

Sphere of Influence, Farming, and Mass Media w/Dan Beer

Frank:

So welcome back, it's time for the Listing Lead Show. You're going to hear from Daniel [Beer 00:01:09] in San Diego, a pretty darn competitive market. I think if you were to go sell real estate in the San Diego market, that joke for years is there's more real estate licenses than there are driver's licenses. It seems like everybody in Southern California wants to sell real estate. And we all know it's a very low barrier to entry business. And Dan has through years of perseverance and hard work and much trial and error, and basically seeing Dan about every single event that I go to to learn from the best of the best has catapulted his team, this is last year during the pandemic, an excess of 10 million GCI. That's a very rare number you see anyone break. And we've done in San Diego, Dan what's the median sales price there now?

Dan:

Median sales price is now in the 700,000 range is about 750,000.

Frank:

That's incredible.

Dan:

Yeah.

Frank:

Then that's about 438 homes to do that kind of business in San Diego last year?

Dan:

We have a higher average price point. So at our average price point we did 438 homes. It was 336 million, and we did right about 10.1 million in commission.

Frank:

How long have you been at this game, man? How long have you been in real estate?

Dan:

It's worth mentioning when I mentioned our commission income, because there's so many ways people slice this and report it. And so it's, you're never getting an apples to apples. We're reporting on what we received, like what we deposited into a Beer Home team-

Frank:

Yeah, real [crosstalk 00:02:36].

Dan:

... right. So not including referral fees that went out because that was not our revenue. Either us or Beer Home team agent took in 10.1 million.

Frank:

That's incredible. That's top line revenue on the P&L [crosstalk 00:02:50] all your expenses off that?

Dan:

Yeah. What were you asking before I interrupted you?

Frank:

No, I was just saying, how long have you been in real estate? Give the audience a little background of how long you've been at this?

Dan:

2005 was the year I got licensed. And the quick version is I spent probably from 2005 through about 2008, 2009, when the market crash came, I was just sort of digging around, right? Just hoping my phone would ring and treating... I mean, to call it treating it as an amateur or as a hobbyist and just hoping someone came to me, one of my parents' friends or whatever it might be, and if so, great. And if not, I was at the beach.

Dan:

The issue is the market comes, the crashes, [inaudible 00:03:37] disappears. You're forced to build a real business. I figured out how I'm just going to fast forward, spent about 2010 through 2013 just screwing it up, building a team, bringing people on, undoing it, tearing it all down, rebuilding it, just taking my bumps and figuring out how to build up a "right model" and there's a lot of right models, but a sustainable model. And so the current iteration of the team Frank's been together since early 2014, is when we were born, as we're known now as the Beer Home Team.

Frank:

Give everyone... Before we get into the top listing sources, which is why you're here to listen to this podcast and we're getting to how Dan generates leads, why don't you just briefly explain your model of marketing to inbound, to agents, to listings the transactions? Just give us the lifeline of the lead of the operations process from start to finish?

Dan:

I'll do that. It's worth mentioning Frank, that I really dig this super soothing, low silky voice that you're using on this podcast. I love it.

Frank:

Thanks.

Dan:

I love it.

Frank:

Well, it's the Yeti microphone. So you pick up one of these for \$120.

Dan:

You were going crazy until we went live. And then all of a sudden you got really calm, really smooth and [inaudible 00:05:01]-

Frank:

Well, I try to bring a sense of calm to people when they're on the show. I listened a lot of NPR.

Dan:

All right. So leads comes in... We run an ISA model. Our ISA is our in-house. Let's just take a step back, because this shouldn't be such an earth shattering or mind blowing concept. And of course, there's a lot of great organizations across the country that run it this way, but we're still the real minority in the industry, which is, this is a sales business in a sales industry. We're a sales organization. And the core sales conversion function taking a lead who's... You've just spent marketing money and, or time or effort, depending on how you're getting your leads, right? You could be doing it through prospecting and so on, or you could be bringing it in inbound through spending money and investing it. But in any case, you've gone through a great degree of effort to bring in the lead.

Dan:

And there's so many agents outsourcing the conversion process to their overseas ISA, to their... They just want someone else to do it. And here's the kicker where most people think very differently, a lot of them are outsourcing and don't know it because they're outsourcing it to their 1099 independent contractor agents that are on their team. So last I checked my 1099 independent contractor agents, they're not property of Beer Home Team.

Dan:

They might be a company X, Y, or Z tomorrow. So we believe in an inside sales organization, ISA world, where we have in-house employed, W2 employees who nurture our leads from when that lead shows up all the way to, they are now a client who wants to go and either sell their home or buy a home.

Frank:

And they're all in San Diego?

Dan:

All in San Diego. The business is structured such that marketing brings the lead in, inside sales, takes it from lead to client, our agents then take that person from-

Frank:

Well, lead to appointment.

Dan:

... excuse me. Sure. Different way of saying the same thing, that's better than trying to say the same thing, yes. Lead to appointment, right? Or we now have a client when we have that appointment, it

takes place that that agent goes client to contract. And that's where our agents live, clients to contract, client to contract.

Frank:

Got it. They're just going on appointments, getting contracts signed.

Dan:

Once we [inaudible 00:07:34] contract the operations team closes it out, takes over logistics, right? What's that [crosstalk 00:07:38].

Chris:

There's a lot of people that are going to be wondering this. And I know we're talking about listing Legion here, but can you, Dan, can you tell us a little bit about the comp-structure you have set up to your local ISAs?

Dan:

Yeah. Our local ISAs they're on salary.

Chris:

How much you got to pay an inside sales person in San Diego to get a good one?

Dan:

You're going to have to pay anywhere from, what we've found, anywhere from 30 to 40 or so \$1000 base salary. And then we go \$50 per appointment held and qualified appointment held. They set an appointment, has to be a qualified appointment, has to be held. And our agent go, that goes, lets us know if it was qualified appointment, if it was not and why, and we'll challenge them, right? If there's not a good reason. If 40 of those in a month will earn you \$1000 bonus, and all of our employees also have our benefits package, which includes a profit share 401k program, health, life, disability, and-

Frank:

Do you match their 401k?

Dan:

... no.

Frank:

Or do you just provide that to them?

