

Millionaire Real Estate Agent

***MREA: Business
Planning Clinic
for Teams***

Mary Weaver
Mona Covey

A Course for the Millionaire Real Estate Agent

NOTICES

While Keller Williams Realty, Inc. (KWRI) has taken due care in the preparation of all course materials, we do not guarantee its accuracy now or in the future. KWRI makes no warranties either expressed or implied with regard to the information, programs presented in the course, or in this manual, and reserves the right to make changes from time to time.

This manual and any course it's used as a part of may contain hypothetical exercises that are designed to help you understand how Keller Williams calculates profit sharing contributions and distributions under the MORE System, how Keller Williams determines agents compensation under the Keller Williams Compensation System, and how other aspects of a Keller Williams Market Center's financial results are determined and evaluated. Any exercises are entirely hypothetical. They are not intended to enable you to determine how much money you are likely to make as a Keller Williams Licensee or to predict the amount or range of sales or profits your Market Center is likely to achieve. Keller Williams therefore cautions you not to assume that the results of the exercises bear any relation to the financial performance you can expect as a Keller Williams Licensee and not to consider or rely on the results of the exercises in deciding whether to invest in a Keller Williams Market Center. If any part of this notice is unclear, please contact Keller Williams' legal department.

Materials based on the Recruit-Select-Train-Manage-Motivate™ (RSTMM™) system and the Winning Through Selection™ course have been licensed to Keller Williams Realty, Inc. by Corporate Consulting. KWRI has the exclusive right within the real estate industry to market and present material from RSTMM™, Winning Through Selection™, and any derivatives owned by or created in cooperation with Corporate Consulting.

Material excerpted from *The Millionaire Real Estate Agent* and *SHIFT: How Top Real Estate Agents Tackle Tough Times* appears courtesy of The McGraw-Hill Companies. *The Millionaire Real Estate Agent* is copyright © 2003–2004 Rellek Publishing Partners LTD. *SHIFT: How Top Real Estate Agents Tackle Tough Times* is copyright © 2008 Rellek Publishing Partners LTD. All rights reserved.

Copyright notice

All other materials are copyright © 2008 Keller Williams Realty, Inc. All rights reserved.

Printed October 2010.

No part of this publication and its associated materials may be reproduced or transmitted in any form or by any means without the prior permission of Keller Williams Realty, Inc.

Acknowledgments

The author(s) gratefully acknowledge the assistance of the following individuals in the original creation of this course:

Gary Keller

Dave Jenks

Bruce Hardie

Terri Barz

Dick Dillingham

Gene Rivers

Gary Gentry

Marcie Karnish

Tammy Kroop

In addition, we gratefully acknowledge the assistance of the following individuals in the revision of this course:

Gene Rivers

Beth Torrence

Steve Schlueter

Dick Dillingham

Beverly Steiner

Rick Geha

Jeffrey Ryder

TABLE OF CONTENTS

INTRODUCTION	1
Ground Rules	2
What You Will Learn	3
How You Will Learn	4
Peer Partner	5
CHAPTER 1: THE WHY OF MILLIONAIRE MODELS	7
The Importance of Modeling	8
Begin with the End in Mind	11
The 6 Myth Understandings	12
The 9 Ways a Millionaire Real Estate Agent Thinks	13
The 4 Fundamental Models	14
CHAPTER 2: THE ECONOMIC MODEL.....	15
The Millionaire Real Estate Agent's Economic Numbers	16
Your 3 Key Focus Areas	18
The Economic Model	22
Your Turn: Economic Plan for	23
CHAPTER 3: THE LEAD-GENERATION MODEL.....	25
Your 3 Key Focus Areas	26
The Millionaire Real Estate Agent's Lead-Generation Ratios	30
The Millionaire Real Estate Agent's Lead-Generation Numbers	31
Focus on Seller Listings	33
The Lead-Generation model	34
Your Turn: Lead-Generation Plan for	35
CHAPTER 4: THE BUDGET MODEL	37
Your 3 Key Focus Areas	38
Natural Rhythm	42
The Millionaire Real Estate Agent's Budget Numbers	43
Your Turn: Budget Plan for _____	45
CHAPTER 5: THE ORGANIZATIONAL MODEL.....	47

The Path to People Leverage	48
The Hiring Path of the MREA	50
Your Turn: Organizational Plan for	52
CHAPTER 6: GOAL SETTING	53
The Millionaire Real Estate Agent's 20 Percent	54
The 8 Goal Categories	59
Setting Your Goals	67
Your Turn: Setting Your Goals	68
CHAPTER 7: FOCUS	69
Focus	70
The 4-1-1	75
Aha's	80
Action Plan	81

MREA: BUSINESS PLANNING CLINIC

Introduction

In this chapter, you will ...

- [1]** *Describe the Ground Rules for this class.*
- [2]** *Identify what you will learn.*
- [3]** *Identify how you will learn.*

Ground Rules

- 1.** Arrive to class on time and return promptly from breaks.
- 2.** Move quickly when you are instructed to form small groups or partner with someone to role-play.
- 3.** Limit your side conversations.
- 4.** Turn your cell phones and pagers to vibrate or OFF.
- 5.** Feel free to stand and walk around if you find yourself getting tired.
- 6.** Accept the reality of time and participation.
- 7.** Respect the different learning styles and opinions of others.
- 8.** Help each other learn because none of us is as smart as all of us working together to improve our skills and knowledge.
- 9.** Consider everything we discuss confidential. What is discussed and role-played behind closed doors *stays* behind closed doors.
- 10.** Have fun!

What You Will Learn

Goals of the Business Planning Clinic

- 1.** Identify your 1-year, 3-year, and 5-year goals.
- 2.** Create a business plan for your 1-year goals.

*Failure to plan is
planning to fail.*

Topics Covered

Chapter
1. The Why of Millionaire Models
2. The Economic Model
3. The Lead Generation Model
4. The Budget Model
5. The Organizational Model
6. Goal Setting
7. Focus

About MREA: Business Systems

The Millionaire Real Estate Agent (MREA) courses were created to help you and your team design and implement business systems to increase your productivity. From lead generation to lead conversion, postclosing to managing the office, the systems you put into place will dictate the efficiency of your team.

The courses in the MREA curriculum present a comprehensive set of systems to improve and maintain key elements of your business. This MREA course, Business Planning Clinic, is designed to help you achieve a career worth having, a business worth owning, and a life worth living.

*The “Red Book”
(MREA) is a
blueprint.*

How You Will Learn

Get ready for some action-oriented training!

In order to learn and succeed, you will do the following:

- 1.** Participate in discussions and exercises.
- 2.** Observe your instructor as he/she demonstrates the desired skills and behaviors.
- 3.** Complete individual exercises.
- 4.** Develop an action plan based on your evaluation.

Are you ready to learn how to be as profitable as you can be?

Peer Partner

How serious are you about your business? Are you committed to creating and following a business plan?

When you are serious and committed to following a plan, a peer partner can be invaluable in a relationship of mutual accountability. In this exercise, you will identify a peer partner. Having gone through the class together, you will both understand the models. You will also have established action plans, and you will hold each other accountable for achieving your mutual goals.

Once your peer partner is selected, you will establish how you will meet, how often, and for how long. (Suggestions: contact by phone, at least every other week, for three months) That information will be filled in on the following page.

Exercise

Directions:

- 1.** Take out a business card. If you don't have one, use a piece of paper and write your name and phone number on it.
- 2.** Write down three hobbies—activities that you enjoy and that make you feel good. (Examples: running, bungee jumping, painting, etc.)
- 3.** Once you have your three activities written down, mingle with others in the room and find as many people as you can who match your activities.
- 4.** The instructor will direct you from here.

Time: 5 minutes

How Will I Stay Accountable?

My Peer Partner

Who will be my peer partner?

Name:

Phone number:

Email address:

How frequently will we meet?

Where and how (i.e., in person, over the phone, etc.) will we meet?

How long will we peer partner?

Do you both agree to review your 4-1-1s and stay focused on the “must-do” tasks?

*No one
succeeds
alone.*

MREA: BUSINESS PLANNING CLINIC

Chapter 1: The Why of Millionaire Models

In this chapter, you will ...

- [1]** *Identify the value of models.*
- [2]** *Identify the 6 MythUnderstandings which hamper high achievement.*
- [3]** *Define how to think like a Millionaire Real Estate Agent.*
- [4]** *Define the 4 Fundamental models of a Millionaire Real Estate Agent.*

The Importance of Modeling

Definition

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

Truth

Success leaves clues. So does failure.

When people produce high levels of success at something, they do specific things to produce their results. The same applies to failures.

Real Truth

People have lived before us!

The first habit of self-discipline is to pursue models of excellence in all areas of your life that are truly important to you.

Write down the name of a successful person who is a role model for you—someone you would like to emulate to achieve the same or greater success, someone who leaves clues.

Name: _____

Results don't produce results—actions produce results.

Models are strategic actions based upon someone else's actions that got the desired results you want. If you want results like someone else, then just start by following their model. Do what they do!

"To me, modeling is the pathway to excellence ... The movers and shakers of the world are often professional modelers—people who have mastered the art of learning everything they can by following other people's experience rather than their own."

ANTHONY ROBBINS

The Importance of Modeling

Creativity

If you begin with creativity and then try to add a model, or if you try to add creativity to a model you haven't fully implemented, you risk rendering the model completely ineffective.

The truth is that when you add creativity to a practiced and proven model, you will always have a much greater chance of achieving your highest possible results.

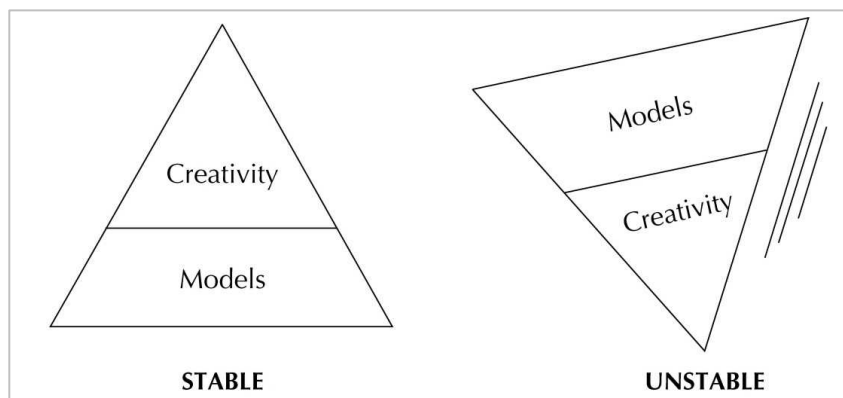
Truth

The Millionaire Real Estate Agent, supplemented by the KWU Millionaire Real Estate Agent curriculum, provides you with a set of models that are based on the actual experiences of the very best in the industry.

Once you have implemented these models and feel you have a thorough understanding of them, innovate around them to see if you can improve the results.

Implementation before innovation!

Which Business Has a More Stable Foundation?



The Importance of Modeling

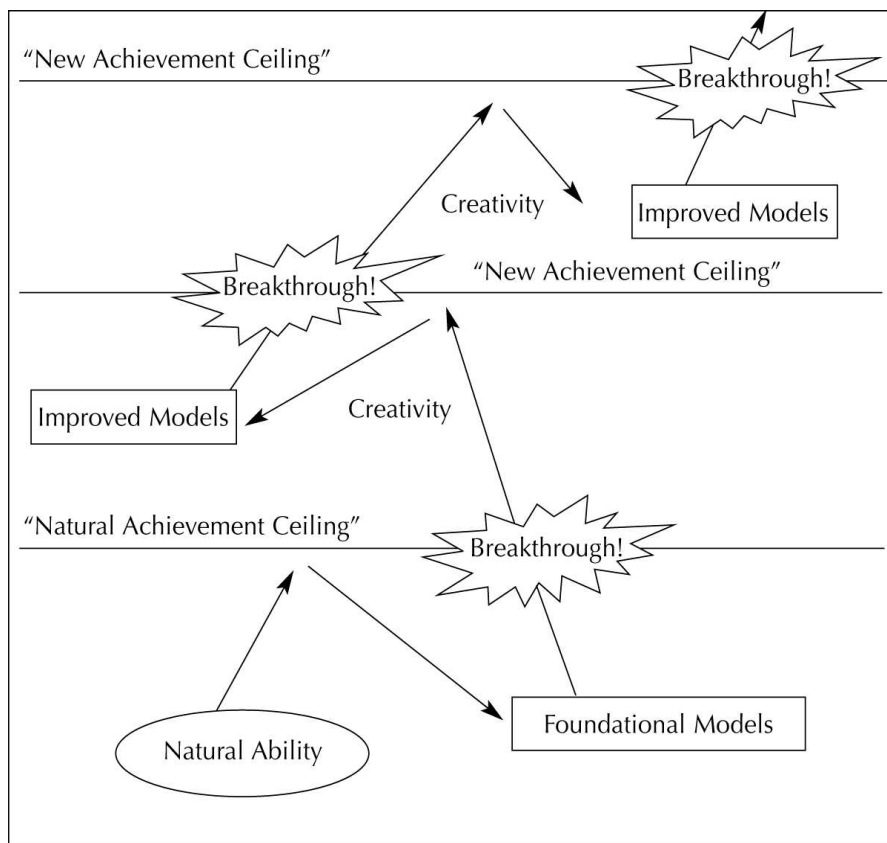
Achievement

Truth

Natural ability can take us only so far.

