



SALES SCENARIO
USERS GUIDE

AGENTPROFITPLANNER: USER GUIDE SALES SCENARIO PROGRAM



KEEPING THE OBJECTIVE IN MIND

The SALES SCENARIO PROGRAM is designed to assist managers to analyse the current state of profitability, and to set revenue & profit objectives for the year ahead together with the important sales activity performance indicators and targets for the whole of business, and for each salesperson.

Before you commence using the program, you will need to gather information about the expenses of the business, particularly salary and incentive structures for sales personnel.

MAIN MENU

1	2	3	4	5
INSTRUCTIONS & RESOURCES	SALES CREATE OR EDIT SCENARIO	SALES REMUNERATION CALCULATOR	PROPERTY MANAGEMENT CREATE OR EDIT SCENARIO	PROPERTY MANAGEMENT REMUNERATION CALCULATOR

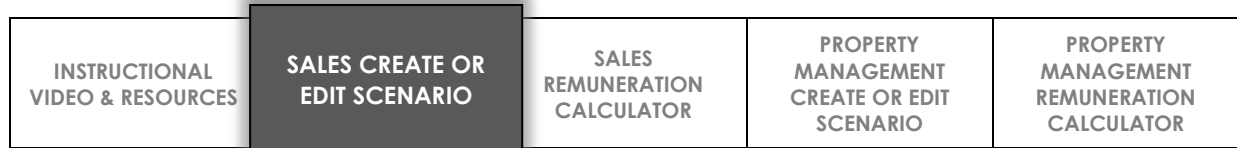
Menu Summary


- 1 Step by step users guide and some important information
- 2 Access the Sales Scenario program to conduct profitability analysis for your sales business.
- 3 Access the Sales Remuneration Calculator to construct an infinite range of salary and incentive structures for sales personnel.
- 4 Access the Property Management Scenario program to conduct profitability analysis for your property management business.
- 5 Access the Property Management Remuneration Calculator to construct an infinite range of salary and incentive structures for property management personnel.

Saving Your Data

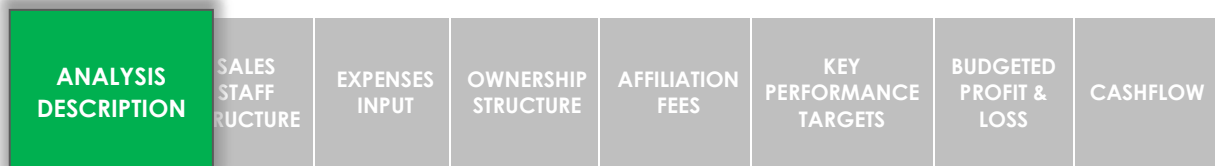
Being an internet based program, it's important to SAVE each page once you've completed keying in new information to a page.

USING THE SALES SCENARIO PROGRAM



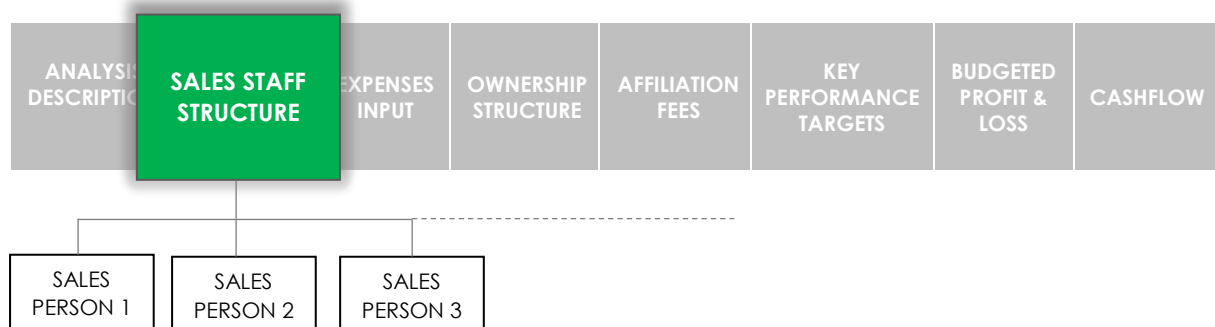
1. Select 'NEW' to commence a new Sales Scenario, or select an existing scenario to review, edit or copy. If you're selecting a NEW scenario, select FORMAT 1 or FORMAT 2 – refer to the notes under Sales Staff Structure. 
2. Commencing with the ANALYSIS DESCRIPTION page, move from left to right completing the required information in each page up to and including the Affiliation Fee page. The KEY PERFORMANCE TARGETS page is the engine room of the program.
3. Save each page after new information has been

ANALYSIS DESCRIPTION



The ANALYSIS DESCRIPTION page is used to describe your scenario for later identification and retrieval. The program allows you to copy a scenario in its original format, or it can be copied and converted to Format 2.

