



## Ditch the niche — today’s appraiser must diversify

Appraisal Intelligence’s *Industry Spotlight* – which has featured major vendor managers and mortgage lenders on how they work with appraisers – turns the other way and asks A.L. “Chip” Wagner III, IFA, SCRIP how he as an appraiser and appraisal business owner works with his clients. Chip is president of A.L. Wagner Appraisal Group in Naperville, Illinois. Formerly A.L. Wagner & Co., the company was founded in 1970 by Chip’s father, A.L. Wagner Jr. Chip has been with the company and in the appraisal business since 1985. Specializing in relocation appraisal and consulting, Chip is the 2002 vice president of Relocation Appraisers and Consultants (RAC) and serves on the Employee Relocation Council (ERC)’s 2002-2003 Certification Review Board. He does business throughout the six-county Chicago area, principally the west and southwest suburbs.

**Ai: What are the most important things that contribute to a good relationship between a local appraiser and national lender, AMC or relocation services company?**

Probably from the client's perspective, communication is most important. From my perspective, trust is most important. I view my relationships with my clients as a partnership. Often the main focus of appraisal companies has been merely to “serve” the clients. As competition has grown in all aspects of our industry, attitudes have switched to providing exceptional customer service. Partnering with the client takes service a step further. Appraisers need to understand the goals and strategies of clients and demonstrate how our values fit into the overall objective. Partnering is a relationship, and like any relationship, both parties have to communicate and trust one another to make it successful.

**Ai: Think about the last few orders your company has declined. Why will you decline a job or to work with a particular lender/company?**

In 1999, one of my peers told me that he made a decision to only do business with clients that he could transmit his appraisal reports electronically to. At the time, I thought he was out of his mind, but within two years, I have established a similar policy. The first question I ask of a new client is, “are you EDI capable?” If the answer is no, I politely tell them that I only do business with clients that can accept my reports electronically. This has been the number one reason why I have declined appraisal orders in the past few months. In 2000, about 22% of my appraisals were sent electronically, and in 2001, about 70% of my appraisals were sent electronically.

Other reasons I have recently declined work were my inability

to meet turn-around times, scheduling conflicts, or issues with appraisal fees being too low. I believe in being honest with my client and upfront about my ability to complete the appraisal within their time constraints, and if I cannot meet their time frame, I do not make promises that I cannot keep.

During the refinance boom last summer/fall, many out of area lenders found my web page, and when I quoted two- to three-week turn around times, they were appalled. It seems as though many of these lenders do not understand that successful appraisal companies have other clients that send thousands of dollars in appraisal work per year, and we must satisfy and meet the needs of our existing client base. New clients often tried to tell you that they had many orders in my area, and if I could do this one quickly, there would be many more to come. Well, if I had a dollar for every time I heard that one, I wouldn't have to work anymore.

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President/CEO  
A.L. Wagner Appraisal Group

I made a business decision to market myself to those organizations that might only order one or two appraisals per year from me through my web page and Internet advertising. I try to treat every client as if they are my only client. But at the same time, many of these “one-time” clients do not understand the issues that local appraisers face – they just want their appraisals done and returned tomorrow. When I turn work down, I always present the potential client with a referral of another appraiser that may be able to help them. I think that goes a long way as well.

**Ai: What are the challenges and advantages of running a small company?**

By far the biggest challenge would be scheduling and dealing with the “feast or famine” environment in this business. We either have too much work, or not enough. When we have too much work, we are working nights and weekends, as much as 80 hours per week. When we don't have enough work, we worry about when the next assignment will arrive. Also, it is

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difficult to staff appraisers and good secretarial support through the slow times. It is difficult to find and/or retain these people during the busy times.

In the past three years, I have downsized to primarily myself completing the majority of the work. I take what I can personally handle, often time turning down or referring out work to fellow appraisers. I have several independent contractors that I use from time to time. Each serves areas that are difficult for me to get to. The Chicago metropolitan area has a population of over 8.5 million in a six county area. During slower times, I can personally cover most of this area, but when I have a busy schedule, it is very difficult to meet the demands and turnaround times.

The obvious advantage of running a small company is the desire of any entrepreneur to work when you want to and as hard as you want to. If I want to coach my child's sports team, meet a client for a round of golf, or attend an afternoon Cubs game, I have the flexibility to do so.

### **Ai: Describe how you became a specialist in relocation.**

After joining the family business after graduation from college, it was a natural progression for me to concentrate on a specialty that my father had focused on for over 20 years. My father allowed me the opportunity to attend local, regional and national conventions and conferences on relocation, and I soon became involved in national committees, speaking opportunities, and authoring articles. The client base was there for me, but at the same time, I needed to continue to identify new clients and establish relationships with existing clients. I do this by being involved in the industry, attending meetings and conferences whenever possible.

### **Ai: Right now, the industry is at the tail end of a refinance boom. As it peters out, where will appraisers' work come from? How can the residential appraiser diversify his/her practice to stay busy/relevant?**

Several years ago, I thought specialization was the way to go. One should concentrate on a niche to differentiate yourself from your competitors. That was the direction my firm took with relocation. Today, I believe that diversification and the ability to provide many different services will be the key to the residential appraiser's future. A residential appraiser that can provide both valuation and consulting services for many different clients and users of appraisals will be most viable when refinancing appraisal work dries up.

The residential appraiser may diversify by being able to do relocation appraisals, REO/foreclosure appraisals, estate/trust work, expert witness work, and providing valuation and consulting services for consumers looking to sell, buy, reduce taxes, or gift properties to their relatives. Or perhaps commercial appraising may be another alternative. A form-filling appraiser who concentrated on meeting the client's value in the mortgage lending industry will not find success where the higher complex valuation opportunities are.

My advice to the residential appraisers who rode the refinance wave the past year or so is to take a little bit of that profit and reinvest it in yourself. What I mean by that is to put some money back into technology and to put some money back into your education. Invest in technology that will provide future efficiencies in your office. And invest in your education by searching for continuing education classes, which will allow you to expand your knowledge and expertise. Search for community college classes or classes offered by other trade organizations which expand the skills we use in our day to day personal and business lives. Knowledge is power.

It is fact that fewer opportunities will exist for appraisers in the future. At the same time, the average appraiser is of the age where they will be soon looking towards retirement. Fewer young people are entering the profession. The technology-savvy appraiser that will be able to adapt to change and who has high ethics and standards will succeed.

## B I O G R A P H Y

**Alvin L. "Chip" Wagner III, IFA, SCRCP** is a third generation real estate appraiser. He is a graduate of Bradley University with a business management major. He has had several articles published in *Mobility*, the magazine of the ERC. He served as the DuPage County - Illinois Chapter President of the National Association of Independent Fee Appraisers (NAIFA) from 1998 to 2000. Chip also recently completed a three-year term on the Board of Directors of the Corporate Relocation Council (CRC), a regional relocation group with over 300 members based in Chicago. He was CRC's 2001 President, the first appraiser to ever hold that office. He is one of only 10 active appraisers in the country to have achieved the Senior Certified Relocation Professional (SCRCP) designation. Contact Chip at [chip@alwagner.com](mailto:chip@alwagner.com).

## A B O U T   T H I S   S E R I E S

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