







About Regina Brown 5

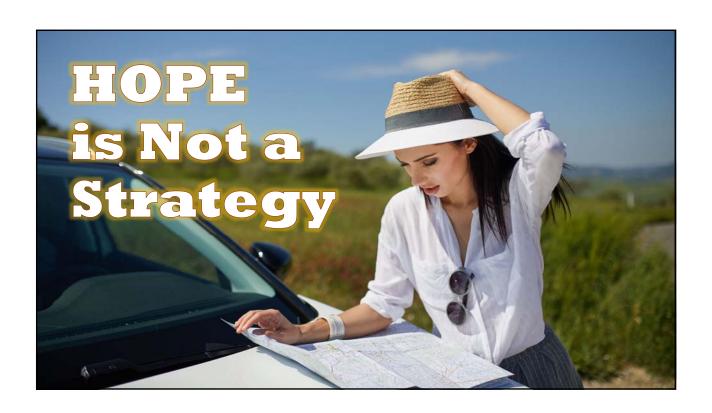
- M.B.A. degree; B.A. degree in Real Estate
- Real estate license for 30 years
- Broker/Owner of California Coast & Country Homes
- "Elevate the standards of professionalism in our real estate industry"

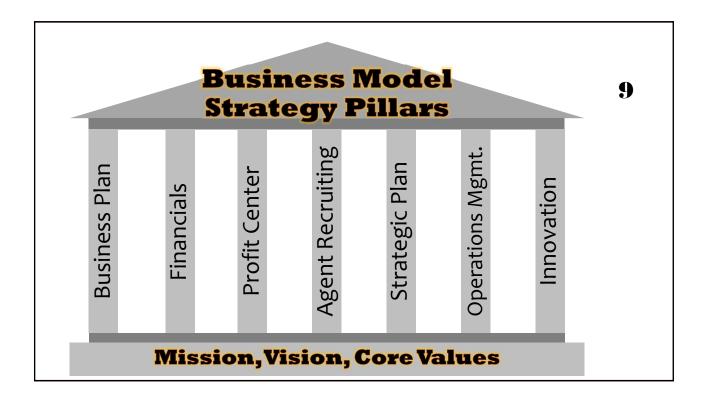
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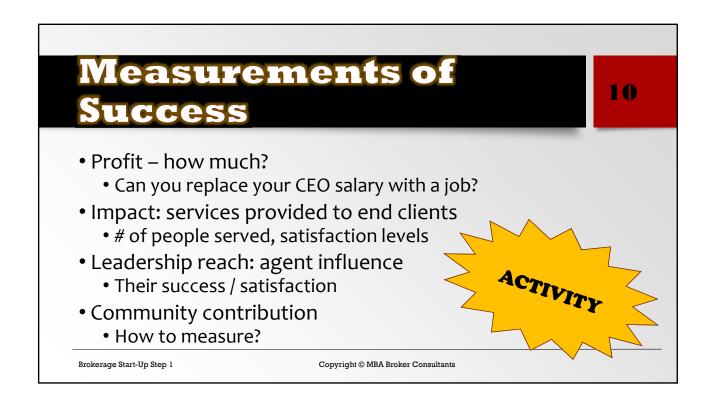
Brokerage Start-Up Step 6

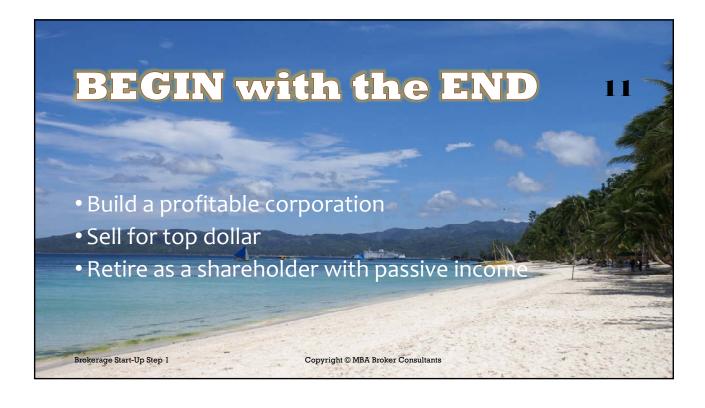


Today's Agenda Vision & Exit 1. **Business Plan** Activity 2. **Financials** 3. 4. Profit Centers 5. Agent Recruiting 6. Strategic Plan **Operations Management** 7. 8. Innovation Brokerage Start-Up Step 6 Copyright @ MBA Broker Consultants















POLL

Do you have a business plan?



- A. Yes! It is recent and 100% complete.
- B. It is in the process of being written.
- C. No, not yet. But I would like to get started!

