



SCALE

— OR —

DIE!

ACHIEVE TRUE FREEDOM IN
YOUR REAL ESTATE BUSINESS
& LIVE YOUR LIFE
WITHOUT REGRETS



LARS HEDENBORG

FOUNDER - REAL ESTATE B-SCHOOL

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Dedication

To my beautiful bride and best friend, Julie who puts up with my insanity and loves me anyway. Your faith in me gave me the courage to push through the tough times in business. God knew what he was doing when he put us together. I love you deeply and couldn't do what I do without you.

To my beautiful children, Anders and Kendal. You both inspire me to be the best father I can be. There were times when business edged out family time but you were always my first priority and the true motivation behind building a business that gives me time freedom. I love you both very much.

To my mother Lena, a hard working businesswoman and loving mother, who modeled selflessness her entire life. You always encouraged me and, despite some very difficult circumstances you faced along the way, you created an amazing life for Christina and me.

To my sister, Christina, who supports me in so many ways and loves my kids as her own. My life wouldn't be what it is today if it weren't for you. I couldn't be more proud to call you my sister and my friend. Don't forget, God created you perfectly and loves you no matter what.

To Stacie Peterson, who took a chance on me in the early days and now fearlessly leads Real Estate B-School. You continue to impress me as you step up and challenge yourself and those around you. I see God moving in you and I feel blessed to be on this journey together.

To my teammates at Real Estate B-School, I am honored to fight the good fight together in an industry that is broken in so many ways. God has a plan for this business and while the journey is a tough one, you love and serve our members (and each other) day in and day out.

To Thomas Elrod and my teammates at High Performance Real Estate, the work you do is oftentimes thankless and you continue to impress me with the level of skill and tenacity you bring to the game of real estate. I am honored to be in business with all of you.

And I can't forget the most influential man in my life, my father Runé, who is no longer with us. My father had a dream of owning his own business and while he failed in many ways personally and professionally, he kept that business alive for over 30 years. *"Pappa, I love you very much and I think of you often. I truly believe that the tough times I experienced as a result of your shortcomings made me the man I am today, and I can't thank you enough for that."*



My proud father in front of his dream ... Runé' of Sweden!

Introduction

My name is Lars Hedenborg, and I live just outside Charlotte, North Carolina. At the writing of this book, I've been married to my amazing wife Julie for almost 14 years. We have two children: a boy, Anders, and a girl, Kendal. I became a follower of Jesus Christ in 2009 and my personal relationship with God is very important to me—it is now the basis for everything I do. At the end of my days on Earth, I want to know that I did everything I could to truly love and serve others.

There was a time when I worked as a grunt financial analyst for an investment bank in New York City; and my dream job after that was to run corporate acquisitions and strategy for an aerospace company. I actually found that dream job and I moved down to Charlotte from New Jersey. The guy that recruited me to that position found out he had pancreatic cancer. He spent 33 years with the same company with only a little bit of time and money freedom, and then he found out that he would die in a matter of months. He passed within six. It impacted me in such a significant way that I realized the corporate environment I was in would not lead me to the type of freedom I wanted in my life.

And so, that set me on a path to find a different way to go about business and life. While I lived in New Jersey, my interest in real estate was already growing. I was an investor, and I just loved the entire home buying process as well as renovating them. I owned three two-family homes in Jersey, and when I moved to Charlotte I ended up selling those properties—and I did quite well on them. I sold those properties

at the peak of the real estate market, and I was able to acquire properties down in Charlotte. I connected with a real estate broker who helped me get involved in the local Charlotte real estate market. He also owned his own brokerage. In March of 2007, I left corporate America and I spent nine months as a real estate broker with his firm.

It didn't take me very long to realize that when you get your real estate license nobody teaches you how to be a successful real estate agent. They teach you the rules and basically how to stay out of real estate jail. I figured out two things real quick: if I wanted to build a "real" real estate business, (1) I needed to build systems, and (2) I needed people to help me run those systems.

The job of a busy real estate agent is a seven days a week proposition. In those first nine months in the business, I sold 27 homes, which was more than any agent in my office—many of whom had five to seven years' experience. I realized that they didn't have a business owner mindset but more a traditional real estate agent mindset, where they relied on their broker to give them opportunities to work with buyers and sellers. I knew I needed to be the one generating leads, figuring out how to convert those leads into face-to-face appointments, and then convincing them to do business with me. So I learned very quickly that what I wanted required building something on my own. Even though I was an agent working for another broker, in an office where everyone was relying on that broker to feed them business, I was a real estate business owner. This very much felt like a broken model.

Building The System

Julie and I had our first child, Anders, in November 2007. In 2008, I went from 27 sales to 44. I hired my first assistant at that point. In 2009, I sold 58 homes, and that was when I hired my first buyer's agent. I wanted to be a good father, and I wanted to be a good husband. I wanted to have the time freedom to spend with my family. I could tell

that working with clients in the evenings and weekends would not allow me to do that.

In 2010, we closed 118 deals as a team; but I still personally handled about half the business. I added my second administrator that year, and then we hired a couple more buyer's agents. In 2011, we closed 178 transactions; I did about a third of those. That was when I committed to getting out of production. While I did successfully remove myself from the buyers' side of the business, production of any kind didn't lend itself to a happy home life. This motivated me to move beyond building systems, to finding someone else to run the day to day operations.

In 2011, we closed 248 sides; but I only had one closing personally that year. So I went from handling 100% of the business to only 1 out of 248 transactions. As I made the shift from producer to owner, I was able to systemize sales management, daily cadence, productivity, accountability, marketing coordination and client care for my team to the point where I stepped down from seven days a week to five days, three days, two days, and then finally one day a week. The system now ran the business and it didn't depend on me being personally involved.

Real Estate B-School

In 2013, with more time freedom, I decided to launch Real Estate B-School (and just so you know, the "B" stands for business). I wanted to help top producing agents and team leaders who were trying to build a business that wouldn't need to rely solely on their efforts, and help them avoid the pain and suffering that I endured because there was no roadmap for me. And that is exactly who we serve.

Our members are agents who achieved conventional success in our industry, but they've figured out that it isn't worth it; their lives aren't their own and financially, they have nothing to show for their efforts. In order to become a conventionally successful real estate agent, it requires sacrificing everything. At Real Estate B-School (REBS), we teach a

very specific model: The Business Freedom Blueprint. It consists of The Traditional Model + what we call The Scale Model (more on this later). We pick up where most coaching programs leave off. Today, we help our members install the systems necessary to scale and empower their teams to run those systems.

The Business Freedom Blueprint allows you, the team leader, to view your business as a true system of systems and to step up in terms of your daily dollar productive activities. Most conventionally successful real estate agents are struggling in areas outside of their business—their relationships, physical health, spiritual walk, emotional well-being, etc. The work we do now is to help share the pains and pitfalls that I faced along the way, to make this journey easier for others.

There's no reason for all the trial and error and the failure I faced when I built my business. There is every reason to learn how to scale your business the right way—if you don't, your business will “kill” you. This brings us to the focus of this book: The Business Freedom Blueprint. This involves The Traditional Model of real estate which involves 3 key drivers: 1) Attract, 2) Convert and 3) Deliver. But once you've built sustainable systems around the first 3 Drivers of Attract, Convert & Deliver, you can actually Scale your business without putting in more hours. The Scale Model (the 4th key driver) focuses on 3 key areas, which we call Accelerators: 1) Create Your Future; 2) Know Your Numbers and 3) Grow Your Team.

The industry is changing—quite rapidly. Consumers are demanding more. They're demanding quicker response times. They're generally more vested in a real estate transaction than their agents. And in many cases, they know more than their agents. While we're fighting that battle, we're also fighting technology at an exponential pace. Artificial Intelligence (AI) is coming into our industry, and that impacts the livelihood of a real estate agent as our perceived value will be diminished. And on top of that, business models are changing. As I write this book, I'm reading

an advertisement from Open Door. Last night, I watched a commercial from Redfin, and their 1% listing, which was immediately followed by a commercial from Zillow. A couple days ago, I was driving around Charlotte, and I saw a billboard of Zillow opening a physical office in our market.

The competition is fierce. In the Charlotte market alone, there are over 15,000 licensed real estate agents. Back in 2010, there were 5,200. How do you compete with that? How do you scale your business when the amount of agents has tripled in your market? That's exactly what this book is about: building your business on a rock solid financial foundation so that these external factors won't put you out of business. Not only is this about building a profitable business, it's also about beginning with the end in mind, so what you build is actually worth owning when you get there.

Why “Scale or Die”?

Back in 2010, I was helping a buyer with a property that was in a short sale situation. This property sold for \$1.5M brand new and my client had it under contract for \$850k. I ended up working this transaction every day of our first family vacation after I got into real estate. Without leverage, without systems, without a real business, I couldn't disconnect and spend time with my family on vacation, even for a few hours. Our in-laws were on this vacation. My sister and my mom were with us as well. I was busy working on this transaction, driving down the mountain to get reception on my phone, and working while everyone was doing their best to enjoy themselves. My wife still remembers how I stole time from her and the kids and gave it to that client. And he actually ended up not buying the property. Ironically, I now live in that neighborhood and I run by that home regularly—a constant reminder of the pain this business causes us and our families.



Not sure what made Julie take this picture of me working on this particular vacation ... not my proudest moment.

People often ask me why I'm writing a book, and why I feel the need to share my story. Well, this wasn't an easy journey for me. My struggles in the early days were significant, and I needed to give up a lot. And while my current life made it all worth it, my efforts could have been much more focused and streamlined.

The industry's broken because the work we do breaks families. There are so many agents that if they had the right path, and they had the proper tools and training, they could not only increase the size of their business ten-fold, they could do it in a way where they're making more money working less hours and experiencing less stress. I remember when I was working during that vacation, I had an "aha" moment:

Am I making the kind of money that I want, working reasonable hours, with a level of stress that is manageable?

I continued asking myself this question over and over and over and over. I still ask myself this question. To me, it all comes down to time, money, and stress. As I figured out how to detach the number

of hours I put into the business from the money I made and the stress I experienced, I realized that a traditional real estate agent could only increase their hours to increase their income—which only increased their stress. Sure, more money. Yes. But more hours in the business and more stress meant I would inevitably fail in the areas of my life that truly mattered.

I figured out how to make more money in less time, with less stress. In fact, the year we sold over 400 homes in my real estate business, I was in the office for a total of 42 days. I wasn't involved in any transactions personally, and I made over \$20,000 a day. Now, don't get me wrong, the business wasn't perfect; but I was able to build it in such a way that the amount of time I put into it had little bearing on what I made. That's what I want for all of you. I want you to benefit from the pain I've suffered along the way.

My mission today is helping top-producing agents and team leaders build highly profitable businesses based on sustainable systems and empowered people. All of this is done so that ultimately you can systematically increase your net worth, get more time away from the office and have a meaningful impact on your family and your community. Our industry is broken; we're not teaching what we need to be teaching. Traditional real estate agents and team leaders are working more, making less and chronically stressed. There are agents and team leaders in our industry who are suffering, to the point of depression and even taking their own lives—they thought there just wasn't a better way to do it.

So I have an important question for you...

If you stay on the path you're on now, professionally and personally, will you have any regrets later in life?

Who is depending on you to not only provide financially for them, but to show up and to be more present than you are right now? When you finish reading my book, you will have a clear plan to build your business in such a way that it doesn't depend on you alone. You can

systematically Attract, Convert, Deliver and Scale without doing it all yourself. And you will be able to grow your business in a way where the amount of time you invest has little bearing on the amount of money you make—and your stress will drop to a much more manageable level.

We've done it with hundreds of Real Estate B-School members, and I'll share some of their stories throughout the book. Along with my own, these are real life stories that you can learn from and hopefully get inspired by. My real hope is to share just as much of the bad and the ugly as the good—and I really do consider this book to be the good, the bad, and the ugly of building a real estate team. Thanks for reading.

Part I:

**SURVIVING IN A
BROKEN INDUSTRY**

CHAPTER 1:

The Good, The Bad & The Ugly

As I begin walking you through this concept of Scale or Die, I want to pose a question to you about your real estate “business” as it is today.

Are you making the kind of money that you want while working reasonable hours with a manageable level of stress?

Stop for a minute and really think about that question. In any job, in any industry, for the most part, we’re trading time for money, and we want to enjoy what we’re doing. We don’t want an unbearable level of stress. In real estate, we have a golden opportunity. If we do this right, we can unlink the amount of money we make from the hours we put in and the stress we experience. I really need you to let that settle in. The context of our work together throughout this book will be around this time, money, and stress equation.

As we dig into the good, the bad, the ugly of what it means to build a high functioning, high performing real estate team, the backdrop requires you being honest with yourself about where you are currently. How many hours are you putting into your business? This isn’t purely about the actual hands-on work hours, but also the mental rack space that you’re taking up thinking about your business. Does your time investment come with not being as present in your family, with your

spouse, your children, your other personal relationships, or other areas of your life that matter? Are you experiencing more stress than it's worth?

No Leverage

Julie and I were married in October of 2006. As shared in the Introduction, I left my corporate job in 2007. I didn't have any experience in Marketing, Lead Generation, or Sales. And I had never built a business before or managed people. But somehow, I managed to figure out the first two drivers of The Business Freedom Blueprint business model, which is 1) Attract and 2) Convert. That first year, I worked with 2 sellers and 25 buyers, and I successfully closed those deals within my first 9 months earning over \$250,000 of gross commission income—although I only kept \$40k due to overpaying my broker and spending money on everything that sounded like a good idea.

We had our first child at the end of 2007. Again, in 2008, I sold 44 homes which led to me hiring a part-time assistant. Keep in mind that 44 homes is nearly five times the average agent in my market. My first full year in the business, I already reached top producing agent status and I was in the top 1% of all agents in my market in terms of my production. There was lots of head scratching in my office as my peers were wondering how I got there so fast. But all I really figured out was how to attract buyer prospects, convert them to face-to-face appointments, and get them to say “Yes” to using me as their buyer agent. This simple approach continued for the next couple years.



Welcome to fatherhood...I had a lot to fight for with my newfound purpose!

Ultimately, my challenge was having no systems in place—no leverage. Beyond my assistant, for the most part, I didn't have what I needed to be able to grow my business. I was working seven days a week (70–80+ hours if I'm being really honest), and I was beyond stressed. Many nights I would wait until Julie and Anders were in bed, and I would go upstairs into our attic space, my office. I would work on my business from 10PM–3AM. Multiple times a week, I would focus on those systems and my leverage, just finding a way to dig out of conventional success.

I knew that I didn't have a real business because I was the entire business. It wasn't a life worth living. I saw that clearly; I had a one year old son, and a relatively new marriage. My life was completely out of balance. I had stopped working out, I had bad diet habits, and I wasn't sleeping very well. Overall, I wasn't showing up in the ways I needed to as a husband for Julie, or as a father for Anders. Luckily, I don't think there were any lasting repercussions. Nonetheless, I was missing that next critical piece.



It wasn't working...I was never free to be anything but a real estate agent!

Obviously, I already figured out how to Attract and Convert. The challenge was that I was spending all of my time in Deliver, as I was the only one who could service any clients I had. My solution came in the form of systems first and foremost, and that continues to be the only area of my real estate business that I really focus on. And when I hired my first buyer's agent according to earlier, I was able to begin stepping out of that part of the business to focus on building systems that could help me scale the business.

The Good, Bad & Ugly

In terms of "The Good," this comes down to building a high performing, high functioning real estate team that's set up like a true business. And this approach is not for everyone. The truth of the matter is that you won't be able to recruit every agent in your market to be on a team like this. Overall, the main systems that need to be in place are standards, tracking, and accountability. We build these businesses on training and support, and there's high culture, structure, and cadence. We look for the right people to fill the right seats. It's a team of true professionals.

The Good version of a real estate business is based on high profit margins, where your agents will sell five to ten times the number of homes than most agents typically would. It's a scalable business model where you're delivering a client experience that's above and beyond anything available in your market. It's a balanced prospecting and marketing approach—and this includes a team of specialists where everyone involved (including you as the owner) has a life by design and not by default.

In terms of “The Bad,” this represents most real estate teams today. No less than 90% of teams I talk to are really a loose collection of agents. They don't have standards, or their standards are very low. There might be some training, some support, as well as some tools and resources available. It's a pretty loose culture, structure, and cadence on a daily basis. I consider this to be the minor league of real estate teams, where margins are in the single digits to 12–15%.

Agents on these teams are selling anywhere from 12 to 24 homes per year. These teams are tougher to scale; you need a lot of agents in order to do so. The client experience is generally lower, and these teams are generally more marketing based. If you consider the “jjack of all trades, master of none” concept, this is a collection of folks who are doing more jobs than they probably should—and they're not doing those jobs at the highest level. And most team leaders have to stay in production as they won't make enough money otherwise.

In terms of “The Ugly,” this is the general brokerage model disguised as a real estate team. This setup is for the masses where there literally are no standards. These teams involve hardly any training or support. There's no culture, structure, or cadence whatsoever. This is where agents “hang” their licenses and maybe get some leads. Due to the fact that these businesses have a bunch of amateurs as agents and no accountability, the pretax profit margins result in low single digits to possibly 10%—if the team leader is lucky.

So that's the good, bad, and ugly that I see out there right now. When I look back on my journey, it was clear from the beginning that I needed to build a true business if I wanted to create a life worth living. Here recently, it's become even clearer that my approach of a high performing, high functioning, and highly systems driven real estate team is the only way to provide real value to your buyer and seller clients and team members alike. And it's the only way to survive in the long term.

My Journey to Time & Money Freedom

My first mental shift was that I decided I wanted to make \$500,000 annually and work 2,000 hours a year. Truly, it was the shift around my hourly worth, and it was really simple math: divide \$500,000 by 2,000 hours and you get \$250 per hour. So I wanted to make \$250 an hour for every hour I put into my real estate business. The challenge was that during those first few years, I didn't make \$500,000, and I worked way more than 2,000 hours; however, I never let go of that number.

My next ah-ha moment was realizing that in order to get to \$250 an hour, I needed to be the one to build the system and get someone to run the system. Pretty much every job a real estate agent does, once you set it up the right way, you can have done for \$50 or less per hour. Let's think about that... There are some positions in our team that make more than \$50 an hour; but generally high quality administrative folks in my market make anywhere from \$15 to \$25 an hour. More than half the hours you spend in real estate is on administrative tasks, and so you will never achieve money freedom if you keep doing those tasks.

Showing Agents and Buyer Agents in my market make anywhere from \$25 to \$50 an hour. Listing Agents generally make anywhere from \$50 to \$100 an hour. Marketing Coordinators make \$15 to \$20 an hour. And runners are around \$10 to \$12 an hour. If you really think about all the jobs of a real estate agent, there are probably about a dozen. Honestly, out of that dozen, there are only one or two jobs that are worth \$250 an hour.

SCALE OR DIE!

Early on, one of my main struggles was that I never managed people previously, nor had I ever built a business. I was shifting from a producer mindset to that of a business owner. It was pure trial and error for me. Over the years, I have spent roughly \$750K on coaching, consulting, and training of different kinds. Only about a third of my spending was in the real estate coaching space itself. And in all of that, there really wasn't a clear roadmap or proven path to follow. I needed to be the one to go out there and fail forward fast in order to be able to do this. Unfortunately there was no Real Estate B-School back then. There was no Toolbox or Specialist Training like we have now. I had no Implementation Support or Business Coaching like Real Estate B-School offers today.

The only focus for me at that time was to be able to tend to my true priorities: my wife and children. In 2009, I accepted Jesus Christ as my Lord and savior, so my faith was something that I really wanted to focus on as well; I wanted to spend more time with God and deepen that relationship. I had big responsibilities and life areas where I wanted to put my time and energy; but my business was getting in the way of that. I didn't have the time freedom I wanted. The money was okay. And overall, I had way too much stress.



Born again in 2009 when I accepted Jesus Christ as my Lord and Savior!

After shifting from a production mindset to a business owner mindset, after mentally committing to making \$250 an hour, the result was truly knowing that systems were the solution: build the system and backfill it with someone that can run it better than I can. That started out with lead generation, contract to closing, and marketing administration. Then I systemized the appointment setting and the consultation processes. Every aspect of the business, I built the system and I hired someone to run it.

It's All About Mindset

In 2008, my first full year in the business, again, I personally finished 44 transactions. That's when I hired a part-time assistant. In 2009, I increased my transactions to 58, and I was pretty tapped out. I hired my first buyer agent at the end of that year. In 2010, my business then increased to 118 transactions. In 2011, with an additional admin and a few more agents, we went to 178 transactions. And in 2012, we closed 248 sides.

In January of 2012, I personally handled my last closing—the other 247 were handled by my team. Four years earlier, 100% of the transactions were mine. I did more than a four times increase in the amount of production. This officially marked my complete shift from real estate agent to business owner.

Now, this didn't mean that I had any less responsibility in the business; I still had to ensure that the day to day operations of my business were running smoothly. I needed to ensure that my agents were achieving their goals, to give them structure and accountability, and to make their job easier so they were happy with our business relationship. So, I didn't have any less responsibility; I just had a different kind of responsibility.

I started at 70 hours a week, seven days a week, with minimal time off. It took me three and a half years to take our first four-day vacation.

As shared in the Introduction, even during that vacation in 2010, I still worked. Within that four-year period, I decreased from seven days, to five days, to three days, to two days, to between one and two days a week. After 2012, when we did 248 transactions, we soon increased to 312 in 2013, and then over 400 in 2014.

In 2014, I worked 42 days in total. This is not intended to be an ego comment; I just want to encourage you and give you hope that there's a different way to do this. And the cool thing is, all of our clients are now served at a higher level than I was able to provide alone, and I am completely out of the daily grind of that business. And my team members are able to achieve their best version of themselves, both personally and professionally. I've achieved true business owner status. And I've kept that status for the last seven years or so (and counting, at the time of this writing).

