LIFT UP YOUR HEAD

TODAY'S BROKERAGE OPPORTUNITIES BASED ON 4 DECADES OF CRE CYCLES

JERRY ANDERSON, CCIM as interviewed by ROD SANTOMASSIMO, CCIM

THE MASSIMO GROUP™
COMMERCIAL REAL ESTATE CONSULTING & COACHING

LIFT UP YOUR HEAD

A historical view of commercial real estate brokerage over the past 4 decades and a perspective of where future opportunities reside.

What follows is an edited transcript from a free webinar presented in December, 2015 between Rod Santomassimo, founder and president of the Massimo Group and Jerry Anderson, Executive Managing Director of SVN/Florida. The interview was one of six segments in Mr. Santomassimo's *Brokers Who Dominate* Book Club series.

During this interview Mr. Anderson shares several, high impact lessons attained during his 4 decades of commercial real estate brokerage, during which he served as President for two national commercial real estate brokerage firms, outside consultant to many of the top international firms and mentor to countless of commercial real estate professionals.

In addition, Mr. Anderson shares his perspectives of future opportunities in commercial real estate brokerage. Mr. Anderson's insights are valuable to anyone serving in the commercial real estate brokerage space. Additionally, some of his comments indeed may be controversial, and do not necessarily reflect the opinion or position of the Massimo Group.

We are honored to share this content with you and suggest you Lift Up Your Head, take time to engage in this content, learn from the lessons of the past and observe the opportunities in your future commercial real estate brokerage endeavors.

INTRODUCTION

RNS: Good afternoon and good morning. This is RNS with Massimo Group. Welcome to the Brokers Who Dominate Book Club. In this, our final segment of the six segments in 2015, we have a very special guest. JDA is a legend in commercial real estate brokerage. He is here today to share his experiences from over 4 decades in the industry and more importantly highlight how you can best position yourself for success in today's ever-changing market. Jerry, thank you for being with us today.

JDA: Thank you Rod.

RNS: When you look at the book, Brokers Who Dominate, and the way it was drafted, we had those that were new in the business, the "Young Guns". Then, we explored those that were in the middle of their careers - the "Dominators". Then we addressed those that have had a major impact on the industry, the "Game Changers", and one of those Game Changers was Mr. Jerry Anderson.

Before we get started, before I introduce our incredible guest, I do want to talk about you for a minute ad learn more about you. If you can, I want you to use the question and answer icon down below our video. It's a Q&A icon. What I want you to do is type is what city you're in and how many folks may be in the office with you listening at this time. Just type in under the city and whether it's just you or you and others listening in. By the way, I'm asking you to do this because this question and answer box is how we communicate and how you get to ask Jerry questions directly. I'll relate all the questions to Jerry. Some he may pass on and some he may attack.

Jerry, just so you know, we got folks from Hawaii, San Francisco, Toronto, Salt Lake City. A lot of west coast presence today, Jerry. Orange County. Victorville; Reno, Toronto, Denver. Hey, we got some east coast finally, Brooklyn, New

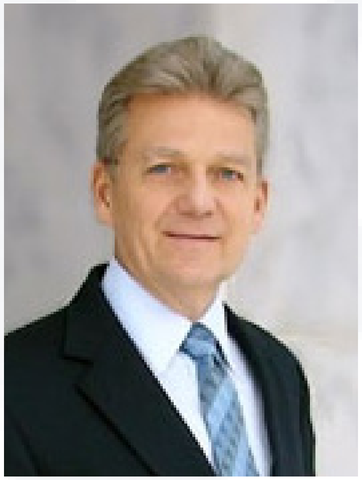
York. Albuquerque, Atlanta, and the list goes on and on. Texas. There's three, two, five, just me. It's folks everywhere, so, Jerry, here's the good news. North America is listening. How's that sound?

JDA: That's good. That's good. I'm glad to hear it, Rod. Thanks for gathering the crowd.

RNS: No, thank you Jerry. I think it had more to do with you than with me, sir, in all due respect. Let's start. What I'd like to do is just from a pure introduction I'd rather Jerry share more about him, but if you go back to where we are in the real estate market, you're looking at where it all began. For me, I actually started working in real estate as a kid when my father was in real estate, but when I got professionally involved in the late 80s, back then there were a lot of mom and pop private owners and still are today, but the market continues to shift.

Every time I read Globe Street or look at an email or a Google search I'm doing or whatever it might be, somebody's buying someone else and the market seems to be consolidating. Now, you're getting to a point where there's these mega consolidations, right? Most recently DTZ and Cushman & Wakefield. It seems like we'll have more to come. That sexy six will get down to the fantastic five, then maybe the final four, and then who knows after that what's going to happen. That seems to be the trend, so things are changing from a brokerage landscape, but are things changing decade to decade as far as what it does and what it takes to be successful from that standpoint? So, we have a really fortunate opportunity to go to one of the true icons of commercial real estate brokerage in Mr. JDA. I don't want to embarrass you, Jerry, but I believe now you're in your fourth decade, is that fair?

JDA: When you asked me to do this, I was thinking about the last 30 years, and then I realized I got into real estate, Rod, in 1972. That's four decades. 40 plus years.



Jerry Anderson today, 4 decades in CRE and counting

RNS: Jerry, please help our audience understand, without too much detail, where you've been, what you've done over these 40 years?

JDA: I've thought a lot about this. I've been very excited about today's session because it gave me a chance to reflect. I was thinking about something one of my mentors told me a long time ago, and he said, "You can only see the journey that you've traveled when you look back." The other thing he told me is that lessons from failure mean an awful lot more and have a more profound impact than your successes. So, what I've decided to do for the group today is I'm going to touch on each of those decades, but more importantly I'm going to touch on what I learned in those decades as a commercial real estate professional. They all were a little bit different, so I'm going to touch on that. I do want to anchor everybody in a couple of things. Rod, you're a speaker, so you know you always have to have a strong opening and a strong close, right?

Here's my strong opening, folks. Real estate has always been and will continue to be a local business. It always has been. It always will be. You can probably see over my shoulder here a flyer the shape of Florida. You can't read it, of course, but that's the State of Florida that I own with SVN . One of our tag lines is, Real Estate's local, Always has been, always will be. I want to anchor you with that.

The other thing I want to anchor everybody listening with today is that commercial real estate is driven by jobs and economic growth. Got it? Jobs and economic growth. Low interest rates are the icing on the cake, as we know, and we've experienced some of that, but as I take you down the paths of the last couple of decades and I highlight just a couple of items and share with you what I've learned, both good and bad, what I did right, what I did wrong in those decades, please keep that in mind.

So, let me take you back to the 70s.

RNS: Jerry, hold on one sec because I want to get a flare from our audience because you're right. For some folks listening it'd be a trip down memory lane. For other folks listening, 70s, some weren't even born in the 70s or the 80s.

JDA: I know what you are thinking, "What the heck is this old guy going to be able to tell me that's valuable?"

RNS: They would be completely wrong. So, if you can, let's have the audience do this. Audience, go in that question and answer and let us know when you started your real estate career. What decade did you start your real estate career, and, therefore, Jerry and I just have a better appreciation for our audience today. That would help a great deal. So, go to the Q&A box and just write in 80s, 90's, 2000, hopefully not more recent than that, 70s, 60s.

