

7 KEYS TO PROFIT

A program that shows
how to create a more profitable
real estate business.

Please Note: Australian Dollars

Seven Keys to Profit

**A program that shows how to create
a more profitable real estate business.**

The aim of this program is to provide you with ideas that you can use to give you more profit and more free time.

The majority of real estate agency owners face challenges that stem from flawed systems that have been copied throughout the industry, systems that have spread across the globe.

Typical in the industry are these challenges:

- Low profits being made by the real estate agency
- Salespeople pushing for higher commissions
- High staff turnover
- Salespeople leaving for higher commission elsewhere
- Little money to cover expenses
- Little money to train and develop people
- Rising advertising costs
- Discounting to win business
- Disruptive change
- Low fees
- Demanding property owners
- Gross income focus, instead of profit focus
- Selling principals with little free time

**What challenges are you facing
in your business?**

A real estate agency need not be a constant struggle for survival, nor one that requires the owner to work many hours for low returns. A real estate business should be a pleasure to operate. A business should provide its owner with consistently high profits and a magnificent quality of life.

5 Minimum Success Standards

1. Clients of the agency would willingly and without question repeat the experience they had with the agency.
2. The agency has a team of salespeople all of whom produce a minimum performance standard that is acceptable to the agency owner. **The recommended MINIMUM performance standard per salesperson is \$300,000 in gross selling fees per year.**
3. The agency earns a profit that is acceptable to the agency principal. This is a PROFIT STANDARD that is set by the agency principal and achieved. **The recommended standard is \$400,000 profit per annum from the sales department, without the principal having to list or sell property.**
4. The agency has a sales performance record that is CONSISTENT AND PREDICTABLE.
5. The agency earns its minimum profit level without the principal's PERSONAL SALES PRODUCTION.

It does not matter whether these figures appear unachievable because you do not know anybody who is achieving such production and profit.

Just because something has not been done, it does not mean that somebody cannot do it.

There are many factors that may need to change before such figures can consistently be reached. These factors will all be addressed by applying the Seven Keys to Profit to your business.

The Seven Keys to Profit

For a real estate agency to be successful in the long term, it must have certain elements working in unison.

In the Pittard's four-day management seminar, the Agency Profit System®, which is a complete business program for the operation of a profitable real estate agency, we identify Seven Keys to Profit:

Key Number 1

CULTURE

Key Number 2

FINANCIAL FOUNDATIONS

Key Number 3

COCKPIT

Key Number 4

HIRING AND SELECTION

Key Number 5

TRAINING AND COACHING

Key Number 6

RESULTS CONTROL

Key Number 7

LISTING FLOW

A group of four business professionals (three women and one man) are standing in a modern office with large windows overlooking a city skyline. They are dressed in business attire. One man on the left is gesturing while talking to the others. Two women in the center are holding papers and looking towards the man. A man on the right is holding a laptop. In the foreground, there is a table with large documents, including one titled 'GLOBAL MAP' and another with a grid of data.

Key Number 1

CULTURE

Key Number 1**Culture**

This is best described as doing the right thing, even if it is not always in your best interests at the time.

Many real estate businesses concentrate on PROFILE. Little attention is given to the image the agency is creating in the community – not an image of biggest, but the image of BEST.

There can be no doubt Agency owners will do better in the long term if they focus on BUILDING A REPUTATION instead of BUILDING A PROFILE. The same applies for real estate salespeople.

Culture includes such things as making the pursuit of excellence the norm for the business, high standards, targets achieved, commitment to training, client care, follow through and doing what you say you will do.

You easily identify companies
with excellent cultures
when you experience their service.

Suffice to say that Culture directly leads to short term profit, long term domination of the agency's service area, and long term prosperity for the business IF it is implemented properly.

Key Number 2

FINANCIAL FOUNDATIONS



Key Number 2**Financial Foundations**

A business must be built upon solid financial foundations.

