



# Developing Your Wholesale Team



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## You Will Be Able To:

- Mentally prepare yourself for company expansion
- Fully define the systems needed for your company and the roles and responsibilities associated with each system
- Identify and hopefully avoid the pitfalls your will encounter in the process of expanding

# Introduction

Congratulations – you have reached the point in your business development where you are bringing in enough work that you can't do everything by yourself! Your next step is to assemble a team to help your wholesaling business reach its full potential. This guide will help you do just that.

But before you place your first want ad, it's important that you mentally prepare yourself for expansion and plan for what lies ahead. Many new investors have a fear of failing when it comes to growing their companies and actually becoming a boss. Fear is a natural reaction when you are considering an expansion to your business, especially when you realize that growth involves risk. You can get over that fear by going into expansion with the proper mindset and planning. Planning often gets neglected in the excitement of entrepreneurialism, but successful entrepreneurs know that the more thought put into development, the better the end result. Expanding your business will also change the way that you are involved with your own company. The first section of this lesson will help guide your thinking as you prepare yourself for expansion.

As you get into more detailed planning and development, you will start to identify the way roles and responsibilities interact within your business. These interactions will ultimately define the systems needed to create a business that runs smoothly with minimal administrative input from you. By recognizing the importance of implementing systems and processes within your business, you will create a good foundation for your wholesale team.

It's also important to make sure you find and hire the right individuals who will create and add the most value to your business, and contribute to your overall company culture. In this guide, we will take a look at the six key players you should have on your wholesale team, and the roles they play within your company.

Like many start-up companies, we made mistakes during the beginning stages of our expansion. Although you will inevitably make your own mistakes when going through the process, we will review some of the potential pitfalls that could slow down or completely stop your plans for growth. We want to give you the benefit of our experience.





# Having The Right Mindset

You might be thinking that it would be really nice to be able to spend some more time with your family or to just get away from the office a little more often. Hiring someone to help you with the workload seems like the logical next step, but don't confuse wanting to hire someone with *needing* to hire someone. If you just don't want to work so hard, you might not be ready to expand. However, if there simply aren't enough hours in the day for you to get everything done and you have adequate money coming in to the business, then making your first new hire would be the best decision you can make.

If you realize that you need to expand, but are reluctant to do so or don't see the need to hire employees, you should consider this statement:

***If your business depends on you, you don't own a business; you have a job.***

Now, think about that for just a minute. If you have to work "in" your business, you can't leave it when you want to – because if you leave, then nobody is there to do the work. You can't close it when you want to, because if it's closed, then you don't get paid. You definitely can't sell it, because who wants to buy a job? Remember that as a business owner, your goal is to create an entity that works for you; not the other way around.

## Preparing Your Company For Growth



Preparing yourself for expansion mentally is just as important as being ready to expand physically. You can't approach expansion with the mindset that you will hire six people and immediately be able to turn over the office and take a trip to the Bahamas. Employees will make your life easier, but only if you are prepared for them.

Having a timeline established for your expansion, and sticking to it, will help you to stay in control of the pace of growth. We've all seen companies that have a fantastic concept or product that was the new hot commodity. The company went from one store to forty, and then – poof – they're out of business. They grew too fast and couldn't sustain their growth.

# Creating a Foundation to Grow Your Company

As a wholesaler, having a good solid foundation is one of the key elements to sustaining business growth. Like most wholesalers, you know your business pretty well – you know exactly how it operates and how it produces income. After all, since it is your company, and you are the sole person currently doing everything, then what's not to know? However, if you were called out of town unexpectedly, and had to ask someone to step in and take your place for two weeks, it's a good possibility that things could fall apart pretty quickly. You've undoubtedly been so busy just making the business work that you haven't had any time to truly examine and document any of your processes and procedures. Growth lies not only in knowing your company inside and out, but also utilizing systems and processes to communicate that knowledge to your employees.

Let's use a construction analogy to demonstrate the importance of having a solid foundation before you start to grow your business. Before engineers can design the foundation of a building, they have to know what the building will look like, how big it will be, and what it will be used for. The foundation has to be able to support all of the loads that the building will put on it. The bigger the building, the more complex the foundation. Without a proper foundation, the building will collapse and fail. To successfully grow your business, you need to have a clear picture of what you want it to be and do. Only then can you start to develop a strong foundation.

