

CREATING YOUR REAL ESTATE BUSINESS PLAN

“Strategically Visualizing and Defining Your Future”

Workbook



A PEAK TRAINING EXCLUSIVE FOR
Russ Lyon Sotheby's International Realty

By Mike Balzotti, M.Ed.

CREATING YOUR RESIDENTIAL REAL ESTATE BUSINESS PLAN
"Strategically Visualizing and Defining Your Future"

Workbook

By Mike Balzotti, M.Ed.



"Begin with the end in mind..."

Vision Statement:

An agent's Vision Statement is like a corporation's Mission Statement. In it you define what you want your practice to look like. You are essentially programming your subconscious to pull into your awareness that which is consistent with your vision—the kind of clients you want to attract; the type of properties you want to sell; your values; what differentiates you from the competition.

It is said that we only process (stream of consciousness) about 1% of what is available to our awareness. This is why it is critical to 'program your subconscious' with what you want your business to look like. It's like thinking about a new car. They start showing up in your world without you thinking about them! That's the subconscious mind bringing into your reality that which you have passionately expressed an interest.

In the movie 'The Secret' they talk about the *Law of Attraction* and how what we envision with passion can materialize—they speak of the attraction factor in a metaphysical sense, but it is also as mechanical as working with the hard drive on your computer—*garbage in, garbage out; what we resist persists; you get what you expect...*all that 'stuff' is true.

Write your vision statement as if it already has happened e.g. *'I attract motivated sellers and buyers who are attracted to me for my superb market knowledge, reputation and passion for helping my clients actualize their goals. What separates me from the pack is'...*you get the idea.

From the sublime to the mundane!



Goal Setting: By the Numbers

*You can't hit a target
you haven't set your sights on!*

It's hard to project forward without first looking back (assuming you've been in the business for at least a year). **Start with the following exercise:**

Last Year: Gross Annual Sales \$: _____

Gross Annual Commission \$: _____

Gross Company \$: _____

Net Annual Agent Commission \$: _____

Total Revenue Units Closed: _____ List-Side Units: _____ Sale-Side
Units: _____

Last Year's Business Expenses: _____ (advertising,
photography, gas, events etc.)

***Last Year's Net Income:** _____

Also figure Last Year's # of Listings: _____

Listings Sold: _____

Expired Listings: _____

Cancelled Listings: _____

***Now bump your Net Income for last year by 20%.** This is a reasonable
and obtainable increase in production *with a business plan...*

Goal Setting 2010– The key: *Dollars to Revenue Units*

To get from “This Year’s Projected Gross Annual Sales” to an executable Action Plan we need to determine the following:

Gross Income Goal: \$\$ _____

Divide by 12 months = \$\$ _____



Then translate the monthly commission dollars to 'revenue units' (# of listings and sales needed based on your average listing and sales price).

For example, to make \$150,000 this year you need to close about \$12,500 per month. If your average sale approximates the company average, \$650,000 @ 3% to = about \$19,500 gross and based on your split, approximately \$12,500 net (@70% less franchise fee), then you need to average 1 revenue unit per month e.g. 1 listing or 1 sale, you get the picture. Also, since not all listings sell or sales close, you need to factor in your average fall-out / expired percentage for last year and compensate for that. Then, factor in expenses. It is not uncommon for productive agents to invest at least 10% of their gross income back into their business.

It is also noteworthy that statistically every listing that sells is worth 2 revenue units. It's not that you will sell the listing, but will generate at least 1 piece of business by having that listing!

Less Projected Business Expenses: _____ (advertising, photography, education, professional fees, gas, events etc.)

My average sales price _____ listing price _____

The # of revenue units I needed monthly to reach my net \$\$ goal:

Total Revenue Units Closed: _____ Buy-Side Units: _____ Sale-Side Units: _____

This Year's Projected Net-Net income: _____

Now let's create your "Action Plan" to make this target income happen...

Understanding there are 2 major factors in creating a successful

Action Plan: People & Knowledge...

I. People:

You want to create and cultivate a steady stream of people who want to do business with you. If successful, ultimately, at least 85% of your business will come from referral.

The number one source of all buyers and sellers in almost every agent's successful career is the people they know in their life; your 'sphere of influence' (SOI).

"People do business with whom they want to do business".

*We are judged on our likability (rapport building skills) and credibility (that we know our stuff). **Likability ---- Credibility***



To balance likability and credibility we need to be skillful at engaging people in conversation that aim for finding common ground. There is the universal rule that people feel most comfortable with those whom they perceive as most like themselves. Once we find the 'connection' we can more easily meter out our expertise in a natural dialogue over time.