You see we're getting the 90s, the 80s, the 70s, so, Jerry, here's the good news. We got a whole bunch of people. A lot of folks out there understand what big hair 80s was, so that's the good news.

JDA: Hey, hey, easy now. Take it easy.

THE 70'S

RNS: I was there. Okay, Jerry, with that said, let's talk about what you're saying. You talked about a little bit of things here as far as local business, what drives real estate, jobs and economy, so let's start with some things you've learned. Take us down a little bit about the road where you are.

JDA: Just a couple of story tidbits for you to grab onto about the 70s. First of all, gasoline was 36 cents a gallon. Rotary phones ruled the world. The worst thing you could do in school was chew gum and be misbehaving in class. Today we have metal detectors. We were doing no trade in the 70s with China. No trade. Today, it's a three hundred billion dollars. This is what we call the trade deficit; imports over exports. We import three hundred billion dollars' worth of stuff more than what we send to China. One of 50 Americans in the 70s were on food stamps. One out of six Americans today are on food stamps.

In the 70s, the U.S. loaned more money to other countries than anybody else in the world. Today, our country owes more money than any other country in the world. The Sony Walkman was developed and introduced in the 70s. Most importantly for me and my most memorable memory from the 70s is the hippies. They were smoking dope and they were going to rock concerts, and today many of us, not only lead major corporations but we're in government. One of them was actually a President and some of us lead commercial real estate companies. Unlike Clinton, I know that some of those folks did inhale. So, although that may be interesting, let's talk about the 70s a little bit from a real estate standpoint.

The interest rates in the 70s, this may be hard for some of you because I saw when you started. Interest rates in the 70s were between 9 and 20 percent. As we rolled into the 80s, the interest rates were around 20 percent. At the beginning of the 70s, the USA was the unchallenged champion in the capitalist world, but it all fell apart in the 70s.

The annual inflation rate was 10 percent. The unemployment was very high and ended the decade at 10 percent. The Carter years, and I don't want to get too political, but Jimmy Carter, no matter what you think of him as a President, when he finished his presidency, families in America made less money than any time after World War II. Americans simply were getting poorer.

So, here I am entering this crazy real estate business, and I didn't really know what was going on, but I was listening to Ronald Reagan. Ronald Reagan made a comment in one of his speeches when he was running. He said the following, "The definition of a recession is when your neighbor is out of work." You've probably heard this, "The definition of a depression is when you are out of work. The definition of a recovery is when Jimmy Carter is out of work." That was the environment when I was getting involved into the real estate business.

Here's what I learned in that first decade of my career, and maybe some of you can relate to this. I was clueless. I literally was clueless about how the macroeconomics affected the commercial real estate industry. I was living in a Midwest town, Canton, Ohio, at the time. I was very fortunate. All the work that I was doing in commercial real estate was with cardiologists and also professional athletes. Because I was an athlete in school, I knew professional athletes, and I knew cardiologists because I actually had a degree in exercise physiology. I didn't realize what the real economy was like. I was sheltered.

So, there I was really clueless. My clients had bundles of cash, so high interest rates didn't bother them, so I literally went from about 1972 to about 1980 not really understanding the business very well but being relatively successful.

RNS: Let me stop here for a second because people are saying what exactly was Jerry doing in the 70s. You started out, Jerry, in the 70s in your real estate career. Like what type of deals were you working? You said you were working with doctors and athletes, so were you buying, were you representing, what were you doing?

JDA: I was doing mostly leasing and buying. For the cardiologists, it was leasing space, helping them expand their offices. We did a couple of consolidations. Some of those physicians were buying real estate. If you read Rod's book, my introduction to real estate came when doctors invited me to be a partner with them. That's how I got interested in owning real estate. On the professional athletes' side, those were all investment deals. Those guys were looking for places to put their money. They knew they had a short career. I worked with both baseball players and some pro football players, and it was on the investment side.

For my career, I gravitated towards the investment side, Rod. Those were all brokerage deals. Live by the sword, die by the sword. Hunt, kill, eat daily. No difference in what everybody's doing today.

RNS: You sound like me. When I entered real estate, I was fortunate to align with a very productive mentor. He shared several big stake deals, which was great at the time. Interest rates were nowhere near 20 percent, though. Tell us about the 80s. What were you doing in the 80s and with the market restricted, how did you adapt?

THE 80'S

JDA: I had a wakeup call in the 80s. Of course, in 1980 we had the highest prime interest rate in the history of the United States, 21.5 percent. It was 11 percent in 1979, but by the time the decade rolled over, most 30 year mortgages in the 80s were 17 percent. I can remember buying a house, and we had a 17 percent first mortgage and a 12 percent second mortgage because that's the only way we could buy the house.

That was a wakeup call for me. I got involved with CCIM program. I started traveling to take courses around the country. Of course, the 80s were very difficult. We had 25 percent unemployment rate in Rockford, Illinois. The State of Michigan had a 14 percent unemployment rate. As of this year (2015), the highest national unemployment rate ever was 10.8 percent, which was in 1982. We have still not eclipsed that particular interest rate. So, it was a really tough time, and, on top of that, the savings and loan industry cratered. If you don't know anything about the savings and loan industry falling apart, simply Google "S&L crisis" and sit back and study it a little bit.

The part of it that really got us in the real estate business. In 1980 there were over 4500 S&Ls with total assets of 616 billion dollars. By 1982, the net assets of those 4,500+ S&Ls was zero. That's how far it fell. In addition to all of that, of course, we had the Tax Reform Act, which I'll talk about in a while. Let me tell you what worked and kept many of us, especially those much like myself in the investment arena, in the business.

In 1981, the Economic Recovery Tax Act was passed. It opened up those S&Ls that I just described a moment ago that went belly up, it opened up the lending to them to where they could literally make ridiculous loans. We as brokers were beneficiary to that. We had people that I can remember, I was living in Florida by that time. I can remember in Boca Raton, Florida we did a deal with a developer; the guy's first development ever. He borrowed five million dollars to build a shopping center. Didn't have a single tenant. Not a single tenant. Borrowed five million dollars. The first thing he did is he went out and bought a Porsche. This is serious, but we got paid a commission, so we as brokers were benefiting from this turmoil. Little did we know, of course, that it was short-lived.

Then, when it did all in fact go down, when that type of lending drug everybody down later in the 80s, that's the ... If you remember RTC, the Resolution Trust Corporation. That was the 160 billion dollars it cost the government to unravel the mess. Many of us on this line today can probably relate to what happened in 2009. You're sitting there saying, wow, that reminds me a little bit of 2009.

Let me share something that was very personal for me in the 80s, and that was the 1986 Tax Reform Act. As an investment salesperson, it was easy for me because I could say, "Hey, buy real estate. You have very little cash flow, but you have these unbelievable tax benefits. You have amortization, and, oh my gosh, you have this automatic 10 percent inflation." As a CCIM instructor, we were doing some unbelievable projections that real estate was going to go up 16 percent, 20 percent over the next two or three years, and that's how we got our IRRs because we back loaded, if you will, the valuation of the property on the way up. The truth of the matter is the 1986 Tax Reform Act stripped out a lot of the benefits.

