Principles & Concepts for Operating a Successful Real Estate Brokerage

By: Victor Lund & Ron Hurak

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Why you should read this guide

With so much information available today how do you decide what to read and perhaps more importantly, what to believe?

This guide was compiled by our team of WAV Group experts that collectively have over 100 years of real life expertise, experience and success in helping real estate brokerages of all sizes to achieve their business objectives. As there are well over 100,000 real estate firms[1] operating in the United States, it is important to understand their unique characteristics and how they operate successfully.

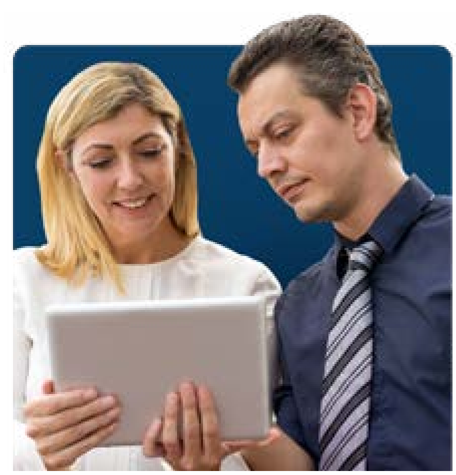
Residential Real Estate Brokerages Net Profit Margins:

- High-performing, lean brokerages can reach 10% to 15%.
- 3% to 7% is typical for traditional brokerages[1].
- Franchise brokerages operate with 1% to 3% margins but benefit from technology, brand advertising, and other benefits of franchise fees so they can focus on selling and less on operating...

The main ingredients for success

(what successful broker owners already know)

As with any business in any chosen industry, there are some key reasons why some broker owners are successful and others are doomed for failure.



As the saying goes "hindsight has 20/20 vision".

So let's dig a little deeper into why some real estate firms (especially enterprise sized ones) are successful year after year and why others (often smaller firms) have limited success or fail completely.

Firms with only one office had a median brokerage sales volume of $5.3 million in 2022[2], while firms with four or more offices had a median brokerage sales volume of $154.6 million in 2022.

1 https://www.nar.realtor/research-and-statistics/research-reports/profile-of-real-estate-firms?fbclid=IwY2xjawI5HblleHRuA2FlbQIxMAABHUPY2-oaxKnMeVTHE0qQx-JJQQnKM3y8g9NpwFK0x6h1S6bcD8Ixc0wryA_aem_jpL_VTc9QrkUk5HD5-Ictw

2 https://www.nar.realtor/research-and-statistics/research-reports/profile-of-real-estate-firms?fbclid=IwY2xjawI5HblleHRuA2FlbQIxMAABHUPY2-oaxKnMeVTHE0qQx-JJQQnKM3y8g9NpwFK0x6h1S6bcD8Ixc0wryA_aem_jpL_VTc9QrkUk5HD5-Ictw

Clearly there is a bridge to real estate volume that happens between a brokerage with one office and a brokerage with four. What does a bridge to sales volume mean? Brokerages see their balance sheets come alive when sales volume eclipses $1 Billion, inviting acquisitions and office expansion that self-perpetuate the firm's growth.

> Frankly, being a small broker is just not worth it. The margins are too tight, and the competition is too fierce.

There is much more profit in being a real estate team of 10 to 50 than it is running a brokerage with the same number of agents. Realistically, until you have over 350 agents in high end markets or 500 agents in lower end markets, the brokerage business is a horrible investment. Balance sheets are simply too tight. The only mission of a small firm is to become a large firm, or join a large firm as a big team.

Here's what we have observed and learned from being a consultant for most of the top 100 real estate brokerage firms in the US for the past thirty plus years. Regardless of the size of your firm today, maintaining a keen eye on how large successful firms operate provides you with insights into the best operational practices that will allow your firm to thrive.

Leadership Team Approach

Successful firms are rarely guided by a single individual. Enterprise firms, through the very nature of their size, must use a management team approach to operating their real estate brokerage. Although the broker owner(s) will have some influence with strategies, direction, goals, implementation and execution of their business plan, they rely heavily upon their executive and management teams to create, suggest, plan, research and even decide upon various projects.

Shooting from the hip is not a strategy that the larger more successful firms use. Unfortunately, we do see this method used in smaller organizations. It is usually the reason smaller firms struggle, fail to reach their goals, or even survive the competitive world of real estate.

Office Managers Are Culture Carriers

Office managers play a pivotal role in shaping the identity of a brokerage. They are more than just operational overseers – they are the culture carriers who influence the work ethic, management style, and overall success of the firm. Their leadership ensures that expectations are met, conflicts are resolved, and the right people remain on the team. A brokerage without a strong office manager often struggles with low agent morale, and inefficiencies that can drag the company down.

> "Professional office managers were the ingredient that allowed Pacific Union to thrive and become California's largest brokerage firm before merging with Compass. *Mark McLaughlin.*

A great office manager sets the tone for the brokerage by demonstrating professionalism, work ethic, and a results-driven mindset. Their approach to problem-solving, communication, and decision-making influences how agents and staff interact with clients, manage transactions, and adhere to company policies. They ensure that agents understand not just the company's goals, but also the standards that must be upheld to maintain a productive and respectful workplace.

One of the most critical functions of an office manager is doctoring deals. They step in when negotiations stall, troubleshoot problems before they escalate, and ensure that transactions move forward smoothly. Whether it's resolving a contract dispute, mediating an issue between agents, or strategizing to close a complex deal, they provide invaluable support that keeps the brokerage operating efficiently.

In addition to transaction management, office managers play a key role in recruiting the right agents and weeding out the wrong ones. They seek out professionals who align with the company's values, work ethic, and business model. Equally important, they are not afraid to have difficult conversations with disruptive or underperforming agents. When necessary, they extend an invitation for those agents to move on, ensuring that negativity and toxicity do not spread within the brokerage. This ability to maintain team integrity is what makes them so valuable. Across the community of competitors, top managers are revered and respected. They attract the best talent.

> Firing unproductive agents will often lead to impressive growth at the brokerage - top producers don't want to hang with underperformers.

Beyond hiring and managing personnel, office managers set expectations and measure performance. They implement accountability structures, track key performance indicators (KPIs), and ensure that agents have the tools and support they need to succeed. By monitoring metrics such as closed transactions, lead conversion rates, and client satisfaction, they provide brokerage owners with critical insights help refine business strategies.

A well trained agent who is meeting and speaking with a stable of past clients and prospective clients will have success in real estate every time.

Perhaps most importantly, an effective office manager becomes a trusted advisor to brokerage owners. They are the broker's eyes and ears on the ground, providing feedback on what's working and what needs improvement. They help translate the brokerage's vision into actionable steps, ensuring that leadership decisions are effectively implemented at every level. Their ability to bridge the gap between ownership and agents is what allows a brokerage to scale successfully while maintaining its core values.

In many ways, the office manager is the backbone of a successful brokerage. Their leadership impacts recruitment, performance, office culture, and profitability. Without a strong office manager, even the best brokerage model can struggle to reach its full potential.

Knowledge is Power

Once again, larger real estate companies have no choice but to fully understand every aspect of their brokerage operation. In this enterprise environment, guesswork and snap decisions made without knowing all the facts, cannot survive.

Here, knowledge is “king”! We have observed that the more sophisticated the real estate organization, the more they depend upon real-time data to provide a true picture of where the company has been, where it is today and where it will be in the future. Very few decisions are made without serious research and analysis of the company’s business data!

In 2023, 2024 and into 2025, when transaction volume dropped to 4 million units (down from 6 million), a firm that is holding volume steady is actually beating the market by 30%. This volume is the lowest unit volume number since 1995. Even if your volume is down 10% or 20%, you are beating the market.

If knowledge is the “king” of any well run organization, then “data” is the “queen” of the empire. But not just any data! The data must be:

- Accurate
- Complete
- Real-time
- Audited (error free)
- Easily accessible

The collection of accurate data is integral to collecting actionable business intelligence. Successful firms understand and invest in “state-of-the-art” practices and technology when it comes to managing the high volume of information that is a natural extension of the real estate business. They know that “garbage in is garbage out”. Successful real estate firms create administrative policies, training and communication within the entire spectrum of the brokerage.

> In 2026, brokerages will need to deploy virtual private clouds for their data to take advantage of Artificial Intelligence.

Customer For Life

"*All*" data is critical information. An email address for a client may not seem critical unless the company has a "*stay-in-touch*" marketing strategy in place. Error free financial data is vital for analyzing performance at all levels of the real estate firm. Unfortunately and all too often, less sophisticated broker owners spend a majority of their time focused on marketing, sales and revenue producing activities.

