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Editorial Staff

Table of Contents

Forgiveness in the Context of the Realtor-Client Relationship

Jo-Ann Tsang, PhD

Even the best relationships can be marred by misunderstandings and hurt feelings. Although forgiveness is often considered in the context of close personal relationships, it can also be relevant to business relationships, including those between realtors and their clients. When a sale or purchase does not go as planned, clients may blame their realtor and some may find it hard to forgive. How can realtors facilitate the forgiveness process and repair the relationship with their clients? Psychological research has shed some light on facilitators of forgiveness. In this article, I review some facilitators that may be especially relevant to the realtor-client relationship.

Intention and Responsibility

Fehr, Gelfand, and Nag (2010), in their meta-analysis of the correlates of forgiveness, noted various cognitive, emotional, and relational variables affecting forgiveness. Two important cognitive variables affecting forgiveness are *perceptions of intention* and *responsibility* for an offense (Fehr et al., 2010). Offended parties find it harder to forgive when they view the offense as having been intentional (e.g., Struthers, Eaton, Santelli, Uchiyama, and Shirvani 2008), and when they see the offender as responsible for the offense (e.g., Struthers, Eaton, Mendoza, Santelli, and Shirvani 2010).

For example, clients who believe that their realtor purposefully undersold their property may find it harder to forgive than clients who perceive the low sale to be unintentional. Likewise, clients who view their realtor as responsible for missing an appointment may find it harder to forgive than clients who know that their realtor was caught in traffic or was otherwise not personally responsible for the missed appointment.

With this knowledge, real estate agents might proactively work to maintain good communication with their clients so that if a sale does not go as planned, clients might be less likely to attribute malevolent intentions to the agent. Similarly, agents might explain the home-selling process to their clients early on in the transaction, noting the many factors over which they do not have control. Thus, when a negative outcome occurs, clients might be less likely to blame the realtor for a negative outcome.

Apology, Restitution, and Forgiveness – A Recent Study

Even with the best communication, conflicts can still arise in realtor-client relationships. It then becomes important to implement post-conflict forgiveness-enhancing strategies. *Apology* (Fehr et al., 2010) and *restitution* are two variables that can affect people's forgiveness-related cognitions after the occurrence of an offense. Apology consists of expressions of remorse and concern that often function to mitigate attributions of responsibility and intentionality. Restitution consists of compensation for something that was lost or damaged in a transgression.

Research in our lab (Carlisle, Tsang, Ahmad, Worthington, Witvliet, and Wade 2012) suggests that each variable may have different effects on forgiveness. Participants in a recent study were led to believe that another student unfairly took resources from them. That other student later apologized for the transgression and/or gave back the resources taken. Participants who received an apology reported being motivated to forgive their partner, but participants who received restitution were more likely to distribute resources generously when it was their turn. In other words, apologies were related to *feeling* forgiving, but restitution was related to *behaving* in a more forgiving manner. These results can be applied to any relationship, including that between real-estate agents and clients. When an inevitable mistake is made, agents should be sure not only to apologize, but to make amends if possible in order to continue a smooth relationship with their clients.

Emotions and Mood

Peoples' emotions also affect their propensity toward forgiveness (Fehr et al., 2010). Specifically, negative mood makes it harder to forgive (e.g., Berry, Worthington, O'Connor, Parrott, and Wade 2005). In fact, psychological research suggests that negative mood can affect many things in addition to forgiveness, including the recall of memories (e.g., Forgas and Eich 2013), decision-making (Forgas and Eich 2013), and prosocial behavior (e.g., Cialdini, Darby, and Vincent 1973). Therefore, it behooves the realtor to do what he or she can to diffuse any negative moods a client might have, either from stress due to an especially difficult selling process, or from factors unrelated to the real estate transaction.

Psychological research shows that even small things can induce a good mood, including pleasant music or the recall of positive memories (Yang and Chang 2010), small free gifts (Isen, Shalker, Clark, and Karp 1978), or even the smell of coffee or freshly baked cookies (Baron 1997). Realtors can thus easily induce positive moods in their clients by having coffee and other snacks available during meetings, playing pleasant music, or discussing pleasant topics with clients. If a negative outcome does occur in the process of buying or selling a house, efforts to induce a pleasant mood will help counteract any negative emotion and help facilitate forgiveness.

Empathy, or a feeling of sympathy at someone's plight, is another emotion important to the forgiveness process (Fehr et al., 2010; McCullough, Rachal, Sandage, Worthington, Brown, and Hight 1998). McCullough and colleagues found that a forgiveness intervention that incorporated empathy was more effective than a more cognitive forgiveness intervention that focused on the benefits of forgiving the victim.

Research has also found that feelings of empathy can be induced by taking the perspective of a person in need (Batson 2011). Thus, if realtors find themselves in conflict with their clients, it might benefit the relationship for the agents to explain their point of view in enough detail that the clients can experience empathy and have an easier time forgiving.

Social, and Relational Aspects

Social and relational aspects also affect the likelihood of forgiveness (Fehr et al., 2010; Tsang, McCullough, and Fincham 2006). People are more likely to forgive those with whom they are close and committed. Likewise, the more satisfying a given relationship is, the easier it is for someone to forgive the relationship partner. Although there may be many other benefits to developing a close and satisfying relationship with one's clients, an added benefit is that any conflicts that arise will be more easily resolved and forgiven.

Conclusion

Interactions between realtors and clients, like other relationships, can have rewards as well as conflicts. Further research on forgiveness in the context of realtor-client relationships might shed light on additional variables that would be especially useful to the specific challenges realtors face. Psychological research on forgiveness can help realtors navigate periods of conflict so that both parties can take their focus off of interpersonal issues and shift back onto their real estate goals.

Acknowledgement

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What Factors Lock Clients Into Relationships?

Mary P. Harrison, PhD and Sharon E. Beatty, PhD

Have you noticed that some clients will stay with their realtor, even if the realtor does not provide results? Clients in real estate relationships, as well as other service relationships, often lock themselves in. At times, it may even seem irrational to continue to stay with the service provider, and yet clients stay. Have you considered why this occurs? *Why do clients stay in relationships, both positive and negative?*

Many service providers assume that clients stay with them due to high satisfaction with the service and/or to avoid switching costs, such as having to search for a new service provider or needing to familiarize the new service provider with their needs. While these factors are important, they are not the whole story. Our research shows that in most service relationships, including the real estate context, obligatory and personality factors also keep clients "locked-in" the relationship.