No matter how gifted we may be, each of us will eventually hit our own ceiling of achievement. There is no “if” to that assertion, just a “when.” So when you hit that ceiling of achievement, how will you break through?

Breaking Through to Higher Achievement



Appears on p. 39 of *The Millionaire Real Estate Agent*

Even great models will have limitations, so eventually you’ll hit a new ceiling. This is when you use creativity to start adapting the model. Once the right amount of innovation is added, you will more than likely experience another breakthrough and move forward.

Begin with the End in Mind

Thinking Big and Aiming High

The Millionaire Real Estate Agent is about aiming high. It's really about the fact that most great achievements in life are the result of thinking big and aiming high.

Small goals tend to place limits on our potential. What happens is we tend to slow down once our goals are within reach. Small goals, by definition, are almost always within our reach, so we end up achieving them quickly, but we never get the chance to build up a head of steam.

When we pursue larger, ambitious goals, or "Big Goals," we have the chance to build up so much momentum that it carries us right past those small goals. Think of Big Goals that stretch you like a rubber band, right up to the breaking point.

Big Goals pull you through your smaller goals.

Climbing the Mountain

Let's imagine for a moment that you have decided to climb your first mountain.

- Your *goal* – Mount Whitney in California, elevation 4,418 meters (14,494 feet).
- Your *target* – Mount Everest in Nepal, elevation 8,848 meters (29,028 feet).

By setting Mount Everest as your target, you ensure that you will know all of the systems and skills necessary to pull you easily through your goal (Mount Whitney).

Truth

If you set your path toward climbing Everest and only get halfway up the mountain, you will still be in the top 0.1% of highest mountaintops in the world.

In fact, if you only reached the Everest Base Camp (elevation 17,500 feet), you would still be 3,000 feet higher than any mountain peak in the United States.

You would have achieved your goal of climbing Mount Whitney.

You will set your goals after a review of the 4 Foundational Models.

The 6 Myth Understandings

	MythUnderstanding	Truth
1	I can't do it.	Until you try, you can't possibly know what you can or can't do.
2	It can't be done in my market.	Yes it can, but you may need a new approach.
3	It would take too much time and effort—I would lose my freedom.	Time and effort are not the deciding factors in success.
4	It's too risky—I'll lose money.	Risk is in direct proportion to how well you hold your incremental costs accountable to producing incremental results. If you hire people without having a business plan, it's <i>very</i> risky.
5	My clients will only work with me—only I can deliver quality service.	Your clients aren't loyal to you; they are loyal to the standards you represent.
6	Having a goal and not fulfilling it is a negative thing.	Having a goal and not trying to achieve it is a negative thing. Not trying is failing. Whenever you try you either succeed or learn.

Do any of these Myth Understandings give you pause? You've taken the first step by attending this course and removing any limiting beliefs that are holding you back from your goals. Successful people stayed focused on one thing: their goals.

The 9 Ways a Millionaire Real Estate Agent Thinks

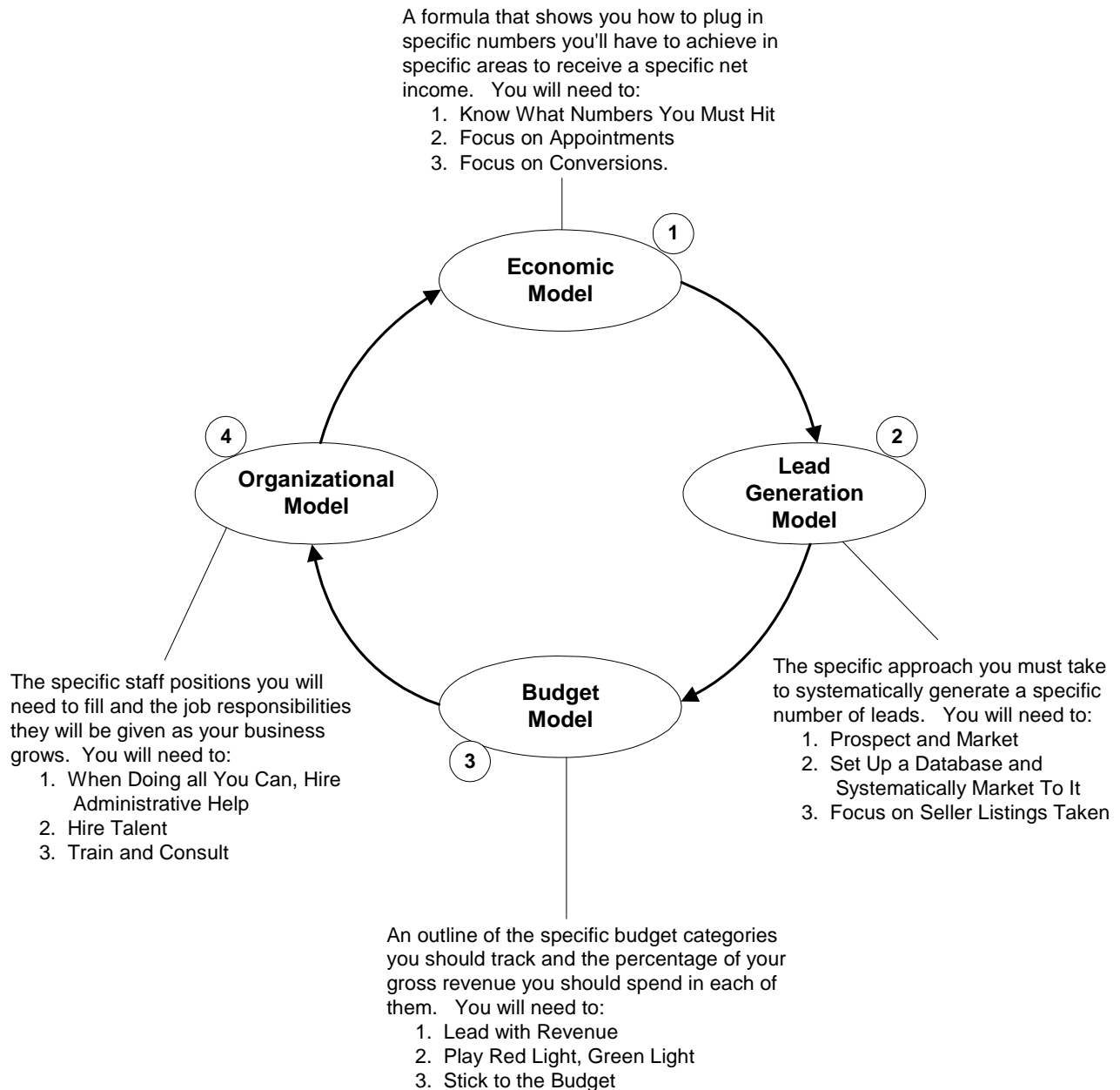
		How They Think	Truth
Foundational	1	Think Powered by a Big Why	The Big Why is about having a purpose, a mission, or a need that in turn gives you focus. High achievers always have a Big Why powering their actions.
	2	Think Big Goals and Big Models	If you have Big Goals, then to reach them you will inevitably begin a quest for Big Models. Likewise, Big Models will drive you toward the achievement of Big Goals.
Supportive	3	Think Possibilities	Possibility thinking is supported by a Big Why with Big Goals and Big Models. Big Results happen!
	4	Think Action	Possibility thinking must be followed by action for those possibilities to have the chance of being fully realized.
	5	Think Without Fear	If you never quit trying, you've never really failed.
	6	Think Progress	Progress is about quantity, repetition, and growth year over year. Success is in the numbers.
	7	Think Competitively and Strategically	You should approach your real estate sales career like you do a game of Monopoly or Risk: PLAY TO WIN!
	8	Think Standards	When it comes time to grow your business through people, you'll have to clearly articulate and enforce your standards from the beginning.
	9	Think Service	Top-producing agents have a servant's heart. Service is the heart and soul of their business.

The 4 Fundamental Models

All of the Millionaire Real Estate Agents interviewed follow four key models. **These four models are foundational.** They represent the four areas everyone must ultimately tackle on the way to high real estate sales achievement.

A formula that shows you how to plug in specific numbers you'll have to achieve in specific areas to receive a specific net income. You will need to:

1. Know What Numbers You Must Hit
2. Focus on Appointments
3. Focus on Conversions.



Note: For further information, read pp. 128-172 of The Millionaire Real Estate Agent.

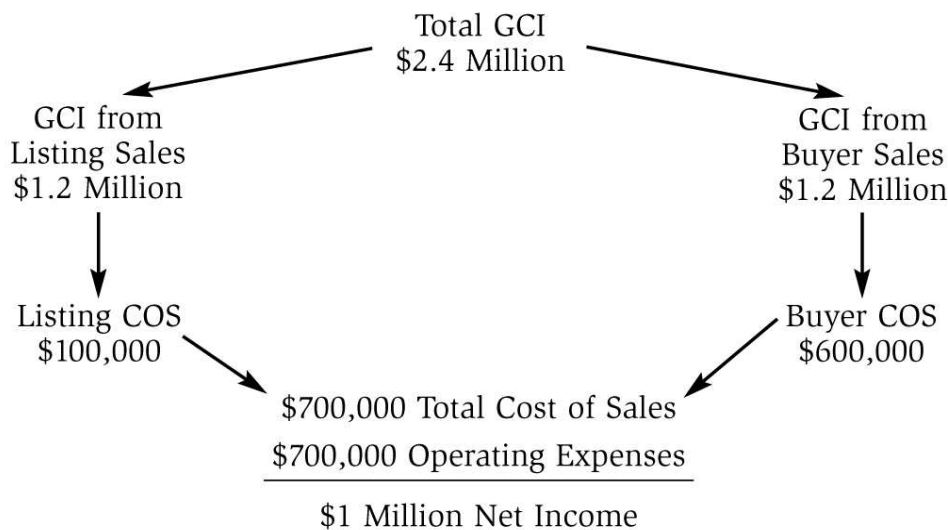
MREA: BUSINESS PLANNING CLINIC

Chapter 2: The Economic Model

In this chapter, you will ...

- [1]** *Define the numbers in the MREA Economic Model.*
- [2]** *Create your economic plan.*

The Millionaire Real Estate Agent's Economic Numbers



Definitions

Gross Closed Income (GCI) – an assumed 6 percent total commission with 3 percent for each side

Cost of Sales (COS) – the amount of money paid to a Listing Specialist and the commission split paid to a Buyer Specialist plus referral fees, royalties, and what you pay your company

Operating Expenses – all the other costs of doing business including marketing, rent, salaries, equipment and supplies, advertising, etc.

Net Income – the amount of profit your sales business earns

Assumptions

1. We assume an average sales price of \$250,000.
2. To do this level of business, you will need leverage. We assume the following:
 - a. On the buyer side: A 50/50 split with your Buyer Specialist for \$1.2 million in GCI has a COS of \$600,000.
 - b. On the seller side: for \$1.2 million in GCI, your Listing Specialist will produce a COS of \$100,000 per year.

The MREA's Economic Numbers

Average Sales Price

There is a direct relationship between average sales price and the number of units you need to close each year to meet your GCI goal.

The Effect of Average Sales Price on Unit Sales

	Average Sales Price	Closed Units
Goal = 2.4 Million in GCI to Net 1 Million	\$150,000	534
	\$200,000	400
	\$250,000	320
	\$300,000	267

Appears on p. 179 of *The Millionaire Real Estate Agent*

Conversion Rates

You must focus on the key activities that lead to closed sales.

