



*The*  
**REAL ESTATE FIRM<sup>®</sup>**

PERSONALIZED  
**SUCCESS PLAN**



# INTRODUCTION

## Welcome

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 have to do 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 hand, we'll guide you through a little math (simple stuff, don't worry!) 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, or fold it up and put it in your wallet, or stick it on the refrigerator next to your kid's report card.

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 then 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 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"/>
Car Gas	<input type="text"/>
Car Maintenance	<input type="text"/>
Car Insurance	<input type="text"/>
Car Payment	<input type="text"/>
Electric	<input type="text"/>
Gas	<input type="text"/>
Cable	<input type="text"/>
Internet	<input type="text"/>
Phone	<input type="text"/>
Water	<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"/>
Cell Phone	<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 \$6,000

$$\boxed{\$6,000} \times 12 = \boxed{\$72,000}$$

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

$$\boxed{\phantom{\$6,000}} \times 12 = \boxed{\phantom{\$72,000}}$$

## 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 to make in an entire year. But you want to do more than just get by, right? Think about vacations, and sports cars, and early retirement, and sending your kids (and your kids' kids) to college. Use your annual cost of living as a baseline, and 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 reach your take home goal after federal and state income taxes are withdrawn.

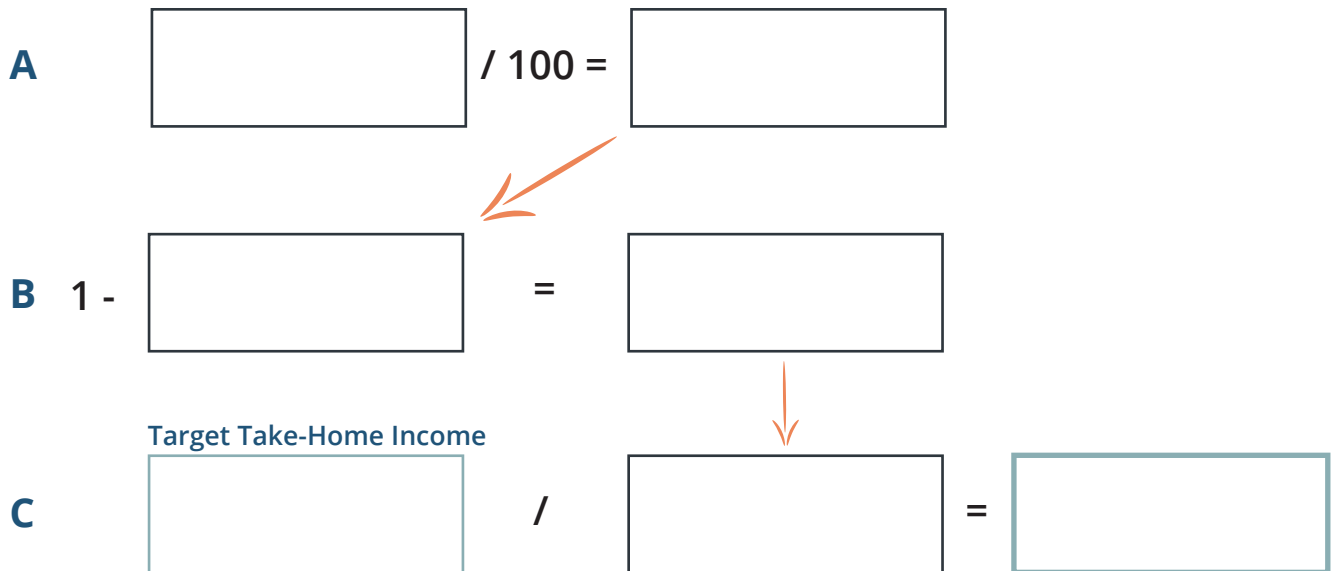
**EXAMPLE:** Your targeted take-home income is \$120,000 and you estimate your tax rate to be 25%

**A**  / 100 =

**B** 1 -  =

**C** Target Take-Home Income  /  =

**WHAT IT MEANS:** At a 25% tax rate, you'd have to make about \$160,000 in order to bring home \$120,000. Now give your own numbers a try.