There are only TWO WAYS to increase the profits in any business:

- 1.** Increase sales
- 2.** Decrease expenses

The BIG danger is that sales tend to fluctuate while expenses tend to rise and become fixed.

The Vital Financial Foundations are:

- The amount of PROFIT involved in each transaction
- The COST to receive the income
- The COST PRICE of each sale
- The COMMISSIONS PAID to receive the sale
- The 'LINK TO PROFIT' of each expense
- The BREAK EVEN POINT in numbers of results

**A business owner needs a Control Program
that shows the vital points at a glance.**

Results to Profit

There is a vast difference between income and profit. The real estate industry is obsessed with 'turnover' to the detriment of profit.

Financial Success should be measured in PROFIT, not INCOME. For the sake of simplicity, success should be measured in SALES & DOLLARS ABOVE BREAK EVEN POINT.

Once a business owner knows how many listings and how many sales equals how much profit, the focus can be concentrated on NUMBERS of Listings and Sales.

Attend most real estate courses and you will hear many ways to increase your TURNOVER.

Turnover, however, is not profit. It is not how much money you bring in that you should focus upon, it's...

HOW MUCH YOU KEEP OF THE MONEY YOU BRING IN: YOUR PROFIT.

This should be your focus.

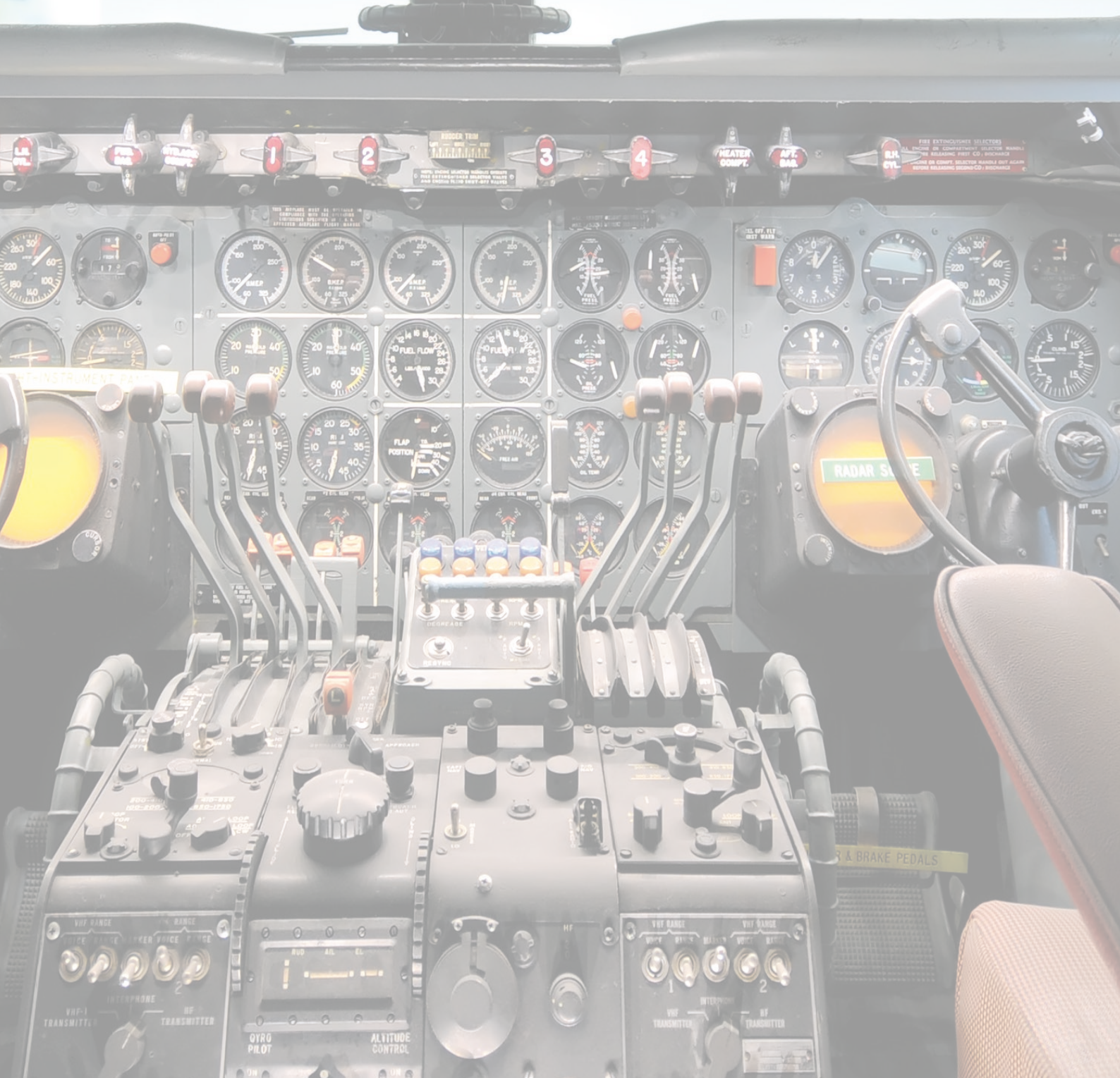
Business owners should know the answers to these questions:

