

# **SHIFT TACTIC 2: EXPENSE MANAGEMENT**

RE-MARGIN YOUR BUSINESS



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# Perspective

Imagine yourself walking across a field on a bright, sunny day. Suddenly, the two or three dark clouds that you noticed off in the distance are looming right overhead, and a violent storm erupts all around you. You thought the umbrella you were carrying could withstand anything, but a strong gust of wind turns it inside out and whips it from your grasp. In a matter of moments, you are cold, wet, and can barely see your hand in front of your face. What do you do? The only thing you *can* do—you run for cover and seek shelter from the elements.

## Protect Your Margin

In a shifted market, you may feel like a storm has erupted over *your* head. On the one side, sellers and buyers are taking up more of your time; on the other, your listings are sitting and your closings are becoming more difficult . . . meaning you are working more for less money. Suddenly, your umbrella—the systems and strategies you used successfully and that gave you confidence—is no match for what you are facing. But if you protect your margin, you will give yourself time to develop new strategies for a shifted real estate market.

### MARGIN

noun: | mar gin \ˈmār-gən\

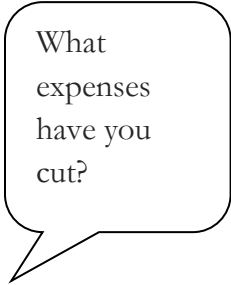
(1) The difference which exists between net sales and the cost of business, and from which expenses are usually met or profit derived.

## Protect Your Margin = Save Your Business

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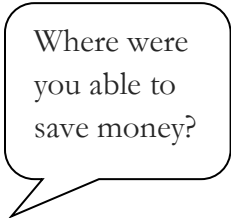
Your margin is your biggest issue. Protecting your margin means saving your business. Think of your business as a separate, living entity. Long-term businesses have an ebb and flow of earnings, and a shifted market will require you to rethink, regrow, and re-margin until you can achieve a workable profit.

In the short term, the best—and only—way to save your margin is to dramatically cut back on expenses. It's time to audit yourself. Sit down with your books and every check stub from last year. With the precision and detachment of an IRS inspector, go through and question every expense. There is not a single item that you should consider untouchable or non-negotiable.

A speech bubble with a tail pointing towards the right, containing the text "What expenses have you cut?".

What expenses have you cut?

There is no cut too small. Make your expenses squirm under the harsh glare of the IRS inspector. Can they really justify their existence? Dig deep to discover exactly what the return is on every expenditure. Gary Keller himself went through the books at Keller Williams Realty International and found where he could save \$1,000 every month by meeting with the executive staff and their coach at his own home rather than in a hotel boardroom.

A speech bubble with a tail pointing towards the right, containing the text "Where were you able to save money?".

Where were you able to save money?

Experimentation and attention to detail are a must. Careful analysis of his lead generation strategy helped Martin Bouma, from Ann Arbor, Michigan, cut \$1,000 a month from his expenses. "I cut back on pay per click. I monitored it very, very carefully and I noticed that as I decreased it from \$2,500 a month to \$2,000, I really didn't notice a difference in hits and leads. So I decided to try another drop from \$2,000 to \$1,500, and again really didn't notice a difference. However, when I went from \$1,500 to \$1,000 I noticed a huge drop-off, so I knew I had found my mark and I settled on \$1,500."

*"Unless it is nailed down – it goes."*

*Gary Keller*



## Live to Fight Another Day

It is time to shift gears if you have been using your margin to grow your business. When the market is exploding around you, you spend money on your business for growth. However, when the market shifts, you will need your money to cover your expenses before you can consider anything else. There will be an initial income gap, so set up a perimeter where you can do business at a very affordable level as you adjust your strategies to the new reality of your market. You are essentially buying yourself time to re-train and re-message. Cut expenses dramatically and quickly and your business will live to see the day when you can grow them back incrementally.



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- Tracks mileage and deductions automatically and calculates taxes for you.
- Sync expenses **automatically** with your business credit card or enter them **manually**.
- Provides your business' *True Profit!*

## Who Will Be Affected?

No one is immune from the initial drop-off in the market. Gary Keller is very matter-of-fact about it. As he puts it, “Everyone will get hit.” Whether you are a solo agent, an agent working with an assistant or two, or the leader of a mega team—expense management is *your* issue in a shifting market.

Can I really thrive in a down market?

No... and YES!

*No* in the short term, but *Yes* in the long term. In the short term, everyone in an affected market will feel the downturn equally—net income will decrease. However, by adapting to the new market, it is possible to thrive in the long term, if you cut expenses fast. The danger lies in falling asleep at the wheel and allowing your expenses to stay high.

