

Part I

An Overview of Your Wealth-Building Process

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Identify Exactly What You Want to Achieve

Turning Dreams into Reality

Everyone has dreams. Unfortunately, most people never achieve much, if any, of what they dream. Why do you suppose that is?

As a seminar instructor, for many years I have traveled around the world and had the opportunity to spend time helping many people build fortunes in real estate. In most respects, these people are just like many of you reading this book. In their lives, they had done many of the things that you do every day. They went to work, they cooked, they went to work, they took the kids to school, they went to work, they went to soccer practice, they went to work, they went on diets, they went to work, they had their car serviced, they went to work, they went to the health club, they went to work, they shopped for groceries. . . . Sound familiar?

However, ultimately, there is a difference between the people who become very successful and most of the rest of the world: Successful people are successful because they do the things they like the most. The most! Let me explain. People go to work day after day and many of them don't really care for their jobs. The job is not what they most like

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to do. Frankly, almost all of them would rather be doing something different, be paid more, have more time off, have better benefits, have more freedom—and the list goes on and on. So why do they stay where they are? The answer can be explained in three words: security, procrastination, and fear!

- Security because they at least have a job and don't really have to make a change.
- *Procrastination* because they want to change, but never quite get around to it.
- *Fear* because they might be worse off if they do make a change.

Again I ask you, does that sound familiar?

But are they really secure? How many layoffs have occurred this year? How many companies have closed their doors? How many thousands of people have lost their retirements?

Remember this: *Your own personal security can only exist when you can independently generate whatever income you desire and your future is totally in your control.*

One of the most prominent personal development trainers over the past few years has been a man named Tony Robbins. Although similar training programs have been taught for decades, Tony has successfully combined much of the world's success training into a very compact package of daily do's and don'ts. Think about that for a moment—the daily do's and don'ts of success. How simple would life have been if we had been given that handbook when we walked into first grade?

Well, as you have been taught and as we all know, it is just not that easy! Or is it?

You Decide What You Will Achieve

A few years ago in Memphis, Tennessee, a young man named Mac approached me after a seminar and told me that he'd been quite ill for

some time, but had finally started to recover physically. He had been in and out of hospitals for two years, had no insurance, had a low-paying but *secure* job, was deeply in debt, had no liquid assets, his one car was about to quit on him, he was about to lose his house in foreclosure, and he was considering bankruptcy. He had a wife and two children and said that he was, and I quote, “digging himself deeper and deeper into a hole every month.” He asked a very simple question: “Can you help someone that is as far down as I am?”

As you might imagine, my heart went out to this man and I thought very carefully before I answered, because the last thing he needed was false hope. Our conversation went something like this.

“First, I want you to understand that I can only help you if you’re willing to help yourself. Since you are here today, I assume that you have at least taken the first step to try to make a change that will improve your life. Is that correct?”

Mac’s response was one that I have heard a thousand times. “Yes, I’m willing to try anything, but I don’t know what to do. I just need a plan that will help me pay my bills and get me some money so I can go out and make a few deals.”

I would venture a guess that nearly every person reading this book, at one or more times in their lives, has felt the fear and frustration and maybe even the desperation that Mac felt that day. And, worse yet, many of you are still struggling. Do those words, “I just need a plan that will help me to pay my bills and get me some money so I can go out and make a few deals,” sound at all familiar? Maybe his grammar wasn’t the best, but his message was strong and clear.

The two concepts that Mac didn’t understand are the same two concepts that most people who are desperate have a hard time understanding: You cannot expect things to change, *if you don’t make a change*. And, most importantly, many times, *the money comes from making or having the deal*, not necessarily, or exclusively, from closing the deal!

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It was very evident that Mac's need for security, fear of change, and sheer procrastination were killing him. He needed to get out of the job that wasn't cutting it. And he needed to realize that it doesn't take money to generate money; it takes a deal to generate money! But, he probably said it best—he needed a plan!

My next statement to Mac was, “You said that you're in a hole that keeps getting deeper and deeper. Well, the first rule when you are in a hole is stop digging!”

