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Powerful closing statements

Make the most of your marketing strategy by using an often overlooked, but very powerful tool: the closing gift

J.J. Hanley

For most people, the end of the holiday season brings a welcome end to the hectic search to find just the right gifts for the important people in their lives. For the real estate professional, however, finding the right gifts for the important people in your professional life, your clients, continues, unbridled by the holidays, throughout the year. Coming up with an effective closing gift may take precious time out of your already overloaded schedule. As a result, you may find yourself making a half-hearted attempt to throw something together quickly on closing day. Or, worse yet, you may end up giving nothing at all.

That's a mistake. Closing gifts can represent one of the most important statements you make in sealing a positive impression in the minds of buyers, sellers--or important referrals.

Today's most innovative and savvy real estate professionals know, from experience, that thoughtful closing gifts are key to the success of any overall marketing plan. And their ideas are not always expensive or time-consuming. In fact, some real estate professionals have found non-traditional ways to use closing gifts and services to benefit their valued clients, and ultimately, their communities as well.

The gift of knowledge

"You hear different philosophies [about closing gifts] when you go to workshops," says Virginia Williams, CRB, CRS, co-owner of Williams & Williams Realty in Denton, Tex. "Like how a doctor doesn't give his patients a gift for operating on them, so why should we give anything to our clients? But I think that can be a very short-sighted approach. Three or five years down the road, [a client] may want to list that home again, and you want them to remember you."

Williams points out that it doesn't take any extra time to figure out what a client's tastes and needs are, given that during the search process you may sometimes feel you practically live with the client anyway. "Getting to know your clients is extremely important," she says. "They may talk of a special piece of furniture or an activity they enjoy. I try and remember those things."

More important than targeting price, she says, is tailoring the right gift to the right personality. She suggests developing a relationship with a local art gallery or gift store that carries work by local artists. "We have a potter in our area who has become quite famous for his work. Each piece is custom-made," she says of the earthy, distinctive urns and vases that she often chooses as a memento

for clients who are moving away.

Some of Williams' more tailored gifts have included a welcome letter to a client, signed by the city's mayor, for one of her more politically-motivated customers. For an avid baseball fan, she gave a baseball signed by Nolan Ryan, who has a home in the area. The name of the game, she says, is not to get in their face with your company logo, but to put a smile on their face with a genuine thank-you.

John Gicking, a real estate professional with Sotheby's International Realty in East Hampton, one of Long Island's most exclusive summer home communities, reminds other real estate professionals not to forget their rental clients either. For instance, one of his recent clients, who paid nearly \$200,000 for a summer rental, was presented with an elaborate reed picnic basket. The client found it placed on the kitchen table in her home. To the basket, already filled with fresh flowers, wine and cocktail snacks, Gicking added some very useful guides and maps to the area.

"They were delightful people to work with," he says. "And knowing that they may return and eventually buy a home here, this helped me start developing a relationship with them right off the bat."

Jeff Underwood, CRB, CRS, a real estate professional with Uncommon Realty in Columbia, Maryland, thinks of closing gifts as relationship tools rather than marketing tools, and prefers to give what he calls the "experience" gift for his clients, at least 30% of whom come to him by referral.

"Giving them a gift after settlement is OK," he says. "But they may not remember that as much as an experience you can give them."

Like Williams, Underwood tries to find out his clients' interests and hobbies during the house-hunting process. "Usually I'll take clients who are golfers for a round of golf after the closing, or I'll make arrangements so that they can play as a guest at my club at their convenience if I'm not available. But I always take my clients to lunch or dinner after the closing," he adds. "Nine times out of ten, they are available right afterward, and we go to a nice, yet casual, restaurant nearby. That way, we can see each other in a social environment that we may not have had the opportunity to be in while we were looking for houses."

The cost of building these relationships is worth it, Underwood stresses. "I'll usually spend between \$100 and \$500 on a closing experience for a client," he says. "But most of my commissions as a broker are in the \$6000 to \$ 10,000 range, so a few hundred dollars is not really that much."

