

APPRaisal TODAY

Many ways to cut costs and increase profits and cash flow

Business has slowed down for most of us and fees are down. To increase profits, you increase income or decrease expenses. In the short term, it's time to cut costs. Remember personal expenses while you are looking to cut business expenses.

Unfortunately, many prices are fixed, such as MLS, data services, car insurance, and other costs. Even if your business has kept up, try to spend less money. Then there will be more money in your pocket.

Some of the advice in this article is for larger appraisal firms, but most applies to all of us. If you're the only one in your office, your spouse or another appraiser can provide feedback.

For appraisal firms, some costs are variable, based on the volume of business. For example, if your work volume drops, your gasoline expense and appraisal fee split labor also drop.

But fixed costs, such as car payments and data services, can cause financial problems when appraisal assignments decrease quickly.

Have a cost-cutting brainstorming session with your associates and support staff. If you're working alone, set up a lunch with your accountant or other appraisal business owners to swap ideas. You'll get many ideas you've never thought about before.

Where do you spend your money?

Go through your bookkeeping records and credit cards, looking for expenses that may not be necessary. Do this for your personal and business expenses.

As I usually do when writing an article, I did this myself. I am now saving over \$400 per month.

Look through recurring credit card charges

We often need to remember about monthly, quarterly and annual services that we use sparingly. Although they usually are nominal individually, they can add up. These are typically for online services, such as streaming services (personal) and business publications.

Review your credit card statements. Here are a few I found:

- A data service I use sparingly and downgraded my plan.
- Stopped a monthly computer check-up that I can do myself.

Here are a few ideas for what you can look for:

- MLS in areas you don't work very often. Find another appraiser or real estate agent who can help you.
- A less expensive public records data service.
- Downgrade your Internet service to a slower speed.

IN THIS ISSUE

How to use less gasoline and save money with today's high gas prices!	Page 5
How to get non-lender business by networking at meetings	Page 8
Staying positive with low fees, AMC hassles and slow business	Page 12