Download KW ProfitDash from Apple App Store or Google Play Store.

## Get Your Money in Shape

Your money and your people built their strength and were in superb condition for a sellers' market, but in a shifted market they need to be retrained and reconditioned to generate income for you in a buyers' market—which is a whole new arena. Your people *were* in shape but the second the market shifts, it's like facing sudden death in the final seconds of the game! Phenomenal opportunities exist in a shifted market but you need to be fighting fit—with a working margin and a profitable business—to take full advantage. Follow these steps to get there.

1. Measure your market
2. Size your business
3. Cut the fat
4. Make the most of what you have

*Let's look at each of these four steps ...*

# Getting the Most Out of This Experience

You have begun an exciting journey toward ramping up your business. What kind of student will you be in this class?

<b>The Prisoner</b>	<b>The Vacationer</b>	<b>The Explorer</b>
<i>Has to be there, doesn't want to be there, and doesn't know why they're there.</i>	<i>A day in training is better than a day on the job.</i>	<i>Excited and curious about the new knowledge, skills, and tools they will discover in class.</i>
<b>Doesn't engage</b>	<b>Spends as much time chatting as listening</b>	<b>Listens attentively, then participates fully in discussions and exercises</b>
<b>Spends class time catching up on their emails</b>	<b>There to have fun—distracts the class with irrelevant comments</b>	<b>Asks meaningful questions and contributes compelling aha's</b>
<b>Escapes by spending time in the hall on their phone</b>	<b>Returns late from break and lunch</b>	<b>Arrives to class on time and returns promptly from breaks</b>
<b>Holds on to limiting beliefs</b>	<b>Not purposeful in their learning goals</b>	<b>Adopts a posture of acceptance</b>
<b>Multi-tasks on their computer by working on side projects</b>	<b>OMG! Spends the day on their smartphone, texting and checking Facebook</b>	<b>Takes notes in their manual for future reference</b>
<b>Picks fights with trainer or other participants if they don't agree</b>	<b>Isn't paying attention</b>	<b>Respects the different learning styles and opinions of others</b>

*Hopefully you picked “The Explorer!”*

# Measure Your Market

Your business is an economic entity within a greater business environment—you must be well aware of the trends that are happening in your market.

## Follow the Pendulum Swing

Like a pendulum on a clock that swings back and forth, the market shifts from buyers to sellers and back again. Because it may take five or six months for the pendulum to swing between one market and the next, you may be lulled into a false sense of security, thinking you have plenty of time to adjust—but beware! The pendulum will pick up speed as it moves, and can swing from one market to the next very quickly.

By carefully tracking your MLS statistics as well as your own numbers, you will be better able to predict a coming downturn and make the timely cuts that can mean the difference between surviving and thriving—or not.

If any of the following numbers are shifting, it is a clear signal that your market is transitioning and cuts will likely need to be made in order to protect your margin.

1. **More Inventory.** Use your local MLS to track inventory every two weeks to see if inventory is increasing—go back at least two months to get a long-term perspective.
2. **Increased Days on Market (DOM).** Use your local MLS to track DOM for at least the last two months to get a long-term perspective.
3. **Fewer Pendings.** Use your local MLS to compare pendings now with pendings at the same time last year to see if they are flat or have decreased.
4. **A Smaller Board.** Check with your board to see if the number of Realtors on your board has dropped.
5. **Lower Production and/or Volume.** Follow your closed transactions on a month-by-month basis.
6. **Fewer Leads.** The sound of your phone *not* ringing should be a wake-up call for you.

How did you know it was time to make cuts?

Bruce Hardie, from Spokane, Washington, knew to the week when his market had shifted during the last major national market shift. “I track every call that comes into my office, so I knew that our market had shifted in the week of May 8, 2006. The reason I knew that is I went from as many as 800 buyer calls per week on my IVR system down to 233.”

## Watch Your Pipeline

Keep your pipeline first and foremost in mind. When you know exactly what your projected income is, you can make adjustments to your spending, your savings, and your business accordingly. As Martin Bouma, from Ann Arbor, Michigan, notes, “I think a lot of people don’t keep their eye on the ball until one day they go to the bank and realize their checking account is empty so they better get to work. But I constantly watch what is thirty or sixty days ahead of me for my closed income. I know how much I need to close every month and how close I am to my goal.”



