

It's Time To Start Growing Company Revenues

Presented by:

Ralph Spencer, *CCIM, SIOR*

*Slides – Including session
survey results*

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Brokerage Management – SPB



It's Time To Start Growing Company Revenues

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SIOR Brokerage Management Survey

October 2011

Survey

Does your company pay for SIOR dues expenses for your brokers :

RESULTS

- A. All
- B. Part
- C. None

Low participation response, data not meaningful

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SIOR Brokerage Management Survey


October 2011

Survey

Does your company pay for SIOR conference expenses for your brokers :

RESULTS

| | |
|--------------|------------|
| | 10/22/2011 |
| | 9:57AM |
| A.All | A) 36% |
| B.Part | B) 15% |
| C.None | C) 48% |
| 33 Responses | |

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SIOR Brokerage Management Survey

May 2011

Background

SIOR
 Brokerage Management Survey
 May 5, 2011

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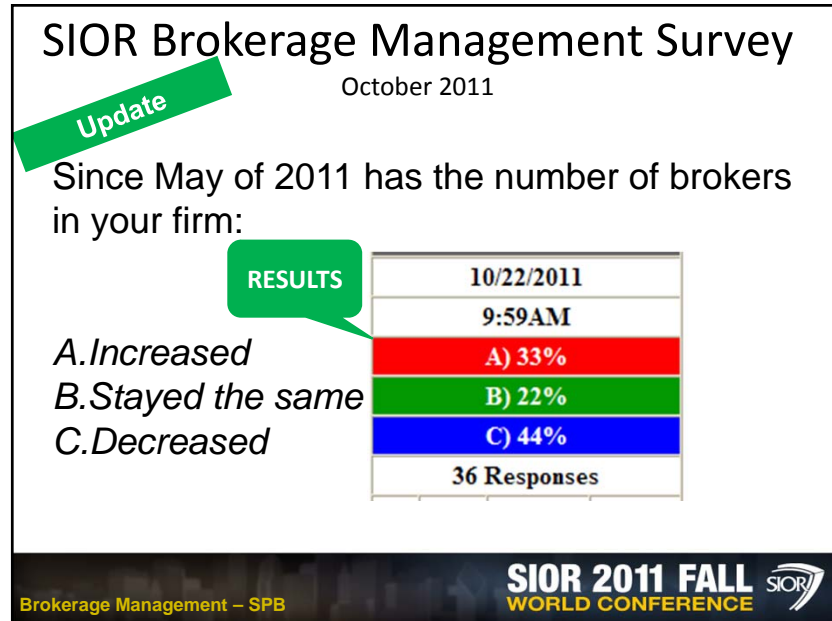
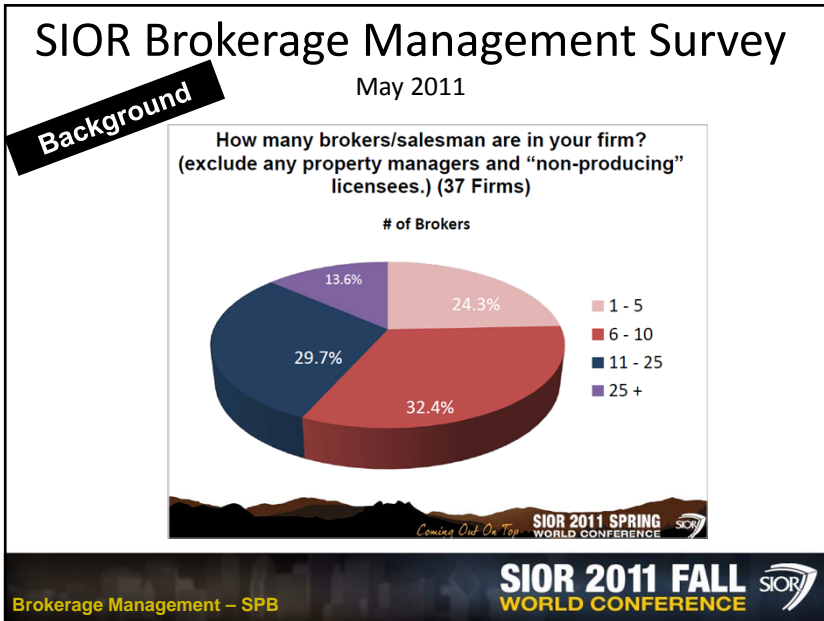
J. Michael Boyd, CRE, SIOR Houston, Texas
 David A. Prior, SIOR Los Angeles, California
 Don Ossey, SIOR Portland, Oregon

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SIOR Brokerage Management Survey May 2011

Background

How many staff people do you have providing direct support to these brokers?

| Size of Firm | Average* | Range |
|--------------|----------|--------|
| 1 – 5 | 2.28 | 1 – 5 |
| 6 – 10 | 3.54 | 2 – 6 |
| 11 – 25 | 6.00 | 3 – 11 |
| 25 + | 13.20 | 7 – 25 |

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SIOR Brokerage Management Survey October 2011


Update

Since May of 2011 has the number of staff people directly supporting the brokers:

RESULTS

| |
|---------------------|
| 10/22/2011 |
| 10:01AM |
| A) 48% |
| B) 40% |
| C) 10% |
| 37 Responses |

A. Increased
 B. Stayed the same
 C. Decreased

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SIOR Brokerage Management Survey
 May 2011

Background

What is your annual desk cost?

| Size of Firm | Average Desk Cost | Range of Desk Cost |
|----------------------|-------------------|----------------------|
| 1 – 5 | \$53,400 | \$25,000 - \$150,000 |
| 6 – 10 | \$57,523 | \$20,000 - \$75,000 |
| 11 – 25 | \$56,736 | \$31,625 - \$100,210 |
| 25+ | \$72,000 | \$43,500 - \$98,000 |
| Overall Average 2010 | \$59,914 | |
| Average 2005 | \$63,115 | |
| Average 2007 | \$60,728 | |

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 October 2011

Update

Since May of 2011 has your desk cost:

RESULTS

| | |
|--------------------|---------------------|
| | 10/22/2011 |
| | 10:03AM |
| A. Increased | A) 18% |
| B. Stayed the same | B) 67% |
| C. Decreased | C) 13% |
| | 37 Responses |

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SIOR Brokerage Management Survey
 May 2011

Background

Operating Expense Breakdown
Side by Side Comparison

| Gross Commissions | | 100% | | | |
|---|-------|--------|---------|-------|--|
| Size of Firm | 1 – 5 | 6 – 10 | 11 – 25 | 25 + | |
| Percentage of Gross Fees Paid to Agents/Brokers | 60% | 60.8% | 58.9% | 55.9% | |
| Overall 2010 Average | 58.9% | | | | |
| Overall 2007 Average | 61.0% | | | | |
| Rent | 5.2% | 6.9% | 4.9% | 6.4% | |
| Overall 2010 Average | 5.8% | | | | |
| Overall 2007 Average | 4.1% | | | | |
| Administrative Staff | 15.4% | 16.5% | 14.3% | 16.1% | |
| Overall 2010 Average | 15.6% | | | | |
| Overall 2007 Average | 9.35% | | | | |

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 October 2011


Update

Since May of 2011 has the percentage of gross fees paid to agents/brokers:

RESULTS

A. Increased
 B. Stayed the same
 C. Decreased

| |
|---------------------|
| 10/22/2011 |
| 10:04AM |
| A) 23% |
| B) 50% |
| C) 26% |
| 34 Responses |

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SIOR Brokerage Management Survey


May 2011


Background

Firm Profitability

- 2010 Average Net Income 7.7%
- 2007 Average Net Income 12.6%

| | |
|---|------|
| • 2010 Reported Transaction Volume | |
| – About the same or higher | 25% |
| – Lower | 75% |
| • Average | -39% |
| • 19% Reported down by +/- 50% | |
| • 2010 Reported Desk Cost were about the same | |

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October 2011

Survey

Compared to 2010, do you think your 2011 level of profitability will have:

RESULTS

| | |
|----------------------------|--------------|
| | 10/22/2011 |
| | 10:08AM |
| A. Increased significantly | A) 37% |
| B. Increased slightly | B) 25% |
| C. Stayed the same | C) 22% |
| D. Decreased | D) 15% |
| | 40 Responses |

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May 2011


Background

Firm Profitability

| | |
|---------------------------|-------|
| • 2010 Average Net Income | 7.7% |
| • 2007 Average Net Income | 12.6% |

- 2010 Reported Transaction Volume
 - About the same or higher 25%
 - Lower 75%
 - Average -39%
 - 19% Reported down by +/- 50%
 - 2010 Reported Desk Cost were about the same



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October 2011

Survey

Compared to 2010, do you think your 2011 transaction volume will have:

RESULTS

| | |
|-----------------------|-----|
| | 41% |
| B. Increased slightly | 24% |
| C. Stayed the same | 21% |
| D. Decreased | 12% |
| 41 Responses | |

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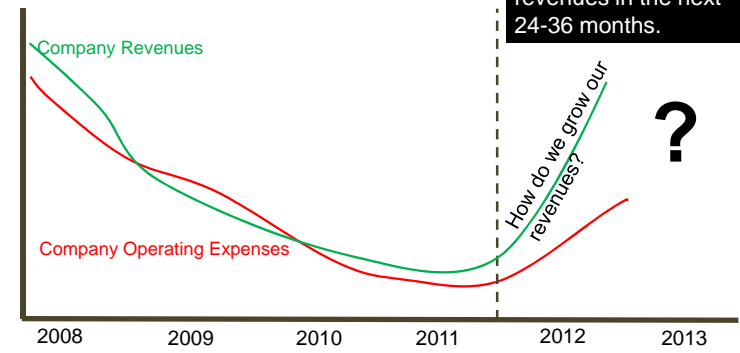
The Wisdom of Groups



- If we only knew individually, what we know collectively!
- In your small group add the number of years of “brokerage management” experience

Background

Small Group Activity – Identify the 3 best ways to grow company revenues in the next 24-36 months.



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Ways to Grow Revenues



Group answers

Small Group Activity – Identify the 3 best ways to grow company revenues in the next 24-36 months.

