

Agent Education: How to stay sharp at every stage of your career

By Jason Porterfield

In real estate, the barrier to entry is low. Newly licensed agents are released into the world with the state's blessing to sell real estate, but many of them lack practical, important knowledge about building up a successful real estate business, such as how to select what brokerage to affiliate with or how to generate leads. On paper, they are qualified. But real estate is a sink-or-swim business, and those lacking the core skills needed to compete will sink.

There are many ways agents can address the education gap. Some may find mentors. Others might latch onto an existing team and “learn on the job” while benefiting from a safety net. Agents might go the online learning route, or may elect to invest in the services of a real estate coach. Each option has its own merits. However, agents first must acknowledge what they do not know – and decide the best way to learn it.

WHAT AGENTS REALLY LEARN WHEN THEY GET THEIR LICENSE

Real estate licensing requirements vary from state to state, as each sets its own standards for regulating the industry. The Illinois Department of Financial and Professional Regulation requires prospective agents to take 90 hours total of pre-license coursework. Fifteen of those hours have to be “interactive,” meaning they must take place in a classroom or at a webinar, according to the April 2016 edition of the Illinois Real Estate Examination Program Candidate Handbook. A total of 75 hours must consist of a Broker Pre-License Topics course. The aforementioned 15 hours of interactive coursework are fulfilled through a Broker Pre-License Applied Real Estate Principles course.

“Most people get that done in two to four weeks, depending on the school and their ability to work it into their schedule,” says Larry Toban, president of the popular licensing school The Real Estate Institute. “In those terms, it’s not something that takes an inordinate amount of time, nor is it something that can’t be achieved by most people.”

Each course wraps up with a proctored exam. Students who do not pass one of the proctored course exams on the first attempt can take it again up to three times, but must pass it within 30 days of the first attempt. Otherwise, they are forced to re-take the class. All of that studying and exam-taking leads up to the state licensure exam, which consists of a standardized test administered by Applied Measurement Professionals.

In Illinois, the required coursework focuses heavily on the legal and ethical aspects of the industry. License law, real property, financing,

contracts, and state and federal law are key components of the pre-licensing program. The bulk of the material is designed to keep agents on the right side of the law, rather than teach them about running a real estate business.

In other words, licensing is about consumer protections, with prospective agents learning about liens, title transfers, appraisals, and fair housing – not about how agents can find and utilize leads, represent buyers or sellers, or build their businesses.

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LYNN MADISON

MAINSTREET ORGANIZATION OF REALTORS

PREPARING FOR A REAL ESTATE CAREER

After an agent secures their license, they must take an additional 30 hours of post-licensure training before their first renewal, two years from when they were licensed. The post-licensure course is intended to reinforce the material learned earlier and to provide insight and awareness into how real estate laws might be applied in various situations. Working with buyers and sellers, foreclosures, advertising regulations,

agent safety, and required disclosures are all part of this training. An additional six hours of continuing education is required during each subsequent two-year renewal period.

“Nothing that they learn in pre-licensing actually prepares them for the real estate business,” says Lynn Madison, president of the Mainstreet Organization of Realtors. “They come out of pre-licensing — some of them — with the idea that they are ready, when in fact they are not.”

Madison argues that even though the licensing laws in Illinois place responsibility for training agents on the shoulders of managing brokers, many are not adequately fulfilling that responsibility. Managing brokers themselves may be ill-prepared to give new licensees the training necessary to succeed.

“The burden then falls onto continuing education or the post-licensing 30-hour course that the agents all have to take in Illinois,” Madison says. “The problem is they only have to take that in their first renewal period.”

Madison recommends agents take the 30-hour course early in their first renewal period. That way, they can use the information provided to get their business up and running properly.

