

BUSINESS PLANNING 2012

SELF EVALUATION & GOAL SETTING

BUSINESS BY THE NUMBERS:

1. Income for prior 12 months: _____
2. Number of closed transactions in last twelve months: _____
3. Number of buyer-control sales in last twelve months: _____
4. Number of listings sold in last twelve months: _____
5. Dollar volume closed in last twelve months: _____
6. Average commission per closing for prior 12 months: _____
7. Average sales price over last twelve months: _____
8. Number of listing appointments for last 12 months: _____
9. Number of listings taken in last 12 months: _____
10. Number of buyer appointments for last 12 months: _____
11. Number of buyer contracts written in last 12 months: _____

These are important numbers that you must know to do your plan for the upcoming year. Make sure you have them.

THE BASIC ELEMENT OF PLANNING & GOAL SETTING

- I. THE BASIC ELEMENT OF PLANNING IS AN EVENT. THE ACT OF PLANNING IS EVENT CONTROL. IF THERE IS NO CONTROL, THERE IS NO RESPONSIBILITY.
 - A. In order to plan, you must know your value system, your habits, attitudes, and skills.
 - B. You need to take certain steps to analyze your business.
 - C. You need to be aware that not everything will go as planned and you must be able to regroup at that time.
 - D. Your habits, attitudes, skills, and value systems must be in sync in order to successfully create and live with your business. You must let your values and \$\$\$'s meet.

- E. Business planning is to look at all that you have, all that you want and begin to plan your strategies accordingly. A quote worth remembering is "Only the paranoid survive!" by Andrew Grove, the former CEO of INTEL.
- F. You are in competition with literally millions. You need to accept ownership of your career, your skills, and the timing of your moves. (RECALL: The 5 Principles Of Personal Accountability (See Additional Note at the end of the handout). It is your personal responsibility to protect this personal business of yours from harm and to benefit from changes in the environment.
- G. A business plan should also call for budgeting for time off. Remember you need balance in your life (D Time) and your time management and control skills are paramount in setting this time aside.
- H. Create a support group for yourself: Your broker/manager, friends, family, and others that you care for and who care for you.
- I. Reward yourself within reason, but reward yourself.

II. WHY IS A BUSINESS PLAN NEEDED

- A. Remember that over 80% of new licensees either quit the business or are in a "state of quit" within their first year of the business.
- B. 85% of the rest are wallowing in mediocrity.
- C. Other statistics indicate that over 80% of active members of the NAR are earning less than \$32,000 a year. If you take the number of members of NAR, 1,300,000, and take the number of total REALTOR transactions at 8,000,000 plus, doing the math the average REALTOR closes less than 6 transactions a year. The last few years have taken a toll on the agents in the industry and updated figures will be released in 2012. We expect this average to be significantly lower.
- D. Business planning is not just the setting of goals and objectives. Goals are part of the business plan. Events succeeding one another are elements of the business plan.
- E. We don't want to make "New Years Resolutions"; they are simply wishes or dreams. Let's use the term "Goal Getting" with two types of goals:

1. **Give Up** - (i.e - 500 contacts this month)
 2. **Move Up** - (i.e. - Increase income by 20% in 2012)
- F. All goals should have two processes:
1. **Long Term**
 2. **Short Term**
- G. Goals can be considered dreams and/or wishes until we tie them to objectives. Remember that goals/objectives must be S.M.A.R.T.
1. Specific
 2. Measureable
 3. Attainable
 4. Realistic
 5. Time-Framed
 6. **AND WRITTEN AND PLANNED**
- H. Write down your goals into three categories.
1. Personal
 2. Business
 3. Value System
- I. Now ask yourself: do any of my goals.....
1. Conflict with each other?
 2. Conflict with my family goals?
 3. Conflict with my values?
- J. To be successful in implementing your plan, you must consider the following 7 elements:
1. Production
 2. Promotion
 3. Costs & Expenses
 4. Profits
 5. Commitment
 6. Organization & Systems
 7. Responsibility

SOUL SEARCHING

WITH ABSOLUTE HONESTY, ANSWER THE FOLLOWING QUESTIONS.

