

5 ways brokers can avoid risk

Reducing risk is an ongoing—but not an overwhelming—task. Here are five ways to minimize possible dangerous scenarios from your business.

1. **Regularly train sales associates on the highest-risk areas of your business.**

“The best brokerages I’ve seen,” says Jamie Billotte Moses, a shareholder at the law firm of Fisher, Rushmer, Werrenrath, Dickson, Talley & Dunlap in Orlando, “are those where brokers are intimately involved in the training of their sales associates and don’t assume that experienced sales associates don’t need to hear from them anymore.”



2. **Create—and follow—policies and procedures.** “It’s great to have policies and procedures, but if you don’t enforce them, they can hurt you,” says Sylvia Golden Norris, a principal at the Sarasota law firm that bears her name.

“When a problem comes to your attention, it needs to be processed through the proper channels and reviewed according to your policies.”

3. **Check everything yourself, or have good, qualified people do it.** “Don’t rely on the lowest-paid person to protect you from the highest risk,” advises Steven David, owner of Florida Professional Real Estate in Fort Lauderdale.

4. **Prepare for problems.** “If you do have a problem, how are you going to pay for it—through errors and omissions insurance or by self-insuring?” asks David. There’s no rule of thumb for how much money you should have set aside if you self-insure. “It depends on what you sell, how much of it you sell,” he says, “and whether your niche is by nature risky, such as waterfront properties, foreclosures or land.” Also, make sure your business entity protects you from liability. “Have you created enough of a shell around you so if there’s a problem, you’re protected?” asks David. “Corporate structure becomes all important.”

5. **Resolve disputes.** “If you do find yourself in trouble, try to settle early,” says David. “If you have to go to court, every hour will cost you a ton of money and energy. And when you’re involved in litigation, you’re not involved in the brokerage business.”

SOURCE: G.M. Filisko is a Chicago-based freelance writer

Ask the Expert

Q: Between managing associates and managing my listings, plus any new business and referrals, rarely does a day go as planned. All it takes is two phone calls from associates in the office needing something, and everything gets thrown off track. With so many distractions, how do I plan for growth and stick to it?

Get the answer

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