

# Property Agent Matters

Opening the doors to future prosperity

## Keeping one step ahead

How are you feeling about the property market today? Is it the same as yesterday? Will it be the same tomorrow? If you are like a number of my Agent clients, the market is still unpredictable. One month might look to herald a brighter future, then the next it falls off a cliff again.

Then, when you think you've had about enough of what people can throw at you, along comes Mary Portas and her secret shopper programme on Channel 4. Now, whilst I along with many others might have chuckled at some of the comments (West is the new South!), it certainly didn't enhance Estate Agents' reputations.

So, what can be done to set your business apart, keeping you one step ahead of the competition and increasing your profits? Here are a few ideas that may help.

### Get to know your seller and their property

A property is not just bricks and mortar. For your seller, it has often been a home which has generated many happy memories. Find out about them. Why has the property generated those key moments? Does the layout lend itself to entertaining friends and family? Is the garden perfect for children? Do they wake up to a fantastic view every morning? What has made one person happy in a property is going to appeal to potential buyers, so use it when showing prospective buyers around the property.

### Get close to top buyers

I am sure you know the top buyers in your area, but how close are you to them? Do you know what they are looking for at the moment? If not, find out. It might be possible to float new properties to them, say on a secret sale, where you feel the seller is insisting on too high a price. If those top buyers aren't interested, you can then bring the property to market at a lower value and still advertise as "new to market". This way, not only do your top buyers feel like they are being looked after by letting them have first refusal, but you can also bring the property to market at a more reasonable price.

### Grade buyers and sellers

I am sure many of you already do this, but it is key to understand a client's motivation for a move. Focus your attention on those motivated to sell or buy. Every viewing costs time and money. There is no point spending it on those who have little motivation to move.

### Offer different advertising packages

As part of your commission, generally you will be obliged to market the property. However, could you offer a premium advertising service for those sellers who are prepared to pay a little more. Not only does this increase your revenue, but also helps to identify the true motivation of a seller.

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## Take control of your sellers

Remember that you are the expert. Selling a house is an emotive issue for many, which is why unrealistic prices are sometimes insisted upon by the seller. However, you wouldn't get a client giving tax advice to an accountant, so why should they be telling you how to value or market their property?

## Constant communication

This should apply not only between you and your seller, but also between your staff. Often

a complaint is that a seller hasn't heard anything from their agent in a long time. This simply should not be the case. If there is no interest, you need to discuss why - should the price be reduced or the marketing particulars refreshed. Do the photographs show the property in its best light? As to staff communication, this is also crucial. To keep your staff motivated, make sure they are discussing properties with each other and building that team feeling. It's not just a motivated buyer and seller that make a difference, but a motivated and positive agent.

There is no doubt that it is still tough out there, but it should be seen as an opportunity to really focus on the service you provide and keep one step ahead of the competition. It is those agents that carry out internal reviews and strive to improve their offering that will be in a prime position when the market does, finally, see sustained growth.

# Keeping staff motivated

I've already touched upon the importance of keeping staff happy and motivated. Not only do you retain your key staff, but they will also be far more productive and, ultimately, profitable for you.

The important thing to understand with each key employee is what motivates them. There will be many that are motivated purely by the money they take home each month. That's fine, and all you need to focus on there is a salary and bonus package where targets are considered challenging, but fair and monetary reward is felt worthwhile achieving.

Then you have the other employee, with one eye on a much bigger prize, some ownership of the business. Where you operate as a sole trader or partnership, the ultimate goal is to be made a partner. This can be quite difficult, as an initial capital injection may be required or you may have concerns as to what happens if the partnership doesn't work out. A good partnership agreement is always advisable to deal with those possibilities.

Where you want to bring a partner in gradually, you can set it up so that they increase their equity stake, perhaps on a performance related basis, whereby the more "points" they get, the bigger the slice of the profits. Often, such an arrangement is coupled with a standard "salary" which is equal for all partners (for example, £40,000 each as a salary, with any excess shared out in the "points" ratio).

Alternatively, you may trade as a company. In this scenario, you could avoid the employee having to pay out a capital sum to purchase shares, but you need to be careful of the various tax pitfalls that come with "employment related securities".

There are a couple of possibilities, you could provide the employee with a share option, which perhaps they could exercise on a future disposal, therefore giving them a share in the capital that they help to generate, or on hitting certain performance criteria (although they would then need to finance the purchase of those shares). One of the most tax efficient routes is the Enterprise Management Incentive (EMI) scheme. Although it is not without its problems, you at least get approval from HMRC as to the value of the shares being provided, to avoid any nasty tax surprises in the future.

An alternative may be to issue shares to the employee but not "call in" the share capital. If structured correctly, you could avoid the need for the employee to pay up front for the shares, but still give them ownership.

Both of the above routes can build in some safeguards should the employee leave the company.

If you are considering bringing a key employee through, make sure you get the right advice. There are tax traps for the unwary which may result in an unexpected tax liability for the employee, which certainly won't give them that motivated feeling you were hoping for!



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