



The Power of People:

Exploring 'Why' CRM Software in Real Estate.

SOLD OUT

Ten ways CRM equips home builders and developers to sell homes and communities.

Executive Summary

You probably engage in Customer Relationship Management every day, and you do not even realize it. Every time you call a prospective homebuyer to remind him about an upcoming VIP event, an open house or send an e-mail blast to debut a new floor plan, you are utilizing CRM.

Simply put, Customer Relationship Management (CRM) is a business strategy to acquire and retain profitable customer relationships. In other words, it focuses on the power of people to affect and grow a business successfully. Customer Relationship Management is applicable across industries and is primarily a function of sales, marketing, and customer service.

For the real estate industry specifically, today more than ever, CRM can be a powerful tool for the sale of residential real estate, especially for developers and new home builders. Imagine each sales prospect at a new home community as a seed planted in a garden. Without proper tracking and nurturing, those seeds can only grow into plants based on external influences and decisions that have nothing to do with the sales process, and everything to do with circumstance.

The right CRM software strategy offers innumerable benefits, including:

- ✓ **Selling more homes, and selling projects and communities faster**
- ✓ **Building loyal relationships maximizing your company's sales potential**
- ✓ **Improving the allocation and use of your marketing investment**
- ✓ **Improving profits through focusing on the most qualified and promising leads**
- ✓ **Saving time and money by reducing administrative costs**
- ✓ **Improving decision-making and strategy for sales, for management and for executives**

Companies that employ Customer Relationship Management techniques become gardeners who can effectively nurture and grow each "seed" into a potential sale. Think of CRM software as infrastructure that equips people and process by which truly successful and profitable customer relationships can take place.

This white paper will explore ten specific ways in which CRM helps equips companies to sell homes:

1. Relationship Management
2. The Power of the Database
3. Lead Management
4. Strategic & Creative Marketing
5. Activity Management
6. Managing the Sales Team
7. Inventory Management
8. Contract Management
9. Customer Service
10. Business Intelligence

1. Relationship Management

Why does anyone buy a home?

Perhaps more importantly, in these challenging economic times, why does a buyer choose one home or community over the many others may have seen over the course of weeks, months, or even years?

Certainly all the typical details that might come to mind are a factor—location, amenities, design, pricing—but homes themselves are only brick and mortar, wood and stone. At the end of the day, there may be more intangible and ephemeral factors at work than you have ever considered.

In his white paper “Successful CRM: Turning Customer Loyalty into Profitability,” CRMguru.com founder Bob Thompson delves into the connection between CRM and the single most important intangible that can make or break a sale—the way a buyer “feels” about your company and your product.

Successful CRM is about competing in the relationship dimension—not as an alternative to having a competitive product or reasonable price—but as a differentiator. If your competitors are doing the same thing you are (as they generally are), product and price won’t give you a long-term, sustainable competitive advantage. But if you can get an edge based on how customers feel about your company (or development project), it’s a much stickier—sustainable—relationship over the long haul.

In CRMGuru’s research, only about 20 percent of the time do customers talk about the functionality of any product or service—or about the price. Although price has become much more top of mind in the past couple of years there does seem to be an implicit assumption that these are competitive but not differentiating factors. Instead, it becomes a matter of creating that positive “feeling,” and CRM software provides perhaps the most effective method to equip people to manage relationships and the processes that produce the best feeling in prospective homebuyers.

Each prospective buyer is an asset to a homebuilder and its sales team, one that is temporary, yet highly convertible to a sale. CRM software provides the technology infrastructure that equips a company to maximize that asset to its highest possible value. Each lead can be cultivated and tracked quantitatively over time, from interest list to purchase to occupancy and beyond.

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2. The Power of the Database

What do Marriott, American Express, and Disney all have in common?

They are all examples of major corporations and brands that have maximized CRM for their own marketing initiatives. At Marriott, CRM software helps employees share customer data across the country and around the world. By controlling both the merchant and the customer side of each transaction, American Express is able to leverage customer data in valuable ways. At Disney, CRM has been implemented in the most comprehensive and innovative customer relationship strategy ever, from stuffed Mickey Mouse dolls boasting infrared sensors to a software rollout that allows the concierge at your hotel to help you make restaurant decisions based on details given to a reservation specialist months before.