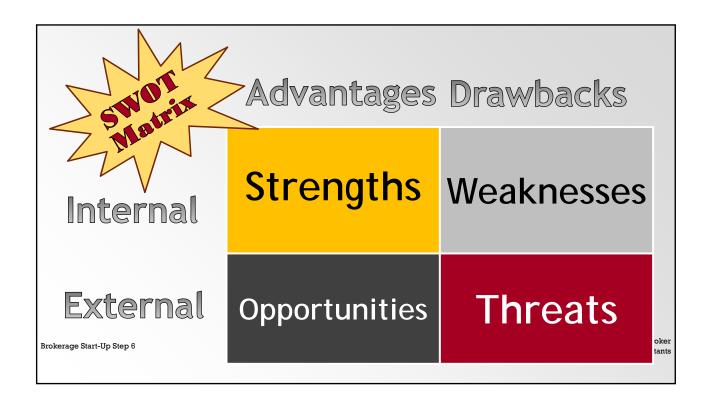
Purpose of Biz Plan

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- Clear Vision (blueprint)
- Direction & Guidance
- Accountability & Measure Progress
- Partners / Sell Company
- Funding (investors / loans)
- Test the feasibility of your idea

Brokerage Start-Up Step 2



SWOT Assessment

STRENGTHS

Resources and capabilities that fulfill the firm's important tasks. Leverage strengths to advance the company.

OPPORTUNITIES

External conditions that allow the company to achieve its vision using core competencies.

Capitalize on opportunities.

WEAKNESSES

Resource and capability deficiencies that make it difficult for the firm to complete important tasks.

Constrain the company

THREATS

External environmental factors that inhibit the company from leveraging its core competencies.

Neutralize threats

Core Competencies

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"Capabilities the firm emphasizes and performs especially well in pursuing its vision."



- Discover your strength, resources, and capabilities
- Use to create customer valueCompetitive advantage
- Leverage better than competitorsDistinctive competencies

Reference: Understanding Business Strategy by Ireland, Hoskisson, Hitt

Brokerage Start-Up Step 6

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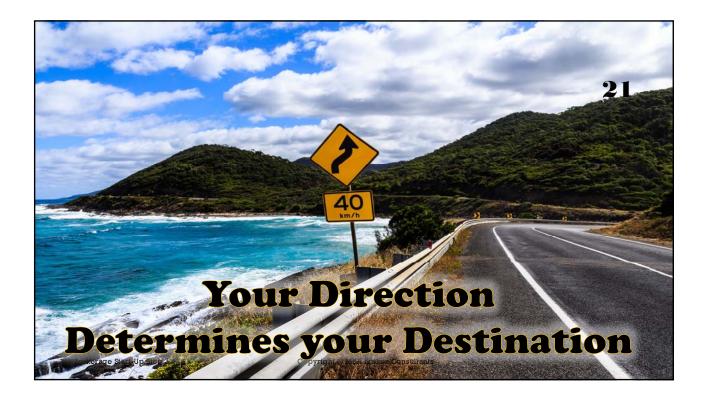
Pro-Forma

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- 1. Cash Flow Statement
- 2. Profit & Loss (Income Statement)
- 3. Balance Sheet
- 4. Revenue Sources (Sales Projections)
- 5. Ratios (3)

