

Hiring a Business Development Manager

Why? When? How?

NARPM[®] Broker/Owner

April 2018

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

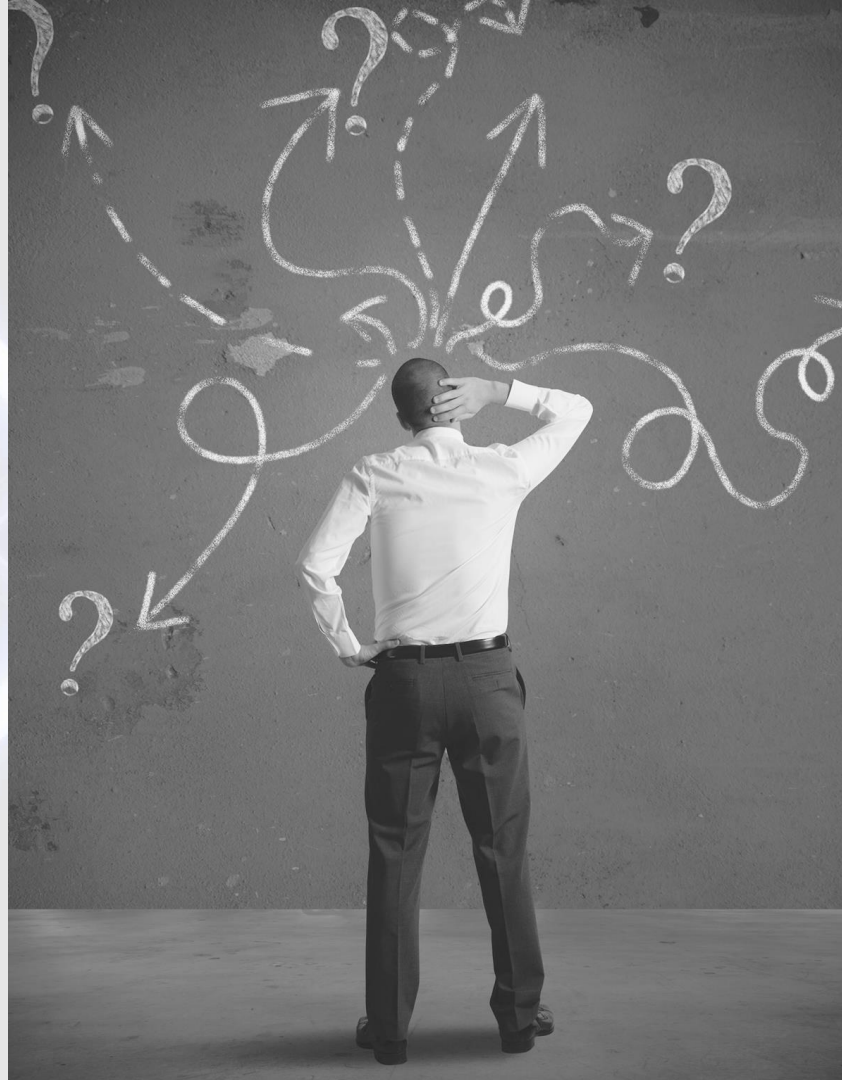
(Business Development Manager)

- 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?

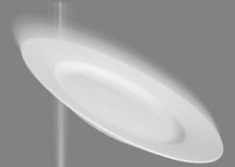
(continued)