Defining "Locked-In"

Consider the situation of Chad, a 29-year-old accountant who stays with his mortgage lender despite his real estate agent's warning:

> My aunt recommended a family acquaintance to do my home mortgage lending. She had many positive things to say about him. Based on her recommendation, I contacted him to get the ball rolling on my mortgage. Our real estate agent needed to get information from the lending company, and I don't know all of the lingo, but he wasn't able to give the agent the answers she was looking for. The real estate agent then turned to me and said, "Look, I don't think this guy will be a good person to represent you. On your behalf, since I am your agent as well, you may want to think about going somewhere else." I felt the same way, but I felt that I could not leave. There were several reasons. I didn't want to hurt his feelings by saying I want to go somewhere else. I was afraid my aunt might have a negative feeling towards me if I ended the relationship because she recommended him and then I backed out of the deal. It also felt like too much trouble to find someone else. I just said we will just stick with this person because, I don't know, maybe the whole industry is this way so we just stayed with this person.

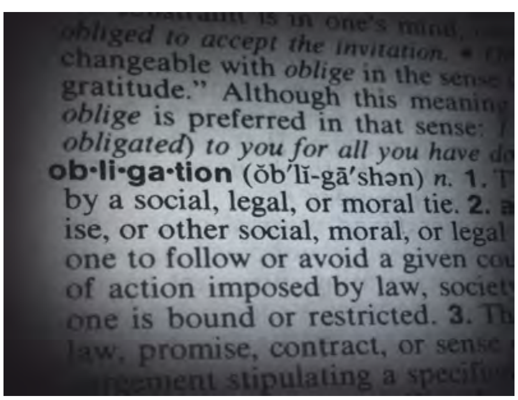
Chad is locked into the relationship with his mortgage lender. We define "locked-in" to a service provider as a client who feels bound to a relationship or a service provider and feels that s/he is unable or unwilling to leave that service provider. Locked-in is a fixed, stable state, and is not necessarily voluntary. Locked-in is a restriction on the client, sometimes self-imposed, in which the client feels confined to the service relationship for either positive or negative reasons.

Our Research

In order to study this topic, we conducted qualitative interviews with clients who felt locked into both positive and negative service relationships. We uncovered four broad categories of locked-in factors: (1) relational benefits/satisfaction, (2) switching costs, (3) obligatory factors, and (4) personality factors. In the majority of these "locked-in" relationships, the participants mentioned multiple factors that they felt locked them in, rather than one factor or category. Participants talked about service relationships where they felt they "could not easily leave or break up with" the provider. Each participant talked about one positive and one negative relationship. Over 20 different service provider types, from small local businesses to large corporations were discussed. The majority of the relationships were personal relationships, in which the provider and client know each other and have a history of shared interaction (as opposed to interacting with the company, but not knowing anyone in particular).

What We Found

The reasons for switching service providers are usually associated with dissatisfaction with the service or competitor firms drawing the client away. In contrast, the reasons for staying in a service relationship are usually assumed to be limited to satisfaction with the core service or switching costs. Our research challenged that assumption. We found that besides satisfaction and benefits obtained and perceived switching costs, two other important factors emerged as major reasons why clients stay in relationships: obligatory factors and personality factors. These two factors have received little attention in the past.



Obligatory factors are the reasons for staying that involve a sense of duty or responsibility to continue to do business with the service provider. The participants described a sense of obligation to the service provider that we divided into four subcategories: (1) long history with the service provider or a sense of owing the provider, (2) the expectations of friends or family members, (3) a family member or friend provides the service, and (4) the need to help the service provider stay in business.

The strongest obligatory factor for both positive and negative relationships was having a long history with the provider or a sense of owing the provider. The idea of staying because of a long history is similar to the sunk-cost effect (responding to previous investments by becoming increasingly willing to invest additional resources). One woman said that she believes she should stay with her current pharmacist because she has already been with him for so long. Other respondents talked about the need to repay the provider for what s/he has done for them in the past, similar to the norm of reciprocity.

The second most prevalent obligatory factor was staying because of the expectations of friends and family members. One woman said that she stays with her accountant because he also does her father's tax returns. She felt that the accountant would ask her father why she was no longer using his services, creating an awkward situation for her dad.

The third subcategory under obligatory factors is that a friend or family member provides the service. A person's relationship with their friends and family involves a deep sense of obligation and loyalty. This fits with Hamilton's rule, which says that people prefer family when all other things are equal. One woman said that her uncle owns an alarm company, and so she stays with the company because she truly feels that her uncle would be upset if she left.

The final obligatory subcategory is the need to help the service provider stay in business. Supporting the business or helping the provider stay in business speaks to the duty or sense of responsibility that some clients feel. This idea showed up primarily in positive relationships. One individual said that she stays with her dentist because she feels a sense of loyalty to the professionals who do not leave her neighborhood.

The personality factors found in this study represent stable traits of an individual that cause him/her to stay with the service provider. Two subcategories emerged from this factor: (1) the desire to avoid confronting others or hurting other people's feelings and (2) resistance to change. Individuals who avoid confrontation try to preserve the rapport that they have with others. This factor showed up more in negative relationships than in positive relationships. These individuals talked about how much easier it is to stay in the service relationship rather than confront the issue or problem or hurt the service provider's feelings. One participant said that she would put up with anything until it gets out of hand because she is a very non-confrontational person (talking about her bank). One participant said that it would make her feel mean or uncaring if she left.

Individuals who are resistant to change prefer what is familiar to them and do not change their minds effortlessly. This personality characteristic showed up in both positive and negative relationships, but came up twice as often in positive relationships than negative relationships. Change is painful for people who are resistant to change, and these individuals want to keep their routine and stick to the status quo. One man said that he endures things with his landlord that he finds unpleasant so that he can maintain consistency. Another man stated that he does not like change very much, and once he gets used to a certain provider, then he is going to continue going there (discussing his dentist).

Implications for Real Estate Professionals

The findings from our research indicate that obligatory and personality factors play a substantial role in client lock-in. Service providers, like real estate professionals, should consider both the positive and negatives aspects of these factors alongside more established factors such as satisfaction and switching costs.

Understanding why clients stay in service relationships helps agents make better decisions both in retention and acquisition. An agent may wish to draw a client's attention to the length of time that s/he has been in the relationship, or thank clients for their long-time commitment to the provider. If an agent understands her clients' personalities and can incorporate this insight into segmentation activities, then she can take steps to encourage her clients to stay. For example, an agent could offer support to make changes easier or avoid introducing new technologies to her clients who are resistant to change.

Agents must also understand the downside of "locked-in" relationships. For example, if an agent working at a larger firm must reduce staff or staff hours, it is important for managers within the agency to consider that employees may have client bases made up of friends, family members, long-time clients of the employee, or individuals who were referred to the employee by someone that they care about. Removing the employee could also lead to a loss of profitable clients. Also, given the influence of family and friends in maintaining clients' loyalty to the firm, all employees should be encouraged to engage and reach-out to family and friends to foster and maintain such relationships. They should also ensure that these relationships are positive and satisfactory for the clients, rather than simply obligatory.

