



# Breakthrough

## SUCCESS PLAN




(INTRODUCTION)

## Welcome...

...and thanks for downloading the Breakthrough Business Plan. 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.

Mortgage/Rent	
Car Payment	
Gas	
Car Maintenance	
Car Insurance	
Electric	
Gas	
Car Payment	
Cable	
Internet	
Phone	
Water	
Food/Entertainment	
Travel	
Child care	
Savings	
Health Insurance	
Cell Phone	
Credit Card	
Miscellaneous	
Other	
Other	
Other	
<b>MONTHLY TOTAL</b>	

## 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.

*Example: Your average monthly expenses are \$3,000.*

\$3,000	x 12 =	\$36,000
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*Now plug in your own monthly expenses from the previous section.*

\$	x 12 =	\$
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### Step 3: But how much do you really want to make?

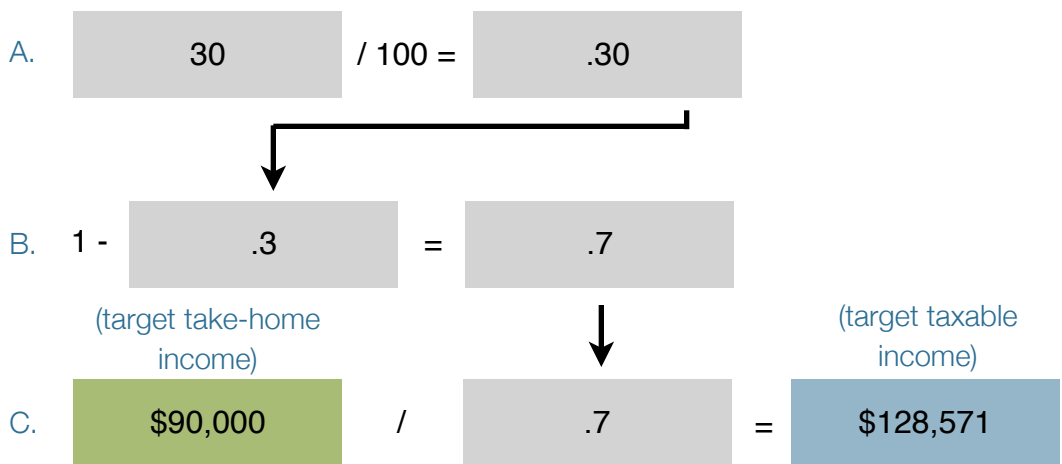
You know how much money it takes to get through each month, and you know how much you need to make in an entire year. But you want to do more than just get by, right? Think about vacations, and sports cars, and early retirement, and sending your kids (and your kids' kids) to college. Use your annual 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  

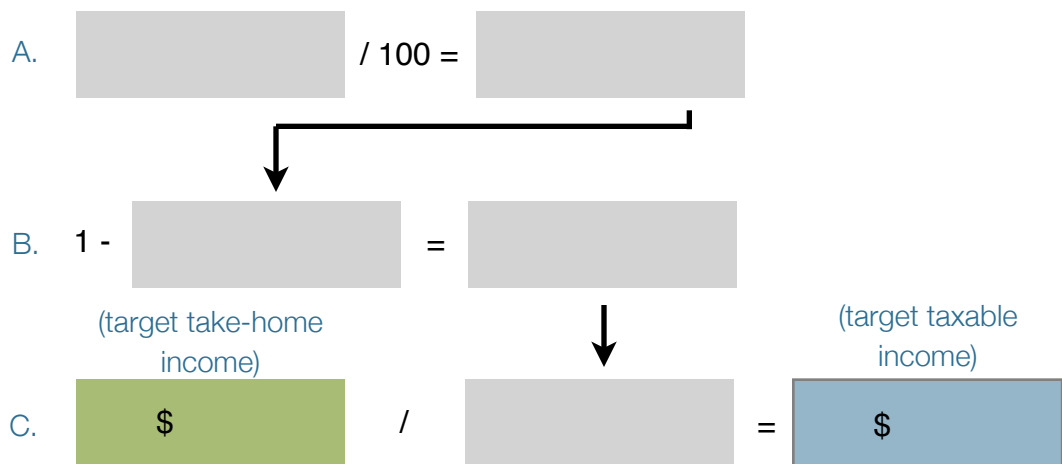
### Step 4: Don't forget about Uncle Sam.

