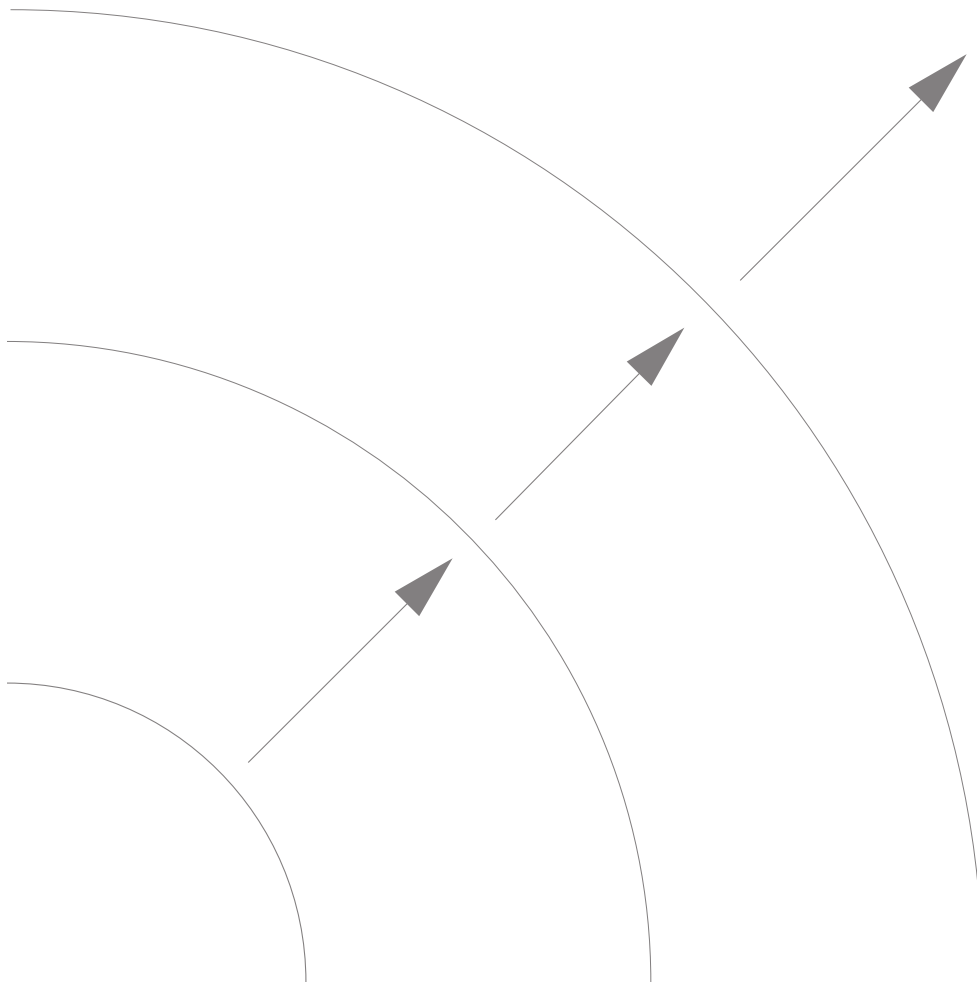


Power Through a Shift: The Six Strategies

Strategy 2: Re-Margin Your Business



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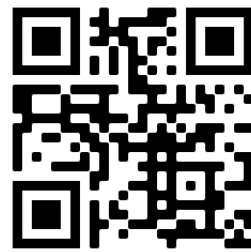
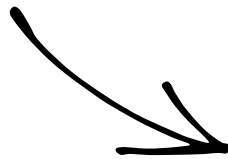
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Agent Resources



