

**Introducing CAP**



**Your Commission Toolbox**

# What is CAP?

CAP is an acronym for **Commission Analysis and Prediction**. It is revolutionary commission toolbox that uses sophisticated AI technology to create, design, modify, analyze, test and compare multiple agent commission and compensation strategies using your own historical sale transaction data, directly from Profit Power or SMARTS. If you are using another back-office solution other than Profit Power or SMARTS, CAP has a number of methods for the importing your back office data into the CAP application.

## Case Uses

There are a multitude of uses for the CAP application. Here are three scenarios that provide some insight as to how CAP can literally change the way you do business.

### Case #1 – Recruiting

Imagine this regular situation. A sales associate from another agency wishes to join your firm. At the hiring interview, the agent brings with them a list of their sales for the past twelve months and their 1099 statement for the same period. In the discussion, the agent claims that they were on an 80% commission plan with their current broker. They are looking to increase their commission rate to 90% should they decide to join your firm.

A quick online review of the agent's sales activity confirms that in the past twelve months they sold \$5,650,000 in volume. The market rate for either the list or sell side of a sale was 2.5%. So, the gross commission, less referrals, would be \$141,250.00. The agent's 1099 income statement shows their earnings were \$109,500.00.

The company likes this agent and would love to have them join their firm. The question is whether or not the brokerage company can provide the agent with the 90% commission rate they are seeking. A review of the firm's finances reveals that the amount of net company dollar the agent has to produce, in order to for pay the agent's annual expenses and earn a reasonable profit is \$35,000.00. This is the company's net company dollar breakeven amount.

***How long would it take to analysis this scenario and in the process, create one or more commission plan options that would satisfy the sales agent and still provide enough revenue and profit for the company?***

Here's where CAP can analyze this typical scenario and do so in *just a few minutes*. Using the CAP application, the first step would be to confirm the agent's historical amounts.

CAP has a quick and easy feature that will:

1. Analyze the agent's previous sales activity to determine the actual rate the agent was paid with their current brokerage firm. CAP will then have a base line analysis to use to compare with hypothetical commission plan options
2. Create three unique commission plans that take into account the agent's request for a 90% commission rate and the net company dollar breakeven amount the company requires to cover expenses and earn a reasonable profit
3. Analyze each of the three hypothetical commission plans created with the CAP application to determine whether or not your firm can provide the 90% commission rate and earn the net company dollar breakeven amount

**Step 1.** Enter the sales agent's historical details using CAP's simple data entry screen.

The screenshot shows a window titled "Enter Data for the New Recruit" with a close button (X) in the top right corner. Below the title bar are two tabs: "Process Results" and "Done". The main area contains four input fields with labels to their left: "Associate" with the value "Sam Harrison", "Total Volume" with "\$5,650,000.00", "Associate Earnings" with "\$109,500.00", and "Average Gross Rate" with "2.50%".

**Step 2.** Process the historical amounts within the CAP application to calculate the true commission rate the sales agent was awarded when with their previous brokerage firm. The time to process this simple analysis was about five seconds in duration. The analysis reveals that the agent earned a 77.5% commission rate, **not 80% as they claimed**.

Level	Start Amt.	End Amt.	In House		Outside Broker	
			List Rate	Sell Rate	List Rate	Sell Rate
1	\$0	\$999,999,999	77.5%	77.5%	77.5%	77.5%

Sheet Data										Details All		Details Selection		Powered by: PROPOWER																			
<div><div>Overide/Add</div><div><input type="checkbox"/> Off the Trip List</div><div><input type="checkbox"/> Off the Trip Rate</div><div><input type="checkbox"/> Off the Bottom</div></div>										Assigned To		Amt. Percent		Current Commission Plan																			
												0.00%		Plan Name: Riscot Plan_4 (Flat Disabled)																			
												0.00%		Commissioner: Agent Broker																			
												0.00%																					
OT Sell Amt										OTB Amt		Performance		Agent Earnings		Co Earnings		Tot. Co Earnings		Level		Start Amt.		End Amt.		In House		Outside Broker					
Original												\$109,600.00		\$109,600.00		\$31,750.00		\$31,750.00		1		\$0		\$999,999,999		77.5%		77.5%		77.5%		77.5%	

**Step 3.** Using a feature in CAP referred to as the "Builder", automatically create three separate and unique commission plans using various commission plan settings. CAP does all of the heavy lifting. The only variables CAP requires to create the new hypothetical plans are:

- the way the agent's production is measured (comparator)
- the company's breakeven amount (to cover costs and earn a profit)
- the number of performance levels (each with a different commission rate)
- the beginning and ending commission rate (for each level)

The three comparators are:

1. Net Company Dollar or Net to Company
2. Gross Commission After Referrals
3. Agent Income

Here's the three commission plans that CAP automatically created using:

- each of the three performance comparators
- \$35,000 as the company's net to company breakeven amount
- three performance levels
- commission rates ranging from 75% to 90%

### Sam Harrison Plan #1 – Net to Company

The screenshot shows the 'Associate Commission Plan' window. The 'Name' field is 'Sam Harrison Plan #1'. The 'Comparator' is 'Net To Company'. The 'Created By' is 'RHurak'. The 'Re-Weigh' field is '\$70,000'. The 'Blend' checkbox is checked, 'Allow all users' is unchecked, and 'Active' is checked. The 'Search Plans' section is empty. The table below shows the commission structure:

Level	Start Amt.	End Amt.	In House		Outside Broker		Weight
			List Rate	Sell Rate	List Rate	Sell Rate	
1	\$0	\$35,000	75.0%	75.0%	75.0%	75.0%	50.00%
2	\$35,000	\$70,000	82.5%	82.5%	82.5%	82.5%	50.00%
3	\$70,000	\$999,999,999	90.0%	90.0%	90.0%	90.0%	0.00%

### Sam Harrison Plan #2 – Agent Income

The screenshot shows the 'Associate Commission Plan' window. The 'Name' field is 'Sam Harrison Plan #1'. The 'Comparator' is 'Agent Income'. The 'Created By' is 'RHurak'. The 'Re-Weigh' field is '\$270,000'. The 'Blend' checkbox is checked, 'Allow all users' is unchecked, and 'Active' is checked. The 'Search Plans' section is empty. The table below shows the commission structure:

Level	Start Amt.	End Amt.	In House		Outside Broker		Weight
			List Rate	Sell Rate	List Rate	Sell Rate	
1	\$0	\$105,000	75.0%	75.0%	75.0%	75.0%	38.88%
2	\$105,000	\$270,000	82.5%	82.5%	82.5%	82.5%	61.12%
3	\$270,000	\$999,999,999	90.0%	90.0%	90.0%	90.0%	0.00%

### Sam Harrison Plan #3 – Gross Commission

**Associate Commission Plan**

**Options** **Done**

Name: Sam Harrison Plan #2

Comparator: Gross Commission ☐ Plus OTT

Created By: RHurak

☒ Blend ☐ Allow all users ☒ Active

Re-Weigh: \$340,000

**Search Plans**

Name:

Comparator:

Plan ID:

Blended:

**Search** **Clear**

Level	Start Amt.	End Amt.	In House		Outside Broker		Weight
			List Rate	Sell Rate	List Rate	Sell Rate	
1	\$0	\$140,000	75.0%	75.0%	75.0%	75.0%	41.17%
2	\$140,000	\$340,000	82.5%	82.5%	82.5%	82.5%	58.83%
3	\$340,000	\$999,999,999	90.0%	90.0%	90.0%	90.0%	0.00%

**Step 4.** With the three hypothetical commission plans created within the CAP application, using the “builder” feature, the next step is to analyze each of the three plans to see whether or not the company can offer the new recruit the commission rate they are seeking and still make financial sense to the brokerage firm. CAP can perform this analysis in just a matter of minutes and when completed, illustrate the results.

**Recruit Transfer (Sam Harrison) - FROM 8/14/2024 to 8/14/2024**  
 No Sales with Off the Top Listing records.  
 No Sales with Off the Top Selling records.  
 No Off the Bottom records.

**Override/Add**  
☐ off the Top List  
☐ off the Top Sell  
☐ off the Bottom

**Applied To**  
☐ 0.00%  
☐ 0.00%  
☐ 0.00%

**Current Commission Plan**  
 Plan Name: Sam Harrison Plan #2 (Blended)  
 Comparator: Gross Commission

Run	Plan Name	OTT List Amt	OTT Sell Amt	OTB Amt	Performance	Agent Earnings	Co. Earnings	Tot. Co. Earnings
1	Sam Harrison Plan #2	Original	Original	Original	\$141,250.00	\$106,031.25	\$35,218.75	\$35,218.75
2	Sam Harrison Plan #3	Original	Original	Original	\$106,031.25	\$106,031.25	\$35,218.75	\$35,218.75
3	Sam Harrison Plan #1	Original	Original	Original	\$35,218.75	\$106,031.25	\$35,218.75	\$35,218.75
4	Recruit Plan_4	Original	Original	Original	\$109,500.00	\$109,500.00	\$31,750.00	\$31,750.00

**Tot. Co. Earnings**

\$35,218.75
\$35,218.75
\$35,218.75
\$31,750.00

Displaying 1 records.

Associate	Sale	Closed	Role	Portion	GCI Less Refs	OTT List Amt	OTT Sell Amt	OTB Amt	Level	Rate	Blend	Commission	Pay To Agent	Performance	Co Earnings	Tot. Co. Earnings
Sam Harrison	Recruit_4	8/14/2024	Listing	100.00%	\$141,250.00	\$0.00	\$0.00	\$0.00	1	75.00%	74.00%	\$106,031.25	\$106,031.25	\$36,250.00	\$0.00	\$0.00
Sam Harrison	Recruit_4	8/14/2024	Listing	100.00%	\$141,250.00	\$0.00	\$0.00	\$0.00	2	82.50%	26.00%	\$1,031.25	\$106,031.25	\$36,250.00	\$35,218.75	\$35,218.75

A closer review of the Total Company Earnings column on the CAP summary screen reveals an interesting outcome. Even though each of the three hypothetical commission plans, created by the CAP builder tool were unique, the end result was that using any of these three commission plans would indeed provide the recruiting agent with the 90% commission rate they were seeking and still allow the brokerage firm to cover their expenses and earn a reasonable profit from the agent’s sales activities. From the brokerage firm’s perspective, **it doesn’t care which plan the agent chooses.**

Within a minute or two, CAP analyzed the recruiting agent’s past sales performance data, created three unique hypothetical commission strategies and analyzed each of the three commission plans to illustrate that any of the three commission plans would earn the company the revenue it requires to make recruiting this agent a great decision.



