Top brokerages find new ways to carve out profit

According to recent data from REAL Trends, the average retained company dollar dwindled to a mere 14.8% in 2017. This is down from 22% just 5 years prior. Brokerages are faced with pressures on commission splits, non-producing agents, and occupancy and payroll that are eating more and more into profit margins.

Fortunately, a new study by REAL Trends and Inside Real Estate, "The Secret Sauce: What's Driving Brokerage Profitability?", proves that the industry is adapting and finding areas and opportunities to capitalize on more revenue for the brokerage.

There were five key drivers identified that are positively influencing brokerage profit:

1. Empowering team productivity

Empowering teams is crucial since they have grown 271% in the last five years, according to REAL Trends. While most brokerages support teams, they often don't provide the technology teams need to maximize team productivity and increase ROI from tech spend and marketing services. Brokerages that are experiencing revenue growth, increased market share, and higher profit margins through teams are providing a technology platform, marketing and lead generation services that are uniquely designed for the team business model. Baird & Warner, with over 2,500 agents in the Chicago area, has created the ideal brokerage environment for teams to thrive. Read more about how they've empowered teams in the study.

2. Monetizing eLeads programs

eLeads programs don't come without challenges, but done right can be one of the best profit centers and recruiting tools for a brokerage. Lead quality, quantity, cost, and nurture have to all be tracked, and that isn't possible without visibility into each of those data points. Companies like The Keyes Company in Florida with over 3,000 agents have created a sophisticated eLeads program, powered by kvCORE, that shifted lead gen spend away from listing portals and redirected it to in-house channels, reducing their costs from an average of $150/lead to under $10/lead. Coupled with advanced lead nurture technology that automates personalized follow-up for their agents, and visibility into lead performance, The Keyes Company is one of the industry's best examples of how to turn an eLeads program into a win-win business model for both the brokerage and their teams and agents. Hear more about how they've driven profitable growth in their business in this recent video.

3. Integrating coaching and training programs

Many brokerages offer some level of coaching and training, but very few have learned how to build programs that integrate into their technology, truly operationalizing the coaching philosophies to increase agent productivity. Brokerages like Five Star Real Estate out of Grand Rapids, Michigan, who subscribe to the Ninja Selling method have incorporated their coaching philosophies directly into their tech foundation, utilizing kvCORE to prompt their agents with 10 new lead & client calls per day on their branded, mobile dialer. With built-in automation and accountability tools to reinforce coaching principals, brokerages are able to drive even higher production volume.

4. Leveraging ancillary services

Another way some firms are battling profit compression is the addition of ancillary services. Not all brokerages are in a position to develop this type of an income stream, but those that can have great success in the mortgage, title, escrow, insurance, and property management arenas. Many brokerages that offer ancillary services subsidize technology or marketing service costs through those business lines either by integrating their technology offerings to increase in-house capture or by providing branding opportunities for ancillary services in their tech platforms. Jack White Real Estate, leading independent firm in Alaska, has married ancillary services into their tech landscape, providing financial upside and prime exposure to chosen partners.

5. Establishing a unique tech ecosystem

While there is no doubt that a comprehensive technology platform that serves the needs of corporate staff, broker-owners, teams, and agents all under one roof will drive profit for the brokerage, many brokerages are overwhelmed by all of the offerings, rollout, and expense. The average brokerage has a whopping 12.4 technology systems resulting in overlapping tech, lower productivity and an average cost of over $67 per agent, per month. For those using a

comprehensive platform, such as kvCORE by Inside Real Estate, they are experiencing lower overall tech fees, higher profit and stronger adoption – all leading to more productive and happier agents.

In addition, technology platforms that offer proprietary tools and services provide even more revenue opportunities for brokerages. JP & Associates, with over 1800 agents across more than 40 offices, has mastered the monetization of brokerage-sponsored technology by creating their own white label tech ecosystem, B.O.S.S.S. powered by kvCORE, a one-stop shop for their teams and agents.

Learn more about these five drivers and how brokerages are carving out more profit in 2019 in the latest study by REAL Trends and Inside Real Estate: "The Secret Sauce: What's Driving Brokerage Profitability?".

Then grab a demo to see first hand how kvCORE Platform is powering profitable growth for hundreds of top brokerages around the country.

Source: click here