1. Increase sales volume – raise top line
2. Outsource, automate and delegate ex. Sourcing leads
3. Focus on tenant representation and user brokerage
4. Expand and/or add service lines, ex. Auction
5. Contact previous clients
6. Expand by acquiring a firm or adding brokers
7. Really work referral network
8. Focus on “high probability” listing and representation assignments
9. Focus on larger transactions

How do we grow company revenues?

From our existing brokers

Add some “STP”

More effective teaming

Quartile analysis

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Growing Revenues From Existing Brokers

Add some "STP"



See the People
See the Properties

- Add "STP" to improve performance
- Organized contact management system, maybe shared
- Minimum of 350 to 500 contacts
- Illustration – STP Day
- It's not only who you know, but more importantly who knows you



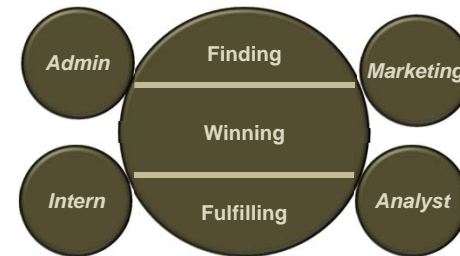
It is more important to have a deeper relationship with fewer people, than a shallow relationship with many

Growing Revenues From Existing Brokers

More effective teaming



- Teams
 - Deal Based
 - Specialty Based – strategic partnering
 - Structured – playing to strengths



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October 2011

Survey

When looking at our industry over the next 24 to 36 months, do you expect structured teaming to:

RESULTS


| | |
|------------------|--------------|
| | 10/22/2011 |
| | 10:57AM |
| A. Increase | A) 55% |
| B. Stay the same | B) 22% |
| C. Decrease | C) 22% |
| | 40 Responses |

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Growing Revenues From Existing Brokers

Quartile analysis



- Actual revenue for last 12 months
- Expected revenue for next 12 months

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Growing Revenues From Existing Brokers

Quartile analysis

- Actual revenue

| Name | Actual Results Last 12 months |
|----------|-------------------------------|
| Broker A | \$ |
| Broker B | \$ |
| Broker C | \$ |
| Broker D | \$ |
| Broker E | \$ |
| Broker F | \$ |
| Broker G | \$ |
| Broker H | \$ |
| Broker I | \$ |
| Broker J | \$ |
| Broker K | \$ |
| Broker L | \$ |

Top 50% (next to Broker C)

Bottom Quartile (next to Broker K)

Growing Revenues From Existing Brokers

Quartile analysis

- Expected revenue

| Name | Expected Results Next 12 months |
|----------|---------------------------------|
| Broker A | \$ |
| Broker G | \$ |
| Broker C | \$ |
| Broker B | \$ |
| Broker E | \$ |
| Broker F | \$ |
| Broker J | \$ |
| Broker D | \$ |
| Broker I | \$ |
| Broker H | \$ |
| Broker K | \$ |
| Broker L | \$ |

Top 50% (next to Broker B)

Bottom Quartile (next to Broker K)

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Growing Revenues From Existing Brokers

Quartile analysis

| Name | Actual Results Last 12 months | Name | Expected Results Next 12 months |
|----------|-------------------------------|----------|---------------------------------|
| Broker A | \$ | Broker A | \$ |
| Broker B | \$ | Broker G | \$ |
| Broker C | \$ | Broker C | \$ |
| Broker D | \$ | Broker B | \$ |
| Broker E | \$ | Broker E | \$ |
| Broker F | \$ | Broker F | \$ |
| Broker G | \$ | Broker J | \$ |
| Broker H | \$ | Broker D | \$ |
| Broker I | \$ | Broker I | \$ |
| Broker J | \$ | Broker H | \$ |
| Broker K | \$ | Broker K | \$ |
| Broker L | \$ | Broker L | \$ |

Top 50% (Brokers A-D)
Bottom Quartile (Brokers K-L)

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Do you have any brokers who have been in the bottom quartile for the last 12 months and you expect them to remain in the bottom quartile for the next 12 months:

RESULTS

- A. Yes
- B.No
- C. Don't know

| |
|--------------|
| 10/22/2011 |
| 10:57AM |
| A) 73% |
| B) 17% |
| C) 8% |
| 40 Responses |

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Growing Revenues From Existing Brokers

Quartile analysis Evaluate their "KASH" box

| | | | |
|----------|----|----------|----|
| Broker I | \$ | Broker I | \$ |
| Broker J | \$ | Broker H | \$ |
| Broker K | \$ | Broker K | \$ |
| Broker L | \$ | Broker L | \$ |


Bottom Quartile Bottom Quartile

Knowledge

Habit **A**ttitude

Natural behavioral fit for the position

Skills

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Growing Revenues From Existing Brokers

Quartile analysis


Left Side of Room

– What are the biggest obstacles when trying to grow revenues from your least productive brokers?



Right Side of Room

– What do you recommend?

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How do we grow company revenues?

- ✓ From our existing brokers
 - Add some “STP”
 - More effective teaming
 - Quartile analysis

It's Time To Start Growing Company Revenues

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