- 1.** How many sales do you need to make each month just to break even?
(That is the number of sales, not dollars)
- 2.** How many sales do you need to make each month to make a profit of \$400,000 per annum? (From your sales department only)
- 3.** How many LISTINGS per month do you need to make a profit of \$400,000 per annum? (Exclusive listings only)
- 4.** How many salespeople will you need on your team to achieve these results?

Knowing these figures
provides clarity
to agency planning.

Key Number 3

COCKPIT



Key Number 3**Cockpit**

A common complaint with many leaders is that you cannot get salespeople to focus on winning actions – actions that produce results.

While poor selection, caused through inefficient or non-existent hiring systems may be the cause, quite often potentially good performers are trained to be mediocre by their leaders.

This may sound harsh, but leaders who fail to follow up with their salespeople to see that winning actions are being performed send a message to their salespeople that winning actions are optional.

With so much for a leader to do, how do you find time to ascertain who is slacking off and failing to perform those actions that are crucial to the salespeople's and the agency's success?

The answer: a cockpit – 'instruments' that tell you how and where your agency is going.

Just as pilots have a cockpit full of instruments that tell them everything they need to know about the aircraft's performance and course, so should you.

The Cockpit as explained in Pittard's Agency Profit System® is a comprehensive set of tools designed to give leaders a good grasp on agency and individual performance, and progression towards targets and profit goals.

Without comprehensive
Cockpit tools,
you are flying blind!

Here are some examples of Cockpit tools...

CONTROL BOARD

This is the central focal point of the entire sales department. On this board are recorded individual and agency targets and results.

It is impossible to run an effective sales meeting without a control board.

INDIVIDUAL TARGET BOARDS

Just as the agency requires focus on targets and results, so do individual salespeople. All salespeople must have their targets and up-to-date results staring them in the face.

CALL REPORTING

Leaders often complain that they cannot get their salespeople to do the actions necessary for success. The action most often complained about is the lack of prospecting.

The only way to ensure that actions are being done, or not done, is to monitor them. Each week, salespeople must provide their leaders with a call report, outlining the actions they have completed in the past week, and the results that came from those actions.

What gets inspected gets respected.

FORM GUIDES

These tell you the 'form' of each of your salespeople. They display your salespeople's actions, targets, results, and ratios on one table, giving you the opportunity to detect in what areas your salespeople's actions and skills may be deficient.

**Knowledge of the vital
performance statistics is
crucial to preventing
performance slumps.**

Key Number 4

HIRING & SELECTION



Key Number 4**Hiring and Selection**

If you call any real estate office and ask if they need salespeople, the answer in most cases is likely to be 'no'.