These are just a handful of the major multinational corporations utilizing CRM, and they have leveraged the power of their database in every facet of their business. A customer introduced to these brands has a great deal of potential—but a customer who has already bought into the brands in the past has an even greater likelihood of doing business with the company. Disney would certainly love a family to take their first trip to one of their theme parks, but it is likely they are even more excited by the potential for a lifetime of theme park trips, DVD purchases, and hotel stays.

The power of CRM hinges on that key pivot; each new home community's database maximizes marketing efforts by focusing on faster sell-outs and more qualified leads, instead of always driving toward new leads. Yet traditionally, the power of a robust database—and the power of the people within it—have been largely ignored by the real estate industry. Instead, sales offices have made the best of home-grown solutions, inevitably built in ungainly Excel spreadsheets or generic contact management software.

A real estate company employing CRM has the ability to access the full power of their database at any moment. Those Excel spreadsheets and contact lists can be absorbed with little effort into most CRM products, providing instant access to months and years worth of valuable customer data. Not only are potential buyers indexed within the database along with all their contact information, but further detail can be compiled, including buyer interests, home and amenities preferences, and even such ephemeral details as birthdays and number of children in the family.

The availability and easy access to this information is a powerful tool. Some of the world's largest business conglomerates have harnessed this power and it is long past time for the real estate industry to follow suit.

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3. Lead Management

What is the goal of residential real estate marketing?

That's a simple question with a simple answer. The goal of real estate marketing is to provide exposure to the product that will generate leads—that will bring potential buyers into sales centers.

Toward these goals, real estate developers invest top dollars to develop marketing strategies and collateral. There are the traditional expensive 'outbound methods' (print and TV/radio ads, a comfortable quality sales center; a slick and appealing brochure) and the internet oriented 'inbound methods' (project website and search engine marketing (SEO), blogs, podcasts and other social media).

The scary part is that all of that marketing is almost worthless without a realistic system for documenting and following up on each lead. The Yankee Group, a global technology and research consulting firm, estimates that up to 80 percent of sales leads either go stale, are lost, or are simply never followed up on.

CRM software provides an ideal mechanism for both managing and executing effective follow-up strategies. Leads enter the system through basic data entry; or in the case of those generated from a project website or sales kiosk by the prospect themselves, leads can be delivered electronically straight into the CRM system, with a thank you e-mail automatically generated to the registrant and an alert prompting the appropriate sales agent to follow up. Leads can be easily sorted to show only the leads that require a follow-up communication. Further refinement of the search can identify those leads that seem most likely to turn over into a potential sale—those who have visited the sales center most often, or those who have visited most recently. Then the information is right at hand for a phone call or a community themed e-mail sent through the CRM itself.

Beyond location and price why does one community sell out while a nearby project flounders for months or years? Often, with a little analysis, you will find it is the quality of lead management and sales discipline.

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4. Strategic & Creative Marketing

What is the most effective way to market to an existing sales lead?

Phone calls and direct mails are traditionally powerful, but they also require time and money – often a direct mail campaign will cost over a \$1 per piece. A well-crafted e-mail, however, requires far less time and costs fractions of a penny — an exceptional return on investment.

CRM provides the most effective avenue for maximizing a project’s e-mail marketing potential. Leading software allows for e-mails to be sent directly from the CRM product, each one personalized to the recipient and themed to the project’s marketing collateral and individual look and feel, an ideal method for building a relationship with a prospect and capitalizing on your company’s database of leads.

Additionally, CRM software allows a company to actually track the e-mails that are sent out, in ways that traditional mass e-mail methods may not. You will know which e-mails bounced back, which e-mails were opened, and what the click-thru rate was on your marketing campaign. This can be invaluable information when attempting to refine and perfect your e-mail marketing strategy.

When it comes to e-mail marketing, CRM software delivers the tools necessary to successfully analyze and implement the most successful campaigns possible. Yet whatever your marketing methods may be, CRM can support it with a level of results reporting simply unavailable through any other means. Each lead can be tagged with details on how they heard about the project—through a specific print ad, an e-mail blast, via word-of-mouth, or any other category you develop. A report can then be generated that will quantify the results from each marketing method by leads generated, contracts signed, and other factors. This provides a convenient and precise accounting for each marketing method, which can be an extraordinary benefit when strategizing about which media buys are most effective and which have generated no tangible results.

