

BUSINESS PLANNING 2021



THE KEY TO LONGEVITY IN THE REAL ESTATE
WORLD IS NEVER A SINGLE DEAL;

It's a disciplined, rational and systematic approach
to developing future deals.

It's about building and managing a sales pipeline
that helps you generate a
steady stream of future business.

YOUR BUSINESS PLAN SHOULD ADDRESS HOW YOU
MANAGE YOUR RELATIONSHIPS,
NURTURE AND ENGAGE LEADS AND DOCUMENT
YOUR STRATEGY TO ENSURE FUTURE SUCCESS.

This simple guide will provide you with the information
and actionable planning materials
you will need for your real estate business.

A guide to start 2021 off on the right track and help you
achieve your annual transaction and income goals.

START BY RECAPPING YOUR 2020 RESULTS:

Be honest with yourself.....

2020 RESULTS

Listing Appointments _____

Listings Taken _____

Listings Sold _____

Buyer Sales _____

Average Sales Price _____

Do you work Full-time ____
or Part-time ____ in Real Estate?

When was the last time you received
a commission check? _____

Which lead sources currently generate your business?

- _____ PAST CLIENTS
- _____ SPHERE OF INFLUENCE
- _____ AFFILIATE REFERRALS
- _____ SIGN CALLS
- _____ OPEN HOUSES
- _____ RELOCATION
- _____ AGENT/AGENT REFERRALS
- _____ EXPIRED
- _____ FSBO
- _____ FLOOR TIME
- _____ CLIENT REFERRALS
- _____ RELOCATION
- _____ INVESTORS
- _____ DIRECT MAIL

- _____ PROFESSIONAL REFERRALS
- _____ REOs/BANK
- _____ JUST LISTED/SOLD
- _____ EMAIL MARKETING
- _____ NETWORKING REFERRALS
- _____ ADVERTISING
- _____ COLD CALLING
- _____ PERSONAL PROMOTION
- _____ WEBSITE LINKS
- _____ BUILDERS
- _____ INTERNET SITES
- _____ SOCIAL MEDIA
- _____ NOD/FORECLOSURES
- _____ OTHER

RATE YOURSELF

How do you rate yourself on each of these crucial components of your business?

Let's Get Started

Rate yourself on a scale of 1-10 (10 being best)

1. **Belief/Self-Confidence** _____

All success starts with belief. How strongly do you believe you can excel in this business? Are you lacking the confidence necessary to break through to achieve everything you truly want from your business?

2. **Plan** _____

Do you have a business plan? Are you following it? Is it specific enough so you always know exactly what to do, or is it lacking? Does it spell out your long-term vision for where your business is headed in three years, five years, 10 years?

3. **Marketing** _____

Do you always have sufficient leads or do you often wonder where the next one will come from? Is your lead gen strategy properly diversified or does it rely too much on one or two methodologies?

4. **Conversion Skills.** _____

How confident are you in your ability to turn a lead into a client? How's your phone prospecting game? Do you have a listing presentation that sets you apart or are you doing the same, tired things every agent does?

5. **Habits** _____

How's your discipline? Are you doing the things every day that will give you the power? Do you do them for short bursts but struggle to keep up when things get busy?

RATE YOURSELF *Continued...*

How do you rate yourself on each of these crucial components of your business?

6. Systems _____

What would happen if you stopped coming to work for a day, a week or a month? Would business continue without you or would everything come to a grinding halt? How systematized are your processes?

7. Team _____

What's your team look like vs your ideal? Are you flying solo? Are your team members operating within clearly defined roles so they are able to play to their strengths?

What's Next?

Take a look at your ratings. What are your strengths? And more importantly, what are your weaknesses?

Once you've identified the areas of your business that need the most help, don't get overeager to fix everything overnight.

Start by **targeting one area** for improvement.

Work on it until you see progress.

Whatever you do, DON'T try to bite off more than you can chew by addressing every weakness revealed in your business.

Focus your efforts and **build your business** one category at a time.

