

Business Expenses & Profits

Sometimes, an agent will make the mistake of building their real estate business around their assumptions or a “gut feeling”. These agents do not usually succeed.

PROFITABLE BUSINESS

Successful agents are well organized, keep track of their financial records, and use them to make informed business decisions. How will you know your total expenses and if your business is profitable.

EXPENSE & REVENUE LOG

Starting Balance: \$1,000 Expense: \$500 Revenue: \$3,000 Ending Balance: \$3,500 Make sure every day to keep track expenses and revenue log of all money comes in and goes out of your business. Keep your personal & business finances separate.

INCOME STATEMENT - PROFIT & LOSS STATEMENT

Is to aggregate all expenses and revenue into categories for a week, month, quarter, or year. Indicates whether your business is profitable during that period. You can study and analyze it to gain insights that will help you improve your business. We provide an excel document that will summarize expenses, revenue, and profitability. Use a notebook and receipts and enter expenses and revenue into the excel document.

FIXED COSTS

Some examples are rent, salaries, tax obligations, and specific business expenses. An agent should be thoughtful and cautious in taking on fixed costs.

VARIABLE COSTS

Some examples are marketing, material, and business development expenses.

MANAGING BUSINESS PROFITS

Unfortunately, every business experiences surprises and setbacks. It's common for an agent with a real estate business to have cash flow challenges. You should immediately address negative cash flow with actions that generate sales as quickly as possible and reduce costs. We provide an excel document to use to track the percentage from gross and net profit margin, and profit percentages.

PROFIT

Is the money left over after your business after you have subtracted your expenses from your business. (Sales Revenue - Costs = Profit)

CASH FLOW - Is the lifeblood of your business.

It allows you to pursue options of growth, make investments, and save money for unexpected situations and emergencies. Cash flow problems are one of the most leading causes of business failure. Positive cash flow is achieved through hard work and careful planning.

PROFIT MARGIN

This percentage tells you about the profitability of your business.

GROSS PROFIT MARGIN

Is the percentage of money the business keeps after the variable costs are subtracted for the sales revenue.

NET PROFIT MARGIN

Is the percentage of money the business keeps after both the variable costs and the fixed costs are subtracted from the sales revenue. The net profit margin tells you the percentage of money returned as a profitable business.

PROFIT PERCENTAGE

A successful business have gross profit margins that are around 50 percent or greater and net profit margins that are around 10 percent or greater.

BUSINESS NOTEBOOK

Use a notebook and/or a electronic document to record thoughts and ideas building your business.

Results that Move You!

