

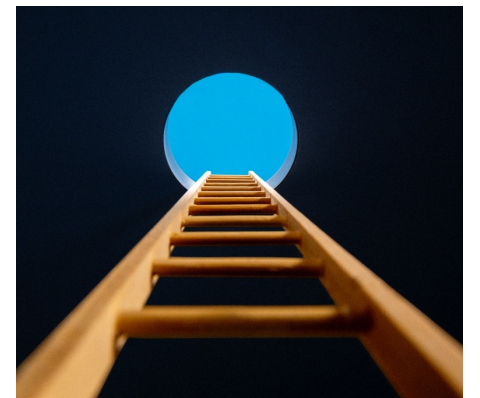


Member Monday - October 10th, 2022
Coach Donna Stott - Your Coaching Matters



Profit Pitfalls and Profit WINDFALLS!

*Stop ONE and
Start the Other!*





Change is in the air!

And I don't just mean we are officially in fall.

Status Quo is not going to cut it to thrive through the next real estate cycle.

Doing what you are doing Now will not work to remain Secure. To remain Stable. To remain Steady.

Changes will need to be made to continue to **SERVE** in ways that profit us in **the Energy of Money** as well as in all the other 5 Energies.

When the market changes a FOCUS on PROFIT is even MORE important

- When the market gets softer, we can't afford to waste money. **Yet we must be investing in the RIGHT things to bring in more leads. Since less leads will convert in the new market!**
- **Profit Pitfalls ARE avoidable** if we take just a few small sweet steps on a regular basis – You will learn them here today
- Profit Pitfalls are often rooted in something that **SEEMS** to make sense... If I buy this X, then I'll get Y. If I take this listing at 1.5%, they will refer others to me (*yep, referrals who all want to pay 1.5%... Do you want more of that?*)
- **Profit WINDFALLS are obtainable.** Again... IF we are willing to take a few extra small sweet steps on a regular basis. You will learn **THOSE** here today too.



Side Story that applies. *Pull up a chair...*

I have been specifically hired to Coach several real estate professionals over the last few years in selling their businesses. Short term contracts of 4-6 months.

During that Coaching we first Look See and Tell the Truth about their businesses, so that, we can “fine tune them” to market for sale to get the most money. We found profit pitfalls and eliminated them. We found profit WINDFALLS and did more of them. And...

In more than 75% of the cases, after we “fine tuned,” they began working far less hours than they had been and making more money. They discovered they didn’t really want to retire. They just wanted to stop working so darn hard... so many days a week... so many hours a day... so many weeks a year.

Most elected NOT to sell their business but instead to

1. Stop marketing to business that was less than highly profitable (i.e.: tightened minimum standards, let go of stuff that made them groan...)
2. Referred out the unprofitable business that came in anyway, rather than working it themselves.
3. Reduced staff or eliminated staff because they didn’t need it with fewer transactions. They let go of trying to “scale bigger” and became LEAN and MORE PROFITABLE.
4. Work less hours on less transactions and make more money.
5. Take a LOT more time off leaving someone else to cover what had to be done in their absence.





One thing
has NOT
changed.
**And it's
the
simplest
truth.**

Every working day you must **CONSISTENTLY** be looking for people who want or need to buy or sell real estate.

And talking to people who know others who want to buy or sell real estate.

And when you find them...



