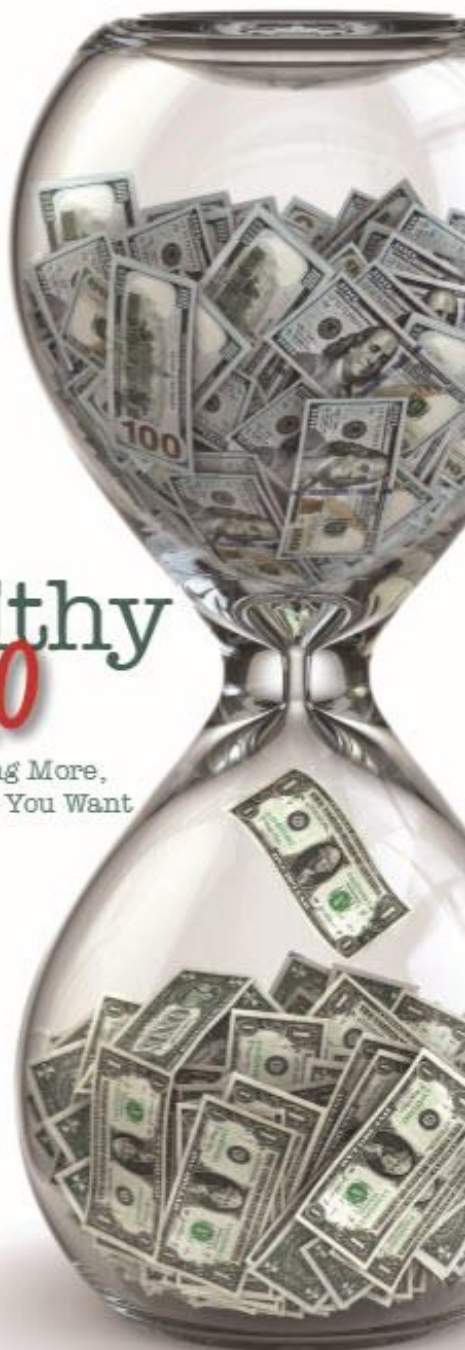


Landlord Coach Presents

The Time-Wealthy Investor 2.0

Your Real Estate Roadmap to Owning More,
Working Less, and Creating the Life You Want

Mark Dolfini
LandlordCoach.com



Praise for *The Time-Wealthy Investor 2.0*

"As an executive coach and entrepreneur, I am always seeking tools and investment opportunities to help increase my freedom and wealth. *The Time-Wealthy Investor* does just that, capturing the essence of real estate investing in a powerful and easy to understand way. It's not only a book about investing - it's a book about living life on your terms."

- Lt Col (ret.) Waldo Waldman, *Peak Performance* speaker and author of the National Bestseller *Never Fly Solo*

"A great book for the buy-and-hold investor; manage without giving up all their free time. Being Time-Wealthy is something we should all strive for. Highly Recommended!"

- Joe Fairless, Co-founder Ashcroft Capital, Best Selling Author, and Forbes Contributor

"A must-read for anyone looking to take their rental business to another level, and not spend all their time doing it. A great book to avoid creating a horrible job for yourself!"

- Michael Blank, Author of *Financial Freedom with Real Estate Investing*, Apartment Builder, Investor, and Educator

"Whether you are a seasoned real estate investor, or just getting started, *The Time-Wealthy Investor* is a must-read! Mark Dolfini lays out a proven plan to leverage not just your money, but more importantly your time. Full of tips, strategies, helpful advice, and some crazy stories, this will become your real estate investing bible. I'm recommending it to all of my clients who own rental real estate."

- Christine Luken, Financial Lifeguard, Speaker, and Author of *Manage Money Like a Boss: A Financial Guide for Creative Entrepreneurs*

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Landlord Coach Presents:

The Time-Wealthy Investor 2.0

**Your Real Estate Roadmap to Owning More,
Working Less, and Creating the Life You Want**

By Mark Dolfini

About the Second Edition:

The honest and authentic feedback an author receives from their first book can be harsh. Words so hard to hear they could seemingly knock the bark off a tree. However, in order to make a good book among one of the greats, that sort of feedback is entirely necessary. Though largely positive, the feedback I received from the first edition of *The Time-Wealthy Investor* made me realize that the original needed some refining.