- **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



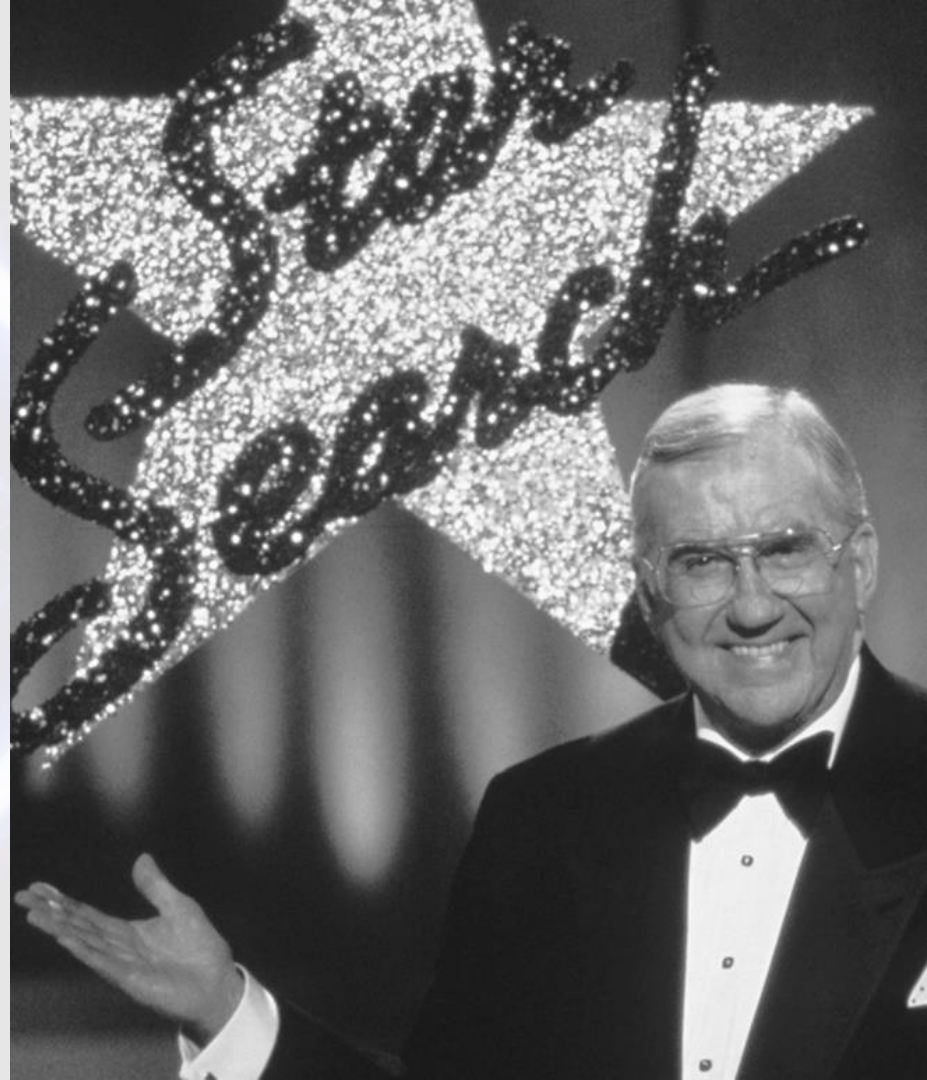
IN OTHER WORDS

- 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**

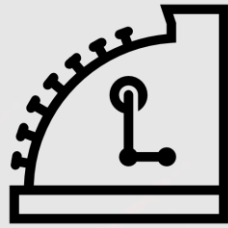
Type 3

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 notes on a grid background, showing derivations for maximum likelihood estimation of a normal distribution's mean and variance. The notes include the following equations:

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

COMP PLAN #1 - ORDER TAKER

Salary + Commission

Salary: \$40k

Commission: \$125 per unit

Goal: 120 units per year

Target Comp: \$55,000

COMP PLAN #2 - ALEX'S MODEL

(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

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

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!

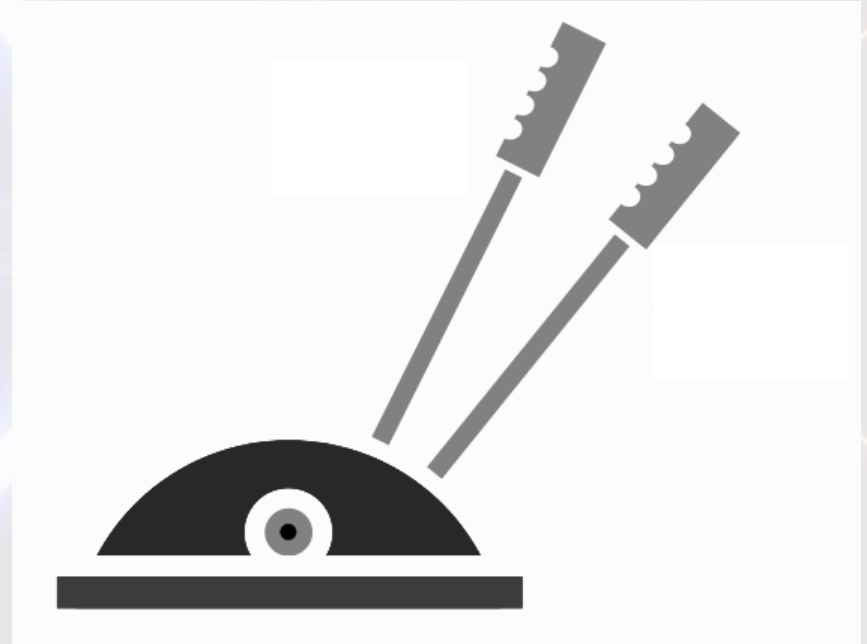
Set annual goal

- Assess downside and upside risk

Adjust:

- Salary/Draws
- Commission
- Accelerators

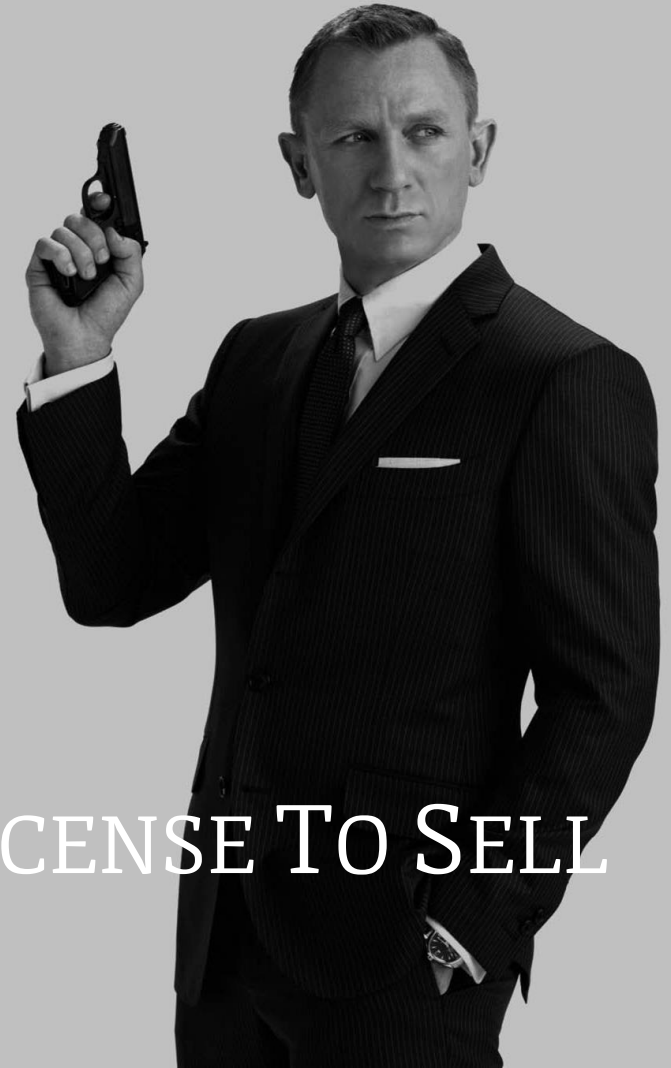
Adjust annually as needed



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

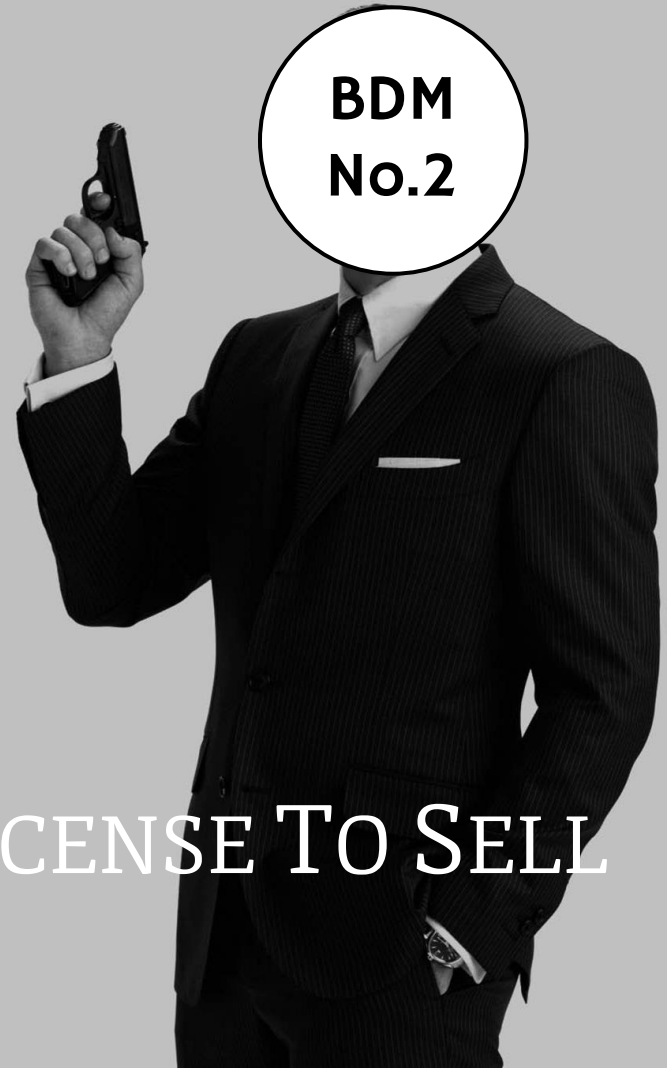


LICENSE TO SELL

MY EXPERIENCE WITH BDM No. 2

(Lots of incoming leads)

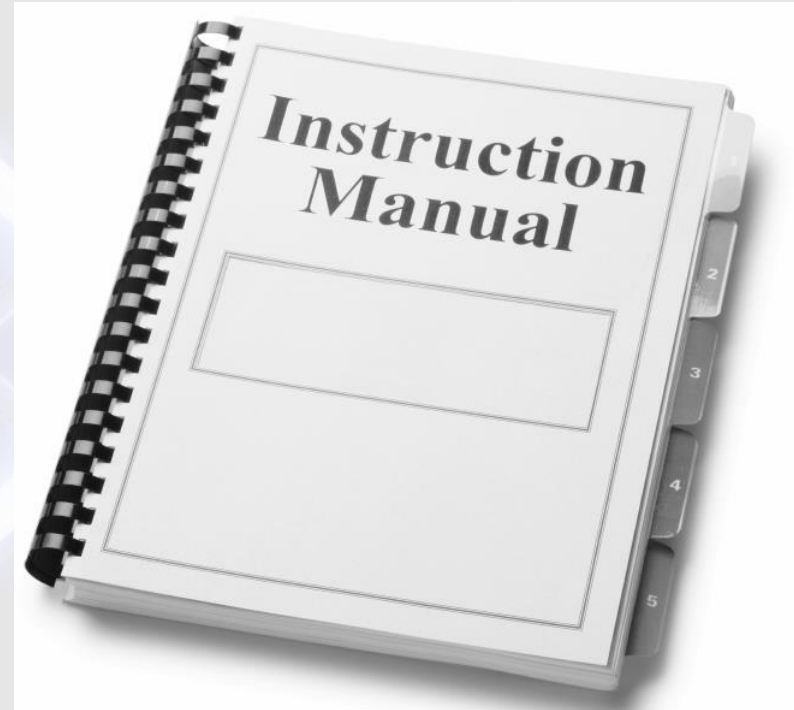
- **Background:** Hired from within
- **Salary:** \$40k
- **Commission:** \$125 per unit