Dan:

The 401k is structured such that we establish a profit threshold every year. And up to that profit threshold, there's no money that's shared. Above the profit threshold, every dollar's shared 50,50 with our employees, up to 25% of their base salary. Sometimes they get... We've had years where they get a 16% bonus, multiple years where they get the full 25% bonus. We've had one year where they got a zero

bonus. And we've had years where in those 25% bonus years where there was actually more shareable dollars than got shared because we hit that 25% threshold.

Frank:

What-

Dan:

Yes, go on.

Frank:

... do you share your P&L [crosstalk 00:09:47]? Are you open book company?

Chris:

... what are the thresh... Two questions, do you increase that threshold every year? and then second question is, what's the average person getting at the end of the year on average? What kind of bonus are they getting from profit share?

Dan:

Well, that's going to be 25% of base salary up to 25% of base salary.

Chris:

[crosstalk 00:10:11].

Dan:

[crosstalk 00:10:12] for every position within the company is going to be variable. But to answer your first question, which I've forgotten so go ahead.

Frank:

[inaudible 00:10:23] Do you change the threshold for that bonus each year?

Dan:

Yeah. If you're going to run the program like this, there's a few things involved because you have ultimate say on what that threshold is. But there's an integrity issue that has to come into play where if I say, "Okay guys, great, I'm going to share 50,50 over and above \$5 million in profit." "Wait, but Dan didn't we only do \$2 million profit last year? How are we going to do five?" I'm clearly not wanting to share anything at that point. I also am not going to say, "Okay, we're going to share 50,50 over and above \$100, because I've just basically given everyone a 25% bonus for pretty much not accomplishing anything." So they have to trust that I am establishing a threshold where I genuinely do want to share that we're also going to have to accomplish something.

Dan:

And yes, the track record Chris has been it's, we've raised it every year. And last year, even with raising it every year, I was really, really excited to pay everyone out 25% bonus. So that was one of our 25% years. The way it was gone for us is our first year doing it, we went 25%. Second year, they earned 16%, third

year they earned a zero, fourth year they earned 25. And now we're in our fifth year of the program. And also has a five-year besting to it. So there's a retention piece.

Frank:

Who helped you set all that up?

Dan:

Our financial planner connected us with someone that this is what they do [crosstalk 00:11:51].

Frank:

That's cool man. And did you ever read the book Predictable Revenue?

Dan:

I did. Yeah.

Frank:

Yeah. You're just following the exact same model in that book for the inbound. Exactly how he recommends you pay out the [inaudible 00:12:01].

Dan:

You have to incentivize what you're looking for and what you want. Most people are-

Frank:

Yeah. Qualified appointments that you actually go on.

Dan:

... exactly.

Frank:

That your salespeople say, "That's great, and I accept them." And they have the authority to pay out the [inaudible 00:12:11] bonus. Are the ISAs licensed?

Dan:

No.

Frank:

Got it. So we're talking about lead generation. They all go to a call center, basically. How many ISA is do you have?

Dan:

Well, I believe we have roughly six at the moment in-house. So it's getting [inaudible 00:12:32]-

Frank:

When do you need another one? When do you need to get another ISA?

Dan:

Our sales director will tell us and he'll just go ahead and hire them. So they don't have... He won't come and ask me, he'll just go and hire somebody. But he has a formula that he's built into a spreadsheet where essentially when we're watching lead flow and the amount of phone calls that each ISA can effectively make in a day, how many leads are coming in? How many ISA [inaudible 00:12:58]-

Frank:

How many times do you call lead before you give up, because that's probably the biggest number affecting how many you have to hire?

Dan:

... yeah. And by the way, they get really deep into the sales strategy. I really would have to bring in my sales director now at this stage. To [crosstalk 00:13:09] specific to that degree. But the last I knew of it was seven. And then after seven phone calls, it would go into what we call the pond. The pond-

Frank:

Yeah, because I always hear like, "Oh, I want to call 10 times. Well, dude, I need a huge staff to do that." [crosstalk 00:13:25].

Dan:

... yeah, and it's interesting, like you should call 10 times, but now if you're going to call 10 times, prove to me that every new lead you have has been called five times in the last five days, right?

Frank:

So this is great. Six inbound people go into how many agents you're setting appointments for?

Dan:

We have 54 agents, I believe the number is.

Frank:

And you generate that much marketing to support all of them in some way?

Dan:

We're running, pushing now on a \$2 million marketing budget.

Frank:

That's incredible. How much of the [crosstalk 00:14:01] what you send them versus what they [crosstalk 00:14:04] themselves?

Dan:

[crosstalk 00:14:04] business, of course as well. Between their sphere and of course the credibility that they get from the team. And it's amazing to see people that have been on other teams or been just

working independently. They've done two sphere deals in a year or us sphere deal in a year. And they come on the team and they suddenly have four deals and three months from their sphere. And it's just interesting what happens [inaudible 00:14:32] belief, right? That you get when you're operating within a structure and a team and the credibility of what we've built here, but then also just that borrowed authority of, San Diego business journal, top team in the county and [crosstalk 00:14:46].

Frank:

And your billboard's everywhere. So I used to live in San Diego and I couldn't drive down the street without seeing guaranteed offered by Dan Beer.

Dan:

Yeah. It's great because all of our marketing does enhance the sphere business as well. And it gets to the point where it's really, you guys know this and Chris you know this for sure, it gets really difficult to track everything the way we don't like to, because you could source something... I know this is a Listing Lead Podcast and we'll get into that. I'm sure you could source something to... This is from a radio. Well, they happen to live in a neighborhood that I mail into and they happen to see my billboard every day.

Dan:

They just called from this radio ad. Or we might source something to open house that the people at that open house or sphere, or any of this, but those people also drive. They also watch television and they also listened to the radio. So which one of them all did it? We'll never [crosstalk 00:15:44].

Frank:

How many listing coordinators do you have? And then how many transaction managers to service the backend [crosstalk 00:15:49]?

Dan:

We have two transaction managers and two listing managers each with an assistance in-house. So all those people are in-house-

Frank:

They're all in San Diego?

Dan:

... [crosstalk 00:16:03] that's six in-house people, and then they have VAs that support them. And so we do believe in VA's that we believe in CBAs as the support people, to our support people.

Frank:

Got it. That's a good way of looking at that. It's like the assistant's assistant.