1. Are you today where you want to be when you first entered the real estate business? _____
2. Is your income where you want it to be? _____
3. In your opinion, when did you turn the corner and get to where you are today?

4. What force or forces caused you to turn that corner?

5. Rate the following on a scale of 1-10: MOTIVATED ____ DISTRACTED ____
6. Identify that which motivates you:

7. Identify that which distracts you:

8. Between motivations and distractions, which is the: Easiest to control?
_____ Easiest for you to submit to?

9. Is your private life an obstacle or an asset to your business? _____
10. If you were the broker, would you hire you? _____
11. Why would you hire you or not hire you? _____
12. If you were the broker, would you pay you the commission split you are currently on? _____
13. Taking into consideration the rent, phone bills, utility cost, salaries for staff, institutional advertising and other costs your broker has for the office, what would you estimate is your monthly cost to the broker? _____
14. Based on your estimate, is the broker making or losing money on you? _____
15. Is the answer to question #10 the same? _____
16. Qualify your answers to questions #10-14.

THE THINGS I LIKE AND DISLIKE TO DO:

YOU CAN'T EXPECT TO GET THE RIGHT ANSWERS
IF YOU ARE ASKING THE WRONG QUESTIONS!

THINGS I LIKE TO DO: Include both business and personal.

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

THINGS I DON'T LIKE TO DO: Include both business and personal.

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

REAL ESTATE SELF-EVALUATION

I must get better (1)

I could get better (2)

I'm pretty good (3)

ITEM:

RATING:

PROSPECTING:

Managing my Farm

Calling F.S.B.O.'S

Calling Expired Listings

LISTING:

My Presentations

Qualifying my Sellers

Pricing my Listings

Marketing my Listings

Counseling my Sellers

Negotiating Offers

BUYER-CONTROLLED TRANSACTIONS:

Finding Buyer Prospects

Qualifying Buyer Prospects

Locating Properties to suit my Buyer

Showing Properties

Helping Buyers to Decide

Negotiating Offers

TRANSACTION SKILLS:

Controlling the Escrow

Managing Time

Communication Skills

Avoiding Management by Crisis

GENERAL KNOWLEDGE

My Marketplace

Emerging Trends

My Personal Marketing Program

My use of the Internet (On-line Marketing/Communication)

My use of Technology

Interaction with other REALTORS _____

Database Management

The Numbers:

1. How many names are in your database? _____
2. How many did you have at the beginning of 2011? _____
3. How many of them would you consider to be clients/Raving Fans? _____
4. During the past year, how many times did you
e-mail them: _____
write (note/letter) them: _____
call them _____
see them in person: _____

Business Source:

1. Complete the "Business by the Numbers" section on page one of this handout.
2. Of your 2011 closed transactions, where did those leads come from?

Advertising _____
Referrals _____
Farming _____
Sphere of Influence _____
Repeat Clients _____
Floor Time _____
Open House _____
Cold Calling _____
Strategic Alliance _____
Mail Outs _____

3. Of all the avenues of prospecting, where do you see your greatest opportunity?

NOTE: Are you including lender REO departments & investors, domestic & foreign in these opportunities?

2nd greatest opportunity?

4. List your five (5) greatest accomplishments of this past year:

INVESTMENT IN YOU, INC.

The Basics:

1. Quality professional wardrobe.
2. Daytimer or P.D.A. (i.e. Blackberry)
3. Financial calculator.
4. Personal marketing materials.
5. Reliable vehicle.
6. Cell Phone.
7. Professional Development: G.R.I., C.R.B., C.R.S., A.B.R., L.T.G., Empowerment Coaching, etc.
8. Knowledge, Knowledge, & Knowledge.
9. Others?

Evaluate your equipment/resource needs and budget for major purposes.
(Outsourcing vs. investing)

Internet Presence.

Planning guidelines on your budget:

1. Use as little credit as possible.
2. Don't live on the edge! (Make big money and spend big money.)
3. Make two budgets: personal and business.
4. With both personal and a business budget, you are doing an income projection.
5. Make realistic list of expenses and give value to each of them.
(i.e., A - Vital, B - Important, C - Nice but optional/expendable)
6. Building a budget conceptually, See Attachments A & B.

