

 Vicki Wusche presents

INVEST ASSESS



The **Invest Assess Audit** is a business and investment **planning** tool for pre and start-up investors.

It is a property business **monitoring** tool for businesses and portfolios under two years old, and a business **development** tool for those looking to grow their business and portfolio turnover from five to six figures and beyond.

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Liability disclaimer

The information contained in this book has been gathered and collated from the experiences of the author. The author is not a financial advisor and any financial decisions are the responsibility of the reader. Every effort has been made to make sure the details are accurate. These are extra-ordinary times which require you to rethink and question everything, as this will drastically enhance your success.

Other books written by Vicki Wusche

Books

Using Other People's Money: How to invest in property 4th edition

Make More Money from Property: From investor thinking to a business mindset 2nd Edition

Property for the Next Generation: Securing your future in uncertain times 2nd Edition

9 Critical Property Principles

The New Estate: Insights from the 22nd century

The Wealthy Retirement Plan: A revolutionary guide to living the rest of your life in style

Manuals

The De-Job Yourself Manual: Break your reliance on the monthly wage

The Values Manual; Understanding what your values are, the key to a successful business

The Goal Setting Manual; Create meaningful and practical goals then achieve them

The Investment Assessment

Now that you have completed the **Invest Assess Audit** and scored your answers for each section in the Property Smarts investment model. This report will help you zero in on areas of weakness in your overall investment strategy and your property business. It will help you work out what you need to do next to improve and increase your cashflow, because a property is not an asset if you are paying for its up keep. This report will help you to focus on key areas of your property strategy that need your attention, if you are to accelerate your growth to the next income level.

Each section will explain the key points for you to avoid and those to focus on. It will highlight areas that can help you directly, based on your answers and personal score. The sections will start with a full introduction, covering the common mis-conceptions or mistakes, because avoiding the fallacies so many businesses are based on, is a lesson in its own right. You will then find advice about specific strategic steps that you need to implement.

There are plenty of statistics and reports that state the UK is full of Entrepreneurs. In fact, over 200,000 new businesses started up in 2019, then everything changed. First the property market along with the economy closed, then it reopened, in already totally unprecedented times. In normal circumstances creating a long-term cash-flowing investment strategy would be a challenge. Now EVERY investor needs to rethink their strategy from location and property to tenant and exit plan.

It is easier to invest in an asset that fails to generate cash-flow than it is to be successful.

The challenges brought by back-to-back recessions have created an opportunity for property investors where others see only risk and ruin.

All investors need to re-evaluate their strategies. How have you performed and have you re-strategised your investment model? These six pitfalls provide the foundation challenges for a powerful investment framework that will generate long lasting success.

- Failing to accurately match your desired outcomes with your resources (Strategy),
- Following the misconception that you know what the market needs without gathering new evidence (Market)
- Failing to develop a clear plan, that leverages your resources and then follow it (Action)
- Forgetting to mitigate the inherent risks that come with any form of investment (Risk)
- Funding shortfalls, not understanding your cashflow forecast, or what it means to make a profit, then taking on debt you cannot afford to repay (Treasure)
- Failure to create repeatable systems that enable clients to buy easily and often, maximising the benefit of your model (Systems)

Evidence from the last 12 years working in the property sector has shown us that there are three drivers at the start of any successful investor's journey. This evidence was gathered initially creating our own portfolio, and then working for the last ten years with clients who want to learn how to invest, or need our help because they have the cash, but not the time to do it themselves. All of our clients have the determination to succeed, and the time or money to invest. They all want the same result; greater financial security. Now, more clients than ever need all of that AND financial confidence that their investments will result in long-term cashflow!

Using this tool has enabled them to adapt to sudden and dramatic challenges, few expected and even fewer had planned for.

Background

For more than 24 years, we have created communities of like-minded people determined to grow and develop their businesses, the last decade our focus has been with property investors. The courses and events we create share the best strategies to accelerate success, cashflow and profit. These strategies are fundamental to success, but require a complete rethink to acknowledge the changes in the economic climate.

After eleven years as a lecturer and four years as Director of a series of entrepreneur-focused projects, Vicki left the University of Westminster in 2006 to invest in her own future and the financial security of her family. One business focuses on sourcing property investments for wealthy clients. The other business is a consultancy and training business focused on business growth and sustainable wealth creation. Vicki's focus has always been to help her clients to create the life they want to live, by understanding how to make more money for the long-term, and to have more time, more freedom and more control - now and forever. Strategies she explains in her fifth book *The Wealthy Retirement Plan*.

Vicki engaged a series of mentors over the years, to provide support and guidance where she identified an area of weakness in her business or knowledge. While a business mentor is crucial in business there was always something missing. A tool to monitor all aspects of business, not just the areas she was passionate about or that she was naturally good at. She wanted a tool that both quantified her performance and offered explicit help to increase the profit and long-term financial security of the business. Now we can offer our clients the guidance and expertise of a mentor with a clear tool to monitor progress and identify areas that need greater attention.

The concept of key performance indicators that are ingrained in big business culture, focus on the pursuit of a good score, and not necessarily with the need to deliver an outstanding return on investment. We see this in education and our health service, where the number of operations performed in a day is more important than the right treatment for a patient! The level of a degree is more important than the level of creativity and resilience. The numbers of property someone owns is more impressive than the cash-flow or free time they have!

The **Invest Assess Audit** is based on the Property Smarts strategy and a series of questions that you need to ask yourself regularly, as a way to confirm that you are monitoring all aspects of your business's performance. Questions you need to ask yourself now to ensure your portfolio is prepared for the economic and financial challenges that will inevitably follow in the coming years. It enables you to turn a soulless accountability routine into a dynamic, passionate process that leads to a more successful cash-flowing portfolio and property business.

The questions in the **Invest Assess Audit** ask you to reply using both facts and feelings. To explore the data, and to use your gut instincts – the very foundations for long term success in a fast changing economic environment.

The biggest challenge to any portfolio is cash-flow and long-term profit. There are clear economic pressures, new legislative changes, the whims of government and, of course, global market forces to consider. That is why you need the support of a clear structure that you can apply at any point in your portfolio or business development: planning, sourcing, initial investment, acquisition and development. "**Focused adaptation**" will be the key to your success and financial survival.

Often when starting a business, the first thing a financial advisor or potential financial investor would ask you for is a business plan. We know that when Vicki first taught investment strategies to those starting out, the thought of a business plan was terrifying. They had an idea, somewhere they thought they might make money, but they could not imagine how many units they would sell next July! That is why the sequence of this formula is so important. Strategy and market first - then finalise the action plan.

1. Strategy

Before you start turning your passion into profit you need a strategy. You may think you know why you want to invest in property, or start a property business, but clarity will ensure you choose the right investment technique to match your resources. This will align your investment strategy and resources with your workload and return on investment.

2. Marketing

Now you need to rethink the market, what has changed since the start of 2020? Will this property business actually be worth your time? Can you find property to invest in, that once filled, will generate a profit? This is really about knowing your area and your clients.

3. Action

Now you know there is a market to invest in, at a price that makes it profitable, you can focus on finding deals, tracking them, monitoring prices and speaking to agents. How much time are you spending making money and is this the most efficient you can be? This will align your personal timescales and goals with your workload and profit potential.

4. Risk

Whether your ideal client is a tenant or another investor, your product needs to be fit for their purpose. What is your attitude towards the inherent risk of investing and how have you planned to mitigate those factors? Do you have a long-term business model?

5. Treasure

Are you really on top of the numbers? Do you understand what they all mean? That is the only way to succeed. Master the spreadsheet, track expenses rigorously, understand how interest works. Once you have a profitable model then you can plan to leverage your assets, into new opportunities.

6. Systems

Do one thing and do it well. Process make profit easy. Where can you improve performance, make more of your time, knowledge and money? As a professional investor, it will be the combination of your strategy and excellent systems that result in endless clients and long-term profitability.



“ Property investment is a risky strategy.
Knowing the market and how to make
money work are only two of the critical
skills you need to succeed.
- Vicki Wusche

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STRATEGY

Section One - Strategy; What's the bigger picture

Successful entrepreneurs know how to make the best use of their money, labour and resources. They understand what success looks like for them and then they build a business that is focused on their goals. Property is just another business, but one in which your mastery of money, labour and resources is the only route to long-term success.

The next lesson, on the path to property investment success, is to understand that what most people call a “property investment strategy” is really an investment technique. A real business strategy accounts for your time and other resources, your desired objective and then places that in the market environment to calculate which property technique will deliver the best results, the highest return on investment (ROI) with the lowest risk and the timescales involved.

To be clear; buy-to-let, houses of multiple occupancy (HMOs), even development, are techniques that a professional investor can employ to leverage their resources into greater profit. Your strategy will encompass your reason for investing in the first place, the resources that you have available or can control, a detailed understanding of market demand and finances, and then the most appropriate investment technique. Your strategy could remain the same and your technique change over time.

So many investors forget that property investment is just a section of the business market. It has a product or service which is sold to a client for a profit. Crucially the profit earned, when converted into a wage for the investor, must be worth the time away from loved ones.

