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**Real Estate Practice – Part 5**

**Planning Your Strategy**

**Program Offered by the Nebraska Real Estate Commission**

**Program Presented by**:

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**Session Objectives: Upon completion of the course, participant will be able to:**

1. Identify tasks vs. strategies and utilize specific goals to attain real estate career success.
2. Incorporate Mind Mapping process into situational analysis efforts to problem solve business issues.
3. Apply the fundamentals of business planning and the establishing of objectives that will grow a business and be consistent with the business’s identity.
4. Create an effective business strategy incorporating vision and mission statements, workable and appropriate objectives and action plans to ensure profitability.
5. Design a well thought out and step by step business plan that incorporates big picture strategies with measured tasks calibrated for successful implementation of the plan.
6. Establish a budget that will help ensure profitability.
7. Establish a safety routine when working with the general public.

**Strategic Planning – Designing Your Business Plan**

Simply put, strategic planning determines where your business is going over the next year or more and how it's going to get there.

**Strategic Analysis**

* Scan, review of your business as it exists today
* Strengths and weaknesses
* Demographics
* Opportunities
* Threats
* Alignment to vision and mission statement

**Setting Strategic Direction**

* Conclusions because of your analysis
* Strengths Conclusions because of your analysis
* Major issues and opportunities facing your business
* Identifying strategic goals
* Establishing strategic strategies (action steps) that are specific and measurable

**Establishing Strategic Philosophy**

* Mission Statement – description of the purpose of your business
* Vision statement – overall priorities as to how your business will operate – your values

**Action Planning**

* Carefully laid out plan of achieving strategic goals
* Specific objectives or results with each goal
* Each objective will have a tactic which is what is needed to reach the goal
* Responsibilities and timelines
* Monitor and evaluate the plan

**Strategy Management and Execution**

* Comprehensive collection of ongoing activities and processes to coordinate and align resources and actions with the mission of the business

**Prioritize and Implement**

* Once you have a clear idea of what it takes to fully engage with customers and clients, you must prioritize action steps and implement those actions in logical and impactful way.
* Identify those actions that will have the most impact on your business overall including consumer experience. Use Pareto’s 80/20 rule. 20% of what you implement will have an 80% impact on your results.
* Utilize the concept of mind mapping or systematic problem-solving methods to take the more complex issues and work them into manageable action steps. Whether you use a simple blank sheet of paper or online systems such as: http://www.mindmeister.com or http://www.strategizer.com, the concept is relatively simple:

**Identifying Causes for a Problem – Step 1**

As a group, we do a sample run through of how to do a Mind Mapping exercise. We will then identify what is specifically contributing to the creation of the problem. Once we have six or seven “causes”, we will prioritize them using the 80/20 rule “if I work on this cause, it will have a significant impact on the results I wish to see”. Using the analysis cloud chart format for this exercise.

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**The Problem:**

**Seller’s home has been on the market for 120 days with no offers**

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**Addressing the Primary Cause – Step 2**

Step 2 is identifying the actions or tasks you can do to help address and/or resolve the cause. Once again, we will have six or seven “actions” because of our discussion. We will prioritize these actions using the 80/20 rule “if I implement this action, it will have a significant impact on the results I wish to see in addressing the original problem”.

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**The Cause:**

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* Prioritizing the tasks needed to “fix” the cause
  + You have determined that the “primary action step” you will take and now you place it once again in the center of the paper.
  + Brainstorm once again and identifying the specific tasks you need to do to bring to life the action step.
  + Once again, list six or seven “tasks” as well as an assignment of responsibility and timeline for each task. Using the 80/20 rule make sure that if these tasks are completed, it will have a significant impact on the results you wish to see in addressing the original problem.
* Evaluate your decisions
  + What is the worst thing that could happen and what will you do if the worst thing happens?
  + What is the best thing that could happen and what will you do if the best thing happens?
  + What is the most likely thing that will happen and what will you do if the most likely thing happens?
  + It is an activity that will increase efficiencies in the transaction
  + It is an activity that will decrease the complexity of the transaction
  + It is an activity that doesn’t require another action to happen before it can be accomplished.
  + How can you ensure that you will get your high gain activity completed?

**Prioritizing the Tasks for Action – Step 3**

Step 3 is identifying the specific tasks you need to do to bring to life the action step. Once again, we will have six or seven “tasks” as well as an assignment of responsibility and timeline for each task which will surface because of our discussion. We will prioritize these tasks using the 80/20 rule “if this task is completed, it will have a significant impact on the results I wish to see in addressing the original problem”.

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**Action Step**

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**Action Steps Development**

Each action step needs to be outlined completely in order to track effectiveness

The Original Problem

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Action Step Selected

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What information or materials are needed to implement the action step

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What else is necessary and are other professionals needed to be included?

