

Sixty Minutes to a Million Dollar Plan

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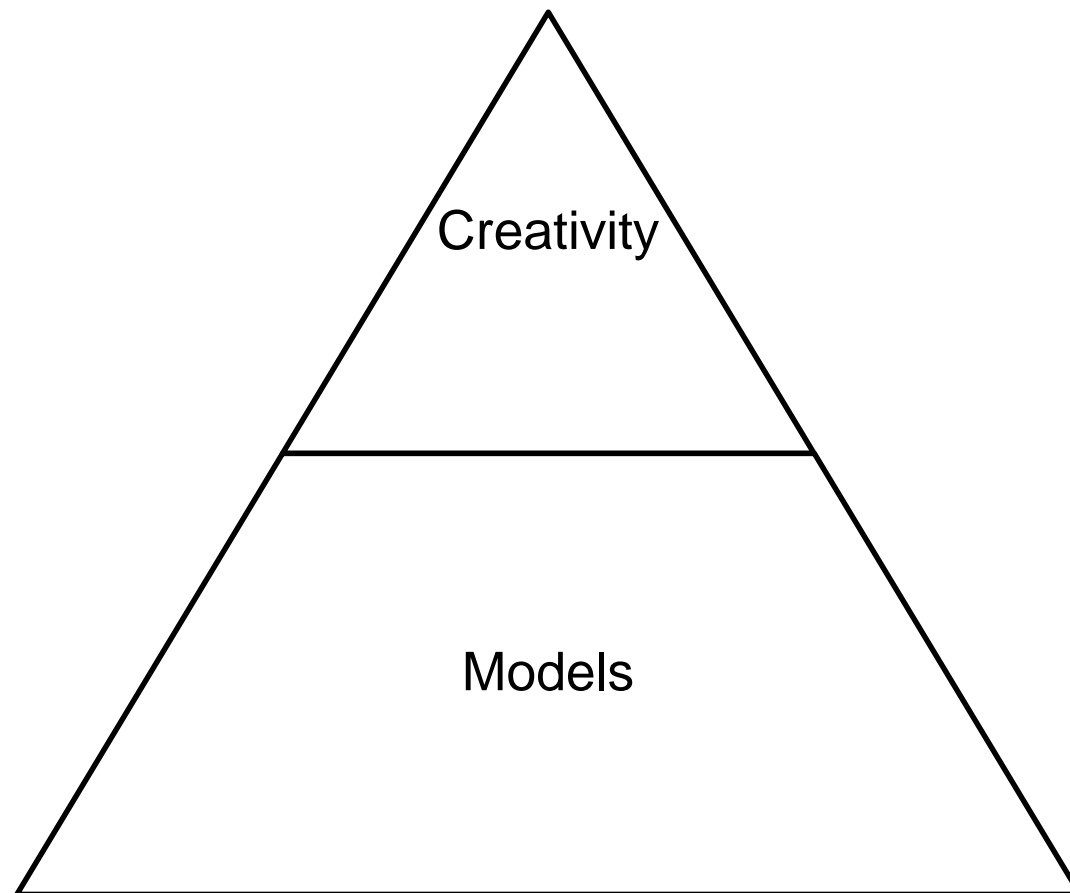
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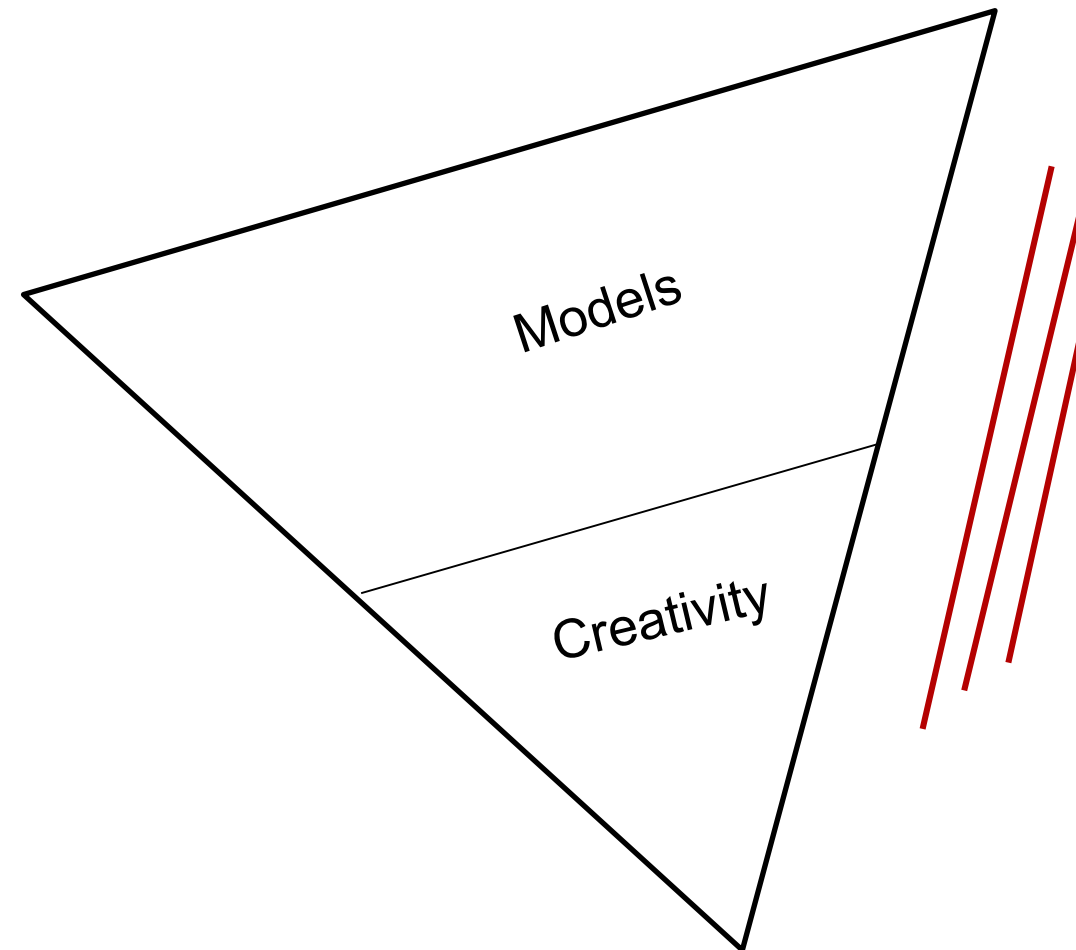
The MREA Is About Models

