

# accountability

## + KPI's

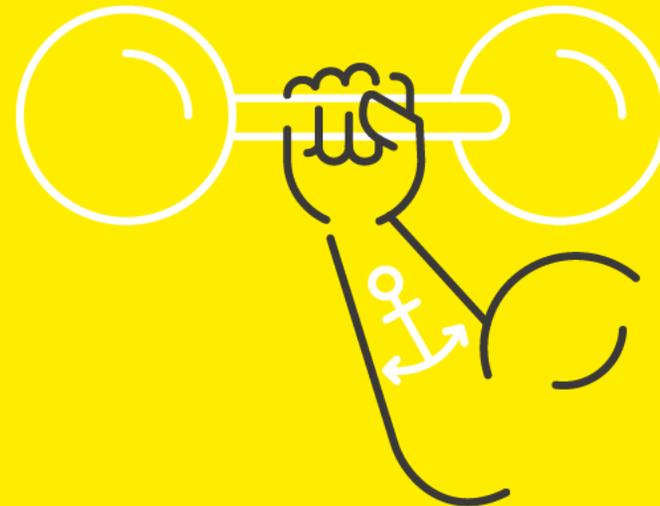
TIPS + TRICKS

Kickstart 2020

23 FEBRUARY 2020

[business  
DEPOT]

**stronger**  
**decisions**



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# hello! I am John Knight

**FOUNDER & MANAGING DIRECTOR**

 @jak\_knight

 @business\_DEPOT



“

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**sales are vanity  
profit is sanity  
cash is reality**

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”

what's your  
favourite KPI?

#1 KPI

I am asked about  
**profit %**

# operating profit %



- sales v PM mix of income and focus
- multiple principals
- selling principals
- owners remuneration
- finance costs
- \$ or %

**focus on  
incremental profits**

**income**

**- expenses**

**= profit contribution**

**- net shared services**

**= operating profit**

	sales	pm	principals	total
income	\$	\$	\$	\$
- expenses	\$	\$	\$	\$
= profit contribution	\$	\$	\$	\$

\$

\$

# \$ and %'s

**income**

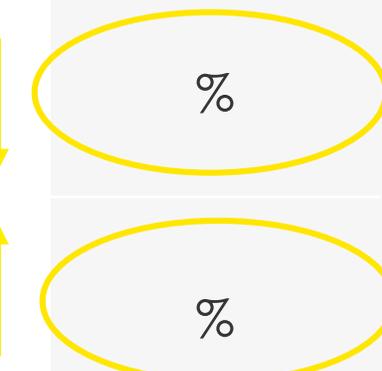
**- expenses**

**= profit contribution**

**- net shared services**

**= operating profit**

	sales	pm	principals	total
	%	%	%	\$
	%	%	%	%
	%	%	%	%





# Macca's formula



# sales division profit formula

**But averages matter!!!  
Which part of this formula do  
you need to work on?**

- no. sales per person per month
- X** sale price per property
- X** gross comm rate %
- X** no. active agents
- = gross commission income [GCI]**
- less** any advertising funded?
- less** sales person Commission %
- = gross profit [sales]**