**Track your projected closed income for the next sixty days**

1. How many closings are in the pipeline for the next two months?

Number of Closed Transactions	
Month One	
Month Two	
Total Number of Closed Transactions	

2. What is your projected income from your closed transactions?

Projected Income from Closed Transactions	
Month One	
Month Two	
Projected Income from Closed Transactions	

3. What will be your average monthly income based on your sixty-day projection?

Total Number of Closed Transactions (Month One and Two) $\div$ 2	
= Projected Average Monthly Income	\$

4. Save this number. We will use it again after you have analyzed your current financial situation.

# Size Your Business

It is time to take a cold, hard look at your financial situation. Do you really know how much commission you need to generate in order to pay yourself a monthly salary that will cover your monthly expenses? Are all your monthly expenses justifiable? How much did you spend on your business last year, and how much do you spend now?

Before you can decide where to make cuts, you need to know *exactly* how much you are spending and *precisely* where it is going. Once you have a clear picture of your financial situation, it will be easier to see what adjustments should be made. You will need to look at two broad categories—your lifestyle and your business.

## Your Lifestyle

As a real estate agent, you work in a market-based, commission-driven industry—when the market goes down, you *will* make less money in the short term. The lifestyle you have been financing may need some adjustments—this is probably not the year to plan extensive vacations, redecorate your home, or take on new car payments. Adjust your lifestyle costs to just below your projected income. That way you can be pleasantly surprised if you have extra. An easy way to get an instant snapshot of where you are truly spending money is through online banking. Many banks feature a spending report as part of their online services which automatically classifies your expenses into different categories, allowing you to see, at a glance, where your money is really going.



### Examine your personal expenses

Do you really know how much income you need to cover your monthly expenses? There is often a disconnect between where you *think* your money is going and where it actually ends up.

1. Fill in the following table so you can see in black and white how much you are spending and which categories are costing you the most.

Personal Expenses	
Rent/ Mortgage	\$
Utilities/Telecom	\$
Health Care	\$
Groceries	\$
Insurance	\$
Entertainment	\$
Dining Out	\$
Travel	\$
Wardrobe	\$
Other	\$

<b>Total</b>	\$
--------------	----

2. Save this number. We will be using it again after you have analyzed your business expenses.



# Your Business

If you do not already follow a budget for your business, it is never too late to start, and it is essential that you do. What is the best budget to follow? The one you *will* follow.

1. **Knowledge Is Power.** Budgeting allows you to know exactly how much money you have, how your funds are allocated, and how far along you are toward reaching your goals.
2. **Control.** With a budget, you have the tools to decide exactly what is going to happen to your hard-earned money—and when. You can be in control of your money, instead of having your money limit what you do.
3. **Communication.** The budget is a communication tool to discuss the priorities for where your money should be spent, as well as enabling all involved parties to understand the system.
4. **Opportunities.** Knowing the exact state of your monetary affairs, and being in control of them, allows you to take advantage of opportunities that you might otherwise miss. Have you ever wondered if you could afford something? With a budget, you will never have to wonder again—you will know.
5. **Extra Money.** Unnecessary expenditures, once identified, can be stripped out. Hidden fees and lost interest paid to outsiders can be eliminated forever. Savings, even small ones, can be accumulated and made to work for you.

If you are following a budget, take the time to reanalyze exactly where and how you are allocating your funds. As *The Millionaire Real Estate Agent* states, there are no miscellaneous business expenses. None. In fact, there are more than 135 categories of expenses listed in the Profit & Loss (P&L) sample from *The Millionaire Real Estate Agent*. By taking the time to use it, you should be able to find a specific category for every expense, allowing you to pinpoint with great precision how much you are spending and what you are spending it on.



### Complete a budget and P&L statement

1. Complete the P&L from Millionaire Systems.
2. Once you have the total of your business expenses, save that number. You will need it to find your margin.

## Find Your Margin

Now that you have a projection of your income and know what you are spending on your business, it is time to find your margin.

1. Fill in the tables below with your totals from your personal expenses on page 12 and business expenses from the P&L you just completed.

<b>Personal</b>	\$
<b>+</b>	
<b>Business</b>	\$
<b>=</b>	
<b>Combined Total</b>	\$

2. Now go back to page 10 and fill in your projected average monthly income.

<b>Projected Average Monthly Income</b>	\$
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3. Subtract your personal and business expenses from your projected average income.

