



# Certified Buyer Agent Expert

## *Foundations of Buyer Agency Excellence*



*How to Offer Superior Value to Clients in Any Market Conditions*

**CBAE**  
Certified Buyer Agent Expert

**(CBAE) Designation Course Session 1**

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# COURSE LEARNING OBJECTIVES

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## **By the end of this course students will be able to:**

- Identify industry changes that have resulted in changes in buyer representation agreements
- Recall how to use key value principles to improve results for Buyers
- Recall how to ethically navigate recent changes in buyer representation
- Identify and explain fundamental aspects of Value for Buyers
- Apply Value Proposition Principles to optimize client benefits
- Identify the importance of understanding a buyer's NEWPO (Needs, Expectations, Wants, Priorities, and Outcomes)
- Identify the Buyer's Primary Interest Areas that must be satisfied by the Buyer Agent to achieve the buyer's objectives
- Recall the key elements of an Effective Value Proposition



# CHAPTER 4

## BUYER REPRESENTATION HAS CHANGED

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## CHAPTER 1

# BUYER REPRESENTATION HAS CHANGED

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## CHANGE DRIVERS

In most U.S. states until the 1990s, buyers who worked with an agent of a real estate broker were “customers” of the brokerage vs. “clients” who had true fiduciary representation. While the Buyer had the help of an agent, the Buyer Agent actually represented the interests of the Seller. It has only been since the early 1990s that states passed laws to create a full fiduciary relationship for the Buyer and their broker/agent.

For the past few decades, the vast majority of Buyer Brokers have been compensated by the Listing Broker. This is done by sharing the commission paid by the Seller to the Listing Broker. And while virtually all Sellers sign an exclusive representation agreement with the Listing Broker, many buyer brokers/agents have not required the same of the buyer. New NAR MLS rules effective mid-August 2024 will now require Buyer Agents to enter into a written agreement with the buyer prior to touring a home. Additionally, compensation disclosures to sellers, and prospective sellers and buyers will also be required.\*

### **The Shifting Real Estate Landscape— How Recent Changes Benefit Home Buyers. Several issues have influenced these changes:**

- Recent anti-trust lawsuits against NAR and some major real estate brokerages question the legality of “commission sharing” for cooperative compensation. In the initial lawsuit to reach trial (Sitzer-Burnett) in October 2023, the jury found in favor of the plaintiffs and against NAR and other defendants. This has led to several major changes in cooperative compensation as well as other areas.
- MLS rules normally required the Listing Broker to offer unconditional cooperative compensation to the Buyer Broker as a condition of putting the listing in the MLS. This requirement potentially created issues involving the Seller and the Listing Broker’s listing compensation. Per NAR MLS changes effective in August 2024, all cooperative compensation requirements will be eliminated from NAR MLS rules. (Note: The vast majority of MLSs are affiliated with NAR. A small number of MLSs around the country are not affiliated with NAR and are “broker owned.”) The Seller and/or Listing Broker may now choose to offer or not offer cooperative compensation to the Buyer Broker. But if cooperative compensation is offered, it cannot be communicated in the MLS and therefore must be communicated outside the MLS. (See “NAR Executive Summary of MLS Policy Changes” and “NAR Settlement Timeline” in the Additional Forms, Summaries, and Worksheets section at the end of your student workbook.)
- The Buyer’s role in determining the Buyer Broker compensation is also an issue as the vast majority of buyers have had no say in the cooperative compensation paid to their broker/ agent. The new transparency of buyer agent compensation will allow buyers to have more influence in this area.

### **KEY TAKEAWAY**

To be successful as a buyer agent in this new era, you must know and effectively communicate an Effective Value Proposition. Your ability to do this will greatly influence your ultimate success.

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- In the past many Buyer Agents often told Buyers “I am free to you!” While this was never really true, the statement was permissible until January of 2020 when the NAR Code of Ethics and Standards of Practice was changed in Standard of Practice 12-1 to prevent false representation of “free” brokerage services. Today Buyer Agents are no longer allowed to say this to buyers..
- For many decades, Listing Agents have perfected their Listing Presentation for Sellers. These presentations strive to effectively communicate the “value” being offered by the Listing Agent to the Seller. In return, the Listing Agent’s “value proposition” influences the compensation paid by the Seller to the Listing Broker/ Agent. The vast majority of buyer agents have not been required to present a “value proposition” to buyers similar to a listing agent’s (although some buyer agents have). This new era for Buyer Agents will require a much more effective and professional value proposition presentation for Buyers to ensure sufficient compensation for Buyer Agents. (See “Buyer Presentation Tips” in Additional Forms, Summaries, and Worksheets section at the end of your workbook.)

*\*Some of these lawsuits have tentative settlements as of the writing of this course.*

**The course content is designed to help Buyer Agents create and communicate an Effective Value Proposition for Buyer clients. As a sampling of what you will learn, here are some examples of key service features for exceptional buyer agents vs. average buyer agents:**

- Delivering higher professional standards to protect client interests (including Competence, Knowledge, and Emotional Intelligence)
- Offering expert negotiation skills, to secure the best terms for the buyer, acquired through professional negotiation training & experience
- A “Trusted Advisor” title is viewed more positively and communicates a higher level of service, a Trusted Advisor is a buyer’s dedicated guide through the buying process.
- Building a trusted relationship is based on transparency and the client’s needs
- Effectively communicating a compelling value proposition that justifies attractive compensation
- Knowing how to professionally present your buyer’s qualifications effectively to the seller and listing agent
- Knowledge of various purchase contract and other value options that offer desirable benefits for buyers and sellers
- Strong commitment to outstanding customer service
- Offering tiered professional service standards for buyer clients through ethical practice
- Providing buyers with long-term professional service standards
- Using a formal buyer presentation

The above service features as stated lack the most important element in communicating your value to buyer clients: BENEFITS!. Buyers buy based on the “Benefits” of your services. We will show you how to combine your service features with the client benefits for a compelling value proposition.

