

Sales 2.0 and Commercial Real Estate



Adept White Paper by Steve Clark



Sales 2.0 – A new approach to sales

Mention the phrase Sales 2.0 in Silicon Valley and you will find widespread recognition of the concept among senior managers and leading sales executives. Google the term (using quotation marks) and you will discover close to 100,000 search hits. But Sales 2.0 remains virtually unknown in Australia, even though this new approach to selling has potential across a multitude of industries – especially real estate. What, then, is Sales 2.0 and how can it help improve how you sell and lease commercial real estate?

“... the true potential of Sales 2.0 lies outside the technology industry.”

Sales 2.0 Defined

The breadth of capabilities covered by Sales 2.0 is best encapsulated in the words of Anneke Seley, one of Sales 2.0's leading advocates and co-author of a seminal book on the topic.¹ Seley defines Sales 2.0 as, **“A more efficient and effective way of selling for both the salesperson and the buyer, enabled by technology.”** Note that the approach takes particular account of the buyer's experience of the sales process as well as that of the seller. Also note the emphasis on the use of technology as an enabler to improved sales efficiency. Seley draws on numerous examples from the technology industry. But the reality is that the true potential of Sales 2.0 lies outside the technology industry. The focus of this White Paper is the application of Sales 2.0 to commercial real estate sales and leasing.

¹ Seley, Anneke and Holloway, Brent: Sales 2.0 – Improve Business Results Using Innovative Sales Practices and Technology, Wiley, December 2008.

Commercial real estate sales – traditional approaches

The traditional approach to real estate sales is typified by a proliferation of manual processes, untargeted marketing and impediments to effective, efficient selling. We refer to this mode of selling as Sales 1.0. or even as Sales 0.5! Many of the processes may have been appropriate in an earlier era, but the world has moved on substantially since then. Consider, for example, how one might have gone about promoting and selling a commercial property listing in earlier times.

Historically, listings would be promoted through advertisements and direct mail. Potential buyers and lessees would scan newspaper listings and then place enquiries by telephone to enter a sales cycle. Alternatively, a prospect may have appeared on the radar as a result of a response to a direct mail campaign, involving sending possibly thousands of brochures or listing sheets to mailing lists. On receipt of the enquiry, the prospect would be allocated to a salesperson, who would then endeavour to qualify the prospect and build up a picture of their requirements. The salesperson would then manually “match” these requirements to available listings. As new listings entered the agency, the salesperson would need to re-match existing requirements against these new listings. Such processes, relying as they did on manual intervention and human memory, often failed to correctly match listings to requirements, resulting in lengthened sales cycles or lost deals.

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From the buyer’s or lessee’s perspective, the historic sales model was deeply flawed. An early enquiry would likely be met with “shotgun marketing” whereby the enquirer received a torrent of listing sheets through the post, many of which fell significantly outside the requirement set. Sales representatives tended to “hold” information to themselves, resulting in a lack of collaborative selling and buyer dependency on the effectiveness of the salesperson in promptly responding to requests for information. Finding a suitable property to lease or buy became a difficult, elongated process, demanding significant amounts of face-to-face interaction with sometimes indifferent salespeople and excessive numbers of inspections to find a suitable building.