It is always pleasing to me when someone uses our techniques and enjoys success from their actions. In Mac's case, it was especially gratifying. In the following 12 months after our conversation, Mac paid all of his hospital bills, purchased two nice rental properties, got current on his home mortgage obligation (he had been four months behind on his payments), purchased a nearly new pickup for himself and a car for his wife, and generated an income of just over \$88,000. That was just over six years ago and since that time Mac and his wife have accumulated over 20 properties, their annual income is in six figures, and their net worth is over \$2 million.

Sound like a dream? Well, you're right—it was Mac's dream and he made it a reality.

Now let's add one more piece to this puzzle. For those of you who are thinking that you must move to a large city to create high returns, think again. Mac lives in a fairly small college town with a population of approximately 50,000, about 60 miles from Memphis, and all of his investment, buying and selling, has taken place in that area. Understand that what he has accomplished can be done virtually anywhere in North America and in many other countries around the world.

This is only one of many hundreds of stories that can be told of people who have started with practically nothing and built a fortune from real estate and related industries. When you finish this book, you can have a plan that will work for you to accomplish as much or more than Mac has accomplished. Your success will be up to you.

Goals—The Most Valuable Building Blocks

“Goal setting,” you groan, “not that again. Every time I read a book or watch a video or go to a seminar, they talk about how important it is to set goals.”

Yes, and once again, I will tell you what you have already heard 10 or 100 or 1,000 times: *Setting concise but flexible goals, writing them down, continually reviewing those goals, and measuring your accomplishments is critical to your own success!* Period. Like it or not, it is an absolute necessity.

Right now is a good time to begin asking yourself: What exactly do I want to achieve out of this new real estate investment undertaking?

- Do you want to build an ongoing, income-generating business at which you can work full time?
- Do you want to keep your current job and begin buying and selling periodically for either additional income or a more fruitful retirement?
- Do you simply want to become a real estate mogul and buy and hold as many properties as possible to secure your future?
- Do you just want to buy your first house?

Identifying your goals is very important for many reasons. Most importantly, because you will learn many, many techniques from this book, it is important that you utilize the information that will best suit your needs and desires. It may take you years to utilize every method that will be shown to you. Concentrating on a specific plan and specific methods will provide the best results. As you become more and more knowledgeable and proficient with the techniques, the entire process will become less cumbersome and you will be able to branch out and use other methods.

However, remember that your goals also need to be *reasonable* and *flexible*. Reasonable, in that you must honestly evaluate the time and

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resources that you have to put into your own real estate investing venture. Flexible, because you may start out with a goal to only buy your first house and find that the process was so easy that you want to buy several more. Setting the goals, measuring your achievements, and moving the bar up to the next level is the progression of success in nearly every venture in life. The investment goal form shown in Figure 1.1 will help you break down each of the actions that you will need to take to accomplish your aspirations. Note that the form requires you to state a goal, show the action that will be required, and then break down the specific actions that will be necessary.

One example might be:

Investment Goal: To purchase two properties within 60 days

Actions: Search the classified ads for properties
Contact a real estate broker and have her or him search
Search foreclosures and notices of default
Drive around the area and look for “For Sale by Owner” signs

Specific Actions: Classifieds: contact a minimum of 20 sellers, do follow-up letters to sellers, and view at least six properties
Broker contact: identify 20 potential properties and view a minimum of six properties
Foreclosures and notices of default: contact a minimum of six sellers, six lenders, and six trustees
Driving: identify a minimum of four sellers, view a minimum of two properties, and negotiate offers on two properties

By breaking down your goals in this manner, you will know the exact actions that you need to take every day to accomplish your goals.