Agents should also consider that client needs change over time. If a client is dissatisfied but feels that there are high switching costs or has obligatory or personal reasons why they remain, this can lead to both negative emotions and negative word-of-mouth. Clients may feel like hostages and advise others to go elsewhere.

From our research, we believe that real estate professionals with a strong understanding of how their clients feel locked into service relationships will be more competitive in the marketplace. Understanding why clients remain locked-in with service providers, whether for positive or negative reasons, can help improve service delivery to current clients, and may suggest ways to harvest new clients from competitors.

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The Quest for Community

Larry Lyon, PhD and Robyn Driskell, PhD

Critiques of modern societies often include the loss of community due to increasingly weak connections with local places and changing modes of social interactions. Sociologists believe that Western societies lose community as they modernize, and the quantity and quality of community is reduced when a society becomes more urban and more industrial. Assessments of modern and even postmodern societies include the "decline in" or "loss of" community.

While the nature of community decline remains debatable, current research suggests that consumers still seek the lost community. Consequently, there is an opportunity for real estate professionals to explore the needs and wants of their home buying clients to satisfy their ideal level of community. By understanding why place still matters and the different dimensions of attachment and rootedness relative to community, real estate professionals can add significant value for clients navigating the home buying process.

Are We Losing Community?

Most sociologists accept a working definition of community that includes a specific geographic area, an identification by the residents with that area, and social interaction among the residents. The lost community thesis often argues that what was lost was a village, a small town, or urban neighborhood, a local place where one was born, raised, and died - a local place with inherently intimate, holistic relationships. This has important implications for real estate professionals: the natural loss of connection must first be understood, then supplemented in the home buying process.

When sociologists speak of the "loss" of community, there are at least two distinct meanings: psychological and territorial (Bateman Driskell and Lyon 2002). Psychological focuses on the social interaction of the community and analyzes the alienation from the loss of community. Territorial focuses on the specific area and the diminishing identification with place. Both meanings share the same primary source for the loss of community: the urban society – and excessive individualism, alienation, and a resultant lower quality of life.

So, does place still matter? Not as much as it did before the industrial information revolutions, certainly, but residents (especially long-term residents) still identify, to a degree, with their territorial communities. The place one lives also matters considerably for differences in life styles and economic opportunities. Wellman's (1979) "community saved" argument maintains that neighborhoods have survived despite urbanization, industrialization, and technological advances. Residents still have a sense of local ties for social support and sociability.

More research shows that communities still exist in which residents identify with an area, known as the neighborhood and personal interactions may still be examined within the boundaries of the neighborhood (Chaskin 1997). Although individuals may define the boundaries of the neighborhood differently, residents who define the neighborhood in terms of network interactions and personal relationships tend to identify with the geographic unit.

Understand and Encourage Attachment

A resident may not work near her home, or go to school or church near her residence, yet she still identifies with the place that she lives. Attachment to place is multi-dimensional. People are attached to places for different reasons - for the social relationships and friendships, or even the structural facilities available near their home.

While status and personal network characteristics may influence the level of involvement and attachment to the neighborhood, whenever social integration can be enhanced, it is beneficial to the resident as well as the neighborhood. *Neighborhoods remain the spatial focus of meaningful social interaction, important political organization, and significant psychological attachment. Regardless of the type of attachment, the place and the neighborhood matters.*

Knowing that the potential for attachment to one's community can be an important part of the home-buying decision, real estate professionals can leverage the different dimensions of attachment to help buyers make decisions on prospective neighborhoods. Agents might consider adding a short survey component to the front-end of client interactions to better understand which dimensions are most important to her (e.g., "Rank the following from most to least important in your home-buying decision. I want a home that is: close to friends; close to family; has access to a recreation facility;" etc.).

Understanding the dimensions that are most important to the client can help the agent satisfy his client's needs most effectively, and can provide a framework to aid in the decision-making process among multiple properties.

Help Your Clients Feel "Rooted," Increase Community Satisfaction

Residents involved or engaged in neighborhood activities report higher levels of community satisfaction. Community satisfaction can be encouraged simply by knowing neighbors (i.e., social networks) or volunteering for a cause that benefits the neighborhood. Residents who are more "rooted in place" often find reasons to improve/help the neighborhood, as well, and thus have reasons to stay. In fact, the longer length of time as a resident and home owner impacts the neighborhood in a positive manner (e.g., improving crime rates and increasing property values).

Volunteering and membership in neighborhood associations also increases attachment to and satisfaction with the neighborhood.

Real estate professionals can find prospective homes that will encourage clients to feel "rooted" in the community. One way that agents can assess the potential for rootedness/connectivity in a neighborhood is to develop a neighborhood profile for the properties being shown to clients: *Who lives here? How long have they lived in the neighborhood? How many families have young kids? What type of neighborhood activities take place (e.g., 4th of July Block Party, annual community garage sale, etc.)? What is the average value per square foot in the neighborhood? Is there a neighborhood association?*

Each of these components of the neighborhood (which can be invisible to the casual observer) may help clients better understand the potential for feeling connected to and satisfied with the community. Providing this (or a similar) community profile can also be an important differentiator for your real estate services relative to other agents in your area.

Conclusion

Many sociologists have discussed the impact of mass society in America, which tends to make our communities more and more similar. With the prevalence of instant media, news trends, fashion, and the influence of online venues, it is thought that physical community is becoming irrelevant.

As real estate professionals know, though, the neighborhood still matters. Clients have very specific preferences about neighborhoods for myriad reasons. Communities still exist most readily, most naturally, and most often when people feel *attachment* and *rooted* with place (i.e., the neighborhood, the school, the church, or the workplace).

Real estate professionals have an important opportunity to leverage the knowledge of attachment and rootedness to add value to the home buying process. *How can you make your clients feel more attached to and rooted in the communities and homes you present in your buying process?*

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Designing a Strategic Service Blueprint

Ioannis (Giannis) Kostopoulos, PhD

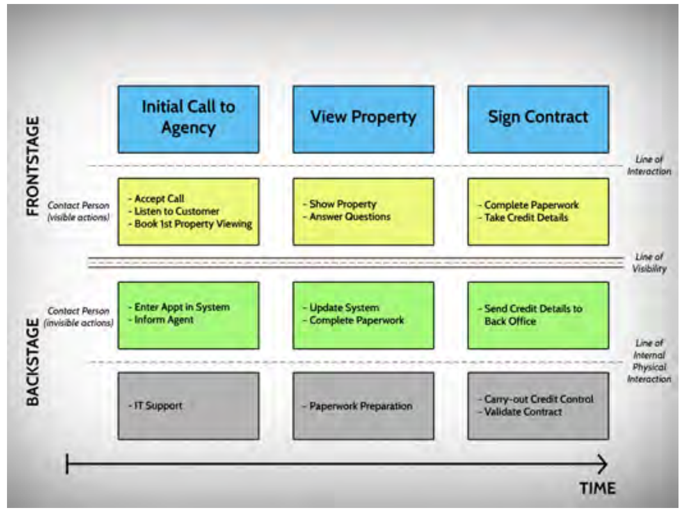
Delivering high-quality services first requires an effective service design process. Intentional service design ensures *service reliability*, an important parameter of perceived service quality. Towards this direction, many service organizations all around the globe have adopted Service Blueprinting (SB) techniques as a tool for designing new services or managing existing service operations (Shostack 1984, 1987; Kingman-Brundage 1989; Fliess and Kleinaltenkamp 2004; Bitner, Ostrom, and Morgan 2008). The benefits of using a service blueprint have been detected in many organizational procedures, such as new service development, internal marketing, management and control of existing service processes, customer preferences monitoring, and service reengineering, among others.

