

BUSINESS SUCCESS PLAN

2022





Introduction

Welcome

...and thanks for downloading the Breakthrough Business Plan. Before you get started, we thought we'd give a brief overview of what's to come.

This guide is about the numbers: How much money you want to make and how much business you'll need to make it happen. You'll start by figuring out what it costs to pay your bills each month and each year. You'll use that information to set some goals for how much money will actually end up in your bank account.

With those goals in mind, we'll guide you through some simple math to figure out target values for your Gross Commission Income and Sales Volume. Eventually, you'll discover how many leads you'll have to generate to make those goals a reality.



Oh, and do you see that little logo to the left? You'll see it pop up occasionally. It's there to let you know that a calculation you just finished should be written down on the One-Page Success Plan. (It's the back page. We put it there in case you jumped the gun with the stapler.)

When you've completed the guide, you'll have all the important facts and figures on that one page. Then you can post it above your desk, fold it up and put it in your wallet, or stick it on the refrigerator.

Got it? Cool.

Now let's get started!

Part One

Set your sights on a target.

In this section, you'll analyze your personal spending and use that information to determine a goal for your annual take-home income.

Step 1: Determine your monthly personal expenses.

This step is about the essentials: mortgage or rent, car payments, insurance, utilities, etc. In the box to the right, fill in each field as a per-month value. We're not mind readers, so if there's an important personal expense that we didn't list, use the other fields near the bottom of the chart. At the end, add up the total. That figure is what you need to pay your bills each month. It's the bare minimum.

Step 2: Determine your annual cost of living.

So you know how much money it takes to get through one month. Now let's figure out what you need to pay the bills for an entire year. Take your total monthly expenses and multiply by 12.

Mortgage/Rent	<input type="text"/>
Car Payment	<input type="text"/>
Second Car Payment	<input type="text"/>
Car Gas	<input type="text"/>
Car Maintenance	<input type="text"/>
Car Insurance	<input type="text"/>
Electric	<input type="text"/>
Water	<input type="text"/>
Gas	<input type="text"/>
Cable	<input type="text"/>
Internet	<input type="text"/>
Phone	<input type="text"/>
Cell Phone	<input type="text"/>
Food/Entertainment	<input type="text"/>
Travel	<input type="text"/>
Child Care	<input type="text"/>
Savings	<input type="text"/>
Health Insurance	<input type="text"/>
Credit Card	<input type="text"/>
Misc.	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>
MONTHLY TOTAL	<input type="text"/>

EXAMPLE: Your average monthly expense are \$7,000

$$\boxed{\$7,000} \times 12 = \boxed{\$84,000}$$

Now plug in your own monthly expenses from the previous section.

$$\boxed{} \times 12 = \boxed{}$$

Part One cont.

Step 3: But how much do you really want to make?

You know how much money it takes to get through each month, and you know how much you need for the entire year. But you want to do more than just get by, right? Think about vacations, sports cars, early retirement, and sending your kids (and your kids' kids) to college. Use your annual cost of living as a baseline, then write down a goal for how much money you want to bring in each year after taxes. This is your target take-home income.

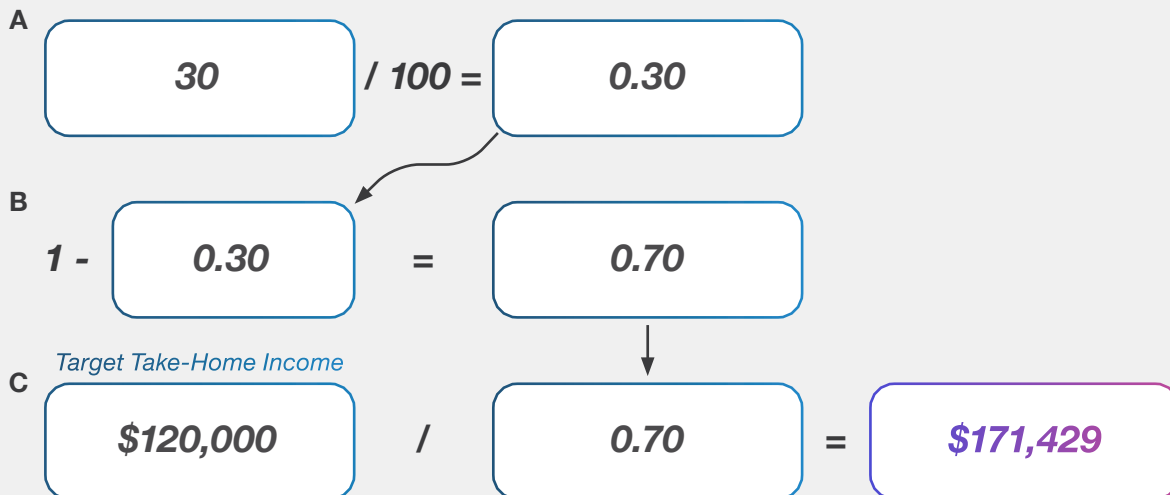
Target Take-Home Income



Step 4: Don't forget about Uncle Sam.