If you call the same real estate office and ask, 'Do you need more Listings and Sales?', the answer is likely to be 'yes'.

The more sales you want your agency to make each month, the more salespeople you need.

With a hiring system, you can attract the best applicants, and with correct induction procedures, you can develop them into winners.

Hiring and Selection is broken down into four areas:

- 1. Attraction** – marketing for the purpose of finding winners to join your agency. Most agencies spend more on marketing for listings and sales than they do for winners. Most agencies have a shortage of winners. Coincidence?
- 2. Sorting** – identifying those candidates whom you feel have the greatest chance of becoming winners.
- 3. Pre-start training** – depending on their current situation, some applicants can commence training prior to joining the agency.
- 4. Induction and Trial** – how we on-board applicants is critical to getting productive early.

The best investment of your time and your money is the investment in building and keeping a winning team.

This is the future of your business!



Key Number 5

TRAINING & COACHING

Key Number 5**Training and Coaching**

There is something that will give you a 75 percent guarantee of keeping your people: great recruitment. Start with the right people and leadership becomes much easier, but you still must lead, train and coach the right people.

First, work with each team member individually, and then with the team as a whole. If you want to increase team performance, focus first on each **individual** within the team.



Twenty percent of strategies you use give 80 percent of the effect. Design actionable development plans for each individual: these have a huge effect on individual performance.

And do be mindful of team size. Your team can be too large and too small.

- The team can be too small, leading to the 'shag on a rock' syndrome.
- The ideal team size is 7 salespeople plus a Sales Controller. If you have many more than 7 salespeople, you will likely find that the larger team unofficially splits into two smaller teams.

A Compelling 'Why'

Rookies who successfully complete their trial tasks and are appointed as permanent salespeople must be put on the right track from the first day.

If you want this person to be consistent in action and performance, goals must be **WHY BASED:**

- Why does your salesperson want to succeed?
- Why is your salesperson willing to perform large amounts of actions?
- No why, no consistency.

Every salesperson **MUST** have clear written goals, and a plan. **All salespeople must have a 'compelling why'.**

If you want consistency from your rookie, you have to instil the right habits from the start. You want your rookie to set goals, to always follow a plan, to write Affirmations, and to complete sufficient winning actions to achieve high targets **CONSISTENTLY**.

To achieve consistency, you must work with your team members individually. Rookie and experienced salesperson alike, train and coach each team member individually and regularly.

If they are on your team, work with them – each team member, individually and as a team.

- You are their leader.
- You are their trainer.
- You are their coach.

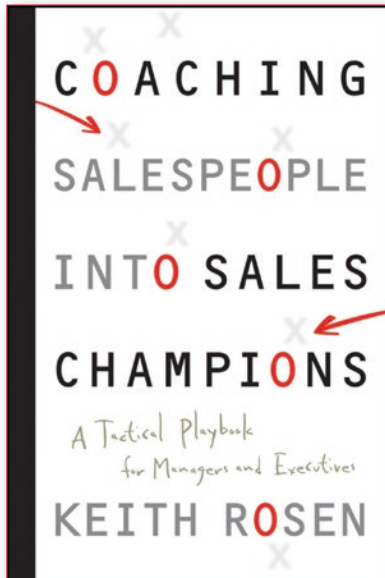
Key Number 6

RESULTS CONTROL

A blurred background image showing a business meeting. In the foreground, a person's hand is pointing at a tablet displaying various charts and graphs, including bar charts and a line graph. Another person's hand is visible in the background, also interacting with a device. The overall scene suggests a collaborative work environment focused on data analysis and results control.

Key Number 6

Results Control



“Sales training is what you need to become a salesperson. Sales coaching is what you need to become a sales champion.”

Coaching Salespeople into Sales Champions: A Tactical Playbook for Managers and Executives by Keith Rosen.