Programmes like “Homes under the Hammer” laude the guests for succeeding in their property conversions and the money they have made. To be really successful in this specific sector of the market you need to generate cashflow to service your debts, like a mortgage or a joint venture loan. You need to generate enough profit to both pay your wages and create the cash ready for your next deal. You need to understand and deliver a low risk, high return on investment, to ensure the best use of your money and long-term security of the portfolio.

An ideal property investment business is reminiscent of the Brothers Grimm story of “The Elves and the Shoemaker”, published in 1806. Each deal will need to feed you and let you invest again. Each deal should generate double the investment, sell one – buy two more, then sell one, keep one, buy two more. Now life is not a fairy tale and doubling your investment is the nirvana of any deal, so let the ideal draw you forward, not hold you back. How can you generate the income needed to grow your portfolio? Is it sell-one-keep-one, or buy-one-refinance, or even my preferred strategy of keep-one-source-one?

Alongside money mastery and market alertness, a successful investor needs to understand the relationship between the time they invest in completing a deal and the financial outcome – the return on time invested. Now you understand the general principles, that each investment must make money, and be worth the money you make, which is return-on-time invested (ROTI). You can start to conceive what your time is worth and this will help you understand whether a deal is worth your time.



Taking the concept of the best use of your time one step further, to understanding the value of your time by means of an hourly rate calculation, can help you ensure that running your business will provide a wage and profit. Getting this right and then continuing to run your property business will provide the life-style you want to maintain.

Do you have the right expertise to support key areas of your business? - this could be employees, consultants, mentors or out-sourced virtual teams. Do you focus on what you are best at, to the exclusion of all else? Do you understand how thinking about the best use of your time can help you target your attention and increase your profit? This should all be part of your strategy.

Part of your planning, alongside managing your time could be to set up the 'right' structure. However, setting up a limited company before you define your investment strategy is a mistake. I regularly meet new investors that are so determined to succeed they start by creating a limited company. While this might be appropriate, setting this up without a clear understanding of your investment strategy, your fiduciary duties or legal guidance is a mistake. This could be costly in terms of additional unnecessary expenses and also in terms of higher interest rates or accountancy fees.

Understand why you are setting up a limited company; is it because your investment strategy is to buy more than four properties and that you will earn an annual income that puts you in the higher tax bracket? Is it because you plan to create a property business which will provide you with a full-time income? If not, then you really need tax advice.

Alongside that, understanding the implication of creating co-directors or even shareholders, is vital if you want to be able to access mortgages. A tax advisor may advise adding your children as shareholders for inheritance purposes, and a mortgage advisor may explode in frustration when they find out what you have done. Speak to professionals and get the right advice. Think carefully about this step in your business.

In fact, as a new investor, or one returning to the market after a gap in activity, the best investment strategy will emerge after you have fully completed the **Invest Assess Audit** for the first time. Then as you read the report and start your second cycle through the questions you will generate more informed answers.

If you are already experienced then you will already have a preferred investment technique as part of your wider investment strategy. Complete the audit on your current model to identify weaknesses that you can address before your next growth step.

Strategy questions

1. Have you decided on your investment strategy?
 - Yes I know what I am planning to do = 3
 - Yes I am already implementing my strategy = 4
 - No I am not clear on my strategy = 1
 - I am investing but without a clear overarching strategy = 0
2. Do you understand that your overarching strategy is different from the investment technique you plan to use?
 - Yes = 2
 - No = 0
3. Does your strategy make the best use of all your resources, time money contacts and expertise?
 - I have not considered that I have resources to leverage = 0
 - I am making the best of my cash through investments = 1
 - I have a strategy that makes the best use of my time and money = 3
 - I am aware of my resources and I am leveraging them through my investment business = 4
4. Is your role as the 'expert' in your business, good for, or detrimental to, your turnover?
 - In my role as the 'expert' I am focused on using my time to generate the best possible income for the business = 2
 - In my role as the 'expert' I feel I lack the support and capacity my business needs to sustain a growing profit = 0
5. Do you have a business mentor, someone that challenges you, and that you can turn to when you have questions?
 - Yes = 2
 - No = 0
6. Have you worked out how you will generate an income while your investment strategy starts to take shape and returns a profit?
 - Yes = 2
 - No = 0



0 - 5

In the early stages of a property investment business, admitting to your areas of weakness can be one of the greatest skills you have. There are few, if any, in the world of property that can truly claim to be expert in all areas of the investment business function.

In these first few years you will be forced to take on more roles and learn more than you thought possible. Knowing when to ask for help is a strength that will make your path to long-term cash-flow and continual profit, easier. Having said that, you do not need to start on day one employing lots of advisors. As with every piece of advice, you need to know how your next decision will increase your cash-flow, or chance for long-term portfolio survival. You need to understand how the support you are getting from staff or advisors will ultimately return a benefit to you and the business.

6 - 11

If your portfolio or property business has been operating for a year or so then you need to ensure that you are well positioned both internally and externally.

Are you clear on your role and those you have working with you - how each contributes towards business success? How does everyone play their part in ongoing business development and increased cash-flow, while still focused on return on investment?

Have you educated yourself on the needs of the market and become an expert in the ideal solution to your clients' needs? If not, this is your focus for the next two months, focus on getting your strategy right.

Then consider the most appropriate business structure with your business mentor and team of advisors. If you have not started this process before we can help. We regularly call in our team of legal, financial, tax, contractual and marketing experts to help our clients. Together we can help you shape your business into a resilient high performing, money making model.

12 - 16

You must be looking to the future now. How can you make more with what you have: your experience in your business, your understanding of your customer needs, your team, and your investment ideas and business solutions?

Your focus is on leveraging the resources you have in order to make more while retaining the business model, return on investment and lifestyle that you want to support - that balance is crucial in this next stage.

Your goal must be to create a strategy to take your business to the next level, ultimately leading to long-term cash flow with a steadily emerging exit strategy for yourself and your portfolio. Is your strategy to ultimately sell, or pass on a well-oiled portfolio and investment business to your family? Or to simply step back, leaving a management team to run your portfolio while you spend more time with family, or supporting the community.



Get your strategy clear - above all, you need to understand how you can protect and strengthen your income over the next five to ten years. We all know for certain that we know nothing for certain. Regardless of the geopolitical state of the world, technology is providing opportunities that we could not even conceive of ten to fifteen years ago.

The World Wide Web was invented in 1989. Amazon hit the internet in 1994. Facebook as we know it did not launch until 2004. In the last year we have moved our businesses online like never before. Now we work from home, shop online, read books digitally, access news instantly, even buy property online and increasingly have to work out what is relevant and what is true.

What will the next 10 -15 years hold for your property portfolio?
What opportunities will emerge and what will you be part of?

If you don't have a clear long-term strategy then let us help you.

- What is the most critical thing you need to do now?
- Is it get that initial strategy clarified? Or to revisit your current plans in light of economic changes?
- Do you need to follow the steps in this **Invest Assess Audit**?
- Do you need our help?

We offer 2 -4-hour property investment strategy sessions to support this Invest Assess Audit process.

Insight - Strategy

When I was taught business planning at University, they had it all wrong. They encouraged students on day one to create a one-year plan. We had nothing, no product or service, no idea if there was even a profit to be had in the market.

The **Invest Assess Audit** is actually a business **planning** tool for pre and start-up property investment businesses. It is a business **monitoring** tool for property portfolios and businesses under two years old and a business **development** tool for those looking to grow their cash flow from five to six figures and beyond.

Don't start with a word document or an excel spreadsheet, start with Google. Don't write it down yet – learn about investing, ask other people and check out your idea, track your data and learn about different investment techniques.

You will create a strategy worth pursuing; you will enhance it through research as you gather more data. You will know there is a demand and an interest for what you plan to offer, and this will give you confidence instead of crushing you. You can do this exercise no matter how long you have been in business. After all, everything has changed.

Most businesses just need to do something! Today! Mentees on my mentoring program are asked to post daily what they are focused on. Many don't, but the committed do.

Your strategy will be the framework that you follow to generate a low-risk and high-return on all the resources you commit over the foreseeable future. It needs to withstand the unimaginable, it needs to survive and even thrive through recessions. It needs to feed you and your family.

Follow the six steps of the Property Smarts process offered through this online audit.



Strategy Notes Page



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Marketing is a constant expression of your brand, you can measure its impact in future sales.

Vicki Wusche

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MARKET

Section Two - Market; Prove there is profit

Understanding your market is a fundamental piece of initial research before any business, product or service development. Not only can it save you a lot of money, but also a lot of time.

Whether you are starting out or looking to grow your property business, checking your market still needs what you have planned is now also crucial! 2020 has changed every aspect of how and where we do business. Every aspect of how and where we want to live. 2021 will change every aspect of how people can afford to live.

Your market in traditional terms is about demand - do people need what you are planning to sell? Long-term profit will rely on more than just the immediate transaction, it will not be enough to find a tenant, but to also know that they can continue to pay. It is not enough to sell one property if you are creating multi-unit developments.

