



PARTICIPANT

# Business Planning Clinic

Manual



# BUSINESS PLANNING CLINIC

PARTICIPANT MANUAL



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# GETTING STARTED

## 1. WHERE I AM TODAY

- I create and use a business plan as a daily, monthly, annual and long-term guide to run my business.
- I have created a business plan and intend to learn to understand and use it more effectively.
- I am fairly new to real estate and new to business planning.
- I am on a team and I am new to business planning.

### My Numbers

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1. The amount of money I need to pay for my lifestyle and get out of debt = \$ \_\_\_\_\_
  2. My business expenses annually (estimate) = \_\_\_\_\_
  3. My average commission amount = \_\_\_\_\_
  4. Number of listing appointments gone on last year = \_\_\_\_\_
  5. Number of buyer appointments gone on last year = \_\_\_\_\_
  6. Number of listings sold last year = \_\_\_\_\_
  7. Number of buyers sold last year = \_\_\_\_\_
  8. Number of names in my database = \_\_\_\_\_
  9. My team consists of me + \_\_\_\_\_
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# NOTES

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## 2. WHERE I AM GOING

### Goals of this Course

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1. Understand the power of the Five Fundamental Business Models of The Millionaire Real Estate Agent (MREA).and recognize that the five models are interconnected for the important role of planning, checking on, and projecting your business.
2. Create a custom plan for your business whether you are new to real estate or a seasoned professional.
3. Initiate a plan of execution through accountability with a peer partner, productivity coach, Team Leader, team lead (if on a team), MCA, etc.

### My Three Learning Goals

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Three things I want to **understand** by the end of this training.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## 3. HOW I WILL MAKE IT HAPPEN

- Level One: Complete a business plan.
- Level Two: Complete a business plan and commit to following my written plan.
- Level Three: Complete a business plan, share it with my coach or peer partner who is committed to my personal growth, and execute my plan by checking my activities and results against it weekly, monthly, and annually.

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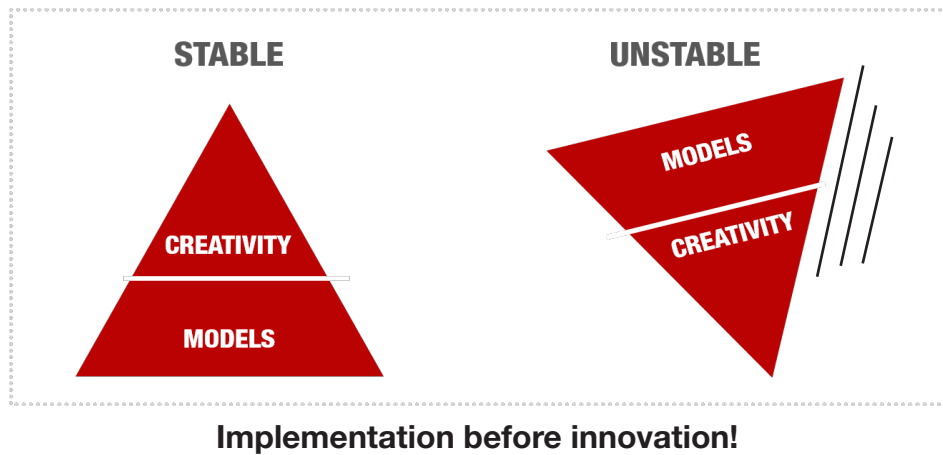
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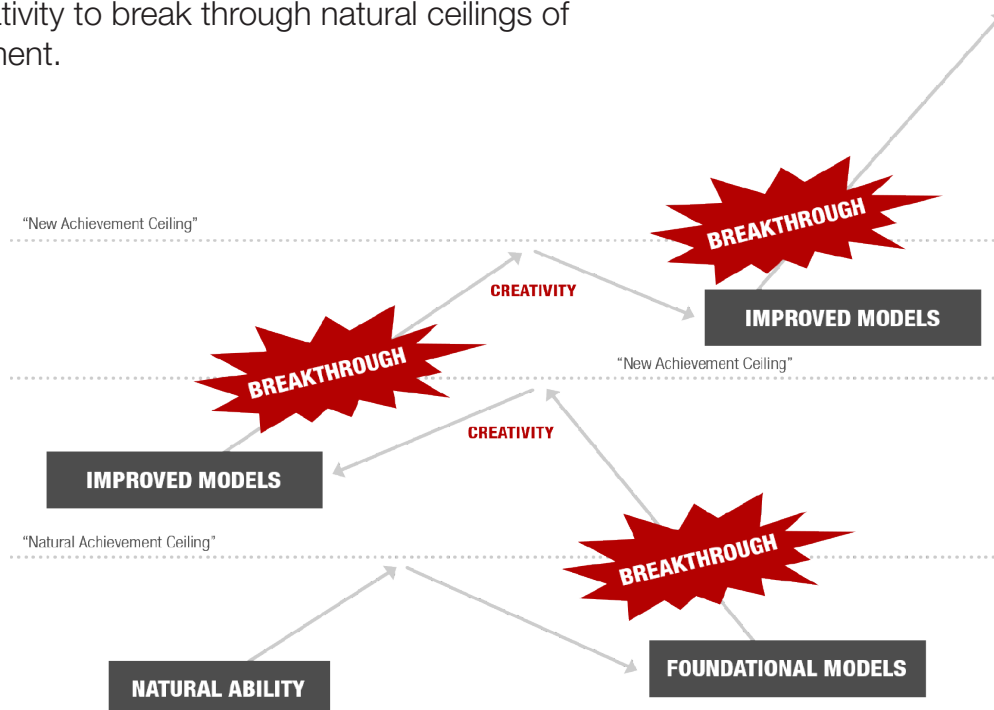
# MODELS AND MINDSET

**Model:** A pattern of something to be made; an example for imitation; serving as or capable of serving as a pattern to be imitated.

Begin with models ...



Add creativity to break through natural ceilings of achievement.



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# 1. THE MYTHS AND MINDSETS ABOUT MODELS

**Mindset:** A person's way of thinking and set of opinions.

## 1. I don't need models

You use models now; they're how you get things done. When results matter, you don't want models that limit you. You want proven models that grow with you.

## 2. Models limit my freedom

Models set you free because you can make better decisions more quickly and have a better life as a result.

## 3. Models are just opinions

Models based on the success of others and that are implemented properly deliver predictable outcomes that are proven, not opinion.

## 4. The model won't work for me

A model will work for you if you follow it because it has predictable results.

## 5. I don't need to change—I'm getting the results I want

As you grow, you'll want better and better models. If it matters, "good enough" is not good enough.

# NOTES

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## 2. THINK LIKE A MILLIONAIRE REAL ESTATE AGENT

### FOUNDATIONAL

1. Think Powered by a Big Why
2. Think Big Goals and Big Models
3. Think Value and Customer Service and Experience

### SUPPORTIVE

4. Think Competitively and Strategically
5. Think Action and Accountability
6. Think Talent, Systems, and Standards
7. Think Knowledge and Skills
8. Think Persistence and Resilience
9. Think Profit

# NOTES

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# 1. Think Powered by a Big Why

**Big**—because you are after extraordinary results!

**Why**—is the reason you get up every day and do what you do.



## Big Why:

- Is your purpose, mission, and need
- Fuels you with focus and energy
- Powers your action

## My Big Why

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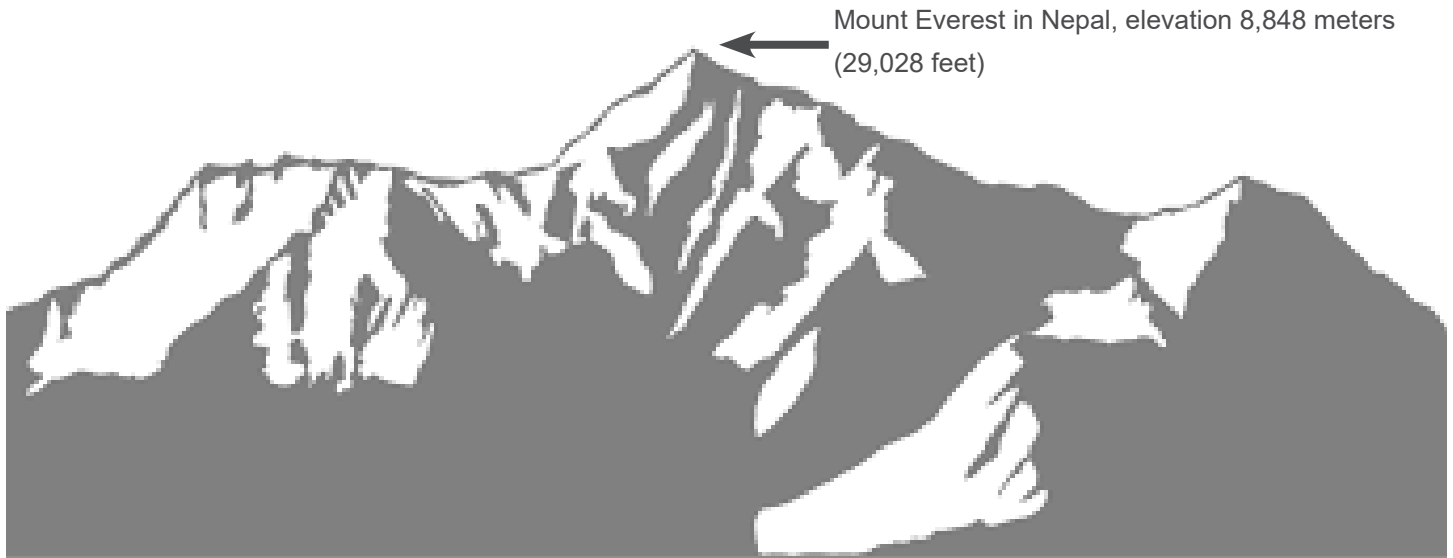
*... one thing all high achievers have in common is they are working for a Big Why.*

*- The Millionaire Real Estate Agent*



## 2. Think Big Goals and Big Models

Climbing a big mountain is a Big Goal. A Big Goal takes a big plan.



### GOAL SETTING to the NOW

SOMEDAY GOAL



FIVE-YEAR GOAL



ONE-YEAR GOAL



MONTHLY GOAL



WEEKLY GOAL



DAILY GOAL



RIGHT NOW

# NOTES

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## 5. Think Action and Accountability

Once you have a plan, execute your plan!

- Take action; get into activities.
- Hold yourself accountable to staying focused and on task.

Individuals with **written goals** are **42.1%** more likely to achieve them.

Individuals with **accountability** are **77.6%** more likely to achieve them.\*



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\* Matthews, Gail. "Goals research summary." Ninth Annual International Conference of the Psychology Research Unit of Athens Institute for Education and Research (ATINER). San Rafael, CA: Dominican University of California. 2015

# NOTES

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## 5. Think Action and Accountability (continued)

KW provides several tools to hold yourself accountable to staying focused and on task.

- The 4-1-1
- Command Apps and Tools

### The 4-1-1

4-1-1 Stands for 4 weeks, 1 month, and 1 year. The 4-1-1 is a productivity tool that drives your goal-setting from the desired end results to the present. It is designed to help you set both long-range goals (results) and the short-range goals (activities), which bring those results to fruition. You will build your 4-1-1 throughout this course.



## 4-1-1 ACTION GOAL WORKSHEET

First Name Last Name

ANNUAL GOALS

YEAR

Enter Annual Goals

MONTHLY GOALS

MONTH OF

Enter Monthly Goals

WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4
Enter Weekly Goals	Enter Weekly Goals	Enter Weekly Goals	Enter Weekly Goals

Find this tool on the Training applet and on KWConnect under Resources, KWU, 4-1-1.

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## 4-1-1 ACTION GOAL WORKSHEET

<b>ANNUAL GOALS</b>   YEAR			
<i>Annual Job Goals</i>	<i>Annual Business Goals</i>	<i>Annual Personal Financial Goals</i>	<i>Annual Personal Goals</i>
<b>MONTHLY GOALS</b>   MONTH OF			
<i>Monthly Job Goals</i>	<i>Monthly Business Goals</i>	<i>Monthly Personal Financial Goals</i>	<i>Monthly Personal Goals</i>
<b>WEEKLY GOALS</b>			
WEEK 1	WEEK 2	WEEK 3	WEEK 4
<i>Weekly Goals</i>	<i>Weekly Goals</i>	<i>Weekly Goals</i>	<i>Weekly Goals</i>



## 5. Think Action and Accountability (continued)

### Leverage **Command**

Command is more than just a CRM (customer relationship management)—it houses a suite of industry-defining, interconnected tools supporting you from lead to close to lifetime client connection. Command is powered by AI (artificial intelligence) and machine learning, and if used consistently, will prioritize your goals, leads, and data to create a go-to-market plan that truly delivers.

- Enter your goals for Net Income, conversion rates, percentages of seller business vs. buyer business, expected expenses and cost of sales, average commissions for sellers and buyers.
- Turn your to-do list into action items by creating contact-specific actions that are visible across Tasks, Contacts, and your Command Dashboard.

Command your ...

- Database
- Transactions, Opportunities, Offers, Compliance, Commissions
- Marketing
- Consumer Experience
- Day
- Referral Business

Find help on Command at [answers.kw.com](https://answers.kw.com) and within the applet.

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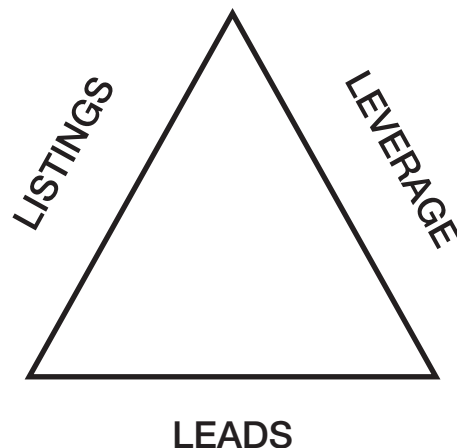
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### 3. THE FOUNDATIONAL MODEL OF MREA\*



\* *The Millionaire Real Estate Agent*, by Gary Keller, Dave Jenks, and Jay Papasan

### 4. A BUSINESS PLAN BUILT ON MODELS

A **business plan** is an annual road map detailing your business's future objectives and directions for achieving them.

- Gives clarity on the exact activities needed in order to achieve your goals.
- Removes the guessing and hoping as to where the business will come from.
- Creates items and activities to which you can be held, or hold others, accountable.

#### A Business Plan Will ...

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- |                                                                       |       |
|-----------------------------------------------------------------------|-------|
| 1. Help me achieve the money I need for my lifestyle.                 | Y / N |
| 2. Tell me how many appointments to attend each week to meet my goal. | Y / N |
| 3. Help me control my business expenses.                              | Y / N |
| 4. Help me identify when and how I can grow my business.              | Y / N |
| 5. Identify my lead generation strengths and opportunities.           | Y / N |
| 6. Help me determine when to hire help.                               | Y / N |
| 7. Save me time.                                                      | Y / N |

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## 5. FIVE FUNDAMENTAL MODELS—ONE SYSTEM

### 1. Economic Model

A formula that describes the relationship between a series of activities and the specific outcomes they produce. It shows you where your money comes from, where it goes, and **how much is left over** for you.

*To achieve the amount of **net income** you desire ...*

### 2. Lead Generation Model

A plan for **where your money comes from**—from your lead generation activities. It is a companion to the Economic Model since leads are the fuel to the economic engine of your business.

*You will need to generate **X number of leads**, ...*

### 3. Budget Model

A plan for **where your money goes** between the time you receive it and keep it for yourself. The focus is on minimizing your expenses to maximize your profit.

*Spend **X amount of money** in specific areas to support these efforts, ...*

### 4. Organizational Model

A plan for **hiring help** and talent as your business grows to help you grow your business.

*Hire **X number of people** to service it all, and ...*

### 5. Expansion Model

A plan to apply your systematized business model in additional locations. (This model will not be covered in this course. For more information, attend the Keller Williams University (KWU) course, Expansion System Orientation.)