SALES STAFF STRUCTURE



The SALES STAFF STRUCTURE page contains the details of current or proposed sales staff expenses including salary and incentive structures, the most significant Cost of Sales in agency business.

1. Select No. of selling Principals & Salespeople

No. of selling Principals/Owners	0
No. employed Sales Producers	0

2. Key in the actual or anticipated contribution to total sales commission revenue for each salesperson including Principal/Owners.

FORMAT 1

Key in the actual or anticipated **percentage** contribution to total sales commission revenue for each salesperson for the year.

FORMAT 2

Key in the actual or estimated total gross **(\$ commission)** that each salesperson is anticipated to generate over the year.

SAVE the page.

FORMAT 1		FORMAT 2	
PRINCIPAL/OWNER		PRINCIPAL/OWNER	
Principal 1	23.0 %	Principal 1	\$ 155,000
EMPLOYED SALESPeOPLE		EMPLOYED SALESPeOPLE	
Salesperson 1	31.0 %	Salesperson 1	\$ 210,000
Salesperson 2	19.0 %	Salesperson 2	\$ 130,000
Salesperson 3	14.0 %	Salesperson 3	\$ 95,000
Salesperson 4	13.0 %	Salesperson 4	\$ 85,000
Must=100% 100.0 %		Total \$ 475,000	

3. Click on the Salesperson reference in the Name column (e.g. Salesperson 1) to access the salespersons Salary & Commission Structure page.

The LEFT SIDE of the salespersons Salary & Commission page details the salespersons salary and commission/incentive structure.

The RIGHT SIDE of the page shows the salespersons gross commission target, earnings, total employment cost and salespersons key sales activity performance indicators for the scenario. This information is updated once the final scenario calculation has been run on the Key Performance Targets page.

Complete the SALARY AND COMMISSION SUMMARY for each sales producer including the principals/owners if applicable.

Deductions: Allowable deductions from the salespersons net commission specified in the employment agreement such as advertising over-runs, desk costs, printing & stationary etc.

The field descriptions are editable and you may add fields by clicking on the '+' icon.

Salary off-set: If commission is offset by salary, enter 'D', otherwise, enter 'N'.

Superannuation & Workcover: Amend the default values based on advice from your accountant.

SALARY/RETAINER	
	Year
Salary	\$ 40,000
Allowances	\$ 8,500
	\$ 48,500
Deductions	
COST OVERRUNS	\$ 0
DESK COST	\$ 0
+	
Salary off-set (D or N)	D
Superannuation	9.50 %
Workcover	1.00 %

Deduction from Agents Gross: A deduction from the agents gross commission revenue (= agents net revenue), for example, franchise/group fees or marketing fees.

Over-ride Comm. Rate: Use only when the salesperson is incentivised on gross commission revenue (excluding principal/owner). For example, a sales manager.

Commission Thresholds: Provides for an infinite range of incentive structures including scaled structures where commission increases as the level of gross commission increases. The lower threshold level changes once the page has been saved.

If the salesperson is retained on a 'flat' (%) commission rate, simply enter the same % rate in all of the threshold fields under the 'Agents Net %' column.

COMMISSION STRUCTURE		
Deduction from Agents Gross Before Comm. Calculation		0.00 %
Override Comm. Rate		0.00 %

Commission Thresholds		
Lower	Upper	Agents Net %
\$ 0	\$ 100,000	47.5 %
\$ 100,001	\$ 150,000	50.0 %
\$ 150,001	\$ 200,000	52.5 %
\$ 200,001	\$ 250,000	55.0 %
\$ 250,001	\$ 500,000	60.0 %
\$ 500,001	\$ 10,500,001	65.0 %

EXPENSE INPUT

ANALYSIS DESCRIPTION	SALES STRATEGY	EXPENSE INPUT	OWNERSHIP STRUCTURE	AFFILIATION FEES	KEY PERFORMANCE TARGETS	BUDGETED PROFIT & LOSS	CASHFLOW
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The EXPENSE INPUT page contains details of the other Costs of Sales and Operational Costs. The page also makes provision for the input of other income if applicable.

Read the information regarding the structure of the Profit & Loss Statement contained in the separate document in the Resource Section.

OTHER COSTS OF SALE

This section contains other Cost of Sales

Advertising Over-runs: The cost of property advertising after deduction of vendor contribution. Provision is made for EITHER an actual or estimated cost PER LISTING, or one amount for the year.

