

## Breaking your time-investment portfolio into three categories

Just as a good financial planner chooses diverse investments to balance a portfolio, a real estate professional of any sort balances the way he or she invests time in the many job-related tasks required on a daily or weekly basis. And just as the well-balanced investment portfolio differs for individuals at various life stages, time investment varies according to real estate profession.

For the real estate salesperson, that time-investment portfolio divides naturally into three categories of activities that make up a salesperson's job:

- ✓ Direct income-producing activities (DIPA)
- ✓ Indirect income-producing activities (IIPA)
- ✓ Production-supporting activities (PSA)

## The money makers: Direct income-producing activities (DIPA)

The most important job of a real estate salesperson is to create customers and keep customers – after all, it's through these customers that you generate income. To keep customers, you have to understand their expectations of service and performance and then ultimately deliver on that while communicating at regular intervals, checking the customers' results, and gauging how satisfied they are with the service, then asking for referrals to help you create more customers and clients.

Any and all activities that lead to producing revenue for your real estate sales business are considered *direct income producing activities*, which I refer to as DIPA. What, exactly, can DIPA tasks consist of? Here are some of the biggies:

- ✓ Prospecting
- ✓ Calling on past clients to make more sales
- ✓ Seeking leads from your sphere of influence
- ✓ Cold calling: Not the best source but it is a potential source
- ✓ Warm calling: This would be a targeted, high probable list (expireds or FSBO's)

- ✓ Networking
- ✓ Following up leads
- ✓ Qualifying prospects
- ✓ Making listing presentations
- ✓ Conducting buyer consultations
- ✓ Showing property to qualified buyers
- ✓ Closing orders

The secret to success in sales is maximizing your DIPA time. The activities that comprise DIPA have a higher value than anything else you do during the day. The most successful real estate salespeople make a conscious decision to invest more time in DIPA as soon as they understand the value and power of action directly linked to dollars.

How much time you can invest in DIPA depends on how effective you are in your time management and personal discipline. It also depends on the support system behind you to service your customers and clients. At a minimum, you want to invest 60 percent of your time in DIPA daily. Certainly, more is better and increases sales more quickly. Also, you want at least half of that time to be in the prospecting and lead follow-up categories of DIPA.

As a sales professional, speaker, and coach, I've discovered three actions that lead directly to leveraging your real estate career and increasing your income: personal development, role-playing, and evaluating personal progress. I've yet to meet a real estate salesperson who didn't achieve top level when he or she consistently applied these three DIPA actions over time. The best news of all is that you can dive into these actions from day one of your real estate sales career and never stop.

## The prep work: Indirect income-producing activities (IIPA)

As a real estate salesperson, you keep busy with a lot of actions that, while they don't directly bring in income the way prospecting, following up on leads, or a listing presentation does, are essential because these activities, Indirect income-producing activities, which I call IIPA, include the following:

- ✓ Developing programs to generate leads
- ✓ Creating marketing strategies
- ✓ Developing promotional pieces, such as brochures and mailings
- ✓ Encouraging brand-building and product awareness among the public
- ✓ Tracking, monitoring, and reviewing sales results
- ✓ Social media strategies to marketing and sales

Although critical, IIPA shouldn't be time-consuming—keep these tasks to an hour or so (or 10 to 15 percent) of your day.

Many real estate salespeople have a harder time finding the right balance of IIPA time. The reason is we find it challenging to balance the marketing side of sales: creating new marketing strategies or perfecting sales processes or sales systems.

I think social media is fabulous as long as you have the correct time mix. The explosion of social media has dramatically influenced the hours upward in the IIPA area. According to NAR, less than 5% of all sales last year were connected either directly or indirectly with social media. Then why spend 30%, 50% or 80% of your time on it? We are spending more time indirectly trying to create our income. This pathway leads to lower results than the DIPA route in the short and medium run.

You might overtake the income created by DIPA in the long run because of your increased reach and increased audience as a real estate salesperson. Do you have other income coming for you to take a more long-term pathway to income and sales?