This second edition presents the elements in this book more congruently with the information in my full-day and weekend seminars. While the substance is largely the same, the presentation and format are a little different. Through multiple seminars, I adopted a more palatable approach that I refer to as the “VIP Paradigm” – Vision, Infrastructure, Process. The “Process Model” is still the same behavioral model as before, specifically Process-Expectation-Behavior, or PEB for short.

A few other elements of the book have changed, but beyond some simple editing mistakes that were missed – as annoying to a published author as a mosquito is to a tent camper – the only other alterations were updates to websites and vendors I have found to be helpful.

My goal is to make a much-improved roadmap for the reader. I hope I’ve delivered that for you.

Dedication

To all those who dared to try, and didn't confuse failure for defeat. To those who expected failure and embraced it. And to those who failed, and failed forward. You are my heroes.

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Introduction

Love, and do what you like.

– Saint Christopher

Financial wealth is attractive, no question about it. Unfortunately, it's often confused as the destination, rather than the vehicle – the means to an end – so to speak. If you consider what Time-Wealth means, that is, the ability to control one's calendar, then you might consider there being no greater wealth than Time-Wealth. You can borrow money and objects, but no one can borrow time. Time is universal – it is the great equalizer. Time applies to all of us without preference or reservation, even though it's so often wasted on dross and inactivity. I would argue Time-Wealth is the greatest, most fantastic wealth to be achieved.

To be among the Time-Wealthy is to have the freedom to do what you want rather than being a slave to how you produce income. Many people hope to get to this state of nirvana, this Promised Land, by achieving financial wealth. I will argue that this is the wrong target. Certainly, financial wealth is a great intermediate goal, and a necessary component to achieve Time-Wealth. But given our finite time on this spinning rock, shouldn't the ultimate goal be the ability to control your time so you're not spending every waking hour devoted to income generation? It should seem reasonable to say yes, but many people spend an awful lot of energy arguing otherwise.

The purpose of this book isn't to convince you of the importance of Time-Wealth; you will have to come to that conclusion on your

own. No, the purpose of this book is to help you create capacity in your life - what you do with that excess capacity (read: time) is up to you. If you have chosen to invest in real estate as the vehicle to get you where you want to go, this book will help you operate your rental business without spending all your time doing it.

Investing in real estate is nothing at all like the promises made on late-night infomercials. Promises of financial-wealth are prolific, yet, they make little mention of Time-Wealth. Instead, we are shown flashes of beautiful people driving fast cars and living in homes so big they curve with the earth. Meanwhile, us “fools” toil in our daily lives. Many of us know the truth about these infomercials, but it’s so hard to look away. The lure is simply too great. While financial security is certainly an ingredient of Time-Wealth, it’s not the only part. Given our limited time on this planet, I find it sad that people collectively spend billions of dollars aiming at the wrong target.

Let’s face it, your rental property, whether you have one or 40, is simply not an investment you can buy and never think about again. At least, not if you want to be successful. Certainly not if you want to be able to control your calendar. When you’re buying a rental property, you’re buying a business in the truest sense. You have a location, customers, vendors, revenues and expenses, and all the things resembling most other small businesses. So, let’s just call it what it is, a business.

Once you shift your thinking to this paradigm you’ll see the need to manage and operate your real estate business in a way that is consistent and scalable. Otherwise, all you’ve done is purchase a job for yourself; a miserable job that no one in their right mind would want. A job which allows you little to no time off, no ability to get sick or go on vacation, and causes nausea every time your cell phone rings. It may be exciting at first, but having your tenants call you whenever they feel like it gets old very quickly.

Being able to achieve time-wealth involves building a scalable and sustainable business that doesn't cost a fortune to operate. Such a framework must be intentional and does not involve things like downloading leases from places on the internet from a state whose laws you don't know. Nor would it include using tenant applications from somewhere else with no consideration to your existing infrastructure, risk tolerance, or fair housing laws.

Whether you own rental properties or not at this point, we're going to stay away from this sort of nonsensical thinking. Instead, we will create an intentional business framework that will prevent the frustrating conversations with residents which go nowhere and avoid activities that don't move you closer to where you want to be in life. The whole idea is to keep you from ever uttering the words: "Remind me again... why did I buy this (insert expletive) rental property?"