- 1.** Buyers and sellers must agree to do business with us. For this we need written, contractual agreements in the form of buyer representation agreements and seller listing agreements.
- 2.** To get these agreements, we need appointments.
- 3.** To get to these appointments, we need leads.

The only way to get at these numbers is to track your lead-generation efforts carefully and get a firm grasp of your conversion rates.

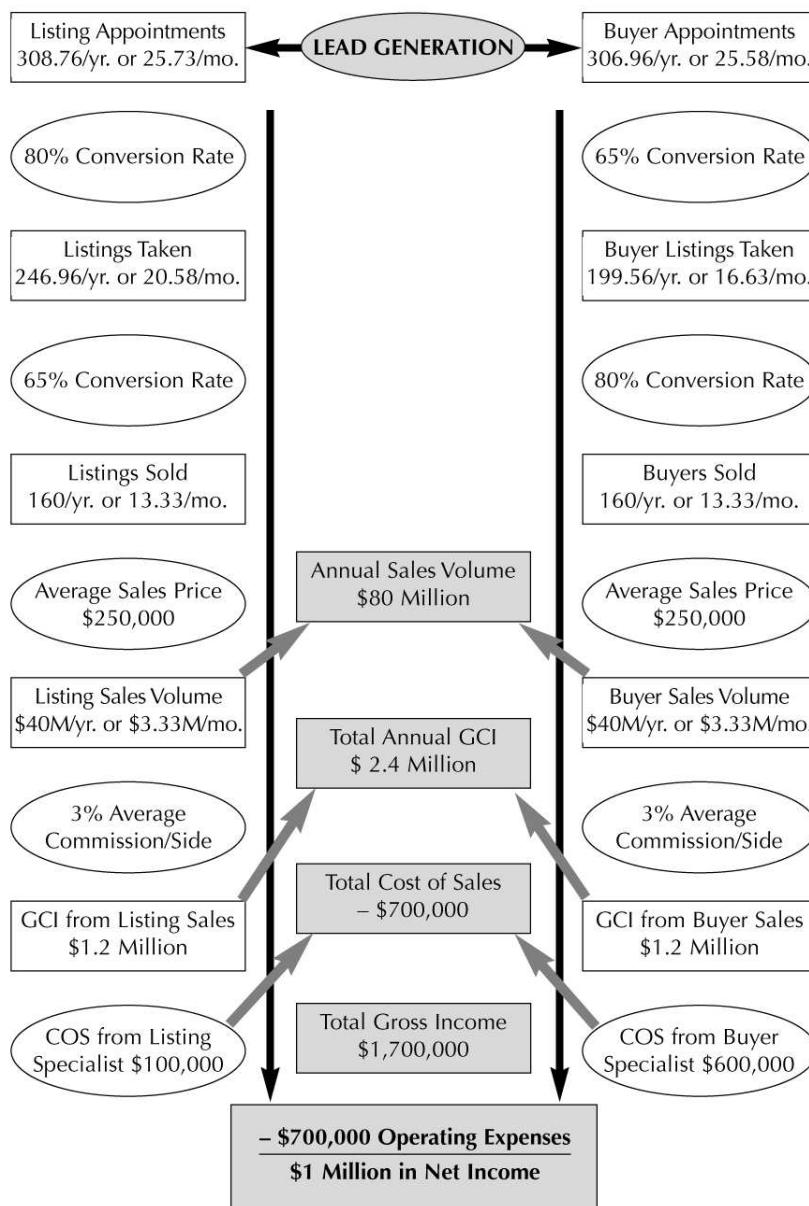
Factors Affecting Conversion Rates

- 1.** Factors beyond your control:
 - Current market conditions
- 2.** Factors you control:
 - The effectiveness of your presentation
 - The quality of your leads
 - The consistency of your follow-up

Your 3 Key Focus Areas

1. Focus on the **Numbers** You Must Hit
2. Focus on **Appointments**
3. Focus on **Conversion Rates**

1. Focus on the Numbers You Must Hit



Appears on p. 183 of *The Millionaire Real Estate Agent*

Your 3 Key Focus Areas

2. Focus on Appointments

It all starts with appointments! If you look at the economic model on the previous page, you will note there is a definite beginning and end. Your end is the net income that you receive. What causes that net income starts with the beginning activity—appointments.

There are appointments to have listing consultations with sellers and there are appointments to have listing consultations with buyers. (Please note, in this clinic we refer to listing both sellers and buyers. Seller listings are multiple listing service agreements, and buyer listings are buyer agency representation agreements. We “list” both sellers and buyers.

Truth

If you don't have the appointments, nothing else happens; therefore, they become a critical point of focus for your economic model.

You should know the following number, because you should be tracking your numbers. If you aren't tracking them, you need to make it a priority going forward.

Questions

How many appointments did you have last year?

- 1.** How many seller listing appointments did your business (you and your team) have last year? _____
- 2.** How many buyer listing appointments did your business (you and your team) have last year? _____
If you aren't sure, make an educated guess.

“An appointment is a hiring appointment. If you meet or exceed their expectations, they'll sign with you.”

GENE RIVERS

TALLAHASSEE, FLORIDA

Your 3 Key Focus Areas

3. Focus on Conversion Rates

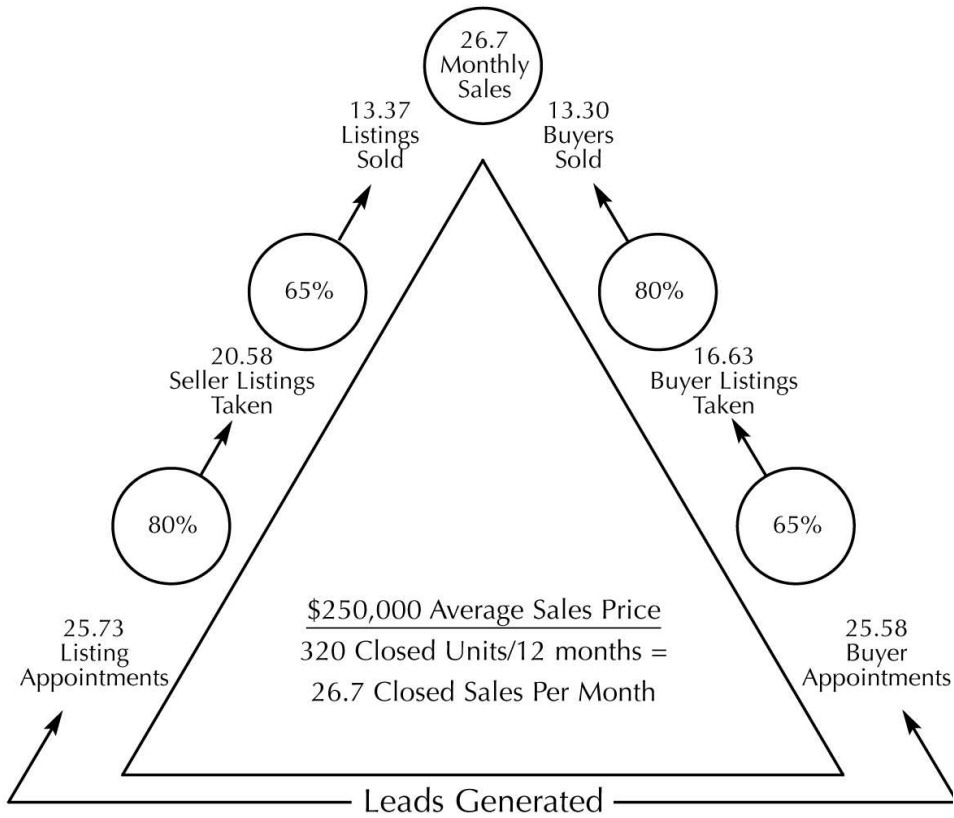
How many appointments you can convert to seller and buyer listing agreements and then convert to sales will determine just how much income you can actually earn.

Converting leads to appointments and converting appointments to listings are huge drivers of your economic success. They are both accomplished by a skilled presentation with a firm grasp of scripts and dialogues.

Appointments converted to seller and buyer listings converted to sales equals gross income.

Your 3 Key Focus Areas

Conversion Rate Benchmarks



Appears on p. 181 of *The Millionaire Real Estate Agent*

The Economic Model

GOAL →	\$1,000,000	Net Income (before taxes)
		Gross Closed Income (GCI)—divide net by .416
		Cost of Sales (29.2% of GCI)
		Operating Expenses (29.2% of GCI)

Fill in the first line from the calculated GCI: 50% sellers, 50% buyers

		Gross Revenue from Sellers			Gross Revenue from Buyers
+	3%	Commission	+	3%	Commission
=		Seller Sold Volume	=		Buyer Sold Volume
+		Average Sales Price	+		Average Sales Price
=		Sellers Sold	=		Buyers Sold
+	65%	% Conversion Rate	+	80%	% Conversion Rate
=		Seller Listings Taken	=		Buyer Listings Taken
+	80%	% Conversion Rate	+	65%	% Conversion Rate
=		Seller Listing Appointments	=		Buyer Listing Appointments

If you already know your key numbers, then it becomes a simple exercise to convert them to represent your current production numbers.

You and everyone on your team must own these essential numbers and know precisely how a change in one affects the others. If you or your team doesn't yet know your numbers, then your immediate mission should be to start tracking them in detail.

Your Turn: Economic Plan for _____ Year

MY GOAL

1.	\$	Net Income (before taxes)
2.		Gross Closed Income (GCI) = Net Income + (Use .416 for Net a Million or \$500,000, or .5 for Net \$250,000, or .55 for Net \$100,000)
3.		Total Business Expense = GCI * (Use .6 for Net a Million or \$500,000, or .5 for Net \$250,000, or .45 for Net \$100,000)

Complete lines 5, 7, 9, and 11 with data from your Pre-class Worksheet. For line 4, multiply GCI from line 2 by the percentage of business from sellers and buyers.

Sellers (___%)			Buyers (___%)			
4.		Gross Revenue from Sellers			Gross Revenue from Buyers	
5.	+	%	Your Commission	+	%	Your Commission
6.	=		Seller Sold Volume	=		Buyer Sold Volume
7.	+		Your Average Sales Price	+		Your Average Sales Price
8.	=		Sellers Sold (transactions)	=		Buyers Sold (transactions)
9.	+	%	Your Seller Trans. Conversion Rate	+	%	Your Buyer Trans. Conversion Rate
10.	=		Seller Listings Taken	=		Buyer Listings Taken
11.	÷	%	Your Seller Appt. Conversion Rate	÷	%	Your Buyer Appt. Conversion Rate
12.	=		Seller Listing Appointments	=		Buyer Listing Appointments
13.	÷ 12 =		Seller Listing Appts Per Month	÷ 12 =		Buyer Listing Appts Per Month

Remove this p. for your Business Plan



Your Turn: Economic Plan

Goal Summary – You vs. MREA

- Net Income: \$ _____ (page 22, line 1)
- GCI: \$ _____ (page 22, line 2)

	Your Numbers	MREA Conversion Rate Benchmarks
Closed Units (page 22, line 8)		320, 26.7/mo.
Buyer Listings (page 22, line 10)		16.63/mo.
Seller Listings (page 22, line 10)		20.58/mo.
Buyer Appointments (page 22, line 12)		25.58/mo.
Seller Appointments (page 22, line 12)		25.73/mo.

Remove this p. for your Business Plan



MREA: BUSINESS PLANNING CLINIC

Chapter 3: The Lead- Generation Model

In this chapter, you will ...

- [1]** Define the numbers in the MREA Lead-generation model.
- [2]** Create your lead generation plan.

Your 3 Key Focus Areas

Truth

Your economic model helps you identify how many appointments you must have to meet your goals. Then, you have to generate the leads necessary to obtain those appointments.

*Leads are
fuel to your
economic
engine.*

Aha

You need leads in order to have appointments in order to have sales.

And, you can never have too many good leads.

Never!

