

# Hiring a Business Development Manager

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Why? When? How?

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**NARPM® Broker/Owner**

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Duke Dodson, MBA, MPM®, CPM

Dodson Property Management, AMO, CRMC®



# ABOUT ME

- Richmond, VA
- Randolph Macon College
- VCU
- Mortgage, Financial Services
- Poker
- Owner of Dodson Property Management, Dodson Commercial, River Bend Property Services, partner in Gather
- Real Estate Development



# MY COMPANY

- Founded Dodson Property Management in 2007
- **3700 units under management**
- Single Family, Multi Family, Commercial
- Richmond, Fredericksburg



# DEFINITION: BDM

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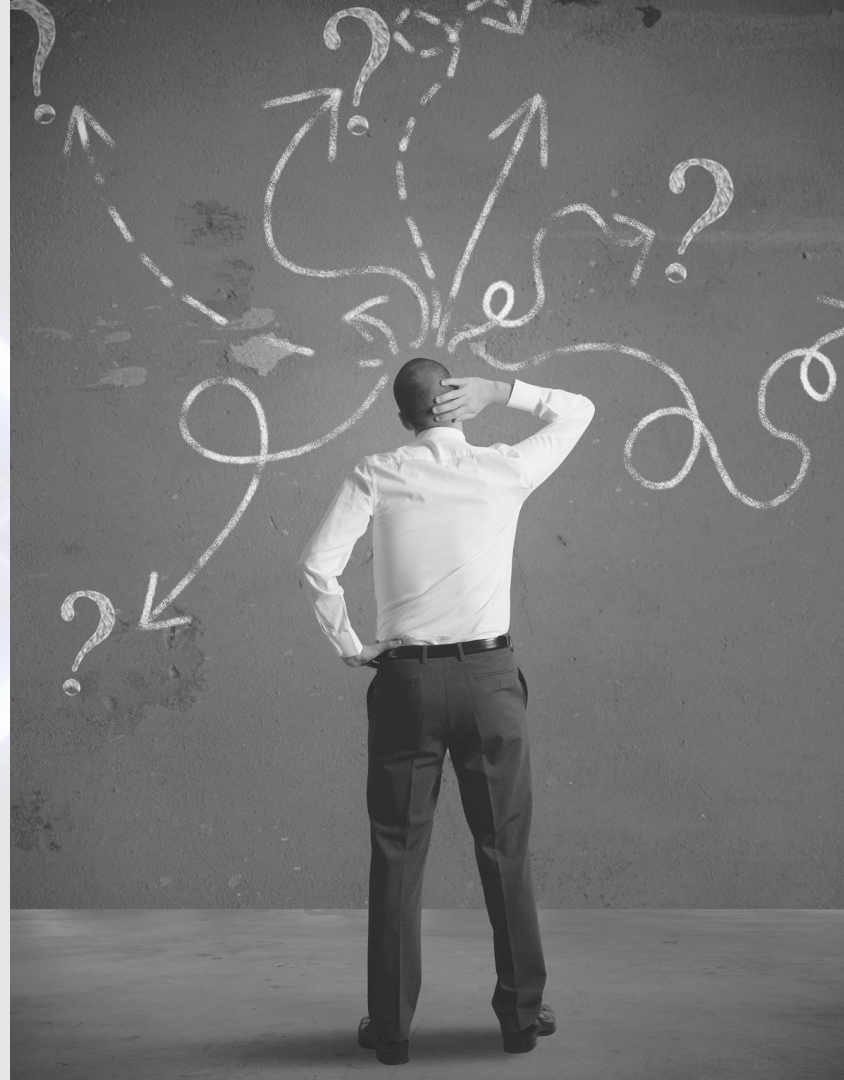
(Business Development Manager)

- Sells your company's property management services
- Unheard of 2010
- Prevalent now



# WHY HIRE A BDM?

- Free up your time
- Refine your sales process
- Generate more leads
- Close more incoming leads
- Grow your company





# WHEN TO HIRE?

(That depends on ...)

- How important is growth?
- What is your risk tolerance?
- How many warm leads are walking in the door right now?
- What would I do with my time if I had more of it?