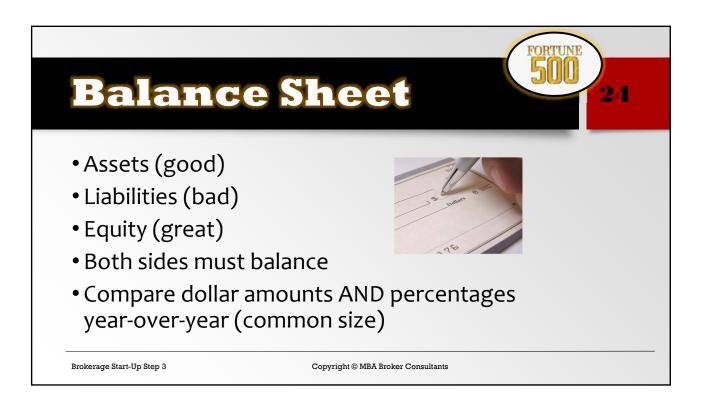


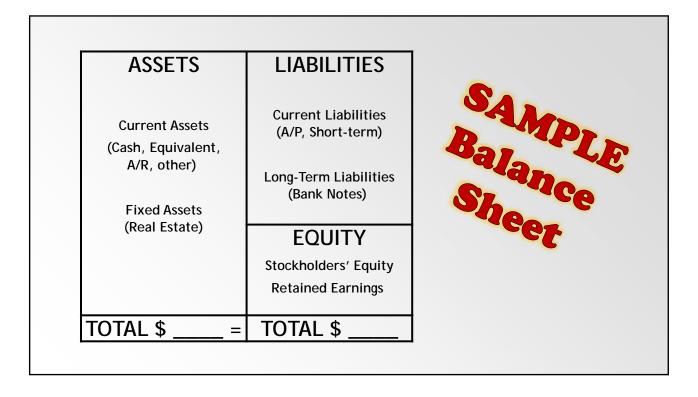
Brokerage Start-Up Step 2



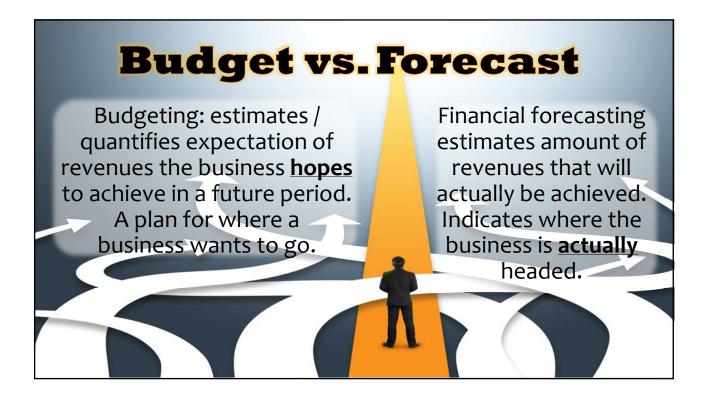


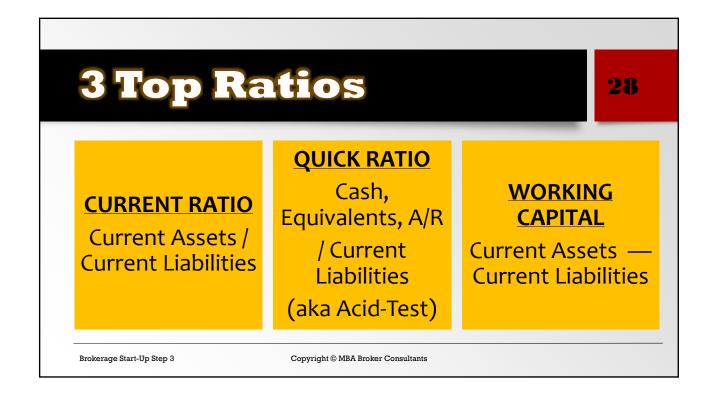
Brokerage Income Statement	\$	%	
Sales - multiple streams of revenue	\$1,000,000	100%	
Sales transactions			
Referral fees			
Property management			
Agent fees (desk fees etc.)			
Transaction management fees			
Consulting fees			
BPO fees			
- COS (variable expenses paid per transaction)	\$900,000	90%	
Coop buyer brokers (?)			
Agent splits			
Referral fees			
TC fees			OF THE
= Gross Margin	\$100,000	10%	Gro-
- Operating expenses (fixed costs / overhead)	\$65,000	6.5%	SAMPLE Income Statement
Manager salary + benefits			Ch4
Staff salary + benefits			
Building lease / mortgage			
Equipment lease, Utilities, Maintenance			
Marketing (recruitment)			
Training (retention)			
Tech tools, Office supplies			
Insurance, Prof. fees			
Risk management (rainy day fund)			
= Net Profit (before taxes) / EBITDA	\$35,000	3.5%	













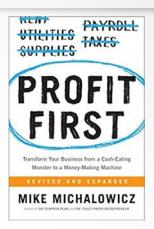
Which bookkeeping system do you use?

- A. QuickBooks (online or desktop)
- B. Microsoft® Excel® (do-it-yourself)
- C. Other???