The pre-licensing training does provide useful information on running a brokerage in compliance with state law. Unfortunately, the public image of real estate agents has taken some hits over the years. There is not much trust in a profession whose practitioners are responsible for handling the single-largest financial transactions that most people experience. Gallup’s “Honesty/Ethics in Professions” list, released in Dec. 2015, found that only 20 percent of those surveyed rated the ethical standards of real estate agents as “very high/high,” slotting them just below lawyers (21 percent) and above only eight other professions — labor union leaders, business executives, stockbrokers, advertising practitioners, car salespeople, telemarketers, members of Congress, and lobbyists.

Toban believes that though current education requirements do a good job of teaching agents how to avoid making the kind of legal and ethical mistakes that can get them into trouble, they still leave agents with significant knowledge gaps.

“One of the biggest problems is employee agreements with missing provisions or other incomplete areas,” Toban says. “Beyond that, there are other types of record-keeping issues, from failures to sign agreements entirely, to failures in properly managing the movement of money, to getting written consent from customers when necessary.”

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DO MORE DESIGNATIONS = MORE INCOME?

By Doug Pitorak

Boosting credibility with designations and certifications can certainly impress clients. But how much do those designations, which require investments of agents’ time and money, really impact their business? Do more designations translate into more income? We took a survey of Chicagoland agents to find out, and judging by the data, that answer will depend on how agents use them.

When asked how much designations impacted their income, the most common answer was “not at all,” which 53.3 percent of respondents selected. Of those who do believe designations have increased their income, the largest share — 11.8 percent — said the impact was \$25,000 or more; that was the largest dollar range respondents could choose. The fact that agents either see no effect or a significant dollar impact suggests that agents who know how to use designations to their benefit see their business prosper as a result. The remaining responses were distributed nearly evenly across five other ranges, which is illustrated below.

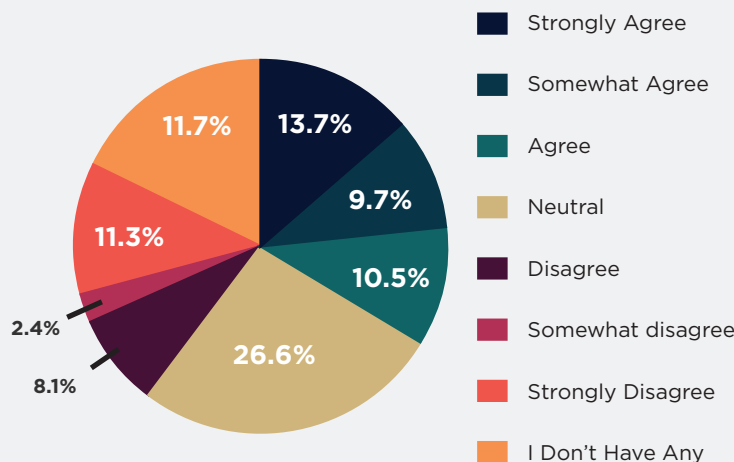
Other data from our survey further indicates that individual perspective matters when exploring the usefulness of designations. For example, 27.5 percent of respondents said they were “neutral” on the statement that designations have positively impacted their career. Fourteen percent strongly agreed, while 10.83 percent strongly disagreed. The fact that many agents felt neutral is not surprising, considering that 29.27 percent of respondents said they had no designations.

That data does not close the book, though.

According to the NAR 2016 Member Profile, only 4 percent of all Realtors did not pay for professional development in 2015. In 2014, that number was 15 percent. Realtors are also spending more on education — the median professional development expense for all Realtors in 2015 was \$900, a 29 percent increase from the \$700 median expense a year earlier.

So while opinions on the value of designations vary from agent to agent, it seems that the acquisition of such honors is trending upward.

HAS YOUR DESIGNATION POSITIVELY IMPACTED YOUR CAREER?