<b>Projected Average Monthly Income</b>	<b>\$</b>
<b>– (Personal + Business Expenses)</b>	<b>\$</b>
<b>= Your Margin</b>	<b>\$</b>

4. If your income falls short, or if your margin is tight, you must immediately take two steps:

- Make cuts in your expenses.
- Step up your lead generation to increase your business.

**RESOURCE**

For details on developing your lead generation skills, see *SHIFT Tactic 4: Upshifting Your Lead Generation* on KWConnect.com and the KWU course manual IGNITE.

# Cut the Fat

In good times, as profits increase, so do expenses—then when the bad times hit, profits disappear and you and your expenses are stuck chasing the market down. That is *unless you take action fast*, and find the place where you can be profitable. Whatever your projected income is, your expenses within that revenue must still lead to the profit margin you want, and need! A shift in the market is a wake up call for your business, and will expose where you could be running leaner and meaner.

## Take Stock and Look for Results

You must hold your expenses accountable for results if you want to run a lean and mean machine. As you examine your P&L statement, one question should be uppermost in your mind, “How does this expense help produce a buyer or a seller lead—or close a transaction?” If the answer is, “I don’t know,” or worse, “It doesn’t,” then it is an expense that should be cut. Your cost of sale is important in any market, but in a shifted market it is time to look at every element and decide whether or not you are getting your money’s worth.

Try zero-based budgeting. Typically, when organizations review a budget, they start with the previous year’s expenses and either add or subtract from those existing numbers. In zero-based budgeting, however, every expense is cut back to zero, and funds are only re-allocated if the expense can be justified—does this produce business?—or if it is a fixed necessity—your MLS dues, for example. Your budget will then be built around what is needed for the upcoming period, regardless of whether it is more or less than the previous year’s expenses.

## Start Cutting



### Snail Mail

Go paperless. Send a card to everyone in your database announcing that from now on, in order to cut back on paper waste, all communication will be by email. Ask them to send you their email addresses and then call anyone in your database who does not respond to touch base and get their contact information.

**Hidden Benefit**—You now have an opportunity to contact your database by phone to explain your campaign, build your relationship, ask for referrals, and get multiple email addresses where possible, e.g., husband and wife.



### Office Space

If you are currently renting office space, consider moving into a cubicle. If you are renting a cubicle, consider moving into a home office.

**Hidden Benefit**—In a shifted market, your relationships are key—you can be outside the office getting face-to-face with your prospects!



### Vendor Contracts

It is time to pull out your contracts for your phone, Internet service provider, and car leases, and renegotiate your agreements. Often, all it takes is a phone call to get reductions.

**Hidden Benefit**—The price reductions that help you stay afloat during a shift are a nice bonus when the market shifts back.



### Print Advertising

The primary purpose of print advertising is to establish your brand, not sell houses. You may not want to cut newspaper advertising completely because it is an important part of your branding, but as it typically does not yield a great percentage of buyer and seller leads, you will want to seriously examine this expense.

**Hidden Benefit**—The money you save on print advertising can be applied to other, more effective forms of advertising—for example, marketing pieces or online advertising.

**RESOURCE**

For details on developing your lead generation skills, see *SHIFT Tactic 6: Lead Capture and Conversion* on KWConnect.com

**Office Supplies**

Do you really need the highest quality copy paper? Color copies for property fliers? Are you truly using all your supplies, or do some tend to stockpile? Be looking out for the best deals you can find on office supplies, and when you find an excellent price, consider bulk buying one month in order to make a savings next month.

**Hidden Benefit**—The price reductions that help you stay afloat during a market shift are a nice bonus when the market shifts again.

**Start making cuts**

Think of 2 areas where you can make cuts *today*

1. \_\_\_\_\_
2. \_\_\_\_\_

Think of 3 more areas where you can make cuts starting next week

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Looking at each of the areas where you plan to make cuts, quantify the percentage of the cut you intend to make and what your savings will be as a result.

Area	Projected Cut	Savings
1.	%	\$
2.	%	\$
3.	%	\$
4.	%	\$
5.	%	\$
<b>TOTAL</b>	%	\$

## The Big Two: Payroll & Lead Generation

According to *The Millionaire Real Estate Agent*, there are two major areas that account for the lion's share of your expenses: payroll (if you work with a team or assistants) and lead generation. Any adjustments made in these two areas will significantly increase your margin.

### Payroll

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The quickest way to cut your expenses is to cut your payroll. However, remember that your staff is an investment and you have dedicated significant training and coaching time for their development. Quality people help pull you through the shifted market and when the market changes again, you will still want them shining on *your* team—not someone else's. Don't risk giving up great talent now if that means never getting them back again; rather, look for creative ways to slim down your payroll.

