



**IT'S YOUR BUSINESS. LET'S BUILD IT.**

2008 Real Estate Agent Business Plan



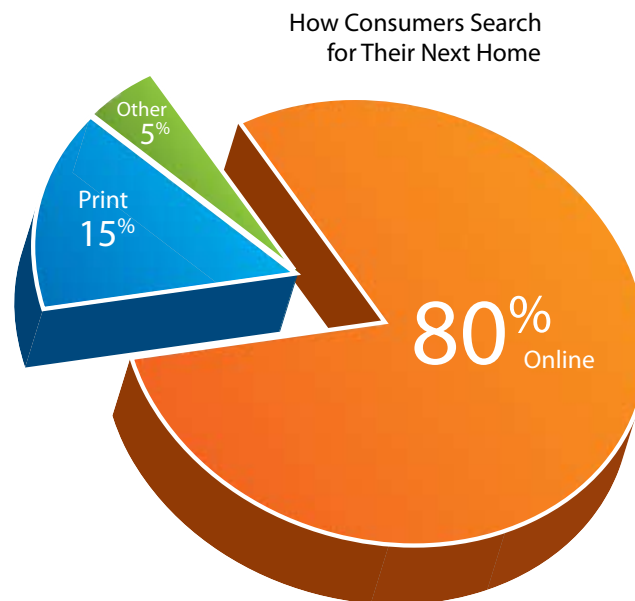
## AGENT CEO 2008 BUSINESS PLAN

Real estate is a highly competitive field. To become a top-producing agent you need to treat your real estate practice like a business. In fact, the most successful agents run their business as if they are the CEO, and they create a yearly business plan as a road map for their success.

Agent CEOs use their business plan to help them prioritize their business tasks and automate much of the “busy work” required to keep their business going. This allows them to focus on what they most enjoy—working with clients, which allows them to dramatically increase their productivity and earning potential.

Agents who plan out their year in advance, and then use Market Leader as their basic business system have the ability to consistently stay in touch and build relationships with literally thousands of prospects “automagically.” That means they can stay on track and maintain a steady stream of business regardless of market conditions.

Because as surely as the real estate market has changed, the consumers have changed as well. Nearly 80% of consumers today are searching for real estate information on the Internet, according to NAR. Yet the vast majority of agents continue to spend their advertising dollars on traditional channels, such as newspapers and real estate magazines. Many agents continue to do things the way they have always done them. Unfortunately, they are still getting the same results they have always gotten. Today’s and tomorrow’s top agents are marketing and prospecting almost exclusively online. They are spending their ad dollars where the prospects are looking.



## BUSINESS PLANNING

Think of your online prospecting as if you are developing a geographic farm. When you develop a geo farm, you send out newsletters, door knock, call, send postcards, etc. From your experience building a farm, you know it takes time to develop consistent business in that farm—usually 6 to 18 months.

Internet consumers are not the “magic bullet.” According to an independent research report by Hebert Research in Bellevue, Wash., buyers and sellers may go online 6 to 12 months before they are ready to make a move. They, too, take time to build a relationship. The good news is that you can build a relationship without the hassle of cold calling and the expense of printing and mailing costs.

And, consider the numbers! Most agents handle geographic farms of about 500. According to Glen E. Crellin, Director of the Washington Center for Real Estate Research, 7.5% of a geographic farm will convert to a transaction in one year, for a potential of 37.5 transactions for a geo farm of 500 prospects.

Now, consider having an E-farm of 2,000 prospects. If 7.5% of those convert in one year, that would be a potential of 150 transactions. If you are a good E-farmer you'll close some of those transactions.

More prospects = more business. You can add an unlimited number of prospects to your database and cultivate them until they are ready to buy and/or sell.

What's the best way to get started? Map out your goals and strategy with your 2008 business plan.

## CREATE AN E-FARM

500 people in a geographic farm  
7.5% sell in a year = **37.5 homes**

2,000 people in E-farm  
7.5% sell in a year = **150 homes**



Decide how many prospects YOU need in your E-farm to accomplish your financial goals. You'll grow your business exponentially, allowing you to develop a profitable, sustainable business.

## HOW TO CREATE YOUR PLAN

The essential ingredient to your success as the CEO of your own profitable business is to create a plan. Remember, you are responsible for the success of your business.

