

## How to market to Realtors without compromising your own business ethics

It's been said often by home inspectors that there's a significant conflict of interest with Realtors referring home inspectors and with home inspectors marketing to Realtors. While that can be true, it doesn't have to be. After all, such conflicts of interest can exist in virtually any industry, such as the mortgage industry where we're currently seeing that many appraisers were being paid by the big banks and mortgage companies to alter their appraisals or to "come up with the right number" in order to make the property appraise for the amount of the loan.

Anyone anywhere can take the unethical, and sometimes illegal, low road. We've seen it in the recent past with Enron, Worldcom, Peregrine, and many others, and we'll no doubt see it in the future. The recent past is not where it got started, though. We saw it in the 1800s with the railroads and the interesting, yet legal, ways that Jay Gould, James Hill, Leland Stanford, Edward Henry Harriman, and Cornelius Vanderbilt made their money. I suspect that was not the start of it, either. Interesting ways to get ahead have probably been part and parcel of humanity ever since humanity came to be.

The following is what has worked for me for several decades, including as a home inspector, and I offer it here simply as a business model for home inspectors just getting started. By no means is it the only business model, just the one that got me 493 inspections in my first year of business in 2001-2002 and led to many more successful years after that.

1. Determine what one's ethics are, and be honest about it. Of course, who would admit that they are not the most ethical of people? Since I don't steal, rape, pillage—those kinds of things—my ethics come down to several somewhat minor things. Don't worry if how I define my ethics is not the same as how you define your ethics. Rather, my purpose is to get you to sit down and really look at your ethics.

I look first at how I treat other people, even those with whom I strongly disagree. Take name-calling, for instance. Sure, I've succumbed to name-calling occasionally, but it's very rare. I learned from [my wise old grandmother](#) that those who resort to name-calling either don't know how to think something through, don't know how to use standard English to communicate their thoughts, or are basically admitting that they have lost the debate.

Let's also look at those little white lies that we all seem to tell. What's their purpose? To avoid hurting someone's feelings, or to get out of doing something? What kind of little white lies are they? To whom does one tell them? Another way to look at ethics might be to ask someone who knows you what your most significant faults are because that can sometimes indicate how strong your ethics are. I personally don't consider someone who is always late to be ethical because they show a total lack of regard for others' time.

Next, sit down and try to determine what problems you are likely to run up against and how you will deal with them. Car broke down. Heavy traffic. Flashlight batteries are dead. Client canceled 15 minutes before the inspection. Realtor asked you to modify your report or to try not to kill the deal. Once you've done that, devise two methods for dealing with them, your preferred method and a secondary method. For example, if I'm more than 15 minutes late to an inspection (has happened three times in seven years), I provide my Clients with a 50% discount to recognize the fact that their time also is valuable. For one time that I really messed up and didn't even write the inspection appointment time down in my schedule book, and got there two hours late after the Realtor called me, I charged my Clients one dollar and gave the Realtor a \$50 gift certificate to Borders Books and Music. I had already thought about that scenario, though, so I already had a \$50 gift certificate ready to go. Did it pay off? Yes. I've had two other inspections from that Client and the Realtor uses me regularly.

2. Devise a corporate business plan, which will include a marketing plan. As [my wise old grandmother](#) said, "Those who fail to plan, plan to fail." When one looks at the number of businesses that get started without a viable business and market plan, and compares those same businesses to the ones that failed within five years, they are vastly similar. I do not find that surprising. Once you have viable plans, you can work them, and as long as you do that persistently and consistently, deviating only when new information comes along, then you're on your way.

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3. To me, this is significant: Don't start a business if one can't capitalize it properly. I've never started a business unless I had a savings account with enough money in it to pay for a minimum of six months of projected expenses that showed up in that corporate business plan. That's the whole purpose of a business plan, to plan!
4. Determine your inspection protocols. This is where ethics can really start to intrude. If one's Clients are not at the inspection, will one do as good a job as if they were there? If one has an inspection for some Clients with lots of questions, and one's son has his first Little League game tonight, will one "shorten" the inspection in order to make it to the Little League game, perhaps only testing every other outlet in each room instead of every outlet? Write your inspection protocols down, practice them several times on your house and the houses of your family and friends, and then don't deviate from them. If you have family, you'll have to make a special effort to write down time with them and their activities in your schedule book; there's nothing wrong with that. Plan, plan, plan!
5. Determine what your reporting protocols are. Probably the best thing to do is to use some home inspection software since most of it has been put together by companies using actual examples from professional home inspectors with some modification by their corporate attorneys. Obviously, though, home inspection software is developed so that it can be sold to a very broad audience, that is, to home inspectors in all fifty states, Canada, and other countries, as well. So one will have to—not "might have to," but "will have to"—spend some time modifying the language that comes with the software to reflect requirements in your city, county, or state, as well as your own writing style.
6. The other nice thing about professional home inspection software is that one's attorneys and insurance providers can look at it and give it a yea or nay for one's service area. That is very important down the road when it comes to dealing with requests to alter one's ethics. For example, in order not to be confrontational, many business schools teach the "third party" approach. Indeed, that's what Realtors use; in fact, it is the very essence of a Realtor in that they can't do anything by themselves without checking with someone else, that third party, which in real estate is usually a Seller or Buyer.