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 \$90,000 and you estimate your tax rate to be 30 percent.*



*What it means: At a 30 percent tax rate, you'd have to make about \$130,000 in order to bring home \$90,000. **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)

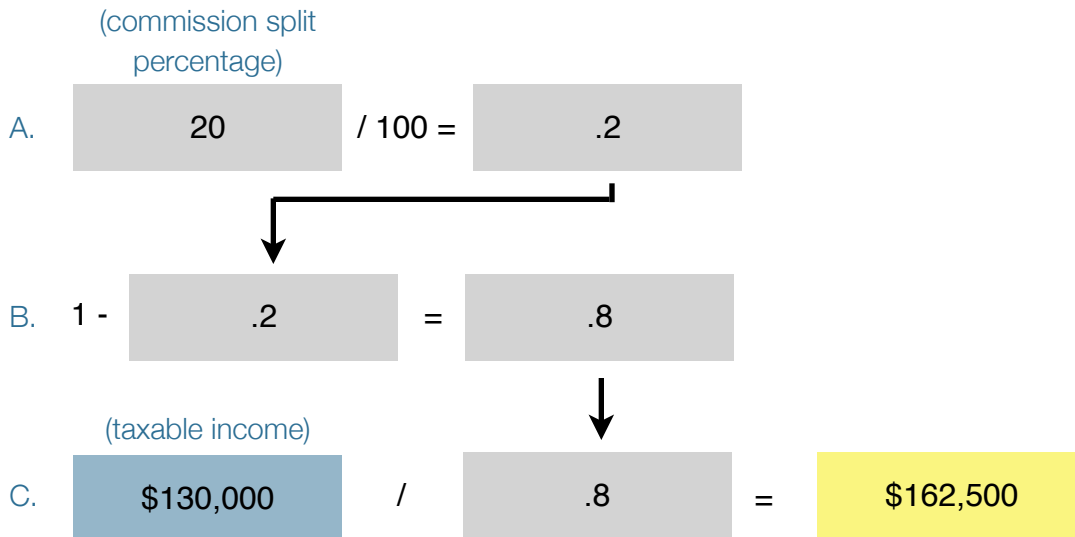
# What's your GCI?

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 broker gets a cut.

A portion of your commission income is going to go to your broker. It may be a straight commission split based on a percentage of you GCI, or it might be capped at a certain value. It really varies from broker to broker. We'll go over a few different scenarios.

*Example: Your target taxable income (final step in previous section) is about \$130,000. Your broker gets 20 percent of your Gross Commission Income.*



*What it means: You'd need to earn \$162,500 to have \$130,000 in taxable income after a 20 percent commission split. **But what if the broker has a cap, such as \$10,000?***



*What it means: An agent would have to earn \$140,000 in order to have \$130,000 in taxable income after his/her broker takes a \$10,000 capped commission split. **Now turn the page and use your own numbers (and remember, only use one of the described methods).***

*(step continues on next page)*

## Step 1: Continued

The following workspace is for a commission split.

(commission split percentage)

A.  / 100 =

B. 1 -  =

(target taxable income) (income before commission split)

C.  \$ /  =  \$

Here's a workspace for a capped commission:

(target 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) (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.

