kw UNIVERSITY

The Millionaire Real Estate Agent

MREA:

Business Planning Clinic

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.

$100,000	NET INCOME (40%)
+ $75,000	OPERATING EXPENSES (30%)
+ $75,000	COST OF SALE (30%)
= $250,000	TOTAL GCI
÷ $8,432	AVERAGE COMMISSION AMOUNT
= 30	TOTAL UNITS SOLD

SELL SIDE

× 50	% BUYERS SELLERS LISTINGS SOLD
= 15	TOTAL SELLER LISTINGS SOLD
÷ 85	% SOLD CONVERSION RATE
= 18	TOTAL SELLER LISTINGS NEEDED
÷ 75	% APPOINTMENT CONVERSION RATE
= 24	*TOTAL SELLER APPOINTMENTS NEEDED*

2/Month --> 1/Bi-Weekly

BUY SIDE

× 50	% BUYERS LISTINGS OF TOTAL UNITS SOLD
= 15	TOTAL BUYERS LISTINGS SOLD
÷ 85	% SOLD CONVERSION RATE
= 18	TOTAL BUYERS LISTINGS NEEDED
÷ 75	% APPOINTMENT CONVERSION RATE
= 24	*TOTAL BUYER APPOINTMENTS NEEDED*

2/Month --> 1/Bi-Weekly

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	**30%**
Gross Profit	70%
Operating Expenses	**30%**
Net Income	**40%**

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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.

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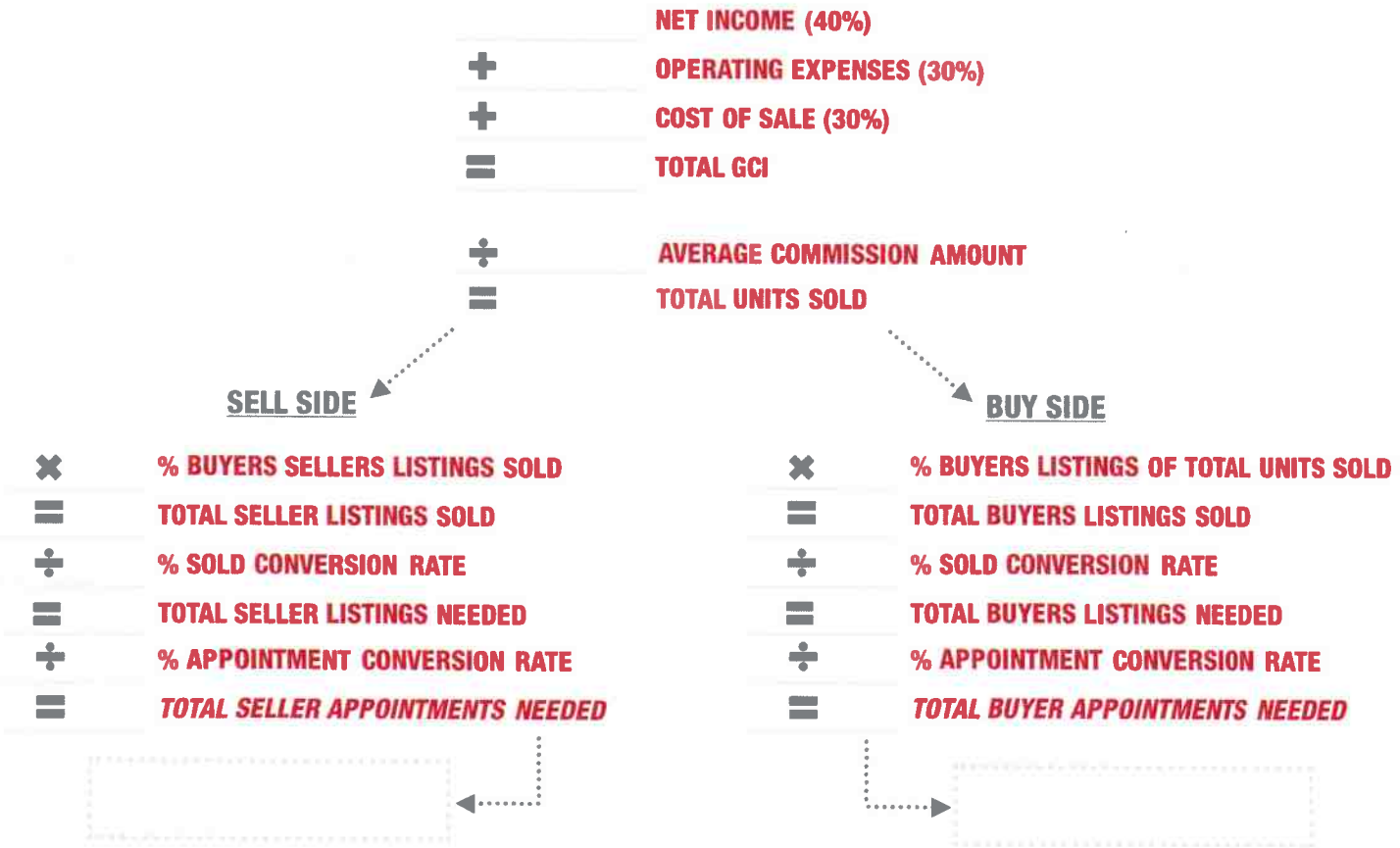