Dan:

Yes. And that's exactly what it is for us right now.

Frank:

Good. Then deal's done. Do you have any one specializing in past clients, like an [crosstalk 00:16:27] staffs, just for that?

Dan:

No. My marketing staff and nothing where we don't have one of those specific-

Frank:

Pest kind specialist [crosstalk 00:16:37].

Dan:

... [crosstalk 00:16:37] people or anything like that. It's something we're looking at.

Frank:

I'm glad we spent some time on that, because it's just really nice for everyone to see the scope. Really, what you have is just a simple team that's just been duplicated a lot. The same structure that most of the people have been on here, you just have scaled it up with a lot of ISAs and a lot of transaction support and listing support. Now from Listing Lead Show standpoint, now that basically what everyone should hear is that all the leads are going to a dedicated call team to respond and follow up and set the appointments in nurture. And they're not going directly to the agents. And the same thing with you, Chris, all of your inbound leads from your marketing go to an inbound call team to set the appointments for the agents. How many ISAs, what Dan says, how many do you have in Austin?

Chris:

Right now we have five, six. I mean, I have a director of inside sales, and he has an assistant. So director of inside sales, he has an assistant and then five, six inside sales. Only one dedicated in the buy-side and then I've got three. So we have four ISAs, four on the listing side one on the [crosstalk 00:17:49] side.

Frank:

So let's shift now. Let's do [crosstalk 00:17:52]-

Chris:

... one quick question I have Dan is, what does your payroll look like each month? How much are you spending on payroll?

Dan:

Our payroll-

Chris:

The reason I asked this is, I have to imagine San Diego is incredibly expensive. I don't live there, but I looked up on-

Frank:

I had-

Chris:

... I looked up on Glassdoor while you were talking Dan, and my general practice when it comes to like... People email you Dan probably all the time, they email me all the time. Like, "What do you pay these people?" And what I found is it's usually market-specific. And so I typically use something like I'll use a couple different sources like PayScale and Glassdoor and research the job title. What's kind of fascinating is referencing inside sales. There's actually more people with the job title inside sales than there are real estate agents. The inside sales industry is huge. I mean, it's massive. Every major company in America has call centers and their titles are inside sales.

Chris:

And so it's a massive industry inside sales, it's a massive career field. But if you're going to start inside sales team, you're going to be competing with other really great companies. And so you've got to offer a market based wage for every person you hire and your respective market. And so I looked it up Dan in San Diego and it said that the average person's making a salary of 45 to 60 plus some kind of based structure. And so I was just curious, based off of your team members and stuff, you do a north of 10 million in GCI, I was just curious what your-

Dan:

I just pulled it up, it's... Our monthly payroll, \$162,515.65.

Frank:

That's low.

Chris:

Yeah, that is very low.

Dan:

Is it?

Frank:

Yeah. It's less than mine.

Chris:

So call it \$2 million bucks a year in payroll, and then spending 2 million lead gen.

Frank:

[crosstalk 00:19:59].

Chris:

One other thing that... And again, I'm sorry, I know we're going off topic here, Frank, but I know how our audiences is going to... What they're thinking and they're going to be like, "Dude, what's the ISA getting paid? What's this person getting paid?"

Frank:

Well, they're also going to be thinking about how do we get Chris Watters better audio quality because you're bringing up [crosstalk 00:20:16]-

Chris:

Come on, man. Look at this beautiful microphone I got here. Hey, so what my last question specific to comp, then we'll move on to the lead gen stuff, what percentage of gross revenue do you give to your listing agents and what percentage do you give to your buyer agents? Because I know that's going through everybody's mind. What are your splits? It's like, it's the most commonly asked question.

Dan:

And I want to just really quickly mention this, when you're looking at 10.1 million, that remember is our top line received by Beer Home Team is an organization. When you're looking at operating the business, we're keeping on average roughly 60% of that to operate with.

Chris:

So your cost of goods sold they're 40%?

Frank:

40%.

Dan:

Exactly. So now when you let go... And that's the best way Chris that I can answer the question you just asked me a minute ago. If someone wants to get into deeper specifics, they could reach out to me.

Frank:

Because it's all blended but it's 40% [crosstalk 00:21:18].

Dan:

But when you're working at that and then you look at the payroll expense and you look at the lead gen expense, and then you look at, there's the other little things like just the systems and the online stuff and all the million subscriptions we have to things and the travel and the coaching, and just all the other things that come with it, that when you said that that's low, I guess if you're comparing it off of a \$10 million top line, not if you're looking at the \$6 million that we're actually operating the business with.

Frank:

So you really [crosstalk 00:21:45].

Chris:

One thing is, man, Dan, I appreciate you coming on this show, like the number of people across the business world that would be willing to be as transparent as you are is very rare. And so I appreciate you being transparent and just breaking down the unit economics because a lot of people would be fearful to share what's going on behind the scenes. And you got to be really confident. You got to come from an abundance mindset. And so I appreciate you being so transparent folks, telling them what the unit economics look like to your business.

Frank:

I want to jump in here too. I've done a lot of studies on professional firms. So like how... When I build Vyrat, I was like, "How do professional firms, advertising agencies, CPA firms, engineering firms, whatever, how do they build their business?" And everyone says this common thing, you mark up labor three times. So you will not be able to run a successful professional services business, unless you mark up your direct labor three times. So the CPA doing the CPA work. If they're getting 30 an hour, you got to be billing out 90, follow me. And I'm telling you, it's the same thing Dan has here. He's basically mark... You mark up the cost of the agent three times. It's about 40%, 33%. That's a common thread by the way, Chris, with like many successful teams, they're able to be sustainable because they're not giving it all away. And they're getting plenty of support and lead generation to have a real business and not totally relying on the agent to do everything.

Dan:

Well, let's rephrase that, they're not totally relying on an independent contractor, 1099 person who's maybe-

Frank:

Running their own business. Yeah, I get it. Especially in California with employment laws, you can't be putting too much pressure on [crosstalk 00:23:33].