Clearly these are also major activities and critical to the growth and prosperity of the organization. *No revenue equals no company!* However, uninformed administrative practices can also create an environment of poor decisions, bad business policies, the lack of direction and ultimately . . . . *failure!*

The real estate business is about repeat and referral revenue. Past clients drive success, which is a key reason why brokers recruit top producers. They bring a lot of past clients to the firm for repeat business, and satisfied clients refer to a lot of business. The brokerage needs to support these efforts in a way that allows the firm to build upon the trust relationship that the agent has developed with the client and make it better.

Constantly Improving

Larger firms are constantly improving. Being just "*good*" is not a recipe for long term success. Good companies strive to be "*great*" companies! They accomplish this by constantly questioning their day to day processes, past decisions, existing technology, sales force effectiveness, recruiting, compensation plans, administrative requirements, business goals, to mention just a few!

Research is a critical component of constant improvement. Analyzing what is working for productive agents - their behavior, their tools, their training and coaching. Model your best performers to find incremental improvements.

Forward Thinking

We have noticed that all successful brokers do not rest upon their past successes. They understand the importance of planning and improving their company's performance for sustained success and future growth. *How do they do this?*

Foster a culture that prioritizes data-driven decision-making and continuous improvement. Implement systems that streamline processes, promote knowledge sharing, and provide real-time business intelligence and performance analysis. Shift the focus from subjective opinions to objective data collection and analysis to identify and reinforce best practices.

Help agents achieve their goals by utilizing all available resources, including but not limited to: external coaches and trainers, partnerships, suppliers, and collaboration with similar brokerages (Leading RE, The Realty Alliance, The Future of Real Estate, and Franchises are great for this, but you can also find relationships through consulting firms that create mastermind networks like the Broker Resource Network).

Constantly training the firm's executive, administrative and marketing teams to expose them to new methods, procedures and skills.

Reviewing the firm's technology platforms to weed out inefficiencies, critical errors and potential shortfalls in an evolving, ever changing and competitive real estate marketplace. But do this carefully. You should have a platform that supports integration with point solutions that perform a single task really well.

> One of the proven approaches to adding or sunsetting technology is to invite top agents, teams, and managers to support the decision making process. Many brokerage technology tools have less than 20% adoption rates, so do not be afraid of making bold moves if it elevates the adoption of sales building technology resources for your agents. Be careful not to change too much too fast. Be sure to reach your product adoption goal for any new or replacement service before launching the next shiny thing.

Staying open minded to new concepts, ideas, suggestions, products, and services that can assist agents in growing their business and maintaining their competitive position within their marketplace. Sometimes the shiny object is the key to agent recruiting and retention.

Copying others. Great ideas can often come from outside an organization. Another great reason to join a collaboration of like-minded broker owners. Discussing challenges and opportunities with those who might be experiencing the same situation allows for creativity and thinking "*outside the box*".

> If you are launching a new product, try to network with other brokerages on the same platform to share ideas that drive success. Typically the vendor will be able to make introductions.

Your weakest link will challenge your ability to reach your goals

Real estate brokerage is a very challenging career (as *the failure rate points out each and every year*). Great companies are led by individuals who understand that running a progressive brokerage requires many skills, talents and intelligence.

Although it is possible to find a small percentage of people who possess every skill necessary to manage their real estate enterprise, in many cases, broker owners often have a "*weak link*" in their toolbox of skills and talents.

A weak link can be just about any one thing or even multiple shortcomings. Here's a partial list of possible "*weak links*" that we have observed over the years:

Lack communication skills

Great leaders can communicate with anyone at any level within their organization from the janitor to a senior executive. In many cases, problems within an organization can be directly attributed to ***poor communications***. We have observed that the leadership of great real estate firms are always looking for effective methods of communication to ensure confusion and chaos are kept to a minimum.

> If you want to see an example of great communications - check out the social media pages of Mike and Christina Pappas at Keyes - outstanding!

How do you become a better communicator? Simple answer. You work on it! Training is one way to improve any under-developed skill. Self assessment is another way to analyze your current level of effective communications. If the broker owner has surrounded themselves with quality people, an honest and candid discussion can open up opportunities to improve.

One of the most successful brokerage owners WAV Group has ever worked with decided that he would not have an office. Rather, he connected with his agents and staff by showing up every day in a different office, operating the business from a walkup desk and taking meetings in the conference room. Sometimes spending a morning in one office, lunch with agents and staff, then another office in the afternoon. Over the years, he became familiar and comfortable with his entire flock of thousands. Another successful brokerage leader visits open houses every Sunday with his family. Agents are overwhelmingly impressed by both of these strategies.

Lack administrative skills

This is probably the biggest shortcoming we see within smaller real estate organizations. Broker owners are often charismatic, highly skilled in marketing and sales, great communicators and quite often just nice people. They started out selling real estate successfully before becoming a broker owner.

All of these characteristics are vital for any business leader, but so is the administrative component of running a business. Unfortunately, many marketing/sales driven broker owners view this aspect of their business as *boring*. All too often they just allow their administrative staff to run that "*side*" of the business without fully understanding the vital importance it has in the company's success! Even the most talented of back office administrators have very little understanding of real estate marketing, sales, recruiting, revenue creation and the delicate balance of managing a sales force and staying profitable.

Accountants and administrators didn't choose their profession because of their outgoing and charming personality. Where administrators excel in managing processes and data collection and paying the bills, most back office employees would have little to no idea as to how to make a real estate brokerage firm a success! The good news is that with some training, sophisticated technology, and adjusting your focus just a bit, this weak link can be eliminated, or at least not be an impediment for success!

Brokers need to know their numbers. Highly successful brokers commit numbers to memory. They know everything about the real estate market, market share, pending volume, where the company is against any of their goals - and will let you know from memory. You are not a real estate expert if you need to look it up.

It takes hard work and a love for the business to dedicate yourself to this level of excellence, but the results are outstanding. Talk to your flock like each one of them is the most critical cog in the success of the company. Know the numbers for every office, and the strengths and weaknesses of every manager. Knows the production of every agent and team that matters. Take time to meet with new producers, and at least have a phone call or a meal with every top performer who is recruited away. You need to care.

Lack understanding in technology

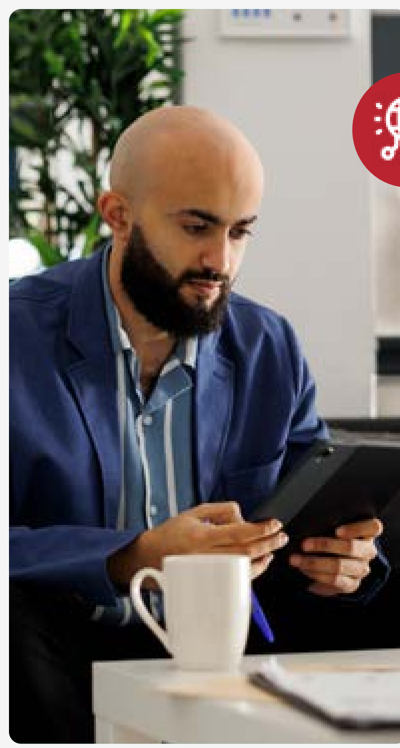
Many broker owners did not grow up with an iPad in their hands or play with video games as a kid. Today, technology continues to integrate itself into just about every aspect of life which of course includes every facet of business. Real estate is more prone to technological advances than many other businesses. Just visit any real estate convention trade show or review the list of topics being discussed in the educational sessions. All too often technology stands out front and center. For many, what they don't understand they will often fear.

Unfortunately people will avoid what they are afraid of. The challenge is that *technology is confusing* and for some broker owners even magical. Too many senior broker owners watch a sci-fi movie and believe that Hollywood and reality are identical. They are not! The challenge is *separating* what technology is and what it can deliver. It's highly unlikely that you understand how your cell (mobile) phone works (*technically speaking*) but you do fully understand how to use it and benefit from its mystic powers.

Unfortunately when computers and technology first emerged upon the real estate scene, many educators tried to explain the many components of technology. Terms like CPU, RAM, hard drive, servers, firewalls, wifi and even coding were bantered around and pretty much scaring the hell out of an unprepared business world. This earlier and totally ineffective education just confirmed to many senior business people that technology should be left to the "*experts*" and poking their noses in the IT department was to be avoided at all costs. Here's the truth about technology. You don't need to understand how it works (*just like the example of the cell phone*) but as a smart business owner you must understand what it can deliver.