- **Goal:** 250, stretch of 300
- **Results:** 293 units
- **Earnings:** Around \$76,600



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

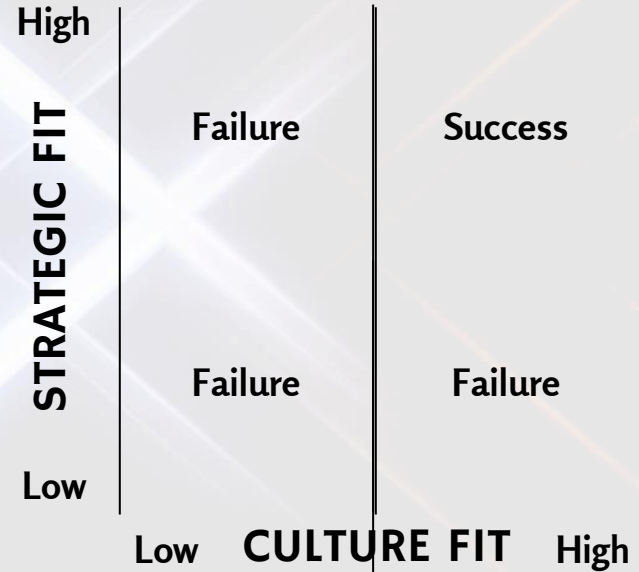
- Teach
- They shadow
- You shadow
- Spot check
- Survey



OTHER FACTORS TO CONSIDER

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

STRATEGIC & CULTURAL FIT



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

THANKS
FOR
HAVING
ME