



Lone Wolf

10 tips for starting a
real estate brokerage

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Welcome!

When you're thinking about starting your own real estate brokerage, there's a lot to keep in mind! So much, in fact, that it can be difficult to know where to start.

This eBook will help you navigate your new role as a broker, both as you get started and as you start to grow. With this information in your kit, you can ensure you're focusing your planning efforts and energy on the right places – so you can make the shift from agent to broker without a hitch, and make sure your business can take off and grow!

After all, we've seen thousands of brokerages start off and flourish since our own start in 1989 that we understand what it takes to become a market leader, and how technology helps you get there.

SO LET'S GET STARTED.





Understand exactly how your role is changing.

When you move from being an agent to being a broker, it's more than a title shift. There's a mental shift that needs to go along with it. You're no longer a member of the team; now, you're its leader, and success as a broker rather than an agent requires an expanded skill set.

You're still selling real estate, yes – but you're also responsible for the big picture. You need to consider how each individual agent's selling habits will impact your overall business and its bottom line – which means you need to be ready both to monitor their performance, and help them reach their goals.

Your biggest advantage here will be using a solution that can track agent performance against your brokerage's goals. With the right insights, you'll be able to see who's ahead of the game, and who needs help before it becomes a problem.



This also helps you identify which of your agents are your best hires—which in turn helps you spot similar traits in other candidates, too.

Build a network of key resources.

This is the first step for any business! As exciting as it may be to dive right into the finer details of your brokerage, it's important to build a network of resources for yourself – because no matter how prepared you are, you're going to have questions.

First, find a mentor for yourself.

You likely had a mentor at some point in your career as an agent, but the practice extends to brokers, as well! Finding a mentor means you'll always have someone who can help answer questions that you didn't know you'd have – like financial advice and business structures.



Don't just think about the most prominent name you know. Ideally, your mentor will have been in a startup brokerage at some point, so they know your situation and have tips and tricks that you can use.

Second, head online.

Find some blogs, online publications, and even social media accounts that talk both about real estate and business. These will be great sources for tips and tricks that you can apply to your brokerage right away.





Put together your formal business plan.

No matter the size of your brokerage, it's important to approach it with the mentality that it's a big company. And that means having a well-defined and established business plan! Businesses usually start planning a fiscal year well in advance (think at least six months), so even if you've been in business for a while, there's really no bad time to create a plan.



You can find a lot of the information you'll need here, and don't be afraid to speak to your mentor about any advice they have for your business plan. You can even ask them to review it if you're comfortable with that!

Typically, these plans are formal documents that you can come back to throughout the year. They're also extremely handy to have when it comes time to look for investors – they'll almost always ask to see a business plan.

When you're writing yours, include information like:

- How you plan to incorporate your new business, if you haven't already
- How you'll manage your business' finances, and what unseen costs you need to consider
- What type of business model you want to use, and how that affects compensation structures for staff wages and agent commissions
- What your standard rules will be for setting custom commission plans with agents
- How you plan to monitor for things like legal compliance
- What systems you'll have in place to support the business, both technologically and in terms of employee develop-
- How you plan to market and grow your business over the coming year, and what your goals for those efforts are

Research and implement essential technology.

What constitutes “essential” tends to be subjective, but there are some things you’re going to need.

A way to manage financials

One thing you’ll certainly need is a way to manage your accounting and back office information, because you’ll need to be very careful with your brokerage’s income and expenses if you want it to grow!

Ideally, the solution you choose should be able to manage real estate information natively. You can theoretically use generic accounting software, but that requires you to know the differences for real estate accounting and build a process for yourself that adjusts for those differences.



Going generic at first can become painful later on. We can't tell you how many times we've seen brokerages have to go through a tedious migration process because they used a generic system at first!

Tools for agents

Most brokerages these days will have technology that they provide to agents, both because that’s an attractive feature and because it gives the brokerage a way to standardize transactions for compliance reasons. This usually encompasses things like transaction management, forms, and eSignature.

For this, think about your experience as an agent. Was there something that you always wished a brokerage would provide? Do some research, and be sure to weigh both functionality and cost.



Know how to prioritize

While we're talking about technology, let's talk about one of the most vital aspects of it in today's world: cybersecurity. It's not everyone's favorite topic, but all it takes is a click on one bad email and everything is gone.

As a broker, you are now responsible for making sure that all of your agents do their part to keep your business safe.

Always keep yourself up to date on current cybersecurity standards (or bring in someone who can track them for you), and implement the appropriate systems to protect yourself, your business, and your agents.