THE LEAD GENERATION MODEL

- **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

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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.

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8. LEVERAGE TECHNOLOGY

Features in Command that Help with Lead Generation

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 and in the applet.

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2. LEAD GENERATION ACTIVITIES

Prospecting

1. **Phone or Face to Face**
    1. Listings without Agency
        1. FSBOs (For Sale by Owners)
        2. Expired Listings
    2. Circle Prospecting
        1. Neighborhoods
        2. Apartment Complexes
        3. Recently Sold listings
        4. Recently Listed Properties
    3. Community Outreach
        1. Charity
        2. Volunteer Work
    4. Key Relationships
        1. Corporations
        2. Builders
        3. Banks
        4. Third-Party, Data Companies
        5. Investors
    5. Teaching and Speaking Opportunities
    6. Meals
    7. Door-to-Door Canvassing
    8. Networking Events
    9. Booths and Kiosks
    10. Walk-ins
2. **Text Correspondence**
    1. SMS
    2. Messenger
    3. Email

Both

1. **Farming**
    1. Geographic
    2. Demographic
2. **Events**
    1. Open Houses
    2. Seminars
    3. Contests
    4. Client Appreciation Events
3. **Networking**
    1. Sphere
    2. Past Clients
    3. Allied Resources
    4. Agents
4. **Purchased**
    1. Referral Networks
    2. Advertising Networks
    3. Clientele

Marketing

1. **Advertising**
    1. Pay per Click
    2. SEO
    3. Radio
    4. TV
    5. Newspapers
    6. Personal Vehicles
    7. Bus Stop Benches
    8. Social Media
    9. Portals
    10. Magazines
    11. Billboards
    12. Yellow Pages
    13. Grocery Carts
    14. Moving Vans
2. **Broadcast/Content Creation**
    1. Radio Segments
    2. TV Shows
    3. Live Social Media
    4. Blogs
3. **Direct Mail (Non-Farm)**
    1. Postcard Campaigns
    2. Special Events Cards
    3. Just Sold/Just Listing Cards
    4. Quarterly Market Updates
4. **Promotional Items/Swag**
5. **Public Relations/Press**
    1. News Releases
    2. Advice Columns
6. **Sponsorship**