ADMINISTRATION FEE

A fee charged per listing irrespective of whether the property sells. The total of Administration Fees has the effect of off-setting Costs of Sales in the Budgeted Profit & Loss Statement.

PROPERTY MANAGEMENT INCOME

Some managers may wish to review a scenario that includes Property Management income. NOTE HOWEVER, the agentprofitplanner philosophy strongly suggests that the Sales Division and Property Management Division analysis should be a separate process.

OPERATIONAL COSTS

Other than 'Wages-Administration', all operational cost field descriptions and amounts are editable. You can delete a field by clicking on the red 'x' adjacent the field, and fields can be added by clicking on the green '+' sign located at the bottom of the field list.

Wages-Administration: Exclude superannuation & workers compensation if applicable. These costs are automatically calculated.

Other Costs: A default amount of \$100,00 appears as 'Other Costs' for all new scenarios, together with default field operational cost field descriptions. You can edit the 'Other Costs' amount to reflect the total of operational costs, or itemise each cost.

PAYROLL TAX

Calculates an estimate of the amount of any Payroll Tax payable (if applicable). Since Payroll Tax is calculated on the total of wages for all associated entities, provision is made to include other wages including wages paid for the property management division. The calculated amount is shown below the Profit/(Loss) line in the Budgeted Profit & Loss and the Cash Flow pages.

You should confirm current rates and thresholds with your accountant.

STATUTORY COSTS

Calculates the cost of compulsory superannuation contribution and workers compensation insurance (if applicable) for administration staff wages and consolidates the cost in the Profit & Loss Statement.

Amend the default values based on advice from your accountant.

PROVISION FOR COMPANY/PERSONAL TAX

Calculates an estimate for company or personal tax and shows the amount below the Profit/(Loss) line in the Budgeted Profit & Loss and the Cash Flow pages.

You should confirm current rates and thresholds with your accountant.

OWNERSHIP STRUCTURE

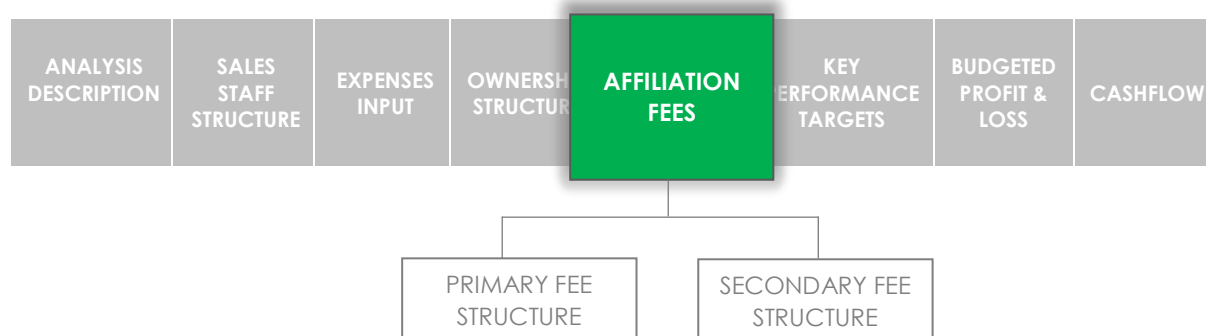
ANALYSIS DESCRIPTION	SALES STAFF STRUCTURE	EXPENSE INPUT	OWNERSHIP STRUCTURE	AFFILIATION FEES	KEY PERFORMANCE TARGETS	BUDGETED PROFIT & LOSS	CASHFLOW
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The primary purpose of the Ownership Structure page is the allocation of profit split between multiple owners if applicable (including non-active or 'silent' partners), and the allocation of any administration or management fee for inclusion in the Owners Total Income Summary.

An Owner listed in the Sales Staff Structure page as actively listing/selling will automatically appear in the table. Details of 'non-listing/selling' owners who share in profit or are paid a management/administration fee need to be inserted manually.

OWNERS PERSONAL LISTING/SALES PRODUCTION & THE BREAK-EVEN POINT

The agentprofitplanner philosophy suggests that the calculation of the true BEP for the business, should include allowance for 'adequate compensation' to the owner – in other words, an **allowance for the opportunity cost of time**. This includes reward for personal sales/listing production (say, 50% of gross), allowance for a management/administration fee (time spent managing is time away from listing/selling), and a margin of net profit as reward for business risk.



The purpose of the Affiliation Fee page is for the input of franchise or group fee structure if applicable. The page provides for a Primary and Secondary (e.g. marketing) fee arrangement, and a range of typical fee structures within each, from a flat '\$' fee to a variable structure based on percentage of turnover with or without maximum and minimum fees within each category.