# sales per person per month

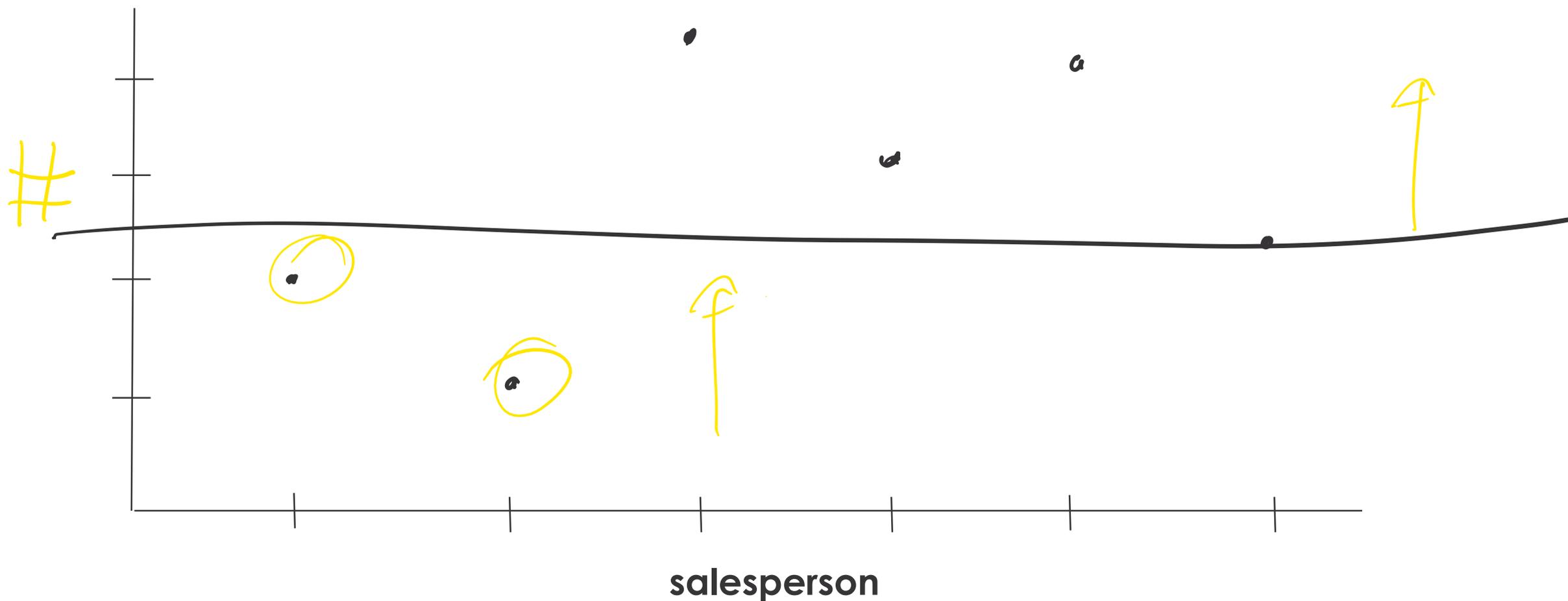


average < 1 sale pppm

focus on improving the  
average

# raising the bar above of average

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# net advertising as a % of total income



inc non-recovered vendor advertising

best

1.1%

average

4.3%

ensure you are getting  
value for the  
advertising you are  
paying for

# cost of sales staff as a % of sales income



best

**45.2%**

average

**57.2%**

there is a  
movement up but  
staff mix important



# PM division profit formula

But averages matter!!!  
Which part of this formula do  
you need to work on?

- no. properties under management
- X** average rents
- X** gross comm rate %
- X** % occupied [inverse of vacancy rate]
- = gross income**
- less** direct wages specific to PM  
division
- = gross profit [PM]**

# properties per fte pm



**average = just over 100  
per fte person [still]**

but trending upwards

# cost of pm staff as a % of pm income



best

**42.3%**

average

**50.9%**

depends on growth  
focus and offshoring  
impacting

# operating profit/ as a % of total income



best

**19.7%**

average

**14.5%**

trending down but  
now so many more  
business models

**‘the great’  
tend to have**

- + **large rent roll compared to costs**  
to reduce risk + fixed costs
- + **multiple principals**  
or key persons with a vested interest
- + **at least one selling principal/owner**  
but maybe this is more a profile thing
- + **consistently performing sales team**  
no baggage
- + **strong leadership**  
which drives a strong culture