### **Set goals**

Set both personal and professional goals: family, income, health, social, spiritual, and professional. Write your goals down; create affirmations around what you would like to accomplish. Watch how you talk to yourself. Many agents talk themselves right out of business and/or having the life they got into real estate to enjoy. "I don't have time... I can't.... What if...."

### **Create a well-defined business plan**

Make your goals stretch goals, but make sure there is a plan of action to help you achieve those goals. Some agents just decide on an income goal without a plan to accomplish the transactions necessary to achieve that income goal.

### **Develop a budget**

You don't want to be a non-profit! Develop a budget to ensure your profitability. Some agents spend more than they earn to generate transactions. You do need to budget marketing dollars in order to grow your business. In general, experienced agents spend approximately 30% of their income on marketing. Include your business costs when you set income goals. That way you'll ensure profitability.

### **Systematize**

In order to scale your business, you'll want systems in place. A sophisticated contact management system like Market Leader, which automates consistent communication with a large database, can save you time and allow you to cultivate an E-farm (or a pipeline of prospects) to ensure a steady stream of business. Drip campaigns, e-newsletters, and pre-written templates should all be a part of the system.

### **Staff and delegate**

Because agents are paid on commission only, they often want to control all aspects of their business and hence are not skilled at delegating. However, delegating paperwork and coordination tasks can lead to increased production. A good transaction coordinator can save hours for an agent, which allows that agent to spend more time generating additional business.

### **Evaluate**

It is vital to evaluate for effectiveness. Agents need to know their numbers.

How much money are you spending on ads? Are they working—generating leads? Should you migrate your marketing dollars where you will have greater impact? How many listing appointments does it take to win a listing? Do you need to adjust your presentation?

Track where your business is coming from. Track how you spend your time.

Your business plan must include a solid system to add prospects to your database in order to accomplish your financial goals and achieve the freedom to live your life by design.

## HOW TO CREATE YOUR PLAN

**The steps we will use to create your business plan are:**

- Decide your financial goals. (page 6)
  - Calculate the number of transactions you need to accomplish those goals. (page 9)
  - Develop a plan to add the number of prospects you need in your database to close the transactions necessary to achieve your financial goals. (pages 12)
  - Evaluate for effectiveness. (page 15)
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“Rainmakers today need many more leads than their counterparts needed in the past. No longer will 50 or 100 or 400 contacts support a practice with a goal of more than 25 transactions a year. Today, big numbers produce big results. The farm of yesterday is the agribusiness of today. Marketing is a numbers game, and a trophy database is the new math.

A rough formula has emerged. In today’s market, rainmakers need a prospect ratio of about 25 to 1. In other words, for 1 transaction you need to market to a database of 25. If you want 10 deals, you need a database of 250. If you want 50 deals, you need about 1,250 in your customer database.”

Used with permission from:  
REAL ESTATE RAINMAKER® by Dan Gooder Richard, John Wiley & Sons

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## DETERMINE YOUR FINANCIAL GOALS

The best way to set meaningful business goals is to calculate your annual income needs and convert those to the number of transactions needed to accomplish your goals. Be sure to include your business expenses.

The following page has a simple spreadsheet to help you analyze your business expenses to add to your totals on this page.

### Worksheet

- \$ \_\_\_\_\_ Mortgage payment
- \$ \_\_\_\_\_ Household (heat, water, etc.)
- \$ \_\_\_\_\_ Food (grocery and dining out)
- \$ \_\_\_\_\_ Car expenses (payment, gas, oil, maintenance)
- \$ \_\_\_\_\_ Entertainment
- \$ \_\_\_\_\_ Business expenses (including education and marketing)
- \$ \_\_\_\_\_ Child care
- \$ \_\_\_\_\_ Education
- \$ \_\_\_\_\_ Investments (401(k), IRA, real property)
- \$ \_\_\_\_\_ Vacations
- \$ \_\_\_\_\_ Other living expenses
- \$ \_\_\_\_\_ **SUBTOTAL** (this is the income needed after taxes)
- \$ \_\_\_\_\_ Divide by .70
- \$ \_\_\_\_\_ **Total Gross Income Required**