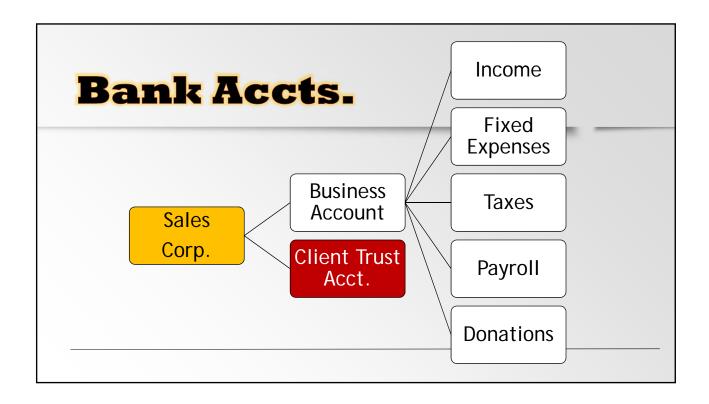
Designated Accounts

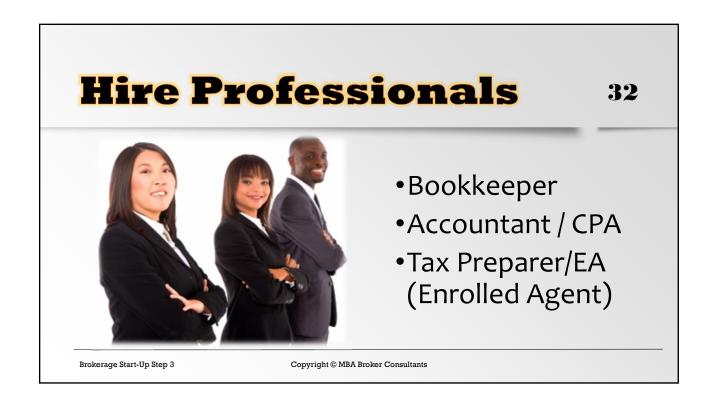
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- Paying taxes
- Concept of "cash in separate envelopes"
- "Profit First" book recommended
- Recurring expenses: paying monthly vs. annually (ex: insurance)

Brokerage Start-Up Step 3





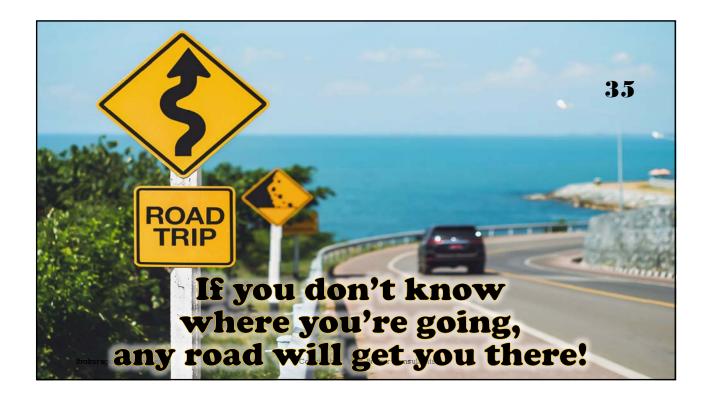
Why NOT Breakeven?

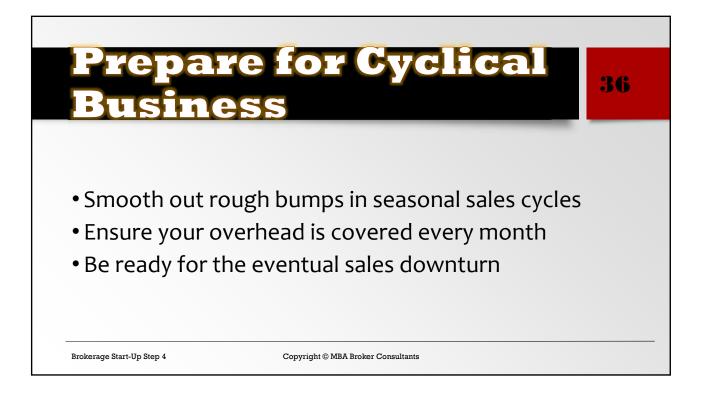
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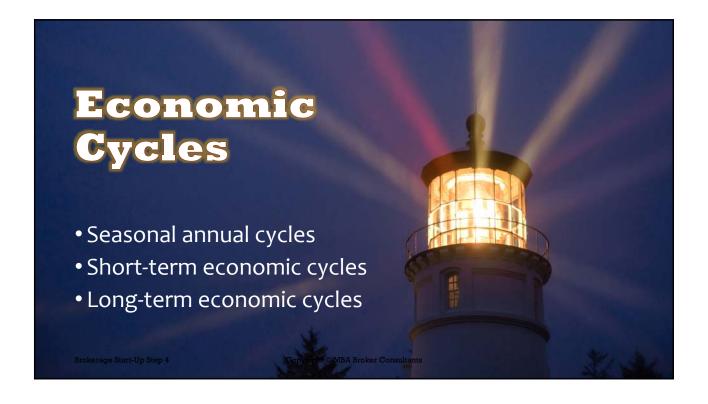
- Must know your breakeven point BUT "Breakeven" calculation fosters a failure mentality
- Target profitability not breakeven
- How much would you earn if employed elsewhere?
- PLUS: additional factors (Time, effort, stress)

Brokerage Start-Up Step 3







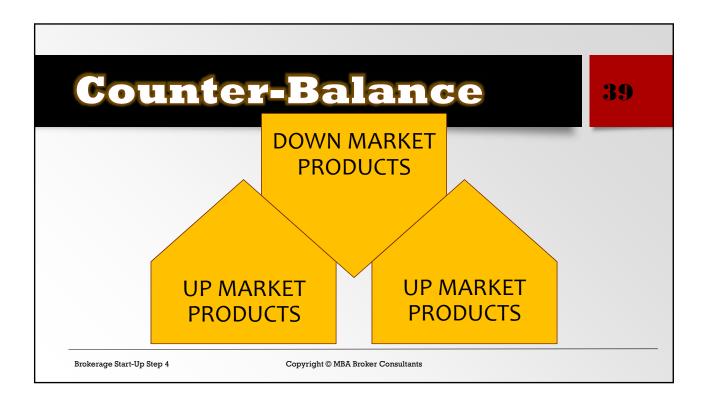


POLL

How do you prepare for market cycles?

