

ACRE® WORKBOOK

The workbook worksheets to be completed are in the shaded sections. Know that this workbook is only a starting point: your rates and fees will evolve as you become active on the Coaching Exchange but completing the workbook will give you an important foundation.

Your Strategic Focus

Before you start figuring out hourly rates and fee packages, it's important to figure out what your business is about and what consumers you tend to specialize in — otherwise you can waste a lot of time setting up fee packages that you'll never use.

As an example, my last active year in real estate, I made nearly half of my income using a “Negotiating and Troubleshooting” package. This package was geared to sellers who had found their buyer or buyers who had found their home on their own. That's when they would contact me and I had a package that focused on negotiating a contract and troubleshooting the transaction to close.

You may specialize in working with buyers. Or maybe you would like to work with homeowners who are making decisions such as refinancing or the “move versus improve” decision. No, matter what your focus, you should start with at least two hourly rates: one for functionary tasks, and the other for fiduciary counsel. You then use these as a basis for setting up your fee packages, depending on who you want to service.

Take a few moments to determine and write down your strategic focus. Once you have completed that, the worksheets that follow will take you step by step through the rest.

My Strategic Focus:

Developing Your Hourly Rates

1. Determine your hourly rates for functionary and fiduciary level tasks:

Divide the annual income that you feel you're worth (and would like to earn) by 50. (That's the number of weeks in a year minus two weeks for vacation). This will give you your average weekly income.

Annual Income _____ divided by 50 = _____

2. Then divide your average weekly income by the number of total hours that you'd like to work per week.
3. Average Weekly Income _____ divided by # of hours you'd like to work/week
4. = Minimum (Functionary) Hourly Rate _____
5. This is minimum hourly rate for your time for functionary types of activities (Functionary refers to information gathering and lower level tasks with low risk). You should then double this for fiduciary tasks. (Fiduciary refers to information interpreting and other tasks that involve judgment, accountability, expertise and are high risk).
6. Functionary Hourly Rate _____ x 2
7. = Fiduciary Hourly Rate _____

Example: Let's say that you feel that you're worth \$150,000 per year and you'd like to work no more than 40 hours per week.

\$150,000 divided by 50 weeks = \$3,000/week

\$3,000 divided by 40 hours = \$75 per hour.....which would be your rate for functionary tasks. You would charge \$150 (double) per hour for fiduciary time.

Developing Your Fee Packages

1. Now, on the worksheets that follows at the end of this section, take one side of a transaction – either listing or buying – and list every imaginable task that you perform (*you may need more copies of the worksheet - feel free to make more*). Be expansive – not what you may do usually but every possible task/service that you could offer. (*To get you started on possible task lists, you can refer to the Seller and Buyer Needs Analyses at the end of the course book*).
2. Beside each task or service, determine how much time it takes to complete on average.

3. Then go down each task and service and note whether it's functionary (example – taking digital photos or producing feature sheets) or fiduciary (researching a CMA or negotiating a contract).
4. Multiply the hours by the appropriate hourly fee for each task or service.
5. One more time, go through the list and add in any material or out of pocket costs (paper, ad fees) etc.

(What follows is just a listing-side sample to give you ideas - please don't copy verbatim. YOUR packages should reflect YOUR market, consumer needs, and business practices).

EXAMPLES:

BASIC MLS PACKAGE

Includes:

- Research & Prepare CMA
- Enter Listing on MLS
- Install Yard Sign/Lock Box
- Schedule Showings/Show Unassisted Buyers
- Negotiation of Offer*
- Transaction Coordination-Contract to Close*

* *First Buyer Only* - all negotiation and transaction coordination time on subsequent offers must be paid for by the hour.

Notice that the package is basic because it cuts out functionary tasks that the homeowner can do themselves such as feature sheets as well as services, such as virtual tours and exposure on our web site that, while helpful for marketing the home are still functionary in nature and can be skipped, depending on how hot the market is. Notice what is NOT skipped on - fiduciary counsel. They get pricing help, negotiation of offers and someone to troubleshoot the transaction.

MIDDLE OF THE ROAD PACKAGE

Includes: Everything In The Basic MLS *PLUS*

- CMA Presentation/Review of Contracts, Disclosures, & Paperwork
- Take & Edit Digital Photos
- Prepare Feature Packages (*20 copies - 6 pages each*)
- Prepare Virtual Tour
- Prepare Web Pages

- Follow up feedback for showings

This package takes the vital fiduciary counsel and adds in some functionary tasks that we find are important for selling a home for top dollar.