This example is just that, an example. When creating, modifying and comparing multiple commission plan strategies with the CAP application, there is virtually no limit to the combinations and permutations available. Items such as number of performance levels, breakeven amounts, performance comparators and commission rates, are all adjustable when using the CAP application. To view a more detailed video of this “use case” and others, please visit [www.lantrax.com/cap](http://www.lantrax.com/cap).

## Case #2 – Commission Grievances

Here’s another case use scenario that is very common in most real estate organizations. One or more of your own agents are seeking an increase in their commission rate and threatening to leave to another firm. These are good agents that you wish to retain, but with the current market conditions and rising costs, it is difficult to comply with their demands. **CAP to the rescue.**

**Step 1.** Retrieve the necessary data for the analysis. CAP can allow specific offices, agents or commission plans to be filtered from your Profit Power back-office data. Once CAP has located and retrieved the data required for the analysis, it will be transferred into the CAP database and all of the commission values will be re-calculated within the CAP application. When this first step is completed, CAP will have an exact duplicate copy of the sale transaction records and the commission amounts, that were originally created within Profit Power or SMARTS.

### CAP search options

In this case, the search criteria included a date range, closed transactions and from company one. CAP was also instructed to display the search results by plan (commission plan). When the search is completed a summary list of the results will be displayed within the CAP application.

### CAP search results listed by commission plan name

Name	Company	Number of Records	Company Earnings
Plan IV - New as of 1/01/2019	001	532	\$2,532,721
\$40 Million + with Stipend	001	376	\$2,332,220
Platinum Plus at 76.5%	001	187	\$1,665,469
Plan III - New as of 1/01/2019	001	383	\$1,645,174
\$30 Million + with Stipend	001	227	\$1,334,025
\$20 Million + with Stipend	001	175	\$986,070
Prior Year Earnings \$40,000+	001	88	\$688,771
\$20 Million No Stipend no Assistant	001	57	\$375,491
Prior Year Earnings <\$40,000	001	48	\$191,581
LEGACY SILVER \$10 -20 MILLION	001	12	\$158,567
20 Million Club - Stipend cut to 62%65%	001	14	\$112,095
20 Million Club - Plus Stipend, Do not cut to 62	001	18	\$58,320
New Top Producer	001	6	\$43,342
LEGACY PLATINUM \$20 MILLION +	001	6	\$31,904

The list of commission plans displayed on the right are sorted in descending order by company earnings. Simply select the commission plan desired from the list. Once selected, CAP will process the sale records associated with the selected plan, and when completed, it will have an exact duplicate copy of the sale transaction data that was originally created within Profit Power or SMARTS. In our example, we selected the commission plan named “Prior Year Earnings < \$40,000” and processed the results within CAP.

### CAP summary screen with results using “Prior Year Earnings < \$40,000” plan

Level	Start Amt.	End Amt.	In House List Rate	In House Sell Rate	Outside Broker List Rate	Outside Broker Sell Rate
1	\$0	\$50,000	56.5%	56.5%	56.5%	54.5%
2	\$50,000	\$60,000	59.0%	59.0%	59.0%	56.5%
3	\$60,000	\$70,000	60.0%	60.0%	60.0%	58.5%
4	\$70,000	\$80,000	65.0%	65.0%	65.0%	60.5%
5	\$80,000	\$90,000	68.0%	68.0%	68.0%	61.0%
6	\$90,000	\$100,000	70.0%	70.0%	70.0%	62.0%
7	\$100,000	\$999,999,999	70.0%	70.0%	70.0%	65.0%

**Step 2.** The next step is to *either* select an existing commission plan that was previous used within the CAP application, create a new hypothetical commission plan within CAP, or make a duplicate copy of the original “Prior Year Earnings < \$40,000” plan and modify it to reflect adjustments desired. In fact, any existing commission plan that has been saved within the CAP application can be duplicated, modified and saved for any future analysis run. This task is performed using CAP’s “Manage Plans” feature. In our example, we will create a duplicate copy of the “Prior Year Earnings < \$40,000” commission plan and modify it to reflect a desired outcome.

### CAP Manage Plans screen with original “Prior Year Earnings < \$40,000” plan

Level	Start Amt.	End Amt.	In House List Rate	In House Sell Rate	Outside Broker List Rate	Outside Broker Sell Rate	Weight
1	\$0	\$50,000	56.5%	56.5%	56.5%	54.5%	50.00%
2	\$50,000	\$60,000	59.0%	59.0%	59.0%	56.5%	10.00%
3	\$60,000	\$70,000	60.0%	60.0%	60.0%	58.5%	10.00%
4	\$70,000	\$80,000	65.0%	65.0%	65.0%	60.5%	10.00%
5	\$80,000	\$90,000	68.0%	68.0%	68.0%	61.0%	10.00%
6	\$90,000	\$100,000	70.0%	70.0%	70.0%	62.0%	10.00%
7	\$100,000	\$999,999,999	70.0%	70.0%	70.0%	65.0%	0.00%

Here's the screen shot of duplicated plan "Prior Year Earnings <\$40,000". It has been renamed to make it unique to the CAP application. It is now named "**New Prior Year Earnings <\$40,000**".

### CAP Manage Plans screen with "New Prior Year Earnings <\$40,000" plan

The screenshot shows the 'Associate Commission Plan' window. The 'Name' field is 'New Prior Year Earnings <\$40,000'. The 'Comparator' is 'Agent Income'. The 'Created By' is 'RHurak'. The 'Blend' checkbox is checked. The 'Re-Weigh' field is '\$100,000'. The 'Search Plans' section is empty. The main table shows performance levels with commission rates. The 'In House' section has 7 levels, and the 'Outside Broker' section has 1 level. The 'Weight' column shows 50.00% for level 1 and 10.00% for levels 2-7.