Winning teams comprise individual winners, the total of which makes up the team. If the leader allows even one person to remain below an acceptable standard, the team as a whole becomes compromised.

By implementing Key #5, Training and Coaching, you work with individuals, a leader bringing out the best in each team member. Your work on this element is never done.

When implementing Key #6, Results Control, you work with the team. **A group of individuals only becomes a team when the leader draws them together, united in peak performance.**

Results Control means control of the team, control of the agency and control of RESULTS.

Three Elements of Results Control

You have a business. You must direct it toward the profit of your choice. To do this you must have control.

1. Planning

This applies to individual salespeople and to offices equally. Just as salespeople must have a plan, so too must their offices.

A company's business plan should be aligned with its leader's goals. As the owner of a real estate business, your company is the vehicle for you to achieve your goals.

Planning meetings are essential to agency results control. The minimum standard for planning meetings is:

1. 10 MONTHLY planning meetings.
2. 1 ANNUAL planning meeting.

YOU ARE LOST WITHOUT A PLAN.

2. Team Training Coaching

Leaders work with individual salespeople in one-on-one sessions. Because of these sessions, leaders come to know each salesperson well. Leaders come to know each salesperson's goals, what motivates their salespeople, their salespeople's fears, etc.

And, because individuals often need to be managed differently, most importantly the leader learns how to manage each salesperson. **Knowing each team member is crucial to being able to manage the team as a whole.**

You will be less likely to encounter resistance to change if you know your people and if they know you. They will never doubt your motives. There will be no 'us and them' mentality.

Each team member trains independently by reading, listening to audio programs and watching video programs. **Winners are intensely interested in their profession and learn constantly.**

In addition to this training, the leader calls the team together for regular training meetings. These meetings include seminars, workshops and in-house training meetings.

3. Course Correction

Never leave it to the end of the month to face the reality that the office has fallen short of target.

To achieve high profits, offices must achieve consistent results. Salespeople, whose results fluctuate, contribute to the office's inconsistent results.

Salespeople with chronic fluctuating results must be counselled by the leader in one-on-one coaching sessions (Training and Coaching Key #5). Re-examine the salesperson's goals, actions, ratios, and commitment. If there is no improvement, the salesperson should be dismissed.

Work only with committed people!

Leaders understand that one-off inconsistent results can occur, but that does not mean they should do nothing about it. Constantly monitor each salesperson, and the office's results as a whole.

- Take corrective action with individual salespeople daily. Don't allow an action slip to turn into a slump.
- Take corrective action with the team weekly. If the office is behind in results, correct sooner rather than later.

Key Number 7

LISTING FLOW

**FOR
SALE**

A red and white 'FOR SALE' sign is hanging from a wooden post. The sign has the words 'FOR' and 'SALE' in large, bold, white letters on a red background. Below the text is a white rectangular area. The sign is set against a blurred background of a house with a dark roof and white trim, and a paved driveway.

Key Number 7**Listing Flow**

This is where we aggressively market for listings.

Through effectively implementing Key #5 Training and Coaching, and Key #6 Results Control, we ensure that our salespeople are sufficiently skilled to turn large numbers of the leads that result from Key #7 Listing Flow into Exclusive Listings and then into sales.

You cannot make large numbers of sales if you do not have large numbers of listings. Listings are the lifeblood of your agency.

Every agency needs a constant flow of quality listings.

If the listing flow is low, this indicates:

- • That the agency is doing insufficient marketing;
- • That the sales team and HomeFINDERS are not doing sufficient prospecting;
- • That leads are not being converted into listings;
- • A combination of all of the above.

The Fourth Profit Key, Hiring and Selection, the Fifth Profit Key, Training and Coaching, and the Sixth Profit Key, Results Control, come before Listing Flow for a reason.

- The Fourth, Fifth and Sixth Profit Keys are team-building elements.
- The Seventh Profit Key, Listing Flow, is a marketing element.