- **Cut Hours.** Reduce the number of hours for hourly staff.
- **Combine Positions.** Increase everyone's overall productivity by assigning more tasks to fewer people. Combine two jobs into one and promote the star you see as a long-term player to take that position.

- **Offer a Bonus.** Rather than a salary increase, give staff a bonus—if the team makes their goal.
- **Offer a Package.** A cell phone or health benefits may be just as important to your staff as money, and these are expenses you can deduct from your taxes.
- **Listen to Your Staff.** It's not always about the money. Ask what is important to them. You may be surprised to hear that more time off or flexible hours could compensate for a reduced salary.



**Think of 3 ways you can slim down your payroll**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Decide on the percentage decrease you need to effectively slim down your payroll and note the savings you will achieve as a result.

Area	Projected Cut	Savings
1.	%	\$
2.	%	\$
3.	%	\$
4.	%	\$
5.	%	\$
<b>TOTAL</b>	%	\$



Once you have slimmed down your payroll, you may still find that it weighs too heavily on your budget unless you make some staff members available to other industries. Top grade your employees by carefully evaluating who is most productive, and letting go those who do not perform up to standard.

- **Part-Time Staff.** Is their contribution as valuable as your full time employees?
- **New Staff Members.** They may not work as efficiently as your more seasoned people.
- **Borderline employees.** A shifted market will require both harder and smarter work from the receptionist all the way up to the leader of the team—and not everyone may be up to the challenge.



**How much can you save by reducing staff members?**

Staff Member	Salary
1.	\$
2.	\$
3.	\$
<b>Total Savings</b>	\$

## Lead Generation

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In any market, successful agents agree that lead generation should be focused on prospecting, and enhanced by marketing. This is especially important when considering your expense management. Prospecting is very cost effective, and while marketing will get your face and name top-of-mind with more people, prospecting will get you where you need to be with them—*face-to-face*. You are proactively seeking customers, rather than waiting to attract them.

### *Prospecting*

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Personal contact won't cost more than your time, phone, and gasoline, and it is the strategy that is most likely to work in a shifting market.

- Network!—strengthen your relationships with your Mets and your Sphere of Influence and reconnect if necessary.
- Lead generate faithfully for three hours every day—spend time making both cold and warm calls and knocking on doors.
- For Megs, it is time to get personally reengaged in prospecting. It is an opportunity to retrain the team through role modeling and will have a great impact on conversion rates.
- Prospect for FSBOs and expireds.
- Hold more open houses.
- Get more involved in your community. Volunteer, play team sports, organize the neighborhood block party . . .

#### **RESOURCE**

For details on developing your lead generation skills, see *SHIFT Tactic 4: Internet Lead Capture and Conversion* on KWConnect.com

### Plus Your Marketing

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It is time to play Red Light, Green Light (see *The Millionaire Real Estate Investor*) with your marketing expenses and hold them accountable to results to ensure that you are getting maximum return on investment. In a shifting market, your marketing should exist as a means of driving customers to speak to you either on the phone or in person, in addition to brand building.

Marketing for a Direct Response
If you want to sell your home NOW, call me!
If you want to buy a home today, call me!
Need to sell your home? Call Janice today.
I have buyers who are interested in your neighborhood. Call me if you are ready to sell now.
I can help you get the most out of your home today. Call me to learn how.

You should also follow up all your marketing with personal contact—on the phone or face-to-face.

Marketing	Personal Contact
Mailings	“Hello, this is _____ from Keller Williams Realty. I was just calling to see if you received our market report.”
Fliers	Deliver them in person. “Hello, I’m _____ from Keller Williams Realty. I just wanted to give you some information on a home for sale in your neighborhood. Is anyone you know interested in buying property in this area?”
Sign Calls/Toll-Free Number	“Hello, this is _____ from Keller Williams Realty. I noticed that you called about the property on 123 Main Street. Does that house fit your needs?”

## RESOURCE

For details on prospecting and marketing, see the KWU course manuals, *Lead Generation 36:12:3*, *Power Session 2, Prospecting* and *Power Session 3: Marketing*. Also see *SHIFT Tactic 4: Upshifting Your Lead Generation*

## What Not to Cut

Not everything must go! Think long term—there are people and services that may be somewhat of a sacrifice to maintain now, but when the market shifts again (and it always has) and you have made drastic cuts, you may not be able to get your people back or quickly rev up your services again. Remember, you are cutting expenses, not quality.



