



Want More
PROFIT?
Here's How

Member Monday – May 1st , 2023
Coach Donna Stott - Your Coaching Matters





What is Profit?

Profit is what we earn, less our expenses to run our businesses. Those expenses are deductible.

Profit is what you pay taxes on.

If you are not paying taxes on something, you have no profit.

Do you want to be in Business
at the end of this year?

Yes? **Then PROFIT needs to be addressed
NOW and EVERY MONTH**

**We are all seeing that the Status Quo is
not going to cut it to thrive through the
next real estate cycle.**

Doing what we did last year will not work to
remain Secure and Stable.

Changes need to be made to continue to SERVE
our clients and create PROFIT for our lives and
our families' lives.



We will look today at what to CUT for more Profit and what to ADD for more Profit

When there are fewer sales, we can't afford to waste money.

Yet we must be investing in the RIGHT things to bring in more QUALITY leads.



FEWER LEADS will convert in the new market. Staying put is a valid and correct option for many people.

Therefore, we MUST generate MORE leads every day.

Our Profit Losses are often rooted in something that made sense in the past... OR maybe we lost money, but we didn't mind... because we make so much income it didn't matter. It matters now...

THAT LUXURY IS GONE

Why do this work NOW? To create EASE.

Over my career, I have been hired to Coach some real estate professionals specifically to help them get their business in shape to SELL. I coach people to Grow, Change, or Prepare to Sell their businesses.

They were serious about Looking Seeing and Telling the Truth so we could “fine tune” their business so they could market and sell for most money possible. In EVERY CASE, we found profit leaks and eliminated them (*no one wants to buy a business that is leaking profit.*) We also identified the absolute MOST highly profitable work... and focused on building that UP. Again, for the PURPOSE of SELLING the business for the highest amount possible.

In every case, after we did this work, those agents began working far less hours than they had been... *and they made more money.*

Many discovered they didn't really want to retire.

They just wanted to stop working so hard and make more PROFIT.



Most elected NOT to sell their business but instead to:

1. Stop marketing to business that was less than highly profitable **and** eliminate business costing them money. (i.e.: tightened minimum standards, let go of stuff they really didn't want or need or had done out of some sense of obligation rather than a good business decision)
2. Refer out unprofitable business that came in *despite not marketing for it*.
3. Reduced or eliminated staff they didn't need with fewer transactions.
4. They worked less hours on fewer transactions and make more money.
5. Take a LOT more time off.

They let go of trying to “scale bigger”
became LEAN and MORE PROFITABLE.



Here is the Simple Truth #1



Every working day you must **CONSISTENTLY** be building relationships with past clients, friends, neighbors, farm areas, networking groups etc. ... **AND** looking for people who want or need to buy or sell real estate.

PERIOD. EVERY DAY.

*And when
you find
them...*



Be sure this is CLEAR:

1. **YOU are a Professional Real Estate Agent...** and you would love to work with them. **What are you doing to remind them of this consistently?**
2. You are good at what you do. That you are knowledgeable, timely, professional, personable and experienced. Others using your services agree. **What are you doing to show that?**
3. You LOVE your unique brand of servicing, so PLEASE “ask me a lot of questions.” Be SO excited to answer any question. **People work with people who love their jobs.**
4. **YOUR unique abilities** that save them money or time... or make them money/time.
5. **You are a CLOSER. They need YOU to sell them your services. They need you to ask them to hire you!**

Simple Truth #2:

Your Expenses must be
**SCRUTINIZED WEEKLY or
MONTHLY. Calendar it!**

Look, See and Tell the Truth.

What are the facts?

Did you **USE** the items you bought?

Did it bring you joy or add to your business?

IF you had the week/month to start again knowing what you know, would you have spent that money on each item?



Not checking Billings on every Credit Card and every Bank or other Money Account you have **is COSTING YOU THOUSANDS.**

Look for:

- Programs you buy and aren't using anymore, or *maybe never??*
- Subscriptions you sign up for and don't use. I don't mean that you don't use all the features. You won't. But don't use at all.
- Redundancy. How many CRMs are you paying for? How many TV channels do you need?
- Interest being paid? How to avoid that?

CANCEL anything that doesn't fit your criteria.

Add it later if you want to, when it's time.



Simple Truth #3

IDENTIFY THE Unprofitable Transactions FIRST.

Look at the list of the bottom 20% transactions, in terms of pure income, over each of the last few years.

What % of those do you consider “highly profitable” not only in money but in all the other energies - time, relationship, physical vitality, enjoyment, AND creativity? You may have just a few that are “unprofitable,” or you may find ALL of them were! Some that do this exercise find it leaks into 30 or even 40% of the bottom...

What do they have in common? How can you avoid them in the future?

