

The Basics of a Golden Handoff

**Retiring or Referring Agent-Agent looking to leave the business.
Adopting Agent- Agent who is taking over the business**

The three types of retiring agents.

- 1. Totally Done-**
- 2. Consultant-**
- 3. Delegator-**

The Golden Handoff takes place over three years.

Year 1- Commission Split for adopted clients is 70/30- with the adopting agent making 70% and the retiring agent making 30%

Year 2- 80/20 Split

Year 3-90/10 Split

The retiring /referring agent who meets new clients that were not in the original database refers them to the adopting agent and always gets 20% on an 80/20 split as long as their license is active.

Income Potential for both agents

Look at the referring agents current business and calculate how much is repeat and referral. Let's say in this example, David Jones is retiring and 75% of his business for the last two years has been repeat and referral.

Multiply the entire client list by 75% and then divide it by 10 (The average number of years between moves). This gives you the average number of transactions a year that you can expect. So David has been tracking his numbers and sources of business in numbers tracker making it easy to see where his business is coming from. He also has a database that he has worked and scrubbed every year.

200 clients x 75% = 150 repeat and referral clients.

150/10 years =15 deals a year.

Let's say that David's average commission has been \$9,000

\$9,000 x 15 =\$135,000 a year gross.

The first year that David hands off his business to an adopting agent, he gets 30% equaling an annual income of \$40,500.

The adopting agent gets \$94,500.

Totally Done-These agents will have it the easiest. Almost all calls, all marketing and all referrals go directly to the adopting agent. The totally done agent may still get random phone calls and emails for a while, but all they need to do is confirm the client's contact information, have a quick conversation, and then send the information to the adopting agent.

Responsibilities: 1. Deliver a complete database. 2. Call your top clients and let them know the adopting agent is taking over. 3. Sign the announcement letters the adopting agent will send out.

Consultant- This retiring agent is still involved in meetings they want to take. All of the grunt work, marketing efforts and costs are borne by the adopting agent. Good for the agent who has strong social ties to their clients. The retiring agent will be aware of possible new clients and get new referrals. The role would also be to support the adopting agents advice and remind clients that the adopting agent is really good at their job. The adopting agent may need pricing advice for instance. So the retiring agent can still advise. Communication has to be really strong between the two agents.

Responsibilities: 1. Deliver a complete database. 2. Call the top clients and them know the adopting agent is taking over. 3, Sign the announcement letters that the adopting agent will send for you. 4. Re-endorse the adopting agent and his work when needed. 5. Keep an ear out for new clients and opportunities.

Delegator-This level is common as agents develop more assets for their business such as automated lead generation sites. This retiring agent may be the first point of contact for new leads and referrals. This agent vets new clients and recommends a game plan. Leads are delegated to the adopting agent. The delegator agent continues to contact their clients several times a year. At this level, the delegating agent is committing to a certain amount of involvement to continue to generate business and stay in touch with past clients.

Responsibilities: 1. Deliver a complete database. 2. Call your top clients to let them know the adopting agent is taking over. 3. Sign the announcement letters that the adopting agent will prepare 4. Re-endorse the adopting agent and their work when needed. 5. Keep and ear out for new clients and opportunities. 6. Maintain lead gen websites and systems. 7. Qualify new clients and set client expectations. 8. Communicate marketing efforts with the adopting agent.

The Value of the Database. “ The value of an agents current business is directly related to the business income. The more clients and information there is in the database, the more valuable it will be to the adopting agent. **Be careful though-the database loses value over time without an adopting agent to call and actively market to the clients.**”

Knowing your Numbers-

The BETTER the adopting agent knows their numbers, the better they can predict direct income and indirect (spin off referrals) from the agent database you adopt. The BETTER the retiring agent knows their numbers the more accurate they can predict what they can expect as income over the three years.

Thoughts and Pointers

It's important to have a contract for a clear understanding of the relationship.

The adopting agent needs to make sure they have the SYSTEMS and resources to handle and add the retiring agents clients.

Both agents need to agree on how clients will be marketed to.

Be sure both agents are clear on how involved the retiring agent will be in the business.

How often will you meet?

How will you transfer soft assets? (Computers, signs, lockboxes)

Why you wouldn't want to sell your database for a flat fee.

For more information:

www.goldenhandoff.com