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WORKBOOK  
Creating Your Real Estate Business Plan  
*Strategically Visualizing and Defining Your Future*

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BRAND YOU



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# WORKBOOK

## Creating Your Real Estate Business Plan

### Strategically Visualizing and Defining Your Future

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VISION STATEMENT: “Begin with the end in mind...”

An agent’s Vision Statement is like a corporation’s Mission Statement. In it you define what you want your practice to look like. You are essentially programming your subconscious to pull into your awareness that which is consistent with your vision—the kind of clients you want to attract; the type of properties you want to sell; your values; what differentiates you from the competition.



*You see what you're programmed to see!*

Quoting from Stephen Covey’s 7 Habits of Highly Effective People:

‘All things are created twice. We create them first in our minds, and then we work to bring them into physical existence. By taking control of our own first creation, we can write or re-write our own scripts, thus taking some control and responsibility for the outcome. We write or re-write our scripts using our imagination and conscience.’

[Click here for Mike’s video ‘Living the Dream, How to Make Affirmations that Actually Work’](#)

**Exercise:** On a separate piece of paper write your vision statement:

Tip: This is not about goals or goal setting. Again, this is about what you want your business to ‘look’ like. For example, ‘I attract motivated sellers and buyers who are attracted to me for my superb market knowledge, reputation and passion for helping my clients actualize their goals. What separates me from my competition is...’ You get the idea. Also, notice how the statement above is in the present tense--as if it already has already happened.

Tip: We want to use the Law of Attractions: The Law of Attraction is the belief that positive and negative thinking bring about positive and negative physical results, respectively. According to the Law of Attraction, the phrase ‘I need more money’ allows you to continue to ‘need more money’. Rather, we focus our affirmative statements on the goal (having more money) rather than the problem (needing more money).

# Goal Setting: By the Numbers

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*You can't hit a target you haven't set your sights on!*

It's hard to project forward without first looking back. The following exercise assumes you've been in the business for at least a year. If you haven't, then this will still be helpful to see how we look at our business 'by the numbers'.



**Exercise:** Break down your income as follows:

Last Year: Gross Annual Sales Volume: \$ \_\_\_\_\_

Gross Commission Income: \$ \_\_\_\_\_

Net Annual Commission (after your split): \$ \_\_\_\_\_

Total Transactions (Revenue Units) Closed: \_\_\_\_\_ List-Side Units: \_\_\_\_\_ Sale-Side Units: \_\_\_\_\_

Tally how many total sales and listings you had that didn't close and that percent of total units (Listings that expired or were cancelled; sales that failed for whatever reason): \_\_\_\_\_

Last Year's Business Expenses (advertising, photography, brochures, virtual tours, gas, events, education, license and association costs, etc.): \$ \_\_\_\_\_

Last Year's Net Income: \$ \_\_\_\_\_

Bump it up for next year by 20% to get This Year's Projected Gross Annual Sales: \$ \_\_\_\_\_

This is reasonable and realistic based on what we have seen agents do in the past. It's partly a function of ramping up activities that work. But it's also the result of learning what does work and what doesn't; being more efficient with your time; etc.

Also, what success in this business looks like is that over time it becomes primarily a referral business. So increasing your expectations (goals) by 20% takes into account that, depending on your level of experience, you'll have more repeat or at least referral business.

Next, we're going to break it down further. Once we have 'the number' the dollar goal that we intend to achieve, we need to think through the activities that we are going to commit ourselves to doing and the frequency of the activities in an ACTION PLAN.

# Goal Setting: The key: Dollars to Revenue Units

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*Exercise: To get from 'This Year's Projected Gross Annual Sales' to an executable ACTION PLAN we need to follow this process:*

Gross Income Goal: \$ \_\_\_\_\_

Divide by 12 Months =: \$ \_\_\_\_\_



Now we translate the monthly commission dollars to 'revenue units'.

Revenue Units are simply the number of listings and sales sides needed based on YOUR AVERAGE LISTING AND SALES PRICE.

Your Average Listing and Sales Price can be projected based on the average price in your target market—where you intend to specialize.

So, for example, to make \$150,000 over the next 12 months you need to close about \$12,500 per month. If your average sale approximates the company average, \$650,000 @ 3% to = about \$19,500 gross per closing, and based on your split, approximately \$12,500 net (@ 70% less franchise fee), then you need to average 1 'revenue unit' per month e.g. 1 listing or 1 sale. You get the picture.

Also, since not all listings sell or sales close, you need to factor in your average fall-out (expired listing or sale/failed) for this year and compensate for that. Then, factor in expenses (what you'll spend to achieve those numbers). \*It is not uncommon for productive agents to invest about 10% of their gross income back into their business.

