



REALTOR® BUSINESS PLAN GUIDE

Agents with a formal written business plan can expect to earn 10 times more income in 2015 than those that do not. If you have not started the process of establishing your personal and professional goals for next year, now is the time to do so, not at the end of Q1. I constructed this packet in order to assist agents in developing their custom plan so they will become more successful and prosperous in 2015. Please feel free to give me a call if you would like to go through these documents together or if you have any mortgage questions or want assistance with any other marketing initiatives.

YOUR MISSION STATEMENT

A *Mission Statement* describes the overall purpose of a business or organization. It provides a guide as to the actions and direction of the organization and its stakeholders. It also includes the organization's values and a vision for what the company hopes to achieve. Your mission statement can be as simple as one sentence or as complex as a short paragraph.

Here are a few examples:

- To inspire and nurture the human spirit— one person, one cup, and one neighborhood at a time. *(Starbucks Coffee Company)*
- The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.
- Create a more secure, democratic, and prosperous world for the benefit of the American people and the international community. *(U.S. Department of State)*

An example of a Realtor Mission Statement might be as follows:

"To be the agent of choice for homebuyers and home sellers in the Cy-Fair market area by providing superior negotiation skills, in-depth market knowledge, creative marketing strategies, consistent communication and streamlined processes to all clients."



YOUR REAL ESTATE TEAM

Gary Keller, Co-Founder and Chairman of Keller-Williams Realty, talks about the power of leverage in his book, *The Millionaire Real Estate Agent*. In this book, he makes the claim that an agent is only three hires away from becoming a million-dollar producer. It is not quite that simple, but there is no doubt that leveraging human capital can help you achieve greater levels of production and increase your return on investment. As you develop your strategic plan, consider areas of your business that could benefit from leveraging the talents of others. For the agent starting out on their own, this might include an administrative assistant to handle all of your files, manage your follow-up, and arrange your schedule. For experienced agents this might involve hiring a buyer's agent (or even a team of buyer's agents) to handle the leads generated from your listings and marketing activities.

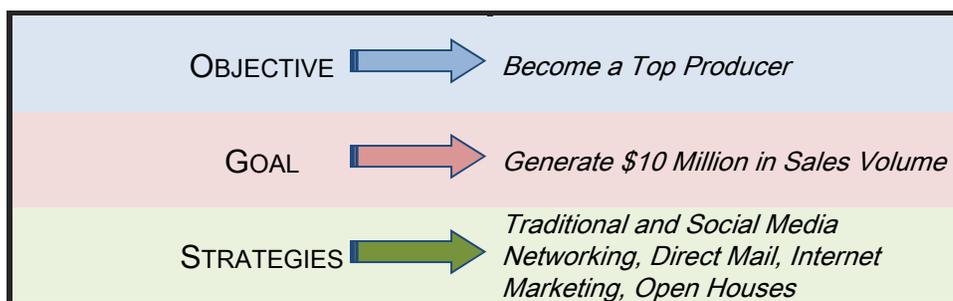
Aside from direct hires, identify the other members of your real estate team. Include your preferred title agent, loan officer (incidentally, we are taking new clients☺), inspector, and home warranty provider. Negotiate the roles and responsibilities of all of these team members and develop mutually beneficial working agreements with them.

Depending upon the nature of your relationship with your broker, you might also consider including them as part of your team if they are capable of taking on a role that adds value to your practice.

OBJECTIVES

Once your vision for your team has been established, your next job is to identify the objectives that you will want to achieve this year. An *objective* is a standard or mission that can reasonably be achieved within a desired timeframe.

An objective is broader than a goal and may be comprised of several different goals. Objectives may involve building your brand, hiring or modifying your team, becoming an expert in working with first-time homebuyers, diversifying your revenue stream, becoming a top producer in your office, or getting more involved in your community. To keep it manageable, limit the number of objectives to perhaps five or six broad areas. You will break them into far more specific goals with associated strategies shortly.





YOUR GOALS

“Writing something down is all about making commitments. When you write something down it drives your commitment to accomplish it deeper. Your resolve is stronger. You persist in the face of frustrations and obstacles”.

Mark Riesenber, author of *How to Stop Whining and Start Winning: A Guide to Goal Setting and Time Management*

Setting your goals lies at the core of the strategic planning process. When I was a young loan officer straight out of college, my manager asked me to put together my goals for the following year. I did some analysis, bumped up my previous year’s production by about 5% (being careful not to shoot too high and look bad relative to my peers), and confidently presented my plan. My manager shared his perspective on my exercise by saying, “Mike, if you set your goals low enough, you’ll always achieve them”. That statement was a defining point in my career because it was accurate. Unless I took some risks, I was never going to achieve true success.

If your goal is to inch along doing pretty much the same production year after year and to remain content with average, you don’t need to go through this exercise.