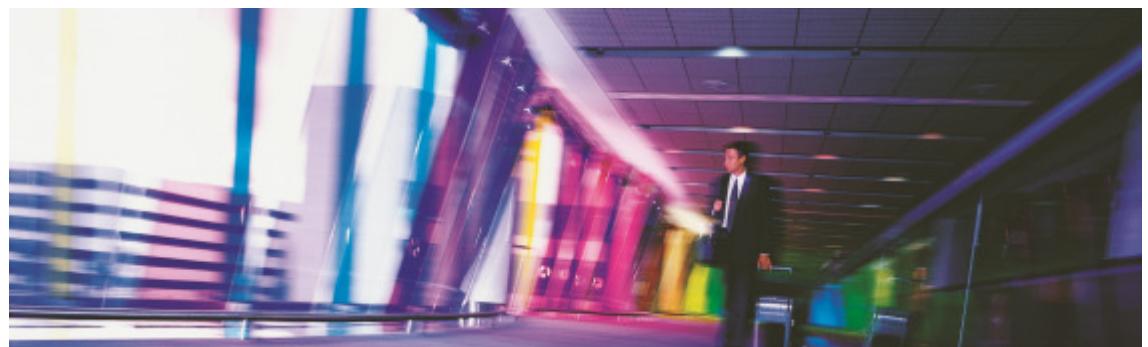
The impact of the Internet

The arrival and growth of the Internet enables commercial agencies and their clients to adopt new and improved sales methods to match buyers to sellers and lessors to lessees. One of the most important factors has been the emergence of online information sources, including property portals containing tens of thousands of listings for sale or lease. For the buyer, the attraction of these portals is their ability to deliver information on available listings directly to the desktop without the need to initially engage with a salesperson. Moreover, having identified a possible building of interest, through judicious use of new internet-based mapping tools (such as Google's Street View or Bing's Streetside), it is also possible to take a virtual tour of the surrounding area and thereby assess the amenity value – all from a desktop.

From a strategic perspective, ready availability of such information sources in cyberspace represents a shift in market power from seller to buyer and from lessor to lessee. As well as being able to search a rich pool of available listings, it is now extremely easy to analyse comparative values, assess whether outgoings are reasonable and to follow overall market trends such as vacancy rates. Without the Internet, such tasks would have been prohibitively expensive or downright impossible.

The dominant portals

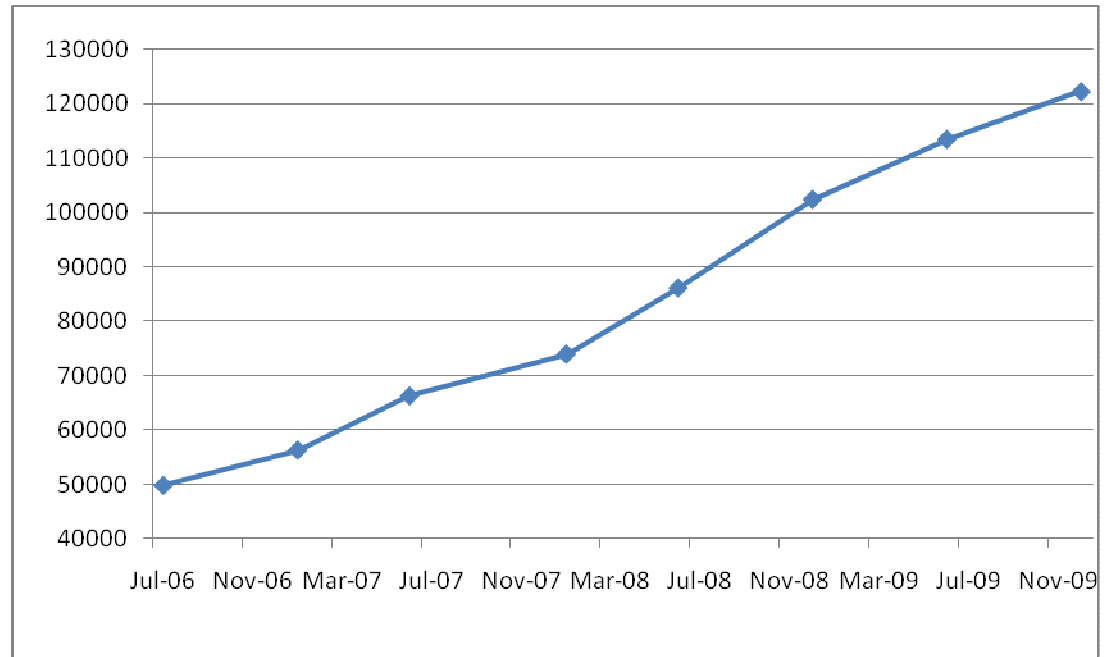
In Australia, two major commercial property portals hold a virtual duopoly on the market and are the market gorillas. The market leader is the REA Group's realcommercial.com.au with Fairfax's commercialrealestate.com.au in second place. A new portal initiative from the REIV, commercialview.com.au, is in third place. In 2009, Google launched a residential real estate portal, tightly integrated to their map search. Using this facility, a user can enter an address, or elements thereof, and display a map showing available residential properties for sale or rent. Presumably, a similar facility for commercial properties will follow in due course.