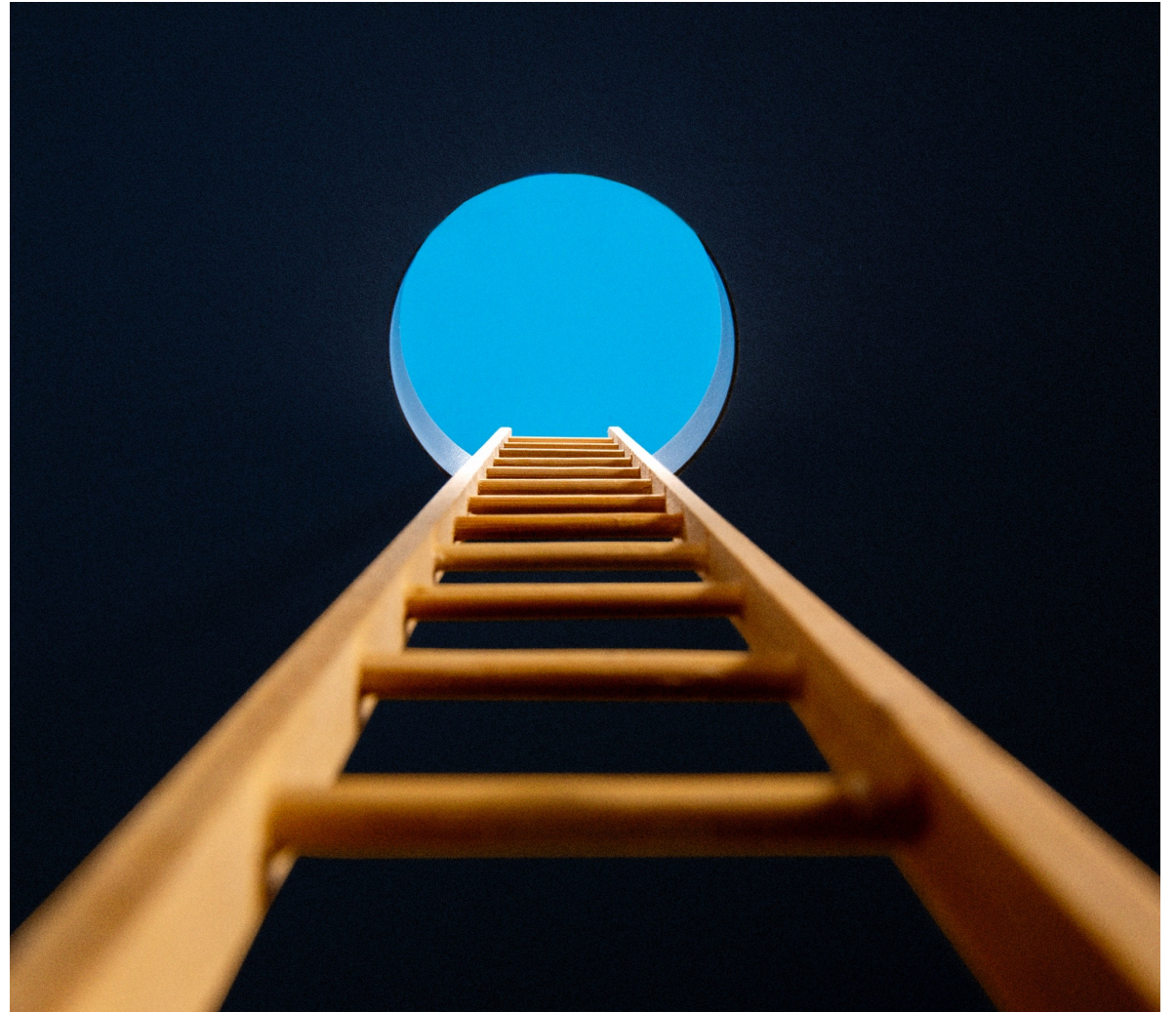
Remember 5 Simple Truths when you do your daily consistent work:

1. People must know you exist **as a Real Estate Agent...** and that you would love to work with them. **What are you doing to remind them consistently?**
2. They must know you are good at what you do. That you are knowledgeable, timely, professional, personable and experienced. **What are you doing to show that?**
3. They must know you LOVE your unique brand of servicing, or they will feel they are bothering you to ask questions. Be SO excited to answer any question. **People work with people who love their jobs.**
4. They must know the **unique abilities** YOU bring to save them money or time... or make them money/time.



5. You must CLOSE. They need YOU to sell them your services. Ask them to hire you!

Now that we have
that solid foundation
let's get into some
Profit PITFALLS you
want to immediately
end or avoid in this
market.





Profit Pitfall Clue #1

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?*



Profit Pitfalls

2. Doing something for little 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...





Profit Pitfall to avoid in the coming market...

