



The Complete Guide to Real Estate Team Compensation





Intro

In the game of real estate, building your team is probably the biggest and most exciting step you can take. And it all starts with nailing down a profitable team compensation model.

Because the way you pay yourself and your team can make or break your real estate business—but it's hard to get it right.

In this guide, we'll peel back the curtain on three innovative team compensation models to help you build a motivated team and profit-friendly business.



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MODEL #1

INDIVIDUAL GOALS FIRST

TEAM MEMBERS

~45 agents

YEARS AS A TEAM

3

ANNUAL GCI

\$2MM 2020
\$3MM 2021

COMMISSION SPLITS

Company leads = 45% buy-side 30% listing
Self-generated buy = 60% to agent
Self-generated list = 40%

BEST TEAM COMP TIP

Be transparent.

**“Life’s too short to do something
because somebody tells you that’s the
right way.”**



Michelle Humes
Owner, Michelle Humes Group



MICHELLE HUMES LEADS A HYBRID TEAM WITH AGENTS WHO ALL HAVE THE SAME BENEFITS—BUT NOT ALL HAVE THE SAME GOALS

“I have little kids and I don’t want to work 80 hours a week. I’ve done that. I want everyone on the team to hit the goal they want to hit.”

Agents on Michelle’s team may not be closing 100 homes each per year, but they’re professional, honest and extremely ethical. For her, this is what matters—and if you get the math right, more agents can still mean more profit.

“Knowing your numbers, knowing your P&L, getting with your bookkeeper monthly, and knowing what to spend where” is key according to Michelle.

Here’s how her current costs break down:

Marketing & Advertising	15% (including ISAs)
Staff	10-12%
Profitability	27%

“I always tell people when they’re starting out making their first hire to just have their first three months salary in the bank. If you have that, you’re in good shape.”

And remember, changes will happen.

“If Zillow all of a sudden tomorrow says it’s not a 35% referral fee anymore, it’s 50%. Guess what? A team leader has to make an adjustment,” explains Michelle.

She never rolls out any changes to team comp on paper, it’s always done in-person so that she can explain face-to-face why it’s the best move for the team.

The way Michelle sees it, they deserve to be profitable as a team.

Today, the agents on her team are open to change because they trust the business and they trust the process. About 75% of the business is from company-generated leads, 25% self-generated. “Our model is heavily based on agents getting listings appointments set for them.”



MODEL #2

PROVIDE MULTIPLE OPTIONS

TEAM MEMBERS

~35 agents

YEARS AS A TEAM

5

ANNUAL GCI

\$3.2MM

COMMISSION SPLITS

3 different options (100%, 80/20 w/
\$16k cap, 70/30 w/ \$19k cap)

BEST TEAM COMP TIP

Think about what would
make you happy as an agent.

**"The #1 mistake people make when
building a real estate team is giving in to
short-term thinking."**



Michael Smith
CEO, Bluefield Realty Group



MICHAEL SMITH KNEW HE WAS GOING TO BUILD A TEAM AND EVENTUALLY A BROKERAGE FROM THE MOMENT HE GOT LICENSED 5 YEARS AGO

“I was only on my own for 10 months before I started hiring people and it was a bit of trial and error with compensation models,” he says.

Michael's a big believer in giving people raises, rather than ever having to cut their pay, so he went into it “very carefully”.

He recommends starting out with conservative margins. He also ran scenarios for what it would look like if he hired an agent and it didn't go well vs. what it would look like if he hired an agent and it went incredibly well.

Agents on his team can choose between three plans, each with a different level of access to various benefits such as marketing, coaching, leads, etc.:

Bronze Plan	100% commission to agent, minus a \$500 transaction fee.
Silver Plan	80/20 split. The 20% is capped at \$16K per year.
Gold Plan	70/30 split. The 30% is capped at \$19K per year.*
Team Gold	Optional team lead program that offers 50/50 split with no cap.

The company charges their agents a \$99 monthly technology fee to cover the team's per-user cost on all their SaaS platforms (CRM, IDX website, e-signature platform, etc.). They also have a revenue share program that incentivizes agents to help build the brokerage through recruiting other great agents.

For Michael, it's less about how much money you can make this year, and more about setting up systems that help you win together long-term. “If you're constantly recruiting just to replace the agents you're losing, you're spinning your wheels and never really growing,” he says.

Today, almost all of the agents at Bluefield Realty Group are on the Gold Plan. Agents on that plan love getting access to company-generated leads, support from the Inside Sales and Marketing departments, plus other perks like access to free signs and lockboxes, coaching, and more.



