



Industry Standard of Lead to Prospect Conversion:

20 leads=1 prospect

Prospect Definition= A lead that has communicated with an agent that they are an active buyer with no agent

100 leads= 5 prospects

Industry Standard of Lead to Commission:

Agent: 1% to 5%

Broker: 3% conversion on all leads

For example: A broker should expect 100 leads to convert into an average of 3 transactions

ROI Tracker:

Assume Average Home Price (AHP) = \$100,000

100 leads = 3 Transactions / \$300,000 in total Transaction Volume (TV)

At a 3% Average Commission split \$300,000 (TV) = \$9,000 in Gross Commission (GC)

Industry Standard: Average cost per lead = \$10

100 leads x \$10 = \$1,000 Investment

\$9,000 (GC) - \$1,000 Investment = **\$8,000 ROI**

How Many Leads Do Agents Need to Be Successful?

3 Levels of Success:

1. Had a conversation with an active buyer
2. Was able to convert a buyer prospect into a live client
3. Received a Commission Check!

IF Agents received 10 leads per month on average it would take them 2 months to have the 1st level of success

On Average leads will convert from prospect to active client (showing properties) within 12 weeks of registering

On Average leads are on a 6 to 9 month buy cycle

Within first 6 months an agent receiving 20 to 30 leads per month (average 1 lead per day) should reach 3rd level of success within a 6 month period. Post 6 months agents should expect 1 new commission each month per their lead pipeline

Recommendation

Generate for first 3 months 20 to 30 leads.

Broker Goal: Get agent to 100 leads ASAP

Once agents reach the 100 lead mark reduce their lead flow to 10 to 15 leads per month to allow lead pipeline growth without the fear of “cherry picking”

Cherry Picking happens when an agent receive too many leads at once and does not follow through with the leads properly

Lead Generation Office Models

1. Pay to Play: Agents buy into the lead system and generate their own leads
 - a. Tier 1: 10 to 15 leads = \$50
 - b. Tier 2: 20 to 30 leads = \$100
 - c. Tier 3: 35 to 45 leads = \$125
2. Referral: Agents receive leads without paying but have a lower commission split
3. Lead Coordinator: All leads go to 1 person who manages them until the prospect stage at which time they are transferred to next agent who has to pay a referral fee when they close and/or a lower split

How to Get All of Your Marketing Paid For:

Per RESPA: Lenders and vendors can contribute up to 50% of **Total** cost.

System Fee: \$699

Marketing Budget: \$1,500 = approx. 150 leads = 4 to 5 agents

Total Cost: \$2,199

Broker / Agent Cost Min: \$1,099.50

Lender / Vendor Max: \$1,099.50

Following above pay to play model:

Tier 1 \$50: Agent A & Agent B = Total: \$100 (Leads 20 to 30 per month for two agents)

Tier 2 \$100: Agent C = Total: \$100 (Leads 20 to 30 per month for one agent)

Tier 3 \$125: Agent D = Total: \$125 (Leads 35 to 45 per month for one agent)

4 Agents contributing a total of \$325 expecting 75 to 105 leads

Which leaves brokerage with a lead surplus of approx. 75 to 45 leads each month that they control for recruiting, incentives, and retention

Agent's pay: \$325

Lender/s pay: \$1,099.50 (Negotiated by broker and lender/s)

Total: \$1,424.50

Leaving Broker cost at: \$774.50