Chris:

Something I just mentioned is about how a lot of... One of the most common questions I get and I'm sure Dan gets is about commission splits. And I think one of the most important things for people out there, they're trying to build their listing inventory, they're trying to build a team, you have to really quickly figure out how to differentiate yourself so agents aren't asking what the split is? And for what it's worth, one of the most common objection handlers, if you will is, when somebody asks us what the split is, we ask them, "Are you trying to compare us to a gross commission split or a net split?" So they ask the question, "What are your split?"

Chris:

And I'm like, "Well, are you asking what's the gross split or the net split?" It's like a pattern interrupter when people hear that, like the typical agent. Gross split versus net split. And so we tell them, "Well, if you go join a typical brokerage and you're an independent agent, right? You have a gross split, meaning the split going to your broker is for them to basically host your license, and then you have to subtract all of these expenses. And after you subtract all of those expenses, that's your net split." And so when you join our team, you have a net split. You have no expenses except to maintain your license membership to [inaudible 00:24:51], your car and gas, the same expenses you would have, by the way, if you were a nurse or a teacher.

Frank:

Thank you. Yes. I love that these are a little nuances that you want to bring up Chris, after years in the industry of listening to countless hours of podcasts, same thing with you Dan of like, I really wish somebody actually bring this up when I was listening to them for the little nuances. And there's a good one, Chris, thank you. All right, Dan, we're half hour in. I want to talk about leads, sorry, everyone. But if you go listen to all the previous shows, there's a lot of common themes and you'll see a lot of common

themes with what Dan's going to share here today, especially if you listened to Gary Ashton and Dan Noma, and Andrew Duncan, everyone else-

Chris:

Andrew Duncan.

Frank:

... I just thought it'd be important to hear upfront Dan's infrastructure. So maybe we can put a little note here for whoever's writing up the podcast. This one wants to skip all that, to the lead sources. This is the timestamp for that. So with that, number one way, and we're going through this, Dan, you were reading all of your sources. It's sphere, isn't it? Why don't you say that's the biggest thing coming in?

Dan:

The biggest is it's coming right from the database [crosstalk 00:25:55].

Frank:

Now that's... For anyone that sees you doing 10 million and seizure radio ads and your TV ads and Lord, they can't escape you in San Diego, man. I'm telling you, I see you everywhere when I was there. You wouldn't think that. So let's go into that. What are you doing to get business from your sphere?

Dan:

So there's the core program that we run our sphere, our leads, our everybody through. And so our sphere is part of that. And so we go into what the core program is, and then there's all the other things that end up making that last bit of difference. But it's that last significant bit of difference, right? So every month... Really, I think you're one of the people that I don't think you made this up, Frank, but I think you're definitely one of the ones that really brought it to the real estate industry in a purposeful way. So we send our... We create an educational video-

Frank:

[inaudible 00:26:53].

Dan:

... and every week we send it out. And to be frank, I'm not sure that it should be every other week. I think it should be weekly. We do every other week because that's just what you created. I think you were smart in creating it every other week because every week would have overwhelmed people.

Frank:

If your content is good enough and it's kind of an opt-in [crosstalk 00:27:13]-

Dan:

Oh, I think if you had taught everyone to do it weekly, it would also overwhelmed everyone. So I think you were smart to do it every other week. In any case there's two videos that go up.

Frank:

I was also matching the idea of a 33 touch, whereas that's more of like a fixed income?

Dan:

Every other week we swee... So we create an education-based video. We email it out to our database, right? So that includes our sphere. Now that of course is-

Frank:

Is it?

Dan:

... repurposed on all the social platforms. That of course is our whole databases turned into a custom audience on Facebook.

Frank:

Is there any fancy retargeting [crosstalk 00:27:45]-

Dan:

[crosstalk 00:27:45].

Frank:

... I think people get it. You make a video, you send it out-

Dan:

Yeah. So we turned our database into a custom audience. We put that in Facebook. We hit them there as well. We might hit a 1% lookalike audience, right? But now we're starting to get away from sphere. So let's bring it back to the sphere. So the email goes out, it goes on all the social platforms and we hit them as a custom audience. Now, the beauty of that program that you taught us to create, and you should get the credit for it, is that that exists and also hits our online leads, our PPC leads, our Zillow leads are everything leads, our open house visitors. Everyone gets to that, right?

Frank:

Dan this is wonderful. I'm the [inaudible 00:28:26], I'm loving it. Keep going.

Dan:

That's the core, that's the base. And I don't think really... I think that if you don't have that in play, there's... I consistently have agents that are either part of my network or that reach out. And they want me to coach them on how to do something really crazy, really fancy and really complicated. And they're not doing the ba... They don't have the base. And so I think it's a waste of time. You have to get that [crosstalk 00:28:50].

Frank:

What you're saying here is you have a good solid 33, 36 touch of constant decently relevant videos, go on to every single email you have in your CRM?

Dan:

That's it.

Frank:

Got it.

Dan:

Now, what do we do in addition to that? In addition to that, all of our past clients get mail from us on a monthly basis. They get a [inaudible 00:29:10].

Frank:

How many is that number?

Dan:

They get a new [crosstalk 00:29:11]. What's that?

Frank:

How many people is on that list these days?

Dan:

Oh, man, past client list is going to be pushing... I have to go get an update for you. But it's probably in the 1500 range roughly like that. I mean, we've been ramping a lot [inaudible 00:29:27].

Frank:

[crosstalk 00:29:27] mail [inaudible 00:29:28] monthly, love it.

Dan:

So we hit them. We mail them every month. We also on a quarterly basis. So every time we do a transaction, we do a simple NPS survey, right? Scale of one to 10, how likely are you refers to somebody you care about? All of our eight, nines and tens also get a physical gift from us on a quarterly basis. And then we have our events. Our events are things like the [Purse Bingo 00:30:01] event. I'm happy to... I'll give you a taste for what our events are in. I'm happy to describe any of them that we have our Purse Bingo. We have what we call October Beer Fest. And those are big one [crosstalk 00:30:13] every year.

Frank:

By the way Dan that's really good. By the way, his name if you haven't caught on is Dan Beer.

Dan:

Well, we'll do October Beer Fest and then we'll have random little things for those that have scored us a nine or a 10 in terms of likelihood to refer us. And so we'll rent out a suite at the Padre game, or just do other little things, right? Dinners along the way. But those two events are a big two yearly events. You know what? There's a third, I almost forgot about it because of darn COVID. Because we haven't actually done it since 2019, but we also, every year, we'll rent out a movie theater for a blockbuster film opening Saturday night. And-

Frank:

How often do you do an event?