Incorporating Service Blueprinting into the real estate context has great opportunity for growing and established agencies looking to achieve consistency and reliability across their service offerings. And as competition in the real estate industry continues to increase, a strategic and clearly-defined service blueprint can serve as an important differentiator for an agency in a saturated marketplace.

What is a Service Blueprint?

In a service blueprint, all sequences and steps of a service delivery process are identified and graphically represented in a two-dimensional flowchart. The horizontal axis represents the chronological sequence of all the sub-processes, whereas the vertical axis describes the level, within the service provider, that a task is being executed. The complexity of an SB process varies according to the complexity and divergence of the process to be mapped (Shostack 1987) and there are several approaches on how to deal with it. However, in general, the design process involves four steps: the identification of all necessary processes, the isolation of fail points, the establishment of time frames, and a cost-profit analysis (Shostack 1984).

Kingman-Brundage (1989) suggests that a blueprint should contain three detaching lines: the line of interaction, the line of visibility, and the line of internal interaction. In that way, front desk and back office activities are separated and also the customer role in the service process is taken into account. Two additional lines to consider in a service blueprint: the line of implementation, which separates support activities related to the service process and managerial activities, and the line of penetration, which separates customer induced and customer independent activities (Fliess and Kleinaltenkamp 2004).



A key aspect of the SB method incorporates the customer's view of the service delivery process within the blueprint (Zeithlnam and Bitner 2000; Bitner et. al. 2008). A customer-focused SB design process (e.g., the use of customer questionnaires, collecting information from CRM databases, etc. to design the blueprint) pushed service blueprinting to evolve from a tool for adding efficiency to a service process to a map that includes all activities that lead to creating or co-creating value for the customer. For that reason, SB should be considered a strategic process rather than simply an operational process.

Real estate agencies that engage in Service Blueprinting as a strategic process will see important benefits throughout their business, and will offer a consistent, customer-oriented, united front for their customers.

Designing a Strategic Service Blueprint for Real Estate Professionals

The strategic aspects of the service blueprinting process are of equal importance to the blueprint itself. Consider these strategic actions to help you design a successful service blueprint for your agency:

1) Implement a Market-Oriented Philosophy
In order to effectively map the stages of a service delivery process, a service provider must collect a great amount of information regarding the customers (Randall 1993; Fließ and Kleinaltenkamp 2004). Then, this information should be analyzed and disseminated to all functions within the company, including frontline employees, HR/training, budgeting, etc. (Baum 1990). An agency that seeks to effectively blueprint its services must embrace a market-oriented philosophy to enable knowledge-creation and dissemination.

How well do you understand your market? What ways do you collect information about your current and prospective customers? How can you improve your market orientation to create knowledge and opportunities for your agency?

2) Establish a Service-Driven Environment

Companies that seek to effectively design a service blueprint that will ultimately increase customer satisfaction should first establish a service-driven environment. To do so, senior managers must ensure that everyone within the company (e.g., frontline employees, back-office personnel, supervisors, etc.) realizes the importance of customer satisfaction and that they give their best at each customer touch point to achieve satisfaction. Also, senior leadership must prioritize service quality and customer satisfaction, putting other initiatives (e.g., cost reduction) as lower priorities.

What ways does your agency promote customer satisfaction across all touch points? How can you communicate your commitment to a service-driven environment more effectively to your internal team? To your customers?

3) Give Emphasis to the Details

It is often said "the Devil is in the details." In a service blueprinting process, the same is true, as the key factor of success lies in the details of your service processes. Service organizations increase the service blueprint's detail to align the company's operational policies with the goal of satisfying the needs of the customer. Although customers may do business with the company repeatedly, customer needs change over time. Also, customers' expectations change as they become aware of competitive offerings. By increasing the detail of the service design process, the company ensures a more systematic approach in balancing both operational efficiency and effectiveness (Froehle et al. 2000).

Create a detailed description of the tasks involved in your service delivery process. Some of these tasks may include times of execution, quality standards, employees involved, costs, and the corresponding potential deviations, among others.

What details might you be overlooking in your service process that could help increase your agency's customer satisfaction? How can you better align your agency's operational policies with your customer satisfaction goals?

4) Follow Formal Procedures

In a service blueprinting process, the reliability and accuracy that formal planning procedures offer is necessary, especially in order to ensure standardization across the company. As noted by Baum (1990), most of the times a blueprint design fails to succeed, it is because the blueprint is designed hastily and crucial elements of the company's actual services are not taken into account. A more formal design process will lead to the identification of a greater number of potential customer needs and difficult situations that might occur during the service delivery. Including additional alternative scenarios to serve your customers can be included in the blueprint, empowering the employees with more clear instructions on how to most effectively deliver the service.

Does your agency have a formal process for designing your service experience? Are there specific times throughout the year you meet to assess the effectiveness of your service delivery? What areas of your service delivery can you identify that may need attention to meet the changing needs of your customers?

5) Involve People from Different Departments

A successful blueprinting process requires a great variety of information about customer preferences, delivery expectations, costs associated with service delivery, employees' performance, etc. In order to gather all of this data, input from several departments within the company is necessary, and hence, people from each department should be involved in the design process. Involving the right people can be achieved either by formulating a formal team that includes people from different departments or by holding several inter-departmental meetings throughout the blueprinting process.

Who in your agency might you include to better inform your design process?

6) Empower Frontline Employees

In most service companies, frontline employees have to follow formal rules and offer flexible solutions at the same time. This bifurcation can lead the frontline to misunderstand their role, especially when the information provided by their supervisors is inadequate. Given that frontline employees actually implement the procedures described in a service blueprint, it is essential that they have the freedom not only to choose the appropriate "service scenario" from the blueprint, but also adjust it based on the customer's needs. In general, the existence of a blueprint encourages such freedom by clarifying who is responsible for each decision, and hence, empowering employees who have direct contact with customers to effectively enact their roles. In addition to frontline employees, all responsible team leaders and supervisors should empower their subordinates so that they can implement the predefined procedures.