Here's a few benefits that technology can deliver any real estate organization:

- Business intelligence reporting is probably the largest deliverable that proper back office technology can provide to a broker owner. We have already established that knowledge is power. That power comes from vetted data that has been collected in an accurate manner. Data collection must be timely, error free and as complete as possible.
- When great data is made accessible to a leadership team and agents, their world opens up to a greater and deeper meaning of the trends and activity that surround them. This is accomplished with business intelligence reporting. Simply put . . . *real time formatting* of financial data allows non-technical people to review and analyze what's happening within their organization whenever they want to. Armed with *up-to-the-minute* information allows senior management to confront potential issues in a real-time fashion. Knowing about a problem six months (*or more*) after the fact makes it impossible to make positive adjustments when it matters most. Think barn door and horses!



> The adoption of AI across the brokerage will fundamentally change the curve on technology adoption - you can now communicate with your data, giving the broker superpowers.

Complex compensation plans

Regardless of your business size or the marketplace your company operates within, competition is everywhere and it's often fierce. In many cases, especially in larger cities and urban centers, your competition includes larger enterprise sized real estate organizations. To succeed your firm must compete with all players, including these mega operations that have the resources to use every tool available to them. If you are not following suit, then you are falling behind, making it difficult to reach your business goals.

Compensation plans are one area where we see smaller broker owners unable to compete. In today's climate, agents want more and more of that piece of the commission pie and are squeezing the broker owner's bottom line.

The defence that larger real estate firms employ is the creation of complex agent compensation plans with two major elements. First is the actual commission rate schedule. Many firms use a sliding scale or a waterfall to calculate an agent's commission amount. This traditional method usually finds a lower commission rate at the beginning of the agent's commission year.

As the agent produces more sales revenue throughout their commission year, the agent's commission rate increases and as a result lowers the broker owner's profitability with that agent. The inverse relationship between the agent income, which grows across transactions, vs. the broker income that decreases across transactions is baffling, but that is the way it is.

The second component is using a series of "deductions" that can be applied at the top of the financial calculation, off-the-middle and finally off-the-bottom.

Off-the-bottom deductions are usually agent-centered where off-the-top deductions are sales centric (*shared between agent and company*). Deductions can be for any number of financial activities within the sale. Off-the-top deductions are usually for outside referral brokers or franchise fees. Off-the-top deductions are shared by the brokerage firm and the agent (*think franchise fee*).

Off-the-middle deductions are often used as an additional marketing fee that the brokerage charges against the sale. Off-the-bottom deductions are specific to each agent. Each agent will have one or more off-the-bottom deductions that may be applied to their commission amount when calculating the agent's final commission (*on a sale*). As a result, the lower commission amount for the agent will increase the profitability for the broker owner.

Using advanced technology, even smaller real estate broker firms can compete in their respective marketplace by offering their agents a balanced compensation plan that fits the needs of the agent and the brokerage operation. Getting a proper commission management solution is an absolute requirement for even the smallest firms. Commission management is complex for humans, but easy for software. If you plan to recruit a top agent or team from a larger firm, you better have the right software to track, pay, and report commissions or you will have trouble on your hands.

Keeping track of who pays what to whom can be a confusing and often error prone process. Smart technology can be used to create automated processes that have a set of rules that match the real estate company's business practices. One example would be a client closing fee which the client pays to the brokerage on closing. Automated processes can be introduced to ensure the closing fee is paid. Agents are often responsible for informing the client of the fee, and ensuring its payment at closing. In the event the client fails to pay the fee, an automated rule can transfer the amount of the fee directly to the agent's commission calculation (*as an off-the-bottom deduction*) thereby reducing the agent's commission amount. Automated collection of funds is critical.

Real time financial income statements are requirements today. By using a modern general ledger accounting solution (*like QuickBooks, Microsoft Dynamics, etc.*) broker owners can receive instant financial statements to illustrate the financial health of their company.

Paperless reporting technology can greatly reduce the cost of creating and distributing management and sales agent reports. Older technology requires a senior administrator to create the reports, organize them and prepare them for distribution. A modern solution completely eliminates the labor cost, the printing cost and the distribution cost of reporting.

Another huge advantage of a real time reporting solution is that those authorized to receive the reports can request them without the aid of an office administrator. Agents can review their financial data whenever they want (*in real time*). The number of "support" calls to the brokerage's administrative office are greatly reduced because the agents can simply look up the information they want (*and authorized to see*) whenever they want. In most cases reports can just be viewed on a monitor or within a mobile agent app and not printed at all. This reduces waste and of course the cost of printing.

> As Albert Einstein once said, "The thinking that got you into trouble rarely works to get you out!"

Finding your weakest link and taking corrective action to improve the ability should be a constant mission for all broker owners, their management team and those responsible for managing the agent sales force.

Compensation plans

As previously discussed above, compensation plans can make or break any real estate organization. When properly implemented, compensation plans can create the right balance between satisfying a demanding sales force while maintaining a profitable bottom line. When recklessly done, hard earned profits can ***leak out the door*** and all too often without the broker owner or their management team even aware of the losses.

Smaller firms are often challenged to compete within marketplaces where agents have a wide variety of choices as to where to work. Agents will often demand higher commission rates leaving tough choices for smaller broker owners. If the compensation plans do not factor in break-even plateaus or profitability margins, a broker owner can slowly go broke trying to balance market demands and staying in business.

Bad technology can play a hand. Inflexible back office solutions can take away choices and options that could make the difference in the broker owner's bottom line. Smaller real estate firms can level the playing field by implementing back office solutions that are similar to their larger competitors.

So what should a sophisticated back office solution offer a real estate brokerage when constructing an agent's compensation plan?

Flexibility *and* ***customization*** are the key words when designing multiple compensation plans for the firm's sales force. Here are a few things to consider:

- Unlimited compensation plans - the back office solution should not limit the number of compensation plans that can be created and maintained
- Commission calculations should be fully automated using a pre-assigned commission plan rules and the agent's year to date performance values
- Commission rates should be allowed to be separate for a listing side sale or selling side sale
- Commission rates should be allowed to be different for a sales that was produced in-house (*without an outside broker*) and a sale that was shared with an outside broker
- Agents should be able to have multiple commission plans with the ability to switch back and forth between multiple commission plans throughout the year
- A commission plan should not restrict the number of performance levels an agent can reach. Each performance level should be linked to a different commission rate. As an agent produces more revenue for the brokerage, the higher the commission rate on subsequent transactions
- Commissions should be allowed to "blend" between performance levels. Instead of just jumping to the next level when the next sale is processed (*because an agent has crossed a performance level*), blending a commission among multiple performance levels within the ***same sale transaction*** provides an accurate computation of the agent's commission amount. Blending commission levels greatly increases flexibility and offers a competitive advantage when recruiting new agents
- Commission plans should be allowed to be overwritten manually thereby "turning off" the automated commission calculation process. This should be allowed at any time for any side of a sales transaction
- Commission plans should be able to process "additional" commission income, like a bonus, for any side of any transaction for any agent(s)

- Commission plans should be linked to the agent's profile record as well as their assigned branch office. When multiple agents from different profit centers (*branches*) are involved with a single sale, the back office solution must organize the sale transaction data to allow business intelligence reports to reflect the activities by agent and by the branch office they are assigned to (*regardless of which branch office originated the sale*)
- Commission plans should allow for variable commission year periods. Not every company or agent for that matter works within a calendar year (*January through December*). It's not uncommon to see every agent within a firm have a different commission anniversary year. Generally the agent's commission year is established by the date they joined the firm
- Commission plan anniversary year ends for each agent should not interfere with the real estate company's year end. In other words, the brokerage's year end date and each associate's commission anniversary year end date can remain unique and separate from one another.

Recruiting agents and sales-force balance

Regardless of their size, recruiting is the life blood activity for most real estate brokerage operations. Although smaller brokerage firms generally have fewer turnovers of agents than their larger counterparts, the fact remains that recruiting new agents is vital to maintaining existing sales performance or growing the brokerage business.

Even a handful of ***poor producing agents*** will have some sales activity during their time at the brokerage firm. Multiplying a few agents with a few sales will still have created a revenue stream that will disappear when you let these agents leave the company.

To maintain the current level of revenue after these agents are gone means that the broker owner must somehow replace those lost sales. Quite often this means recruiting new members to their sales force.

The challenge many smaller broker owners have is determining the ***type of agent*** they need to add to their sales force. Too many of any one type can be a financial disaster waiting for a place to happen.