Dan:

... [crosstalk 00:30:57] that. What's that?

Frank:

How often do you do an event, four year, three year?

Dan:

The schedule on that is typically the Purse Bingo's in February. The movie is May, June and October Beer Fest is in October.

Chris:

Quick question for you, people are wondering this, Dan, do you have people in-house that do your newsletter? And is that digital? You said you mailed it out. Is that a team member or do you outsource that to someone like Discover Publications?

Dan:

So we use Discover Pubs and my marketing lead to make sure that it happens. I guess Discover Pub will do a ton for you, but unless you want to have a completely generic newspaper, which we don't want to have, there's still work that has to happen in-house to get it to Discover Pubs for them to package it up and then send it out.

Dan:

So my marketing lead. The marketing department, not the way I was structured is, I'm the director of marketing. I'm responsible for messaging. I'm responsible for what's going to be our irresistible offer and what words are we using and not using in language and subject lines and, that kind of thing, and for the pace at which I want things to happen. Our marketing lead is in charge of executing it 100%. At her disposal is our assistant, our photographer, our videographer and different companies we'll outsource to such as Discover Pubs.

Frank:

I love... By the way so first off, do you still do the tens of thousands of Discovery Publications out to the wide farm? And you're just... Correct. That's something we're making too-

Dan:

[crosstalk 00:32:41].

Frank:

... but you're doing a whole bunch of direct mail, but you just include it... You just throw the 1500 on that same mailing or those 1500 on a different version. What do you call it? What's the masthead?

Dan:

We form two different zip codes. Each zip code has its newspaper. And some of the articles are the same, but the neighborhood specific articles, or really statistics of the sales going on in the neighborhood and so on, or what happened with the football team, that's going to be unique to each zip code. And then our past client version of it strips all that out, right? Because we have clients all over the county. So when someone lives one hour this way, it would make a lot of sense to tell them about the sales an hour that way. And then, because we're basically going to be advertising to them that, "Hey, we're not for you." Is really what we would be saying at that point.

Dan:

So the sphere,, past client version, it strips all of the market specific information out, and it's all just real estate information. Actually, something that we've done, do you remember that crazy ad... I don't know if Chris can even hear me right now, but do you remember that crazy weird... You would definitely know... Forte. What's his name? That crazy newsletter with all kinds of [crosstalk 00:34:04] articles?

Frank:

Is that [Dean Jackson 00:34:04]?

Dan:

It was the-

Frank:

The most interesting postcard in the world?

Dan:

... no, man, it's got something Forte. So there's this newsletter and I'll have to think of what the name of it was, but you have these images of wild... Really interesting, the crazy weird articles that it seems silly, but just you start reading one, it sucks you right in. So we'll stick some of those into it. We'll use some of their prefabbed articles, which they give you tons of to choose from. And then our goal is always, can we... We're going to write one is the end, our advertisers, which we have advertisers, can they write one? So is there one based on lending? Is there one based on different aspects? One of our top agents will write one, so we want to have unique content creator.

Frank:

So I just want to let everyone know, go check out the Discovery Publications. They do a really nice job of helping you run your own newsletter. And Dan basically created two versions of it for each zip code. And then he throws the past clients in one of them. Is legit dude. It's-

Dan:

It's a full-blown newspaper. It's not even [inaudible 00:35:12] like newspaper. It looks like, smells like, feels like a newspaper. You give them my name, ask for Catherine, given them my name Dan Beer, they're going to treat you well. And you can tell them I said that they can [crosstalk 00:35:28]-

Frank:

I would love to offer that as a download on the page Dan, that'd be a good thing to offer everyone if you want to.

Chris:

Dan, one of your... There's obviously a ton of people listening to this that aren't quite at 10 million in revenue and they might be wondering what's the first big building block from a mass media approach. What would you recommend Dan if somebody's got us great business and they're ready to take the next step to get more impressions? Is it the newsletter? Is it direct me... I know you're, you've had a lot of success with firming.

Dan:

Well, I never considered mail mass media, though it certainly could be. But the reason I never considered it mass media was we started off with 2,500 homes, which I didn't consider mass. And I realized that's a big number for some, if that's okay. I only started at 2,500 homes because I didn't start mailing until I was doing north of 60 million in production. So it was fairly comfortable. You might start at 1000 homes, 500 homes. The point being is we went from 2,500 homes to 5,000 homes, to 7,500 homes, to 10,000 homes. So it was this gradual process over the course of more than a year. It never felt like mass media. For us, when I said, "Okay, we're going to go to the media." At least felt that like, "Okay, we're making a shifting to a totally different space." The first step for us was radio.

Chris:

Something just to pivot a little bit, somebody that I know that's got a very successful team, you two guys definitely know them, I don't want to mention any names, but he told me he treats Facebook like TV. And so Dan, have you dived into doing Facebook? Not for me, let's go buy some leads and generate the cheapest lead possible. But if you leveraged Facebook like TV or billboards where you're spending like what? 40, 50 grand a month?

Dan:

No, nothing like that. So not that aggressive, but it is 100% a broadcast... When you look at advertising on television and who you're going to reach and what it's going to cost, and then when you looked at like Facebook and YouTube, both are a channel. So you could go to... Cable includes Fox, NBC, ABC, CBS, Facebook, and YouTube. Those are all cable.

Chris:

I've got a marketing question for Frank. Frank, if you're going into San Diego, you're competing with Dan Beer, a guy who everybody knows, he walks into a restaurant, shows them his credit card and they're like, "Oh my God, are you Dan Beer, the guy I see?" So if you're going into San Diego trying to build a business and all these other sources are pretty much dominated by Dan, could you potentially go on Facebook and spend a crap ton of money and it'd be your quasi mass media strategy and it'd be profitable when you... Because the thing I'm wondering about, and I don't know the answer to it, that's why I'm asking you, is what makes... One of the things that makes mass media effective like old traditional media is the cost per 1000. And so can you get that same kind of juice out of Facebook if you treated Facebook like radio, TV?