- A. Counter-balancing income sources
- B. Lowering debt & raising profitability
- C. Running & hiding under the covers







Profit Centers

- Revenue streams
- Convert costs into profits
- Examples:
 - Property management
 - Mortgage lending
 - Escrow division
 - Home warranty
 - Commercial leasing / sales
 - Home Improvement

Brokerage Start-Up Step 4

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Corporate Accounts

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- Estate attorneys
- Financial planners
- Government contracts
- REO contracts

- Employer Assisted Housing
- Corporate Relocation
- National Referrals
- Business alliances

Brokerage Start-Up Step 4

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POLL

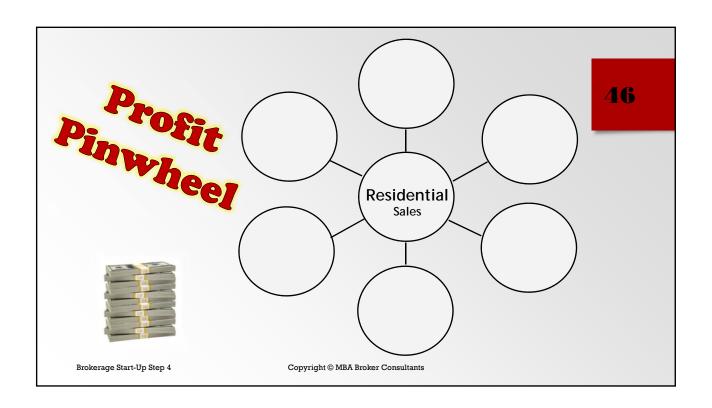
How many revenue sources does your brokerage have?

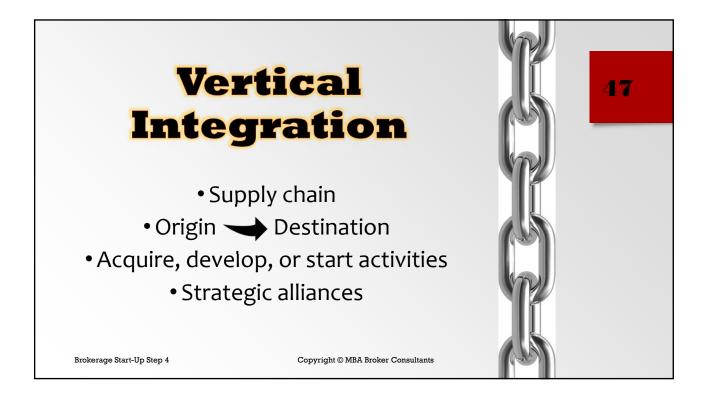


- A. Only 1 (sales transactions)
- B. 2 (sales & property management)
- C. Multiple sources



REVENUE TYPES:	EXAMPLES:
Transactional	
Regular	
Recurring	
Passive	
Residual	
Corp. Accounts	
Subsidiary	
Affiliate Partnerships	