## Systems, Systems, Systems

Instead of naming our company FortuneBuilders, we could just as well have named it SystemBuilders. Our company believes very strongly in the beneficial aspects of having a system or procedure in place for every aspect of the company. Detailing our routine tasks helps to keep the company running smoothly and efficiently. We even have a system for creating systems!

However, it didn't start out that way. When we first started growing, we didn't have sufficiently detailed systems in place to handle our growth. Unfortunately, this led to a lot of confusion about roles and responsibilities; for instance, two people would each think that the other person was responsible for a task, and therefore it wouldn't get done. At that point, we realized that our job descriptions needed to be much more detailed.



## **Benefits Of Creating Systems and Clearly Defining Your Employee Roles & Responsibilities:**

- The new hire process is easier and less time consuming for you in the long run.
- New employees don't have to be trained from scratch.
- New employees have a clear understanding of what is expected of them and how to fulfill those expectations.
- There is a reference guide for your employees to consult instead of coming to you and taking up your time with additional training.

We cannot emphasize enough the importance of not bringing a new hire into an unorganized business. If you invite an employee into a chaotic environment, you will get chaos in return. On the other hand, if you bring a new employee into a well-structured, systematic business, they will start to be profitable much more rapidly. Remember, an employee who has a clear understanding of his or her role will get up to speed faster and perform the role more efficiently.

So, before you hire anybody, you need to sit down and take a systematic look at each and every task involved in taking a deal from purchase to sale. At one time, you are doing all of these tasks, so you should be very familiar with what they entail. As you start detailing the responsibilities associated with each task, you are creating a system for that task. You are also identifying the things that you need to keep and do yourself, and recognizing which tasks can easily and profitably be handed to the talents of another person.

With the proper systems and team in place, completing a wholesale transaction will resemble a perfectly choreographed performance. Everything will happen in the right order, details won't get overlooked, and money will get made.

## **Knowing Your Strengths & Weaknesses**

To grow your company, you will have to be able to manage people. Not all entrepreneurs have or want to develop this skill, but it is ultimately the difference between success and failure. If you have come to real estate investing after working in an office for someone else, you probably already have some strong thoughts on how you do and don't want to be treated as an employee. Take those opinions, turn them around, and ask what, as a manager, you can do to create an atmosphere for success. If your employees enjoy working at your company and respect the management, then they will be loyal and support you when times are tough. If you don't have a positive, respectful atmosphere in the office, your talented employees will seek work elsewhere.



You also need to identify your other strengths and weaknesses and figure out how to emphasize the strengths and mitigate the weaknesses before hiring employees. For example, being a procrastinator when you have no employees doesn't affect anyone but you. If you wait until the last minute to complete a task, then ultimately you're the one staying at the office until 3 a.m. But when you have employees, your procrastination brings every process to a halt. If you know you are a procrastinator, you need to build that knowledge into your systems and make allowances for it so you aren't the one causing a roadblock.



## Helpful Tip!

*If you do not think you can effectively manage your employees, it is critical that you find a team member with this skill.*

## Creating Your Company Culture

*"Knowing what you want is the first step toward getting it." – Mae West*

As a business owner, you get to define the culture of your company. Your culture includes the shared beliefs, values, and practices of your organization – crucial elements in the growth and success of your business. Although each culture is unique, each has an unchanging set of core values at its heart.

Establishing a strong company culture plays a large role in attracting and keeping the type of employees who will thrive and be productive in your organization. Remember, your goal is to not only hire employees who have the skills necessary to do the actual job, but also those who will work well within your company.

Think about and identify the traits that your wholesale business embodies. This can take on multiple forms; for instance, you may prefer to maintain a more relaxed office environment rather than a formal office. Take note of these important characteristics that you should look for in your wholesaling team:

- Responsive, both internally and externally
- Strong people skills
- Able to sell the value of the business
- Growth oriented
- Knowledgeable about the business
- Continually seeking improvement
- Committed to the business
- Not easily pushed around
- Not overly pushy
- Very organized
- Understands and communicates risks
- Able to hustle
- Entrepreneurial
- Good networker
- Team player



No matter how many employees you have or what stage you are in your business, your company culture needs to always be a priority.