When asked to select the designations they held from a list of 23 options, the five most common designations were:

ABR
27% of respondents

CRS
25% of respondents

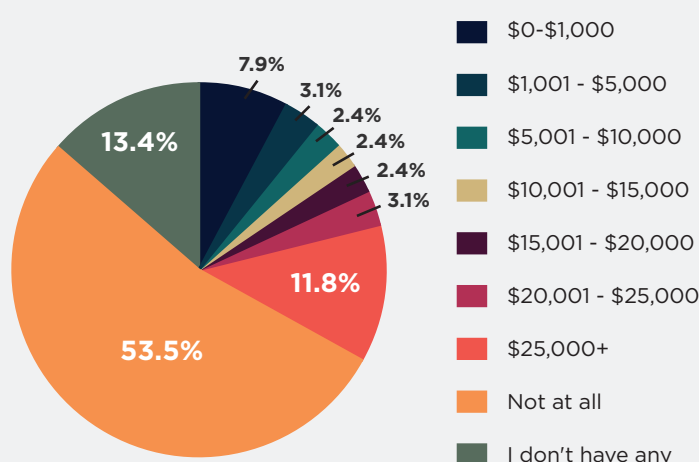
GRI
28% of respondents

e-PRO
25% of respondents

SFR
20% of respondents

Twenty-nine percent of respondents indicated that they held none of the listed designations.

BY HOW MUCH HAVE YOUR DESIGNATIONS IMPACTED YOUR INCOME?



When asked which designations they felt were most valuable, GRI and CRS were by far the most popular answers.

40%
of respondents said **GRI** was the most valuable

26%
of respondents said **CRS** was the most valuable

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From Madison's perspective, lead generation and following a transaction through to completion are two of the many areas where newer agents need additional training.

"You can't just sell a house and walk away," Madison says. "You have to make sure it gets to the closing table."

DESIGNATIONS AND TRUST

One way that many agents elect to increase their knowledge and prove their legitimacy is by obtaining certifications. The list of acronyms trailing an agent's name are designed to demonstrate their dedication to rounding out a practice and learning as much as possible about the profession. The National Association of Realtors and its affiliates currently offer 25 designations, ranging from "Accredited Buyer's Specialist" to "Resort & Second-Home Property Specialist."

"REAL ESTATE IS A SALES AND MARKETING BUSINESS. THEREFORE, WHAT YOU SAY MATTERS. MASTERING SALES SKILLS AND MARKETING TECHNIQUES IS CRUCIAL."

DEBBIE HOLLOWAY

TOM FERRY - YOUR COACH

"Every profession requires training and learning to be better," says Anna Klarck, broker/owner of AK Homes in Vernon Hills. As of this writing, she possesses 14 designations. "Agents need to understand that they're really handling one of the largest investments in peoples' lives. Every agent should understand every part of these transactions, not just how to write a contract."

THREE "BAD AGENT" ARCHETYPES AND HOW TO DEAL WITH THEM

By Pam Niequist Wehbi

Over the course of their real estate career, agents will work with many real estate professionals. Some will know what they are doing...and others may not. Encountering low-quality agents is a frustrating experience, but one that any agent can learn from. We asked two local agents how they've dealt with other agents' screw-ups, and what advice they have for other agents in similar situations.

WELL-INTENTIONED ROOKIES

As discussed in the cover story, many new agents just do not have the knowledge or experience to handle transactions smoothly. Amy Kite, an agent with Keller Williams Infinity in Chicago, has encountered that type of agent more than once during the short sale process.

"If the agent does not understand, then we have to believe the buyer does not understand either," she says.

When dealing with an uninformed agent, Kite jumps in to walk them through every step of the process. Kite has even created videos – available to the general public – on various real estate topics. They have come in handy for educating other agents (and consumers) when she encounters knowledge gaps.

THE IRRESPONSIBLE AGENT

Consistent missteps add up to damaged business relationships and subpar service. Mark Koehler, a Realtor with d'Aprile properties in Hinsdale, has seen plenty of agent gaffes, including basic scheduling failures. "I've had four occasions in one week where buyers' agents show up to access one of my listings and show it to potential buyers, but they do not have a confirmed appointment," he says.

More often than not, this happens when an agent or an assistant incorrectly notes the date or time for appointments.

