



“Our Goal – To Help Real Estate Entrepreneurs Grow Their Portfolios”

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Guide For Real Estate Investors On-the-Go

What Your Real Estate Business Plan Should Include

- **Mission Statement** -- When people ask you what you do, what do you tell them? This mission statement should clearly define your purpose and should include the benefits your business provides. Do your research and come up with a solid mission statement. This is the “why” in your road trip.
- **Goals** -- Where do you want to go? What do you want real estate to help you to achieve? If your goal is to make \$5,000 per month in passive income – write that down. If your goal is to flip four homes per month – write that down. These goals may change over time, affecting the rest of your business plan – and that's okay. Make sure to put down both short and long term goals. By setting smaller, more achievable goals, you'll give yourself something to always look forward to accomplishing -- this will help you stay motivated.
- **Strategy** -- There are hundreds of ways to make money in real estate – but you don't need hundreds. You simply need to pick one strategy and become a master of it. That strategy (vehicle), if dependable, will carry you through to your destination (your goals). If you are choosing to flip homes to generate cash in order to save up enough to quit your job – write that down. If you are looking to build passive income from small multifamily properties for your retirement – write that down. Don't worry if you don't understand or know how you're going to accomplish everything in the plan. Remember, your business plan can and will change in time, and as you learn, you'll fill the plan out with more details.

- **Time Frame** -- What is your time frame to reach your goal? Be realistic, but don't be afraid to reach, either. Do you want to retire in ten years? Are you planning on quitting your job next month? Document your timeline here. You can do this in accordance with your goals, as mentioned above.
- **Market** -- Define your market. What kind of property will you be looking for? Low income? High Income? Commercial areas? As a beginner, choose an area you feel most comfortable with. Most new investors should plan on investing within a short driving distance to your home, rather than investing long distance (unless your location makes it impossible). Doing this will help you to become an expert in that area, which will help you more easily analyze deals and opportunities. It will also help you know the players in the area, which will ultimately help you find partners -- and again, opportunities.
- **Criteria** -- Before you go out and start looking for deals, you need to establish the criteria which those deals must fall in. You'll want to define your loan to value, cash flow requirements, max purchase amount, max rehab amount, max timeframe, etc. (these are all items you'll pick up as we go further). One of the most important lessons you can possibly learn is to stick to your criteria and walk away from any deal that does not meet your criteria. It is very easy to become emotionally attached to a deal, but by sticking to your criteria, you take the emotion out of the picture.
- **Flexibility** -- If you are not finding enough deals to cherry pick from, you can change your market and/or strategy. You'll learn more about these areas of criteria in chapter 5. This part of your business plan is one of the most important to fully understand and clearly define. Too many new investors get excited and buy the first deal that comes their way. By having clearly defined criteria, you are able to easily reject the 99% of properties that are not a good deal.
- **Marketing Plan** -- How are you going to create a marketing system so motivated sellers come to you? How will you find the best deals that are listed? Will you use the MLS, agents, online searches, direct mail to lists, or other means of finding deals? We will cover different marketing strategies in chapter seven.
- **Financing Deals** -- How do you plan on acquiring your deals? Are you using conventional, hard money, private money, equity partners, seller financing, lease options, or some other creative method? Finding financing is often a challenge in today's market, and private money provides a tremendous solution. Learn to attract private money, so you've always got a steady flow of finance when deals present themselves.

- **How Are You Going to Do Your Deals** -- How are you going to turn a purchase of a property into profit? Clearly define the steps. Make sure to document all your income and expense sources and prepare for the unexpected. You also want to prepare several exit strategies in case the first one doesn't work out as planned.
- **Teams and Systems** -- Clearly define your team and the systems you and they will use to delegate and automate tasks. Who will be on your team? Will you need an attorney, CPA, etc.? You don't necessarily need to know who those people are, simply what roles you will need on your team. More on this below.
- **Exit Strategies & Backup Plans** – Having multiple clearly defined exit strategies is one of the most important parts of your business plan, especially for new investors. How are you going to exit the deal? What are your backup plans? Do you flip, lease option, wholesale, bird dog, sell the note, sell the entity holding title, rent and hold, or some other technique? What is the end game? This needs to be clearly defined.
- **Illustrate Example Deals** -- One of the parts of the business plan that seems to get new investors excited is to illustrate the future of your business. What would an ideal, but feasible next ten years look like? Illustrate purchases, cash flow, appreciation, sales, trades, 1031 exchanges, cash on cash return, and more, to demonstrate what your path might look like. This goes somewhat hand in hand with your goals -- it just illustrates possible ways of making them happen. Additionally, this will change with time because, of course, ideals are not real life. However, it is good to see what is possible.
- **Financials** -- Include a personal description of where your financials are today. What do you bring to the table? Do you have any equity you can use? Are you starting with nothing? Document your current situation and update it as often as it changes. As you move forward with your investments, it is always important to have at the ready your complete financials.

One last thing – remember that road maps and business plans are guides, not rules. A business plan is meant to give you direction and to motivate you to follow it. When you have a clearly defined business plan, carrying out the plan and envisioning the end becomes much more attainable.

It is almost impossible to follow a financial or real estate road map perfectly. While you can plot your course with care and extreme precision, there are still many outside forces at play. However, your road map is designed to keep you headed in the right direction at the correct speed. You may come across bumps in the road, dead ends, and even a breakdown or two. However, if you hold as tight as you can to the map you've created, you will pass through those problems and come out at your destination.

Source: BiggerPockets