

market leader[®]

2021
YOUR
REAL ESTATE
**BUSINESS
PLAN**



Introduction

“The number one reason businesses fail to grow is because they don’t have a plan.”

– Sheldon Rapoza, Million Dollar Pipeline Program Coach

The key to longevity in real estate is never a single deal: it’s a disciplined, rational, and systematic approach to developing future deals. It’s about building and managing a sales pipeline that helps you generate a steady stream of future business.

Your business plan should address how you manage relationships, nurture and engage leads, and document your strategy to ensure future success. This guide will provide you with the information, metrics, and actionable planning materials you’ll need for your real estate business to hit the ground running in 2021 and achieve your annual transaction and commission income goals.

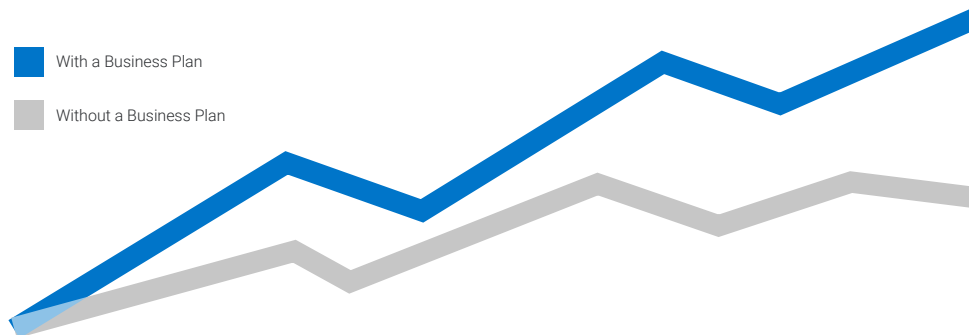


Table of Contents

2021 Outlook & Trends	4
Strategies for Success	5
Worksheets:	
Calculating Your Expenses	10
Transaction and Lead Calculations	12
Your 2021 Marketing Plan	14
Goals at a Glance	18
Success Tracker	19

Get your 1:1 business planning consultation

A documented business plan is necessary to keep you on track, but nothing beats a personalized look at your business.

Call us today at 800-988-1354 for a complimentary one-on-one consultation with a Market Leader expert.



2021 Outlook & Trends

The Dreaded “R” Word, Revised.

We are in a recession. Last year we discussed how different a recession would look in 2020 in comparison to the economic downturn of 2008. While the economy has in fact taken a downturn, the housing market bears little resemblance to the pre-recession bubble of the Great Recession and the impact is specific to the industries directly impacted, which aren't typically the ones employing homebuyers or moving markets.

Mortgage rates are historically low, but they're not backed by superficial securities and demand has remained high. Between already-tight inventory levels and the 1-3 month stop on new construction because of the pandemic, the housing market is poised to go into 2021 with inventory shortages and the will continue to strengthen.

2020 forced massive and almost immediate change and the future is now in real estate. The recession is here and it's not a matter of what will last, but who.

The Shift: Adapt or Fail

During periods of change, the balance of power shifts. In addition to changes in the number of transactions closing, who is closing these transactions is going to change. Traditionally a belly-to-belly industry, real estate has long resisted fully adopting technology. With economic uncertainty tied to both the pandemic and upcoming election, you now need to be the local economist and leverage data to tell your market's story.

Today's agent must understand the economy, how it works, how and why the housing market is different from the stock market, and what the movement in your market means for local buyers and sellers. It's now a necessity to be able to digest and distill data to present it to consumers in a way that both makes sense and comforts them.

The balance of power in the real estate industry is going to shift to agents who leverage data and technology as integral parts of their businesses. Agents now need to meet consumers where they are – which is almost entirely online. The entire real estate sales funnel is mapped online now. Those who understand and embrace this will see massive success in the years to come. Remember, the move to digital was already happening; the pandemic ushered forced and immediate change. These trends are here to stay and those resisting the digital transformation will not survive.

Strategies for Success

Invest in Your Business

It's important to identify areas of your business you'd like to grow, develop a strategy for growing those areas, then invest in that growth.

Do you want to implement a better lead conversion strategy? Tactically, you might better engage with leads by improving your follow-up response time. How you accomplish this is where your investment comes in; you could invest more of your time in nurturing these leads, or you could invest money in tools that will help you engage faster and better by automating processes and engaging leads for you – saving you time to focus on more active leads.