*Apply your systematized business model in additional locations.*

| *There is no model for chaos.*

# NOTES

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## 6. AHAS AND ACTION STEPS

What are my **Ahas** from this section?

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What **Actions** will I take with regard to this section?

Action Steps		
	<b>Action</b>	<b>Completion Date</b>
<b>1.</b>		
<b>2.</b>		
<b>3.</b>		

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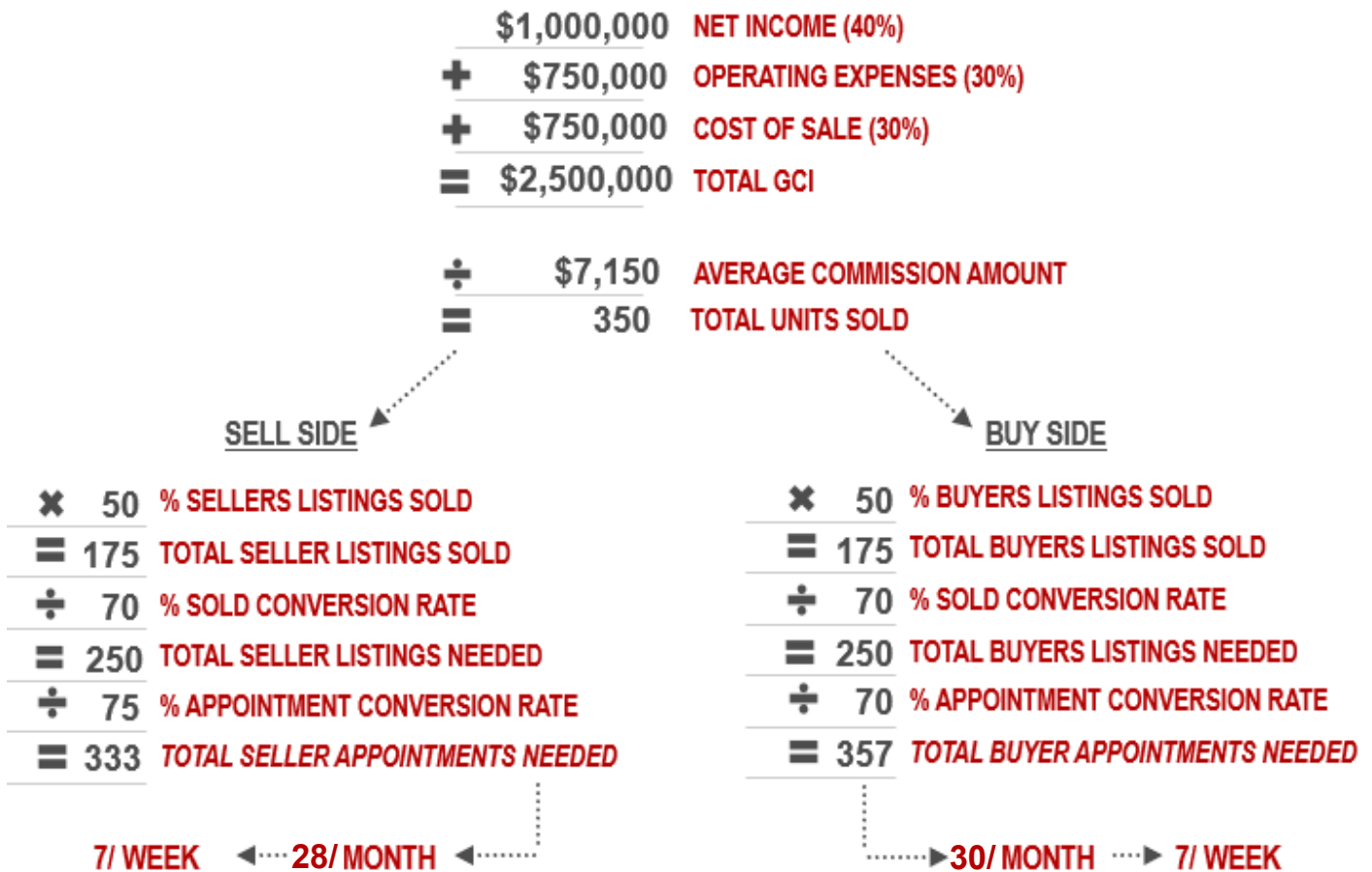
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# THE ECONOMIC MODEL

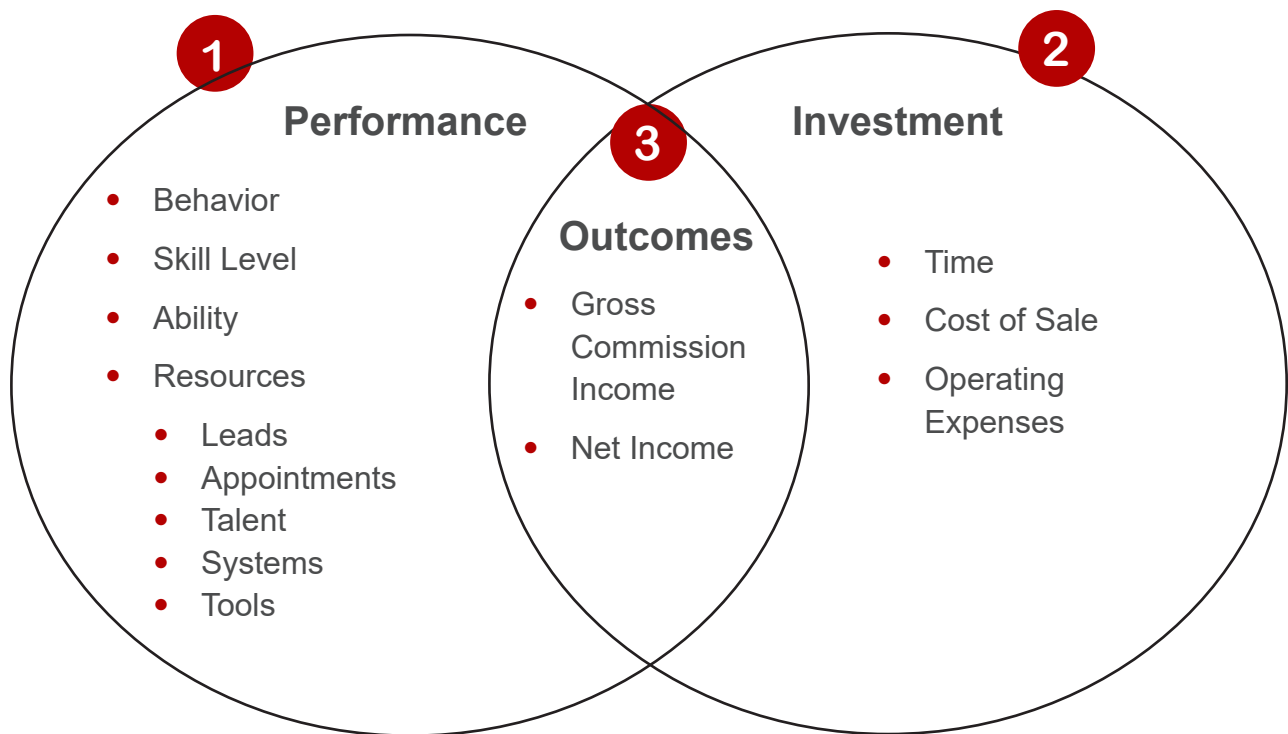


## Benefits of the Economic Model

1. Provides the number of appointments and units sold to meet your goal.
2. Reveals your conversion rates and identifies areas for improvement.
3. Allows for mastery over your business.
4. Keeps the focus on a Profit First perspective.
5. Helps keep your Budget Model in line.
6. Provides benchmarks to hold your team accountable to.
7. Allows you to gain insight into your economic decisions before you make them.



# 1. PERFORMANCE / INVESTMENT / OUTCOMES



Performance + Investment = **Outcomes**

1. **Performance** is how well you apply your skills, behavior, ability, and resources to produce revenue.
2. **Investment** is the time you spend on lead generation and conversion, along with the expenses related to both.
3. **Outcomes** are the prize—the result of your performance and investments—your GCI and Net Income or Profit.



## 2. ELEMENTS OF THE ECONOMIC MODEL

# 30 / 30 / 40

Focus on Gross Commission Income

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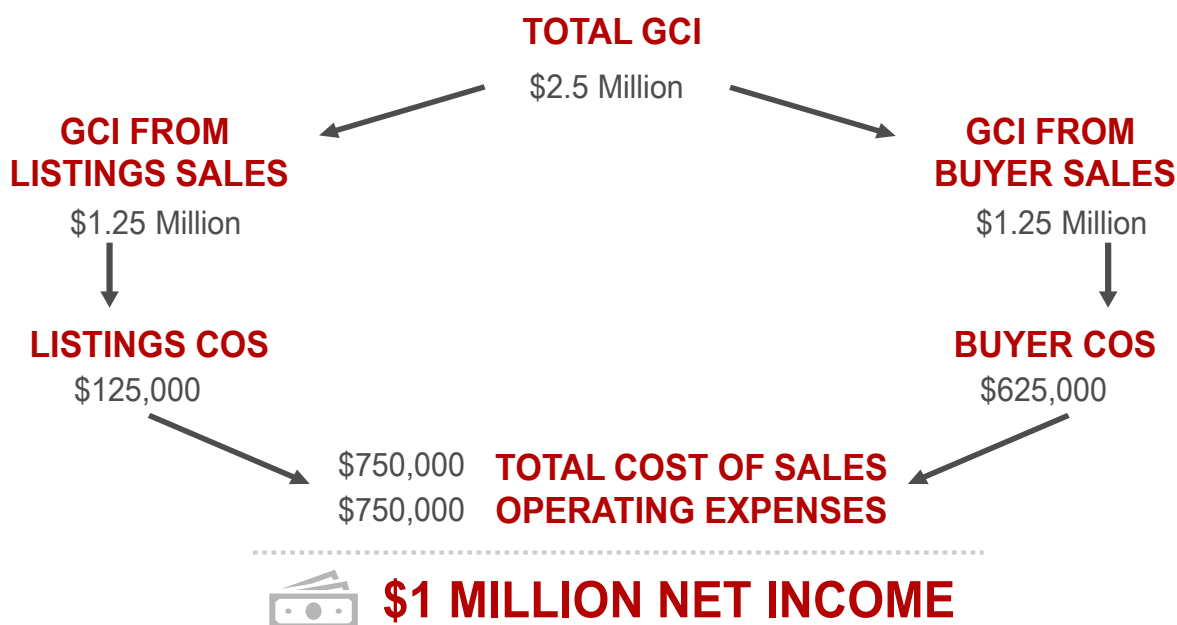
_____	Total GCI (100%)
—	_____ Operating Expenses (30%)
—	_____ Cost of Sales (30%)
=	_____ Net Income (40%)

Focus on Net Income / Profit

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_____	Net Income (40%)
+	_____ Operating Expenses (30%)
+	_____ Cost of Sales (30%)
=	_____ Total GCI (100%)

## 3. CASH FLOW



# NOTES

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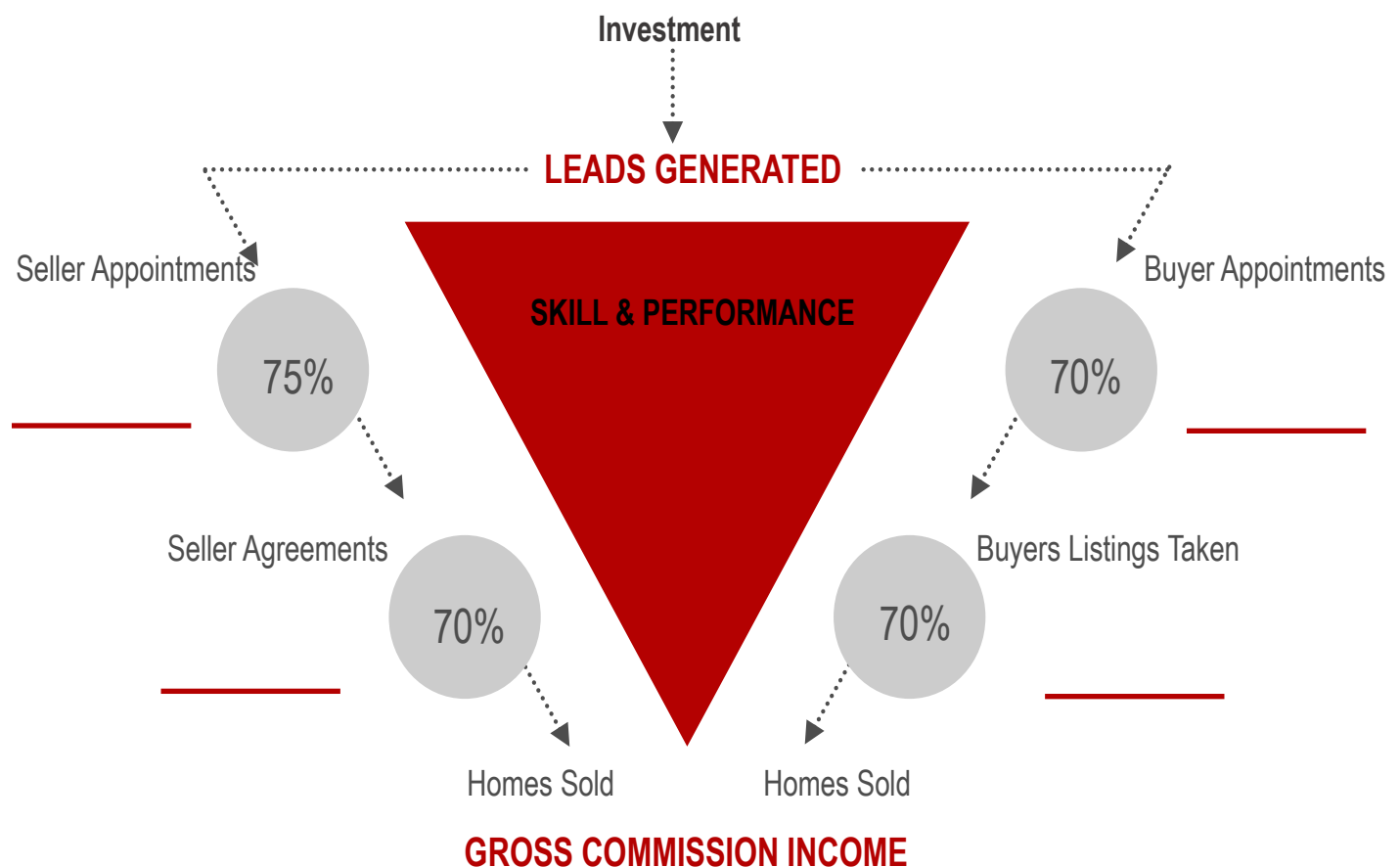
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## 4. THREE DRIVERS OF THE ECONOMIC MODEL

1. **Leads to Appointments** - Generating leads and converting into Buyer and Seller appointments.
2. **Appointments to Signed Agreements** - Using appointments to secure clients with a signed service agreement.
3. **Agreements to Closed Transactions** - Serving clients and facilitating a closed transaction.