I've talked about mindset quite a bit. If you haven't figured it out yet, mindset is a big part of successfully scaling your real estate business—and also creating a life worth living. What Tony Robbins taught me reigns true in real estate:

20% of success in business is based on tools, systems, and strategies.
80% is based on your psychology, or mindsets.

Now that we've established the good, the bad, and the ugly, in Chapter 2, I want to share how I've helped others build the best (in my opinion) version of a real estate team.

CHAPTER 2

Serving a Broken Industry

Are you building your real estate business on a model that is not only proven but one that has you ending up at a point where you actually want to go? Traditional success in our industry, in no uncertain terms, will leave you overworked and overstressed. It will have you failing in your marriage, failing as a parent, failing to take care of your physical body, failing in your faith walk. At the end of the year, you'll be wondering if the money was worth it. I don't mean to say this to be provocative or because it's good marketing for Real Estate B-School—it's just the truth.

Since 2013, and since we started offering complimentary Business Growth Strategy Sessions to prospective members, we've had no less than 1,000 conversations with top agents and team leaders who hit the ceiling of success in our industry. Real Estate B-School was born out of necessity. And honestly, it was being built before it even started. It was born out of a passion for me to help others avoid regrets in their lives. And to share the pain that I had gone through to build a real estate team and business that was actually worth owning.

My journey to business ownership, and the shift from real estate production to true business ownership was complete when we launched in April, 2013. That year, my real estate business did over 300 transactions. I was able to get down to working only one day per week. As shared at

the end of the last chapter, 2014 was the year where I handled 0% of the business—and I worked 42 days total.

The Cost of Traditional Success

My goal now with Real Estate B-School (and also with this book) is to make other's journey to business ownership less painful, more profitable, and less unpredictable. The big problem that I saw in the real estate industry is that there really wasn't a real estate "business school" available. Overall, business coaching for real estate agents is hard to find. There are many coaching companies out there providing productivity coaching—they will get you from 5–10 sides (which is the average for most agents in our industry) to 20–25 sides. Make no mistake: that is top producer status in most markets. 98% of agents in the country won't sell two homes a month on average. And so, most coaching is real estate production focused; it's not business focused.

But here's the thing. To reach an additional unit of income, you'll need to put in an additional unit of time because the training in our industry (let alone other coaching companies) won't teach you how to build systems that do the heavy lifting for you. The only way to make more money is to put more time in. In my personal journey, during my first full year, I worked more than five times as many hours as I do today in order to sell 44 homes. In 2014, I made 20 times more money while only working a fraction of that time and my team sold over 400 homes. Again, I went from working 70 hours, 6–7 days a week, to one day a week when I was in town.

In real estate, the more you sell, the more drama you have in your life; as you're now attached to more transactions with buyers and sellers. And most often, you're so emotionally invested in those transactions that it becomes an exhausting, never-ending, emotional roller coaster. You're nonstop connected to your phone as you text, call, and email throughout the day and into the night. So you're not able to take time

out to build a system that will make your life easier in the future—and so you are stuck doing mostly work at \$20 an hour.

So, traditional success oftentimes is a miserable existence. If you scale your business on the wrong model, you end up with a business not worth owning. You also end up with insufficient time to work on the business and you are caught in a vicious cycle that you can't escape.

I handled my last closing in January 2012, and I realized that I was onto something. I had built a set of tools and systems that others could adopt and adapt into their own businesses to make their journeys easier. I took the rest of 2012 to reflect on my business, how I built it, and even my motivations in the early days of my journey. I was newly married. We had our first child in 2007, our second child in 2010, and two miscarriages in between. I built my business out of necessity; but I wondered how many agents were struggling because they hit the ceiling that I managed to break through pretty quickly. I was only able to do so because I was laser focused on building a great business rather than being a great real estate agent.



*Kendal comes into the world ... now I'm a father of two kids
... it's do or die time!*

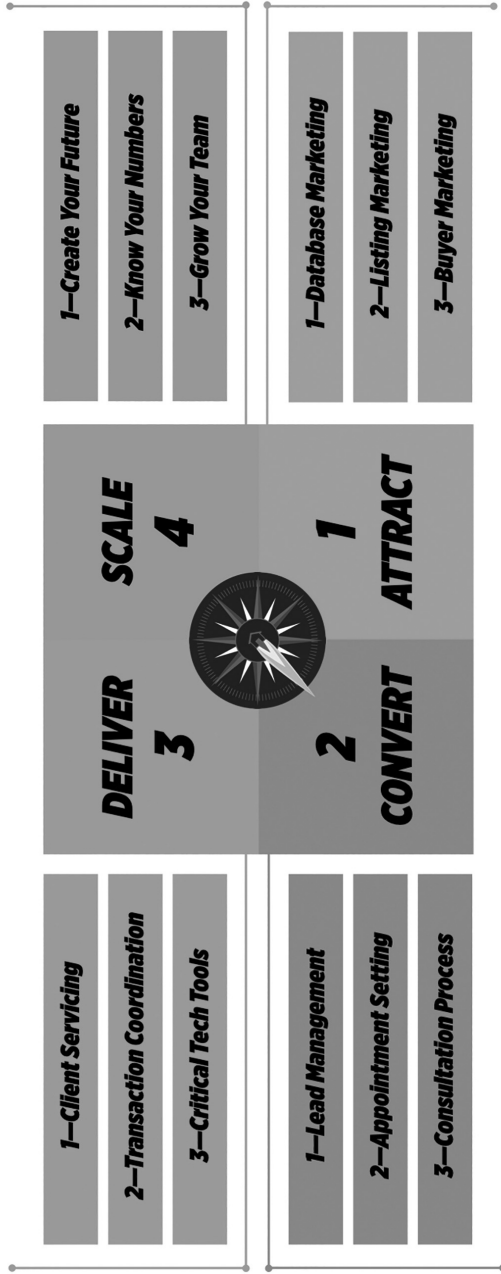
I knew there were traditionally successful real estate agents like myself who had yet to figure out a way to scale. And they did not know how to scale in such a way where they had more freedom as their business grew. I only saw agents who had less freedom as they did more transactions.

Personally, I started my team in 2009 with 58 sides and I was super heavy in production. I was building tools and systems late at night. I was recruiting and managing agents. Again, I was working seven days a week to hit these numbers. I honestly felt like my business would either kill me or I would figure out how I could build it in such a way that it would serve me. In five short years, I went from 58 sides to over 400 where I had little direct interaction with the business except for high level weekly leadership and team meetings.

In 2013, reflecting on my journey, I spent time taking the systems I built and installed in my business, and creating tools and processes that were “installable” in the businesses of others. The first version of my work is what we now call The REBS (Real Estate B-School) Toolbox which is based on The Business Freedom Blueprint™ mentioned earlier (see below).

The Business Freedom Blueprint™

THE GOAL: MORE MONEY + MORE TIME + LESS STRESS



SCALE OR DIE!

THE FOCUS: BUILD SUSTAINABLE SYSTEMS & EMPOWER TEAM MEMBERS

When it comes to scaling business, agents who are already traditionally successful don't need to develop these business systems and processes from scratch. And by implementing these tools instead of building them yourself, you can save hundreds of thousands of dollars, and years of time. We've seen this time and time again with members who participated in our program. Installation is all that is necessary, followed by implementation.

A Broken Industry

When I tell our members that the real estate industry is broken, there are three factors I tell them to consider:

1. What got you **HERE** will not get you **THERE**.
2. Conventional success will have you failing in other areas of your life.
3. Get ready to hit the ceiling if you want to grow your business.

What got you here...

Even if you manage to build a real estate team in a very specific way to serve buyers and sellers at a high level, you'll be challenged in the market in the future. I really do believe that. I think consumers are at the point where they're savvy enough to realize that we take a lot of money out of the money **THEY** bring to closing. And most of the time, the real estate services provided are not worth the commissions paid. So, fundamentally, the economics of that business transaction are flawed.

If you're not building something that is worthy of more than the average commission in your market right now, you'll be challenged to even be in business in the future. We've seen this in the financial services industry. The number of financial advisors across the country has declined for seven years in a row, and their commissions have been under attack.

The very same thing is happening in the real estate industry—unless you become a high performing real estate team.

Conventional Success Sucks

If you try hard enough, you can become a “successful” real estate agent. You could sell 25 homes a year and climb to the top 1% of our industry. You could be making a six figure income. Any agent who is successful by these terms, most likely, it’s a different conversation when it comes to their personal life. How are they showing up at home? Are they truly serving their families? Are they taking care of themselves physically and spiritually? Are they super stressed all the time? Do they kick their dog when they walk in the door at night? You get the picture...

Traditional success generally leads to a level of brokenness in the individual—and it was clear to me that this was something I didn’t want for my life or my family. The plight of a small business owner is pretty similar to that of a real estate agent—regardless of the industry. Business owners must bring many skill sets to bear in order to have a chance at success. We’re the ones taking on the risk of all the expenses and making decisions for the most part on how to spend our money, who to hire, and how to manage people. And if there’s not someone there to do a job, then we’re doing it.

If we have a client who needs to look at homes and we don’t have a showing agent, we are the showing agent. If we need to get a marketing piece out and we don’t have a marketing coordinator, we are the marketing coordinator. If we don’t have a bookkeeper and we need to get our books together for taxes, we are the bookkeeper.

The average business owner is overworked, and their time is not their own. Your hands are in every aspect of your business. You have no delegation practice whatsoever. You’re not taking any vacation. Even then, when you do, you’re completely buried in your phone, checking emails and ensuring nothing is going wrong in the office.

Hitting The Ceiling

Ultimately, there is a ceiling that most traditional agents will come up against. In real estate, that ceiling is in the range of \$300,000 to \$500,000 GCI (Gross Commission Income, or Total Revenue). And it's not too far off from what we see in other industries as well. This is where Real Estate B-School can help.

Our goal is to work with folks who have hit that ceiling and take them beyond it. Or even team leaders who have grown beyond that level but they have not set their business up properly from a systems standpoint. Maybe they already have a part-time assistant or even a buyer agent in place. Nonetheless, we can get them to \$1 million and then from \$1 million to \$3 million using The Business Freedom Blueprint™, which provides the tools, systems and strategies for building a “real” real estate business.

Do You Believe?

There are only a few key ingredients that are required to successfully scale your real estate business. If all of your time, money, and energy are invested into your business—but you can't ever take time off or step away—then you do not in fact own a business. You have a job. You own the place that you go to work. And that's it.

I want you to know that it's possible to do this; but you must believe that it's possible. The mindset around being able to scale your business must be strong, and you must be willing to act on that belief. Try saying it aloud:

“I really can go from a real estate agent to a business owner and build a high performing real estate team that doesn't rely on me.”

We believe that there's a right way to do this, so it can withstand the increasing competition and changing industry dynamics that you'll see in the future. The only way to withstand that is delivering high value services to buyers and sellers. And you do this by building sustainable systems and

empowering your team to run those systems and love on your clients. You might think your clients need to personally work with you. The reality is they are only attracted to the standard of service that you provide—and that could be trained to and provided by other team members.

Take a good look at where you spend your time. Be honest as you ask yourself: “Am I regularly doing the most dollar productive activities to move this business forward?” and “Am I making great money working reasonable hours and a manageable level of stress?”

If you can’t enthusiastically give a thumbs-up to both questions, the approach I lay out in this book is the only option. That’s why the book is called *Scale or Die!*, and why this is so near and dear to my heart. I was once where you are and I felt the pain you are feeling.

The first step is to properly implement the Attract-Convert-Deliver drivers. Essentially, this is the traditional model of business, and I will share more about it in Chapters 3–6. The big difference is that you will build it out in such a way where it doesn’t rely on you. If you fail to set it up properly, you will continue to be a slave to your business.

So instead of you generating every lead and converting them to clients and servicing that client, the business will be set up to do it. The business will systematically ATTRACT high quality buyer and seller prospects. The business will systematically CONVERT those prospects into loyal clients. And the business will systematically DELIVER the service promised to them.

The next step is implementing Driver #4, which is Scale, which I’ll share further in Chapters 7–9. This moves beyond The Traditional Model and it focuses on three Accelerators:

1. Create Your Future
 - Get Clear on Your Model
 - Put Your Life First
 - Plan Your Future

2. Know Your Numbers
 - Determine Your Economic Model
 - Foundational Financial Tools
 - Achieve Financial Freedom
3. Grow Your Team
 - Identify & Attract Talent
 - Hire & Onboard New Team Members
 - Team Cadence & Culture

It is possible to have a bigger business that feeds a bigger life. It is possible to do this in such a way that you can get your time back and achieve your potential. If you don't Create Your Future, you will not have direction. If you don't know your numbers, there will be no predictability. If you don't grow your team, you will not have sustainability.

It's a Journey

Over the last seven years, we've worked with hundreds of struggling traditionally successful real estate agents and turned them into business owners. Today, they're running highly leveraged and highly profitable businesses. We were able to dramatically cut our members' hours in their businesses while substantially increasing their income. We typically say that it's a three year journey. We keep our members focused on one year at a time; one quarter at a time; one week; one day; etc. Nonetheless, real results can be accomplished within three years.

I want you to realize that being successful in business largely comes down to crushing your limiting beliefs. At the end of this chapter, I've provided an activity. I want to help you release any limiting beliefs you have around building a business so that you could take the next step—whatever that step is for you. And now that I've shown you how the industry is broken, I want to share more about the 4 Key Drivers of Attract, Convert, Deliver and Scale.

Activity: Key Mindset Shifts

In order to take your business to the next level, it is necessary to let go of certain limiting beliefs regarding your business, how it operates, and your role in its success. The business of real estate is not complicated but building a business that truly serves you, your family and your team can feel overwhelming at times. Consider your answers carefully, begin to act as if your trajectory along this path is imminent and cannot be avoided...it's coming and we need to prepare you for it.

For this exercise, answer the following questions:

1. What are some of your fears when it comes to building a business? Do you really think it's possible?
2. What limiting beliefs do you have regarding time and money? Do you feel they are a trade off? Can you deliver enough value to justify making \$1,000 per hour?
3. Describe some of your frustrations regarding your agents and staff? Do you feel they are capable of growing your company?
4. Do you believe your personal brand can operate without you? Do your clients really want you or just the standard of service you provide?
5. Describe the level of service you provide today. Do you feel like other agents in your market can deliver a higher level of service? What concerns do you have?
6. Describe your current sales management structure? What do you feel are your current limitations?
7. Do you believe that doing less deals personally will help you grow?
8. What action steps can you take today to break through your limiting beliefs?

Part II

THE TRADITIONAL MODEL

CHAPTER 3

The Traditional Model vs. The Scale Model

Alright, as established in Chapter 2, fundamentally, the real estate industry is broken. In terms of existing as a real estate agent, there are three ways to approach the industry:

1. As a solo struggling agent without any systems or leverage of any kind
2. The Traditional Model (Attract-Convert-Deliver) without a systems approach
3. The Scale Model by implementing The Business Freedom Blueprint™

First, you could be a solo agent. Approximately 85% of licensed real estate agents do not even have an assistant. So, 85% of our industry is doing the dozen or so jobs that exist to successfully acquire and service a buyer or seller client. On average, real estate agents sell between six and eight homes a year. So, you've got a bunch of people who are licensed by their state to help buyers and sellers with their biggest financial asset. They're doing 12 different jobs, and they're not doing them enough to get good at them. There is no possible way that they can be uniquely qualified to handle each of those tasks. Nonetheless, that's the first way you can approach the real estate industry.

The second way is to focus on the traditional methods within the Attract, Convert and Deliver drivers. But instead of building the systems with an eye toward empowering others to run them, you are in the middle of all of it. We call this a “genius with a thousand helpers” type business as it all revolves around the team owners. It’s a loose collection of people and you’re probably looking at long hours, high stress and low profit. And it’s likely that what you’ve built is forcing you, the one taking all the risk, to stay in production.

And the third way is to fully implement The Business Freedom Blueprint™ and The Scale Model that I’ll cover in later chapters. If you want to create a life worth living, you must build a business worth owning. And so, I see this as the only option, which I’m looking forward to walking you through. For now, I’ll focus on The Traditional Model (Attract-Convert-Deliver) so that you understand how to build your business on a solid foundation.

Build It Sustainably

When it comes to any real estate team, you must Attract new business, Convert that new business into new clients, and then Deliver what you promised. So, that’s The Attract-Convert-Deliver Model. Once you build this out properly in your business, you can start to think about scaling your business. The challenge with this, as covered in Chapter 2, is that if you don’t build it from a systems standpoint, your business and life will become unmanageable—and if you scale without a solid foundation, it can become unbearable.

When I started working with Dave Hooke, out of Central Pennsylvania, he had a small team, and he was traditionally successful by every measure. The problem was that while his wife was pregnant with their first child, he was working 70–80+ hours a week, and he had hit a ceiling. That said, he created a great (highly paid) job for himself; but he didn’t build a sustainable business. He was selling about 100

homes a year—mostly via referrals. Overall, he was spending far too much time and energy in his business, and he really struggled to pay attention to other areas of his life. When Dave first came to Real Estate B-School, we both agreed that what he built was not sustainable and that something had to change.

We planned a complete rebuild of not only how he was building it—the tactics, tools, systems, and strategies—it was a complete rebuild of his mindset around building sustainability into his business. The term “sustainable” is used quite often in business coaching, and I don’t think that people truly understand the meaning. As a small business owner, sustainability means that the business can run without you; otherwise, it’s not sustainable and you just have a job. So Dave had already achieved traditional success as he was selling more than 10 times what an average agent sells; but it was taking him most of his waking hours to do it. He had learned how to Attract, Convert and Deliver at a high level but it all relied on him—which was not sustainable.

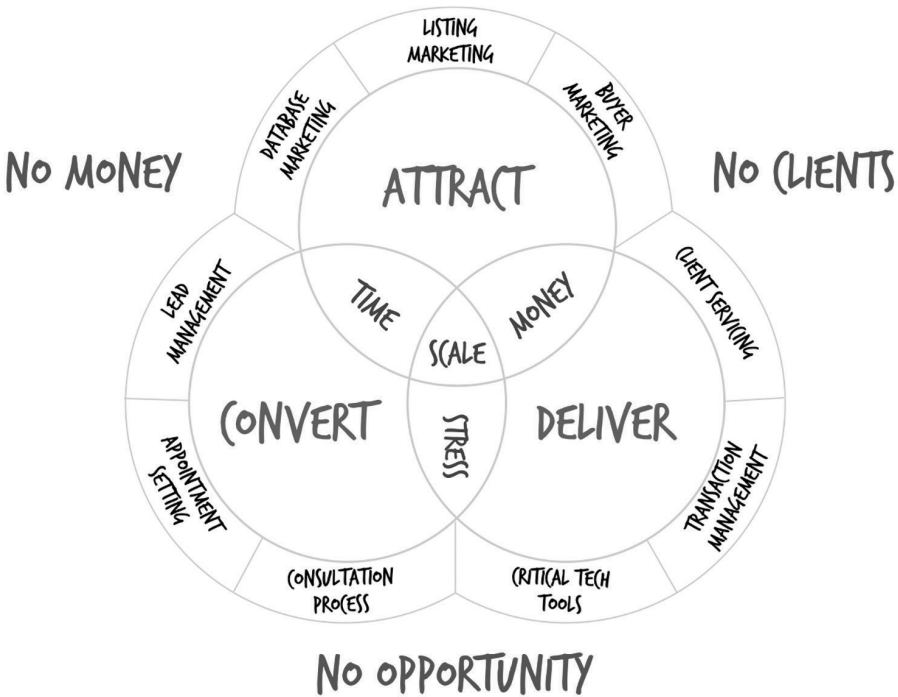
When he wasn’t on the job, he was stressed out, and he was on his phone or computer when he should have been spending time with his wife and his children—or, you know, preparing himself for fatherhood. The plan was to rebuild his mindset and to give him the tools and systems so he could achieve some level of sustainability, and that’s what we set out to do.

The Traditional Model

Again, the traditional model of real estate is to Attract, Convert and Deliver. The challenge with this, as it was for Dave, is that it’s not sustainable. You are the one Attracting, Converting and Delivering. If you’re not Attracting, there is nothing to Convert. If you’re not converting, there’s nothing to Deliver. And if you’re not delivering, there’s no money.

Bottom line, you can't have a life worth living if you don't build a business worth owning. You can figure out how to Attract and Convert leads, and you can Deliver services to clients; but unless you figure out how to do those things without you being involved in them day in and day out, you won't achieve true business freedom.

So, The Traditional Model is the foundation upon which a successful business is built. It's three key drivers (Attract-Convert-Deliver) are Marketing (Attract), Sales (Convert), and Operations (Deliver). These drivers are so critical to a successful real estate business. If you don't implement these properly, you'll be enslaved to your business forever. And that's the state you'll find many traditional teams—the team leader claims to have built a business, but it requires them to show up and direct traffic every day and to stay in production because they haven't set it up properly. So it's not a business at all, nor is it sustainable.



For your reference, here are the Attract-Convert-Deliver Drivers and the Accelerators associated with each of the Drivers...critically important to set these up properly.

Key Driver #1: Attract

Attract is the business's ability to systematically generate high quality buyers and sellers. It's broken down into three areas, which we call "Accelerators":

1. Referral Marketing, or leveraging your database to systematically generate new business.
2. Listing Marketing, or generating high quality, cost effective seller leads without paying high referral fees to lead aggregators.
3. Buyer Marketing, or generating high quality buyer leads without paying a real estate portal like Zillow or Realtor.com to generate them for you.

Key Driver #2: Convert

Convert is the business's ability to turn buyer and seller prospects into face to face appointments and then into loyal clients. It is also broken down into three Accelerators.