It's important to remember that you can't write off your time when tax season rolls around. You can write off tools, third party leads, software, marketing costs, even training to develop your business, but you can't write off the time you invest in it. Be careful not to cut corners now that will cost you down the road. Look at your goals, define your strategies, and invest in resources that will best serve those goals and provide the highest return.

Pipeline Management

The epicenter of your business relies entirely on your relationships with prospects and past clients. The most important strategy for success is managing your pipeline – i.e., your relationships.

The mindset of far too many agents is shortsighted. They don't consider the reality that real estate is a long-term business with a drawn-out sales cycle. Agents spend more time worrying about expenses and closing deals than they do nurturing the relationships that their business is built on, which, in turn, will close more deals.

The real estate sales cycle averages 12-18 months, but can take years to close for some. It's vital to understand this process and all the touchpoints within it so you can properly manage and nurture your pipeline. One fundamental truth in real estate is: if you're not managing your relationships, you're not closing deals.

A **CRM** holds the blueprint for your long-term success. It should track website activity, communications, and automate marketing for you so you're always top-of-mind. 90 percent of buyers and sellers say they would work with their agent again, but only 10 percent do (NAR, 2019). This is because most agents are chasing more active leads and fail to keep in touch with past clients.

The importance of managing your pipeline, end-to-end, cannot be stressed enough. Your future business will thank you.

Follow-Up

The money is in the follow-up and having a strategy for following up will guarantee efficiency, consistency, and conversions. The first real estate agent to respond to a lead increases their odds of converting them into a client by 238%¹. Your CRM should notify you as soon as a new lead comes in, which should immediately prompt you to pick up the phone or send a personalized text or email – **within five minutes**.

Follow up with your follow-ups. Again, the real estate sales cycle lasts between 12 and 18 months; odds are, you're going to have to follow up with prospects numerous times as they move through your pipeline. Research suggests that up to 95 percent of online leads convert between the second and 12th contact attempt, yet the average salesperson makes only two attempts to reach a prospect. You read that right – *two attempts*. There is only business to be gained by taking a few minutes each day to follow-up, whether you've made contact yet or not.

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¹ LeadQual, Rapid Response to Internet Leads Drives Conversion

² Inside Sales, Lead Response Management

Worksheets

Business Expenses and Taxable Deductions

To maximize your gross commission income for 2021, be sure to track all of your deductible business expenses. If you have a system for tracking your expenses, you'll get more back at the end of the year (and your accountant will love you).

Per the IRS, business expenses are considered deductible if they are ordinary, necessary, and current. These expenses include any costs listed on the business expense portion of the worksheet below. Track these costs throughout the year to ensure you get the biggest return on your business expenses and investments.

The most efficient way to track your expenses is by using a mobile app. There are numerous free and low-cost options that allow you to categorize and track your expenses, on the go.

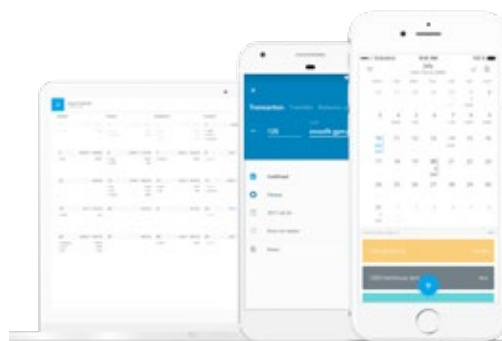


Our top picks are user-friendly, available on iOS and Android devices, and offer free subscriptions.

Spende



Dollarbird



Remember: *all software, marketing, advertising, and lead generation costs are deductible.*

If you prefer to track your expenses manually, the following worksheet will help you get your expenses documented to provide a bird's-eye view of your finances.

BUDGET

Calculating Your Expenses

Living Expenses Worksheet

\$ _____ Mortgage payment
\$ _____ Household (heat, water, etc.)
\$ _____ Food (grocery and dining out)
\$ _____ Car expenses (payment, gas, etc.)
\$ _____ Entertainment
\$ _____ Child care
\$ _____ Education
\$ _____ Investments/savings
\$ _____ Other living expenses
\$ _____ **SUBTOTAL (income needed
after taxes)**

Divide by .70

\$ _____ Monthly gross income needed

Multiply by 12 months

\$ _____ **Total gross income required**

Annual Business Expenses

\$ _____ Desk fee
\$ _____ MLS dues
\$ _____ MLS lockboxes
\$ _____ Telephone
\$ _____ Cell phone
\$ _____ Internet
\$ _____ **total (carry over to next page)**