## 5. CONVERSION RATES



# NOTES

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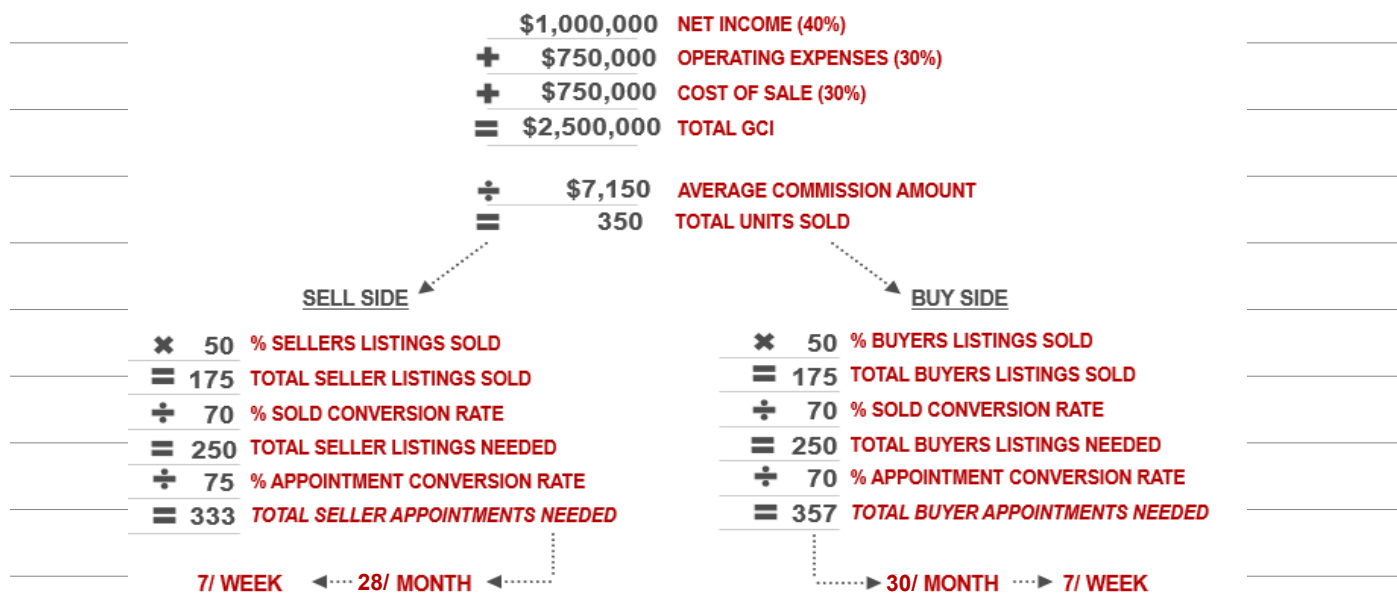
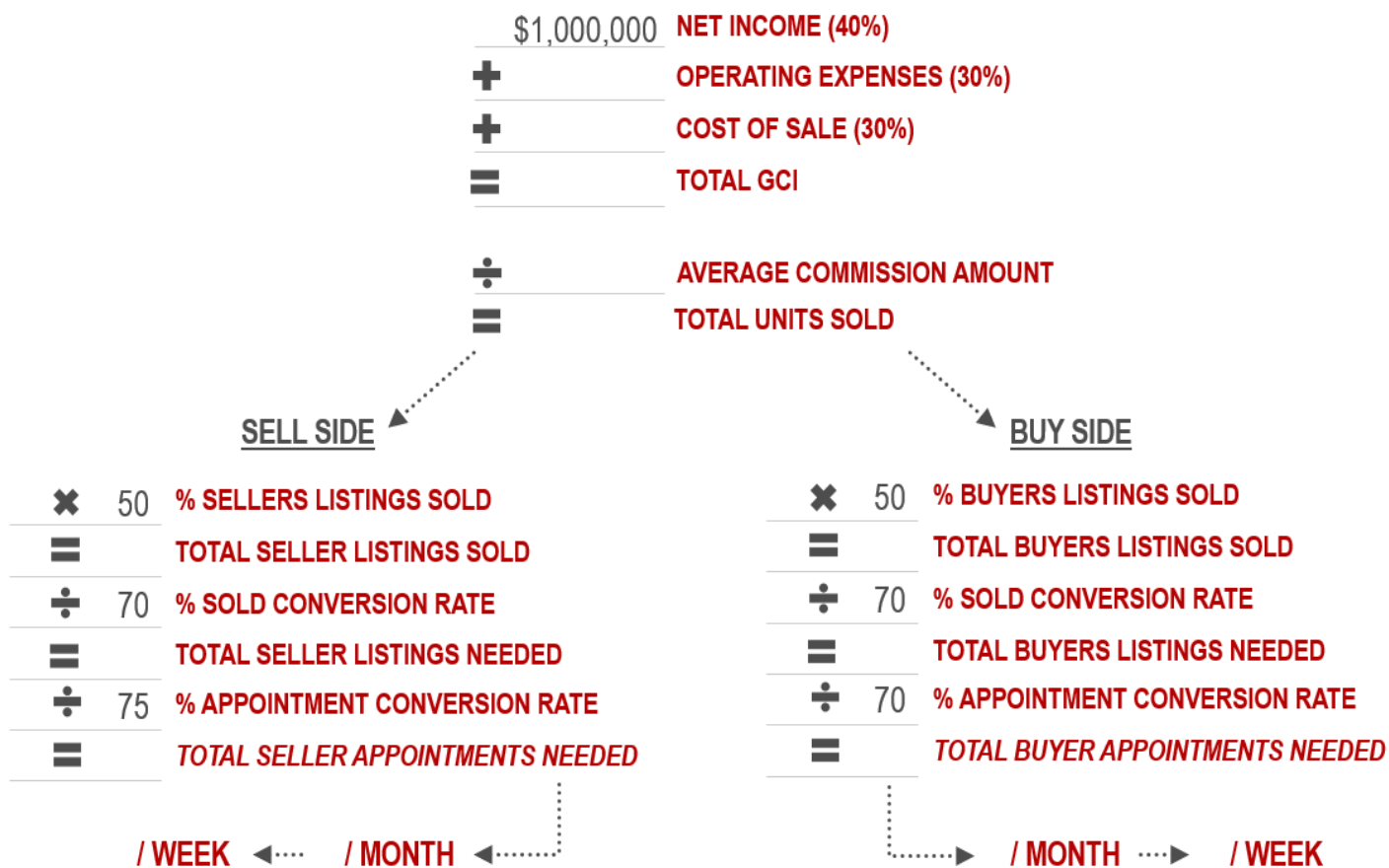
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# 6. THE MREA ECONOMIC MODEL

Begin with the End in Mind—Net Income



# NOTES

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# Example of 1/2 MREA Economic Model

<u>\$500,000</u>	<b>NET INCOME (40%)</b>
<b>+</b> <u>\$375,000</u>	<b>OPERATING EXPENSES (30%)</b>
<b>+</b> <u>\$375,000</u>	<b>COST OF SALE (30%)</b>
<b>=</b> <u>\$1,250,000</u>	<b>TOTAL GCI</b>

<b>÷</b> <u>\$6,875</u>	<b>AVERAGE COMMISSION AMOUNT</b>
<b>=</b> <u>182</u>	<b>TOTAL UNITS SOLD</b>

SELL SIDE

BUY SIDE

<b>×</b> <u>40</u>	<b>% SELLERS LISTINGS SOLD</b>
<b>=</b> <u>73</u>	<b>TOTAL SELLER LISTINGS SOLD</b>
<b>÷</b> <u>70</u>	<b>% SOLD CONVERSION RATE</b>
<b>=</b> <u>104</u>	<b>TOTAL SELLER LISTINGS NEEDED</b>
<b>÷</b> <u>80</u>	<b>% APPOINTMENT CONVERSION RATE</b>
<b>=</b> <u>130</u>	<b>TOTAL SELLER APPOINTMENTS NEEDED</b>

<b>×</b> <u>60</u>	<b>% BUYERS LISTINGS SOLD</b>
<b>=</b> <u>109</u>	<b>TOTAL BUYERS LISTINGS SOLD</b>
<b>÷</b> <u>65</u>	<b>% SOLD CONVERSION RATE</b>
<b>=</b> <u>168</u>	<b>TOTAL BUYERS LISTINGS NEEDED</b>
<b>÷</b> <u>70</u>	<b>% APPOINTMENT CONVERSION RATE</b>
<b>=</b> <u>240</u>	<b>TOTAL BUYER APPOINTMENTS NEEDED</b>

**3/ WEEK**

**11/ MONTH**

**20/ MONTH**

**5/ WEEK**

Download an automated Economic Model and Budget Model on KWConnect.



## 7. AVOID ECONOMIC MODEL TRAPS

1. Not understanding the power of the Economic Model and using it in two ways, to check where you are and as a planning tool.
2. Not using the Economic Model as a guide to decision-making.
3. Not looking at your business as a whole.
4. Not knowing or improving your conversion rates.
5. Not holding yourself to your goals.
6. Not knowing how much lead generation is required to secure the appointments needed.
7. Not using the Economic Model to create the other MREA models.

## 8. LEVERAGE TECHNOLOGY

### Features in Command that Help with the Economic Model

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Command goal setting was built with the Economic Model in mind.

1. Set your goals in Command and track your progress. This requires that you use Command and Opportunities fully with all data fields completed to get proper tracking.
2. Opportunities is the most used applet in Command due to compliance. And soon, this is how you'll get your commissions paid to you.

Find help on Command at [answers.kw.com](https://answers.kw.com) and in any of the applets.

# NOTES

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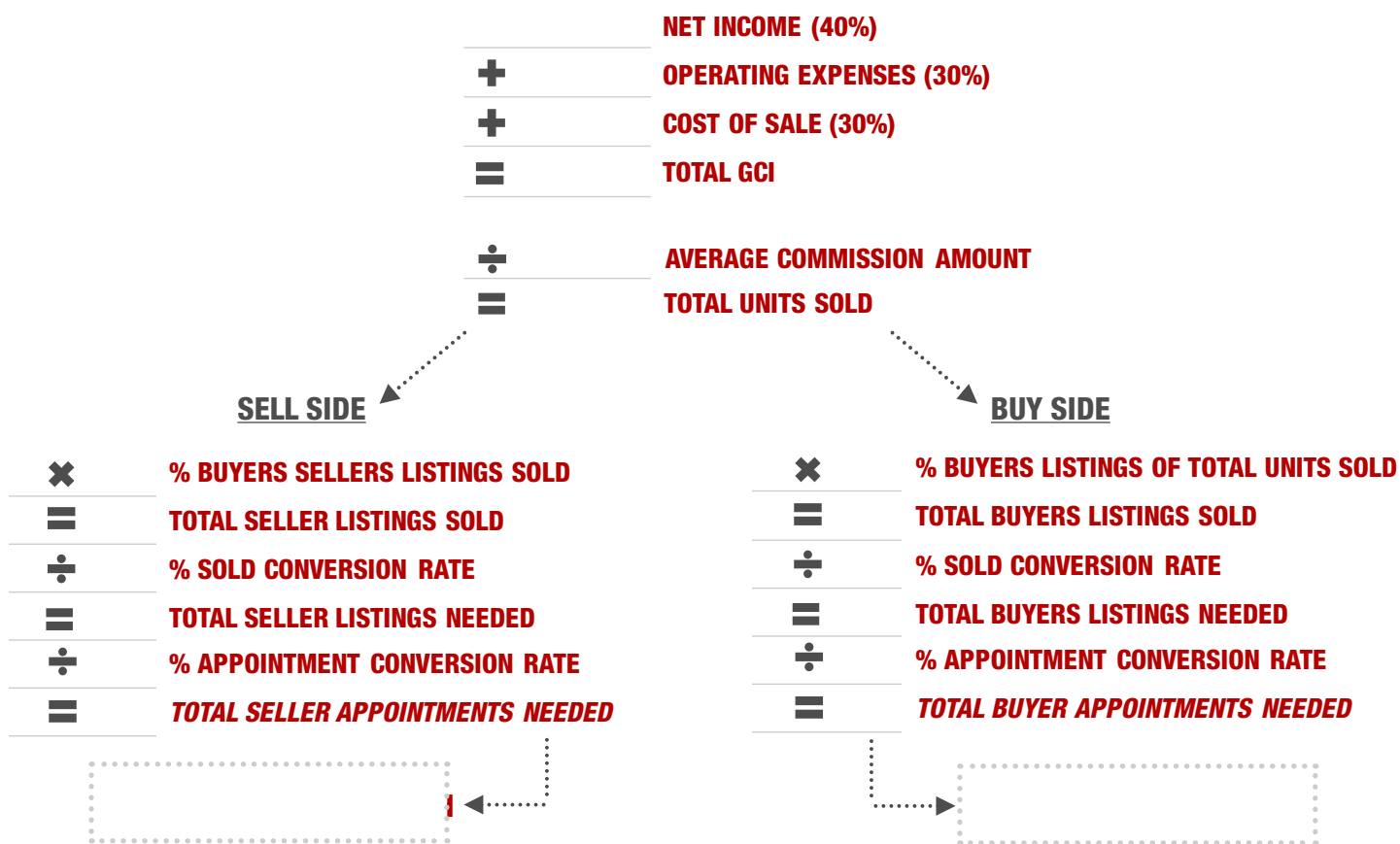
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# 9. MY BUSINESS PLAN - ECONOMIC MODEL (ACTUAL)

1. Begin by writing your Net Income goal.
2. Divide Net Income by 40% (.4) to calculate total GCI, and write this number down.
3. Multiply GCI by 30% (.3) for both Operating Expenses and Cost of Sale and write these down.
4. Write in your Average Commission Amount (refer to page 1.1).
5. Divide total GCI by your Average Commission Amount to calculate the number of units to be sold.
6. Calculate the rest of the formulas.
  - If you do not know your split between the Sell Side and the Buy Side, use an estimate or use the MREA example of 50/50.
  - Use estimates or MREA examples for each of the conversion rates.
7. Calculate how many appointments to go on monthly and weekly.



# NOTES

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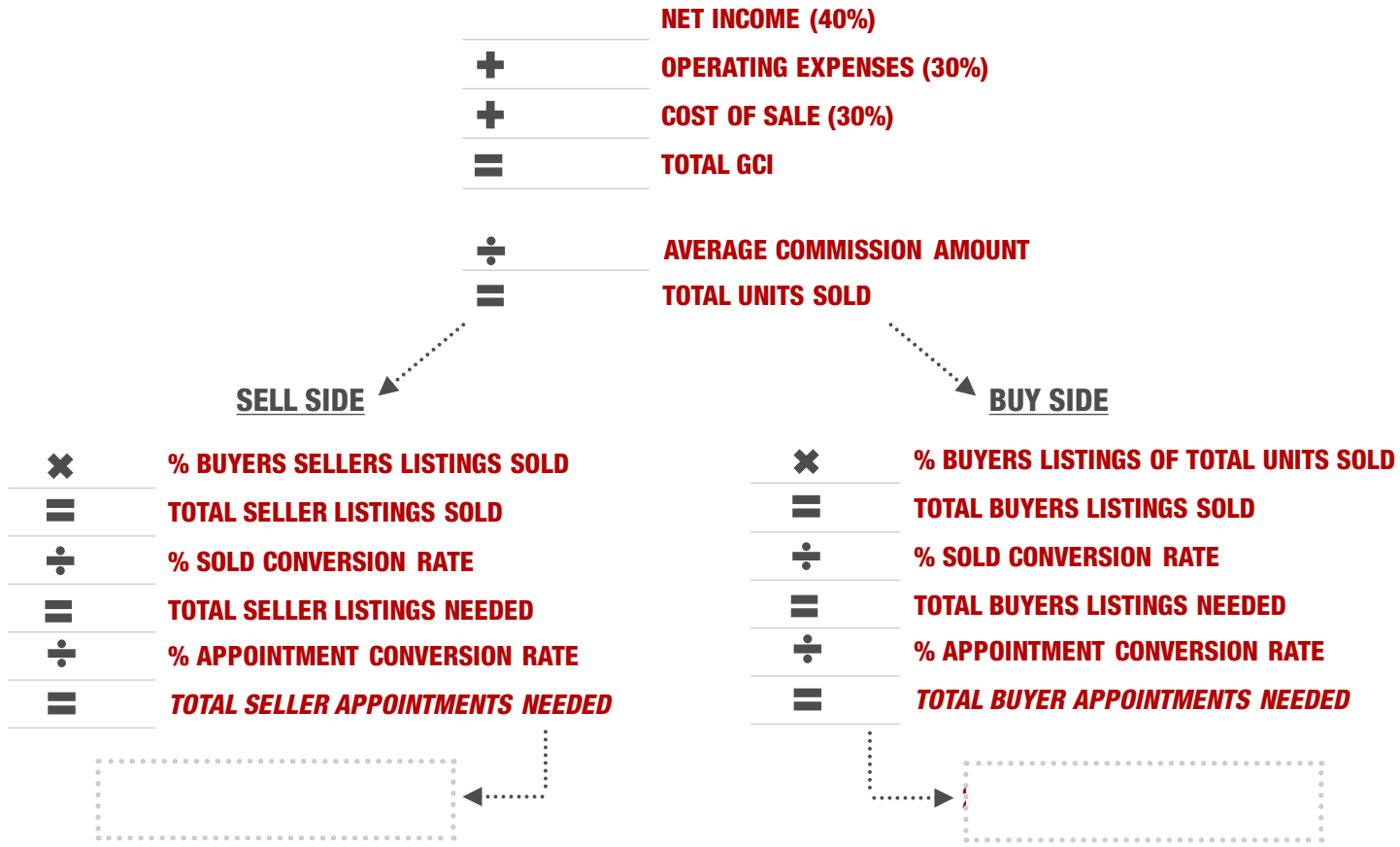
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# 10. MY BUSINESS PLAN - ECONOMIC MODEL (PRO FORMA)



What are my plans to improve?