Alternatively, if you aspire to be great, to be among the top agents in your area, focus on achieving your “BHAGs”, or “Big Hairy Audacious Goals”. These are the cornerstone of big, successful, visionary companies and should be a part of your business as well.

As you craft your goals for overall production, closed sales, meetings, phone calls and the like; be certain your goals meet the S.M.A.R.T. test.

- SPECIFIC – goals that are well defined.
- MEASUREABLE – can easily be measured; there is no question of whether they have been achieved or not.
- ATTAINABLE – you will not get motivated by pie in the sky goals that you have no earthly chance of hitting. What will motivate you is an aggressive goal that, when achieved, will make others say “Wow!”
- REWARDING – your goal provides you with monetary, personal, and/or professional rewards that are important to you.
- TIME BOUND - goals should be time-bound, meaning you have a certain period of time in which to achieve that goal; daily, weekly, monthly, quarterly, annually.



Your goals should encompass both your sales goals as well as other professional and personal goals. They will consist of your educational goals, industry involvement, volunteer activities, and your personal and family goals. As examples, your goals could include spending a certain amount of time per week on the charity of your choice, obtaining a new designation, or blocking out Sundays to spend with your family. Just be careful to not over-commit. This is the most common error made in goal setting. The more parts of your life you can cover the better, as long as you make your goals S.M.A.R.T.

YOUR STRATEGIES:

These are the specific, actionable steps that you will take to execute your goals. They will include the marketing strategies designed to build your network and achieve your sales and income goals, as well as the strategies that will help you achieve other personal and professional goals. Marketing strategies you consider might include:

- Newspaper
- Direct Mail – Farm Area
- Direct Mail – FSBO
- Direct Mail – Expired Listings
- Networking
- Open Houses
- Newspaper Advertising
- Magazine Advertising
- Billboard Advertising
- Web Site /Electronic Marketing
- Client Referrals
- Sphere of Influence Referrals
- Trade groups
- Community organization

Be specific as possible when defining your strategies. Be sure to identify the person(s) or vendor(s) that are responsible for the execution of that particular strategy. One goal may have anywhere from one to 10 strategies with different people responsible for each. Each strategy may have a cost associated with it. For instance, if your strategy is to exercise for one hour three days a week, the cost would be your monthly gym membership or the purchase of home exercise equipment.

For professional or sales goals, these costs should be entered into your budget. Be careful, it is easy to underestimate the cost of a marketing strategy. For instance, the Sham-WOW® you have seen on television is not just \$19.95; you have to add in shipping and handling, right? So be sure to err on the side of estimating too much if you can't be exact.

After you have considered the cost of the strategy, think about what your expected results will be. For your sales goals, this can be defined in terms of the number of leads it generates and/or the resulting revenue. Often, once you put down your costs and expectations for results in writing, it becomes apparent that this may not be the best use of your valuable resources.



Lastly, to keep on schedule, assign each strategy a due date or implementation date. It is far too easy to say “I’ll work on that tomorrow”, and tomorrow never quite gets here. Putting your objectives, goals and strategies in writing makes them far more likely to be achieved.

BUDGET /EXPENSES

The financial benefits of achieving your annual revenue goals can easily be reduced by the impact of operating costs on your business. Creeping expenses and marketing activities that do not generate an attractive return on investment can easily offset a meaningful increase in your revenue. Therefore, expense management should be something you continuously monitor. As you consider the costs involved in running your business, your largest single expense item after your broker or desk fees should be marketing. Ultimately, if you can’t generate a sufficient number of qualified prospects, it really doesn’t matter what your commission split is, how much your industry dues are, and what your annual business mileage is. Categories of expenses should include:

- Industry Dues
- Office Rent/Desk Costs
- Office Telephone/Mobile Phone
- Internet /Web Site Fees
- Postage
- Signs, Lock Boxes
- Salaries
- Broker Fees
- E&O/Liability Coverage
- Training/Education
- Marketing Expenses – direct mail, internet, purchased leads, strategic partnerships, networking groups
- Gifts

FINAL THOUGHTS

Your business plan should be viewed as a living document. Circumstances will change and strategies will need to be reviewed. Therefore, it is important to revisit your business plan at least quarterly to check your results and make the necessary modifications. It is also highly recommended that you work with a coach. This may be a peer or strategic partner or a fellow agent with the same experience and production level. You may even choose to utilize a “hired gun”. Whichever option you choose, accountability is important.

I hope you find this process helpful in crafting your business plan and encourage you to utilize the associated spreadsheets and forms to assist in your goals setting, budgeting and tracking. Please contact us should you have any questions or comments; Mike Lesmeister will be happy to assist you in any phase of your planning process.



Blue Ribbon Agent was founded by Mike Lesmeister as a platform dedicated to helping proactive real estate agents become top agents in their field through the delivery of cost-effective marketing solutions, skills training, community outreach programs, and creative solutions to client needs.