The 3 Key Focus Areas

- 1.** Prospect and Market
- 2.** Set Up a Database and Feed It
- 3.** Systematically Market to Your Database

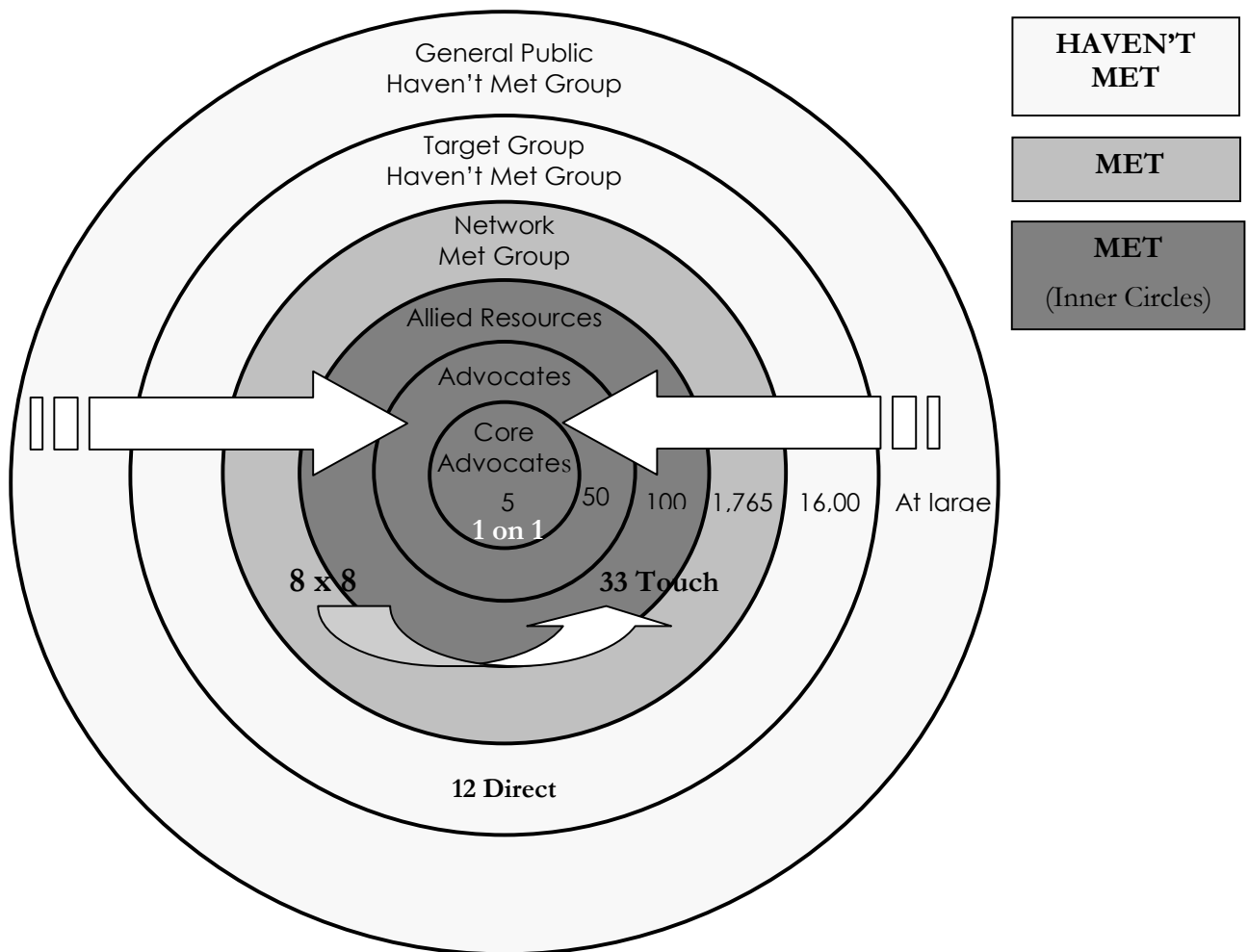
(continued on the next page)

Your 3 Key Focus Areas

1. Prospect and Market

Millionaire Real Estate Agents classify potential clients into six groups: General Public, Target Group, Network Group, Allied Resources, Advocates, and Core Advocates. Their overall strategy is designed to generate leads and move people into their inner circle.

The diagram below represents the strategy for progressively moving contacts into the inner circles of your Met Group.

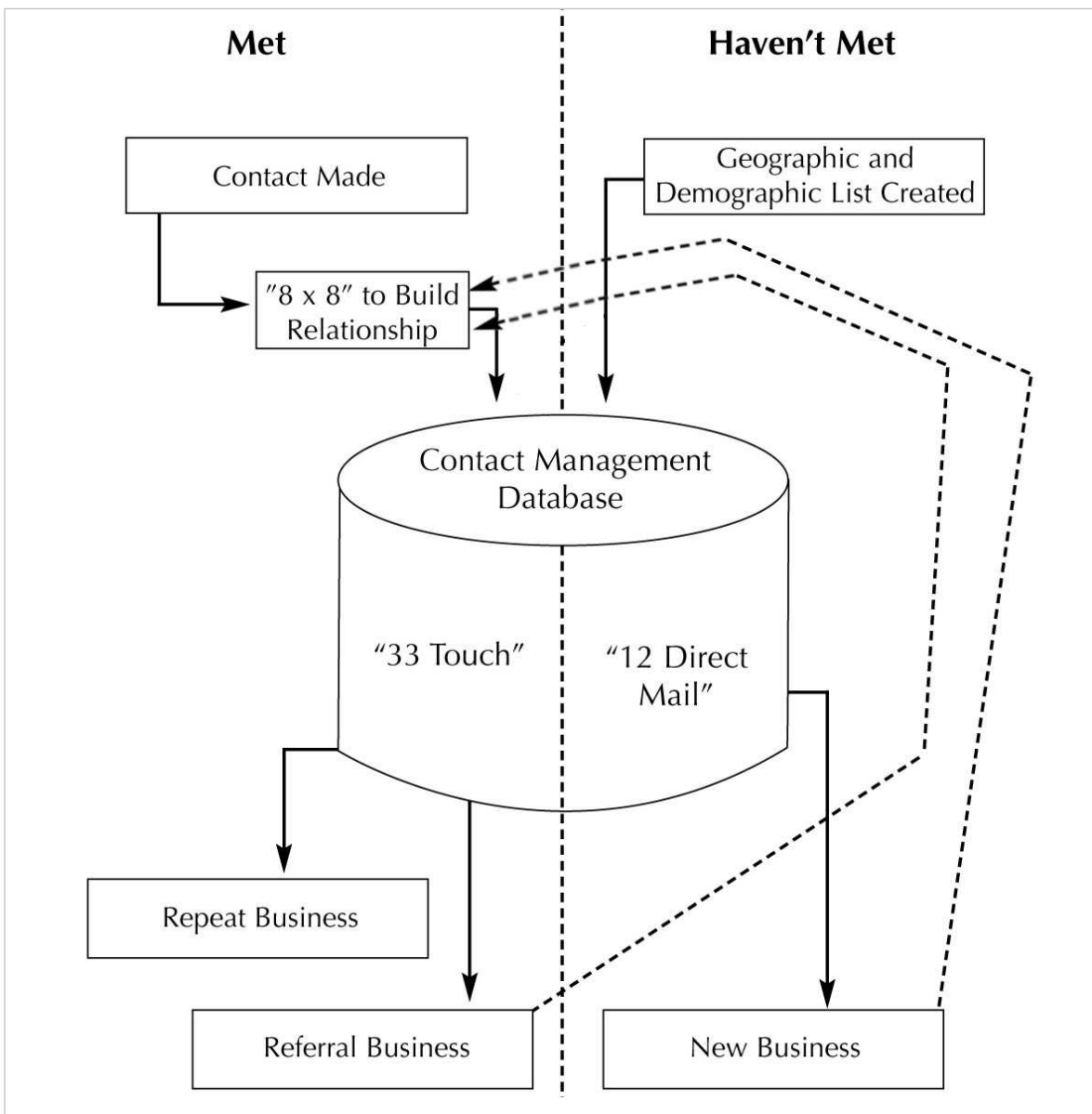


Your 3 Key Focus Areas

2. Set Up a Database and Feed It

Truth

At the heart of your lead-generation program is a large, powerful contact management database.



Appears on p. 143 of *The Millionaire Real Estate Agent*

Your 3 Key Focus Areas

3. Systematically Market to Your Database

Truth

Real estate sales is a contact sport.

Real estate sales is a close contact sport.

Real estate sales is a frequent and systematic close contact sport.

The Research

For every 12 people in your Met contact database to which you market yourself 33 times (33 Touch) you can reasonably expect to net 2 sales. One of the sales will likely be *repeat* business and the other will likely be *referral* business. Marketing to your Met contact database is generally the most cost-effective form of lead-generation.

For every 50 people you market yourself to 12 times a year, you can reasonably expect to generate 1 sale.

Three General Approaches

There are three general approaches when prospecting and marketing to your two main audiences, Met and Haven't Met. All three have a common theme—overkill!

1. 8 x 8

Everyone you know or meet (your Met group) first goes into your 8 x 8 program. The 8 x 8 is a high impact, high-saturation technique that puts you in the number one position in the minds of everyone in your contact database within an eight-week period.

2. 33 Touch

33 Touch is a systematic marketing and prospecting technique, which ensures year-round contact with all of the prospects, customers, and past customers in your contact database.

3. 12 Direct

12 Direct is a systematized method of working the Haven't Met portion of your database. It stands for twelve direct mail pieces mailed out annually (one per month—every month).

When you market yourself to your audience, it needs to be systematized such that your audience is "touched" numerous times in a consistent fashion.

The Millionaire Real Estate Agent's Lead-Generation Ratios

To People You've Met	To People You Haven't Met
<p>8 x 8</p> <p>↓</p> <p>33 Touch</p> <p>↓</p> <p>12:2 Ratio*</p>	<p>12 Direct</p> <p>↓</p> <p>50:1 Ratio**</p>

* The 33 Touch program should result in repeat and referral business at a rate of one referral and one repeat for every twelve people in the program.

** Your 12 Direct program should generate one piece of new business for every fifty people in the program.

The Lead Generation Numbers Game

Using the above conversion rates, the Millionaire Real Estate Agent has three options for reaching their annual goal of 320 sales:

	MET		HAVEN'T MET
Option 1	1,920 in database	+	0 in database
Option 2	0 in database	+	16,000 in database
Option 3	960 in database	+	8,000 in database

Appears on p. 187 of *The Millionaire Real Estate Agent*

The Millionaire Real Estate Agent's Lead-Generation Numbers

Lead-Generation Goal

If you follow the Economic Model of the Millionaire Real Estate Agent, your annual lead-generation goal is quite clear — LEAD GENERATE to net 160 listing sales, which will in turn lead to 160 buyer sales.

Strategy

Prospecting Based – Prospecting keeps you in an active vs. reactive state. It allows you to keep your hand in proactive customer-creation activities that will be critical to your ability to hit your numbers when the market shifts and you're in a period when attracting through marketing doesn't generate enough leads.

Marketing Enhanced – Marketing is a leveraged activity. To be able to generate the number of leads you will need, prospecting just won't be enough. Marketing actively can give you the leverage you'll need to generate a large number of leads.

PROSPECTING	MARKETING
<ul style="list-style-type: none"> • Time intensive • Proactive • Immediate results 	<ul style="list-style-type: none"> • Money intensive • Passive • Long-term results

The amount of lead generation done through prospecting vs. marketing is a factor of the market. In a buyers' market, you'll emphasize prospecting, and in a sellers' market, you'll emphasize marketing.

The MREA's Lead-Generation Numbers

The Cost of a Millionaire Lead-Generation Program

Assumptions

1. Lead-generation costs should make up about 10 percent of your gross income. That is the cost of touches used in marketing.
2. We averaged the cost of a touch (considering that in addition to mailings, you will also be using the phone and cost-effective emails) at \$0.50 per touch.

Some of the Millionaire Real Estate Agents interviewed in writing *The Millionaire Real Estate Agent* marketed to their farms for less than \$0.20 per touch. Others chose the four-color, first-class mail route and averaged a dollar or more. You need to track your costs so that you can plug in your numbers.

Met (Big Goal = 1,920 People = 320 Sales)	Haven't Met (Big Goal = 16,000 People = 320 Sales)
<ol style="list-style-type: none"> 1. Every 12 people in your Met database marketed to 33 times each year (33 Touch) = 2 sales 396 touches (12 x 33) = 2 sales. 2. 396 touches x \$0.50 (average cost of a touch) = \$198 for 2 sales -or- \$99 per sale. 3. For 320 sales, you need (320 x 12/2) = 1,920 people in your Met database. 4. Cost = 320 x \$99/sale = \$31,680/yr.* <p>* Note: The cost of the 8 x 8 program is not included.</p>	<ol style="list-style-type: none"> 1. Every 50 people in your Haven't Met database marketed to 12 times a year (12 Direct Mail) = 1 sale. 600 touches (50 x 12) = 1 sale. 2. 600 touches x \$0.50 (average cost of a touch) = \$300 per sale. 3. For 320 sales, you need (320 x 50) = 16,000 people in your Haven't Met database. 4. Cost = 320 x \$300/sale = \$96,000/yr.