When you're looking for digital tools, always look for ones that use secure socket layers (SSL), especially when it comes to any data hosting you do. This is widely considered the most advanced digital protection out there, and is reasonably effective at blocking security threats.



Don't be afraid to ask providers about their security standards and processes for protecting your data and the data of any clients who work with you.

Providers should always be willing and able to provide this information.

Establish your list of essential personnel.

One thing we tend to see with new and smaller brokerages is that they focus on growing the brokerage by bringing on more agents. And while that's definitely a good way to grow, you're going to need a plan for how you're going to support those agents.

Unfortunately, the truth of the matter is that there will be too much for you (and your business partner, if you have one) to take on by yourself. You'll need supporting staff to help you keep everything running!

When you're deciding what roles you'll need, think about what your strengths are as a broker, and consider what strengths you'll need to complement that.

For example, if your strength is selling, that means you're likely also going to be a powerhouse at recruiting – but it also means you'll need staff to support the agents you're bringing in. In this scenario, you want to prioritize roles like transaction coordinators to help manage and close out agents' deals, and an administrator to manage the back office and ensure everyone gets paid on time.



Anyone you bring in should be familiar with the real estate industry already, so you can get them up and running without needing to give them a master class on your business.



Know your brokerage's worth—and how to pitch it.

You know how great your brokerage is, but an essential skill for any broker is being able to communicate that value to others.

As an agent, this was easy enough. You had one audience: your clients.

As a broker, though, you have two audiences: your clients, and your agents. You'll need a plan to set yourself apart from the competition for both of these audiences so you can recruit agents and attract clients! For now, though, let's focus on your client pitch.

Develop a pitch for clients that clearly explains:

- What your brokerage believes in
- What unique value clients will get from working with you
- How that value shows in what you do



You've answered most of these questions in previous steps! Refer back to things like your business plan to help outline this value—for example, if you offer technology that helps clients work with you digitally around their existing schedules, this is the time to say it.



Put yourself in a recruiting mindset.

Now that you have your client pitch, you're going to need one for agents too. This is what you'll use to convince agents to join your brokerage, so it should answer the same questions for them!

They'll want to know:

- What your brokerage believes in
- What unique value they'll get from your brokerage
- How that value shows in what you do

Again, you've already outlined a lot of this in previous steps, so go back to your business plan and add any details about things like unique tools your brokerage provides for agents to use.



*This pitch is a two-for-one.
Combine this pitch with information
from your client pitch to show agents what
the value is for them, and what value you
expect them to provide to any clients they
work with under your brand.*





Know the difference between busy and productive.

These days, we tend to use the words “busy” and “productive” interchangeably. But where busy means there’s a lot to do, productive means there’s a lot getting done—it’s focused, purposeful, and intentional.

Deciding where you want to focus your effort and energy, and putting it toward tasks that directly impact your business, will be your secret weapon in staying productive rather than just busy.

The best way to identify these business-building tasks is to develop a reporting schedule for yourself. Set regular times to check key metrics and reports, like your agents’ performance, your brokerage’s break-even points, and even your agents’ commission-cutting habits.



When you’re researching tools to use for your financials, make sure it can give you this information! Otherwise, you’ll need to know how to build these reports yourself.



Use your brokerage's data to your advantage.

Now that you've got a taste for what data you can find in your brokerage and for how reporting can help, let's put your data to work—because ultimately, your brokerage's existing data will build the foundation for next year's business plan.

The trouble is, this data is only really useful if you can access it—and analyzing that data is a complex field unto its own. You likely won't have the time on your hands to learn how to do it all, so this is a perfect place to let technology help!

Transaction management and back office solutions are both veritable goldmines for you. They hold all the up-to-date information on your agents' performance, including exactly how they're doing their commissions and what their deals are closing out for.



With a complete platform like Broker Cloud, you can actually track all that information both in your back office solution, and in an insights solution that deciphers everything for you—and points you in the right directions for the best results. This is important at any stage of a brokerage, but is absolutely critical in the early stages to set you on the right track.

In closing

Starting and running a real estate brokerage is a big endeavor, and there's a lot to consider. But by keeping an open mind and setting yourself up with the right strategies and tools from the start, you can build your brokerage into a profitable and sustainable business in no time!

And we're here to help.

Since 1989, we've helped brokerages across North America reach their goals for growth. Our cloud solutions, built for every level of real estate, help the entire industry with the tools they need to amaze their clients, build their business, and improve their profits—from transactions to back office, insights, and more.

SO LET'S WORK TOGETHER TO GET YOUR
BROKERAGE STARTED ON THE RIGHT FOOT.



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