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Issue 256 — April 18, 2006

In this week's issue:

1. Words From The President
2. Applying the Pareto Principle – The 80:20 Rule

1) Words from the President – Dirk Zeller

I was recently studying a couple of successful sales businesses to see how they increased their revenue both gross and net. I studied how they expanded their customers and clients and how they made adjustments in their products and services to meet the needs of their customers and clients.

I uncovered an enormous truth of selling that is contrary to popular belief. The truth is sales is a margins game. Although, the popular belief is the more volume you produce the more you make. Most of us spend our time and energy investing in growing sales volume. The increase of sales volume is necessary, however, the primary growth should be found in your margins. It's the margin between what you spend and what you earn. It's the margin between the time you invest versus the return you'll receive minus the expenses that you've incurred. When it's all counted out at the end of the year, it is the size of your sales margin that makes the difference between a good year and a bad year.

There is a speaker in the real estate industry who has said, "You can't go broke making money". He could not be more wrong. Every company that has ever gone bankrupt was making money. There have been a slew of them in the Internet world that have filed bankruptcy in the last couple of years. They were all "making money" or, in other words, making sales. The problems for them stemmed from their slim margins or lack thereof. Their sales margins were not great enough for them to continue to operate, which proves that, contrary to popular belief, you can easily go broke making money.

The average American consumer goes broke making money. We have people in the richest country in the world doing this daily. The reason...their “money margin” is not great enough. The difference between what they earn and what they spend is not great enough.

The game of life is a game of margins. It’s a game of return on investment. How are you doing with your “life margins”? Are you gaining the return you want for the effort that you put in? Is your business on track, and are the margins good? How about the margins in your relationships with your family and spouse or significant other? How about the margins in your physical life?

We are constantly trading in life. We are trading our time and knowledge for the income that we generate. We are trading time, love, and knowledge, so we can create a legacy in our children. Are you investing enough for an incredible margin of return for both you and your children? I truly believe we need to trade well, so the margin is always increasing. Life is not a dress rehearsal; make sure you are giving it your best shot because you won’t get another one.

Check your margins in your business and life. If your “sales margin” is off, you will have to work harder to achieve the results you desire. This will affect your “money margin” and ultimately your “life margin”. Don’t play the game of life with an attitude of, “you can’t go broke in life by waking up every day”.

To Your Success,

Dirk Zeller
CEO
Real Estate Champions

2) Applying the Pareto Principle – The 80:20 Rule

In the late 1800s, an Italian economist named Vilfredo Pareto observed that, in Italy, a small group of people held nearly all the power, influence, and money, which they used to create a significant advantage over the rest of the population. He theorized that, in most countries, about 80% of the wealth and power was controlled by about 20% of the people. He called this a “predictable imbalance,” which eventually became known as the 80:20 rule.

Over the 1900s, researchers realized that the theory of a “vital few and trivial many” – 20% of the participants accounting for 80% of the results – applies across many fields of expertise. Most certainly, it is true when it comes to time investment, and here’s what that means to you:

- 80% of your results will be generated by 20% of your efforts. Conversely, 20% of your results will be generated by 80% of your efforts. In other words, one-fifth of your time-consuming activities will deliver four-fifths of your gross sales or gross commissions.
- You can increase the productivity that results from your time investment by assessing which activities achieve the highest-quality results. Too many Agents allow their time to be consumed by activities that generate a mere 20% of their revenue. The moment they shift their time investment into higher-return activities, they see dramatic income results.

The 80:20 rule holds true across a spectrum of life activities. Whether you're investing in your career, relationships, health, wealth, or personal development, 20% of your efforts will deliver 80% of the results you seek. The secret is to learn which activities deliver the highest-quality returns and invest your time accordingly.

My son, Wesley, loves to play games, read books, and cook in the kitchen. I've learned that an hour spent baking cookies with him gives him real joy and contributes greatly to our relationship. It's a minor time investment, clearly fitting into the 20% category, yet the results are significant in proportion.

Do you make time for the few activities that return the most significant results? Or are you, like most people in the world, giving your time to the time-gobbling 80% of activities that deliver a meager return?

Top performers in nearly any field quickly learn which actions account for the greatest majority of results, and they weight their time toward those activities, performing them with great regularity and intensity.

Following is the list of the half-dozen important activities that I share with all of my real estate coaching clients:

1. Prospecting
2. Lead follow-up
3. Listing presentations
4. Buyer interview presentations
5. Showing property to qualified buyers
6. Writing and negotiating contracts

If you dedicate yourself to the above six activities, you'll see high returns on your time investment. I've studied the time allocation of Agents for more than 15 years. I know for certain that, on average, real estate Agents spend fewer than two hours a day engaged in the activities on the above list. Instead, they work

long hours, often putting in more than ten hours a day, spending 80% or more of their time on activities that generate less than 20% of their revenue. Flip the principle to your advantage. Begin spending more and more of your time on the activities that are proven to deliver results and refuse to be crushed by the weight and waste of those that don't.

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If you have any questions or challenges that you would like answered, submit them to: Info@RealEstateChampions.com

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