1. Lead Management. You've heard the expression before: "the fortune is in the follow-up." One of the most valuable systems you'll ever build in your real estate business is your lead management and follow-up system. When you generate a lead, how do you get the most out of that opportunity? It's likely that they won't do business with you the first time that you contact them.
2. Appointment Setting. What are the scripts and dialogs you are using to compel prospects to meet with you? What are the tactics and technology you use to set up face to face consultations with buyers and sellers?
3. Consultation Framework. When you get face to face with a buyer or seller, what presentation materials do you use? What listing packet or buyer packet do you use to increase your chances of convincing that buyer or seller prospect to do business with you?

Key Driver #3: Deliver

Deliver is the business's ability to offer the very best level of care for your buyer and seller clients. It is also broken down into three Accelerators:

1. Client Servicing, or the ability to work with buyers and sellers in such a way as to deliver a world class experience. How do you provide a Ritz-Carlton experience to buyer and seller clients so that they become raving fans of your services? In doing so, they generate new business for you—and we call them “Clients for Life.”
2. Transaction Coordination, or taking a contract from execution to a successful closing. This is perhaps the least “sexy” part of building a real estate business, and perhaps one of the most important. This is where you make or break the relationship with your clients. And if you consistently mess this up, your business will never scale. If you get it right, referrals will come your way.
3. Critical Tech Tools, or determining which technology tools and platforms you will need to grow your real estate business. There are only a handful of critical technologies that you will need to use in your business so that you can scale beyond what traditional methods allow you to do.

The Fourth Driver: The Scale Model

To give you just a taste of what you'll see in Part III of the book, let's briefly review the three Accelerators of The Scale Model. This is where traditional methods fail to enable real estate agents and teams to scale because they don't pay attention to these critical business Accelerators: 1) Create Your Future, 2) Know Your Numbers and 3) Grow Your Team.

SCALE OR DIE!



*The Scale Driver is critical for sustainable growth ...
and to achieve time and money freedom!*

Accelerator #1: Create Your Future

Most real estate agents and team leaders aren't following a plan. They're just running and gunning and not thinking about what they're building. They haven't started their business journey with the end in mind. In Create Your Future, there are three key focus areas.

1. **Get Clear on Model.** You must be clear you know what type of business you are building and why you are building it. In other words, you must fully understand the implications of every decision you make before you scale your business.
2. **Put Your Life First.** You're building a business to serve your life not to enslave you to your business. For most small business owners, they have a glorified, high paying job, and we don't want that. We want you to build your business to serve your life.

3. **Plan Your Future.** You must have a clear and actionable written plan for where you are going to end up 3 years from now. And then break that plan down to what you must achieve in the next year, the next 90 days, the next week, etc. We will not leave your success to chance.

Accelerator #2: Know Your Numbers

Another reason why real estate agents and team leaders fail to profitably scale is because they simply don't know their numbers. Most teams are built on a shaky foundation when it comes to tracking and their economic model. They're not making money at the rate they should or could be. Once you figure out how to systematically Attract, Convert, and Deliver, you will never scale your business profitably if you don't know your numbers. In this Accelerator, there are three key focus areas to consider.

1. **Determine Your Economic Model.** What economic model are you following in building your business? If you don't understand what that even means then it's likely you're not following one. In Real Estate B-School we have a very specific economic model: a target gross margin, a target spend for marketing and advertising, a target spend for administrative staff, and a target spend for all other overhead. We predetermine what you make at every phase of growth in the process of scaling your business.
2. **Foundational Financial Tools.** You'll need to implement a few critical financial tools so that you can maintain profitability as you scale. Setting up your books is the first critical step here. And then it's setting up a system to move money around so that you can actually achieve financial freedom as a result of building your business the right way.
3. **Achieve Financial Freedom.** There are different levers we can pull in your business to drive profitability and growth. When

we do this properly, the byproduct is that you systematically increase your net worth, which is one of the main reasons you got into business for yourself.

Accelerator #3: Grow Your Team

This is about finding the right people to help you build your business the right way. Again, there are three key focus areas to consider.

1. **Identify & Attract Talent.** Who exactly are you looking to hire and why? Where will you find them? How do you screen applicants? What are your core values and do they fit them? What is your team's value proposition?
2. **Hire & Onboard New Team Members.** What kind of impact would a great player have on your team? Can the potential new hire do the job that you're hiring them to do? How do you train them to perform their role at the highest level as quickly as possible?
3. **Team Cadence & Culture.** A real estate agent can become so busy that building a team is the next logical step. The only problem is that they are not trained to lead and manage people. You need to learn how to lead, manage and hold your team accountable to results.

How They Fit Together

The only way to build a business worth owning—and to gain freedom of time and money—is to use the leverage gained by setting up The Traditional Model the right way and then focus on The Scale Model to grow your business. Doing so will give you confidence to take your business to the next level once you know where you're going (i.e. you're beginning with the end in mind), to overcome your fears of leading and managing people, and to know your numbers. Honestly, these areas are usually the biggest fears that top producing agents have when they start

scaling their real estate teams. They’ve never managed people before, and they don’t have an affinity for numbers and tracking. So, they play small, or they build businesses on a flawed model—which we see very, very often.

One tool that we use at Real Estate B-School is what we call The Business Freedom Navigator™. There are six phases of growth that you’ll need to consider as we go through this journey of scaling your business.

		TIME	MONEY	EMOTION
Consult	Own	Minimal	\$1m +	Absolute Time and Financial Freedom
	Exit	Tuesdays! (if you want)	\$750k – \$1m	Time & Financial freedom, proud of what you’ve built
Inspire	Lead	40-50	\$500k – \$750k	Uncomfortable Learn New Skills Give Up Control
	Scale	50-70	\$250k – \$500k	Overwhelmed & Stressed, Hit a Ceiling
Build	Ramp	40-50	\$100k – \$250k	Hopeful but really busy
	Start	30-40	\$0 – \$100k	Excited (but Naive) 80% Dropout
Survive				

By knowing the road ahead, you will be able to better navigate business growth.

In the Start Phase, where most of the industry lives, you’re selling two or less homes per month on average (or 24 homes per year), which is top producer status in most markets. In fact, less than 2% of real estate agents across the country sell more than 24 homes per year. Unfortunately, this phase is all about surviving as you’re not making enough money for it to be worth it, and you’re super stressed.

The Ramp Phase is when you hit two to six transactions per month on average. This is where your time isn’t your own and you’re still super stressed; but the money’s pretty good. It’s likely that you don’t have systems in place and you haven’t hired your first assistant yet. If you

don't have a plan in place and you're not building out the proper systems to allow for growth, you'll fail to move beyond this phase.

The Scale Phase is where you break through 6–12 transactions per month on average. If you enter this phase without a mindset towards systems building and people leverage, you will create your very own hell on earth. You'll be working eight days a week, 25 hours a day with stress through the roof (at least something is breaking the ceiling, I guess). Life will not be worth living, and your business will not be worth owning. Ideally, we want to get involved in your business before you hit that point.

When you enter the Lead Phase, this is where you reach 12–18 transactions per month on average. This is where you've proven to be a capable manager and you're beginning to step into your role as a true leader, in that you are really shaping the vision of the business at this point. At this point, you're a mindset shift away from exiting production, although you haven't quite gotten there yet.

In the Exit Phase, the team is producing 18–30 transactions per month on average. This is really where you have a strong business and all of the day-to-day is handled by others. All the right systems are in place, and your business is set up on the right economic model. You've optimized all of your lead sources, you have a strong buyer and seller sales process in place, and you're providing an amazing service that consistently brings you referrals. Now, in this phase, you're able to step out of production, because you've built the business on the right financial foundation.

In the Own Phase, you're selling 30+ transactions per month on average, or 360+ homes per year. At this point, you're in more of a consultant/ownership role where your time is unattached to the money that you're making. For me, personally, this was when I was able to work 42 days in a single year making more than \$20,000 a day. So, all of this is possible if you do it the right way. Again, we'll go further into this in Part III (Chapters 7–10).

True Business Freedom

Let's revisit our good friend, Dave Hooke. Once he was enlightened to the fact that he only learned The Traditional Model of Attract-Convert-Deliver, he pushed himself forward and started working through The Scale Model. Once he had a clear plan, the right economic model and tracking tools; and put the right people in place, he was able to not only grow his business—he gained time, money, freedom, and nearly eliminated all of his stress. In short, he was able to scale his business the right way. Like I said at the beginning of the chapter, his wife was pregnant when he and I first met. That was their first child. They now have three.

He went from working 70 to 80 hours a week to 35 to 40 hours a week. He built a small, highly coordinated team with six or so agents and three administrators. He's been out of production for a couple of years at the time of this writing. His team will help 250+ families this year and he won't work with any of them directly. And he was only selling 100 homes, mostly on his own, when we first started together.

Dave more than tripled his income while cutting his hours in half. Just in case you missed that, he tripled his income working half as many hours. Previously, he was going through the struggles of working *IN* the business while working *ON* the business. He needed to get intentional about his time blocks around systems building. He also needed to stay super connected with his wife, ensuring she understood that he needed to double down on production and systems building for a period of time until he had the leverage he needed to take a step back. But with his newfound leverage, he was able to grow the business to the point where his production didn't matter in the grand scheme of things. He went from being out with clients seven days a week to owning a business that operates even if he's not there.

Again, at Real Estate B-School, we say this is a three year journey to properly build and scale your business. When you do it right, you'll

have one that has a life of its own and doesn't depend 100% on you. To get you started towards that journey, there's an activity I want you to do at the end of this chapter, and it's called The Business Navigator Quiz. Where the last activity was focused on you and your mindsets, this one is about the current status of your business.

Now that we have established the differences between The Traditional Model and The Scale Model, I want to spend a little bit of time digging into each of the drivers in The Traditional Model. In Chapter 4, we'll begin with Attract. You can't have a thriving business if potential clients are unaware of your business—or if they don't know how to find you.

Activity: The Business Navigator Quiz

Circle the correlating number 1-6 that best matches your current business practices listed in parentheses.

1. How many homes per month, on average, did you sell in the last year?
 - Less than 2 (1), 2-6 (2), 6-12 (3), 12-18 (4), 18-30 (5), and 30+ (6)
2. What's your most recent annual total GCI?
 - \$0-100k (1), \$100k-250k (2), \$250k-500k (3), \$500k-750k (4), \$750k-\$1Mil (5), and \$1M+ (6)
3. What percentage of your most recent annual GCI was your personal production?
 - 100% (1), 75% (2), 50% (3), 25% (4), Less than 25% (5), 0% (6)
4. How confident are you with your current systems and processes?
 - I don't have any (1), Bad (2), Okay (3), Good (4), Great (5), Flawless (6)
5. How many people are on your team?
 - 0 (1), 1-3 (2), 3-5 (3), 6-8 (4), 9-12 (5), and More than 12 (6)

6. How many hours do you currently spend working within your business per week?
 - 30-40 (1), 40-50 (2), 60-70 (3), 50-60 (4), <20 (5), and <10 (6)
7. How would you describe your current feelings about your business?
 - Excited (1), Hopeful (2), Overwhelmed (3), Uncomfortable, but I see the potential (4), Proud of what I've built (5), and I've Never been better (6)

Total your score by adding the numbers underneath the answers you circled for each question:

- Answer between 7 and 42
- 7-10 = Start
- 11-17 = Ramp
- 18-24 = Scale
- 25-31 = Lead
- 32-38 = Exit
- 39-42 = Own

Now keep in mind that this isn't a perfect gauge of where you are in your business growth journey but you get the point. The lower your score, the more likely it is that your business is not giving you the freedom that is possible.

CHAPTER 4

Attract

As we begin addressing the process of building a sustainable business, the first thing that should enter your mind as a business owner is the ability to generate high quality leads. As shared in Chapter 3, this is what we call the “Attract” Driver. For obvious reasons, you already know your ability as a real estate agent and/or team leader to generate high quality buyer and seller prospects is really the only way you can stay in business. Without a consistent stream of opportunities to have conversations with buyers and sellers, you will be out of business. Before we can talk about converting prospects to clients or delivering on the services and promises that you make, we first need the ability to attract high quality buyer and seller prospects.

A One-Man Operation

Maurice (“Mo”) Robichaud is based out of Nashua, New Hampshire. He was a very busy agent when I first met him, doing about \$8 to \$10 million worth of volume. In Mo’s market, that was about 40–50 transactions at a \$200,000 price point. By all measures, this was conventional success.

He was doing the activities himself to generate business, mostly by hitting the phones. It wasn’t “Attract” as much as it was “chase.” He was constantly pursuing new business, and if he didn’t get up that day and chase it down, he wasn’t having new conversations. So, he didn’t

fully have a marketing pillar to his business. He was busy working seven days a week, and he was super stressed. As Mo was the only source of new business through his own manual labor, his own efforts, it was impossible for him to scale his business.

He wanted to grow but he desperately needed help. So the plan that we worked through was to be able to Attract instead of only chasing new business. And in addition to being really disciplined on the phones and having that new business development time, if he could Attract and generate more opportunities, he'd then be able to recruit other agents.

By teaching his new agents how to be really proficient at new business development and lead conversion, we could turn his one-man operation into a high performing real estate team. When you have multiple folks on the phones, it's a true multiplier effect. We just needed to put everything in place.

The First Driver: Attract

For any business to be successful, and especially when it comes to real estate, we need to be able to get our target market (buyers and sellers) to essentially raise their hand and want to work with us. We need them to want our services. Real estate teams, for the most part, have been built on forcing buyers to register on a website, and then calling them 15–20 times until you exhausted those leads. While this model worked for a time, it won't get us to where we want to go in the long term. It's a true case of "what got us *here* won't get us *there*." In my own business today, we don't pay for any home search traffic or any paid leads.

When it comes to Attract, there are two things that we need to focus on:

1. Branding and Messaging
2. Marketing and Lead Generation

Branding & Messaging

This is a bit of a tricky topic; many agents want to do image advertising and they usually go with a vanity approach to branding—the glamour shots we see of real estate agents. Typically, the thought behind that approach is: *If I just take a good enough picture, or pose with my dog, business will be attracted to me.* It's ridiculous and it's not what I mean when I say branding and messaging. This is about positioning yourself as the expert adviser in your local real estate market.

Let's take expired sellers, for example. How can you position yourself as a logical solution to someone that just came off the market and failed to sell their home? How do you message around that and brand yourself as a logical solution to a frustrated expired seller? And so, you have to ask yourself, are you really showing up as the guide (or solution) to solving your prospect's problem?

Oftentimes, we see agents who are relying on those glamour shots. It's more important to establish what makes you different as a real estate agent, as an expert adviser to buyers and sellers. What is your unique value proposition? What makes you unique as a real estate agent? And if you have a team, what makes your team unique in terms of the services you provide? We call it the "X-Factor."

If you go to HighPerformanceRealEstate.com, you'll see the example of my real estate team website. In terms of how we're positioning ourselves with sellers, we got away from the "I'm number one, look at me..." mindset and moved towards, "You've got a problem, and we are here to solve it."

Marketing & Lead Generation

The goal of any business is to generate a steady stream of high quality leads. There are different methods for doing this: mass media, yard marketing, Open Houses, Expireds and FSBO's, database marketing, and a variety of other channels. Whatever desired path we want the

prospect to take will generate an actual lead that we can then follow up with. Whether a prospect calls us or we call them, or they visit our buyer or seller website, they'll fill out a form or register to preview one of our listings. That's the only way a lead is generated in our business.

Be it through your website, phone, or social media, once someone comes into your world, everything is communicated in such a way where they know that you're an expert adviser worth seeking guidance from. In our industry, there are many ineffective lead generation methods. There are lead aggregators who are charging five times what they did a few years ago, and they will hold you hostage if you let them. If you're using Zillow or Realtor.com, or any other paid lead source, you're basically at the mercy of those companies. Essentially, you have no choice in the matter but accept whatever pricing they give you—and that is not sustainable or scalable. There are many different ways to generate leads; but we want to do them in a way that makes for a foundationally strong Attract driver.

The 3 Accelerators of Attract

There are 3 Accelerators to focus on when considering the Attract Driver of your business.

1. Database Marketing
2. Listing Marketing
3. Buyer Marketing

Accelerator #1: Database Marketing

As we consider building out a robust Database Marketing program, the question is: What could you systematically do with your database to get folks to raise their hand to either repeat business with you or refer business to you?

A tool we use on our team is called The Promise, made popular by Mike Hicks, a Keller Williams agent in Idaho. We make a big promise

once we start working with somebody to provide a service that they couldn't possibly imagine. We call it "The Ritz-Carlton of Real Estate." As a result of making our promise, when we deliver on that promise, they promise to refer business to us. We also have a touch system for our Clients for Life (or CFLs). Once you've bought or sold with us, you are now in a touch sequence every year—anywhere between 55–60 touches. This year, as of this writing, there are 57 touches that you'll receive if you're in our CFL database. As a result of us constantly giving value, referrals are a natural byproduct.

Accelerator #2: Listing Marketing

The goal is to secure as many salable listings as possible—a good listing in a good neighborhood at a good price. And once we secure that listing, there are five opportunities, or five potential commission checks that can be earned:

1. Help the seller sell their home.
2. Help the same seller buy their next home.
3. Receive a referral from the seller (The Promise).
4. Get a closed buyer via yard marketing.
5. Get another listing in the same neighborhood.

In terms of getting more listings, this can be done through open houses, door-knocking, Expireds and FSBO's, and Circle Prospecting. Last year our team did over \$600,000 of Gross Commission Income (GCI) from Expireds alone. If you're trying to scale your real estate business but you don't have an Expired and FSBO pillar, this is something to implement right away. We break it down into inbound and outbound strategies. If you're doing something that enables them to reach you, that's an inbound lead. If you're reaching out to them, that's outbound.

To generate Expired inbound leads, we send out handwritten letters. We simply say:

Dear Mr. Expired Seller,

I noticed that your property at 123 Mink Street came off the market. Would you still be interested in selling that property to a buyer prospect of ours?

Sincerely,

Lars (include a trackable phone number)

This handwritten letter is sent in a handwritten envelope, with a first class postage stamp. We get a very good response from this strategy, anywhere from a \$100,000 GCI to \$250,000 GCI in a given year.

Our FSBO strategy is to send or drop off items of value and keep in touch with them over the phone. It's not very complicated but it works.

Accelerator #3: Buyer Marketing

Generating high quality buyer leads without paying for them is the name of the game here. This includes Yard Marketing, Open Houses and Home Search Leads. For Yard Marketing, it is critical that you use 3 separate yard signs as this will increase your inbound call volume by 2-3 times.

SCALE OR DIE!



If done poorly, Open Houses will be a complete waste of time. The Mega Open House System we use and teach will get dozens of buyers through a home. There are typically a handful of really solid buyer prospects for the agent to pick up when this is done right. We offer an item of value at our Open Houses that compel buyers to register and allow us to follow up with them.

Home Search Leads include paid lead sources like Zillow and Realtor.com and Pay-Per-Click directing to your property search site; although the returns on these lead sources have declined dramatically over the last 3–5 years. In fact, at the writing of this book, we abandoned these paid lead sources nearly 3 years ago as the returns are just not there. So, instead of paying for leads, we drive folks from our database, our seller site, and yard signs, etc. to our property search site. This means

that we are the ones generating the lead, not a company charging us \$150 for someone to register on our site.

All Actions Together!

When you look at attracting new business, above are the three things you must go deep into if you want to scale your business beyond yourself. We don't want to pay for low quality leads; we want to generate high quality leads through our own marketing efforts. Overall, we want to Attract and generate high quality buyer and seller leads at the lowest investment possible.

Full Team in Operation

Maurice Robichaud took our plan, and he really opened up his mind to what was possible in terms of leverage. That leverage would be accomplished through building systems that attracted buyers and sellers to ultimately multiply his efforts and his skill sets. He made the mental shift and knew that this would come down to him knowing his numbers—including his conversion rates (and I'll share more on that in Chapter 5).

One of the most valuable systems that can be developed by a team leader is a lead management policy, as well as best practices on how every lead that's generated must be handled. And so, the struggle for Mo, much like other members of the Real Estate B-School, was the fact that he was doing things conventionally. He was a solo operator with no leverage via technology, marketing, or people. He was working mostly *IN* the business, chasing squirrels all day long; and he wasn't spending much time working *ON* the business.

Overall, Mo really didn't know how to hold others accountable. He knew only how to hold himself accountable; but he was unable to do that for a team until we began working together. What was the result of our efforts? He more than quadrupled his business in the three years

that we've been working together from 40–45 sides as a solo agent to over 180 with his team. He made that shift from top producing agent to being a coach for his team members. And today, he makes a whole lot more money, has a whole lot more time off, and he lives a more balanced life.

At the end of this chapter, I want you to focus on an activity and really think about branding and messaging, and marketing and lead generation. It will take you through some questions for both areas about where you are now and the work that needs to be done. Now that I've shared how to attract new business, and the importance of being able to bring new business into your world—versus you generating every opportunity alone—it's time to really dig into how to Convert those opportunities into real business.

Activity: Attract Assessment

Branding & Messaging

1. On a scale of 1-10 (with 1 being the least positive, 10 being the most positive), how would you rate the effectiveness of your branding and messaging?
2. What do you think is needed to make this a 10?
3. Do you have an effective positioning strategy for your target markets?
4. Do you have a marketing strategy that is developing brand recognition with your target markets?

Marketing & Lead Generation

1. On a scale of 1-10 (with 1 being the least positive, 10 being the most positive), how would you rate the effectiveness of your current marketing activities and your ability to generate the right number of quality buyer and seller leads?
2. What do you think is needed to make this a 10?

3. Do you have an effective lead generation process that provides a steady stream of high quality leads?
4. Are you taking advantage of a variety of different channels for generating leads?
5. Are your current marketing messages having the desired impact on prospective clients?
6. Do you have an effective social media strategy and presence?

CHAPTER 5

Convert

Lead conversion is where the rubber meets the road in terms of growing your real estate business. The game is all about optimizing your pipeline, or your funnel of opportunities. In the last chapter, we went over attracting or generating opportunities. In this chapter, it's time to Convert those leads into new business.