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5. Activity Management

How does your sales team do what it does?

This can be a sensitive question for some, as there can be almost a mystical aura surrounding the actual process of sales. Everyone would admit that building relationships helps, and that there are certain avenues that are most successful in building those relationships, but few would ever admit that sales can be boiled down to something as pedestrian as a “process.”

With CRM software, sales may not become an easily quantified, step-by-step process, but the stages of sales and relationship building can be closely tracked. When a new lead is generated, a sales agent can receive instant notification via their own personal “dashboard” or an e-mail to their handheld device. This can provide critical support to the follow-up and qualification process, an area that can make or break a project, especially in the early stages of sales and pre-sales. Each lead’s personal profile remains constantly updated by the sales team with information on every communication made and the results. This makes it easy to determine follow-up strategies, and automated alerts can even prompt sales associates on when those strategies and actions should be implemented—just like a reminder in Outlook, a notice from the CRM software can remind an associate to place a follow-up call or send a follow-up e-mail automatically.

Additionally, some CRM software has website and lead tracking capability built to gives sales the chance to gain critical insight into the actions and buying interests of leads and prospects visiting the project website . . . even before they make a phone call! Think about having this valuable information to begin the relationship -- What pages did they visit? What pages did they spend most time on? Where did they come from? And be alerted via email on every repeat visit.

This is just one area in which CRM can deliver extraordinary return on investment almost immediately through improved sales velocity and revenue.

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6. Managing the Sales Team

How do you track what your sales team has accomplished?

There are clear metrics that exist to follow each sales agent's record of success—signed contracts and collected deposits, for example. Beyond those signposts of completed sales, it can be more difficult to track a sales agent's progress through the stages of relationship building with each of their prospective homebuyer leads.

Through the data tracking capabilities of CRM software, it becomes easy to follow each sales agent's process with each of their sales leads. No one in a supervisory role wants to view themselves as a relentless taskmaster, yet it can be instructive to keep an eye on how sales agents are approaching their work. It becomes more than just ensuring each agent is staying busy and following up on leads. Is there one agent whose methods work better than the others, and whose strategies could be adapted to improve sales overall? Are there leads from a specific campaign that are qualifying more frequently than those from cold walk-in visits to the sales center?

Suddenly the data is more than just a tracking method for sales staff—it becomes another strategic tool provided by CRM. It allows you to customize your sales efforts and deploy your sales agents to maximize potential sales. It serves as a convenient coaching tool to determine which agents need help in refining their scripts or their approach, a benefit not only to the sales manager but to the agents themselves. It also provides a mechanism for management to reassign leads quickly during staff reassignment or changes, thereby maintaining sales momentum. CRM software can effectively pay for itself through improved closing ratios, identifying best practices and top achievers in sales that complement fundamental sales management tactics.

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7. Inventory Management

How do you manage your inventory?

Typically, this is a process that can involve any number of administrative staff and any number of Excel spreadsheets to go along with them. Technically, this may be “working” for your team. However, implementing a CRM can streamline this process significantly and help whoever is managing these tasks to complete them in a far more efficient manner. This frees up your team to focus on what truly matters—building sales leads and closing contracts.

More importantly, the speed of a robust CRM solution means that inventory availability can be managed in real time—the best programs available will generate a graphical report on demand providing a visual guide to exactly which types of homes are still available in any given project. Managers can release inventory on a scheduled basis or update price changes in real time keeping everyone informed, current and maximizing revenue opportunity. In this way, CRM provides not just effective technology—it allows for smart management through effective technology. Any sales agent would agree that when a prospect reaches that critical moment of decision-making, being able to provide instant and accurate information on whether the buyer’s preferred home is available, and at what price, can be an invaluable tool toward closing that sale.

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8. Contract Management

What is the best way to track each lead through the stages of purchasing their home?

Here is another area where CRM can streamline processes that typically involve a great deal of paperwork and administration. Most CRM programs offer a simple “dashboard” view of active leads, making it easy to see where each buyer stands in the purchasing process. The latest information is pulled straight from your CRM database, so this is not only the fastest way to compile a report on the status of all current sales—it is also the most up-to-date and accurate. Even better, the software does all the work, freeing up time that used to be spent on necessary but unprofitable administrative tasks.