#KNMER

Which business has a more stable foundation?



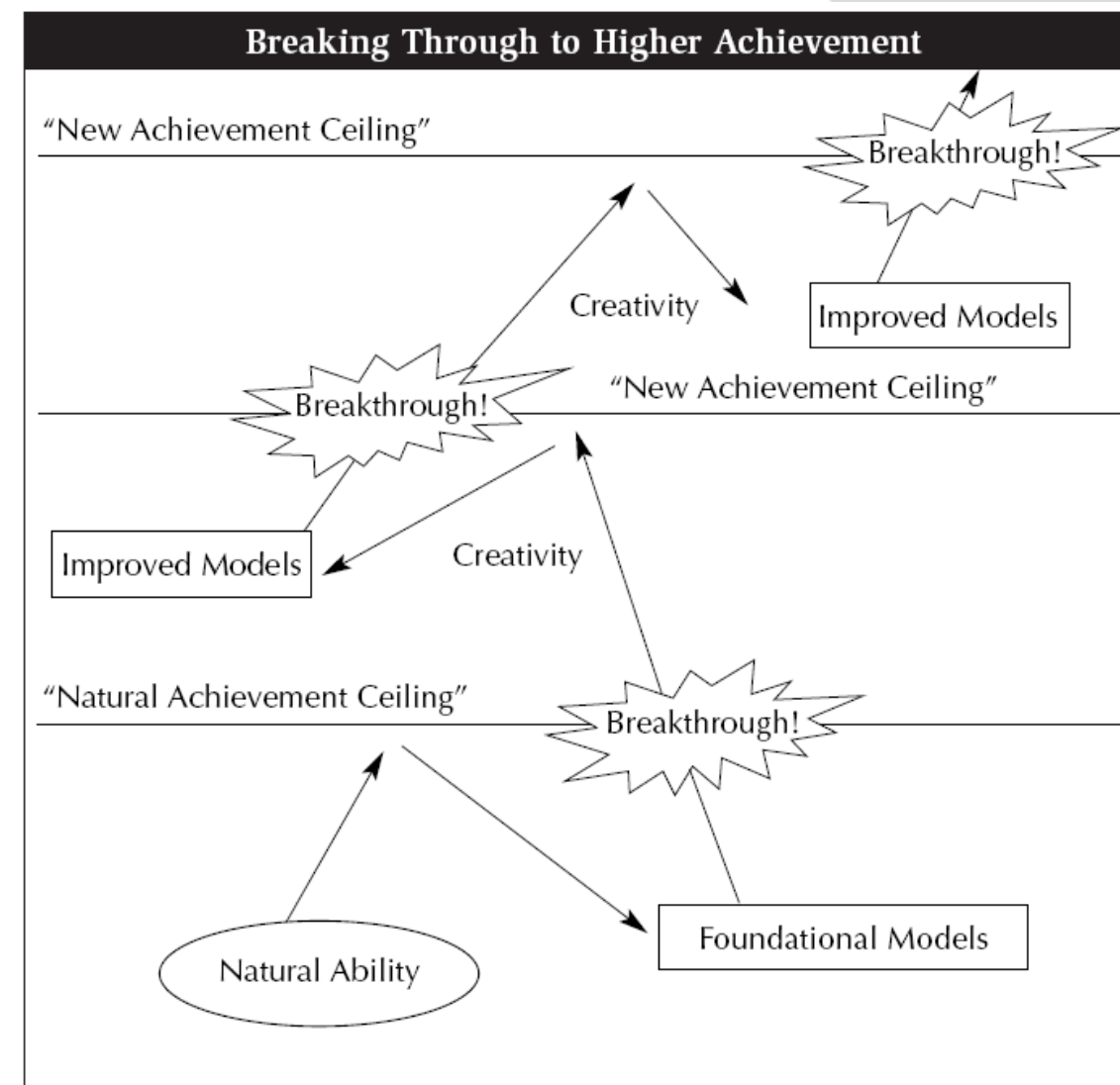
STABLE



UNSTABLE

Models Break Through Ceilings

- Everyone hits a personal ceiling of achievement.
- Adopt the foundational models to break through that ceiling.



“To succeed in real estate, you must have client leads.

It’s that simple.”