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Deadline and Budget

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**Step 1: Identifying Causes for a Problem**

Write the problem to solve in the center of the chart. Then identify what is specifically contributing to the creation of the problem. Once you have six or seven “causes”, prioritize them using the 80/20 rule “if I work on this cause, it will have a significant impact on the results I wish to see”. Using the analysis cloud chart format for this exercise.

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**The Problem:**

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**Step 2: Addressing the Primary Cause**

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**The Cause:**

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**Step 3: Prioritizing the Tasks for Action**

Step 3 is identifying the specific tasks you need to do to bring to life the action step. Once again, determine six or seven “tasks” as well as an assignment of responsibility and timeline for each task which will surface because of the discussion. Prioritize these tasks using the 80/20 rule “if this task is completed, it will have a significant impact on the results I wish to see in addressing the original problem”.

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**Action Step**

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**Reporting Worksheet**

Each action step needs to be outlined completely in order to track effectiveness

The Original Problem

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Action Step Selected

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What information or materials are needed to implement the action step

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What else is necessary and are other professionals needed to be included?

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Deadline and Budget

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**NOTE PAGE**

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**Evaluate Results and Calibrate Accordingly**

* It isn’t unusual for an action step or two to go awry. Multiple reasons could exist that essentially stall a well-intentioned strategy. That is why the evaluation and calibration step is so vital. Reasons for this might include:
  + The problem-solving step may have been rushed and decisions were made with incomplete information.
  + The implementation of the action step isn’t supported by everyone on staff.
* Check your follow up routines and tracking systems. Know exactly where you started and the goal you hope to reach.
  + Are your steps measurable and quantifiable?
  + Is the action plan something every team member can implement with the least amount of disruption to current operations?
* Review the new cultural service environment and evaluate the impact upon the customer experience.
  + Do your customers and clients notice and appreciate the difference?
    - Have you set up a follow up survey that not only measures the emotional reaction to your culture change, but also did your changes have a buying decision making impact?
  + What specifically are the benefits to your customers that you hoped to achieve and are those benefits easily recognized by your target audience?
* Make the appropriate adjustments in staffing or processing as needed, constantly keeping the focus on the goal of designing and maintaining an exceptional customer experience culture.

**Plan to Realize Your Vision**

**Evaluate Specific Elements**

* There are specific elements that a real estate professional needs to evaluate to understand the current reality and the probably future of their market.
  + Demographics
  + Legislation and regulation
  + Real estate business changes
  + Technology
  + The competitive position of the individual and the office in terms of market share, office size, and profitability

**Areas to Envision**

* After evaluating these elements, it is important to compare the present situation with the likely future and note how these issues impact the future you envision. The essential areas to consider are:
  + What things are likely to happen?
  + What opportunities exist?
  + What significant challenges lie between you and your future?
  + What do you do now that you’ve chosen a path and what do you do this year?

**Personal Inventory**

By answering the following series of questions, you can reach a better understanding of your present situation and your ultimate career goals.

Why are you in business?

How do you operate? How do you treat your customers and competitors?

What is your role in your community?

Where do you see your business 20 years from now?

**Personal Inventory**

How will your business be perceived by others?

What type of society/community do you live in? Demographics?

What legislation and regulation affect your business?

What are your business challenges?

Technology: What is available? What do you have? What do you need?

Describe your local market (i.e., describe competitors, product availability, etc.)

What is your competitive situation? What is your market share? How do you compare to the competition?

**Vision Statement**

* Now that you have answered these business-related questions, you should be able to visualize what you expect your business to look like and it will present itself to the public. Review the new cultural service environment and evaluate the impact upon the customer experience.
* A “Vision Statement” is a short paragraph that outlines how you want to be known to your clients and competitors.

**Create Your Vision Statement**

How will your business be perceived by others**?**

*Example*: “I work with real estate customers/clients who want to make their real estate search a productive and fun experience

**Mission Statement**

* In conjunction with the Vision Statement, it is critical to develop a Mission Statement. These paragraphs focus on:
  + Your character (what you want to be).
  + Contributions and achievements (what you want to do).
  + The center of your business philosophy.

**Create Your Mission Statement**

*Example*:

To effectively meet my client’s real estate needs by establishing the following:A successful record of quality service**,** a reputation of integrity and professionalismand a positive and productive work ethic

**About Business Planning**

* World information is increasing, and changes are happening so rapidly, it is mind boggling. Profitable companies will spend more time planning for different time frames.
* Creating a business plan may seem unnecessary, but without a plan, you are simply reacting to the marketplace instead of taking steps to have it react to you and what you offer.
* Establishing your business plan requires making systematic decisions based on factual knowledge of your current situation.

