

# Maintaining Your Success in a Down Market



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By R. Craig Coppola, CCIM, CRE, SIOR

It is no secret that the success of a business person or athlete is best measured by how they deal with adversity. Tennis legend Billie Jean King put it this way “Pressure is a privilege, champions adjust.” The next 24+ months will certainly bring stressful times to commercial real estate brokers, but it is important to remember that we are in a great business and we can still be successful. Veteran brokers and future rainmakers will adapt to the changing business climate and determine how to offer value to their clients *and* make money. The following tips have helped me survive two major downturn cycles and will see me through the current one.

## Keep the Small Deals Going

Besides the fact that one of my biggest commission checks ever came about because I helped a three-person firm lease space—

they grew to 130,000 square feet—I am a steadfast believer that regardless of your tenure in the business or market conditions, you should always run with small deals. “If there is a God in small business, its name is cash flow.” (Dan Sullivan) Servicing small users can often require more time and effort than servicing a large deal because of the personal involvement of the principal, but the cash flow can be a life saver. Cash flow helps sustain a broker’s business through tough times by providing not only income, but also momentum. And that small user may grow into a large user in the next up cycle. Although I work on many high profile transactions these days, I never forget the small users who helped build my career. Either I or someone on my team always helps them. If you don’t think you have enough time to work on small transactions, think again.

## Relationships Last Through Cycles

The work that you may have put into a relationship over the past several years could pay off in a down market. By giving a client valuable, free advice now, you may get rewarded in the future with more business. Regardless of market conditions, it is important to maintain relationships with clients. Even though you may not make money from a client in a down cycle, it is a great time to strengthen the relationship by spending time with clients and showing interest in their business. If you service them well when there is no money to be made, they will trust that you will take good care of them when there is a transaction. For example, I am now helping a client sublease excess space in a particularly weak submarket. This takes valuable time but when they expand in five years there is no doubt I will get their business. Whether it is a market update or simply a phone call, stay in front of your clients and show them that you care.

## Cold Call

Cold calling is a numbers game that works—especially in our business. Many top producing agents believe that they grow out of cold calling. Although established agents should never have to cold call as much as they did in the early years of their careers, they should maintain a healthy amount of selective cold calling until they leave the business—especially in down times. Cold calling keeps you in the market and helps win good business—if it is done right. All top brokers cold call, and they do it in all types of markets. In this market, while you have more time in between deals, it is a good time to organize your process and actively hunt for new business.

## Keep Your Mindset in Hunting Mode and Improve Your Sales Skills

When the market is on fire and business owners have no choice but to make decisions quickly,

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brokers can get selling confused with order taking. It is when the tide is going out that we find out who can really sell. Effectively communicating with and persuading clients become crucial skills in down markets as money, numerous options, and emotions can cloud clients' vision. Selling is a soft skill that must be practiced through seminars and conventions, and studied by reading great books on the topic. The level of refinement of this skill is what separates average producers from top producers. I recommend attending at least two sales seminars and reading one sales book each year—maybe more in this market.

## Landlord Representation

Now is a great time to examine the inventory of your existing product and its location. Class “A+” buildings will always lease because tenants want quality. The majority of tenants however, will target lower-end product to cut costs during this down cycle. A smart broker will understand what type of product will lease in which submarket. Having Class A mid-rise, low-rise, single story, and office flex between at least three different submarkets will help ensure that you get some of the limited leasing action in the market. For the product you do have, help your owners with active marketing of their buildings, consistent reporting (even if it is bad news), and most of all: be responsive. Send brochures, proposals, and leases out immediately, be on time for tours, and always take responsibility for ensuring a smooth transaction process.

## Tenant Representation

Just as landlord brokers must diversify their product types, so too must tenant representation brokers hedge against economic downturns by having a mixed industry client base. The natural tendency for more seasoned brokers is to become a specialist serving fewer, better clients. Becoming a specialist is important, but being qualified to help every type of tenant in your market is paramount. Be ready to

help your clients solve complex problems with creative solutions. Uncertain market conditions breed unrealistic expectations among landlords and tenants. Know the sublease market inside and out and take sublease assignments with gratitude.

In market downswings it is easy to panic and forget that real estate is a cyclical business—it will return. There may not be as much money to make but there is certainly good money to be made in a down market. The reality is that a slower market

provides valuable time to hone your unique abilities and improve your weaknesses. It is an opportunity to work on your business instead of in it, to continue learning and to ultimately grow from the experience. Remember that cash flow is king and appreciation needs to be shown for the business relationships you do have—even the small ones. Tough brokers last but tough times do not. “Pressure is a privilege and champions adjust.”

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