Too many investors treat clients as "all-the-same". Whether your strategy is to rent a property to tenants, refurbish or develop property for resale, your clients all have different wants from your product or service. It is a mistake to treat all streets and property types within your area as the same. That is why understanding your return-on-investment is crucial.

A common misconception that many investors bound-to-fail make is, to assume there is a demand (at the right price) for their property. When you are a passion-led entrepreneurial investor that desire to create more income, to help your family, or maybe to help your clients, can be so powerful that you can be tricked into thinking you have an investment model. Evidence is key.

Can you answer the following questions? Who else is doing what I am doing, where I plan to do it? How is their strategy different to mine? If different, why is my investment model better? If the same then is there sufficient demand for two or more investors in this area?

The next question is purely about demand. Whether you are striding out with what you believe is "a unique model" or moving into an established arena with a variation on a theme - you need to know there is sufficient demand. Now and for the long-term.

Once you have established a conceptual client group, either tenants or investors that might buy what you are offering, you need to get to know them intimately. Understand the thought process your potential client will go through when they are deciding to buy, rent or fund a property. Are your clients motivated by lack, by fear, or by greed, or are they aspirational, financially astute and entrepreneurial?



Case Study

We understood early on that every potential client and their personal buying journey is different. I personally want to know the price first and then the features of the product or service I am looking at. This is so I can gauge whether what I am buying is value for money, in my own mind. I am not worried whether this is the right solution, because by the time I decide to buy I have already worked out what I need – now I just need to know if this is the right solution at the right price! That is a very back to front approach - but you could have strange clients like me.

What thought process do your potential tenants or investors go through? Are they making a decision out of desperation for example impending homelessness, or a fear of financial lack? Are they forward looking and more confident, looking for a new home for their family, or a new investment to grow their personal cash flow? They can be price conscious, but more often they are dealing with other parts of their lives, or business and this property just became an issue of priority. If it is not a priority then they won't buy, nor will vendors sell!

As your property business and confidence grows you may consider offering a service to clients, over and above buying property for your own portfolio, or you may start this way. The clients that are interested in your services may well split into two categories. Those that want you to hold their hand and do "it" **with** them. Others want you to do "it" **for** them, in our business both these categories are our high value clients. They make decisions, based on value, and our credibility, they are less concerned with price.

We focus on building long-term relationships. They often buy the highest value service we offer first. They want us to quickly help them get on the investment ladder either by investing their money for a return, or buy helping them buy property to build their own long-term cash flowing businesses.

We know our clients intimately; the nature of our business enables us to ask the type of detail questions that we have in the **Invest Assess Audit**. Get to understand your client. What they want, dig in deeper, offer advice, where appropriate, and provide the best possible solution.

Remember to count your potential customers. Once you know who you think they are (intimately) are there enough to make this strategy worth your while? Is there a long-term demand? Get intimate with the data. Collect it, track it, sort it and refer back to it. You need to be able to create your own due diligence before you start the business as well as for each deal.

Once you know your client type and their needs and you know there is a supply of the raw material you need, houses, flats, land or commercial property. You will go on to assess the returns. Now you need to work out how you will be able to identify and control a potential investment long enough that you are the person that completes on the sale. At what point and for what reason will you be able to access off-market investments? At what point and how will you create a list of clients that you know will buy your investments, and turn them into cash flowing assets?

Questions

1. Do you understand the demand in your area, and what properties your end-client wants?
 - Yes I have evidence of sales by area and type = 2
 - No I do not have any current evidence of demand = 0

2. Do you have intimate knowledge of your area, tracking your own data?
 - I have not collected any data yet = 1
 - I realise I don't know my area in enough detail = 2
 - I know my area, but my data is incomplete or out of date = 3
 - We know the importance of data and we are building our data bank = 4
 - We have a comprehensive data bank that is regularly updated and tracked = 5

3. Do you have intimate knowledge of your investment model?
 - I do not have a clear investment model = 1
 - I realise I don't know the investment opportunities in enough detail = 2
 - I know my investment model, but I am not completing = 3
 - I have completed 1 or 2 investments, but I recognise there is more to do = 4
 - We have a clear marketing plan and 30-50% of our opportunities come direct and off-market = 5

4. Are you confident that your investment model and your end client are perfectly matched?
 - I am unclear who my ideal end client is = 1
 - I know what I want to sell and I "think" I know that there is a demand = 2
 - I am making sales, but it is hard work = 3
 - Sales are picking up and I have found a good model/strategy = 4
 - There is clear evidence that we are selling a good product/service at the right price and we have the testimonials and reviews to prove it = 5

5. Do you have a second model and supporting data in case the market shifts?
 - Yes = 2
 - No = 0



0 - 4

There is so much to learn and understand in the early stage of any property business. Prioritising your area is a crucial first step. Then given the expense of starting most businesses, understanding that there is actually a sufficient demand to warrant the investment of your time, energy and cash is vital.

Focus on getting to know your ideal client intimately. Know how many there are, know where they live, know what drives them and what they value and what they want. Remember depending on the investment technique you later choose you may have multiple clients: tenants in the properties generating an income for the investment or sourcing clients that pay you a fee to create their portfolio.

5 - 8

One strategy to increase cash-flow and profit is to create easier ways for potential customers to buy from you. Starting with the concept of demand, as already mentioned, knowing your potential customers is key, having something they want to rent, buy or invest in, is the next step.

It is crucial for long-term business survival that you understand the power of focus and data. Even if you are an experienced investor having a data bank that you can refer to is a valuable business tool and so much easier than keeping it all in your head.

Track the demand for your property type. In the early days you probably tracked two and three-bedroom properties, that is fine. Now that you are committed to your strategy this just represents more work. Be clear that you need a flow of deals and a flow of clients to making on-going and steady cash flow.

8 - 13

How can you create a waiting list of clients so that you can start to plan in your business based on projected income? What can you do to create more demand?

Do you have a marketing plan? This is essential to ensure long-term and constant cash-flow in a business. Look at your current clients and work out how they found out about you. Ask them - phone them or email them - Then consider the deals you have - how did you acquire those? Do more of that!

You need to understand your client's pathway to you. Their specific journey through the web or marketing material or events and activities that you have already carried out. What activity or channel is giving the best result for you? You can start to work out the cost of acquiring a client, more importantly you can start to calculate the cost of acquiring and completing on a deal.

Now what can you do to grow that channel and reduce the cost per deal acquisition? creating a more constant and consistent demand.



Insight - Marketing

Understanding your market is a complex process, if you have not defined your strategy. That is why the **invest Assess Audit** was created, to first ask you the questions, then provide this detailed report so you could revisit the entire audit a second time, refining your answers.

Your strategy ultimately will be to create long-term, low-risk, continuous income that requires little of your time. This might be through the investment technique of creating a personal-family portfolio of cash-flowing rentals, through capital generating development deals, or through a property business focusing on investing clients' money through joint ventures or sourcing deals to help others become landlords.

Businesses cost time and money to create so check your technique will generate the income you need before you start. Whatever technique you choose to implement or whatever combination of techniques, data will be the only evidence as to the size and nature of your potential market.

Once you are committed to an investment technique as part of your strategy, then the data gathering about the demand in your area will confirm or deny your thoughts. How can you commit to a technique before you know there is demand? If you don't make some form of initial commitment the process of data gathering, the task will be impossibly huge.

Data about the local market demands will demonstrate that your chosen investment technique will generate the income goals you have stipulated in your strategy. Now your only challenge is to find and sustain a constant flow of both deals and clients.



Market Notes Page



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We are what we repeatedly do. Excellence,
then, is not an act, but a habit.

Aristotle

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ACTION

Section Three - Action

We already know that most small businesses fail to thrive after the first year and 60% fail within the first five years. There are many reasons that cause a business start-up to fail. The initial years of business development are tough and then it gets worse as you try and grow your business to the next level. What would be worse than your business failing? maybe your business succeeding and making money BUT making you miserable in the process!

By working with thousands of business owners, and business start-ups over the last twelve years, experience has shown us that all new business owners face the same challenges again and again:

- Leaving a job to have more time with family and ending up with even less time and less money,
- Creating a business out of a passion and then falling out of love with the passion as the business exhausts the them,
- Feeling the balance is wrong, the business makes lots of money, but consumes a lot of time,
- Seeing other people succeed, and failing to recognise how much time they spend on their business and failing to understand that new business does consume time,
- Seeing other successful property investors, then failing to see how much time the portfolio owner spends in their business, but that was never your purpose!

This is one of those rare occasions that when you understand this concept you can enjoy the best of both worlds, income and free time. It will require a clear strategy based on demand and the right choice of investment technique, but you can create a business that generates income and only requires the time you want to give to it.

How? First understanding that different investment techniques require different time commitments. In Vicki's first book **Using Other People's Money: How to invest in property**, now in its fourth edition, she analysed the money and time commitments of each investment technique.

While gauging demand incorrectly, failing to market effectively, or thinking you don't need help, is bad for business, the most unforgiveable mistake is a lack of ignorance about the only fundamental that really matters.

If you are going to start a business, then understand the maths and money of your business model. Understand the numbers in your specific business, what it costs to produce your product or service.