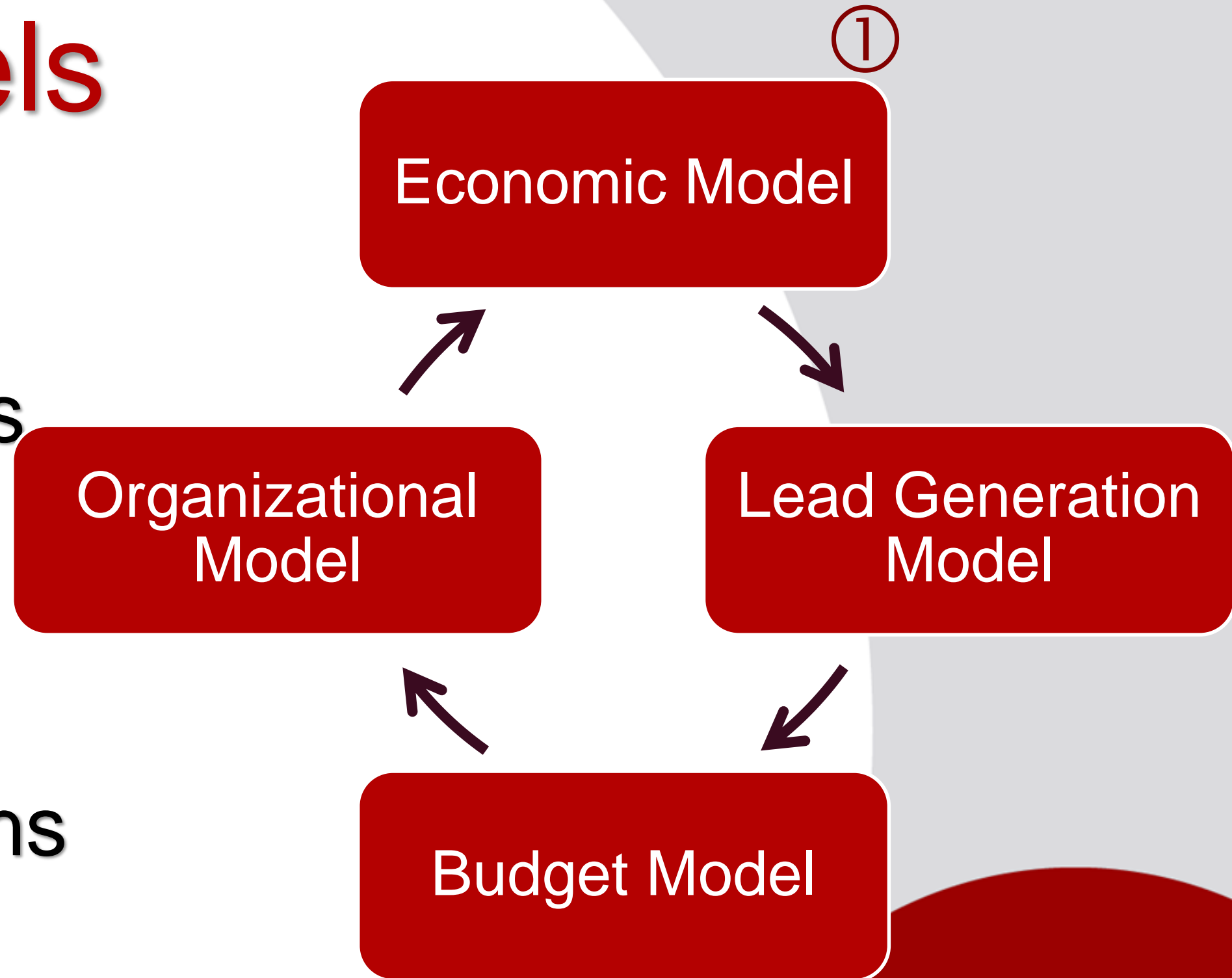
-The Millionaire Real Estate Agent

#KWFR

The Four Models

1. Economic Model

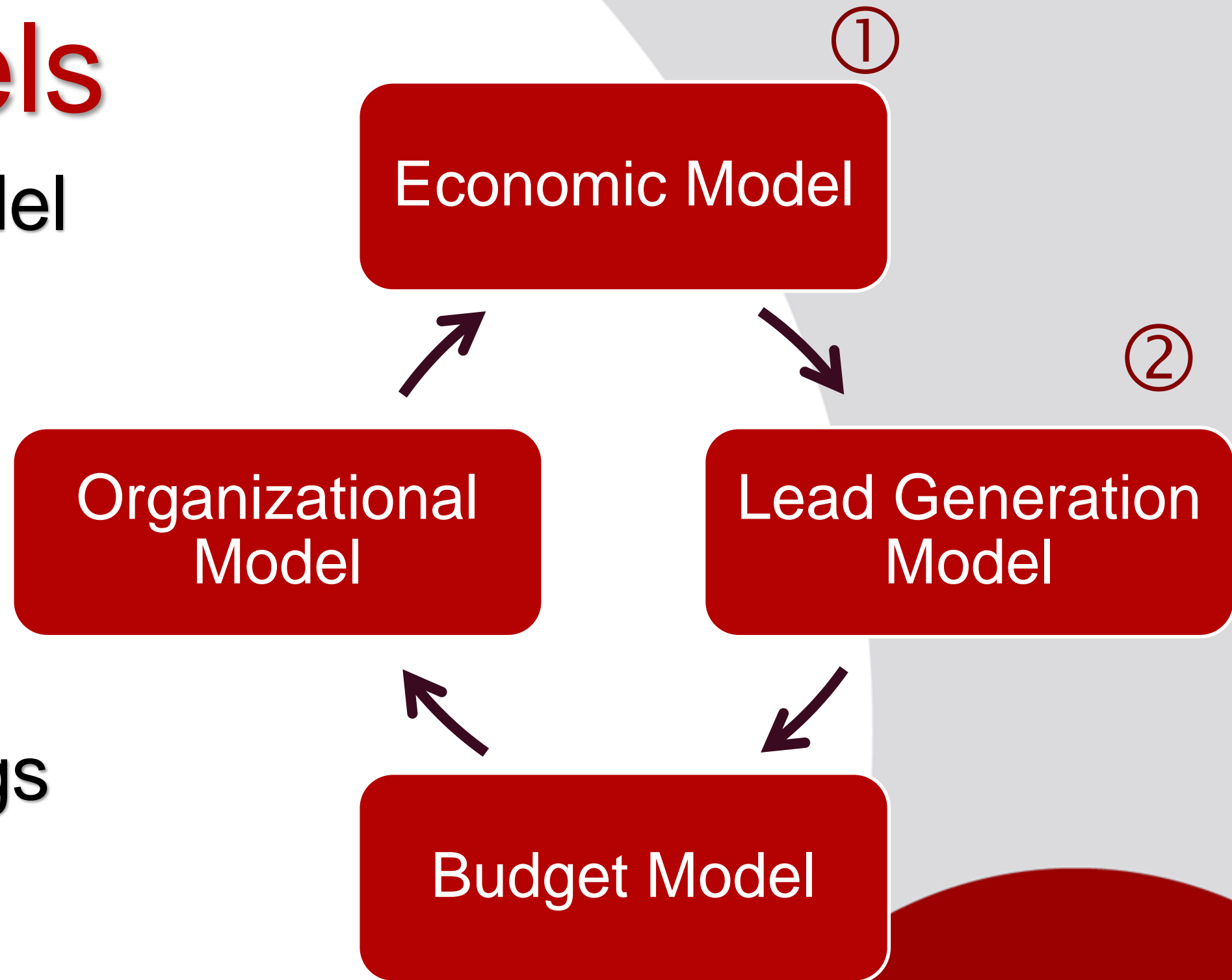
- Know What Numbers You Must Hit
- Focus on Appointments
- Focus on Conversions