It is also noteworthy that statistically every listing that sells is worth 2 revenue units. It's not that you will sell the listing, but will generate at least 1 piece of business by virtue of having that listing, or 'that billboard with your name on it'!

The # of revenue units I need monthly to reach my net income goal: \$ \_\_\_\_\_

Total revenue units closed: \_\_\_\_\_ Buy-side units: \_\_\_\_\_ Sale-side units: \_\_\_\_\_

\*Less projected business expenses: \$ \_\_\_\_\_

This year's projected net-net income: \$ \_\_\_\_\_

# I. People

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*2 major factors in creating a successful ACTION PLAN: People and Property.*

## I: People first:

You want to create and cultivate a steady stream of people who want to do business with you. If successful, ultimately at least 85% of your business will come from referral.

The number one source of all buyers and sellers in almost every agent's successful career is the people they know in their lives; your 'sphere of influence' (SOI).

*'People do business with whom they want to do business.'*

We are judged on our likability (rapport building skills) and credibility (that we know our stuff).

To balance likability and credibility we need to be skillful at engaging people in conversations that aim at finding the common ground.



There is the universal rule that people feel most comfortable with those whom they perceive as most like themselves. Once we find the 'connection' we can more easily meter out our expertise in a natural dialogue over time.

*'Staying TOP OF MIND' with the people in your life.'*

**Monthly contact is key:** We stay top of mind by contacting our sphere in some fashion on a monthly basis, keeping in mind it's not just who we know, but who they know. They say we're all acquainted with at least 200 people. But they know 200 people, equaling a potential reach of 40,000! Your ACTION PLAN for People is about the activities you will do to stay connected.

In the ACTION PLANNING ITEMS below you have a menu of choices for effective ways to stay in touch with your sphere. It is up to you to 'pick your poison'; to find those several activities you will commit to for staying top of mind.

## *‘Critical mind-sets (ways of thinking)’*

*Everyone is a potential ‘real estate account’!*

Remember, real estate is ‘shelter’. Like ‘food’ it is a fundamental need everyone is interested in.

*People don’t care how much you know until they know how much you care.*

Often the best way to breach the subject of real estate is talking about just about anything else.

*Real estate is a conversation...where one thing leads to another.*

It really gets down to having lots of conversations. In fact, there is something called THE RULE OF 100. The Rule of 100 says that on average, for every 100 people you speak with there will be at least one transaction that results.

RULE OF 100 (click [here](#) for the video in Mike’s Agent Secrets video series). We can break it down like this:

- Communicate with 5 people a day (open house; casual conversation; phone calls; note cards, etc.)
- Do it at least 5 days a week
- That’s 100 per month (5 conversations x 5 days x 4 weeks)
- Will give you 1 average sale @ \$650K
- Or \$150K per year!



It’s also critical that when the conversation gets around to real estate you have something that is both credible and meaningful to the person your speaking with.

Mastery of the ‘10 Buy Now Talking Points’ and the ‘7 Sell Now Talking Points’ are the fastest way to truly have something credible and relevant to say.

*Connect and Continue...*

This is ‘the gig’. There is a timeline in the buying and / or selling decision. From the inception of the idea of making a move until the execution of that decision is statistically 6 months to 2 years. While it’s great to find ‘present time’ opportunities, one of the biggest mistakes agents make is not taking the long view. Since you do need to track with people over time you must have a CONTACT MANAGEMENT SYSTEM. More on that below...



# ACTION PLAN Options

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**CONTACT MANAGEMENT SYSTEM**—key to any effective ACTION PLAN: What often attracts us to this industry is that we are ‘rain makers’—we like to engage people. However, staying ‘top of mind’ requires us to have a systematic way of re-connecting with people on a regular basis. There are simple built-in systems we all have—whether it’s MS Outlook (PC), or Entourage (Mac). Additionally, there are real estate specific CRM (Customer Relationship Management) programs like Wise Agent, Top Producer and many others. They can be more like a ‘business in a box’ in that they do much more than track clients e.g. follow-up letters; built-in action plans you can assign to individuals or groups; mail-merge; etc. etc. It’s not so important that you get the most robust system, but it is critical that you have a system.