# CALCULATE THE NUMBER OF TRANSACTIONS YOU NEED

**Step 1:**

Determine your average commission per transaction

Average house price range \_\_\_\_\_

X \_\_\_\_% commission \_\_\_\_\_

= total gross commission \_\_\_\_\_

÷ 2 (for sale side or listing side) \_\_\_\_\_

X your commission split \_\_\_\_\_

= commission per transaction \_\_\_\_\_

**Step 2:**

Income goal \_\_\_\_\_

÷ by commission per transaction \_\_\_\_\_

= Transactions needed per year \_\_\_\_\_

## Sample Calculation

**Part 1:**

Determine your average commission per transaction

\$250,000 average price range
x 6% commission
= \$15,000
÷ 2
= \$7,500
x 60% split
= \$4,500 commission per transaction

**Part 2:**

Specify desired income, then divide by average commission

\$150,000 income goal
÷ \$4,500
<b>= 34 transactions to reach goals</b>

# HOW MANY PROSPECTS DO YOU NEED TO REACH YOUR GOALS?

## Calculate prospects needed per year

Take the total transactions you want \_\_\_\_\_

X 25 (prospect to sale ratio is 25 to 1) \_\_\_\_\_

= Total number of prospects needed \_\_\_\_\_

## Break it down into a daily number!

Annual prospects needed \_\_\_\_\_

÷ by 12 months \_\_\_\_\_

÷ by 30 days \_\_\_\_\_

= Prospects needed each day \_\_\_\_\_

## Example

34 transactions

x 25 prospects

**= 850 prospects per year**

÷ 12 months

**= 70 prospects per month**

÷ 30 days

**= 2 new prospects per day**

## You can do this!

Now that you've analyzed what you need to do to achieve your goals, let's look at how you can reach those goals.

NOTE: Ratio of 25 prospects to sale ratio taken from "The Real Estate Rainmaker" by Dan Gooder Richard

## PAINLESS PROSPECTING

Here are some time-tested and “painless” ways for you to add prospects to your database to achieve your financial goals:

- **HouseValues (seller) leads**
- **JustListed (buyer) leads**
- **Upload your sphere of influence** – Call them and offer to email real estate information, then assign them to the Email Farm drip campaign. Always ask permission.
- **Use an open house registration form** – Ask for email addresses, offer a FREE home valuation or to send listings. You can obtain a ready-made open house form from the Power Tools tab in Market Leader.
- **Take advantage of the Web Capture feature** – Receive buyer and seller leads from your Web site into Market Leader. On your Web site, offer a FREE home valuation and/or to send new listings to prospects. They can fill out the form and you have just captured a new prospect. When the prospect comes from your Web site, it always goes to YOU.
- **Send “Just Listed” and “Just Sold” postcards to the neighborhood after a listing and/or sale** – Offer a free home valuation or listings and drive them back to your Web site where you can capture their contact information.
- **Obtain email addresses from your past clients and add them to your Market Leader database** Enroll them in the Past Client email campaign and the newsletter.
- **Upload your current database of prospects into Market Leader** -- Assign them to the Email Farm drip campaign.
- **Send a postcard or letter to your geographic farm.** Offer to periodically send them your e-newsletter. All they need to do is send you their email address.
- **Offer to send a “Change of Address” email** on behalf of your client after closing a transaction. It is a real service and will allow you to obtain email addresses for future business. Be sure to include, “Sold through (your name and company name).” Let them know you will enroll them in an email newsletter containing homeowner tips and market trend information.
- **Ask for email addresses from everyone you meet and greet.** Use the newsletter angle. Wear your name badge. Don't be a “Secret Agent!”
- **Use online marketing** -- Add emails from blogging, social networking and pay-per-click advertising.

### Follow-up...

- Schedule yourself for success. If you don't schedule essential activities, they will not get done.
- Schedule your follow-up phone calls and drop-bys. They lead to transactions!

**Just think, you NEVER have to cold call again!**  
This is THE most painless way to prospect!

## 2008 AGENT BUSINESS PLAN

Income goal for 2008 \_\_\_\_\_

Dollars per transaction to you \_\_\_\_\_

Number of transactions needed for goals \_\_\_\_\_

Number of listings \_\_\_\_\_

Number of listings sold \_\_\_\_\_

Number of sales \_\_\_\_\_

Number of prospects in your database \_\_\_\_\_

Number of prospects you need \_\_\_\_\_

**Break it down:**

Listings needed per week \_\_\_\_\_

Listings sold per week \_\_\_\_\_

Sales per week \_\_\_\_\_

Prospects needed per day \_\_\_\_\_

**Copy this page and tape it where you can see it every day, then:**

- Visualize what your business would be like if you accomplished your goals.
- Visualize what your life would be like if you accomplished your financial goals.