I can remember one of my proudest moments. This is the New York Times front page in 1986, little Jerry's on there with a bunch of quotes, so one of my proudest moment. I made the statement, "If this tax law passes, real estate values will plummet by 15 percent." Well, I was wrong. Real estate value went down about 30 percent. Here's the other thing I said, which will shock those of you that have already been in the business let's say 10 years. I made the following statement. This is the closing statement. I said, "Buyers are the ones who will be driving the real estate market for the next several years. The first offer may be your best offer and your only offer." There's nobody practicing today that can say in the last 10 years, or the last five or six years, that the first offer is the only offer. Lately, it's multiple offers. It's driving the price up.

JDA: What did I learn in the 80s? I learned a couple things. I found out that writing was very important, and, Rod, you know this, so I wrote a book. I wrote a book in the 80s. Somewhere it's here to hold in front of the webcam. I wrote a book in the 80s called Success Strategies for Investment Real Estate. It was published in 1982, republished in '85, re-published again in '87 by Prentice Hall. It's the best thing I ever did for my career because while my competitors were handing a business card, I was handing a book on investment to my prospects. That book got me on national TV. That book got me noticed by institutions, and by this time in the 80s I was pretty much at what all know as CBRE these days, so that's where I landed when I moved to Florida. I went to CB and worked in that very corporate environment.

As the 80s ended and we rolled into the 90s, I was doing a lot of work with institutions. One of the things I learned in those years was that, and these are takeaways for you folks, in my opinion. This is what I learned working with institutions. The performance of a buyer is more important that a couple extra dollars. I cannot tell you how many times through my career, as late as yesterday, when I was talking with a seller with one of our advisors, one of my agents, and I said, "You know, performance of the buyer is going to be more important than a couple extra dollars." I thought to myself, my Lord, I just wrote that down for Rod's Webinar tomorrow. I'm still using this crap. That's true.

Jerry (right) with CB in the late 80's; Massimo Group coach, Blaine Strickland (left).

RNS: Help the audience understand what do you mean performance of the buyer is more important than a few extra dollars.

JDA: Think about, especially on the investment side, think about performance. The property is under contract with a Letter of Intent or contract. You've got a period of time for due diligence. While that due diligence is going on, you're taking that property off the market or at least making it lukewarm to the marketplace. That means you're not talking to anybody else. You're sitting around there completely dependent as a seller and as a broker, praying, hoping that buyer gets through due diligence and once they're through it, they don't bail out at the last moment.

As mentioned I own the of State of Florida as a master franchise for SVN (SVN International), but I also have a SVN brokerage company. I have offices in Orlando and also Palm Beach county, so I am the broker of record for those advisors. I cannot tell you how many times certain advisors have deals fall out at the end of due diligence. What that means is they're not doing a very good job of qualifying. They're not doing a very good job of looking at the track record of the buyer. Choose the horse that can finish the race. That's when I'm talking about. Don't be bashful in terms of asking the prospect questions about their past deals. "When you bought this deal or when you bought that deal. Talk to me about the due diligence." Don't be bashful about qualifying!

I learned two other things in the '80's that I think are important takeaways, and I know I've been quoted as saying this. I've heard other people say it, so I don't know who started it, but it works for me because it actually came from a client that I was working with. He said to me one day, looked me right in the eye, and he said, "Jerry, I want you to know something. We're working with you because number one, we like you. You're fun to be with. Number two, we trust you." But, he said, more importantly, "You make us," and this was with John Hancock Life Insurance Company, he said, "You make us money and you save us money." He said, "Thanks." He went on to say, "If you don't remember anything from working with the John Hancock Life Insurance Company, remember this. People work with you because they like you, trust you and you make them money." I've carried that throughout the balance of my career, and here we are at 2016.

The other thing that I really did learn I think in that decade, Rod, is that you can't just be a deal slammer and be able to make it. You really do have to be an advisor, and I know that's pretty cache these days, oh, well, everybody's an advisor. I mean, at SVN we don't even use the word agent. We don't use the word broker. We're advisors. But, the truth of the matter is, there is a difference. For me, it was very important.

RNS: Before the deal lesson, you have this unconscious confidence, so you say things and you're like everyone must assume this, but you said a couple things during the 80s that are vitally important. You wrote your book. You got known. That created more. You getting known was very important. You also quickly said, hey, you were ignorant and oblivious at the same time you went and got your CCIM. Now, disclosing here I'm a CCIM as well, and that's not the point. The point is you decided for yourself one way or another, why did you at that early stage say you know, "I've got to invest myself. I've got to learn something else", because I know you're a continual learner, Jerry. So, why does that occur for you?

JDA: I think the first CCIM course I took was in 70s, and I took that course because one of the ballplayer's agents used the phrase "present value", and I don't have a real estate degree. My degree is in exercise physiology. I wanted to be a doctor. I was never really smart enough and I couldn't get into med school, so anyhow I didn't take economics in college. I didn't have a degree in anything that would help me in investment real estate. I didn't really understand the present value concept. When that agent asked me that question, it was one of the first times I found myself not having an answer. I pulled him aside and I said, "In all due respect, I'm not that familiar with what you're referring to, the present value of money. Talk to me." He rattled off some explanations and definitions, and I went back, and figured out I needed to learn about this stuff. I called one of the economics professors at the local university. He knew about the CCIM program. I'm CCIM number 713 in the world. In the world, Rod, 713. Okay? It was a relatively new program.

That's what drove me to start to invest in myself at that point.

RNS: Okay, so help our audience understand, you referred to it slightly you were now part of CBRE, so what were you doing now in this latter part of the 80s after the tax law in '86, the reform act and all that? You realize now you need to be an advisor, you realize now you wrote your book, and the three principles of know, like, trust and make money, more importantly. What are you actually doing from a broker's standpoint now?

THE 90'S

JDA: I learned quickly. Realized that I did enjoy managing. I did enjoy consulting and was very fortunate and I climbed the ladder at CB rather quickly. I left some of the local management opportunities behind and took more of a regional opportunity on the investment side. I then had the opportunity to work on some national councils with CB, so I was very quickly able to put some of those skills to use. By the time I left CB, which was just as the 1990s came about, 1991, by the time I left them, I really did understand that I enjoyed helping other brokers make money as much as I did closing a deal myself. A little bit of a shift for me in terms of the enjoyment. Look, closing a deal was a rush. I won't deny that and getting a big commission check was a rush, but I found myself really enjoying helping other people. I think you've experienced this ... Helping other people become successful.

As we rolled into the 90s, I mean the industry changed an awful lot. In fact, when I think about the 90s, you've got to divide the decade in half, because it's literally like two different sections. The first half was pretty slow. The last half of the 90s was probably the best time in commercial real estate I've seen in a long time. When people refer to the good old days; that's what they're talking about, the latter half of the 90s.

I just want to drop a couple of bombs on you here. Interest rates were no big deal. They were eight percent or so, which I know that sounds high by today's standard's. Coming out of the 80s, it was half of what it was the year before. The internet started in 1993. I know you can search intel on the beginning of the internet. You can go back and find it started in late 60s, but it truly became something to use for business and banking in '93. One percent ... Wait till you hear this, one percent of the information in 1993 was transferred by the internet. Beginning in 1993, seven years later, in 2000 over 50 percent of information is transferred over the internet. In 2007, 97 percent of telecommunication in our world is via the internet. The internet changed everything in our industry. Everything that you and all of our listeners today comes so naturally to them was all foreign to us.

