

THE Sokol & O'Donnell LETTER

A monthly publication devoted to providing friends and clients with insight and knowledge of the real estate world based on three core pillars of my business; Philanthropy, Business and Growth.

DON'T F*CK UP THE CULTURE

If I said to you. "Can you picture the Stereotypical car salesman" could you? Of course you could. We all can. A mid 50's, over-weight, balding, badly dressed, stressed out looking guy and that is exactly what Terry the general manager of the VW car dealership looked like. Everyone who went into his office had a slightly scared or tense look about them. Like they were expecting to get yelled at.



I know this because I'm sitting in a Volkswagen dealer in Toronto replacing my Jetta Diesel due to the emissions scandal and I'm witnessing something that I couldn't believe. It was a busy day in the dealership and Natalie had a handful of customers she was dealing with on top of me and it looked

she was doing an excellent job. Her infectious personality had everyone smiling. Natalie, was a bubbly bright eyed sales rep who can't be more than 27 years old. After my paperwork was finished, I found myself sitting in a vacant office thinking about this newsletter and I overhear the General Manager call Natalie into his office. Once she gets there, Terry goes off. 'Hey, why are you not selling the dealership? Why are you not giving them a tour of the dealership? Its beautiful. Would you buy underwear from a dingy looking place? No. Now Victoria's Secret stores are beautiful, they look great, they sell lots of really nice underwear and the atmosphere makes you want to buy it. If you don't start selling the dealership and some service plans we will have a problem. Now get out.'

I couldn't believe what I just witnessed. Here is a guy who is only focused only on the bottom line for this week, this moment. Whatever it takes at all costs. When Natalie left his office her shoulders were slumped forward slightly, her bubbly personality was now dulled. The sparkle in her eye was gone.

I sat there thinking what I should do. Should I say something to Terry? Should I just let it go because

it was none of my business? I watched as Natalie went back to her desk to the next couple who were looking to buy a car. After a few minutes that couple didn't have that same smile on their faces as the others did. That's because Natalie lost her smile after dealing with Terry.

When I saw that it reminded me about an article I read recently by Brian Chesky the CEO and Founder of AirBnB talking about culture. There are two main types of culture in business, the first is a dog eat dog world where you do whatever it takes to get ahead. It doesn't matter if it's a competitor or a colleague that you have to step on to do it. Its all about the individual. The other is one where everyone has each others back. Everyone is committed to getting the same outcome for the clients and the business. They protect each other, support each other. Brian goes on to talk about a piece of advice he got from Peter Thiel the founder of PayPal:

After we closed our Series C (round of funding) with Peter Thiel in 2012 we invited him to our office. I asked him what was the single most important piece of advice he had for us. What Peter said was not what we expected from someone who just gave us \$150M. Peter replied, "Don't f*ck up the culture."

Peter Thiel is one of a handful of people on Forbes 'Midas Touch' list. Peter didn't tell them how to improve their operations, their product offering, pricing



or cost controls. Peter, a Billionaire, is telling them to protect their culture.

We often don't think about 'culture' in our daily lives but we all have one and it guides us, helps us 'keep it between the lines' so to speak. Culture is simply how we live based on our beliefs and values. We have our family beliefs, how we teach our kids to act and behave and what to respect. Our religious or spiritual beliefs and even our sports teams all form our culture.

As all of this is going through my head I couldn't believe that the owner of this dealership would want his culture to be like what I saw. In our business, we believe in a 'protect the client and deliver a great experience at all costs' and I have to think that the owner of this dealership would want the same thing. Except that is not what was happening. Don't get me wrong, if your employee is not doing their job you need to deal with that, but if you are a true leader, (which this guy sure as hell is not), you can get your employees to believe in your culture, what you stand for and why it's important. When you do that, it shines through in your employees and everyone who works there. That is why culture is so important.

So, when I got home I wrote an email to the owner of the dealership outlining what I saw and heard. I have no idea if the owner will do anything or not. If I ever hear anything I will let you know. However, when I see something like that I just can't sit and do nothing. No one who works with us could. Not Dave, Mike, Mark, Karen, Kate, Remo, Colleen, Jeff...no one who comes from a 'we got your back' and 'client comes first' culture could.

Over the next few months you will see some changes in our team and our business as we continue to grow. Last month we introduced Mike Wyers who has joined our team. We will also be changing the title of the newsletter so keep your eyes open

WELCOME TO THE TEAM

for it. Growing allows us to help more people and we are so happy to be joining together with these great people because they share our culture and beliefs (which in the real estate industry is not easy to find believe me). As we grow, just like Brian from Air BnB, we will do everything we can to ensure we maintain our culture and most importantly, just like Peter Theil said... "don't f*ck it up".

WELCOME TO THE TEAM

We are so happy to welcome Mark Garrett to the team. Mark has been buying and selling real estate for over 20 years and has a number of his own investment rental properties. The thing that really impressed us about Mark is his dedication to his clients. That is so critical to our business there is no way we would ever entertain anyone joining us if they were not 110% focused on the protection of their client and delivering a great experience. Just recently Mark was working with a buyer from Toronto helping them purchase a property in St.Catharines and Mark drove to Toronto to pick-up the deposit cheque so his clients wouldn't have to drive all the way here to drop it off because he knew it would make their lives easier. Now, we can't do that all the time but when we can going that extra mile really takes some of the stress off our clients shoulders. That is just the type of person Mark is. Whether his clients are experienced investors, first time home buyers or a couple right sizing from Toronto down here to Niagara Mark works at the pace each client needs.