**Principles of Planning**

* Time will change things – the stability of your plan will vary with time. Long range plans will change the most since it is very hard to predict what will happen in a quickly changing world.
* Current decisions will limit your future choices.
  + *Example*: if you decide to specialize in agricultural land, don’t be upset if a luxury home comes on the market and you aren’t even considered for the marketing of it. Your business plan is focused on the agricultural niche not luxury homes.

**Success Results from Effort**

* The success of your plan increases as effort is applied to making it happen. Just writing down your goals and action plans isn’t enough. It must be a living and breathing document that changes as needed with shifting market considerations.

**Spontaneous Planning**

* Whenever you make a quick decision on a short-term problem (i.e., “shooting from the hip”), you are in the arena of crisis decision making.
* Creating a business plan may seem unnecessary, but without a plan, you are simply reacting to the marketplace instead of taking steps to have it react to you.
* Decisions made spontaneously can make your business take off in a direction you hadn’t planned on going.

**Rational Planning**

* Making deliberate, systems-oriented decisions is the recommended method for planning.
* Being rational and analyzing every important decision will keep you on course with goals and objectives.

**Creating a Plan**

* Establishing the fundamental elements of your plan requires moving through a series of specific steps:
* Define the issues related to your performance, communication, and staffing
* Determine the difference between what’s being done vs. what should be done
* Determine the cause of the issues you have identified – focus on skill deficiency, behavior, and expectations.
* Determine both what is expected of you and when it is expected.
* Define solutions to issues – decide if the issues require training, practice, or counseling to be resolved.
* Determine if obstacles need to be removed.
* Monitor progress systematically: establish and review time frames and follow-up dates that realistically contribute towards the established goal.
* Determine the consequences of poor performance -- such as loss of market share, unprofitable investments -- and the long-term impact to your business.

**Gathering Information for the Plan**

What issues do you face in building your business (performance, communication, staffing)?

What are the differences between what is being done versus what should be done?

What is the cause of the difference (skill deficiency, behavior, expectations)?

What tasks are expected of you and when?

What are your solutions - is training, practice or counseling required? What obstacles to success need to be removed?

What results do you want? What are realistic time frames? Are follow-up dates set?

What are the consequences of poor performance?

**Controlling Your Business Plan**

* Through the collection of data, establish a method of to determine if you are achieving objectives. Make sure the information is valid and measurable.
* Focus on what is happening rather than how it is happening. Consider the following:
* What controls do you want to use?
* What kind of feedback do you want?
* What sources of information (clients, broker, and systems) will you use?

**Set goals and strategies**

* Prioritize your challenges (goals).
* Select a time to meet these goals.
* Describe the outcome you will achieve within a specific time frame.
* Define what would constitute success in observable or measurable terms.
* Set your strategies - how you will commit your resources to accomplish goals.

**Define the objectives necessary to meet your goals**

* An objective is a statement of specific results to be achieved within an established time. It is a written commitment for a specific accomplishment on a specific date.
* An objective will tell you what is going to happen, how it is measured, and in what time frame.

**Rank/Prioritize Objectives**

* “Must Do” Objectives.
  + Businesses thrive on a basic concept; you need to be profitable to succeed. “Must Do” objectives are objectives which, if not accomplished, will result in substantial failure in the successful performance assigned responsibilities.
  + There is only one thing you MUST do as a real estate Licensee to succeed: you must CLOSE on the properties you place under offer. You can list as many homes as you want and write up dozens of sales contracts, but if you don’t close, you will not get paid and will ultimately fail.
* “Ought To Do” Objectives
  + Those objectives which are necessary for improved performance, but which, if not achieved, will still permit acceptable performance of responsibilities. Whatever objectives you write in this category, it should support the “Must Do” category.
  + *Example*: List homes, set up a marketing system, continue to get real estate education, etc.
* “Nice To Do” Objectives
  + There are many things that you can do that are highly desirable for improved performance, but if necessary, could be eliminated, postponed, or placed on the “back burner.”
  + *Example*: Giving a closing gift to your client: a nice touch if done appropriately (i.e., don’t give a $10 gift certificate to a local fast food chain when you closed on a $350,000 house. Your gift may be perceived as an insult to the client).

**Guideline Questions for Evaluating Objectives**

* When preparing your objectives, evaluate them against the following guidelines to ensure the effectiveness and appropriateness of the goals you set.
* Are the objectives in writing?
* Are the assumptions underlying the objectives clearly identified?
* Do they cover the main features of the work?
* Are they challenging, yet reasonable?
* Can some of the objectives be combined?
* Are objectives measurable and verifiable - can you tell if they have been achieved or not?
* Are they prioritized properly?
* Are short term objectives consistent with the long term aims?