Frank:

Oh man, that's a great question. I'm going to answer that and then we're going to go back to why I think it is. And we're going to go back to, I want you to all go back into your quarterly [inaudible 00:39:11] Dan per sphere. And I want to go deeper into sphere. But treating Facebook like TV is something that I've

been doing, and we recommend to clients are doing for years. I mean, I spend \$100 a day at Vyril just taking a bunch of success stories and testimonials optimized for video views.

Frank:

I mean, no one's really clicking them. They're just seeing that. I'm getting absolutely no leads. But then I remarket the views with offers and that's what gets my cost per 1000 down. So what you do is you run ads on Facebook, optimized for views or reach or some cheap CPM to the unwashed masses, which is worse now because like you used to be a least not have to go 15 miles.

Frank:

Because a lot of the ads we do are for special housing categories that require a 50 mile radius. You can't drill down demographics or whatnot. But the key is, you do the targeting and the ads. So you say attention homeowners or attention San Diego homeowners, and you in the ad for the video views, specialize the ad copy so the algorithm can read it.

Frank:

So 15 miles around San Diego, I say, "Attention, homeowners, here's this thing." Well, who's going to watch the video? Homeowners that are interested and they see you, and you get really cheap CPMs that way. And then you retarget and you remarket with your conversion ads or your lead generation ads to the viewers. The people who actually consume the video. And that's been a two campaign strategy. It's how I've run our Vyril... That's how I run at Vyril Marketing our ad account. And you go to our ad account, you'll see two campaigns. One is for reviews. And one is for offers.

Chris:

Because of the Facebook algorithm, is there a law of diminishing return that happens indirectly due to the algorithm where-

Frank:

Yeah, if your frequency gets too high. So if you start looking at your frequency any over the past 30 days, and it's like higher than six, people get sick of your ads. You can actually overbid, like if you bid too high, your frequency rates will get to someone senior at 8, 9, 10 times. And how many times you're like, "God, I hate this ad." Right? You actually don't want to spend too much with the frequency on the audience [inaudible 00:41:24] over probably six.

Chris:

If you had to guess Frank, total ballpark to go crush Facebook to the two million people in San Diego, how much do you think you'd have to spend monthly?

Frank:

I don't know, man. Well, you just type in San Diego and type of 15 mile radius around it and it'll tell you how many people are on there. And then, yeah, I bet \$100 a day would do pretty well, man.

Chris:

That's it, \$100?

Frank:

[crosstalk 00:41:51] much dude. Is it [crosstalk 00:41:54]?

Chris:

You can't even get [crosstalk 00:41:56] radio ad for \$100.

Frank:

Because [crosstalk 00:41:58] attention homeowners, San Diego homeowners, you're doing a lot of targeting in the writing. I bet you'd be surprised.

Chris:

But then you're... When you do that targeting, your cost per 1000 typically it goes up a lot.

Frank:

Well, no, you're running a video view, which is a lower CPM to the unwatched masses. That's the first campaign. You're only running the conversion ads to the ones that engage. We're going way on a tangent here. You'll probably [inaudible 00:42:20] this.

Chris:

I'm sorry. I'm asking a lot of very self-serving and I'm also just very-

Frank:

Well, the other option too... Let me tell you something else. So Greg Harrelson, who I know really well out in Myrtle Beach, he went in and grabbed neighborhoods. So Dan, how many neighborhoods are in San Diego county? Like 300, 400?

Dan:

Man, they're like [crosstalk 00:42:42].

Frank:

Well, he went in to [crosstalk 00:42:43] or [crosstalk 00:42:44] stream and drew a little circle around a couple 100 homes and exported it and then upended through some phone, email, pending service, every single niche farm, and then created 300 campaigns inside his ad account. Follow me with an ad for each specific niche, custom audience.

Chris:

I mean, it's brilliant, right?

Frank:

What?

Chris:

It's brilliant.

Frank:

Yeah.

Chris:

It's brilliant. It's very efficient.

Frank:

You don't do all [crosstalk 00:43:12]. So it's like, what is your Nelson's Creek home worth with a picture of a home, the entrance to the neighborhood of like Nelson's Creek or something like that? You follow me. So the ad is super relevant. And then you go back to the landing page. It's a picture of the entrance to that neighborhood with a picture of that neighborhood. And that's how he got, supposedly, I don't know [inaudible 00:43:35] CPMs very low on that, lead quality is high, but it's expensive to run very targeted campaigns like that from a CPM standpoint. But that's another way of looking at it. But that's enough of that. I hope you guys enjoyed that.

Chris:

Let's dive deeper into the past clients [crosstalk 00:43:49].

Frank:

I want to go back. Sphere, Dan, core program. You got a solid 36 touch going on. You're mailing your past clients, 1500 every single month. That's awesome. I would assume you did a really good job of making sure you know the mailing addresses, that probably had to take some effort to actually have the mailing address to your past clients all to share that. But you send gifts. So tell me about this quarterly gifting program and how many hundreds of people are getting unannounced gifts from you every night? And what are these gifts?

Dan:

I just pulled up a report... I'm calling [crosstalk 00:44:27].

Frank:

I want to hear about this because this was something... Was it Kelly Cook on her Show?

Dan:

It's 2134 task lines.

Frank:

2134 past clients.

Dan:

So 2134 [crosstalk 00:44:38] we mailed [inaudible 00:44:38]. And so we don't send gifts to all of them. It's the ones that graded us an eight, nine or 10 on likeliness to refer us. And that's still the majority, grand majority. So yeah, we send these out. And what is your question? How do we execute... Well-

Frank:

My question is, so first off, how many people are on the gifting campaign?

Dan:

I'll see if I can find a-

Frank:

Roughly, how many people get four gifts a year from you?

Dan:

... let's call it 90% of them. Well, no, no, no, no, no. It's-

Frank:

Well, it's probably true. A lot of people probably [crosstalk 00:45:14].

Dan:

... [crosstalk 00:45:14] because I believe that we do not mail the ones that have left the state. I believe.

Frank:

In state 8, 9, 10 NPS feedback survey on [crosstalk 00:45:25].

Chris:

What are you spending for gift?

Dan:

Now that might be stu... That might be really a bad idea on our part. Maybe we're supposed to be, and they all have other friends that want to follow them here and they could tell their friends how easy we made it. So maybe we should. We use Client Giant. And so the price per person, I believe on Client Giant is \$100 dollars per person per year if I'm not mistaken.