Level	Start Amt.	End Amt.	List Rate	Sell Rate	List Rate	Sell Rate	Weight
1	\$0	\$50,000	50.0%	50.0%	50.0%	50.0%	50.00%
2	\$50,000	\$60,000	60.0%	60.0%	60.0%	60.0%	10.00%
3	\$60,000	\$70,000	65.0%	65.0%	65.0%	65.0%	10.00%
4	\$70,000	\$80,000	70.0%	70.0%	70.0%	70.0%	10.00%
5	\$80,000	\$90,000	75.0%	75.0%	75.0%	75.0%	10.00%
6	\$90,000	\$100,000	80.0%	80.0%	80.0%	80.0%	10.00%
7	\$100,000	\$999,999.99	85.0%	85.0%	85.0%	85.0%	0.00%

Name	Comparator	Blended
Two Level - \$30K - Agent Income - 75%-90%	Agent Income	Yes
Two Level - \$30K - Gross Comm - 75%-90%	Gross Commission	Yes
Recruit Plan 4	Agent Income	No
Sam Harrison Plan #1	Net To Company	Yes
Sam Harrison Plan #3	Agent Income	Yes
Sam Harrison Plan #2	Gross Commission	Yes
New Prior Year Earnings <\$40,000	Agent Income	Yes

As illustrated on the above Manage Plans screen image, the commission rates have been modified by providing an increase in the performance levels two through seven (60% to 85%), but level one has been reduced to **50%** from 59% which was the performance level one rate in the original plan.

The strategy here is to provide a higher commission rate when the agents assigned to this commission plan advance through the performance levels, but until the agents have produced enough "agent income" to move up to level two and the higher rate associated with it, they will only earn a 50% commission rate. With the duplicate plan modified and saved, we are ready for the next step.

**Step 3.** CAP's re-calculation process will re-calculate the same sale transaction records, that were included with the original plan, but this time using the "**New Prior Year Earnings < \$40,000**" plan. Here's the CAP summary screen with the re-calculation results.

### CAP's summary screen with results from the "New Prior Year Earnings <\$40,000" plan

The screenshot shows the CAP summary screen with a table of results. The table has columns for Run, Plan Name, OTT List Amt, OTT Sell Amt, OTB Amt, Performance, Agent Earnings, Co. Earnings, and Tot. Co. Earnings. The results show that the 'New Prior Year Earnings <\$40,000' plan (Run 2) has a higher Total Company Earnings of \$209,932.86 compared to the original plan (Run 1) of \$186,249.54.

Run	Plan Name	OTT List Amt	OTT Sell Amt	OTB Amt	Performance	Agent Earnings	Co. Earnings	Tot. Co. Earnings
2	New Prior Year Earnings <\$40,000	Original	Original	Original	\$209,932.86	\$210,614.24	\$209,932.86	\$209,932.86
1	Prior Year Earnings <\$40,000	Original	Original	Original	\$233,616.17	\$234,297.55	\$186,249.54	\$186,249.54

A closer look at the summary screen results reveals that the plan "New Prior Year Earnings <\$40,000", using the same 48 sale transaction data as the original plan, created an increase in Total Company Earnings to \$209,932.86 or \$23,683.32.



CAP has a “compare” screen that illustrates the difference between the original plan and the new hypothetical plan in more detail.

### CAP Compare Screen Showing the analysis results of the two commission plans

Run 2 - New Prior Year Earnings <\$40,000 (Blended) Run 1 - Prior Year Earnings <\$40,000 (Blended)			
	Run #2 Totals	Run #1 Totals	Net Difference
Total Earnings	\$209,932.86	\$186,249.54	\$23,683.31
Co. Earnings	\$209,932.86	\$186,249.54	\$23,683.31
Performance	\$209,932.86	\$233,616.17	(\$23,683.31)
Pay to Agent	\$210,614.24	\$234,297.55	(\$23,683.31)
OTT List Internal	\$0.00	\$0.00	\$0.00
OTT List External	\$0.00	\$0.00	\$0.00
OTT Sell Internal	\$0.00	\$0.00	\$0.00
OTT Sell External	\$0.00	\$0.00	\$0.00
OTB Amt	\$0.00	\$0.00	\$0.00
Number of Results - 48			

Run 2 - New Prior Year Earnings <\$40,000 (Blended) Run 1 - Prior Year Earnings <\$40,000 (Blended)			
	Run #2 Totals	Run #1 Totals	Net Difference
Total Earnings	\$209,932.86	\$186,249.54	\$23,683.31
Co. Earnings	\$209,932.86	\$186,249.54	\$23,683.31
Performance	\$209,932.86	\$233,616.17	(\$23,683.31)
Pay to Agent	\$210,614.24	\$234,297.55	(\$23,683.31)
OTT List Internal	\$0.00	\$0.00	\$0.00
OTT List External	\$0.00	\$0.00	\$0.00
OTT Sell Internal	\$0.00	\$0.00	\$0.00
OTT Sell External	\$0.00	\$0.00	\$0.00
OTB Amt	\$0.00	\$0.00	\$0.00
Number of Results - 48			