Marketing is expensive.

**All offices must make the most of
the leads their marketing generates.**

If your team skill is poor, although you might generate leads, your conversion rate will be low, wasting a lot of money.

Listings lost to the opposition are the greatest cost to an agency.

Before you market for listings, get your team right. Never allow incompetent people to represent your agency.

YOUR REPUTATION is at stake.

Even team members that list many properties require practice to keep their skills sharp. It is possible to list many properties and not realise that you have begun taking expensive shortcuts, skipping over vital points during the listing presentation and not setting up to sell properly.

This often becomes obvious when sellers fail to follow the salesperson's advice by refusing to reduce prices, or by refusing to accept good, fair offers. Training keeps your salespeople sharp. **Regular listing presentation practice keeps lead-conversion rates high.**

Important Ratios

1. List-to-Sell Ratio

The percentage of listings that becomes sales is the agency's list-to-sell ratio. It is important that the leader monitors this ratio, which can change with time.

The list-to-sell ratio is a good indication of:

- The current team skill level;
- The quality of the agency's listings;
- The quality of the salesperson's relationships with their sellers.

In some markets your office might sell almost every property listed. In other markets, you might have to work hard to get listings priced to sell and to make sales.

For planning purposes, if your office only accepts EXCLUSIVE LISTINGS, a list-to-sell ratio of approximately 60% is probably a safe place to start.

With OPEN LISTINGS, however, you need 10 Open Listings to receive the same results as with 1 Exclusive Listing. The list-to-sell ratio with Open Listings will be closer to 6% for planning purposes.

Calculating your office's list-to-sell ratio

It is best calculated over the past year, if you have records for that period.

$$\text{LTS RATIO} = \text{SALES} \div \text{LISTINGS} \%$$

Example: 500 sales from 900 listings:

$$500 \div 900 \% = 56\% \text{ list-to-sell ratio}$$

You must know your List to Sell Ratio at all times.

Planning to achieve your profit goals requires that you know:

- 1.** How much profit you need to reach your goals
- 2.** How many sales required to earn that profit

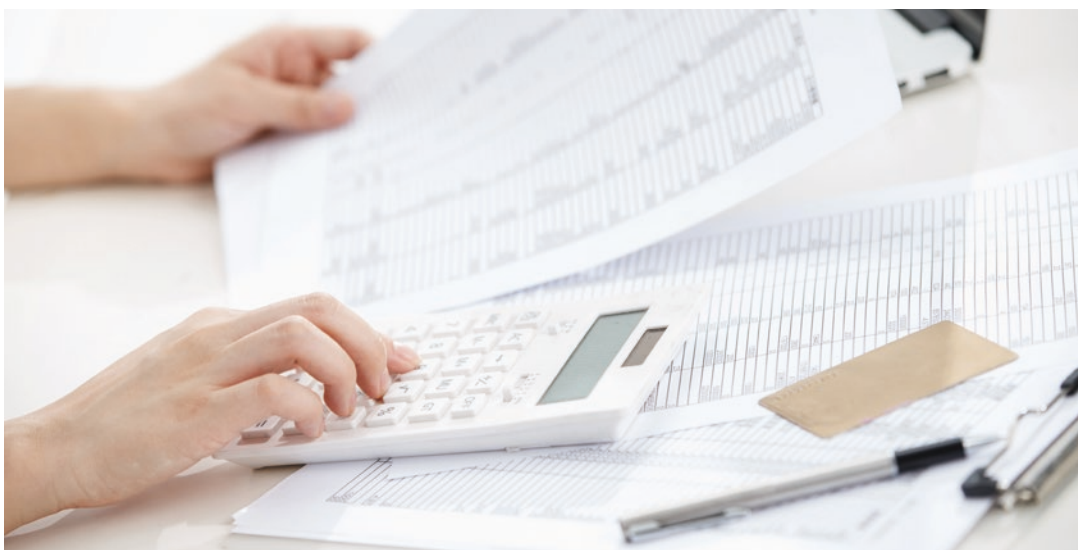
Using your list-to-sell ratio, you calculate:

- 3.** How many listings required to make those sales

By calculating the average number of listings each salesperson can reliably produce each month, you calculate the team size required to achieve your profit goals:

- 4.** How many winning salespeople you need to get the listings and sales targets required

The list-to-sell ratio is a vital calculation!