# WHEN TO HIRE?

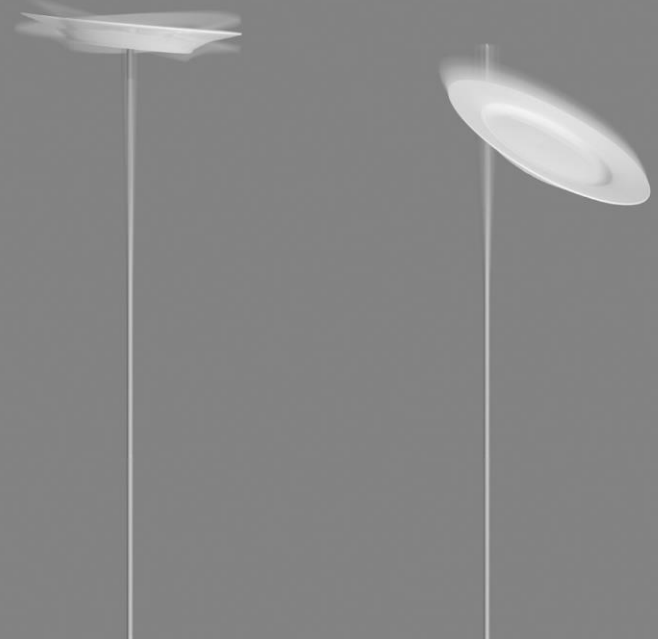
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- **Are you good at Bus Dev?**
  - NO? – hire sooner YES? – hire later
- **80% Rule**
  - You = 20% of time = 50 units/year
- **BDM = 80% as good as you**
  - 100% of their time = 200 units/year



# IN OTHER WORDS

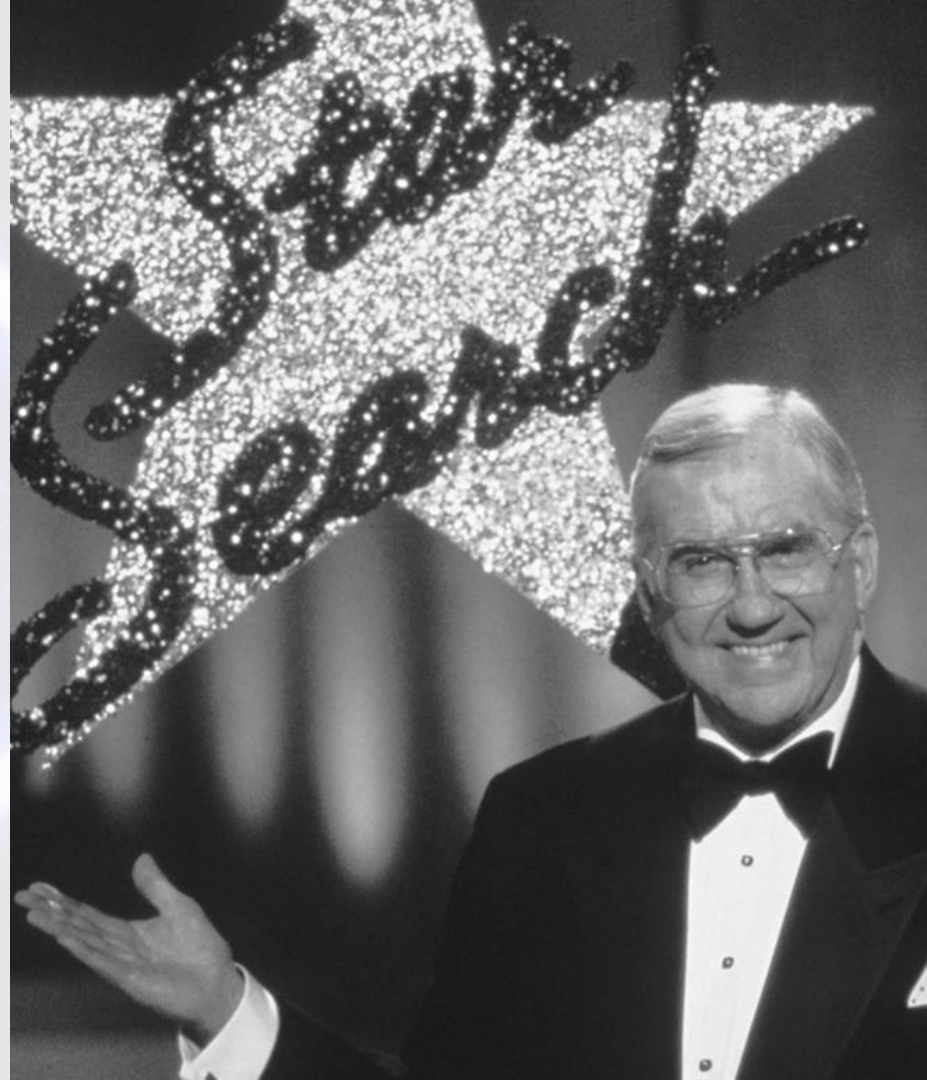
- When your **time runs out**
- When you start seeing more **missed opportunities**
- When it is evident that **more time = more business**