Co. Earnings	Assoc	Role	SOI Less Rate	Level	Rate	Blended	Commission	Pay to Agent	Performance	Co. Earnings
\$96.48	1276	Listing	\$192.96	1	56.50%	100.00%	\$109.02	\$109.02	\$109.02	\$83.94
\$4.96	1276	Selling	\$0.72	1	54.50%	100.00%	\$5.30	\$5.30	\$5.30	\$4.42
\$672.00	1276	Listing	\$1,344.00	1	56.50%	100.00%	\$759.36	\$759.36	\$759.36	\$684.64
\$403.90	1276	Selling	\$817.80	1	54.50%	100.00%	\$445.70	\$445.70	\$445.70	\$372.19
\$1,883.60	1276	Listing	\$3,767.20	1	56.50%	100.00%	\$2,136.19	\$2,136.19	\$2,136.19	\$1,820.81
\$6,007.50	1276	Listing	\$12,015.00	1	56.50%	100.00%	\$6,788.48	\$6,788.48	\$6,788.48	\$5,226.53
\$4,743.00	1450	Listing	\$9,486.00	1	56.50%	100.00%	\$5,366.20	\$5,366.20	\$5,366.20	\$4,123.89
\$6,360.00	1450	Listing	\$12,720.00	1	56.50%	100.00%	\$7,197.00	\$7,197.00	\$7,197.00	\$5,903.00
\$1,152.00	1505	Selling	\$2,304.00	1	54.50%	100.00%	\$1,255.68	\$1,255.68	\$1,255.68	\$1,049.32
\$562.50	1505	Listing	\$1,125.00	1	56.50%	100.00%	\$635.63	\$635.63	\$635.63	\$489.38
\$6,545.75	1505	Selling	\$13,091.50	1	56.50%	100.00%	\$7,397.83	\$7,397.83	\$7,397.83	\$5,895.67

This CAP analysis took just a few minutes to create and perform. Based upon the modifications made to the original “Prior Year Earnings <\$40,000 plan” the company would benefit from the changes to the plan. The outcome is a commission plan that should satisfy the demands of the agents for a higher commission rate, but the opportunity to earn a higher commission rate is directly tied to performing enough sales revenue to move to higher levels in the new hypothetical plan.

CAP can create, design, modify, analyze, test and compare any number of commission plan strategies and then use these “test” plans with the brokerage firm’s own historical sale transaction data taken from the original data found in either Profit Power or SMARTS.

### Case #3 – Rising Costs

In this “*use case*”, the brokerage firm is experiencing an unexpected rise in their cost of operation, but most of their agents are on **annual commission plan contracts**, making it difficult to change the plans without creating chaos amongst their agents. The broker owner does some research into their finances and discovers that with the current pending sales and the forecast for additional sales, the revenue will fall short by \$400,000.00. In other words, a \$400,000 loss!

Can CAP create a potential solution to pending financial disaster?

**The question is what other options does the brokerage firm have to increase revenues, but without changing the agent’s commission plans, that the firm is obligated to honor?**

One of the many challenges with this analysis is that the sale transaction data must be in a “pending” state. In other words, sale transactions that have not yet closed. CAP has the ability to use “pending sales” in any analysis. However, for the pending sale revenue to be more accurate than when they were first entered into the back-office solution, they **must be chronologically re-closed with all of the commission calculations re-calculated using each agent’s year-to-date performance and commission anniversary date on each sale transaction.**

This re-close and re-calculation process within the CAP application, uses the estimated closing date to provide a “*snapshot*” of what is most likely to occur if all the pending sale transactions closed without any major changes. It is a prediction, *not a guarantee*.

The CAP search screen provides the option of searching for pending sales, rather than closed sales. When searching for pending sales, the date range is automatically entered from the date the search was performed and with no end date. In other words, from this day forward.

#### CAP search options for pending sales

The screenshot shows a search form with the following fields and values:

- Data Source: Live
- Associate\Plan: Plan
- Closed\Pending: Pending (highlighted with a red circle)
- Start Date: 8/15/2024
- End Date: (empty)
- Company Number: 001
- Associate Last Name: (empty)
- Associate First Name: (empty)
- Associate Number: (empty)
- Branch Number: (empty)
- Plan Name: (empty)
- Off the Top: All
- Off the Bottom: All
- Buttons: Search, Clear Search