3. Discounting because they “need me too.”

Your company needs that profit just as much as Sellers and Buyers do.

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.





Profit Pitfall #4

Spending time on doing things for FREE because it “might lead to business.” I see lots of volunteer work with people who ***will not work with you.*** Why not volunteer with potential clients instead?

THIS is the start of FREEFALLING...

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!***

Profit Pitfall #5

Not checking Billings on every Credit Card and every Bank or other Money Account you have **at least quarterly, more often is even better.**

This is an ACTION you can take NOW as we begin 4th Quarter. 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?



— Profit Pitfall #6

Not contributing 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.



Profit Pitfall #7

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 do think: *Who will contact me from this marketing? Do I want that?*



Profit Pitfall #8

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.

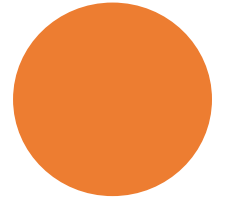
Bigger Mistake: Not carrying E&O Insurance at all... or not USING it when you need to.

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).





Our Final Profit Pitfall

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.



Got it? Good.

Now we will look at
some Profit
WINDFALLS you
can use to
Capitalize on
PROFIT!





Profit Windfall Clue #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 Windfall #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 Windfall #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 Windfall

#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 Windfall #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 Windfall#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 Windfall #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!**





Final Profit Windfall

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 and prices 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).

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.

Another 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.

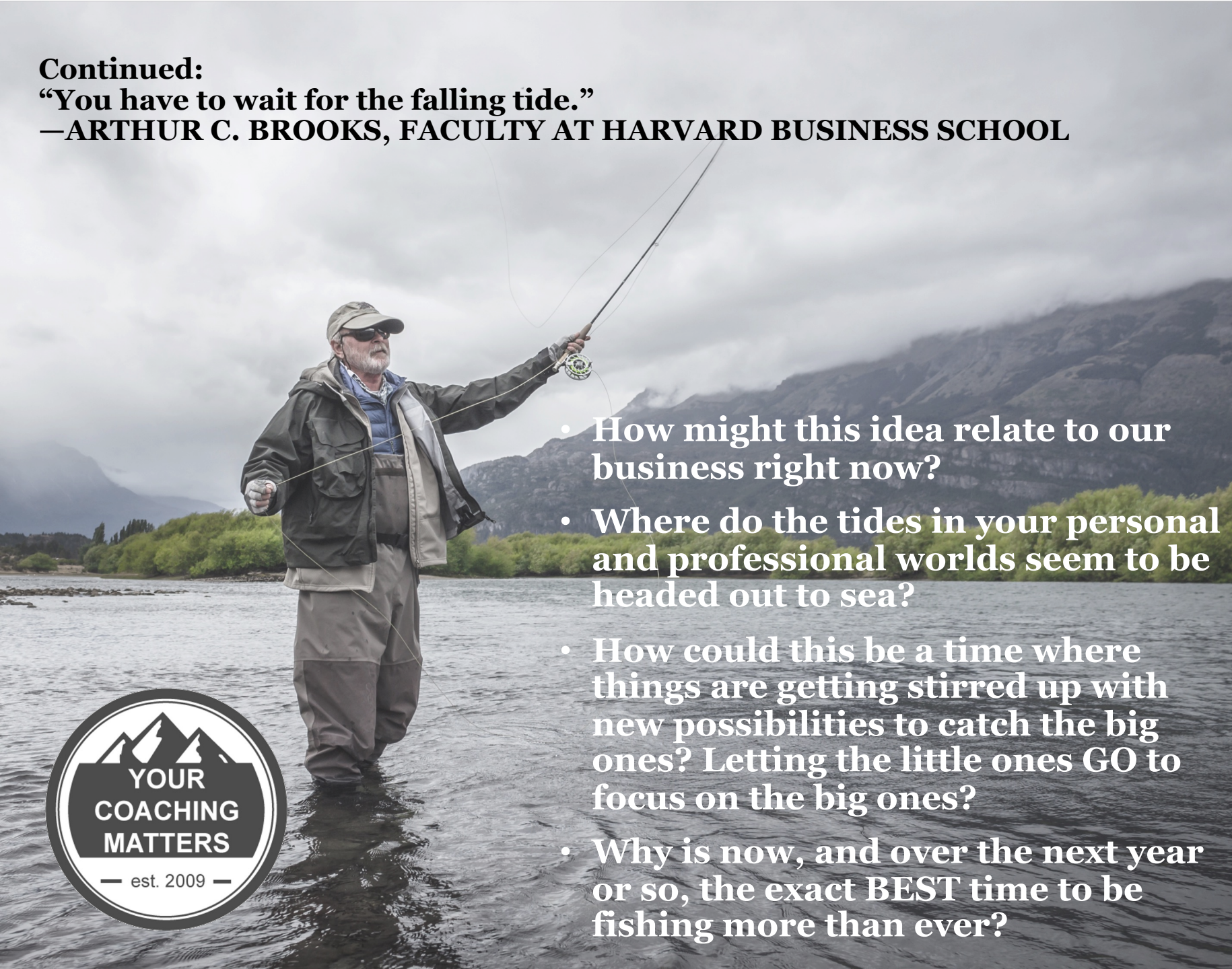
However, the great fisherman knew when the tide recedes **is the time when all the plankton and bait fish get stirred up, making the game fish crazy and willing to bite at everything.**