Everything you've worked on so far is take-home income. It's time to figure out your taxable income — the amount of money you'll have to actually make to be able to reach your take-home goal after federal and state income taxes are withdrawn.

EXAMPLE: Your targeted take-home income is \$120,000, and you estimate your tax rate to be 30%.



WHAT IT MEANS: At a 30% tax rate, you'd have to make about \$172,000 in order to bring home \$120,000. Now give your own numbers a try.

Part One cont.

A / 100 =

B 1 - =

C *Target Take-Home Income*
 / =

So there it is.

You know how much money you want to make. Now we'll figure out how much business you'll need to make it happen.

Part Two

What's your GCI?

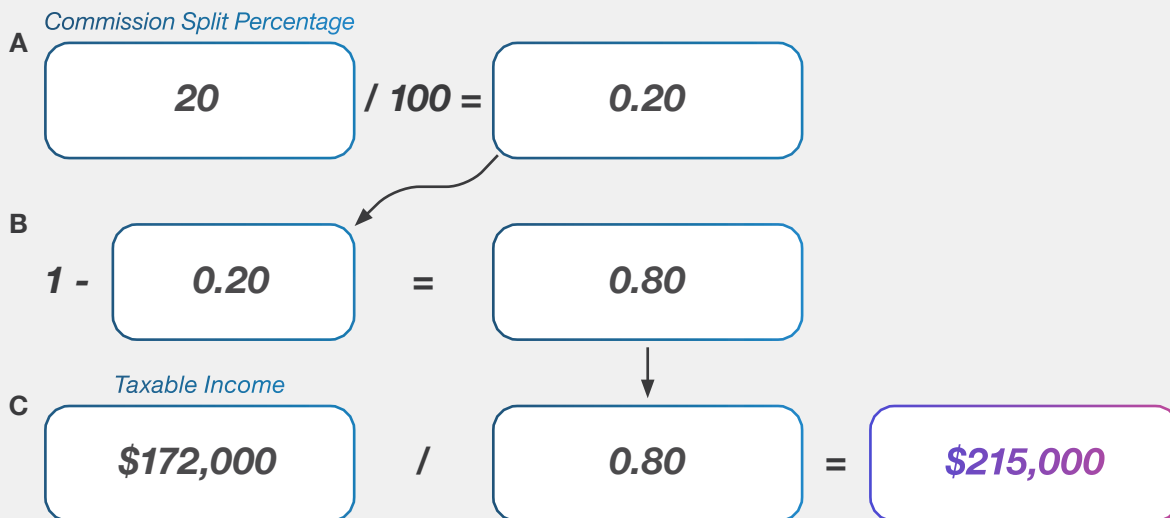
Your taxable income is what's left after transaction fees, commission splits, business expenses, and other costs are deducted from your Gross Commission Income (GCI). To avoid getting too complicated, we will only focus on commission splits and fixed business expenses. We'll work backward, filling in the gaps between your target taxable income and a target GCI.

Part Two cont.

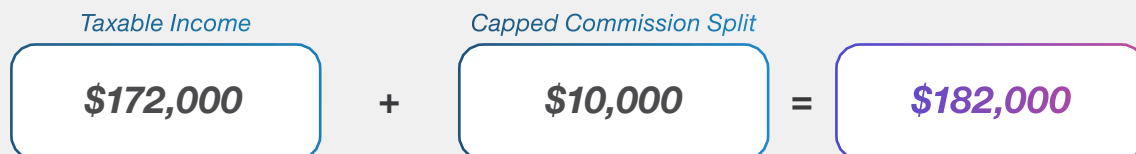
Step 1: Your broker gets a cut.

A portion of your commission income is going to go to your broker. It may be a straight commission split based on a percentage of your GCI, or it might be capped at a certain value. It really varies from broker to broker. We'll go over a few different scenarios.

EXAMPLE: Your target taxable income (final step in previous section) is about \$172,000. Your broker gets 20% of your Gross Commission Income.



You'd need to earn \$215,000 to have \$172,000 in taxable income after a 20% commission split. But what if the broker has a cap, such as \$10,000?