# FINDING A BDM

- Medical Sales
- Insurance Sales
- Copier Sales
- Retail
- Customer Service
- Personal Banker
- Realtor
- Property Management?



# HARD TO FIND SOMEONE THAT HAS BOTH



Find someone that has one and teach them the other

# ASSESSING WHAT TYPE OF BDM YOU NEED

Type 1

**Order  
Taker**

Type 2

**Hunter /  
Gatherer**

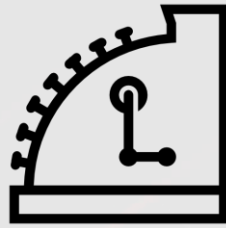
Type 3

**Rainmaker**

# **START WITH THESE QUESTIONS**

1. What experience does my target potential client want/need?
2. What skill set does a person need to deliver that experience?
3. How much money that does that person need to make?

# TYPE I: THE ORDER TAKER



**Role:** Deals with incoming warm leads, doesn't generate leads.

**Skills:** Personable, organized, good with technology and reporting

**Focus:** 90% inside, 10% outside

**Comp plan:** High floor, low ceiling

**Recruiting:** – Customer Service, Retail, Property Management



## **TYPE 2: THE HUNTER GATHERER**



**Role:** Generate their own leads by attending networking events, building relationship with Realtors, other referral sources

**Skills:** Good people skills, relationship building, willing to hear NO

**Focus:** 50% inside, 50% outside

**Comp plan:** medium floor, medium ceiling

**Recruiting:** – Realtor, Insurance Sales, Financial Advisor

## TYPE 3: THE RAINMAKER



**Role:** Builds long term relationships with investors, developers, institutional clients. Looks for acquisition targets.

**Skills:** Advanced relationship building skills, pro forma savvy, comprehensive understanding of marketing/bus dev

**Focus:** 10% inside, 90% outside

**Comp plan:** Low floor, huge upside

**Recruiting:** – Medical Sales, Software sales, head of marketing

# COMPENSATION?

- Salary plus flat fee?
- Salary plus % of revenue?
- Straight commission?

...It depends!

Handwritten mathematical formulas on a grid background, including the log-likelihood function for a normal distribution and its derivatives:

$$L(\mu, \sigma^2) = -\frac{n}{2} \ln(2\pi\sigma^2) - \frac{1}{2\sigma^2} \sum (x_i - \mu)^2$$
$$\frac{\partial L}{\partial \mu} = -\frac{1}{\sigma^2} \sum (x_i - \mu) = 0$$
$$\frac{\partial L}{\partial \sigma^2} = -\frac{n}{2\sigma^2} + \frac{1}{2\sigma^4} \sum (x_i - \mu)^2 = 0$$
$$\sum (x_i - \mu)^2 = \sum (x_i - \bar{x})^2 + n(\bar{x} - \mu)^2$$
$$\frac{\partial L}{\partial \sigma^2} = -\frac{n}{2\sigma^2} + \frac{1}{2\sigma^4} \left( \sum (x_i - \bar{x})^2 + n(\bar{x} - \mu)^2 \right) = 0$$
$$\frac{\partial L}{\partial \sigma^2} = -\frac{n}{2\sigma^2} + \frac{1}{2\sigma^4} \sum (x_i - \bar{x})^2 = 0$$
$$\sum (x_i - \bar{x})^2 = \frac{n}{2} \sigma^2$$
$$\sigma^2 = \frac{1}{n} \sum (x_i - \bar{x})^2$$