# YOUR PLANNING CALENDAR

January	February	March	April	May	June
July	August	September	October	November	December

## SAMPLE PLANNING CALENDAR

October	November	December
<ul style="list-style-type: none"> <li>• 300 postcards</li> <li>• Add Web capture tool to Web site</li> <li>• Begin hand delivering CMAs to follow up on all leads</li> <li>• Call past clients to ask for email addresses</li> </ul>	<ul style="list-style-type: none"> <li>• 300 postcards</li> <li>• Letter to geographic area asking for email addresses</li> <li>• Begin hand delivering buyer packets</li> <li>• Continue hand delivering CMAs to follow up on all leads</li> </ul>	<ul style="list-style-type: none"> <li>• 300 postcards</li> <li>• Call sphere and ask for email addresses</li> <li>• Continue hand delivering buyer packets</li> <li>• Continue hand delivering CMAs to follow up on all leads</li> </ul>

### Use the annual planning calendar to plan your marketing efforts for the year:

- How many postcards will you send out?
- When will you send them?
- How many open houses per month?
- How many follow-up calls per month?
- How many drop-bys?
- How many new prospects will you add per month?
- How many FSBOs will you contact?
- How many Expireds will you contact?
- How many signs will you place? Remember, use the value propositions to drive prospects in your area to your own Web site!

### Plan your follow-up:

- How many follow-up calls?
- When will you schedule your calls? (i.e. Tuesdays from 3:30-5:30PM)
- How many drop-bys?
- When will you drop by? (i.e. Saturdays from 9:30-11:30AM)

# MONITOR YOUR EFFECTIVENESS

## WEEKLY TRACKER

	New Prospects Added	Drop-bys	Calls	Appointments	Listings	Sales	Listings Sold
Goals							
Monday							
Tuesday							
Wednesday							
Thursday							
Friday							
Saturday							

The Weekly Tracker is a tool to help you track your goals and activities. Check your actual activities against your goals frequently. This will help you stay on track.

## MONITOR YOUR EFFECTIVENESS

**Once you've created your business plan, schedule time periodically to review how you're doing.**

**Ask the following questions:**

What do your customers say about you?

Are you providing "WOW" factor service?

Will they refer their friends and relatives to you?

Consider using the client feedback form (see example below) found in the **Email tab** in Market Leader.

Use the good things they say about you as testimonials in your pre-listing or buyer packets. These can be found in the **Power Tool tab** in Market Leader.

### Client Feedback Email Template:

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Subject: Survey after the Sale

Dear {Prospect First Name},

Thank you for trusting me with your real estate needs. It was a pleasure working with you.

I am dedicated to providing a consistent quality of service before, during, and after the transaction. In order to continue providing the highest quality of service, I'd like to ask for your help. Please take a moment to fill out the survey below and email it back to me.

Were you satisfied with the service you received?

Was communication timely?

Were all of your questions answered?

Were any problems handled efficiently?

Was your transaction handled in a professional manner?

Would you recommend me to others?

Do you have any other comments or suggestions?

If you know of others who may be interested in buying or selling a home and would appreciate the level of service that I provide, please forward them my information or you can send me their name and phone number, and I will take the best care of them.

Thank you for taking the time to respond. I truly appreciate your feedback. My goal is to provide exceptional service to my customers and clients.

Sincerely,

(Agent)

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# BUSINESS DEVELOPMENT

If you did not reach your production goals in 2007, what prevented you from doing so?

What will you do this year to overcome this obstacle so you can reach your 2008 goals?

What seminars, conference calls and technical training do you plan to attend in 2008?

**Business goals 2008:** (For instance, hiring an assistant, obtaining your broker's license, etc.)

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**What ONE thing can you do on a regular basis that would make a HUGE difference in your business?** (Something you aren't doing now).

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**What worked well last year?** Keep doing it!

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**Best wishes for your continued success.**  
Go out there and make 2008 the best year ever!

# NOTES