#### CAP search results for pending sales

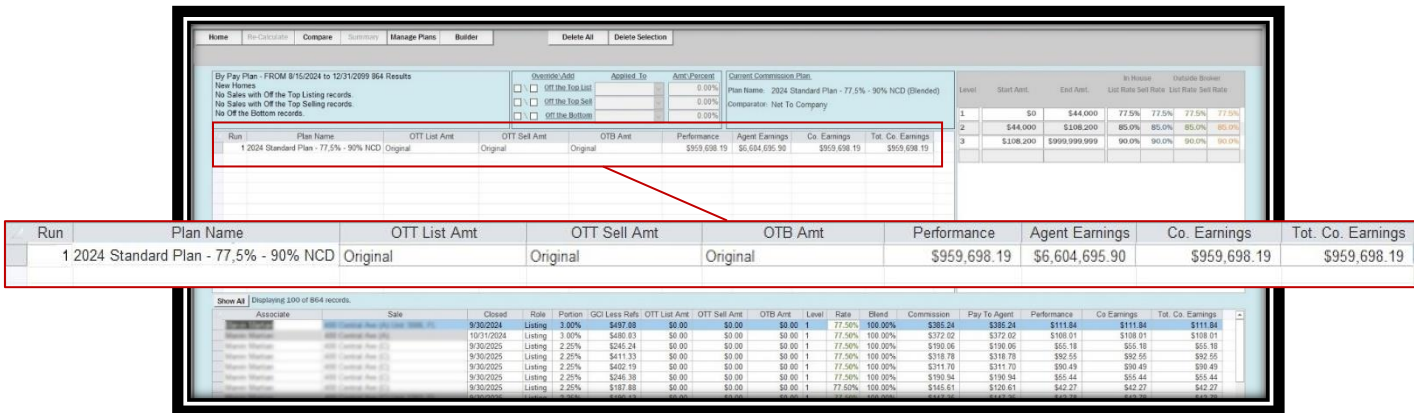
Name	Company	Number of Records	Closed Earnings
2024 Standard Plan - 77.5% - 90% NCD	001	864	\$4,340,275
2021 Quick Start Plan #14 - 60%	001	22	\$3,125,860
T2 2021 Performance Plan #7 - 85%	001	113	\$2,218,063
2021 Performance Plan #7 - 85%	001	78	\$344,887
2021 Performance Plan #1 - 70%	001	43	\$178,189
2021 Performance Plan #3 - 75%	001	29	\$174,409
T2 2021 Performance Plan #4 - 77.5%	001	74	\$133,739
2021 Performance Plan #5 - 80%	001	24	\$116,396
2021 Performance Plan #6 - 82.5%	001	12	\$109,791
2021 Performance Plan #4 - 77.5%	001	29	\$95,157
2021 Quick Start Plan #15 - 70% NMF	001	18	\$93,327
2021 Performance Plan #2 - 72.5%	001	16	\$83,937
2021 Empower Plan #8 - 20%	001	15	\$66,961
2021 Premium Plan #13 - 85%	001	26	\$62,739
T2 2021 Performance Plan #5 - 80%	001	13	\$53,907
RA1	001	11	\$46,190
0% Default Pay Plan	001	8	\$19,308

The search process is almost instantaneous and the results will be listed in the CAP's search summary screen. The commission plan named **"2024 Standard Plan – 77.5% - 90% NCD"** has **864** sale transaction records, which is the greatest number of sale transaction records, compared to the other commission plans on the list. The next step is to select the commission plan and process the results.

As stated previously, each sale will be chronologically closed and all of the commission values will be re-calculated, representing the most likely outcome in revenue, should all the pending sales close as originally entered into the back-office solution. CAP never alters the original back-office data. The search and transfer process within the CAP application

creates a duplicate copy of the sale transaction records inside of the CAP application. The original back-office data is not altered in any manner.

CAP summary screen with pending sale results (after the closing and re-calculation process)



The CAP summary screen displays the results of the close and re-calculation process. CAP now has an analysis of the potential revenue that can be earned from the pending sale transactions. The question remains, ***“how can the brokerage firm increase revenue without changing the commission plans?”***

The answer might be in the use of **deductions**. Off-the-top deductions are common with brokerage companies that are associated with a franchise. In this scenario, the off-the-top franchise fee is an “expense” that is paid to the franchise organization. But what if the off-the-top deduction can be an “internal” revenue amount that is added directly to the company’s earnings?

Using an off-the-top deduction strategy might provide the additional \$400,000 the brokerage firm needs to meet its financial obligations, but without changing the original commission plans they have contracted with their agents.

CAP allows deduction templates to be created for both off-the-top and even off-the-bottom deductions. Deduction templates, much like setting up a commission plan, can be created and saved within the CAP application and can be used multiple times in various deduction strategies.

CAP deduction template setup screen

Deduction	Type	Applied To	Active
Marketing Fee	Off The Top	Gross Comm	Yes

In the example above, an off-the-top template was created for a 2% marketing fee. Notice that the “internal revenue” checkbox is checked. This instructs CAP to use the off-the-top deduction amounts as “additional revenue” and not an external expense, like a

franchise fee. This off-the-top deduction template will be used in an analysis run using the 864 pending sale transaction records that were chronologically closed and re-calculated. When analyzing deductions, the commission plan is not modified in any way, so the CAP analysis and comparison only uses the deduction values.

CAP summary screen with the off-the-top deduction results

Home Re-Calculate Compare Summary Manage Plans Builder Delete All Delete Selection									
By Pay Plan - FROM 8/15/2024 to 12/31/2099 864 Results									
2024 Standard Plan - 77.5% - 90% NCD (Blended)									
No Sales with Off the Top Listing records.									
No Sales with Off the Top Selling records.									
No Off the Bottom records.									
Override/Add		Applied To		Amt/Percent		Current Commission Plan			
<input type="checkbox"/> Off the Top List				0.00%		Plan Name: 2024 Standard Plan - 77.5% - 90% NCD (Blended)			
<input type="checkbox"/> Off the Top Sell				0.00%		Commissioner: Net To Company			
<input type="checkbox"/> Off the Bottom				0.00%		Deduction: Marketing Fee			
Run	Plan Name	OTT List Amt	OTT Sell Amt	OTB Amt	Performance	Agent Earnings	Co. Earnings	Tot. Co. Earnings	
2	2024 Standard Plan - 77.5% - 90% NCD	Ded. Batch Ovrd	Ded. Batch Ovrd	Ded. Batch Ovrd	\$959,698.19	\$6,606,770.90	\$1,445,738.33	\$1,445,738.33	
1	2024 Standard Plan - 77.5% - 90% NCD	Original	Original	Original	\$959,698.19	\$6,604,695.90	\$959,698.19	\$959,698.19	

