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## A Recession is a Terrible Thing to Waste

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We in real estate experience a recession every seven years on average, twelve of them since 1929. We all know this is a cyclical business yet every time we go through down turns we act surprised and hear the same sorrowful laments.

Each down turn is different in nature due to compounding economic factors of the time, but the effect is the same for our industry. Recently, I heard Brian Buffini use this title phrase and it sent me reflecting on some truths of our business that may possibly help you now or in the future.

No pain no gain. Pain, if properly framed will always bring about gain. What a frustrating place to be to have lots of pain with no gain at all. We believe we are near or at the bottom of our crisis remembering real estate is always first in and first out of a recession, so let's make sure we do not experience the pain of the last three years and miss the gain. Here are six lessons from my experience.

**Expect the cycles and plan for them.** This is not “rocket surgery” for crying out loud! What goes up will always come down. If we are in a recovery now knowing our trending let’s look ahead to 2017-18 and be ready. Planning ahead is what good leaders and business people do. We have an echo boom coming which will bring a whole new opportunity to our industry so do you know who they are and what they will want? As surely as it is coming it will go or geo-political events will interrupt it. OK? Think, read and be ready.

**Save and develop reserves in the good times.** You could not have enough cash reserved to endure a four year down turn. You can however have equities in property, building cash and loan value. You can grow and protect your credit. You can pay off as much debt in the good times and limit your spending. I believe we are entering a period of national frugality which is so smart. We realtors love to drive, wear and live in our reserves which may prove very foolish in the future when we could be turning it into equity and investments instead.

**Brail the marketplace and know where it is trending.** Take a Macro view of things by being active in realtor groups, reading realtor publications and attending local business or networking meetings. Reading and paying attention to the business news from reliable sources is a must. I believe there had to be an awareness, even some lack of responsibility about putting millions of people into houses with little down payment, weak appraisals and stated income loan approval that we knew would not work. When you see and feel bad business practice, know it will end and not well for anyone no matter what the temporary gain.

**Realize the opportunity in any market.** Many speakers remind us that the market simply is... so what difference does it make because there is opportunity in both up and down markets. Buyers or sellers market...so? In the early 80’s those who learned all inclusive trust deeds and seller financing did

well in 20% + interest rates. Likewise, in the early 90's prudent realtors did very well moving into the REO and short sale business quickly. Remember life itself (marriage, divorce, births, deaths, transfers etc) continues to drive the majority of the demand for realtors. Always have faith that real estate will continue to change hands, so seek and find the opportunity to bring more value to your marketplace. The pie gets smaller but the size of your piece is up to you.

**React quickly to changing trends .** I watched in horror a year into this downturn as realtors made no adjustments at all. Overhead stayed high far too long. Offices filled with new and non-productive agents. Agents were complaining about the slow down yet doing nothing at all differently except demanding more commission. REO's were soaring and realtors made no attempt to learn the systems or make connections with lenders. Therefore a few who read the market got in early and are still there with consistent flow of business while the Johnnys come lately pound on the door wanting into a room that is already full. Some never see the changing trends but sadder yet some see it and do nothing about it. So how to you boil a frog? Don't tell him the water is getting hotter and he will do nothing about it!

**Basics will always win.** Throughout my forty years in real estate I have continued to observe companies and individuals that move out ahead of the pack. I usually observe no new tricks. Sound vision and leadership; the discipline of daily execution of basic activities like recruiting, prospecting, practicing skills; innovative marketing and branding; these are the things that still win in the battle for market share. True innovation is rare, but it is there, and usually it is just a slightly different approach to some age old business and personal practices.

We have been through a very tough time that has hurt so many. I relate to that pain myself. If you are ready to move on, even grow from this experience,

realize there is always gain from pain. With great respect and regard for my fellows I say, seek the gain and win the day.



*Bob McKinnon - Coaching / Consulting / Mentoring*

*Fifty (50) years in Sales and over forty (40) years in Real Estate make Bob McKinnon an insightful Coach and Consultant unequaled*

*in the field of Real Estate and in 1-on-1 coaching. Bob's Sales and Team-Building Principles have been proven again and again; and many who have attended his training seminars leave with a renewed focus on their career, and become driven by success and determination. (817) 832-0938 - Article Submitted by [Key Yessaad](#) on behalf of Bob McKinnon.*