BUDGET *Continued...*

Calculating Your Expenses

\$ _____ **total (from previous page
Annual Business Expenses)**

\$ _____ Computer software

\$ _____ Supplies, maintenance

\$ _____ Car payment

\$ _____ Gas and oil

\$ _____ Car maintenance and insurance

\$ _____ Office supplies

\$ _____ Website

\$ _____ Meals and entertainment

\$ _____ Leads generation subscriptions

\$ _____ Marketing assets

\$ _____ Website

\$ _____ IDX software (MLS listings)

\$ _____ Digital advertising

\$ _____ Meals and entertainment

\$ _____ Seminars and conventions

\$ _____ Postcards and postage

\$ _____ Flyers and brochures

\$ _____ Signs

\$ _____ Newspaper and magazine ads

\$ _____ Legal/professional/CPA

\$ _____ Assistant's salary and benefits

\$ _____ Payroll taxes

\$ _____ Transaction coordinator

\$ _____ Listing coordinator

\$ _____ Dues and subscriptions

\$ _____ License

\$ _____ E & O insurance

\$ _____ Industrial insurance

\$ _____ Medical insurance

\$ _____ Disability insurance

\$ _____ Charity

\$ _____ **TOTAL**

GOALS

Transaction and Lead Calculations

Transactions

Step 1:

Determine your average commission per transaction

Median house price \$_____

x _____ % commission

= **Commission per transaction** \$_____

Step 2:

Income goal \$_____

÷ \$_____ Commission per transaction

= **Transactions needed per year** _____

Leads

Calculate prospects needed per year

Take the total transactions you want _____

X 40 (Prospect-to-sale ratio is 40 to 1) _____

= **Total number of prospects needed** _____

Break it down into a daily number

Annual prospects needed _____

÷ by 12 months _____

÷ by 30 days _____

= **Prospects needed each day** _____

Transactions Example

\$250,000 Median house price

x 3% commission

= \$7,500 Commission per transaction*

* If you have a commission split with a broker or team, multiply your commission per transaction total by your percentage of the split to get your split-commission per transaction total.

\$150,000 Income goal

÷ \$7,500

= 20 Transactions needed per year

Leads Example

20 transactions

x 40 prospects

= 800 **prospects per year**

÷ 12 months

= 67 **prospects per month**

÷ 30 days

= 2.5 **new prospects per day**

Leads come from various sources.

Our interactive Lead Calculator breaks down your personalized mix of leads, based on your commission income and transaction goals, in just a few clicks.

Calculate Your Leads



Your 2021 Marketing Plan

While there is no one-size-fits-all marketing plan, there are strategies that apply to all real estate business efforts. Your individual business goals will determine what tactics you use to achieve your goals.

Use this marketing template to outline your goals and strategies to create an actionable plan you can implement in 2021.

Before sitting down to write your marketing plan, take some time to answer the following questions, as they will help you define your business objectives, target customers, and your key points of difference – the things that will set you apart as you implement your marketing plan.