# **COMP PLAN #1 - ORDER TAKER**

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**Salary + Commission**

**Salary: \$40k**

**Commission: \$125 per unit**

**Goal: 120 units per year**

**Target Comp: \$55,000**

# **COMP PLAN #2 - ALEX'S MODEL**

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(for Order Taker or Hunter Gatherer)

**Salary + Commission + Accelerator**

**Salary:** \$28k

**Commission:** 7% of ACV for 1st 10 units per month / 10% of ACV for 11+ units per month (e.g.  $\$1700 \times 7\% = \$119$  per unit)

**Goal:** 120 units

**Target Comp:** \$42,280 (120 units) / Rockstar can make \$62,680 (240 units)



# **COMP PLAN #3 - HUNTER GATHERER**

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**Straight Commission (No Salary)**

**Commission:** 25% of ACV

**Goal:** 250 units

**Target Comp:** \$106,250

(may need draw for first 6 months)

# **COMP PLAN #4 - RAINMAKER**

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## **Straight Commission + Trails**

25% of revenue year 1

15% of revenue year 2

5% of revenue year 3

(may need draw for first 6 months or some base salary)

**Target Comp:** \$100k and up

# TYPES OF COMMISSIONS

**Flat fee:** \$125 for single fam unit, \$90 for duplex unit, \$180 for duplex, etc.

**% of ACV:** One time at contract signing

**% of ACV Accelerators:** For all or just additional?

**% of revenue:** Spread over time, BDM wants retention, especially if multiple year

# SET GOAL, PULL LEVERS, MAKE IT WORK!

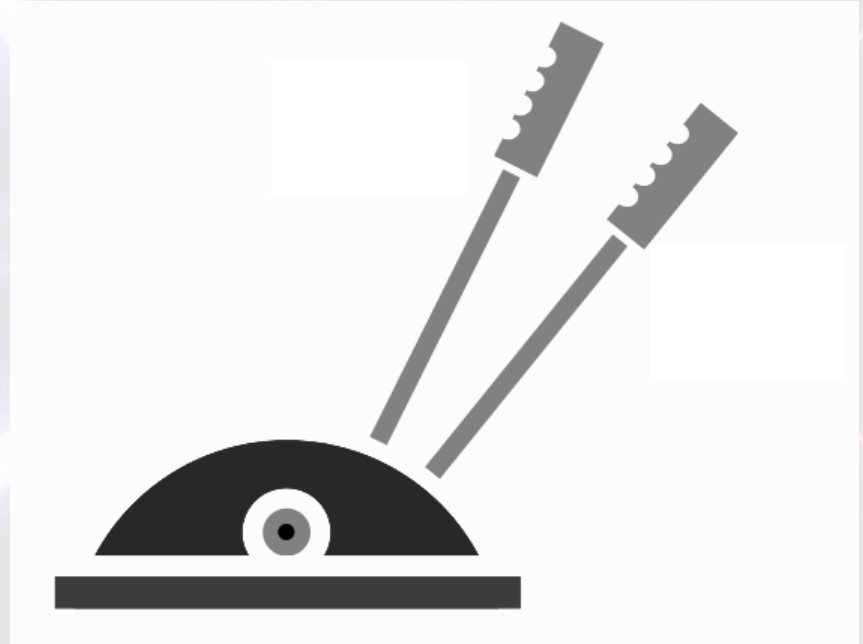
## Set annual goal

- Assess downside and upside risk

## Adjust:

- Salary/Draws
- Commission
- Accelerators

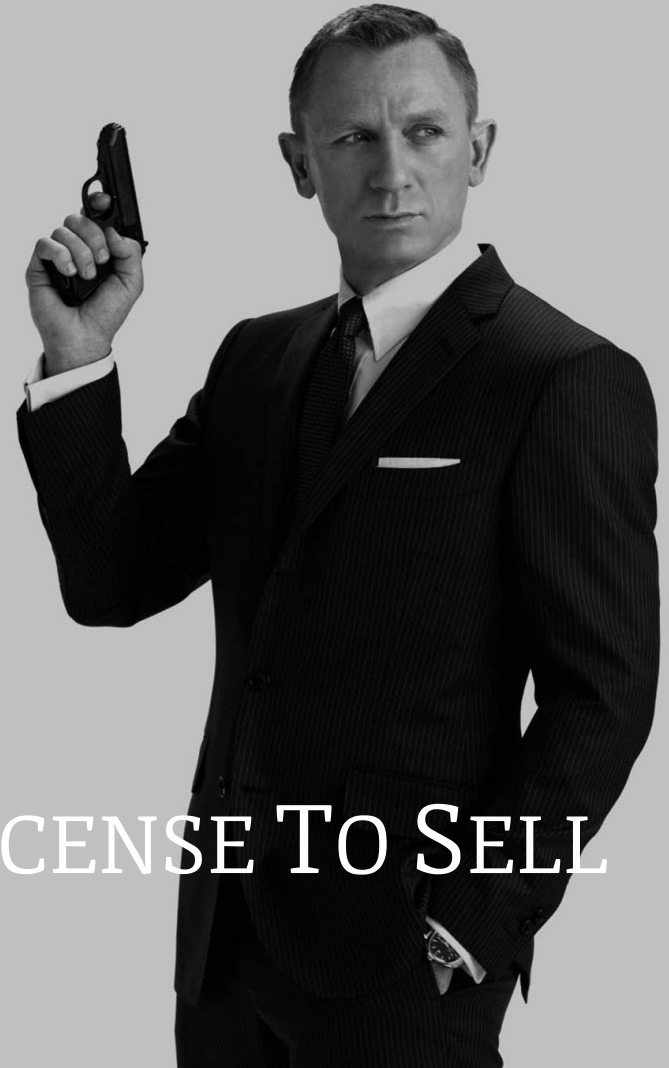
**Adjust annually as needed**



# MY EXPERIENCE DOING IT MYSELF

(while managing property, hiring,  
admin, accounting, etc.)

- Year 1: 100 units
- Year 2: 100 units
- Year 3: 100 units



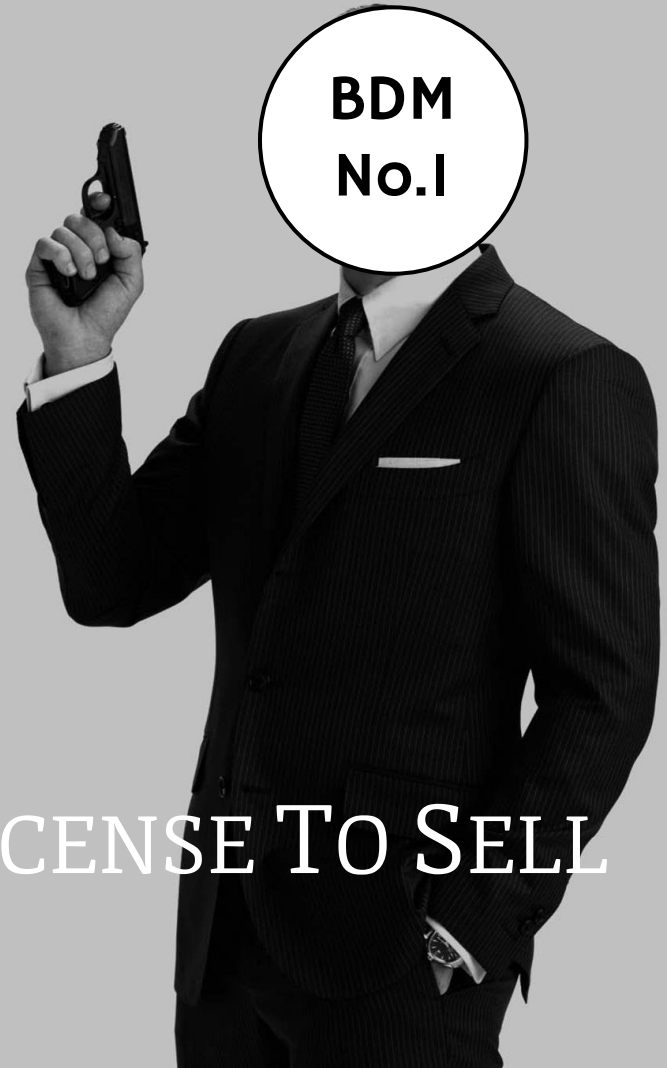
LICENSE TO SELL



# MY EXPERIENCE WITH BDM No. 1

(Some incoming leads)