Appears on p. 189 of *The Millionaire Real Estate Agent*

Focus on Seller Listings

Truth

If there is a creative angle to your lead-generation program you'll want to pursue, it is to create your message, image, and methods such that they are conducive to generating seller listing leads.

Research shows that if your lead-generation program consistently delivers seller listings you can count on the marketing of those seller listings to deliver buyer leads. Keller Williams Realty International conducted a study of more than 10,000 agents with the following results.

GCI	Seller Listings Sold	Buyer Listings Sold
\$40K	4	6
\$80K	8	11
\$150K	15	16
\$250K	25	25
\$750K	64	56

As an agent's business grows, their percentage of listings grows as well. While natural balance is achieved at about a quarter million in GCI, beyond that point the number of buyer listings sold largely depends on the goals and priorities of the agents.

A properly marketed seller listing will consistently yield one or more buyer sales.

The Lead-Generation Model

There are two parts to the MREA Lead-Generation Model:

1. Identifying the proportion of leads from your Met vs. your Haven't Met databases.
2. Determining the number you need in each database.

Identifying the Proportion

Based on the ratios identified earlier (12:2 for Met; 50:1 for Haven't Met), you have three options for meeting your Closed Sales goals:

In the exercise below, use the Closed Sales goal of 320 sales and fill in the blanks.

Option 1

Meet your Closed Sales goal from people in your **Met** database and 33 Touch.

Closed Sales goal _____ x 12/2 = _____ Contacts in your Met Database

Option 2

Meet your Closed Sales goal from people in your **Haven't Met** database and 12 Direct.

Closed Sales goal _____ x 50 = _____ Contacts in your Haven't Met database

Option 3 (as an initial calculation, use 50% for each source)

Meet your Closed Sales goal from a **combination** of people in your **Met and Haven't Met** database. This is recommended.

Closed Sales goal _____ x _____ % from Met database = _____ sales from Met database
Met

Closed goal _____ - _____ sales from Met database = _____ sales from Haven't Met database
Haven't Met

_____ sales x 12/2 = _____ contacts in your Met database
Met

_____ sales x 50 = _____ contacts in your Haven't Met database
Haven't Met

Your Turn: Lead-Generation Plan for _____

Year

GOAL: _____ Closed Sales (from Economic Model line 9—Sellers + Buyers)

Use the following to calculate the number you need in your database to meet your goal.

- Closed Sales goal _____ x 12/2 = _____ contacts in your Met database
- Closed Sales goal _____ x 50 = _____ contacts in your Haven't Met database

My Database			
		# METS Needed	# HAVEN'T METS Needed
Option 1:	Focus on Mets		
Option 2:	Focus on Haven't Mets		
Option 3:	Combined		

In the table below, fill in your current number of Mets and/or Haven't Mets that you have in your database, then calculate how many you need to meet your goal numbers.

Contacts to Be Generated		
	MET	HAVEN'T MET
Goal Numbers		
- Current Numbers		
= People I Need to Add		
Monthly Additions		

Remove this p. for your Business Plan



Your Turn: Lead-Generation Plan for _____

Year

Select your top five lead sources for your plan year. Hint: They may change from the current year.

Lead Sources	✓	Lead Sources	✓
1. Mets/Sphere/Past Clients		1. Apartments	
2. Door Knocking in Farm		2. Builders	
3. Open Houses		3. Networking	
4. Sign Calls		4. Seminars	
5. For Sale by Owners (FSBOs)		5. Sponsorships	
6. Expired Listings		6. Advertising	
7. Website Registrations		7. Banks	
8. Social Media		8. IVR	
9. Allied Resources		9. Client Parties	
10. 12 Direct Newsletters		10.	
11. Just Sold Mailings		11.	
12. Just Listed Mailings		12.	
13. Agent Referrals		13.	

Remove this p. for your Business Plan



MREA: BUSINESS PLANNING CLINIC

Chapter 4: The Budget Model

In this chapter, you will ...

- [1]** *Define the numbers in the MREA Budget Model.*
- [2]** *Create your budget plan.*

Your 3 Key Focus Areas

Truth

Your budget model is about minimizing your expenses to maximize your net income.

Cost vs. Investment

Most agents just can't get their heads around the fact that a budget is a powerful financial-planning tool. They view the money they spend (expenses) as simply the cost of doing business. Therefore, budgeting remains a chore.

However, the Millionaire Real Estate Agent sees every dollar spent as an "investment in their future." They approach budgeting with excitement and a high level of interest.

Truth

For every dollar invested in a business expense, you should receive some multiple of that dollar back.

Dollar for dollar isn't enough. Why? If you were to invest a dollar and get only a dollar back, why would you go to the trouble of spending it in the first place? Just keep the dollar and save the time. However, if you can get multiple dollars in return for a dollar investment, then you know you are not spinning your wheels.

Your 3 Key Focus Areas

- 1.** Lead with Revenue
- 2.** Play Red Light, Green Light
- 3.** Stick to the Budget

When you view budgeting in this manner, where expenses are investments, you'll get excited and see your budget for the powerful financial-planning tool it is.

Your 3 Key Focus Areas

1. Lead with Revenue

Truth

Make money before you spend it.

Companies that successfully minimize their start-up cost and debt before they open for business and start generating revenue quickly have a much better chance of survival.

Many real estate agents think that if they spend a lot of money up front or build the infrastructure of a big sales organization up front, the business will come. The beauty of the real estate sales business is that the actual cost associated with getting a single buyer or seller listing is really quite low.

With a proportionally small investment, you can generate revenue in your real estate sales business that will, in turn, fund the growth of your business.

Truth

If you hold to the Lead with Revenue approach, it forces you to lead with lead generation and sales—not expenses.

Build your business on its own money.

When you continually lead with expenses instead of forcing the business to generate its own income, what often comes is a total loss.

Your 3 Key Focus Areas

2. Play Red Light, Green Light

Truth

You should never be as concerned with how much money you're actually spending as you are with the results you get by spending it.

It takes the careful spending of money to make money, so over time, be prepared to invest money back into your business to build it.

Problem

It is not the spending of money that is the problem. The problem is holding the money you're spending accountable for results.

Solution

Red Light, Green Light

"Good Money Chasing Bad Business Practices"



When your costs just creep up with no corresponding increase in results, that is when you really have risk. You correct it by pulling out your stop sign and reevaluating that expense.

In terms of insulating your company against unexpected income shifts, you want to concentrate on keeping your fixed costs (like rent, salaries, leases, etc.) as low as possible. If you have higher fixed costs and face a shortfall in revenue, you might be tempted to cut back on variable or unfixed expenses (like lead generation), which drive your business. This can create a wicked catch-22 situation in which, because of falling revenue, you cut back on investing in the very activities that are likely to increase your revenue.

Keep your fixed expenses as low as is practical and hold your discretionary expenses accountable to appropriate results.

Truth

You must determine the time period (with your Red Light on) required before you reexamine your spending and determine whether or not the Green Light comes back up.

Your 3 Key Focus Areas

3. Stick to the Budget

Truth

No matter what your production is, the percentages of your costs should remain remarkably stable.

Sample Budgets at Various Production Levels

The following table illustrates some general examples of what budgets at various production levels might look like. Note how, regardless of production level, the expenses remain at the same percentages.

GCI	(6M) \$180,000	(10M) \$300,000	(16.7M) \$500,000	(26.7M) \$800,000	(40M) \$1,200,000
Cost of Sales*	21,000	21,000	100,000	250,000	350,000
Gross Profit	159,000 88%	279,000 93%	400,000 80%	550,000 69%	850,000 71%
Expenses	59,300 33%	93,000 31%	152,500 31%	238,000 30%	344,000 29%
Net Income	99,700 55%	186,000 62%	247,500 50%	312,000 39%	506,000 42%
EXPENSE DETAIL					
1. Salaries	20,000 11.1%	36,000 12%	65,000 13%	100,000 12.5%	144,000 12%
2. Lead Generation	18,000 10%	30,000 10%	50,000 10%	80,000 10%	120,000 10%
3. Occupancy	1,500 0.8%	2,500 0.8%	3,000 0.6%	4,000 0.5%	5,000 0.4%
4. Technology	4,000 2.2%	4,500 1.5%	7,500 1.5%	12,000 1.5%	18,000 1.5%
5. Phone	2,600 1.4%	3,000 1%	5,000 1%	10,000 1.3%	12,000 1%
6. Supplies	1,800 1%	3,000 1%	5,000 1%	8,000 1%	12,000 1%
7. Education/Dues	1,800 1%	2,000 0.7%	5,000 1%	7,000 0.9%	12,000 1%
8. Equipment	3,600 2%	6,000 2%	6,000 1.2%	8,000 1%	12,000 1%
9. Auto/Insurance	6,000 3.3%	6,000 2%	6,000 1%	9,000 1.1%	9,000 0.8%

* Assumes Cost of Sales includes company desk fees or splits, commission, or salaries paid to buyer or seller agents helping you in the business, royalties, and referral fees.

** All percentages have been rounded up to the nearest percentage point.

Natural Rhythm

Truth

There is a natural monthly rhythm to business, which demands that you examine your books at least once each month.

Recommendation

Keep a monthly budget. Address it on a weekly basis. Look for variances and analyze why you're off.

Why?

Because Leading with Revenue and Red Light, Green Light require you to stay in touch with your spending.

Doing the research to determine how the money in your business should be spent and then not following it can be summed up in two words:

Sheer Folly.

The Millionaire Real Estate Agent's Budget Numbers

The Budget Model of the Millionaire Real Estate Agent is a high-level look at your spending. It highlights those areas where your focus and attention will pay the highest dividends.

There are two key areas of expenses: Cost of Sales and Operating Expenses.

1. Cost of Sales *

This is the cost of acquiring the income and includes the salary and commission of a Seller Specialist and the commission of Buyer Specialists.

Seller Specialist	4.4%	\$100,000
Buyer Specialists	24.8%	\$600,000
Total Cost of Sales **	29.2%	\$700,000

* Reflects percentage of \$2.4 million GCI goal from the Economic Model of the Millionaire Real Estate Agent.

** Cost of Sales also includes referral fees, fees paid to your company, and any additional royalties you pay to be associated with a network.

Seller Specialists are responsible for six key activities:

- 1.** Prospecting
- 2.** Converting leads into appointments
- 3.** Making listing presentations
- 4.** Securing seller listings
- 5.** Handling communications during the marketing period
- 6.** Negotiating purchase offers

This individual should be paid a salary plus bonuses based on specific criteria such as

- 1.** number of listings taken,
- 2.** number of listings sold, or
- 3.** net profit of the business.

Depending on the market, talent for this position demands between \$65,000 and \$150,000 a year.

The MREA's Budget Numbers

Buyer Specialists are responsible for six key activities:

- 1.** Converting buyer leads to in-office presentation appointments
- 2.** Making presentations
- 3.** Securing buyer listings
- 4.** Showing houses
- 5.** Negotiating purchase offers
- 6.** Handling communications from contract to closing

Typical commission splits range from a low of 35/65 to a high of 60/40 (or possibly beyond depending on any unique circumstances). Be careful though, going higher than 50/50 can have an extremely adverse effect on your economic model.

2. Operating Expenses

This is the cost to generate leads and run the business. Key categories are as follows:

	% of GCI	% of Expenses	\$ for an MREA
1) Salaries	12.0%	41.1%	\$288,000
2) Lead Generation	9.2%	31.5%	\$220,000
3) Occupancy	2.0%	6.8%	\$48,000
4) Technology	1.5%	5.1%	\$36,000
5) Phone	1.0%	3.4%	\$24,000
6) Supplies	1.0%	3.4%	\$24,000
7) Education	1.0%	3.4%	\$24,000
8) Equipment	1.0%	3.4%	\$24,000
9) Auto/Insurance	0.5%	1.7%	\$12,000
Total Expenses	29.2% *	100.0%	\$700,000

- 1.** There is no miscellaneous category. Account for all expenses.
- 2.** Of the nine categories, two account for the lion's share of your operating expenses. We call these the "big two." If you can hold these accountable to results, your budget will be a healthy one.
- 3.** Your actual costs change over time. Our research indicates that no matter where you are on the continuum of costs, the percentages remain stable.