For example, let's assume that a broker owner recruits a number of "***new***" agents with no real estate sales experience (perhaps recruited right out of real estate school).

In most cases, new agents (*with little to no sales experience in real estate*) will begin with a commission pay plan with a level 1 performance rate of 50% or maybe even less. This means that any sale made by a new agent provides the broker owner with a much higher net company dollar profit from the sale. Very good!

Unfortunately, only having new agents in the broker owner's sales force means slower sales growth and potentially not enough sales to stay in business. Not good!

Conversely having only experienced agents with a 70%, 80% or 90% commission rates equates to much lower net company dollar revenue.

In this scenario the business could be booming in sales but the broker owner is barely making the cost of running their brokerage business. Again, not good! Balancing the sales force with new agents, experienced agents and some agents somewhere in the middle is optimum for real estate brokerage success.

As a side note, it is ***not a good business practice*** *(strategy)* to have all agents on the same commission anniversary year. Having the entire sales force on the same commission anniversary year end will create major cash flow issues for the company at the end of the commission anniversary year. This is due to the fact that most of the agents will have reached the higher levels within their commission pay plan. The result of course is reducing the company's profitability with each closed sale. Not good!

A strategy or business practice used by many of our largest firms is to use the "***join date***" or perhaps "***birth date***" to establish the commission anniversary year for any single agent!

How does a broker owner know which agent type to recruit?

Business intelligence reporting is the only method to research and analyze the broker owner's current sales force to determine the current "*mix*" of agents within their firm. This is accomplished with a superior back office solution capable of producing real time reports to illustrate who's contributing the most to the broker owner's bottom line.

As mentioned in a previous section of this guide, large broker owners never shoot from the hip. They don't guess at what might be. They ensure they are collecting the right information (*accurate, complete and timely*) to enable them to review their sales activity whenever and wherever they are. Let's take a look at a few examples:

Hurak Commercial Real Estate I Agent Sales Ranking - Written

All Offices I For the Year of 2024 I Sale Type Single

Assoc Name	Comp$	RK	Agent Income	RK	List Units	Buy Units	Total Units	RK	Listing Side Volume	Buyer Side Volume	Total Sales Volume	RK	List GCI	Buy GCI	Total GCI	RK	GCI%
Earle McCoy(28)	86,514	1	92,530	1	9.25	8.75	18.00	1	3,085,000	3,605,900	6,690,900	1	91,399	100,738	192,136	1	12.53
Julie Western(16)	55,896	2	59,849	2	12.00	2.00	14.00	2	3,218,342	920,000	4,138,342	2	95,789	25,200	120,989	2	7.89
Fred Jones(54)	51,577	3	52,777	4	2.75	1.50	4.25	17	830,000	412,500	1,242,500	18	91,979	12,375	104,345	3	6.80
Tony Ditmer(26)	42,855	4	44,730	6	1.90	5.50	7.40	8	367,400	2,618,000	2,985,400	4	11,858	78,540	90,398	5	5.89
Arthur Bertard(45)	40,409	5	40,375	7	4.85	6.00	10.85	4	1,314,400	1,486,000	2,800,400	6	38,656	42,555	81,211	7	5.29
Aaron Taylorson (22)	39,173	6	46,812	5	8.50	1.00	9.50	6	2,401,900	400,000	2,801,900	5	73,985	12,000	85,985	6	5.60

51 Christina Street 322 I Buffalo NY 14221 I (716) 234-3242

If you were the broker owner looking at this report, ***what would be your reaction?*** Perhaps a more important question is what do you do as a broker owner when ***you don't have this report available*** to you whenever you want it?

This particular report is very powerful because each column within the report can sort the rows based upon the sales activity type such as list units, sell units, listing or selling volume, GCI values, company dollar and overall net company dollar. By permitting multiple viewing options, the broker owner is equipped with the vital information they require to make informed decisions as it relates to recruiting and agent retention strategies.

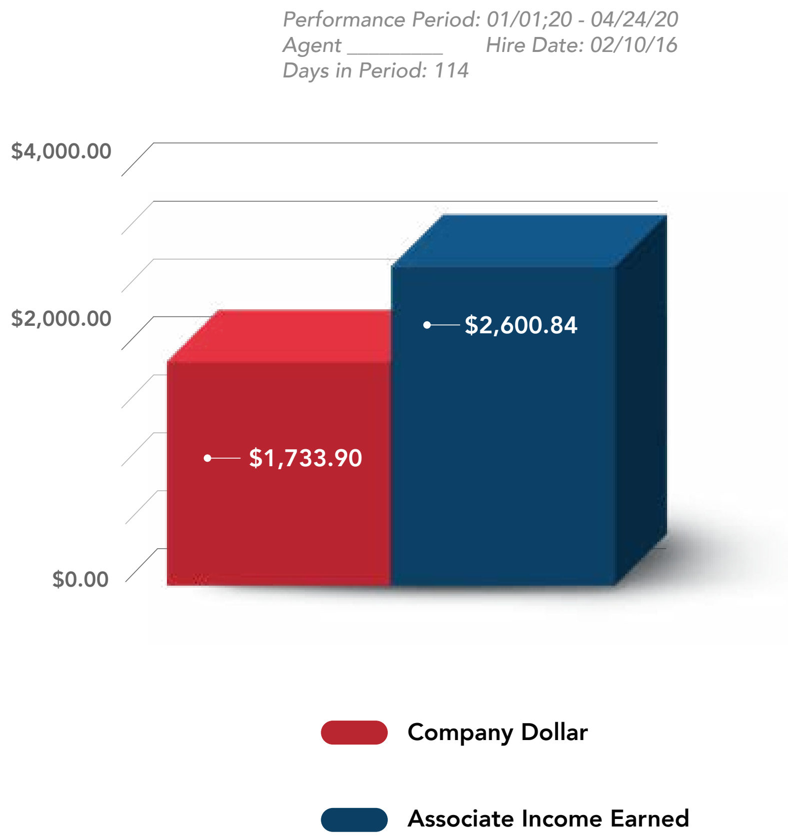
If you don't know your numbers then you don't know your business. What you don't know about your business will probably put you out of business!

Agent Performance Summary

Written Business (units):	7.00
Closed Business - Listings Sides (units):	0.00
Closed Business - Buying Sides (units):	0.00
Closed Business (units):	0.00
Cancelled Business (units):	1.00
Current Listing Inventory:	0.00
New Listings Taken:	0.00

Price Reductions	
Reductions per Listing-Month:	
Written Business Volume:	$2,285,000.00
Written Business GCI:	$55,497.00
Closed Business Volume:	$0.00
Closed Business GCI:	$5,586.00
Listing Volume Taken:	$1,185,000.00

Referral Sent	
Referral Income:	$2,234.40
Income Earned:	$2,600.84
Income Projected:	$30,690.60
Company Dollar Contribution:	$1,733.90
Company Dollar Contribution Less Desk Cost:	-$3,066.10



Once again, you are the broker owner and you are reviewing this agent's year to date performance (*date ranges can be selected*). ***What does it tell you?*** Do you have this type of reporting in your organization? We guarantee that your competitors do and they are competing in many of the same marketplaces you are. Where does this leave you?

As established earlier in this guide, recruiting is a vital activity within any brokerage firm regardless of their size. We have tried to illustrate that just "***throwing a bunch of agents into your sales force***" is not a long term strategy for success! Research and analysis using high quality data and advanced business intelligence reporting are major weapons that a broker owner can use to stir through the maze of choices when building a solid and long lasting sales force. It starts with quality data (***accurate, complete and real time***) and ends with easy access to that data to create a series of business intelligence reports.

Added strategies for increasing income
(without adding more sales)

Our most successful real estate firms understand the importance of generating additional revenue streams without necessarily adding more agents, branches or even sales!

How do they do this?

There are a number of strategies employed throughout the real estate industry. This guide will provide some of the more popular methods that larger real estate organizations have integrated into their business practices.

- ***Closing Fees*** - most of our largest firms levy a closing fee that is paid by the client (*buyer and seller*). The fee varies from region to region. Some brokerages charge a nominal fee of say $50.00 per side of sale. Others, especially in larger urban centers, the closing fee can be quite high charging up to $500.00 per side. The closing fee is described as an "*administrative fee*" to cover the cost of managing the transaction from initial contract, to financing and other related administrative activities the brokerage is responsible for during the entire sale transaction process.