JDA: Think about Google. I used Google to research some of the data that I'm spurting out here today. Google wasn't even really cranked up until 1997. Larry Page was 22 years old when he and his 21 year old friend said hey, somebody has to figure out a way to dive in and organize all the information out there on the web. Side note for you. Many of you, most I would imagine, subscribe to LoopNet in one form or fashion. Lately, a lot of people have been cursing LoopNet, but that's for another reason. In 1997, a young man by the name of Dennis DeAndre from San Francisco had this crazy idea that if he can get a half dozen or so of the national firms to throw their listings into a LoopNet pot and give everybody access to it, then it might really help more deals take place. He didn't have a clue how to monetize it at the time, but he knew it was a good idea.

This is really going to make me feel old. I was one of the original board members of LoopNet. There were about six of us. From 1997 to 2003, I was the President of Coldwell Banker Commercial. I was hired to rekindle that brand. Dennis came to us as well as five other firms. Grubb & Ellis was involved. CBRE was involved as I recall. NAI was involved. I think Colliers was involved at the time. My mind goes fuzzy on that one, but to create this database of commercial properties. Now, he was early and he got battered up a little bit by the dot.com bubble in the year 2000 as we rolled over, but he survived, but that idea came out of 1997, a 1997 idea.

There were a lot of things that I learned in the 1990s, both the first half that was tough, the last half that was better. I learned that I had left the corporate protection in 1991 of CB, that corporate environment. I would've had to move to California to continue to move up the ladder. We are an east coast family. I just couldn't do that. So, I turned down the opportunity, and like in most companies of that size, when you're climbing the ladder and you turn down the next job, you're pretty much off to the side. No slam on them; it was my decision. Who knows where my career would've gone if I would have done that, but I was very happy with the decision, and I was very happy with realizing from 1991 to 1997 that I really liked helping other practitioners as a consultant to the industry.

JDA: What was really funny, Rod, is when you asked me to do this, I went back and pulled out some of the material that I created as a consultant during that time period, which is pretty cool because as a consultant I was on monthly retainer with Grubb & Ellis, Coldwell Banker Commercial, NAI. Colliers had me on retainer, one of the regional firms, and I was doing a lot of work for independents. All at the same time! I created some products.

I mean I was having fun. I was creating audio tapes on how to buy, sell and lease commercial real estate. As I was looking through the titles preparing for today, I'm thinking this is exactly what we do today. Now, we do it differently, but there's nothing so revolutionary about this or revolutionary about the negotiation techniques. These are all published by Nightingale-Conant, which was the largest audio tape publisher in the world at the time. There's nothing revolutionary in here that we don't do today. We do it a little bit differently. So, when I wrap my comments today, you're going to hear me say wasn't it Vince Lombardi who said at the beginning of every season, "Gentleman, this is a football and we're going back to basics."

What I guess was difficult is that we had to figure out a way when the market tough other than simply slamming deals. We had to figure out a different way to earn a living. Many of us did that. One of the products that we created was How to Prosper in a Soft Market. Think about the last five or six years, nobody had to do that. We just haven't. What we learned and this was one of the most popular courses and books that I ever did in my consulting years, 52 Strategies for Advisory Business. Every single one of these strategies has nothing to do with a commission. They have to do with being paid consultant fees.

One of the things I learned in the first half of the 90s is how to survive when there's no commissions being generated because no deals are closing. I'm not sharing this stuff boastfully because I will tell you I made money from those products. More importantly, I was using the knowledge that I had about making commercial real estate decisions to help others, and I was compensated for it.

JDA: Probably the one product that I created, and you folks are all going to laugh at this, so you're about to get a chuckle. One of the things you learn how to do in a CCIM class is you learn how to use a calculator, right? Here is the old HP 12C or for many of you an HP 10B. Well, now today we do these calculations on our iPads, we do it on our iPhones. I can remember in one of the audiotape sessions, one of the engineers saying to me, "You know it's really interesting when you talk about commercial real estate, and I have a couple of questions for you about this mortgage I'm talking about taking." I said, "Oh, I don't do residential." He said, "No, no, no." He said, "I'm really struggling on what to do. Should I take a 15 year mortgage or a 30 year mortgage?" I had to show him how to do the calculation of much interest he would save with a 15 year note, and I talked him through the decision process. He planted the seed for me to create something called The Mortgage Terminator.

The Mortgage Terminator was a combination of a book, an audiotape, a loan payment guide, some software written in DOS to help the homeowner pay off their mortgage early. Remember, we were coming out of high interest rates. The examples I used in this book which came about because I learned how to use this calculator in a CCIM class because someone I was doing business with asked me about present value, and I didn't understand it. Do you see a trend going on here? I sold about 8,000 Mortgage Terminator kits at $50.00 a piece. You can do the math, and then I sold the concept to a bank in Tennessee, trademark and everything. This was worth about a half a million dollars to me. Why? Because I knew how to use this little Hewlett Packard calculator and understood the present value of money.

So, I'm not trying to brag to you. What I'm trying to convey today is that you can think outside of just being a deal slammer. You have so much knowledge, so much knowledge. I'm finding that as I'm getting older now, I've been invited to sit on a couple of boards, and I'll tell you about one of them before be finish up today. My takeaway here for you is for me I went from brokerage to management to consulting to CEO positions, not only at Coldwell Banker Commercial, but then I went on to be President and CEO of SVN up until 2008. You use all those tools, everything you pick up along the way, but you never know how what you're learning today is going to help you tomorrow.

RNS: Jerry, we talked about 70s, 80s, 90s, and, Jerry, I do remember. I remember I was running my own tenant rep firm in 91, and the moto was "Stay Alive Till '95". If you can just Stay Alive Till '95, you're going to make it, so thankfully we did. For you, Jerry, take it to the turn of the century. So, where do you go, what do you learn in the next decade?

JDA: Well, I don't need to go through the history for most of the people here. The first half of that, the interest rate hops around a little bit, and, of course, all hell broke loose in 2006. I don't need to repeat any of that. Foreclosure rates at a record level. Banking industry in trouble. Consumer spending way down. Again, jobs, unemployment high. We were in trouble again. The unemployment rate hit 10.2 percent in October of 2009. The economic growth worldwide was the lowest it had been in the world in 60 years. Can you believe that? In 60 years, that's 2009.

I saw some people flash on the screen that they got into the business in 2009, well, hopefully, they were like me in the '70's. They just didn't know any better. But, if they survived till today, they'll be just fine. Naturally, when you're in an industry as long as I have been, a lot of my friends are in leadership roles at different commercial real estate companies. There were many of us in 2009 that had revenues that were 90 percent off, Rod, in 2009. What that means is from the heyday of 05 and 06, in 2009 we made 10 percent of the gross revenue of what we made in those years. We had to keep the doors open, so a lot of companies, SVN included, restructured. We completely restructured, as you know, because you part of that restructuring which was good timing for you, if you will.

RNS: Agreed.