Who are the frontline employees in your agency? How can your service process be adjusted to ensure customer-facing employees are empowered to effectively enact their role?

Conclusion

The use of service blueprints can really improve the quality of the services a company provides to its customers. However, the outcome of a service blueprinting process can be positive, only if the responsible managerial team does not neglect the technique's strategic aspects.

To that end, growing and established real estate agencies looking to achieve consistency and reliability across their service offerings should invest in enabling the aforementioned strategic drivers. These strategies will ensure the success of the agency's service blueprint and will make the continuous monitoring and refinement of the blueprint much easier, leading to improved service procedures that totally satisfy customers' needs.

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Managing Quotas to Improve Customer Relationships and Sales Performance

Charles H. Schwepker, Jr., PhD, David J. Good, PhD, and
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Sales control systems play a critical role in directing, evaluating, and monitoring the activities of an organization's salespeople. Sales quotas, for instance, are a commonly used control mechanism for motivating and evaluating real estate professionals. This tool is important in directing agent behavior, affecting such issues as customer trust, relationship-building, referrals, reputation, and ultimately, individual and agency performance. If not managed properly, though, sales quotas may have unintended consequences on customer relationship-building as well as sales performance.

Yet, beyond their obvious influence as sales goals, little is understood to what extent sales quotas connect and impact other critical organizational issues within the selling group. Under this premise, this research sought to understand how sales quotas impact salespeople's practice of customer-oriented selling behavior, trust in the organization, and their sales performance.

Sales Force Control and Customer-Oriented Selling

A control system is "an organization's set of procedures for monitoring, directing, evaluating, and compensating its employees" (Anderson and Oliver 1987). As such, sales force controls are used by management to influence behavior to achieve sales force goals. While control systems can be designed to influence both behaviors and outcomes, a frequently used outcome-based control mechanism is the sales quota. Under this control method, employees are held accountable for their performance, but free to choose the methods of achievement. Given that quotas focus on results, there is a tendency to concentrate on immediate returns at the expense of long-term results (Anderson and Oliver 1987). As a result, sales quotas may encourage inadvertent (undesired) consequences.

Another important nonfinancial factor that positively affects sales performance is customer-oriented selling (Schwepker 2003). This study is specifically interested in determining if outcome control, in the form of sales quotas, will negatively impact the use of customer-oriented selling (i.e., can sales quotas discourage customer-oriented selling?). Customer-oriented selling has been defined as "the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs" (Saxe and Weitz

1982). Customer-oriented salespeople show concern for others and seek to provide long-term customer satisfaction. Conversely, selling-oriented individuals tend to show little concern for others, but high concern for themselves. Since outcome-based control systems focus on results, regardless of the methods by which they are achieved, Anderson and Oliver (1987) suggest that such systems can permit long-run harmful sales behaviors, such as lack of attention to customer satisfaction. As salespeople focus on activities with immediate payoffs, they may sacrifice extra effort in selling new products or providing necessary service (e.g., customer-oriented activities).

The level of sales quotas assigned can impact salespeople's decision-making. Salespeople may, therefore, make decisions that provide the best opportunity to obtain their sales quotas (Ross 1991), even if that means making unethical choices (Robertson and Anderson 1993; Schwepker and Good 1999). This outcome is important because those who make ethical moral judgments tend to show concern for the welfare of others (e.g., the satisfaction of customers) (cf. Reidenbach, Robin, and Dawson 1991), exhibit fair play, honesty and full disclosure when dealing with customers (Roberston and Anderson 1993) and avoid over-selling (Hansen and Riggle 2009). These are characteristics typically associated with customer-oriented salespeople. Conversely, selling-oriented salespeople who demonstrate low concern for customers are less likely to be concerned with how the sale is made (as long as it is made), and thus may resort to deception and dishonesty. Under pressure to achieve a difficult sales quota, salespeople are likely to practice a more selling-oriented approach (i.e., be less customer-oriented), foregoing the rather time-consuming customer-oriented approach in support of a quick sale (by whatever means necessary) in order to achieve impending performance goals.

Sales Force Control and Trust in the Organization

Although several definitions of trust exist, most suggest that trust refers to "one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interests" (Robinson 1996). Trust is therefore predicated on a conviction that the trustee is predictable, reliable, has integrity, and will act fairly (McAllister 1995).

A primary dimension of organizational trust is concern for employees (Shockley-Zalabak, Ellis, and Winograd 2000). Concern occurs when one party does not take advantage of another party's vulnerability (Cummings and Bromiley 1996), and when one's self interests are balanced with others' interests (Mishra 1996). Because controls suggest the distribution of performance risk between the organization and employee (Oliver and Anderson 1994), a salesperson takes cues from the types of sales controls instituted to construe the positive or negative support and caring intentions of the organization, thereby affecting his or her trust in the organization (Atuahene-Gima and Li 2002).

Outcome control's "hands-off" approach to managing salespeople transfers considerable performance risk to the salesperson, since environmental and company factors beyond the salesperson's control may affect output (Oliver and Anderson 1994). Performance risk is thought to elevate to the extent to which an employee is compensated on the basis of outcomes beyond his or her control (Whitener et al. 1998). Atuahene-Gima and Li (2002) believe that since output control enhances the salesperson's performance risk, this sends a negative sign regarding the firm's lack of concern and support for the salesperson. Therefore, when salespeople perceive quota to be difficult they may be less likely to trust their organization.

Trust in the Organization and Customer-Oriented Selling

The relationship between trust in the organization and customer-oriented selling is in part based on the inherent meaning of trust. Truthfulness, fairness, integrity, and ethical behavior - components comprising the foundation of trust - are the same behaviors expected of the customer-oriented seller. Salespeople who trust their organization have an expectation that their organization will abide by these principles and are likewise to reciprocate in the same manner.

Although the relationship between salespeople's trust in the organization and customer-oriented selling has not been empirically investigated, evidence shows that salespeople are more likely to practice customer-oriented selling when employee/supervisor relations are marked by high trust (Martin and Bush 2006). Additional support tying trust in the organization to customer-oriented selling comes from the positive influence of trust in the organization on organizational citizenship behaviors (Robinson and Morrison 1995). Customer-oriented salespeople are likely to exhibit organizational citizenship behaviors, such as altruism and conscientiousness, when interacting with customers. Conversely, a lack of trust in the organization may result in selling-oriented behaviors. As trust in the organization decreases, perceptions of contract breach, which are typically manifested in negative attitudes and behaviors, increase (Ferres, Connell and Travaglione 2005). Employees who lack trust in the organization are prone to engage in deviant behavior detrimental to the organization (Rahim and Nasurdin 2008). Therefore, it is expected that the greater the salesperson's trust in the organization, the greater his use of customer-oriented selling.