This guide is designed for Buyer Agents who want a competitive advantage in all phases of the real estate transaction life cycle. Buyer Agency offers many significant benefits for buyers. Focusing on communicating and maximizing your potential benefits for buyers is the best way to ensure career success and attractive compensation.

## NOTE

*The Buyer Presentation is similar to the Listing Presentation done by the Listing Agent with the Seller. Like the Listing Presentation, the Buyer Presentation communicates the Buyer Agent’s Value to the Buyer. These presentations are critical in building trust, establishing credibility and capabilities, and providing a complete set of benefits that exceed the buyer’s overall expectations. Your Effective Value Proposition is the cornerstone of your Buyer Presentation, and your Effective Value Proposition can be made into a one-page flyer or brochure.*

## **EVP Service Requirements**

Let's quickly look at some of these services and then later we'll go deeper into each one. It will be up to you to decide which service features you will offer to your buyer clients.

### **Higher Professional Standards**

**Delivering Higher Professional Standards to Protect Client Interests:** Professional standards are the foundation of ethical practice in real estate, regardless of organizational affiliations. These standards are essential for consumer protection and maintaining the integrity of our profession:

#### **The importance of defined professional standards**

- Real estate practitioners need clear ethical guidelines that govern their professional conduct
- Professional standards establish the framework for consumer protection in real estate transactions
- Ethical representation requires adherence to defined principles that prioritize client interests
- State license laws provide the minimum legal standards for all practitioners
- Professional responsibility extends beyond minimum legal requirements to comprehensive ethical practice

#### **Sources of professional standards**

- Professional standards may come from various sources, including:
  - State license laws and regulations (applicable to all licensees)
  - Professional organizations (for affiliated members)
  - Brokerage policies and standards (company-specific guidelines)
  - Personal professional commitments (individual ethical frameworks)
- The NAR Code of Ethics is one example of organizational standards for its members
- Non-affiliated practitioners should identify or establish alternative ethical frameworks
- All sources of standards should emphasize consumer protection as the primary goal

#### **Establishing comprehensive professional standards**

- Regardless of affiliations, all practitioners should define their ethical commitments
- Professional standards should address key areas of consumer protection:
  - Transparent communication and disclosure
  - Fiduciary responsibilities to clients
  - Ethical handling of compensation discussions
  - Professional documentation practices
  - Commitment to consumer education
  - Ethical representation throughout the transaction
- These standards should be clearly defined and consistently applied

#### **Documenting and communicating your professional standards**

- Professional practice includes documenting your ethical commitments
- Consumers benefit from clear explanation of the standards that protect them
- Transparent discussion of your ethical framework enhances consumer trust

- Professional standards should be communicated in consumer-friendly language
- Documentation provides clarity and accountability for both practitioners and consumers

### Applying professional standards in practice

- Ethical representation requires consistent application of professional standards
- Consumer protection should guide all professional decisions and actions
- Professional standards should inform how you address challenging situations
- Documentation of adherence to standards protects both consumers and practitioners
- Professional growth includes regular reflection on and refinement of ethical practices

By emphasizing professional standards in buyer representation, regardless of organizational affiliations, we establish a foundation for ethical practice that protects consumers throughout the transaction process. These standards differentiate professional representation from mere transaction facilitation and ensure that consumers receive the protection they deserve.

## Expert Negotiation Skills to Secure the Best Terms for the Buyer

Professional negotiation skills are essential for protecting consumer interests throughout the real estate transaction. These skills represent a core professional responsibility:

### Negotiation as a professional responsibility

- Negotiation skills are foundational skills of your real estate success. They are fundamental to fulfilling your fiduciary duty to clients. They are used throughout the real estate transaction life cycle (from lead generation to contract negotiations to closing issues and for past client ratings and referrals).
- Professional representation requires the ability to advocate effectively for consumer interests
- Ethical negotiation practices focus on achieving optimal outcomes for clients while maintaining professional standards
- Negotiation skills are the #1 skill buyer clients look for in their agent
- This consumer priority highlights the importance of developing professional negotiation capabilities

### The importance of negotiation in consumer protection

- Negotiation skills directly impact a consumer's financial and contractual outcomes
- Professional negotiation helps protect consumers from disadvantageous terms
- Ethical negotiation includes educating consumers about implications of various terms
- Documentation of negotiation strategies and client preferences is an essential professional practice
- Consumer protection requires skilled negotiation throughout the transaction process

### Current state of negotiation training in the profession

- Only approximately **3% of agents** have professional negotiation training or certification
- This gap represents a significant consumer protection concern
- Professional negotiation training should be **REQUIRED** in real estate
- This requirement would enhance consumer protection industry-wide
- Professional responsibility includes seeking appropriate education in this critical skill area

### Ethical application of negotiation skills

- Professional negotiation must adhere to ethical standards throughout the process
- Transparent communication with clients about negotiation strategies and limitations
- Documentation of client instructions regarding negotiation priorities

- Ethical negotiation includes honest representation of facts and circumstances
- Professional standards require avoiding manipulation or misrepresentation in negotiations

### **Demonstrating professional negotiation capabilities**

- Professional practice includes clearly explaining your negotiation approach to clients
- Documentation of your negotiation training and experience provides transparency
- Your ability to demonstrate professional negotiation skills will truly **separate you from your competition**
- This differentiation is based on enhanced consumer protection through professional expertise
- Consumers benefit from understanding how professional negotiation differs from amateur approaches

### **Developing professional negotiation skills**

- Professional responsibility includes ongoing development of negotiation expertise
- Formal negotiation training enhances your ability to protect consumer interests
- Ethical practice includes applying negotiation skills within appropriate professional boundaries
- Consumer protection is enhanced through continued refinement of negotiation capabilities
- Professional standards in negotiation represent a commitment to consumer advocacy

By emphasizing professional negotiation skills as a core component of ethical representation, we enhance our ability to protect consumer interests throughout the transaction process. These skills, when applied within a framework of professional standards, provide significant value to consumers and differentiate professional representation from transaction facilitation.