The Four Models

2. Lead Generation Model

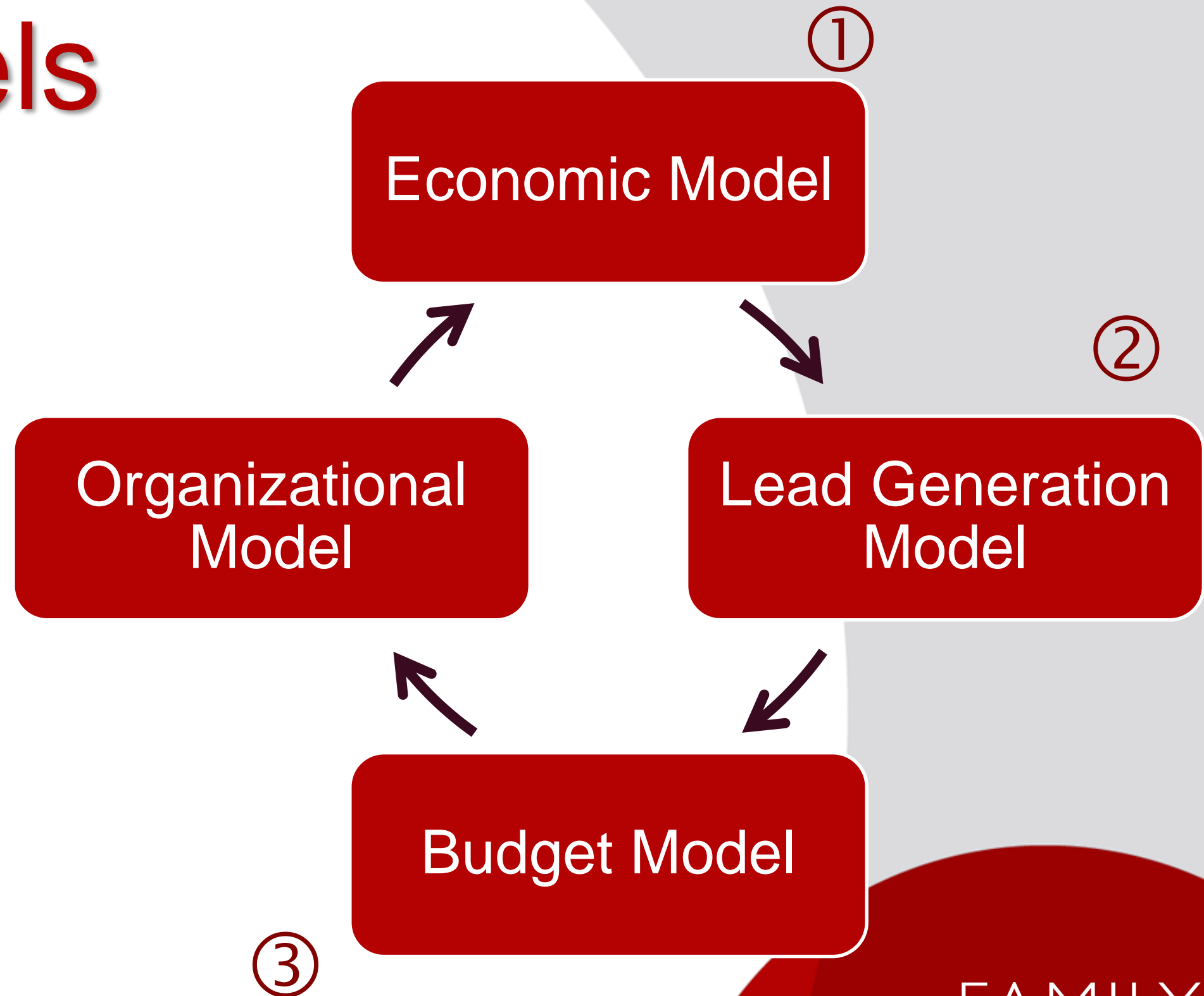
- Prospect and Market
- Set Up a Database and Systematically Market to It
- Focus on Seller Listings Taken