Run	Plan Name	OTT List Amt	OTT Sell Amt	OTB Amt	Performance	Agent Earnings	Co. Earnings	Tot. Co. Earnings
2	2024 Standard Plan - 77.5% - 90% NCD	Ded. Batch Ovrd	Ded. Batch Ovrd	Ded. Batch Ovrd	\$959,698.19	\$6,606,770.90	\$1,445,738.33	\$1,445,738.33
1	2024 Standard Plan - 77.5% - 90% NCD	Original	Original	Original	\$959,698.19	\$6,604,695.90	\$959,698.19	\$959,698.19

Show All Displaying 100 of 864 records.									
Associate	Sale	Closed	Role	Portion	GCI Less Refs	OTT List Amt	OTT Sell Amt	OTB Amt	Level
Blaine Marlowe	488 Central Ave (C)	9/30/2024	Listing	3.00%	\$497.88	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	10/31/2024	Listing	3.00%	\$480.03	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$245.24	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$411.33	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$402.19	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$246.38	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$187.88	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$190.13	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$259.87	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$210.38	\$0.00	\$0.00	\$0.00	1
Blaine Marlowe	488 Central Ave (C)	9/30/2025	Listing	2.25%	\$385.24	\$0.00	\$0.00	\$0.00	1

The CAP summary screen will display both the original transfer run and the new analysis run that used the 2% off-the-top marketing fee deduction. Let’s compare the two runs to see whether or not the 2% off-the-top marketing fee can provide the additional revenue the brokerage firm is seeking.

CAP compare screen illustrating the results of the off-the-top analysis

Run 2 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)		
Run 1 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)		
	Run # 2 Totals	Run # 1 Totals
Total Earnings	\$1,445,738.33	\$959,698.19
Co. Earnings	\$1,445,738.33	\$959,698.19
Performance	\$959,698.19	\$959,698.19
Pay to Agent	\$6,606,770.90	\$6,604,695.90
OTT List Internal	\$486,040.14	\$0.00
OTT List External	\$0.00	\$0.00
OTT Sell Internal	\$279,825.95	\$0.00
OTT Sell External	\$0.00	\$0.00
OTB Amt	\$0.00	\$0.00
Number of Results - 864		

Run 2 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)		
Run 1 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)		
	Run # 2 Totals	Run # 1 Totals
Total Earnings	\$1,445,738.33	\$959,698.19
Co. Earnings	\$1,445,738.33	\$959,698.19
Performance	\$959,698.19	\$959,698.19
Pay to Agent	\$6,606,770.90	\$6,604,695.90
OTT List Internal	\$486,040.14	\$0.00
OTT List External	\$0.00	\$0.00
OTT Sell Internal	\$279,825.95	\$0.00
OTT Sell External	\$0.00	\$0.00
OTB Amt	\$0.00	\$0.00
Number of Results - 864		

Role	GCI Less Refs	Level	Rate	Blend	Commission	Pay to Agent	Performance	Co. Earnings
Listing	\$497.88	1	77.50%	100.00%	\$385.24	\$385.24	\$111.84	\$111.84
Listing	\$480.03	1	77.50%	100.00%	\$372.02	\$372.02	\$108.01	\$108.01
Listing	\$245.24	1	77.50%	100.00%	\$190.06	\$190.06	\$55.18	\$55.18
Listing	\$411.33	1	77.50%	100.00%	\$318.78	\$318.78	\$92.55	\$92.55
Listing	\$402.19	1	77.50%	100.00%	\$311.70	\$311.70	\$90.49	\$90.49
Listing	\$246.38	1	77.50%	100.00%	\$190.94	\$190.94	\$55.44	\$55.44
Listing	\$187.88	1	77.50%	100.00%	\$145.61	\$145.61	\$42.27	\$42.27
Listing	\$190.13	1	77.50%	100.00%	\$147.35	\$147.35	\$42.78	\$42.78
Listing	\$259.87	1	77.50%	100.00%	\$201.40	\$201.40	\$58.47	\$58.47
Listing	\$210.38	1	77.50%	100.00%	\$163.04	\$163.04	\$47.34	\$47.34
Listing	\$385.24	1	77.50%	100.00%	\$307.44	\$307.44	\$89.26	\$89.26
Listing	\$387.56	1	77.50%	100.00%	\$300.36	\$300.36	\$87.20	\$87.20

As illustrated in the CAP compare screen above, adding a 2% off-the-top deduction would indeed create the additional revenue the brokerage firm requires without altering the 2024 Standard Plan – 77.5% - 90% commission plan using the 864 pending sales.

CAP allows multiple off-the-top and off-the-bottom deduction strategies to be created and analyzed using different rates, fixed amounts, gross commission or sale price as the base, and even date ranges. Let’s see what an off-the-bottom deduction of 2%, based upon the agent’s income will produce in additional revenue.

CAP Off-the-Bottom Deduction Template



Deduction	Type	Applied To	Active
Marketing Fee	Off The Top	Gross Comm	Yes
Administration Fee	OTB Pre 1099	Agent Income	Yes

The above deduction maintenance screen illustrates a new off-the-bottom deduction named “Administration Fee” with a 2% rate and using the agent’s income as the base for the calculation. This off-the-bottom deduction will also reduce the deduction amount from the agent’s year to date performance. Reducing the agent’s year to date performance means that it will take a little longer for the agent to accumulate enough performance to advance to the next level in their commission plan, should the agent be assigned to a multi-level commission plan.