<p>Saving money when working in the field</p> <ul style="list-style-type: none"> • Brown bag your lunch. It doesn't take much time and is much healthier than fast food. • Save on gasoline. See the article in an this newsletter. • Don't go back for additional comps. Get MLS access on your smartphone, tablet, or laptop computer in your car. • Plan your trips to avoid peak traffic times. <p>Utility savings</p> <ul style="list-style-type: none"> • Turn off your computer and lights when out of your office. • Turn down your office thermostat <p>The Two Primary Rules of cash management</p> <p>There are two primary rules used by all properly managed companies, from one-appraiser firms to Fortune 500 companies:</p> <ol style="list-style-type: none"> 1. Pay your bills only when they are due. 2. Get your income as soon as possible. <p>Cash management</p> <ol style="list-style-type: none"> 1. Pay no bill before its time. Please don't pay any bills until they're due. See who has a late charge and who doesn't. Send checks out on Friday to take advantage of the weekend "float." 2. Exercise dormant lines of credit. Frequently business owners set up lines of credit they don't use. The bank may close your line of credit if it is not used for a certain time, so check its use requirements. If there is an annual cost, such as 1%, many business owners consider dropping a line of credit. But remember the rule of banking: If you need the money, you probably can't qualify for the loan. 	<ol style="list-style-type: none"> 3. If you don't have a line of credit, set one up now - business or home equity. Check around for competitive rates. It's cheaper than using credit cards if you're in a cash flow pinch. 4. Closely monitor your three sources of cash: <ul style="list-style-type: none"> • Appraisals in process, not yet completed • Appraisals billed out, but not yet collected • Paid billings: cash on hand 5. Complete and bill out appraisals as fast as possible. The sooner they're billed, the sooner they'll be paid. We're all tempted to "let the work fill up the time available." But it delays payment of your bill. They won't pay the bill if they don't have the appraisal. 6. Give your associate appraisers a higher fee split if they're willing to wait until you're paid for appraisals. This policy can be a substantial help to cash flow problems because the highest percent of expenses is appraisal labor. 7. Be very aggressive with past-due accounts, particularly AMCs. If the mortgage business declines significantly more, AMCs will go out of business. Let them be late paying someone else, not you. In collections, the "squeaky wheel gets the grease." Call every day if necessary. 8. Get as many pre-payment or CODs as possible. Offer a discount, if necessary. Require pre-payment from private clients or business clients that may cause payment problems. If they won't pre-pay or COD, turn down the appraisal. Don't work for free. 9. Pay bills online. It saves time and postage once it is set up. 	<p>Rent - office and storage</p> <ul style="list-style-type: none"> • If you're renting office space, move "back home" and work out of the garage, spare bedroom, or dining room table. If you think it's too cramped, consider it temporary until business picks up again. • Shop around for low-cost storage space. We have to save our appraisal files for at least five years, many of us hold them for much longer. What to keep and throw out in files is an individual decision, but you can shop for a lower storage cost. • Get rid of excess stored stuff, such as old office furniture. Sell or donate it. Don't pay storage costs for things you don't need. Don't be a packrat. Digitizing your appraisals is a good idea, but be sure to include a complete workfile, including scanned documents. <p>Software</p> <p>Do you need an expensive support contract? How often do you call support? I never buy support contracts. I seldom call and am willing to pay the fee, usually around \$50 to \$100 per call. A lot cheaper than a contract.</p> <p>Are you using all the "bells and whistles" that cost extra? Do you need all of them?</p> <p>Maintenance contracts can be expensive. I only upgrade my appraisal software when forms change. For other software, I wait for an update that has something I need. I rarely upgrade. I have upgraded after using the same forms software for over 10 years. I just paid the extra fee, which was much less than 5 years of upgrades.</p>
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<p>Electronic file storage</p> <p>We have to save all our work files and scanning is a hassle. But if you keep only electronic copies of your appraisals, that can save space.</p> <p>Use an inexpensive online service to automatically save copies of your files and even your entire hard drive. I use Carbonite.com setup to upload new documents every day. Many appraisers use Google drive.</p> <p>I have always worried about off-site storage as I live between two major earthquake faults, 10 miles in each direction. I tried keeping a backup drive in my car for many years, but my car could be destroyed. I started using cloud-based services as soon as they were available.</p> <p>Many appraisers prefer a la mode for appraisal report file saving, but there may be a much less expensive option, plus other information, such as bookkeeping data that should be stored.</p> <p>Ask for business discounts</p> <p>When purchasing building supplies (Home Depot), office supplies, etc., inquire about business discounts. It never hurts to ask. The worst that can happen is they say no. Home offices are businesses.</p> <p>Pricing</p> <ul style="list-style-type: none"> • Keep close track of your competitor's fees. Don't underbid or lose work because you overbid. When fees are changing, don't get left behind and lose valuable assignments from overbidding or income from underbidding. • Don't offer lower prices to a client that isn't price sensitive. Why give away your profits? Not everyone gives assignments to the low bidder. Some don't even do competitive bidding. 	<ul style="list-style-type: none"> • Know your costs on appraisals. The high-fee jobs may not be the most profitable. It may be more advantageous to set up referral alliances with appraisers in other geographic areas rather than spend time traveling and doing additional research on an unfamiliar area. • Dump high hassle, low pay clients, as soon as possible, so you will have time for marketing to new and old clients. <p>Dues and publications</p> <ul style="list-style-type: none"> • Carefully review each organization where you pay dues. Do you participate, or do you send in dues because "you always have?" You can always rejoin later when business picks up if it is beneficial. • Change to online publications, which are often less expensive than print. • Review the publications you subscribe to. If a publication isn't helpful, consider not renewing. <p>Hopefully, you find this publication useful!</p> <p>Labor costs</p> <ul style="list-style-type: none"> • Consider hiring family members, especially older children, as employees. There are tax advantages. • Use part-time support staff. They don't require benefits and usually have more flexible hours. Laying off a part-timer, or cutting back their hours, is much easier than a long-term loyal, full-time employee. 	<p>Education costs</p> <ul style="list-style-type: none"> • Virtual/Zoom offerings greatly expanded when the pandemic started in 2000, requiring no travel time and expense. • Have one person attend a seminar, and then later "show and tell" the rest of your staff. For example, we all wanted to learn about the new UAD form, but the seminars could be expensive. You could have just sent one person who gives a "mini-seminar" to your other associates and yourself. If you work by yourself, work this out with another appraiser and trade-off attending seminars. • Attend only local seminars to eliminate travel costs. If you want to take an out-of-town seminar, call the sponsor and see if it will be offered locally. • Broaden staff responsibilities. For example, have your secretary do it instead of paying an outside bookkeeper. If you have to lay off a full-time secretary because your work has dropped, consider letting a less experienced associate appraiser do part-time clerical work. At least they'll have some income. Instead of having outside firms do janitorial and delivery services, have your employees do it. It's better than getting laid off or worrying about getting laid off. • Get free or low-cost consulting from a local college business school's small business consulting programs or the SBA's SCORE (Senior Corps of Retired Executives) program. They can give you advice on such topics as marketing, collections, and cost accounting.
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<p>Insurance</p> <ul style="list-style-type: none"> • Be sure you're not overpaying for workers' compensation. How are your appraisers classified? They are relatively low risk for a claim and should be classified as real estate agents or some other category rather than as much more expensive inspectors. Check with your insurance company. • Do comparative shopping for all your insurance. Sure, it's easier to renew with the same company, but you may save money by switching. <ul style="list-style-type: none"> ◦ Look at your auto insurance coverage. Consider dropping collision on older vehicles. If the car is only worth \$1,500, why pay \$200 per year extra for collision? • Raise deductibles on such coverage as auto collision, disability, property/casualty, and liability insurance. For example, have disability insurance "kick in" after 90 days instead of 30 days. • Evaluate all your insurance policies for their risk/benefit, and decide which ones you think you will really need. Don't over-insure. <p>Taxes</p> <ul style="list-style-type: none"> • Don't overpay your income tax quarterlies. If you anticipate your taxable income dropping this year, don't pay taxes based on last year's income. Work with your accountant to pay quarterlies based on a more accurate estimate. If you've already overpaid your quarterlies, ask your accountant about a quick refund. • Close to year-end, schedule a tax planning meeting with your accountant to shift income and expenses. For example, shift income into the next year to decrease this year's taxes. 	<p>Office supplies</p> <ul style="list-style-type: none"> • Shop for the best prices. Don't pay too much attention to the percent discount. Look at the bottom line. No one pays full retail. Purchasing supplies in bulk may be worthwhile. • Shopping online can often lead to lower prices. I recently used Amazon to buy printer supplies. Much cheaper, sometimes not taxable, and has free shipping. • Use office warehouse companies like Office Depot. They usually offer the lowest prices. Many will deliver. Don't forget discount stores such as Wal-Mart and Costco. Many carry some of the most-purchased office supplies, like paper, pens, and laserjet cartridges. You don't always need to buy brand names. Use their delivery services to save time and money. • Keep close track of inventory so you don't have to pay someone to "run over" to the nearby high-priced office supply store or do it yourself. • Use email instead of U.S. mail, UPS, or FedEx whenever possible. It's cheaper and faster. • Use the back side of old copies for rough drafts to cut your paper costs. • Cut "post-it" pads into smaller sizes for page markers. <p>Equipment and phones</p> <ul style="list-style-type: none"> • Sell or donate excess office furniture and equipment. Storage space is expensive. You can sell it to employees, the public or by advertising on eBay or a local newspaper. Or donate it to local charities or schools. Be sure to get a receipt for your taxes. If an expensive donation, take a photo. • Reduce phone lines. If you have a smaller staff now, you need fewer phone lines. Cancel some of the optional features you don't need. Do you need your fax line? • Carefully evaluate your cell phone use. Now that you can keep the same number when changing services, it may be worthwhile to switch. 	<ul style="list-style-type: none"> • Check with competing land line phone services. <p>Data services</p> <ul style="list-style-type: none"> • Shop around and see if you can get your public records data from a less expensive vendor. I am getting it from my local MLS, including plat maps, saving \$60 per month. • Do you need all the data you are paying for? If you only appraise occasionally in a county, consider dropping the data. You can always get it when necessary, although it may be less convenient. <p>Every business is different. If you use Quickbooks, go through your expense categories and vendors.</p> <p>Carefully look at every way you spend money. What can you change? Google small business cost savings for lots more ideas.</p>
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How to use less gasoline and save money with today's high gas prices!

We all drive. Some of us drive a lot. Some use pickup trucks, and some use high-mileage cars. Gasoline is costly. You can save money by getting more miles per gallon, whatever type of vehicle you drive.

Many years ago, long before hybrids, a friend of mine won a "highest mileage" contest. How did he do it? He kept a steady low speed as possible, avoiding stopping whenever possible and accelerating very slowly.

I have always used this technique when I am low on gas and not near a gas station. Now, I am trying to change my driving habits to do it even more because it saves so much money with current gas prices and doesn't cost me anything except a bit of time lost. When researching this article, I found that there were others advising this technique.

I now drive only 5,000 miles per year as I do almost all my appraisals in my small city. My gas, oil, repairs, etc., are significantly lower. I covered a wide geographic area when I started my appraisal business in 1986. I used to drive over 20,000 miles yearly, almost all of it on appraisals. But, driving is wasted time I could use to write more appraisals closer to my office. I decided to cut my area gradually.

Note: Much of the information below is from the original www.hypermiling.com website. This link is now forwarded to another website that has some of the information from the original website. You can also Google hypermiling.

What if you drive long distances in rural areas without a lot of traffic?

Much of the advice focuses on urban areas, where the lowest efficiency and highest gas cost is often from being stuck in stop-and-go traffic.

If you are busy, time is money. Go for the fastest speed. If business is slow, drive at a much slower speed to save money on gas.

Use your cruise control to keep from changing speeds and using more gas. Driving less aggressively helps.

Use the fuel efficiency data from your vehicle

I recently rented a car for three days as mine was in the repair shop. I had never driven a vehicle with continuous displays of fuel efficiency. My Lexus was built in 2006 and does not have those features.

Learn how to take advantage of the data you are getting to see how your mileage/fuel efficiency can improve. It's great to read this article and get ideas, but we frequently forget about it when we are behind the wheel.