  The client pays the closing fee but many real estate companies make the agent responsible for its collection (*usually on closing*). This means that if the agent did not properly inform their client(s) about the closing fee and the client refuses to pay it, the agent will have the closing fee amount deducted from their commission. Agents do not share in the closing fee revenue. Therefore the income derived from the closing fee goes right to the company's bottom line (*profit*). This can often provide more revenue (*profit*) than the actual profit the brokerage made on the sale transaction.

  A sophisticated back office solution should allow for the calculation and collection of the client closing fee. Advanced back office solutions should also allow the automatic deduction of the closing fee from the agent's commission in the event the client has not paid the fee. Regardless of the closing fee amount, brokerage firms not charging an administrative reimburse fee are missing out on a simple and rather easy way to add profit to the income statement.

- ***Stay-in-Touch Programs*** - Company controlled stay-in-touch programs are becoming more and more popular among larger real estate companies looking for ways to increase business. Unfortunately most sales professionals (*regardless of the industry they are working within*) are lousy at following up with past clients.

  This creates a huge missed opportunity to create repeat and referral business for the agent and of course the brokerage. Repeat and referral business are ***two of the easiest ways*** to form a strong and lasting relationship which eventually will create new revenue opportunities.

  The ***antiquated*** thinking that the agent ***owns*** the client information is falling to the wayside within many brokerage firms. Larger firms have struck a balance with their agents that provide for a smooth transition for creating a company controlled follow up campaign.

  In most cases, the agent will benefit from any and all new sales resulting from the company-run stay-in-touch program as ***long as they remain with the firm***. However, once the agent leaves the firm or quite often, leaves the industry, the company will take full ownership of the client information related to that agent. Some agreements between the brokerage firm and the agent would allow the agent to take their client data with them and are given a set period of time to create their own follow-up campaign.

  When an agent leaves the industry (*gave up on a real estate career*) they orphan the clients that they did business with. Smarter more sophisticated real estate organizations realize that these past clients can be a gold mine for increasing sales and profitability in the future. Let's look at a few possible opportunities that a company controlled stay-in-touch program can create.

When one agent leaves another one takes their place. As mentioned earlier, recruiting is a major activity that every broker owner must engage in to maintain revenue or grow their business. New agents that are new to the real estate industry can find the first year very challenging. Once a new agent gets past family and friends, prospecting for new clients is often scary and difficult.

Imagine a scenario that allows the brokerage firm to "***feed***" their new agents with potential clients that know the company, have been involved with a sale with the company, likes the company and more than likely will do business with the company again **IF** there was a stay-in-touch campaign in place that constantly reminded the client of their relationship with the real estate firm.

Two things happen that benefit both the new agent and the company. Obviously a new agent will appreciate being fed new potential clients. Their chances for success within the first year or so are greatly enhanced. Second, the company totally controls the past client and therefore can apply any commission policy they like. Generally, the past client will be treated as a company referral. As a referral, the broker owner can set the commission rate (*regardless of the commission plan level the agent has earned*).

Take it one step further and assume that the brokerage firm's policy with past client referrals is that the company is paid a referral fee that is taken off-the-top of the sale transaction commission.

Boom! More revenue from the off-the-top referral commission fee plus additional profit on the sale because the company dictates the commission rate policy on this type of transaction. Obviously this strategy can include veteran agents as well as new ones.

Integrating a company controlled follow-up strategy within a real estate organization will take some time before the revenue numbers start to increase. It will also require the company's administrative policies to be enhanced to ensure that client contact information is complete and accurate. This strategy really gets exciting when one considers even the most conservative predictive modelling.

Stay-In-Touch Revenue Opportunity

Assumptions used in forecast model

Number of sales per year	100
Percentage of clients that will be orphaned due to agent leaving the firm	10%
Percentage of clients that will result in a new sale from orphaned clients	10%
Percentage used to calculate the Off-the-Top Referral Fee	25%
Sale price	$200,000.00
Commission rate used for a single side of the sale (listing or selling side)	3%
Gross commission amount earned from the sale/listing or selling side)	$6,000.00
Company revenue created by applying referral fee (added to company earnings)	$1,500.00
Commission rate applied to agent's side of sale (based upon commission policy)	50%
*Commission amount paid to agent less the referral fee ($6,000-$1,500)*50%*	$2,250.00
Net company dollar earned from sale (created by the stay in touch campaign)	$3,750.00

New company dollar revenue created from orphaned clients follow up program

	Year 1	Year 2	Year 3	Year 4	Year 5
New revenue created using 100 sales per year	$ 3,750.00	$ 7,500.00	$ 11,250.00	$ 15,000.00	$ 18,750.00
New revenue created using 200 sales per year	$ 7,500.00	$ 15,000.00	$ 22,500.00	$ 30,000.00	$ 37,500.00
New revenue created using 300 sales per year	$ 11,250.00	$ 22,500.00	$ 33,750.00	$ 45,000.00	$ 56,250.00
New revenue created using 400 sales per year	$ 15,000.00	$ 30,000.00	$ 45,000.00	$ 60,000.00	$ 75,000.00
New revenue created using 500 sales per year	$ 18,750.00	$ 37,500.00	$ 56,250.00	$ 75,000.00	$ 93,750.00

Illustration #9

This illustration forecasts potential revenue that could be earned that would go directly to the brokerage's bottom line (profit). The assumptions are listed at the top of the spreadsheet. Using year one, the model assumes 100 sales were closed. The model used increments of 100 sales per year to allow a simple calculation for 200, 300, 400, 500 sales and so on.

The model assumes that in each subsequent year another 10% of the closed sales will orphan 10 clients (*because the agent left the company and/or quit the business*). From the 10 clients that were orphaned 10% of them came back and created a new sale transaction (which is 10 clients *10% = 1). Very conservative!

In year two, because of the stay-in-touch campaign, another orphaned client from year one will result in a new sale along with one additional sale from an orphaned client in year two. Year three will repeat the trend with one orphaned client from each previous year creating a new sale plus one new sale from the current year. Year four and five just follow the same logic.

The assumptions within the model are very conservative using just 10% of 10% to calculate the number of new sales per year created through the company controlled follow-up campaign. As illustrated, even with the conservative values used in the calculations, the result is HUGE!!!!

Who pays for the stay-in-touch program?

Our observation is that each firm will have their own method for funding the follow-up campaign. Some pass the entire cost to the agent in the form of a marketing fee. Others, especially if the follow-up program is operated from within the organization (*to keep costs low*), will pick up the cost. By picking up the expense of the stay-in-touch program, the brokerage firm can ensure all agents are participating. It also allows the company to control what the follow-up program will entail.

There are some great third party follow-up companies that offer a low cost service that will "touch" the past client in multiple ways over a period of five years or more.

The bottom line is that if your company is not protecting past clients from wandering to other real estate firms in the future, your company is losing the opportunity to increase sales with minimum cost.

One final note on this subject of creating a company controlled follow-up campaign. Our customers have told us that they noticed a sizable increase in sales from their existing agents when the campaign is in the second year and beyond. Sales 101 has proven time and time again that staying in touch with past clients creates repeat business. The same study also illustrates that past clients that have not been included in a stay-in-touch campaign will lose their "loyalty" and drift to another firm the next time they are in the market to buy or sell a home.

And what about referrals that may come from past clients?

Past clients that are happy with their transaction will often tell others of their positive experience ***if encouraged to do so in the follow-up marketing content they are receiving***. All past clients have family, business associates and friends who might be in the market to buy or sell a home sometime in the future. Capturing this potential business can enhance both the company's and the agent's financial position. It's ***win-win*** no matter how you slice it!

- ***Break Point Setting -*** as you know, a breakpoint setting is the amount the agent must earn for the broker owner to cover the agent's costs and make a profit from the agent's sales activities. The commission plan performance level plateaus must take into consideration the cost of having the agent on the sale force. The breakpoint will also factor in the profit the company is expecting to earn from the agent's sales.

  When creating a commission plan the broker owner will usually ensure that the break point amount is reflected in the first level (*level 1*) within the plan. This strategy will make sure that the company has recouped all of the agent's cost including a reasonable profit amount ***BEFORE*** the agent can advance to level 2 within the commission plan.

  Break point amounts will vary between branches and even between agents. This means that it is vital that the broker owner and their administrative staff constantly review the company's cost of doing business and reflect this cost in the break point setting (*for each agent*).

  Break point setting amounts can be altered on a regular basis to reflect the reality of expenses the company is responsible to pay. In many cases, the adjustment can be quite small (*even unnoticeable to the agents*). As an example, assume that your company wants to implement a stay-in-touch marketing strategy. The company wants the agent to pay all or a portion of the cost for the program. A direct deduction or monthly charge to the agent's account might cause some dissention in the sales force.