It also is very important to segregate your goals into three categories:

1. Daily action goals
2. Short-term achievement goals
3. Long-term success goals

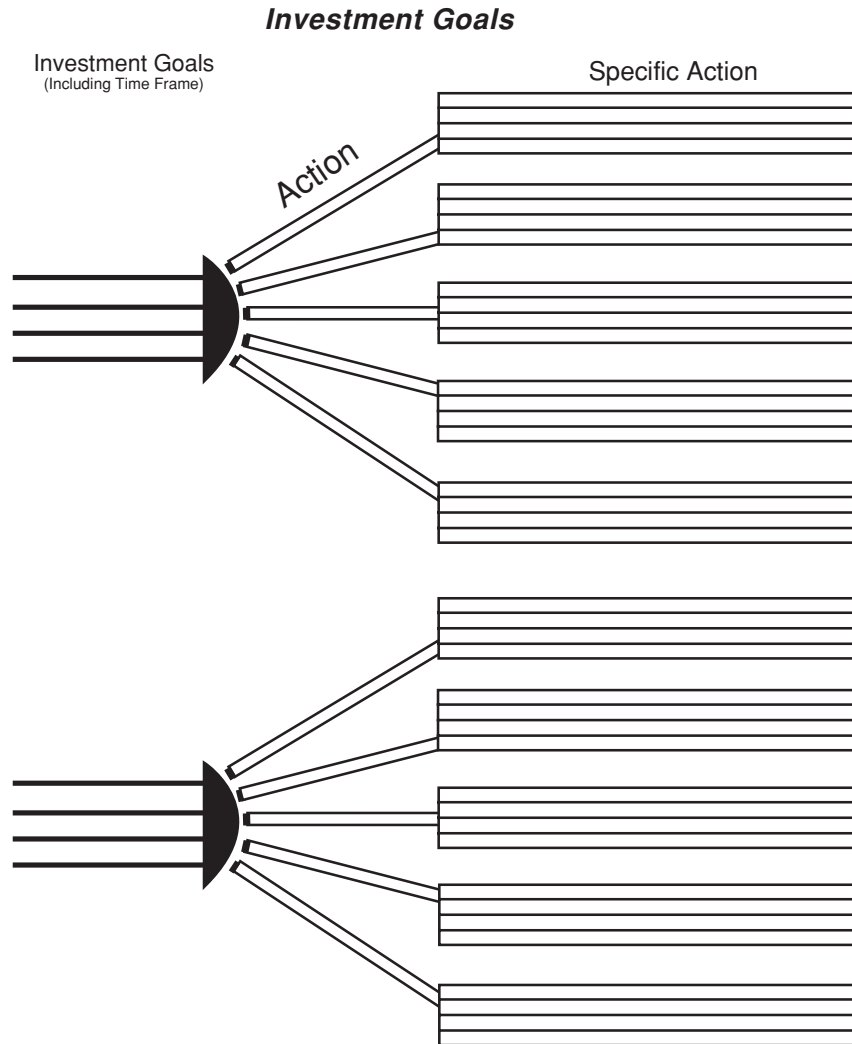


FIGURE 1.1 Sample investment goal form to help you set goals and the actions needed to reach them.

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Daily Action Goals

These goals can best be defined as daily, weekly, and monthly activities such as personal contacts with potential sellers, viewing properties, creating and distributing flyers, and follow-ups on potential deals—everyday activities that will be necessary for you to find and close the transactions that will allow you to achieve your short-term achievement goals. Daily action goals will become almost second nature, but you must continue to track your results or you may become scattered and disorganized. Time is your most important asset and setting and prioritizing specific daily action goals will help you to utilize your time most efficiently.

Short-Term Achievement Goals

These are those goals that you want to achieve in one year or less. These include making a monthly or annual income, paying off bills, buying one or two or three properties, taking a certain vacation, buying a new car, creating more time to spend with your family, quitting your job and working full time in real estate, etc. Short-term achievement goals are the stepping stones that move you sequentially closer to achieving your long-term success goals.

Long-Term Success Goals

These goals should be broken into two parts: those goals that you want to achieve in five years or less and those that you want to achieve in 10 years. Some examples of five-year long-term success goals might be net worth of \$1 million, ownership of 20 properties producing a net income of \$75,000 a year, an annual income of \$150,000, etc. Ten-year goals can be moved up substantially, but keep in mind, things change. Your five-year and 10-year long-term success goals need to be the most flexible.

As you gain more knowledge, experience, and confidence, you also will become more astute at setting goals and you'll find that you have

a tendency to push yourself a little more than you did when you were first beginning your new venture. As I said before, as you work with the process, the easier it will become and the less complicated it will seem to you. It will be the same with your goal setting. It will become habitual and second nature.