Change your driving habits

According to Edmunds.com, changing your driving habits can improve fuel economy by up to 37 percent right away (depending on how you drive).

They tested what works by driving over a specific route in test cars. See the results below and all the other tips for modifying your behavior.

Is this easy? No. Does it save money? Yes. The higher the price of gas, the more money you can save.

Summary of ways to decrease your fuel consumption (More details below)

- First (and most important) step: Start recording your gas mileage. Easiest way? Use your trip odometer. Method to check your MPG
- Second step: Do you drive aggressively and not know it?
- Third step: How long are you sitting still at red lights?
- Fourth step: Keeping moving in traffic congestion
- Fifth step: Slowly accelerate after stops
- Sixth step: Your cruise control saves gas (but not by using it the way you might think)

Lower speeds

For safety reasons no one recommended driving significantly under the speed limit. There are substantial savings on a long trip. Up to 14 percent savings, average savings of 12 percent per Edmunds.

Cruise control

Result: Surprisingly effective way to save gas. Up to 14 percent savings, with average savings of 7 percent per Edmunds. In Edmunds.com's test using a Land Rover LR3 and a Ford Mustang, the Land Rover got almost 14 percent better mileage using cruise control set at 70 miles per hour rather than cruising at driver-controlled speeds between 65 and 75 miles per hour. The Mustang got 4.5 percent better mileage.

A/C on, windows up vs. A/C off, windows down

Nice in theory, not true in practice. No measurable difference per Edmunds.

<p>Avoid excessive idling</p> <p>More critical than Edmunds assumed. Avoiding excessive idling can save up to 19 percent. How long to idle without shutting down varied from 10 seconds to a minute. Edmunds recommends shutting down after a minute of idling.</p> <p>Hang with the trucks</p> <p>Do you ever notice how, in bad traffic jams, cars constantly speed up and slow down while trucks tend to roll along at the same leisurely pace? A constant speed keeps shifting to a minimum - important to those who have to wrangle with those ten-speed truck transmissions - but it also aids economy, as it takes much more fuel to get a vehicle moving than it does to keep it moving. Rolling with the big rigs saves fuel (and aggravation) and is safer than going in and out of lanes, speeding up and slowing down).</p> <p>It's all in your head</p> <p>Do you drive aggressively, but not know it? It would help if you started thinking about - and becoming aware of - all the stuff in your head while driving.</p> <p>Keep your foot off the brake</p> <p>Ask yourself while you drive - can you let some of your thoughts focus on having maximum carefulness while driving, including offering buffer space between you and other drivers? When you are not paying attention to other drivers, for whatever reason, does it cause you to use your brakes more than you usually would?</p> <p>Drivers apply their brakes between 10 and 25 percent more time than they need to!</p>	<p>If drivers leave a big enough buffer between them and the car in front - at least 2 seconds or more - there would be more time to coast before putting on the brakes. And if you see a red light ahead, why bother to keep your foot on the gas?</p> <p>People who leave little space between their car and the car in front use their brakes more often.</p> <p>Braking turns motion into heat via the friction of the brakes, slowing down your car. Your engine used gas to achieve movement.</p> <p>Keep a steady speed</p> <p>How long are you sitting still at red lights? You are getting ZERO mpg when you are stopped at a red light or any other time you are stuck in traffic and not moving.</p> <p>People who leave little space between their car and the car in front use their brakes more often. Keep yourself moving in traffic congestion. Plan ahead by looking at the traffic. For example, gradually slow down when you see traffic slowing down rather than hitting the brake.</p> <p>Slowly accelerate after stops. Let your foot off the gas when you see a red light in front of you. And think ahead, even if you don't see a red light: maybe there is a big street coming up, or maybe there is a 'stale' green light (a light that has been green a long time, and you suspect it may go yellow before too long.)</p> <p>Try to minimize the time you spend entirely stopped with your engine idling. The second you see brake lights in front of you, take your foot off the accelerator pedal, or hit the cancel button on your cruise control, stop burning the gas that you know you'll be using up at zero mpg while you are stopped.</p>	<p>Don't accelerate fast</p> <p>When you start moving after a stop at a red light or a stop sign, *and* if you are in a car with an automatic transmission, give an extra second between when you release the brake pedal and when you hit the gas pedal. (Don't do this with manual transmissions, or you could cause an accident!)</p> <p>An automatic transmission car will start moving slowly with no brakes applied. You can use this to your advantage to start out slowly from a stop, even if you only do it for a second. Then once your car is in motion - however slow it may be going - you can start accelerating with the gas pedal.</p> <p>It takes a LOT more energy to get a stopped object moving rather than a moving object moving a bit faster (friction forces are involved here). Letting an automatic transmission car start moving *slowly* under its own minimal acceleration -- even just for a second -- will allow you to start using the gas pedal while the car is already in motion. (Note... this, of course, doesn't work on hills. Use it on flat or downgrade roadways.)</p> <p>Check your tire pressure</p> <p>Essential for safety and to reduce tire wear. No measurable effect on the vehicles Edmunds tested. Check your tire pressure often, but don't expect big savings.</p> <p>According to AAA, your gas mileage dips by 2 percent for every pound of pressure your tires are under-inflated.</p> <p>Who knows which one is correct? But it does reduce tire wear.</p>
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<p>Clean out your car</p> <p>Per AAA, an extra 100 pounds can reduce a typical car's fuel economy by up to two percent. Clean out all the stuff you don't need. Appraisers work in their cars a lot. Some of us tend to accumulate stuff.</p> <p>Reduce aerodynamic drag.</p> <p>Per Consumer Reports, more than half of the engine power at highway speeds goes to overcome drag. Driving with a car-top carrier cut 6 mpg from their test car, a family sedan.</p> <p>Slow down. Drag rises with speed. Slowing from 75 to 55 mph boosted gas mileage by 33 percent in our sedan and in a large SUV.</p> <p>Shut off the engine if idling for more than 30 seconds.</p> <p>Consolidate your personal trips</p> <p>Drive less. Half of all car trips are less than 6 miles. String together your errands with one long trip instead of many short ones. Driving with a warm engine saves gas and limits pollution and engine wear.</p> <p>Consumer Report</p> <p>A little humor - from the Christian Science Monitor</p> <ol style="list-style-type: none"> 1. Use fuel slowly. If you use it fast, it won't last as long. 2. Avoid long trips that consume large amounts of fuel by finding places to visit that are close to home. Start by knocking on doors along your street. In many areas, neighbors turn out to be fascinating people. Some may have backyard swimming pools, hammocks, and other amenities that rival any destination resort. 3. Educate family members about the importance of conserving fuel. If you overhear your child playing with dolls and planning a pretend party at the beach, intervene quickly. Tell her it would be much more fuel-efficient to have the dolls relax on the back patio and do some serious reading. 	<p>You can even make this into a craft activity using paper and glue to construct doll-size pretend editions of Proust, Stendhal, and Thomas Hardy.</p> <p>Tips from a hypermiler who can get over 100 mpg</p> <p>Hypermilers compete on who can get the best mileage on a closed course. "NASCAR in reverse."</p> <p>"Wayne Gerdes can squeeze 84 miles per gallon from your standard Ford Ranger pickup. He once averaged more than 100 mpg during an entire summer. And while behind the wheel of a hybrid electric Honda Insight, he coaxed the vehicle into yielding a great 180.1 mpg. Gerdes can do these seemingly impossible things with a car because he is one of a rare breed of drivers known as "hypermilers."</p> <p>In one exercise, Gerdes guided a driver through some basic techniques in a standard Honda Accord, and the driver extracted 51.2 mpg from a car that the EPA rates at 24 mpg city and 34 mpg highway.</p> <p>Drive fewer miles when you are appraising</p> <p>Appraisers have to work in the field. Taking a bus or a bicycle is only an option for a few appraisers.</p> <p>Try not to have to return for more comp or subject photos. Have a checklist.</p> <p>Plan to combine your appraisal trips. Also, try to make your personal trips with your appraisal trips.</p> <p>Use your GPS to plan your appraisal driving.</p> <p>The fewer miles you drive, the more money you save.</p>	<p>What to do while you are driving</p> <p>I live in an urban area where the traffic gets more congested daily. Traffic slowdowns cannot be avoided, even at night, when roadway repairs are done.</p> <p>Getting a positive attitude about slowdowns is possible. I have hundreds of podcasts on my iPhone. Most of my listening time is when driving. There is an almost unlimited list of topics, including appraisal podcasts.</p> <p>Before podcasts, I used to listen to Books on Tape. Today, audio versions of books are often available for free or at relatively low prices.</p> <p>You can also make phone calls. I have an adapter to put my iPhone on my dashboard air vent, but I prefer to listen to podcasts. I have quit trying to take notes when talking on the phone and driving, such as the address, etc. for a new appraisal. I let it go to voicemail and have an automatic reply, such as "I am driving now. Please leave a message and I will call you back as soon as possible."</p> <p>Where to get more information</p> <p>There is much information on the Internet. See what you can find for your vehicle specifically. For example, Google how to get better mileage in your pickup truck or for the make, model and year of your car.</p> <p>You can get more info on hypermiling by googling Hyper Miling.</p> <p>Learn how to use the data your vehicle provides in your dashboard readouts.</p>
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How to get non-lender business by networking at meetings