Understand the cost of each sale in terms of marketing expense and time to get each sale. Above all get your pricing right. Each sale must be worth your time (i.e. generate a wage), be worth it to client and ultimately make a "real profit".

We will pick up on pricing during the section called Treasure – let's focus back on your time and that sentence "Each sale must be worth your time".



Case Study

You must have watched Homes under the Hammer and other programs about the “profit” people are making from property renovations - even when they don't follow Sarah Beeny’s advice! Frustration oozes from my every pore, as the presenter summarises the renovation and says “and after all costs they have made a £25,000 PROFIT”. No, they have not. They have not included ALL expenses. They have not accounted for the time taken to create the new product - the property for sale or rent. They have forgotten the fundamentals that without a wage the “property people” can't feed their families or pay their bills.

There was one example where two men worked every spare minute for six months on a renovation and ultimately made £20,000 on the sale. When you consider the cost of their time, they have not made a profit and they have not even made a wage commensurate with the physical and family cost - the time they have not spent with their wives and children!

Let's assume they worked Monday to Thursday for four hours per night and then over the weekend they work for one ten hour and one five-hour day that's 15 hours at the weekend. Assume further that out of the six months they kept this up for five of them - a feat in itself.

Four days times four hours is 16 hours per week per man. Then times by 4 to convert to a month which equals 64 hours and then 5 for the number of months, equals 320. Then there were two of them, so a total of 640 weekday evening hours. Then assume that 2 men working 15 hours for four weekends a month for five months that's another 600 hours. In total the programme implied that the two men worked a total of 1,240 hours. Can you see what the answer is? £20,000 divided by 1,240 hours equals £16.13 per hour. Now that is not a bad wage, if it were a wage that included holiday and sick leave, contributed to their National Insurance and tax liability.

Case Study continued

Imagine this as a business – their only source of income. In order to earn £40,000 pa each, before tax they would need to work 8 hours a day and 6 days per week – hard labour for the best part of 11 weeks on a development and then a week off before they have to work again. This does not leave anytime for finding the next deal, renting, refinancing or selling the properties they complete. Nor does it explain how they raise and pay for the cash needed to purchase the deal in the first place.

That is why there is a difference between a jobbing labourer or builder and the owner of a building company. It's about strategy and the best use of their time. It's about rethinking the relationship between time and money.

A successful business that generates the right amount of income and still gives you the time you want for other pursuits, requires planning and management. You need to stop trying to make money in order to have more time and start to take more time to plan how to have more money!

This section is about Action and yet the topic keeps coming back to money, that's because they are inexorably linked. Get your pricing right and you will earn enough that you don't have to work any harder than you want. Get your pricing or profit figures wrong and you will be stressed and miserable.

Your action plan needs to focus on the right activity for the right price or profit to sustain the life you want to live.



Questions

1. How many hours do you spend working on growing your portfolio?

I don't keep a record = 0

As much as I can, I don't have a lot of time = 1

Each week I plan out when I can work on my portfolio = 3

I have a schedule that enables me to use my time effectively = 5

I am full-time working on my portfolio = 3

2. Do you feel you use your time in a way that supports business development and contributes to a growing portfolio and increase profit?

No, I am in start-up phase = 1

I know I need more help – there is only me and I have to do everything = 2

I have a small staff team, but our roles include more than one area of responsibility = 3

I have taken on more staff and see the benefits of clear job roles in our increased capacity and acquisitions = 4

We are growing the business. There is a full staff team. This is increasing costs, but I know it is the right decision, acquisitions and profits are increasing = 5

3. How do your portfolio and investments provide you with an income?

I have a limited company that receives the rents or fees and I take a wage = 5

I have a limited company set up but I am not making a profit yet = 2

I have separate banks accounts for my portfolio and take income when I need it = 3

My accountant lets me know when I can take an annual lump sum = 2

I am not making any money with the portfolio or property business = 0

4. Do you have a business / investment plan?

I have a plan and I check performance and progress against = 5

My mentor helped create one which I follow = 4

I am experienced and did it myself and mostly follow it = 3

I don't have experience but created my own and don't always follow it = 2

I don't have a plan = 0

5. Have you created clear roles in the business and how many do you fill yourself?

I do everything = 0

I have some part-time admin = 1

I have part time help and use professional services like a book keeper or accountant = 3

I have a lot of people helping me as needed, I but no formal team or staffing plan = 4

I have a full staff team with clear roles from admin to investment and business development = 5



0 - 8

Knowing what action to take is as important as knowing what area to invest in or what strategy to follow. Action will definitely require your time and energy – it might not require your money. That is why it is so important to be clear on what your first steps are, as this can save you money now and more time later.

You are already half way through this model and all your attention should be on the first two steps: Strategy and Market. Be clear to understand the maths and demand as this will help you create a cash-flowing business and not a money pit.

Create a list of the reasons why you want to invest in property and what you have to contribute towards the business and its success. Start to choose areas that you can become familiar with, learn the streets, the property types and above all the demands and needs of your future clients.

9 - 18

You already have the start of a property business, now you need to protect what you have before you increase your liability and risk. Review your current strategy, do you still want the same things from your property business? When we started we were prepared to work long weekends and now that is no longer on our agenda.

If you don't plan to spend as much time as you have before how can you systemise and streamline your portfolio to be more profitable in terms of income and less time consuming. You will find out more about systems later, but you can be considering the questions now.

19 - 25

It is clear that you have a substantial portfolio, but how secure is it given the current economic uncertainties. What are the first actions you need to take to review and ensure that your portfolio is safe and secure?

Carry out a comprehensive portfolio review. Be logical and strategic, leave all emotion at the door. What has worked well in the past – is that still relevant now?

What do you need to change or start doing more, given the shifts in your market or portfolio? We regularly carry out a portfolio review of our entire portfolio. Vicki spends a lot of her time, when not working with mentees or bespoke clients, working with established landlords that do not realise how wealthy they are, nor how vulnerable their portfolios and their financial future is!

Can we help – would you benefit from a review of your strategy and portfolio to ensure it is solid and established for the future?

ACTION



Insight; Action

Case Study

If we made and sold wedding cakes - the price of the cake must include the ingredients of course, the time it takes to make a cake and then the cost to advertise and finally sell the cake - so the shop, market stall, flyer or advert.

Vicki met a young woman after speaking at a Business Show, who was passionate about making cupcakes. She had a stall each week in the local market. After a couple of weeks, she was struggling. The total income from cake sales was not enough to cover the cost of ingredients, never mind the cost of the stall hire, and the cost of the initial set up. She had bought special cake carrying boxes to bring her product to market, and paid for bags for the clients to take her product home.

She decided to make more cakes and sell them cheaper, but this cost more ingredients and of course more time. After two more weeks she had more cakes left than she sold. The cakes were a waste of ingredients, time and money. She was not making enough to cover her costs, let alone repay her set up costs or her wages. Her passion fizzled out. She was miserable and now broke.

Instead of selling her product cheaply and down valuing it in the eye of the buyer, she needed to find a way to increase the value to the buyer.

With Vicki's help she created a new strategy, a social media campaign, including testimonials and reviews. The young woman was able to make less cakes, taking less time, sell them for more profit and create a steady stream of clients that pre-ordered the product guaranteeing the sale, before she even cooked the cupcakes or left home.

Action only matters if it is making you money and you are happy in the process. Passion alone will not put food on the table or a roof over your head. Money alone won't make you happy.

We are conditioned throughout our school years to go to work for someone. Most employees are miserable. In the [Engaging Work](#) survey published in January 2019, the UK ranked 10th in the world for employee happiness. The reasons for employee unhappiness included not feeling respected, nor fairly rewarded, they did not feel their views were being heard or that they were even doing something worthwhile.

Action is both a choice and a result of a choice. Decide on your investment strategy and then the right actions will follow. Actually, taking action is a choice – make the best choice possible.

ACTION



Action Notes Page



“ Due diligence is the antidote to risk, but this needs to be accurate and detailed. The greater the investment the bigger the risk, the greater the importance that due diligence plays.
Vicki Wusche ”

INVEST
ASSESS



RISK

Section Four - Risk

It's fair to say that starting a business at any point in an economic cycle is a risk. When the market is changing or unpredictable you need to plan for success, and ensure that you have mitigated all imaginable risks. This is not an excuse, or reason not to act. We know from the previous section that action is key to success. Do nothing and you are guaranteed not to succeed.

This section wants you to educate yourself about risk. What does "taking a risk" mean to you? What is your personal risk tolerance level? Taking on the initial debt or making the initial investment to start the business should be a calculated risk, where you understand the probability of gaining a return on the time and money you are about to invest. You should understand the risks that your business investment may experience, having in place strategies and actions to reduce the impact should the worse happen.

Investing in property amplifies the risk a new business owner faces, as alongside the business set up costs like technology and professional costs, most investors need to borrow money to start their investment business, through a mortgage - or joint venture finance, as well as commit their own savings. Understanding your own attitude to risk is crucial; are you a risk taker, prepared to take calculated risks? Or are you or even your partner more risk adverse? There is no 100% correct answer, but your answer will definitely influence your choice of investment technique and overall strategy.