An agent would have to earn \$182,000 in order to have \$172,000 in taxable income after his/her broker takes a \$10,000 capped commission split. Now turn the page and use your own numbers (and remember, only use one of the described methods.)

Part Two cont.

THE FOLLOWING WORKSPACE IS FOR A COMMISSION SPLIT.

A *Commission Split Percentage*
 / 100 =

B $1 -$ =

C *Taxable Income* / = *Income Before Commission Split*

HERE'S A WORKSPACE FOR A CAPPED COMMISSION:

Taxable Income + *Capped Commission Split* = *Income Before Commission Split*

+ =

If you're a new agent and you're not sure about your commission split, you can speak with a mentor to get a good estimate:

Taxable Income + *Capped Commission Split* = *Income Before Commission Split*

+ =

Part Two cont.

Step 2: Running a business costs money.

Each year you'll have Annual Business Expenses that are necessary to operate. These include board dues, application fees, and other services like technology costs. Use the chart on the right to estimate your expenses. Remember to total these up as a yearly cost instead of the monthly costs from earlier in this guide.

Now take the annual total from the bottom of the expenses chart and add it to your final figure from Step 1 (income before commission split). This is your Gross Commission Income.

Board Dues	<input type="text"/>
Board Application MLS Fees	<input type="text"/>
MLS Application Desk Fees	<input type="text"/>
License Application	<input type="text"/>
License Renewal E&O	<input type="text"/>
Insurance Education	<input type="text"/>
Other	<input type="text"/>
Other	<input type="text"/>
ANNUAL TOTAL	<input type="text"/>

EXAMPLE: Your target income before commission split is \$215,000, and your estimated business expenses are \$4,000.

<i>Income Before Commission Split</i>		<i>Annual Business Expenses</i>		<i>Targeted GCI</i>
<input type="text" value="\$215,000"/>	+	<input type="text" value="\$4,000"/>	=	<input type="text" value="\$219,000"/>

WHAT IT MEANS: If you have \$4,000 a year in annual expenses and you want to earn \$215,000 before your broker takes a commission split, you'll need to earn \$219,000 in Gross Commission Income. Now plug in your own numbers.

<i>Income Before Commission Split</i>		<i>Annual Business Expenses</i>		<i>Targeted GCI</i>
<input type="text"/>	+	<input type="text"/>	=	<input type="text"/>

Congrats!

You've gone all the way from targeted take-home income to targeted GCI! Add your GCI to the One-Page Success Plan.

Part Three

How many deals can you close?

You've determined how much you need to earn in annual commission in order to reach your goals. Now we'll figure out how many homes you need to sell to earn that amount.

Step 1: What's your sales volume?

Your Gross Commission Income comes as a percentage of your total sales volume. If you can estimate your average commission — both for buyer-side and seller-side transactions — you can use your targeted GCI to determine the sales volume necessary to achieve your goals.

When coming up with an estimate for your average commission, you can use your data from a previous year, the average for your market, or work with your mentor to come up with an estimate.

EXAMPLE: Your target GCI is \$219,000, and your average commission is 3%.

Average Commission Percentage

A $3 / 100 = 0.03$

Target GCI

B $\$219,000 / 0.03 = \$7,300,000$

WHAT IT MEANS: If you want to earn \$219,000 in GCI and your average commission is 3%, you'll need to earn about \$7.3 million in total sales volume. Now give your own numbers a try, and then add your target sales volume to the One-Page Success Plan.

Part Three cont.

A *Average Commission Percentage*

/ 100 =

B *Target GCI*

/ =

Target Sales Volume

b³

Step 2: How many homes?

To figure out how many transactions you need to close to achieve your goals, divide your total sales volume by the average sales price of homes in your market. You could also choose an average price that suits your client base.

EXAMPLE: Your targeted sales volume is \$7,300,000 and the average sales price of homes in your market is \$300,000.

Target Sales Volume

/ *Average Sales Price*

= *Target Transactions*

WHAT IT MEANS: In order to achieve \$7,300,000 in Total Sales volume in a market with an average sales price of \$300,000, an agent would have to sell about 25 homes. Give it a try, then add your target transactions to the One-Page Success Plan.

Target Sales Volume

/ *Average Sales Price*

= *Target Transactions*

b⁴

Part Four

You need leads. How many?

You've done the calculations and determined the big numbers. You've set goals for take-home income, Gross Commission Income, sales volume, and transactions completed. Now it's time to figure out how many clients you'll have to attract.



Step 1: How many buyers? How many sellers?