The Big Two
budget items
translate to two
important areas
of focus for you:
staffing
productivity
(leverage) and
cost-effective
lead generation.

Your Turn: Budget Plan for _____

Year

In the following tables, calculate your budget using the MREA Budget Numbers.

Multiply the percentages in the **% of GCI** column with your GCI. Enter the result in the **\$\$ based on MREA** column. This provides a picture of what you would be spending if your expenses followed the model.

Create your own budget plan in the final column based on your GCI and how you run your business.

Goal GCI: _____ (from page 23, line 2)

Cost of Sales	COST OF SALES	MREA		\$\$ based on MREA	My Budget Plan
		\$\$	% of GCI		
	1. Seller Specialist(s)	100,000	4.2%		
	2. Buyer Specialist(s)	600,000	25.0%		
	3. Other COS	minimal			
	Total COS	700,000	29.2%		

Operating Expenses	OPERATING EXPENSES	MREA		\$\$ based on MREA	My Budget Plan
		\$\$	% of GCI		
	1. Salaries	288,000	12.0%		
	2. Lead Generation	220,000	9.2%		
	3. Occupancy	48,000	2.0%		
	4. Technology	36,000	1.5%		
	5. Phone	24,000	1.0%		
	6. Supplies	24,000	1.0%		
	7. Education	24,000	1.0%		
	8. Equipment	24,000	1.0%		
	9. Auto/Insurance	12,000	0.5%		
	Total Operating Expenses	700,000	29.2%		
	Total Expenses	1,400,000	58.4%		

Remove this p. for your Business Plan



MREA: BUSINESS PLANNING CLINIC

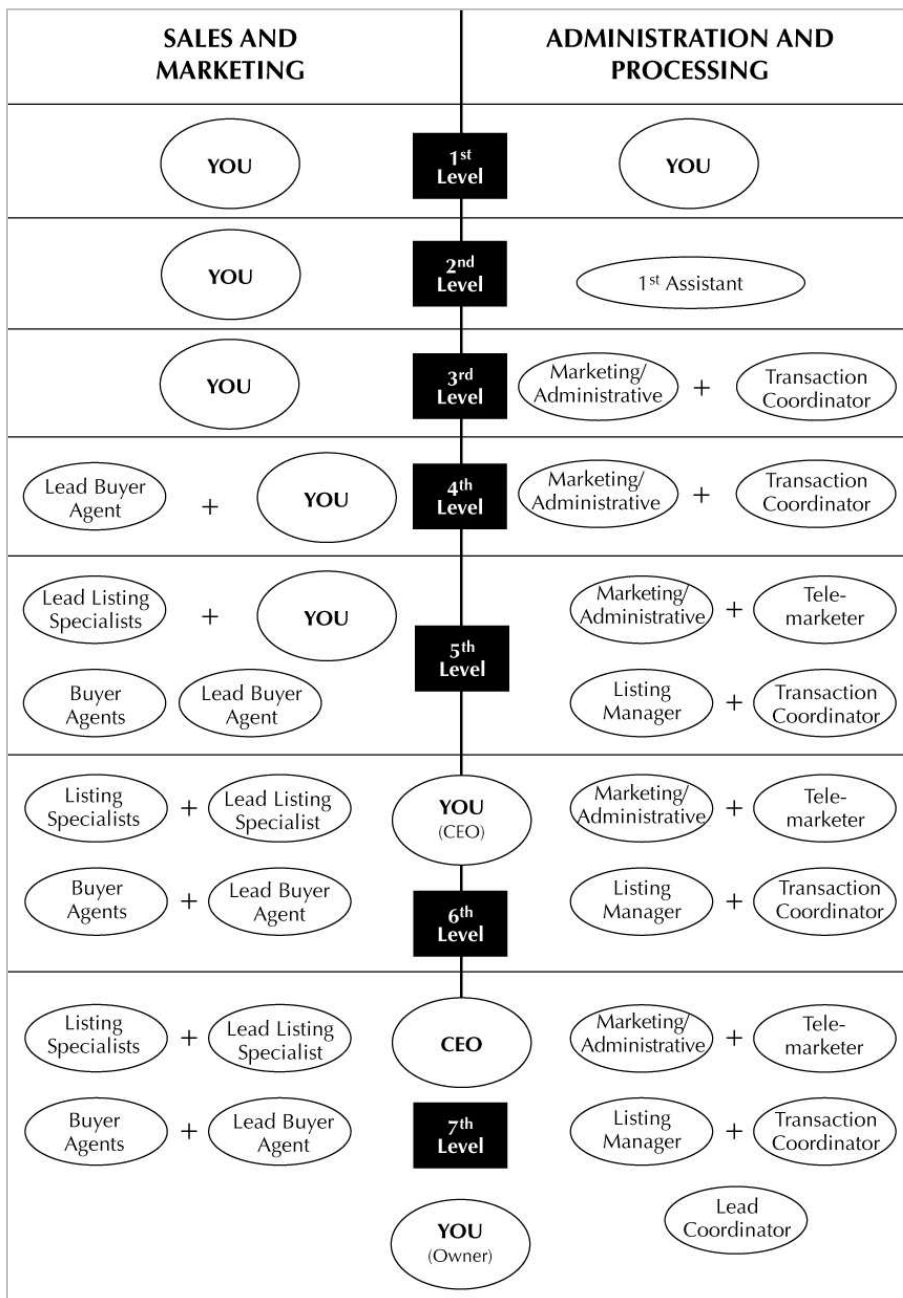
Chapter 5: The Organizational Model

In this chapter, you will ...

- [1]** *Define the numbers in the MREA Organizational Model.*
- [2]** *Create your organizational plan.*

The Path to People Leverage

The following diagram illustrates how your organization might grow following the Organizational Model of the Millionaire Real Estate Agent:



The ultimate business goal is to have a successful business run by other people. This is the "7th Level business," which is explained in *Receive a Million*.

Appears on p. 202 of *The Millionaire Real Estate Agent*

The Path to People Leverage

Question

When or how will you know when it is time to hire your First Assistant?

If You Don't Have a Maid, You Are One ...

Knowing when to hire your First Assistant is like knowing when to hire a contractor or maid. We could easily do most of the work that needs to be done around the house, but at a certain point in our lives, we realize that our time could be better spent on other things.

We start to look for help at home in a very natural way. When you don't have anyone to do that work for you, it is like a second job. On Thursday nights, you are a housekeeper. On Saturdays, you're the lawn man.

In other words, if you don't have a maid, you are one. If you don't have a lawn man, you are one. And in business, if you don't have an assistant, you are one!

Truth

There is no job too small to subcontract.

At the beginning of your real estate career, you are a lead generator, a showing agent, a seller listing agent, a bookkeeper, a runner, a call coordinator, and many other things all in one. You don't have enough arms and legs to do everything all the time.

Utilize the services your Market Center provides when you're starting out. Many Market Centers have transaction coordinators who handle the contract-to-close phase of the selling cycle. Use administrative help on a part-time basis as well.

The leverage that hiring someone can bring to your business is the fastest, surest way to continue up the path to becoming a Millionaire Real Estate Agent.

The Hiring Path of the MREA

Step 1

First hire administrative help. Depending on your personal production limits, your first, second, and possibly even your third hire will be talented administrative help. The idea is eventually to reach a point where you are wholly focused on lead generation, listing, and selling, while your administrative team handles everything else in your business. Many make the mistake of hiring sales help right after hiring their First Assistant. If they do, then their administrative support gets overloaded. For your first administrative position, consider part time, shared, or virtual.

Step 2

When you find you have more sales-oriented work than you can handle alone, add a Buyer Specialist or Showing Assistant. A Buyer Specialist will be able to handle many of the time-consuming tasks and processes of working with buyers. Some Millionaire Real Estate Agents opt to make the Buyer Specialist a “graduated hire” and begin with a licensed Showing Assistant.

As you increasingly devote your energies to listings, you may need more than one person on the buyer side. In the end, you will need a talented Lead Buyer Specialist who will eventually manage your other Buyer Specialists and Showing Assistants.

Step 3

If your full administrative infrastructure is not already in place, this becomes your next area of focus. Your Marketing and Administrative Manager—who may have been your very first hire—is now managing your entire administrative team. This person will help you fill your other administrative needs: Transaction Coordinator, Telemarketer, Listing Manager, Lead Coordinator, Assistant Transaction Coordinator, and Runner.

These hires should be added incrementally as your business grows.

The Hiring Path of the MREA

Step 4

The last piece of the hiring puzzle is on the seller side of the business. At this point, all of your attention should be on shaping the message behind your lead-generation efforts and handling the seller side. When you find that you still have more seller listings than you can handle alone, you'll hire a Seller Specialist.

Eventually, you could have a team of Seller Specialists with a Lead Seller Specialist who oversees and reports directly to you.

Your Turn: Organizational Plan for _____ Year

1. Looking at the number of transactions, appointments and leads you need to generate for next year, do you need additional help to achieve these goals? Yes No
2. What is your next hire and when will you hire them?
3. What other hires will you need next year and when?
4. Use the table below to chart your hiring plan for the upcoming year.

Month	Hire	Month	Hire
Jan		Jul	
Feb		Aug	
Mar		Sep	
Apr		Oct	
May		Nov	
Jun		Dec	

5. What do you need to know in order to complete your hiring plan?
Attend Recruit-Select training before hiring.
6. What do you need to have in order to complete your hiring plan?
7. Do you have anyone on your team now that isn't talented enough to go to your goal level?

Remove this p. for your Business Plan



MREA: BUSINESS PLANNING CLINIC

Chapter 6: Goal Setting

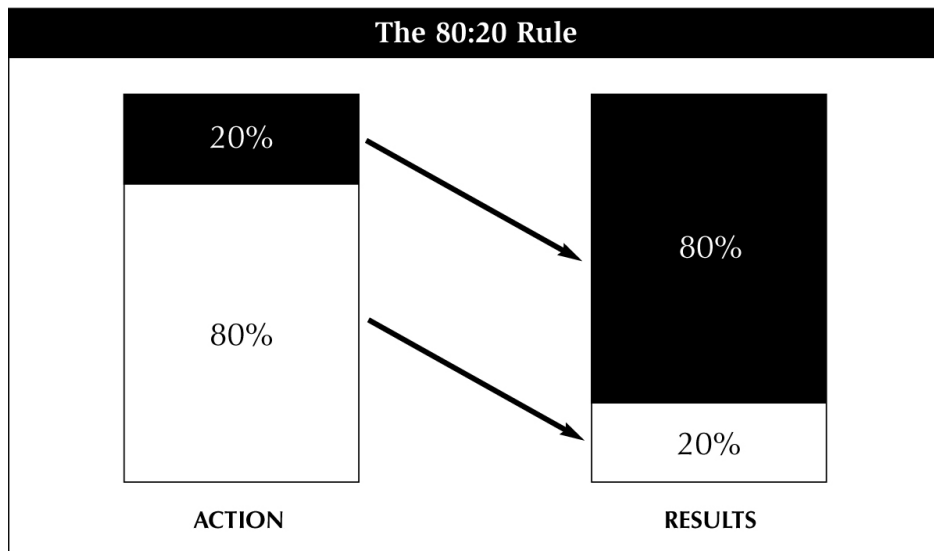
In this chapter, you will ...

- [1]** *Identify the Three Ls—the Millionaire Real Estate Agent's 20 Percent.*
- [2]** *Define the 8 goal categories of the Millionaire Real Estate Agent.*
- [3]** *Identify the key numbers for your 3-year and 5-year goals.*

The Millionaire Real Estate Agent's 20 Percent

The 80:20 Rule

Vilfredo Pareto (1848 – 1923) an Italian economist, discovered the pattern underlying the 80:20 Principle in 1906. While studying patterns of wealth and income in nineteenth-century England, Pareto found that most income wealth went to a minority of the people.



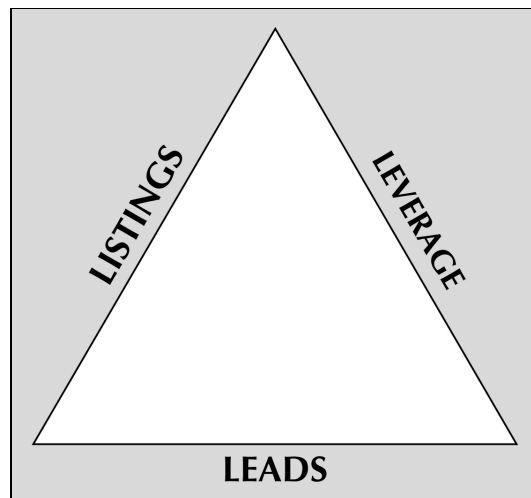
Truth

Time and effort on the 20 percent that really matters will deliver 80 percent of the results we seek.