  Adding the stay-in-touch cost to the break point amount will make sure that the agent's commission rate is not increased until all costs have been recovered. Assume that the cost of the follow up marketing campaign was $25 per client per year. In our example let's assume that the agent does 12 new sales per year. Adding the $300 to the break point setting will be nominal.

  Some of our customers will use third party consultants like the Wav Group (*www.wavgroup.com*) to audit their financial position and create new compensation plans to reflect the company's short and long term financial goals.

  What's important is the realization that broker owners must constantly review overhead costs and ensure that the agents are covering their costs. Using the break point amount allows the brokerage to recoup their expenses before agents advance in their commission plans.

- ***Commission advances -*** a number of our clients will provide their agents with a commission advance on a sale that is just waiting for the closing date. Obviously some care is required to make sure that the deal will close on time. Providing a commission advance option for agents can create a very positive relationship between the company and their sales force. ***How does this increase a brokerage's profit?***

  The agent would not expect the bank to advance them a loan without some form of fee or interest or both. Some brokerages will outsource this service to a third party organization like eCommission (https://www.ecommission.com/). Many of our customers provide this service using their own in-house resources. When doing so, the broker owner will apply a fee as well as a reasonable interest rate until the sale is closed and the advance is repaid. With some simple policies and safeguards this strategy is win-win for the company and the agent.

- ***Agent Accounts Receivables -*** most real estate brokers will allow their agents to charge expenditures to the agent's receivable account. In many cases, the broker owner will have no choice as the outside suppliers will insist that the broker owner pay their invoices and leave the recovery of the expense to the real estate company.

  Depending upon the size of the sales force, the cumulative amount of money the agents owe to the company can be substantial. Most of our broker owner customers charge interest rates (*and late fees when an agent defaults in reimbursing the company*).

  A sophisticated back office solution will not only calculate and apply the accounts receivable fees set by the brokerage, but automatically deduct the agent accounts receivable balance directly from the agent's commission on closing. In the event the agent does not have any closing coming up, the back office solution should automatically use the agent's credit card to settle the account. Ultimately the broker owner will either break even when handling agent accounts receivable balances or in some cases, make a profit from interest rate and other related fees.

- ***Commission policies -*** depending upon market conditions, ***agents*** (*not the real estate firm*) might consider offering their selling clients a discounted commission rate. The challenge the broker owner might have with this practice is that the amount of commission remaining for the company will be far less than the brokerage firm can afford. In other words, all sales should provide the broker owner with a profit from the sale. Discounting commission rates potentially can squeeze the profit amount to an unacceptable amount or worse, create an actual loss to the brokerage.

  A sophisticated back office solution would allow the broker owner to set commission policies to adjust the brokerage's commission when an agent offers a discount that leaves the broker owner short of the expected revenue to be earned from the sale. This adjustment would automatically transfer some of the agent's commission to the company's net company dollar to make up for the loss the company would have incurred.

  The amount transferred from agent to brokerage would be a customized setting that the real estate firm would deem to be appropriate. Typically the fully automated calculation would calculate the difference between what the broker owner should have received (*without the discount*) and the amount the brokerage firm actually received (*with the discount*).

- ***Off-the-Bottom deductions -*** another method of creating new revenue without adding new sales is by striking a balance with the agent sales force that would allow the brokerage firm "***charge back***" to the agent's specific costs of doing business. Error and Omissions Insurance, administrative costs, marketing fees, are some of the deduction types. Some brokerage firms will add a small administrative fee to each deduction to cover the costs of managing these expenses and their collection from each sales transaction. Some amounts can add up over time and depending upon the volume (*number of sides*) that a brokerage produces, these small amounts can be a substantial amount. The right back office solution makes off-the-bottom deductions easy to customize, set up and automatically calculated and deducted from the agent's final commission amount for any given sale.

Knowing is better than guessing
(a case for business intelligence reporting)

Throughout this guide the topic of "***knowing***" and "***business intelligence***" are mentioned as key reasons for the success of any business organization and this also applies to real estate brokerage. Business intelligence reporting is not new and not difficult to integrate into any brokerage operation. Even modest real estate firms have some form of business intelligence reporting to guide them through the financial maze of running a brokerage firm.

The larger the brokerage company the more advanced they are in collecting, vetting and organizing their operational data. When great data is matched up with a great business intelligence reporting solution, the broker owner and their entire team are better equipped to handle the many complexities they face each and every day. Conversely, poor business practices result in bad data and poor or inadequate reporting.

Larger firms invest heavily in affordable technology to streamline the entire process of recording, tracking, managing and maintaining high quality data. These firms work hard at creating practical policies and processes for collecting the data and ensuring that the information is accurate, complete and timely. As mentioned earlier, "*garbage in will equal garbage out*".

As you can see, the first step in creating an awesome business intelligence reporting solution is to create the best practices and procedures in the brokerage's administrative department. This starts with the agent and working through the entire company's the branch office administrative staff, branch managers and head office administrators.

The next step is for the broker owner to validate that their current back office solution is creating the best and most accurate reporting available. This step requires the broker to take a hard look at each report within their current solution and determine whether or not their reports are meeting the needs of the entire company from management to the sales force.

It's been our experience that a majority of the companies that select our new products and services do so because their current solution is antiquated and lacks the flexibility to produce meaningful business intelligence reports. All too often, these older systems make it difficult to collect and correctly enter the business information into a well organized central database. We are sometimes surprised to find that the business reports management is relying upon for accurate and timely information are full of errors, omissions or incomplete! Ouch!

Agent Period Comparison

51 Christina Street 322
Buffalo NY 14221
(716) 234-3242

Hurak Commercial Real Estate

	Period 1	Period 2	Comparison
Contracts Written (units):	15.50	3.50	-77.42%
Contracts Closed (units):	0.00	6.50	100.00%
Contracts Cancelled (units):	0.00	0.00	0.00%
Percent of Contracts Cancelled (units):	0.00%	0.00%	0.00%
Sales Volume Written:	$1,945,828.55	$819,100.00	-57.91%
Sales Volume Closed:	$0.00	$148,835.71	100.00%
Listings Taken:	0.00	0.00	0.00%
Listing Volume Taken:	$0.00	$0.00	0.00%
Agent Income Earned:	$0.00	$7,834.29	100.00%
Contribution to Company Dollar:	$0.00	$1,958.57	100.00%

Excellent Improvement (> 40%)
Good Improvement (20% - 40%)
Performance Warning (-20% to -40%)
Serious Performance Alert! (> -40%)

Agent: Ditmer, Tony (26)
Associate Period Comparison

5/3/2025
12:35:48 PM

Period 1: 01/01/24 - 03/31/24   Period 2: 01/01/25 - 03/31/25
***Days in Period 1:** 90   **Days in Period 2:** 89*

The above report provides the broker owner or their management team with critical reporting to illustrate an agent's sales performance over two periods. Whether the report reflects a positive or negative overview of the agent's activities, having this type of intelligence provides the foundation for better decision making.

Imagine that you have the ability to create this business intelligence report at any time for any agent or group of agents?

How more effective would you and your management team be when armed with this real time reporting?

Associate Cash Flow Projection

51 Christina Street 322
Buffalo NY 14221
(716) 234-3242

Hurak Commercial Real Estate

Projections for Bobby Sue Jones

Projections By

Next 7 Days:	$2,657.86	Overdue:	$0.00
8 to 14 Days:	$2,539.11	Next 30 Days:	$668.75
15 to 21 Days:	$1,989.11	Beyond 30 Days:	$663.11
22 to 28 Days:	$1,989.11	Total Pendings:	$2,657.86

Greater than two weeks over the estimated closing date
One week over the estimated closing date
Closing within one week of the estimated closing date

Number		Contract Date	Estimated Close	Days	Lister/Buyer/Address	Office Involved	Units	Volume	GCI	Income
6200	B	04/04/24	04/01/25	14	Reneee McKa/Kenneth Cl/135 Merriv	Beach Haven	1.00	$475.00	$237.50	$118.75
6149	L	03/06/24	04/03/25	16	Erin Hatha/Tom Dougla/16 Fairlan	Beach Haven	1.00	$2,200.00	$1,100.00	$550.00
6311	B	03/19/25	05/01/25	44	David Gunn/Joseph Bun/803 Grandv	Beach Haven	1.00	$4,420.00	$2,210.00	$1,326.00
6225	B	06/18/24	07/02/25	106	Thomas Don/Kenneth Bo/109 Havenw	Beach Haven	1.00	$2,324.92	$1,162.46	$581.23
6268	L	12/11/24	01/01/26	289	Ryan Georg/Christine/883 Waterf	Beach Haven	1.00	$3,300.00	$163.76	$81.88
Total							5.00	$12,719.92	$4,873.72	$2,657.86

This report is another example of business intelligence reporting that makes the job of a broker owner or their management team much easier. If this agent were to ask for an advance on future sales, what would you do?

