Mapping out success

An overwhelming number of estate agencies do not have business plans. Property industry consultant Michael Day explains why they should and looks at key areas that set great businesses apart from the rest

Man does not plan to fail… but often fails to plan. Anecdotal evidence suggests that up to 80% of estate agency businesses do not have formal business plans or budgets. However, every great business has vision and leadership. Often, this comes from an individual or group of individuals at the top but, ideally, and particularly as a business develops, from people at all levels.

A company without a plan often finds itself drifting in a sea of mediocrity. Leaders must:

- show high levels of commitment to the cause; if not, their teams are likely to lack focus
- reappraise, take a step back and look in the mirror – not cut corners or cheat on their businesses, their people or their customers
- use their vision and look for new opportunities, different approaches and new ways of doing things; few truly great businesses achieve success by doing what everybody else does.

As is the case with education, the journey never ends. Successful businesses and strong leaders are always looking to develop and evolve.

All good business plans are written down – this makes them easier to share and review and easier to keep on course

Planning is key to success

A good plan is the sat nav for your business. If asked to drive from Land's End to John O'Groats, most people would programme the destination into their sat nav. As the journey progresses, the global positioning system would be constantly making adjustments to ensure that they were on their planned course.

All good business plans are written down, like a map. This makes it easier to share, monitor and review and easier to keep on course. Many estate agency owners want to grow their businesses. Bear in mind there are really only four growth strategies:

Market penetration: Taking your existing products and services and selling more of them into your existing market – basically growing your market share

Market development: Taking your existing products and services, but selling them into new markets and territories – these could be new niche markets or new locations

Product development: Adding new products and services and selling them to your existing market

Diversification: Taking a new product or service and selling it into a new market.

Some of these strategies could be implemented using the existing resources in your business, while others will require these competencies to be developed or acquired. But they will all require a plan, in the same way that they need a strategy to consolidate or exit the industry. In fact, without a plan, the latter may just happen, but not in the way anticipated.

A good business plan requires effort and background research, but this is an important part of the process because it involves taking a detailed look at your business and the factors that have an impact on it:

Know your competitor. A SWOT (strengths, weaknesses, opportunities and threats) analysis will help identify key aspects of the strategy and plan. You should know everything about your competitors so that you can identify their strengths and weaknesses and apply yourself accordingly. The strongest global brands know nearly as much about their competitors as about themselves. Look at the market you are operating in or aiming at. How big is it? How valuable is it? What is your current position in it? What demographics apply to it? Is it actually a marketplace worth operating in?

Check your objectives. All targets must be SMART (specific, measurable, agreed or achievable, relevant, timed). If they do not pass this test, rejig them so that they do.

Get the edge on competitors. Look for things that are difficult for competitors to replicate. Think of the 80:20 rule: 80% or more of what most businesses do is much the same as the competition. It is the 20% that can make a business stand out. If your plan includes things that your competitors cannot or would find difficult to replicate, this might give you the edge.

Create an action plan. Ideas without action or strategy without implementation is a waste of time. Think about and write down the specific and detailed tasks and actions that need to happen to bring your plan to life. Make sure that they follow SMART principles.

Monitor and review. Adopt the sat nav approach to managing performance. In business, as in life, this is how to learn and improve. Having a plan that sits in a drawer gathering dust is useless – it should be a living, breathing document. The better the thought processes in the initial plan, the better

your chances of success, but while you can build contingencies into any plan, situations change. A good, regularly monitored and reviewed plan allows you to adopt and adapt.

Involve your team. Creating and implementing a plan is a fantastic opportunity to work as a team, to involve everyone in the creative process and allocate responsibility for what is agreed and to be implemented.

People power

Together, everyone achieves more. This may seem like a cliché, but great businesses invariably have great teams where everyone, whatever their role, plays their part towards the common goals. This does not just happen. Your staff members are your most expensive resource – make sure that they are also your most valuable:

Engage. Unbelievably, I still see lots of businesses largely ignoring their people, failing to engage with them or to help them achieve their full potential. This approach invariably means that the business itself will not reach its full potential.

Coach and train. Invest, particularly in time and effort. Children will usually get an adequate education through the schooling system, but will achieve more if their parents take an interest, encourage them, show them and help them to explore and learn. The same goes for staff. Mediocre business people often say they would rather do a task themselves than guide someone else through it because of a lack of time. Then they wonder why their employees keep asking the same questions and never seem to improve. Also invest some time in your own personal development.

Have high expectations. Once you have put the right environment in place, then you and your people have a right to demand performance. In fact, not having high expectations is guaranteed to lead to a culture of mediocrity.

Conduct reviews. Well-conducted, regular performance reviews are rare in the property industry, but they are incredibly valuable, providing an opportunity to give recognition, praise and encouragement. They also give you the chance to tackle areas of poor performance, which if not tackled, will continue. Performance reviews also provide a platform to agree actions for the period ahead, including training needs. As with a job interview, the person under review should come prepared with the information about their performance, and do most of the talking. A 45-minute session monthly with every staff member is a small price to pay, considering the improvement in performance it can generate.

Manage performance. Some companies still think that incentive-related pay will 'manage' people – but money will never solve problems. Poor performers may earn less than good performers, but they may be happy with the *status quo*. Top performers, on the other hand, are likely to get frustrated by underperforming colleagues, and may think that you don't care or that performing well is not important. A failure to manage performance is likely to see reducing standards and, ultimately, the good people may be the ones leaving.

If you have the leadership and vision, the plan and the people who can make it all happen, you still need to get your message across to the customers. But this is a wide topic and one best addressed in a separate article.

Michael Day FRICS is Managing Director of Integra Property Services, a business and marketing consultancy for the property industry
msd@integra-ps.com
www.integra-ps.com
Twitter: *@integraps*

Related competencies include: M002

Your staff members are your most expensive resource – make sure that they are also your most valuable