The Millionaire Real Estate Agent's 20 Percent

The Three Ls

Like everything else, real estate sales has its 20 percent. The 20 percent for the Millionaire Real Estate Agent focuses on the Three Ls.



- 1.** Focus on **lead generation**. It's a massive, strategic numbers game.
- 2.** Focus on getting a minimum number of **listings** and marketing them.
- 3.** Focus on **leverage**. Hire, train, and consult people as needed to keep 1. and 2. growing. The people document and refine your systems and add effective tools as needed.

The Millionaire Real Estate Agent's 20 Percent

1. Leads

Truth

For the Millionaire Real Estate Agent, lead generation is always turned on.

Lead Generating vs. Lead Receiving

If you actively and systematically focus on lead generating through direct prospecting and marketing activities, you will always be doing the best you can even in shifting markets.

Truth

In the battle of lead generating vs. lead receiving, lead generating always wins, no matter what the market.

2. Listings

The many virtues of seller listings include the following:

- 1.** Seller listings mean marketing opportunities:
 - You get to put your sign in the front yard.
 - You get to market the listing through direct mail and e-mail, etc.
 - You get to advertise the listing through newspapers, magazines, the MLS, your website, etc.
- 2.** You have more control of your time.
- 3.** Seller listings maximize your per-hour compensation.
- 4.** Volume, volume, volume.
- 5.** With seller listings you are on the front end of pricing, which translates to an intimate knowledge of the market.
- 6.** Properly marketed seller listings bring you more business.

Listings help you gain more control over your time, money, and destiny.

Appears on p. 102 of The Millionaire Real Estate Agent

The Millionaire Real Estate Agent's 20 Percent

3. Leverage

Truth

An effective focus on leads and seller listings eventually brings you to a point where you have more business than you can possibly handle alone and creates the opportunity to focus on leverage.

Leverage answers three key questions in your business:

- 1.** Who is going to do it? **People**
- 2.** How will they do it? **Systems**
- 3.** What will they do it with? **Tools**

1. People

Before Your First Hire: Before you even make your first hire, people leverage occurs through the relationships you build with your Allied Resources.

Your First Hire: Your first step to leverage will be administrative help who will eventually help and create systems and bring in tools.

After You Have Great Administrative Help: Only after you have great administrative help and they have helped grow your business to a point where there are more clients than you can handle do you begin the process of hiring real estate sales people leverage. Buyer Specialists come first and much, much later, a Seller Specialist.

ALL HIRES: Whenever you add an additional person, you must hold him/her accountable for bringing corresponding positive growth and net income (profit). To assist you in hiring the exact right person for each job, take the Recruit-Select course offered through Keller Williams University.

When you have maximized your personal productivity and have hit a ceiling of achievement, it is time to think about adding appropriate leverage to break through to the next level!

The Millionaire Real Estate Agent's 20 Percent

2. Systems

Your first hire should help create and implement your systems.

Systems are simply the repeatable processes that allow us to duplicate magnificent results easily. You may create a listing appointment checklist or a fourteen-point marketing plan for your listings. Whatever the case, it will be defined by your standards and repeatable by others.

3. Tools

Your administrative people leverage should also bring tools.

Tools are everything from computers, equipment, and phone systems to something as simple and vital as a job description.

The job description is actually an extremely important tool for establishing standards for performance and behavior on the front end. They should be detailed and thorough. Your staff needs to understand how they can succeed with you and how they might fail with you.

Truth

Only after each new piece of leverage—be it people, systems, or tools—can you add the next.

The 8 Goal Categories

Know Your Numbers

You and everyone on your team need to know your key numbers at all times!

Goal vs. Actual

There are two sets of numbers the Millionaire Real Estate Agent is always aware of:

1. Goal Numbers

These define your annual goals for your business.

2. Actual Numbers

These, if monitored on a weekly (or at least monthly) basis, act like a compass. Each time you assess your actual numbers, you'll get a pretty clear picture of how you are doing in regard to your annual goal numbers.

Truth

Millionaire Real Estate Agents know their goal numbers and track them.

The 8 Goal Categories of the Millionaire Real Estate Agent

- 1.** Leads Generated
- 2.** Listings
- 3.** Contracts Written
- 4.** Contracts Closed
- 5.** Money
- 6.** People
- 7.** Systems/Tools
- 8.** Personal Education

The 8 Goal Categories

1. Leads Generated

Truth

Leads are the most important number you need to know.

What to Track

- 1.** Leads Received: Every time you receive email or the phone rings and it is potential business, you need to log it. You should be keeping a record of how many leads you're receiving.
- 2.** Source of the Lead: Track where your leads are coming from. This will tell you which marketing strategies are working and paying you dividends.
- 3.** Conversion Rates:
 - a. Calls to appointments:
 - i. Conversion rate for converting calls into buyer appointments
 - ii. Conversion rate for converting calls into seller appointments
 - b. Appointments to listings:
 - i. Conversion rate for converting appointments into buyer listings (agency agreements)
 - ii. Conversion rate for converting appointments into seller listings.
 - c. Listings to closed sales:
 - i. Conversion rate for buyer listings into closed sales
 - ii. Conversion rate for seller listings into closed sales.

Purpose

- 1.** To reliably predict the number of leads you need to generate in order to meet any production goal.
- 2.** Make better decisions about how to invest your lead-generation dollars.

The 8 Goal Categories

2. Listings

Truth

Your entire business model should be built around obtaining a certain number of seller listings each month and year.

What to Track

- 1.** Seller listings taken
- 2.** Buyer listings taken

In *Earn a Million*, we will prescribe a certain number of seller listings you should strive to get each month and year.

Purpose

By knowing the number of seller listings to take, you can determine your lead-generation goals. Your conversion rates dictate how much lead generation is necessary to get you the right number of seller agreements to net your listings goals.

If you choose to track only two areas of your business, track your leads and your seller listings.

The 8 Goal Categories

3. Contracts Written

What to Track

- 1.** Number of units written
- 2.** Total volume written
- 3.** Gross income written

It is also a good idea to track how many of your contracts written were listings and how many were buyers.

Purpose

These numbers help you properly set future goals and track current progress with regard to the number of contracts you and your team are writing.

4. Contracts Closed

What to Track

- 1.** Number of units closed
- 2.** Total volume closed
- 3.** Gross closed income (GCI)

It is also a good idea to track how many of your contracts closed were listings and how many were buyers.

Purpose

These numbers help you properly set future goals and track current progress with regards to the number of contracts you and your team are closing.

The 8 Goal Categories

5. Money

Truth

You are running a business. As such, money and its issues must always be accounted for and respected.

What to Track

- 1.** Gross Closed Income – How much money did we make?
- 2.** Budget (Cost of Sales and Operating Expenses) – How much money did we spend?
- 3.** Net Income – How much money did we earn as a profit? How much do I (the agent) personally get to take home?

Purpose

Tracking these numbers on a regular basis is essential to playing Red Light, Green Light with your expenses.

The 8 Goal Categories

6. People

Truth

People are the first and most important type of leverage you bring to your sales business.

What to Track

The three key goal areas you always have to address regarding your people are as follows:

1. Recruiting – What people do I have?

- a) Who do I need and what do I need them to do?
- b) Where will I find them?

2. Training – What training needs do I have?

Now that I have someone, how and when will I teach them what to do and how to do it well?

3. Consulting – What performance or accountability issues do I have?

Now that my people are in the job and trained, how/when will they be supported and held accountable so they can excel?

Purpose

Even if you do not currently have any people needs, it is important that you keep this placeholder in your goals. If you're tracking the other aspects of your business properly, you'll probably begin setting goals in this category long before you actually need to make a hire. Having the placeholder on your goal sheet at all times helps prompt you to tell yourself, "If this continues for much longer, I'll need to have help" early instead of late.

The 8 Goal Categories

7. Systems/Tools

Truth

After people, systems and tools make up the remainder of leverage.

What to Track

The Systems/Tools goal category manifests itself as the following questions.

- 1.** What new systems or tools do we need to add?
- 2.** What current systems or tools do we need to improve or upgrade?

Refer to the Key Systems below for a list of systems that you should implement in your business over time.

Purpose

Because system/tool leverage can take time to research, create, and deploy, it should always be present in your goals and tracking. You'll want to predict these needs well in advance so you can give them the attention over time they may require.

Key Systems

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Goal Setting, Time Management, and Results Tracking System 2. Contact Management and Client Database System 3. MLS and Property Value Research (CMA) System 4. Client Consulting Forms (Buyer and Seller) 5. Transaction Coordination System 6. Telecommunications and Internet System | <ol style="list-style-type: none"> 7. Accounting and Financial Management System 8. Listing Presentation Package 9. Buyer Presentation Package. 10. Open House Checklist 11. Listing Marketing Plan 12. Recruit-Select Process 13. Staff Meeting Agenda 14. 8 x 8 plan (general, FSBO, Expired, etc.) 15. 33 Touch plan 16. 12 Direct |
|--|---|

The 8 Goal Categories

8. Personal Education

Truth

Millionaire Real Estate Agents are always focused on personal development. They are always looking for ways to improve how they and their staff operate professionally and personally.

What to Track

Your Personal Education goal category shows up in your thinking as follows:

- 1.** What knowledge do I need to learn? What skills do I need to acquire?
- 2.** What knowledge do the individuals on my staff need to learn? What skills do they need to acquire? Don't shortchange your team's opportunity to learn.

Purpose

There is always an ongoing need to improve your understanding of the key areas of your business. Refer to the Keller Williams University website for information on available courses.

Setting Your Goals

How Long?

How long will it take to reach that goal? Our research shows that it can be achieved in as little as 10 years, or it make take as many as 35 years. On average, it took most Millionaire Real Estate Agents 17–18 years to achieve their millionaire status.

Question

Is your goal big enough?

Key Goal Numbers

There are several key numbers that you will want to focus on in terms of achieving your future goals. These numbers are as follows:

- 1.** Net Income: The amount of money you want to put in your pocket
- 2.** GCI: How much commission you must earn to achieve your net income
- 3.** Expenses: Your operating expense.
- 4.** Cost of Sales: What it will cost you to generate your GCI
- 5.** No. of Sales: How many closed transactions you will need to generate your GCI
- 6.** No. in Met DB: The total number of contacts you will need in your Met database to achieve the number of sales you require
- 7.** No. in Haven't Met DB: The total number of contacts you will need in your Haven't Met database to achieve the number of sales you require

Your Turn: Setting Your Goals

3-Year Goals

Set		Calculation
3-Year Net Income Goal		Current Net Income + Annual Increase
GCI		3-Year Net Income ÷ .416
Expenses		GCI x .292
Cost of Sales		GCI x .292
No. of Sales		GCI ÷ .03 ÷ 250,000
No. in Met Database		Sales x .5 x 6
No. in Haven't Met Database		Sales x .5 x 50

5-Year Goals

Set		Calculation
5-Year Net Income Goal		Current Net Income + (Annual Increase x 3)
GCI		5-Year Net Income ÷ .416
Expenses		GCI x .292
Cost of Sales		GCI x .292
No. of Sales		GCI ÷ .03 ÷ 250,000
No. in Met Database		Sales x .5 x 6
No. in Haven't Met Database		Sales x .5 x 50



MREA: BUSINESS PLANNING CLINIC

Chapter 7: Focus

In this chapter, you will ...

- [1]** *Identify how to focus on what matters.*
- [2]** *Use the 4-1-1 to maintain your focus.*
- [3]** *Create your action plan.*

Focus

Life doesn't just happen to you. Business success or failure doesn't just happen to you. It's all about choices--choices about what you focus on and how you maintain that focus.

Truth

**Anybody can succeed at a high level, but not everyone will.
Stated another way, life is an equal opportunity, unequal
outcome game.**

Focus: the little difference that makes the big difference in our lives

The future of your real estate business depends directly on your ability to focus it in the proper direction. The direction you aim determines the targets you can hit. Aim low and you'll probably only have the option of hitting a variety of low targets; pull your aim higher and you'll probably have the option of hitting higher ones.