The Four Models

3. Budget Model

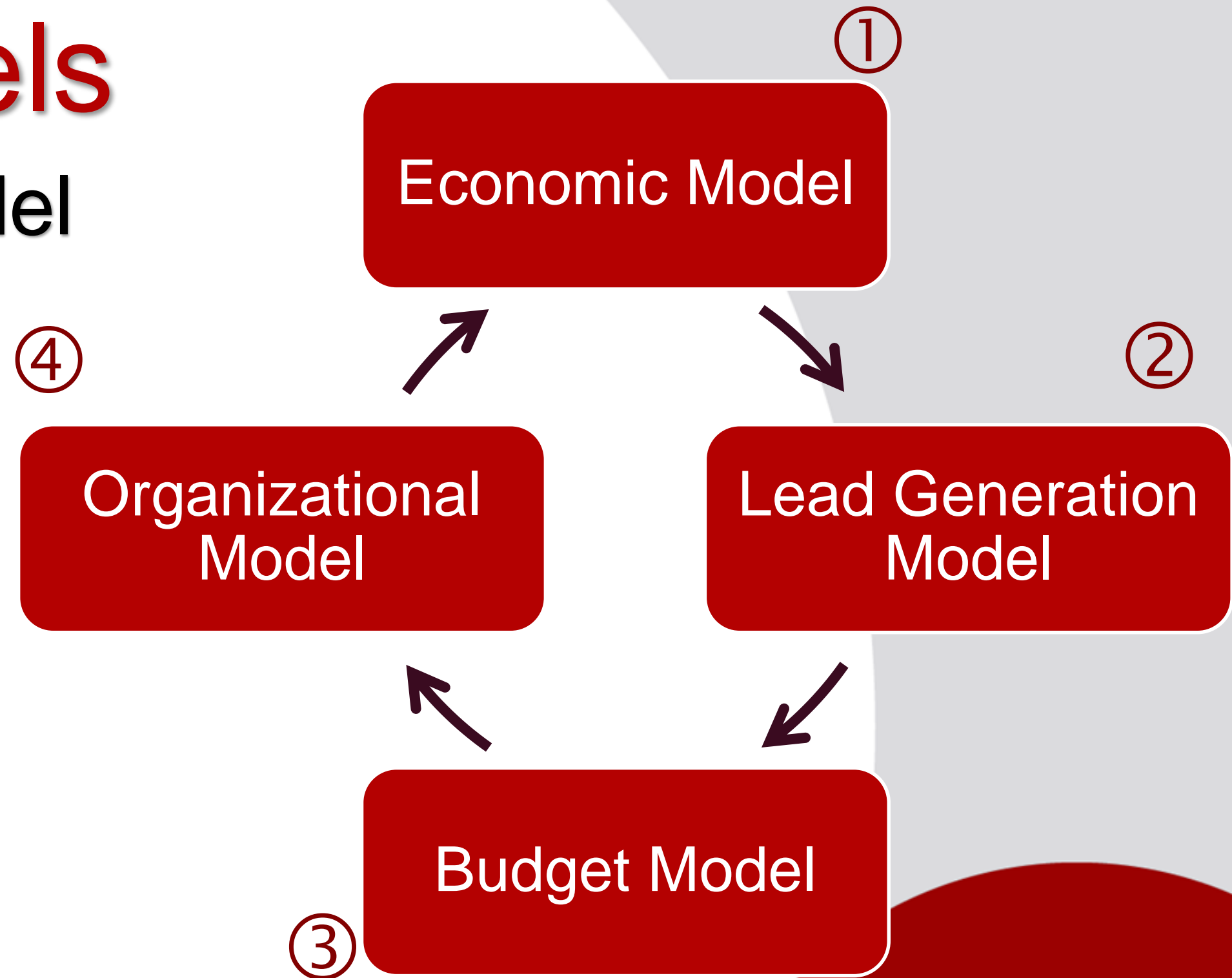
- Lead with Revenue
- Play Red Light, Green Light
- Stick to the Budget



The Four Models

4. Organizational Model

- When Doing All You Can Do, Hire Administrative Help
- Hire Talent
- Train and Consult




The Economic Model

Three Key Areas

1. Focus on the numbers you must hit (p. 130*)
2. Focus on appointments (p. 131*)
3. Focus on conversion rates (p. 132*)

** The Millionaire Real Estate Agent*

2015 Net Income Equals \$150K



\$150K

2015 Net Income Equals \$150K

+ CAP
+ ROYALTY
+ EXPENSES

2015 Net Income Equals \$150K

+ \$150K

2015 Net Income Equals \$150K

+ \$150K

+ CAP & ROYALTY - \$30K

2015 Net Income Equals \$150K


+ \$150K
+ CAP & ROYALTY - \$30K
+ EXPENSES - \$36K

2015 Net Income Equals \$150K

+ \$150K
+ CAP & ROYALTY - \$30K
+ EXPENSES - \$36K

= GCI

Gross Commission Income



What is GCI?

2015 Net Income Equals \$150K

+ \$150K
+ CAP & ROYALTY - \$30K
+ EXPENSES - \$36K

= GCI - \$216K

2015 Net Income Equals \$150K

Divide by the average
commission you receive - 2.75%:

$$\$216,000 / .0275 = \$7,900,000$$

2015 Net Income Equals \$150K

Divide your average sales price:

$$\begin{aligned} \$250,000 &= 32 \text{ closed units} \\ &(\text{MREA}) \end{aligned}$$

32 Closed Units = ? Appointments

Closed units: 32

Ratified units: _____

Represented: _____

Appointments: _____

32 Closed Units = ? Appointments

Closed units:	32 ($\div .85$)
Ratified units:	<u>38</u> ($\div .7$)
Represented:	<u>55</u> ($\div .7$)
Appointments:	<u>79</u> ($\div 48$ weeks)

= 2 appointments per week!