THE TURN OF THE CENTURY

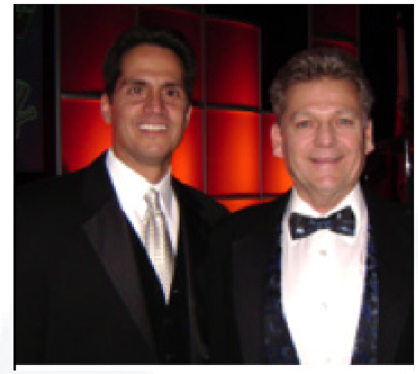
JDA: I learned a couple things in the 2000s. For me, I learned, and some of this is very personal and I might hit a soft spot, I might hit a nerve with some of you, but I learned in the early 2000s ... I was President of Coldwell Banker Commercial from '97 till 2003. I learned that a dual brand structure of residential and commercial was not an environment for me. It simply was not an environment that worked for me. Now, there are a lot of good folks at Coldwell Banker Commercial, and there were a lot of good agents but the structure of having a residential brand and a commercial brand under the same banner was not something that worked for me. I'm going to comment on that type of structure towards the end of our session today.

I also learned and the last few years have been reminded, that steady growth is better for our industry than up and down. The brokers that I know in the Midwest did much better than those in Miami, the hot market. When there's a hot market, it goes up, it goes back down. In the Midwest, they just sort of bump along.

The other thing that I learned in the 2000s is that you literally, and this is going to be important as we finish today, you have to look at the horizon. If you were blinded by what happened in 2009, shame on you and the other people you spend your days with. You should not have been blinded. The clouds were on the horizon. You've got to take what the market gives you. I like to refer to it that way. I'm a big college football fan, and often you will hear the college announcers, " They've thrown a lot of short passes here, but they're only taking what the defense will give them." You know, they're throwing short passes to move the ball, inch by inch down the field." I look at real estate the same way. Figure out what the market's doing, take what the market gives you.

Some of the advisors on my roster right say, "Jerry, I'm in trouble." I ask, "Why are you in trouble?" Many times the response is, "There's no product. I have no product. I sold every one of my listings." I said, "Well, you know what, you should've been thinking about that before you sold your last listing. I know that's part of the Massimo group's coaching, and I commend you for that. That was one of the things that I learned.

The other thing I learned in the 2,000's is that there are factors beyond real estate sometimes affect real estate. I haven't told you a lot of deal stories, so I'm going to tell you one now. In 2001, I bought ... I'm a pilot so aviation is near and dear to me. In 2001, I bought 20,000 square feet of airplane hangars. In 2005, I sold, they were made up of three separate hangars ... In 2005, I sold one of those buildings for about half of what I paid for all three. I had a chance to sell a second one, but I got greedy. I thought, no, no, no ... This was early 2005, I'm doing pretty well, I'm going to go ahead and hold on. I got greedy. I should've sold two of those hangars, two-thirds of what I bought of the portfolio, and literally owned the last third for free. My gosh, the hangars are close to 7,000 square feet, and I'm not flying a Citation jet. I didn't need that much space, so I got a little bit greedy.



Jerry served as President of SVN, pictured with Rod Santomassimo in 2007

Here's what happened. I just closed on the last hangar. I just sold it literally last week. I sold it for a lot less money than I should have, but it wasn't because of the real estate market. Here's what I missed. Here's what I didn't take into account. Because I'm so passionate about aviation, I didn't lift my head up and look around as to what was going on around me, that the pilot population was dying off because many current pilots we trained as World War II pilots, that private pilots population was literally a third of what it was when I bought the hangars. I didn't realize that aviation ... I didn't think about it at the time, but it was one thing to pay four dollars a gallon for aviation fuel when you burn 15-30 gallons an hour. It's another thing when aviation fuel is 10 dollars per gallon. My universe did this. I had the real estate market cratering a little bit in 2008 and 2009, and then I had the universe of aviation effect on my real estate holdings.

My point of telling you that little sad story is that my wife reminds me every once in a while at dinner. If you're so damn smart, why'd you lose money on that deal. She actually brought my book one night to dinner. She threw my book down, and she said, "If you're so doggone smart, why'd you lose money on that last hangar real estate deal?" The point is that there are factors that influence value. Don't let your owners or you, because I believe brokerage gives us a platform to create wealth for yourself; don't get so enamored with the product that you lose sight. I see a lot of people now enamored with Dollar General stores and dollar stores. I'm sorry, but if you're paying a low cap rate for that store in a location that's never going to be anything other than a dollar store, and it's built out of a block stub wall with sheet metal walls and roof, I'm telling you your exit route is limited, but a lot of people are enamored. I'll just share that with you.

It's been a great run, though, since 2009, hasn't it, Rod?

RNS: Yes. Unfortunately, some of our audience only knows that as their commercial real estate world. They don't recognize what you've learned in 40 years, and I've learned in 30 years, really the ups and downs, the cycles, the adjustments that need to be made and the like. Jerry, with that said, you've had a phenomenal career. So, now, let's talk about what you're doing now for the rest of the end, of this cycle.

THE FUTURE OF COMMERCIAL BROKERAGE

RNS: What have you learned in the last eight years in your new role once we got through the Great Recession, of 2008 through 11? More importantly, for the folks listening, you're like a swami, some of you may remember on the Johnny Carson Show, Carnac the Magnificent!

JDA: Yes, Carnac the Magnificent.

RNS: Carnac the Magnificent made predictions. So what do you, our present day Carnac have to share with us about the future? Before we get to the future, let's talk about the present, and, more importantly, the most recent history for you. What have you been doing? How have you been adjusting? I know you have a lot of fingers in a lot of things now with commercial real estate. You're not just brokering deals, so what are you doing now?

JDA: I own the Master License for the State of Florida with SVN. What that means is that I have independent owned and operated companies that are franchises of SVN under my umbrella. In a couple of those cities, Orlando and West Palm Beach specifically, I own the brokerage companies. So, I wear two hats. I wear the hat of almost like a servicer on one hand, and I'm broker of record on the other. I do definitely have some opinions. In fact, I'm probably going to offend some of the people. We'll probably watch our participant roster drop off when I make the following comment because here's what I'm going to say.

Since 2009 it's been a great run. In our company, it's insane the number of people that made more than a million dollars a year. I mean one year we had one advisor make seven million dollars. That's crazy for one individual advisor to make. Is he worth it? I don't know, maybe he is, maybe he isn't, but my point is there are a lot of people that have made a lot of money in our industry over the last five years. If you've been in the industry five or six years, this is going to upset some of you, you need to lift your head up and pay attention what's going on around you because you are clueless the same way I was clueless in the 70s. You don't know what you don't know. I know some of you are going to be offended by that. You've got to lift your head up and look around.

RNS: So these are people in the ostrich position not really seeing what's about to happen? What do you mean by need to lift your head up?

JDA: I mean they're so busy attending to their knitting. They're so busy down in the weeds. It's easy for all of us to do this, and I'm guilty as well, so guilty as charged. It's easy for us to not really pay attention. Here's an example. Next week most likely, depending on which economist you believe, the Feds are going to raise the rate, right?

RNS: Correct.

JDA: Every time something like that takes place, you have to ask yourself, "What does this mean to commercial real estate?" And, you should have the debate in your office with your other advisors or with your clients. What's going to happen to your real estate portfolio if the rates get raised? Now, I have an opinion. I don't think it's going to make a whole lot of difference. I really don't. I do think the rates are going to go up. So what? The rates have been so low, it's ridiculous. We've had 84 months of zero interest rate increases. We've had 4.5 trillion dollars pumped into the economy. You think a quarter of a percent rate hike is going to turn anybody's world upside down? No.

