle says 80% of the sales in your market segment will come from 20% of the Realtors. It won't take long to find out whose names keep coming up. Focus your energy there.
3. Communicate regularly. Take a small group to breakfast to swap market observations and predictions. Use a newsletter to let them know what your successes are, where you are active, have land, any specs you have, etc. Thank them when a sale occurs.
4. Make your policies clear and consistent. You can't turn this relationship on and off only when you need it. Let them know in writing what they must do to earn their commission. Don't cheap shot them by negotiating after you have a contract; PAY UP!
5. Treat them with respect as professionals. Career Realtors are true professionals, and they are the ones with whom you should be building the relationship. Keep your promises. Do what you say you will for the client, and the Realtor will have given good advice - drop the ball and the Realtor looks bad. Which one will bring you his next buyer? Make them look good by complimenting them in front of clients, referring listings to them, soliciting their opinions, etc., and they will not only make you look good, but make you money.
6. Be in it for the long run. Rome wasn't built in a day, and neither will this relationship. But when a Realtor calls me at home and says she has a buyer to whom she has recommended me as the only one to talk to about building their home, it is all worth it. And that happens more and more now.

If this implies that I think building these relationships is easy, I assure you I don't. It is a little bit like any partnership; misunderstandings, give and take, sometimes even the silent treatment. But it is worth the all the effort to at least get the relationship from the disaster of the Gingham Dog and Calico Cat to the mutual tolerance (and even occasional fun) of Garfield and Odie.