

Closed-Loop Lead Generation

By Jeff Tanner, Ph.D.

Leads are the lifeblood of any successful real estate agent – there’s probably not a single agent with any experience who hasn’t heard that in one form or another. Yet most create a lead-generating strategy based on what worked for someone else or simply fly by the seat of their pants. So what works? What types of lead generating activities work best at generating which types of leads? How much should be invested in lead-generating activities, and how should those investments be allocated across different lead-generating activities? Software sales experts will tell you the answers to these questions lie in having the right sales force automation or CRM software solution – usually theirs. Consultants will tell you the answers lie in implementing the right sales system - which they will teach you for a price. The truth is that a software solution and a sales system can both help, but only when these are used to create a closed-loop lead management system.

A closed-loop lead management system is a lead tracking process that enables you to determine the relative effectiveness of any lead generating activity. A software system can provide the tools for closing the loop, or tracking the lead all the way to the sale. A sales system can help you close leads more effectively. Individually, though, neither gives you what you need. Nor do you need expensive software or expensive sales consulting and training to create an effective closed-loop lead management system.

The First Step: A Lead Generation Strategy

The first step in creating an effective lead management system is to examine what has worked in generating high quality leads already. One tool that is helpful is the Position/Opportunity Grid. As illustrated in Figure One, the grid has two dimensions, strength of position and size of opportunity. A good first step at creating a lead management system is to plot all past successes along these two dimensions.

INSERT FIGURE ONE HERE

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When considering strength of position, evaluate whether you offer any competitive advantages for each individual buyer. These might include high familiarity with a particular area or type of property, strength in understanding a particular form of financing and relationships with lenders, strong referral network in that market segment, and other personal strengths that you brought to that sale. For opportunity, size of the sale is obviously important. Also important, though, are such elements as the client's ability to provide leads or influence others, whether the client is upwardly mobile (likely to trade up), stable, or near empty-nest (likely to trade down), and other factors that might influence that buyer's value to you over time.



As you plot each of these on the grid, identify the source of each client. Was it a referral, generated by an ad, identified at an event, or simply someone who happened to call the office on the right day? Then, when this exercise is complete, do the entire exercise again but for clients that either didn't pan out or were lost to competition. Compare your lists and determine if there are lead sources that are more likely to generate high-value clients than others.

From this analysis, you can create a strategy based on what has worked for you already. Further, as you are faced with new lead generating opportunities, you will be more prepared to evaluate those opportunities and make informed decisions about where to invest your time, effort, and cash.

Closing the Loop

All leads are not created equal. As activities generate leads, a good habit to have is to score the leads. Many agents will score a lead based on urgency – will this lead buy or list now, soon, or sometime in the



far-off future? *Now* is considered a hot lead, *soon* a warm lead, and *sometime* a cold lead. With your Position/Opportunity Grid, however, you can also assess how this lead fits into your market strengths and have a better understanding of the likelihood of closing the lead.

Closing the Loop is simply tracking the lead all the way to the sale, and plotting that sale on the Position/Opportunity Grid. While closing the loop seems simple, what this activity does for your planning purposes is incredibly powerful. Each agent's market strengths are different. Each market has its own subtle nuances and its own lead-generating possibilities. Closing the loop provides you with the information you need to make informed decisions about how to invest in the activities that will generate the most valuable business.

Source: Weitz, Barton A., Stephen B. Castleberry, and John F. Tanner Jr. (2009), *Selling: Building Partnerships*, Burr Ridge: McGraw-Hill.

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Dr. Tanner received his Ph.D. in 1988 from the University of Georgia and joined the faculty at Baylor University that same year. Prior to his career in academia, Dr. Tanner worked in sales and marketing for Rockwell International and Xerox Corporation. He is an active consultant and speaker, having taught executives in France, India, Australia, Canada, Mexico, Trinidad, and Colombia.

Dr. Tanner's research regarding sales strategy has been published in numerous scientific journals, including the Journal of Personal Selling & Sales Management, Psychological Bulletin, Journal of Marketing, and the Journal of the Academy of Marketing Science. In addition to almost 70 scientific research journal publications, he has authored or co-authored 13 books. His most recent book is Sales

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sales textbook, *Selling: Building Partnerships* (McGraw-Hill). Along with George Dudley, Dr. Tanner published *The Hard Truth about Soft Selling* (Behavioral Science Research Press) for practicing sales executives.