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# NOTES

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# 11. BUILD YOUR 4-1-1



## 4-1-1 ACTION GOAL WORKSHEET

Name \_\_\_\_\_

### ANNUAL GOALS

YEAR

Net Income: \$ \_\_\_\_\_

Total Units Sold: \_\_\_\_\_

# Listing Appointments: \_\_\_\_\_

# Buyer Appointments: \_\_\_\_\_

### MONTHLY GOALS

MONTH OF

# Listing Appointments: \_\_\_\_\_

# Buyer Appointments: \_\_\_\_\_

### WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4
Listing Appointments: _____			
Buyer Appointments: _____			

# NOTES

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# 12. AHAS AND ACTION STEPS

What are my **Ahas** from this section?

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What **Actions** will I take with regard to this section?

Action Steps		
	Action	Completion Date
1.		
2.		
3.		

# NOTES

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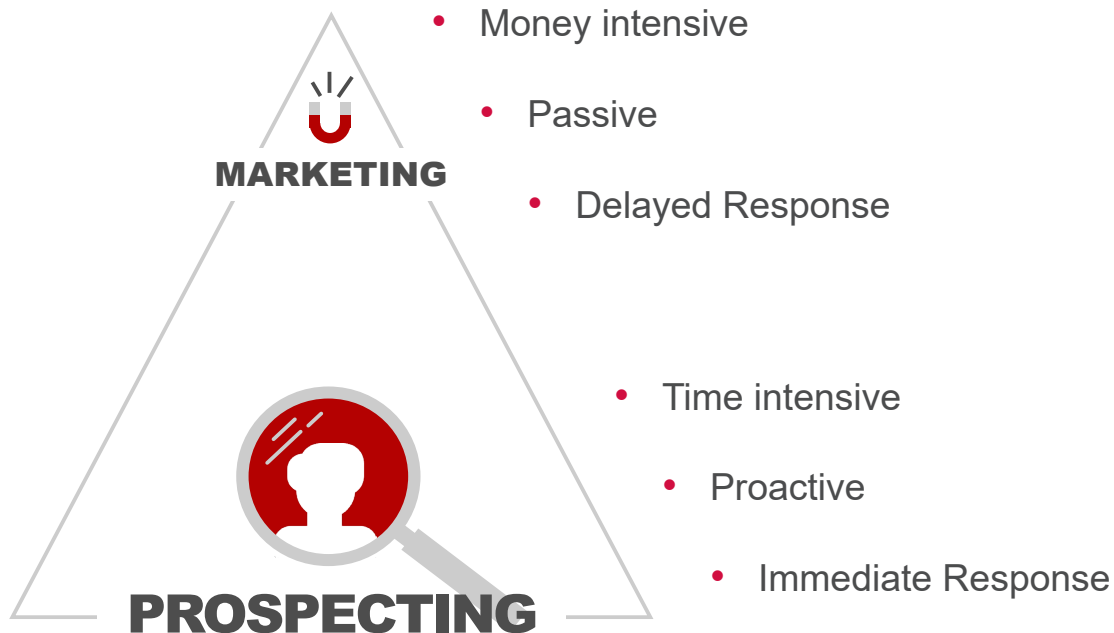


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# THE LEAD GENERATION MODEL

- **Lead Generation:** capturing the contact information of persons who have shown interest in the types of services you offer.
- **Lead:** a person who has shown interest in the services you offer and whom you can contact.
  - They are generally anonymous. You've never had direct communication with them and you don't know their motivation.
  - You put them in your database and begin one-way, offer-based touches to open communication and identify their motivation.
- **Contact:** a person you've met and put in your database. They know you're a real estate agent and you have permission for two-way interactions and a value-based relationship.

## 1. PROSPECTING-BASED, MARKETING ENHANCED



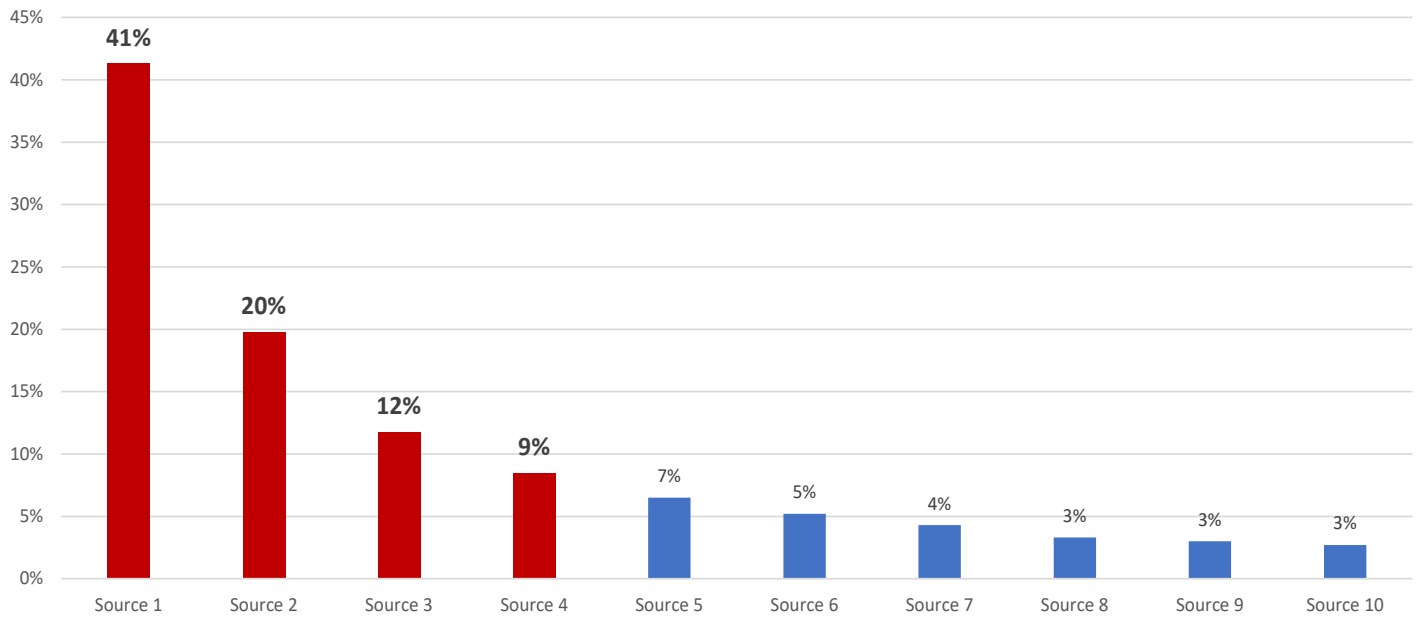


## 2. LEAD GENERATION ACTIVITIES

Prospecting	Both	Marketing
<p><b>1. Phone or Face to Face</b></p> <ol style="list-style-type: none"> <li>1. Listings without Agency               <ol style="list-style-type: none"> <li>1. FSBOs (For Sale by Owners)</li> <li>2. Expired Listings</li> </ol> </li> <li>2. Circle Prospecting               <ol style="list-style-type: none"> <li>1. Neighborhoods</li> <li>2. Apartment Complexes</li> <li>3. Recently Sold listings</li> <li>4. Recently Listed Properties</li> </ol> </li> <li>3. Community Outreach               <ol style="list-style-type: none"> <li>1. Charity</li> <li>2. Volunteer Work</li> </ol> </li> <li>4. Key Relationships               <ol style="list-style-type: none"> <li>1. Corporations</li> <li>2. Builders</li> <li>3. Banks</li> <li>4. Third-Party, Data Companies</li> <li>5. Investors</li> </ol> </li> <li>5. Teaching and Speaking Opportunities</li> <li>6. Meals</li> <li>7. Door-to-Door Canvassing</li> <li>8. Networking Events</li> <li>9. Booths and Kiosks</li> <li>10. Walk-ins</li> </ol> <p><b>2. Text Correspondence</b></p> <ol style="list-style-type: none"> <li>1. SMS</li> <li>2. Messenger</li> <li>3. Email</li> </ol>	<p><b>1. Farming</b></p> <ol style="list-style-type: none"> <li>1. Geographic</li> <li>2. Demographic</li> </ol> <p><b>2. Events</b></p> <ol style="list-style-type: none"> <li>1. Open Houses</li> <li>2. Seminars</li> <li>3. Contests</li> <li>4. Client Appreciation Events</li> </ol> <p><b>3. Networking</b></p> <ol style="list-style-type: none"> <li>1. Sphere</li> <li>2. Past Clients</li> <li>3. Allied Resources</li> <li>4. Agents</li> </ol> <p><b>4. Purchased</b></p> <ol style="list-style-type: none"> <li>1. Referral Networks</li> <li>2. Advertising Networks</li> <li>3. Clientele</li> </ol>	<p><b>1. Advertising</b></p> <ol style="list-style-type: none"> <li>1. Pay per Click</li> <li>2. SEO</li> <li>3. Radio</li> <li>4. TV</li> <li>5. Newspapers</li> <li>6. Personal Vehicles</li> <li>7. Bus Stop Benches</li> <li>8. Social Media</li> <li>9. Portals</li> <li>10. Magazines</li> <li>11. Billboards</li> <li>12. Yellow Pages</li> <li>13. Grocery Carts</li> <li>14. Moving Vans</li> </ol> <p><b>2. Broadcast/Content Creation</b></p> <ol style="list-style-type: none"> <li>1. Radio Segments</li> <li>2. TV Shows</li> <li>3. Live Social Media</li> <li>4. Blogs</li> </ol> <p><b>3. Direct Mail (Non-Farm)</b></p> <ol style="list-style-type: none"> <li>1. Postcard Campaigns</li> <li>2. Special Events Cards</li> <li>3. Just Sold/Just Listing Cards</li> <li>4. Quarterly Market Updates</li> </ol> <p><b>4. Promotional Items/Swag</b></p> <p><b>5. Public Relations/Press</b></p> <ol style="list-style-type: none"> <li>1. News Releases</li> <li>2. Advice Columns</li> </ol> <p><b>6. Sponsorship</b></p>



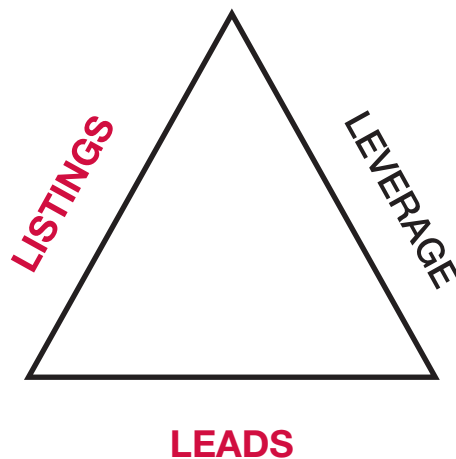
## Lead Sources - The Rule of 4



### *My Top Lead Sources*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

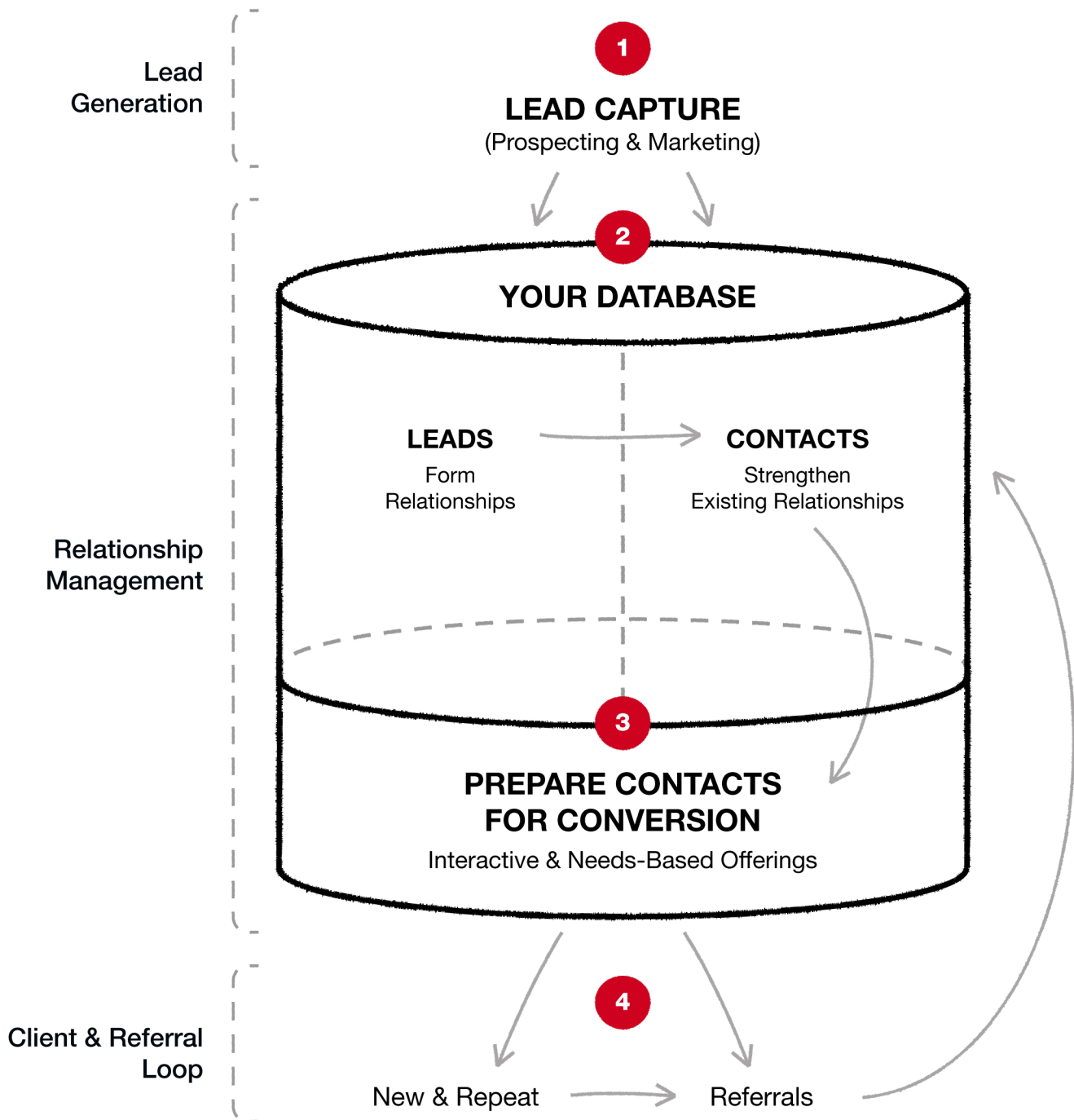
### *Leads and Listings*





### 3. DATABASE

**Database:** a container that holds all the contact information for the leads you've generated.



#### My Database

- Number of names in my database today \_\_\_\_\_
- Number of names I communicate with regularly \_\_\_\_\_



## 4. COMMUNICATE WITH EVERYONE IN YOUR DATABASE

### Keys to Success

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1. **Frequency** - when considering quality vs. quantity, quantity keeps you top of mind. Don't under-touch because of fear of over-touching.
2. **Consistency** - spread your touches throughout the year and keep it up.
3. **Gain Permission** - ask for opt-in for permission to have two-way, meaningful relationships. Permission-based is more efficient.
4. **Pair Value** - leverage the information you gain about your contacts in order to offer higher levels of value, that is, quality value that is relevant to them.