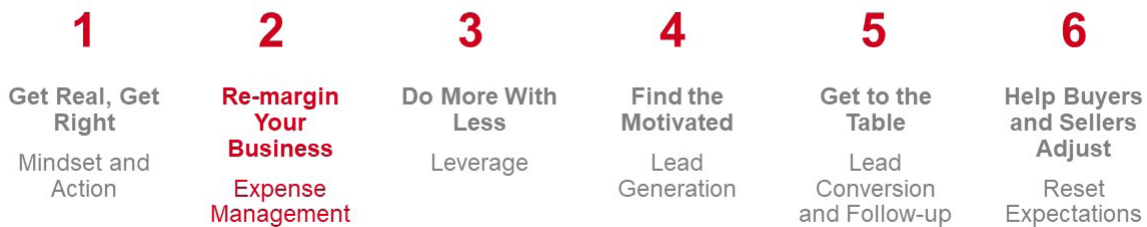
NOTES

Welcome

Welcome to Power Through a Shift: The Six Strategies. Strategy 2: Re-Margin Your Business. It is the second in this series of strategies to implement now.

SHIFT Strategies

Today, we focus on re-margining our business through expense management.



Re-Margin Your Business

- How much do you spend personally each month? \$ _____
- How much do you spend on your business each month? \$ _____

Understanding Margin

Your margin is the result of your income covering or exceeding your expenses. It's what you'll use to reinvest in your business, invest in new opportunities, or save for later.

$$\text{Margin} = \text{Net Sales} - \text{Cost of Doing Business}$$

Why is your margin suddenly a hot topic? It always has been, but during a shift, more than ever, it's time to take action; watch your margin, cut expenses, and protect your profit.

NOTES

“When markets shift, the first change a business must make is “re-expense” itself. “Revenuing” your way out of a shift is iffy at best.

SHIFT p.29

You're not here today to learn how to generate more business. You are here to learn how to make quick, efficient decisions that will protect your margin by cutting costs.

Objectives



Project your income based on your market.



Examine your expenses to identify areas to cut.



Protect your margin with a realistic budget.

“Anyone who expects change to be comfortable hasn't been challenged enough.

SHIFT p.29

NOTES

Get Real: Your Mindset Shift

The key to engaging the process of re-margining your budget is changing the way you think. And, the way you think may need a huge wake-up call. Here are some questions to ponder.

- What thoughts keep you up at night? What are your biggest concerns?
- Do you know how much commission you require to pay yourself a salary that covers your expenses?
- How much did you spend on your business last year, and how much do you spend now?
- How much did you spend on personal expenses last year? How much this year?
- Have you been saving for the future or for contingencies that come up?
- **Do you value your current lifestyle more than the success and longevity of your business?**

“We all need a daily checkup from the neck up ...

Zig Ziglar SHIFT p.24

NOTES

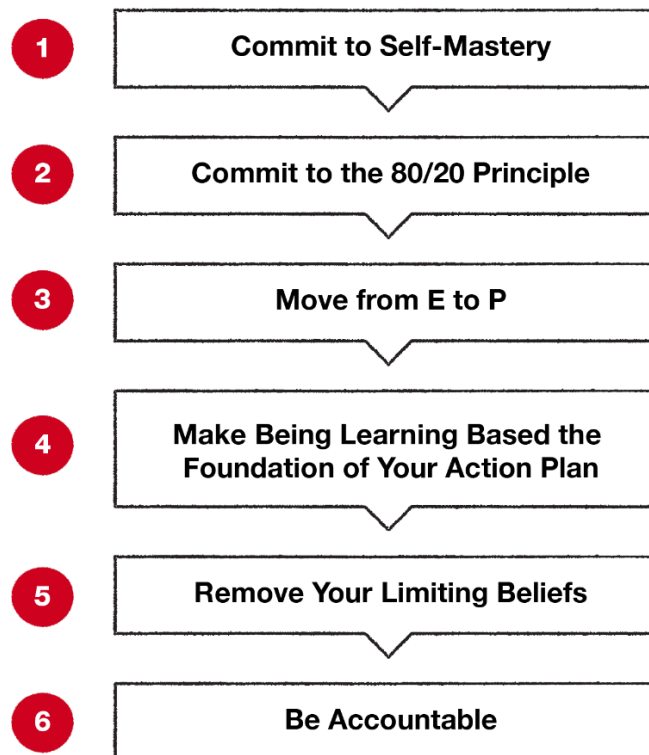
Shift Your Mindset With the Market

1. Be financially awake and alert.
2. Be realistic: measure your market.
3. Be accountable.

What is Shifting in Your Market?