## **Trusted Advisor / Guide approach Focused on Client Interests**

A helpful mindset is to always position your client as the “star” or “hero” of their own life adventure, with you acting as an “expert guide” to help them achieve their goals.

The professional role we adopt significantly impacts how consumers perceive our services and the level of protection we provide:

### **Public perception of real estate practitioners**

- Real estate “agents” are not viewed positively by the general public
- This perception challenge stems from historical industry practices that prioritized transactions over consumer protection
- Professional responsibility includes acknowledging and addressing these perception issues
- Consumer protection requires moving beyond traditional “agent” approaches
- Ethical practice demands a higher standard of professional representation

### **The Trusted Advisor approach to professional representation**

- A “Trusted Advisor” title is viewed more positively and communicates higher level services
- This professional framework emphasizes ethical guidance over transaction facilitation
- A Trusted Advisor serves as a buyer’s dedicated guide through the buying process
- This approach aligns with professional standards that prioritize consumer interests
- The Trusted Advisor model emphasizes education, transparency, and ethical representation

### **Professional resources for developing the Trusted Advisor approach**

- “Building A Story Brand” is highly recommended reading on being a trusted guide for a client
- Professional development should include studying consumer-centric service models
- Ethical practice requires ongoing education about effective advisory approaches

- Consumer protection is enhanced through application of proven guidance methodologies
- Professional standards suggest continuous improvement in advisory capabilities

### **Core components of the Trusted Advisor role**

- Trusted Advisor: gathers information, identifies various client options, discusses the pros and cons of each option with the client, and provides guidance and potential recommendations. Then the CLIENT DECIDES which option to execute.
- This process emphasizes thorough information gathering as a professional responsibility
- Ethical practice requires presenting all relevant options, not just convenient ones
- Professional standards demand objective discussion of advantages and disadvantages
- Consumer protection includes providing guidance without undue influence
- Client autonomy in decision-making is a fundamental principle of ethical representation

### **Documentation standards in the Trusted Advisor approach**

- Professional practice includes documenting information gathered from clients
- Ethical representation requires recording options presented and discussed
- Consumer protection is enhanced through documentation of guidance provided
- Professional standards suggest maintaining records of client decisions and rationale
- This documentation protects both consumers and practitioners

### **Implementing the Trusted Advisor approach in practice**

- Professional responsibility includes developing specific advisory protocols
- Ethical practice requires consistent application of the Trusted Advisor approach
- Consumer education about your advisory role enhances understanding and cooperation
- Professional standards suggest clear explanation of the advisory process to clients
- Consumer protection is maximized when clients fully understand the advisory relationship

By adopting the Trusted Advisor approach to professional representation, we establish a framework for ethical practice that prioritizes consumer protection throughout the transaction process. This approach aligns with evolving professional standards and enhances consumer outcomes through education, guidance, and respect for client autonomy.

## **Building Trust Through Ethical Practice**

Trust is the foundation of effective professional representation and is essential for consumer protection throughout the real estate transaction. As Stephen M.R. Covey demonstrates in “The Speed of Trust,” trust-based relationships achieve better results and accelerate positive outcomes. When trust is established, communication flows more freely, allowing for more effective representation and enhanced consumer protection.

Building trust with clients is both a professional skill and ethical responsibility. Highly successful agents develop the ability to establish trust quickly through transparency, consistent follow-through, and focusing on client needs. This skill represents a core professional capability that directly impacts your effectiveness as a consumer advocate and trusted advisor.

Trust in professional relationships has two essential dimensions that work together: Character trust (demonstrating integrity, honesty, and ethical standards) and Competence trust (demonstrating professional knowledge, skills, and capabilities). Both dimensions must be developed and maintained to fulfill your professional responsibilities to consumers. (This will be discussed in more detail later on in the course.)

Professional documentation supports trust-building by creating clarity around commitments and expectations. Following through on documented promises reinforces your trustworthiness and enhances consumer protection through accountability. The guide included in your workbook provides additional resources for developing and

implementing trust-building strategies in your daily practice.

By emphasizing trust-building as a core component of professional representation, you establish a foundation for ethical practice that enhances consumer protection throughout the transaction process. Trust enables more effective communication, education, and advocacy—all essential elements for achieving superior consumer outcomes.

## Compelling Value Proposition Based on Professional Standards

Understanding how to articulate the value of professional representation is essential for establishing appropriate professional relationships with consumers. There are numerous resources on Value and how to create Effective Value Propositions, including:

- Value Propositions That Sell by Lisa D. Dennis
- Selling Value by Don Hutson
- Implementing Value Pricing by Ronald J. Baker

These works provide valuable frameworks for communicating professional value within ethical standards.

At its core, “value” represents the benefits you offer relative to the price charged. In professional practice, these benefits must be directly tied to consumer protection and ethical representation. Our goal in this course is to help you communicate the professional standards and consumer protection services you provide, which forms the foundation for transparent discussions with consumers.

**Professional value comprises several key components:**

- **Knowledge:** Professional education and expertise that protects consumer interests
- **Experience:** Practical wisdom that helps anticipate and address consumer needs
- **Skills:** Professional capabilities that enhance consumer outcomes
- **Systems:** Structured approaches that ensure consistent consumer protection

Documenting the specific benefits provided to clients supports both consumer understanding and professional accountability. This documentation creates clarity around the value delivered and helps clients appreciate the consumer protection provided through your professional services. By developing effective communication about your value proposition, you enhance consumer understanding and enable informed decisions about representation.