**Don't cut customer service!** Expenses that impact your reach with customers are more important than ever.

Prelisting packages, a human on the end of the phone line rather than a machine, and your personal availability to your buyers and sellers are all important aspects of customer service that you should not sacrifice.



**Don't cut training and coaching.** Consider this expense as an investment that will actually help you make money—and can more than pay for itself. It's like being a homeowner and saying, "I can't afford a Realtor, so I am going to go FSBO"—but just like a good agent can net a seller more money, good training and coaching will increase your productivity.

As a Keller Williams associate, you have an excellent source of high quality, affordable training and coaching available to you through your Market Center, Region, KWRI, and KW MAPS coaching. By attending regular training, the benefit will be twofold—you will learn the latest wisdom *and* you'll get energized and motivated.

You need training the most during a shifted market. In times of challenge and stress you should never isolate yourself. Get plugged in – and stay plugged in!

<i><b>KW Books</b></i>	<i><b>KW Events</b></i>	<i><b>KW Resources</b></i>	<i><b>KW Training</b></i>	<i><b>KW MAPS</b></i>
<i>The Millionaire Real Estate Agent</i>	Masterminds	KWConnect.com	IGNITE	BOLD
<i>The Millionaire Real Estate Investor</i>	Mega Camp		Lead Generation 36:12:3	FastTrack
<i>FLIP</i>	Family Reunion		Win With Buyers	Breakthrough
<i>Your First Home</i>			Win With Sellers	Mastery
<i>HOLD</i>			MREA	Coaching Skills Camp
<i>The ONE Thing</i>				



What courses/coaching programs are you going to sign up for?

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# Make the Most of What You Have

Cutting expenses does not mean cutting services or operating at less than your full potential. It is time to roll up your sleeves and put more human energy and creativity into working both harder and smarter. Evaluate which services and resources will either cost you less to use or get you more for your money. And as we have seen, a back-to-basics approach can often have hidden benefits.

## Use Human Energy



**Do the “face time” transactions yourself**

If you have delegated the work of Transaction Coordinator, consider taking the job back. You will not only save money—in some markets as much as \$500—you will also gain valuable face time with your customers, allowing you to build the relationship and ask for referrals.



**Get More Assistance, not Assistants**

Rather than hiring full- or even part-time assistants, consider subcontracting your jobs to independent contractors.

- Some home-bound individuals or stay-at-home parents can transcribe messages and make follow-up calls.
- Youth, such as Boy Scouts or Girl Scouts, can deliver fliers.
- High school and university students can do office and technical work. Today's students are very computer savvy, and they can take care of your IT needs for a very low hourly rate, compared to \$30 or even \$40 an hour for an IT technician.
- A temp worker from an employment agency can provide support with no long- term commitment necessary.

**Hidden Benefit**—By working more closely with people and organizations in your area, you will strengthen your ties to the community. And remember, the students of today are the buyers and sellers of tomorrow!



### Work with Preferred Partners

Leverage the best business relationships you already have with lenders and title companies who do their own buyer lead generation. Local businesses such as hair salons, eateries, and insurance companies can all become preferred partners to help defray the costs of your marketing and client appreciation events.

- Preferred partners can advertise in your calendars or newsletters. Charge them on a monthly basis for printing costs.
- Do joint client appreciation parties with your mortgage and title companies.

How do you work with preferred partners?

Rebekah and Gene Rivers, agents in Tallahassee, Florida, found an ingenious—and best of all, free!—way to work with preferred partners. “Every month we email out a certificate worth \$5.00 at a different local vendor. They agree to honor the first 500 certificates. It only costs them \$2.50 and they get free advertising. But the hidden benefit is that every certificate has the customer’s name on it, and to be able to use the certificate they have to get a code. On the bottom of the certificate it states, ‘Call or email your favorite agent for your code.’ Thanks to one simple email, our sphere is either calling us, or we have the perfect excuse to call them in order to offer them their code. Either way, we get the conversation.”

**Hidden Benefit**—By working more closely with people and organizations in your area, you will strengthen your ties to the community. And remember, vendors are an excellent source of referrals and are the buyers, sellers, and Allied Resources of tomorrow!



How are you going to use human energy?



### RESOURCE

For details on leveraging the people around you, see *SHIFT Tactic 3: Effective People Leverage* on KWConnect.com.

## Maximize Your Tools



### Leverage Your Yard Sign

Eliminate fliers on your yard signs. When buyers pick up a flier, they may disqualify that property when it may in fact be right for them. However, if you have the opportunity to speak with them, you can qualify their needs and either show them that property or match them with another one of your listings that will work for them.