"When this happens, the best offense is a strong defense," Koehler says. In his case, that means always verbally confirming showings and – whenever possible – confirming them in writing, as well.

MISMATCHED PRIORITIES

A real estate agent's duty is to support clients' best interests, but some agents lose sight of that fact. Kite remembers a time when an inspection issue arose with a client's property. "It was not in the best interest of my client to continue with the purchase," she says. But, she recalls, the seller's agent screamed at her to make the sale work, as that agent "needed it to pay her mortgage."

Kite reminded her that an agent's obligation is "to protect the client first and foremost," adding that her reputation was on the line – both with the general public and among other agents in the industry.

Klarck contends that regardless of whether they are on the buyer or seller side, agents must be aware of how to move the transaction from beginning to end.

NAR markets its designations as a means for agents to increase their skills and proficiencies in specific areas. Acquiring certifications usually requires a combination of course work and professional accomplishment; many designations cannot be earned by simply sitting through a class. Agents must go out into the field and facilitate transactions with varying degrees of difficulty. The Counselor of Real Estate designation, for example, is extended by invitation only and is carried by only 1,100 professionals worldwide. It

is given to agents who have demonstrated their ability to provide objective, expert advice on land-related and real property matters. Meanwhile, the Certified Residential Specialist designation requires a Realtor to complete advanced training and demonstrate "outstanding professional achievement." Designations may not be what clients look for outright, but once the client learns what they mean and the work involved in obtaining them, it can give them more confidence in the agent.

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“It makes you stand out from your competition,” Klarck says. “It indicates a broad knowledge of the profession, compared to other agents your prospective clients might be interviewing.”

TAKING IT ONLINE

Advances in technology have made it easier for agents to learn practical skills online. “There is now more training available to more people than there ever were with traditional options alone,” Toban says. “That brings convenience and flexibility onto the market that was not there before.”

Online education can offer agents flexibility and control, two things many real estate professionals prize, given how hectic their workdays can be. Agents might take courses specifically designed to help them succeed in real estate, or they might seek out more informal tutorials that give them insight into aspects of the business where they need improvement, such as giving a presentation. AgentEDU (an Agent Publishing company), for instance, offers agents “practical skills for real world situations” in an online, affordable video format. The subscription-based online video courses cover subjects such as core skills, converting leads, negotiation, and handling multiple offers, among others. The courses are designed to teach agents best practices in day-to-day situations.

COACHING FOR SUCCESS

Taking online courses or pursuing designations might be enough for some agents. But many elect to employ a professional real estate coach. The cost of such a service can be prohibitive for a newly licensed agent who is just starting out. But for those who can afford a real estate coach, a common benefit (in addition to experience and personalized feedback) is being held accountable. That is a boon for agents who struggle to self-motivate or are not used to working for themselves.

“What we find is most training programs focus on compliance and legalities, which is important,” says Debbie Holloway, a national speaker and real estate coach with Tom Ferry. “Yet, real estate is a sales and marketing business. Therefore, what you say matters. Mastering sales skills and marketing techniques is crucial.”

Coaching is available for agents at all

levels, though the personal attention can be costly. Tom Ferry coaches identify five stages of professional development for which agents may need help: startup, growth, “cash cow,” “fading winner,” and restructuring agent. The approach is customized to fit each agent’s needs, and it is aimed at accelerating growth.

“Some programs focus on one way of generating business, whether it is by referral only or cold calling,” Holloway says. “At our company, we believe there’s no wrong way to generate business. We train based on what works best for the individual member, so we can help them reach their goals faster.”

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Regardless of the course an agent chooses to follow, he or she should always be looking for ways to continue their real estate education and grow professionally, Toban believes. The continuing education requirement can be a chore from which the agent shies away, or it can be seen as an opportunity to improve.

“Be open to the new learning methods,” Toban says. “Consider investing in and actually paying for education that’s worth something to you. Seek it out and don’t just wait for it to show up at your office as a free presentation or something that someone gives you. If it’s valuable, go get it.”

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