The organization of your database, that is, the organization of your Leads and Contacts, determines the power and effect it has on your business.

### Segment Leads and Contacts into Groups

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You've learned to group your database into two categories: Leads and Contacts. Before you set up communication plans to remain top of mind, further group your Lead and Contacts by similarities, common interests, and characteristics so you can easily target messages that generate response.

How will you group your Leads and Contacts to streamline and target your communications?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

# NOTES

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# 4. COMMUNICATE WITH EVERYONE IN YOUR DATABASE

## MREA Touch Campaigns

### SATURATE

#### 19 TO CONNECT

- 4 Touches** Quarterly phone call
- 12 Touches** Monthly e-mail, newsletter, market report, video
- 2 Touches** Promotional direct mail, such as a magnet, calendar, printed market report, etc.
- 1 Touch** Annual event, party, movie screening, get-together

**19 TOUCHES EACH YEAR**

#### 1 TO CEMENT

A high value touch that solidifies the relationship you have just established and opens the door for future interactions.

**1 HIGH VALUE TOUCH**

### SATURATE

#### 36 TO CONVERT

- 4 Touches** Telephone calls
- 26 Touches** Bi-weekly email offering some type of information of value to the consumer
- 2 Touches** Events, get togethers, parties
- 4 Touches** Promotional direct mail, such as a magnet, calendar, market report, etc.

**36 TOUCHES EACH YEAR**

For **Leads** - use the **19 to Connect** Touch Campaign

For **Contacts** - use the **1 to Cement** and **36 to Convert** Touch Campaigns

## Events, Parties, Get-togethers

What ideas do you have for events, parties, or get-togethers for the different groupings of your Leads and Contacts?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_



# Compliance: Do Not Call/Telephone Consumer Protection Act

## WARNING!

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The Telephone Consumer Protection Act regulates calls to cell phones and landlines, auto-dialed calls, prerecorded calls, faxes, and calls to numbers on the Do Not Call Registry. Class-action litigation for TCPA violations is rapidly increasing. Such claims present catastrophic exposure. Consult an attorney for guidance on the TCPA and DNC laws, including consent requirements, autodialer restrictions and prerecorded messages.

### ① Auto Dialers

The TCPA regulates calls and texts to a cellphone using an automatic telephone dialing system (autodialer)

### ① Know the Federal and State Laws

In addition to federal laws, several states have laws governing telemarketing. Talk with your broker about any guidelines and Do Not Call lists your market center may have.

### ① Prior Express Written Consent/ Written Consent

In certain cases, a caller must have prior express consent before making a call. In other cases, prior express written consent is required.

### ① Violations

Recipients of calls that violate the TCPA may recover up to \$1,500 for each violation. Use of an autodialer can rapidly accelerate potential damages.

## DO NOT CALL DO'S AND DON'TS

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Under federal law, sellers and telemarketers may not call individuals listed on the Federal Trade Commission's Do Not Call Registry. Failure to comply with DNC laws could result in substantial government fines and/or civil legal action against you. Consult an attorney regarding compliance with DNC laws.

### ① Subscribe to the Registry

The DNC registry is hosted on a dedicated website. Your Market Center should subscribe to the Registry and give you login credentials. Making ANY telemarketing calls without access to the Registry violates federal law.

### ① Honor Consumers' Requests

Never call a number on the Do Not Call Registry. And honor an individual's request to be added to your internal DNC list.

### ① Check Before You Call

Before making a call, check to see if the number is on any of these lists: 1. the National Do Not Call Registry; 2. any state Do Not Call list; 3. your internal list. If the number is on any of these lists, delete it.

### ① Limited Exceptions

Federal law allows telemarketing calls to be made in very limited circumstances. Contact a lawyer prior to using an exception to ensure it applies.

# NOTES

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## 5. DATABASE SIZE

### Example with the Following Assumptions

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1. You have 500 Contacts in your database receiving 36 touches a year.
2. 6% of people in your database will buy or sell each year (rough calculation based on the home ownership rate of 64% and the statistic that on average, people move every 9 to 10 years.)
3. You convert 50% of that pool of 6%.

$$500 \times .06 \times .5 = 15 \text{ appointments each year}$$

Add the following **assumption**:

4. You ask for, and 4% of your database give you, a referral and you convert 50% of them.

$$500 \times .04 \times .5 = 10 \text{ appointments each year}$$

### My Goals, My Database

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1. How many appointments will you have based on the number of Contacts in your database receiving 36 touches a year with a 50% conversion?

$$\underline{\hspace{2cm}} \times .06 \times .5 = \underline{\hspace{2cm}} \text{ appointments each year}$$

2. Calculate the reverse to give you a database size that may meet the appointment goal from your Economic Model.

$$\underline{\hspace{2cm}} \text{ appointments} / .06 / \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Contacts in my database}$$

(goal) (conversion rate)

# NOTES

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## 6. LEAD GENERATION BEST PRACTICES

Predictable effort leads to predictable outcomes.

1. Lead generate every day, for three hours, or as many as it takes to achieve your appointment goal.
2. Time block for lead generation in the morning.
3. The three hours consists of:
  - Prepare: call lists and practice scripts
  - Action: calls, texts, emails, social posts, door-knocking (when appropriate)
  - Maintain: follow-up on any commitments, send notes, log interactions into your database

## 7. AVOID LEAD GENERATION TRAPS

1. Not using both prospecting and marketing in your lead generation. Especially relying too much on marketing and avoiding prospecting.
2. Relying exclusively on referrals for additions to your database instead of generating additional leads from other sources.
3. Undervaluing the benefits of touch campaigns, or not using touch campaigns purposefully.
4. Avoiding the quarterly calls to each person in your database.
5. Not entering all leads into a database.
6. Maintaining multiple separate databases rather than one database.
7. Not taking advantage of Facebook Ads in Command as a lead generation source at low cost.



## 8. LEVERAGE TECHNOLOGY

### Features in Command that Help with Lead Generation

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1. In Reports:
  - Check the health of your database in terms of the amount of data you have completed for each lead and contact.
  - Enter your lead sources, including custom sources, and track them.
  - Enter and track your conversion rates.
2. In Referrals, track your agent to agent referrals.
3. In SmartPlans:
  - Use the Quarterly Call Plan to remind you to call the people in your database. This is part of your 36 to Convert Touch Campaign.
  - Set people up on Monthly Neighborhood Nurtures.
4. In Campaigns, set up social posts, emails, direct mail, and paid ads.
5. In Designs, access a library of over 1,400 ready-made templates to point, click, and customize beautiful, branded assets to use with your touch campaigns.
6. In Consumer Agent Site Pages, create a data-rich digital presence that attracts new business and positions you as the knowledgeable professional that you are.

Find help on Command at [answers.kw.com](https://answers.kw.com) and in the applet.



# 9. MY BUSINESS PLAN - LEAD GENERATION MODEL

## My Database, My Business

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\_\_\_\_\_ Contacts needed to achieve the goals of my Economic Model

\_\_\_\_\_ Contacts in my database today \_\_\_\_\_ Contacts needed to add to my database

\_\_\_\_\_ Add each month \_\_\_\_\_ Add each week

## My Lead Generation Sources

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### CURRENT

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

### FUTURE

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## My Lead Generation Activity

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\_\_\_\_\_ Lead Generation calls daily

## My 19 to Connect Touch Campaign for Leads

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- 4 annual calls (quarterly)
- 12 monthly emails, newsletters, market reports, videos
- 2 promotional direct mail: magnet, calendar, market report
- 1 annual event, party, movie, get-together

Details

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## My 36 to Convert Touch Campaign for Contacts

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- 4 annual calls (quarterly)
- 26 bi-weekly emails offering information of value to the consumer
- 2 events, get-togethers, parties
- 4 promotional direct mail: magnet, calendar, market report, etc.

Details

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

My Lead Generation Model



# 10. BUILD YOUR 4-1-1



## 4-1-1 ACTION GOAL WORKSHEET

Name \_\_\_\_\_

### ANNUAL GOALS

YEAR

Net Income: \$ \_\_\_\_\_    **Contacts in Database: \_\_\_\_\_**  
 Total Units Sold: \_\_\_\_\_    **1 Event for Leads**  
 # Listing Appointments: \_\_\_\_\_    **2 Events for Contacts**  
 # Buyer Appointments: \_\_\_\_\_

### MONTHLY GOALS

MONTH OF

# Listing Appointments: \_\_\_\_\_    **Add # Contacts: \_\_\_\_\_**  
 # Buyer Appointments: \_\_\_\_\_    **Call 1/3 of Database**  
                                                          **Send 1 item of value to Leads**  
                                                          **Send 2 item of value to Contacts**

### WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4
Listing Appointments: _____			
Buyer Appointments: _____			
<b>Add # Contacts: _____</b>			
Make _____ Calls			
Send Email of Value to Contacts			
Daily Script Practice			

# NOTES

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# 11. AHAS AND ACTION STEPS

What are my **Ahas** from this section?

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What **Actions** will I take with regard to this section?

Action Steps		
	Action	Completion Date
1.		
2.		
3.		



# THE BUDGET MODEL

The Budget Model reflects the cash flow of the business as represented in the Economic Model. That is, the investments you make, the return you receive, and the resulting Net Income.

<u>MREA Cash Flow</u>	
_____	<b>Net Income (40%)</b>
<b>+</b> _____	<b>Operating Expenses (30%)</b>
<b>+</b> _____	<b>Cost of Sales (30%)</b>
<b>=</b> _____	<b>Total GCI</b>

## 1. TWO TOOLS IN ONE

### 1. Budget

Goal-Setting and Planning Tool

- Create annually
- Projects expected returns and cash flow
- “Restrain to gain.”

### 2. Profit and Loss (P&L)

Management Tool and Snapshot

- Shows actual vs. projections
- Review bi-weekly
- “Adjust to win.”

## 2. TWO MINDSET PRINCIPLES

### 1. Invest, Don't Spend

- Think of what you spend as investments.
- It's about opportunity with your expenses, not obligation.

### 2. Practice Accountability, Not Accounting

- Don't think of accounting as obligation.
- Use the Budget Model to hold yourself accountable.

# NOTES

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## 3. MREA BUDGET TERMS

### 1. Cost of Sales (COS)

- This is the cost of acquiring revenue and includes the commission of a Listing Specialist (Seller Side) and the commission of Buyer Specialists (Buyer Side).
- Contains transaction-dependent expenses, meaning they are only paid if a transaction takes place.

### 2. Gross Profit

- Also known as “company dollar,” this is the amount of revenue that’s left after you’ve accounted for your cost of sale.

### 3. Operating Expenses

- Expenses that are made whether or not a transaction takes place. (Examples: salaries, most lead generation and marketing expenses, education, occupancy, auto expenses, etc.)

### 4. Net Income

- The amount of pretax income you take home after your Cost of Sales and Operating Expenses are paid.

## 4. MREA BUDGET BENCHMARKS

**30 / 30 / 40**  
 COS    Operating Expense    Net Income

Gross Commission Income	100%
Cost of Sales	<b>30%</b>
Gross Profit	70%
Operating Expenses	<b>30%</b>
Net Income	<b>40%</b>



## 5. COS AND OPERATING EXPENSE DETAIL

COST OF SALES	MREA	
	\$\$\$	% OF GCI
Listing Specialist(s)	\$125,000	5%
Buyer Specialist(s)	\$625,000	25%
Other COS	minimal	
<b>TOTAL COS</b>	<b>\$750,000</b>	<b>30%</b>

OPERATING EXPENSES	MREA	
	\$\$\$	% OF GCI
Compensation	\$360,000	14.4%
Lead Generation	\$225,000	9%
Occupancy	\$25,000	1%
Education and Coaching	\$62,500	2.5%
Supplies/Office Expenses	\$25,000	1%
Communication and Tech	\$25,000	1%
Auto	\$15,000	.6%
Equipment	\$7,500	.3%
Insurance	\$5,000	.2%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$750,000</b>	<b>30%</b>

[Download an automated Economic Model and Budget Model on KWConnect.](#)

# NOTES

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## 6. BUDGET BENCHMARKS BY GCI

AVERAGES							BEST PRACTICES	
GCI	\$150,000	\$340,000	\$640,000	\$970,000	\$1,600,000	\$3,400,000	\$1,000,000	\$2,500,000
<b>COS</b>	\$19,500 13%	\$88,400 26%	\$211,200 33%	\$368,600 38%	\$624,000 39%	\$1,530,000 45%	\$250,000 25%	\$750,000 30%
<b>GROSS PROFIT</b>	\$130,500 87%	\$251,600 74%	\$428,800 67%	\$601,400 62%	\$976,000 61%	\$1,870,000 55%	\$750,000.00 75%	\$1,750,000 70%
<b>EXPENSES</b>	\$57,000 38%	\$122,400 36%	\$236,800 37%	\$329,800 34%	\$560,000 35%	\$1,122,000 33%	\$360,000.00 36%	\$750,000 30%
<b>NET INCOME</b>	\$73,500 49%	\$129,200 38%	\$192,000 30%	\$271,600 28%	\$416,000 26%	\$748,000 22%	\$390,000.00 39%	\$1,000,000 40%

### Operating Expenses by GCI

AVERAGES							BEST PRACTICES		
GCI	\$150,000	\$340,000	\$640,000	\$970,000	\$1,600,000	\$3,400,000	\$1,000,000	\$2,500,000	
Compensation	<b>Salaries/Benefits</b>	\$8,370 5.6%	\$33,218 9.8%	\$90,304 14.1%	\$108,446 11.2%	\$223,840 14.0%	\$496,400 14.6%	\$191,000 19.10%	\$347,500 13.9%
	<b>Professional Services</b>	\$3,270 2.2%	\$4,454 1.3%	\$6,016 0.9%	\$6,887 0.7%	\$9,600 0.6%	\$17,680 0.5%	\$7,000 0.70%	\$12,500 0.5%
	<b>TOTAL</b>	\$11,640 7.8%	\$37,672 11.1%	\$96,320 15.1%	\$115,333 11.9%	\$233,440 14.6%	\$514,080 15.1%	\$198,000 20%	\$360,000 14.4%
Lead Generation	<b>Listing Management</b>	\$5,055 3.4%	\$10,608 3.1%	\$16,832 2.6%	\$29,294 3.0%	\$47,040 2.9%	\$112,200 3.3%	\$23,000 2.30%	\$62,500 2.5%
	<b>General Prospecting &amp; Marketing</b>	\$11,760 7.8%	\$24,242 7.1%	\$49,984 7.8%	\$87,882 9.1%	\$133,120 8.3%	\$219,980 6.5%	\$50,000 5%	\$162,500 6.5%
	<b>TOTAL</b>	\$16,815 11.2%	\$34,816 10.2%	\$66,816 10.4%	\$117,079 12.1%	\$180,160 11.3%	\$331,840 9.8%	\$73,000 7.30%	\$225,000 9.0%
<b>Occupancy</b>	\$4,275 2.9%	\$6,290 1.9%	\$10,304 1.6%	\$12,610 1.3%	\$25,920 1.6%	\$77,860 2.3%	\$20,000 2%	\$25,000 1.0%	
<b>Education and Coaching</b>	\$7,500 5.0%	\$18,020 5.3%	\$29,504 4.6%	\$36,860 3.8%	\$53,760 3.4%	\$78,540 2.3%	\$23,000 2.30%	\$62,500 2.5%	
<b>Supplies/Office Expenses</b>	\$4,110 2.7%	\$7,446 2.2%	\$10,944 1.7%	\$12,707 1.3%	\$19,520 1.2%	\$40,460 1.2%	\$10,000 1%	\$25,000 1.0%	
<b>Communication and Technology</b>	\$5,535 3.7%	\$8,942 2.6%	\$13,248 2.1%	\$17,169 1.8%	\$21,920 1.4%	\$32,640 1.0%	\$16,000 1.60%	\$25,000 1.0%	
<b>Automobile</b>	\$4,440 3.0%	\$5,984 1.8%	\$8,000 1.3%	\$10,379 1.1%	\$12,800 0.8%	\$19,380 0.6%	\$10,000 1%	\$15,000 0.6%	
<b>Equipment/Furnishings</b>	\$915 0.6%	\$1,190 0.4%	\$1,664 0.3%	\$2,619 0.3%	\$5,280 0.3%	\$12,240 0.4%	\$5,000 0.50%	\$7,500 0.3%	
<b>Insurance</b>	\$2,415 1.6%	\$2,482 0.7%	\$3,008 0.5%	\$4,559 0.5%	\$5,120 0.3%	\$7,140 0.2%	\$5,000 0.50%	\$5,000 0.2%	

**\$750,000**  
**30% of GCI**

# NOTES

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# Cost of Sales vs. Compensation Budgeting

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The expense associated with different paid positions within your team are budgeted in Costs of Sales or Compensation, or both.