Understanding your clients' attitude to risk, and that of your family will make your business life run a lot smoother. A risk taker paired with someone more risk adverse makes for a stressful partnership. This is not something you want to bring into your life. It can also be mitigated this time through clear communication. Explaining exactly what you are doing and why can really help someone with a mismatched risk profile feel informed and more confident about their future.

Due diligence is the antidote to risk, but this needs to be accurate and detailed. The greater the investment the bigger the risk, the greater the importance that due diligence plays. Once due diligence is complete then an accurate assessment of real and unexpected risks will lead to a complete business strategy for long-term profit.

Following the whole sale closure of the property market in 2020, that came on the back of 2-3 years of Brexit uncertainty, it is clear that the property market is both volatile and vulnerable to changes in the national and global economy. The government will do all it can to stabilise the market, because it knows that a full-scale property crash will have a negative effect on the economy as a whole. Their decisions are always focused on the residential buyer and not the investor and this can create a marked difference in the impact of any decisions they make.

New factors appear at a local level and also need consideration. This varies greatly depending on strategy and geography. Do you understand the factors that will affect your specific strategy? Have you planned how you will mitigate these factors?



Questions

1. How do you find potential investments?

I use a variety of Estate Agents and rely on on-market deals = 1

I use a combination of on-market deals and my contacts with local Lettings Agents = 2

I source my deals through my own online website and marketing methods =5

I use a sourcing agent to find the deals for me =0

2. What is your attitude towards risk? Are you..

Risk adverse, I feel stressed about every investment = 1

Risk neutral, a considered risk taker = 3

Risk taker, risk does not bother me I know what I am doing = 1

Risk is not something I consider = 0

3. Do you understand which investments are profitable?

Yes = 2

No = 0

4. Do you have a strategy to mitigate key risk factors in your business model?

I have a full list of risk for each deal and I mitigate each factor = 5

I am aware there are risks and feel that I have prepared for most = 3

I know there are risks and I am prepared to take them = 1

I do not consider that there are many risks in my investment model =1

I have not mitigated any risks to my knowledge =0

5. How many clients do you have waiting for your service?

I don't have any clients – I am just starting = 1

I have a few clients and plenty of spare time = 2

I sometimes have a lot of sales and then nothing – I need more consistency = 3

We have a solid flow of sales and we are reaching a point of capacity – I think we need more staff = 4

We have reached capacity already and taken on more staff, we are now settling in ready for more growth = 5



0 - 7

Starting any new venture without data or a factual understanding of the market you are entering is a risk some consider not worth-taking. Therefore understanding and mitigating risk has to start with personal awareness before anything else makes sense.

Your attitude to risk will be different to mine and even to your family members. Your self-awareness needs to extend out to business partners, family members, and staff. In fact, understanding the risk appetite of lenders can help you secure funding and save time approaching brokers with deals that the general market has no interest in.

Start with your personal awareness and then consider the attitude towards risk of those most closely involved in your business. More on to consider the local, national and global impacts on your chosen strategies.

8 - 14

As your business grows and you ride through each successive wave of change, so the nature of the risk changes. Growing your business, restarting the investment process or even re-evaluating your current portfolio all brings risk, because now you have something to lose.

Risk mitigation now has two faces; forward looking to the risk of new deals and backward looking to risk that might affect your current assets or business model.

Spend time review your current portfolio and ensure your foundations are strong and well protected before moving forward. Be brave and let go of any asset that does not meet your current strategy as this will close the door on distracting irritations, problems or challenges and allow you to focus forward.

15 - 20

Business growth frequently comes in waves. You are doing well and want to grow the business. That one decision creates a situation where the business reduces its productivity, performance and profitability as new staff, process and assets are imbedded.

This requires nerves of steel and clear planning. It is unlikely that you are averse to risk, but that does not mean you are a risk-taker. There is balance to be found in clear planning processes based on data.

All growth comes through opportunity or data. Either you have identified an opportunity in the market, a shift about to occur or you have proof of a change in the market. Opportunities do not always come with supporting data, they require instinct and foresight. This means there is a greater risk involved. Be clear that you and your business can withstand that risk.

Data driven growth often means that change has already started to happen and you have data to prove the shift. This has relatively less risk attached. Be clear about the level of risk you are prepared to take and the financial and time benefits that stand on the side of success.

Do you need help understanding your attitude towards risk?
Would you benefit from a review of your strategy or portfolio?

RISK



Insight - Risk

Case Study

Valley Road, Vicki's first purchase was the house from hell. The survey stated subsidence, identified the removal of chimney breast, the mortgage broker created a mortgage proposal based on committing mortgage fraud! And if that was not enough, the vendor was quite crazy.

As a result of this one first simple purchase the following lessons were learnt:

1. Mortgage fraud, mortgage requirements, mortgage terms
2. How to survey a property, subsidence, chimney removal, damp and many other property related conditions (Valley had none of these issues the initial survey was incorrect!)
3. Managing Estate Agents
4. Choose the best letting agent
5. Managing the relationship with the vendor (even when an Estate Agent is involved)
6. Refurbishment budgets and the difference between essential works, value adding works, and emotional costly works!

In fact, the lessons would make a book on their own! The Valley lessons don't include how to pick an area, how to pick a property, how to know a property will make a profit, nor the risks that come with letting other people stay in a property for which you are financially liable. You only need to watch programs like Channel Five's Slum Landlords and Nightmare Tenants to see a horror story or six!

There are two keys areas that require your focus, over and above the basics of the investment technique you have chosen. These are

1. How and when will you actually make a return on the cash you have invested?
2. How will you ensure that this return is maintained and eventually increased?

Identifying all possible risks of a specific investment and how to mitigate that risk is crucial. The first step is the choice of investment technique.

Buy to Let – identifying and buying a property usually with a mortgage with a view to letting the property to a tenant in return for rent.



Buying to sell – identifying and buying a property that requires a degree of refurbishment, that can then be sold for a profit over and above the costs to bring the property to the point of sale.

Sourcing property – identifying and securing property opportunities that you can then package, manage and sell on to clients for a fee.

If you are at the early part of your investment journey, work through Vicki's book, mentioned before, *Using Other People's Money: How to invest in property*, now in its fourth edition and make notes of the risks and then the mitigations for each strategy before you decide. If you are a more experienced investor then this is a valuable process to go through with your current and planned investment techniques and overall strategy, given the changes in the market in recent years.

Whether your client is a tenant, an investor or another buyer, managing the timing of property completion with client ready to act is often a challenge. Time costs money and any gaps in buying and selling, or buying and renting, will impact on your profit margins.

Always overestimate the costs and under-estimate the profits then if your plans take longer than expected you know that you are covered and if everything goes according to plan then you will make more money than you planned – which is always a nice bonus at the end of a deal.

Now we have experienced a lockdown situation, letting agents and estate agents have stepped up their ability to handle virtual tours, and viewings, and this will certainly mitigate the unforeseen challenge of buying, selling and renting when no-one can leave the house.

Solicitors and surveyors have been slower to adapt, and the Autumn of 2020 saw huge deals in competitions caused by backlogged surveys and slower conveyancing. Could you mitigate against that if the worse were to happen again?

An unforeseen bonus for some investors was the benefit of having a local, high skilled, and professional team to handle emergency call outs and tenant issues. Those investors that self-managed at a distanced struggled as travel restrictions applied. Again geography played a part in increasing the risk of a portfolio that had appeared manageable. And that is the problem with a risk – most are known, it's the unknown that can trip you up.

Have the last two paragraphs made you think twice? Good.

You need to be aware of the risks, you need to be able to handle the pressure and you need to decide who will be part of the professional team that supports you. Alongside your letting agent, who will be your business mentor, the person that has more experience and therefore more able to see solutions to challenges you missed. Who will you speak to when you need help - outside your realm of experience?



Risk Notes Page



“ Treasury is not about how much money you make, but how much you keep, and then how hard you make it work for you. Legacy is how many generations will benefit from your strategic planning.
Vicki Wusche ”

INVEST
ASSESS



TREASURE

Section Five - Treasure

Treasure, hidden or otherwise, is why you want to invest in property. Either you love the thought of finding the deal no-one else has found, or uncovering the profit in a property buried by years of neglect. Whatever your reason – the goal is to make a profit.

This section of the **Property Smarts** investment model is designed to make you focus on the financials. First get to grips with the language of money, maths and accounting. Then go deeper and learn the language of banking and finance. Don't let a lack of knowledge be the cause of you falling into a finance deal you don't understand. If you are going to borrow or invest money then you need to be prepared. You need to understand how you are expected to pay back the debt and what it will cost in interest.