DELUXE PACKAGE

Includes: Everything In The Middle Package *PLUS*

- Take room measurements and prepare floor plan
- Staging
- Prepare an e-Neighborhood report
- Prepare Yard Box/Open House Feature Sheets (*30 double sided*)
- Pre-Market House Cleaning
- Write Classified Ads/Submit (*for up to 2 open houses*)
- Hold up to 2 Open Houses - 3 hours each (*seller's discretion on OH*)
- Attend Home Inspection
- Attend Closing

Remember on these packages, if you're going to provide "limited service" scrimp on functionary, not fiduciary.

Don't be afraid to experiment. Here's another idea for a fee package which answers a scenario that happens to us agents all the time (*especially with the growth of sites such as eBay and Craig's List*) - a home seller has procured a buyer themselves who would like to make an offer on their home. The following package gives them the assistance they need in this crucial part of the selling process (statistically these two areas are the ones where homeowners can run into the most trouble and lose the most money in if they don't have professional assistance). It also provides the agent a way to be paid.

NEGOTIATING / TROUBLESHOOTING TO CLOSE PACKAGE

Includes:

- Negotiation of the first offer (*negotiation time on subsequent offers must be paid for by the hour*)
- Negotiation of any inspection/follow up issues

- Troubleshooting and Coordination of the first transaction from contract to close (following through subsequent contracts must be paid for by the hour).

Or, just charge by the hour with a pre-determined cap.

Once you have completed the five steps in the worksheet that follows, you now have the basis for developing your own fee-based options. Here are some options on what you can offer:

1. **Hourly Rate:** You already have that for when someone wants you to provide a couple of hours of counsel (use the higher fiduciary rate always).
2. **A-La-Carte Fee Schedule:** Simply list all tasks from the worksheet with the appropriate fee charged. What I (Mollie) did was *limit what I offered a-la carte to functionary tasks.*¹

A-La-Carte List

Here are samples of some of the services that could be unbundled and offered a-la-carte. Notice that they are primarily functionary in nature and do not involve fiduciary counsel and representation.

Review/Prepare a Competitive Market Analysis (CMA)

Digital Photography (Up to 10 shots –taken and edited) and copied to a CD

Floor Plans

Feature Packages: Up to 6 pages with color photos, your description and information on the town

“Just Listed” Post Cards

“Know Your Neighborhood” Report

Prepare Virtual Tour, post on web site

Home Staging

3. **Deluxe Package:** It’s already done. Just take your comprehensive list from your worksheet, add it up and this is what you’d get paid when a seller wanted “soup-to-nuts” but wanted to pay by fee rather than commission. Make sure to determine how much will be paid up front.

¹ As we talked about in the course book, in many areas of the country, agents are putting For Sale By Owners into the Multiple Listing Service for a low fee. We (the coaches) believe that this practice is not only a consumer rip-off but also, a law suit waiting to happen - especially in states that do not have a history of transactional brokerage. Even if the agent takes pains to explain that they are in no way, shape, or form providing any counsel for that low fee, we believe it’s only a matter of time before a seller, who loses big time because they didn’t have any market counsel, sues the brokerage that the agent works for, because they were, in fact, an “agent”. This is, of course, a decision that each agent (and their brokerage) must answer for themselves, but it’s something to think about.

4. **Other Packages:** Here is where you can get creative. As you can see in the examples above, I took my deluxe package and stripped it down to the bare necessities for a FSBO prospect who thought they “just wanted to be in the MLS” which I was unwilling to do. So what I did do was package the MLS (complete with a sign and a lock box) with negotiating and troubleshooting the transaction for my “BASIC” package. Lastly, I developed a “MIDDLE” package between the “DELUXE” and the “BASIC”, which would provide other services (20 Feature Sheets, internet exposure) without frills (floor plans, open houses).

IMPORTANT: Your ultimate fee packages will be the result of trial and error! As you begin to use your packages in the real world, you’ll find that you “tweak” your charges depending how much your actual time differs from your estimated. Also, you may find that the consumer requests tasks/services that you may not have thought of.

Also, as your consulting business evolves, you may find that you want to work with a certain “niche”. For instance, while I had originally developed three different marketing packages, as my personal business grew, I had to target what business I really wanted. Because I really enjoyed the high-tech marketing, I got to the point where I only offered the Deluxe package. Just remember, there is no right answer. Be open-minded, and think win-win. Remember, once you become an ACRE® and join the Coaching Exchange, you will have a community of like-minded professionals to bounce ideas off of and get help from. We’re looking forward to having you join us!