**activity**

**v**

**result**



***future***



***past***

# my accountability

## top tips + tactics

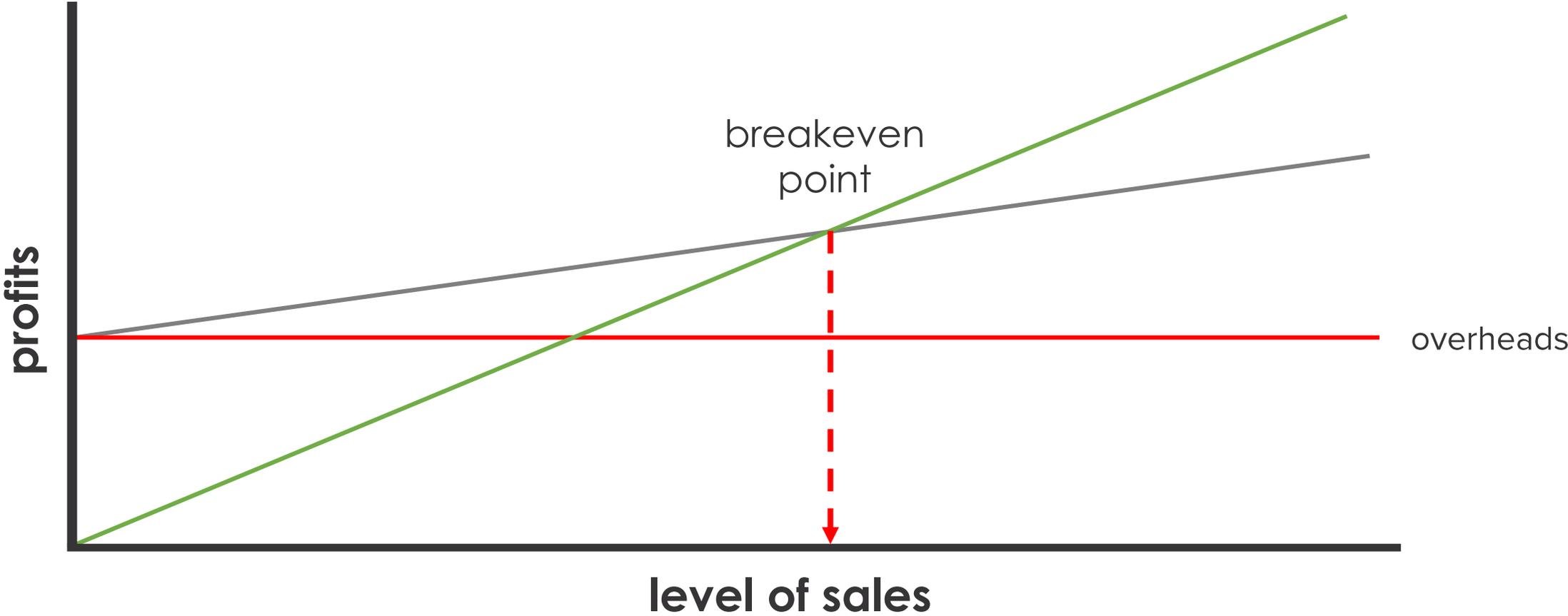


**one**  
**know your**  
**breakeven**



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# breakeven analysis

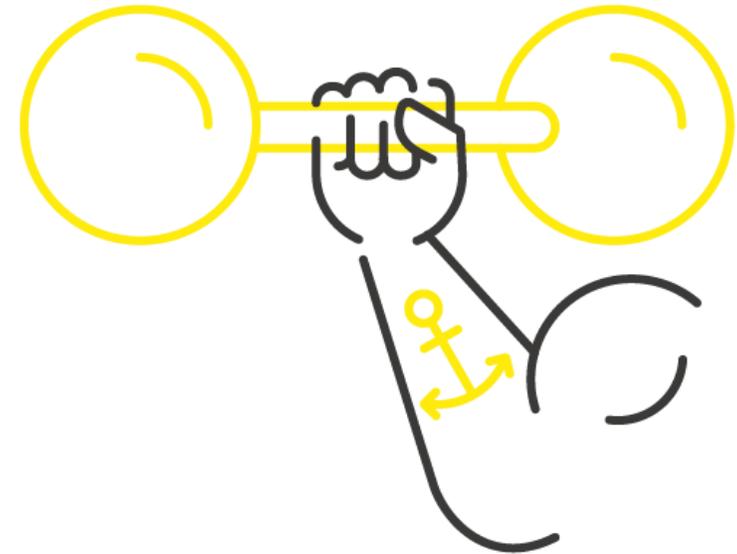


# strong gets stronger



## 🔪 top strategies to reduce breakeven

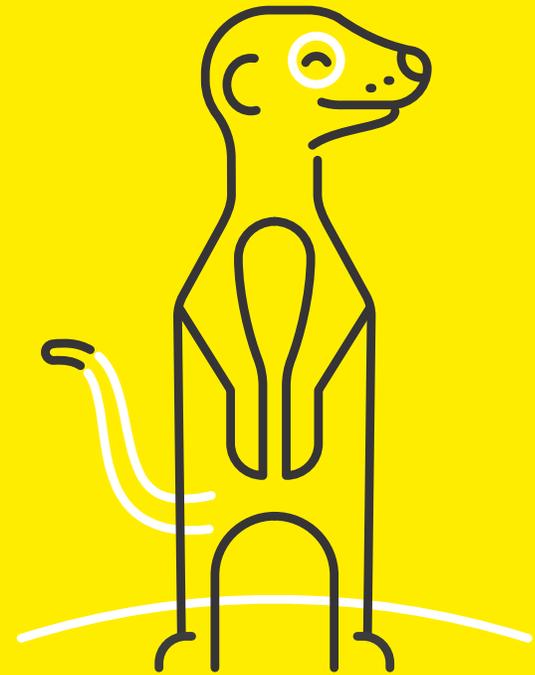
1. reduce waste
2. grow rent roll
3. focus on staff mix in sales





<https://www.youtube.com/watch?v=SSUXXzN26zg>

two  
watch out  
for squirrels



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# get some rhythm



✦ you don't want to reassess your overall business case every day

what do you measure?