The Six Personal Perspectives

A brainchild of Gary Keller, the Six Personal Perspectives will teach you how to think so you can get what you want.



NOTES

Be Accountable

When life happens and reality shows up, you have two options. You can claim to be a victim and leave things at status quo, or show up, be accountable, and make a change.



- Now, what would it take to get you to the next level of accountability?
- Who will hold you accountable?
- Is there anything holding you back?

NOTES

“You don’t get to decide what the market will do, but you definitely get to decide what you will do!”

SHIFT p. 272



NOTES

Get Right: Your Action Shift

Now that your mindset is pointed in the right direction, it's time to get right. Let's explore what you can do today to re-margin your business.

“ ... the number one determinant of surviving is expense management.

SHIFT p.29

Get Right by Understanding Your Financial Reality

A good market has the effect of covering up a bad market. Getting back to basics will get you back to healthy habits.



Determine Your
Margin



Cut the Fat



Protect Your
Margin

NOTES

Determine Your Margin

Your margin is the result of your income covering or exceeding your expenses. It's what you'll use to reinvest in your business, invest in new opportunities, or save for later.

$$\text{Margin} = \text{Net Sales} - \text{Cost of Doing Business}$$

To determine your margin, you must know:

1. Your Pipeline
2. Your Expenses (personal and business)

Then, to **protect** your margin, you will ... cut the fat!

Case Study: Emilio

In this case study, you will meet Emilio and learn a little about their pipeline of business, personal, and business expenses. After finding Emilio's margin, you will determine your own.

Emilio has a small immediate family and owns a dog. They run their business as a solo agent with no assistant, however, Emilio utilizes the services of a Transaction Coordinator.

To find Emilio's margin, we must calculate their pipeline of business. This means we need to know what Emilio has in his transaction pipeline that will be closing soon to provide income.

NOTES

1. Calculate Emilio's Pipeline of Business

A business pipeline represents the number of closings and subsequent stream of income to expect from the transactions in progress.

Work through Emilio's pipeline below.

Calculate Emilio's pipeline using the following information:

Emilio has four closings scheduled for next month, and three for the following month. Using an average gross commission income of \$4,500 per transaction we determine that Emilio's total income for the next two months is expected to be \$31,500.

Number of Projected Closed Transactions

Month One	4
Month Two	3
Total Number of Closed Transactions	7

Projected Income from Closed Transactions

Month One	\$18,000
Month Two	\$13,500
Projected Income from Closed Transactions	\$31,500

Average Monthly Income

Total Income from Closed Transactions (Month One and Two) ÷ 2	\$31,500
= Projected Average Monthly Income \$	\$15,750

NOTES

Your Turn: Calculate Your Pipeline

If you regularly input your opportunities into Command, you can pull up your pipeline to see your projected closings at a glance.

Average Commission per Transaction	\$
Number of Projected Closed Transactions	
Month One	
Month Two	
Total Number of Closed Transactions	
Projected Income from Closed Transactions	
Month One	
Month Two	
Projected Income from Closed Transactions	
Average Monthly Income	
Total Income from Closed Transactions (Month One and Two) ÷ 2	\$
= Projected Average Monthly Income \$	\$
= Adjusted for Fallout (multiply by .75)	\$
= Subtract Cost of Sales and Market Center fees	\$

- What are your initial thoughts about your projected income?
- What would happen if one or more of these transactions did not close?

NOTES

2.Determine Emilio’s Expenses

Back to Emilio. Below is a list of Emilio’s personal and business expenses for an average month. You will have the opportunity to examine your own monthly expenses.