BUILDING YOUR PLAN:

Plan (Definition) - Defining your business helps you to better understand what you do, how to do it, and to make reasonable projections as to the desired results.

Vision:

1. You a have vision in your mind right now. Think about how you want to put into words and write it down.
2. One way to put into writing is to put into words, your personal definition of success for yourself- both professionally and personally.
3. YOUR VISION IS THE FOUNDATION OF YOUR BUSINESS PLAN! Review it often.
4. A vision is created backwards; By asking where you want to be in 1, 2, 3, 5, or 7 years and then work backwards to the current day.
5. Once the vision is in place, we use it as the basis of the Business Plan. The Vision is where you want to be and the Business Plan is the path to that objective.
6. Incorporate Your Values to help you create your vision in 18 words:

MISSION STATEMENT:

1. The mission statement is what you will use to tell your clients who you are. It defines your vision for other people who do not yet know you.
2. This will come from your personal vision which you have just developed.
3. Things to think about in writing your mission statement:
 - a. What business are you in?
 - b. Your purpose is to
 - c. You will operate in the areas of
 - d. Your guiding principles will be
 - e. You will satisfy the following client groups
 - f. You will differentiate yourself from others by
4. Words to help you create your mission statement include: **“To get and keep more and more customers and clients who consumer more and more of your goods and services more and more often by....”**
5. Your mission statement is :

Your Slogan:

1. Everyone should have one and use it in your self-promotion, your direct mail, your advertising and promotion, your stationary, and e-mails.
2. If you were to give your slogan another name, it might be the message one sees on a bumper sticker.
3. Your slogan:

IDENTIFYING YOUR OBJECTIVES:

1. REMEMBER, your objectives must be S.M.A.R.T.

Specific
Measurable
Attainable
Realistic
Time-Framed
AND WRITTEN DOWN!

2. Some objectives may be:

- Increase percentage of listings sold from _____% to _____%.
- Reduce listing time on the market from _____ average days to _____ average days.
- Reduce average number of showings per sale to _____.
- Increase number of listing presentations to listings taken from _____% to _____%.
- Lower number of contacts per prospect from _____ per prospect to _____ per prospect.

3. Your personal objectives for 2012 are:

STRATEGIES:

1. A strategy is a careful plan or method. The art of devising or employing plans toward a goal. A plan, method or series of maneuvers for obtaining a specific result.
2. Strategies do not require specific numbers or dates.
3. You may use strategies at any given time.
4. It may require more than one strategy to achieve an objective.
5. It is common for several strategies to be working in order to achieve a single objective. Likewise, one strategy may help you accomplish more than one objective.

a. INCREASE YOUR LISTING INVENTORY BY _____.
YOUR CURRENT LISTING INVENTORY IS _____ LISTINGS.

FIRST STRATEGY:

SECOND STRATEGY:

b. INCREASE NUMBER OF BUYERS YOU WILL WORK WITH OVER THE NEXT SIX MONTHS BY _____. CURRENT NUMBER OF BUYERS YOU ARE WORKING WITH IS _____ BUYERS.

FIRST STRATEGY:

SECOND STRATEGY:

c. IMPROVE % OF LISTINGS SOLD TO LISTINGS TAKEN BY _____ . MY CURRENT PERCENTAGE OF LISTINGS SOLD TO LISTINGS TAKEN IS _____ .

FIRST STRATEGY:

SECOND STRATEGY:

Tactics:

1. Tactics are the action steps you will take to accomplish your objectives through each strategy. Tactics will identify the resources you need and the time it may take. The timelines will vary in relation to the specific objectives. Tactics will help you to determine what must be done to achieve your desired result.
2. Tactics resemble a "To Do List".
3. They require that you determine your resources on hand.
4. It may take, and often does, more than one tactic to accomplish a strategy.
5. Tactics are simple and answer such questions as:
 - Who will implement this step of the process?
 - When must each step be implemented?
 - How often must it be repeated?
 - What materials/supplies are needed for each step?
 - Where will it take place?
 - How much money should be budgeted?
 - How will I measure its effectiveness?