The desire for gold is not for gold. It is for the means of freedom and benefit.

- Ralph Waldo Emerson

In this book, you will learn how to set up a system that enables you to have a life. A good life – one that is better tomorrow than where you're at today. A life of purpose and intention. A life that excites you. That's the real reason, I suspect, you got into the rental real estate business in the first place – time freedom which enables the pursuit of other interests.

There is so much more to life than making money, namely having time to spend with your loved ones and doing that which excites you. This should be your number one priority, not spending

countless hours being frustrated, or feeling as if you're being run by your real estate business.

What to Expect

This is not a book of the latest tips and tricks on being a landlord. On the contrary, this book will show you how to build a scalable real estate rental business that can operate without your constant oversight and input. To do that, you will learn, in depth, the Vision-Infrastructure-Process (VIP) Paradigm I've taught to many of my clients.

Starting with Vision, we uncover where you want to go. Specifically, if you thought of your business as a vessel, where would you want your real estate business to take you? Obviously you want a better life, we all do, but what does that mean for you? Having clarity in your Vision is critical before you can move on to the next piece; Infrastructure.

A sound infrastructure is something you'll need for a sustainable and scalable real estate business. From that base of infrastructure, you can craft procedures and policies for your business based on your personal skill set, financial situation, and desired level of involvement using the Process portion of the VIP model. The result is a real estate business which can be managed with limited involvement.

I'm not telling you it's going to be easy. I'm telling you it's going to be worth it. - Art Williams

Foreword

What then is freedom? The power to live as one wishes.

- Marcus Tullius Cicero

**Roman Philosopher,
Politician, Statesman**

Some of us learn by doing, in spite of what we're told. I was the kid who touched the stove until I got burned, despite my mother's warning. Even as an adult, I often have to test the validity of a "Wet Paint" sign. As if somehow "the man" was trying to trick me and I have to prove him wrong.

I often think back to what got me into real estate in the first place. The lure of being my own boss and controlling my own destiny fascinated me. It often confused me as to why people saw a typical 8-to-5 job as less risky than owning and running their own business. The idea that your destiny is somehow safer in the hands of someone else – a boss, supervisor, or owner of a company – has always been foreign to me. I suspect if you're reading this book that to some degree you feel this way too.

This book is designed with a course mindset, and as such, much will be learned outside of the reading and from the process of the work itself. Yes, this will take effort beyond just reading the words. I will pass along concepts which have worked for me, but it will up to you to implement them in a way that will work best for you. In the end, having a business that provides you a steady

stream of sustainable income that runs without your constant supervision will make it all worth it.

You may already own one or more rental homes. If not, I congratulate you for being so proactive. Laying the groundwork for a business in advance makes much more sense than trying to backfill it as you go. I wish I did it that way, but being hard-headed, I chose the much more difficult and expensive route. Pretty much the way I learned as a kid. If you do own property, this book is going to help you identify the weakest areas of your business framework and enable you to get your weekends back.

What This Book is Not About

This is not a book about buying rental properties with no money down, or other such gimmicks. Nor is it about flipping properties, beating up the banks on the next foreclosure, analyzing your next deal, or determining ROI's, capitalization rates, and other financial measures. This doesn't mean these subjects are unimportant, they're just not the purpose of this book. To you financial-metric nerds out there, put away the pitchforks and calculators. There are plenty of references to such things on this book's companion site www.LandlordCoach.com/twiBook.

A Small Business Analogy

Let's pretend you and I purchase a McDonald's restaurant, somewhere in America, but well outside the network of people in your hometown. We get a great deal on the building, and even with the worst-case cash flow projections, we're sure to make a decent return on our money. The only issue is we're buying the McDonald's with no Point of Sale system, training manuals, procedural manuals, checklists, mops or buckets. Additionally, once the business is sold, all of the employees leave to work

somewhere else. Basically, we have bought a building with no clear way in which to operate it as a business.

Given this scenario, what do you think our first day of operations is going to be like? Trying to run this business without the proper infrastructure conjures up visions resembling the final moments of The Hindenburg.