Sales Force Control and Salesperson Performance

This study examines both behavioral performance, dealing with activities related to generating sales, and outcome performance dealing with results from sales activities (Cravens et al. 1993). Performance is enhanced when individual and group goals are compatible, and diminished when conflicts exist between the two objectives (Seijts and Latham 2000). Due to the nature of most seller compensation and reward systems, salespeople should logically desire lower goals that they can exceed, and in-turn, receive higher *individual* returns (recognition, compensation, etc.) for surpassing their goals. While this may be in conflict with organizations wanting greater returns (e.g., paying less for greater achievement), salespeople generally understand that rewards typically are based on exceeding expectations, *not* on increasing expectations or effort. In this regard, when sales professionals visualize highly obtainable goals, performance can be expected to flourish because they understand the link between goals (e.g., sales quotas) and rewards. Thus, while effort may increase with more difficult goals, we expect performance to decrease as perceptions of sales quota difficulty increase.

Customer-Oriented Selling and Salesperson Performance

Results from two separate meta-analyses, one including 18 samples comprised of 3,800 salespeople, and the other 16 studies involving 3,477 salespeople, found that customer-oriented selling has a positive effect on job performance (Franke and Park 2006). Interestingly, the Franke and Park (2006) meta-analysis did not find customer-oriented selling to be related to either manager-rated or objective performance, only subjective measures of performance. However, a recent longitudinal study of direct salespeople suggests a positive relationship between customer-oriented selling and objective performance over the long run (Jaramillo and Grisaffe 2009).

Findings and Implications for Real Estate Professionals

Data for this study was collected via a U.S. nationwide electronic mail survey of 345 business-to-business sales professionals, many (27%) who were paid exclusively via commission. A statistical modeling approach was used to determine the relationships between sales quotas, trust in the organization, customer-oriented selling, and sales performance. The results demonstrate that perceptions regarding quota difficulty can have unintended consequences. While quotas may be intended to motivate and direct desired sales behaviors, they may indirectly negatively impact salespeople's behavior with customers, as well as directly negatively impact their sales performance.

The findings suggest that when sales quota assignments are perceived to be difficult, salespeople are less likely to trust the organization. If managers anticipate that sales quota assignments will be perceived as a difficult assignment by the sales force, it may be wise for managers to openly communicate such issues as how assignments were reached, and why the quota is fair, while confirming managerial and organizational commitment to obtaining the sales quotas.

Enhancing trust in the organization (i.e., real estate agency) is important because it translates into positive behaviors that may cultivate positive returns from clients. For example, firms seeking to create a strategic, customer-focused selling environment need to purposefully structure internal management mechanisms to foster organizational trust among agents. Dealing honestly with agents, creating obtainable and realistic sales objectives, and encouraging open internal communication systems all provide opportunities at the "field level" to enhance internal trust, and, as a result, more client-focused selling conditions.

Results also show that as sales quotas are perceived to be more difficult, salespeople's outcome and behavior performance decreases. Communication, again, should be seen as a pivotal management tool that has direct applicability to these findings. For example, having sales managers clearly define and discuss sales quotas, the rationale behind them and allowing agents to participate in quota assignment should all result in less internal suspicion about assigned sales quotas. By defining realistic expectations through the design of sales quotas that are accurate representations of what can be accomplished, as well as by providing appropriate support (both tangible and managerial resources), the agency can lower perceptions of quota difficulty and thus enhance agent performance.

Finally, results show that the more customer-oriented the salesperson, the greater his or her sales performance can be expected. These findings indicate that agents who strategically seek to assist customers through understanding their needs and helping their clients reach specific objectives can typically expect these efforts to result in returns that will benefit their own real estate agency. Therefore, agencies can defend directing agents to invest the extra time and effort in understanding and working with clients (i.e., practicing customer-oriented sales behaviors), in realizing these investments will be returned in terms of positive performance outcomes.

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INSIDER: Sales Shift

Natasha Ashton, MBA Candidate

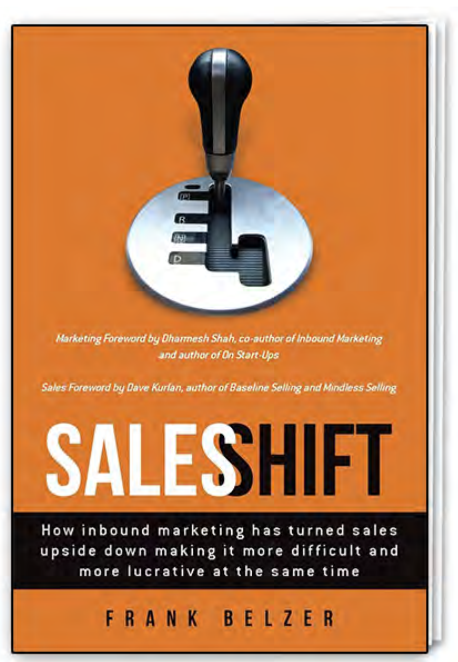
Due to the pervasive technique of inbound marketing and exponentially increasing consumer demand for content-driven promotions and advertising, the sales paradigm has changed. But has your selling approach changed? If not, are you facing a decline in sales or a decline in your lead-to-sale ratio?

Tried-and-true selling techniques may not be as rewarding as they once were. This does not mean blind luck dictates whether a lead comes your way or whether it has any closeable potential. In *Sales Shift: How Inbound Marketing Has Turned Sales Upside Down Making it More Difficult and More Lucrative at the Same Time*, Frank Belzer not only identifies and analyzes the shifting sales paradigm, but offers insights into what salespeople can do to adapt to this new sales model. In a changing world of sales, real-estate professionals can utilize Belzer's techniques to not only survive, but to thrive.

THINK POINT #1: Identifying Characteristics of the Change

The changing sales environment is not something altogether unfamiliar to us; we can see how we, as consumers, have changed. We manage money, shop, book hotels, gather news, and communicate differently than we did in the past. Your buyers are facing the same personal developments. As a result, buyers find real-estate professionals differently and seek different information and help from the professionals they choose. This customer attitude will have several impacts on your day-to-day operations.

First, it is more difficult than ever to reach the right people. Consumers seek out the seller when *they* wish, not the other way around. Additionally, the Internet, caller id, instant streaming, and DVR all make it more difficult to make targeted contact with consumers.



Second, prospects enter the sales funnel more informed and more educated on what they want. Consumers feel they know themselves best, have researched exactly what they want (often without help), and are more informed than most salespeople with whom they have spoken. In many cases, they are probably right.

Additionally, an abundance of available information attracts more "window shoppers" and buyers that plan well in advance. Endless information available at the click of a mouse or a tap on the phone may also mean your leads increase dramatically without any proportionate increase in closeable prospects. Differentiating between non-buyer and buyer leads can be a challenge in and of itself, but with "not-now, but maybe soon" buyers thrown in the mix, the sales environment is becoming even more perplexing.

