

WELCOME

Shared Revenue Models



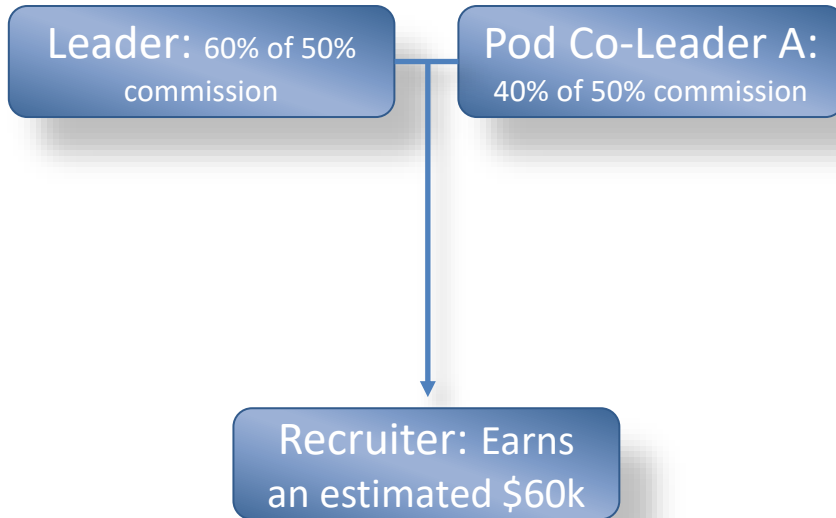
Karen Schmidt, President

KEEP IN MIND

- **Intention: RETENTION**
- **Who this model may be a fit for (it's more than you think)**
 - Recruiters focused in a specific niche together
 - Can include the owner but doesn't need to
 - Owners can be included in multiple shared revenue "pods"
 - #2 (and #3 and beyond) recruiters / right-arms to the leader
 - Future planning for this year and beyond
 - New hires after 90 days (for solo business unit)
- **How you might structure the shared revenue**
- **How to introduce the concept to team members and gauge their interest**
- **Common questions asked from owners when structuring this system**

The Message: I TRUST YOU.

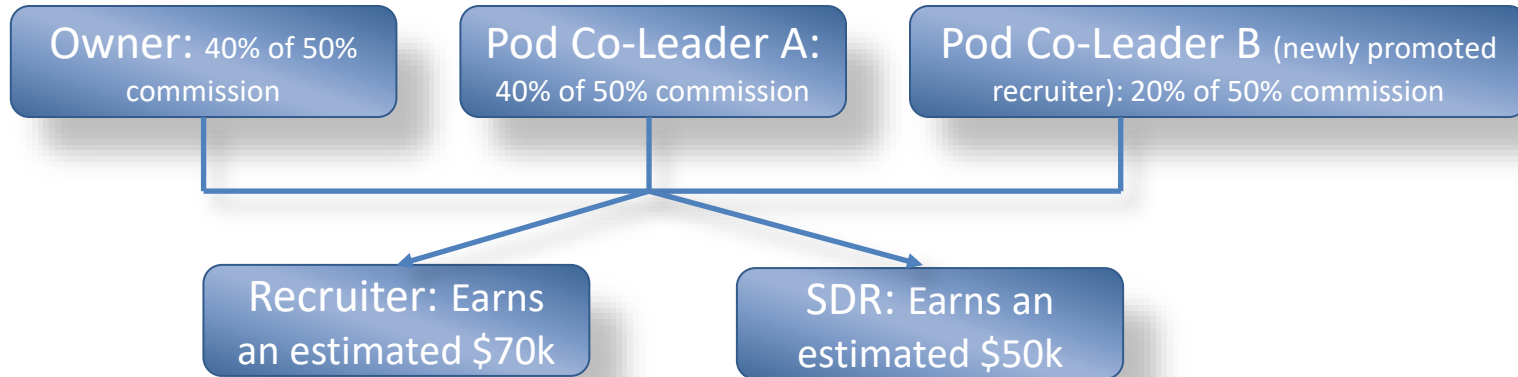
SIMPLE EXAMPLE



Example Pod Annual Revenue: \$600k

- Leader earns \$144k on pod production (\$180k less \$36k of recruiter's comp)
- Pod Co-Leader earns \$96k on pod production (\$120k less \$24k of recruiter's comp)
- House earns \$300k on pod production