Obviously for a busy McDonald's, running an operation this way would be impossible. Without some sort of business framework in place, all we've done is create a horrible job for ourselves – taking all the orders, making the burgers, placing all the pickles and onions, running the registers, and cleaning the bathrooms. As real estate investors, this analogy is one we want to avoid, buying properties with no systematic way to run them. This book will help you with the framework you need for your real estate business.

Chapter One

The Time-Weary Landlord

Beware the barrenness of a busy life.

- Socrates

Overworked, stressed out, and broke, Jack is a Time-Weary Landlord. He starts his weekend sitting in his home office staring at the stack of papers and unopened mail that has amassed on his desk, unsure of even where to start. He used to consider himself good at paperwork until the sheer volume of it made this piece of life his own little nightmare. It's 7 o'clock on Saturday morning, and while his friends warm up for a round of golf, Jack stewes about all the things he's got to accomplish for his rental business today. After many weeks of declined invitations, his friends don't even bother to ask him anymore. Jack can hear them from his window across the street, conversing and laughing, he stands to watch the car doors close one at a time, and off they go.

Jack plops down in his chair and starts going through the mail and the stack of paperwork. He opens a utility bill the tenant was supposed to put in their name more than two months ago. Next, a property tax bill. After that, a post-dated rent check from the one tenant who sends her rent in advance. A few minutes after eight, his cell phone rings and Jack's stomach sinks. He's grown to hate the sound of his cellphone, mostly because nearly every time it rings it's more bad news about one of his rentals or drama from one of his tenants. At work, his ringing cell phone has become such an issue it's become a topic of frequent

conversation among his coworkers. In fact, just this past week, Jack's boss pulled him aside to discuss the excessive amount of time spent on non-work activities and distractions. Jack's rental business is running his life.

Taking a breath and answering his phone, Jack promptly goes on the defensive as the tenant on the other end launches into a tirade about her broken refrigerator. Thirty minutes, four apologies, and one promise to make things right, Jack hangs up the phone frustrated and defeated. "It's not even 9 o'clock yet!" He stewes out loud. He'd already contacted the appliance repairman and thought this had been handled. Or, had he forgotten? Being so distracted by things between the rental business, his day job, and his home life he can't remember if he's made the call or not.

Either way, considering it's Saturday and the possibility of getting a repairman to fix the problem is pretty slim, he's now faced with the reality of his tenant going the rest of the weekend without a refrigerator. "She has two small children," he reflects; the thought makes him uneasy. He had been called a "slumlord" before, among other things that polite people don't repeat. While he felt it was unjustified at the time, the truth was obvious. Going from one crisis to the next, Jack was constantly in reaction-mode. He knew deep down he deserved the criticism for being slow to respond to the needs of his tenants.

He really wanted to do the right thing even though he had no idea how he was going to afford it. He had some credit left on his Lowes account, so he could buy a new one and have it delivered. All the while, Jack contemplated how he was going to even begin to pay for all these expenses which were now completely out of hand. The repair of a refrigerator would likely have only cost \$200 or so, now he was looking at over \$500 to purchase a new one.

“If you don’t put a value on your free time, someone else will”

Jack spent the rest of the morning and most of his afternoon going through paperwork, calling on tenants that owed money, running a few errands, stopping by a few of his properties, and addressing more maintenance requests before making it back to his office again. Before he knew it, the sun began casting shadows in his office as dusk approached. “How in the world is it 6 PM already?” Frustrated, aggravated, and feeling completely overwhelmed, Jack decided to call it a day. He was supposed to go on a dinner date with his wife. With so much on his mind, maybe they could just stay in, order a pizza, and watch a movie. She always seemed to be understanding when it came all the responsibilities of his rental business, but he also knew that everyone had their limit.

Jack was excited when he first got into this business. His 14 rental units were supposed to give him a measure of financial independence and control over his life, but the reality has been the exact opposite. The sad part of this story is that much of this could have been avoided.

Early on, Jack failed to identify the need to set up a basic business architecture that didn’t require his constant attention. He wanted to self-manage his properties to save money, but in doing so he also failed to recognize himself as the bottleneck for all decisions to flow through. Causing a lack of scalability that stymied further growth and sucked up all his free time as he expanded his operation from one, to three, and then eventually to the 14 properties he now owns.