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In Australia, the number of commercial listings on the Internet portals has exploded in the last few years. In July 2006, REA's commercial portal contained almost 50,000 listings. Just three years later, the number of listings had more than doubled; by December 2009 it surpassed 122,000. This growth in online listings has, in turn, attracted buyer "eyeballs"; over 300,000 unique browsers now access the site. In summary, an Internet presence is now essential to gain market exposure for a commercial listing.

Figure One: Commercial property listings on REA's realcommercial site



Source: REA company announcements to the Australian Stock Exchange

Sales engagement in the age of the Internet

For the future, as online listings become the dominant force in the commercial market, agencies must adapt their sales methods to take full advantage of the Internet and its potential to transform their sales processes. A key consideration is adaptation of the sales engagement model.

As earlier described, the historic engagement of the prospect into a sales cycle typically arose from either a response to direct mail or print advertising. A common next step would then be to mail a set of listing sheets and arrange a face to face meeting, probably around an inspection. In a Sales 2.0 environment, the engagement model needs to adjust to the prospect's preference, which increasingly will lean heavily towards engagement in cyberspace.

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A prospect browsing listings on the Internet is likely to prefer to receive listing sheets through the Internet. Typically, these will be delivered by email. But with viruses, spam and malware so prevalent, many businesses now employ sophisticated filters on incoming mail to trap potential malware before it is delivered to the user's inbox. Often, these filters generate "false positives" trapping innocuous emails, especially those containing large attachments. Care must therefore be taken to ensure that the correct method of delivery is employed - perhaps an HTML email instead of a PDF attachment.

Younger prospects, especially those of the Gen Y generation, are heavy users of SMS. Indeed, they may see SMS as their preferred method of communication. A savvy 2.0 commercial agency can leverage this preference by incorporating SMS into the sales engagement model - for example, through using SMS to deliver alerts on upcoming auctions or to distribute information on auction results.

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How technology can assist

Technology is the fuel that drives Sales 2.0 efficiency. Rather than relying on manual processes and human memory, technology can be used to automate repetitive processes and ensure information can be delivered accurately and quickly to the salesperson and the buyer. It can also help to ensure that you send the right information, targeted to the needs of the prospect, rather than a "shotgun" approach involving bulk distribution of inappropriate, irrelevant information.

Targeted Marketing

As a CEO of a technology company, I constantly receive listing sheets for properties entirely inappropriate to our company's needs. These properties may be in the wrong geography (literally, miles away from our current offices) or they may be completely the wrong type of property (industrial warehouses rather than offices). Each listing of this kind has cost the company that sent it time and money to produce and deliver.



Since all these anyway end up in the bin, one might say that the money could have been better spent. But the bigger damage is not the cost of the listing sheet and the associated postage – rather, it is a loss of confidence in the agency’s ability to understand requirements and tune its marketing output to the buyer’s precise needs. In commercial property transactions, relevancy of information matters far more than the quantity of information supplied.

As an alternative, the agency would be better advised to accurately capture broad or detailed requirements and then use software to automatically match existing and incoming listings to those requirements. In this way, targeted marketing campaigns can be undertaken, delivering relevant listing sheets either as HTML emails, PDF attachments, or those who prefer it, regular mail. The software should also record the fact that information has been sent, thereby ensuring that the contact does not receive duplicates and allowing other staff to easily determine what has or has not been sent to a particular prospect.

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Sharing of information

With technology, it becomes possible to share information within the agency and with associated stakeholders. The ability to easily share selected information with owners is a major benefit that can be enabled by effective use of technology. For example, providing owners with an activity report detailing interest in a particular listing may encourage them to increase their loyalty to your agency. Having administrators and agents able to share tasks allows them to work more effectively and to deliver a better service experience for the customer.