Lastly, how prospects find real estate agents has changed. Many buyers search for their agent through Google searches and social media. Thus, attracting leads to these sources and keeping them interested by appealing to where they are in the sales process is imperative for closing.

A real estate professional's role has not changed; a real estate professional must fill-in the gaps of information a prospect lacks. It is the amount and kind of lacking information that has changed. Adapting to the new sales culture means developing the ability to determine what gaps need to be filled-in and to break down the psychological wall consumers put up on the basis that they have informed themselves on all requisite information.

THINK POINT #2: Adapting Sales Skills to the Sales Shift

Identifying the shift in sales is the first step, but selling techniques must be tweaked and altered in order to sell successfully within this new sales climate.

First, a real estate professional must learn that it is acceptable (and even beneficial) to be consultative to your prospects. Window shoppers and early browsers are looking to educate themselves on your services, houses, and the real estate market. *Let them*. Even better, *help them*. Perhaps in the past, information was only given in exchange for a promise to buy or sit through a sales pitch. However, today's culture is one where people expect to receive endless information in exchange for practically nothing. If you do not give it to them, your competitors will. Additionally, allowing yourself to consult for free creates goodwill and gives you an opportunity to begin building a relationship. This approach could also help you close on leads and bring back window shoppers when they are ready to purchase.

Once you accept your role as "consultant," you must adapt your techniques to that role. This involves asking questions. To ask the right questions, you must: set the context by explaining why you are asking them a particular question; focus on big-picture and long-term goals; ask genuine questions from a place of true concern for client needs (to avoid sounding scripted); and keep the conversation and the client focused on their desired outcomes and goals (rather than features and details).

Second, a real estate professional should develop a trusted advisor relationship with her clients. To accomplish this, the relationships should be defined as business-oriented, genuine, and strategic. Simply discussing sports or kids as means to developing a trusting relationship status will likely be unsuccessful. Buyers might think you are nice, but will they really trust you when it comes down to business? Probably not. You must encourage probing business discussions that allow you to uncover the prospect's goals, vision, and passions. For a buyer to trust you as an advisor, be genuine. It is as simple as that; people will sense your sincerity and align their trust accordingly. Also, be strategic in your decisions, discussions, and actions. Think about the long-haul with your clients, not just that afternoon's meeting. Developing these types of relationships - rather than just any relationship at all - will lead to an increase in closed sales, repeat customers, and referrals.

Third, you must develop a natural style. Prospects want to have a conversation, feel empathy, and avoid sales clichés and gimmicks. This means be yourself and avoid sounding scripted. Doubting, skeptical feelings and questions may arise in a client's mind if your speech sounds fake. Relaxing and not having a "script" is the best way to master a natural style. A great practice technique is to record yourself. Hearing how you actually sound when interacting with clients will allow you to identify your weaknesses and improve upon them. Remember, when you have the opportunity to have face-to-face (or voice-to-voice) contact with your client, you can create value by offering a warm, natural, human approach to the conversation.

THINK POINT #3: Master this Selling Paradigm by Adjusting Your Perspective

Keep your perspective honest and simple: leads are leads. Real estate professionals that view and treat leads as either closeable or a waste of time will not maximize sales opportunities from their leads. Leads that are approached as closeable when they are not often result in forced, dominating sales techniques. However, approaching a lead as a waste of time when there is real potential is just throwing away business. If you truly take leads for what they are, every approach will be professional, well-organized, yet casual and conversational. This perspective allows for an appropriate approach to the varying close-ability that exists in today's market.

Also consider that your marketing and sales functions need to join forces. The sales function is often very prospect-focused, while the marketing function often remains market-focused. Looking at prospects only as individual leads may cause you to miss trends or movements within markets that could be impacting your sales and future leads. However, looking solely at markets (and not at individual prospects) you may fail to see the client's unique needs and the opportunity to learn more about a market through the individual. A real estate professional is often both marketer and sales professional, making it imperative to have a healthy, dual perspective.

Lastly, using inbound marketing techniques to eliminate waste will result in the most efficient use of your time. Once a person has expressed interest, whether it be from website hits and registration or social media comments and messages, qualify prospects into four categories: does not need your services and does not want your help; wants your services but does not want help; needs your services but does not want help; and needs your services and wants your help. The last category consists of the only leads worth your focus. Qualifying your prospects and focusing on true leads will create lean and successful operations for you moving forward.

The world of marketing and sales has changed forever. However, by identifying the shift, adapting skills and techniques, and developing a new perspective, real estate professionals can not only maintain their business, but prosper. Outdated sales approaches should be left in the past, leaving room for inbound marketing sales professionals to make their mark on the world.

Recommended Reading

Belzer, Frank (2012), *Sales Shift: How Inbound Marketing Has Turned Sales Upside Down Making it More Difficult and More Lucrative at the Same Time*, North Charleston, SC: CreateSpace Independent Publishing Platform.

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INSIDER: Smart Calling – Eliminate the Fear, Failure, and Rejection from Cold Calling

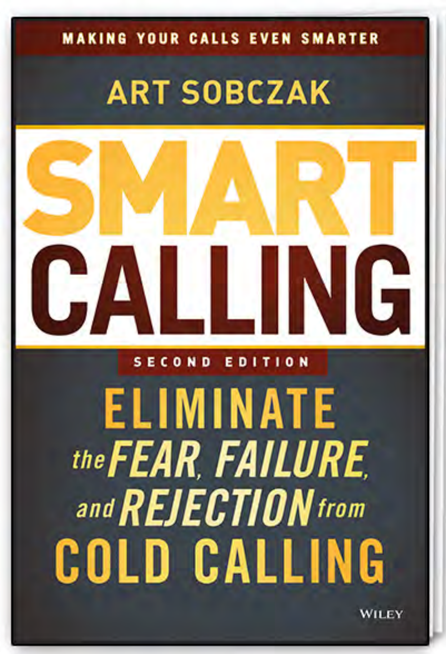
Clint Justice, MBA Candidate

When you think of cold calling, does a knot immediately form in your stomach? How often do you use cold calling to generate new leads for your business? For many real estate agents, cold calling invokes emotions of fear, distaste, or a simultaneous mix of both.

Smart Calling, a 2013 book by sales trainer Art Sobczak, proposes a better approach to customer prospecting. With his Smart Calling methods of acquiring intelligence, using the correct sales process, and creating value for the buyer, Sobczak suggests telephone prospecting is an essential part of a business' sustainability and growth. Though much of the real estate industry is built on relationship referrals, the techniques of generating Possible Value Propositions (PVPs), creating a successful pre-call plan, scripting components of the sales call, and meeting specific objectives are shown to generate high responsiveness and help gain commitments on future deals.