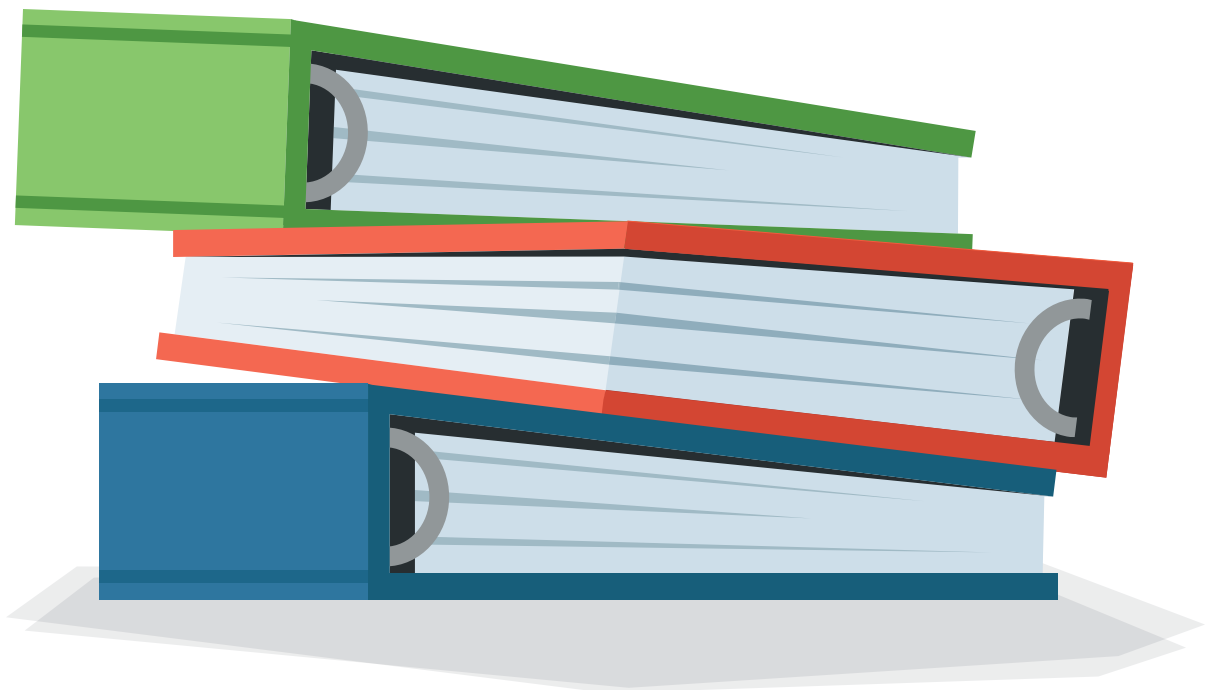
Mission Statement: “What is your business’ reason for existence?”

Is it to provide people with the best end-to-end real estate services in your region? Think about your specific client-centric business goals. Once you define your mission, you can position your business and create marketing communications to support that mission.

Points of Difference: “What sets your business apart from the rest?”

What do you offer that is unique to you? Have you been in real estate for 20 years? Do you have a knack for closing sales well over the listing price? Maybe you offer professional staging for all your listings. These differentiators will help you stand out in the crowded real estate space.

Target Clients: “What is most important to your target clients in their real estate journey?” Perhaps your target clients are sellers who are looking for an agent who is well equipped to market their home and sell it within a certain timeframe, and at a competitive price – identifying your ideal customers and their needs allows you to target your marketing to speak directly to them and their pain points.



Marketing Plan

GOALS What will be accomplished and when?	STRATEGIES How will you reach your goal?	TACTICS What will change and when?
Example: Increase annual GCI by 25% in 2021 by closing X deals every month.	<ul style="list-style-type: none"> • Diversify lead sources to increase leads in pipeline and focus on those with best conversion rates • Incorporate new channels and mediums in promotional mix to increase reach 	<ul style="list-style-type: none"> • Follow up with all leads within 5 minutes • Supplement lead generation efforts with an outside service if I'm not hitting leads goals within 90 days • Add video to your social media strategy (Facebook Live, video testimonials, etc.)

We're here to help.

Give us a call at (800) 988-1354 and a Market Leader expert will walk you through the ins and outs of implementing your marketing plan to get your strategy up and running.

LEARN MORE



Goals at a Glance

Goals: Quick Reference

Maintain focus by revisiting and referencing your annual goals. Post this sheet in your home office or at your desk to always know where your business stands, where it's going, and how you might need to adjust accordingly.

Income goal for 2021	\$_____
Dollars per transaction to you	\$_____
Number of transactions needed for goals	_____
Number of listings	_____
Number of listings sold	_____
Number of sales	_____
Number of prospects in your database	_____
Number of prospects you need	_____

Break it down

Listings needed per month	_____
Sales per month	_____
Prospects needed per month	_____

Success Tracker



Use the following chart to check your progress against your goals. In the blanks in the lefthand column, write your goal numbers (for example, if you intend to work 3 open houses per month, write "3" in the blank).

At the end of every month, mark the percent of the goal completed. You'll quickly be able to identify correlations between reaching specific goals and your success.

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About Market Leader

A leader in real estate technology since 1999, Market Leader proudly serves over 250,000 agents and teams across the United States and Canada. You can build and manage your business, lead-to-close, with our products:

Market Leader Professional

One intuitive system for agents and teams to generate and convert leads. It includes an end-to-end customer relationship management system, customizable IDX website, and a fully-integrated marketing design center.

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Leads Products

We wrote the book on generating leads. Get a guaranteed number of leads—not just impressions—delivered directly to your CRM. These leads are exclusive—not shared with other agents. Lead inventory is limited, so check availability today.

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