***My caution is, be sure to have a reasonable mix between your IIPA and DIPA. If you don't you will generally have large swings in closings and income over a few months.***

Although important to your overall results, marketing efforts can consume more of a bit in your schedule than is warranted. Overinvesting time in IIPA can throw off your DIPA attention and, as a result, lower your sales. If you see evidence of this, here's the solution: Pick up the time you invest in lead generation and lead conversion immediately.

## Incorporating IIPA into your day

After you've worked your schedule around your direct income-producing time, it's time to fit indirect income-producing activities (IIPA) into your day. Because they aren't linked as closely to bottom line measures, IIPA tasks shouldn't take up as much of your energy, but in no way should you overlook them, either. Your goal is to budget time for them but keep them from eating into those most lucrative of activities.

## Using IIPA time to review sales results

By figuring out what works—and what doesn't—you can channel your efforts into activities that multiply your income. Examining how many leads a particular marketing piece generates, tracking the conversion rate of leads to sales, and plotting average order and average commission all fall under IIPA. Look at your analytics for your website, leads generated and conversion rates. This is important time for your success.

The time you spend gathering data and analyzing it doesn't earn you money directly, it does increase your income indirectly, by showing you what works and which IIPA efforts you might need to tweak or marketing strategies or systems need adjustment.

For example, say your tracking reveals that from 20 leads, you only convert one of those to a sale. The barrier is likely between the leads and the sales presentation or listing presentation or buyer consultation. I'm simplifying (you may have problems at the presentation level or at other stages, too), but the point is that by analyzing each step of the sales process, you can zero in on your strengths and areas of further work. Here's what you may discover from results tracking:

✓ **You are pursuing low-quality leads.** This may be true, but most of the time, it's not the case. Check with the other real estate salespeople in your company—if they're achieving low results from these leads, the problem probably is with the quality of the leads. However, if others in the company are booking five appointments to your one appointment, look elsewhere for the problem.

✓ **Your lead follow-up strategy is off.** Take a look at your lead-qualifying tactics. You may not be doing an effective job of determining the time frame, motivation, and urgency of your prospects. You may not be assessing the level of competition or the level of commitment. The result is you end up spending a lot of time pursuing individuals who should've been eliminated during your lead investigation process.

✓ **You failed to grab the prospect's interest.** From the first moment of contact, you have seven seconds to hook a prospect. You need to hit that prospect between the eyes with your value proposition. What benefits you are offering with real estate service. Consumers view many real estate agents as the same so how are you better and different?

## Keeping IIPA in check

To keep IIPA in check while staying on top of everything, I suggest these three tactics:

- ✓ **Relegate IIPA to the afternoon.** Unless you don't fully engage in the day until noon, you want to set aside the morning for your most important income-producing activities. IIPA functions typically don't require the same level of energy as DIPA. And because they aren't as critical as DIPA, holding off on IIPA ensures that you wrestle the most important activities first, before something comes along to derail your day.
- ✓ **Keep IIPA to an hour a day.** Marketing, evaluating others' sales performance if you have a team, your sales performance, analyzing your lead follow-up, scheduling the next day's setup, and reviewing call sheets are all effective uses of IIPA time, provided you don't spend hours daily doing them.
- ✓ **Use the end of the day to prepare for tomorrow.** One of the best uses of IIPA time is preparing your sales calls, sales strategy, opening statements, and call objectives for the next day. Investing a mere 30 minutes today means you're able to instantly click into DIPA tomorrow. You'll be less likely to stall, evade, and avoid the calls if your call sheets or call logs are on your desk. *Most of us struggle with some level of creative avoidance when it comes to picking up the phone.*

Even if you do most of your prospecting and lead follow-up out of your computer customer relationship management (CRM) program, I still encourage you to at least print out a hard copy of your calls on paper during your IIPA time today before you leave. Engaging in creative avoidance is harder when you see all these names on a page rather than on a computer screen.



## Administrative stuff: Production-supporting activities (PSA)

Numerous tasks support the direct and indirect income-producing activities. You know, all the administrative details (processing, copying, mailing, stamping, faxing, filing, inspections, uploading to your Internet site and other processes) that are an unavoidable part of the job. Anything we do after we take a listing or culminate a sale would be in the PSA category. These tasks don't generate revenue or even indirectly lead to income, but you have to do them as part of quality service for your clients.