Emilio’s Expenses

Monthly Personal Expenses

Rent/Mortgage	\$2,000
Utilities/Telecom	\$500
Health Care	\$1,000
Groceries	\$1,250
Insurance	\$1,000
Entertainment	\$1,000
Dining Out	\$1,000
Travel	\$750
Wardrobe	\$500
Child Care	\$500
Transportation	\$250
Dog Walker	\$250
Maid Service	\$600
Total	\$10,600

Monthly Business Expenses

Office Space	\$500
Utilities/Telecom	\$200
Technology	\$50
Marketing	\$1,500
Prospecting	\$400
Salaries	\$600
Accounting	\$250
Transportation	\$750
Quarterly Income Taxes	\$600
Total	\$4,850

- What are your first impressions of Emilio’s personal expenses?
- What about Emilio’s business expenses?

NOTES

3. Find Emilio's Margin

Now that we have a handle on Emilio's expenses and income, we will discover the margin.

1. Emilio's total **monthly** expenses, both personal and business, are as follows:

Personal	\$10,600
+	
Business	\$4,850
=	
Combined Total	\$15,450

2. Revisit Emilio's average monthly income from page 23.

Average Monthly Income

Total income from closed transactions (Month One and Two) ÷ 2	
= Projected Average Monthly Income \$	\$15,750

3. Subtract total expenses from the projected average income.

Projected Average Monthly Income	\$15,750
- Personal and Business Expenses	\$15,450
= Margin	\$300

What are your first impressions of Emilio's margin?

NOTES

Your Turn: Find Your Margin

Expenses

Personal	\$
+	
Business	\$
=	
Combined Total	\$

Average Monthly Income

Total income from closed transactions (Month One and Two) ÷ 2	
= Projected Average Monthly Income \$	\$
Projected Average Monthly Income	\$
- Personal and Business Expenses	\$
= Your Margin	\$

What are your first impressions of your margin?

If income falls short, or if the margin is tight, it's time to take steps in this order:

1. Make cuts to expenses.
2. Step up lead generation to increase business.

“No matter the market you always follow the philosophy of “lead with revenue.”

SHIFT p.33

NOTES

Cut the Fat

Now that we know what we are spending, we can work on ways to reduce those expenses.

Personal Expenses

Use Emilio's expenses on page 27 and follow this system for categorizing and cutting Emilio's personal expenses:

Emilio's Personal Expenses

A	B	C
Essential to Have	Nice to Have	Can Live Without
Keep	Cut by next week	Cut within 48 hours
<i>Mortgage \$1,600</i>	<i>Takeout \$400</i>	<i>Streaming Subscriptions \$150</i>

Your Turn: Lower Your Personal Expenses

Your Personal Expenses

A	B	C
Essential to Have	Nice to Have	Can Live Without
Keep	Cut by next week	Cut within 48 hours
<i>Mortgage \$1,600</i>	<i>Takeout \$400</i>	<i>Streaming Subscriptions \$150</i>

NOTES

Business Expenses

Cutting business expenses is a bit different than cutting personal expenses. In examining our expenses for business, focus on holding expenses accountable for getting a maximum return on investment—with leads!

The following two questions are guideposts to determine whether to keep or ditch the expense:

1. Does this expense generate a lead or close a transaction?
2. Is this an essential to have, a nice to have, or a can live without expense?

Refer back to Emilio’s business expenses on page 27 to start cutting.

Emilio’s Business Expenses

A	B	C
Essential to Have	Nice to Have	Can Live Without
Keep	Cut by next week	Cut within 48 hours
<i>Coaching, Training</i>	<i>Office Space</i>	<i>Print Advertising</i>

Your Turn: Lower Your Business Expenses

Business Expenses

A	B	C
Essential to Have	Nice to Have	Can Live Without
Keep	Cut by next week	Cut within 48 hours
<i>Coaching, Training</i>	<i>Office Space</i>	<i>Print Advertising</i>

NOTES

Follow a Budget to Protect Your Margin

A realistic budget is the only way to protect your margin.

