

Don DeRosa's

Real Estate Investing for The Real World



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Confidence-Building 101 for New Investors with Cold Feet

*My theory is that if you look confident you can pull off anything - even if you have no clue what you're doing.
Jessica Alba*

One night many years ago, when I was having trouble sleeping, I watched an infomercial on TV that said I could make a boatload of money with no money, credit, or talent and only a little work. Sounded good to me! I bought that course, looked it over a little, panicked, and threw it in the closet for a few years.

Eventually I brushed the dust off the box and started following the instructions. As long as it was just between me and the tape player, everything seemed easy and logical. But then the moment came when I was face-to-face with a prospective seller. Everything I had learned went right out the window. Suddenly I felt like a snake-oil salesman with a seriously lame pitch. At least, that's how I felt when it was going well. When it wasn't going so well, I just froze and forgot what I was supposed to say. And I couldn't very well tell my seller to wait while I ran out to my car and looked up the next part of the speech!

Working with private lenders wasn't any easier. Ask a stranger for \$50,000? Just the thought of doing that made me feel like a freeloader asking my ailing mother to buy me a new car.

But there was no getting out of it. Without sellers and lenders, there are no investments. Clearly, I was either going to have to get over my fear, or enroll in truck-driving school.

As it turns out, nearly all new investors are hit with fear and doubt – and plain old-fashioned stage fright – when they meet with sellers and lenders. Just knowing that you're going to feel that way can be a big help.

Now that I've been in this business for a few years, I've developed some techniques that can help even the most nervous investor. In this article I'll share some of them with you.

Let's start with the most important: *Preparation*. True confidence comes from knowing you've done all the footwork you can do. If you're taking a test, you've studied hard, anticipated the questions and prepared answers. If you're in a play, you've got your lines down cold and you've rehearsed both alone and with the cast. You've done what you can do, and you know it.

When it comes to real estate investing, preparation means a lot of different things. It means studying. It means marketing. It means having a script ready so you'll know what you'll say to sellers before they call, and it means crunching the numbers before you meet with them face to face. It means making sure you've got your partners lined up beforehand – your attorney, your accountant, your lenders, your contractor. And preparing forms to boot!

So how do you get all the information you'll need for this preparation? Well, it is possible to get it on the Internet or from books, but if you're able to afford it, a good investment course can streamline the process for you considerably. It will provide you with scripts, forms, and know-how in an organized fashion. Mentoring can also be helpful, as well as active participation in groups like your local REIA.

As for that first meeting with the seller or lender – for many people, the scariest part of the process – preparation is easier than you might think. Simply determine what you're going to say, and write it down in a form you can present to sellers. In fact, you don't even have to write it down. There are 'pre-written' presentations in electronic format out there and you can customize them with your own company information! If you print the presentation on high quality paper (at one of the local office supply stores, for example) and have it spiral bound, you've got a really professional package to sit down with the seller and talk through. You can use it as your script, just by going through the information page by page.

The second essential ingredient in building confidence is *practice* (which, of course, is just a kind of preparation). This is especially helpful when you're anticipating seller and lender interactions. Remember that script you prepared for sellers' phone calls? You can't just read it over and expect to feel confident on the phone. You've got to rehearse it. And by that I mean rehearse it several times, out loud and without rushing through. Yes, you're going to feel silly. Do it anyway. Talk to your dog or enlist someone to play the role of the seller, but do it! Think of the questions you're most afraid the seller is going to ask, and rehearse honest, positive answers for them. If you need help coming up with answers, ask another investor to help you.

The next confidence builder is *perspective*. Remember how I said that asking for money from private lenders feels awkward? Not if you remember that you're actually helping them. Where else can they get a 10% or more return on investment? You're not just asking them for money. You're asking whether they would like to earn a great return on a low-risk enterprise. That's a whole different ball game, and if you understand that you'll be able to ask with a lot more confidence.

The next confidence builder is *integrity*. Integrity? Yep. You need integrity in order to believe in your product. You provide a valuable service to very vulnerable people. But it's only valuable to them if you treat them fairly, do what you say you're going to do, and maintain high principles. If you go into a transaction knowing that you're going to try to take more than you're fairly due, or knowing that you can't put together the deal, it's going to be very hard to convince yourself – much less anyone else – that signing the contract is a good idea.

Another essential: *Act as if*. Don't wait until you feel confident before you act it – it might never happen! Pretend you're confident, and your feelings will follow. Visualize success and you'll achieve it. If you present yourself as being confident – regardless of how you actually feel inside – there's nothing in this world that you can't accomplish. People will have confidence in you because they'll see that fortitude coming from you. And that's when you can really make a deal!

Next up is *positive thinking*. Chalk up your successes instead of your failures. Even if you haven't had much luck in real estate investing yet, you must have done a few things right. Concentrate on those. Now, I don't mean you should delude yourself or be unrealistic. But you'll reach your goals a lot faster if your cup is half full than if it's half empty.

The next ingredient for building confidence is second only to preparation in importance: it's *action*. I can't tell you how many times investors have come to me and said, "Don, I just can't seem to find any properties out there. I bought all the courses and studied them, but I'm not getting anywhere. I guess I just don't have what it takes." I always ask them, "How many offers have you made?" As often as not, the answer is zero. But how can you possibly make any money in real estate if you don't make any offers? So you see, all the preparation in the world won't do a thing for you if you never *act* on it.

Confidence – or the lack of it – can make or break an enterprise. You don't have to feel it right away. In fact, you probably won't. But you can convey confidence even if you don't feel it by doing the footwork and by relying on your intellect instead of your emotions. Know that you've got a great product and act on it. With effective strategizing and yes, a bit of hard work, the final ingredient – *success* – will create true confidence where there was none before.

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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.

Synopsis. Confidence is one of the most important ingredients of a successful enterprise, and one of the hardest to come by. Even if you don't feel it, there are certain steps you can take to convey it: prepare, practice, keep things in perspective, maintain integrity, pretend you're confident, think positive, and act. Doing these things will bring success, and that breeds true confidence for the long haul.