2 Appointments per Week = \$?/per Year

Appointments: 96 (x .7)

Represented: 67 (x.7)

Ratified: 46 (x.85)

Closed: 39 x \$250,000

= \$9,750,000 x 2.75% = \$268,125 -
Expenses (\$66,000) = \$202,125!

2 Appointments per Week = \$?/per Year

Appointments: 96 (x **.7**)

Represented: 67 (x **.7**)

Ratified: 46 (x **.85**)

Closed: 39 x **\$250,000**

= \$9,750,000 x **2.75%** = \$268,125 -
Expenses (\$66,000) = \$202,125!

It's all about your **skills!**

Appointments:

Represented:

Ratified:

% Commission:

It's all about your **skills**!

Appointments:

Scripts

Represented:

Presentation

Ratified:

Market knowledge

% Commission:

Value Proposition

How much time do you spend
practicing your skills?

Economic Model Worksheet

Net Income
+ Expenses
= Gross Income

Source of Business Split

↪ **% Sellers (Listings)** **% Buyers (Sales)** ↪

\$ Gross Income from **Sellers**

÷ Average Commission Rate

= Seller Sold Volume

÷ Average Sale Price

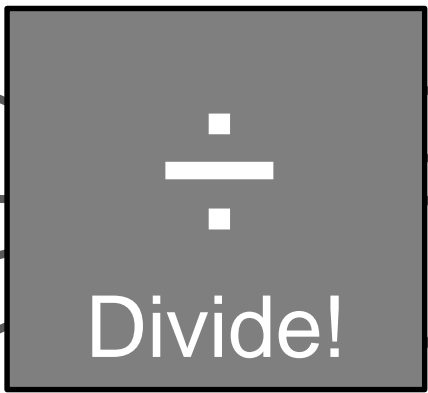
= Total Listings Sold

÷ Conversion Rate

= Total Listings

÷ Conversion Rate

= Total Listing Appointments



\$ Gross Income from **Buyers**

÷ Average Commission Rate

= Buyer Sold Volume

÷ Average Sale Price

= Total Buyers Sold

÷ Conversion Rate

= Total Buyers

÷ Conversion Rate

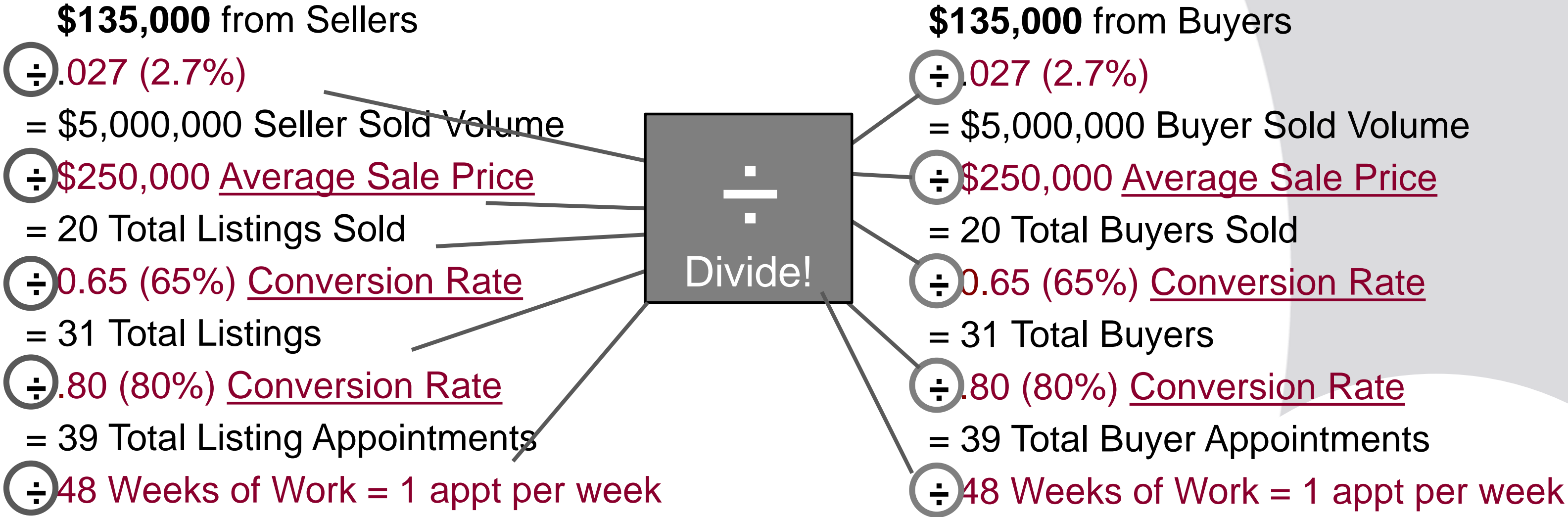
= Total Buyer Appointments

Economic Model Worksheet

Source of Business Split

\$200,000
+ \$40,000 EXP (20%)
+ \$30,000 COS (15%)
= \$270,000

50% Sellers (Listings) 50% Buyers (Sales)



Economic Model Worksheet

\$_____	Income
+ _____	EXP (20%)
+ _____	COS (15%)
= \$_____	

Your Turn!

