

Hiring the Right Clients



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By Steve Lewis

Working with the "right" clients is good business, say SIORs

While any real estate professional is appreciative of new business, especially in this economic climate, that doesn't mean you should represent anyone that comes in your door. Choosing the "right" client, SIORs insist, is the best approach in the long run.

"In our firm, we keep good company," says **Paul Land, SIOR**, principal and owner of Plaza Commercial Realty in Columbia, MO. "By that I mean we associate with honest businesspeople who contribute to the advancement of our community. I think we gain assignments not because we are pounding the streets asking for orders – although we do that – but rather because our customers, clients, and peer referral groups recognize our commitment to the community first."

"Individual real estate firms have their own cultures and core competencies," adds **Lew Manglos, SIOR, CCIM, MBA**, with Colliers International in Boise, ID. "Although most full-service real estate firms have enough flexibility to accommodate a wide range of clients, there are cases of genuine incompatibility."

"A client is a long-term relationship," notes **Howard Greenberg, SIOR**, president of Howard Properties, Ltd., in White Plains, NY. "In no particular order you need to see a personality fit, remuneration that matches the assignment, and you always hope there's more business at the end than just the 'one-off.'"



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“It’s purely subjective,” says **Greg Gunn, SIOR**, senior vice president with Coldwell Banker Commercial in Salt Lake City, UT, “but no matter how good or experienced you may be, if you don’t hit it off with them and everything does not feel comfortable by the end of the visit, it probably won’t work in the long run.”

Choosing the “wrong” client, SIORs agree, can have a number of adverse effects. “Signing a ‘wrong’ company can create a waste of time and unsatisfactory results,” asserts **Larry Null, SIOR**, senior vice president, Lee & Associates, in Riverside County, CA.

Greenberg agrees. “It makes my life a lot harder if I’m working with the wrong client,” he says.

“When the wrong company is hired, there is a good chance that neither party’s expectations will be met,” adds Manglos.

“If you do not have a personality match with your prospective client or customer from the beginning it usually doesn’t get any better when money gets involved,” notes Land.



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Howard Greenberg, SIOR



Greg Gunn, SIOR



Paul Land, SIOR



Lew Manglos, SIOR, CCIM, MBA



Larry Null, SIOR

Avoiding a Bad Situation

SIORs employ a number of different strategies to avoid signing “wrong clients.”

For Greenberg, it begins with his gut feeling. “I place a lot of trust on my gut in the first meeting,” he shares. “I only work on exclusive representation of tenants and buyers, which entails a written agreement. If I can’t convince that client to sign an agreement then I have nothing, and I may not be working with them.”

Greenberg admits that he has spent as much as six months convincing a prospect to sign, “But if I get the feeling in an initial meeting that he wants to do things his own way that’s a problem. Some clients think they’re smarter than the broker.”

“My ‘sweet spot’ is 10,000 square feet to 200,000 square feet, industrial, Inland Empire, and someone that buys into the ‘teamwork’ approach to locating and securing a new facility,” says Null. “If it doesn’t meet the criteria, refer it!”

“More often than not, you are not representing the wrong company, but you are representing the wrong person within that company,” says Gunn. “Although every company has its own culture, every person within that company is different and they bring their own set of values, experiences and ethics to the table.”

Given that caveat, he adds that “I pick companies who I think I can relate to and they can relate to me. They likely will be companies who are in an industry I have done business with before or who is in an industry than I can easily segue into. Obviously, my first choice is to pick companies where I know someone in a key position or is in a position of influence or I know a person who can introduce me into that company at a high level.”

What Gunn does first, he shares, is find out what’s important to the prospect and what objectives they would like to accomplish. “When I do that, it does a couple of things,” he explains. “Right off,

it lets them know that I value them as a client and believe what they say is important; that tends to relax them and make them more open. After that, I like to let them guide the conversation. I will have an agenda of what I want to accomplish and what I want to know by the time I leave, but I’m flexible and let them lead out on their priorities of discussion, but at the same time, make it a point to check off on everything I wanted to cover.”

“After that, I tell them about the things that are unique to me and make me different than my competitors, and the things that my company can do that make them special, or at the very least are competitive with the other companies I will be competing with,” he continues. “I then basically ask them if they have any questions or concerns and resolve them and then ask for their business.”

Manglos says experience has helped him do a better job of assessing prospects. “First and foremost, I have learned to ask better questions of prospective clients,” he says. “By asking the right questions, I can determine with a pretty high level of accuracy whether or not a client relationship will be mutually beneficial.”

Before committing, he asks a number of those questions. “If possible, I set a face-to-face meeting before formally taking on a client,” says Manglos. “Even if I am sure that I will take the client from our initial phone conversation or e-mail correspondence, meeting face-to-face early on generally yields a better understanding of the client’s needs and leads to a higher trust relationship.”

In addition, he says, his clients generally meet three criteria:

- “Their needs are within my areas of expertise (office, flex, or investment property brokerage in the Boise, Idaho MSA);”
- “I believe that their requirements can be satisfied and that their expectations are (or can be adjusted to become) realistic;” and,

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- “The projected rewards (direct and/or indirect) for successfully completing the assignment will justify the time I expect to spend.”

Letting Them Down Gently

Of course a prospect might be shocked, or even insulted, if they're told the broker doesn't "want" them. This can be a delicate situation, as residual hard feelings could be bad for business somewhere down the road. How do SIORs handle this challenge?

“When I make this decision, my response to them is, ‘I don't think I can service your requirements properly, and I think you'd be better served by a different type of broker than you would by me,’” says Greenberg, who concedes, “It's a little easier for me because I'm a one-man shop.”

“If their expectations are different than ours, then we will politely suggest that they may consider gaining other opinions,” says Land. “If the project is in our core area we usually do not recommend a specific broker, but simply suggest they seek more input. If it is in our ‘non-core’ area then we mention someone else specifically.”

“I will explain to them in a direct manner why I believe my services would not be the best fit,” says Manglos. “Also, if possible, I will recommend one or more professionals who I believe could better serve them.”


“Once I've gone through the process I have outlined, and if I determine it is not a fit, I just thank them for the visit and I don't ask them for the business and I don't follow up,” says Gunn. “Generally, I'm competing against another agent and my lack of interest will become apparent and hence I don't need to offend them and tell them it doesn't work -- they simply will select another agent to work with and we're both happier as an outcome.”

Paying the Price

Real estate professionals who ignore the warning signs and move ahead with a “wrong client” will usually pay a price for that decision, SIORs note.

“On a few occasions, I have chosen to work with a customer who will not give me exclusive representation,” says Gunn. “I sometimes feel that I can win them over through the representation process and in the end, they will allow me to exclusively represent them. In the majority of cases when I've done that, I don't win them over and they eventually do something without me and I get left holding the bag.”

Despite such warning signs, Gunn says “I've learned that one of the hardest things for a broker to do is to say no, even if his or her gut tells them otherwise. By nature, we're risk takers or we wouldn't be in this business.” However, he warns, “when your gut tells you no, don't do it. My experience tells me to say no and walk away and don't look back.”

Null agrees. “If I can't see the realistic expectation of a commission check and/or a mutually beneficial relationship that could someday turn into a commission check, then I devote my time to something/someone else,” he asserts. 



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