MODEL #3

ESCALATING SPLITS, NO CAPS

TEAM MEMBERS

~45 agents

YEARS AS A TEAM

13

ANNUAL GCI

\$3.9MM

COMMISSION SPLITS

From 75/25 to 90/10

BEST TEAM COMP TIP

Be confident about the value you offer.

"I did everything wrong initially and then scaled back from that."



Ryan Rodenbeck
Broker/Owner, Spyglass Realty



WHEN RYAN RODENBECK FIRST STARTED OUT, HE DEFAULTED TO THE BASIC 50/50 SPLIT MODEL FOR HOUSE LEADS AND 80/20 WITH A CAP

“After wanting to get out of production and really build my team so that I’m not the sole provider of my income, I changed my model and did away with the cap.”

Ryan believes that a successful brokerage should work like a team, and vice versa. “When you look at how a team can be structured and how a brokerage can be structured, they can each learn a lot from each other.”

The way Ryan sees it, once you have more than 10 agents, it’s hard to be good at both leading a team and in production. He ran the math and realized he needed to get to 30 agents so he could come out of production—and he’s quick to point out that this number will look different for everyone.

Today, Ryan has agents that are on leads and agents that are not on leads. For those not on leads, they need a minimum of \$3M in production. He’s very discerning about who he brings on, taking only one new agent per quarter—all of whom must be self-starters who understand the team’s process.

Ryan’s team comp structure is an escalating model based on production:

< \$3 million	75/25 split
\$3-\$4 million	80/20 split
\$4-5 million	85/15 split
\$90 million+	90/10 split

No caps. For Ryan, it’s more about the service he provides to their agents.

“Before when I had caps in place, I wasn’t ready to be a full service brokerage. We just weren’t there yet. When we got rid of them it was at a point where we knew we absolutely were good enough to do that.”

Today, Ryan focuses on coaching on his recruitment calls, not selling. “As you get better at it, as your team produces more and more year after year, it becomes less important for you to sell your team comp model. It gets sold for you.”



ANSWERS TO TEAM COMP FAQs

What happens if a team member questions your splits?

MICHELLE HUMES: Be transparent and take it back to profit. Ask your agents, “Do we deserve to be profitable?”

MICHAEL SMITH: By offering three three options, you give the agents an à la carte approach to team comp that they may not get anywhere else. If there’s a specific option you want them to pick, make sure you give them a reason to pick it. Engineer your plans to be a win-win regardless of what option they go with.

What happens if a team member doesn’t like your comp model?

MH: Let them go. If you want a team model you can scale, you have to prioritize your business system first.

What happens if you have to change your comp model?

MS: Be nimble, but also be wary of making changes too quickly. If you’re making changes to your comp model every six months, your agents will likely get confused. Make sure you’ve thought it through and that you have a really good reason for the change.

What happens if an agent leaves your team?

RYAN RODENBECK: Some agents will want to be with a big company, and that’s fine. The important thing is to know who you are. That makes the wins and the losses of who you’re recruiting more acceptable.

Who should I hire first?

RR: Start with TC, then a full time admin that takes a piece of that transaction management. When they get too busy to handle it all, then outsource your TC so that your admin is focusing on all the other stuff—that’s the point when you hire your first buyer’s agent.



ANSWERS TO TEAM COMP FAQs

How does your team comp model help differentiate your team?

MH: Keeping it focused on the greater purpose of this business and transparent in terms of cost and profit breakdown helps us stay focused and keep our culture high, even when things are going crazy in the world.

MS: Stay competitive with your team comp model. Our vision is to provide more and cost them less, we want it to be a no-brainer.

RR: About 75% of our agents were once with a competitor. Embrace who you are and stay loyal to that, and the right agents will find you. Know who you are and be ready to let your culture take you to the right place.

What is success in your team?

MH: Doing what's right for the team. Not for me or any individual, but for the team. And to make sure that everyone knows they belong on the team. Whatever somebody wants to achieve, I'm succeeding if I'm helping them do that.

MS: Success is staying focused on building the best team, not necessarily the biggest, and watching the growth come as a byproduct of that approach.

RR: I think the bigger your company gets, the more of a chance you have of losing your company culture. For us, staying true to our culture and who we really are is success.



ABOUT FOLLOW UP BOSS



The road to a top-producing team starts with getting all your leads in one place. Follow Up Boss is the CRM that connects all your lead sources and marketing systems, organizes your data, and automates follow up.

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your team a
system they
can count on?**

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