



Are you worth your commission?

Understand and believe in what you bring to the equation, and you'll be able to speak from your heart and not your head to earn both the trust and business of your sellers

BY [DARRYL DAVIS](#)

Feb. 5, 2022

[Commission conversations](#) can feel woeful — like an uphill battle to not only get paid what you are worth but also to feel valued. Many agents struggle when asked by a homeseller to answer the question: “Why are you worth that commission?”

Let's start with mindset and attitude. If you don't have the right attitude, it won't matter what dialogue or technique you learn. Potential clients can sense doubt, and that will hurt your chance to serve them.

I've known agents who have gone into appointments with the mindset, “*I wouldn't even list with me.*” Let's change that starting today.

Here are the 2 mindset shifts that must happen to get higher commissions:

1. You have to believe you're worth what you charge

Even if you are a [new agent](#), low producer, re-starting your career — whatever your circumstances — you have worth, and you bring value to the table. As a new agent, that value might be enthusiasm and energy. As a low producer, you may have a passion for creating a business breakthrough by servicing at least, say, 10 families this year.

As an experienced agent, or someone re-starting or re-committing to your business, you bring to the table all the lessons you've learned along the way. I ask you to keep this in mind: No matter what the seller's background is, the state that you're licensed in says you know more about real estate than the homeowner does.

That license hanging on the wall or laminated in your wallet tells the truth. It's a badge that tells the world — and yourself — that you've got what it takes to help people make better decisions about real estate than they can alone.

2. You have to believe that the seller will not save money selling on their own, even when you are charging a full commission

According to the [2021 National Association of Realtors Profile of Home Buyers and Sellers](#), the typical FSBO home sold for \$260,000 compared to \$318,000 for agent-assisted home sales. The bottom line is that homeowners [lose money when selling on their own](#).

They also lose time, create stress, and leave themselves and their families vulnerable to legal woes and even danger by letting complete strangers into their homes. Think of yourself and your fellow real estate professionals like TSA agents — a line of defense for homesellers.

These two shifts in attitude might be the two most important of your career. Without them, you'll always be faced with sellers asking you to cut your commission and sell yourself short.

How to deal

Now, let's dive into some concepts and analogies. Once you get the hang of them, protecting your commission and communicating your value will get much easier.

Attract sellers based on the value you offer, not what you charge

One of the main reasons commission becomes an issue on a listing appointment is because the homeowner is focused on the wrong thing — namely shopping not for the best skilled and trained agent, but for the [cheapest](#).

Here's what's important to convey: For most homeowners, their house is one of their biggest assets. Because of this, shouldn't they find the best professional versus the cheapest? You can help them understand that concept by asking them: *"Mr. and Mrs. Hunna Hunna, if you had to have brain surgery, or were seeking a cardiac specialist, would you try to find the cheapest surgeon or the most skilled specialist? The most skilled, right? Now think about that in terms of protecting your home and the return on investment for it. What makes more sense? To go with the cheapest agent or most skilled? Let me share what I can do to help you."*

Here's a great analogy recently from Tom Seeley. When a homeowner told him another agent would "list it for less," he asked them to go to the refrigerator and pull out their mayonnaise or ketchup — and if they had anything other than a brand name, like Hellman's or Heinz, then he would cut his commission. Of course, they almost always pulled out a name brand.

The point is, on something as insignificant as mayonnaise or ketchup they buy a brand name at a premium price, but with their most important asset, their home, they want to go for the cheapest.

Know and communicate this: It doesn't even matter what an agent charges. What really matters to the seller is how much they *net*. In any profession or industry, professional fees are directly related to the services provided.

If an agent has to [lower their commission](#) to get hired, there's a great probability they don't have the skill to get the job done effectively. In other words, [paying a premium price for a skilled agent](#) could net the seller more because that agent can get the job done better than a discounted agent.

- **When the issue between you and another broker is, let's say, 1 percent, you only need to prove to the homeowner why you're 1 percent better.** Sometimes we become overwhelmed because we think we have to sell the homeowner on the full commission amount. If a homeowner has made the decision to hire an agent but is leaning toward another one because of lower commission, you only need to validate why you're that 1 percent better than the other agent.

- **There's always be somebody who's going to charge less. Therefore, don't compete based on price. Focus on the value you offer.** Say this to a seller: "If an agent is so willing to give their commission away to get your listing, how quick will they be to give away your money to make a sale happen?"
- **Never address commission until you have established the value you offer.** One of the mistakes agents make is addressing commission on the phone when a potential seller asks, "How much do you charge?" You should *never, ever* address commission until you have had an opportunity to sit down with a seller, [build rapport](#) and trust, *and* they fully understand the value you bring to the table. Your answer might go something like this: *"Well, Mrs. Hunna Hunna, what we charge is really a marketing tool based on your timeline, when you need to sell, how much you need to net, etc. I really need more information about your home before we can discuss that. In fact, we are really rushing things even talking about it. I need to see your home and what you need, so I can assess if I can even help you. I'm not asking for the listing. I just want to see first how I can help. When is a good time to do that?"*
- **There is no law that says you have to negotiate in 1 percent increments.** If you have to adjust your fee because the seller is the type who feels they **need to win something**, then consider adjusting your fee just 0.25 percent. Even 0.5 percent would be better than a full 1 percent. If the sellers have "bought" into you and what you can do for them, this should be sufficient to fulfill their ego that they got "a win." For example, if the seller said, "The other guy will do it for 4 percent," you might say: *"Here's what I'll do for you Mrs. Hunna Hunna. I can't go to 4 percent, but I like you, and I know I can help you and your family get this job done and your home sold. I am willing to do it for 4.25 percent. What do you say? Let's get this ball rolling!"*

Communicating your value and protecting your commission begins with believing in your worth and practicing the concepts and dialogues that will help you convey that worth with [confidence](#) and skill. You have to "get it" first.

Understand and believe in what you bring to the equation. Once you get it, you'll be able to speak from your heart and not your head to earn both the trust and business of your sellers.

Darryl Davis is a speaker, coach and the bestselling author of [How to Become a Power Agent in Real Estate](#), as well as the CEO of [Darryl Davis Seminars](#). He currently hosts weekly free webinars to help agents navigate the new real estate reality. Learn more at www.DarrylSpeaks.com/Online-Training. Connect with him on [Facebook](#) or [YouTube](#).