Here are 10 activities / suggestions to stay connected and expand your sphere:

1. **Phone contact:** Almost a dying art in the age of texting, next to person-to-person conversations, this is clearly the best way to say ‘keep me in mind’. And remember, it’s not about calling them about real estate; the LAW OF RECIPROCITY will take care of that. In other words, when you show interest in me, I quite naturally show interest in you—what’s going on in your life. Real estate then comes up ‘organically’.
2. **Open houses:** Listed first because it’s one of the easiest ways to meet potential buyers and sellers beyond your sphere. After all, people are coming to you and are somewhat ‘captive’ as guests of your open house. It’s also an opportunity to show up as both engaging (likable) and knowledgeable (credible). It’s a superb opportunity to leverage the inventory of RLSIR.
  - a. Also, statistically, 50% of the people who come to open houses will buy within a year! Again, the ‘gig’ is ‘connect and continue’.
3. **Name badge:** You will increase conversations by wearing your RLSIR name badge. NAR (National Association of Realtors) surveys show just doing this one this will bring in 3 additional transactions per year!
4. **Networking:** As mentioned above, master the talking points for buying and selling in this market so that as you meet new people you hopefully are not only engaging, but have something to say that cause folks to want your business card.
5. **Post card campaign:** While we would say you can’t ‘mail your way to success’, mailing postcards to a targeted group will be effective over time. Two things: It has to be targeted and it has to be consistent, as for example in your ‘farm’. More on farming below. A perfect example of a targeted campaign is to send out our RECENTLY ACQUIRED cards (SIR’s Just Sold cards) touting your success in selling a home in a neighborhood.

6. **The 5 note cards a day campaign:** Referenced above under the RULE OF 100, this one strategy, when done consistently can launch and sustain a career. Thank you notes are powerful reminders of you and speak volumes on your way of being. People are starved for recognition and further, cite lack of follow-up as one of the main objections to REALTORS! Hand written notes can be inexpensive, quick and very effective.
7. **Electronic or print monthly newsletter:** This is taking your communications to the next level. It's not a 'must do', but can be an effective way to stay in touch with larger groups, especially if you have their email and they 'opt-in' for correspondence from you. SIR (Sotheby's International Realty) has a great deal of content for newsletter and additional option in Presentation Studio (on the SIR member's site) where you can have e-newsletters and branded stationary templates, with the ability to track who opens your emails. Additionally, Mike provides <http://AZLuxuryRealEstateBlog.com> for a monthly, or market-related content you can use and distribute in your name.
8. **Identify Target Markets:** Target markets are simply 'warm markets', that is, where you have some common ground with a particular group of people. They could be your neighbors; they could be people in a prior profession (where you know their 'language'); it could be people who are from where you're from (another state or country). Etc.

**There are 3 things to think about** in identifying target markets 1. Who might they be; 2. Can I get to this group on a regular basis through some means and 3. Is it manageable with reasonable cost and effort (tactics). An example of a target market could be your neighborhood (farm). Tactics for 'connecting and continuing' with a geographic farm could be a neighborhood newsletter; getting on the board of the HOA; doing a monthly postcard with local stats (or...?); doing open houses; walking the dog...anything and everything that puts you consistently out there.



- *You are always playing essentially 2 'games' with any kind of target marketing campaign: 1. Is recognition—imprinting the fact that you are a 'player' in the market; and 2. Timing, as people may not be interested now, but maybe will be in 6 months or a year.*

9. **Your personal website:** An agent's personal website, with at a minimum, the ability to search the MLS under your banner, with you being the contact person on all inventory is essentially the business card today. Everyone is online and everyone knows it. You don't have to be a geek to get this done. We essentially do it for you with minimal work on your part. But it has to be done. And to the extent you embellish it; blog on it; show your expertise on one form or another, so much the better.
10. **Web 2.0 / Social Networking – Facebook; Twitter; Blogging; etc.:** This is the new frontier on the game of 'connecting and continuing'. Much can be said here. However, the important thing to know is that social networks are just that... 'social'. So they need to be used accordingly. In other words, you have to meter out what you do in conversational doses, or it won't work. If you use Facebook, the newer Business Page option on Facebook is something you want to have and leverage.

# My ACTION PLAN (People)

**Exercise:** Now it's your turn. Pick from the list of suggested ACTION PLAN Options above and decide on the frequency of the activity that works for you. The purpose here is to get **your commitment to what you will do and when you will do it**. It is self-monitoring, unless you want an 'accountability partner'—someone you can report to on how well you have kept to your plan and how it's going; what you are doing well; what could be improved.

The key is that these options, these 'pieces of the puzzle' get transferred from the realm of ideas to your day timer!



Activity (what)	Frequency (when)

## II. Property

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### *‘Confidence through competence’*

Market knowledge and the ability to exercise skill in managing all aspects of the job, or competence, gives you confidence...and confidence is attractive.