**So there it is.**

You know how much money you want to make. Now we'll figure out how much business you'll have to do 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're only going to focus on commission splits and fixed business expenses. We'll work backwards, filling in the gaps between your target taxable income and a target GCI.



# Step 1: Your brokerage

A portion of your commission income goes to your brokerage. It may be a straight commission split based on a percentage of your GCI, or it might be even be capped at a certain value. We'll go over a few different scenarios.

**EXAMPLE:** Your target taxable income (final step in previous section) is about **\$160,000**. Your broker gets **20%** of your Gross Commission Income.

Commission Split  
Percentage

**A**  $\boxed{20} / 100 = \boxed{.2}$

**B**  $1 - \boxed{.2} = \boxed{.8}$

Taxable Income

**C**  $\boxed{\$160,000} / \boxed{.8} = \boxed{\$200,000}$

**WHAT IT MEANS:** You'd need to earn **\$200,000** to have **\$160,000** in taxable income after a **20%** commission split. But what if the broker has a cap, such as **\$23,500**?

Taxable Income

Capped Commission Split

$$\boxed{\$160,000} + \boxed{\$23,500} = \boxed{\$183,500}$$

**WHAT IT MEANS:** An agent would have to earn **\$183,500** in order to have **\$160,000** in taxable income after his/her broker takes a **\$23,500** capped commission split. Now turn the page and use your own numbers (and remember, only use one of the described methods).

THE FOLLOWING WORKSPACE IS FOR A COMMISSION SPLIT.

Commission Split Percentage

**A**  / 100 =

**B** 1 -  =

Taxable Income

**C**  /  =

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 Estimate

Income Before Commission Split

+  =

## 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, such as technology costs. Use the chart on the following page to estimate your expenses. Remember to total these up as a yearly cost, as opposed to the monthly costs from earlier in this guide.

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

## Step 2: Continued

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**.

**EXAMPLE:** Your target income before commission split is \$183,500 and your estimated business expenses are \$6,000.

Income Before Commission Split		Annual Business Expenses		Targeted GCI
\$183,500	+	\$6,000	=	\$189,500