As we move forward we will be highlighting some case studies from Mark and the rest of the team to show-case how our documented Value-Driven approach is delivering great results and experiences for our clients. One of those case studies will be about Nicole and Chris, a wonderful young couple who are first time buyers with a

tight budget but Mark, through dedication and his incredible work ethic, was able to find them a great home, beat out other offers and wasn't the highest price. Welcome to the team Mark, we are glad to have you aboard.



Neil O'Donnell is the author of *'The Value-Driven Approach: A practical guide to protect yourself from REAL ESTATE GREED & bank and extra \$30,000 by THINKING like the great Warren Buffett.'* He is a licensed agent with Keller Williams Complete Realty and a local entrepreneur. For a free copy of his book visit:
www.FreeBookPayitForward.ca



REAL ESTATE MAXIMUM PROFITS

The Aggregation of Marginal Gains: How “The Value-Driven Approach To Sell Real Estate” Creates Max Profit For Homesellers!

I read an incredible article the other day about Tour de France cyclist coach, Dave Brailsford.

From the article, “In 2010, Dave Brailsford faced a tough job. No British cyclist had ever won the Tour de France, but as the new General Manager and Performance Director for Team Sky (Great Britain’s professional cycling team), Brailsford was asked to change that. His approach was simple. Brailsford believed in a concept that he referred to as the “aggregation of marginal gains.” He explained it as “the 1 percent margin for improvement in everything you do.” His belief was that if you improved every area related to cycling by just 1 percent, then those small gains would add up to remarkable improvement.

They started by optimizing the things you might expect: the nutrition of riders, their weekly training program, the ergonomics of the bike seat, and the weight of the tires. But Brailsford and his team didn’t stop there. They searched for 1 percent improvements in tiny areas that were overlooked by almost everyone else: discovering the pillow that offered the best sleep and taking it with them to hotels, testing for the most effective type of massage gel, and teaching riders the best way to wash their hands to avoid infection. They searched for 1 percent improvements everywhere.

Brailsford believed that if they could successfully execute this strategy, then Team Sky would be in a position to win the Tour de France in five years’ time. He was wrong. They won it in three years. In 2012, Team Sky rider Sir Bradley Wiggins became the first British cyclist to win the Tour de France. That same year, Brailsford coached the British cycling team at the 2012 Olympic Games and dominated the competition by winning 70 percent of the gold medals available.

In 2013, Team Sky repeated their feat by winning the Tour de France again, this time with rider Chris Froome. Many have referred to the British cycling feats in the Olympics and the Tour de France over the past 10 years as the most successful run in modern cycling history.” The article then asks, “What can we learn from Brailsford’s approach?” The answer is obvious, isn’t it? The coach’s concept, “The aggregation of marginal gains.” As the author points out, “It’s easy to overestimate the importance of one defining moment and underestimate the value of making better decisions on a daily basis.” And, also states, “Almost every habit that you have—good or bad—is the result of many small decisions over time. And yet, how easily we forget this when we want to make a change. So often we convince ourselves that change is only meaningful if there is some large, visible outcome associated with it. Whether it is losing weight, building a

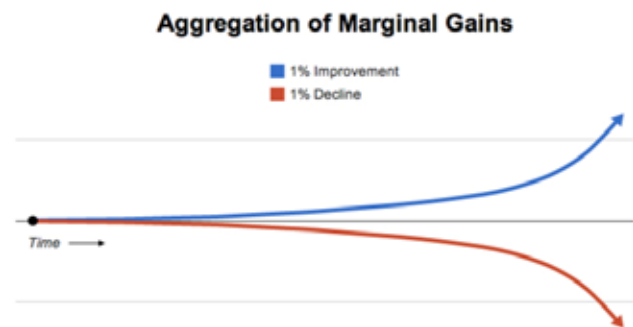
business, traveling the world or any other goal, we often put pressure on ourselves to make some earth-shattering improvement that everyone will talk about.

Meanwhile, improving by just 1% isn’t notable (and sometimes it isn’t even noticeable). But it can be just as meaningful, especially in the long run.” After all, isn’t that how Warren Buffett became one of the world’s richest people? Not overnight. But through the power of compound interest. Small regular improvement. Aggregated together. Compounded over time.

Again, it didn’t happen overnight. But that “Value-Driven Approach,” as Warren Buffett is a value-driven investor, is what turned Buffett’s portfolio from 3 shares of Cities Service, an oil service company, at the ripe age of 11—into, 75 years later, a personal fortune of \$72.5 billion. Or, purely for effect, to truly understand the size of that number: 72,500 million.

Well, when selling real estate. The path to maximum profit, no different than winning the Tour de France or engineering a massive portfolio, isn’t done with one epic, noticeable decision. It is, instead, the aggregation of many small decisions that serve to eliminate fundamental mistakes.

Take a look at the chart below:



Now imagine the negative impact of just a 5% decline in decision-making effectiveness over the course of 100 decisions. At first, it’s not noticeable. But quickly, those inferior decisions begin to compound, derailing the entire train. The opposite is true for highly-effective decisions. They too, over the course of 100 decisions, quickly compound to lead to a result that maximizes profits.

This is why, when it comes to our approach to sell real estate, we documented it, to be sure we consistently made more effective decisions. End result? Happy clients. Higher profits.