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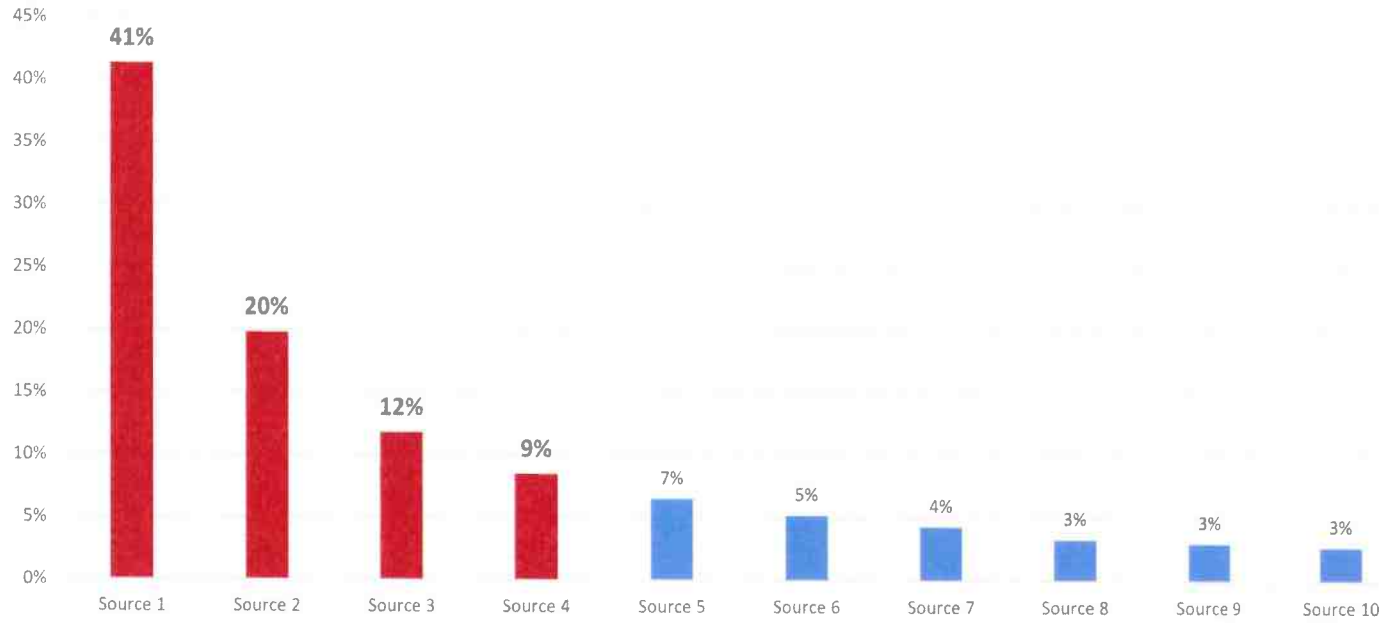
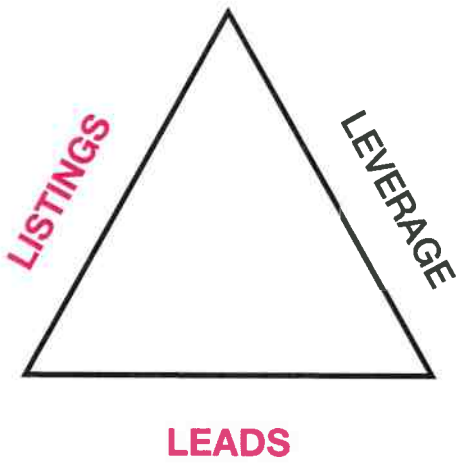
Lead Sources - The Rule of 4