You've finally decided to try to get non-lender work. But how do you contact potential clients and referral sources? One easy way is networking at meetings, such as the Chamber of Commerce, local bar associations, real estate agent meetings, appraiser meetings, etc.

The last time I did residential lender work was in 2005. All my business is from referrals (50%) or my website (50%). How did I accomplish getting so many referrals? Networking at meetings.

When I started my business in 1986, I always emphasized that I lived and worked in Alameda, California. When someone is looking for an appraiser here, my name almost always comes up. I spoke at the weekly sales meetings at all the local real estate companies.

It took me a long time to build up a referral network. I started with very few referral sources. I had not appraised in my local area, so no one knew me. You probably have people who know you as an appraiser, so you have some possible referral sources already. Walking into a room with no one that you know can be scary. Fortunately, the techniques are very easy to learn.

"Cold calling" prospects is a possibility but is very, very difficult. If you are successful at cold calling, you can make a lot of money in real estate sales. But you can get a lot of business from referrals, a "soft sell".

For example, sending mass post-card mailings to attorneys sometimes works, but you give business to people you know, not from a postcard.

The Primary Rule of Getting Business

If no one knows who you are, they can't give you any appraisal business. I receive many calls and emails from desperate appraisers looking for non-lender work. The phone typically goes silent when I ask them what they are doing to look for work.

What groups have prospective clients or referral sources?

Every time I have attended a real estate-related meeting or event, I have gotten referrals and direct appraisal assignments. How many other appraisers are at the events? There are seldom any appraisers there, besides myself.

I get lots of referrals from other appraisers. Why? They don't work in my small city or (more likely) don't want to do the appraisal because they don't want to try anything new and challenging.

How do they know me? Mostly from participation in appraisal groups and networking at educational offerings.

Why network at meetings?

Do you want any new good clients? Want to do some easy marketing? Would you like to have qualified prospects call you? Why network? You give business to people you know. They can't give you business or referrals if no one knows you. How do you hire an accountant, mechanic, or hair stylist? You know them or they are referred to you.

Most of my appraisal business is by referral. I get referrals from other appraisers, real estate agents, attorneys, accountants, and others. How do I get these referrals? I am well-known in my city and the appraisal and real estate communities. How did I build up this business? By going to meetings and being active in associations. I don't like "cold calling" prospects I don't know. It is easier for me to meet people face to face.

When I started my business in 1986, I joined the local Chamber of Commerce. At Chamber mixers, for example, I got an appraisal of a bank building, chatted with a new local divorce attorney, and received many referrals.

Volunteer for registration table and committees

An excellent, very easy, way to meet people is to handle registrations at the door. You can also volunteer for a committee, an excellent way to meet people.

Fear of strangers

Does the thought of walking into a room full of strangers make you break out in a sweat? If it does, you're normal. According to at least one study, the #1 fear is going to a party with strangers, followed by public speaking as the #2 fear. Fortunately, many techniques of "working a room" can be easily learned.

<p>"Working the room"</p> <p>A method used by politicians called "working the room" can be beneficial for appraisers.</p> <ol style="list-style-type: none"> 1. First look for a familiar face and "press the flesh" (shake hands). 2. After you feel comfortable, ask your acquaintance if they recognize other participants. If they do, I suggest going over to meet them. Or, suggest going to meet with an interesting person who might also be a loner or have similar interests. Form a group. 3. If you recognize no one, introduce yourself to someone, find out where they live and what they do, why they are attending, etc. 4. You can talk about non-appraisal topics, such as "how's the food here," or "do you attend many meetings?" 5. If you find someone to relate to, ask if they would like to sit with you at the dinner. This could start an acquaintanceship. 6. Last, trade business cards and perhaps plan on meeting or going together to another meeting. <p>Participating in organizations</p> <p>I recently spoke with an appraiser who was trying to increase his attorney work. He had advertised in the local bar association newsletter and had a booth at one of their events. He did not get any appraisal orders. Why? You give business to people you have met face to face.</p> <p>Advertising without personal contact is not very productive.</p> <p>Advertising plus personal contact works very well.</p> <p>You can be someone other than a member of an organization to attend the meetings. But it can become awkward when asked to be on a committee, to admit that you're not a member.</p>	<p>Networking opportunities are significantly increased by being an active member, volunteering to serve on a committee or as an officer, or helping out with registration at a course offering.</p> <p>What types of organizations are good for networking?</p> <p>Real estate agents are top referral sources for appraisers.</p> <p>For residential, the local real estate board and MLS are very good. Most of my referrals are from real estate agents. I was an active member.</p> <p>For commercial, CCIM, SIOR, and other organizations are good. Also, local commercial real estate agent meetings. Apartment owner's events are also helpful.</p> <p>Also suitable are local Bar Associations. I have been to their local meetings and received work and referrals.</p> <p>I am usually the only appraiser at these meetings.</p> <p>Chamber of Commerce meetings are good for attorneys and real estate agents. Also, service organizations such as Rotary and Kiwanis.</p> <p>Referrals from other appraisers</p> <p>I get many referrals from other appraisers. Participating in an appraisal organization can provide both marketing and professional advantages. You can build up your referral network while learning about new appraisal issues. Also, it's very easy to talk with other appraisers, as you have something in common.</p> <p>From a marketing perspective, networking and referrals are the main reasons for joining and participating in an appraisal association. The reasons for not joining are that the organization doesn't provide adequate networking or referral opportunities.</p>	<p>Good networking requires attending regular local meetings where you can meet other appraisers. You can do this without being in an association. Many appraisal business owners have small, informal groups that meet regularly; for example, monthly breakfast meetings.</p> <p>The meetings are generally informal, and various topics are discussed, such as which clients are late-payers, and local market conditions.</p> <p>Of course, many appraisal firm owners have other appraisers they call to discuss problems with, even without formal meetings. However, more formal meetings allow you a better opportunity to expand your contacts.</p> <p>Why don't we do more networking at meetings?</p> <p>We know it's essential, so why don't we do more networking at meetings? Reasons are:</p> <ol style="list-style-type: none"> 1. I don't have time: too busy trying to get more appraisal work or get more appraisals done. 2. I'm too shy. Everyone is shy at one time or another, including the other people in the room. You can easily learn to overcome it. 3. I don't like to "sell." When networking at a meeting, remember you're not trying to get appraisal assignments. You're trying to be known for referral purposes. In fact, it's best not to try to sell. Selling comes later. Meeting people is what it's all about. 4. I don't like to mix business and pleasure. But business runs on personal relationships. Businesses sponsor many social events. <p>When you talk with your clients, such as AMC reviewers, do you usually start with social talk, don't you, such as: "The weather's been really cold lately" or "How's your daughter's soccer team doing?"</p>
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What are your objectives?