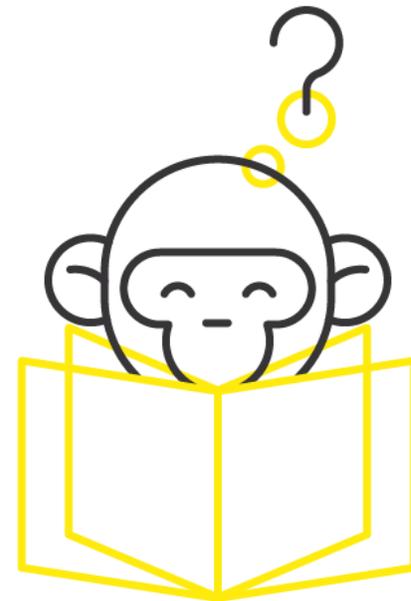
+ daily

+ weekly

+ monthly

+ quarterly

+ annually



A man with a beard and sunglasses is sitting on a couch, holding a can. To his left is a large teddy bear. To his right is a box of snacks and another can. The scene is set in a living room with a patterned pillow and a plain wall in the background.

who's sleeping on  
your couch?

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**four**

**the most**

**important part of**

**accountability is**

**the discussion**



five

**when precise  
data doesn't  
exist, don't stress  
and use a proxy**



some of the  
proxy KPI's

+ NPS

+ team happiness

+ team trust

+ market share

can you access precise data

**six**  
**change +**  
**KPI fatigue**  
**is real**



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seven

maybe you are  
encouraging the  
wrong behaviour



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**everyone on the bus  
everyone facing the front  
somewhere to drive  
someone at the wheel**



**eight**  
**rubbish in**  
**rubbish out**



**focus on  
incremental profits**

**income**

**- expenses**

**= Profit Contribution**

**- net shared services**

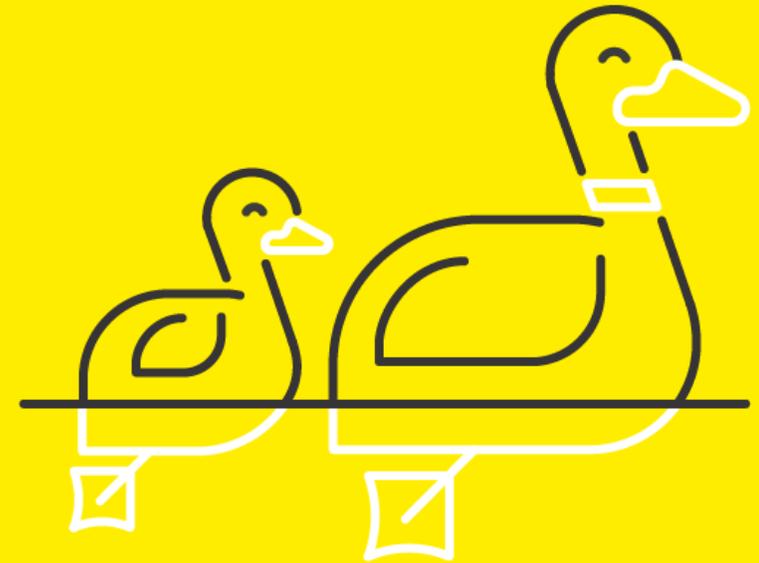
**= Operating Profit**

	<b>sales</b>	<b>pm</b>	<b>principals</b>	<b>total</b>
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$



nine

it's ok to  
have a few  
favourites



# my favourite KPI's

- + **breakeven**  
although probably not technically a KPI
- + **no. sales per person per month**  
of course GCI per property matters though
- + **properties per FTE**  
use number of people dedicated to PM
- + **net advertising per month**  
vendor and corporate
- + **operating profit by division \$ + %**  
before tax and owners remuneration

ten

**don't under-  
estimate the  
importance of the  
human side of  
accountability**



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# 5 dysfunctions of a team



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**sales are vanity  
profit is sanity  
cash is reality**

---

”

# one place for business



**Now also in Sydney,  
Melbourne &  
Geelong**



**businessdepot.com.au**

# our real estate leaders



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**cameron  
hancock**

Director - Legal

**c.hancock@  
businessdepot.com.au**

so what are you going to do about it?



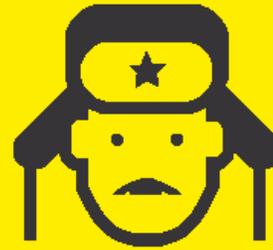
morov



lessov



ridov



tossin



**thank  
you!**



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the things we  
stand for  
**what to  
expect**





# you get the relationship for free

No asterisks, no clock  
watching, no bills for a 6  
minute phone call.