- **Background:** Medical sales
- **Straight Commission:** 25 / 15 / 5  
but took draw for first 6 months
- **Results:** Avg. of 300 units per yr
- **Earnings:** Year 1 - \$45k, Year 2 -  
\$80k, Yr 3 - \$110k, Yr 4 - \$145k

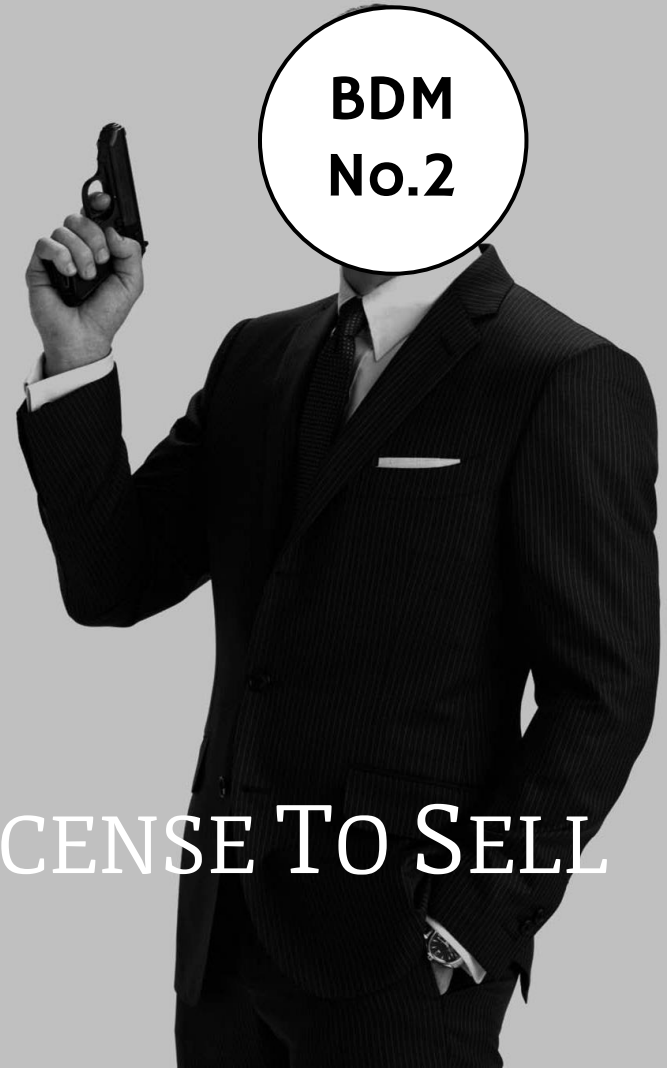


LICENSE TO SELL

# MY EXPERIENCE WITH BDM No. 2

(Lots of incoming leads)