## 1. When is the expense a **Cost of Sale**?

- When they are paid on a commission or bonus structure. Typically, Buyers Agents and Showing Assistants are paid by bonus.

Example: A Buyers Agent receives a 50% split of the buyer sales they handle. This expense, occurring because a transaction was completed, is accounted for under Cost of Sales.

## 2. When is it an Operating Expense - **Compensation**?

- When they are paid a salary. Typically, salaried positions are classified as employees. For example, your Admin may be paid a salary as an employee.
- When you pay yourself a salary.

## 3. When is it both **Compensation and Cost of Sale**?

- When they are paid a salary and a commission or bonus. Typically, ISA/OSAs and Listing Agents are paid this way.

Example: A Listing Agent gets a salary plus a bonus for each closed transaction. Salary goes to Compensation and bonus goes to Cost of Sale.



# 7. THE MREA CHART OF ACCOUNTS—P&L

Monthly Profit and Loss	
Income	\$
Residential Income	
Listing Income	
Sales Income	
Builder/New Construction Income	
Referral Income	
Leasing Income	
Transaction/Administration Fee Income	
Total Residential Income	
Commercial Income	
Total Commercial Income	
Other Real Estate Income	
<b>Total Income (GCI)</b>	
Cost of Sales	
Commissions Paid Out	
Other - COS	
<b>Total Cost of Sales</b>	
Gross Profit	
Expenses	
Compensation	
Salaries/Benefits	
Professional Services	
Lead Generation and Conversion	
Listing Management	
Prospecting and Marketing	
Occupancy	
Education/Coaching/Dues/Travel	
Supplies/Office Expenses	
Communication/Technology	
Automobile	
Equipment/Furnishings	
Insurance	
Other Expenses	
<b>Total Expenses</b>	
Business Profit	
Below the Line Income	
Interest Income	
Vendor Supplier Income	
Profit Share Income	
Other Income	
<b>Total Below the Line Income</b>	
Below the Line Expenses	
Employee Profit Share	
Other Pretax Expenses	
Income Tax	
<b>Total Below the Line Expenses</b>	
Net Income	

Expenses
Lead Generation and Conversion
Listing Management
Services
Marketing
Signage
Other
Total Listing Management
Prospecting and Marketing
Offline Advertising
Online Advertising
Print/Direct Mail
Third-Party Lead Sellers
Events
Lead Conversion Tools
Meals, Gifts, and Entertainment
Other - Lead Generation
Total Prospecting and Marketing
Total Lead Generation and Conversion



## 8. FOUR BUDGET FOCUS AREAS

### 1. Lead with Revenue

- Make money before your spend it.
- Lead with lead generation, not expenses.
- Generate revenue in your real estate sales business that will, in turn, fund the growth of your business.

### 2. Play Red Light, Green Light

- Maintain careful spending of money to make money.
- When costs go up with no results, stop! When costs are within the budget, go!
- Always measure your ROI (Return on Investment).

### 3. Stick to the Budget

- No need to be committed to exact MREA percentages.
- Achieve economies of scale. Don't allow expenses and salaries to increase at the same rate as your revenue.
- Hold your investment in people accountable to the revenue they generate.

### 4. Get Into a Rhythm

- Visit your money regularly. Examine your budget on a weekly, quarterly, and annual basis.
- Reset your budget annually.
- Observe the trends, look for variances and changes to your ROI.

# NOTES

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## 9. AVOID BUDGET MODEL TRAPS

1. Not taking the time to understand how the model works and how it connects with the other models.
2. Being too lenient with money with the promise of big returns, e.g. offering big splits for future sales.
3. Hiring too many people too quickly.
4. Chasing GCI instead of return on investment.
5. Running a strict 30/30/40 business—never wanting to go above or below.
6. Not accounting for one's own expense/salary/split.
7. Being uncomfortable with budgeting and holding oneself accountable to it.

## 10. LEVERAGE TECHNOLOGY

### Features in Command that Help with Your Budget

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1. Pay just \$25 a month for Command. (You're already paying for this and there's no extra cost.)
2. Facebook Ads in Command that generate leads under \$2.

### How much am I currently paying for technology?

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Monthly expense for my platform? \_\_\_\_\_

Monthly expense for subscriptions? \_\_\_\_\_



# 11. MY BUSINESS PLAN - BUDGET MODEL

1. Begin with your GCI Goal from your Economic Model.
2. Enter values for **My Budget Plan** based on your GCI and how you run your business.
3. Compare to an **MREA budget**. Multiply the percentages in the “% of GCI” column with your GCI. Enter the result in the “\$\$ Based on MREA” column. This provides a look at what you would be spending if your expenses followed the model. This may not reflect your business.

**My GCI Goal:** \_\_\_\_\_ **for year** \_\_\_\_\_

COST OF SALES	MREA		\$\$ BASED ON MREA	MY BUDGET PLAN
	\$\$\$	% OF GCI		
Listing Specialist(s)	\$125,000	5%		
Buyer Specialist(s)	\$625,000	25%		
Other COS	minimal			
<b>TOTAL COS</b>	<b>\$750,000</b>	<b>30%</b>		
OPERATING EXPENSES	MREA		\$\$ BASED ON MREA	MY BUDGET PLAN
	\$\$\$	% OF GCI		
Compensation	\$360,000	14.4%		
Lead Generation	\$225,000	9%		
Occupancy	\$25,000	1%		
Education and Coaching	\$62,500	2.5%		
Supplies/Office Expenses	\$25,000	1%		
Communication and Tech	\$25,000	1%		
Auto	\$15,000	.6%		
Equipment	\$7,500	.3%		
Insurance	\$5,000	.2%		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$750,000</b>	<b>30%</b>		
<b>TOTAL EXPENSES</b>	<b>\$1,500,000</b>	<b>60%</b>		
<b>NET INCOME</b>	<b>\$1,000,000</b>	<b>40%</b>		



## 12. MY BUSINESS PLAN - PROFIT & LOSS

<b>MONTHLY PROFIT AND LOSS STATEMENT</b>	
<b>INCOME</b>	<b>\$</b>
Residential Income	
Commercial Income	
Other Real Estate Income	
<b>TOTAL INCOME (GCI)</b>	
<b>COST OF SALES</b>	
Listing Specialist(s)	
Buyer Specialist(s)	
Other COS	
<b>TOTAL COS</b>	
<b>GROSS PROFIT</b>	
<b>OPERATING EXPENSES</b>	
Compensation	
Lead Generation	
Occupancy	
Education and Coaching	
Supplies/Office Expenses	
Communication and Tech	
Auto	
Equipment	
Insurance	
<b>TOTAL OPERATING EXPENSES</b>	
<b>TOTAL EXPENSES</b>	
<b>BUSINESS PROFIT</b>	
<b>BELOW THE LINE INCOME</b>	
Interest Income	
Vendor Supplier Income	
Profit Share Income	
Other Income	
<b>TOTAL BELOW THE LINE INCOME</b>	
<b>BELOW THE LINE EXPENSES</b>	
Employee Profit Share	
Other Pretax Expenses	
Profit Share Income	
Income Tax	
<b>TOTAL BELOW THE LINE EXPENSES</b>	
<b>NET INCOME</b>	

# NOTES

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# 13. BUILD YOUR 4-1-1



## 4-1-1 ACTION GOAL WORKSHEET

Name \_\_\_\_\_

### ANNUAL GOALS

YEAR

Net Income: \$ \_\_\_\_\_ Contacts in Database: \_\_\_\_\_ **Update Budget**

Total Units Sold: \_\_\_\_\_ 1 Event for Leads

# Listing Appointments: \_\_\_\_\_ 2 Events for Contacts

# Buyer Appointments: \_\_\_\_\_

### MONTHLY GOALS

MONTH OF

# Listing Appointments: \_\_\_\_\_ Add # Contacts: \_\_\_\_\_ **Review Budget Model and adjust as needed**

# Buyer Appointments: \_\_\_\_\_ Call 1/3 of Database  
Send 1 value to Leads **Complete and Review P&L results**  
Send 2 value to Contacts

### WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4
Listing Appointments: _____			
Buyer Appointments: _____			
Add Contacts: _____			
Make _____ Calls			
Send Email of Value to Contacts			



## 14. AHAS AND ACTION STEPS

What are my **Ahas** from this section?

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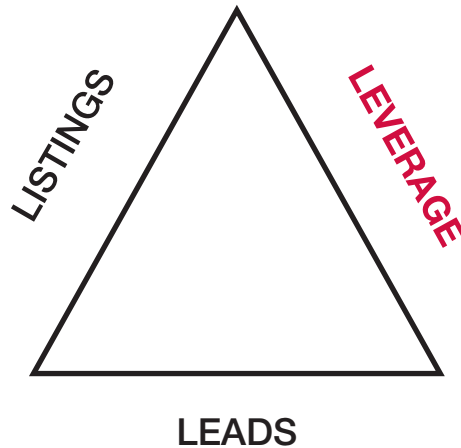
What **Actions** will I take with regard to this section?

Action Steps		
	Action	Completion Date
1.		
2.		
3.		

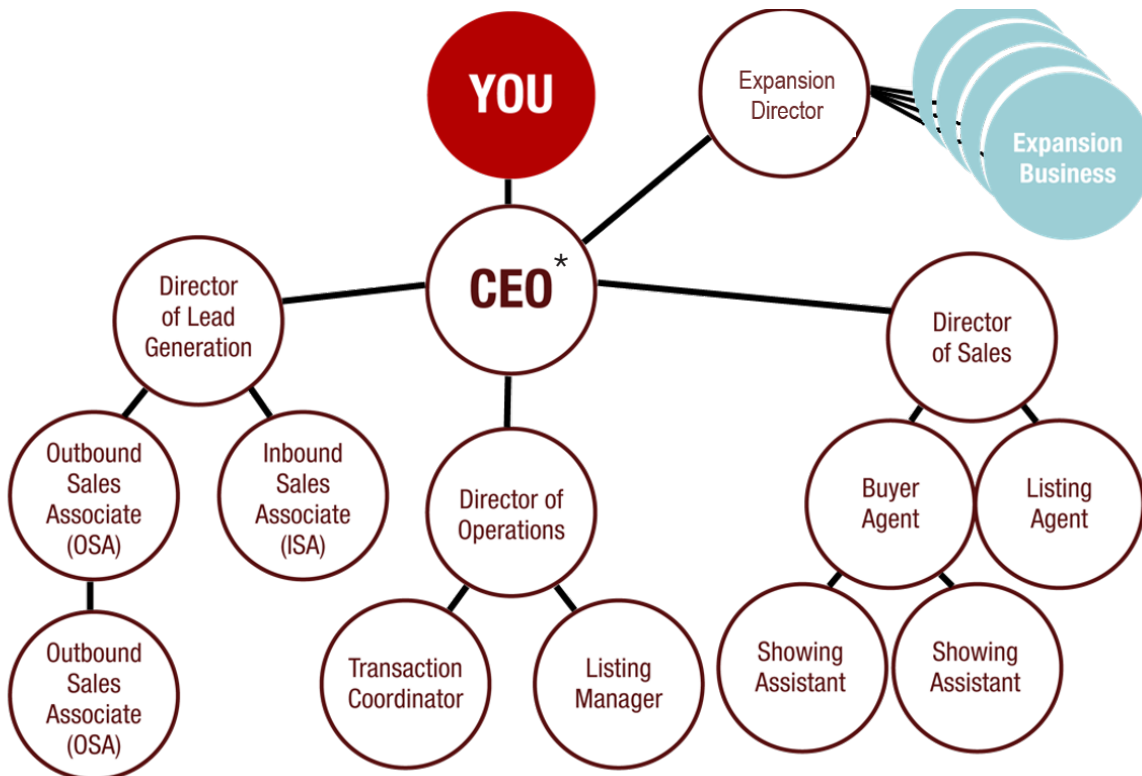


# THE ORGANIZATIONAL MODEL

## 1. THE PATH TO PEOPLE LEVERAGE



The ultimate business goal is to have a successful business run by other people. This is a “7th Level” business. This diagram illustrates how your organization might grow following the Organizational Model of *The Millionaire Real Estate Agent*.



\* Check your local real estate rules to see if C-suite terms are allowed in your jurisdiction before using them.



## 2. THREE HIRING DRIVERS

1. Your **LEADS**
2. Your **PEOPLE**
3. Your **MARKET**

## 3. THE HIRING PROCESS

Before hiring any person into your business ...

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1. Explore other leverage options: tools, technology, systems.
2. Attend the three-part KWU Leverage series and start with *Career Visioning*.
3. Always lead generate for talent.
  - Potential talent
  - Emerging talent
  - Proven talent
4. Consult your Budget Model.
  - Know the cost and expected ROI of each hire.
5. Understand the cost of a bad hire.
6. What are the ways a bad hire might cost your business?

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7. Have a written job description for the role and let your new hire do what you hired them to do.
8. Understand how you will plan for your team to use Command and how you will run your business in Command.