Continued:

“You have to wait for the falling tide.”

—ARTHUR C. BROOKS, FACULTY AT HARVARD BUSINESS SCHOOL

- 
- 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.**

Third Quarter Review time

- It takes 15 minutes for you to look, see, and tell the truth about where you are in your goals.
- **Are you willing?**
 - If not, as a business owner, are you willing to tell the truth about why not?
 - Did you get the form we sent? It's in YCMPedia too.
- **How about you add another line and calculate income/expenses so far this year so you can clearly see PROFIT.**

This Year Annual Goal #	40	days left/used so far	Have Left 94	Used so far 271
Where I should be now	30	% of year used	26%	100%
This Year Income Goal	\$ 325,000	% of year gone	74%	
Where I should be now	\$ 241,301	months left to work to close deals this year =	2.75	
# Closings so Far	28			
# Pendencies	3			
# of Salable Listings that will SELL & Close this Year	1			
# of HOT Buyers that WILL BUY & Close this year	1			
# of HOT Sellers that WILL LIST, SELL & Close this Year	0			
Total	33			
In Addition to above (with 100% success) I need to Create an additional -> transactions by early Nov.	7.00	transactions		
Need Each Month in NEW Pendencies	2.55	transactions		
Income so Far	\$ 225,234			
Approx. Income Pending	\$ 21,000			
Approx. Income from Salable Inventory	\$ 8,500			
Approx. Income from HOT Future Buyers that WILL buy	\$ 7,000			
Approx. Income from HOT Future Sellers that WILL sell	\$ -			
Total	\$ 261,734			
n Addition to above, Income to Create to Close by year end	\$ 63,266			
NOTE: You ALSO need to pend by Dec. 31 what you want to close Jan/Feb				
To reach the Income I must add to reach my Goal I will _____ every work day!		Fill in the blank!		
My PLAN the Rest of the Year				
Split of Buyers/Sellers rest of this year				
# Listings I will sell each month	2			
# Buyers I will sell each month	1			
Small Sweet Steps of my plan include:	3 Daily Tasks will cause me to meet my goal (Fill in below)	Time of Day I will do each task:		
1				
2				
3				
I will get support from:				
The specific support I will ask for is:				
My Celebration of meeting my goal will be				



Join me Thursday at 1:30pmET/10:30PT



The Real Estate Clock For AGENTS ONLY

How to Explain the Real Estate Market
Cycle in a Changing Market

**BONUS: Pool of Buyers Script and
SPRS Script**



What SMART Buyers and
Sellers Know...

**Because their AGENT
has Educated them
Psst... that is YOU.**



Fall-Winter 2022 Update