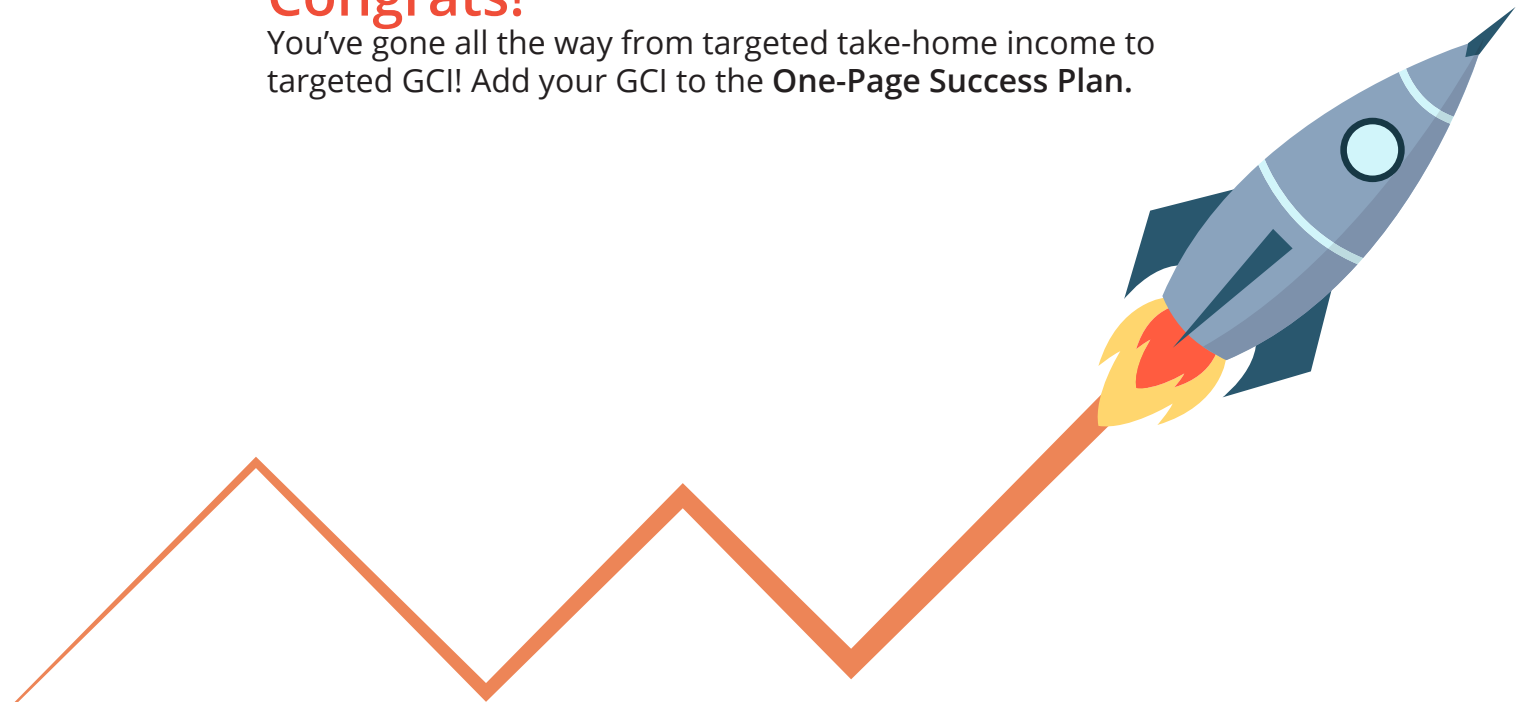
**WHAT IT MEANS:** If you have \$6,000 a year in annual expenses and you want to earn \$183,500 before your broker takes a commission split, you'll need to earn \$189,500 in Gross Commission Income. Now plug in your own numbers.

Income Before Commission Split		Annual Business Expenses		Targeted GCI
<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, use the average for you market, or ask your broker to come up with an estimate.