Cash Flow Projection

Hurak Commercial Real Estate

51 Christina Street 322
Buffalo NY 14221
(716) 234-3242

Projections By

Next 7 Days:	$3,225.00	Next 30 Days:	$42,129.25
8 to 14 Days:	$38,904.25	Next 31 to 60 Days:	$0.00
15 to 21 Days:	$0.00	Over 60 Days:	$12,338.25
22 to 28 Days:	$0.00	Overdue:	$7,956.60

Total Pendings: $62,424.10

- Greater than two weeks past the estimated closing date
- One week past the estimated closing date
- Closing within one week of the estimated closing date

Sales No		Contract Date	Estimated Close	Days to Close	Address-Lister/Buyer	Listing Side	Selling Side	Units	Volume	GCI	Company Dollar
43	I	9/7/24	3/11/25	-7	509 Murphy - Norman/ Wong	Sue Grimes	Patrick O'Shea	2	$480,000.00	$13,200.00	$4,731.60
6286	L	12/18/24	3/31/25	13	8345 Allen - Jacks/ Westerly	Earle McCoy	Young and	1	$500,000.00	$15,000.00	$7,500.00
6274	I	11/20/24	4/1/25	14	45 Carling - Hathaway/ Jenn	Billy Joe Williams	Sally Jonas	2	$980,000.00	$29,400.00	$10,290.00
6307	I	2/4/25	4/1/25	14	793 Birchw - Inness/ Edwards	Patrick O'Shea	Patrick O'Shea	2	$990,000.00	$29,700.00	$8,890.50
6299	I	2/5/25	5/30/25	73	78 Rosewoo - West/ Riveres	Sally Jonas	Charles Peterson	2	$1,130,000.00	$33,900.00	$12,338.25
		Beach Haven 001			***Branch Totals***			**9**	**$4,080,000.00**	**$121,200.00**	**$43,750.35**
87	L	1/7/25	3/26/25	8	7309 Beach - Mathers/ Summers	William Donaldson	Reliable R	1	$215,000.00	$6,450.00	$3,225.00

Sales No		Contract Date	Estimated Close	Days to Close	Address-Lister/Buyer	Listing Side	Selling Side	Units	Volume	GCI	Company Dollar
13	I	1/15/25	3/31/25	13	21 Mayfair-Belrose/ Quaid	Julie Western	Julie Western	2	$300,000.00	$7,500.00	$3,281.25
		Blue Water 002			***Branch Totals***			3	**$515,000.00**	**$13,950.00**	**$6,506.25**
92	L	11/4/24	2/28/25	-18	902 Wester-Penner/ Douglas	Brenden Peters	Norman Rea	1	$215,000.00	$6,450.00	$3,225.00
80	I	1/15/25	4/1/25	14	839 Lakevi-Olsen/ Bestard	Mike Tilerson	Aaron Taylorson	2	$730,000.00	$18,250.00	$8,924.50
		Riverview 003			***Branch Totals***			3	**$945,000.00**	**$24,700.00**	**$12,167.50**
Total					***Grand Total***			**15**	**$5,540,000.00**	**$159,850.00**	**$62,424.10**

Business intelligence reports should allow the ability to filter the data to produce reports that are specific to any particular requirement. This Cash Flow Projection report is a great example. This business intelligence report can be filtered by agent, by branch office or for the entire company (all branches).

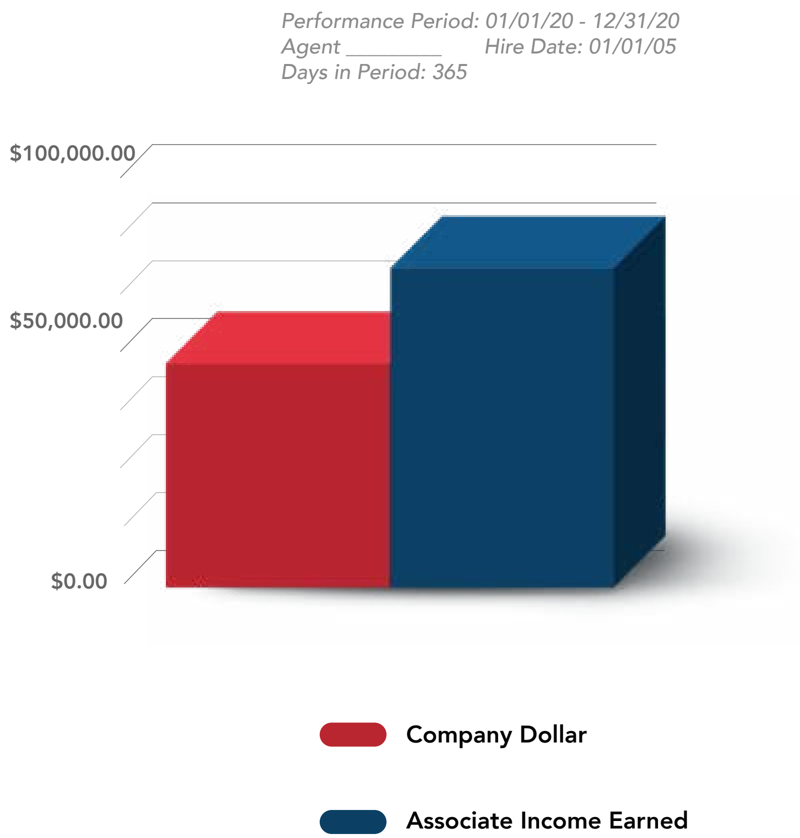
How concerned would you be if this report reflected your company's cash flow projection for the next 60 days?

Agent Performance Summary

Written Business (units):	13.92
Closed Business - Listings Sides (units):	5.54
Closed Business - Buying Sides (units):	3.38
Closed Business (units):	8.92
Cancelled Business (units):	1.00
Current Listing Inventory:	27.00
New Listings Taken:	0.00

Price Reductions	
Reductions per Listing-Month:	
Written Business Volume:	$10,788,946.22
Written Business GCI:	$269,335.27
Closed Business Volume:	$6,764,696.22
Closed Business GCI:	$148,607.77
Listing Volume Taken:	$29,005,000.00

Referral Sent	
Referral Income:	$1,128.37
Income Earned:	$86,125.62
Income Projected:	$116,055.68
Company Dollar Contribution:	$56,929.40
Company Dollar Contribution Less Desk Cost:	**$42,529.40**



This report is similar to an illustration used in a previous chapter of this guide. This one is slightly different in that the agent in this report is showing a positive company dollar contribution. As mentioned earlier, a sophisticated back office solution should allow business intelligence reports to be filtered to reflect the data the management staff wishes to review. In this illustration, the report was filtered by a date range and a specific agent.

This agent profile report (illustrations 14 & 14b) is a snapshot of each associate's listings and sales activity for any given period. This report is available to brokers, managers, administrators and even the agent. How important would this report be when conducting annual agent reviews?