2. Present-to-List Ratio

You have to know how many presentations equal how many listings. Each salesperson's present-to-list ratio is an indication of their skill.

The present-to-list ratio can fall for two reasons, and for each salesperson you must be aware of which reason it is:

1. Too many presentations scheduled with people who aren't ready to sell – poor qualifying prior to setting the appointment
2. Poor listing presentations to sellers who are ready to sell

The present-to-sell ratio is a similar calculation to the list-to-sell ratio.

PTL RATIO = PROPERTIES LISTED ÷ APPOINTMENTS %

Example: 10 listings from 12 appointments:

$10 \div 12 \% = 83\%$ present-to-list ratio

Salespeople with an 83% present-to-list ratio will receive 10 listings per month as long as they set 12 quality listing appointments.

If you are not happy with this ratio, as long as you know it, you can work with the salesperson at improving it. In sales, ignorance of the SALES NUMBERS is never bliss!

A major question to be answered by every leader or Sales Controller is:

“How many listing presentations are on today?”

The main factor in increasing your present-to-list ratio is skill. The success of an agency depends on the attitude and skill of its leader and team.

Consistency

Winning leaders and salespeople understand the importance of numbers and ratios and their relationship to sales success.

- We know that if we make a set number of prospecting calls, we should receive a predictable number of listings.
- We know that if we send out a set number of marketing letters, we should receive a set number of listings.
- We know that what we do, and what we do not do, have consequences.

Whether a team, or an individual, the key to consistent results lies in consistency of competent action.

- For individual success, salespeople must do a large amount of prospecting every day.
- For office success, there must be a large amount of marketing every day.

Low numbers of actions leads to low results. Inconsistent action leads to inconsistent results.

Consistency is the leader's responsibility.

Easy Marketing

Most real estate offices do the easy marketing. They use the marketing sources that every other agency uses. And then they complain that their marketing is stale, and that they need new material.

- These leaders focus on the WHAT
- They should focus on the WHERE

**Don't focus on what your office is sending out.
Focus on where you send your message.
Perhaps you don't need new marketing
– you need new marketing sources.**

There are still many marketing opportunities open to you. Some are easy sources that all agencies use. Others are 'the road less travelled'. Easy or hard, your office should be using them all:

- • HomeFINDER
- • Door knocking for various reasons
- • Telephone prospecting
- • Following up enquiries by telephone. Working clients lists
- • Adding contacts, with permission, to your database
- • Emails to subscribers
- • Letters to database
- • Newsletters to subscribers
- • Leaflets delivered under doors
- • Classified ad follow up
- • Website
- • Blogs
- • Video
- • Social Media
- • Radio
- • TV
- • Community events
- • Increasing team size (something few leaders consider when marketing)
- **...to name a few.**

**With easy marketing,
there is plenty of competition for attention.**

With marketing that is more difficult to implement, there is less competition for attention. Leads from these sources often see us with little competition for the listing.

Every marketing avenue that you, or your salespeople, neglect to use causes your agency to lose income and profit.

Every day:

- • Salespeople prospect – minimum 40 potential sellers per day
- • HomeFINDERS prospect – minimum 80 potential sellers per day
- • Office marketing – to all the marketing sources legally open to you
- • The office never closes without a RESULT

Explore every marketing source you can. Have an active team that prospects. Market your agency every day, using every listing source you can.