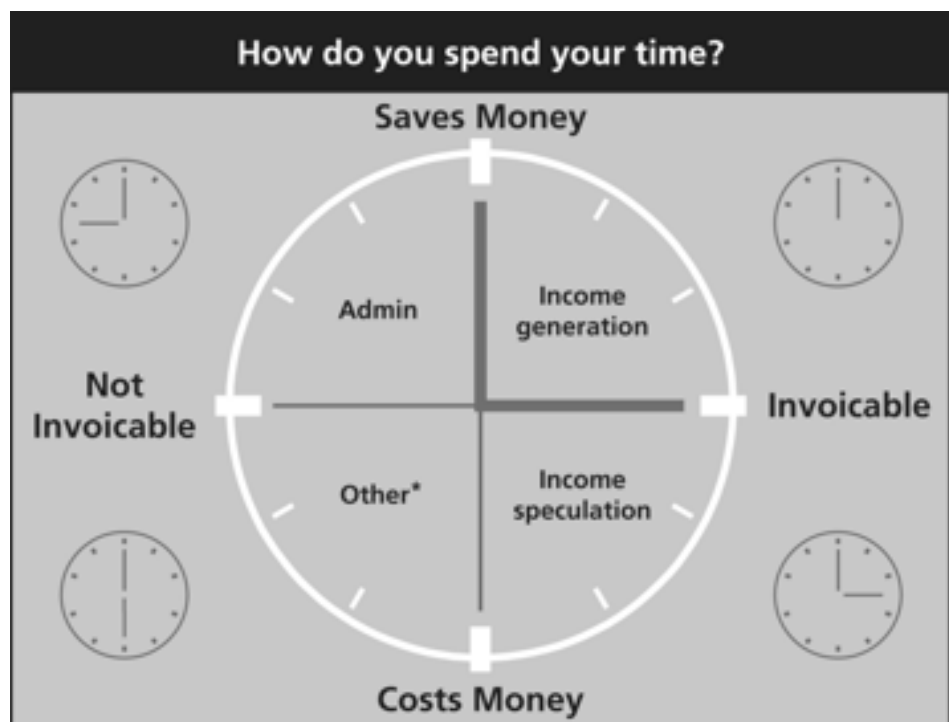
Understand what these financial questions mean to you, in the context of your chosen investment technique.

- When will you make money and where?
- When will you have to pay back the loans and how?

Let's move to a more personal understanding of the financials involved in investing. As mentioned in the section Action – using your time to the best effect is crucial to your success.

First let's start by thinking about an hourly rate with which to gauge the best use of your time and whether your business can generate enough money that you can afford to live in the way you want.

Imagine that you want to start by earning £40,000 a year. The first thing you need to understand is that not all of your time will be on sales and delivery, you can't earn money five days a week without someone handling property sourcing, marketing and sales. You will need to create the product or service and, of course, market and sell it. In the early days you will also be burdened with book keeping and other organisational tasks that don't generate an income.



We have created a map to show how you might use your time. You can always monitor this yourself and see how precisely this works for you.



While your plan is to invest in property and your strategy might range from; property sourcing to development, using the concept of property sourcing or Rent to Rent, now you need to understand the concept of an hourly rate and how to apply that to different strategies.

Assume that out of five days a week you can actually only source, manage or sell a property deal for three days, because you need time to do everything else. This leaves you two days a week for finding deals, marketing them and all the admin that comes with property. Three days a week is the time you have to close the deal, through surveys, mortgages, competition, tenant referencing, rental contracts and even managing your clients or tenants.

Over a four-week month this means that you have 12 days of income generating time. If we assume that you work 11 months of the year and more importantly that your customers buy or rent for 11 months of the year then 12 days times 11 months equals a total of 132 income generating days.

Using the example of earning £40,000 a year, this now means that each day, AFTER costs and business expenses, you must earn £303.00 per day to achieve the target we set ($£303.00 \times 132 \text{ days} = £39,996.00$).

To make the maths easier, assuming tax, national insurance, internet, phone, office space costs, professional insurance, memberships and travel expenses equal another £1,200 per month in expenses, means that you need to increase £303 by another £100 per day. So if you generate approximately £400 income per “income generating’ day, you will actually earn £40,000 per annum. ($£400 \times 12 \text{ days} \times 11 \text{ months} = £52,800.00$ income per annum before

Now you have a simple formula, earn a total of £1,200 for three days a week work across eleven months of the year and you are on your way to earning £40,000 net per annum with £12,800 budget for costs (which you can adjust).

Of course, this is an extremely simplified example to demonstrate the process. The costs of running a business called overheads or fixed costs will vary dramatically depending on the investment technique and the distance between your home based and your investment location. The point is you have a formula to make approximately £40,000 (or much more) per year as your wage. You can refine this for yourself as you gain greater understanding of the concept.

If you are sourcing property then the number of units sourced x your sourcing fee must be equal to or more than the cost to acquire the deal, plus the cost to set up and run the business, and a minimum of £1,200 in wages a week.

You can see now why so many businesses start up online, selling products. The idea is to make once and sell many. Or buy from someone else and sell with a mark-up. There are many different business models, but they all have to generate an income that is enough to live on! When you decide on your property investment technique you will need to understand how and when you are going to earn money.



Understanding key financial terms and phrases is pivotal to your success. It is not just the understanding of the words, but the impact that understanding has on how you run your business.

Know that turnover is the total sales for a period, before costs are considered. Have a budget and monitor your financial performance against the profit and loss account. Make sure you have calculated a living wage for yourself and that you have priced your investment technique, product or service, so that after the costs of sales are repaid you will still earn enough to live well.

Above all, it's about knowing the difference between a wage and profit and then paying yourself a decent wage. You are not making a profit if you are not paying yourself a decent wage!

Of course, there is the small matter of the clients wanting to pay the price you need to sell at, but that's another topic covered earlier.

Questions

1. Do you understand terms like cash flow, budget, profit and loss (P and L)?

Yes = 2

No = 0

2. Do you know your cost of acquisition (buying costs)?

Yes = 2

No = 0

3. Do you have a budget or target for acquisition and rentals over the year and do you monitor performance against your budget (actual verses budget)?

Yes = 2

No = 0

4. Do you know your hourly rate, and pay yourself a decent salary and know how many investments (or rentals) you need per month to make your wages?

I have no idea about costs, finance or budgets = 0

I know I should have a budget, but I am still setting up my systems = 1

I know I want to earn from my business, but I don't know how to check if that is happening = 2

I am acquiring property and making a profit, but I am still earning the bare minimum = 3

I pay my staff and myself first, we have monthly meetings and regularly monitor cash flow and profit = 5

5. Do you charge for your time and can you justify your prices?

Yes = 2

No = 0

0 - 5

Like Risk, Treasure is part of the crucial underpinning knowledge and understanding upon which your future business success rests.

The only two actions here are simple:

1. Learn the language of money and finance. Don't allow ignorance to trip you up, or trick you into costly finance deals.
2. As part of your initial strategy, work out how much you need to earn and then want to earn (these are two different numbers – see chapter five of *The Wealthy retirement Plan: A revolutionary guide to living the rest of your life in style* and download the resources to help you)

Don't increase your risk needlessly through ignorance – the benefits are too great.

6 - 9

If you already have a portfolio the big questions for you are:

1. Is it profitable?
2. Does it pay your wages?
3. Does it pay you anything at all?

There are many investors that talk about investing for capital gain, but without “profit” you may not hold the asset long enough for it to increase in value. There are even more investors that start out investing because they want to change their finances and maybe their work situation. These means that property needs to replace your wages!

Understand the difference between “enough” money to cover your basic expenses and “more than enough” money that would allow you to consider changing employment for full time property investment.

10 - 13

Once your portfolio is established you will start to look for new and more exciting opportunities. If this falls within the investment arena then you the following:

1. The long-term security of your personal income
2. The long-term profitability of the portfolio
3. The source of future investment capital
4. The impact that a capital change to your portfolio will have on profitability and income.

Treasure and risk are interlinked, don't risk your Treasure in pursuit of more income that creates more unidentified risk. Always build from a solid foundation, knowledge, data and calculated opportunity.

When did you last review your strategy or portfolio?

TREASURE



Insight - Treasure

Case Study

Vicki received calls from a significant number of panicked investors during the first half of 2020. The fact that they financially had over extended themselves was the root of their stress. This is a classic mistake. This does not mean your property business can't grow it, it can. You must understand the financial implication of each deal in its own right. Then the impact of the deal if it fails. on your current portfolio.

Experienced investors frequently combine strategies, resulting in this landlord taking on more than they could afford to lose. The combination of a Rent to Rent strategy, with private investor funding to cover the setup costs, reduced the profit margin and increased their exposure. This also occurs if you remortgage and release equity on newly bought investments.

In essence you are shifting the ratio, known as gearing. Deals where the loans include more than one mortgage, or a mortgage and private loan, or even simply private financing with a business commitment/ partner agreement (like Rent to Rent) run the risk of affecting the loan to value ratio and the profit ratio.

In a simple buy-to-let portfolio, your aim is to keep mortgage Loan to income Value (LTV) at 75% or below. With an HMO strategy you need to think of rooms and their associated income as profit modules. How many rooms are needed to pay the owner, how many rooms to cover marketing and maintenance, and then how many rooms are left, that if filled, will equate to your profit / wages? For example, in a six bed property, depending on the location and room rate you can usually expect that 1-2 rooms pay the owner, 2 rooms pay the overheads, maintenance and utility bills, that leaves at worse 2 rooms of profit – essentially 33% profit to 66% costs.