BUSINESS EXPENSES & TAXABLE DEDUCTIONS

As we are **NOT** here to give tax advice and **strongly suggest** you consult with the appropriate professional, we do however want to make sure you maximize your gross commission income (GCI).

Having a plan and a system for tracking your expenses, will help you get more back at the end of the year. Per the IRS, business expenses are considered deductible if they are ordinary, necessary and current.

These expenses include but are not limited to:

Advertising

- Billboards
- Brochures/Flyers
- Business Cards
- Copy Editor Fees
- Direct Mail
- Email Marketing and Newsletters
- Graphic Designer Fees
- Internet Ads (Google, Facebook, etc.)
- Leads/Mailing Lists
- Marketing Services
- Networking Event Costs
- Post Cards
- Print Ads (Newspapers and Magazines)
- Promotional Materials
- Radio Ads
- Signage/Banners
- Television Ads
- Web Design, Web Hosting and Domain Fees

Agent Improvement

- Books (Sales Books, RE Books, etc.)
- Continuing Education
- Magazine Subscriptions
- Newsletter Subscriptions
- Sales Training/Coaching
- Seminars
- Textbooks/Reference Books
- Trade Publications

BUSINESS EXPENSES & TAXABLE DEDUCTIONS *Continued...*

Auto

Business Mileage or **Auto Expenses**

(check with accountant for per mileage calculation)

- Car Washes
- Depreciation/Lease Payments
- Gas
- Insurance
- Interest
- License/Registration
- Maintenance
- Repairs
- Tires

Both Methods can Deduct

- Car Washes
- Tires

Business Meals, Business Entertainment, Communication

- Answering Services
- Cell Phone Service
- Fax Expenses/Efax
- Interactive Voice Response (IVR)
- Internet Service
- Office Telephone/VOIP
- Pagers (those still exist?)
- Toll Free Number

Business Travel

- Airfare
- Car Rental
- Dry Cleaning/Laundry
- Lodging
- Meals
- Parking/Tolls
- Taxi, Train, Subway, Bus
- Tips

Equipment

- Briefcase
- Calculator
- Camera/Lenses
- Cellphone/Smartphone
- Cleaning Equipment (Vacuum Cleaner)
- Computer
- Equipment Repair
- Flashlight
- GPS
- Hard Drives/Thumb Drives
- Ipad/Tablet PC/Android
- Laptop
- Lock Boxes/Locksmiths/Keys
- Maps
- Printer
- Scanner
- Staging Items – Furniture
- Tape Measure
- Video Camera

BUSINESS EXPENSES & TAXABLE DEDUCTIONS *Continued...*

Employee Wages

- Clerical Support
- Family Wages (kids/spouses... really)
- Payroll/Unemployment Taxes
- Sales Assistant
- Virtual Assistant

Health Insurance, Home Office

- Insurance
- Mortgage Interest/Rent
- Property Taxes
- Repairs/Maintenance
- Security System
- Utilities

Professional Fees

- Association Dues/Fees
 - NAR
 - CAR
 - Chamber of Commerce
- Bank Fees
- Bookkeeping Fees
- Business Licenses
- E & O Insurance
- Franchise/Affiliation Fees
- Interest on Business Purchases
- Legal Fees
- MLS Fees
- Tax Prep Fees

Office Expenses

- Desk Fees
- Client Refreshments (Coffee, Water, etc.)
- Copier Fees
- Janitorial Services
- Office Furniture
 - Bookshelves
 - Chairs
 - Desks
 - Filing Cabinets
- Office Supplies
 - Envelopes
 - Folders
 - Paper
 - Pens
 - Postage
 - Stationary
 - Toner/Ink
- Office Rent
- Online Storage of Business Files
- Software