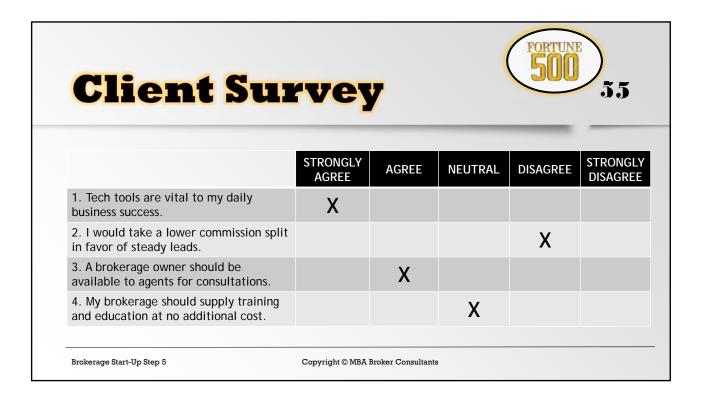


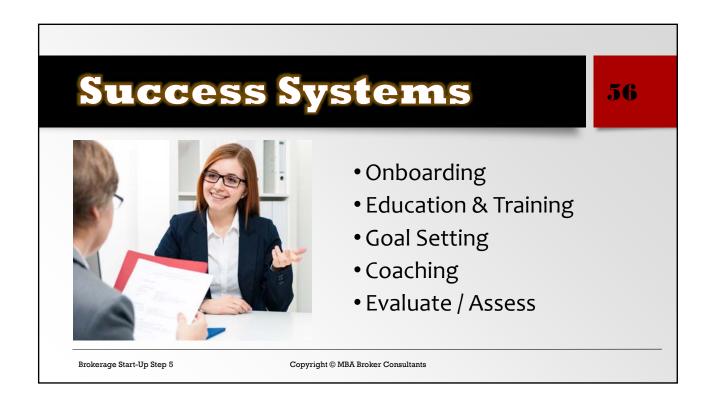












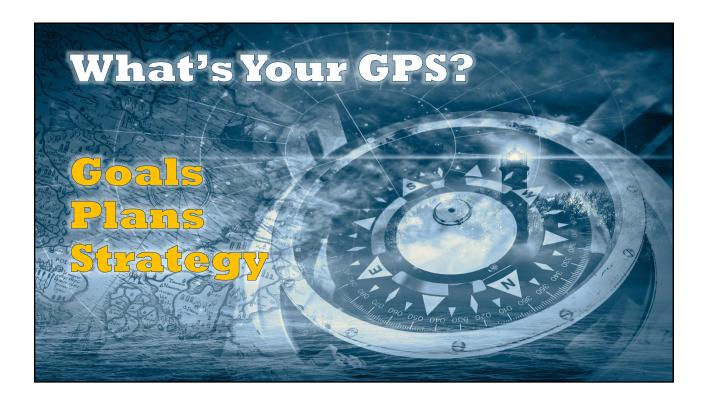












Why Plan?



- Real estate highly cyclical industry
- Economic downturns
- Tech trends (innovation & development)
- Competitors appear suddenly
- Organic change: law of nature

Brokerage Start-Up Step 6

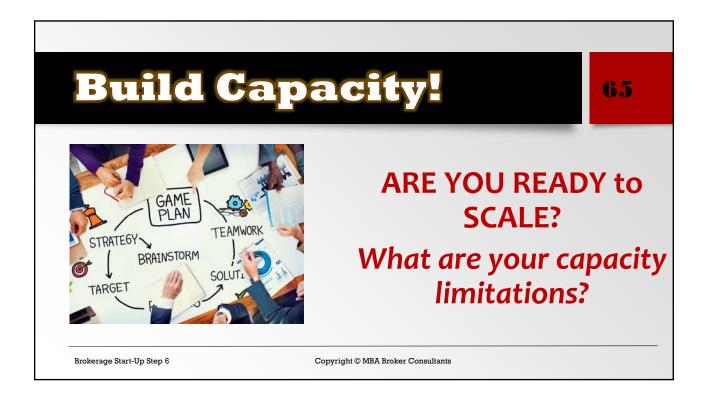
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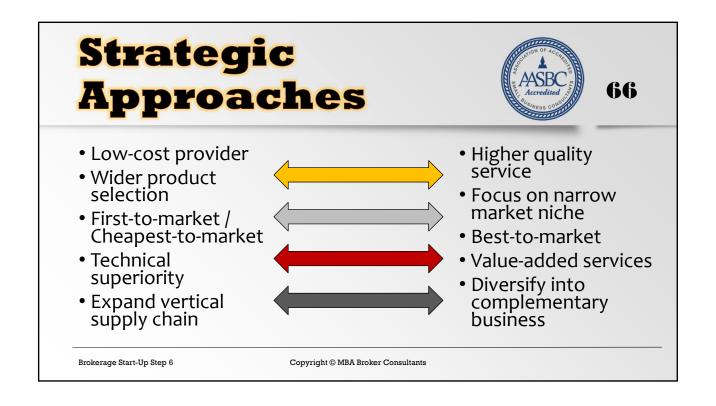
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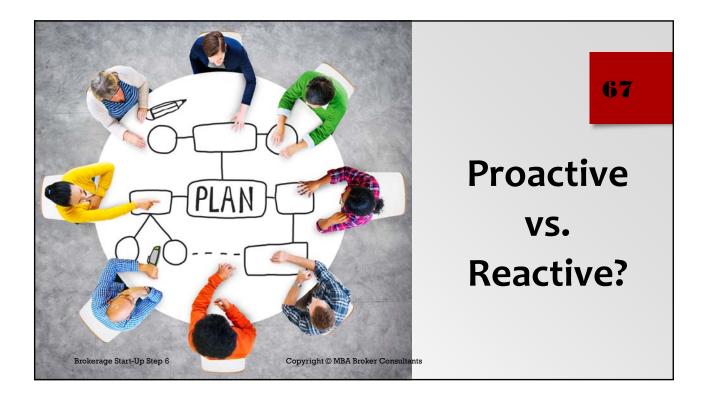
What is holding you back from scaling your company?