Two Budget Mindset Principles

- 1.** Invest, Don't Spend
 - Think of what you spend as investments.
 - It's about the opportunity with your expenses, not your obligation.
- 2.** Practice Accountability, Not Accounting
 - Don't think of accounting as an obligation.
 - Use your budget to hold yourself accountable.

Common Budgeting Traps

- 1.** Spending more than you make
- 2.** Spending all you make

Begin with your personal budget. Use online banking tools to classify your spending into different categories, allowing you to determine quickly where your money is going.

NOTES

Re-Margin Emilio’s Business

Now that we cut a few of Emilio’s personal and business expenses, what is their new margin—the re-margin?

Expenses

Personal	\$
+	
Business	\$
=	
Combined Total	\$

Average Monthly Income

Total income from closed transactions (Month One and Two) ÷ 2	
= Projected Average Monthly Income \$	\$15,750
- Combined Total: Personal and Business Expenses	\$
= Emilio’s Margin	\$

What are your aha’s about re-margining Emilio’s business?

How will this exercise help your own bottom line?

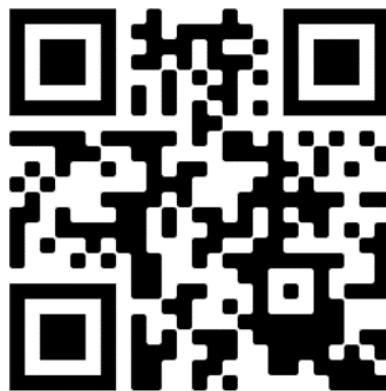
NOTES

“To build careers worth having, businesses worth owning, lives worth living, experiences worth giving, and legacies worth leaving.

KW Mission Statement



Please take a moment to complete our course evaluation by scanning the QR code below or going to kwueval.com.



NOTES

Success Happens

When you get your mindset in line with the actions you need to take to be successful in a shift, it's simple to form a plan of action.

Evaluate Your Effectiveness

Evaluate your effectiveness in the areas below on a scale of 1 to 5 (beginner to expert):

Skill	Rating
1. Keeping track of my transaction pipeline	
2. Tracking expenses regularly	
3. Holding my expenses accountable for a return on investment	
4. Sticking to a budget	

NOTES

Create an Action Plan

Prioritize the skills you want to hone by looking at how you rated your effectiveness in each area. What is your plan to ensure you overcome any hurdles you face?

Skill	Priority	Plan for Success
1. Keeping track of my transaction pipeline		
2. Tracking expenses regularly		
3. Holding my expenses accountable for a return on investment		
4. Sticking to a budget		

Add your priority to your calendar now.

Summary

1. The key to re-margining and changing your budget is changing the way you think.
2. Challenge everything and make nothing sacred.
3. Find your margin fast.
4. Protect your profit.
5. Prepare for the market ahead.

NOTES

Revisit Objectives

1. Determining what your margin is currently will help you align your actions to maximize your profit in a shift.
2. The fastest way to profitability if your margin is tight is to cut expenses in a purposeful way.
3. Create and stick to a realistic budget. Remember, you cannot revenue your way out of a shift.



Project your
income based on
your market.



Examine your
expenses to
identify areas to
cut.



Protect your
margin with a
realistic budget.

SHIFT Strategies

1

Get Real, Get Right
Mindset and
Action

2

**Re-margin
Your
Business**
Expense
Management

3

**Do More With
Less**
Leverage

4

**Find the
Motivated**
Lead
Generation

5

**Get to the
Table**
Lead
Conversion
and Follow-up

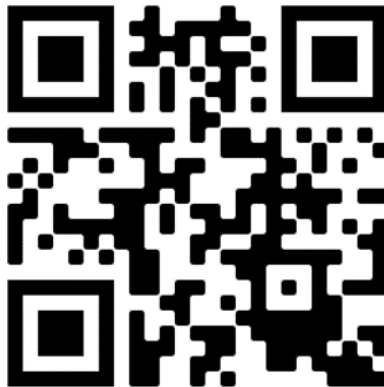
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**Help Buyers
and Sellers
Adjust**
Reset
Expectations

NOTES



Thank You!