SIMPLE EXAMPLE: FUTURE GROWTH



Example Pod Annual Revenue: \$1M

- **Owner earns \$152k on pod production (\$200k less \$48k of salaried team's comp) \$8k increase from prior example**
- **Pod Co-Leader A earns \$152k on pod production (\$200k less \$48k of salaried team's comp) \$56k increase from prior example**
- **Pod Co-Leader B earns \$76k on pod production (\$100k less \$24k of salaried team's comp) \$16k increase from prior example**
- **House earns \$500k on pod production: \$200k increase from prior example**

SIMPLE EXAMPLE

Solo Team Leader / Owner

- **Did \$400k personally in 2021. Adds person to the team, estimates that the individual would earn \$70k and add \$300k total revenue to the team.**
- **Traditional Comp Plan:**
 - \$50k salary plus 5% of column credit up to \$100k, 20% \$100-200k.
 - Person produces \$150k in their column = person earns \$65k
- **Alternative Comp Plan (example):**
 - \$50k salary for 1st 90 days
 - Upon approval after 90 days (and their desire to make the change), moves to minimum FLSA draw and 10% of total team cash-in
 - Highly recommend putting a timeframe in place; open-ended means they will want to move when they aren't experiencing success or when you close several deals without them
 - Team does \$700k in calendar year = person earns \$70k

SOME DETAILS

- Reverse engineer the math to work on conservative amounts of pod production
 - Your person expects to earn \$100k next year, the split should ensure that \$100k is earned on moderate estimated team production
 - Remember – 40-50% is still ALWAYS going to the house. An owner may make less on personal production, but the model is still profitable.
- Pods can have a blend of shared revenue partners AND salaried/column credit individuals
- New hires are on personal production credit until demonstrate opportunity to be promoted (solo practitioners can be exempt from this)
- %'s can be adjusted annually with intra-year adjustments being a rare exception. Year end changes will be agreed by upon all or risk losing the framework of the shared revenue partnership completely.
- Shared revenue partner within a team is NOT THE SAME THING as becoming a partner within the firm, giving equity to a person, voting rights, or anything else remotely connected to these.

THE TEST

- Would your current comp plan retain YOU
- Where do you need profit to come from, to be able to have enough to reinvest into building an even stronger value proposition and still have a fiscally sound firm, but then deploy additional profitability back into the producers themselves

HOW YOU MIGHT STRUCTURE THE SHARED REVENUE

Example 1 (simple):

- › Up to \$800k
 - » 50% commission
- › \$800k - 1.2M
 - » 55% commission
- › \$1.2M +
 - » 60% commission

**These are examples. The amount an office spends on benefits, overhead, technology, culture, etc. should be factored and thus above adjusted up or down based on those numbers*

Example 1 (slightly more complicated):

- › Up to \$800k
 - » 45% commission + 10% hiring fund
- › \$800k - 1.2M
 - » 55% commission + 5% hiring fund
- › \$1.2M +
 - » 60% commission + 5% hiring fund

CONCEPTUALLY TO THE TEAM

- The models that allowed for current level of success may be the same models that hit a plateau. This means limited career path for individuals on the team.
- This is a proven model for 20 years with the highest retention of producers and the most consistent production month after month.
- This is a “get to” not a “have to”. If you do the math and you determine that you’d prefer to stay on current plan, you are afforded that right. The proposed plan is always available conceptually, but may change in terms of the % proposed/team structure.
- Gives financial stability – a slump gets the right person out of bed faster, not out of obligation to “earn an income” but out of obligation to “earn the continued trust of the team”
- Financial stability = emotional and mental health stability
- Huge benefit to being tied to those stronger/larger producers. Huge benefit to those who have worked to create successful producers in the team.
- Benefit financially from hiring, mentoring, and RETAINING successful producers.
- A true “building a business within a business” model.
- Mindset will shift from “how do I close the next deal” to “how do I create a business unit producing at X level.”

IN CLOSING: STEPS TO TAKE

- Think about who you have, or who you are about to hire, that may be a fit for this structure.
- Reverse engineer the math for some initial calculations.
- Talk to your Chief Architect ****repeat this step every other bullet below****
- Conceptually explore with viable team members.
- Create a financial modeling spreadsheet and validate the numbers.
- Compare what they earned this year with what they would have earned on proposed plan.
- Share spreadsheet and vision with shared revenue people.
- Give them time to reflect, ask questions, share “what if’s”, etc.
- Slowly transition only at a rate of internal absorption: “Measure twice, cut once”

Team Focused Search: <https://joinsranetwork.com/download-search-firm-blueprint/>

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