# Hiring Talented Team Members

After all this, you might be wondering why you need a team. Hiring people just means less profit for you, right? Wrong. Having a team will help make your time more productive and free you up to actually do what you're good at – real estate investing. The more time you are able to spend on income producing activities, the more profitable your business will be.

The skills that you bring to your business will help determine the team you need to assemble. For example, if you identified one of your weaknesses as not being able to keep track of all the details of a wholesale transaction, you will need to make sure the processor you hire is absolutely top notch. The people on your team are there to support you, so seek out employees whose skills complement yours; not mirror them.



## Positions On Your Team

There are six main positions that you will eventually have on your in-house wholesaling team. We have listed them in the order that they should be hired. In the start-up phase of a business, you as the owner, and your first few employees will have a wide variety of job responsibilities ranging across many different spectrums. As more people are hired, job responsibilities will become more focused and employees will begin to specialize in the areas of the business where their talents are the best fit. As these responsibilities are narrowed, the volume of work will need to increase to keep each employee's workload the same or a little greater.

Let's go into a little detail about each.



Office Assistant

TAKES OVER ALL OF THE TIME-CONSUMING MUNDANE, TEDIOUS, BUT NONETHELESS ESSENTIAL TASKS INVOLVED IN RUNNING THE COMPANY

Your office assistant is the first person you should hire. Your assistant is hired specifically so that you can concentrate on growing your business and concentrate on the more skilled aspects of running the company. The assistant's job responsibilities will include running errands, answering phones, checking the mail, making copies, and marketing fulfillment.



IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"><li>• Very friendly, organized, and detail-oriented</li><li>• Skilled, pleasant, and professional on the phone</li><li>• Comfortable with and skilled at technology</li><li>• Reliable</li><li>• Willing to do whatever tasks, menial or not, required to fulfill the job responsibilities</li></ul>	<ul style="list-style-type: none"><li>• A competitor’s office – but it should be noted that a more experienced assistant will need to be paid more</li><li>• An ad on Craigslist or similar free job listing site will bring in a wide variety of resumes</li><li>• If you are just starting out, hire someone just out of college who is motivated to succeed, but doesn’t yet have the experience to command a higher wage</li></ul>	<ul style="list-style-type: none"><li>• \$8 - \$20/hour</li><li>• It is a good idea to pay your assistant hourly for the first 3-6 months during the training and evaluation period. Once you know that the person is a good fit for your business, switch to a salary</li><li>• You can be more demanding about work schedule with a salaried employee without having to worry about paying overtime</li></ul>

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## Processor

FILLS OUT PAPERWORK, ARRANGES FINANCING, SOLVES PROBLEMS, MOTIVATES, MEDIATES, AND COORDINATES A DIZZYING ARRAY OF PEOPLE AND EVENTS

Your processor holds a very key position in the company. Your processor will make or break your ability to take a property from contract to close to sale. The person holding this position cannot be frazzled by multiple competing deadlines and the need to motivate and mediate. Do not make the mistake of thinking that this is something that your office assistant can handle, at least initially. If your assistant shows an aptitude for the business, by all means promote him or her into the processor role and hire a new assistant; but in the beginning, keep the processing duties yourself.



IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"> <li>• <b>VERY DETAIL-ORIENTED</b> – in fact, your processor needs to be the most organized person in the office</li> <li>• Good at managing people and building systems</li> <li>• Knowledgeable about the intricacies of wholesaling properties in general and real estate closings in particular</li> </ul>	<ul style="list-style-type: none"> <li>• Within the real estate business – for example a real estate agent's assistant or the office manager for a real estate company</li> <li>• A paralegal who works for an attorney who handles a lot of closings</li> <li>• A title agent</li> <li>• A mortgage processor</li> </ul>	<ul style="list-style-type: none"> <li>• \$15 - \$20/hour</li> <li>• Transition to salary after 3 to 6 months</li> <li>• A good salary range for a processor is \$25,000 to \$40,000 per year, depending on skill level and cost of living in your area</li> </ul>



## Helpful Tip!

*For roles requiring organization and the ability to follow procedures, you should test an applicant's attention to detail. In your job posting, ask applicants to send their resume to a specific email address with a specific subject line. This is a very easy way to weed out people who can't be bothered.*

Marketing Director

GETS THE PHONE RINGING WITH MOTIVATED SELLERS

Your marketing director will implement and eventually develop the monthly marketing plan. He or she will need to assist you in tracking the cost of marketing campaigns versus the profit they generate so that you can set a realistic marketing budget. Since a lot of marketing tasks are time-consuming and do not require skilled labor, your marketing director will also oversee one or more marketing assistants. These tasks include placing signs and door hangers and direct mail fulfillment.



IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"><li>• Highly creative</li><li>• Organized</li><li>• Able to manage other people</li><li>• The difficulty with this role is finding someone who is both highly organized and creative.</li><li>• An ideal candidate will have a degree in marketing or advertising</li></ul>	<ul style="list-style-type: none"><li>• Craigslist</li><li>• On-campus job fairs at a local college</li><li>• A marketing director who is fresh out of college will be very familiar with current technology and will be enthusiastic about using it</li></ul>	<ul style="list-style-type: none"><li>• \$10 - \$20/hour initially</li><li>• Transition to salary after 3 to 6 months</li><li>• A good salary range for a marketing director is \$25,000 to \$35,000 per year, depending on skill level and cost of living in your area</li></ul>

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## Acquisition Specialist

**ANALYZES DEALS, MEETS WITH PROSPECTIVE SELLERS, NEGOTIATES DEALS AND GETS CONTRACTS SIGNED**

Your acquisition specialist will have to understand exit strategies, financing, and be able to put together accurate repair lists as well as following up on offers made on pending deals. An ideal acquisition agent will be able to handle a lot of your company's short sale negotiations, if you have a loss mitigation department.

IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"> <li>• OUTSTANDING sales and people skills</li> <li>• Good on the phone and a skilled negotiator</li> <li>• Has a good understanding of how to effectively read people and be very proficient at building relationships with buyers, sellers, and other professionals</li> <li>• Organizational skills and the ability to follow systems are paramount</li> <li>• A good understanding of technology</li> <li>• Familiarity with the construction industry is a valuable extra</li> </ul>	<ul style="list-style-type: none"> <li>• Someone with previous sales background in the real estate field, such as a former real estate agent or a mortgage broker</li> <li>• A person from outside the real estate industry with a strong background in sales</li> <li>• Bottom line: whatever his or her background is, your acquisition specialist has to be good at selling</li> </ul>	<ul style="list-style-type: none"> <li>• Commission-based salary, ideally; either a percentage or a flat fee</li> <li>• Percentage works best for wholesale deals and flat fee works better for rehabs that may not close for months</li> <li>• The pay scale for your acquisitions specialist is at your discretion, but it has to be competitive for your area.</li> <li>• It may be wise to grab someone who is obviously an 'A' player, but only has two to three years of experience</li> </ul>



***Selling Specialist***

GETS ALL OF YOUR WHOLESALE AND REHAB PROPERTIES SOLD

The selling specialist’s role is very similar to that of a buying agent Realtor, spending the majority of his or her time marketing to find wholesale buyers and building your buyers list and making sure they facilitate offers. Your selling specialist will prescreen and evaluate buyers, get them pre-qualified with your hard money lender, mortgage broker, and/or private lender. The selling specialist works hand in hand with the processor to make sure that the deal closes.

IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"><li>• <b>THE ABILITY TO SELL AND CLOSE DEALS</b></li><li>• Master communicator</li><li>• Handles objections and road blocks well</li><li>• Has an understanding of construction</li><li>• Works well under pressure and adheres to strict timelines</li><li>• Your selling specialist HAS to know or learn how to hustle</li></ul>	<ul style="list-style-type: none"><li>• A Realtor who specializes in working with buyers but who might be a little burnt out</li><li>• Anyone who has a strong background in sales</li><li>• Someone who enjoys selling and working with people</li></ul>	<ul style="list-style-type: none"><li>• Hourly or small salary. Transitioning to commission-based salary</li><li>• Commission-based compensation gives your selling specialist the incentive to close deals on a regular and timely basis</li><li>• Commission based compensation also shifts the risk from you to your employee</li></ul>



## Runner

RUNS ERRANDS – TAKES PICTURES OF PROPERTIES, HANGS LOCK BOXES, PLACES FOR SALE SIGNS, PICKS UP AND DELIVERS DOCUMENTS, AND GETS INFORMATION FROM CITY HALL

The runner can also help with marketing-related tasks such as mailing lists, direct mail, and anything else the marketing director needs help with. The runner does not need to have any prior experience in real estate.