### CAP compare screen with the off-the-bottom deduction analysis

Run 2 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)				Run 1 - 2024 Standard Plan - 77.5% - 90% NCD (Blended)			
Run #3 Totals		Run #2 Totals		Run #3 Totals		Run #2 Totals	
				Net Difference			
Total Earnings	\$1,538,354.60	\$959,698.19	\$578,656.41	Total Earnings	\$1,538,354.60	\$959,698.19	\$578,656.41
Co. Earnings	\$1,044,087.41	\$959,698.19	\$84,389.22	Co. Earnings	\$1,044,087.41	\$959,698.19	\$84,389.22
Performance	\$628,483.13	\$959,698.19	(\$331,215.06)	Performance	\$628,483.13	\$959,698.19	(\$331,215.06)
Pay to Agent	\$6,042,428.04	\$6,604,695.90	(\$562,267.86)	Pay to Agent	\$6,042,428.04	\$6,604,695.90	(\$562,267.86)
OTT List Internal	\$0.00	\$0.00	\$0.00	OTT List Internal	\$0.00	\$0.00	\$0.00
OTT List External	\$0.00	\$0.00	\$0.00	OTT List External	\$0.00	\$0.00	\$0.00
OTT Sell Internal	\$0.00	\$0.00	\$0.00	OTT Sell Internal	\$0.00	\$0.00	\$0.00
OTT Sell External	\$0.00	\$0.00	\$0.00	OTT Sell External	\$0.00	\$0.00	\$0.00
OTB Amt	\$494,267.19	\$0.00	\$494,267.19	OTB Amt	\$494,267.19	\$0.00	\$494,267.19
Number of Results - 864				Number of Results - 864			

As illustrated in the above CAP compare screen, using a 2% off-the-bottom deduction also creates more than enough additional income to cover the short fall in the company’s projected costs of operation. With the off-the-bottom deduction set to reduce the agent’s year to date performance, the brokerage firm also earned an addition amount of \$84,389.22 due to the fact that the agent took a little longer to advance to the next level in their commission plan and in doing so, earn a higher commission rate.

This CAP overview only illustrates three common “use cases”. These three examples are only the tip of the iceberg of the capabilities of the CAP application. Despite the sophistication of the CAP application, it is easy to learn, easy to use and provides real-time business intelligence for the brokerage executives.



There is a CAP webinar scheduled for October 2<sup>nd</sup>, from 10:00 am to 11:00 am PDT. This webinar will take a deep dive into the many functions, features, capabilities and uses of the CAP application.

The moderator for the CAP webinar will be Victor Lund, Managing Partner of the WavGroup.



**Victor Lund** is a pioneering leader in the real estate industry, renowned for his exceptional expertise and unwavering commitment to driving innovation and growth. As a founder and managing partner of WAV Group, the foremost full-service consulting practice in real estate, Victor's impact on the industry has been profound. With a focus on operational effectiveness, strategic planning, and M&A Advisory, he has guided numerous brokers, networks, and franchises through successful acquisitions, market research, and technology optimization.

As a managing partner of WAV Group, Victor spearheads strategic guidance for the top 500 real estate firms and leading Franchise Organizations in America. His firm also provides invaluable consulting services for critical initiatives such as Broker Public Portal and the Broker Resource Network, which are transforming the industry from within and elevating its overall health. [www.wavgroup.com](http://www.wavgroup.com)

The two hosts of the webinar will be Ron Hurak, founder of Profit Power and David Gumpfer, data analyst with the WavGroup.



**Ron Hurak**, the founder of Profit Power, SMARTS, and CAP, is a seasoned real estate expert. He began his career in 1974 as an agent for his family's brokerage. In 1980, Ron became one of the first Canadian graduates of the CCIM program and subsequently one of its first Canadian instructors. Ron is also an author, speaker, jazz guitar recording artist and a black belt in martial arts. Ron also enjoys playing golf and outdoor summer activities. Ron has been married to his wife Kay, for fifty years. In 1980, Ron's curiosity about personal computers led him to explore how this emerging technology could benefit his brokerage. This curiosity resulted in the development of the first version of Profit

Power. Forty years later, Profit Power stands as the leading enterprise back-office software for many of the largest and most successful real estate brokerages in the nation. [www.lantrax.com](http://www.lantrax.com)

**David Gumpfer's** passion for finding strategic opportunities in the complex world of technology, has led him to the WAV Group.

David has recognized that the perceived complexity of technology is a distraction and difficulty for many business leaders. The problem frequently lies in technology being viewed as purely tactical, isolated from business strategy, and fiercely territorialized by technologists. David's approach is focused on eliminating these hindrances.



David has over 24 years as a technologist and has deployed and managed information technology platforms for the University of Dentistry and Medicine of New Jersey, Ricoh Corporation, and Novartis Pharmaceuticals before moving to Florida in 2003. In 2003, David joined Michael Saunders & Company as Director of Information Technology to restructure and develop a customer focused technology division. David's accomplishments in delivering business success with technology was named Chief Technology Officer in 2015. [www.wavgroup.com](http://www.wavgroup.com)

**An invitation for the CAP webinar will be sent to you in the coming weeks ahead. When you receive it, please register as soon as possible, as there is a limited number of attendees.**