Out of Balance

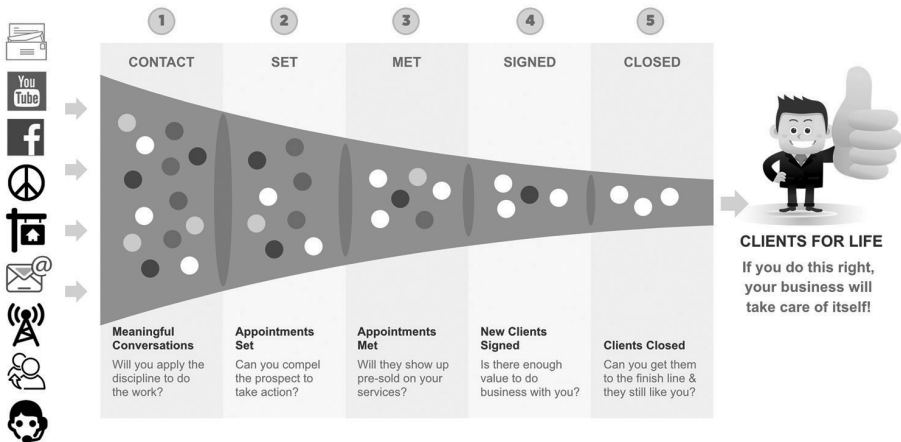
Dan Jones is in Charlotte, North Carolina, which is the same market as me. He was actually an agent on my team when he first got into the business. He is a master at lead conversion—a Convert killer. When we first started working together, Dan was spread too thin in terms of generating too many leads from too many paid sources. While he had plenty of opportunities, he wasn't focused on maximizing them; he wasn't going deep enough on each source to make his business as profitable as it could be. He was spending too much money without spending the proper time to squeeze the lemon; I think he had four paid lead sources, plus his database, plus yard marketing.

A big misconception in our industry is that if you simply generate more leads, you will sell more homes. If you don't optimize a particular lead source, this isn't necessarily the truth of the matter. Once Dan and I started tracking his lead sources and conversions, the plan was

to eliminate low return paid lead sources. As a result, we went from four paid lead sources to just one, which was the highest returning of them all. We would then focus on improving his lead conversion system around that one specific lead source.

The Second Driver: Convert

As established with Dan, one good lead source is all you really need to get started. In terms of a pipeline, any lead you generate must go through a very specific sequence of contacts and conversations in order to give yourself the best chance of serving them directly and ultimately, monetizing them. The first point of lead conversion is what we call Lead Management & Follow Up. And so, we begin by contacting them, and by this we mean meaningful conversations. Many agents have “call reluctance” so the real question I want you to ask yourself, “Will I apply the discipline to do the work?” While it might be easy to generate leads (Attract prospects), will you actually do the work to convert them into face to face appointments?



The second point of lead conversion is Appointment Setting. Here, I want you to ask yourself, “Can I compel the prospect to take action?”

And by this I mean getting face to face with buyers and sellers for a consultation.

The third point is *Appointments Met*. The question you need to ask yourself now is, “Will they show up?” Is it possible for your prospect to show up presold on your services?

And the fourth step of *Convert* is *New Client Signed*. Especially in light of our shifting industry, the question you must ask yourself, is “is there enough value to do business with me?” So in those meetings, can you compel them to take action and agree to work with you?

It’s important to ensure that you have tracking in place, but also the proper lead conversion tools and resources. Specifically, my team uses text, email, and phone scripts. One of the most effective tools shared with our members in Real Estate B-School is the ideal lifecycle of a lead. In other words, if we generate a lead, what are the ideal steps that we should take our prospect through in order to maximize the opportunity for both a commission check and a happy client?

The 3 Accelerators of Convert

In order to dig deeper into the *Convert Driver*, there are three Accelerators we need to focus on:

1. Lead Management
2. Appointment Setting
3. Consultation Process

Accelerator #1: Lead Management

The fortune is in the follow-up! Lead Management comes down to optimizing the lifecycle of a lead. What are the perfect steps you’ll take with an opportunity to be able to maximize your chances of monetizing that lead source? And for an agent who wants to become a business owner, this comes in the form of a lead management policy. This is where the lifecycle of every lead source is documented so that the best

practices can be established and followed by you and your team. This is one of the most valuable (albeit least “sexy”) tools we work on with new members at Real Estate B-School. Typically, folks who come to us have too many paid lead sources and their business is not as profitable as it could be; simply put, leads aren’t being Converted at the level that they can be.

Our lead follow-up includes 3, 6, 12 and 24 month touch sequences—a combination of calls, texts, and emails. Specifically, on the buyer side, this includes property e-alerts. We bucket leads together in terms of hot leads, nurture leads, and watch leads. Hot leads are anyone ready to transact in the next 30 days. Nurture leads are ready to transact in 30–90 days. And watch leads are ready to transact in 90–180+ days.

Accelerator #2: Appointment Setting

These are the scripts and dialogues you use to compel a prospect to take action and meet with you face to face. If someone calls on a yard sign, what is the best script you could use to compel that person to take action and come to the office to meet with you? And what objections will they have that you can handle properly? The same applies to a home search lead or an expired call from one of our director response marketing pieces. Why would they want to agree to a meeting with you? What’s the item of value that you can present to a particular prospect? We call these “gold bricks.” Do you offer a special list of off-market properties, builder closeouts, distressed sales, or vacant homes? What are the things you can tell a buyer to get them to meet with you?

For a seller, can you confidently tell them that you can get more money for their home in less time, with fewer hassles, and compel them to come to the office to meet with you? And then, once you set that appointment, to ensure it is actually worth meeting, do you take them through a qualification script?

Accelerator #3: Consultation Process

Ideally, you'll meet with buyers and sellers in your office. We have a script to accomplish just that. Once you get a prospect to agree to meet with you, how can you increase the chances that they show up? And when they get to the office—or even if you're presenting to a buyer at a coffee shop or to a seller in their home—what's the sales presentation that you'll take them through to get them to say yes to working with you and your team on their real estate transaction? What are the best practices that you must put in place during that face to face consultation?

A Balanced Business & Life

When Dan and I first started working together, he was selling on his own for two or so years, and he sold around 60–65 homes each year. Once we identified that we could do more with less, we basically stripped out the lead sources that were lower return. He had two agents at the time. We focused him and his agents on one lead source and one script at a very deep level. We then doubled down on his database as a main source of business. They started calling through the database and asking for referrals, using one of the scripts in *The REBS Toolbox*.

But before we got too far in, we needed to clean up the existing database. And with a hard charger like Dan, it was tough for him to slow down for 3–6 months in order to eventually speed up. It also took a huge leap of faith to cut everything out, canceling the non performing lead sources. Honestly, it's a scary thing to do when you're closing 60–65 deals from four lead sources. But we both knew something had to change. As with many of our members, 100% of those transactions were handled by Dan alone—it's no easy task to let go and take a step back.

Within three years, Dan was able to dramatically scale his business. After focusing on one lead source for about 18 months, we then added a second. He went from 65 transactions to 105 to 175 to 225 to 265 in a short few years. We went from four lead sources all the way down

to one—plus the database and yard signs—back up to two paid leads sources, the database, and yard signs, to reach 265 transactions. While 100% of the 65 transactions came from Dan, 0% of the 265 came from him once we scaled his business. He basically turned from being the only producer in the business to being a coach for his agents. He held his agents accountable and drove their production so that they could he and his agents could achieve their financial goals together.

One thing I love about Dan is that his business has some of the highest profit margins that I've ever seen, even though he is out of production and he is heavy on buyers. He tracks everything in his business. Early in the process, we set up his financials and tracking by lead source and by agent. Truth be told, if you ever have a shot at getting out of production and you don't track your numbers, it'll be a risky move.

A major motivation on Dan's part was that he and his wife, Nadia, were about to have their first child. We were able to get him out of production about six months before his daughter Charlotte was born. When Dan was officially a father, he was able to take eight weeks off to be with her and support his wife. For me, this will always be such an amazing story of transformation from a guy who went from top agent to owner by letting go of more and more of the business over time.

He started with overspending on lead sources, being the only one in production, working with part-time assistants, and handling all his 60–65 transactions by himself. Because he was working seven days a week, evenings and weekends, and generally super stressed, his home life was strained and his wife was not really happy with him. Today, he is running a super profitable team, and he has minimal stress because he's not involved in the day-to-day of the business.

Not only is this result possible, it's predictable with the right path. At the end of this chapter, I have some questions I want to take you through. For the Convert Driver, I want you to basically audit your lead conversion and sales process in order to establish a baseline to work

from. How good are you doing right now so that we know what needs to get done for you to improve this area of your business?

Now that we've explored the principles of not only attracting and generating leads, but the general principles of converting leads as well, in the next chapter, it's time to understand the third driver of the traditional model. You were able to Attract a prospect, and Convert them into a client, now you need to Deliver. In Chapter 6, I'll share how you can go about client servicing, transaction coordination, and technology leverage.

Activity: Convert Assessment

Sales Process & Lead Conversion

1. On a scale of 1-10 (with 1 being the least positive, 10 being the most positive), how would you rate your ability to generate your desired level of sales?
2. What do you think is needed to make this a 10?
3. Do you and your agents use a documented sales process (lead management policy, scripts, presentations, etc) that effectively converts new leads into clients?
4. Do you set challenging sales goals for each agent on your team and do they regularly achieve them?
5. Do you have an effective process for proactively creating new sales from existing and past clients?
6. Are your existing and past clients routinely referring new business to you?

CHAPTER 6

Deliver

As the real estate industry is transforming radically, I want you to ask yourself: “Is my business set up to provide the highest service levels possible?” Before I get into this, I want to start with an anecdote about how I used to buy my clothes versus the way I go shopping for clothes now. Previously, I would shop exclusively at TJ Maxx—you know, top market brands for off-market prices (or whatever their tag line is). They were my main source of clothing for many years until my wife booked an appointment for me with a Nordstrom clothes expert advisor (or whatever they’re called). It didn’t take long for me to fall in love with the level of service that I was provided. Many years and many \$200 jeans later, I’m now a raving fan of Nordstrom.

As real estate agents, I think we fail to think about how we will Deliver the services that we promised to our buyers and sellers. In pretty much every industry there have been businesses that show up and disrupt the way their industry works. In the golf driving range industry, Top Golf transformed the experience for golfers and non-golfer alike. In the fitness industry, I would not want to be a regular gym competing with the likes of Lifetime Fitness. And computer tech stores will never be the same since the arrival of Apple.

Honestly, we fail to realize that our clients go from a Lifetime Fitness, to Top Golf, possibly to an Apple store, and with their phone

they request an Uber to eat lunch at a world class restaurant—AND THEN they come to our real estate office. Most likely, they've already experienced multiple stellar examples of service before we even get to say, "Hello!" We need to really think about what our response will be to consumers who are already receiving the highest service levels in most every other industry.

As real estate agents and team leaders, if we don't adapt, we will become extinct. So, traditional teams that aren't willing to adapt their level of services will struggle big time. In his book, *Raving Fans*, Ken Blanchard said, "Your customers are only satisfied because their expectations are so low and because no one else is doing better. Just having satisfied customers isn't good enough anymore. If you really want a booming business, you have to create raving fans." With Ken's words in mind, we need to up our game in terms of how we Deliver—or our businesses will suffer.

Always In The Weeds

My first coaching client was Stacie Peterson, and she's in Sioux Falls, South Dakota. Back in 2013, she was running a pretty decent business with a small team. It was her, a business partner, a couple of agents, and an admin. They were doing a little over 100 transactions. She and her business partner were working with both buyers and sellers. And over 80% of production was through the two of them. Stacie also managed the "backstage" of the business and the operations staff, and she was in the middle of all it. As a result of all the chaos, the consumer experience suffered.

As the case usually is with new Real Estate B-School members, everything relied on her. Not only was she focused on working directly with buyers and sellers, but all of the administrative tasks that go along with getting listings ready for market, setting up showings, handling contract to closing, marketing coordination, etc. Literally, all of the day to day operations of the business and the consumer experience relied on her.

At the time, her children were five and seven years old, and she knew that what she was doing was not sustainable. From the start, our plan was to get her out of production within six months of working together. Once we achieved that, we could then focus on building sustainable systems in her business so she wouldn't need to be the one tinkering with it all the time. If everything went according to plan, she would have more availability as needed for her to be a wife and a mother, and not just a real estate agent.

The Third Driver: Deliver

We've studied Attract, which is generating buyer and seller prospects. We've studied Convert, which is converting those prospects into face to face appointments and then into loyal clients. And now we need to Deliver the services we promised to the buyer and seller when we secured them as a client. Some strategic considerations as we dive into the Deliver Driver are as follows:

1. Delivering service that exceeds client expectations
2. Driving innovation of services in the long term
3. Providing consistent high touch, emotional experiences
4. Providing a culture of service throughout your team

Exceeding Client Expectations

We need to deliver services to clients in a way that meets and often exceeds their expectations. If you look at the experience provided by most real estate teams, it's not really set up very thoughtfully and it is mostly left to chance. At the beginning of this chapter, I shared some examples of companies in other industries with customers getting totally blown away by the services offered—and consumers are very much willing to pay for that high level experience. On my real estate team, it comes down to our intention. We promise every client we work with

that we will do such a great job that they'll refer business to us before we get to the closing table. And honestly, that should be your goal as well.

Driving Long Term Innovation

We need a long term strategy for driving innovation of our buyer and seller services. The next goal is to become the best in the world at helping buyers buy and sellers sell their homes. We need to be intentional about providing high-quality services that ensure we get compensation. Most real estate team leaders are just barely getting by—while they're working with clients, they're probably not spending time in systems. Due to the amount of time dedicated to clients, they're not spending any time thinking about what the future of their business and their services look like. And that, in any business or industry, simply is not sustainable. Lack of foresight is a recipe for getting out of the business real fast.

High Touch Emotional Experience

We need to consider how we systematically ensure that each client gets a high touch, emotional experience and that they receive that experience consistently. I recently had an experience with a new dentist. I could tell something was different when I checked in at the front desk. The hygienist gave me a tour of the office as well as their different departments. While I was getting cleaned, the assistant was wearing a headset, and when she finished, she used this to call the dentist into my room.

Upon check out, I was asked by the assistant, "Have you given us a five star review on Google yet?" When I said, "No," she took me through the process and I did in fact give them a five star review. I was just blown away by this experience. I know every new client gets that same experience because it was scripted. I've referred folks to that dentist because I can tell that they do a really great job and take care of their clients at a very high level—and they made me feel very well cared

for. That's how we need to be with our real estate businesses. How can we systematically and consistently deliver that high level of service?

Consistent Culture of Service

We need a culture that promotes exceeding customer expectations with each transaction. This is easy to say, but really hard to do. Most team members on traditional teams haven't been empowered to offer a truly extraordinary client experience. They see elements of this in other businesses but they don't do what is necessary to bring these practices into their own businesses. Most team leaders just leave it to chance while others make it a fun process which, over time, promotes a culture of service—really going above and beyond. In my real estate team we call this The High Performance Promise.

Our goal is to over promise and over deliver to every client every single time. Before we leave the closing table, we aim to receive at least one qualified referral from every client. This approach has allowed us to decrease our spending on new leads because we're focused on getting a new deal from every client that we do right by. Most teams have no culture at all. They don't live up to core values nor do they have true servant hearts when it comes to their clients.

The 3 Accelerators of Deliver

For tactically implementing the Deliver Driver into your business, these are the three Accelerators that I want you to consider:

1. Client Servicing
2. Transaction Coordination
3. Critical Tech Tools

Accelerator #1: Client Servicing

You need to figure out exactly how you'll deliver buyer and seller service. Models typically come in the form of checklists. You can't possibly

do all of the tasks involved as a single agent. Will you have showing agents? Will you meet people in the office versus going out and showing a home to a new client? Will you bring your sellers in the office for a consultation so they can see what you do and how you're different? These are all considerations that you need to make when you're deciding how to build a sustainable business.

And then once you secure that buyer and seller as a client, how do you go about systematically delivering on helping them buy/sell a home? For us, the system that we've set up is a series of electronic checklists that follow the client around from the moment we set the consultation. We meet that buyer/seller, we sign them as a client, and then they're officially active in our system—either on the market or looking for properties. All of the details unfold the same way every time because we have a commitment and a written plan for our clients' servicing. For you, the challenge is how you can rethink your buyer and seller services so you can document it in order to have someone else deliver those services systematically.

Accelerator #2: Transaction Coordination

Once a buyer or seller goes under contract, most agents or teams think their job is done; that the client experience is finished. If you've been in the business for any length of time, you know that all the goodwill you've established with your client can go away in an instant if you don't handle the closing properly. And this is more than pushing paper from the lender to the attorney, and setting up inspections and appraisals. It's about making sure your clients are feeling cared for and communicated to in such a way where even if something goes wrong, they will know you are doing everything you can to make it right and get them to the closing table.

Some of our best past client referral sources came out of challenging deals where even though there was major turbulence along the way, we let them know what was going on and they appreciated being in

the know rather than in the dark. From a systems standpoint, this involves frequent and personal contact with your clients and knowing how they like to be communicated with (whether it's text, phone calls, or by email). A survey done by the National Association of Realtors confirms the fact that most consumers said they wouldn't use their agent again due to lack of communication during the transaction. You cannot communicate too much.

Accelerator #3: Critical Tech Tools

There are a handful of technology tools that you'll need to scale your business systematically, and to build it in such a way where it's sustainable—meaning, you're not the one needing to tinker with it all the time. You should be using tools such as a Customer Relationship Management (CRM) tool (Boomtown, CINC, Firepoint, etc), a tool for calendaring and team communication (we recommend G Suite by Google), a tool for client servicing management (we use Trello for all client care coordination and communication), tools for organizing your call lists (we use Mojo), and tools for tracking inbound phone calls (such as RingCentral or CallRail). As you think about which tech tools you'll put in place, know that the right tool should be chosen up front. Otherwise, you'll find yourself constantly changing to a different tool; you'll lose massive amounts of momentum along the way and your ability to scale will be near impossible.

More Time in the Clouds

So, Stacie and I laid out the plan and we had this vision of getting her out of working with buyers and sellers in order to focus 100% on building out the Deliver Driver in her business—what we call, “the backstage of the business.” In addition to other things that we'll talk about later in the book, for her to do this, we needed to have the right economic model in place with Value Based Commission Splits so that

she could essentially hand her buyer business to her buyer agent team. It was important that this was done in such a way that clients weren't upset due to the fact they weren't working directly with Stacie.

Any listing opportunities went to her Listing Partner at the appropriate splits. Most of those opportunities were team generated—so the commission splits didn't need to be as high as you might think. The biggest thing that Stacie needed to overcome was the mental shift required to step out of production. She needed to commit to adding value in her business by building the systems that would become the new foundation of her business going forward.

It was hard for Stacie to see her worth in production versus her worth running the business or being the business manager. A manager builds systems and trains people to run those systems. Most team leaders measure their value in terms of their real estate production and then ultimately that translates into the number of hours that they work. In a real estate team built the right way, with sustainable systems, it has nothing to do with the hours that you put in. You build the system and you train someone to run it.

We were able to achieve this shift for Stacie within our target of six months. We got her out of production, and we nearly tripled the size of the business during the three years we worked together. She was able to go from working 6–7 days a week to just 3. Ultimately, Stacie was able to sell her business with a seven figure valuation—the first time that's ever been done in her market.

Today, Real Estate B-School is blessed to have Stacie as our Chief Operating Officer where she is doing what she does best—building systems that deliver a world class client experience and training our team to run those systems at a high level. During our time working together, when she was down to three days a week, the other two days she was able to coach for Real Estate B-School. Now, she's building our clients' businesses with them.

To help you towards your goal of delivering world class service, I've included an activity at the end of this chapter. I want you to slow down here and really focus on where you're at in your business—and be honest with yourself. Are you competing at a level where your clients will be impressed with your business and the services that it delivers (with respect to other businesses in different industries that are competing at the top)?

Up Next...

This chapter completes The Traditional Model of Attract-Convert-Deliver. For most real estate team leaders, they stop here; it's what we've been taught. The mode of operation has remained, *If I just generate enough leads and I focus my energy on converting those leads and helping those buyers find homes and sellers sell their homes, and then I just repeat that process over and over again, if I can just do that things will be great. I'll grow my business.* The reality of it is that a business that only focuses on those three key drivers will be a business that brings significant challenges to their team leader; they will be enslaved by their own business. There is no freedom if you only focus on Attract, Convert, and Deliver.

In order to avoid being enslaved by your own business, this brings us to The Scale Model—which focuses on the most critical Driver to building a sustainable real estate team. As with the first 3 drivers, the Scale Driver has three accelerators associated with it:

1. Create Your Future
2. Know Your Numbers
3. Grow Your Team.

Traditional methods might allow you to scale your business from 50 to 100, to 150, and to 200; but the net result is that you will be building that business on the wrong economic model. If you aren't profitable, you'll be forced to stay in production so that you can earn a modest return on your time. The Scale Model allows you to build your business the right way—build your plan on paper first and then execute it. The

goal is putting systems in place to track leading and lagging indicators, and then bring people in at the various positions to run the systems that you built.

Activity: Deliver Assessment

Delivering World Class Service

1. On a scale of 1-10 (with 1 being the least positive, 10 being the most positive), how would you rate your ability to deliver your services to clients in a way that meets and often exceeds their expectations?
2. What do you think is needed to make this a 10?
3. Do you have a long term strategy for driving innovation of your team's services?
4. Are you certain that everyone on your team delivers a high level of customer service, each and every day?
5. Do you have a documented process that ensures customers get a consistently high quality service?
6. Does your team culture promote exceeding customers' expectations with each transaction?

