



EPISODE 2

Money

SEE THE SHOW NOTES AT: <http://www.realclasses.com/podcast/2>

KRISTIN WALTER: Welcome to the Real Classroom Show. I'm your host, Kristin Walter, and this is the place where we talk about all things profitable in the real estate professional world for agents, brokers, and everyone in between.

Now if you don't know about the Real Classroom, it's a place where real estate agents and broker/owners go to learn about how to increase profits while saving time and stress. We are a community of people committed to serving and empowering others with our unique gifts, and we all strive to have a work-life balance, if there is such a thing.

Best of all, we help each other find the courage to take it to the next level, whatever that looks like for you. Today's episode is all about money. The lies that we tell ourselves about money and how to overcome them.

LIES ABOUT MONEY

MYTH #1 - I NEED A NICE CAR

One of the biggest, biggest, biggest, biggest, biggest lies that I have told myself my whole life, not just around owning my own companies but around everything, is about money. Money, money, money. So the first money lie that I told myself around owning my own company, my own real estate brokerage, but also being a real estate agent was that I needed a very nice car.

Now let me back up a little bit. I think, in many circumstances, this could be true. If you're in a luxury market and you have a certain type of client, I think this could be very true, because I am in a luxury market in the mountains, in a rural resort area. Our average price point right now is \$1,000,000. I think this could be very true for a certain set of clients.

However, personally, I have worked in my own market and not had the nicest, newest, most expensive car. But it was a lie that I told myself for a long time. Once I got over the lie, I sold even more multimillion-dollar homes. So here's how I did it.

So, first of all, I had heard a story about Warren Buffett. If you type in “lifestyle of Warren Buffett” or “billionaire lifestyles”, there’s a ton of stuff that’ll come up on the internet, or even “frugal billionaire”.

Now, Warren Buffett has a net worth of \$85 billion. That’s with a ‘B’. He got a five-bedroom house in Omaha in 1958 for \$31,500, and he’s lived there ever since. He doesn’t spend money on electronics. Supposedly, he doesn’t carry a cellphone and, supposedly, he doesn’t have a computer at his desk. Although he could afford whatever car or cars that he wants, he has a Cadillac XTS that he probably paid \$45,000 for.

When you think about this idea of being a frugal billionaire, we could tone it down a notch, for those of us that aren’t billionaires, and just say, we’re frugal, we’re good with our money. When I heard that story about Warren Buffett, that he didn’t drive a nice car, it blew my mind. And so, I thought to myself if the people that I want to attract into my business as my clients are good with their money, and I started talking with them more about how they came about getting their money, most of them did not spend money on nice fancy cars.

Now mind you, I’m in a market, a real estate market, where it’s second-home owners. And so, my second-home owners in my market typically have a high net worth. They have saved their money, they’ve worked their whole lives. They place an importance on experiences and vacations. They’ve made their money through their jobs, but they’ve also used real estate as a vehicle for wealth.

And so, their actual vehicles - they might not have the nicest or fanciest, because that’s never going to be an asset. Unless you own a limousine company or you own a car dealership, your car is not your asset. It’s always going to be something that’s on the debt side of your balance sheet.

When I heard this story about Warren Buffett, it blew my mind, and I thought to myself, “Well, how can I present well as a real estate professional and not blow my money on my cars?” Basically, the answer is you just need to keep it clean. Now that was hard for me. I’ve got a dog, you know that. I talk about my dog all the time, and we go roughing in the mountains and walking and hiking and all kinds of stuff. We’re muddy, we’re snowy, we’re icy, we’re rainy, whatever. We might jump back in the car and that’s that.

But before I put a client in my car, I would clean the heck out of it. Then I would also say, “Hey, I have a dog. If you’re allergic, maybe we need to ride separately. A lot of times they’d say, “No worries. I have a dog, too.”

Then the other thing you could say, if you don’t want people getting in your car, is, “Why don’t we ride separately? Then that way you know how long it’s going to take to get where we’re

going and it familiarizes you with the area as well.”

If the people who you are taking around make you feel uncomfortable in one way or another, or if you feel like they want to have their own alone time between themselves, I think it’s a great suggestion for you to say, “Hey, why don’t you follow me?”