NOTES

Worksheets

Calculate Your Pipeline

Average Commission per Transaction

\$

Number of Projected Closed Transactions

Month One	
Month Two	
Total Number of Closed Transactions	

Projected Income from Closed Transactions

Month One	
Month Two	
Projected Income from Closed Transactions	

Average Monthly Income

Total Income from Closed Transactions (Month One and Two) ÷ 2	\$
= Projected Average Monthly Income \$	\$
= Adjusted for Fallout (multiply by .75)	\$
= Subtract Cost of Sales and Market Center fees	\$

NOTES

Personal Budget Worksheet

Item	Amt.	Item	Amt.	Item	Amt
Charitable Giving		Housing		Retirement	
Child Care		• Mortgage/Rent		• Fin. Planning	
Clothing		• Property Taxes		• Investing	
• Adults		• Repairs		Savings	
• Children		• HOA Dues		• Emergency Fund	
Debt Reduction		Household Items		• Other Savings	
• Mortgage		• Toiletries		Transportation	
• Credit Card		• Cleaning Supplies		• Auto Payment	
• Personal Loan		• Tools		• Fuel	
• Student Loan		Income Taxes -		• Tires	
Education		Insurance		• Oil Changes	
• Children's College		• Health		• Maintenance	
• Your College		• Homeowner's		• Parking Fees	
• Books & Supplies		• Renter's		• Bus & Train Fare	
• Conferences		• Auto		• Repairs	
Food		• Life		• DMV Fees	
• Groceries		• Disability		• Replacement	
• Restaurants		• Identity Theft		Utilities	
• Pet Food/Treats		• Long-Term Care		• Electricity	
Fun Money		Medical		• Water	
• Entertainment		• Primary Care		• Gas	
• Games		• Dental		• Garbage	
• Eating Out		• Specialty		• Phones	
• Vacations		• Medications		• Internet	
• Subscriptions		• Medical Devices		• Cable	
		Personal		Gifts	
		• Fitness		• Birthday	
		• Haircuts		• Wedding	
		• Babysitter		• Christmas	

NOTES

Business Budget Worksheet

Item	\$	Item	\$
Salaries/Benefits		Lead Generation	
Salaries		Advertising	
Management		Print/Direct Mail	
Administration		Internet Lead Generation	
Benefits		Entertainment/Other	
Payroll Processing		Other - Lead Generation	
Payroll Taxes		Other - Lead Generation	
Education/Coaching		Occupancy	
Education/Training		Rent/Desk Fees	
Coaching/Consulting		Utilities	
Books/Audio Subscript.		Repair/Maintenance	
Dues		Depreciation	
Other - Education		Other - Occupancy	
Supplies		Equipment/Furnishings	
Banking Charges		Rental	
Office Supplies		Depreciation	
Office Operations		Repair/Maintenance	
Other - Supplies		Property Tax	
Communication/Tech		Automobile	
Telephone Service		Mileage	
Answering Service		Depreciation	
Internet Service Provider		Gas	
IVR Service		Maintenance	
Website Creation/Hosting		Other - Automobile	
Website Maintenance		Other - Automobile	
Other Expenses		Insurance & Tax	
Charitable Contributions		E&O	
Loan Payments		Liability/Property	
Office Transaction Fees		Quarterly Tax Payments	
Other - Other		Other - Insurance & Tax	

NOTES

Lower Personal Expenses

Personal Expenses

[illegible]

NOTES

Lower Business Expenses

Business Expenses

[illegible]

NOTES

Re-Margin Your Business

Expenses

Personal	\$
+	
Business	\$
=	
Combined Total	\$

Average Monthly Income

Total income from closed transactions (Month One and Two) ÷ 2	
= Projected Average Monthly Income \$	\$
Projected Average Monthly Income	\$
- Personal and Business Expenses	\$
= Your Margin	\$