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Real Estate Business Plan Guide for 2020

Do you have a business plan? In my experience, even historically successful multimillion dollar producers can flounder if the environment changes and they have no plan to fall back on.

A business plan is effectively a “road map” for your real estate business. It’s a document summarizing the financial objectives of your business and contains the details and budgets showing how you’re going to execute and set up your operations to achieve those financial objectives.

You’re the CEO of your business. You’re the captain of your ship, and you’re in charge of navigating to where you want to go. **Without a plan for how you’re going to succeed, without plans and charts for where you’re going to go, you’re most likely going to end up lost or run aground.** As I’ve said, I’ve seen it first hand.

When I wrote my first business plan, I had no idea what I needed to include. After some research, I learned that the primary components of a business plan should contain: **A mission and vision statement; a SWOT (strengths, weaknesses, opportunities and threats) analysis of my competitors and me; specific and quantifiable goals and objectives (including prospect lead generation); marketing for listings, personal promotion and advertising; long-term client follow-up; and the systems and processes I would implement to operate my business.**

The first business plan I created was the most difficult one, but in subsequent years it became easier because I had laid the foundation.

As you begin writing your real estate business plan, remember the following guidelines:

1. Define your vision and mission

I know this may sound a little odd but creating a vision and mission statement will lay the groundwork for how you will operate your business. It should also reflect your personal and professional principles and ideals.

A mission statement describes what you want to accomplish now with your business and how you get there. A vision statement outlines what your business will look like as you grow it.

2. Perform a SWOT analysis

This is a critical section of your business plan. You need to determine your strengths and weaknesses. Answer these questions to get started:

Do you have the necessary selling skills to be successful in real estate?

What areas are you weak in, and what do you need to do to strengthen them?

What will set you apart from your competition?

Will you specialize in a particular geographic area or demographic group?

What will be the one niche of business you will most likely see consistent results?

What could impact your business?

How can you expand your real estate practice?

3. Set realistic and attainable goals

I tell agents the real estate business is either “feast or famine.” We are selling houses like they are going out of style (in an “up” market), or we are “listening to crickets” because sellers and buyers are not coming forward to sell or purchase a home (in a “down” market).

To keep your business sustainable, **set specific, realistic and attainable goals** you would like to achieve in the weeks and months ahead. The key words here are “specific” and “attainable.” You may have lofty and ambitious goals, but you need to be able to sell some real estate not to starve. Don’t make your goals complicated or out-of-reach. You should feel confident you can meet them with some effort and focused attention.

4. Develop a strategic plan of action

Now that your goals are set, how will you reach them? What strategies will you employ that will bring the results you want?

For example, to work with first-time homebuyers, you may consider developing and hosting a first-time homebuying seminar that will outline everything involved in purchasing a home. Or, if you are working with baby boomers, you may want to partner with family estate attorneys or assisted-living communities to help seniors and their families with their real estate needs.

Be specific about how you are going to carry out each business objective and refine your methods as you go along. Remember it's best to use the "rifle" approach (precise and defined) and not the "shotgun" (scattered and undefined) approach to build your business.

5. Create a time frame for your goals, and stick to it

You cannot achieve your goals unless you put a timeline in place to finish them. If one of your goals is to acquire a professional designation or training certificate, how long will that take you? How many months to identify 50 good prospects to add to your database?

No matter what time frame you set for your goals you will need to measure your progress. Refer back to each goal or objective every month to see how you are doing. Ask your principal broker to hold you accountable for achieving your goals, or consider hiring a real estate coach who can guide you in developing and growing your business.

6. Define your sources of business

How will you get your business? Will your lead sources be individuals you know, broker leads, electronic lead generation, for sale by owners (FSBOs)?

The most common source of buyer and seller leads is your sphere of influence (SOI). Your SOI comprises people who know, love and trust you. The foundation of my business was built on people in my sphere who knew other people who could use my services. Remember, your sphere includes the individuals you see on a regular basis at church, at work or in your neighborhood. If you treat them right, they will always be dependable for referrals of prospective clients.

Other sources to consider are e-leads from the internet, targeted geographic areas, open houses, foreclosures, FSBOs and old-fashioned door-knocking. Trust me, knocking on doors still works. No matter what sources you put into your business plan, they need to be sources that can consistently fuel your business.

7. Use systems and processes to support your business

You will need specific systems and processes in place to grow your business. You must have a good CRM (customer relationship management) system to manage your database and transactions. Programs such as Top Producer, Wise Agent, and Contact Gorilla are some of the more popular ones on the market and charge a monthly subscription fee.

Whatever system you use, make sure you understand what it can and cannot do for your business. The last thing you want to do is waste money on a program or software that you never use or doesn't meet your needs.

8. Measure your sales success

Your business plan needs to be quantified. **You need to know where you have been, where you are and where you are going.** Routinely, you need to examine how your business is performing as compared to everything you laid out in your business plan. You should "check-in" with yourself at least quarterly to make sure you're following the tactics you laid out in your plan.

The year is soon coming to an end soon. If you haven't created a formal business plan, now is the time to get it done. If you already have a plan in place, take time to refine it and begin setting your goals for the new year. Get started today!