Another reason that you could give them for not getting in your car is you could say that you want to be able to make phone calls to the places that you’re going to see, or phone calls to the other agents of the places that you’ve already seen, and you want your clients to be able to focus on what’s going on in their own car rather than listening to you work.

I have heard of some agents who they have an insurance policy that says they’re not supposed to take around people who have small children. So they’re not supposed to put small children with car seats in their car for their business. Now I’m not suggesting this - I’m just saying this is what other people do. I’ve always welcomed people into my car, but I give them the caveat of, “Hey, I’ve got a dog. It’s as clean as it’s going to be. If you’re allergic, let me know and we can ride separately.”

But there’s a bunch of different ways around telling people that you can’t have them ride in your car, and that’s okay. But I think that it’s a lie that you need to stop telling yourself. I think that it’s a lie about, “I need a nice car to be a broker/owner.” That’s another dumb lie because you’re spending your money on other things that actually make you money. Yes, the car makes you money, but it doesn’t have to be shiny or flashy.

And so, one of the things that I have always said is that my cars have aged well. I’ve paid them off. I’ve just kept them really clean. When people come into my car and if I think they’re starting to make a judgment about my car, or if we don’t know one another well enough, I just say, “I love this car because it’s paid off!” and that impresses a lot of people, because even my million-dollar buyers are like, “Wow! That’s great. You’ve paid your car off. You don’t have a car note. I think that’s impressive.”

So maybe in some cities this might be an issue, but, again, it’s hearkening back to how people feel when they’re with you, is if they know and feel that you care about them and that you’re going to take good care of them, and this goes also for not just clients or real estate agents in your car, but if you’re opening your own brokerage and you’re trying to attract other agents to come work for you, this goes for those agents as well.

Agents that come to work for you need to be in alignment with your values. If your value is having a shiny, beautiful, expensive car, then those are the agents you’re going to attract, if that’s what you want. But if your value is that you like to pay your cars off or keep them clean

or you're not spending money on your cars, you're spending money on other things, then those are the agents that you're going to attract.

And so, that's a lie that you need to stop telling yourself around money, that you need a big shiny, flashy car because all the other broker/owners are doing it. Well, maybe they are, but maybe they've been in business for a long time and they can afford that, and that's part of their overall plan and their overall budget.

But it's a lie that I need you to stop telling yourself, because you don't need a nice, beautiful, shiny car to become a broker/owner. That's not something that just, boom! "I have a nice shiny car. I'm a broker/owner." Or boom! "I'm a broker/owner. I have a nice shiny car now." No, I do think this is a cultural paradigm shift that we can change for ourselves now that we're in a different century. Maybe back in the day, you needed a nice, bright, shiny car to attract good agents. But now I don't think people care, and especially where I'm at. If you have a nice Subaru or a Pathfinder, something that's four-wheel drive and can get you up the mountain, that's all people care about, and that it's safe. So just take a look around in your city or your area that you live in and see what kind of cars people are driving and go with that, or just go with what you like.

MYTH #2 - I NEED A LOT OF MONEY

Now the next lie that is even bigger than that one, and maybe I should have started out this podcast with it, is that you need a lot of money to start your own brokerage. A lot of people think, "Oh, it costs tens of thousands of dollars to start my own brokerage." My answer is just a flat out no. This is where the [free budget worksheet](#) that I have created comes in for you.

I would say if you're pinching your pennies and you include the education piece, the educational requirements for your state or your province, you could probably start your own brokerage tomorrow for \$1,000 or \$1,500. I think that if you were trying to be careful and be a little bit bigger-minded than that, you would need to think between \$3,000 and \$5,000.

If you sit down and write out all of your expenses to be a startup real estate agency, you're going to find that \$3,000 to \$5,000 is way less money than any other startups or any other franchises. Listen, I've shopped around. I've looked into owning my own sandwich shop as a franchise. I've looked into doggy daycares as a franchise.

The minimum startup costs for franchises is out of this world. It's not just \$10,000. It's closer to \$100,000, sometimes \$500,000. You could find some franchises for less, in the \$50,000 range, maybe \$20,000, maybe \$30,000. But what I'm saying to you now is you don't need a lot of money to start your own brokerage. I did it for \$3,000.