KEY to think about: *If you had eliminated those transactions and gained that time back, plus saved any money you spend on them... What could you have done with that time and money instead?*



Simple Truth #4

STOP Doing something for little income because it will be “easy.”

Not having or not sticking to Minimum standards that are based on PROFIT is doing work as a hobby, not a business.

Do you know your costs per transaction on average? What profit do you want on top of those costs? *Do you average in the ones that fall out? You need to!*

-- No... that \$500 commission that is “easy” is **not profitable**. It takes up room in your brain and in your calendar. Stop it!

-- Isn't some business better than no business? **No. Not if it's not profitable in some way. KNOW the way or don't do it.**



*If you don't love this person so much that you'd be willing to write a check to THEM for the difference between your minimum and how much you'll earn, then don't do it.
SIT WITH THAT A MINUTE...*

— Running a Business is all about the Profit...

**Number of closings means nothing.
Volume means nothing.**

Profit of all 6 Energies is Everything.

Remember... a few great transactions a year that are islands of profitability... in a sea of upside-down ones... is not a highly profitable business.

It's a business plan waiting to fail...





Simple Truth #5

NO ONE NEEDS YOUR PROFIT MORE THAN YOU DO.

Your company needs that profit just as much as Sellers and Buyers do. It's not your fault if market changes or they made mistakes.

You run a business, not a charity.

You are a business owner, not a social worker.

Your employees, family, places you spend, or gift money... they need that profit that comes from the work you do.



NOTE on Discounting

If you are discounting to break into a neighborhood or price range and there is NO other way... THEN, make a good business decision as an INVESTMENT.

In that case, the money you don't take from those sales is an INVESTMENT.

If that is not it... don't do it.

Or limit *pro-bono* to a few a year and don't do any others until the next year. ("*Pro-bono*" = anything below your actual cost or your minimum standard)

Note: MISTAKE on Discounting for multiple transactions

Doing the lower commission on the 1st deal because there is another one coming. How many times does #2 never happen or you end up discounting on it too? If you give a discount, make sure its always on the #2 deal, never on #1.



SIMPLE TRUTH #6



Spending time on doing things for FREE because it “might lead to business” is going to break you. You don’t have that much volunteer TIME this year.

I even see lots of volunteer work with people who ***will not work with you.***

Volunteer with potential clients instead!

If it’s not supporting your goals as part of your plan... If it’s not supporting a life intention... **and** it’s not making you money, **don’t do it.**

Let go of ego-driven stuff that is sapping your work time.

Find something else to give time to that does support your LI and goals!

Simple Truth #7

You **MUST** contribute a % of each check to taxes and retirement and whatever else life intention you are saving for.

This is also an actionable item you can fix **NOW** with your next closing.



Simple Truth #8

NOT HAVING A NICHE. Marketing to “Everyone and for Everything” vs ONE or maybe two expertise's, PERIOD.

- **Stop asking for business you don't want.** Waikiki & North Shore, for example was the first Ah Ha I saw...
- How about marketing a JL/JS in a neighborhood outside your minimum standards?
- What about: *“I'll figure out commercial on this one deal”* and then spend all your time on it – letting go of what DOES work while you learn... and then the commercial deal falls out.
- How about Bank Foreclosures? Lots of business, lots of paperwork, low commissions for a ton of work. (Roughly 50-60% of income on same volume of other business)

If you aren't thrilled for the business, don't market to get people to contact you for it.

KEY: Any marketing you consider THINK: Who will contact me from this marketing? Do I want that?



Simple Truth #9

INSURANCE

Mistake: Not Settling fast on disputes to avoid using E&O. Have a figure. If your deductible is \$2500, then that number might be \$5000 to avoid the work and time and stress around an E&O dispute. Not keeping that amount in an account to use if you ever need it.

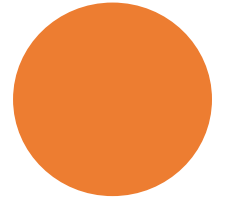
Bigger Mistake: Not carrying E&O Insurance at all... or not USING it when you need to.

If it's going to go there, go fast and get past it. Let them worry about it, not you. It's what you pay for.

P.S. If you do enough transactions someone will sue.

P.P.S. When the market goes down... more people will sue.

Dot i's, cross t's, get it all in writing. Save it in a folder/document (not just in email and text).





Simple Truth #10

Stop Spending **time**
WORRYING rather
than acting.
This is called engaging
in Monkey Mind vs
keeping your focus on
your Goals and
Dreams.

Taking an Authentic
Action cures worry.

Great.

Now we will look at
PROFIT
THOUGHTS you
can use to
Capitalize on
YOUR PROFIT!





Profit Thought #1

Look at the top 20% pure income of transactions the last few years. Make a real-life written down list.

What % of those do you consider “highly profitable” not only in money (they are top 20%, so money is our first filter there...) but *what about in all the other energies* - time, relationship, physical vitality, enjoyment, and creativity?