Part III

THE FOURTH DRIVER: THE SCALE MODEL

CHAPTER 7

Create Your Future

As we transition out of the traditional methods of real estate, as we shift our focus to The Scale Model, I want to explain why it's so critical. Ultimately, most real estate teams are using traditional methods that leave the team leader enslaved by their business, constantly churning in a transaction treadmill environment. With over 7+ years of business coaching in the real estate industry, and 12+ years of building a real estate team, The Scale Model is the only one I've seen that leads to true business freedom. The result is a business that doesn't revolve around you; a business that you can step away from because it has a life outside of you.

Again, for The Scale Model, there are three Accelerators we need to consider:

1. Create Your Future
2. Know Your Numbers
3. Grow Your Team

Focusing on these Accelerators will lead you to true business freedom. If you don't create your future, you will have no direction. If you don't know your numbers, you'll have no predictability. If you are unable to grow your team, you will have no sustainability. The goal here is to build a business that gives us more time, more money, and less stress.



Beyond Conventional Success

I met Andy Mulholland, out of Rochester, Minnesota, in 2015. At the time, Andy had achieved beyond conventional success using the traditional methods explained in Part II. He was really good at Attracting, Converting, and Delivering. The problem: he was running hard on a transaction treadmill and he knew he was at a crossroads. He and his wife Ellyn had three young children with plans for a fourth. He was working seven days, at 70–80+ hours per week, selling 100 or so homes per year. He had a small team of a couple buyer agents, and an admin. He was selling about 80 of the homes himself, personally.

The irony of it is that he had achieved traditional success, yet he was ready to quit real estate. When I dug into Andy's business, his main issue was that he had a lack of systems and even a model in terms of what he was building and why he wanted to grow. He wasn't on a path towards leveraging himself and building a sustainable business. As it is with many Real Estate B-School members, Andy didn't really have a business, just a really high paying job.

Given that his faith was (and still is) important to him—as was his role as a husband and father—all the areas of his life that mattered most to him were being hurt by this “business” that he owned. If you’re doing 80+ deals, and managing a small team, the client drama that regularly comes out of that sort of production takes over not only the hours in the business, but the hours in your home. All of the stress that Andy brought back home with him was impacting his relationships along with his spiritual and physical health.

We needed to come up with a plan to break him free of this insanity. We needed to build his business through the use of sustainable systems and empowered people, and ultimately get Andy out of production. When we really looked at his unique gifts and abilities, the true value that he could bring to his team was his ability to train and lead others. Getting him out of production would free him up to be able to do that. Meanwhile, he had a big dream of buying a farm out in the country without a mortgage and buying an RV so he could travel with his family. We were able to map out a very clear three year vision and break it down into shorter term one-year and 90-day plans. As we made plans, we knew what the business needed to look like; but without creating his future before launching into these plans, he would never have a shot at actually achieving it.

Your Envisioned Future

In order to Create Your Future, there are three focus areas that need to be considered:

1. Get Clear on Your Model
2. Put Your Life First
3. Plan Your Future

Focus Area #1: Get Clear on Your Model

Without the right mindset around what you are building, we will have a difficult time translating the vision for our life and our business, and how they fit together. Without the right model, it'll be tough putting any plans on paper. So, before we do anything, we must get really clear on what we are building and why.

Your ability to achieve anything in your life boils down to 80% mindset and 20% tactics. The best example of this is when you want to lose weight. There's no shortage of strategies or tactics to accomplish that, right? Yet, our country has an epidemic of obesity. Most often, for those struggling with weight (myself included at times), it comes down to a lack of clarity as to why they want to get in shape. Their psychology is holding them back; not the knowledge of how to do it. The same thing applies to business.

We have all the tools and systems in Real Estate B-School that you could ever need to scale your real estate business; to go from 80 hours a week to 40 hours a week; to go from super stressed to no stress; to go from zero or even negative net worth to a multiple seven figure net worth. But if your psychology is off, you'll struggle to achieve it.

There are 3 main outcomes you can have as you scale your real estate business.

1. Brokerage Model
2. Traditional Team Model
3. High Performing Real Estate Team (HPRET) Model.

Below you will see the differences between the 3 of them.

SCALE OR DIE!

General Brokerage	Team	HPREA
"Many"	"Some"	"Few"
No standards	Low standards	High standards, tracking & accountability
No training or support	Some training & support	Built on training & support
No culture, structure or cadence	Loose culture, structure & cadence	High culture, structure & cadence
Agents hang license	Wrong people OK	Right People Right Seats
Amateurs	"Minor League"	Professionals
2-10% Margin	10-20% Margin	High Margins
8-12 homes/year/per agent	12-36+ homes/year	60-120+ homes/year
Not scalable	Tough to scale	Scalable worldwide
No client experience	Low client experience	World-class client experience
No prospecting	Marketing based	Prospecting Based & Marketing Enhanced
"Jack of all trades"	"Ace of Some"	Team of Specialists
		"Life by Design, Not by Default"

For Real Estate B-School, generally we're working with someone who has achieved a high level of production personally. Maybe they've just started a team or have been a team leader for some time, and then they get caught at a crossroads. They don't know what path to go down in terms of which model to build. One of the reasons behind this is that they're going from fire to fire throughout the day, and they're not putting their time toward building the right model that will give them freedom in the future.

Focus Area #2: Put Your Life First

We have a process that we take our new members through where we really get them clear on what they want their life to look like in the future. Depending on that envisioned future, we can then use it as motivation. The process involves an activity (a shorter version of which I've included at the end of this chapter), and we use the resulting document to help clarify why your business with sustainable systems and empowered people is important to you. Once you're clear on that, we then have the leverage to be able to help you do whatever it is that you need to do.

If you can't put your life first, it's a no-go. This is what really matters. It's getting clear on what you want for your life and how you want to show up in the different roles in your life. Real estate tends to be all consuming in terms of the hours we spend doing the work as well as the stress we endure thinking about it all the time. When you *put your life first*, the important stuff takes priority and we are able to build your business to serve your life. And it also gives team members the opportunity to step up and take on more responsibility and to achieve more themselves. So it's a true win-win for everyone in your business—and of course, in your personal life as well.

Focus Area #3: Plan Your Future

In 2009, I made my first real business plan. I had a three, five, and ten year snapshot. We've refined the planning process over the years in terms of how we use it for our members, and there are probably three or four different iterations from what I first used to what we use today. Looking back on that first plan, the three year plan was for 2012, the five year was for 2014, and the ten year was for 2020. I set goals for the important areas of my life:

- My net worth (both liquid and total)
- My time off (in terms of my normal work hours and vacation time)
- My family and fun (specific vacations as well as my role as husband and father)
- My contribution and impact in the community (time and money given)
- My wife Julie working or not working (to allow her to pursue other interests)
- Production volume and profit of our team (to give specifics to my vision)

Over the course of carrying out that plan, I achieved each of those goals, metrics, and measurables, a full 1–2 years ahead of time. For

your reference, I've included that plan here in the book. While it's a bit personal, I want you to see what I was thinking back in those early years. From this one plan, the vision was ignited and we went from 58 to 118, to 178, to 248, to 312, to over 400 families served in a single year. And I went from working 7 days to 5 days, to 3 days, to 1 day per week; from unbearable stress to almost no stress. If I did it, I believe you can too.

At Real Estate B-School, we take our members through a process called "The 3-1-90-13." Simply put, there's a three year vision, a one year plan, a 90 day world, and 13 weeks in a quarter. We get very specific about what we want our business and our life to look like three years from now. We break that down to what needs to happen in the first year for that three year vision to become reality? Then there are 90 days in each of the four quarters that make up that first year. Then there are 13 weeks that make up that first quarter—which then translates into daily tasks and priorities.

So, if you can do a good job every week, 13 weeks in a row, stacking up four great quarters to crush a year, and then do that three times in a row, you will achieve your three year vision. To me, this is the real game we are playing. When we get you to understand the power of creating your future—specifically getting clear on your model, putting your life first, and planning your future—it's game over.

Your Three Year Vision

While the following section is based on a three year vision exercise, I do it once a year. In the key areas of my life (to be shared shortly), I write out in detail what I want those areas to look like three years from now. Just like with our 3-1-90-13 process, I translate that into what I would need to do this year to hit that three year vision. Then, what would I need to do this quarter? What would I need to do this week? What would I need to do today to crush the week, to crush the quarter, to crush the year, to hit the three years?

2010 Business Plan & Goals

2010 Business Goal: How Me & My Team Will Nail 160+ Sales in 2010 (\$960,000 Gross Commission Income at 50% Net Margin)

First, this is a done deal. That said, this is going to take laser focus and pig-headed discipline. This next year will be the most incredible stretching and growth year of my life – I will exceed my goals and expectations. I will close 100 sides personally and 160+ sides total with average commission in excess of \$6,000. I will accomplish this by focusing on key Personal Growth Areas and Business Impact Zones.

"I will create raving fans out of every person I come in contact with by providing over the top customer service."

PERSONAL GROWTH AREAS: 1) People, 2) Preparation/Plans, 3) Potential and 4) Practice

People—Build Strategic Relationships and Be a Connector <ul style="list-style-type: none"> I solidify my Client/SOI & expand it daily (600 by year end) I have no fear of making calls & asking for business I hold regular recruiting lunches - never stop recruiting I write 5 personal notes every day using SendOutCards 	Preparation/Plans—Prepare & Plan Every Day to Realize my Goals <ul style="list-style-type: none"> I plan each day the evening prior, 30 min time blocks I practice Time Blocking, 80/20 Rule, PLAN, ABCDE & PHD I do not open email or "my world" to others before 11:00 am I prospect & lead follow up with laser focus M-F from 8:30a to 11a
Potential—Continued Growth to Reach Unlimited Max Potential <ul style="list-style-type: none"> I start every day with affirmations & infect people with my positive energy I know beyond a doubt there are no limits to my growth, I leave it all on the playing field of life & make everyday a masterpiece I look at my business plan every day I hold weekly IZ meetings to optimize and grow my business 	Practice—Make Perfect Practice a Part of Every Day <ul style="list-style-type: none"> My team and I are masters at scripts and dialogues My team and I attend weekly & monthly KR calls I attend 3 conferences during the year (KR and 1 other) I master Eat That Frog, Mastering Influence & Success Principles I mastered the KR listing & sales system to drive efficiencies I study & learn my market – I am the expert

BUSINESS IMPACT ZONES: 1) Lead Gen, 2) Listings, 3) Operations 4) Recruiting, 5) SOI/Client & 6) Affiliates

Lead Generation/Conversion & Tracking – "Squeeze the Lemon" <ul style="list-style-type: none"> Focus on Expireds/FSBOs, BoomTown & Client/SOI Referrals Implement Team & OSA daily/weekly tracking/reporting system Max 15 min response, Net buyers 8-10 contacts in 7-10 days Home Buyer Webinar to increase conversions 	Listings – "Grow Inventory & Sell Listings Fast & For Top Dollar!" <ul style="list-style-type: none"> Use Listing Inventory Balance Sheet religiously – goal of 2 reductions Bi-weekly client calls, 30 & 60 day reviews & weekly email contact Pre-list packet (before) and SendOutCard (after) to all listing appts Short sales, goal 50 listed with \$695, direct, C
Operations, Systems & Finance – "Know Your Numbers!" <ul style="list-style-type: none"> Maintain Quad Track & KPI Accountability on a weekly basis Review P&L monthly vs budget and update 2010 forecast Implement Buyer, Seller and Raving Fan action plans in TP Implement new website with blog, video, email, etc Refine sales system for increased client satisfaction & referrals 	Recruiting, Training & Retention – "People Leverage is the Key" <ul style="list-style-type: none"> Implement recruiting plan/system – goal of 4-5 OSAs by 3/31 Develop OSA training manual with integrated online training Hold bi-monthly sales meetings with OSAs, focus on sales & skills Leverage BAB to cover listing coordinator and enhance ISA effort
SOI/Client Marketing/Raving Fan Club – "Raving Fans for Life" <ul style="list-style-type: none"> SOI/Client touches to include calls, sFl, HomeByDesign & MMM Expand SOI by 5 per week, using "KW" 8x8 program, 5 SOC's daily Launch Raving Fan Club, host 2 events in 2010, leverage affiliates Implement new website with blog, video, email, etc 	Affiliate Relationships – "Growth Through Others" <ul style="list-style-type: none"> Leverage BGS3 to enhance short sales effort, goal of 20 sides Solicit discounts/offers for Raving Fan Club service providers Maintain 2 lenders in BoomTown, goal of \$2,000 per month Establish relationships with insurance, locksmith, attorney, other

Production & Financial Goals for 2010

	Q1	Q2	Q3	Q4	Full Year
Listing Appointments	45	61	47	35	188
Listings Taken	32	48	34	22	136
Listings Sold	7	16	24	17	64
Buyer Appointments	44	65	74	49	232
Buyers Taken	31	52	61	36	180
Buyers Sold	12	27	33	24	96
GCI	\$116,763	\$288,555	\$318,428	\$267,733	\$991,480
Net Income	\$40,888	\$152,313	\$161,776	\$137,361	\$492,338

"What The Mind of Man Can Conceive and Believe, it Can Achieve." – Napoleon Hill

Daily Mental Workout

Wake-Up Thought:

“God has given me another awesome day in which I will use to move towards achieving all my goals and realizing all my dreams; I will positively impact the lives of everyone I touch today.”

Why am I doing this?

God gave me the tools and presented me with the opportunity to make a huge difference in this world. I have the ability to be the best at what I do because I understand it, I have a major PASSION for it, I am a student of it, and I have absolute and utter belief in myself and my team. I want to positively impact the lives of everyone I touch, especially those whom I love the most. I want my children, my wife, and all of my family to have total freedom of choice to do what they want to do. I want to give back to those who love me, support me, and believe in me so that they may live a life they never thought possible. I want to create positive change as much as I can and make the world a better place. I will always strive to be the very best I can be. I want my family to be proud of who I am – I want to set us financially free so that we may lead an incredible, fulfilled and happy life.

Areas of Balance:

Mind: Emotions, Learning, Reading, Focus, Vision

Body: Energy, Health, Exercise/Fitness, Wellness

Spirit: Relationship with God, Being Present, Meditation

Family & Fun: Family, Friends, Traveling, Celebrating

Wealth: Money, Savings, Belongings, etc

Profession: what I create in

DAILY AFFIRMATIONS & KEY ACTIONS – TAKE ACTION TO REACH LIFE-LONG GOALS

MIND: I live each day with Passion and Purpose – I am powerful & fearless and successful in all that I do - I easily achieve all my goals and dreams - My life is filled with happiness, prosperity and abundance - I am supremely confident in myself – Time is my most precious resource & I use it wisely

Key Actions/Goals: I read 1 book and listen to 2-3 books/courses each month – I am aggressively learning and applying the best real estate business principles available – I attend 2-3 conferences per year and am open to new ideas – I practice focus and discipline every day, they are my key strengths

BODY: I enjoy eating healthy foods - I crave fitness and exercise - I have an abundance of physical and mental energy - I am perfectly healthy mentally, physically, and spiritually

Key Actions/Goals: I will weigh 180 pounds by Feb 28, 2010, that is my ideal weight and I will not fluctuate more than 5 lbs from my ideal weight – I enjoy exercising 3-4 times each week, my body craves it – I make time every morning to stretch and do Yoga to maintain flexibility and reduce stress

SPIRIT: With God, ALL THINGS are possible, He has given me unlimited power - God is my source of strength and helps me achieve all my goals and dreams – In God I am strong and courageous

Key Actions/Goals: I love going to church each week with Julie, it is the highlight of our week, it brings us closer to God and each other – We give a minimum of \$1,000 monthly to our church, it will help change our city and the world – I will be baptized for the first time in my life in 2010, bringing me closer to God, living the life He designed for me

FAMILY & FUN: I adore my wife Julie, son Anders and coming soon baby girl Kendal, they are my source of inspiration and drive, I treasure every minute I have with them – I am a patient and fun-loving father and husband – I provide everything my family needs and desires

Key Actions/Goals: Julie & I have Date nights bi-monthly, gives us time to connect – Thursday nights are Family Night, no cell or email after 5:30p – Friday night is Guys Night for Anders & I, BE with him only – Sunday Family Days are sacred, no phone or email – I love that I have the time and money to take 4 vacations this year to be with my family (2 trips) and visit friends (2 trips)

WEALTH: I am financially independent – I live debt free - I have all the resources I need to create a net worth of \$20,000,000 or more - I have absolute certainty in my ability to generate any amount of income I desire - I use my wealth and prosperity wisely

Key Actions/Goals: I will earn over \$400,000 this year – I will have over \$300,000 liquid assets and \$700,000 Net Worth by year end – My business will generate \$40,000+ average monthly net income this year – Julie will only work 3 days per week by year end – We will invest \$12,000 minimum annually in children’s college funds, \$24,000 into SEP IRA & \$12,000 in Julie’s 401k this year

PROFESSION: - I am the King Kong of my market - I am hands down the best at what I do - I am a great leader, people enjoy working with me - I am a proactive, talented & innovative business person, applying sound & honest business practices – I am a Listing Machine – I win hearts and minds on every prospect call, setting & qualifying appointments is easy & fun for me

Key Actions/Goals: I spend 2.5 hours daily converting leads into appointments, focus on Expireds/FSBOs, Hot Net Buyers, Lead Follow Up and SOI/Clients – I will list over 100 homes this year and more than 2/3 of them will close – I will generate over 50 closed sides from referrals this year – I will sell 40 homes to highly appreciative buyers this year – I will have 5+ highly productive OSAs selling 3-4 homes per month, these agents will be continually amazed with the value offered by our team – My business will be fully systemized by year end, nothing will fall through the cracks

LONG TERM GOALS		
3 YEAR GOALS (2012)	5 YEAR GOALS (2014)	10 YEAR GOALS (2020)
<ul style="list-style-type: none"> • 240 sides, \$1.44m GCI, \$720k Net, 6 OSAs, 3 Admin • Very active in the business, M-F only, 45 hrs/week, Listings only • 10 hrs/month charitable work • 4 weeks full vacation per year • \$500k assets, \$1m net worth • Julie works 2 days per week 	<ul style="list-style-type: none"> • 320 sides, \$1.92m GCI, \$960k Net, 10 OSAs, 4 Admin • 50/50 In-On, Mon-Thu 9a-5p, Listings only • 20 hrs/mo charitable work • 8 full weeks vacation • \$800k assets, \$1.4m net worth • Julie only works if she wants 	<ul style="list-style-type: none"> • 600 sides, \$3.6m GCI, \$1.8m Net, 18 OSAs, 6 Admin • 100% On, Less than 20 hrs/week, separate office building • 40 hrs/mo charitable work • 12 full weeks vacation • \$1.5m assets, \$4m net worth • Enough money to retire

We often overestimate what we can do in 90 days or a year; but we underestimate what we can do in three to five years. The encouragement here is to really put a plan in place that is aggressive but achievable, and then to dive into working on it systematically. This approach is critical, because it supports you being strong in all the areas of your life that matter. There's no sense for us to train someone to build a powerhouse real estate team only to end up divorced, or with broken faith; to be out of shape; to be depressed or stressed. Right?

Considering the different areas of your life that matter is vital; you can build towards keeping them strong as you build your business. There are six life areas we have our members consider, and they are as follows:

1. Business
2. Financial
3. Relationships
4. Spiritual
5. Physical
6. Emotional

Future Focus 1: Business

It's my belief that putting a couple years of effort, focus, and hard work into setting your business up right, will enable your business to be a true financial asset in the future. When I look back on 2009, 2010, and 2011 (when I did 58, 118, and 178 sides respectively), those were the years that I was in production, building systems, and failing forward fast in most every area of the business. By putting those few hard years in, we then went to 248 transactions and I only sold one of those homes. The year before, I sold 66. Then we went on to 312, and then on to over 400 sales, and I was only working only one day a week in that business. And so, my real estate business fueled the other areas of my life. It also gave me the opportunity to step out in faith and start building Real Estate B-School.

Future Focus 2: Financial

You should also visualize how you want your financial life to look three short years from now. Specifically, if you have any consumer debt that you'll pay off, you should be tracking your net worth every month or every quarter at a minimum. We'll talk about this in more detail in the next chapter. But really consider how you want your financial life to look, and what specific actions you can take today to take a step toward achieving that three year vision.

Future Focus 3: Relationships

Making all of this effort in isolation and not being surrounded by love is not what we want. Turning inward and isolating tends to turn into discontentment and oftentimes depression. We've seen that in our industry. Regardless of where you are now, what relationships are important to you? This includes romantic, familial, and friendships. Where do you want to see them in three years? Let's think with the end in mind here.

An example here for me was that I wasn't feeling satisfied with the amount of time I was spending with my mom. My dad passed away in 2014 and I had some regrets around the time I spent with him while he was alive. And I realized I wasn't seeing my mother as often as I would like. So we started having family dinner every Sunday. This is ongoing, where I bring the kids over to her house and we just enjoy time with each other as a family. When I looked at where I was and where I wanted to be, that was just one thing that stood out there for me. I also considered my relationships in terms of being a father and a spouse.

Future Focus 4: Spiritual

How satisfied are you with the spiritual part of your life? For me, I'm a follower of Jesus Christ, and so my faith is meaningful. It's not so much religion. Yes, I do go to church, I do attend a men's group, and I do

other things that are more religion oriented; but for me, it's a personal relationship with God, spending time on a daily basis with God, and turning to God for answers to problems that honestly won't matter anyway when I look at them from an eternal perspective. But for you, is there a greater reason or purpose that you're here? Is there a higher calling that you're more connected to? Spiritually, where are you on your journey? How satisfied are you and how do you want this area of your life to look like three years from now?