If you then decide to borrow money to fund an initial refurbishment, or the contract payment to the owner, or even cover the legal fees you could reduced that profit margin to one room. That would mean if one room was empty then you would make NO income. That is not a successful business, model but a disaster waiting to happen.

The key to successful property investment, apart from understanding where the Treasure is in your model, is balancing patience and persistence. Pursuing deals but at a pace you can afford. Haste could bring your house of cards down around your ears. A short Google will bring up a mass of well-known property investors that have gone bankrupt through greed and speed.



Treasure Notes Page



“

Ongoing, repeatable business success, in any sector of the economy, require efficient repeatable systems and strong leadership.

Vicki Wusche

”

INVEST
ASSESS



SYSTEMS

Section Six - System

The main reason for investing in property is, of course, to make more money, but what most new investors forget is that your time is actually more valuable. When initially devising a strategy with clients one of the first things Vicki will seek to understand is how they currently live their life and how they WANT to live their life. That one answer will start to shape the list of most appropriate investment techniques.

Next comes the structure and management of the portfolio. Not whether it makes sense to create a limited company or not – that falls under personal tax advice. The structure and systems are the framework and rules you put in place to ensure the portfolio continues to work at maximum efficiency, generating income and profit.

Ongoing, repeatable business success, in any sector of the economy, require efficient repeatable systems and strong leadership. Finding out what works as quickly as possible and then doing it again, creates a swift path to sustainable profit. Equally finding out what does not work and implementing improvements as quickly as possible both saves money, saves time and effort and refocuses the business back on to long-term success.

Vicki works with business owners from a wide range of business backgrounds, experience and turnover levels. Her experience has shown that you cannot assume that just because a business is making a profit, that they have strong leadership, good systems or a clear structure in place. More often than not, silly mistakes or greed eventually lead to bad business decisions that can become critical, even life (of the business) threatening, as the business moves forward.

Take advice early on – if you are determined to be successful then invest in that success and get professional advice. From mentors that have run successful businesses, from legal and tax advisors to ensure corporate and financial accuracy, and from technical and marketing experts to ensure sales. Be clear on how each piece of sought-out advice will enhance your business and profit, and balance that investment in advice, against the increase in your cash flow that it generates.

Success requires business experts beyond your knowledge to pull you forward. Tax advice, business mentor, sales support, and legal advice may cost money, but they are an investment just as valuable as a car, computer or piece of machinery.

Technology is a never-ending stream of great new ideas. Some can appear fads, other ideas appear a little at head of their time, however a blossoming business tool when done right will save you time and money.

Think where you can “outsource” a part of the business to either technology or other people. There is always so much, misguided debate, about letting agents verses self-management. The argument against letting agents is that they don’t care about your property in the same way you do and they are an expense. Let’s consider both those negatives.



Letting agents don't care. A letting agent is a business required to make a profit like any other business. They make a profit by having systems in place that help them manage a large number of properties, efficiently and effectively. They do not get paid unless the rent is collected. They do not make money unless they fulfil their obligation and deliver a service.

Experience shows that there is always a mix of poor communication, when the relationship between landlord and agent breaks down, often from the agent, but equally not requested or demanded by the landlord. Occasionally poor leadership and management, can occur when new staff take over an agency, but is more prevalent when a landlord operates a naïve hands-off approach to managing their letting agent.

Case Study

There is a big difference between being friendly, and thinking that the letting agent is your friend. One of Vicki's clients became too personally or emotionally attached to their letting agent. As part of the service Vicki offers her bespoke sourcing clients, she maintains a watchful eye on agent performance, and will when needed, recommend a change of agents to ensure the best service.

Such a situation occurred in Lincoln. Vicki contacted all her clients to move to a new agent. All but two made the change. Both clients had become fond of a very personal-able young agent, who left a poor performing bigger agency to start up on their own. One client moved to the new start up and suffered long voids as the agent failed to reach capacity quickly enough.

The other client stayed with the poorly performing agent, and saw both voids and repairs go unreported. Neither of the clients were proactive in their management style. They were over friendly and over trusting.

Letting agents are a vital part of your team, as are your builders. You need to treat them well, and with respect. Respond to messages and emails, and pay promptly. In return you expect market rates, and a high quality of service. This does not happen by chance – this is a direct result of your management style.

The letting agent supports you as part of your Treasure team and your Systems team, the both save and increase your financial bottom line. They are the point of contact with your tenant, from initial on-boarding and renting, through to maintenance and management. You as the landlord and property owner have ultimate responsibility, not just for the profit the property makes, but also for the condition and safety of your tenant. You need to be fully engaged in the process. Imagine your letting agent as a staff member, part of your team. They need to report on progress and performance, what system and process do you have in place?

Questions

1. Do you and, or your business have a professional website page and a proper domain lead email address (ie your name@yourbusinessname.co.uk or .com)?

Yes = 2

No = 0

2. Do you feel that your expertise and credibility are documented and easy to find for prospective buyers and investors? For example, do you have testimonials and reviews available online?

No I am in start-up phase = 0

No I had not thought about this before = 1

I have a website and some social media accounts but they are not clear about my credibility = 2

We have collected testimonials and reviews, there are some on the website but we could do more =4

We have built a good reputation and protect our credibility. We constantly update our website and social media profiles with relevant data and evidence of our success and credibility = 5

3. Do you have source of professional tax and legal advice?

Yes = 2

No = 0

4. Do you have an acquisition or sales team or support?

Yes = 2

No = 0

5. Do you have systems manual / plan?

Yes = 2

No = 0

6. Do you have a mentor that can help you grow the business and drive the portfolio to greater profit margins?

Yes = 2

No = 0

Based on the answers you gave to the questions above you should now have a score between 1 - 13.

Pick the appropriate section below to read about potential next steps. Have you reached capacity and need systems to grow - or do you need to grow your systems to reach capacity. What is the next critical step you need to increase profit and long-term success?

0 - 5

Your attention will be focused on generating income from sales. This is a good time to start to recognise and evaluate systems that work within your business and those that don't.

Consider the client flow and your sales income; is it steady or patchy? Look back back of your results to see if there are actions you still need to take. Really focus on understanding your cashflow and how it works. Understand your fixed costs and control your variable costs. Get professional advice.

As you master the basics you can start to plan your growth strategy before you need it - making sure it is sensible and fundable. Creating the systems when you have time and before they become critical.

6 - 9

Now consider sensible parts of the business to delegate, either through outsourcing or internal recruitment. Can you employ the service of a part-time sourcing / sales manager, a staff member that will generate income? This person would help you achieve sales targets and business growth.

You should clearly be spending time **on** your business rather than in it, by now. You should have a trusted team of experts that you turn to for advice. You should have a business mentor.

10 - 13

You will clearly have a team of trusted advisors in your business that have helped you create sound systems to support your business growth. Are these individual experts, or do you have an overarching business mentor? If not consider this role. A mentor can get to know all aspects of your business and provide a pivotal role in challenging you to take your business further, holding you accountable and providing useful connections.

Turn your attention now to how technical support can take you further. How do you communicate within your business, to your growing staff team and your clients? Consider the development of your team culture, and the shared values you and your new staff team have and continue to build together. Are there software programmes that could help?

We moved quite early on to a client management system that is both a marketing and communication tool, a database and a client management system. It was bigger than we needed at the time, but allowed us to practise and learn the system potential as we grew the business.



Insight - Systems

Builders are a challenge. We always get a minimum of two quotes – depending on the size of the job. If the letting agent handles the repair we know they will charge an administration fee, but if the repair is significant or a full refurbishment is needed then the fee covers the onsite and local management of the work – that is time well saved and money well spent.

Now think about your accountant, again many landlords prefer to ‘do’ their own accounts and the online competition of tax returns is fairly simple. The real payment to your accountant is not for the addition and subtraction of rent and expenses, but the years of tax experience and ongoing professional financial development to keep up with tax changes and legislation. Do you get timely and regular advice from your tax advisor - if not, should you?

While many accountants offer a monthly payment plan to cover an ongoing annual service, very few landlords or business owners actually get value for money as they fail to accurately price the service elements they really need.

The system we operate includes the services of a highly trained accountant, signing off our financial accounts on an annual basis including the submission for tax returns. We then use a highly trained business savvy book keeper, who is in fact an unchartered accountant, highly trained just not fully qualified. We have monthly meetings to ensure portfolio performance, while this might not be necessary if you have just one or two properties you should at least incorporate exception reporting.

The book keeper is an integral part of the team, party to the creation of the business plan. They handle the pure book keeping and expenses part of the job, and carry out monitoring of maintenance. Checking the number of repairs to a boiler and questioning when costs indicate a complete replacement. They produce management performance reports that show key indicators per property.

Get a great agent, an experienced book keeper and a trust worthy builder and embed them into your system model, and both your time and money will be safe.

When the time comes to grow the business and take on full-time staff, preparation is key. Start with justifying the expense of the staff member. Ask yourself how will their increased cost to your business be repaid - where will the extra money to pay their wage come from?