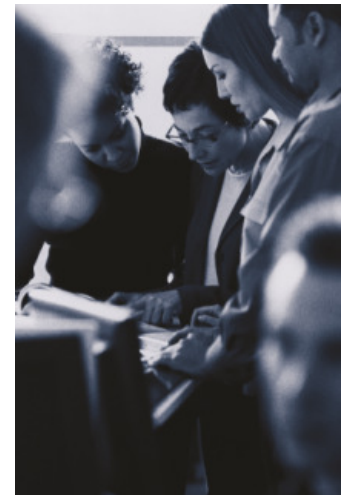
Through the use of Action Plans, a series of tasks can be set up for particular activities and then monitored and tracked. For example, with an upcoming auction, it may be necessary to arrange a venue, organise signboards, SMS prospective buyers before the auction and then, following the auction, notify others of the result. Each step can be established in the Action Plan and task alerts sent out to the relevant agent or administrator. Moreover, the facility helps to ensure that vital steps are not overlooked and that everyone can track whether a particular task has been performed.

Prospecting and staying ahead of the competition

With intense competition and an indifferent market, being one step ahead of other agencies can make the difference between success and failure. Again, effective use of technology plays an important role in helping to capture and maintain a competitive edge. Tracking end-of-lease opportunities is a clear example of one area where technology can provide a clear advantage. This may be achieved by setting an automatic task alert to monitor lease renewal or termination dates and issuing a reminder alert ahead of that date so that targeted prospecting can commence. Alternatively, the software might provide a lease expiry report allowing the agent to select all contacts with leases expiring between specific dates and then distribute listing information to the selected contacts.

Uploading listings to the Internet

The growing importance of Internet property portals, such as realcommercial and commercialrealestate, obliges agencies to ensure that listings are uploaded to the web. Owners and lessors may insist that their properties are uploaded to secure a listing, and it is likely that they will regularly check the site to ensure the listing is active. From an agency perspective, the upload process can be time-consuming and prone to error. Without the assistance of specialised software, it is common for administrators to spend at least one day each week uploading listings manually. Significant efficiencies can therefore be achieved by automating the process.



Agencies need to ensure that listings are accurately uploaded to the Internet and, ideally, placed in prominent position. As is the case in the real world, location is critical in cyberspace. A listing appearing on the first page of a search result is far more valuable than a listing in the third or subsequent pages.

To improve the quality of the user experience, the portals themselves have had to confront issues such as duplicate listings and “delete and reload” tactics whereby agencies attempt to refresh listings and secure early positions in search results. For this reason, enforcement of the portals’ terms and conditions, which prohibit such behaviour, has become commonplace. Agencies therefore need to ensure that automated systems operate in a manner consistent with the trading terms of the portal.

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Each portal offers different capabilities and features for displaying listings. For example, the categories used in realcommercial differ from those in commercialrealestate. Search algorithms will also vary from one site to another. For those reasons, a "one size fits all" strategy wherein the software uploads to multiple portals is unlikely to provide the most effective results. It is far better if the software provides a facility to customise the upload for specific portals. Agencies will also be better served if the software provides a facility for a separate web description, allowing a concise description on the web and a more expansive (or just different) description in the listing sheet.

Summary

By careful and effective use of technology, commercial agencies can secure a competitive edge that will reinforce the commitment of corporate customers to the agency and enable them to outgun other agencies, even if those competitors deploy larger sales teams and work with larger marketing budgets. In a tough property market, adopting Sales 2.0 strategies is vital to ongoing business survival and should quickly translate into more successful sales outcomes.

For more information on Adept and our Commercial Sales and Leasing software solution, please visit our website at www.adept.com.au or call us on +61 2 9330 5555.

About Steve Clark

Steve Clark is the CEO of Adept Business Systems. With deep levels of experience in start-up, growth and turnaround situations, he is recognised as one of the software industry's highest achievers. Steve is best known as the founding Managing Director of Oracle Australia and the founding Vice President of Oracle Asia-Pacific. He lives in Sydney and is a Fellow of the Australian Institute of Company Directors.

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