Professional representation includes key service elements that protect consumer interests throughout the real estate transaction:

## Introduction to Professional Service Offerings

There are various other services you may currently offer – or not

Professional standards require transparency about which services you provide

The following four areas represent core professional service elements that enhance consumer protection

### Professional Presentation of Buyer Qualifications

- We will talk later about professional presentation of your buyer’s qualifications to the seller and listing broker as a true benefit for your client
- This professional practice helps facilitate successful transactions for consumers
- Professional standards require honesty and integrity in all communications
- Consumer protection is enhanced through effective presentation of qualifications

### Outstanding Customer Service Through Ethical Practice

- Outstanding customer service through ethical practice is always a hallmark of true professionals
- Professional standards require consistent application of ethical principles
- Consumer protection is optimized through exceptional service delivery

- Ethical representation includes meeting or exceeding client expectations
- Professional responsibility includes documenting service standards and outcomes

### **Tiered Professional Service Standards**

- We will also share various Tiered Professional Service Standards you can offer your clients to create truly exceptional value and an experience they will tell all their family and friends about!
- Professional practice includes transparent communication about service options
- Consumer protection is enhanced when clients can choose appropriate service levels
- This approach allows consumers to select representation that meets their specific needs

### **Long-term Professional Relationship Standards**

- Professional responsibility includes establishing frameworks for ongoing client relationships
- Includes continued availability for questions, periodic market updates, and property value information within legal perimeters
- Ethical practice requires maintaining professional standards in extended relationships
- Consumer protection continues through ongoing education and information sharing
- Implementing Long-term Professional Relationship Standards creates a framework for continued service to clients, which naturally encourages satisfied clients to refer others who may benefit from similar professional representation

### **Professional Resources for Service Development**

- Books:
  - World Class Buyer Agent by Michael Hellickson w/ Ron Anderson, Cheri Benjamin, Misti Bruton, Brian Curtis, & Jesse Zagorsky
  - Professional development should include studying these resources on representation

By implementing these professional service elements, practitioners establish a comprehensive framework for ethical representation. These services, delivered with consistent professional standards and transparent communication, provide significant value to consumers throughout and beyond the transaction process.

## **EXERCISE**

**Take a moment and circle the above differentiators you currently feel comfortable using in a discussion with your Buyer. Then underline the ones you want to know more about.**

This is an initial inventory or summary based on these Features only. Underlining the ones you want to know more about will help you focus later when we go into more detail on both Features and Benefits.

## VALUE PROPOSITION BASICS AND PRINCIPLES

Warren Buffet once said: *“Price is what you pay. Value is what you get.”* reminds us of our professional responsibility as buyer agents. When discussing this with clients, we should emphasize that our professional standards ensure clients receive appropriate value through ethical representation. This quote highlights our obligation to deliver meaningful professional service that protects consumer interests, not just services at a price. As professionals, we must ensure that the value clients receive through our representation includes thorough property evaluation, transparent communication, and protection of their interests throughout the transaction process.

But how do you effectively define your value and communicate it to your client? Is your value the same for every client? If not, how do you maximize your value to one client vs. another client? And how do you use your Effective Value Proposition to discuss compensation?

Value is a function of “benefits” and “price.” That is why in equation form we say: “Value equals Benefits over Price.” The value equation ( $VALUE = B/P$ ) underscores our professional responsibility to provide benefits that justify our compensation through ethical practice and consumer protection.

BENEFITS are the “heart” of your value proposition.

Here are some facts:

- Value is subjective (in the eye of the beholder!).
- Benefits are relative (not same for all).
- Do you think clients are “price sensitive” or “value sensitive”? (research says buyers are Value sensitive)

**Let’s start with a working definition of a value proposition.**

**There are 3 basic questions to answer in developing a value proposition:**

- Which clients are you going to serve? - How You’ll Serve Their Unique Needs
- Which needs are you going to meet or satisfy with a focus on professional representation? - How You’ll Meet Their Specific Home Buying Goals
- What services will you provide that will be of the highest benefit to your clients while maintaining the highest ethical standards? - How You’ll Deliver Maximum Value

» **NET:** You must decide which clients to target, which client needs to satisfy, and what services to provide.

When we address which clients we’ll serve, which needs we’ll satisfy, and what services we’ll provide, we’re establishing the framework for professional representation that protects consumer interests.

In residential real estate you have many ways to categorize home buyers, e.g., first-time, entry-level, senior, luxury, military, green, investor, urban, etc. You also have multiple needs to satisfy depending on the buyer’s situation. And you have the option of offering various levels of service.

### KEY TAKEAWAY

Your Effective Value Proposition should include both objective value elements and benefits (fact-based) as well as subjective value elements and benefits (personal feelings). How your buyer feels throughout the entire transaction is just as important as the final results or outcomes.

## Let's identify some general *Value Principles* to use in creating your value proposition for a client:

### Buyers:

- will exchange money for two things: **good feelings** (subjective) & **solutions to problems** (objective) and deserve professional, ethical representation — Receiving solutions that make their home buying experience positive
  - Preventing problems is a key part of providing solutions and building trust
- are buying **expectations** (subjective) which must be managed through professional standards — You should exceed client expectations through personalized service
- want to **maximize outcomes** (could be either subjective or objective) while minimizing price (objective) through ethical representation — Get the best possible outcome within their budget
- prefer **options** with professional guidance, have choices that fit client needs
  - by offering 3 options you normally sell more of the middle option and less of the cheapest option
  - can't sell a high-end premium package if one is not offered

Understanding that buyers exchange money for solutions to problems highlights our responsibility to provide those solutions through professional, ethical representation. Our professional standards require us to present options transparently and help clients maximize outcomes through proper guidance and education.

So,

- You must help clients “feel good” about your value. How do you do this?
- You must offer “solutions” for your client’s real or perceived problems. Some problems are universal, and some are unique to the client or their situation.
- You must understand your client’s needs and expectations and then tell them how you will meet both
- All clients want to get the best outcomes at the best price! You want your clients to feel they are getting a “bargain” with the price you charge vs. the benefits you offer!
- Most people prefer at least a couple of options

### Your Effective Value Proposition:

- is the sum of your objective and subjective client benefits delivered through professional standards
- is based on your client’s **value drivers** (both objective and subjective) addressed through ethical practice
- should **focus on NEWPO: Needs, Expectations, Wants, Priorities, and Outcomes** (combination of objective and subjective) with a focus on professional representation

### General Principles for Value Propositions:

Recognize that your value proposition includes both objective (measurable) benefits and subjective (opinion or feelings) benefits delivered through professional standards. Both are equally important. How you make the client feel throughout the home buying experience significantly impacts their perception of your value

Understanding what drives your client is obviously key; not every client is driven by the same factors

You have to go beyond just understanding your client’s “needs” while also focusing on professional representation. The acronym NEWPO will help you remember the important factors to focus on: Needs, Expectations, Wants, Priorities, and Outcomes. Let’s briefly define these now. This is the starting point for your EVP.