For example, calling on a prospect is clearly a DIPA action, and then developing a sales presentation for the prospect is an IIPA project. But the actual arranging the presentation, doing the CMA before the presentation is a production-supporting activity, or PSA. Some of you might have administrative staff to manage these tasks, but even among the most fully staffed real estate teams, the lead agent or real estate agents themselves have to handle some of the PSA tasks.

Your goal is to reduce the time you invest in PSA to the smallest amount possible. ***Are you controlling your time so well that you are investing 10 to 15 percent—or less—in this area?***

Although DIPA can be worth thousands of dollars an hour, PSA time is probably valued at \$10 to \$20 per hour, depending on the market rate for good administrative help. The time you devote to the big-money activities is diminished, and you earn much less than you could.

### Decreasing your PSA time

The goal of any real estate salesperson is to get those administrative production-support activities (PSA) down to well under two hours a day, freeing up more time for prospecting, lead generation, calling, lead follow-up, and other direct income-producing activities (DIPA). Awareness is the first step toward the proper alignment of DIPA to PSA.

Armed with the understanding that spending time on PSA saps your DIPA energies, you may be tempted to set a zero tolerance policy for PSA. The truth is you will never be able to avoid PSA actions completely, even if you employ an army of administrative help. Here's the conundrum: ***The more you invest in DIPA, the more PSA actions you generate. The two are interconnected.*** You make prospecting calls (DIPA), and a prospect wants a brochure, marketing material, information on the marketplace or properties, or even a listing presentation (PSA). Or you make a sale to a buyer (DIPA), and you now have to book a lot of servicing to do. So frustrating though it may be, generating more PSA work because you're increasing your sales volume and

units is a good thing. Your goal is simply to keep the PSA in check, making sure that you keep your ***DIPA-to-PSA ratio at a minimum 4:1 ratio.***

PSA functions surrounding real estate sales tend to be recurring, requiring weekly or even daily attention. Here are several ways to keep these supporting tasks on a firm leash:

- ✓ **Streamline the process.** Determine whether you can create a system to make a PSA process faster, possibly eliminating some unnecessary steps. It takes almost as much as much time to assemble one marketing material package and brochure as it does ten; invest the time to create the ten and have nine ready to go out the door. Systems are key to reducing PSA time.
- ✓ **Create templates.** Don't craft a sales or lead follow-up letter or email from scratch each time. You can take a basic format and customize it for individual use.
- ✓ **Batch your work.** Make your PSA calls one after another. Bunch together the PSA actions as much as possible so you can move quickly from one similar call or action to another. Call all your sellers to update them, for example, at the same time weekly or bi-weekly. Have a scheduled meeting with your lender, Title Company, or attorney to review all transactions in process.
- ✓ **Eliminate the step.** Sometimes examining the process reveals that you don't need to a particular task at all.
- ✓ **Delegate.** Is administrative help somewhere in your company? Can you find someone to lend a hand? Get a virtual assistant for a few hours a week. Can internship programs some eager business students who want to learn the business from the ground up? A talk with your broker or sales manger might help.
- ✓ **Hire help.** If you can't get more support within your company, are you willing to pay a few bucks for it? Maybe you could hire a college or high school student, a stay-at-home parent, or a part-timer who just wants a low-pressure opportunity to earn a little money. For many of the PSA tasks that are not proprietary, the work can be done off-site. Again, a virtual assistant might be an option.

***Remember: If you don't have an assistant, you are one.*** What I mean is this: If you don't have someone you can delegate the mailing, faxing, research, typing, low-level customer service, and a host of other actions to, you become the administrative assistant – and you earn your income commensurately.

✓ **Turn PSA work into DIPA work by asking for a referral.** When you have to do PSA work, you can often take the opportunity to get in a little DIPA action at the same time. For instance, customer service follow-up calls are part of your PSA. Checking to confirm that the prospect or client has received expected materials or information is a routine task that doesn't relate directly to income-generation. But don't stop there—get some extra mileage from this PSA effort by turning your customer service call into a prospecting call: Ask for a referral. Updating sellers and buyers can turn into a DIPA with a simple referral ask.