The best CRM solutions will also provide a more detailed, precise process for tracking each sale, plus upgrades and customizations through contract than any paper solution could provide. All relevant documents can be automatically pre-populated and attached to each buyer’s file, which eliminates the manual preparation of documents and can be key in preventing any errors. And it looks better than offering a handwritten contract to close the deal on a million-dollar home, one of those “so strange it must be true” circumstances.

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9. Customer Service

How do you relate to customers during the sales process or even after its completion?

In today's world that old saying that "a sale is not sale until the money is in the bank" has never been more appropriate. More and more, the strategies attached to communicating post-sale through escrow and closing are gaining prominence, since each sale represents first a homebuyer, then a potential referral or connector that can lead to additional sales. Instead of a one-time customer purchasing a single home, buyers treated well in the post-sales phase can become "repeat customers," turning to a trusted builder for their next move-up home, second home, or vacation property.

CRM enables an easy way to continue a customer relationship beyond that original sale. All the data required is in the database, so there is little excuse for not communicating prior to close or making a ninety-day 'How is your home?' call, sending a card or note on the anniversary of the purchase or even providing information about another new community development. These small touches elevate a builder beyond just a one-time product provider and into the category of a trusted brand that can sustain a relationship over the course of a lifetime.

"There is little excuse for not communicating prior to close or making a ninety-day 'How is your home?' call."

10. Business Intelligence

Where does a sales team's accumulated knowledge go when the community's sold?

Without CRM, much of what is gathered from a single sales office can evaporate. Even if employees move on to the next project, there's no guarantee that they will take important information with them, or that they have been tracking leads and contact details throughout their previous projects.

From a business perspective, it would be nice to find a way to collect the accumulated knowledge and lead information from each project and, when logical, pass it onward to the next project. That is exactly what CRM software enables a developer to do. In a practical sense, the leads database doesn't disappear with the final home sale—those leads can move forward to other projects similar in geography or type and can act as a great starting point as a developer launches a new community.

In a more strategic sense, the accumulated data in a CRM database can provide valuable insights into marketing and sales approaches for each successive project. You can pull a snapshot view of which e-mail blasts resulted in click-throughs, which collateral pieces generated visits to the sales office, on average how many visits to sales office prior to a home purchase, and even what methods of contact were preferred most by your buyers. Instead of abandoning accumulated knowledge and data and starting each project as a ground-up proposition, CRM enables companies to build upon their work with each new project and improve their marketing & selling effectiveness exponentially.

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Conclusion

Throughout every stage of home sales—from marketing a new community to managing leads and sales activity, through inventory control and contract processing, and until the final model is sold to the final homebuyer—we hopefully have provided a snapshot into how Customer Relationship Management software provides an essential link between your sales and marketing goals and results.

If these ten advantages have provided insight for further consideration of how a CRM solution can facilitate taking your sales to the next level then I recommend two next steps:

- **Take the “*CRM Health Check*”** – this simple tool will help you gain clarity on marketing & sales issues and opportunities that may be impacting achievement of sales, revenue or profit goals.
- **Read “*Five Simple Steps to CRM Selection*”** – a working guide to establishing key your requirements, stakeholder buy-in, systems & vendor selection, and integrating wisely.

About the Author

Dave Clements, Chairman and CEO of Lasso Data Systems, Inc., has been a trailblazer in technology, marketing, sales, and operations for 25 years. He is part of the vanguard of Internet professionals who have been building the web into a useful business tool since the mid 1990s, and is renowned as an innovator, consultant, and top executive in both the U.S. and Canada.

Lasso is widely known as a leading designer, developer, and marketer of innovative “on demand” CRM software services for the worldwide real estate market. Companies around the world utilize Lasso to create and manage their prospect and homebuyer databases, launch targeted marketing campaigns, administer their inventory, purchase agreements and deposits, and improve their customer service.

Clements splits his time between Lasso’s headquarters in Vancouver, Canada, and travelling the globe meeting with clients and alliance partners. Throughout his career, Clements has held top executive and management positions at Internet service and technology systems companies and consulting firms. He has been a pacesetter in marketing, sales, and business operations at both large global organizations and entrepreneurial start-ups.

For more information, please contact Dave Clements at dclements@lassodatasytems.com.