Staying 'top of mind' with the people in your life:

We do this by ongoing (monthly) contact to our sphere with special attention to referrer type acquaintances (they are people who like to join organizations and talk about others!).

We need to continually be increasing the number of people we know who think well of us and know we are in real estate:

Key is the mind-set: *Everyone is a potential 'real estate account'!*

And having the understanding: *Real estate is a conversation...where one thing leads to another!*

Action planning items: First and foremost—monthly contact with sphere--how? Getting new clients—how? Look at the options below. Circle the ones you are or will be doing. Then, in the Action Plan area below detail which



items you will / are doing—and if appropriate, the frequency of the activity:

YOU MUST HAVE A **CONTACT MANAGEMENT SYSTEM** like MS Outlook (PC) / Entourage (Mac). You could use real estate 'businesses in a box' like Top Producer. *But whichever program you choose, create a database where you can enter, categorize and maintain contact with the people you know and the people you meet.*

- **Open houses:** One of the easiest ways to meet potential buyers & sellers. Take our Open House class to learn how to target the best property opportunity and how to convert visitors into clients. We know 50% of people who visit open houses do buy within 1 year! The game is 'connect' and 'continue'.
- **Name Badge:** You will increase conversations by wearing your RLSIR name badge. (NAR surveys shows doing this one thing will bring in 3 additional transactions per year).
- **Networking:** Always be prepared to talk about the market, demonstrating your expertise in casual conversation. For example, be able to articulate why now is a good time to buy (see 10 Buy Now Talking Points <http://PeakTraining.org/resources.html>)
- **Post card campaign** (must be consistent e.g. monthly). Plan your year in advance so it happens on autopilot! A monthly sample message is posted on <http://azluxuryrealestateblog.com>
- **The 5 note cards a day campaign - 'Rule of 100':** If you write 5 'Thank You', or 'Just thinking of you' notes a day, 5 days a week, that's 100 contacts per month. Statistically this will generate 5 appointments and at least 1 piece of business (revenue unit).
- **Electronic or print monthly newsletter** (these can be purchased from sources like www.GooderGroup.com)
- **Personal Web Site:** Take advantage of your RLSIR website. Register your domain. Learn how to access and use the site. Add your content to it. Leverage having it in your conversations and marketing.
- **Web 2.0 / Social Networking / Blogging** (your own blog; also check out ActiveRain.com, blogsignup.realtor.com & www.trulia.com/voices, as well as social networking sites like Linked-in).

- **Phone Contact:** Next to person-to-person, this is clearly the best: Routine conversations with everyone you know with the basic purpose ‘keep me in mind’. Don’t initiate these conversations as a sales call, but rather more of a ‘just thinking of you’...approach.
- **Identify Target markets:** Other affinity, or warm markets—where you can talk the talk (e.g. prior profession) or have common ground (absentee owners who own property in our market and are from the same state you’re from). These should be markets you can reach on a monthly basis with specific and preferably multiple tactics:
 - **Tactics for Target Markets:** The actionable things you will do on a regular basis to reach your target.



Sample Target Market: Geographic Farm

Sample Tactics for Farm: Farm Newsletter; postcard campaign; walk the dog; serve on the board of the HOA (if applicable); open houses; etc.

- There are other internal resources on **Rnet** like the **RLSIR Listing Presentation**—<http://RLSIRlistingpresentation.com> - a tool that not only has all your talking points for marketing and competitive positioning (pricing), but can also be adapted as a prospecting tool with FSBO’s and Expired’s.
- **Sotheby’s Members site** is another resource with content for communication and presentations.
- **Your Ideas:** Your imagination is the limit for ways to stay in touch with your sphere. This is where you could buy into a **coaching program** that has collateral materials you learn and send out, or come up with **your own creative strategies to stay top of mind**—hosting events; lunch with past clients; etc.

What other ideas can you come up with to increase your contacts?