The amount calculated in a scenario for the Primary Fee appears in the Budgeted Profit & Loss as a Cost of Sale. The amount calculated for the Secondary Fee structure, usually a marketing based levy, appears as an Operational Cost.



The Key Performance Targets page is the engine-room of agentprofitplanner producing a range of information for each scenario including: -

- Net Profit Targets
- Total Commission Revenue Required to achieve a specified Net Profit outcome
- Salespersons desk cost and break-even point
- Owners total anticipated income
- Estimated Payroll Tax and Company Tax if applicable.
- A range of sales activity performance indicators.

Using the page will vary slightly depending on whether Sales Template 1 or Sales Template 2 has been used to create the scenario.

TEMPLATE 1

CALCULATE GSC button



Calculates the Gross Sales Commission Revenue required to achieve your specified Net Profit Target.

For a BREAK-EVEN POINT calculation, enter '\$0' as the NET PROFIT TARGET, then click the 'CALCULATE GSC' button. The program will automatically account for all Costs of Sales (including salespersons commission) and the Operational Costs and produce THE TOTAL GROSS COMMISSION REVENUE TO PRODUCE THE BREAK-EVEN POINT.

Once the BEP calculation is complete, return to the SALES STAFF STRUCTURE page and assess whether each of the current sale staff team can produce their required contribution to total commission revenue. Depending on this outcome, you may choose to return to the KEY PERFORMANCE TARGETS page and experiment with increasing NET PROFIT TARGETS or, experiment with changes to expenses (including sale staff structure) to improve the profit position.

CALCULATE NP button



Shows the change in the Net Profit Target (\$) for changes in any of the expenses in the Sales Staff Structure, Expenses, Ownership Structure or Affiliation Fee pages while holding the Gross Settled Commission Target constant.

DESK COST PER SALESPESON: Calculated as total Operational Costs divided by the number of sales producers (including 'selling' owners).

COST OF SALES PER S/P (%): Shows the 'Costs of Sales per Salesperson (%)' as the weighted average cost of each salesperson.

BREAK EVEN POINT PER SALESPERSON: Calculated as the Desk Cost per Salesperson divided by the Cost of Sales per Salesperson (%).

OWNERS INCOME SUMMARY: Shows the total anticipated income for each owner including commission on personal sales production and administration or management fees if applicable, and the specified proportion of Net Profit for each owner.

SALES ACTIVITY TARGETS

For a scenario, shows the overall agency activity required to achieve the revenue target. The final statistic, PROSPECTING ACTIVITY TARGET, provides an indication of the required level of contact throughout the forecast period with potential property sellers including those known to the agency (past clients, contact list) or new contacts generated through marketing and promotional activities.

The average (\$) commission per transaction, and the key ratios (LIST/SELL, LO/LIST) are generated as the weighted average of each of the sales staff. In other words, a higher performing sales

producer's ratio's will be weighted proportionately within the total agency ratio. The ratios may be edited on the Key Performance Targets page.

ANALYSIS DESCRIPTION	SALES STAFF STRUCTURE	EXPENSES INPUT	OWNERSHIP STRUCTURE	AFFILIATION FEES	KEY PERFORMANCE TARGETS	BUDGETED PROFIT & LOSS STATEMENT	CASHFLOW
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Generates a Budgeted Profit & Loss Statement summarising the anticipated revenue and expenses (including the percentage of gross commission for each expense) which can be used to monitor financial performance, and to benchmark against other similar agency operations.

Shows the anticipated Tax Obligations (Payroll & Company) if applicable, and the anticipated cash surplus or shortfall.

ANALYSIS DESCRIPTION	SALES STAFF STRUCTURE	EXPENSES INPUT	OWNERSHIP STRUCTURE	AFFILIATION FEES	KEY PERFORMANCE TARGETS	BUDGET PROFIT LOSS	BUDGETED CASH FLOW
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Extrapolates the anticipated revenue and expenses evenly month by month for the forecast twelve-month period. The timing of revenue may be adjusted to reflect anticipated seasonal variations. Similarly, the expense amounts for each month may be varied to reflect the anticipated actual timing of payment of expenses.

Shows the anticipated Tax Obligations (Payroll & Company) if applicable, and the anticipated cash surplus or shortfall.

NEED SOME ASSISTANCE?

agentprofitplanner's team of experienced and qualified real estate practitioners can personally assist you with setting up the program, or perhaps you'd like one of team to assist you in a more intensive review of your business.

Make your request on the CONTACT page and we'll be in touch.