# NOTES

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## 4. THE HIRING PATH OF THE MREA

### THE 1ST LEVEL - Personal Productivity

#### Areas of Mastery

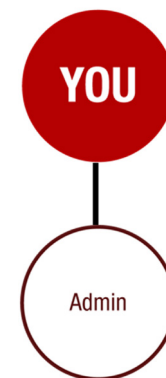
- Lead generation
- Mindset and Vision



### THE 2ND LEVEL - Hiring and Succeeding Through Others

#### Areas of Mastery

- Hiring
- Training
- Accountability



### THE 3RD LEVEL - Leadership and Systems, Laying Foundations for Growth

#### Areas of Mastery

- Systems
- Succeeding through others
- Going “2-deep”



# NOTES

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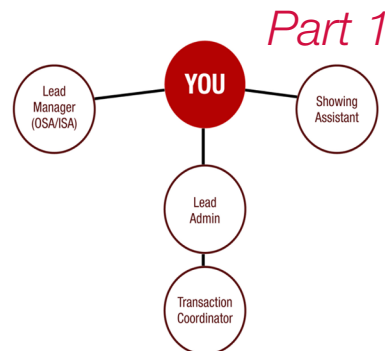
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# The Hiring Path of the MREA (continued)

## THE 4TH LEVEL (PARTS 1 AND 2) - Leverage on the Buyer Side

### Areas of Mastery

- Leveraging out the buyer side
- Launching your lead generation division



### New Positions

- Showing Assistant (Part 1)
- Outbound Sales Associate (Part 1)
- Lead Buyer Agent (Part 2)
- Lead Manager (Part 2)
- Inbound Sales Associate (Part 2)



## THE 5TH LEVEL (PARTS 1 AND 2) - Leverage on the Seller Side

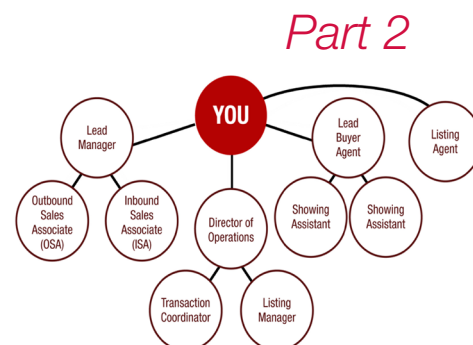
### Areas of Mastery

- Leveraging out the seller side
- Profitability
- Building your lead generation division



### New Positions

- Director of Operations (Part 1)
- Listing Agent (Part 2)



# NOTES

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# The Hiring Path of the MREA (continued)

## THE 6TH LEVEL (PARTS 1 AND 2) - Expansion

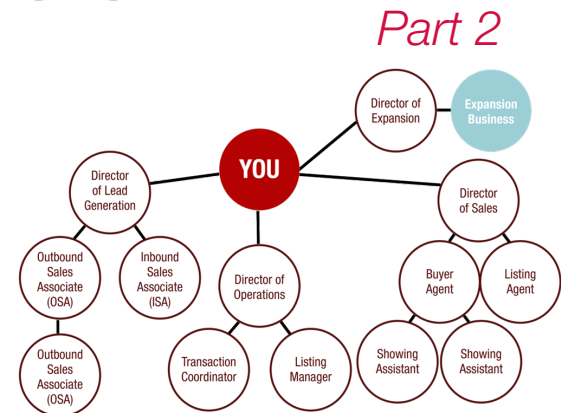
### Areas of Mastery

- Leadership
- Leverage
- Expansion



### New Positions

- Expansion Agent (Part 1)
- Director of Lead Generation (Part 1)
- Director of Sales (Part 1)
- Director of Expansion (Part 2)



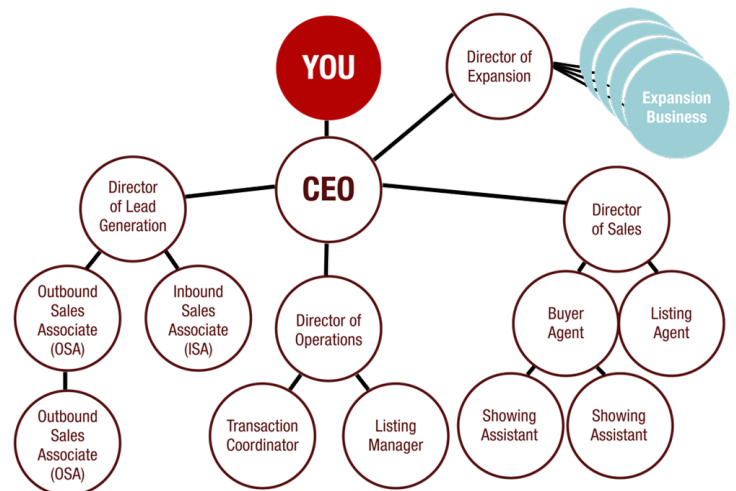
## THE 7TH LEVEL - Your CEO\*

### Areas of Mastery

- Replacing yourself
- Vision
- Accountability to growth and standards

### New Positions

- CEO\*



\* Check your local real estate rules to see if C-suite terms are allowed in your jurisdiction before using them.

# NOTES

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## 5. AVOID ORGANIZATIONAL MODEL TRAPS

1. Not taking the KWU courses, *Career Visioning* and *30-60-90* (part of the Leverage series) before any hiring.
2. Not having a P&L and understanding the cost of each hire, as well as the amount of time it requires to hire and train.
3. Not checking with your Budget Model to factor in the salary expense and the expected return on the expense.
4. Skipping levels. This model is a process that works with each hire building on each other.
5. Not having solid systems in place for lead generation and conversion that are replicable and scalable to cover the expense of additional people.
6. Hiring for the sake of having a larger team.

## 6. LEVERAGE TECHNOLOGY

### Features in Command that Help with Leverage

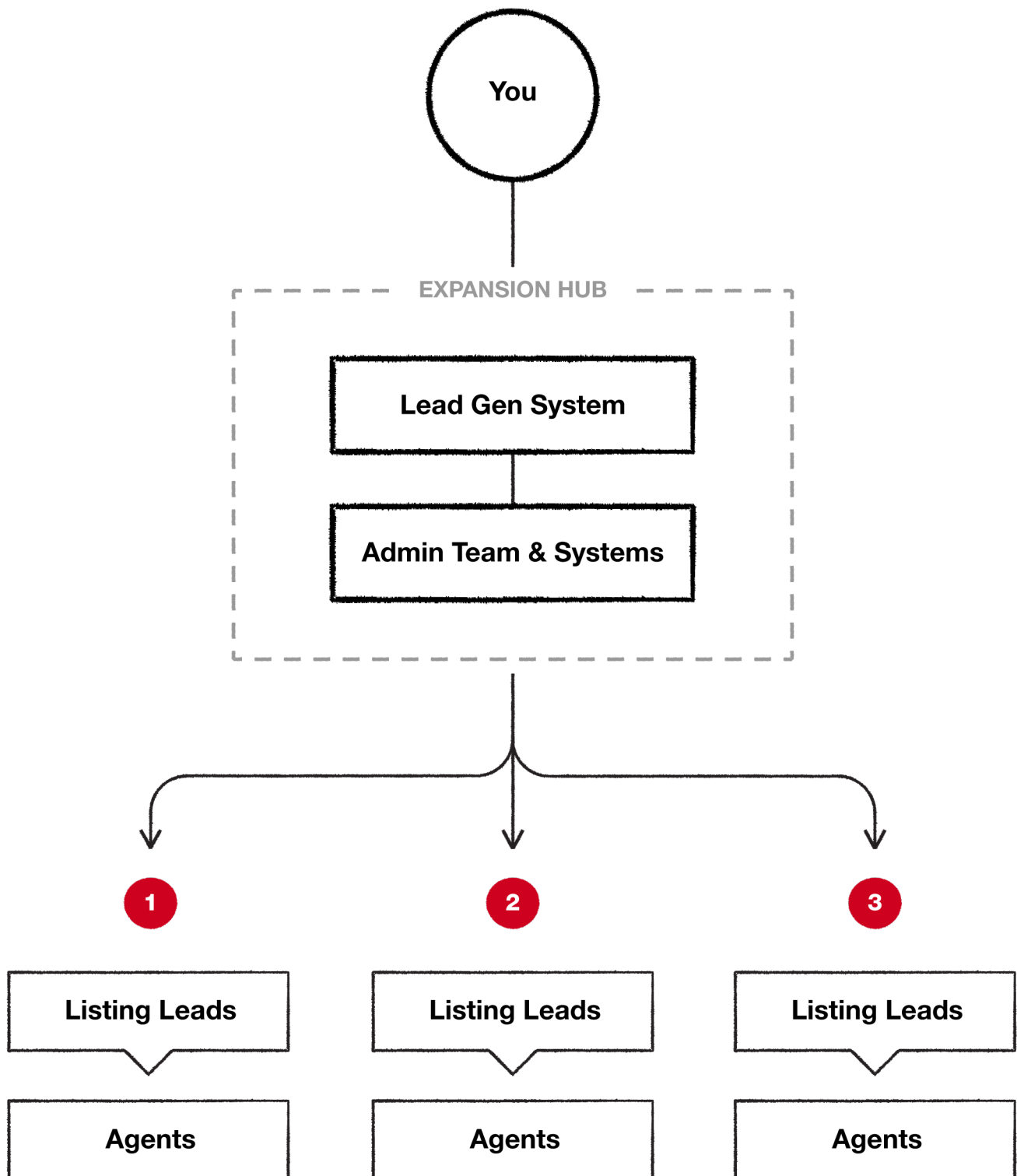
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Command has team functionality that is becoming more robust as teams engage with these features. Before you hire Buyer Agents and/or Listing Agents, it is important that you plan out how you will use Command with your team. Decisions you make will affect how you set up your database and how the team will interact with all the functions of Command.

Make a plan for Command before you hire to your team!



# 7. THE 5TH MODEL—THE EXPANSION MODEL



# NOTES

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## 8. MY BUSINESS PLAN - CURRENT ORGANIZATION

Where am I on the path to people leverage? (Draw your **current** organizational chart.)



What are my areas of mastery? (Rate yourself on each one.)	1 Low	2	3	4 High
1. Lead generation, capture, and conversion to appointments				
2. Presentations to buyers and sellers to get agreement				
3. Showing buyers and marketing sellers				
4. Writing and negotiating contracts				
5. Coordinating sales to closing				
6. Managing the money				
7. Hiring (Important! Take KWU Career Visioning before hiring)				
8. Training				
9. Accountability				

What are my plans to improve and/or delegate/get hep with?

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# NOTES

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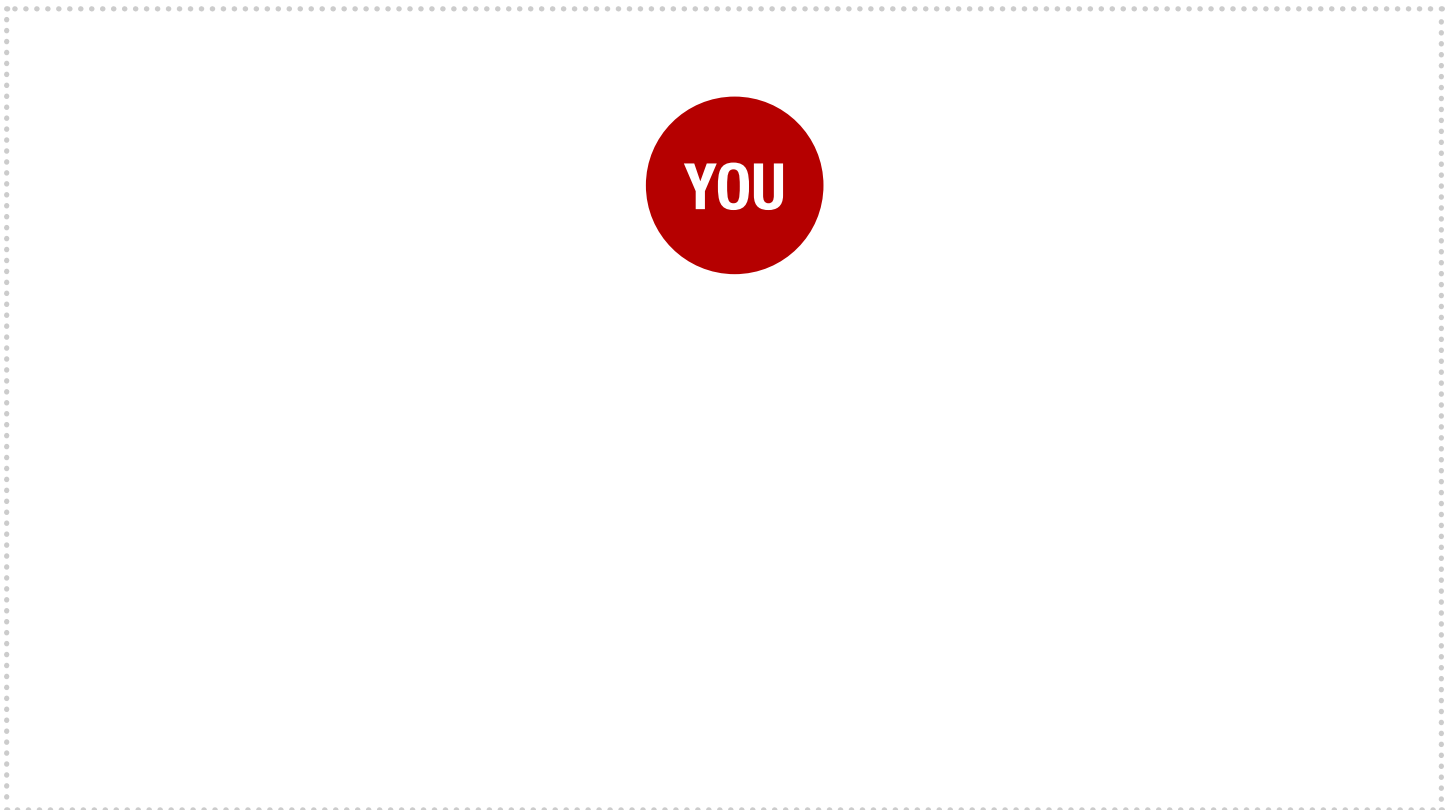
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## 9. MY BUSINESS PLAN - FUTURE ORGANIZATION

What level of the organizational model do I strive for? (Draw your **future** organizational chart.)



A large dotted-line rectangular box for drawing an organizational chart. In the center is a red circle with the word "YOU" in white capital letters.

What steps will I take to begin the journey to my new organizational model?

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# 10. BUILD YOUR 4-1-1



## 4-1-1 ACTION GOAL WORKSHEET

Name \_\_\_\_\_

### ANNUAL GOALS

YEAR

Net Income: \$ \_\_\_\_\_    Contacts in Database: \_\_\_\_\_    Update Budget  
 Total Units Sold: \_\_\_\_\_    1 Event for Leads  
 # Listing Appointments: \_\_\_\_\_    2 Events for Contacts  
 # Buyer Appointments: \_\_\_\_\_

Attend Leverage Series  
 Analyze my Economic Lead Gen, and Budget Models to determine my investment and the return I expect  
 Hire \_\_\_\_\_ in \_\_\_\_\_ Qtr

### MONTHLY GOALS

MONTH OF

# Listing Appointments: \_\_\_\_\_    Add # Contacts: \_\_\_\_\_    Review Budget Model and adjust as needed  
 # Buyer Appointments: \_\_\_\_\_    Call 1/3 of Database    Create and Review P&L results  
 Send 1 value to Leads  
 Send 2 value to Contacts

Register for Career Visioning

### WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4
Listing Appointments: _____			
Buyer Appointments: _____			
Add Contacts: _____			
Make _____ Calls			
Send Email of Value to Contacts			

# NOTES

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# 11. AHAS AND ACTION STEPS

What are my **Ahas** from this section?

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What **Actions** will I take with regard to this section?

Action Steps		
	Action	Completion Date
1.		
2.		
3.		