## NEWPO

- **Needs** are minimums or maximums that must be achieved or no deal — The client’s essential requirements
- **Expectations** must be discussed, agreed to, and managed — What they can count on
- **Wants** are higher desires than needs (higher value) — Their ideal home features
- **Priorities** need to be understood and adjusted as necessary — What matters most to them
- **Outcomes** are the actual results — Achieving their home buying goals

**Keep these Value Principles in mind as you develop your Effective Value Proposition for your buyer!**

### KEY TAKEAWAY

The starting point for your Effective Value Proposition is an understanding of your buyer’s potential Needs, Expectations, Wants, Priorities, and Outcomes.

## EXERCISE

**NEWPO—Identity 2-3 examples in each category based on your experience:**

**Needs:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Expectations:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Wants:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Priorities:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Outcomes:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Scenario:

## The First-Time Homebuyer Family

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Sarah and Mike Johnson, both in their early 30s with two young children (ages 4 and 6), are first-time homebuyers. They're currently renting a two-bedroom apartment and feel they've outgrown the space. Sarah works remotely as a software developer, while Mike is a high school teacher. They've been saving for a down payment for three years and are finally ready to start their home search.

### What are the primary concerns?

#### Primary Concerns:

- Finding a safe neighborhood with good schools
- Having enough space for a home office
- Staying within their budget of \$400,000
- Wanting to close before the new school year starts
- Feeling anxious about the home buying process
- Worried about making mistakes in such a significant purchase

### Let's Discuss!

## Discussion Questions

**1. How would you identify and categorize the Johnson's NEWPO?**

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**2. Using Warren Buffet's principle "Price is what you pay, value is what you get," how would you demonstrate your value proposition to the Johnsons in terms of Objective benefits and Subjective benefits?**

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**3. How would you address their specific concerns to build trust and demonstrate your capabilities as the "Trusted Advisor"?**

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**4. What specific elements of your value proposition would resonate most with this family?**

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# **CHAPTER**

## **EFFECTIVE VALUE PROPOSITIONS FOR BUYER AGENTS**

**EFFECTIVE VALUE PROPOSITION FUNDAMENTALS 16**

**BUYER INTEREST AREAS, NEEDS, AND WANTS 23**

**KEY ELEMENTS OF EFFECTIVE VALUE PROPOSITIONS 29**

## CHAPTER 2

# EFFECTIVE VALUE PROPOSITIONS FOR BUYER AGENTS

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## EFFECTIVE VALUE PROPOSITION FUNDAMENTALS

As a Buyer Agent, you will negotiate with your client to get hired and to determine the terms of your representation agreement (including compensation). You will also attempt to persuade or influence your buyer to make the best decisions throughout the entire home buying transaction. Once a buyer selects a home, you as the Buyer Agent will negotiate *on behalf of* your buyer with the listing agent. While your buyer makes the final decisions on terms of offers and counteroffers, you do the actual persuading and influencing with the listing agent for acceptance of your buyer's terms and conditions.

Your value *focus* is always on the client. Starting with your lead generation and conversion activities, you must be prepared to answer the following questions:

- “Why should I hire or deal with you vs. other agents?” (Benefits!)
- “How are you different from other agents and what does that mean for me?” (Capabilities!)
- “How can I be sure you will be able to do or deliver what you say you will?” (Trust!)

The basic answers to these questions involve benefits, capabilities, and trust.

**BENEFITS.** One of the key factors in your buyer's decision to select you and your services is the benefits you offer. Your goal is to provide all the expected benefits of a Buyer Agent plus additional benefits your buyer may not be aware of but will be thrilled to have.

As we mentioned earlier, value elements and their benefits can be classified as **objective** or **subjective**:

### KEY TAKEAWAY

Maximize your client benefits. Clearly demonstrate your skills and capabilities. Build trust effectively and quickly with your client.

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- **Objective:** factual and measurable (e.g., financials, time, risk, location, responsiveness)
- **Subjective:** opinion or feeling (e.g., satisfaction, reputation, trust, significance, worth, face-saving, fairness, convenience, status, happiness, contentment, confidence, skill-level, respect)

### KEY TAKEAWAY

Your “Effective Value Proposition” is the foundation for all negotiations with your client.

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All buyers will not value your benefits equally. What you think or know is a benefit for your buyer may not be all that important. For example, your “marketing skills” don’t matter since your buyer is “buying” and not “selling”. But your ability to “market” your buyer to the seller and listing agent can be the difference between success and failure. Or, you know the benefit of having your buyer fully approved through underwriting prior to writing an offer, but your first-time home buyer has no clue about that. Even your ability to create an effective offer presentation is likely not understood by your buyer. Communication skills are therefore an important part of your Effective Value Proposition.

## **EXERCISE**

**Identify the top 3 benefits you currently provide buyers:**

1. \_\_\_\_\_

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2. \_\_\_\_\_

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3. \_\_\_\_\_

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# Scenario:

## The Blended Multigenerational Family

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Aisha Rodriguez, a divorced mother of two teenagers (Sofia, 16 and Marcus, 14), is planning to combine households with her fiancé Rico Gonzalez, who shares custody of his 10-year-old twins. Additionally, Aisha's elderly mother, Mrs. Patel, who requires daily assistance, will be moving in with them. The family also anticipates that Rico's sister, who is currently serving in the military, may need temporary housing during her upcoming transition to civilian life.

