

The Senior Broker Tipping Point

GlobeSt.com | Jason Hughes

It's interesting looking back at the commercial real estate brokerage industry over the last 25 years. Brokerage is a fantastic business, offering incredible financial opportunities and work independence for aspiring entrepreneurial-minded real estate strategists. But it also comes with high risk for those not willing to innovate and evolve.

I've been fortunate to be partnered with amazing broker teammates. Our average broker—working with us three years or longer—generates more than \$1.5 million per year. That's more than 15 times the industry earning average in California (according to online jobsite company Indeed), and an amount that rivals some of the highest compensation in any industry anywhere. Our brokers are uncommon. As a result, I've often been asked what the secret is to huge success in the brokerage business. The obvious answers are intelligence, ambition and work ethic. Without those, you're dead in the water. The less thought of, but equally important, attribute would be a strong professional commitment to evolve and innovate.

Like any industry, just because you've been working in it for decades doesn't necessarily make you better than someone five years into it. I've dealt with plenty of senior real estate brokers, as well as tenured attorneys, CPAs and other

professional service providers, who leaned on their years of "experience" as a crutch and selling point, but were so stuck in the rut of "the way it's been done" that they were unwilling to evolve. In the tech world, if you don't innovate, you die. Quickly. In fact, in most industries, innovation is an important part of yearly business plans. So while it's true that many years of experience "typically" helps, it is also a hindrance to being the best in the business.

There is a correlation to being excellent at your tradecraft and being highly compensated. And it's certainly not foolproof. There are mediocre brokers who profit greatly from fortunate relationships and lucky timing. But in my experience, typically, over time, the truly exceptional brokers consistently earn seven-figure incomes year-in and year-out. And age or tenure in the business has nothing to do with it.

Note that I said 'typically.' Some very good brokers simply don't put professional financial rewards very high on their goals list. There are some amazingly talented brokers who have other priorities – and their incomes reflect that. Don't get me wrong; I strongly advocate for our team members to "enjoy the journey" (after all, it's one of our core values). And having other priorities is certainly respectable. But typically, these brokers also don't invest the time in constant, fresh,



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evolutionary thinking either. They're very good, but will not likely be anyone's number one draft pick.

Think back to your high school and college classes. If you worked hard, went to class and did your assignments, most students received grades of "B"s – which translated to above average. But to get all "A"s all of the time, it took a whole different level of commitment. Valedictorians are uncommon, as most people simply don't want to go to that level.

In the brokerage world, the longer brokers work in the business, the more



In order to succeed in the commercial real estate industry, brokers can't rely on experience alone. They must be open-minded to innovative technology and always evolving in strategy.

of an entitlement mentality they typically have. It's as if they believe the world owes them for their time invested – that they should be receiving “A”s even when they're skipping class and failing to turn in their assignments. They think the new grading policy should account for “but I'm a senior...I shouldn't have to work as hard.” I'm not sure if it's laziness or burnout that takes over, but there are a startling number of senior brokers who think that their tenure translates to industry superiority. I'd put one of our 20-something brokers up against guys in their 50's and 60's, and our broker would often run circles around the “experienced” professional in almost every metric.

There is a tipping point in our industry where brokers over 45 years old better be prepared to work harder and smarter—and to adopt and devour technology and other innovative tools—or risk being put out to pasture. It's been said that brokerage is a young person's game—as the competitiveness and energy needed is incredibly high. But top talent in any industry is worth its weight in gold.

LeBron James plays the same sport as all the other NBA pros. Yet there is a reason why he'll earn 15x more than the others.

Meanwhile, I've witnessed time and time again senior brokers trying to keep a lid on younger top talent for their own benefit. Rather than empowering the next generation of professionals, senior brokers try to convince younger brokers via verbal and political tactics that the younger brokers simply don't know what they don't know, when, in reality, it's all part of the self-preservation entitlement/oppression strategy used by those who are afraid of being passed on the professional running track of this business. To those younger, highly talented brokers I say: Don't let the seniors hold you down! If your current company doesn't embrace your enthusiasm and energy to reap large financial rewards, penalize them by going somewhere else.

Certainly, having a strong corporate culture, a commitment to mentorship, a talented operations team, and a healthy budget for value-add client services are all part of the arsenal required to help

exceptionally talented players reach uncommon levels of success. But it's a very self-motivated results business. Just having a huge bag of quivers doesn't guarantee success – if you're not a talented archer, most arrows will miss their target.

So a word to the senior brokers out there (including myself!): There is no free lunch in this business, regardless of how long you've “paid your dues.” Top earnings go to the top talent with the best work ethic—and in our industry, the top talent is embracing innovation and evolution. To forget that will likely be fatal.

*This article originally appeared on
GlobeSt.com*

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