**EXAMPLE:** Your target GCI is **\$189,500** and your average commission is **3%**.

Average Commission Percentage

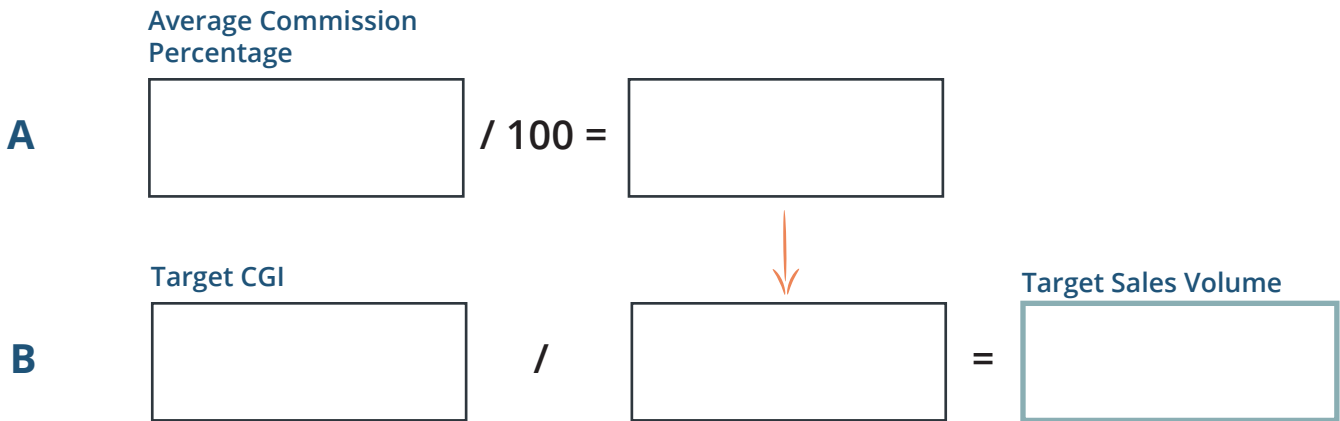
**A** 3 / 100 = .03

Target CGI

**B** \$189,500 / .03 = \$6,316,600

Target Sales Volume

**WHAT IT MEANS:** If you want to earn **\$189,500** in GCI and your average commission is **3%**, you'll need to earn about **\$6.3 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**.



## 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 **\$6,316,600** and the average sales price of homes in your market is **\$200,000**.

Target Sales Volume		Average Sales Price		Target Transactions
$\boxed{\$6,316,600}$	/	$\boxed{\$200,000}$	=	$\boxed{30}$

**WHAT IT MEANS:** In order to achieve **\$6,316,600** in Total Sales volume in a market with an average sales price of **\$200,000**, an agent would have to sell about **30 homes**. Now you give it a try, and then add your target transactions to the **One-Page Success Plan**.

Target Sales Volume		Average Sales Price		Target Transactions
$\boxed{\phantom{000}}$	/	$\boxed{\phantom{000}}$	=	$\boxed{\phantom{000}}$



# PART FOUR:

## You need leads. How many?

You've done the calculations and determined the big numbers. You've set goals for takehome 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 **30** 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
.6	x	30	=	18

Percent Buyers		Transactions Required		Buyer-side Transactions Closed
.4	x	30	=	12

**WHAT IT MEANS:** The agent will need to close about **18** seller-side transactions and **12** 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
	x		=	

Percent Buyers		Transactions Required		Buyer-side Transactions Closed
	x		=	



## 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 **10** seller-side transactions, and estimates he'll close **80%** of his listings.

Seller-side Transactions Required		Estimated Success Rate		Listings Required
18	/	.8	=	22.5

**WHAT IT MEANS:** If an agent wants to close **18** seller-side transactions and estimates that **80%** of his listings sell, he'll need to list **22.5** homes. Your turn.

Seller-side Transactions Required		Estimated Success Rate		Listings Required
	/		=	

But we don't win every listing appointment we go on. In order to list 18 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 22 homes, and you estimate that you'll win **80%** of your listing appointments.

Listings Required		Estimated Success Rate		Target Listing Appointments
22	/	.8	=	27.5

**WHAT IT MEANS:** If you win **80%** of you listings and want to list 22 homes, you'll have to go on about **28** listing appointments. Now give your own estimates a shot, and then transfer your estimated listings to the **One-Page Success Plan**.

Listings Required		Estimated Success Rate		Target Listing Appointments
	/		=	

## 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 he/she 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 12 buyer-side transactions to hit your income goals, and you estimate that **80%** of your buyers will get financed, get through inspection, and close.

Buyer-side Transactions Required		Estimated Success Rate		Targeted Buyer-side Clients
12	/	.80	=	15

**WHAT IT MEANS:** If you need to close 12 buyer-side transactions and you estimate your success rate at 80%, you'll need to work with about 15 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, and 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**.

## 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  
SEO Website  
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 this 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

TAKE-HOME INCOME

GROSS COMMISSION  
INCOME

SALES VOLUME

BUYERS CLOSED

TRANSACTIONS  
REQUIRED

SELLERS CLOSED

BUYERS ENGAGED

LISTING  
APPOINTMENTS

BUYER ACTIVITIES

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SELLER ACTIVITIES

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