Has the expense helped business?

"Absolutely yes," Underwood says. "By doing this you get the reputation as being someone who goes a little bit further for his client. You may not see the benefit right away, but you hear about it through the grapevine that somebody really appreciated what you did for them."

Underwood's generous entertainment policy has occasionally come back to haunt him in a very pleasant way. Recently, some clients decided to buy him dinner because, he says, "I sold them a house which they claimed was the springboard to a new, happy life in a new community. And they wanted to say thank you to me. It's not the first time that's happened."

The gift of service

Not all real estate professionals believe in giving closing gifts when they compare the cost of a nice gift to its tax deductibility. According to Jay Zabel, an attorney with Jay Zabel & Assoc., Ltd., in Chicago, Ill., and a specialist in tax law, there is a strict limitation on gift deductibility. "You may only deduct \$25 per year, per client," Zabel says, pointing out that if you give more than one gift to the same client in the same year, perhaps as a result of more than one closing, you may only apply the \$25 deductible once for that client.

Because of the low deductibility for gifts, real estate professionals like Cynthia Glass Moses, CRS, associate broker with RE/MAX 2000, in Rockville, Md., find that providing an additional service to clients after closing, provides greater added value to her business and to the client.

"I find that a decent gift generally requires a lot of expense, of which you can only deduct \$25," Moses says. "So, instead, early in the month of January following the closing, I send a form letter to the client which includes a copy of the settlement sheet which they will need to access for tax purposes."

Without it, she says, the client may miss some important deductions for the previous year. Yet they may have trouble locating the statement after the upheaval of a big move.

Clients have responded enthusiastically to her value-added service. One man, a tough client to work with, called her and thanked her profusely for her efforts. "He said he was so sick of receiving stacks of junk mail, and that this was something he could really use."

All the tax letter cost her was a little extra time. "I wonder how many clients remember something you gave them that has your name emblazoned all over it as just another piece of advertising?" she asks. "I think it's more important to do this kind of regular follow-up with your clients."

Regular follow-up, of course, can come in many forms and sizes. Take, for instance, Jack Cotton, CRB, CRS, owner of Cotton Real Estate in Osterville, Mass., who believes that the best closing gift is "totally awesome and incredible service during the course of the transaction. By the time you get to the closing," he says, "you should be confident that you have given such great service that you're not giving a closing gift out of guilt."

Nonetheless, he wanted to find an appealing way to show his appreciation to his clients in a sincere, non-patronizing way. In his community, located on Cape Cod, 85% of home buyers are retired or are purchasing their second home, so Cotton Real Estate hosted a lobster and clam bake for all of its past and present customers.

"We called it a 'customer appreciation party,' and people were thrilled with the thoughtfulness," he says of the post Labor Day weekend event. Marked by a big tent, pitched near a boat dock, the bash came complete with a lobster boat, loaded with lobsters fresh from the ocean which pulled up to the dock, and a reggae band.

"People were blown away by the party because a lot of them take it for granted that after the sale, they'll never see the sales associate again," he says of the affair, which drew over 250 people, despite a cold, foggy drizzle which tried to dampen the festivities.

"Recent buyers got to know other people in the area, and began friendships that could last for a long time. That's something that we never even thought of when we were planning the party," he adds.

While the \$10,000 price tag for the party may seem high, Cotton looks at it from a long-term perspective. "While it may be a lot of money, per person, it comes down to no more than we would have to spend on a nice closing gift," he says. "In fact, we've already booked it again for next year."

Without question, the party boosted awareness of Cotton Real Estate. People all over town talked about it for weeks afterwards, according to Cotton. And evidence of the long-term impact poured into his office in the form of thank-you notes from party-goers, promising to pass on the firm's name to friends.