Before you go to the meeting or conference decide your objectives. Why are you going there, instead of working or watching television?

Some objectives are:

1. Become more visible and get more name recognition.
2. Meet specific attendees who may be able to offer referrals.
3. Find out what's happening with lenders/AMCs: are they restructuring, etc. (trade gossip).
4. Meet at least one new interesting person, and establish a business/social contact.
5. Find out how other businesses are dealing with some new tax law issue (for example).
6. Become more comfortable making "small talk."
7. HAVE FUN! If you don't have a good time, it will be hard to keep projecting a positive, upbeat attitude so people will want to talk with you and possibly refer business to you.

Be a host, not a guest.

What did you do the last time you had a party at your house? You didn't sit around waiting for someone to come up to you and start talking. You made sure your guests had food and drink and made sure no one was left in the corner by introducing people. You greeted your guests when they came in. This is a form of networking.

Have the same attitude when attending a meeting of strangers. Look for the person standing alone, clutching a drink and looking uncomfortable. Introduce yourself. When you host a party, you know the guests. When you're at a meeting, look for common interests. If you're at an appraisal meeting, there's much in common. At a Chamber of Commerce meeting, you and the other attendees live and/or have businesses in the same city.

My husband was an avid San Francisco Giants fan with season tickets. Many years ago, he went to an event and noticed someone standing alone in the rear of the room. It was Barry Bonds, a top player then. My husband introduced himself and they chatted about baseball and the Giants. He never forgot it.

Introduction tips

Plan and practice a simple, short statement of self-introduction. It includes your name and company name, what you specialize in, and some information, such as "we specialize in divorce appraisals".

Match it to the meeting. You can be more technical if it's an appraisal group, such as: "I'm Jane Thomas. I specialize in estate and divorce appraisals and have been appraising for over 15 years."

If you're at a local real estate agents' meeting, you could say: "I'm John Jacob, with the Tampa Bay Appraisal Company. We specialize in residential appraisals in the Tampa Bay area. If your clients need an appraisal for divorce, estate, relocation, etc., they can contact us for fast, reliable service."

Include a social "icebreaker" in your introduction. You can use a question or statement about the event, such as "This is my first meeting. Are you a member?" or "Tonight's speaker's topic looks interesting." Always be positive. Have two or three ice-breakers prepared. Topics could be a local sports team, the organization hosting the meeting or a recent newspaper article on a business topic.

Listen and remember

The key to good conversations is to be interested in the other person. Listen closely to the other person's comments, and don't let your eyes wander. Be attentive; show you care.

Remember to smile. Don't just put your name on your name tag. Also, put your company's name on it. Use large, clear letters. Pin the name tag on your right so people will see it when they shake your hand.

Remembering names is very important. There are techniques for remembering names. When introduced to another person, repeat that person's name immediately as if to get the name right. Within the next minute or two, repeat that name to the acquaintance, and in the next 20 to 30 minutes, repeat it, trying to get a mental connection between face and name.

Before you leave the meeting, try to talk to that person again, even if you have to make an excuse such as: "please repeat your name so I won't forget it." The next you meet the person, be sure to greet them by name.

Business cards

Be sure to take enough business cards with you. I'm always surprised how many meeting attendees, including appraisers, don't have business cards.

Also, check to see if they're dog-eared (that's a no-no). Have a system for carrying your cards and collecting cards from others. Write a comment on each card you receive, so you'll be able to remember who it was, such as "Co-ops in NYC" for an appraiser or "apt. loans" for a loan officer. If you want to get someone else's card, offer them yours. They'll almost always hand you their card if you offer a card. Don't just pass business cards out to anyone. Use them after a relevant conversation.

<p>Don't stick it in a pocket when you receive a card from another person. Psychologically, what you are telling that person is that their card isn't important enough to be put in a particular place and will probably be put in the wastebasket (round) file.</p> <p>Put their card in a purse, wallet or pocket case. Make sure you're seen putting the offered card in a particular place, not just in your pants pocket.</p> <p>Try to store the business cards you received in some meaningful way, so you can find them later. Some use scanning software, and others use a manual filing system, filing the cards by date and type of event as a group. After all, you had a lot of trouble getting the business cards.</p> <h3>Keep moving</h3> <p>Keep moving and meet new people. Once you've been talking with someone interesting, it's tempting to keep talking for longer. But only spend some of your time with a few people. Remember, you came to the meeting to network. And above all, refrain from dominating the conversation.</p> <p>To move on gracefully, use phrases like, "Let's talk more later," or, "I've enjoyed meeting you. See you at the next meeting." To escape from a wordy person, say, "Excuse me, it's been interesting talking with you." You could add, "I see one of my clients over there."</p> <p>Avoid breaking in where two people look like they have an intense conversation. For groups of three or more, stand on the edge and wait to be acknowledged by a verbal or visual acknowledgment, then move into the conversation. Remember to include someone else in your conversation if you see someone on the periphery of your group conversation. Remember, people like to be questioned. It's a sign of recognition. After asking a question, be a good listener!</p>	<p>Fortunately, most people will be courteous and pleasant. But occasionally, you will encounter a very unpleasant person. Just move on quickly. Please resist the temptation to be rude to them. It doesn't change them and brings you down to their level. Don't take it personally. They're that way with everyone. More likely, you will encounter people who are always looking over your shoulder to see if someone else is more "important," complain about the room or food, or have too much to drink and are loud. Just move on.</p> <p>View this as an example of how not to behave.</p> <h3>Arrive early and leave late</h3> <p>Arrive early and leave late. Try to arrive at least 15 minutes early. Be sure to attend the social hour, as conversation opportunities are much more limited once the meeting starts.</p> <p>Take your time when the meeting is over. Stay 15 minutes to exchange cards and follow up on previous contacts. Say goodbye to any new people you meet. Say "thank you" or some other complimentary comment to the event's president or person in charge. This is an excellent time to make future dates for meetings, power breakfasts, lunches, or future joint events.</p> <h3>Always, always follow up</h3> <p>Always follow up after the meeting. Send a note or card to the people you met. To a prospective client or referral source, send a brochure or follow up with a phone call. Hopefully, you will be attending future meetings. Be sure to say hello to people you meet when you see them again.</p>	<h3>Where to get more information</h3> <p>Susan RoAne's books are excellent. Many of her ideas are in this article. Two of her books are: "<i>What Do I Say Next?: Talking Your Way to Business and Social Success</i>" and "<i>How to Work a Room: The Ultimate Guide to Savvy Socializing in Person and Online</i>."</p> <p>Susan has updated these books and has other books. Search Amazon for Susan RoAne.</p>
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Staying positive with low fees, AMC hassles, and slow business