By using historical data or an estimate based on your targeted clients, estimate what percentage of your closed deals will be sellers and what percentage will be buyers.

EXAMPLE: You need to close 25 transactions to meet your income goals. You estimate that 60% of your closings will be sellers, and 40% will be buyers.

Percent Sellers		Transactions Required		Seller Side Transactions Closed
0.60	x	25	=	15
Percent Buyers		Transactions Required		Buyer Side Transactions Closed
0.40	x	25	=	10

WHAT IT MEANS: The agent will need to close 15 seller-side transactions and 10 buyer-side transactions to achieve their goals. You know the drill by now. Use your own numbers to determine how many transactions you'll have to close on each side. Then transfer those goals to the One-Page Success Plan.

Percent Sellers		Transactions Required		Seller Side Transactions Closed
<input type="text"/>	x	<input type="text"/>	=	<input type="text"/>  ⁵
Percent Buyers		Transactions Required		Buyer Side Transactions Closed
<input type="text"/>	x	<input type="text"/>	=	<input type="text"/>  ⁶

Step 2: What's your success rate with sellers?

Getting a listing to the closing table takes a lot of steps. First you have to win the listing appointment. Then you have to hope it's priced right and will sell. We'll factor in your success rates for each step to determine how many seller-side leads you'll need to generate.

Come up with an estimated success rate based on your own personal experience or use historical data for your market.

EXAMPLE: An agent needs to close 15 seller-side transactions, and estimates he'll close 80% of his listings.

<i>Seller-side Transactions</i>		<i>Estimated Success Rate</i>		<i>Listings Required</i>
15	/	0.80	=	18.75

WHAT IT MEANS: If an agent wants to close 15 seller-side transactions and estimates that 80% of his listings sell, he'll need to list 19 homes. Your turn.

<i>Seller-side Transactions</i>		<i>Estimated Success Rate</i>		<i>Listings Required</i>
	/		=	

But we don't win every listing appointment we go on. To list 19 homes, how many listing appointments will you need? Estimate your success rate based on your previous experience or speak with your mentor.

EXAMPLE: You want to list 19 homes, and you estimate that you'll win 80% of your listing appointments.

<i>Listings Required</i>		<i>Estimated Success Rate</i>		<i>Target Listing Appointments</i>
19	/	0.80	=	23.75

WHAT IT MEANS: If you win 80% of your listings and want to list 19 homes, you'll have to go on about 24 listing appointments. Now give your own estimates a shot, and then transfer your estimated listings to the One-Page Success Plan.

<i>Listings Required</i>		<i>Estimated Success Rate</i>		<i>Target Listing Appointments</i>
	/		=	

Part Four cont.

Step 3: What's your success rate with buyers?

Just like the seller side, buyer side transactions are bound to fall through. The buyer may not be able to get financing or they may end up working with another agent. Similar to the previous section, we'll use estimated success rates to determine how many buyer appointments you'll need to make.

EXAMPLE: You need to close 10 buyer-side transactions to meet your income goals, and you estimate that 90% of your buyers will get financed, get through inspection, and close.

Buyer Side Transactions Required		Estimated Success Rate		Targeted Buyer Side Clients
10	/	0.90	=	11.1

WHAT IT MEANS: If you need to close 10 buyer-side transactions and you estimate your success rate at 90%, you'll need to work with about 11 buyers. Use your own numbers, and then add them to the One-Page Success Plan.

Buyer Side Transactions Required		Estimated Success Rate		Targeted Buyer Side Clients
	/		=	

Part Five

Put in the work. Every day.

You've come up with some important goals to shoot for in the next year. As a final step, come up with a list of buyer- and listing-side lead generation activities that you can envision performing on a regular basis. Think about what you can do daily, weekly, and monthly. You can brainstorm using the workspace and the suggestions below, and then take the best ones and fill in the final boxes on the One-Page Success Plan.

Part Five cont.

Buyer Lead Generation Activities

Seller-Side

*Direct Mail
Open Houses
Call Capture
Craigslist
Special Letters
Special Incentives
Social Media
Withdrawn and Expired
For Sale By Owners
Mass Media Advertising
Floor Duty
Referral
Relocation*

Seller Lead Generation Activities

Buyer-Side

*Renter's Direct Mail
Craigslist
Referrals
Mass Media Advertising
Open Houses
Social Media
Call Capture*

That's a wrap!

You've created your road map. It's a map to success in the next year and to achieving your big goals in life. If you're having an unproductive day or if your pipeline of leads is drying up, take a look at your One-Page Success Plan, and then get back to work.

One Page Success Plan