Agent Profile Report | Hurak Real Estate

51 Christina Street 322 I Buffalo NY 14221 I (716) 234-3242

Agent Name	Pay Plan	Commission Anniversary Date	Plan to Date Earnings	Current Plan Level	Next Plan Level	Agent Earnings to Next Level
Tilerson, Mike	50 to 80 4 Levels-Blended	1/30/2025	$5,925	50.00%	60.00%	$11,575

Listing Taken

From 1/1/2024 to 12/31/2024

Listing Date	Listing ID	Listing Status	Listing Price	Property Address	City
11/1/2024	5248	Pending	$2,000,000	472 London Line	Buffalo
9/1/2024	5237	Pending	$690,000	12 Jackson Street	Buffalo
2/12/2024	58	Pending	$375,900	839 Lakeview Drive	Buffalo
10/2/2024	5200	Pending	$500,000	83 Albert Lane	Buffalo
11/1/2024	5255	Pending	$4,000,000	987 Colburn Road	Buffalo
11/7/2024	5233	Pending	$600,000	87 Queen	Buffalo

Written Sales

From 1/1/2024 to 12/31/2024

Date	Sale No	Role	Units	Status	Volume	Property Address
12/11/2024	6176	Listing	0.50	Open	$1,150.00	52 Woodland Port Hu
3/14/2024	6176	Selling	1.00	Closed	$2,300.00	52 Woodland Port Hu
9/6/2024	6176	Selling	1.00	Closed	$2,300.00	52 Woodland Port Hu
12/11/2024	6176	Selling	1.00	Pending	$2,300.00	52 Woodland Port Hu
12/13/2024	6198	Listing	1.00	Pending	$3,450.00	12 Jackson Street P
6/11/2024	6198	Listing	1.00	Closed	$3,450.00	12 Jackson Street P
12/14/2024	6198	Listing	1.00	Closed	$3,450.00	12 Jackson Street P
5/7/2024	6199	Listing	1.00	Closed	$5,000.00	87 Queen Port Huron
12/13/2024	6199	Listing	1.00	Pending	$5,000.00	87 Queen Port Huron
6/5/2024	6212	Listing	1.00	Closed	$7,200.00	472 London Line Por
12/21/2024	6212	Listing	1.00	Pending	$7,200.00	472 London Line Por
Total			**10.50**		**$42,800.00**	

Closed Sales

From 1/1/2024 to 12/31/2024

Final Close Date	Sale No	Role	Units	Status	Volume	Property Address	Taxable Earnings
3/14/2024	6176	Selling	1.00	Closed	$2,300.00	52 Woodland Port Hu	$575.00
5/7/2024	6199	Listing	1.00	Closed	$5,000.00	87 Queen Port Huron	$1,250.00
6/5/2024	6212	Listing	1.00	Closed	$7,200.00	472 London Line Por	$1,800.00
6/11/2024	6198	Listing	1.00	Closed	$3,450.00	12 Jackson Street P	$862.50
9/6/2024	6176	Selling	1.00	Closed	$2,300.00	52 Woodland Port Hu	$575.00
12/14/2024	6198	Listing	1.00	Closed	$3,450.00	12 Jackson Street P	$862.50
		Total	**6.00**		**$23,700.00**		**$5,925.00**

Pending Sales

Date	Sale No	Role	Units	Status	Volume	Property Address	Taxable Earnings
4/20/2017	75	Selling	1.00	Pending	$245,000.00	783 Williams Road B	$3,675.00
4/23/2017	80	Listing	1.00	Pending	$365,000.00	839 Lakeview Drive	$4,562.50
12/11/2024	6176	Selling	1.00	Pending	$2,300.00	52 Woodland Port Hu	$575.00
12/13/2024	6199	Listing	1.00	Pending	$5,000.00	87 Queen Port Huron	$1,250.00
12/13/2024	6198	Listing	1.00	Pending	$3,450.00	12 Jackson Street P	$862.50

Associates - Profile Detail *2/1/2025 2:53:54 PM*

Just these few examples should be enough evidence that high quality business intelligence reporting is vital for any real estate business regardless of their size.

How technology can be a major contributor to success

Antiquated technology can create serious challenges for real estate broker owners. From poor data collection practices to lousy reports, an old tired system can limit any brokerage firm's ability to grow and prosper. It's another reason most of our customers selected our products and services. Our customers realized the obstacle that their current solution was creating. Ask any of our existing customers if they regret their decision to select our organization as their supplier. Many of our customers have been using our products and services for decades. That just wouldn't happen if our technology was not delivering the results the brokerage firm requires year after year!

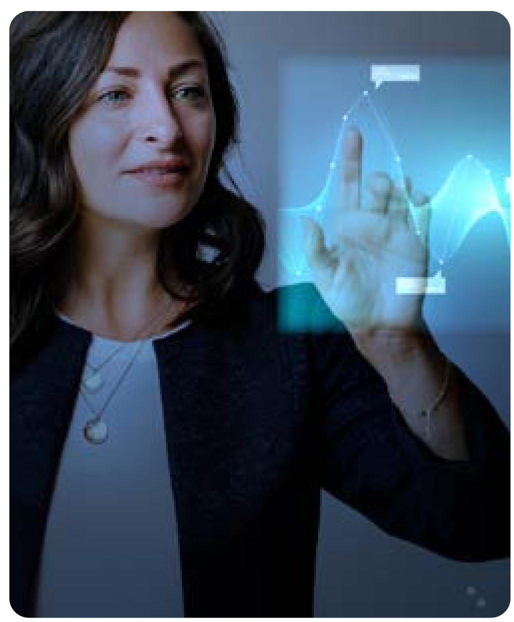
Flexible, customizable, scalable, proven and reliable are just some of the keywords that describe a modern back office solution. If this doesn't describe your current solution, then it's time to make a change.

Affordable is also a major ingredient when deciding which solution to select. Quality should not be sacrificed because of price. Cheap solutions are generally worth what you paid for them, not much! Expensive solutions that can do everything you want can also be problematic. It's not much of a solution if you cannot afford it.

When considering a new solution, ask yourself whether or not the new technology can save you money or make you more competitive. Perhaps increase revenue through creative commission plans or by applying new administrative fees to the sale. The cost of the technology should be considered an investment that creates a "*return on and of your investment*". Sure there is a cost to doing business, but if technology can pay for itself in a reasonable period of time, then the cost of the technology is somewhat irrelevant.

Our customers continue to tell us that their firm would have experienced serious issues if they continued on with their older solution. They also tell us that our products and services pay for themselves very early in the process.

In today's real estate enterprise, data is fragmented across dozens of disconnected systems—residential, commercial, new home, mortgage, title, insurance, and property management. This siloed infrastructure prevents firms from understanding their customers holistically, limits productivity, and blocks innovation.



We plan to change that. We enable brokerages to consolidate their operational intelligence within a private walled garden—a brokerage-owned data environment where AI copilots are deployed in front of each system, able to communicate, collaborate, and act on the brokerage's behalf. These copilots drive measurable productivity across every business unit while enabling automated workflows, intelligent decision-making, and unified customer lifecycle strategies.

By establishing a sovereign AI environment, brokerages protect their data, preserve their independence, and lay the foundation for long-term enterprise value creation. Fluente is not just a platform—it is the AI-native operating system for the next generation of real estate leadership.

ALL OF US AT WAV GROUP LOOK FORWARD TO WORKING WITH YOU ON ENGAGEMENTS TO ELEVATE YOUR OPERATING EFFECTIVENESS.

About Victor Lund

For more than two decades, Victor Lund and WAV Group have provided consulting services to leading brokerage firms, franchises, MLSs, Associations, and the technology industry that serves them. In 2023, Lund co-authored the book Acquiring more Profit, drawing from his years of brokerage merger and acquisition experience. This visionary publication is a must-have book for every brokerage owner.

Victor Lund is a pioneering leader in the real estate industry, renowned for his exceptional expertise and unwavering commitment to driving innovation and growth. As the CEO of WAV Group, the foremost full-service consulting practice in real estate, Victor's impact on the industry has been profound. With a focus on operational effectiveness, strategic planning, and M&A Advisory, he has guided numerous brokers, networks,

About Ron Hurak

Ron Hurak is a Canadian entrepreneur and software developer known for revolutionizing real estate brokerage technology. Over a career spanning four decades, Hurak has created influential software solutions, including Profit Power, an enterprise ERP system, SMARTS, a back-office solution for small to mid-sized brokerages integrated with QuickBooks, and CAP (Commission Analysis Program), an AI-driven platform optimizing brokerage commission structures. These innovations, developed through his company, LanTrax Inc., have significantly enhanced efficiency and financial management across the real estate industry.

Outside of his professional life, Ron is an accomplished guitarist, releasing albums such as "Chillin'" and "Be Cool," highlighting his talents in blues, jazz, and bossa nova. He actively shares industry insights and software demonstrations through his YouTube channel and maintains a strong professional network on LinkedIn.

About WAV Group

For over 20 years, WAV Group has been a trusted partner to real estate industry leaders, guiding them to success through unmatched passion and deep industry expertise. Our team of C-level professionals delivers world-class advisory services, helping top real estate brokerages, technology firms, MLSs, and Associations achieve their most ambitious goals.

We combine cutting-edge research with practical insights to drive strategic planning, mergers and acquisitions, technology selection, and business growth. WAV Group's extensive experience positions us as a go-to resource for those seeking to innovate, navigate industry changes, and thrive in today's competitive landscape.

Whether it's advising on valuations, managing public relations, or helping businesses secure their data strategies, WAV Group is dedicated to empowering real estate organizations to lead with confidence and vitality.

Learn more at www.wavgroup.com.