- Put your phone number on your yard sign, with the message “Call for Information.” Some agents use a toll-free number or a texting service.
- You can either have a recording with information or have someone answer the call. If you have a recording, use an interactive voice response (IVR) service that records the number so you can call them back.

**Hidden Benefit**—Save on both the cost of the flier and the distribution costs (gas and/or runner).



### Use Your Market Center Services

Make full use of all the services your Market Center provides.

- Print both black-and-white and color copies, and coil bind your documents—rates are more competitive than at office chains.
- Use on-site computer programs to prepare prelisting and buyer packets.
- Yard signs can be purchased at cost.
- Don't waste precious time at home waiting for packages. Have them sent to your Market Center where the receptionist will sign for them.



**&  
Think**

What tools are you going to use?

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# Harness KW Technology



## Upload Your Listings on the KWLS

Online listings are *the* yard sign of the twenty-first century. You can maximize the exposure of your online listings by uploading them for free onto the Keller Williams Listing System (KWLS), and from there, they will go online—and across the globe!—through a host of third-party providers:

And last but not least, as a final benefit, you are guaranteed to capture every lead your listings generate. With the collective power of the KWLS, third-party providers will no longer be able to sell your listings back to you—or worse, to other agents.



How are you going to harness KW technology?

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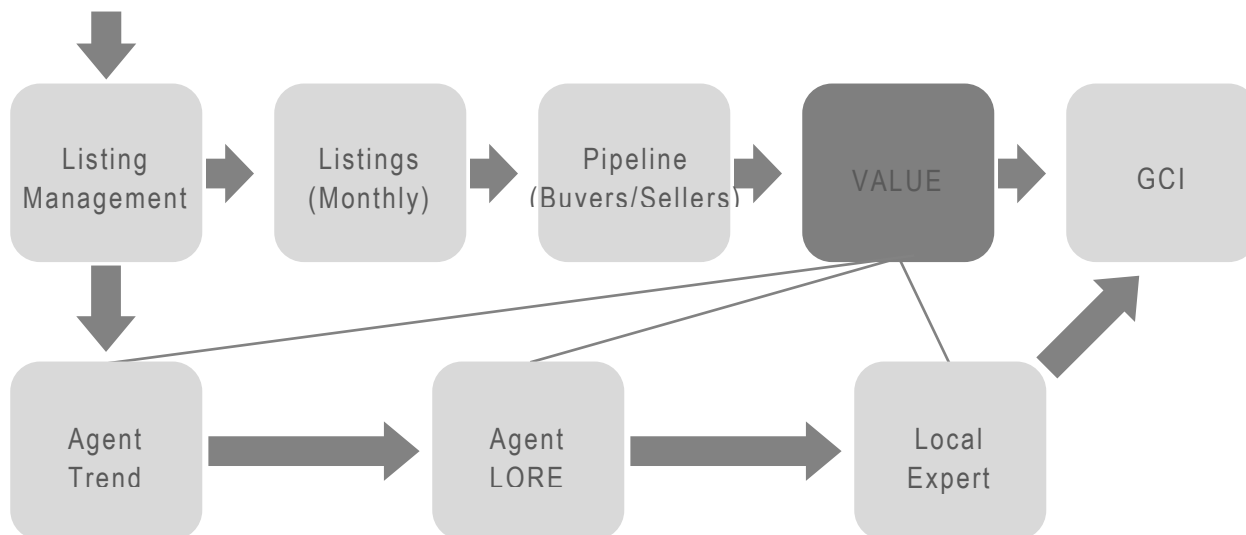
## Sharing your agent-branded KW App?

1. Get the Keller Williams Real Estate app from Apple App Store or Google Play Store.
2. In the app, use “Agent Search” to find and select your name.
3. Toggle “Make this my agent” button to “Yes”
4. Use “Share App” to share with your contacts!

**Find More on  
KWConnect.com**

## Career Growth Initiative Power Tools:

The tools of the Career Growth Initiative are a synergistic system that fuel the Four Conversations with evidence.



### Vision Tools

- **Listing Management:** A yearly plan for profitability through growth in market share.
- **Listings (Monthly):** Monthly tracking with adjustments to help you achieve your yearly goal.
- **Pipeline (Buyers/Sellers):** Identify on a daily basis whether your activities will turn your goals into reality.