Watch what the Fed does though. They're going to continue to bump it. They're going to watch inflation. If inflation starts to creep in, if the economy's wheels keep rolling and inflation starts to come back, you're going to see them start to raise that rate a little bit higher, and then you're going to have an effect. If you think property inventories are tight now, wait until the rates get bumped and more cash comes out of the woodwork. Investors will say, "Oh my gosh, I need to put my cash somewhere or the stock market's got a crater, I need to pull money out of the stock market and do something with it in the real estate arena." That's what I mean when I say you've got to lift your head up and look around.

There are things happening in our world that are very, very exciting. The enhancement of the microprocessor, the whole growth of the computer and technology. Here are a couple of predictions for you. Remember, think to yourself, what does this mean to commercial real estate? Today, there's three billion smartphones. By 2020, that is five years from now, there's supposed to be five billion smartphones. What's the impact going to be in how we communicate with our clients? In 2020, 80 percent of the people in the world are supposed to have smartphones.

Here's something near and dear to me. Today there's 280,000 electric cars on the road. If you want an experience, go buy a Tesla. I bought a Tesla early in 2015. What an experience. You want to talk about client-serviced customers? You want to talk about a product that blows the socks off of what you are accustomed to? You want to talk about a product that is a disruptor to the industry? Go buy a Tesla. Here's my point on electric cars, next year there's going to be

700,000 electric cars out there, and by 2025, it's projected to be 5.5 million electric cars on the road. Now, you should be asking yourself, what does that mean to commercial real estate? If you're an advisor, you better darn well be talking to your clients that own office buildings because if your space doesn't have charging stations for my employees' cars, I'm not renting it. If I'm the CEO of a company and I drive a Tesla, you're not getting my space; I'm not renting your space if you can't service me with plug in chargers. Simple as that, and that's going to be a cost, so you need to advise your owners. That's what I mean by lifting your head up and looking around.

Retail stores. I can't believe that shopping center owners were surprised when Blockbuster terminated their lease or didn't renew or a travel agency said, "As much as we've enjoyed being here, our business is folding." People were shocked. Brokers were shocked. I had agents on my license say, "Can you believe that the Blockbuster right at the corner of such and such is closing?" I said, "Yes. That's what she's been telling us for the last three years now. Where have you been? Hello?" That's what I mean by looking around. CoStar. Oh, yeah, this is touchy, right?

RNS: This is great Jerry, please go on.

JDA: This is touchy. I like the CoStar product and, I like the LoopNet product. I don't like them together. I don't like the 50 percent increases in cost that they're laying on each and every advisor. I don't like their economic model. I don't like their cost model, but you can't argue with their financial success. They have a 6.7 billion dollar market cap. They have 2,400 employees. Andy Florence takes a two million dollar a year salary plus stock out of the company. They're successful, but they're successful because they're not challenged, but in the first half of 2015, 91 million dollars has been thrown at the commercial real estate technology world by venture capitalists. I suspect you're going to see much of that money being used to create product to compete directly with the monopoly, and I'll call it that, that CoStar and LoopNet have. Note: An LLC that I control just sold a property and I wanted to see what would happen if I did not respond to the Co-star's inquiry to verify the information. They dropped the inquiry like a hot potato and published what they "thought to be accurate information" but never confirmed with the seller". So that information folks is what you are paying for, as a subscriber to Co-star.

JDA: Xceligent is making huge strides. There's a new one out called CREXi, C-R-E-X-I. They are VPs that left Auction-Point. You'll see information on this pretty hot product directly competitive with LoopNet. I mean daily, including today, I receive notice of a new technology. If you want to know about technology and commercial real estate, check out www.CREoutsiders.com. They are the techies that are over in the corner of the room talking technology for commercial real estate. You can listen in to what they're talking to each other about. It's fascinating. It's fascinating what these venture capitalists are throwing money at. So, that's what I mean by lifting your head up.

Another example of lifting your head up is listening to economists. I know some of the folks in this webinar probably listen closely to your own company's economist. Well, I have a news bulletin for you. Most economists start their sentences with, "Well, on the one hand, and then on the other hand." So, your economist is not God. Listen to what other economists are saying. Yes, listen to the Sam Chandon's of the world, the Robert Whites who own RCA, Real Capital Analytics. In addition to that, I'm going to throw out some names. Some of you, if you know who these people are, you're going to wince, but listen to Bill Bonner or Porter Stansberry, or if you really want some negative thinking from time to time, doom and gloom, and yet sometimes he's right, a guy by the name of Harry Dent out of Delray Beach Florida. He's written many, many books. All of these folks have newsletters that you can get for less than a hundred bucks a year. They will inundate you with more economic opinions, and that's what they are, opinions for you to sift through and figure out how it affects real estate.

Here's what Bill Bonner said yesterday. He was asked about the economy. He said, "I see slow and sluggish on the horizon. My advice is still the same. Hold some gold. Hold some cash. Own some bricks and mortar."

RNS: That's good for us.

JDA: "Hold some equity in solid businesses. Call your mother, pet your dog and have a happy day." That's what you get out of these economists, but I love it because here's an economist that is a general economist but I synthesize all that stuff.

The other industry I pay attention to is the residential industry. I know you heard me say earlier I don't like a dual branded structure, but www.Inman.com. Inman are the thought leaders. They aggregate the thought leaders in residential real estate. Like it or not, folks, the residential industry is so far ahead of us on the commercial side, it'll make your head spin. If you don't believe that, go to Zillow and Redfin and see if you can figure out how much your house is worth at Zillow or Redfin. You don't need an agent to do a CMA or a BOV, Redfin, Zillow does it for you. Guess what, it's coming to commercial real estate. It's coming.

Here's another lift your head up. In my Tesla, it shows me where all the charging stations are on the 13-inch screen. I could ask it just the way you ask Siri a question. Why couldn't I ask my monitor on the Tesla, "Show me all the retail space over 10,000 square feet but under $25 a square foot within a 2-mile radius."

And, that shows up on my Tesla screen, I push an icon and it takes me there. You see, that technology's there. LoopNet's mobile app does some of that now. But, this is what I'm talking about, artificial intelligence. Oh, here's something I don't see any of our advisors paying attention, the co-working space concept, www.workspace.com, www.bizhaus.com. They're taking chunks of space. There's a company in Miami just rented 40,000 square feet for a co-working concept. Half the commercial real estate agents in the country don't even know what that is. Some of the commercial real estate companies tried it. They didn't like it. They want to go back to their own separate offices.

Here's another for you. I'm on the board of directors of the one I'm about to tell you about, so this is actually fairly leading edge. I have signed a confidentiality agreement but I can tell you a bit about it. What's the biggest problem in commercial real estate when it comes to partnership units? For a developer trying to sell partnership units or for somebody that owns a partnership unit to get rid of it? In the past, it's been obstacles created by SEC regulations, and now we see crowd-funding come about. I'm on the board of directors of a company called Real Liquidity. Real Liquidity. You can go to www.realliquidity.com and find out what it's about, but it's basically a stock trading platform for limited partnership units where the research is done by brokers.

