

Basic Real Estate Business Plan

Step 1: Set Your Income and Closed Sides Goals

Income Goal.....	(A) <u>\$ 125,000</u>
Average Sales Price.....	(B) <u>\$ 300,000</u>
Average Gross Commission Rate Per Side(%)	(C) <u>3 %</u>
Average Gross Commission Per Side (B times C)	(D) <u>\$ 9,000</u>
Sales Executive Commission Split (%)	(E) <u>60%</u>
Sales Executive Commission Split before deductions (D times E)	(F) <u>\$ 5,400</u>
Less Franchise Fee (D times 6%)	- \$ 540
Less E & O	- \$ 37
Average Sales Executive Commission Per Side (F less deductions)	(G) <u>\$ 4,823</u>
Number of Closed Transactions Needed (A divided by G)	(H) <u>25.92 = 26</u>
Number of Sides Needed to Put in Escrow (H divided by 80%)	(I) <u>32.40</u>

Step 2: Calculate Prospects Needed Per Week

Listings Sold Needed (60 % of line I)	(J) <u>19</u>
<i>Percentage of Listings Sold from total closings (I)</i>	
Listings That Must Be Taken (J divided by 70%)	(K) <u>27</u>
Listing Presentations Needed (3 times K)	(L) <u>81</u>
Number of Weeks Worked Per Year	(M) <u>48</u>
Listing Presentations Per Week (L divided by M)	(N) <u>1.69</u>
Buyer Escrows Needed (40 % of line I)	(O) <u>13</u>
<i>Balance of (J) % to equal 100%</i>	
Buyer Prospects Needed (3 times O)	(P) <u>39</u>
Number of Weeks Worked Per Year	(Q) <u>48</u>
Buyers Needed Per Week (P divided by Q)	(R) <u>.81</u>

Step 3: Calculate "People Contacts" Needed Per Week

Sellers

Total Listing Presentations Needed 81 (from line L)

Prospecting Source	Annual % / # of Presentations Per Source	Contacts to Produce a Presentation	Annual Contacts Needed	Weeks Worked Per Year	Weekly Contacts Needed
Cold Calls	10% / 8	150	1,200	48	25
Door Knocking	5% / 4	100	400	48	8
FSBO's	20% / 16	10	160	48	3
Expireds	15% / 12	15	180	48	4
SOI/Past Clients	35% / 28	50	1,400	48	29
Just Listed/Sold	5% / 4	150	600	48	12.50
Target Marketing	10% / 8	100	800	48	17
Other					
Other					

Buyers

Total Buyers Needed 39 (from line P)

Prospecting Source	Annual # of Buyers Per Source	Contacts to Produce a Buyer	Annual Contacts Needed	Weeks Worked Per Year	Weekly Contacts Needed
Cold Calls	10% / 4	100	400	48	8.33
SOI/Past Clients	50% / 20	30	600	48	12.50
Open Houses	30% / 12	10	120	48	2.50
Signs/Ads	5% / 2	10	20	48	.42
Internet	5% / 1	50	50	48	1
Other					
Other					