In most cases your full-time staff will be “incoming earning” staff, and generate new sales income to cover their cost, or save money enough to cover their wage. If not, be clear how you can afford them, and why this is a good use of your money. There is always a cost benefit question to be asked. This applies to business support and business mentoring as well as staff.



When you can justify their employment, consider local schemes and government support to see if this might influence your employment process. Plan their job description, what you need them to actually do. Write the person specification to be clear about the skills and experience you need them to have or demonstrate. Then combine the two documents into a one-month work and training schedule **before** you place the advert. This way you will be ready.

The recruitment process will take time and money. The training and familiarisation process will cost time and income as your attention turns inward. You need this to be quick, efficient and effective, you need to return your attention to your income generating activities as soon as possible.

Vicki helped one of her mentoring clients to work out that a part-time in-house letting agent would be a better use of their money. When combining the skills of the letting agent role with the expertise of an estate agent, the new staff member could both find new investment opportunities and manage the ongoing portfolio, with no extra expense. This gave the business two to three days a week extra property finding capacity, which in turn is starting to lead to more profit for the business.

So do you have repeatable systems in place? If not start today. It is so much easier to write a system document when the business is small rather than try and employ staff, maintain sales and teach a new person their job!

As the business and staff team grow so will the challenges. What sort of leader are you? Don't be afraid or too egotistical to acknowledge when you need to employ a leader or manager so you can focus on what you do best. Remember as a key shareholder you will benefit from the success of the business, which will pay for a better lifestyle. Better than just a job title in a failing business.



System Notes Page



Nearly the end...

Now consider all six sections of this **Invest Assess Audit**. Do you have the right support both to mentor and advise you and to help you deliver within the business? Have you positioned yourself and your portfolio correctly in terms of your expertise and over-arching strategy? Have you given yourself the right job role and do you have the right team?

What is your hourly rate, do you know it? How are you spending your time, master of one area or jack of all trades? Sole trader, with or without virtual support? Are you earning a living wage and making a profit?

What are you focused on? Are you in start-up mode, growth or consolidation, maybe even acquisition? Is there a balance in your life, between the needs of the portfolio, and your need for a social and family life? Is the business giving you joy or a headache?

It all comes down to planning.

In some way, it is easier if you are just starting out, simply read and understand all the components of this **Invest Assess Audit** and make sure before you invest your time, money, energy and soul that you are designing an investment portfolio and property business, for which there is both demand in the market, and an outcome for yourself.

If you are already up and running it's not too late. The point of the **Invest Assess Audit** is to find the areas of weakness within your investment business model, and then with the help provided here, start to address your areas of weakness. To find your way back on the path to making more money more easily, while having fun and great holidays! You would not be reading this report, having completed the **Invest Assess Audit**, if you did not want more, more income, more time, more fun, more control, but essentially more money!

- You want to get started – or you have started and want to earn money from property investment,
- You are earning some money from your portfolio, but not enough to live well – you want to earn more money,
- You are doing well, but you see an opportunity to expand, grow and develop, that means you need more time, more staff, more investment clients and tenants and of course, more income.

There is a process of evolution that all successful businesses go through; whether you were Richard Branson selling tickets for that first private flight, or Tony Robbins working one to one curing people of their phobias. Follow it and the path to long-term financial security, through a cash-flowing business will be smoother, quicker and a lot less stress.

Strategy

Whether starting out or re-strategising, given the changes in the market, put time into devising your strategy. Get clear on this framework, before you start to think about areas, properties and deals. This is the **shape** and design of your business.

As your portfolio grows and the income starts to come in, refine and revise this. Focus on creating a plan to expanding your portfolio to generate at least £50,000 in each twelve-month period. If you are not reaching that level of income yet, check through the entire 6 concepts of the **Invest Assess Audit** to make sure there is not a gap or omission in your business strategy or investment model before you rush off to the next thing.

Market

This is difficult to talk about in generalities as some property businesses offer product (properties to rent or buy) and others services, such as sourcing. In broad general terms, as a new business getting the “stranger customer” to buy is tough. Becoming completely clear on market demand is crucial. Know your area – that’s all you need to focus on. This represents the physical location the street and the **neighbourhood** that you will work within.

Whether you are investing for yourself or for clients the process is the same. Find the area, find the deal, run the numbers, implement the systems and make a profit. As your business starts to increase its turnover you can afford to think in more detail about what your best customers want you to offer them next and focus on that.

Action

Understanding the relationship between time and money will help you create a business that generates both profit and pleasure.

Systems of course help amplify these insights. If you don’t value your time then neither will anyone else, from tenants to your team to staff. This must be the **foundation** of your business model.

Risk

If the allocation and use of your time is the foundation, then risk mitigation is the **scaffolding**, the framework that holds your business model on a path to continual profit.

There are times in the market when it is almost too easy to buy. The money is flowing, the offers are being accepted and everything is going well. That is very often when you are mistaken. The property will grow too quickly, you will cut corners and dare we say arrogance, or ego will trip you up as you start to make investments based on emotion, or old data.

Don’t let your feelings get involved, unless it is your gut warning you about a property, or person. Don’t let your past success assume your future, check the spreadsheet!

Treasure

Success is determined by the balanced leverage of money over time. Literally the performance of your financial investment over the following months and years, and of course how much of your personal time is required to ensure profits.

Become a financial expert, hire a financial expert, learn to love the numbers and what they can tell you. This is the **main power supply** to your business, without cashflow the business will fail.

Systems

Your systems are a living breathing part of your business, they are like the **cleaner** who works so you don't have to. It is a statement of intention implemented with your supervision. Set tasks, check performance, adjust your systems accordingly.

These well-oiled cogs enable you to grow your business, or sit back and enjoy the fruits of your labours. Without them you will have created a new full-time job, with no holiday or sick pay!

The key to success as discussed earlier, is the balance between profit and pleasure. Enjoying what you do and ensuring that the business makes a profit every day. If you follow the **Invest Assess Audit** and Property Smarts System, as a repeating cycle for improvement start with finding your area, then work out your deals and the risks, then start speaking to people, to fact check your area knowledge.

As your turnover grows, plan further ahead, start with the next quarter and break that down into targets for the month. Know more about your market and potential tenants or clients, know what they like and what they don't. Refine your costings, learn about profit and loss, produce a budget and track financial performance.

Success is yours for the making.



Well that's everything...

Now you have completed the entire **Invest Assess Audit**, it is time to take stock. To review all your answers in the wider context of this full report.

- How can you prepare your investment business for the next ten to fifteen years?
- How can you be ready to seize and exploit opportunities as they present themselves?
- How can you seek out new opportunities for yourself and your portfolio?

Focusing on clear evidence that there is a market (or is still a growing market) for your business, then getting the costings absolutely perfect for your ideal deal is crucial. Layering that knowledge and understanding on a solid foundation of your actions, and the clear systems and processes that support you. Consider the performance advantage that leverage will bring, while remaining impassive, and focused on the numbers. This will give you all the structure you need to create your long-term financial investment plan.

Two final questions:

What is the most critical challenge you face right now?

What is it critical for you to do right now?

About Vicki

In the last twenty year, Vicki has completely redesigned and developed herself from single mother, after her unexpected divorce to a successful business owner, author and, thought and renowned speaker.

Starting while her two daughters were under three years, Vicki enrolled at university, progressing through a First Class Honours, and then Masters degree to becoming a university lecturer.

It was a chance attendance at a personal development event that really helped her recognise what was limiting her life and that of her daughters. The more she learnt and studied outside the normal realm of thinking, the more she realised that she needed to take personal responsibility for herself and her family. She needed to achieve better goals.



After being made redundant in 2006, Vicki starting investing in property just two years later. Within just five years she had been listed in The Telegraph as one of the UK's Top 25 most influential people in property. She has now written five books and contributed to a further six. She is a frequent speaker at property and business events, and a sought-after guest on international podcasts and shows, delivering thought-provoking, valuable and inspiring content.

Vicki passionately believes that everyone wants more control over their lives, their finances and their futures. The crisis of early 2020, gave a lot of people a shock as their income suddenly stopped, dropped or dramatically changed. It also provided people with an opportunity to see what life was like when they did not have to work to earn a wage, A chance to re-evaluate what is really important to them.

Vicki created an ideal life for herself, because of decisions she made, and the goals she set in 2008. Property investment was an excellent strategy giving Vicki and her clients that financial control, so many others lacked. Now with the World coming out of lockdown, Vicki has again been evaluating the opportunities that this dramatic change can offer. She is focused on helping her business clients create goals, based on their real values, that are adapted to the new opportunities presenting themselves. Empowering and enabling them to create the lives they want to live.

When not on holiday scuba diving as her alter-ego The Property Mermaid, she manages her own portfolio, and runs 2 businesses; one sourcing property for bespoke clients and the other a training company offering strategic business development, mentoring, and training. She has bought buy-to-lets, HMOs, sourced development deals and help hundreds of small businesses recognise where the profit is in their business.

Check the website for details on where she is speaking next. Listen to her alternative debate on how we can all be more successful and financially secure in the coming decade on the podcast page. More than just a property investment talk, Vicki will encourage you to challenge current business models, work more closely with your local communities and identify new possibilities, becoming the change you want to see.