### What are the complex factors?

#### Complex Factors:

- Need to accommodate seven permanent residents plus potential temporary family members
- Must find a home that provides privacy for different family units while maintaining common areas
- Looking for property that can include an accessible casita or ADU for Mrs. Patel
- Budget of \$750,000 with specific requirements for multiple living spaces
- Need to be in good school district that can accommodate all four school-age children
- Must consider accessibility features for Mrs. Patel's current and future needs
- Want a location that balances everyone's commute needs
- Concerned about family dynamics and space allocation
- Need guidance on neighborhoods that support their diverse, multigenerational circumstances

### Let's Discuss!

## Discussion Questions

**1. How would you demonstrate your value proposition's three fundamental elements to these clients? (Benefits, Capabilities, and Trust)**

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**2. Evaluate this scenario for the client's benefit using the NEWPO framework :**

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**3. How would you address their specific interest areas? (Challenges, Emotional Needs, Long-term Value, etc.)**

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**4. What specific elements of your service would you highlight to demonstrate competence and expertise to be of the best service to these clients:**

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**CAPABILITIES.** One of your primary objectives in the initial “Discovery Conversation” with your buyer is to determine their specific needs, expectations, wants, priorities, and outcomes (including all family members). Then you must effectively communicate how your capabilities enable you to meet or exceed your client’s desires. Your service features outline your capabilities, and each service feature must be tied to a specific client benefit. The summary of your service features and benefits is an integral part of your Effective Value Proposition and your Buyer Presentation!

**How are You Different and Why Does it Matter?**

- Negotiation and persuasion skills applied ethically
- Market analysis skills for client education
- Selling Buyer and Buyer Agent to Seller and Listing Agent through professional representation
- Communication skills with transparency
- Confidence in professional practice
- Collaborative / Assertive attitude with ethical standards
- Gathering Information for client protection
- Technology skills for client benefit
- Customer Service with professional standards

These are examples of professional capabilities that contribute to client protection and representation.

What other professional capabilities might enhance client representation? Consider:

- Thorough financial analysis skills that help clients make informed decisions
- Ethical offer/counteroffer strategies that protect client interests
- Comprehensive legal document reviews that ensure client understanding and protection
- Property evaluation standards that help clients assess potential purchases
- Documentation practices that maintain clear records of client preferences and decisions

Each of these capabilities represents an aspect of professional practice that contributes to ethical representation and consumer protection.

**EXERCISE**

List some of your current capabilities (e.g., unique talents, attitudes, skills, knowledge, or styles) that help you provide value for buyers:

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# Scenario:

## The Home-Based Business Owner

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Taylor Kim is a successful freelance graphic designer who has been running her business from her rented studio apartment for the past three years. With her business growing and the need to separate her work and living spaces becoming crucial, she's ready to purchase her first home. As a solopreneur, her home will need to function both as a living space and a professional workspace where she can occasionally meet clients.

### What are her specific considerations?

#### Specific Considerations:

- Current budget of \$550,000 with self-employed mortgage pre-approval
- Needs dedicated home office with natural lighting for her design work
- Requires high-speed internet availability for client video calls and large file transfers
- Wants a separate entrance for occasional client meetings
- Concerned about zoning regulations for home-based businesses
- Looking for a location that projects professional credibility
- Must have space for her extensive digital equipment and storage
- Worried about making such a significant purchase as a self-employed individual
- Desires a neighborhood with other such creative professionals

### Let's Discuss!

## Discussion Questions

Using the NEWPO Framework, what are the:

**1. Needs (minimums that must be achieved)?**

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**2. Expectations (Must be discussed and managed)?**

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**3. Wants (Higher desires than needs)?**

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**4. Priorities (Need to be understood and adjusted)?**

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**5. Outcomes (Actual results)?**

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**TRUST.** Building trust is a skill and a crucial part of your overall value proposition. Think of trust as the lubricant for your relationships. As Stephen M.R. Covey’s book “*The Speed of Trust*” proves, trust-based relationships get better results faster! Building trust is accomplished through the demonstration of your integrity, intent, capabilities, and past results. These are all covered in Stephen Covey’s book and in our guide entitled “Building Trust With Your Client Quickly” (included with this course).

In Stephen M.R. Covey’s book titled *The Speed of Trust* he talks about:

- 2 Dimensions to Trust
  - Character and
  - Competency.

Character involves integrity and intent. It is a constant, meaning it must be present to have trust. Integrity includes “walking your talk” and principle-based behavior. Intent is about your motive, your agenda, and acting in the best interests of everyone (i.e., win-win mindset).

Competency is relative meaning you must have the specific capability to do what is required. For example, I may trust your character, but I would never let you perform heart surgery on me because you don’t have the specific training or skill. Competency is demonstrated by your capabilities and your past results.

» **Net, you build trust through your behavior and demonstrated capabilities.**

## BUYER INTEREST AREAS, NEEDS, AND WANTS

In preparation for creating your Effective Value Proposition and your Buyer Presentation you need to have a deep understanding of your buyer’s situation. This will help you prepare your Features and Benefits summary at a high level for your Effective Value Proposition, and at a more detailed level for your Buyer Presentation.

Let’s look at several basic Interest Areas and the Needs and Wants for typical home buyers. (Remember the first value principle above from the Value Proposition Basics and Principles section: customers want **good feelings and solutions to problems**).

In the table below we show four Interest Areas: 1) general needs from Maslow’s Hierarchy of Needs 2) what a Buyer wants in an agent, 3) general solutions for various potential problems, and 4) desirable feelings about the process and outcomes. Next to each Interest Area are examples of Needs and Wants. (Remember, wants are higher on the value scale vs. needs.)

- **Maslow’s Hierarchy of Needs:** This interest area is shown to illustrate how many of our basic human needs are met or impacted by home ownership. Of all the human needs in the Maslow summary, about half are satisfied through home ownership.
- **Buyer’s Agent:** Every buyer has certain needs, wants, and expectations of a buyer’s agent. There are minimum requirements for each area (needs) and exceeding the minimums takes you into the “wants” zone for each area.
- **Solutions to Problems:** Buyers need you to anticipate and prevent or solve problems or issues. Highlighting your capabilities upfront in your Effective Value Proposition and Buyer Presentation will create a great first impression in this area!
- **Feelings about the Home Buying Experience:** As the second value principle states, Buyers buy expectations, and they certainly have expectations about buying a home. Either from past experience or stories from family members or friends. Your confidence and ability create a satisfying and enjoyable experience for your buyer. This will ultimately build trust and increase your reputation as their “trusted guide/advisor”.