Appraisal businesses, particularly for residential lending, have always been very cyclical and stressful, depending on mortgage rates. With AMCs taking over residential appraisals starting in 2008, there is much more additional stress from fee competition, which had never occurred before, even during the down cycles.

Scope creep has increased with CU where your appraisals are compared with other appraisals regarding square footage, C and Q ratings, etc. Clients expect to see support for GLA adjustments, which is not easy. Your adjustments are compared with the CU statistical results.

This market downturn is very different from 2008, which was caused by fraudulent lending practices. The pandemic affected home prices. Low

mortgage rates increased refis. I predict that the low appraisal volume will end relatively quickly as markets stabilize and interest rates go down.

Of course, there is always non-lender opportunities. Relatively few residential lender appraisers are willing to this when business is strong. Getting started when business is slow is much more challenging.

Humans, including appraisers, don't like change. Overcoming negative attitudes can be done, but is difficult.

Positive vs. negative attitudes towards your business

For all business owners, seeing the glass as half full rather than half empty is critical for success.

I regularly receive phone calls and emails from appraisers bitterly complaining about the issues. This attitude is not good for anyone who wants to continue appraising, but is particularly bad when business is slow and you are trying to be an optimist.

Fortunately, I have always been a "glass is half full" person. I learn a lot from my mistakes, and try to do better the next time. If you tend to be a "glass is half empty" person, you can change, but it takes work.

Also, having a negative attitude is very stressful, affecting your health and relationships with your family and friends. With a positive attitude, you will spend less energy worrying and fretting over things you cannot change. Then, you can focus on today and planning for the future.

Remember what it was like during the crash after 2008, when there were very few loans, and appraisal volume severely declined? If you are reading this, you are a survivor. Mortgage lending is very, very cyclical. Those who adapt survive.

Surviving the changes is very tough without a positive attitude.

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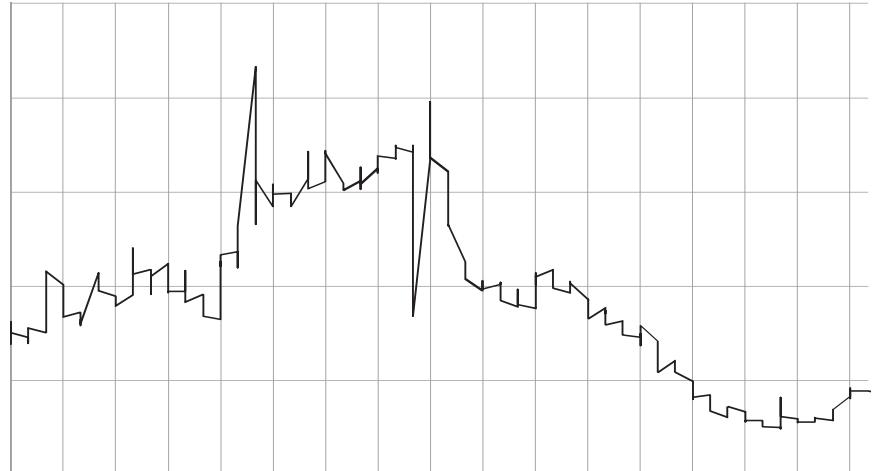
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MBA Loan Volume Application Index – 1/19 to 2/23



How I survived the past 37 years in lender appraisal ups and downs

The 2008 mess was the third appraisal down cycle I have experienced. In the early 1980s, interest rates were 18%+. I quit appraising and did corporate real estate with a biotech company for 5 years. I was hired because I had 7 years experience working in labs (prior to appraising), 5 years appraisal experience and an MBA. I did not like a corporate job, but I learned much from working for a company that was both a tenant and a property owner. I managed leases and sales, plus advised management on possible expansion locations. I was an "insider" and missed that part of real estate for several years after quitting.

In the early 1990s, after the dot-com bust, I laid off all my staff and nearly had to declare bankruptcy.

I finally quit doing lender work in 2005 due to the cyclical nature of the business, even though I had good lender clients. In 2008 I had enough non-lender work, but my fees were down due to competition of other appraisers who did not have much mortgage work.

I can still get good non-lender residential fees as I am known as "the expert" for my city with few appraisers. My commercial non-lender appraisal fees are higher than lenders pay. Commercial lender fees have come up some since 2008, but are still low.

Effects of negative online communication among appraisers

It is very hard to be positive if all you read are negative comments.

I have been online since the first web browser. Negative comments have always been very common for most groups, not just appraisers. I have no idea why. I don't think anything can be done about it except have good moderators that don't allow it.

Increases of appraiser social media communication is another significant factor in the difficulty in being positive. Unfortunately, there are lots of negative comments, particularly about AMCs online about AMC hassles, dropping fees, appraisal waivers, hybrid appraisals and more. Positive comments are rare.

I don't recommend spending much time reading the negative appraiser comments. In my free newsletter, I often don't include links to negative blog posts and articles. If you read a lot of negative comments, how can you be positive about your business?

I regularly read postings from Google email groups that discuss appraising and don't whine about all the problems. I go to blogs that are about appraising that seldom complain. Sometimes there are negative posts, but I skip them.

There are positive online groups and blogs.

You adapted and survived the downturn in loans after 2008

There are few residential appraisers who can make it financially without doing lender work.

Those who refused to work for AMCs and would/could not find other work are long gone from appraising. Or, doing very few appraisals. Some are not doing appraisals, but keep their licenses active.

The change was very, very fast. Those appraisers who were willing to work for AMCs, even at low fees, survived. Later, some were able to find AMCs that were reasonable. Others got more non-lender work. Some found lender clients that don't use AMCs.

Then boom times returned with increasing fees and very high demand for appraisers.

Now we are in another inevitable down cycle. Many appraisers, especially baby boomers, are retiring. A couple with two Social Security incomes, plus maybe investments such as IRAs and rental properties can afford to quit working.