Future Focus 5: Physical

There are four elements to be considered here: sleep, hydration, fitness and food/diet. Obviously, without your physical body, it's hard to show up in the other areas of your life that matter. Outside of my faith, my physical body is one of the most important things that I focus on. I struggle just like everyone else does from time to time, and it's at the top of my list in terms of priorities; without it, I can't have a great impact in the world, in my businesses, as a husband or as a father.

The best case with poor health is that you have low energy and you can't show up with a high level of vitality, engagement, or enthusiasm. The worst case is that you will fall into disease—and you will have illness—and you literally won't be able to show up in any of the other areas of your life. So, three short years from now, where do you want to be in terms of your physical body? Where do you want to be with your weight, level of energy, stats on blood work, and those sorts of things? For me, I want to maintain a certain body fat percentage, to eat well, to hydrate, and to get the sleep and nourishment I need on a daily basis.

Future Focus 6: Emotional

This is where contentment, happiness, being satisfied with how you're showing up in all the areas of your life, and how that makes you feel on a regular basis. There are many team leaders in our industry who have

achieved the top of their game and yet they're depressed, or they feel like they're missing something. There are those who push so hard in their business that they hurt the relationships that matter to them. As a result, they slip into a bad emotional state.

And so, we want to be able to build our business in such a way that it serves our team members, gives us the ability to spend time with the people we love and with God, and we want to experience true contentment. That's the ultimate goal. So, how satisfied are you with your emotional state? And what do you want that to look like three years from now?

Barriers and Limiting Beliefs

It's easier said than done. It's easy to look at these six areas and write down some thoughts on where you want them to be, maybe what's holding you back, specific commitments you could make, and daily habits and rituals that you could do. Ultimately, many people stuck in these areas have barriers and limiting beliefs which is the real obstacle to achieving what we envision for these different areas. And these self imposed obstacles are based on maybe how we were raised, or what we see around us, the people who we hang out with, etc.

How can you break through these barriers? What do you need to achieve in all areas of your life that matter? And how do you move from a vision, to a goal, to the reality of getting to where you want to be three short years from now? It's a pretty straight forward process:

1. Assess your priorities
2. Identify your purpose
3. Let these influence your goals

There's a saying in a Christian business owners group called C12 that I belong to: "Priorities are what we do. Everything else is just talk." So, really be honest about where your priorities have been and where

they need to be. This usually translates into getting really specific about the activities that need to get done in order to achieve in these six life areas. And then get those activities into your calendar...because if it's not in your calendar, it's not happening!

Next, it's important to identify your purpose. For me, my God given abilities would be wasted if I didn't focus on giving all that I could to become the best version of myself in order to impact a broken industry. And to help others avoid regrets in their life. That's my purpose. That fuels me. I have tremendous faith that God has me here to do that work.

Every morning I have a faith practice which includes being in God's word, prayer, and meditation. And then right after that, I spend quality time with my wife and my children. These are things that fuel me. And then there are the clients that we get to help with the work that we do, the marriages that we save, the children of our members that get more attention and love as a result of the work that we do, and of course, the bank accounts that we help fill up oftentimes, we turn a negative net worth into amounts that our clients might not have thought possible. Our priorities are fueled by our purpose, and you need to think about yours as you translate your vision into everyday action and what that means for your role in your business.

Implementing the Plan

Andy Mulholland was ready to do whatever necessary to put his business in a position to grow without relying on him. We came up with a plan and it wasn't as complicated as you might think. The first thing we put in place was a solid lead management system. He had plenty of opportunities to speak to buyer and seller prospects, and for his team to do the same, yet they weren't doing a real good job of it. So, we documented the perfect life cycle of a lead, how many times they'd be touched via text, email, and phone call, what those touches would

communicate, and how we organized them in his database. This enabled him to get a higher return on the investment on all of his lead sources.

The second thing we did was to build a recruiting system. In order for Andy to have a chance to step out of the day to day production that was hurting his ability to show up better in other areas of his life, he needed to bring in talent. We put a recruiting system into place which was ultimately one of the most valuable systems in his business; it brought a consistent stream of talent. Just like buyer and seller leads, he then had “people” prospects for the business.

The third part of the action plan was putting together agent accountability structures. Without structure and accountability, it’s unlikely that your team will do what they need to do on a regular basis. This takes a clear daily and weekly cadence and structure with the team. We implemented 3–5 leading sales indicators that each agent tracked on their own, a series of clear roles and responsibilities, and a 1-on-1 agent bimonthly business review. Through this, we were able to increase the production from his agents so we didn’t need to rely on Andy’s production.

Next was hiring an operations manager. Andy found himself too much in the “backstage” of his business. He was able to hire an operations manager that took about 80% of the contract to closing, recruiting system management, agent accountability, lead management, and the general day to day operations of the business. This freed Andy’s time so he could recruit talent, coach his team and ultimately build systems enabling him to step even further out of the day to day details of the business. Lastly, we built a financial management system, and he committed to moving money around in the right way so that he could systematically build net worth, unlike most real estate team leaders who have nothing to show for their efforts.

It was the first time that Andy grew a business, and he was quite inexperienced with management, specifically building systems and managing people, as I was when I got started. We both had very similar

starting points for building our teams. With my past in mind, I was able to come alongside Andy and help him install the systems, teach him the most effective management and leadership practices, and then give him the confidence to be able to make that shift from production to business ownership.

Within about 12 months, Andy was able to exit production. In three years, he tripled the production of his team. When we got him completely out of production, he was able to get down to one or two days a week, and he could focus on helping others accomplish their goals within his team. He did achieve his dream of buying a farm and paying it off. He was also able to buy an RV and take a 67 day trip! True business freedom!



Picture of Andy's RV in front of the farm he bought in Rochester, MN!

After implementing all the key systems, ultimately, Andy found a larger purpose. Now he gets to help others do the same in their business through his service with Real Estate B-School as our Lead Business Coach. He coaches, and he also handles business growth strategy sessions for us. He's a true asset to our organization. And when I think about creating your future, and using that as the cornerstone and the true leverage to achieving your plan, Andy is the best example I can think of.

Know YOUR Future

Much like Andy and other members of Real Estate B-School, I want you to go through the three year vision exercise. The activity at the end of this chapter will guide you through questions regarding what you don't want in your life, what you do want in your life, what your priorities are, and what's in your way. I want you to look back on your life and then think about your legacy. You'll put together your purpose and your personal goals. And then you'll put your three year vision on paper regarding the six important areas of your life: business, finance, relationships, spiritual, physical, and emotional.

As we reach the end of this chapter, I want to give you a warning. Many people overlook the power of this work because it's not generating another lead, another commission check, a referral, an ad for potential clients or team members, or some kind of tracking tool. But I really, really want you to slow down here and trust me when I say: this is the real game we are playing as business owners. If you skip this, you'll miss the opportunity to build an amazing business, and therefore an amazing life. Now that we've created our future, we will dive into the importance of knowing your numbers, and how to truly become the CFO of your business.

Activity: Putting Your Life First

Early on in my real estate career, I learned that my “why” mattered more than “how” I was going to get there. It’s not that tactics, tools and systems aren’t important—they are critical. But without being grounded in the real reasons you are doing the work you are doing, I found that it is easy to make excuses for a lack of progress or to give up when things get tough. So bear with me, this is going to get pretty deep.

The questions on the following pages are designed to help you understand your “why” and your purpose for getting after it every day. Give yourself permission to explore these questions without boundaries. The questions are meant to open up the space for the values and passion that are already inside you ready to emerge. Be bold, be irrational, be unstoppable by your fears, and dare to listen to your heart. Consider each question thoughtfully but don’t over-analyze your answers.

1. What do you want your life to look and feel like?
2. What do you value most? What’s important to you?
3. What matters most at this point in your life?
4. What would you like to be able to say about your life after it’s too late to do anything about it?
5. How do you want your life to feel on a day-to-day basis?
6. What would you like people’s perceptions of you to be?
7. Do you ever find yourself wishing you were different? What do you wish for?
8. Why aren’t you that way? What gets in your way?
9. Of all the things you have done in your life, what has given you the most satisfaction or pleasure?
10. Of all the things you have done in your life, what has given you the least satisfaction or pleasure?
11. What is missing from your life? When you find yourself wishing for something, what is it?
12. What motivates you to perform above and beyond the call of duty?

SCALE OR DIE!

Go back over your list, thinking carefully about each item. Again, notice your feelings, your sense of importance about each one. Mark no more than 5 items that are the most important to you. Look over those items and rank them from the most important to the least important.

Activity: What Are Your Priorities, and What's in Your Way?

Write down, in order of importance, the items you marked from the list of what you want in your life. Think carefully about each of them, and write down what, if anything, is keeping you from attaining them. Think especially hard about self-imposed limitations.

	Important things you want in life	Barriers & Limitations	Solutions
1			
2			
3			
4			
5			

Activity: Looking Back on Your Life

Years and years from now, after a happy and fulfilling life, you are given the opportunity to write the eulogy for your memorial service. Assuming you live the life you want from this point onward, what will your eulogy say?

If the idea of writing your eulogy is too much for you right now, write a letter instead to a childhood friend, one of your children, maybe a grandchild or someone you see every once in awhile. Tell them about who you've become, what makes you feel best about yourself and your life, what you cherish, what you've learned about what really matters and, of course, what you would want to do over if you had the chance.

you yet or not. It's already in you. Everything you've written has come from you, from the inside out. What is all of this material telling you?

Now, condense everything you've written into a couple of sentences. In the most essential way, what would your life be like if you were bringing all of who you are to all of what you do? Try various word combinations and ways to describe yourself until you feel that "Ah-ha! I've got it, this is who I am at my best. This is what I've come to express in the world."

The essence of my Purpose is....

Or, I am...

Activity: Your Personal Goals

Personal Goals are tangible and measurable. They can be material or financial or about the quality of your life, like volunteering in your son's classroom every month. Your Personal Goals should be in alignment with your values, passions and purpose.

	In 6 months	By next year	In 3–5 years	In 10+ years
Annual Income				
Professional Growth				
Personal Development				
Spiritual Development				
Family & Relationships				
Travel & Adventure				
Major Purchases				
Hobbies				
Business				
Financial				
Relationships				
Spiritual				
Physical				
Emotional				

CHAPTER 8

Know Your Numbers

When it comes to real estate agents, there's typically a fear of everything involving numbers and tracking of any kind. Most team leaders have figured out how to generate a lead, convert that lead, help them buy or sell, and then cash a commission check. When it comes to knowing your numbers—tracking both lagging and leading indicators in your business, and generating useful data to make decisions about your business—it's a major weakness that exists in the industry. And so, it's really hard as a real estate team leader to scale your business if you don't know how to act as the Chief Financial Officer (CFO) of your business.

Busting The Solo Agent Mindset

Kodi Riddle, based out of Phoenix, AZ, was doing really good production when I first met her. She was a top producing agent by every standard, selling between 25–30 homes per year, earning around \$250,000 to \$300,000 in gross commissions. Having made it through the Great Recession years, Kodi had reached the point where something had to give. Her husband Bill, who works in the business with her, watched her working 7 days a week every week; going from loving the business to resenting it.

And while Kodi was a great agent, she was not paying attention to the money she was spending to generate the business she was doing. Yes, she closed a lot of homes; but she wasn't tracking anything in her business or her net worth. So here she was, working 7 days a week, not a lot of money to show for her efforts, and stress that was unmanageable. Something had to give. So we came up with a plan to get Kodi some much needed leverage and for her and Bill to start tracking their lead sources and financials. And then I encouraged them to start calculating their net worth and make some tough decisions on where their money was going.

Know Your Numbers

For this Accelerator, there are three focus areas to consider:

1. Determine Your Economic Model
2. Foundational Financial Tools
3. Achieve Financial Freedom

Focus Area #1: Determine Your Economic Model

This is the number one thing I see going wrong with real estate team leaders: their business is not built on a sound economic model. As a real estate team leader or someone considering starting a real estate team, you need to seriously consider what type of business you want to own. There's everything from a brokerage model to more traditional teams to more of a high performing real estate team (which is what Real Estate B-School teaches). And when it comes to building a business that is world class at helping buyers and sellers with their real estate needs, there really is only one option in my humble opinion.

What's the model that I think will win at the end of the day? A real estate team leader building a systems driven business that's helping buyers and sellers at the highest level. In order to do that, it's less about bringing in a bunch of agents and hoping they sell homes like traditional

teams—or even worse yet, general brokerages. It's more about designing the system that allows every team member to come together to deliver an amazing experience for buyers and sellers. And so, you might be asking yourself, why are you telling me this? What does this have to do with my economic model?

In order to be the best at helping buyers and sellers, out of every agent or team in your market, you need to ensure you're properly allocating every commission check. So let's say you have a \$10,000 commission check. A traditional broker might give 90% of that check to the real estate agent with the hope that the real estate agent did a good job for that buyer or seller. The brokerage doesn't actually know if that agent did a good job or not; very rarely do they even care. If there's a bad experience and they find out, it's just a stay out of real estate jail card.

Traditional teams are one step up from that. They might give 50-70% of that commission check to the real estate agent, and use their part of it to buy leads or maybe hire a transaction coordinator. And still, they're not really building the system that provides high quality buyer and seller services.

For a High Performance Real Estate Team (or HPRET), the ultimate goal is setting up their economic model in a way where there's enough money left after paying the broker (if you're part of a brokerage) and paying your agents, to invest in marketing and staff to service those buyers and sellers—and to have the overhead necessary to run the business with a reasonable level of profit left over.

At Real Estate B-School, we teach the following model. 30% to 40% of every commission check on average will go to pay your broker and sales agents—we call this “cost of sales.” So, there's 60% to 70% left over, or what we call “gross margin”. From there, 10-12% will go to administrative salaries, 10-12% will go to marketing and lead generation, and 10-12% will go to overhead and all other expenses. To simplify the model, roughly a third goes to pay your broker and agents, your cost

of sales, and roughly a third goes to pay your operating expenses. And you then have roughly a third left over to split with the government and the team leader. In this scenario, the team leader is out of production, and they're no longer handling any deals and likely out of the day to day "drama" of the business. If the team leader stays in production, the profit potential can be much higher.

Focus Area #2: Foundational Financial Tools

There are two main points to consider:

1. Putting your books together
2. Taking your profit first

First, we must put your books together—your chart of accounts and the system by which you have books created on a monthly basis. We recommend outsourcing this activity, as you don't need to have a full-time bookkeeper. For a few hundred dollars a month, you can hire a real estate specific bookkeeper who will put your books together. Honestly, it's really hard to build a real estate business if you don't have the ultimate scorecard—and your financial statements are that scorecard. Another aspect of your books is that you need to put a budget together, and lead with revenue against that budget. Ultimately, you get to pick the profit that you earn each year and if you exceed your budget for sales, all of that excess gross margin will fall to your bottom line.

Second, we must focus on, "taking your profit first." Based on the book by Mike Michalowicz called *Profit First*, he basically spins the traditional accounting equation. The traditional accounting equation is $\text{Sales} - \text{Expenses} = \text{Profit}$; when we flip that equation we get $\text{Sales} - \text{Profit} = \text{Expenses}$. So depending on the size of your real estate team, you basically get to allocate a percentage of sales to cover your cost of sales and the three buckets of lead generation, salaries, and other overhead. By running this system, you create the ability to move money around systematically on a monthly basis, so that you have more than enough

to cover your expenses and have money left over for profits—which will ultimately increase your net worth.

Focus Area #3: Achieve Financial Freedom

While all business owners want to increase their net worth through business ownership, very few actually achieve it. That's because they fail to track net worth and make the adjustments in their business and personal finances to get there. One of the most powerful practices you can put into place in tracking your net worth. By simply calculating asset and liability amounts once a month and then doing it consistently over time, your chances of success—when it comes to increasing your net worth—goes up dramatically.

When I first became a business owner, I wasn't focused on my net worth. But I knew that if I was going to take the risk of building a business, then I had to have something to show for it. I knew that in order to achieve true financial freedom, I had to track my progress along the way. In Real Estate B-School, we teach 6 levels of financial freedom. While it is beyond the scope of this book, I will say that if you don't have a system set up to help you in this area, it is unlikely you will get there.

Maximizing Your Profit Drivers

Before we end this chapter, I wanted to introduce you to a process I learned from Tony Robbins in his Business Mastery course. This is the process of Constant And Never-ending Improvement (CANI), where we are constantly looking at the different functions of a business and how we can optimize each of those key business areas. Done correctly, you can more predictably grow your business income which will then help you systematically increase your net worth. Here are the five things to consider when it comes to optimizing the key profit drivers of your business:

1. Increase leads and drive more traffic
2. Increase the effectiveness of your sales process

3. Increase your sales conversion
4. Increase your transaction value
5. Add more value to get more referrals

Step 1: Leads and Traffic

This could be done any one of a dozen different ways in a real estate team. It could be mass media, direct mail, your blog, your website, PPC or SEO, telemarketing, inbound referrals, social media, open houses, etc. Every 90 days, we're looking to optimize all existing lead sources, and to stop using any lead source that doesn't hit our minimum standards for return on investment (ROI).

Step 2: Sales Process Effectiveness

The key here is to create more effective and meaningful conversations or engagements with qualified prospects. It's vital that you find ways to make more contacts, using technology or a more efficient method to organize your prospect lists. And then, you need to focus on increasing the number and quality of those meaningful conversations. This will lead to an increase in meaningful conversations that convert into face to face appointments.

Step 3: Sales Conversion Process

This is about getting more clients. Once someone has agreed to meet with you, the physically come to meet with you or vice versa for a buyer or listing consultation, the process you follow is everything. When it comes to the number of new prospects you close to become clients, to the number of clients that you get under contract, you must have the proper scripts and presentations in place.

Step 4: Transaction Value

In real estate, there are a few ways that you could do this. You could go after higher priced buyers and sellers. You could charge more—for

example, using a commission menu for sellers, where you offer them different marketing options for their home. And you could also charge transaction fees for additional administrative services that you offer your buyer and seller clients. So, you'd have the same amount of clients; you would just receive more money per client.

Step 5: Get More Referrals

Follow up more, give more, and get more. Once a prospect becomes your client, as I've shared before, the goal is to deliver "raving fan" (as Ken Blanchard puts it), impeccable service to your clients. Then, beyond that service, you need to follow up for referrals and convert them into more consultations. And then, follow up with clients to find out about future plans to buy or sell in the future. The follow up should also be used to see if they know any friends, family members, or colleagues who are looking to buy or sell.

Massive Business Growth, More Time Off & Less Stress

It's important to note that this area will inevitably be a difficult one for most real estate team leaders. The natural skill set of a real estate team leader isn't typically one that is comfortable with numbers, spreadsheets, tracking, etc. And even if that's the case, I don't want you to fall into the trap that this is over your head. Now, there's a very easy way to break this down, and we do that with the tools and systems in Real Estate B-School.

For Kodi Riddle, failure was not an option. She had been in real estate for over 20 years and had always been a solo agent. Kodi and Bill decided that they wanted a tight-knit team that provided high-level buyer and seller services. They knew they didn't want a mega team with dozens of agents all doing their own thing. To achieve their vision, they committed to an economic model and to start tracking leading and

lagging indicators as well as their net worth. They also committed to the model I shared earlier: 10-12% for lead gen, 10-12% for administrative salaries, and 10-12% for overhead. And then they committed to the foundational principle of moving money around so that they had money to show for their efforts.

Ultimately, the struggle was letting go and trusting the model and the tracking systems. As Kodi let go of some of the lower dollar productive activities, they were ensuring that time they were spending in the business was spent on high-dollar productive activities. By giving up the \$25 to \$50 an hour activities she was able to become a better leader and manager versus being merely a technician. Technicians are typically paid less than managers, who are paid less than leaders, who are paid less than owners.

The bottom line in Kodi's case is that by focusing on higher dollar productive activities and increasing her net worth, she was able to close over \$1,000,000 in GCI last year. And she did this working less hours and experiencing less stress. While her goal wasn't to exit production, she has now fallen back in love with real estate and thoroughly enjoys working primarily with sellers.

So, this is just another example of putting tools into place so that you can elevate what you do in the business and what you get paid. Kodi was in production seven days a week, working too many hours, and constantly bringing work home with her. As she quadrupled the business, she became the CFO *and* CEO and really stepped up to lead her team at a very high level. Overall, this meant much less stress in her life—specifically in her marriage and with their children.

Know YOUR Numbers

There are two things I want you to commit to doing every 90 days, from now until forever:

1. Go through a personal net worth calculation
2. Go through the profit optimization model

It's important for you to establish your net worth so you know where you are, and where you're going. It's a very simple process. Once a quarter, if not once a month, our members go through the exercise of simply updating their assets and their liabilities. Your assets are any items of value, cash and cash equivalents, and any investments that you might have. Liabilities are any real estate mortgages, any loan balances, or any outstanding consumer debt. Try running this calculation monthly and see how it trends over time. Some readers might be discouraged because you have a not-so-exciting net worth; but you need to start somewhere.

Then there is the profit optimization model. The goal is for you to go through the key profit drivers covered above. Come up with things that you could do optimize each area of your business. Come up with an action item for each of the things that you could do, and then assign someone (either yourself or someone on your team) who will do it. See Activity below to get you started.

Now that we know our numbers and we're implementing each of the drivers that we've learned, it's time that we dive into probably the most important, the most elusive, and the most frustrating part of real estate team building: growing your team. And I partially say that tongue-in-cheek as I feel I've failed more than anyone else in this area of my business. So, I feel uniquely qualified in guiding you through the next chapter.