THINK POINT #1: Create Value for Your Prospect

In a joint study conducted by Baylor University and Keller Williams Realty International (KWRI), a group of 50 real estate agents were asked to call a randomized, generic list of numbers from a region without previous marketing exposure. Agents were asked to make cold calls for one hour a day over a two-week period. During that timeframe, 6,264 calls were placed, 1,774 calls were answered and 19 successful appointments were scheduled. The study resulted in a 330:1 call-to-appointment ratio, revealing that cold calling prospective clients can be tiresome and seemingly unfruitful.



One common mistake that salespeople make in conversations with prospective clients is to present reasons why the purchase should happen from the *salesperson's* perspective, rather than from the *buyer's*. Because of this, many potential sales are lost to the nearsighted perspective of the salesperson. A solution to this problem can be found in the creation of Possible Value Propositions (PVPs). With a focus on *future outcomes* instead of *present benefits*, PVPs create real opportunities to identify with the needs, pains, problems, and desires of the prospect. Some potential PVPs you might consider using include ways your real estate firm has cut costs or reduced expenses, ways you have innovatively solved home buying problems for clients, and ways you have differentiated your services from the competition by creating measurable value. Generating a PVP list begins to transform your interaction from a *cold call* to a *Smart Call*.

What outcomes do I typically focus on in my conversations with customers? What PVPs can I develop that will make add value for my prospect's business?

THINK POINT #2: Creating a Pre-Call Plan – Get to Know Your Prospect

With your written list of PVPs in-hand, you can continue preparing for the conversation with your prospective buyer. As the most crucial piece to the Smart Calling framework, the pre-call plan provides an outline for successful contact with the prospect. Gathering information about the company and individual can be a burdensome process, but utilizing media outlets such as Google Alerts, company websites, and social media sites (e.g., LinkedIn) can provide a plethora of relevant information. (For more on how to utilize LinkedIn as a resource, see the June 2013 KCRR INSIDER article "LinkedIn for Business Development.")

To maximize the amount of information gained about the prospect before conversing with him, utilize *social engineering* techniques with screeners, gatekeepers, professional assistants, HR, and their company's customer service department. Intentionally-engineered conversations with individuals from the prospect's company will help you to gather the names of influencers, identify the current problems the company may be facing, pinpoint recent projects that have been implemented, as well as gain the support of those who surround and potentially influence the decision maker(s).

When prospecting via a phone call, there is no correct formula as to the appropriate time of day to contact your prospect. The element that matters most is that it becomes a part of your routine. Those who establish and maintain routines will produce results.

What are my pre-call and pre-meeting routines? Have I successfully utilized social engineering to discover the needs and wants of my prospects?

THINK POINT #3: Making Calls Count – The Value of Scripting

The opening statement you make in a sales call is another important factor in gaining a commitment from the prospect. Phrases like *"I just wanted to see if I could ask you a few questions"* and *"You sure are a hard guy to reach!"* immediately place the prospect in a defensive state of mind, creating an unnecessary barrier to overcome. Similarly, asking for a decision too early can lead to a premature end of a budding conversation. The two objectives of an opening statement are to: 1) move your prospect into a positive frame of mind and 2) transition the buyer into a questioning phase to promote two-way conversation.

Practicing your opening statement is fundamental in producing confidence and piquing the interest of the prospect. The easiest way to ensure success in your initial conversation is to build a tailored script. While scripts have carried a robotic or impersonal stigma in the past, a well-planned script can deliver powerful value through precise word combinations that will elicit the response you desire.

Resistance is common in prospecting conversations, but is easily overcome through scripting. Most objections are instinctive responses, similar to an automatic reflex. One successful technique used to combat resistance and help collect additional insightful information about a prospect is *Pattern Interrupt*. Interjectory words like, "Oh," "I understand," and "I see," are used to break the cycle of the prospect's automatic response, allowing you to pivot him to another exploratory question. Consider *pattern interrupt* questions like, "How satisfied are you with your current property size?" or "What are the top three things you would want in a new home?" In the same way, active listening and a well-placed pause increase the likelihood of gaining unsolicited information from the prospect and create time to formulate your next question.

Do you improvise your opening statements? How can you ask Smart questions that lead to further conversation instead of yes/no answers? What questions can you prepare to "interrupt" the prospect's likely objections?

THINK POINT #4: Putting it All Together – Gaining Commitment

After you have successfully developed PVPs, researched your prospect, drawn her interest with a well-practiced opening statement, and addressed her major objections, it is time to recommend next steps and gain a commitment.

Different than traditional cold calling, Smart Calling entails setting both primary and secondary objectives that accomplish something specific in every conversation. These objectives can be as minor as getting an agreement to speak in the future or simply challenging an objection set forth by the prospect. The fear of rejection is often the reason for avoiding prospecting calls, but Smart Calling allows agents to approach each conversation with the expectation of gaining some sort of commitment.

Sobczak's ACTION model serves to maximize the effectiveness of a conversation and commits the prospect to do something for further engagement:

- **Authority** – Who are the decision-makers and what journey will the decision take?
- **Commitment** – What will the prospect commit to do as a result of the call?
- **Timing** – When will s/he buy, and when will your next call or meeting be?
- **Interest/Need** – What is s/he interested in and why?
- **Overview** – Did I summarize what will happen in our next call or meeting?
- **Notes** – Did I capture all relevant information about the prospect from the call?

When you make it to the decision phase, it is important to specifically *ask* for a prospect's business, and not *wish* for it. Asking for business generates action and invites the prospect to make a decision now. Wishing for business informs the prospect of what you have, but does not call him to take the next step.

Again, the key to "winning" in every conversation is to establish a primary and a secondary objective, no matter how minor it may seem. Not every call will uncover to a warm prospect, but with secondary objectives you open the door for future conversation.

Another tip to build confidence over time is to end every prospecting session on a positive note. By leaving the office having met an objective, you are more willing to continue with the routine going forward. Challenge yourself to stay until you have a positive experience.

What are some primary and secondary objectives you can set for cold calling? How can you continue to build your prospecting routine into a Smart Calling routine?

Conclusion

Author Art Sobczak provides essential Smart Calling tools to maximize every conversation with prospective clients. By creating Possible Value Propositions, a pre-call plan, scripting components of the sales call, and meeting primary or secondary objectives, you can become a Smarter Caller and build a foundation for prospecting success.

Recommended Reading

Sobczak, Art (2013), *Smart Calling: Eliminate the Fear, Failure, and Rejection from Cold Calling*, Hoboken, NJ: John Wiley & Sons.

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Clint is a graduate student from Atlanta, GA. He received his BA in Psychology with a minor in Business Administration from Baylor University. Before pursing his MBA at the Hankamer School of Business, Clint worked in the financial service industry, focusing on banking and retail consulting. He is currently concentrating in Finance with plans to transition into a management consulting or financial advisory role.

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