II. Knowledge / Expertise:



'Confidence through competence'

Market knowledge and the ability to exercise skill in managing all aspects of the job, or competence, gives you confidence...and confidence is attractive:

Action planning items:

- **Specialization:** Ironically, as you narrow your focus you expand your influence. Why? The perception of expertise draws people to you; gets you referrals. This can be a particular type of property or market segment (golf properties; view properties; horse properties; acreage; a geographic area; 2nd home owners, etc). A savvy thing to do if you haven't already specialized or want to re-evaluate what you are doing, is to research where the current activity is; where you have a special interest, that you love, or that fit with the trend. For example, clearly REO properties are a huge market today.
- **Statistics:** Knowing the numbers; market trends; being verse with the 3 formulas (Absorption Rate; Number of Month Supply; and Trading Range). See '3 Formulas for Fearless Pricing' on <http://PeakTraining.com/resources.html> Take our CMA Class.
- **Be prepared to Present:** As a result of knowing the market, we need to be prepared to create an accurate CMA with a killer listing presentation when you have the opportunity to work with sellers. Be able to use Toolkit CMA or equivalent. Know and use the RLSIR Listing Presentation and all it's talking points. Take our Marketing Class.
- **Contract understanding, preparation and negotiating skill:** Knowing our contracts and associated forms to the 'standard of care' that you can paraphrase each paragraph.
- **Knowing how to more effectively educate and influence buyer and seller decisions.** And the skill to get them to do what is often counter-intuitive to them—like pricing to sell (sellers) and making reasonable offers (buyers). Take our Negotiation Class (if you haven't already).
- **Plug in!:** Go to classes; attend all meetings; participate in tours. In short, even though real estate is not a 'team sport' most top producers are fully engaged at all levels.

Time Management:



The key to making our Action Plan happen is getting it translated into daily, weekly and monthly scheduled events. For example, if part of your plan includes doing 8 open houses per month, then schedule the days and times in. Schedule all your Action Plan Activities:

Recognize the 3 major categories of real estate business time:

1. **A-Time: Time spent with buyers and sellers. This is clearly your most valuable time.**
2. B-Time: Time supporting A-Time—preparing CMA's; correspondence; follow-up; etc.
3. C-Time: Meetings, research, tours, etc. This is valuable time in networking and improving your practice, but should not be confused with the fact that only A-Time actually makes money! Someone has to buy; someone has to sell.

Your weekly calendar should have elements of at least 2 of the 3 categories 5 days a week.

Another helpful model is from Steven Covey's 'The 7 Habits of Highly Effective People'. He has 4 quadrants of time—

Urgent / Important—time we have planned and scheduled.

Urgent / Not Important—like a phone call that takes us off our game plan.

Not Urgent / Important—like taking time to create a business plan; come up with a new marketing strategy; etc.

Not Urgent / Not Important—like having fun...though hopefully we all know the value of re-charging our batteries!

Accountability: Without a coach it is a good idea to have an accountability partner—colleague or manager; someone to whom you can show your written plan and ideally who can help monitor your progress as you execute your action plan.

'Begin with the end in mind...'

- All things are created twice. We create them first in our minds, and then we work to bring them into physical existence. By taking control of our own first creation, we can write or re-write our own scripts, thus taking some control and responsibility for the outcome. We write or re-write our scripts using our imagination and conscience.
- *You are in business for yourself just not by yourself.*
 - *Being a self starter is critical.*
 - *The power of affirmations (self programming)*

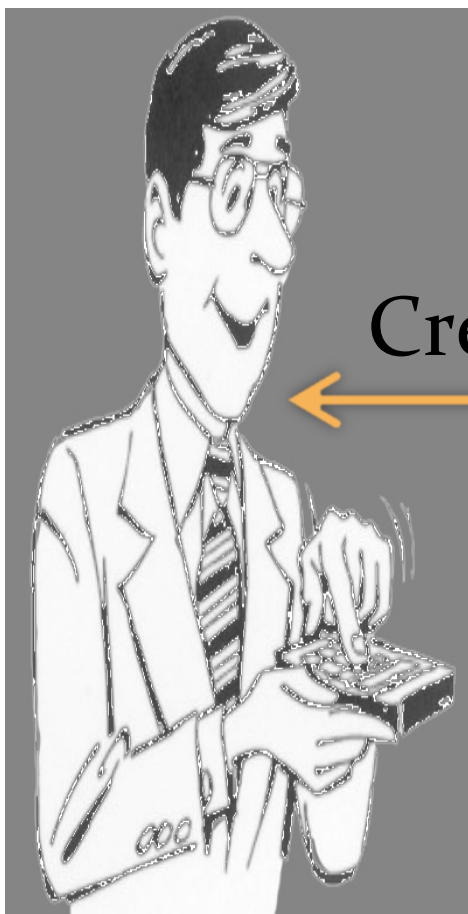


'RULE OF 100'

How to make 150K a year selling homes...

- Talk to 5 people a day
- 5 days a week
- 100 a month = 1 client
- 1 av. Sale = \$650K
- About 12K to you
- About 150K per year!

Take me seriously,
or take me dancing!



Credibility
← Rapport →