Activity: Profit Optimization Model

Key Business Driver 1: Leads & Traffic

Action Item	Owner	Deadline	Notes

Key Business Driver 2: Sales Process Effectiveness

Action Item	Owner	Deadline	Notes

Key Business Driver 3: Sales Conversion Process

Action Item	Owner	Deadline	Notes

Key Business Driver 4: Increase Transaction Value

Action Item	Owner	Deadline	Notes

Key Business Driver 5: Get More Referrals

Action Item	Owner	Deadline	Notes

CHAPTER 9

Grow Your Team

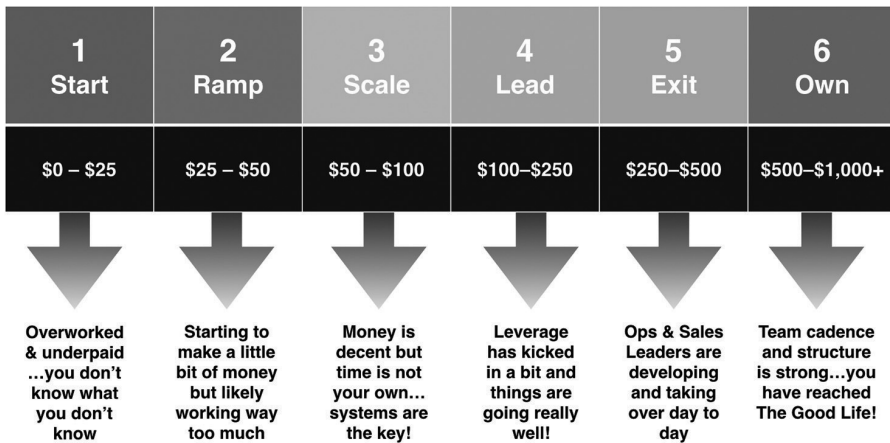
One of the most challenging (and scariest) things that a real estate team leader will deal with is...people. There's no coincidence that 85% of licensed real estate agents don't have a single administrative assistant. And it's also shocking that the average real estate agent sells 6–8 homes per year. The truth is that there are easily a dozen distinct roles, each with distinct capabilities and qualifications that go into running a real estate team.

In the traditional definition of success in our industry, there are less than 2% of agents who sell two or more homes a month. Truly, that simply isn't making a decent living; there is no financial freedom, there's definitely no time freedom, and there's tons of stress. In order to make your business sustainable, we need to think about systems, many of which I've referred to throughout the book. Beyond that, we also need to think about bringing on team members and empowering them to run the systems you build.

Early in my real estate career, I made some simple calculations on the amount of money I wanted to make and the amount of hours I wanted to work. I now call this calculation The Business Freedom Index™ (BFI). Your BFI is your pre-tax income divided by the hours you worked. For me, I wanted to earn \$500,000 by working 2,000 hours in a year, so my desired BFI was \$250 an hour. I quickly realized that

this number was way higher than 99% of what your average real estate agent earns.

Furthermore, what I realized over the course of my business growth journey was that my BFI correlated pretty closely with The Business Freedom Navigator™ covered earlier in the book. So when we look at BFI in action, we begin to see the real benefits of gaining leverage through systems and people.



Not to beat a dead horse here, but my solution was creating sustainable systems, and getting other people to run those systems. And when you do this the right way, you are able to make more money in less time.

So I got to work and spent the time to build the systems, find talent for each position, and then train them to run the systems I created. As I leveraged systems and my team, I also needed to focus on building a culture where people would actually want to be a part of my team.

A Bunch of Misfits

When I think about growing a team based on core values and doing whatever it takes to do it the right way, I think of Allen and Christal

Johnson out of Washington DC. Previously, they already figured out the traditional methods of Attract-Convert-Deliver. And they even grew a small team; but a critical ingredient was missing. There was no unifying culture, nor was there a shared vision; it was merely a loose collection of agents rather than a high performing real estate team.

Nevertheless, they were doing pretty good production—just under \$30 million in volume with a handful of agents. The problem was that only their administrator was a core value fit. Allen hired a bunch of his buddies to fill agent roles and it wasn't working very well. And Allen and Christal were unable to lead and manage their team the way they needed to; their team wasn't in alignment with where they wanted to go and how they wanted to get there. Allen and Christal are Jesus followers and their faith wasn't evident when it came to how they ran their business, and that needed to change. So, they did the unthinkable: they released everyone on the team except for their administrator.

And there was work to do. There wasn't a consistent level of care happening with their clients, they had paid lead sources that were not profitable, and they had too much to do and not enough hours in a day to commit to work. That's because they weren't willing to sacrifice time with their kids and their faith walk. You see, they had two young girls that meant everything to them. They had gotten into real estate in order to provide a better life for their girls and show them how they could go out and make their own way in the world. With their spirits high and the faith that they could build it the right way, they had a lot to prove, and it was time to get to work.

Your Talent

For this Accelerator, Grow Your Team, there are three focus areas:

1. Identify & Attract Talent
2. Hire & Onboard New Team Members
3. Team Culture & Cadence

Focus Area #1: Identify & Attract Talent

The easiest analogy is that of a sports team. In football, there's a coach, a quarterback, wide receivers, running backs, and linemen. Each of those positions is critical for the team to win and to play at a really high level. In total, there are 11 players on a football field for a given team at a given time.

Coincidentally, there are probably about 11 positions you'll need to fill on your real estate team. Some of those positions can be fulfilled by the same person; but you need to separate those positions and look for truly great people to surround yourself with. In terms of identifying and attracting the right people to your team, you must get clear on who you want to be surrounded by. To do that, I follow a simple equation:

Great People = Culture = Core Values

I don't mean the kind of core values you see on a corporate website or a wall in their office; you can't really feel them in the business. I'm talking about core values that everyone in the business lives and breathes on a daily basis. These values are part of your team's everyday interactions, how your team members show up, how you show up, how you interview and onboard members, how you coach team members, and how you ultimately even dismiss folks who are not a good fit for your culture. Your culture, as shared in the equation, is your core values.

The real estate industry is in the midst of the perfect "shift storm". There's a consumer shift, a technology shift, a business model shift with the iBuyers, and then, of course, the economic shift. So that's a total of four shifts going on at the same time, and the only way for us to protect ourselves is to be the best provider of residential real estate services in our markets. To accomplish that, we need truly great people. Honestly, it's our only competitive advantage.

And so once you are clear about who you are looking for, there are plenty of ways to find talent. We post job ads, host business workshops and meet and greets, run paid ads on Facebook, post video content on

our recruiting blog, and we use email marketing to contact agents in our market. As you do this, as a team leader, there's the inevitable feeling of desperation surrounding bringing people into your business; you're so busy and, most likely, you're over capacity. You must avoid short-cutting this process, which is why it's so important that you have a documented process for attracting talent.

Focus Area #2: Hiring & Onboarding New Team Members

One of the things I really embraced and learned earlier in my real estate business growth journey was the process of finding, hiring, and onboarding new team members. Too often, we worry only about generating buyer and seller leads; but we don't view talent acquisition as being equally important. I would argue that talent is much more of an important focus area for real estate team leaders if they want to grow their businesses profitably and sustainably. If you're looking to scale your business, you need to hire true talent, and bring them onto your team so they can succeed. And once they are on board, they need a clear path to success.

Your hiring process should include how you screen resumes, what assessments are given during the interview process, what an initial video screening might look like, what each in-person interview looks like, and how you check references. We also do defense, social, group, and working interviews for all the positions on our team. There are many details you need to incorporate no matter how big you are. Whether you're hiring your first assistant or your 10th agent, you need to have a process for hiring talent.

In terms of getting new team members productive as soon as possible, you must develop and follow a new member training program, especially for new agents that join your team. Your new agent training program must focus on getting new agents who join your team comfortable with the activities that will make them (and you) money as

quickly as possible. This should include training on protected time, new business development best practices, scripts and dialogues, productivity tools and strategies, as well as having them go through a vision exercise so they can get clear on why they are in real estate and how it will help get them closer to achieving their goals.

Focus Area #3: Team Culture & Cadence

To borrow a page from his very tactical book (which I highly recommend), *How to Be a Great Boss*, Gino Wickman defines accountability using the following equation: Leadership + Management = Accountability. This simple equation has profound implications when it comes to being a great leader and manager and Gino Wickman lays it out perfectly for us. In the book, he also offers leadership and management best practices that we can model.

As we dig in here, there are four things to keep in mind:

1. It's not as complicated as we make it out to be.
2. It doesn't matter if you're an introvert or an extrovert.
3. You need to genuinely care about your people.
4. You must have a commitment to becoming great in leadership and management.

Leadership Best Practices

Management and leadership are very different things. Ultimately, along the lines of Henry Ford's quote, if we have a clear vision, but we don't have the ability to execute on that vision, it can become a hallucination. So, if we are good managers but have no vision, we can become rudderless and not go anywhere. So it's important that we have vision and execution (leadership/management) in place so we can grow.

In terms of the best leadership practices, there are five to consider:

1. Providing clear direction
2. Providing the necessary tools and resources

3. Letting go and delegating to your team
4. Acting with the greater good in mind
5. Taking Clarity Breaks consistently

1. **Clear direction**

Your team needs to know where you are going, and you need to communicate your vision regularly. I recommend doing this quarterly with your team. When new team members are onboarded, they also need to know what the vision of the business looks like.

2. **Necessary tools and resources**

Do you have an effective new agent training program in place? Do you have a daily and weekly cadence in place? Do you have the most effective scripts? Do you have the necessary technology tools? Do you have ongoing coaching available for them to be successful?

3. **Let go and delegate to your team**

Ultimately, you're hiring people to run the system that you built. You need to empower them to do that work and delegate tasks and outcomes. By delegating, your team members have the opportunity to step up and take on more responsibility. By elevating out of the day to day, you create opportunities for your team to elevate and fill the voids that you create.

4. **Act for the greater good**

You need to really consider whether or not you're making decisions for the greater good of the business. It will be hard to build a team of talented players if they feel like they are only working hard so that you can live an amazing life. They need to know and feel that you are helping them live better lives as well.

5. **Take Clarity Breaks**

This comes down to getting away from everything, including technology, for 90 minutes at least once a week. I recommend putting time aside for just you and a journal, answering some simple questions about where you are in the business and life areas we

reviewed earlier in the book. Simply ask yourself “What’s working, and what’s not working?” Do this at the same time, in the same place, every week. And be honest with yourself about where your business and life is and where you want it to go.

Management Best Practices

The five best practices of management are as follows:

1. Keeping expectations clear
2. Communicating well
3. Keeping the right meeting pulse
4. Having quarterly conversations
5. Rewarding and recognizing

1. Clear Expectations

Many times, team leaders hire folks onto their team, and they don’t have clear roles and responsibilities. They don’t understand the team’s core values. They aren’t given specific tasks to do on a regular basis. They don’t have anything that can be measured. They don’t have a number that the team leader can track in their role.

2. Communicating well

This is a big one for me personally; my wife knows me so well that she knows what’s going on in my head most all the time. We should know our team members that well. We really need to make the effort to listen to our folks. At that, we should be listening more than we’re talking. There’s the acronym, I believe holds true for team members: it’s LEAP. You listen, empathize, affirm, and then give perspective oftentimes, as business owners, we just go right into giving perspective all the time; but without L, E, and A, perspective is meaningless.

3. **Meeting pulse**

Every week, you need to move the business forward with you and your leadership team by having a weekly meeting. Your check-in meeting needs to be organized in a way where you can actually move the business forward. Gino Wickman calls it “The Level 10 Meeting,” and this is from his book *Traction*. You also need to do this with your team members during functional meetings and team member 1-on-1’s.

4. **Quarterly conversations**

This is one of the most powerful tools that you will employ as a manager. Every quarter, you need to sit down with every team member to have an open, honest conversation about what’s working and then what’s not working for them and for you when it comes to the work they’re doing. You can then identify problems that you can solve together; and then sometimes you can’t solve certain problems. This is not a performance review; it’s simply a conversation about how you can make this business better together.

5. **Reward and recognize**

People appreciate being recognized and rewarded, many times, rather than their compensation. If somebody does something right, you should reward them. And then, publicly, you want to recognize them. If they do something wrong, you want to privately talk to them. There will be times where you need to make tough decisions and have repeat conversations with people. We have a three-strike rule on our team. The third time you need to have a conversation with somebody about the same thing, that typically means they will no longer have a spot on the team.

The High Performance Difference

Now it's time to really dig into where I think the conversation needs to go in our industry. I call this The High Performance Difference, and it comes from this concept of High Performance Organizations (HPOs) from E-Myth Worldwide. What separates HPO's from any other business? As shared in Chapter 1, this can be answered in the framework of the Good, Bad, and Ugly forms of organizing real estate agents:

1. Ugly: General brokerage
2. Bad: Traditional real estate teams
3. Good: High Performance Real Estate Teams (HPRET's)

For the Bad and the Ugly, it's tougher to profitably scale these types of organizations. In either case, there isn't a great customer experience that is offered. While a traditional real estate team typically offers a better experience than an agent in a general brokerage, there is still a low client experience—and it can't really compete at the highest level.

But then there's the Good! HPRET's are HPO's in that these types of teams are focused on providing a world-class client experience. It's a team of specialists, which is acknowledging that there are a dozen or so jobs the real estate agent must do at a very high level in order to be successful. Generally, HPRET's are prospecting-based and marketing-enhanced. Agents on these teams are doing anywhere from 5 to 10 deals a month—so, 60 to 120 plus homes a year. Everyone on the team is in the right seat, and it's high culture, high structure, and cadence. These teams are built on training and support, and they have tracking and accountability as the cornerstone of what they do. Overall, there are typically very high standards on HPRET's.

With the Good, Bad, and Ugly in mind, where do you think you'll be most isolated from all the competitive pressures that we are seeing in the real estate industry?

I'll give you 10 seconds to think about it.

Times up...

You are right! HPRET's. I'm putting my money and time on the fact that if I can build my real estate team to be best in my market at helping buyers and sellers—and building the systems, tools, and resources to make real estate easier from the agent perspective—I won't only be referred to more buyers and sellers; our team members will bring people onto our team who are a core value fit. It's a self-fulfilling prophecy and creates a virtuous business cycle. As said in the movie *Field of Dreams*, "If you build it, they will come." And that's the big transition we've made on my real estate team over the years.

What does true talent look like when it comes to a properly designed real estate team? And, why is that really that important? I think this is something that's often overlooked in our industry. I mentioned that our only competitive advantage is our people. We want to believe that there's an easier way to do this. Right? While we want to believe that, in reality, there really isn't.

You need to make a decision as to who you'll let into your world, and what that talent needs to look like. This way, when you see it, you identify it, you stop in your tracks, and you start having a conversation with it. And so, I'll use High Performance Real Estate Advisors' core values as an example here. I think it will give you an idea of what we are building, and I hope it encourages you to go down a similar path.

Our core values are as follows:

1. We Hustle & Work Hard
2. We Embrace Accountability & Discipline
3. We Bring a Positive Attitude
4. We Have a Growth Mindset
5. We Are Team Players
6. We Do the Right Thing

1. We Hustle & Work Hard

Although I have no idea who said it, there was a quote saying, “Great things may come to those who wait, but only the things left by those who hustle.” My team members are not afraid to put the hours in or do the jobs that nobody wants. No task is too small or too big. We’re hungry for success. We don’t wait for things to happen; we proactively seek opportunities. We’re not afraid to fail; the faster we fail, the faster we succeed. And we don’t over think things; we just do it.

2. We Embrace Accountability & Discipline

To quote Jim Rohn, “Discipline is the bridge between goals and accomplishments.” We hold ourselves accountable to time-blocking the most important activities first. We’re constantly growing and finding ways to improve in our personal and professional lives. We have written goals with every expectation of achieving them. We know our numbers in order to understand where we are in the present, and where we’re heading in the future.

3. We Bring a Positive Attitude

John Wooden once said, “Things turn out best for the people who make the best of the way things turn out.” We are all CEOs (Chief Energy Officers) on our team, and we refuse to allow any energy vampires to be present. We’re excited about our life and our work, and we consciously choose to live every day to the fullest. We inspire or lift up every person that crosses our path. We smile, because it’s the simplest way to incite happiness. We are powerful magnets of positivity who attract people. We avoid drama. No problems; only challenges.

4. We Have a Growth Mindset

Growth is the greatest separator between those who succeed, and those who do not. In the words of John Maxwell, “When I see a person beginning to separate themselves from the pack, it’s almost

always due to personal growth.” In order to deliver a Ritz-Carlton experience, we always look for ways to make things better, and become the best we can be. We are consistently improving who we are and how we show up in the world. We will not accept the status-quo. We believe that personal and professional growth is the only option. It’s either grow or die; there’s no in between.

5. **We Are Team Players**

Vince Lombardi says, “Individual commitment to a group effort, that is what makes a team work, a company work, society work, a civilization work.” We are in the game every single day. We come to work each morning ready to make the most of the time we are given. We put the needs of the team and the client above our own. We unselfishly go beyond what is expected of us in sacrifice for the benefit of others. We are a family.

6. **We Do The Right Thing**

W. Clement Stone said it best: “Have the courage to say no. Have the courage to face the truth. Do the right thing because it is right. These are the magic keys to living your life with integrity.” We must operate with pure intentions in our business. We must serve our clients and team members with pure hearts and motivations.

A Unified Culture with a Purpose

When you look at growing your team, it really is all about surrounding yourself with people who will help you crush the vision you have for your business. And then, by virtue of doing that, you will want to show up to serve those people at a very, very high level.

Let’s circle back to Allen and Christal Johnson and their team of one other person (their administrator). Now that they were clear on who they wanted to be surrounded by and how they needed to lead and manage in order to be effective owners, it was time to get to work

finding those people. In that first year after they “blew up” their team, they were actually able to increase production by over 10% due to the fact that even though they were short on players, and most of their business was repeat and referrals. So that was great news. During that first rebuilding year, we put into place a recruiting system as well as a new agent training program to make sure that any sales person that came on their team knew what to do to be successful.

The year after they started over, they only saw moderate growth; but once they hired agents who wanted to do the work and appreciated a faith filled team culture as well as daily accountability, production more than doubled in a couple short years. And while it’s not perfect (what business ever is?), they continue to grow their business in a very thoughtful way, using sustainable systems and empowered people who fit the culture. Every day they show up as leaders who are willing to go to battle with their team because they are unified by their vision. This is something that is so rare; but it’s worth taking the time to build if you want a business that truly serves your clients, your team members and the greater needs of your community.

Know YOUR Talent

To help you grow your team with the right people, I have an activity at the end of this chapter called “Core Values Brainstorming.” There’s one thing I want most for you, and that’s to get really clear on what you stand for and, ultimately, who you want to be surrounded with. Once you go through this core values activity, your life won’t be the same. I challenge you to think about folks on your team who are a good fit, how you show up every day, and how your best team members show up. Also, I want you to look at team members who might not be a good fit—the ones who might be holding you back.

In the next chapter, I want to really deconstruct all the steps we have covered so far and how to go about implementing the tools, systems and

strategies we have unpacked in this book. My hope is that you can then begin thinking about utilizing this approach in your real estate business. Together, we can turn your team into an HPRET, just like Allen and Christal did.

Activity: Core Values Brainstorming

For each person you identify that embodies who you are as a business and who you want to be surrounded with, write down all of the qualities, characteristics and behaviors that make that person who they are. Once you have done this for a handful of your best team members, you can highlight common words or expressions. These will form the basis of your core values. Don't get too caught up on the exact words, just the essence of who you want to have in your world.

Embodying Person	Qualities, Characteristics & Behaviors

Embodying Person	Qualities, Characteristics & Behaviors

CHAPTER 10

Putting It All Together

“The path to success is to take massive, determined action.”
— Tony Robbins

As we come to the end of the book here, I have a question for you: *Do you have a clear and actionable plan in place to build a sustainable business so that you can live a life of meaning, impact, and satisfaction?*

The real motivation for not only writing this book, but doing what I do every day in Real Estate B-School is to help real estate agents and team leaders who are struggling. Those who are heading down a path full of regrets. Unfortunately, I believe that’s the case for most real estate agents and team leaders today.

In some form or fashion, as I have conversations every day with real estate team leaders, their time, money, and stress equation is completely out of whack. I learned early in my real estate business growth journey that the amount of time I was putting into my business for the amount of money that I was earning and the amount of stress I was enduring—even with a small team in place—the result wasn’t worth it. Something was missing, and I needed to figure that out for myself.

We’ve gone through the traditional model. My hope is that when you implement those three drivers properly (Attract-Convert-Deliver), you’ll have the opportunity to scale your business. But fundamentally, there’s a missing piece. For most real estate team leaders, they stop before they

get to the Fourth Driver, which is Scale. The Scale Model will allow you to grow your real estate team the right way so you can have a sustainable business. That's the real disconnect for many team leaders today—they didn't build it the right way from the start, and it still relies heavily on their individual efforts. They are slaves to their businesses.

If you're not focusing on creating your future, knowing your numbers, and growing your team, you will not have a business that can sustain itself outside of you. As good as you think you might have it now, even if there's not a lot of pain involved with your business, with a "shift storm" coming our way, it'll only get harder for real estate team leaders. In that lies the opportunity! When you do this the right way, when you build your business on a sustainable model—you're moving towards a very clear plan for the future, you're tracking your numbers so you can grow profitably, and you're truly empowering your team to step up and do the work—then your chances of freeing yourself from the business increase exponentially.

Here's the thing: if you don't figure out how to create your future, then you don't have any direction. Think about where you were three years ago. Did you have a plan for where you would be today? If you didn't, now is the time to create that future. Secondly, if you don't know your numbers, you will not have a predictable business. At that, I would argue it isn't even a true business if you don't know your numbers and you don't become the CFO of your business. And if you don't know how to grow your team with true talent as your only competitive advantage, there will be no sustainability.

New to Real Estate

In the summer of 2014, I had the pleasure of beginning my work with Dave Freidman out of Charleston, South Carolina. When we met, he already figured out some of the traditional methods discussed in this book, and that brought him to 60+ transactions by himself. At the time,

he was a solo agent with a part-time assistant. He was actually new to the Charleston market which is interesting because many people have the limiting belief that they need to have a huge database of people who already know them in their market.