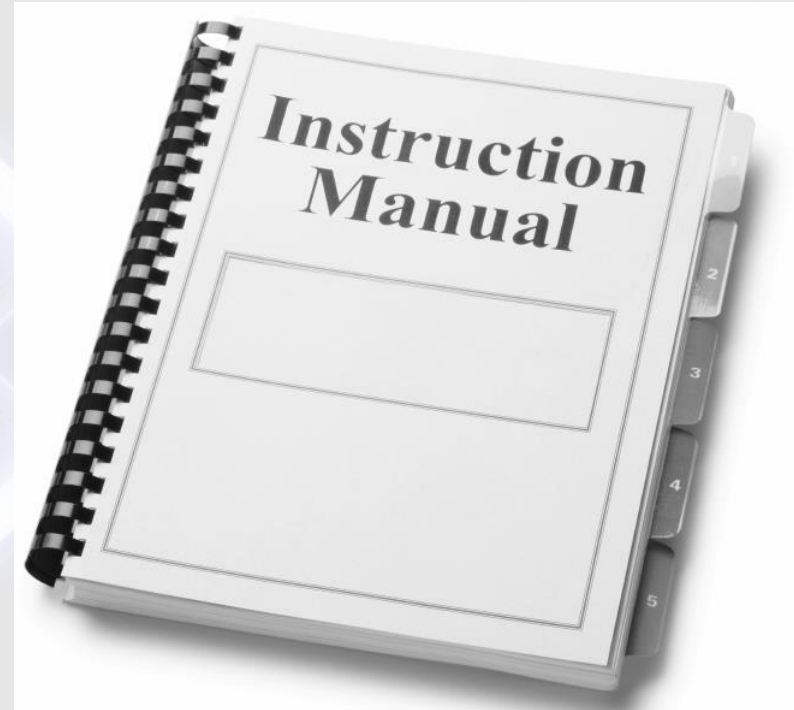
- **Background:** Hired from within
- **Salary:** \$40k
- **Commission:** \$125 per unit
- **Goal:** 250, stretch of 300
- **Results:** 293 units
- **Earnings:** Around \$76,600



LICENSE TO SELL

# ONBOARDING AND TRAINING

- **Culture indoctrination:**  
Vision, values, traditions
- **Process indoctrination:** Shadow you, PM, Acct, Admin
- **Sales training:** Prior experience hopefully, you, outside training (Sandler, Local shops)



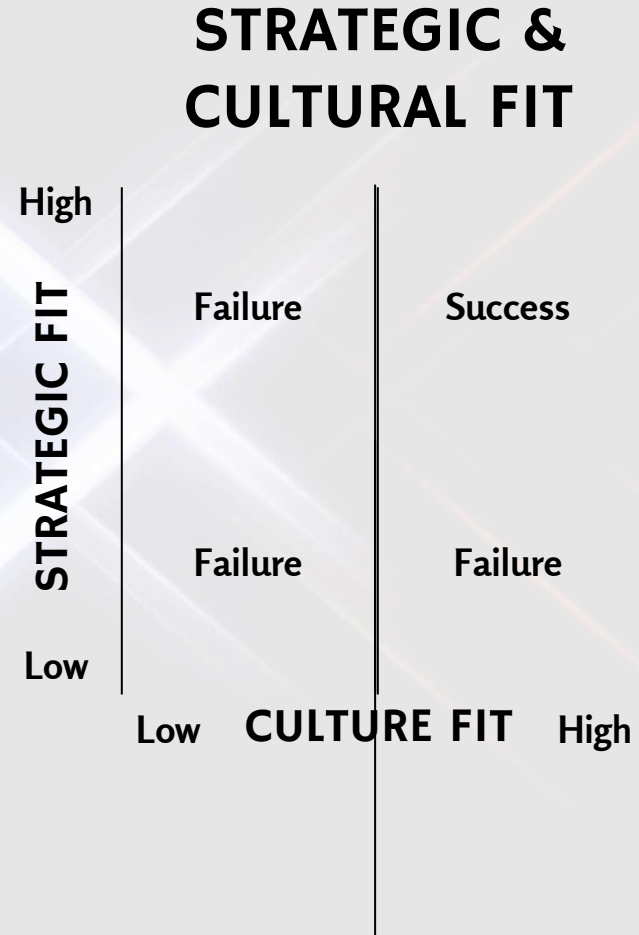
# DELEGATING

- Teach
- They shadow
- You shadow
- Spot check
- Survey



# OTHER FACTORS TO CONSIDER

- Face of the organization
- Strategic fit AND Culture fit
- Say anything to close the deal?
- Carnage can ensue!





# OTHER FACTORS TO CONSIDER

(continued)

- Will they handle marketing too? (SEO, Content, PPC, etc.)
- Inside or Outside (Networking)
- Will they shape the process?  
Create presentation, Checklist  
/ procedure for handoff to PM



# QUESTIONS?

**Duke Dodson**

**(804) 426-4148**

**Duke@DodsonProp.com**

**[www.DodsonProp.com](http://www.DodsonProp.com)**

**THANKS  
FOR  
HAVING  
ME**