



PROFIT 2.0

The Relationship of Fuel and Friction
to PROFIT



HOW DO YOU GET PEOPLE TO SAY YES?

“The deep assumption of most marketers, innovators, executives, activists, or anyone else in the business of creating change, is that the way to sell an idea is to focus on heightening its appeal. We instinctively believe that if we add enough value, people will say “yes”. This reflex tends to lead us down a path of adding features to an idea and amplifying its benefits in order to get others on board. These activities and strategies designed to generate demand is a set of tactics we referred to in the book *The Human Element* collectively as “Fuel”.”

What are some of the ways that we, as Real Estate agents try to persuade with fuel?

FRICION IS A HIDDEN FACTOR

“But by focusing on Fuel to enhance attraction, innovators often neglect the other half of the equation – the ***Frictions*** that work against the desired behavior we seek in others. Frictions are the psychological forces that oppose and undermine change. Though rarely considered, identifying, understanding and overcoming these Frictions is often the key to successfully achieving our innovation goals.”

Friction comes in many disguises.

What are some frictions that drag or slow down our business?



WHAT ARE SOME FRICTIONS FOR YOU AND YOUR CLIENTS?

- Example of the furniture store in Chicago
- Frictions in Real Estate...
- “I don’t know where I am going to move”
- “My house is not ready”



WHEN A PLANE GETS HEAVY

A plane (business) that is heavy requires more fuel to take off

In terms of Real Estate think of fuel as more expense, more employees or agents, more advertising, etc. Everything you add will create a larger business but also create drag, making your business more difficult to fly without extra fuel (money, time, and energy)

If the plane is too heavily loaded, then ***you will be unable to take off.*** (You might be able to get a meter or two above the ground due to a phenomenon called "ground effect", but you could not climb any higher.)

Build your business like a lighter weight jet! Go faster and higher with less drag.

LIMITATION #1 - BAD IS STRONGER THAN GOOD

- When we sell an idea, our focus is on the benefits the idea offers. We implicitly ask ourselves, “How will we seduce people into saying yes?” And when our message is ignored or outright rejected, our response is to crank up the perks. Fuel is important, of course. But Fuel isn’t *the mind’s* first priority.
- In a marriage reducing the negative is more important than increasing the positive. It is not balanced because a negative experience carries so much weight.
- As agents, we often try to be positive instead of acknowledging the friction caused by the negative.
- What is an example of that?

LIMITATION # 2: FUEL IS COSTLY

It takes a lot of money to move the needle.

- Are you trying to add fuel to the equation by reducing your commission?
- Spending more money to advertise the property? Buying leads?
- Allowing sellers to take minimal price reductions that won't have an impact?

The folly of fuel is that fuel doesn't move people who are open to change.

***LIMITATION #3:
FUEL IS OFTEN
SELF-EVIDENT***

- The value proposition of buying a house is ***self-evident***. home ownership is the American dream, an investment, a place to raise children, a tax benefit. These benefits are self evident to most consumers. As agents, it does not move people forward to restate or explain the benefits of something the consumer already knows.
- ***Friction requires discovery beyond our own ideas to the needs of our clients.***



INERTIA - THE GREATER THE CHANGE, THE GREATER THE RESISTANCE

- Does the change represent a major break from the status quo?
- For instance, a family that has been in the same house for 20 years may have more resistance to moving than a family that moves every 5 years.
- A widow or widower may experience inertia because their new situation is very different from what they knew as status quo.
- *Find the friction: For an older customer, a new home represents a major change. For example, they wouldn't know their new neighbors or neighborhood well.*

Remedies:

Make it familiar –

Make it Relative–

EFFORT / IMPLEMENTATION

- How much effort and mental exertion is required (by you and your clients) to implement the change?
- Do people know how to implement the change or is the desired path ambiguous?
- ***Find the Friction:*** Customers need to spiff up their old home to get it ready to sell, hire movers, and maybe store some of their furniture that won't fit in the new place. They don't know how to do this!

REMEDY

Give people a roadmap/Calendar.

Streamline the process.

Help people find the window of opportunity by providing logistics.



REACTANCE-THE NEED TO ASSERT CONTROL OVER YOUR ENVIRONMENT

When clients feel that freedom is restricted, they push back

- Do the clients feel pressured to change?
- Do the clients feel that they are excluded from ideas, problem solving, and planning?
- Find the friction: Maybe the potential buyers' adult children are encouraging them to move, or they've had some medical problems that are making them consider leaving their long-time home earlier than expected. This causes pressure.

REMEDY

Ask "Yes" Questions, Collaborate solutions, Give Choices. Bring people you are attempting to serve into the process
Giving Evidence or Logic is not the Answer! People become more entrenched when evidence is pushed upon them.

EMOTION

There are, of course, lots of emotions tied up in a home and in the realities of aging. We fail as agents to address how important it is to address client's concerns. People follow the path of least resistance when it comes to emotion.

For instance, some people just can't figure out what to do with all their old stuff because there is emotion attached. What are they going to do with the dining room table? It may embody all of their good family memories.

Some ways to reduce the friction might be to offer to help staging customers' homes for sale, they moving and storage services, and take out a leaf in the dining room table, or if building move a wall. Ask what the table means to them!

Or they might be willing to up their price range to get a house or condo that will accommodate the table.

Remedy

Give them choices. Focus on their goals and priorities. As a question like "What's stopping you from?"

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