

**Don DeRosa's**

# *Real Estate Investing for The Real World*



Volume 2, No. 2

## **The Investor's Toolbox: Edging Out Your Competitors**

*The ability to learn faster than your competitors may be [your] only sustainable competitive advantage. Arie de Geus*

Have you heard? Our local real estate investors association has over 3000 members. In fact we had to move our general meeting to a larger location to accommodate the expanding membership. Talk about competition!

So how is it that some investors are making a fortune? After all, there are only so many motivated sellers out there. What's giving successful investors the edge? This article will talk about some of the items that are in every successful investor's toolbox.

In my course materials, I refer to the first four tools as my ingredients for success: goals, a workable system, hard work, and confidence. Let's look at each one.

Goals are the building blocks of every successful business and every successful individual. Without them, a business is like a boat with no captain, no motor, and no sail: it's going to go heaven knows where. To be useful, goals need to be specific, attainable, challenging, and written. In fact, many goal-oriented people spend the first few minutes of each day writing down their goals. They spend the rest of the day achieving them!

Successful investors have also developed a workable system. What do I mean by that? I mean a well-oiled machine. Forms. Software. A routine. Organized files and easy access to information. Why is this so important? For one thing, if you're disorganized you'll still be looking for your cell phone while other investors are closing deals with motivated sellers. For another, you'll never get to take a vacation unless you have a system that someone else can operate for you! In other words, you need a written system that is so easy to use anybody can step into your shoes and work forward from it.

Most of your system can be made up of simple, inexpensive things: pre-written forms, a website, and good marketing materials, for example. The tools you use need to be professional but you can accomplish this even on a small budget.

Some tools require moderate investments: a decent computer, for example, and appropriate software. I use QuickBooks for my accounting, and Paper Tiger is terrific software for organizing documents and eliminating paper. A new product at [www.EquityDepot.NET](http://www.EquityDepot.NET) (for which I'm an advisor, available in Georgia as of this writing) will provide low-cost access to current foreclosure notices and tax records, combined with a profit calculator and other property management tools. Whatever system you develop, though, make it automatic, easy, and quick!

The third tool common to successful investors is hard work. Remember that infomercial that got you started in real-estate investing? Whichever one you saw, it probably had testimonials from people who had \$500,000 in equity after just 30 days! Can it happen? Yes. Will it happen? Well, probably not quite like that. But if you work hard, work smart, and give it time, it's just a question of when.

The next essential tool is confidence. Have you ever heard the old wives' tale that animals can sense fear? Well, so can homeowners and lenders! If you're not confident sitting down to lunch with a private lender who has \$1 million to lend, there's no way he's going to lend you a thousand bucks, much less a million.

Luckily, it's not *feeling* confident that's required. It's *conveying* confidence. This is great news because you're probably not going to be very confident when you start out. Successful investors aren't any braver than you are. They just "fake it until they make it." They present themselves as being confident – regardless of how they actually feel inside. And that's why they can make great deals!

In addition to my four "ingredients for success," there are four other tools you'll find in every successful investor's toolbox: follow-up, speed, marketing, and integrity.

Speed is an essential tool of the successful investor. It really is true that the early bird gets the worm. Take foreclosure notices, for example: do you wait for the subscription report to come out, or do you search the newspapers yourself? If you're using the report, you're getting information that's a week old. And that means you're contacting homeowners a week *after* the successful investor, because she's the one poring over the legal notices! The successful investor is the one who goes the extra mile to get the information quickly, and then follows up. And that brings us to the next critical tool.

Follow-up is key. Successful investors don't just get the information fast. They follow up on it fast, too. And they don't just contact homeowners once. They contact them three or four times. But follow-up means more than that. It means returning phone calls. It means making sure important paperwork has been received. It means checking in with your homeowner to give a status update. It's that extra attention to detail that makes all the difference.

Successful investors have also developed an effective marketing system. Rather than just using one marketing method, they design an entire campaign that combines several methods. They have a clear idea of who they're targeting and why, and they've tailored their marketing campaign accordingly. If they're targeting a particular neighborhood, they post signs at every entrance to the neighborhood. They distribute business cards or flyers. And they do it more than once. You never know when a homeowner will finally decide to seek relief.

Finally, the truly successful investor has integrity. He does what he says he's going to do. He doesn't try to hide the ball. He treats homeowners with the same respect he treats million-dollar lenders. He looks for win-win solutions. He obeys the law and he pays his taxes. Does that sound counter-intuitive? After all, crooks do get rich. Some – probably most – never get caught.

But exercising integrity in the marketplace has a few things going for it, too. Obviously, dealing honestly and treating people with dignity is the right thing to do. Just in case you need more reason than that, I'm happy to report that it's good business. The person who is dependable and honest is in a much stronger bargaining position than the person who's got a credibility gap. And a person with integrity doesn't have to spend valuable energy covering her tracks, or worrying about that tax audit, or feeling rotten about what she's doing. I don't know about you, but I want to be able to tell my kids what I did today at work.

Now that we've pulled all the gear out of the box, let's review. It's quite a set of tools, don't you think? Written goals, a workable system, hard work, confidence, speed, follow-up, marketing, and integrity. It's a tough combination to beat. Which, of course, is exactly the point.

###

*Don DeRosa* was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller *The Millionaire Real Estate Investor*. Don, who is a full-time investor, trainer, and mentor, offers a complete system to build and run a thriving real estate business. For more information on *Building Wealth with Real Estate*, visit [www.donderosa.com](http://www.donderosa.com).