You adapted to the ups and downs of fees, AMC demands, etc. since 2008

You got non-AMC clients, found AMCs that were okay to work for, adapted to broadcast orders (or quit bidding), learned how to negotiate fees, etc.

You learned how to support your adjustments more, explain why your sq.ft. differs from public records, not to use low GLA adjustments, etc.

You can adapt to this downturn.

Shortage of appraisers will get worse - baby boomers retiring and very few new appraisers

Baby boomer retirements are affecting all types of work, from construction to city planning. I have noticed a significant "brain drain" in my local planning department. In the past I spoke with planners with years of local experience. Now I speak with new college graduates with little familiarity with my city. Not many new hires were added during the recent recession, making the shortage even worse.

At a recent USPAP class I attended, most of the attendees had gray hair. There were very few newer residential appraisers. There were some newer commercial appraisers.

With very few trainees since 2008 and many baby boomers cutting back or retiring, there will be a shortage of appraisers.

I am 79, just ahead of the "official" baby boomer age of 56 to 76. I started cutting way back on my appraisals a few years ago by only accepting appraisals in my small city. No more 7 days a week, 10-12 hours a day. I don't need as much money and don't want to work so hard.

Many appraisers are retiring. Every month, myself and other appraiser vendors get emails and phone calls from appraisers who are retiring.

The future looks good - for those who stay in the very cyclical lender appraisal business

Mortgage lending regulations are notoriously cyclical. FIRREA in 1989, after the S&L failures, caused new appraisal regulations, including licensing. Then, mortgage brokers took over loan originations in the 1990s. Somehow, anyone could get a loan, even if not at all qualified.

Then the mortgage crash in 2008 and regulations caused most lenders to quit using mortgage brokers for ordering appraisals. They switched to AMCs and told them to make sure appraisers were doing what they "should" do. At the same time, many review software programs were used to "review" appraisals, looking at factors that were often irrelevant for appraisals.

Now, residential appraisers are dropping out for many reasons. There are very, very few new residential appraisers coming in. More and more baby boomers, including myself, will be cutting way back or retiring. I am no longer willing to work 60-80 hours per week like I did for over 25 years.

Eventually, the pendulum will swing back. Trainees will be allowed to sign on appraisals. Lenders will figure out that the excessive appraisal requirements are causing delays in getting loans done. Appraisals become less reliable as experienced appraisers refuse to work for AMCs paying cheap fees.

You adapted to the dramatic change in clients in 2008

Ever since lender appraising started in the 1930s because of the foreclosures in the Great Depression, lenders provided the vast majority of appraisals in the U.S. Until the early 1990s, they used staff appraisers, with fee appraisers available for overflow.

For over 25 years, starting in the 1990s, most appraisals were ordered by mortgage brokers.

Prior to the 1990s, almost all appraisals were ordered by lenders. After HVCC, there were no more personal relationships with clients. One appraiser was seen as the same as another by AMCs.

This is a huge change for any business. You survived the change.

Fees go up and down with AMCs - a big change since 2008

Prior to AMCs, residential lender appraisers never had fees that went way up and down in the past. Appraisers did not have significant fee competition among themselves. Lenders did not shop for the lowest fees. Lenders make their money from making loans, not paying lower appraisal fees.

AMCs totally changed that. The lower the fees they pay to appraisers, the more money they make.

As far as I know, residential lender appraisal fees did not go down much before AMCs took over. When there were lots of loans, fees went up some, but did not decline when loans decreased. Over time, fees increased. When I started my business in 1986, an SFR appraisal was \$195. Over time my fees gradually increased.

For example, before HVCC you got \$350 and spent 5 hours on an appraisal or \$70 per hour with no excessive requirements and call backs. After, you got \$350 and spent 7 hours writing up the appraisal, plus another hour with corrections, updates, etc., for a total of 8 hours so you make \$43.75 per hour. That is Gross, before any expenses - auto, MLS, data, CE, license, E&O, etc.

Fees went way up during the pandemic due to very high demand and few appraiser. There were no armies of trainees to use, which is what had always been the solution to "up" markets.

As more appraisers drop out, there will be more work available, even when mortgage lending is slow. Look for some "good" AMCs.

When fees go down, to make the same money as before, you work longer hours and try to get higher fees

What's the positive side? You have enough work to make a decent living even though you are working much longer hours.

When lenders lighten up on appraisal requirements, you will work fewer hours.

Become an optimist

Maintaining a positive attitude is very important to being happily self-employed. All appraisal practices have bad periods. Sometimes they last for quite a while. But, maintaining a positive attitude can seem impossible.

Anticipate regulations getting less onerous. Avoid pessimistic people. Listen to motivational recordings or read a book on it. They really help. Take charge of your business. Don't let it run you.