We're hiring brokers to do the research, but it's a very open and transparent way for people that are in partnerships to trade partnership units. I believe it's going to revolutionize the way real estate is transferred in the United States. The biggest problem a lot of us have, and I've done many syndications as well, as probably many of you have, is the limited partner and no way to get out of it. It's like timeshares. You buy a timeshare, how do you get out of it? This platform is going to do that. This is what I mean by lifting your head up and looking around, Rod. Don't be so deal oriented that you just don't see what's going on around you. It's easy for us in our industry to do that. We just get so enamored with the detail of our deals because it's hard. It's a simple business, but it's hard.

RNS: Jerry, first of all, phenomenal, absolutely phenomenal. I will share with you a couple things. I know it's 2:00, and for those who have to vacate, I understand. We have some more great stuff coming up with Jerry in the next minutes. So, I want to address certain questions about the other Carnac future, but also just some brokerage questions because you're a master broker, whether you like it or not, you are.

One thing I've got to tell you is usually during a webinar, you see, of course, the audience increase during the first 10, 15 minutes stabilize, and during the last 20 minutes it just falls off. That's a standard normal webinar audience. So everyone can appreciate this, Jerry, not one single person has left this session so far. So, thank you. This is fantastic, a wealth of information that you're bringing, sharing most importantly.

Jerry as you and many of our listeners know, the Massimo Group is a consulting and coaching company. We believe in goals and goal setting and certain ways to progress against those goals. What's your take on goals and planning?

JDA: Most commercial real estate brokers don't do it. They don't want to do it. They don't do it. They don't care about it. They heard that it works, probably works for other people, I don't need it, they say. Unfortunately, they're wrong. Only if it's a list of six items that you want to accomplish. I sent out to our folks in Florida the other day. This is a personal business plan for commercial real estate professionals that despise business planning, which is pretty much all of us.

It goes through the normal items: How much do you make? How long have you been in business? How much did you make last year? What did you project you'd make? How far were you off? The question I think is most important is - the reason I exceeded or fell short of my goal last year was, and then they fill in the blank. There's really two types. There's business plans for the agent, and then there's business plans for the company, but what we do for our business plans is we're going to try to have them do as little as possible on. If they don't do anything, what I suggest to them is if you don't do anything else, make a list of people that you've done deals with that you haven't talked to in a while and get in contact with them.

I have it right here. Emails do NOT COUNT. You've got to go see them. You have to go see them.

I also personally believe that every Business Plan should include a few items that many people miss, in addition to the business goals and planning:

- Your plan should include a few personal goals that help your sanity and add balance to your life.
- A goal or two to stimulate your personal growth as a human being.
- A few goals to build security for you and your family through ownership of your firm, real estate or other personal investments.

JDA: Since these goals are very personal, no one but you and those that love you can tell you what goals to consider.

RNS: Jerry, I'm going to do some rapid fire questions for you. Normally those business plans, I agree with you, that's why we created the course The Simplicity of Goal Setting, but let's talk about the grind of commercial real estate. We don't know who originated the Find, Win, and Fulfill continuum that's been around forever, but that's our job as brokers. If you can share with us and just reflect, how do think folks should prepare for next year? What are your thoughts there?

JDA: I use a simple approach, it's probably very similar to what the Massimo Group is going to do in its coaching. Some people refer to them as dollar generating activities. Where's your database? How many calls? Contacts? Meetings? Proposals? Offers? Listings? Closings? Deals under contract? We track those activities. I will tell you, though, and I learned this from my son who played 10 years of professional baseball, is he said to me when he first got into the minor leagues. He said, "Dad, they measure how many times I sneeze on the field." His point was they track all the activities. It's not just how many runs did you score or in football how many touchdowns did you make, but how many yards per carry are you getting? How many touches are you getting? How many passes did you not only catch, but how many did you drop? That's why I believe a very simple crib sheet needs to track because those activities, Rod, lead to the closing. I'm a fellow that I had one year; I worked the whole year and did not close a single real estate transaction. I was swinging for the fence.

It was early in my career. All the deals were over $10 million. All three of them fell apart at the last minute. I almost lost my marriage. It was embarrassing. I went to a friend of mine and literally had to borrow money from him, and he said, "You're a hardworking guy. What the hell did you do wrong?" and I said, "I don't know, but if one of these deals would hit, I'd be lending you money." The point was I didn't understand that base hits, the singles, the doubles are what creates consistency. I didn't understand that at that time.

RNS: Right, and it goes back to the point you made about Vince Lombardi. For those that don't know him, Google him. It all comes back down to the fundamentals, but you have to do it every day. For our clients who make the most money, they're also the best at fundamentals. For Michael Jordan, me being a Duke guy saying this is kind of scary, the greatest basketball player of our time, he taught us about fundamentals. It comes down to fundamentals. Let's take a different shift here.

You talk a lot about SVN. A lot of folks online, still they all remain on the line. We had a session called The Great CRE Debate, national or independent, and we had a couple of folks from nationals, three from nationals, three from independents, but your career of 40 years, you've been the president of two major commercial real estate organizations. You consulted several others that now are called independent, but they're not large nationals. You know what I mean? The Fabulous Five today or the Sexy Six. So, what's your take on ... I don't want it to be a SVN commercial, but what's your take on those out there. We don't believe in moving to companies unless you have a five-year plan and reason to do it. When you look at companies, how do you evaluate these companies you work with? Wonder if someone came to you and said, "Hey, Jerry, who should I hang my license with?" What would you say?

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JDA: I do get that often. I would like to suggest to all of us here today that you look up the National Real Estate Investor article that was done on brokerage companies. You don't have to read the article as much as look at the graphic of all of the mergers. As one advisor told me the other day, he said, "Jerry, I've been in the same cube for the last 10 years. My business card has had four different logos." He said, "I've been with the same company, never changed, I'm in the same chair. I've been with four different companies." So, there is a revolving door.

Here's what I say, and I receive many calls. I get calls from some people that have been in the business for a while. I get calls from people that are just starting careers. I always ask them a little bit about themselves. I start out by talking about how self-disciplined are you? How much of an entrepreneur are you? For example, and I'm going to mention companies' names, so shame on me if this offends you.

JDA: I was manager at the Boca Raton office for CB in the 80s. I hired two gentlemen. For crying out loud, one of them is Jeff Kelly; he's in your book. He's been at CBRE ever since. There was another young man. His name is Richard Tarquinio. I recruited him from Pittsburgh, Pennsylvania to move to Florida and sell commercial real estate for us. If there were anybody in the State of Florida you'd think I could recruit to SVN, it would be two guys that I brought into the business, right? They're both very successful. They love being in that corporate environment, having that CBRE corporate umbrella. They don't care about the fact that they receive a 50/50 split or a max of 60/40, whatever they have. They're very, very happy there. On the other hand, there are entrepreneurs, and I am much more an entrepreneur than they are, I was stifled by that environment. You can read about it in your book, Rod. Here's a pitch Rod, for your book. You can read about why I left the largest real estate company in the world in 1991, and the reason was just because of the corporate structure. Nothing was bad. It just wasn't for me.