Chris:

Ooh. Do you want to hear their tagline? It's a, "Think outside the box." Frank you told... Was it you or somebody else that told me about it?

Frank:

Sorry, I found that funny, apparently it isn't.

Dan:

I don't hate their [crosstalk 00:46:07].

Chris:

Frank was there-

Dan:

I like that.

Chris:

... was there somebody else, Frank, you mentioned that also does this? They send out some kind of very creative-

Frank:

Yeah. It was someone Kelly Cook [crosstalk 00:46:17]-

Chris:

Kelly Cook, yeah.

Frank:

... episode.

Chris:

I forgot who she mentioned, but same kind of deal. That's cool. So \$100, \$400. You're spending \$400 per past client. So you've got almost \$100 going just to client gifts?

Frank:

Hold on, is it \$100 per gift, so 400 a year? Or is that [crosstalk 00:46:33]-

Dan:

No. I'll see if I can get the exact number for you, but I believe that it's, yes, that was correct. No, it's \$10 per client per month. So it's \$120 per client per year.

Chris:

So you're spending \$25 roughly.

Dan:

Yeah, we are.

Chris:

Well, that's a good ROI given all the deals you have.

Frank:

Let me ask you this, how do do? How do when you're spending that kind of money? The gifts is like, man, that's a thing I got to keep doing that. I'm not going to buy more radio. I'm not going to... You don't really know?

Dan:

You don't really know. You get a sense and you stay close to your clients and you know that if they never mention it, it probably doesn't make any difference. So if you get tag in Facebook posts on a quarterly

basis, because they'd go out quarterly and wow, this is so cool, thank you guys. Or you get that private text message, "Hey, we were really touched with you thinking about us."

Dan:

You know that it's making some effect. Now, you know that that's the reason why, and if you absent that and with everything else you're doing, you wouldn't have gotten the deal, you don't know. But here's what you do know. You know what your top line revenue is, you know what your gross margin is, you know what your profit goal is, you know what you... You know that your economics are working. And as long as my economics are working, then the plan is working.

Chris:

What would you... Dan, if the market shifts tomorrow and starts slowing down, what's the first thing you would cut in your marketing arsenal right away? And this has got to be a big ticket item.

Dan:

Television.

Chris:

Television?

Dan:

I'm pretty sure it'd be television.

Frank:

That's a good way of asking that question, Chris. I like that. That's a really good question. Hmm.

Dan:

Yeah, fairly sure we are having this conversation about three days ago and fairly sure it would be television. We have [crosstalk 00:48:34]-

Frank:

Have you tried OTT where like it puts the ads specifically on specific owners or are you doing broadcast?

Dan:

... no, we're not doing that right now other than I have to find out if we're still doing Hulu or not, but-

Chris:

Dan, what do you think makes TV less effective than radio if you had to guess? What do you think it is or billboards for that matter?

Dan:

... I don't know that the medium is less of effective. In theory, it should be more effective because they're seeing you and the visual plus the audio and it should build a deeper relationship. But for the most part, lacks endorsement.

Chris:

Billboard doesn't have an endorsement.

Dan:

[inaudible 00:49:14] is all correct. And billboard is more than... I would never prescribe to anybody to go and just do billboards and nothing else. I would prescribe do billboards once you're doing a whole bunch of other things, because billboard really more than anything gives lift to everything else. It'll lift your past client marketing and your spear business and your farm business and your radio business. And so billboard's a great way to create lift. And there's no doubt about it that it's a great way to be known if that's something that matters. But being known for ego is not a great strategy. Being known because it enhances other lead sources, that's-

Chris:

There's a guy in your sphere, Dan. I know he's involved with chip lock, he's based out of Boston, Anthony Lamacchia.

Dan:

... yeah.

Chris:

So he came out of the gates and for the... I think a good portion of his time running his team was crushing it on TV. Have you talked to him and asked him what he was doing differently?

Dan:

I didn't know that he did television. So no, he and I have never talked about TV. I have discussed television with Andrew Duncan who you've had on the show.

Chris:

Frank, we should get Anthony Lamacchia on the show to talk to us about TV, because we haven't had anybody talk a lot about TV.

Dan:

What's interesting, man is we're starting to view television... So we started doing television the way so many others do, which is the news. Because we want that like... We think about it as radio because all of us started on radio. So that morning news show where people are really paying attention and it's going to be direct response. Billboards taught me to think about television differently.

Dan:

And so we've completely changed our television strategy to be much more billboard like, in that it's much higher impressions, much higher... Just much more reach. And the kind of effect where like, "Oh my God, I see you everywhere. I saw you here. And then I saw you there and then I randomly saw you here. And then my grandma was watching some weird network and she saw you."

Dan:

So we're thinking of television now much more so as in the same kind of light that we see billboard in. We want to just go really high impression, really, really far reach and not targeting the 6:00 to 7:00 AM, time slot on local news the way we did for a while. And we're happy with that by the way.

Frank:

That's the same thing Andrew Duncan said.

Dan:

Did he?

Chris:

Yeah.

Dan:

Well you didn't call me with the update. God damn it, I had to figure that out myself.

Frank:

No, it is just really about, I just am fun and that's the idea. Well I think probably too, you just kind of get sick of running the same message over time. You want to get the creativity in it and I get it. Here's the deal. Let's go back. So sphere, you got a 36 touch. That's where everyone starts, love that you're mailing the past clients monthly. You good?

Dan:

Yeah. I've got a few more over here.

Frank:

Okay. So net promoter score, quarterly gifts, you put on events, you promote those, let's quickly go down to two other lead sources. What is the second biggest way you bring in leads outside of sphere?

Dan:

So bring in leads and bring in deals, right? It's different because they all different conversion rates. But [crosstalk 00:52:45]-

Frank:

[crosstalk 00:52:46] second, firming, let's talk about that.

Dan:

... big in firming.

Frank:

Let's talk about firming. You started with 2,500 homes, how many up to now?

Dan:

We are currently firming 16, 26, right about 30,000 houses.

Frank:

And they're all getting the Discover Publications?

Dan:

Yes. Two different versions. They're in different zip codes.