What ELSE do they have in common? Look for clues to commonalties. This helps to further identify a profitable niche.

Where can you find others like them? What marketing will cause THEM to respond? What do they like? Where do they hang-out in real life and online?

Linked-In? Facebook? The grocery store? The golf course? The kids' school? The community book club, game night, bingo? At a networking meeting? **Go BE where they are more often.**



Profit thought #2



Know your Minimum monthly and annual nut to make Salary and Expenses.

Not just staff Salary but YOURS too.

Not paying yourself a salary but living check to check? End that and start the salary now.

Your Salary should at least cover your basic needs and taxes.

Highly profitable companies keep 3-6 months of expenses, including your salary, in your company account, ***at all times***. If you fall behind, work extra to get it back to flush again.

Profit Thought #3



Know CLEARLY the cost for each transaction (your minimum annual divided by the number of transactions.)

If your expenses are \$5K a month and your minimum salary is \$5K a month, that's \$120K a year.

If you plan to do 28 transactions, ***you will not profit*** until you make over \$4,285 per transaction.

\$120,000 divided by 28 transactions = \$4,285.

When you KNOW that, you learn quickly how to say no to business that doesn't earn that much. When you don't know, you ACCIDENTALLY don't make profit and ***don't even know it.***

Profit Thought #4

Niche. Narrow. People want an EXPERT.

Be VERY sure you are marketing to just a very few niches. Be EXPERT in them and write, post, mail, market the heck out of those 1-2. Refer everything else out.

Which is more effective?

100 JL/JS cards to 12 different neighborhoods (1200 postcards) or 8 JL/JS mailings to your VIP list of 150 people (1200 postcards)? Cost is the same, right?

Circle prospecting in 12 different neighborhoods or calling the same neighborhood 12 times?

Open houses in 10 neighborhoods or 10 opens in ONE?

12 attendances a year in 4 networking groups (48 meetings) or attending every week in ONE great group?
Who do the people know more?



Profit Thought #5



Go Multiple hunting.

- Who can you find that owns multiple properties they could sell (Is it time to 1031 Exchange into newer, better homes?)
- What neighborhood can you find over your average price.. that has NOT had sales the last few years but should have (looking for pent up demand)?
- Set a goal of transactions for next year. Identify half that number in your VIP list that are MOST likely to sell & re-buy (2 transactions) in the next 5 years and put them on a **special contact campaign for the year.**
 - *Example: I want 48 transactions next year. I will identify 24 of my most likely VIPs to sell/re-buy and will contact each by phone 4X minimum, by mail 12X, on social media 12X, take to coffee/lunch or dinner 1X... and take a gift to their homes at some point in the year. Goal: To get them to do 2 deals with me over next 5 years AND refer 2 people to me each year until they do!*



Profit Thought #6

USE Buyer Broker Commissions to make your Listings Stand out as the Market gets more crowded with Listings.

AND - Ask the Seller to pay more to Buyers Brokerage vs YOU paying them more of your listings side.

Many of you successfully lowered splits to Buyer sides of transactions the last few years. Times are changing. Don't reduce YOUR fee because of it.

Our 4%2U Program was a 7% commission total... 4%/3%. Not 4%/2%. Show Sellers the benefit of that 1% spend... vs going down 1% in price. It's more effective and more profitable. And buyer brokers come LOOKING for your listings to sell.



Profit thought #7

Price listings to Sell FAST.
When market is declining
the NEXT sale is the
highest price possible.

**Use the Pool of Buyers
Script to explain this
to Sellers Properly!**





It's time to PROFIT in CONFIDENCE!

WE STILL HAVE THE BEST JOB IN THE WORLD – Especially in the Current Market! (Seth's post "Compared to What")

The DOWNTURN of the market in # of sales can be a HUGE windfall for great agents.

Bad agents get out of the business or drive themselves out with negative income (not understanding and sticking to minimum standards, they go bankrupt in times like this by thinking the solution is to discount or buy leads).

Know your Profit line. Eliminate business that doesn't meet it and add more that goes OVER the line.

Great agents thrive in times like this.

Be CONFIDENT. Get the RIGHT few poles in the water NOW. Be CONSISTENT. Be RELENTLESS.

Leaving you with that great Story...

“You have to wait for the falling tide.”

—ARTHUR C. BROOKS, FACULTY AT HARVARD BUSINESS SCHOOL

As a young boy, Arthur Brooks was fishing along the shore in Oregon without success. An elderly fisherman from the area came along and noticed his frustration that nothing was biting. The tide was about to go out and Arthur pulled in his line and started packing up.

The old fisherman said – *“You’re doing it wrong.”*

Arthur asked what he meant... He said, *“Let me tell you a secret young man...You have to **wait** for the falling tide.”*

You see, Arthur thought fishing was done as the tide was about to go out. But the old fisherman knew the truth. Most people pack up when the tide is going out... It SEEMS smart.