<p>Athletic competitors have been successfully using visualization techniques for years. A figure skater visualizes completing a perfect triple axel, then does it at a major competition. A downhill racer who has difficulty starting well, while at the starting gate visualizes herself making a perfect start. It really does work.</p> <p>To change your attitude, look for evidence that a more positive position is reasonable. For example, you get a lot of work from an AMC. But, recently their fees have been lower and requirements more excessive. There are over 500 AMCs you can work for. Get another client.</p> <p>Visualize finding and getting work from a few AMCs with good fees and are not a big hassle to work for. Or, getting a new good direct lender client, such as a local bank.</p> <p>Motivational books and recordings help you stay up when business is stressful</p> <p>Many appraisers are lacking in self esteem according to a study conducted for the American Society of Appraisers (ASA), before AMCs took over residential lender appraising. The study found that "clients and the public have a generally positive image of appraisers, but appraisers themselves don't think so."</p> <p>To most appraisers, the idea of listening to a motivational recording seems odd or somehow implies there is something wrong with them. I got many strange looks from appraisers when I asked them which motivational books or recordings they like.</p> <p>You can listen to them when you are driving, gardening, exercising, walking the dog, etc.</p>	<p>Psychological visualization techniques have been used for many years by athletes to increase performance. For example, a tennis player visualizes successfully serving a tennis ball. Studies on patients with medical problems have shown that a positive attitude makes a difference in their ability to fight off a disease.</p> <p>The classics: Dale Carnegie and Napoleon Hill</p> <p>Dale Carnegie was one of the first, if not the first, of the widely read authors and speakers on using the mind to achieve success. Napoleon Hill based his books on Dale Carnegie's insights.</p> <p>Both books use many real-life examples.</p> <p>Of all the books I read, Dale Carnegie's "<i>How to Win Friends and Influence People</i>" spoke most directly to the basics and being client-oriented and having successful business relationships. Some of the principles are: become genuinely interested in other people, be a good listener, and don't criticize, condemn, or complain.</p> <p>Napoleon Hill's book, "<i>Think and Grow Rich</i>," as compared with Dale Carnegie's is more of a "hard sell," focusing on making money, changing your mindset, and achieving success. This book was mentioned by many people I spoke with as being good as a motivational tape, so don't be turned off by the frequent mention of getting rich and the use of outmoded or unfashionable terms such as "temple of wisdom."</p> <p>Both books were written in the late 1930s and are still available in bookstores today. Some of the examples and words used are somewhat quaint because they are not current, but the ideas are very "today."</p>	<p>Can these books and recordings really help you?</p> <p>Why not get some assistance to keep yourself motivated? Sitting around and complaining doesn't do anyone any good. Feeling depressed and frustrated is normal when there are negative changes in businesses.</p> <p>Appraisers who make it through slow times can develop a positive attitude. Anything that can help you in your business is worth a try. Even if you only get one good idea from a book, recording, or seminar, it's money and time well spent.</p> <p>What if the titles turn you off?</p> <p>Phrases such as Personal Power, Control of Your Destiny, Magical Mind, Conquering Force, and Core Desires turn me off, too. But when listening to recordings or reading books, I found good ideas in each one.</p> <p>Will these books and recordings really change your life?</p> <p>I'm not saying any of these will make a big change in your life, even though some of the ads imply this. Maybe one will, but probably not. What you are looking for is reinforcement of what you already know, but hadn't really gotten motivated to do, or an idea that can cause you to get a few new clients or worry a little less or feel better about your future.</p> <p>Won't other appraisers think you're weird if you use these recordings and books?</p> <p>Who cares what others think? If you can feel and be more successful in your business and your life by reading a book, listening to a recording, or going to a seminar, do it. Let others sit around depressed and whining about no business.</p>
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<p>What books or recordings are best for you?</p> <p>Everyone is an individual. I didn't much care for Napoleon Hill, but he was the author mentioned most by the people I spoke with. I loved Dale Carnegie, who many people find too simplistic.</p> <p>Try different speakers and authors to see what you like.</p> <p>Where to get recordings and books</p> <p>Go to your local library. Mine has a good book selection. Search Amazon for motivational recordings and books. Read the many reviews.</p> <p>Listen in your car</p> <p>Listening in your car fills up a lot of unproductive time when driving.</p> <p>Where can you hear speakers live?</p> <p>Local real estate associations often sponsor sales trainers and motivational speakers.</p> <p>The stages of responding to negative change</p> <p>Where are you on the stages listed below?</p> <p>One of the best books on the effect of negative change was Dr. Elizabeth Kubler-Ross' book <i>On Death and Dying</i>, published in 1969. She interviewed several hundred terminally ill patients and their families and came to understand the stages they went through to accept their own death or the death of a loved one.</p> <p>Since then, these stages have been applied to businesses experiencing negative changes, such as major declines in clients (mortgage brokers to AMCs). Obviously, this is not as big a change as a death in the family, but the stages of adjustment are very similar.</p>	<p>"<i>Managing at the Speed of Change</i>" by Daryl Conner expands Kubler-Ross' five stages to an eight-stage corporate model. I have combined the two models into a 6-stage process, appropriate for appraisal firms.</p> <p>These stages are perfectly normal. The trick is to not get stuck in the first four too long.</p> <p>The stages are:</p> <ol style="list-style-type: none"> 1. Denial. Can't believe that business won't come back to the way it was before with high fees and a significantly higher number of appraisal orders. 2. Anger. Bitter complaints about all the AMCs with low fees, regulators trying to get rid of appraisers, ineffective professional associations, too many unqualified appraisers, etc. Feelings of frustration and hurt. 3. Bargaining. Trying to forestall the negative changes. Pressuring other appraisers not to lower their fees, complaining about AMCs, etc. This is the beginning of acceptance of the changes. 4. Depression. Feelings of hopelessness, helplessness, and victimization. Paralysis: unable to do anything except saying no to low fees or refusing to work for AMCs. This stage is unpleasant, but necessary. The changes in the appraisal market have finally been accepted. 5. Testing. Willing to look for new options within the your current limitations. For example, looking for new markets for appraisal services or finding a few good AMCs to work for. 6. Acceptance. Making the changes necessary to adapt to the new appraisal market. 	<p>Positive and negative responses to change</p> <p>In "<i>Managing at the Speed of Change</i>" by Daryl Connor, people confronted with change are divided into two categories: Danger-oriented and Opportunity-oriented. Few people are totally one or the other type, and most are somewhere in between.</p> <p>Danger oriented appraisers see change as threatening and feel victimized. They have difficulty handling change and prefer the status quo. They tend to be reactive rather than proactive, responding very late to changes, and have a victim mentality, blaming and attacking someone else.</p> <p>As the changes continue, they get more and more overwhelmed as their old methods aren't effective. When finally deciding to take some action they jump into activities that may or may not work. Sound familiar? Many appraisers have this mind-set. Maybe it's just part of being an appraiser (or engineer, or accountant, etc.).</p> <p>In contrast, opportunity oriented appraisers look at change as a potential advantage to be exploited, rather than a problem to be avoided, accepting change as a fact of life. They have a strong sense of purpose, and view life as constantly changing variables. When change comes, they are just as disoriented and angry as the danger-oriented people, but view the changes as necessary and something unpleasant to which they have to adjust. They tend to compartmentalize the stress.</p> <p>For example, they may post online or send emails objecting to AMCs, but they don't let the negative feelings limit their ability to make changes in their businesses. They know when to ask for help, and count on their friends, associates, and loved ones for support.</p>
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<p>Resiliency</p> <p>The opportunity oriented appraisers are resilient when faced with change. They:</p> <ol style="list-style-type: none"> 1. Display a sense of security and self-assurance that is based on their view of life as complex, but filled with opportunity (Positive). 2. Have a clear vision of what they want to achieve (Focused). 3. Demonstrate a special pliability when responding to uncertainty (Flexible). 4. Develop structured approaches to managing ambiguity (Organized). 5. Engage change rather than defend against it (Proactive). <p>Source: <i>Managing at the Speed of Change</i>.</p> <p>Increasing your resilience</p> <p>No one is opportunity oriented 100 percent of the time. Resisting change is okay sometimes, but is not advised now for appraisal business owners. You can become more positive, focused, flexible, organized, and/or proactive. Changing your behavior can be done.</p> <p>What if it's really hopeless for you?</p> <p>Don't feel like a complete failure. Some of the most successful business owners have had failures. Taking risks is part of having a successful business. Sometimes you lose. You can always try again.</p> <p>We all learn more from our mistakes than from our successes, including myself.</p>	<p>Where to get more information</p> <p>"<i>Secrets of Self-Employment: Surviving and Thriving on the Ups and Downs of Being Your Own Boss</i>" by Sarah and Paul Edwards has an excellent chapter called "Riding the Emotional Roller Coaster" for small businesses experiencing change. It has practical techniques for such changes as going from feeling overwhelmed to feeling capable, and going from fear or anxiety to anticipation.</p> <p>Another very good book is "<i>Who Moved My Cheese</i>" by Spencer Johnson, which is very popular with appraisers. Check out motivational books at your local library or use Amazon.</p> <p>Looking for new AMC clients? Check with your state regulator to see who is licensed. Try social media to find out what appraisers think about a client you are interested in. The Facebook groups are good.</p> <p>There is lots of info online about becoming more positive. Google how to become a more positive business person.</p> <p>Remember, the only thing in life that is constant is Change. As appraisers, we appraise real estate market changes.</p>	
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