In Part III of this book, after you have learned many specific buying and selling techniques, you will be asked to prepare your own personal action plan. You will have been given many choices and it will be critical for you to choose to do the things that you like the most. The most! The fact is, if you *like* doing it, you're much more likely to *keep* doing it! At that time you will begin setting your goals and writing your first personal plan for success.

Time—Your Most Valuable Asset

How many times have you heard someone say, “I would love to be able to have the time to do this or that or be able to go here or there, but I am so busy and have so little time that I just can't do it.” Many of you have probably said or thought those same things at one time or another. But, the real truth is that there are only 24 hours in a day and we all make the time that we need or want to for the things that are the *real* priorities in our lives. If you want something different than what you have, you must first, and honestly, change your priorities.

Many people enjoy looking and acting and being *busy*. The problem is that most people are highly unproductive, whether they are busy or not. Like any other venture, if you are to be successful in the real estate business, you *must* prioritize and manage your time to allow you to complete the actions that will be necessary for you to achieve your goals. Remember, a commitment of four or five hours a week might be all that is necessary for you to become a successful real estate investor.

Managing Your Time

There have been many books written on time management, but I believe that most of them are entirely too complex. Why make it harder than it really is? Here is my simple, two-part formula for successful time management, broken into preparation and actions.

Preparation

1. Simplify your life. Stop doing the things that are not essential or that you really don't want or have to do—the things that are getting in the way of the success that you want to achieve.
2. Control what people and actions get your time. Do not let other people's priorities take control of your life.
3. Balance your actions, and balance your life. Figure 1.2 shows a pie chart representing a sample allocation of the 24 hours in your day. This shows that you should designate allotted time for the essential activities in your life and strive to maintain that balance.
4. Identify and control procrastination. Learn to prioritize and focus. Do not allow yourself to waste valuable time.

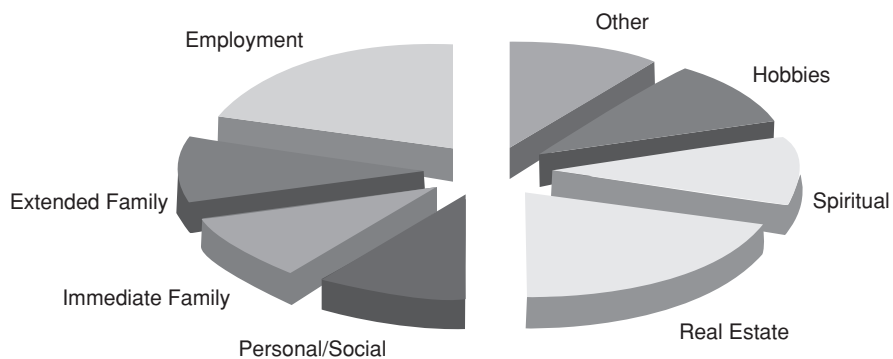


FIGURE 1.2 The pie chart shows that you must allow time for the essential activities of your life.

Actions

1. Establish daily priority and action lists. Write down every activity and action that you wish to accomplish. It seems easiest to use the ABC method to identify the different levels of importance that will be attached to each activity or action. The A activities or actions are the ones that are absolutely necessary to accomplish. The B activities or actions are the ones that are important, but that can wait until the A's have been completed. The C's are the activities or actions that have the least importance and can wait until the A's and B's are done or that can be worked intermittently into your schedule and not interfere with your priorities. Create your priority and action lists every evening while your current day is fresh in your mind.
2. Create weekly completion reports. Track what you accomplish. You must be consistent and if you begin to see a pattern of reduced productivity or accomplishment, go back to the basics and make sure you are doing the right things at the right times.
3. Follow the progress of your short-term achievement goals. At the end of every month revisit your personal plan for success, which is broken incrementally into 12 months. Check your progress and see that you are on track. If not, make the changes necessary to put you back on schedule.

Time management is not difficult if you keep it simple: Plan your work and work your plan. That is all there is to it.