Frank:

We did an interview on us a while back Dan, still you get the monthly newspaper. Are you still mailing twice a month? Have you increased the frequency or it's still monthly or what's the frequency of the mail?

Dan:

The newspaper goes out every month. There's also a postcard that goes out on a monthly basis. Plus the digital touches plus the billboards that are on their driving routes.

Frank:

So you're hitting 30,000 people twice a month.

Dan:

Yeah.

Frank:

That's great. How do you know that's working?

Dan:

We know that's working because it's not a coincidence that those zip codes... And specifically one, because one's new to us, but that the zip code we've been doing this in for years, it's not a coincidence that that's also the zip code where we are far and away the top market shareholder and where we're doing five times more business there and then in our next best zip code. That's not a coincidence. I didn't just somehow happen. The reason I'm stating it this way is sometimes the deals we do in that zip code get sourced to radio. Sometimes the deals we do in that zip code gets sourced to open house, but it's by no coincidence that that's happening in that zip code.

Frank:

How did you choose the zip codes? You don't have to tell me which ones just, what was your criteria like, "I'm going to go there?"

Dan:

First one was I identified it as an underserved area that was a phenomenal area, but adjacent to a much more established well known area, that had disproportionately more competition. And so for that reason, I also moved to that zip code and I just made a decision. There was a couple of dominant agents in it. I just made a decision that, that didn't really matter because most people get scared off by the "dominant agent." But they're not typically doing as much as they think, if you actually go look at it. They might have done 12 deals or something last year, but they're still number one. And so that's not

something that you can't overcome by any means. The second zip code was a decision to go after a neighborhood that we feel is a listener of the radio stations that we are on.

Dan:

It just matches where else they might be hearing us. It matches where we had heavy billboard presence. They're on that route. It's not actually terribly far from our original zip code, same school district. And we see it as a community that takes great pride in being a community. So, you know San Diego, you could throw an... I mean there's 1000 things going on. You can throw an event in San Diego and the same event that would get 500 people out in Minneapolis, it's just not going to get any... You're going to have 10 people show up here. But that zip code, if you throw the movie in the park night or whatever it might be, they have community pride. So [crosstalk 00:56:11]-

Frank:

Interesting, that's a great insight.

Dan:

... we feel like we could really, once we're in and we're going to be very in and there's neighbor communication on a much greater rate than most other areas of San Diego county.

Frank:

That's an interesting insight, Dan [crosstalk 00:56:28].

Dan:

My parents are from [inaudible 00:56:29] Valley, they've literally... For 20 years, they don't know their neighbors names at all. There's a few neighborhoods where they're much more tight. And so that's [crosstalk 00:56:39].

Frank:

I never heard that. It's always been like, turnover rate and whatnot, but that's how you chose it. All right. We know we want to get you going here, Dan, thanks for all your time. Last lead source. After this sphere, you're doing the firm for direct mail. What's one more top source you're using to get listing leads?

Dan:

After that, it's what we've spent a little bit of time talking about already, which is it's media. And here's the thing I want to encourage people to remember, don't forget about the listing lead you have that you think is the buyer lead, right? A lot of you have a lot of Zillow and PPC and different things going, and you've forgotten that those are sellers. People [crosstalk 00:57:20]-

Frank:

So these are buyers coming [crosstalk 00:57:20]?

Dan:

... yeah. A good portion of your buyer leads are going to sell a house. So remember to treat that way. But for us, yeah, Frank, it's really our sphere, our farm and our media. And then they all are so ancestral

and they feed one another. But because I've got a jam, man, I'm thrilled to be on here with you. And I actually put my business plan and if somebody wants to download my business plan and take a really close look at it, you go to agentacademy.com and you'll see pretty much on every page, but it'll be right there on the home page. You'll see a place where you could pop your email in and I'll send you my business plan and you could go ahead and download it. So that's there if it's useful to anybody. And you're awesome, man, Chris always good brother. I hope things are good. I know they are. And-

Chris:

Dan man, thanks so much for being on dude. You're always a wealth of knowledge, and one hour is definitely not enough. Do you have any events coming up? Anything you're hosting Dan, any educational events or anything you're putting on?

Dan:

... yeah. So keep an eye out. It's there's not even a landing page for yet, but we just had a sold out packed house in Nashville for our operations playbook, John [Shepblack 00:58:42] and I for our event and there was heavy, heavy demand. We actually thought we were going to pivot to the inside sales playbook again, but there was just overwhelming demand in the room for us to do a sales recruiting and leadership retention playbook events. So laying it out in a heavy way, my sales director will be there. He's responsible for our entire sales strategy and recruiting of the team, and John front and center for two days. It looks like it's likely going to take place in Vegas. If you want to earmark your calendar, it'll be October 29th and 30th. If you're listening to this after the fact, because it's already passed October 29th and 30th, you know exactly where we're going to be right on the back of it. So people flying in can stay. But if you're listening to this after the facts it's professionally recorded and you'll be able to grab it then too.

Chris:

Hey for people listening to this show, there's very few events that I go to at this point. I've done the whole circuit of coaching and events and stuff. And [Inman 00:59:49] is probably, I bet one of the best ones for people that are trying to stay on the cutting edge of what's happening in the industry. And like Startup Alley is really cool with learning about new technology companies. So I'd highly encourage people to go to the Inman Event. And Dan, if your event is right behind it, dude, I'll stay an extra day.

Dan:

Well then you're staying an extra day, man, because it is. It's on the 29th and 30th. I'll shoot you the landing page here once we have it [crosstalk 01:00:15]-

Chris:

It's like a two for one deal in one location. I love it.

Dan:

... yeah. We're looking at the [crosstalk 01:00:19] Valley ranch and we were just shoring up the deal today.

Frank:

Don't want to pay those union fees on the strip. It's expensive.

Dan:

Yeah.

Frank:

It's expensive to hold it down. The strip it's all [crosstalk 01:00:31]-

Dan:

Strip's not what it used to be man.

Frank:

Very expensive.

Chris:

Dan. Thanks again, dude. We really appreciate you being on the show wealth to knowledge and I got to commend you on that client appreciation event with the [inaudible 01:00:43] and stuff, that's freaking awesome. That'll get some people to show up.

Dan:

Beautiful. Love it guys. It's always fun.

Frank:

It's nice.

Dan:

See you.