# NOTES

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# PULLING IT ALL TOGETHER

1. Complete Your 4-1-1
  - Pull items from the five Action Steps in this course into your final 4-1-1.
2. Create and Use Your Business Plan
3. Execute Your Business Plan with Accountability
4. Complete the Course Evaluation
  - [kwueval.com](http://kwueval.com)
5. Schedule and Attend Business Planning Clinic Next Year



# 4-1-1 ACTION GOAL WORKSHEET

Name \_\_\_\_\_

## ANNUAL GOALS

YEAR \_\_\_\_\_

## MONTHLY GOALS

MONTH OF \_\_\_\_\_

## WEEKLY GOALS

WEEK 1	WEEK 2	WEEK 3	WEEK 4

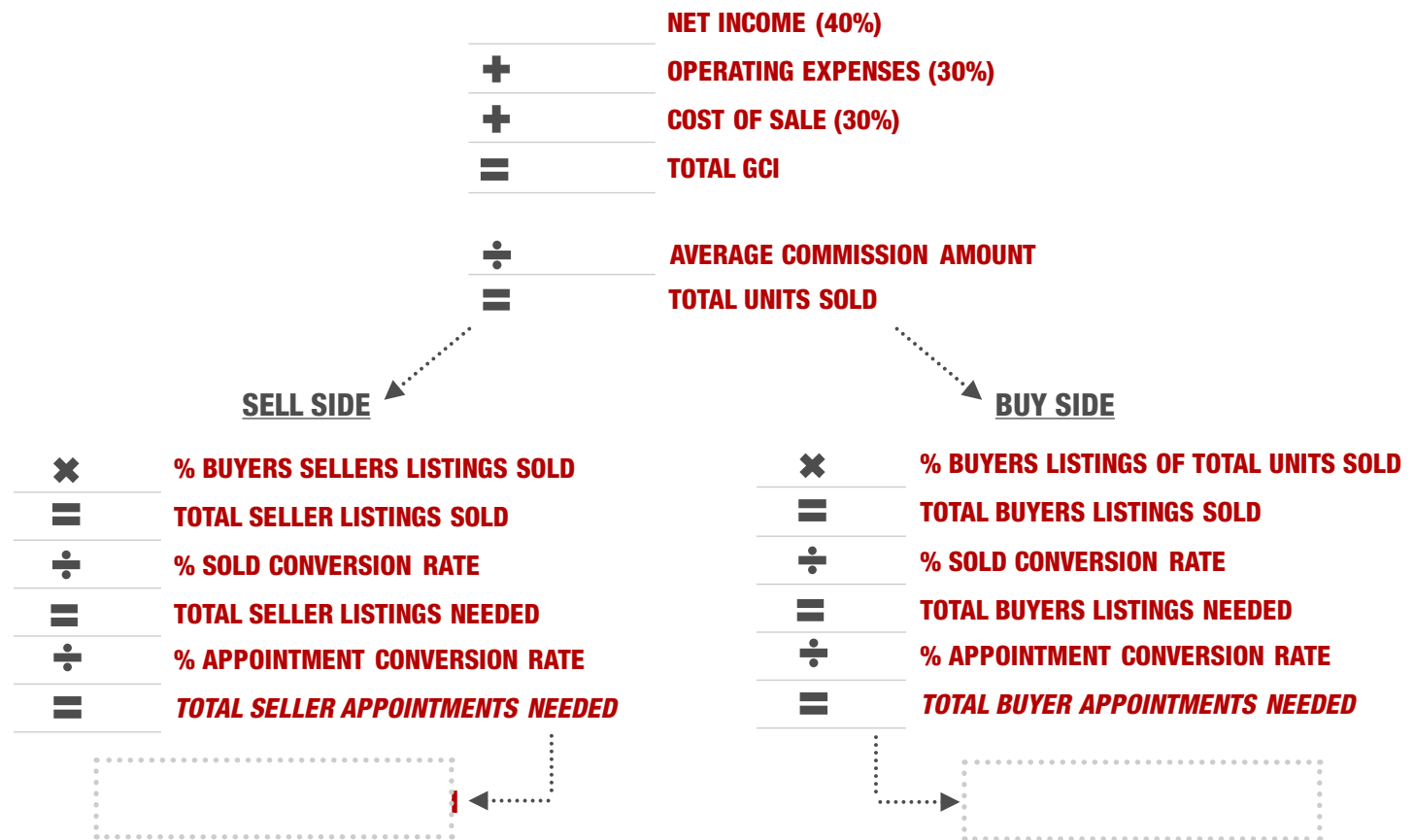


## 4-1-1 ACTION GOAL WORKSHEET

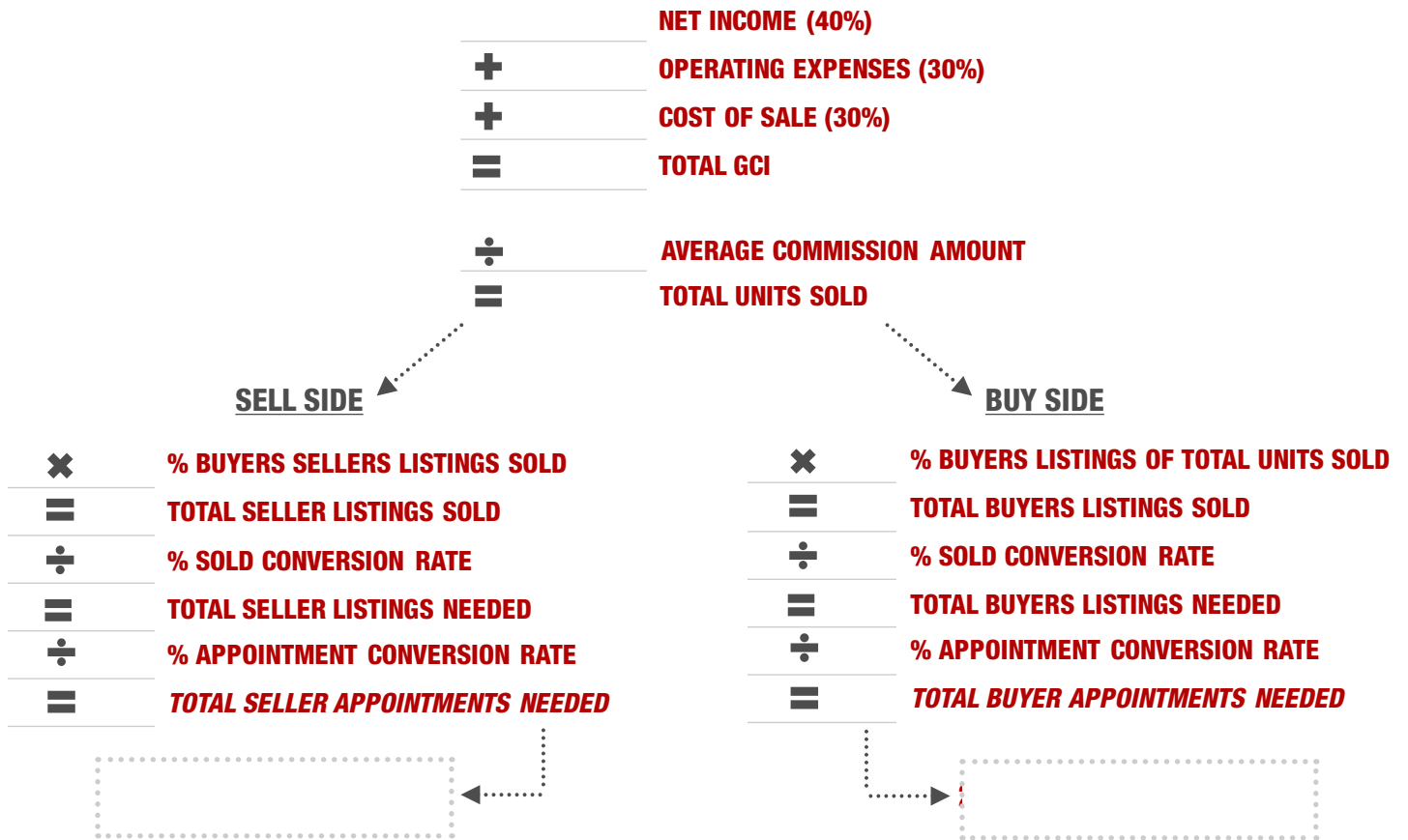
<b>ANNUAL GOALS</b>   YEAR			
<i>Annual Job Goals</i>	<i>Annual Business Goals</i>	<i>Annual Personal Financial Goals</i>	<i>Annual Personal Goals</i>
<b>MONTHLY GOALS</b>   MONTH OF			
<i>Monthly Job Goals</i>	<i>Monthly Business Goals</i>	<i>Monthly Personal Financial Goals</i>	<i>Monthly Personal Goals</i>
<b>WEEKLY GOALS</b>			
<b>WEEK 1</b>	<b>WEEK 2</b>	<b>WEEK 3</b>	<b>WEEK 4</b>
<i>Weekly Goals</i>	<i>Weekly Goals</i>	<i>Weekly Goals</i>	<i>Weekly Goals</i>

# MY BUSINESS PLAN - ECONOMIC MODEL (ACTUAL)

1. Begin by writing your Net Income goal.
2. Divide Net Income by 40% (.4) to calculate total GCI, and write this number down.
3. Multiply GCI by 30% (.3) for both Operating Expenses and Cost of Sale and write these down.
4. Write in your Average Commission Amount.
5. Divide total GCI by your Average Commission Amount to calculate the number of units to be sold.
6. Calculate the rest of the formulas.
  - If you do not know your split between the Sell Side and the Buy Side, use an estimate or use the MREA example of 50/50.
  - Use estimates or MREA examples for each of the conversion rates.
7. Calculate how many appointments to go on monthly and weekly.



# MY BUSINESS PLAN - ECONOMIC MODEL (PRO FORMA)



What are my plans to improve?

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# MY BUSINESS PLAN - LEAD GENERATION MODEL

## My Database, My Business

\_\_\_\_\_ Contacts needed to achieve the goals of my Economic Model

\_\_\_\_\_ Contacts in my database today \_\_\_\_\_ Contacts needed to add to my database

\_\_\_\_\_ Add each month \_\_\_\_\_ Add each week

## My Lead Generation Sources

### CURRENT

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

### FUTURE

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## My Lead Generation Activity

\_\_\_\_\_ Lead Generation calls daily

## My 19 to Connect Touch Campaign for Leads

- 4 annual calls (quarterly)
- 12 monthly emails, newsletters, market reports, videos
- 2 promotional direct mail: magnet, calendar, market report
- 1 annual event, party, movie, get-together

Details

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## My 36 to Convert Touch Campaign for Contacts

- 4 annual calls (quarterly)
- 26 bi-weekly emails offering information of value to the consumer
- 2 events, get-togethers, parties
- 4 promotional direct mail: magnet, calendar, market report, etc.

Details

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# MY BUSINESS PLAN - BUDGET MODEL

1. Begin with your GCI Goal from your Economic Model.
2. Enter values for **My Budget Plan** based on your GCI and how you run your business.
3. Compare to an **MREA budget**. Multiply the percentages in the “% of GCI” column with your GCI. Enter the result in the “\$\$ Based on MREA” column. This provides a look at what you would be spending if your expenses followed the model. This may not reflect your business.

**My GCI Goal:** \_\_\_\_\_ **for year** \_\_\_\_\_

COST OF SALES	MREA		\$\$ BASED ON MREA	MY BUDGET PLAN
	\$\$\$	% OF GCI		
Listing Specialist(s)	\$125,000	5%		
Buyer Specialist(s)	\$625,000	25%		
Other COS	minimal			
<b>TOTAL COS</b>	<b>\$750,000</b>	<b>30%</b>		
OPERATING EXPENSES	MREA		\$\$ BASED ON MREA	MY BUDGET PLAN
	\$\$\$	% OF GCI		
Compensation	\$360,000	14.4%		
Lead Generation	\$225,000	9%		
Occupancy	\$25,000	1%		
Education and Coaching	\$62,500	2.5%		
Supplies/Office Expenses	\$25,000	1%		
Communication and Tech	\$25,000	1%		
Auto	\$15,000	.6%		
Equipment	\$7,500	.3%		
Insurance	\$5,000	.2%		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$750,000</b>	<b>30%</b>		
<b>TOTAL EXPENSES</b>	<b>\$1,500,000</b>	<b>60%</b>		
<b>NET INCOME</b>	<b>\$1,000,000</b>	<b>40%</b>		


My Budget Model

# MY BUSINESS PLAN - PROFIT & LOSS

<b>MONTHLY PROFIT AND LOSS STATEMENT</b>	
<b>INCOME</b>	<b>\$</b>
Residential Income	
Commercial Income	
Other Real Estate Income	
<b>TOTAL INCOME (GCI)</b>	
<b>COST OF SALES</b>	
Listing Specialist(s)	
Buyer Specialist(s)	
Other COS	
<b>TOTAL COS</b>	
<b>GROSS PROFIT</b>	
<b>OPERATING EXPENSES</b>	
Compensation	
Lead Generation	
Occupancy	
Education and Coaching	
Supplies/Office Expenses	
Communication and Tech	
Auto	
Equipment	
Insurance	
<b>TOTAL OPERATING EXPENSES</b>	
<b>TOTAL EXPENSES</b>	
<b>BUSINESS PROFIT</b>	
<b>BELOW THE LINE INCOME</b>	
Interest Income	
Vendor Supplier Income	
Profit Share Income	
Other Income	
<b>TOTAL BELOW THE LINE INCOME</b>	
<b>BELOW THE LINE EXPENSES</b>	
Employee Profit Share	
Other Pretax Expenses	
Profit Share Income	
Income Tax	
<b>TOTAL BELOW THE LINE EXPENSES</b>	
<b>NET INCOME</b>	

# MY BUSINESS PLAN - CURRENT ORGANIZATION

Where am I on the path to people leverage? (Draw your **current** organizational chart.)



What are my areas of mastery? (Rate yourself on each one.)	1 Low	2	3	4 High
1. Lead generation, capture, and conversion to appointments				
2. Presentations to buyers and sellers to get agreement				
3. Showing buyers and marketing sellers				
4. Writing and negotiating contracts				
5. Coordinating sales to closing				
6. Managing the money				
7. Hiring (Important! Take KWU Career Visioning before hiring)				
8. Training				
9. Accountability				

What are my plans to improve and/or delegate/get hep with?

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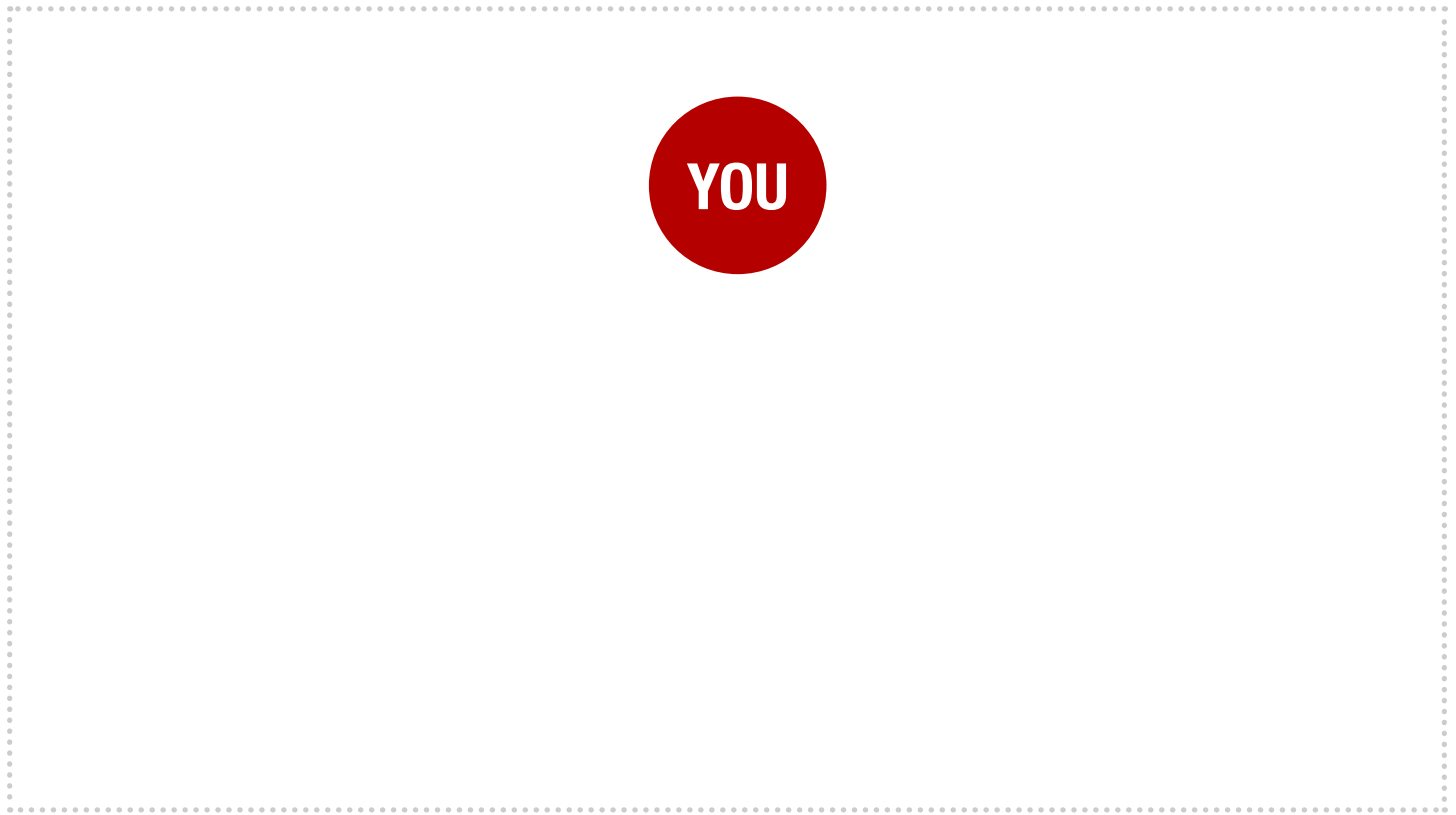


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My Organizational Model

# MY BUSINESS PLAN - FUTURE ORGANIZATION

What level of the organizational model do I strive for? (Draw your **future** organizational chart.)



What steps will I take to begin the journey to my new organizational model?

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