When Dave was ramping his business up, again, he got to 60+ transactions in his second full year in the business. But he was working 70–80+ hours a week and the money wasn't great as he was spending too much on non-productive lead sources. And his marriage was suffering because every bit of time and energy was put into his work. He didn't have systems to scale the business beyond himself. He was on the transaction treadmill, where all he could do was keep running; none of it worked without him. If he wasn't running, the treadmill wasn't moving; and burnout was inevitable.

Dave's a hard charging guy. The plan was to increase the business tenfold in four years, and to build a systems driven team in order to remove himself from production. Dave also had big dreams to build other businesses. The year before I met Dave, I think he was at 35 transactions, which is where the 10X goal originated. He wanted to increase his transactions to over 300 in just four years. Beyond that, for three years straight, Dave hadn't taken a vacation since he married his wife. This was not looking good for him, which is why he came to me.

The Traditional Model—Recap

I really want to make sure you understand the difference between the traditional model and The Scale Model. In terms of the traditional model, if you don't Attract, you have no opportunity to succeed long term in this business. The nuance here is that I mean *attracting*, not *buying* leads. This Driver is the sign of a true marketer. If you can really attract folks to your business, that's a different mentality than most of what's called "marketing" in our industry. Marketing isn't paying Zillow a gazillion dollars a month or running copycat radio ads alongside all

the iBuyers. It's not a sustainable model. It'll be the death of a lot of real estate teams. So, to survive and grow, you need to Attract.

We then need to have systems in place to systematically Convert those prospects into meaningful conversations and face-to-face consultations. We need to focus on nurturing and following up with those prospects to maximize our return on investment. We also need to focus on how we go about setting appointments, and, ultimately, our framework for the buyer and seller consultation process followed by agents on our real estate team. If you don't Convert, the punch line here is that you won't have any clients, which means no money—and then you're out of business.

After converting prospects into clients, we need to Deliver. This starts with building a world class client experience so that the natural byproduct of that experience is a referral. This is about making a bold promise, and as a result of fulfilling that promise to your client, you get business referred to you because they had such an awesome experience.

If you don't slow down to focus on the Deliver driver, you won't have happy clients and you won't have a whole lot of money. You won't be able to increase your net worth and time off because you haven't thought through delivering on the promise made in the sales process in a systematic way. Overall, if you build your business using only traditional methods—you pay for leads versus attracting them, your conversion efforts are one and done, and you're the one delivering everything—you will be a slave to your business. I am 1000% sure of that.

The Scale Model—Recap

I want you to think about Attract-Convert-Deliver in such a way that the byproduct of doing this right gives you the right to move on to The Scale Model. Those drivers need to be in place for you to really think about creating a future that puts your life first—where you have a culture of productivity on the team and you have a very clear plan for

the future of your business and your life. When you do that right, then you'll be laser focused on the direction you're headed.

In terms of knowing your numbers, most real estate team leaders started in the business because they were good at sales; most of them aren't analytical. I happen to be analytical, but most real estate team leaders aren't. You really need to focus on this area if you want to have a business that gives you true freedom. You need to have an economic model that's well thought through. You need to have the foundational financial tools in place to ensure the time and effort you're putting into your business—hopefully, you're moving money around and you're tracking properly—ultimately expands your profits and net worth. Right?

We're not in this business to just grow our top line sales. We are in this business to provide an amazing service for our clients and our team members and to make a profit doing that, which will ultimately increase our net worth. If you don't do this right, as I've mentioned, you won't have any predictability. When you become the CFO of your business and you know your numbers, you will have a predictable business that you can run from the beach.

The last Accelerator of The Scale Model is to Grow Your Team oftentimes, this is the missing piece that most real estate team leaders haven't quite mastered. Even some of the largest real estate teams that I've worked and masterminded with lack the ability to create sustainability in their businesses. This hinges on your ability to attract and retain A-players. You need to surround yourself with great people if you want to do something great. What process are you using to find and hire high caliber talent? And then, are you increasing your leadership and management abilities? Are you building up leaders around you?

If you put these three Accelerators together, you have a solid Fourth Driver which we call Scale. And that's how you build a "real" real estate business, Attract, Convert, Deliver, and Scale! With our guidance at the Real Estate B-School, that's exactly what our members have figured out in their businesses.

When you consider everything we've gone through so far, is the front end of your business (Attract-Convert-Deliver) set up in a way where it can happen without you? Have you even started to think about your three year vision? A one year plan? Do you know your numbers? Are you tracking leading and lagging indicators? Are you really harnessing talent? Are you leading and managing well?

How sustainable is your real estate team? Right now, on a scale of one to five—one being, “this thing falls apart if I leave the office for an hour,” to five, “this thing would run if I left the office for two months and sat on a beach and didn't check email”—rate yourself. Be honest.

And then, where is your level of commitment around change? This industry isn't getting easier to compete in. I've done the work and I've set my business up in a very specific way. I feel confident about the change that's going on and I'm committed to doing whatever we need to do in order to be relevant and compete in this industry. If you're not there yet, are you ready to commit to change?

At the end of the day, will you have regrets if you stay with your current plan? If your time, money, and stress equation continues the way it's going now, what does your family life look like in the future? What does your physical health look like? What does your emotional well being look like? What does your spiritual life look like? Are you having fun as you go down this path to building a business that serves your life?

Maintaining Faith and Goodwill

When I met Dave Friedman, he only had an admin. He was beyond busy; but he wanted to show up as a great husband, in addition to taking over the world in business. The first thing we did was look at what he was touching versus what his administrator was touching. As he delegated the low Dollar Productive Activities (DPA's) to his administrator, we then plugged that administrator into the tools, systems, and training that Real Estate B-School offers. This enabled Dave to start building a sustainable real estate team.

It was probably a 12 to 18 month process. Dave and his administrator would agree on what tool or system she would work on that week. They would meet once a week to go over the progress, and Dave would answer any questions. Dave would keep hustling, selling homes, and ultimately build out the buyer system, the listing system, contract to close, back stage tasks, the listing client care system, and all the checklists, marketing collateral, sales packets, presentations, etc, to get his marketing automated and keep their inbound leads coming in.

In terms of the effort required to do this, there's an anonymous quote that says, "Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't." And that is true of Dave's journey for sure.

It's rough because you're doing double duty in those early years. You're building a business while you're the main producer in the business. Continuing to sell while building systems and growing takes a lot of time and energy. It really was a challenge for Dave to stay connected to his wife, telling her there was a plan in place, and that he would get the results. There is that risk of burning more goodwill or having your spouse lose faith or trust in what you're doing or what you're telling them. I experienced it. Dave experienced it as well.

Using The Scale Model really is having a plan in place that extracts you from the business more and more. Even if it's not getting out of production, it's getting down to a reasonable amount of work in a single week; with substantial take home pay and less stress. The year before I met Dave, he was at 32 sides, like I said. Last year, he sold over 300 homes—which is just awesome.

Dave started at \$150,000 take home, and now I think he earns five or six times that. Today he has a tight real estate team of 20 or so people—that includes sales and administrators. He's in an office of only 1,800 square feet. He went from 100% of the production—even in that second year, at about 70 hours—to no production. And depending on the week, he works roughly 30 to 40 hours, and that includes the time to

run his two other businesses. On top of all this, he's taken 15 weeks of vacation every year for the last 4 years. And as a result, Dave's marriage has never been stronger.

He will always be a really inspiring example that doing this the right way is not linked to the amount of hours you put into your business; it's linked directly to what you do to build your business. That doesn't come down to selling more homes; it's the systems that you build that make it easier to do business at a higher level. Your systems will support you in building your business in such a way where you're not the main cog in the operation.

A Small Cog

If you are the main cog, and the cog is pulled out, the whole thing goes to pieces. Envision a bunch of gears with a big gear in the middle. There are all these other gears around it; but they're all attached. Most team leaders are the big gear in the middle. They're the cog that if you pull it away, nothing else moves. You need to envision yourself as the little small cog that is moving because everything else is moving.

Some of you reading this have a small team. Some of you have a medium or large sized team. Some of you may be running more of a brokerage model. And some of you are a top producing real estate agent and you're looking to build a team. It's all about creating lasting change in your business.

At the end of this chapter, I have one last activity for you. This is something that Real Estate B-School uses to help our members communicate change to their team. It requires you to communicate with and engage your team in a very specific way—even though they may not get a say in everything that's going on—or in everything that will happen. Much of this comes down to just talking through how that change looks and how it will impact a particular team member. I want you to spend a little bit of time on the activity and really focus on

how what you've learned in this book could translate into getting your business to the point where it's more sustainable.

As we wrap up this chapter, I have a few words of caution. Our industry is one of maintaining the status quo. I recently attended a continuing education course. I was basically sitting in a classroom for eight hours and I was just fascinated by what I was being taught. Our industry, as a whole—the trade associations and local boards that we belong to—they have their head in the sand as to what is coming. I really believe that. It sounds super negative, but I've seen it in every other industry experiencing a reckoning. I just believe in my heart that inevitable disruption in our industry will be very, very significant.

There are reasons why agents fail to scale their real estate business in a way that gives them freedom. It comes down to fear around making changes in your business that will have long term benefits; but those changes may have some near term negative consequences. Sustainable success comes down to letting go of that fear and taking your head out of the sand.

Another word of caution is that your mindset really matters when it comes to the work you need to do to build a sustainable business. In Real Estate B-School, we have every tool, system, and strategy you could possibly need to achieve substantial growth. All of that stuff is there—all the little bits and pieces. But without the mindset of why you're doing it, you won't do it; you won't follow through. For me it's a life or death thing. It's the life or death of my business for me to figure out these things and to really drill down on these areas within my real estate team. That's where the passion comes from in terms of the work I do with Real Estate B-School.

The last thing I'll share is that change can be hard. Growth is never easy. When it's all built out, there are sustainable systems and empowered people that drive the business. You will be able to lead and manage, create and cast vision, and inspire your team to achieve

their goals within the business. But unless you set it up very specifically, it'll let you down in the future. It won't be the wealth building vehicle that it can be if you're not willing to go through that short term pain. Ultimately, it's about creating a life worth living by building a business worth owning.

Scale or Die!

Activity: Creating Lasting Change in Your Business

Whether you are a top producing agent with a single assistant or a real estate team leader with a good sized team, lasting change in business comes down to individuals. All breakthroughs in business come from someone's new ideas or insights. And what changes your actions are shifts in psychology and emotion.

Thus, the key to changing your business is changing yourself. Carefully consider your answers to the questions below as you consider making changes to your business.

1. What challenges do you currently have in your business?
2. What changes, shifts or transformations would you like to see in your business?
3. Why do you want to make these changes?
4. If you made these changes in your business, what would it mean?
5. What would it be worth to you (physically, emotionally, financially)?
6. What is a small decision that you can make right now that will change your business?
7. What is a tough decision that will make a sizable improvement in your business?
8. What will you do to act on these decisions?
9. How will they change your business?
10. What skills do you need to master to take your business to the next level?

Conclusion

So if you've made it this far in the book, there must have been something that kept you reading. Most likely, it's because you are experiencing some of the pain that I've described in the book—either from my personal experience or that of the folks I've worked with. Or it's because you see that pain coming in your immediate future. You're at the point in your real estate business journey where you have the opportunity to grow a real estate team. And you want to do it the right way.

In any case, I've explained how sustainable systems and empowered people help you build a self managed team, and why going down this path is “life or death.” All I do, day in and day out, is have conversations with members of our community, Real Estate B-School, and real estate team leaders who are scaling their businesses using the models, tools, and systems that we teach and train on. Or I'm talking to folks who are not in our community and they're struggling. Or I'm networking with team leaders that may or may not have it figured out.

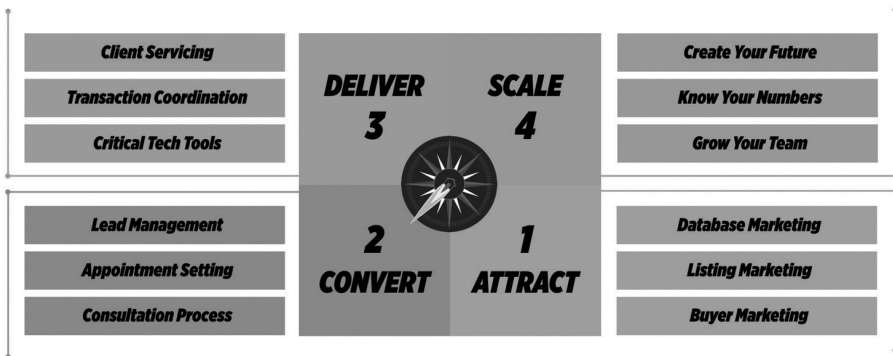
The common denominator on those outside of our community is the fact that they generally lead with expenses in their businesses and that is how they've achieved a certain level of growth. As a result, they have more stress in their life; they have less time off and less money in the bank to show for their efforts. So they don't have a lot to show for what they've done with their real estate team. In order to break through whatever ceiling you have right now, it's really important to think about the key drivers that we've gone through, and I want to walk you through a review

of my book. As I explain why we teach the things we teach in Real Estate B-School, think about how it relates to your specific situation.

The net result of setting your business up the right way is that you will show up as the best version of yourself in other areas of your life. Life is not all about real estate. If you don't show up as a good parent, spouse, or community member, nobody gives a crap if you sell ten thousand homes in your career.

Our Approach

Over the course of the book, I shared four drivers in terms of building a self-managed real estate team; a business that can run without you. Below is a summary of what we do in Real Estate B-School in terms of how we apply these drivers to our members' businesses. The roadmap we follow with our members is what we call The Business Freedom Blueprint™, as we discussed earlier.



Step 1: Attract

Again, this is about bringing high quality buyers and sellers to your business. This is not paying some third party, lead source or real estate portal, like Zillow or even Pay-Per-Click. It's not paying for home search leads. It's not spending \$10,000-\$100,000 a month on mass media, whose returns are dwindling year over year.

Attract is about bringing interested prospects to your business because you are the best at what you do. You're the best at what you do because you actually made it part of your culture to make the experience for buyers and sellers better. You have a database of people who know "I can trust you." You have a way that you market for listing opportunities, and when you get those listing opportunities, you can take advantage of up to five commission checks through buyer marketing efforts.

Step 2: Convert

It's pretty obvious as to why this is important: once you generate a lead, you need to have a conversation with that buyer or seller. There are two conversion points that we need to get really, really good at. When I say "we need to really, really get good," I mean the systems at play need to be exceptional at converting a prospect to a face-to-face consultation—and then converting that face-to-face consultation to a client who is thrilled to do business with you.

If you're a team leader who is still in production—or you have agents on your team that aren't converting set-to-met or met-to-signed at the highest level—it's still clear that you haven't taken the time to slow down and put an actual system in place. Your team should be able to simply follow the system that's in place. You can't just hope that you'll hire a "Rockstar" to your real estate team who can just naturally be good at lead conversion and consultations.

Step 3: Deliver

We make some really bold promises on our real estate team, and we teach the members of Real Estate B-School how to do the same. We call it "over-promise, over-deliver," which is probably a little different than what you might have been taught: under-promise and over-deliver. We want to make the biggest and boldest promise we possibly can when we have consultations with the buyers and sellers. And then we rely on

our operation staff to deliver on those promises, and to do it in such a way where referrals are the natural byproduct.

We have systems in place to ensure that as we deliver on our promises, our operation staff is generating new business as a result. And it's a whole lot easier to empower a staff member to up their game—in terms of how they treat our clients—than it is to will a salesperson to love on their clients. So, this Driver really is a shift in the game that we're playing.

Step 4: Create Your Future

For students at the Real Estate B-School, the first thing we talk about in the Scale Driver is to Create Your Future. When I look back on my journey and I think of our most successful members in Real Estate B-School, this comes down to the initial conversations we had around what they wanted their business and life to look like three short years from now. We then take that into what needs to happen in the first year for that three year to become a reality, what has to happen in the first quarter to really crush that first year, and then we break that down into weekly measurables and activities that we can have others do on our behalf.

Creating your future also includes your relationship with time and money. Are you really spending time on the things that will maximize your money making potential? Is it your highest and best use and is it in your unique abilities?

Step 5: Know Your Numbers

This is really about becoming the CFO of your business. A good CFO isn't just the guy or gal that looks at the books once a month, 30 days after that month is over. Many real estate team leaders may or may not even produce monthly books. Honestly, looking at the books from what's happened in the past is the ultimate lagging indicator in any business. Overall, knowing your numbers in real time applies to every important function of the business.

There are leading and some lagging indicators to consider. And you should be using this data to your benefit. This increases your ability to move the business any direction that you deem necessary. This is not just doing your taxes once a year; it's becoming really good at the numbers part of the business.

Step 6: Grow Your Team

The goal here is to grow your team and there are several aspects here that are critical. How do you attract, hire, and onboard true talent? And how do you help people when they come on your team to become successful as quickly as possible? The way that your business takes on a life of its own is by hiring the right people and putting them in the right seats. What's the daily, weekly, monthly, quarterly, and annual cadence you run on your team? How do you lead, manage and hold people on your team accountable? What is culture? How important is it? Has it shown up in the business on a regular basis? Learning these things is vital for scaling your business.

Ten Men Working!

As explained at the beginning of the book, I look at Attract-Convert-Deliver as the traditional model that most team leaders stay focused on when it comes to setting up their business. The challenge is that it doesn't leave them with a business worth owning. Typically, if that's all you're focusing on as a team leader, you will still be doing the work of 10 men—rather than teaching 10 men how to work. That's not to say that you need to have a 25 person team or even a 20 person team. At the writing of this book, my team has only 12 team members and we closed around \$3.0 million GCI last year.

Again, I started in real estate in 2007. Our first child was born in November of that year, and I left a really great corporate job and got married in late 2006. I knew that I needed to figure this stuff out. And I

found out real quickly that many of the jobs real estate agents did were not highly paid, and I needed to get out of those as soon as possible.

The only way to get out of those jobs was to build a system for each position that someone could backfill and do for me. 2007–2010 brought some challenges. Our daughter was born in April of 2010, and before that we had two miscarriages. During those three years, my time was spent seven days a week working. When I wasn't "working," my brain was spinning or I was sneaking away to respond to emails or work offers. My fear was rooted in the fact that I had never built a business before. My fear was that people wouldn't want to follow me. My fear was just like most people, in terms of, "How do I manage people? How do I manage business overhead? How can I monetize high cost lead sources?"

The struggles in those early days really came down to the necessity of doing the work of a business builder while also doing the work of a real estate agent, as well as the work of a leader. All the while, I needed to cast a vision that would entice people to come along the journey with me. For me, there was no other option than to build leverage into my life via technology, systems, and ultimately people. And it really was an issue of courage.

Dan Sullivan, Founder of Strategic Coach, created a framework he calls the four C's:

1. Commitment
2. Courage
3. Capability
4. Confidence

It's easy to make a commitment, the first C, right? If I want to drop 20 pounds, do I have the courage, strength, and will power to be able to follow through on that commitment? That's the not-so-fun part of it. That's when you go to a party where drinks and food are being served and you need to stick to that commitment and have the courage to follow through. As you're going through that courage phase, you quickly find the capability.

When you build the capability, you get results, which gives you confidence. You take that newfound confidence to make a bigger commitment, so it becomes this virtuous cycle. And that's what it was like for me. It came down to systemizing marketing, the buyer side, the listing side, and the day-to-day team management. The cycle continued right to the point where I got down to 42 days in a single year in 2012, and making multiple five figures any day that I worked in the business. I learned that it can be done.

One Conversation

No matter where you are in your journey, I was there too. If you're a single agent starting a team—or if you already have a team and it's not all that you thought it was cracked up to be—you need to realize that there is a more graceful, elegant way to build a real estate team. And there is a path that you can follow in order to not have the same pain and suffering that I experienced. It's having the courage to reach out and be honest about where you are in your journey and allow someone to come along beside you to support you with that next step.

Honestly, there is no other agenda for me going through the time, effort, and expense to write this book than to reach out to someone that may be at that critical moment where it's really hard. You might not know what the next step is. You might have a level of overhead that is out of control and scares you. You might have team members who are looking up to you and you don't know how to lead or manage them—or hold them accountable. You might even have a larger team, and maybe you've set it up the wrong way; you don't know how to work through the issues that you're having. Possibly, your only profitability comes from the homes that you're selling personally, and your agents aren't working half as hard as you're working—and you're scratching your head on how any of it makes sense.

Wherever you are on your journey, the only thing I can offer you is a conversation. It's simply talking through where you are now and where you want to go, as well as what's worked, and what hasn't worked.

What's holding you back? What are your strengths? What are your weaknesses? And if there's an opportunity for Real Estate B-School to be part of your business growth journey, we will have that conversation. If there's not, that's okay too.

Real Estate B-School's sole focus is to help top producing agents and team leaders build highly profitable businesses. This is accomplished through the use of sustainable systems and empowered people. In successfully utilizing those systems, and harnessing talent, you can systematically increase your net worth and your time away from the business—and you can do it with less stress.

We've set our program up so you don't pay until you are 100% satisfied that it's the right fit for you. Again, it all starts with a conversation about your business. You can get connected with us simply by going to RealEstateBSchool.com. And you'll be able to apply for our free 30 Day Pilot Program to see if Real Estate B-School is for you.

You'll also find access to our Case Studies and other free resources if you want to just get to know who I am, or what it is about Real Estate B-School that makes us who we are. I also have a podcast called The Business Freedom Podcast and you can get to it simply by going to TheBusinessFreedomPodcast.com. One last thing you can do is go to our public Facebook group where I do live training and I share a bunch of free resources. That group is called "Business Growth Network Powered by Real Estate B-School."

I appreciate you hanging in there, and reading about my journey, my failures, and my successes. My biggest hope is that my book didn't come off as an ego trip. I wrote this more so to serve you and meet you where you are at. So, if we can ever connect and do business together, I'd be honored to be part of your business growth journey. Now, let's get out there and make a difference in our businesses, families and communities.