Five Simple Steps

The bigger you want your business to be, the narrower your focus needs to be on what matters. The following five simple steps can lead you to great focus and open up a world of possibilities in your business and life:

- 1.** Create a personal plan and make process your focus.
- 2.** Time block to get your focus.
- 3.** Get accountability to keep your focus.
- 4.** Make sure your environment supports your focus.
- 5.** Keep your energy to maintain your focus.

Focus

1. Create a Personal Plan and Make Process Your Focus

Truth

Achieving Big Goals is only possible when you follow a plan built from a Big Model and you make the implementation process your focus.

The Process Brings Focus

An amazing truth is that process brings focus even when we ourselves feel unfocused. When you concentrate on the process of implanting a plan that comes from a Big Model, Big Achievement becomes not just possible but much more likely.

Seeking mastery is a process and a path, not an event. Therefore, staying on the path and working from the process becomes your focus.

Aim High

Goals are an endpoint, a finish line. And what do we do when we cross the finish line?

We stop.

The thing you must be careful about with goal setting is to avoid letting your goals become ceilings to your future achievement. A much better path is to set goals that place the finish line far, far away and then allow ourselves to pause to catch our breath or celebrate our progress along the way.

Big Goals keep our feet moving and lead us closer to our highest possible potential.

Focus

2. Time Block for Focus

Truth

If everyone has the same amount of time, then success at a high level isn't about how much time you have, but rather how you use that time.

Business vs. Busyness

All real estate agents have a choice—they can either be in business or in “busyness.” Most are in busyness. Why?

- 1.** Their time is not focused on what really must be done to drive their business at a big level.
- 2.** They are not clear about their models, so they are not clear about the activities and priorities on which they should focus their time.
- 3.** They don't time block the “have to” items that must get done. They give every activity equal importance. Therefore, prioritization only occurs when deadlines and problems force them to react.

Millionaire Real Estate Agents are just the opposite. Through time blocking, they make sure that the “have to” gets done before the “to do.” High achievers look first to take care of lead generation with a focus on seller listings. Only when these important items get done, and done well, do they turn to other, less important activities.

Time Blocking

Truth

Until your goals consistently hit your calendar, you won't consistently hit your goals!

You should go to your calendar and set aside in advance enough time to accomplish the activities that drive and build your business to its highest potential (Leads, Listings, and adding Leverage).

Time blocking up front is easy. Just go to your calendar and do it! The real challenge is to honor the system by protecting the time you've set aside and utilizing it with absolute focus.

Focus

3. Get Accountability to Keep Your Focus

Truth

Getting focus is easy. Keeping it over time is not.

Question

How good are you at maintaining your focus?

Why Long-Term Focus Is Hard to Achieve

Prolonged focus on the same issues can feel like routine, and routine can lead to boredom. When boredom sets in, attention drifts. And when your attention drifts, the craving for novelty creeps in and doing something new starts to appear more and more appealing.

Acknowledging the limits of your ability to focus is important because it allows you then to choose carefully what you need to focus on and then find ways to help you maintain that focus at a high level over time. One of the best ways to do that is to bring some accountability into your business life.

Accountability for Refocus

Accountability is an empowering process for continuous focus and refocus. Insofar as your focus is concerned, accountability picks up where time blocking leaves off. And you get the best accountability through a relationship that follows a regular refocusing process.

Accountability shapes and reshapes your focus. It is a learning loop for seeing clearly what you should be focusing on and a feedback loop for refocusing when your attention slides.

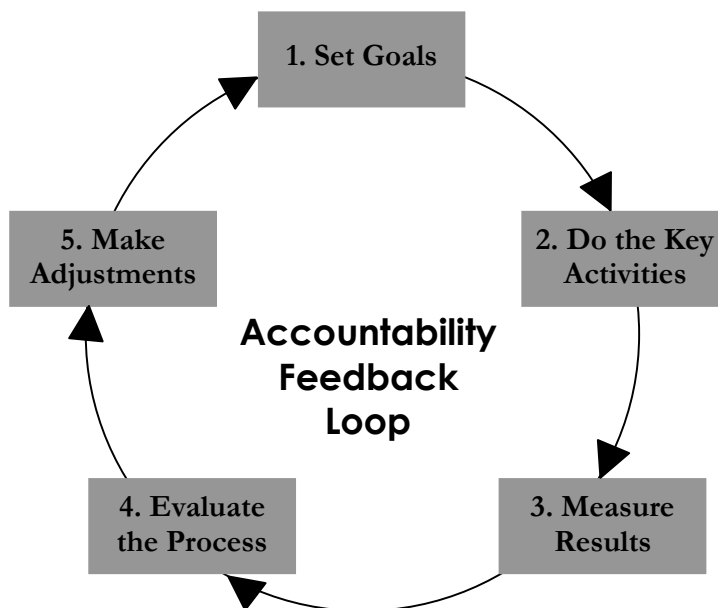
(continued on the next page)

Focus

3. Get Accountability to Keep Your Focus (continued)

The Accountability Process

1. Accountability is a process you do with someone else. It is hard over time to hold yourself accountable to tough goals. Accountability is about defending your activities to an objective observer.
2. You have to keep track of your numbers. Your goal numbers may be the target, but they mean nothing if you are not taking regular measurements of your progress toward them. At any point in the game, you've got to know the score and how far ahead or behind you may be; otherwise, you'll never be in a position to make meaningful adjustments.
3. Accountability is about getting and using feedback. You must take time on a regular, planned basis to meet with whoever is holding you accountable, look at your business numbers, and refocus your efforts.



Truth

The more often you go through this process, the better your ability to maintain your focus on the activities that yield the best results.

Focus

4. Make Sure Your Environment Supports Your Focus

Truth

Our environment absolutely must support our goals.

Chief Architect

Your environment has an impact on you constantly. It either builds you up and supports you, or it tears you down and fights you. By being the chief architect, you reduce the risk of becoming a victim to it. As chief architect, there are two important design issues you must deal with: your physical environment and your people environment.

Don't leave the architecture of your environment to chance – shape it, craft it, and make it one that helps you fulfill your promise.

Your Physical Environment	Your People Environment
<p>One of the key elements to reach your full potential is your physical environment and how well it matches up to, supports, and focuses you in your endless pursuit of productivity.</p> <ol style="list-style-type: none"> 1. Does your office space, furniture, and tools support your productivity goals? 2. Is your furniture ergonomically correct? 3. Do you have updated software that isn't prone to crashing? 4. Are your systems designed to support your goals? Are records stored for easy access? Are forms easy to complete? Are your phones answered in a friendly manner? 	<p>Your people environment is about energy and synergy. If the people in your life are not in synergy with your goals, you'll end up negotiating and compromising and feeling less focused. Your people environment is composed of three groups:</p> <ol style="list-style-type: none"> 1. The people you are in business with (your team, your company, and other agents). 2. The people you do business with (your clients and vendors). 3. The people outside your business (your family and friends). <p>You are the gatekeeper. You control who you let into your world. High achievers associate with energizers and synergizers – the people who support their goals and work well with them to achieve those goals.</p>

Focus

5. Keep Your Energy to Maintain Your Focus

Truth

Life is energy!

The Reality

Your ability to maintain your focus at a high level over time will largely depend on whether or not you can stay consistently enthusiastic and energized. High achievement requires big energy. You can't reach your Big Goals without a big, sustained effort. And a big, sustained effort requires big, sustained energy.

Question

Over time, how do you increase your energy and thereby maintain your focus?

By following the Millionaire Real Estate Energy Plan.

Having the energy necessary for Big Goals and sustained achievement is about two essential habits:

1. The habit of launching your day with energy.
2. The habit of constant renewal through learning.

The Millionaire Real Estate Energy Plan

1. Meditate and Pray – Spiritual Energy
2. Exercise and Eat – Physical Energy
3. Hug, Kiss, and Laugh – Emotional Energy
4. Plan and Calendar – Mental Energy
5. Lead Generate – Business Energy

All by Eleven A.M. Every Day!

The 4-1-1

Setting Your Goals

Congratulations! You have already set your major goals for next year—your Business Plan.

Now you have to create your 4-1-1 to reflect these goals.

Annual Goals

Your Big Rocks for the year can be found in the Eight Goal Categories (see p. 59) and your business plan. On the 4-1-1, annual goals should reflect each of the key areas of your life:

- Job – What will you do?
- Business – What will your business or team do?
- Personal – What do you desire to have happen personally (health, family, spiritual, educational, etc.)?
- Personal Financial – What improvements do you desire in your net worth (reduced liabilities, increased investments, increased assets, etc.)?

Define Your Annual Business Goals:

Define Your Annual Job Goals:

(continued on the next page)

The 4-1-1

Setting Your Goals (continued)

Monthly Goals

Begin by breaking your annual goals down into their monthly increments. In addition, write down the key activity goals that will lead to those monthly results. When deciding your monthly goals, remember to put first things first. Any goals that other goals hinge on would have higher priority. You should have no more than 5–7 monthly goals.

Don't forget when setting your monthly goals that you do not work 24–7. Allow time for vacation, family, and non work activities. Many top producers divide their annual goals by 10 (rather than 12) to set their monthly goals—that accounts for vacation, personal time off, training days, etc.

Use the annual goals you defined on the previous page to set your monthly goals:

Set Your Monthly Activity Goals for Month 1 – Business:

Set Your Monthly Activity Goals for Month 1 – Job:

(continued on the next page)

The 4-1-1

Setting Your Goals (continued)

Weekly Goals

Weekly goals are all levers—actions or activities. These goals are the steps you will take toward your monthly and annual goals. Decide what you need to do that particular week to achieve your monthly goals, and limit your number of weekly goals to 6–8 key, measurable activities.

Use the monthly goals you defined on the previous page to set your weekly goals for Week 1:

Set Your Weekly Activity Goals for Week 1 – Business:

Set Your Weekly Activity Goals for Week 1 – Job:

The 4-1-1

Using the 4-1-1

The 4-1-1 is a productivity tool that drives your goal-setting from the desired end results to the present. It is *not a to-do list*; it's a *have-to-do list*. It is designed to help you set both long-range goals (results) and the short-range goals (activities), which bring those results to fruition.

The 4-1-1 is not designed to be used as a self-managing list. The most successful agents use the 4-1-1 in a consulting relationship to keep them on track. Whether you are consulting with your Team Leader, a peer partner, or in a formal coaching relationship, the 4-1-1 can serve as the centerpiece of the accountability focus.

*Accountability
always
improves
performance.*

Exercise

Create Your 4-1-1

Directions:

Using the goals on the previous three pages, create a 4-1-1 using the form on the next page.

Time: 10 minutes



4-1-1 ACTION GOAL WORKSHEET

Name _____

ANNUAL GOALS

YEAR

ANNUAL PERSONAL GOALS

MONTHLY GOALS

MONTH OF

MONTHLY PERSONAL GOALS

WEEKLY Activities

WEEK 1	WEEK 2	WEEK 3	WEEK 4

Aha's

1. The concept I'm still struggling with:
2. The single most important aha for me:
3. How I will use this aha:
4. How I will benefit from it:
5. What I need to do to make this happen:

Action Plan

Exercise

We have now reached the end of this course! Before we conclude, take ten minutes to develop your action plan for complete mastery of this subject matter.

- 1.** List three specific tasks that you will complete to bring yourself up to a mastery level.
 - 2.** Under the “Accountability Date” column, record the date your partner will call to check on your status.
 - 3.** Enter your accountability partner’s information at the bottom of your plan.
 - 4.** Share this information with your accountability partner.
-

Action Plan

Directions: List 3–4 specific tasks that you will complete to bring yourself up to a mastery level. Enter the “Accountability Date” your partner will call to check on your status.

Action Plan

Accountability Date: _____

Accountability Date: _____

Accountability Date: _____

My peer partner’s name: _____ Email address: _____

Phone number: _____

Additional dates your partner will contact you to check on your progress: _____

Remove this p. for your Business Plan



Thank you!

And Please Take a Moment to Complete an Evaluation at

KWUEval.com

Fill in each 1-3 with below information.

1. Use Dropdown – MREA: Business Planning
2. Click Market Center
3. Use Dropdown – Kent Temple

AT&T LTE 9:35 AM 97%

surveymonkey.com

KWU Course Evaluation

* 1. Name of course

2. Event Type?

Market Center

Done

ALC Clinic for MC Leadership
Drive
ESO

Franchise Systems Orientati...

Ignite Session 1
Ignite Session 2
Ignite Session 3

Dropdown see
below!