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**you don't know  
what you don't  
know**

That's where we come in.



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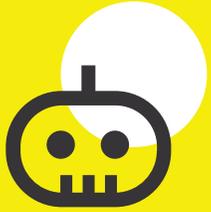


# there are no surprises

We're committed to relationships and results that are free of surprises.

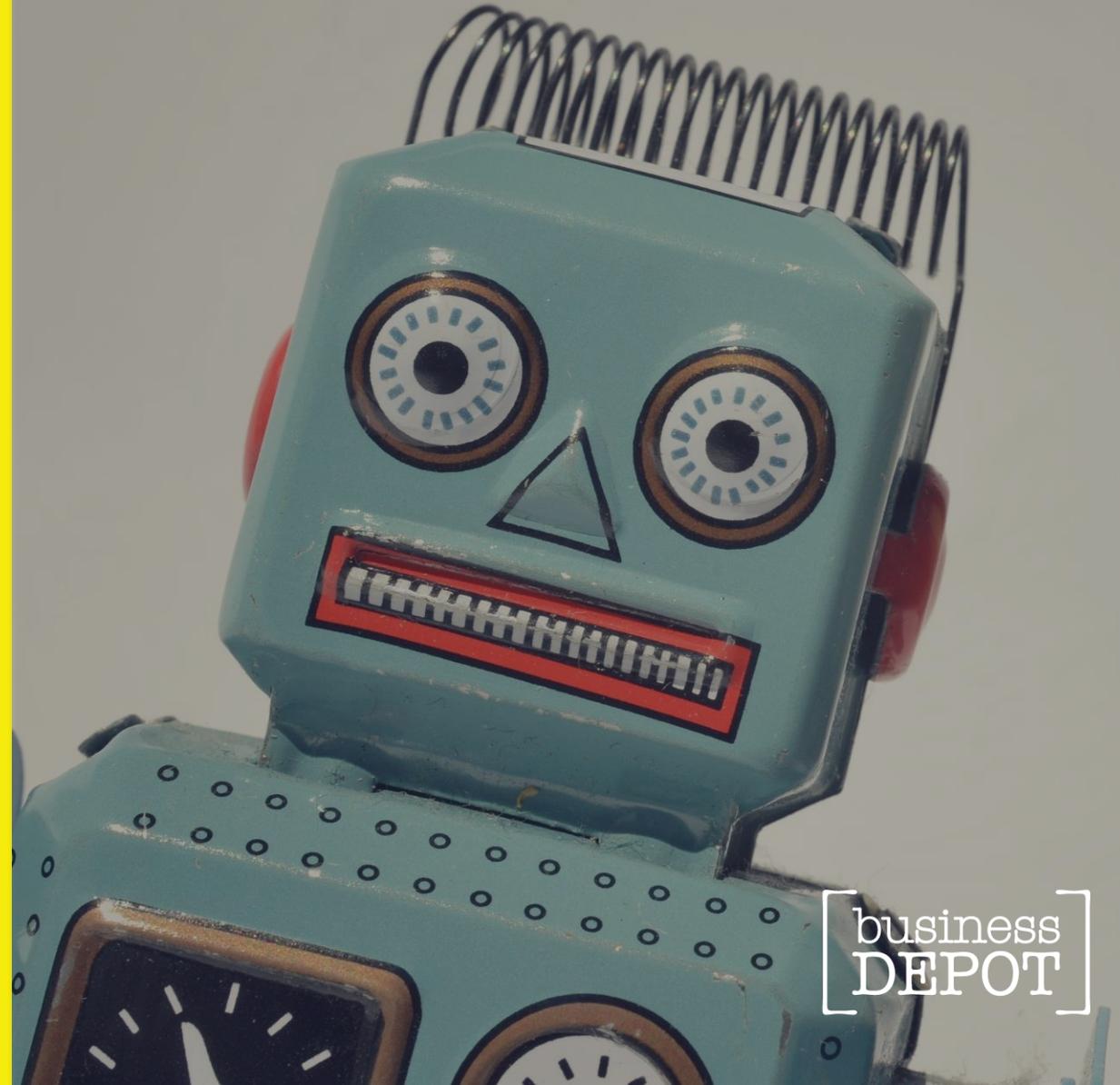


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# no robotic mumbo jumbo

We take a human  
approach to you and your  
business.



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**we've got  
energy to burn**

Let's share the spark.



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