(step continues on next page)

Board Dues	<input type="text"/>
Board Application	<input type="text"/>
MLS Fees	<input type="text"/>
MLS Application	<input type="text"/>
Desk Fees	<input type="text"/>
License Application	<input type="text"/>
License Renewal	<input type="text"/>
E&O Insurance	<input type="text"/>
Education	<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 \$162,500, and your estimated business expenses are \$4,000.*

(income before commission split)		(annual business expenses)		(target GCI)
\$162,500	+	\$4,000	=	\$166,500

*What it means: If you have \$4,000 a year in annual expenses and you want to earn \$162,500 before your broker takes a commission split, you'll need to earn \$166,500 in Gross Commission Income. **Now plug in your own numbers.***

(income before commission split)		(annual business expenses)		(targeted GCI)
\$	+	\$	=	\$



***Congrats, you've gone all the way from targeted take-home income to targeted GCI! Add your GCI to the One-Page Success Plan.***



## How many deals can you close?

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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 your market, or work with your mentor to come up with an estimate.

*(continued on next page)*

## Step 1: Continued

Example: Your target GCI is \$168,500 and your average commission is 3 percent.

(average commission percentage)

A.  $3 / 100 = .03$

(target GCI) / (target sales volume)

B.  $\$168,500 / .03 = \$5,550,000$

What it means: If you want to earn \$168,500 in GCI and your average commission is 3 percent, you'll need to earn about \$5.55 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.**

(average commission percentage)

A.  $\text{[ ]} / 100 = \text{[ ]}$

(target GCI) / (target sales volume)

B.  $\$ / \text{[ ]} = \$ \text{[ ]}$

## 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 \$5,550,000 and the average sales price of homes in your market is \$200,000.

(target sales volume) / (average sales price) = (target transactions)

$\$5,550,000 / \$200,000 = 27.75$

What it means: In order to achieve \$5,550,000 in Total Sales volume in a market with an average sales price of \$200,000, an agent would have to sell about 28 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)

$\$ / \$ = \text{[ ]}$





(PART FOUR)

# You need leads. How many?

You've done the calculations and determined the big numbers. You've set goals for take-home 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 28 transactions to meet your income goals. You estimate that 60 percent of your closings will be sellers, and 40 percent will be buyers.*

(percent sellers)		(transactions required)		(seller-side transactions closed)
.6	x	28	=	16.8
(percent buyers)		(transactions required)		(buyer-side transactions closed)
.4	x	28	=	11.2

*What it means: The agent will need to close about 17 seller-side transactions and 11 buyer-side transactions to achieve his 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)
<input type="text"/>	x	<input type="text"/>	=	<input type="text"/>
(percent buyers)		(transactions required)		(buyer-side transactions closed)
<input type="text"/>	x	<input type="text"/>	=	<input type="text"/>

## 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 17 seller-side transactions, and estimates he'll close 50 percent of his listings.*

(seller-side transactions required)	(estimated success rate)	(listings required)
17	.5	34

*What it means: If an agent wants to close 17 seller-side transactions and estimates that 50 percent of his listings sell, he'll need to list 34 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 32 homes, how many listing appointments will you need? Estimate your success rate based on your previous experience or speak with your mentor.

*You want to list 32 homes, and you estimate that you'll win 80 percent of your listing appointments.*

(listings required)	(estimated success rate)	(target listing appointments)
34	.8	42.5

*What it means: If you win 80 percent of you listings and want to list 34 homes, you'll have to go on about 43 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 11 buyer-side transactions to meet your income goals, and you estimate that 90 percent of you buyers will get financed, get through inspection, and close.*

(buyer-side transactions required)		(estimated success rate)		(targeted buyer-side clients)
11	/	.9	=	12.2

*What it means: If you need to close 11 buyer-side transactions and you estimate your success rate at 90 percent, you'll need to work with about 12 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 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
- Floor Duty
- Referral
- Relocation

### **Buyer-Side**

- Renter's Direct Mail
- Craigslist
- Referrals
- Mass Media Advertising
- Open Houses
- Social Media
- Call Capture



(CONCLUSION)

# That's a wrap.

You've created your road map. It's a map to success in the next 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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