One of the reasons why I decided to start off as a franchise was because they had their own home inspection software; they also had corporate attorneys who sat around all day and tracked legislation and court cases in all fifty states and would then advise me about how to meet the new legislation or case law before the great majority of home inspectors knew what happened. I've always enjoyed being a leader, being ahead of the pack, being at the forefront of my industry.

As a further example, if a Realtor (or anyone) asks you to modify your report, a very simple answer can be, "I appreciate the feedback, but my attorneys and insurance providers have already approved the language in my report. Altering it could mean that I don't have insurance and could leave me and my company open to lawsuits or other civil or criminal liability." That's a short paragraph that every Realtor in the world would understand since they also are in a very litigious industry. Of course, will that be a little white lie, or the truth? Have your attorneys and insurance providers looked over some sample reports of yours? Make sure they do, and even if they don't look over them but tell you a little white lie of their own stating that they did, the fact that you conveyed copies to them is in your favor if something goes amiss down the road.

After starting my business with great input from my attorneys and insurance advisors, I took off. However, when new facts came along that caused me to alter a paragraph in my report, or a paragraph in my inspection agreement, I always contacted my attorneys and insurance providers for input, and then sent them a copy of the final text. Such a tactic has paid off in terms of my E&O insurance, which went down \$400 a year for my second year, and then stayed constant for years 3, 4, 5, and 6. As a single-person company now rather than a multi-inspector franchise, my premium is much lower than what others are paying based solely on what they are telling me at meetings.

7. Practice inspecting and writing reports several times before you actually do one for a Client. It doesn't matter how many you do, though, that very first one for a paying Client will still be somewhat intimidating. As long as you have developed your inspecting and reporting protocols, and follow them persistently and consistently, you shouldn't have any major problems.
8. Now you're ready to start marketing to Realtors. Why Realtors, though? The answer is a significant factor why I got into the home inspection business. The home inspection industry is the only industry that I've ever been in where there is a very well-defined audience of people who need my services on a regular basis. That audience is Realtors. The National Association of Realtors claims about 1.2 million members (February 2008). There are about 24,000 in San Diego County. As with any group of people, there will be some who don't like you for whatever reason: you drive a Toyota instead of an American car; your car has a college sticker on it from their arch-rival; you're too tall, too short, too fat, too skinny, too black, too white, whatever. As [my wise old grandmother](#) said, "If someone dislikes you for such superficial reasons, they probably are people that you don't want to do business with." So far, she's been right.

9. Once you've started marketing to Realtors, you'll probably have some immediate success, depending on how many Realtors you approached. If you want to get a very fast start, make contact with every Realtor immediately. In my case, that would have been 24,000, and if I sent each of them an envelope with a brochure, price list, gift certificate, and business card in it, that would have been about \$18,000 (75¢ per envelope); see #2 and #3 above. Although I didn't succeed in doing it in 30 days, I did reach everyone before I opened my doors for business, and on my first day of business, I had two four-unit apartment complexes to inspect, and I did 15 inspections in my first 16 days of business.

The reason why you want to contact everyone as soon as possible is because in many cases you'll simply get lucky. For example, here are 26 reasons why a Realtor will use you after just one contact:

- a. Realtor A calls you because his home inspector is booked for the next four days.
- b. Realtor B calls you because his home inspector is on vacation.
- c. Realtor C calls you because his home inspector fell off the roof and is out of action for the foreseeable future.
- d. Realtor D calls you because his home inspector just retired.
- e. Realtor E calls you because his home inspector moved to a different state.
- f. Realtor F calls you because he is a new Realtor and needs a home inspector, and your mail was the first to arrive. First to market can win significant market share.
- g. Realtor G calls you because his home inspector doesn't answer the phone before 9:00 a.m. or after 6:00 p.m. and he needs to schedule it now before he leaves on his vacation.
- h. Realtor H calls you because his home inspector doesn't work on weekends, and the buyers are flying in for the weekend and need the home inspection while they are in town.
- i. Realtor I calls you because his home inspector doesn't travel out to BFE, especially with the cost of gas being what it is.
- j. Realtor J calls you because his home inspector was rude to the Clients when he found out that it was a gay male couple (the names the Realtor gave the home inspector were Bobby and Chris Jones).
- k. Realtor K calls you because his home inspector was late for the third consecutive time—three strikes and you're out!
- l. Realtor L calls you because his home inspector upset the plumber who was working for the Client by telling the plumber that he doesn't talk to anyone about the home inspection except the Client, and since the Client is now on a 30-day cruise to Rio de Janeiro, that home inspector caused a significant and unnecessary delay.
- m. Realtor M calls you because his home inspector is currently involved in a significant lawsuit with another Realtor in the same office, so no one is using that home inspector anymore. And it's not even the home inspector's fault, but he's not being cooperative in helping everyone work through the various complaints.
- n. Realtor N calls you because his home inspector is out of business.
- o. Realtor O calls you because, although he has had no problems with his home inspector, he hasn't heard from his home inspector at all this year even though he knows the inspector is still in business. So he's willing to give you a try.
- p. Realtor P calls you because he liked the fact that your envelope was hand-addressed.
- q. Realtor Q calls you because he liked the fact that you used a real postage stamp. He collects stamps, which you knew because you made a note of his hobbies after having visited his web site.
- r. Realtor R calls you because you advertised in The Jewish Times.
- s. Realtor S calls you because you were the lowest-priced inspector, even though it was only by \$5.
- t. Realtor T calls you because you offer a variety of choices to meet the different needs of different people who are buying, selling, investing in, or renting real estate.
- u. Realtor U calls you because you also inspect pools and spas, and one-stop shopping for the home inspection and the pool/spa inspection will be convenient (i.e., save time).
- v. Realtor V calls you because you've got the exact same name as him: Bob Jones, Professional Home Inspector and Bob Jones, Realtor.
- w. Realtor W calls you because you offer several other services, such as radon, air quality, well testing, septic system testing, and pest control. One-stop shopping convenience again!
- x. Realtor X calls you because he liked the sample copy of the report you sent him.
- y. Realtor Y calls you because you provide a special "Professional to Professional" discount for Realtors buying properties for themselves, and while he's not buying yet—he's calling you to schedule an inspection for his Client—you got his attention with your professionalism in working with other professionals.
- z. Realtor Z calls you because you included a \$20 gift certificate, and since he and his wife sit down each Sunday to clip coupons out of the paper, he really likes your gift certificate.

I can virtually guarantee you that if you sent out 24,000 envelopes, you would have at least 26 inspections within 14 days, possibly one from each scenario above, and possibly several more in some of the more common categories, such as the inspector being out of business. So it cost you \$18,000 to get 26 inspections, meaning that you lost money, right? Wrong! That \$18,000 is simply your initial investment. Your return on your investment will grow over time as you get more business (1) by persistently and consistently maintaining contact with those who have used you (see letter "o" above), and (2) by persistently and consistently contacting the other Realtors, although now you don't have to do it all at one time since they have heard from you. Eventually, you'll find that your \$18,000 initial investment has a return on investment that makes you a six-figure annual salary each year, as long as you don't get complacent or egocentric, or sit on your laurels. Persistency and consistency.

When I first started, I sent out 500 envelopes a day, six days a week. As business boomed, I cut down to 100 envelopes a day, six days a week, and then to 25 envelopes a day, six days a week, ultimately moving to an email system where I actually can contact all 24,000 Realtors each month. Persistency and consistency are the keys.

10. Now what happens if one of those Realtors asks you to compromise your ethics and change something in your report? Simply decline using the answer in #6 above. Keep the Realtor on your contact list if you wish. I've found it useful to keep those types of Realtors on my contact list and then make a decision on a case by case basis as to whether I wanted to do an inspection for them. Usually those types of Realtors call me when (1) they are buying a home for themselves, (2) a family member is buying a home, or (3) their Client is an attorney, doctor, veterinarian, or some other professional who understands the legalities involved in buying and selling real estate. In all three cases, I'll tack on a minimum \$100 extra just because I suspect it's going to be somewhat aggravating working with that Realtor again; my "aggravation surcharge" I call it.

If you choose to delete the Realtor from your contact list, simply make sure that for every Realtor you delete, you contact 100 new Realtors. In fact, they don't even have to be new to your contact list; simply contact any 100 and I can virtually guarantee you that you'll get at least one inspection to replace that Realtor that you deleted. That's the main way that you can ensure yourself of not compromising your ethics, so I'll repeat it: If you lose a Realtor for any reason, simply sit down and do whatever marketing is working for you to immediately contact 100 other Realtors. At least one of them will reward you for your contact.

I'll leave the actual marketing and advertising methods to you since different things work differently in different areas of the country. For example, excepting my first year when I tried everything I could think of, all my marketing has been direct mail or email marketing. I've never done a presentation in an office, never taken donuts to an office, never taken any other trinkets (pens, notepads, etc.) to an office, never sponsored a golf tournament, never sponsored a seminar, never provided kickbacks, etc. I have on occasion sent a Realtor a \$20 gift certificate to Borders Books and Music, but it usually is for catching a typo or an inactive link in my report. I reward people for helping me be better. For the record, I did try television, radio, yellow pages, and click-through Internet advertising. None of that worked for me, but I know that it has worked for other inspectors elsewhere.

Additionally, if you need some marketing tips, tricks, ideas, and suggestions, join my free marketing forum at <http://www.gogetforum.com/?forum=marketing>. You'll have to register, but, again, it is free. If you have any questions about anything else, simply [contact me](#).