#### ACTION PLANNING Items:

1. Specialization: Ironically, as you narrow your focus you expand your influence. Why? The perception of expertise draws people to you; gets you referrals. This can be a particular type of property or market segment (golf properties; view properties; horse properties, acreage; a geographic area / community / subdivision / master planned community; 2<sup>nd</sup> homeowners; etc.). A savvy thing to do if you haven't already specialized or want to re-evaluate what you are doing, is to research where the current activity is; where you have a particular interest, that you love, or that fits with a trend. For example, clearly Short Sales are a huge market segment today.
2. Statistics: Knowing the numbers; market trends (Cromford Index); being verse with the 3 Formulas (Absorption Rate; Number of Month Supply, and Trading Range, or List-to-Sales Price Ratio). See ‘3 Formulas for Fearless Pricing at <http://peaktraining.org/resources> Take our CMA class.
3. Be prepared to present: As a result of knowing the market, we need to be prepared to create an accurate CMA with a killer listing presentation when you have the opportunity to work with sellers. Be able to use Toolkit CMA, or the equivalent (FlexMLS). Know and use the RLSIR Listing Presentation and all it's talking points. Take our Marketing Class.
4. Contract understanding, preparation and negotiating skill: Knowing our contracts and associated forms to the ‘standard of care’ that you can paraphrase each paragraph.
5. Knowing how to more effectively educate and influence buyer and seller decisions: The skill of getting your clients to do what is often counter-intuitive to them—like pricing to sell (sellers) and making reasonable offers (buyers). Take our Negotiation Class
6. Plug in!: Go to classes—many 3<sup>rd</sup> party vendors have classes on everything from Zipforms to Mapping classes by ARMLS on the FlexMLS system. Go to the weekly meetings for market-sensitive updates. Go on tours—both our RLSIR property tours and the RMS, cross-broker tours. In short, even though real estate is not a ‘team sport’, most top producers are fully engaged at all levels.
7. You ideas: This list is not exhaustive. You may thing of areas where you are weak and you'd like to make them strengths; or specialized knowledge that again, makes you more attractive.

## ACTION PLAN (property)

What are you willing to do on a regular basis to ‘sharpen the saw’; to increase your expertise in the areas discussed above in this residential game of Monopoly.

Exercise: Make some notes here, but again, spell out in detail what you intend to do and then get those activities and schedule transferred to your Day-Timer.



Activity (what)	Frequency (when)

# Time Management

The key to making our ACTION PLAN happen is getting it translated into daily, weekly and monthly scheduled events. For example, if part of your plan includes doing 8 open houses per month, then schedule the days and time. Schedule all your ACTION PLAN activities.

Tip: Recognize the 3 major categories of real estate business time:

1. A-Time: Time spent with buyers and sellers. This is clearly your most valuable time, where you actually make money.
2. B-Time: Time supporting A-Time—preparing CMA's; correspondence; follow-up; etc.
3. C-Time: Meetings, research, tours, etc. This is valuable time in networking and improving your practice, but should not be confused with the fact that only A-Time actually makes you money! Someone has to buy; someone has to sell.

Tip: Your weekly calendar should have elements of at least 2 of the 3 categories 5 days a week.

Tip: Another helpful model is from Stephen Covey's 'The 7 Habits of Highly Effective People'. He has 4 quadrants of time—

- i. Urgent / Important—time we have planned and scheduled.
- ii. Not Urgent / Important—like taking time to create an ACTION PLAN; come up with a new marketing strategy; etc. But let's not forget having fun...though hopefully we all know the value of re-charging our batteries! In residential real estate there is a catch-22: You get busy and need a break, but can't afford not to 'strike while the iron is hot'; but then you're not so busy and can take some time off, but feel like you can't afford not to get things going
- iii. Urgent / Not Important—like a phone call that takes you off your game plan.
- iv. Not Urgent / Not Important—Some agents make the mistake of 'analysis paralysis'—spending too much time 'saddling up' (not out in the field).

	Urgent	Not Urgent
Important	<b>I</b> ACTIVITIES: Crises Pressing problems Deadline-driven projects	<b>II</b> ACTIVITIES: Prevention Relationship building Recreation New opportunities
Not Important	<b>III</b> ACTIVITIES: Interruptions Some phone calls Some mail Some meetings Popular activities	<b>IV</b> ACTIVITIES: Trivia Some mail Some phone calls Time wasters Pleasure activities

Tip: Accountability: Without a coach it's a good idea to have an accountability partner—a colleague or manager; someone to whom you can show your written plan too and ideally who can help monitor your progress, as you execute your ACTION PLAN.

[Click here for Mike's video 'Perfect Practice' on the merits of coaching.](#)