<b>Home Buyer Interest Area</b>	<b>Needs &amp; Wants</b>
<b>Maslow Hierarchy of Needs*</b>	<b>Specific needs satisfied through a “home”:</b>
	<ul style="list-style-type: none"> <li>• Physiological needs             <ul style="list-style-type: none"> <li>◦ Shelter, sleep</li> </ul> </li> <li>• Safety and Security needs             <ul style="list-style-type: none"> <li>◦ Personal security, health, property, employment</li> </ul> </li> <li>• Love and Belonging             <ul style="list-style-type: none"> <li>◦ Family, sense of connection</li> </ul> </li> <li>• Esteem             <ul style="list-style-type: none"> <li>◦ Self-esteem, status, recognition, freedom</li> </ul> </li> <li>• Self-Actualization             <ul style="list-style-type: none"> <li>◦ Desire to become the most that one can be</li> </ul> </li> </ul>
	» <b>NET: A home helps satisfy about half of all needs.</b>
<b>Buyer’s Agent (as a Trusted Guide or Trusted Advisor)</b>	<b>“I want an agent...”:</b>
	<ul style="list-style-type: none"> <li>• I like and want to do business with</li> <li>• Who listens to me (not just hears)</li> <li>• Who makes me feel important (keeps spotlight on me)</li> <li>• Who understands us and our issues</li> <li>• I can believe and trust</li> <li>• With a proven track record</li> <li>• Who has the necessary skills &amp; experience to help me</li> <li>• Who has the resources I will need</li> <li>• Who can explain the process so I can understand it</li> </ul>
<b>Solutions to Problem</b>	<b>Buyers need help with or solutions for:</b>
	<ul style="list-style-type: none"> <li>• identifying the needs and wants for the entire family</li> <li>• identifying all decision-makers (including non-family members)</li> <li>• being approved for acceptable and beneficial financing</li> <li>• finding the right home that meets most or all of the needs and wants</li> <li>• fully understanding the home buying process</li> <li>• being able to trust a stranger to help achieve success</li> <li>• being confident in someone else negotiating on their behalf</li> <li>• finding the necessary resources to help resolve any issues</li> <li>• finding the best location given all of the needs and wants</li> <li>• being confident no major mistakes will be made</li> <li>• understanding the legal documents and potential issues</li> <li>• getting the best combination of terms and conditions</li> <li>• any negative criticism from family members or friends</li> </ul>
<b>Feelings about their home buying experience (“Haunted House” or “Dream” experience?)</b>	<b>Buyers want to feel:</b>
	<ul style="list-style-type: none"> <li>• their needs and wants are realized</li> <li>• significant and important throughout the process</li> <li>• the satisfaction of winning</li> <li>• the relief of escaping from a negative situation</li> <li>• they were treated fairly</li> <li>• they have saved face and protected self-esteem (bragging rights)</li> <li>• satisfaction and contentment with the results</li> <li>• they got a good or great deal</li> <li>• this whole process was worth it</li> </ul>

*\*Maslow’s Hierarchy of Needs was developed by psychologist Abraham Maslow and is a generally accepted theory on human needs.*

## Buyer Agent (as Trusted Guide or Trusted Advisor)

When consumers are considering professional representation, they naturally evaluate whether the professional understands their needs and can protect their interests. As professionals, we should be prepared to address these considerations through ethical practice and clear communication.

As a buyer representative, your role is to demonstrate your professional standards and commitment to ethical representation. Building a professional relationship based on active listening, understanding client needs, demonstrating respect, asking thoughtful questions to ensure comprehensive understanding, and establishing trust through transparent communication creates the foundation for effective representation.

These professional practices help consumers recognize the value of having qualified representation to protect their interests throughout the transaction process. By focusing on these elements of professional practice, you establish the framework for a productive professional relationship based on ethical standards.

## Buyer's Needs for Solutions to Problems through Professional Guidance

Professional buyer representation includes:

1. **Identifying needs and wants:** Helping consumers articulate and prioritize their requirements through structured, ethical consultation that protects their interests.
2. **Making decisions:** Providing objective, professional guidance that helps consumers make informed decisions based on complete information and market knowledge.
3. **Understanding the process:** Educating consumers about transaction procedures, timelines, and requirements to ensure they can navigate the process with confidence.
4. **Understanding financing:** Explaining financing options, implications, and documentation requirements to protect consumers from making uninformed financial decisions.
5. **Finding the right/best home:** Applying professional standards to property evaluation and selection to ensure consumers consider all relevant factors.
6. **Clearly defining success:** Establishing clear expectations and outcomes through professional documentation and communication.
7. **Trusting a stranger:** Building professional relationships based on ethical standards, transparency, and consumer protection.

Sometimes consumers will explicitly identify areas where they need professional guidance. In other cases, they may not recognize certain areas where professional representation would protect their interests. Part of our professional responsibility is to educate consumers about these areas and provide comprehensive representation that addresses both recognized and unrecognized needs.

By approaching these problem areas through the lens of professional standards and ethical practice, we fulfill our responsibility to protect consumer interests throughout the transaction process.

## Buyer Needs For Home Buying Experience Overall through Ethical Representation

The home buying process represents a significant emotional and financial commitment for consumers. As a professional representative, your ethical responsibility includes addressing both the practical aspects of the transaction and the emotional experience of your clients. How your buyer feels throughout the entire transaction is just as important as the final results or outcomes.

Professional buyer representation requires attention to the consumer's emotional well-being throughout the process:

1. **Professional emotional support:** Recognize that your professional responsibilities include acknowledging and addressing client emotions in an ethical manner. This isn't about manipulation but about providing appropriate professional support.