It's never too early in a sales relationship to begin building a referral base. A truly qualified referral request, however, takes a little time and attention. Be ready to invest at least five minutes in conversation to avoid appearing like a



hit-and-run referral driver. You might use a great segue statement like this: "I have a very important question to ask you." This statement forces a pause, builds anticipation, and sets the tone for a meaningful conversation. And it requests permission to explore client or prospect contacts. You may even use a script like this to help you:

*"I'm delighted that I've been able to serve you. I was wondering about others you might know who would also benefit from my service. Could we explore for a few minutes other individuals you*

*believe I might be able to serve?"*

The right balance in your DIPA, IIPA and PSA of your time will really enable you to explode your income. You might want to re-read this segment a few times and craft your implementation strategy after you have done so. I have never coached an agent who didn't explode their income when we got their mix correct!

## Tracking your time to see where you stand

It's hard to know exactly how much time you spend on DIPA, IIPA, and PSA functions unless you've tracked your activities over a period of time to determine an average. Taking stock is important, and it supports an undeniable truth in real estate sales: When performance is measured, performance improves.



## Recording your activities

By tracking your time usage, you're guaranteed to increase your time effectiveness. I have included a form we use at Real Estate Champions to help our clients record and report how they use their time in half-hour increments. Most people have between 16 and 20 half-hour increments to invest at work daily. Here's how to use this form to help you make the most of those increments:

- ✓ Keep the form with you and fill it out as you go. Don't wait until the end of the day to complete it—you're bound to forget something.
- ✓ Track yourself for at least a week—longer is better. This allows for daily anomalies and helps create more of an average workflow.

Repeat this time-tracking process at least every six months. Over time, habits and behaviors may creep into your routine to diminish your effectiveness. A routine check-up keeps you on track.

The indirect income-producing activities are more subtle, and the definition of IIPA is more fluid than the definitions of DIPA and PSA. As a real estate agent, what you consider to be IIPA may be different from what I do. There's no question that prospecting or lead follow-up is a DIPA action; and there's no question that faxing, mailing, licking, and sticking are PSA actions. However, the middle ground is more open to interpretation. The ambiguity can lead to a misrepresentation of your time.

My best coaching advice is to free yourself to decide which sales-creating actions fit in each category. Really define your DIPA, IIPA, and PSA actions and create a list for each category so there's no guesswork and faking yourself out when your time allocation is off.

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**Activity Tracking By the Half Hour**

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7:00-7:30	_____	DIPA	IIPA	PSA
7:30-8:00	_____	DIPA	IIPA	PSA
8:00-8:30	_____	DIPA	IIPA	PSA
8:30-9:00	_____	DIPA	IIPA	PSA
9:00-9:30	_____	DIPA	IIPA	PSA
9:30-10:00	_____	DIPA	IIPA	PSA
10:00-10:30	_____	DIPA	IIPA	PSA
10:30-11:00	_____	DIPA	IIPA	PSA
11:00-11:30	_____	DIPA	IIPA	PSA
11:30-12:00	_____	DIPA	IIPA	PSA
12:00-12:30	_____	DIPA	IIPA	PSA
12:30-1:00	_____	DIPA	IIPA	PSA
1:00-1:30	_____	DIPA	IIPA	PSA
1:30-2:00	_____	DIPA	IIPA	PSA
2:00-2:30	_____	DIPA	IIPA	PSA
2:30-3:00	_____	DIPA	IIPA	PSA
3:00-3:30	_____	DIPA	IIPA	PSA
3:30-4:00	_____	DIPA	IIPA	PSA
4:00-4:30	_____	DIPA	IIPA	PSA
4:30-5:00	_____	DIPA	IIPA	PSA
5:30-6:00	_____	DIPA	IIPA	PSA
6:30-7:00	_____	DIPA	IIPA	PSA
7:30-8:00	_____	DIPA	IIPA	PSA
8:30-9:00	_____	DIPA	IIPA	PSA

DIPA Payoff Hours \_\_\_\_\_

IIPA Payoff Hours \_\_\_\_\_

PSA Payoff Hours \_\_\_\_\_

Total Hours \_\_\_\_\_