### Value and Validity Tools

- **Agent Trend:** Report that tracks your growth in market share and critical levers in your business to assess performance and opportunities.
- **Agent Language of Real Estate (LORE):** Provides evidence of your value by comparing the growth of your business to that of your board, your subdivision, your Market Center, your Region, etc.
- **Local Expert:** The story of your expertise to underscore your validity to clients.

### Thriving Tools

- **GCI:** Track your GCI against your expenses to identify your Break-even Day.

## The Wall of Value

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When you are able to quantify and communicate the benefits of the value you deliver, you will create a **Wall of Value** in your business that attracts listings and creates closings.



### Communicate Value

Look for ways to share your Wall of Value to grow your business:

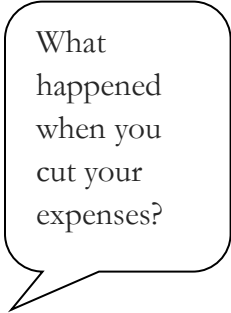
- Listing and Pre-Listing Presentations
- Buyer Consultations
- Marketing materials
- Conversations with allied resources

**For more, go to the Career Growth Initiative page on [KWConnect.com](https://www.kwconnect.com)**

# The Bottom Line

Your goal as a small—or large—business owner is to know your margin like the back of your hand and have strategies in place to be adopted according to the market.

Begin immediately! Continue to refine your systems if you have already started. The degree to which you need to respond will depend upon the conditions in your local market, and your success will depend on how well you know and understand that market.



What happened when you cut your expenses?

It is a healthy exercise to question your expenses, as Sue Lusk-Gleich from Columbus, Ohio, learned during the last major market shift, somewhat to her surprise. “I reduced my spending on advertising by 38 percent and my business went up! I thought sellers needed me to spend that money, but they just need me to get their house sold. Now I get the job done by directly promoting their listing to other agents. My business has increased this year, but even if I had done no more business than last year, I would still have made more money!”

Down trending markets are a huge opportunity to find better ways to run your business. By adopting them now, and then implementing them forever after, you will turn your operation into a lean and mean machine; reaping the benefit of greater profits when the market swings upward again.

# My Action Plan

Don't put away this training guide without developing a plan to put what you have learned into action! Review the key "challenges" listed below and assess your current ability to meet each challenge on a scale of 1–5.

1 = "I have no experience with this."

2 = "I am not very good at this."

3 = "I am pretty good at this."

4 = "I am confident with this."

5 = "I am an expert at this."

For any rating of 3 or below, write down the action steps you will take to increase your understanding, build your skills, develop your confidence, see greater results, and take home more money!

Challenge	Rating	Action Steps
1. I have analyzed my market and I know whether or not I should be making cuts.		
2. I know how many transactions I can expect to close in the next sixty days.		
3. I know how much I spend on my personal expenses.		

Challenge	Rating	Action Steps
4. I know how much I spend on my business.		
5. I have set goals for next year for number of transactions, etc. in the CGI Calculator with my MC leaders.		
6. I have a plan for cutting my expenses.		
7. I have signed up for training/coaching.		
8. My eEdge website is up and running.		
9. I have a plan for measuring the impact of the changes I make.		
10. I have set goals for next year for number of transactions, etc. in the CGI Calculator with my MC leaders.		
11. I'm not going to shelve these ideas and plans. I'm going to take action immediately!		



# From Aha's to Achievement

## AHA's

*What are your Aha's?*

## BEHAVIORS

*What behaviors do you intend to change?*

## TOOLS

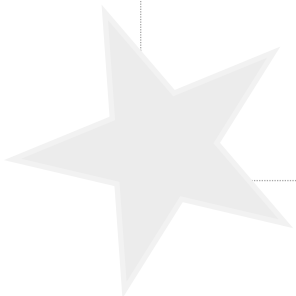
*What tools will you use?*

## ACCOUNTABILITY

*What does accountability for this look like?*

## ACHIEVEMENT

*What will you achieve?*



# Don't Forget Your Evaluation!

To fill out the evaluation:

1. Go to [KWUeval.com](http://KWUeval.com) on any mobile device.
2. Select the course and instructor.
3. Share your feedback.

AT&T LTE 9:35 AM 97%

surveymonkey.com

**KWU Course Evaluation**

\* 1. Name of course

2. Event Type?

☐ Market Center

< > Done

ALC Clinic for MC Leadership

Drive

ESO

Franchise Systems Orientati...

Ignite Session 1

Ignite Session 2

Ignite Session 3

Select drop-down to  
scroll for title of this  
course

Thank You for Sharing Your Feedback!