2. **Transparent communication about emotions:** During your initial consultation, establish that your professional standards include attention to both transaction outcomes and the client’s emotional experience. This transparency helps set appropriate expectations.
3. **Recognizing emotional responses:** Professional representation includes recognizing primary emotions such as sadness, anger, joy, fear, surprise, and trust as they relate to the transaction process. This recognition allows you to provide appropriate guidance.
4. **Documentation of preferences and concerns:** When clients express emotional responses to properties or aspects of the transaction, document these as part of your professional record-keeping to ensure their concerns are addressed.
5. **Ethical management of emotions:** Your professional responsibility includes helping clients manage emotions in ways that allow them to make informed decisions rather than purely emotional ones. This balance protects their interests.
6. **Professional boundaries:** Maintain appropriate professional boundaries while providing emotional support, ensuring your guidance remains objective and focused on client protection.
7. **Education about emotional aspects:** Part of your professional responsibility includes educating clients about typical emotional responses during the home buying process so they can anticipate and prepare for these experiences.

By incorporating emotional awareness into your professional standards, you provide more comprehensive representation that protects all aspects of the consumer’s interests throughout the transaction.

## EXERCISE

**Other Needs and Wants:** List some other needs and wants a buyer may have based on any recent experiences you have had with buyers.:

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# Scenario:

## The Downsizing Widower

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Malique Williams, a recently widowed 68-year-old retired engineer, has decided to sell his 4,000 square foot family home where he and his late wife lived for 35 years. He's looking to downsize to a more manageable property that will allow him to maintain his independence while staying connected to his community. He's active in local community organizations and volunteers at the science museum. He enjoys hosting his weekly bridge club and wants to continue his social activities in his new home.

### What are his emotional and practical considerations?

#### Emotional and Practical Considerations:

- Dealing with the emotional challenge of leaving a home full of memories
- Need for a more manageable living space (1,500-2,000 sq ft)
- Desire to stay within his established neighborhood
- Budget of \$450,000 from expected proceeds of current home sale
- Wants a small garden space to continue his wife's beloved rose garden
- Needs space for his hobbies and entertaining friends
- Concerned about making such a significant decision alone
- Worried about being taken advantage of in the process
- Looking for a home that will support aging in place

### Let's Discuss!

## Discussion Questions

1. What are some considerations in demonstrating the Character Dimension of Trust?

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2. What are some considerations in demonstrating the Competency Dimension of Trust?

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3. How can you address Buyer Interest Areas (using the NEWPO framework)?

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4. What are some solutions to Specific Problems?

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### KEY TAKEAWAY

Your *“Effective Value Proposition”* is the foundation for all negotiations with your client.

These interest areas and general needs and wants serve as the basis for your initial Effective Value Proposition. Familiarize yourself with these and add any others based on your own experience and/or knowledge. We will expand this general summary in the next section.

## KEY ELEMENTS OF EFFECTIVE VALUE PROPOSITIONS

There are 3 important elements to include in a winning value proposition:

1. **Value Summary Statement:** This is either 1) a short statement about **WHAT** you do and **HOW** you do it for your client, or 2) a short tagline that speaks loudly to your potential client. In marketing terminology these are the “hooks” to grab your potential client’s attention.
2. **Features and Benefits Summary:** As mentioned before, buyers buy based on the perceived benefits of your services (i.e., solutions to problems and good feelings). Expressing these benefits clearly and effectively is the secret to an Effective Value Proposition. This summary also helps build trust in your capabilities.
3. **Proof:** Showing evidence of your capabilities through past successes can create confidence and build trust with your client. If you are new to real estate this can be challenging, but we will show you ways to deal with this potential issue.

With these three elements, your Effective Value Proposition will grab your client’s attention, show them your capabilities and benefits, and create a sense of confidence and trust in you as their agent (or Trusted Advisor!).

### NOTE

*A helpful mindset is to always position your client as the “star” or “hero” of their own life adventure. They know how they want the adventure to end but are not sure how to make that happen. You are an “expert guide” with experience, skills, and know-how. You will help create a highly successful path from point A to point B that meets or exceeds their expectations and leaves them feeling extremely happy and satisfied!*

## Goals of Your EVP

Let’s examine the goals of your Effective Value Proposition (EVP) through the lens of professional standards:

1. **Grab your client’s attention through professional presentation**
  - Present your qualifications and services in a professional, transparent manner
  - Focus on clear, accurate communication that respects consumer intelligence
  - Ensure your presentation reflects the standards expected of a licensed professional
  - Use appropriate, professional language that establishes credibility
  - Demonstrate professionalism in all aspects of your initial communication
  - Avoid sensationalism or exaggeration that could mislead consumers
2. **Show your capabilities and benefits through ethical practice**
  - Connect each capability to ethical practice standards
  - Demonstrate how your capabilities translate to consumer protection
  - Explain benefits in terms of how they protect client interests
  - Provide examples of ethical application of your capabilities
  - Show how your approach to representation upholds professional standards
  - Emphasize capabilities that enhance consumer protection and education

### **3. Instill confidence and trust in you through professional standards**

- Explain how your adherence to professional standards protects consumers
- Demonstrate your commitment to ethical representation
- Show how your professional education enhances your ability to represent clients
- Provide evidence of your commitment to professional standards
- Explain how your documentation practices protect client interests
- Connect trust-building to your professional responsibilities

### **4. Justify your value through ethical representation**

- Explain how ethical representation provides value throughout the transaction
- Connect your compensation to the professional services provided
- Demonstrate how your ethical approach reduces risk for consumers
- Show how professional representation protects consumer interests
- Provide transparent information about the value of professional services
- Explain how ethical representation differs from transaction facilitation

By approaching your EVP through these professional standards-focused goals, you establish a foundation for ethical representation that serves client interests while maintaining compliance with regulatory expectations. This approach ensures that consumers understand the value of professional representation while receiving the protection they deserve throughout the transaction process.