Make it a habit. Make it consistent.

Be sure of your office's capacity to market for listings.

Types of Marketing

Your marketing must cover the following:

- • Personal
- • Digital
- • Print

Personal

Salespeople must prospect the area. Getting out and meeting people is an underrated strategy, but essential to branding your agency. Relationship building and developing trust around your brand is a crucial element of real estate sales.

Digital

This includes your website, social media strategy, email campaigns, etc. Hard copy leaflets can be converted to digital format and emailed to your database. Home Alerts to advertise your new listings can be delivered online.

A coordinated digital marketing campaign is a worthwhile investment, but it can be complex to set up. We recommend you seek expert advice to get this working effectively.

Social media should not be given to an office junior simply because *“he or she grew up with this technology”*. To quote digital marketing expert, Jay Baer, *“It is easier to teach somebody who knows a lot about the business how to tweet than it is to teach somebody who knows how to tweet everything they need to know about the business”*.

Get digital marketing working properly so it can generate leads 24/7. Don't do it and you will need to rely on Print and Personal marketing.

**Please contact Pittard if you would like us to help you get started
with your digital marketing campaign.**

Print

You must create brand awareness in your service area.

Print marketing is mostly in the form of personally-addressed letters and hard copy printed leaflets, including signs. Newspapers may be of little value in the majority of areas and for the most part are not worth the cost.

If you do not have a good CRM (database) with a large number of local home owners' names and contact details, it is even more important that you have a team of walkers to deliver leaflets into every letterbox - under doors is better - in your service area at least once per month.

**Please contact Pittard if you would like advice
on your first leaflet.**

Letters, even when personally addressed, should not be posted as this is too expensive. Print your letters, sort them, and have them delivered to each street by walkers. It will save you a lot of money.

Taking Control of Your Business

Your business should give you a life, not consume your life.

People start a business for one reason - to improve the quality of their lives. They know it is a risk and they take these risks. But sadly, many people discover that owning a business is not what they expected.

They expected to have more freedom. Instead they feel like slaves. They expected to be financially secure. Instead they find themselves in a constant state of financial anxiety. They expected to have more family time, but often, time with family takes second place to business survival.

They expected to be able to control their own destiny. Instead they feel controlled, trapped and susceptible to the whims and moods of others. They feel caught up and out of control. They hope that one day it will get better. But each year they face the same problems, the same worries.

**WITH THE 7 KEYS TO PROFIT,
your business will run automatically,
without your constant input.**

You will be able to go away from your business for lengthy periods knowing that it will continue to produce great profits. If you wish to play an active role in your business, you can. If you wish to pursue other interests you can. Your business should function regardless of what you choose to do.

**A business that runs automatically,
regardless of who owns it, is a...
VALUABLE ASSET.**

Who Else Wants More Profit?

Every training company claims to make its clients more profitable, but how many truly prove they do?

All claims look good in the brochure. But BEFORE you invest your hard earned money, as an astute business person don't you want proof that the training you invest in produces results?

Pittard are real estate agency profit consultants, the only ones that dare to use the Profit and Loss Statements of its clients as its 'brochure'. Ask any franchise, marketing group, or typical training companies for the profit results of their top thirty clients and see for yourself whether they are happy to give them to you.

We are happy to put you in touch with as many of our clients as you feel necessary to prove that our training makes our people more profitable.

Pittard clients will be happy to talk with you, business-person to business-person. They will tell you what their businesses were like 'pre-Pittard' and 'post-Pittard'.

We are proud of the profit our offices make, and so are those offices' leaders. These leaders, and their teams, are working toward creating exciting and profitable real estate businesses.

Don't take our word for it – talk to them.

Thank you for completing *7 Keys to Profit*, and I hope this program helps you to make more profit.

Best wishes,

A handwritten signature in blue ink that reads "Gary Pittard". The signature is stylized with a large, looping 'G' and a horizontal line under the name.



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