So, what I do when somebody calls, Rod, is I try to put companies into groups. I say, "Look, if you want a structure where they have both a residential brand and a commercial brand, there's three pretty good ones for you to talk to: RE/MAX, Coldwell Banker Commercial and Keller Williams or KW Commercial as it's called. If you want a company that focuses on only investment properties, you've got Marcus & Millichap, you've got SVN that focuses on investment but also provides leasing tools, you've got some Colliers, although they do a quite a bit of leasing. If you think you need more structure, then you should go talk to a JLL or a Cushman & Wakefield or CBRE. I don't want to leave any firms out here, but what I tell people to do is to look at the roster of people that are in your market. Figure out the kind of company they are. Think about yourself. Go visit them. See if you're comfortable.

I'm going to show you something. This is our brochure from 1988 at CB, a bunch of white guys with white shirts and skinny ties. We weren't allowed to wear blue shirts to the office, Rod – can you imagine? If you want that much structure, if you need that, it's not that way today, but if you need that kind of structure, find what works for you.

RNS: There are a couple of companies that I'll mention. I get a call from somebody coming out of University of Florida. "Jerry, I have my degree in Master's real estate. I need a couple years of training. How about SVN ?" I say, "In my office, if you want your hand held, I'm not the place for you. Now, we do have offices at SVN that do that, but not in Orlando and not in Palm Beach county (office I own). Go to Marcus & Millichap. Go to CBRE. Go to one of the companies that have a very strong training program or hire the Massimo Group and of course see how you fit."

Here's the point. I don't believe any one company is better than the other. Look, I've consulted with many of them. I've been involved with many of the top firms. I've been involved with building two of the top firms of the top 10. It's about how you fit. It's like a club. Are you comfortable there? You have to determine that. Figure out what works for you. I never try to convince somebody to come to SVN. In fact, I actually go the other direction. I actually negatively sell sometimes. I say things like, "You know, if you're not an entrepreneur, it's going to be difficult for you to succeed with me on my license."

Here's an approach that I believe will serve you well. You should use a similar format that most likely is being used by the other side of the desk when the company interviews YOU. You should ask about and assess for yourself the following. Yes, it requires a bit of due diligence on your part. AND the last TWO are in CAPS because they are critical. I have a six sided foam cube that I turn from side to side when I interview prospective advisors. Each side reminds me of the following. It will be a good decision making tool for you.

- **Reputation and references** of the company (talk to agents that are with the company or brand and those that left the brand to go elsewhere)
- **The Experience and the Knowledge** of the folks in the firm you will be working with
- **Natural Behaviors** of the people in the environment (cut throat, dog eat dog, survival of the fittest or one of collaboration, support and nurturing? If you can't tell ask more questions and dig deeper)
- **Demographics and Emotional** intelligence and your fit into it. Is everyone on the way out the door of their career or is there a mix of youthful energy INCLUDING a mix of diversity that works for you)
- **Values and Cultural Fit** are the values and the fabric of the firm conducive to what you want to be a part of? This is critical!
- **Your Judgement** - what does your heart or stomach say? You are a good judge of people - don't stray too far from what your gut is telling you.

I have an independent contractor agreement that I use that is pretty specific. Now, this is mine, not all of our other SVN offices use this version, but mine is used in Orlando and Palm Beach. It says you must be self disciplined to be part of this program. They have minimum performance standards. If they don't hit thresholds of activity and revenue, here's my speech. "Kid, you're a good player. I'm sure you can play somewhere, just not here."

RNS: Let's react to something. We've got a couple questions from the audience, and then I'm going to merge a couple together. A couple of people asked, A: "Jerry, what's the really one thing if I was to walk away, you know, on a fundamental that you're telling do this?" What would that be, and I'll share my as well. Jerry, what would you say?

JDA: Shrink your universe. Shrink your universe by figuring out what specialty you enjoy, what product type. Learn as much as you can about that specialty product in a very small area. Don't try to know a little bit about a lot. Know a lot about a little.

RNS: My response to that would be ask for the business. It's great having a Twitter account and Linked-In and having a great presence and being famous and all that good stuff, but as someone shared with me, "Rod, do you want to be famous or do you want to be wealthy?" You know what, if was given the two, I'll pick wealthy all the time. I just would.
JDA: Here's a statistic for you. Do you know that 65 percent of the business, and I can prove this statistically, 65 percent of the business in commercial real estate comes from relationships. That's why if you don't do anything else in a business plan, call the people you did business with and you've forgotten about it. 65 percent of the business. Five percent comes from social media. I've got 3,000 social media Twitter followers. Big deal. Okay? Big deal. Who cares? Relationships are the key to your success.

RNS: Relationships. Perfect. Let me one more question from the audience. Jerry, they were very impressed with you adapting to a consultant versus a broker. When you outlined your consulting compensation, how did you determine how much you would charge. I'll give you my aspect of that because we consult now quite a bit as well, but, Jerry, do you have a formula for what you would charge from a consulting standpoint?

JDA: Here's an example from one of my consulting contracts. Consulting fees for phase one will be $7,500, 50 percent due upon initialization and 50 percent upon delivery of the first report. Sometimes I based it on hours. Sometimes I based it on the actual task and information value. I'm just not doing BOVs for free, as an example. We work with a lot of equity clients, people that have bought loan tapes from the FDIC, and they know a BOV is worth money, so they'll pay it. I try to factor in not so much that I'm worth x number of dollars an hour, but it's a little bit like the brain surgeon. His rates are probably high because he knows exactly in your head where to do the work.

RNS: Beyond being a coaching company, we're doing a lot more consulting in the last two years for all over the country with national firms, some of the top five, some independents. The two values you have to consider in consulting, number one, as Jerry said, what's your time worth to get involved? So, you got know your time, that's one value. The second is the value to the prospect or client, even though you may save them a hundred thousand dollars, they're not going to pay you fifty thousand dollars to save a hundred thousand. That's not how it works, unfortunately.

Jerry, I've got one more question. Folks that are having to leave are saying they apologize; they have a listing they need to go to.

JDA: That's a great reason.

RNS: Ok, I only have a couple things. That's not true. I got you like 506 things. As I mentioned earlier, I have known Jerry now for 12 years. He's been a mentor first and foremost. He's been a friend overall. He's been a colleague during a certain time as well. This was an absolutely phenomenal session, Jerry. Absolutely phenomenal.
What I've heard is a couple of things, Jerry, that's from a highlights. Real estate is local, correct? Real estate is local. It's about jobs and economy, and the more things change, the more they stay the same. Is that what you're telling us?

JDA: That's what I'm telling you. I have one other item to leave you with. One item. May I do it?

RNS: Please. Please.

JDA: All of the technology we talked today in the mail today I received this.

RNS: For those who are just listening in and not video, what is it, Jerry?

JDA: It is a handwritten thank you note from a client. Do you know, this is the most important thing we should be talking about today? You, as a practitioner, send your handwritten notes to your clients or to people that you want to do business with. I'm telling you, in 2016, what I just shared with you will make more of an impact than anything else you do.

RNS: Amen, Jerry. I delete all my emails and I keep all the cards I receive. I have a stack of cards in my drawer that I send at least one a day just to say thank you to somebody, so amen to you. Jerry thank you again so much for your participation and, more importantly, your sharing of knowledge and the wealth of knowledge you shared.

This is RNS of the Massimo Group. Happy holidays to all, and have a very prosperous 2016. Most importantly, lift up your head. Talk to you soon. Take care.

JDA: Thank you, Rod.

RNS: Thank you, Jerry.

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