Source of Business Split

____% Sellers (Listings) **____% Buyers (Sales)**

from Sellers

from Buyers

÷ _____ (____%)
= \$_____ Seller Sold Volume

÷ \$_____ Average Sale Price
= _____ Total Listings Sold

÷ 0.65 (65%) Conversion Rate
= _____ Total Listings

÷ .80 (80%) Conversion Rate
= _____ Total Listing Appointment

÷ 48 Weeks of Work = _ appt per week

÷
Divide!

÷ _____ (____%)
= \$_____ Buyer Sold Volume

÷ \$_____ Average Sale Price
= _____ Total Buyers Sold

÷ 0.65 (65%) Conversion Rate
= _____ Total Buyers

÷ .80 (80%) Conversion Rate
= _____ Total Buyer Appointments

÷ 48 Weeks of Work = _ appt per week

Determine Lead Gen Needs

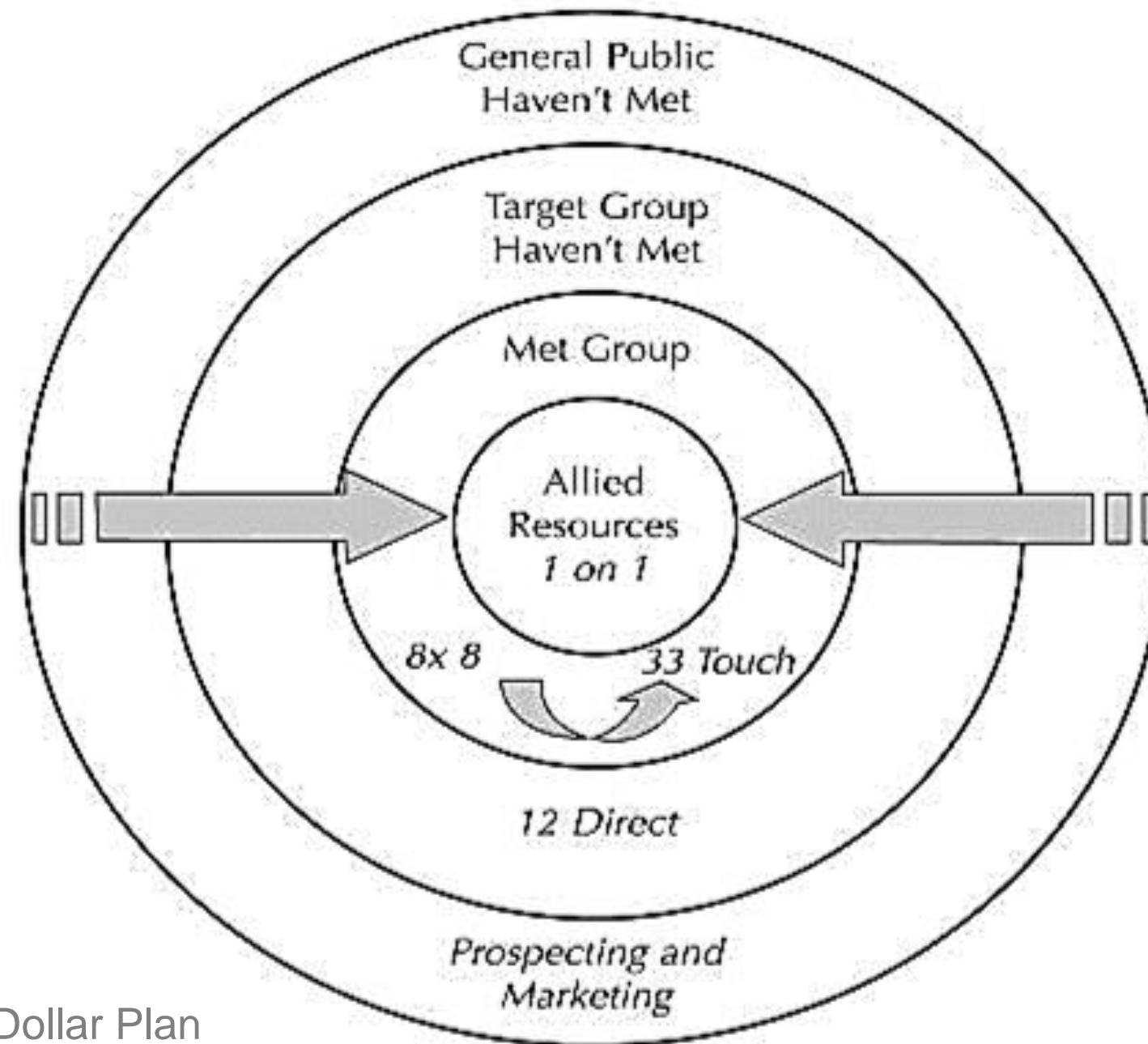
- Total sales in your Economic Model
(Listings Sold + Buyers Sold)
- Write down this number—you'll need it

The Lead Generation Model

- Works synergistically with the Economic Model
- Lead generation is key to “mind share”