Remember, most customers are professionals too, and they know the value of maintaining customer relationships. "The party was a bonus, on top of his service," says one very satisfied customer. "[Jack] was a real support while we were buying the house. He kept his word on everything he said he would do, and he helped us purchase just what we wanted to buy. From my point of view, the party was a really smart move, because he was keeping in touch with people who might bring him potential customers."

Entertainment, it should be pointed out, comes under a distinctly different tax umbrella than gift giving. "You can spend as much as you want to spend on entertainment," Zabel says. "But there has to be a promotional business purpose in the event. If you are doing it simply to say 'thanks,' then you cannot write it off. But if you are doing it to promote yourself and to drum up future business, then you may be able to write off 50 percent of the cost of the event."

The gift of green

Some sales associates have made a lasting impression with a closing gift, not just on their clients, but on the world as well, by giving to the earth and to their communities in the name of their clients.

Planting trees in home-buyers' yards has helped both the business and the planet for Mary Harker, CRS, a broker associate with RE/MAX in Dallas, Tex. "We find that families, especially those with little children, just love to receive these trees," she says of the Black Pines which grow well in the Dallas area. "It's as tall as a little child when it's planted and becomes a wonderful living tribute to the family's life there."

"A seedling only costs \$3 to \$4," she says. "So you could get a seedling for each child in the family." A more established sapling might run in the \$30 to \$50 range. Not a big buck, really, for a heck of a lot of bang.

This idea works especially well for families buying into new developments where the landscaping picture tends to be particularly bleak. "There are no trees in these developments," she says. "And we really include the children in the planting, giving them instructions on how to take care of the tree. The kids tend to need the most support in a move and this helps to give them a feeling of being planted too."

Her popular tree-planting practice has actually earned her the name "The Tree Lady" with many of the children in her community.

A plant or shrub which grows well in your area will not only beautify your client's new home, but may plant the seeds for an ongoing professional relationship in the years to follow.

"I have this arrangement where I give my clients this particularly brilliant patent rose called 'Olympade'," says Ed Cramer, CRB, CRS, a broker/owner of Circle Realty in San Diego, California. The bright, red flower which thrives in the California climate has been a bloomingly successful closing gift for him. "Whenever I go back to see them, the client always comments on their beautiful blooms. That provides lasting continuity for their landscaping and lasting continuity for our relationship too."

Until recently, David Wallace, a real estate professional with RE/MAX Gold Coast in Ventura, California, and a self-described aging surfer, had no gift-giving plan with which to close a sale. "I used to give occasional closing gifts," he says. "But each time I thought about giving a basket with a bunch of stuff in it, or a vase of flowers that dies in a week, I thought to myself, 'why not give the money to a charity that could use it instead?'"

So Wallace did. "We wanted to do something different. So we have chosen a local home for abused children, called Casa Pacifica, to which we will make a \$50 donation in the name of the client with each purchase and sale," he says.

"Number one is to do a good job for the client," he adds. "That's our job. But I also want to make a contribution to society. And this is the best way I can think of to do it." Plus, according to Zabel, even if the donation is made in a client's name, the entire amount is deductible, and the benefit of the deduction goes to the sales associate.

Harker, who also donates to charity in her clients' names, says it's a part of her own philosophy about selling homes. "We are not just selling a house to a family," she says. "We are helping to reconnect a fractured network. We introduce them to clubs and churches, and refer them to doctors and hair stylists."

By making a donation in the client's name to the Children's Miracle Network, with the money directly benefiting the patients in hospitals in her area, Harker feels she helps to reconnect the lives of more than just her clients.

One of her clients was so touched by her donation in his name, that he called her immediately and asked for her advice in starting the same kind of program within his own company.

Without a doubt, these kinds of closing touches really work to keep you in your clients' minds and ultimately promote more business.

"Instead of putting yourself first, you're putting your customer and your community in that spot," Harker says. In fact, she's convinced that these closing gift experiences have helped put her company in the 94th percentile for referrals. Says Harker, "I think we should re-name 'selling houses' to 're-connecting lives'."

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