

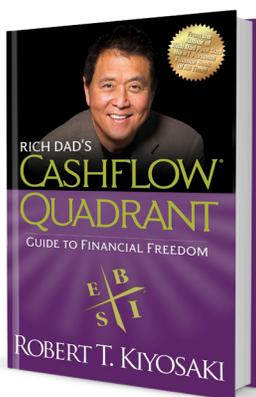
FROM REALTOR TO BUSINESS OWNER (ESBI)

In **The 2 Economies and 2 Success Decisions**, we discussed the idea that our world really operates in two distinct economies with different rules of engagement. We called them the Time/Effort Economy and the Results Economy.

Robert Kiyosaki, in a brilliant little book published in 1998, takes this idea to another level as he discusses the shift from Employee, to Self Employed, to Business Owner, and then to Investor. This concept has formed a groundwork for countless conversations within the walls of our organization and is a terrific framework to understand the progression that we pursue for our agent-clients.

THE CASH FLOW QUADRANT

There is no replacement for reading a good book, so first, I would encourage any entrepreneurially-minded business people to pick up the book at some point. From within the framework of the real estate sales world, the following ideas represent how the Cash Flow Quadrant takes shape within our team.



Essentially, there are 4 major quadrants that form a cycle or progression of successful business owners.

EMPLOYEE

Many, perhaps most of us in the real estate world, at some point had a job. We worked for an employer in exchange for a regular paycheck and performed our work duties at their discretion. In this quadrant, we have a job.

SELF EMPLOYED

Real estate agents have made the leap from Employee, to being Self-Employed. In essence, we became our own employers and reclaimed our independent right to determine our own strategy for executing our work duties. You can work as much or as little as you want. You can show up at whatever time you want. In this quadrant, although a REALTOR® has taken control of their day as an independent contractor, they still have a job.

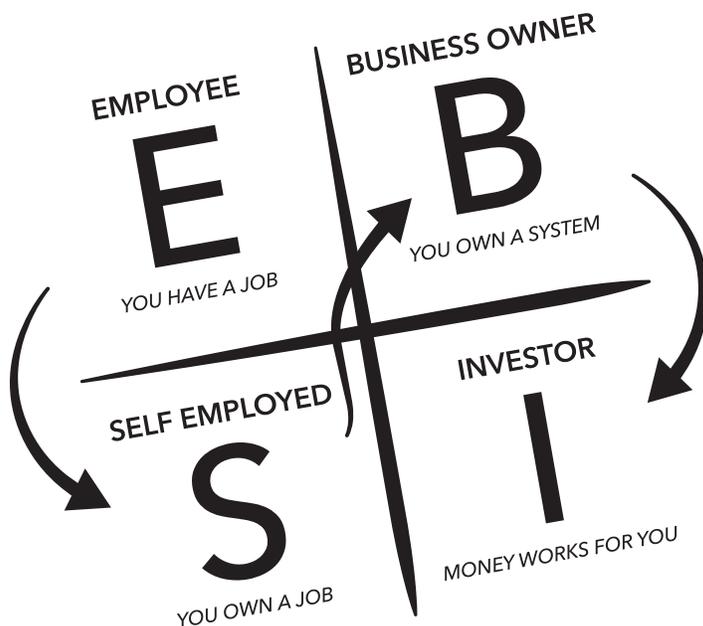
Think of it this way. If, as a REALTOR®, you put in long hours, prospect well, and as a result build a great sales funnel, you will make great revenue. If, however, you sleep in, avoid challenging marketing and sales activities, and as a result don't generate business, you will not!

The decision is yours, but the outcome is directly tied to your inputs. You have control of your job, but it is a job nonetheless. In this Quadrant, we say "You Own Your Job."

The shift from Employee to Self Employed is one that every REALTOR® has made. Very few however, make the next shift, which is exactly where we believe our focus as brokers and agents should be.

BUSINESS OWNER

There is a fundamental difference between someone who is self employed and someone who runs a business. At the most basic level, in a business, rather than owning and having control over your time and inputs, you own a system that works for you. A system or process means that you have created value outside of your personal ability to perform the job. In other words, the process has value in



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and of itself, regardless of who is performing the duties. As a business owner you own more than control of your job. You own a system.

Michael Gerber explains this well in the E-Myth Revisited (another essential read) as **"Systems Run the Business. People Run the Systems."**

Now, we aren't talking about some pie-in-the-sky notion of complete automation where your business somehow passively produces a seven figure income while you lay at the pool. Rather, we believe that a real estate business has the ability (regardless of whether it has 1 or 100 employees) to create a set of processes and systems that have innate value.

Very small examples of this can be implemented from the ground up in your real estate business.

Take for example the act of staying in touch with your database. An agent operating in the Self Employed quadrant, will from time to time, decide to create a marketing piece or newsletter to send to their SOI. A business owner however, will work to build a duplicatable steady stream of outbound communication with their database, that is scheduled, systematic, and could be handled by someone else once created. This way, if the agent is away on vacation they can have someone else handle this process in their absence. Alternatively, the agent now has the ability to hire admin support to take over this process.

Another example might be after sales follow up. An agent who "owns their job" will, from time to time, remember to check in with folks who purchased a home in the recent past. A business owner, however, creates a sustainable program to stay in touch with past clients, creating a scheduled campaign that includes updates on market values and routine check in's. Again, if executed well, this process can be handed off to a team members once developed.

A business owner understands the importance of creating duplicatable, sustainable, and transferable processes. In essence, this takes the value of the business out of the entrepreneurs head, and into a system.

Not only does making the shift from Owing your Job to Owing a System allow for expansion and automation of your business...it also means that you are building something with inherent value. When they retire, the agent who spends ten years operating as a salesperson in the self employed quadrant, stop making sales and stop making money.

The agent who spends ten years building and improving their systems, will one day own a system with inherent value that can easily be sold as a business, with proven processes that produce a stream of income and a bottom line.

Shifting our thinking as agents from that of Salespeople who are self employed, to Business owners who build, sustain, and improve duplicatable, sustainable, transferable systems is a huge step that fundamentally transforms our approach to the business.

INVESTOR

Successful Business owners, who produce positive net returns on their business, have the ability to step into the 4th quadrant. An Investor is someone who puts their money to work for them by investing in other businesses or other opportunities.

Our goal is for our agents to build their real estate businesses to a place where they are producing a net bottom line profit as a business, while paying themselves a salary. Furthermore, we believe that the remaining profit in their business can be leveraged either towards growth, or towards investing elsewhere.

It is our belief that successful agents should be investing in real estate themselves every year, taking into account the best opportunities in the market. We also believe that successful agents should be working towards balanced strategic investment portfolios that account for the long term, including retirement planning.

For so many within the real estate sales world, these ideas seems too far off to be practical. In our experience, real estate agents who embrace a Business Mindset/ Approach to the industry have an immense opportunity to build successful businesses that free them to enjoy the best that our industry has to offer.