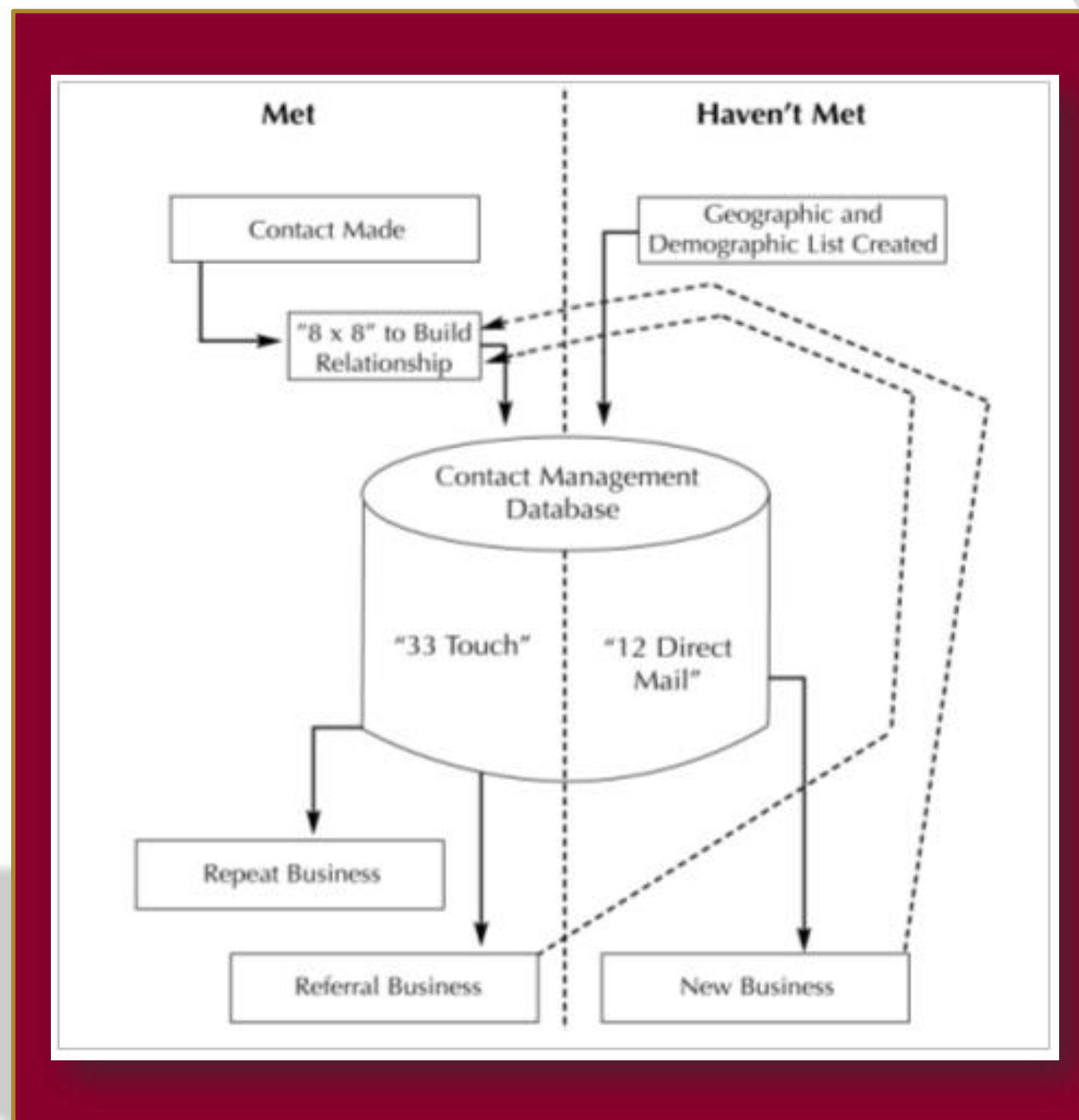
It's All About Moving People Closer

Generate leads and move people into your inner circle.



Set Up a Database and Feed It

There's a reason
for eEdge!



Systematically Market

- The Programs
 - **12 Direct**—to your Haven't Mets
(usually direct mail or fliers hand-delivered)
 - **8 x 8**—to cement a new contact
 - **33 Touch**—after the 8 x 8
(can't be ALL electronic)

The 12 Direct

- Works the Haven't Met portion of your database
- 12 Direct mail pieces mailed out annually
- Highly leveraged form of lead generation to the masses
- Personal telephone calls and drop-bys not required
- For every 50 people you market yourself to 12 times a year, you can reasonably expect 1 sale
- For anyone who doesn't trust you as a real estate agent ... yet

The 8 x 8

- When someone “raises their hand,” they go into an 8 x 8 program first
- Systematic way to establish trust relationships
- Make contact once a week for 8 weeks

The 33 Touch

- Only for people who know, like, and TRUST you—as a real estate agent!
- Maintains year-round contact
- Can't be all electronic—you have to invest in these people
- For every 12 in your Met Database, you can expect 2 closed sales every year

What Did Mine Look Like?

- 12 – Monthly postcards with success story
- 12 – Monthly newsletters
- 4 – Annual FORD calls
- 2 – Annual client events

(good for 5 touches each: call invite coming, send invite, call for RSVP and invite referrals, event, and follow-up note card)

The Research

- Mets: 2 net sales from 12
- Haven't Mets: 1 net sale from 50
- For 320 sales
 - Mets only: 1,920
 - Haven't Mets only: 16,000
 - 50/50: 960 Mets, 8,000 Haven't Mets
 - What got you here won't get you there!

Costs of Your Lead Gen Program

1. Mets

- 12 people (396 touches) = 2 sales
- 1 sale = 198 touches
- @ 50¢, 1 sale = \$99
- For 320 sales, cost is \$31,680/year

2. Haven't Mets

- 50 people (600 touches) = 1 sale
- @ 50¢, 1 sale = \$300
- For 320 sales, cost is \$96,000/year

Choose Your Plan

1. Option 1: Mets Only

a. Sales Goal * 12/2 = _____ contacts

2. Option 2: Haven't Mets Only

a. Sales Goal * 50 = _____ contacts

3. Option 3: Combination (*)

a. ___% Goal * 12/2 = _____ contacts

b. ___% Goal * 50 = _____ contacts

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