Task Identification:

1. This will help you learn what must be done to achieve your desired results.
2. Get organized.

3. List priorities.
4. Keep an orderly file system.

Keep A Time Log:

1. Crucial to managing your life is the ability to identify what you personally need to do NOW, what can be postponed, and what someone else can do.
2. With every task, you need to identify the impact on your spending plan and your time management plan.
3. Time management is critical to a successful career. How much time do you spend prospecting? NAR statistics show that the average real estate licensee spends two hours PER WEEK prospecting. Every real estate guru, coach, and expert says you should spend not less than two hours every day or 10 hours per week.

The Five Principles of Accountability:

1. In order for Accountability to be effective, it must begin with YOU!
2. If you don't allow yourself to be held accountable, you will NOT and CANNOT reach your potential.
3. If you don't allow yourself to be held accountable, you will eventually LOSE RESPECT for yourself.
4. In order for Accountability to be effective, IT MUST BE CONSISTENT.
5. Behaviors that are REINFORCED will most likely RECUR; both positive and negative behaviors.

Final Comments:

OUR BEST WISHES FOR A VERY PROSPEROUS 2012!

GOOD LUCK!

GEORGE & DAVID

PERSONAL SPENDING PLAN – MONTHLY ATTACHMENT “A”

AUTO EXPENSES – PERSONAL VEHICLE

\$ _____

Car payment	\$	_____
Gasoline	\$	_____
Insurance	\$	_____
Licensing	\$	_____
Repairs/Serviceing	\$	_____
Reserves for tires/batteries/belts, etc.	\$	_____
Other Expenses	\$	_____

FIXED PAYMENTS

\$ _____

Credit Cards	\$	_____
Insurance (Dental, Disability, Life, Health)	\$	_____
Loan Payments	\$	_____
Retirement Plan	\$	_____
Other Expenses	\$	_____

HOUSING

\$ _____

Payment/Rent	\$	_____
Utilities	\$	_____
Maintenance	\$	_____
Other	\$	_____

PERSONAL EXPENSES

\$ _____

Child Care	\$	_____
Clothing	\$	_____
Dry Cleaning	\$	_____
Dues/Memberships	\$	_____
Education/Tuition	\$	_____
Entertainment	\$	_____
Food/Toiletries	\$	_____
Gifts/Contributions	\$	_____
Medical/Dental/Drugs	\$	_____
Subscriptions	\$	_____

TAXES

\$ _____

Federal	\$	_____
State	\$	_____

OTHER

\$ _____

TOTAL MONTHLY EXPENSE

\$ _____

WHAT PERCENTAGE OF THIS BUDGET WILL YOU BE RESPONSIBLE FOR?

BUSINESS BUDGET – MONTHLY ATTACHMENT “B”

Assistant/Independent Contractor		\$ _____
Business Apparel		\$ _____
Automobile Expenses – Business Vehicle		\$ _____
Automobile payment	\$ _____	
Gasoline	\$ _____	
Insurance	\$ _____	
Licensing	\$ _____	
Repairs/Serviceing	\$ _____	
Reserves for tires/batteries/belts/etc.	\$ _____	
Other	\$ _____	
Commissionedectomies		\$ _____
Dues/Fees		\$ _____
Errors & Omissions Insurance		\$ _____
Education		\$ _____
Entertainment/Gifts		\$ _____
Listing Marketing Expenses		\$ _____
Monthly Desk Cost		\$ _____
Personal Marketing Program		\$ _____
Supplies		\$ _____
Technological Tools		\$ _____
Cell Phone	\$ _____	
Digital Camera	\$ _____	
ISP	\$ _____	
Reserve For Replacement	\$ _____	
Other (Technological)	\$ _____	
Other		\$ _____
As a percentage, what is your profit objective?		_____ %
Your total business monthly expenses		\$ _____
Times your profit objective		\$ _____
Your personal monthly expense		\$ _____
YOUR TOTAL MONTHLY INCOME REQUIREMENT		\$ _____