

First Step In Becoming An Investor--- Know Thyself

By Robert Shemin, JD, MBA

Shakespeare says, "know thyself." These words speak true for real estate investors, too. Early in my business, I learned quickly what I am not good at---accounting. I stashed receipts in shoeboxes for the first nine months of the year. The other three months, I tried to figure out what I did the first nine months. That is no way to run a business! Now I hire a service that takes care of these bookkeeping and accounting activities that still stress me out.

To "know thyself," write down the real estate activities you like. If you love to talk to people and sell, you'll be good at recruiting tenants, putting deals together, and selling them. Maybe you love detail and finance. You could happily pull together mortgages and financing deals. If you easily get irritated at people, you probably do not want to manage property, and so on.

Determine your answers to these questions, then build your team:

- What do you like to do? And not like to do?
- What kind of people do you like to be around?
- What kind of deals would fit your personality?
- What aspects of real estate investing best fit you?

Your Business Plan

Most real estate investors have absolutely no plan. They set out to find that property, they buy it, then figure out what to do by accident. When tenants do not pay rent, for example, they quickly evict them without researching options. Let me save you a lot of headache by insisting you write a plan.

In the next 48 hours, sit down with your loved ones and write out your goals. Decide what you want to have for your 30-day plan, followed by your 60-and 90-day plan, your six-month and one-year plan, your five-year, ten-year, and 20-year plan. Schedule time to record these goals and structure your plan. Remember, it doesn't have to be long...between two and six pages...and it should include:

- How much property you want to have (during each time frame)
- What type of activities you want to do
- How much money you want to make (in each time frame)
- How much net worth you want

Next, write down how you will reach your goals. How many phone calls will you make? How many properties will you look at? Realize that stating goals means nothing if you don't determine how you'll meet them. If you do not have the energy to write down your goals, I can assure you, you won't have the energy to make your real estate deals happen.

Your Perfect Day

Tie your goals into creating a "perfect day." Decide how it would look. Would you have a big office, a little office? Would you work out of your home? Where would it be located? What is the nature of your business? What kind of deals are you making? What does your portfolio look like? How much money can you make? What will you do to bring in money? Whom do you work with?

I planned my perfect day at work a few years ago in Nashville, Tennessee. I saw myself by the beach. I would wake up and exercise, ride my bicycle, take some phone calls, do some deals, have lunch, rest or swim in the afternoon, check messages, put some deals together, and spend time with family and friends. And I would also travel a lot. Today, I live in a beautiful condominium apartment overlooking downtown Miami and the beach. I wake up early and work out on the beach, come home, check messages, make calls, listen to a few tenant requests on voicemail, go to lunch, work in the afternoon, and travel a lot...just as I pictured.

Your Finances

Also, take a financial snapshot of where you are today. How much cash do you have? How much credit? What is your credit score? Requesting a copy of your credit report and getting a financial statement from a bank or mortgage company will help you determine what you want to

do with your real estate investing. Six months or a year from now, you can compare your snapshot then to now.

Decide how much can you borrow (if you have to) to make real estate investments. How much access to cash do you have? What are your assets?

What do you own? Houses, cars, investments. What are your liabilities? What are your debts? Mortgages, credit cards. How much is your life insurance? Your retirement account?

Your Action Plan

So, take the next two days, the next 48 hours, to make a plan. Decide where you are and where you want to be. Write down your goals and share them with others. When you do, you are on your way to living the life you know you want.

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