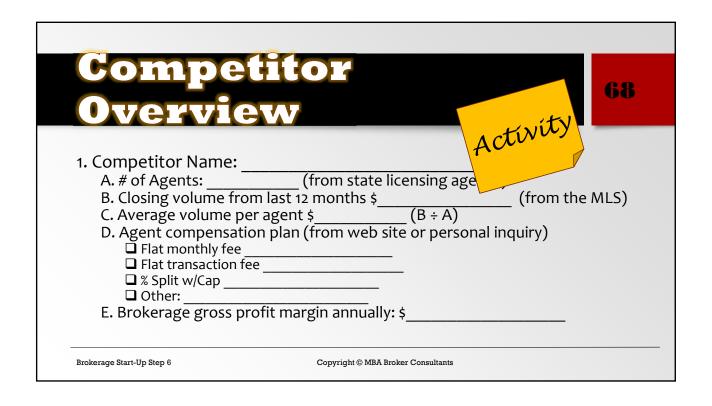
- A. Capital funding
- B. Lack of time to plan
- C. Don't know where to start

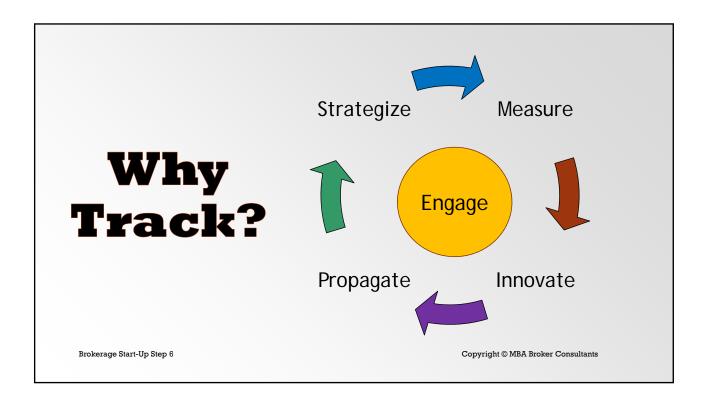










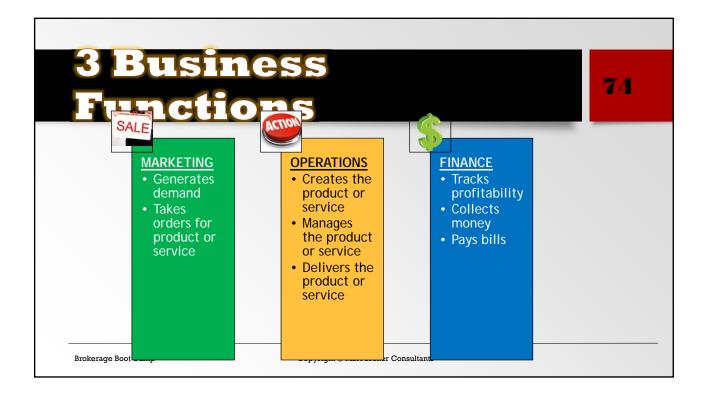


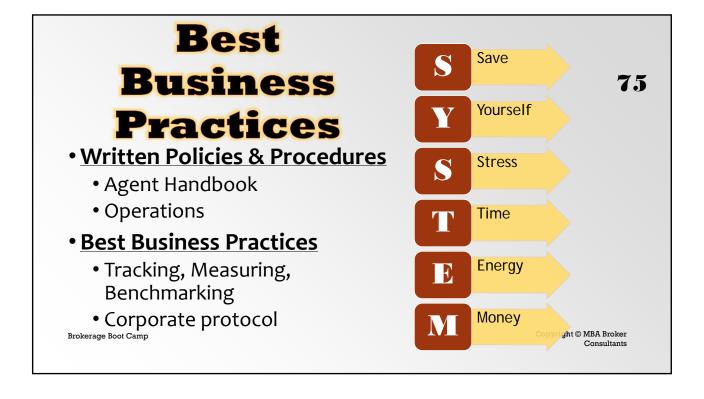










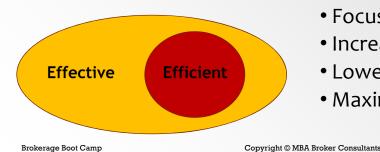




Effective VS. Efficient

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- Adequate to accomplish the intended goal
- Focus on expected output



- Performs task in best possible manner
- Minimize time & effort
- Focus on input > output
- Increases production
- Lowers cost
- Maximizes profit