So erase that lie, figure out how to change your mindset, and just take a look at that budget worksheet. If you don't believe what I'm telling you, it's a line item spreadsheet that I have filled out for you with real-life examples that are current and that I'm currently using in my business, and I'm making six figures consistently with this startup cost that I have shown you on this free budget worksheet.

So the expense comes with how you spend your time in the beginning. That's where the expense comes. It doesn't take a lot of money to open your own brokerage. It takes a lot of time and effort in the beginning for you to start your own brokerage and for it to shine. So scratch that money lie out of your head, download the free budget worksheet, and move on with getting over that obstacle.

MYTH #3 - IT LL BE EASY

Now here's the other lie that people tell themselves that makes me laugh, and that I've heard time and time again (and it happens when we're in a booming economy). It never happens when we're in a recession. But people see how much money they think that we make when we open our own brokerages and when we sell a lot of real estate, and they say, "Oh, I'm going to get my license. Oh, I'm going to open my own brokerage because that money is easy. That money is so easy. They're killing it on those checks. I know I can do that."

Okay, listen, this is a total lie. The money is not easy. This is a business, and it's a customer service-focused business. It's not like I can just turn off my brain or my business or my customers or my clients or my agents at five o'clock at night.

If I have an agent working for me and she's written a real estate contract and she needs me to review it, and we know that her clients write the real estate contract on a Saturday at 5:00, because they've been out looking at property all day, I'm up until Saturday night at nine o'clock reviewing that contract with my new agent, because I need to make sure that she's doing everything right, that she feels confident, that she's serving her clients, and she's meeting the state-mandated requirements for how she's filling out that contract. I'm meeting my requirements as a broker/owner for supervision requirements.

So it's not easy money, but it's also not impossible money. It's a lie you need to overcome. It's like if you say to me, "Oh, yeah, cool. I'm going to get this brokerage going. It's going to cost me \$3,000, and tomorrow I'm going to be making \$1 million." No way. You're going to have to grind it out.

I was in the grocery store the other day and I heard someone say, "Oh, my gosh. I had to work

40 hours a week last week. It was so tiring,” and I laughed out loud. 40 hours a week. Give me a break! I wish I could work 40 hours a week. Sometimes I’m up to 60, 80, 90. Whatever days and hours in the week there are, I was doing it because you have to, when you own a new business and you’re building a solid foundation, and if it’s just you in the beginning, which it was for me.

I was passionate about it all, and it didn’t feel like work. It was helpful to me that I don’t have a family at home other than my dog, so I didn’t have little kids running around. I didn’t have a partner that I needed to focus on. It was easy for me to spend all that time and energy to lay a solid foundation because it was just me. It was just me doing all the marketing, doing all the systems, doing all the contract writing. So I would work during the day to service my clients. Then at night, I would work on building the brokerage and the brand itself.

But, still, you’ve got to get that lie out of your head. If you think that this is an easy path to start a business, then I think you’re in the wrong mindset and you’re probably in the wrong business. If you’re looking for something easy, this isn’t it. But that’s not to say that it’s not rewarding. So there’s the last lie. Don’t tell yourself that the money’s easy. I think that’s not true. I think that something this great and this freeing and something that makes you feel this passionate and gives you this much freedom is not going to be easy.

CLOSING

So those are the lies about money that I love to just crush and shatter and break your brain over. Let’s get over them. The first one, you need a nice car. No, you don’t. It just needs to be clean. The second one, “I need a lot of money.” No, you don’t. Download the free budget worksheet that I have on my website. I think you can save \$3,000 to start your own company, and I can show you how. Then the last one, “The money is easy once I’m all set up.” No, something that’s great won’t always be easy.

As always, I’m truly grateful that you’re listening and I trust that you got a profitable action item as well as a shot of courage from today’s episode. If you want to continue this adventure with me, please stay tuned for the next episode where I talk about time, not just time management but the mental blocks that keep us from moving forward towards our success. I’m excited to meet you here next week.

Are you interested in going on the fast track and keeping in better touch? Head on over to realclasses.com/downloads to download a free budget planning worksheet that will get you on your way to starting your own brokerage or scaling the one you already have. The website will have updates from time to time as we rollout new and profitable classes to help you blaze forward in your business.

Friends, that’s a wrap.