BUSINESS EXPENSES & TAXABLE DEDUCTIONS *Continued...*

Retirement

- DEFINED BENEFIT PLAN
- SELF EMPLOYMENT PENSION (SEP)
- SIMPLE IRA
- SOLO 401K

Selling Expenses

- APPRAISAL FEES
- CL100 FEES
- CLIENT GIFTS (<\$25 PER CLIENT)
- CONCESSIONS
- COURIER SERVICES/DELIVERY FEES
- FINDER FEES/REFERRAL FEES
- HOME REPAIRS TO SELL LISTED PROPERTY
- HOME WARRANTY
- INSPECTION FEES
- NOTARY FEES
- OPEN HOUSE EXPENSES
- PHOTO EDITING
- STAGING FEES

Start Up Expenses

- INCLUDING ORGANIZATIONAL COSTS

BUDGET CALCULATING YOUR EXPENSES

Living Expenses Worksheet

\$ _____ Mortgage payment
\$ _____ Household (heat, water, etc.)
\$ _____ Food (grocery and dining out)
\$ _____ Car expenses (payment, gas, etc.)
\$ _____ Entertainment
\$ _____ Child care
\$ _____ Education
\$ _____ Investments/savings
\$ _____ Other living expenses
\$ _____ **SUBTOTAL (income needed
after taxes)**

Divide by .70

\$ _____ Monthly gross income needed

Multiply by 12 months

\$ _____ **Total gross income required**

Annual Business Expenses

\$ _____ Desk fee
\$ _____ MLS dues
\$ _____ MLS lockboxes
\$ _____ Telephone
\$ _____ Cell phone
\$ _____ Internet
\$ _____ **total (carry over to next page)**

BUDGET *Continued...*

CALCULATING YOUR EXPENSES

\$ _____ **total (from previous page
Annual Business Expenses)**

\$ _____ Computer software

\$ _____ Supplies, maintenance

\$ _____ Car payment

\$ _____ Gas and oil

\$ _____ Car maintenance and insurance

\$ _____ Office supplies

\$ _____ Website

\$ _____ Meals and entertainment

\$ _____ Leads generation subscriptions

\$ _____ Marketing assets

\$ _____ Website

\$ _____ IDX software (MLS listings)

\$ _____ Digital advertising

\$ _____ Meals and entertainment

\$ _____ Seminars and conventions

\$ _____ Postcards and postage

\$ _____ Flyers and brochures

\$ _____ Signs

\$ _____ Newspaper and magazine ads

\$ _____ Legal/professional/CPA

\$ _____ Assistant's salary and benefits

\$ _____ Payroll taxes

\$ _____ Transaction coordinator

\$ _____ Listing coordinator

\$ _____ Dues and subscriptions

\$ _____ License

\$ _____ E & O insurance

\$ _____ Industrial insurance

\$ _____ Medical insurance

\$ _____ Disability insurance

\$ _____ Charity

\$ _____ **TOTAL**

GOALS

TRANSACTION AND LEAD CALCULATIONS

Transactions

Step 1:

Determine your average commission per transaction

Median house price \$_____

x _____ % commission

= **Commission per transaction** \$_____

Step 2:

Income goal \$_____

÷ \$_____ Commission per transaction

= **Transactions needed per year** _____

Leads

Calculate prospects needed per year

Take the total transactions you want _____

X 40 (Prospect-to-sale ratio is 40 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** _____

Transactions Example

\$250,000 Median house price

x 3% commission

= \$7,500 Commission per transaction*

* If you have a commission split with a broker or team, multiply your commission per transaction total by your percentage of the split to get your split-commission per transaction total.

\$150,000 Income goal

÷ \$7,500

= 20 Transactions needed per year

Leads Example

20 transactions

x 40 prospects

= 800 **prospects per year**

÷ 12 months

= 67 **prospects per month**

÷ 30 days

= 2.5 **new prospects per day**

GOALS AT A GLANCE

Goals: Quick Reference

Maintain focus by revisiting and referencing your annual goals. Post this sheet in your home office or at your desk to always know where your business stands, where it's going, and how you might need to adjust accordingly.

Income goal for 2021	\$_____
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 month	_____
Sales per month	_____
Prospects needed per month	_____