My Top Lead Sources

1. _____
2. _____
3. _____
4. _____

Leads and Listings



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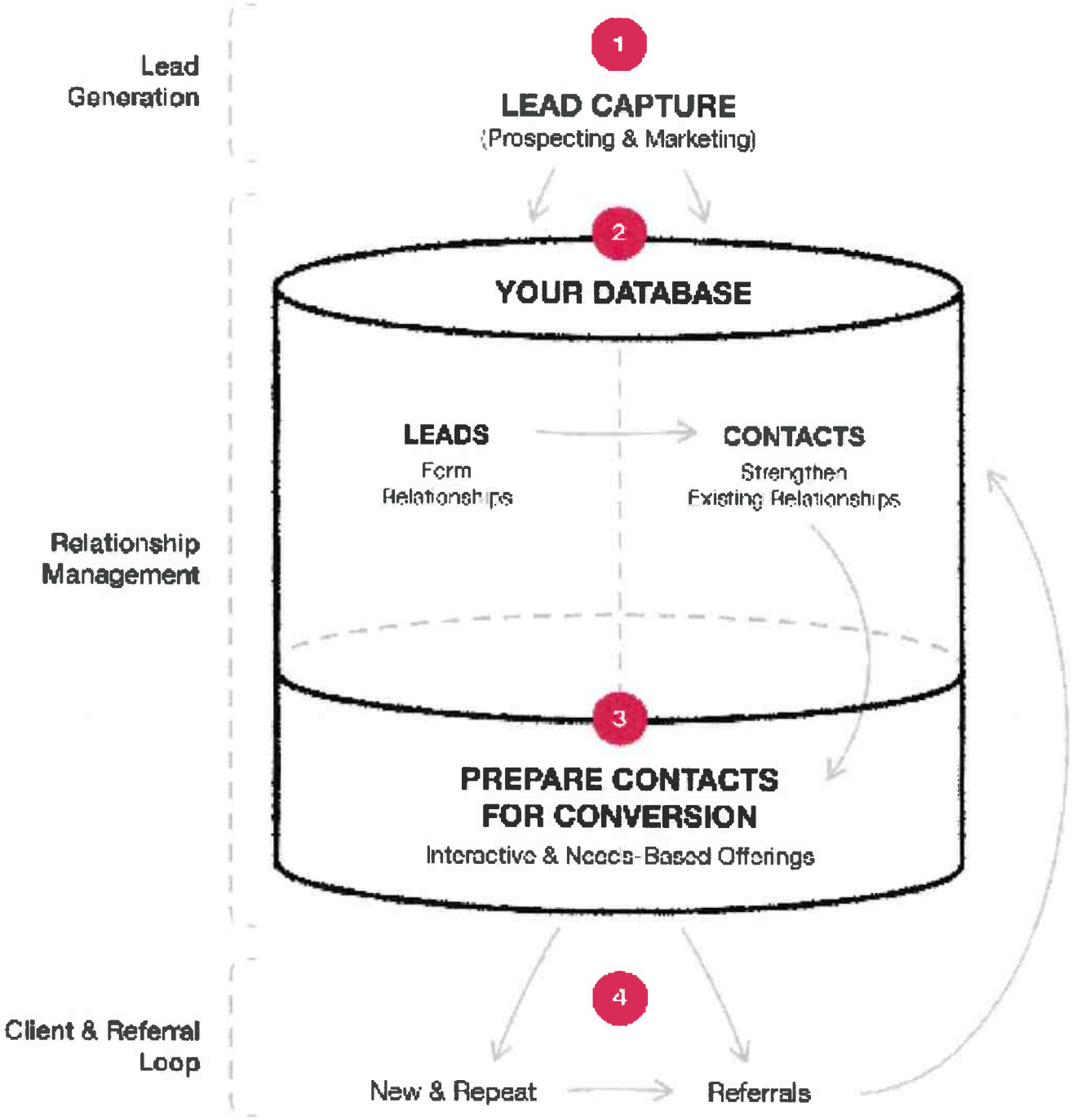
3. DATABASE

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 _____

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4. COMMUNICATE WITH EVERYONE IN YOUR DATABASE

Keys to Success

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

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?

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

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Do Not Call / Telephone Consumer Protection Act

WARNING!

The Telephone Consumer Protection Act (TCPA) regulates calls and texts to cell phones and landlines, auto-dialed calls, prerecorded calls, faxes, and calls to numbers on the Do Not Call (DNC) Registry. Class-action litigation for TCPA violations is increasing, potentially exposing agents, Market Centers and KWRI to catastrophic financial damages. Consult an attorney for guidance on the TCA and DNC laws, including consent requirements, autodialer restrictions and prerecorded messages.

TCPA

⚠ Auto Dialers

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

⚠ 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, including for certain texts.

⚠ Artificial Voice / Prerecorded Message

Never use artificial voice or prerecorded messages without a consumer's prior express written consent. Penalties can cost up to $1,500 per violation.

⚠ Federal and State Laws

Several states have their own laws governing telemarketing. Talk with your broker about any local and Market Center rules and DNC lists.

DO NOT CALL DO'S AND DON'TS

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

✓ 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.

✓ Honor Do Not Call Requests

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

✓ Check Before You Call

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

✓ Limited Exceptions

Penalties for a DNC violation total up to $43,280 per call. Fines for violating a state DNC rule can vary from $100 to $25,000.