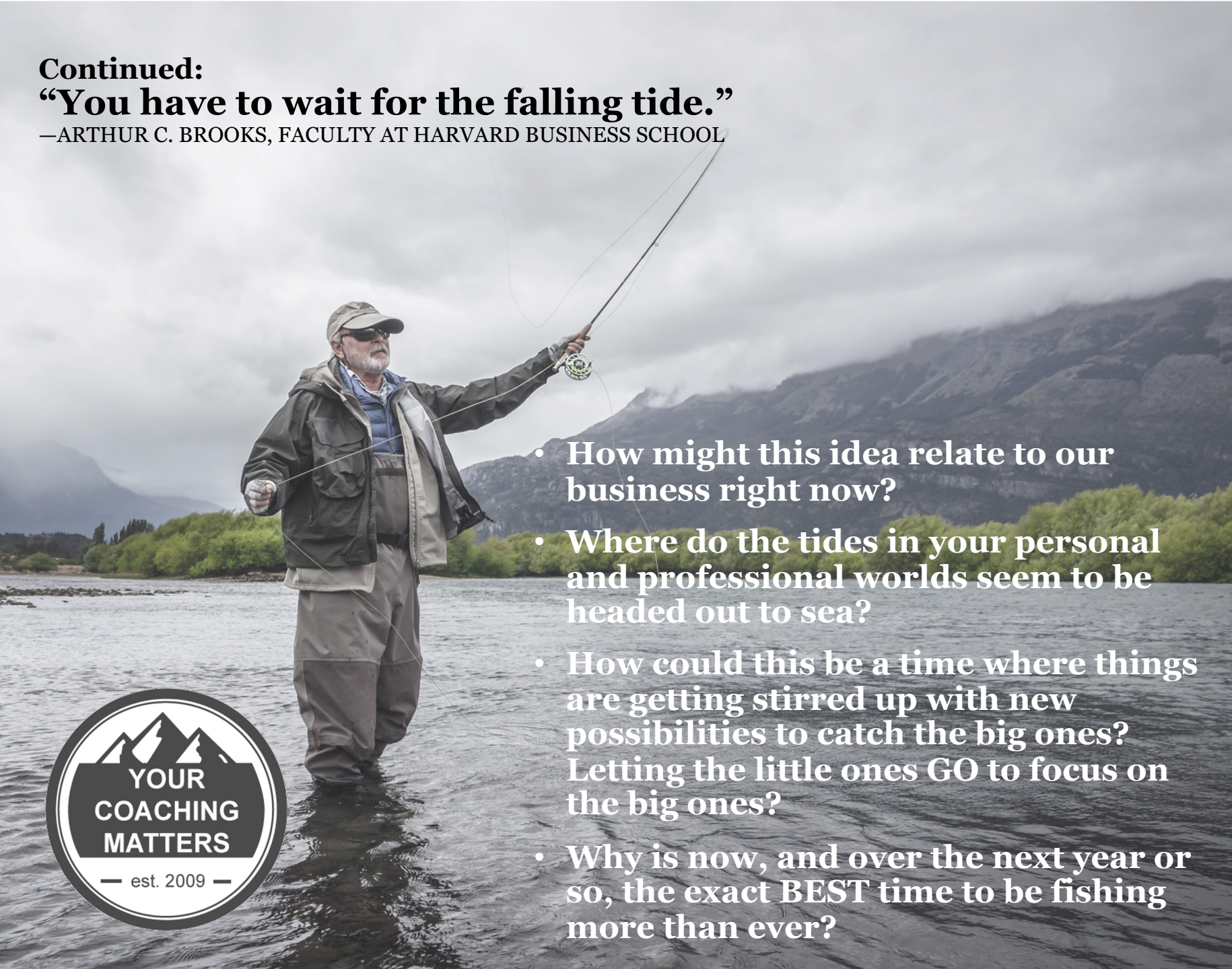
However, the great fisherman knew when the tide recedes **is the time when all the plankton and bait fish get stirred up, making the game fish crazy and willing to bite at everything.**



Continued:

“You have to wait for the falling tide.”

—ARTHUR C. BROOKS, FACULTY AT HARVARD BUSINESS SCHOOL

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- How might this idea relate to our business right now?
 - Where do the tides in your personal and professional worlds seem to be headed out to sea?
 - How could this be a time where things are getting stirred up with new possibilities to catch the big ones? Letting the little ones GO to focus on the big ones?
 - Why is now, and over the next year or so, the exact BEST time to be fishing more than ever?



**Others pull in
their poles in
times like this.**

**Others get
desperate and
sloppy at a time
when EXPERT
advice is needed
more than ever.**

**But not you.
Get that pole
in the water
NOW.**