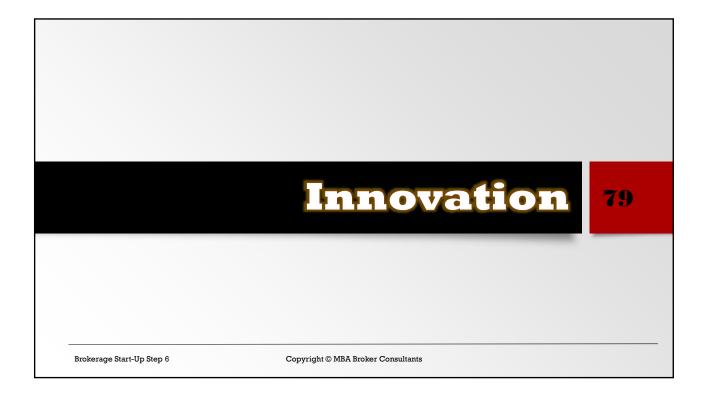
New Agent Setup
Checlalist

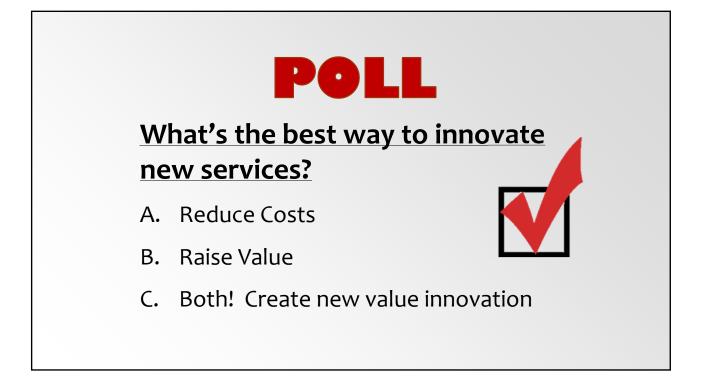
1. BRE web site – switch license
2. Add Associate to LIST
3. Agreement & Handbook
4. Online office / web site – photo
5. email
6. Phone Extension
7. Realtor/MLS
8. Put into email & birthday lists
9. Business Cards & Email Signature
10. Send Welcome Email

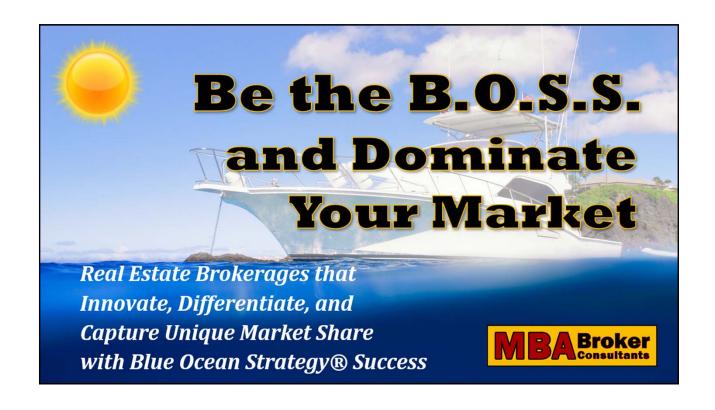
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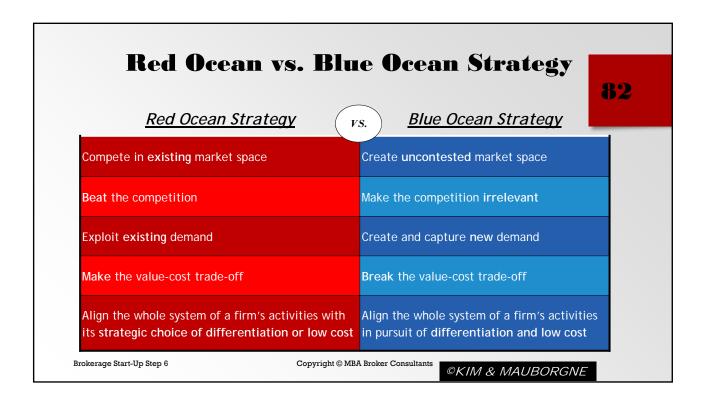
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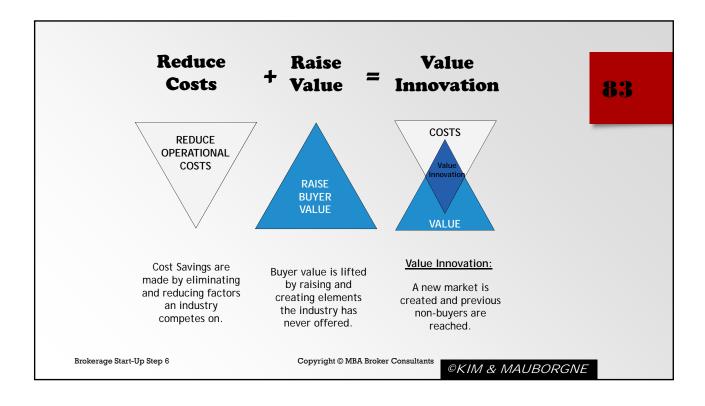
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How is the company going to...

- •Grow & scale?
- Obtain competitive advantage?
- •Maximize profits?

Take ACTION

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- Writing a strategic plan is great but...
- Implementing & executing plan with peak efficiency are KEYS to success
- Continuously act
- Constantly measure performance

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