IDEAL PERSONALITY NEEDED	WHERE TO FIND	PAY SCALE
<ul style="list-style-type: none"> <li>• <b>RELIABLE</b></li> <li>• Has a strong work ethic; more than likely will be required to work more weekends than not</li> <li>• Has a good grasp of technology</li> </ul>	<ul style="list-style-type: none"> <li>• Craigslist</li> <li>• Newspaper want ads</li> <li>• Other job placement sites</li> </ul>	<ul style="list-style-type: none"> <li>• \$8 - \$10/hour</li> <li>• The runner position can start part time and transition to full time as your business continues to grow</li> </ul>



# Common Pitfalls to Expansion

By now, you've learned a lot of the right things to do you help make your dreams a reality. Here are a few tips to help you avoid some of the common pitfalls that many new investors encounter.

## ***Expansion Explosion***

You have reached a point where you know that you can't continue to do everything in your company by yourself. However, the thought of going from a company of one to a company of six or seven is incredibly daunting and may seem almost impossible. Relax; it doesn't have to happen overnight. Aside from the capital needed for this type of expansion, you would be inviting chaos into your company by trying to train six people simultaneously. Hire one key person and let your company return to equilibrium before adding your next team member.

## ***Expecting Immediate Returns***

Hiring employees is not a magic bullet that will suddenly catapult your company into multi-million dollar profits. You cannot expect any employee to be profitable from Day 1. In fact, you can't expect an employee to be profitable during his or her training period. What you need to do is treat the training period like an investment. You are putting in time now to get a large return in the future. If you have the appropriate systems in place, you will end up with an efficient, productive employee. An employee's ability to save you time or generate income will gradually increase during this training period, but you should expect to take a loss on the employee for at least one to two months, possibly longer depending on how complex the job is.

Your first employee should lead to a drastic improvement in profits once the initial training period is over. This person is taking over all of the mundane tasks and allowing you to spend your hours on things that generate income. No other employee that you hire afterwards will relieve you of as much non-income-generating work.

## ***Not Having Enough Patience***

Have confidence in your hiring process. If your employee has made it through your stringent hiring process, you have more than likely found an A-list person who just needs the time and patience to get up to speed on your company and how you do things.

Realize that it will take time for your office to settle down after each employee you hire. With every new hire, job responsibilities will shift among existing employees. Everyone in the office, including yourself, will need to adjust to



having a new position being filled in the office. The dynamics of the office will change, and efficiency may suffer a little bit until the office comes back to equilibrium.



## ***Not Having Enough Capital***

Hiring people costs money. Not only do you have to pay salaries, but you have to buy computers and provide office space as well. It is critical that you invest money back into your company during this growth phase. Equally important is that this money comes from revenue that you have generated and not money that you have borrowed. If you start using borrowed funds for items like this, you will always be behind. Deals fall apart and slowdowns happen. If you make it a rule to only invest revenue your company has generated, you will drastically minimize your risk.

If you keep a careful eye on your expenses as you grow, you will know how much you have to earn to cover your expenses and break even. This break even analysis is very important – businesses get into trouble when their expenses creep up without a corresponding increase in revenue. This is when investing becomes risky. All business expenditures need to be tracked, and you should keep fixed costs such as rent, leases, and salaries, as low as possible.

## ***Confusing Time Savers with Income Producers***

Everyone in your office is contributing to the bottom line. The difference is that some employees do it indirectly (time savers) and others directly (income producers). Having a clear idea of who your time savers are and who your income producers are will help you to better assign roles and responsibilities in your office systems. It is a good idea to evaluate each role and responsibility as you develop your foundation and assign it to either the time-saving category or the income-producing category. Of your six key staff members, the assistant, the processor, and the runner are time-saving team members. They provide the framework that allows the income producers – the marketing director, the acquisitions specialist, and the selling specialist – to use their time to produce income.

# Wrap Up

The only thing scary about growing your business and developing your wholesale team is not having systems in place to accommodate growth. Remember to plan thoroughly and pay attention to details, and your growth will go smoothly.





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