For more information, visit http://www.kwconnect.com/page/industry-resource/dnc

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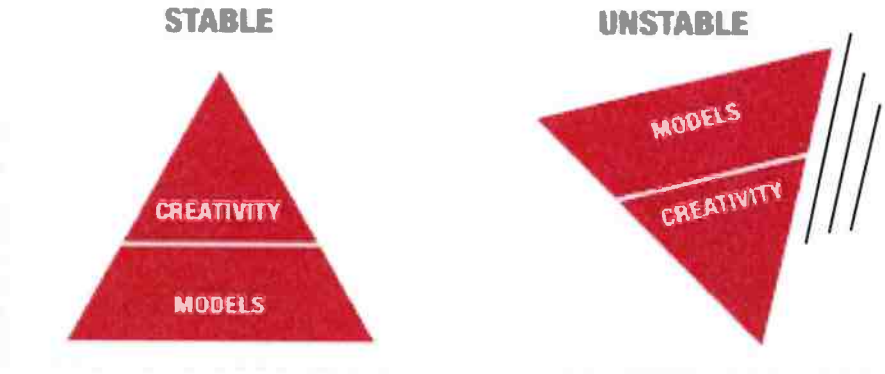
SECTION 2

MODELS AND MINDSET

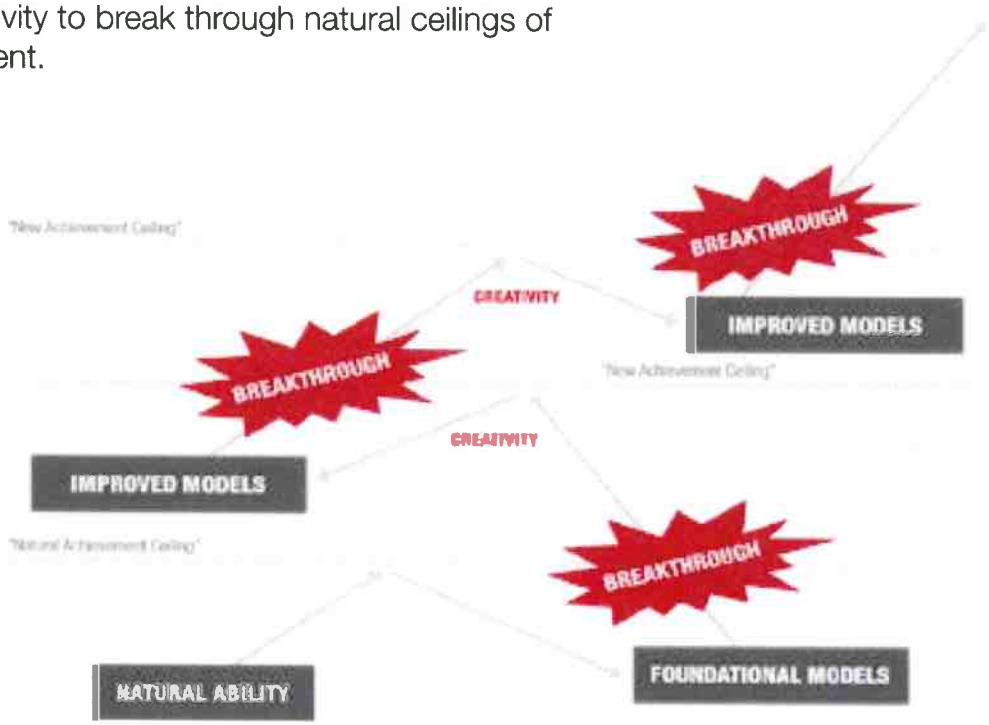
Model: A pattern of something to be made; an example for imitation; serving as or capable of serving as a pattern to be imitated.

> Begin with models ...



Implementation before innovation!

> 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.

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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

> *… one thing all high achievers have in common is they are working for a Big Why.*
>
> *- The Millionaire Real Estate Agent*

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11. BUILD YOUR 4-1-1

KELLERWILLIAMS

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: _____	Listing Appointments: _____	Listing Appointments: _____	Listing Appointments: _____
Buyer Appointments: _____	Buyer Appointments: _____	Buyer Appointments: _____	Buyer Appointments: _____

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NOTES

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