**Personal Evaluation**

The following page, when completed, will help you to focus and identify where more information is needed. Be honest and thorough: look at the good, bad, and ugly. By being realistic, you can compile a business plan that will address shortcomings and emphasize your strengths.

**The Budgeting Process**

* Once the business plan is in place, you should outline the amount and source of funds you will need to meet your vision.
* Use your best judgment when setting your budget and freely adjust your budget as information becomes more reliable.
* Calculate your expenses based upon “Unit Cost.” Zero-based budgeting techniques mean that you start from scratch every year. You set out your plan, determine what the costs will be to implement that plan, and then create the budget.

**Cost Evaluation Formula**

Unit Cost + Postage = Total Mail Unit Cost

Total Unit Cost X 1,000 Units Mailed = Total Cost Per Mailing

Total Cost Per Mailing X 12 Months = Annual Expenditure

*Example:* Mailing out calendars each November.

Unit Cost $3.00 per calendar

Postage $1.00 per calendar

Total Units to Mail 100

Number of mailings a year 1

**Budgeting Tracking Tools**

* The options listed below represent only a sample of the types of software available on the market. The Licensee is encouraged to explore and select the product that best suits his or her needs.
  + Top Producer**®** - contact management software
  + Intuit**®** Quicken**®** - accounting software
  + Peachtree**®** - accounting software
  + Intuit**®** QuickBooks**®** - accounting software
* Interview several accountants and then hire one that best understands the real estate industry and independent

**Safety for the Real Estate Professional**

Our industry duties can place us in dangerous situations. We work with strangers every day. Let your commonsense rule and perhaps incorporate a few of these safety tips to ensure your real estate career is worry free and safe:

* Use common sense at all times and follow your instincts.
* Walk confidently.
* Carry a whistle, mace or shriek alarm.
* Do not become overly relaxed with clients – it can be dangerous.
* Always meet first time clients in your office.
* Park in well-lit areas.
* Use the buddy system when showing a property -- especially vacant property.
* Follow the clients through the property – do not lead.
* When showing the basement, stay on the stairs so that you always have a way out.
* Be smart when advertising open houses -- do not list your home phone number.
* Leave word with someone at the office of where and with whom your appointments will be.
* Never carry a key ring/case with your name or address on it. If your keys are ever lost or stolen, this information could be used to burglarize your home or car.
* When using a pay phone, stay alert. Keep the call short and simple. The less attentive you are to your surroundings; the more thieves view you as a target.
* Place wallets, purses or any other valuables on the side of your car seat, never on the seat next to you. Do not set yourself up for a “smash and grab” or carjacking.
* Keep your car well maintained to avoid breaking down in remote areas.
* It has been the practice for years to ask the Seller to vacate the home when you are showing it. You might want to reconsider this.
* When receiving an inquiry by phone at your office or at home, get the name and phone number of the person calling and ask if you can call that person back in a few minutes. Confirm the inquiry.
* Explain to Buyers that this is necessary for your protection as well as the Seller.
* If you feel uncomfortable, let your instincts rule. Reschedule or cancel the appointment.

**Appendix**

**Session Evaluation**

Session Title: Real Estate Practice – Part 5 Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Presenter:

1. How did you find out about this program? (Select all that apply)

\_\_\_ Calendar handout \_\_\_ College Bulletin \_\_\_ E-Mail \_\_\_ Fax

\_\_\_ Internet \_\_\_ Mail \_\_\_ MLS \_\_\_ Newsletter

\_\_\_ Word of mouth \_\_\_ Workplace \_\_\_ Other

**Session Evaluation Very**

**Excellent Good Good Fair Poor**

1. Session content (worth time and money invested) 5 4 3 2 1
2. Contribution to overall career knowledge 5 4 3 2 1
3. Likelihood of actual use of session material 5 4 3 2 1

**Presenter Evaluation**

1. Demonstrated material and subject knowledge 5 4 3 2 1
2. Use of visual aids and technology 5 4 3 2 1
3. Encouraged student involvement & participation 5 4 3 2 1
4. Handout organization & ease of use 5 4 3 2 1
5. Handling of student questions & feedback 5 4 3 2 1
6. Overall presentation style 5 4 3 2 1
7. What could be done to improve the session? (Please use the back if you need more room)

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1. If you felt the session was worthwhile and beneficial, please write down your comments for the meeting planner. (Please use the back if you need more room).

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***I hereby give \_\_\_\_\_\_\_\_\_\_\_\_ permission to use my comments in her advertising efforts utilizing any and all media (i.e., internet, newspaper, radio, brochures, etc.)***

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Sign Name Date Print Name