The key to avoiding problems like Jack’s is to have a business framework that allows you to operate efficiently, effectively, and is scalable yet won’t cost a fortune to operate. Scalability is crucial in an expanding operation because you need to be able to

handle 20 rental units about as easily as you can handle two. Jack failed to recognize this which he now pays for in lost rents, unhappy customers, and lost leisure time. He also made the critical mistake of not placing enough value on his free time. As a result, his tenants did that for him. The trouble is, the value they put on his free time has become far below what Jack is worth, and he knows it. Remember, if you don't put a value on your free time, someone else will.

The Secret Freedom of Scalable Infrastructure

Jack learned things the hard way by not having his business in order. Not only by giving up his weekends, but also by becoming the point of congestion that prevents the efficient operation and expansion of his business. He's figured out that he needs a process that can grow and expand with his operation. Having a successful real estate business isn't as simple as buying a rental property, sticking an ad on Craigslist, and watching the money roll in. If you don't own rental property yet, I'm glad I could save you both money and headache from that misconception.

While there is much more than that to having a successful real estate operation which doesn't chew up all your free time, the secret really isn't that profound either. In fact, there really is no secret. At the core, it's simply developing an infrastructure and creating a business process in alignment with your vision for the future. It's the framework that will allow you to run your business and work so you can live, not the other way around. Read that last sentence again, it's important. If it's your vision to become the next Howard Hughes, or to have more free time to chase butterflies with your cocker spaniel, it's necessary to have a framework and system in place that is in complete alignment with your vision for the future and your tolerance for risk.

Consider this example: Say your vision is to travel with your family, where you spend an entire month sitting on the beach all day. An infrastructure that requires you to return emails and phone calls in a timely manner is not going to work well for you if you're sitting on the beach sipping fruity drinks with little umbrellas. In this context, make sure your vision is clear, and build an infrastructure in alignment with that vision.

“Work so you can live, not the other way around”

A Roadmap, not a Recipe, for Success

Before we dive in, I want you to consider this book as more of a roadmap than an exact recipe or do-this-then-do-that type of manual. It is meant as a guide from someone who has been down this road before you, but it will be up to you to fill in the fine details. Every situation is different, so trying to come up with every possibility you might face would not only be a waste of time, it would stifle the creative juices within you, the entrepreneur. Besides, it's your business; make it your own!

Keep in mind, even the best roadmap isn't going to show every little pothole, road construction, detour, or roadblock along the way. As in life, all those things are temporary. Those little bumps and obstacles in our way need to be addressed in some way by going around them, over them, or in some cases, through them. This book is not just about being a better, more effective property investor; this book is your roadmap to a better life. Everyone's route is going to be a little bit different. It's up to you to decide exactly which route you take to get there.

Chapter Two

The Folly of the Entrepreneur

He who knows, and knows he knows, he is wise,
follow him.

He who knows, and knows not he knows, he is asleep,
awaken him.

He who knows not, and knows he knows not, he is a child,
teach him.

He who knows not, and knows not he knows not, he is a fool,
avoid him.

- Ancient Proverb

**I am not ashamed to confess that I am
ignorant of what I do not know.**

- Marcus Tullius Cicero

For those of you who have read Michael Gerber's book *The E-Myth Revisited*, this opening chapter may resonate with you. A good friend of mine observed my business struggles and suggested it to me. After reading it, I had to come to terms with what I considered to be the typical folly of the entrepreneur. Most entrepreneurs I know are very intelligent people. They have the ability to learn and figure out how to do most things. ***Need to update your website?*** A quick two-hour tutorial with your website designer and you're good to go. ***Need to learn to fix a dishwasher?*** A simple scroll through YouTube and you're an instant expert. Short of teaching your short-haired calico to load

the dishwasher, there's not much the entrepreneur won't do, or at least try. I had to learn to be okay with the concept that just because I **can** do something, does not mean it's the highest and best use of my time.

In 2007, I decided to apply for membership in a BNI chapter, a weekly business networking group. For those of you not familiar with BNI, it's a networking organization with chapters all over the world. It helps people grow their businesses by asking for referrals to ideal customers. In addition, it helps develop you professionally. Not realizing it at the time, the latter of the two was much more valuable to me. I didn't know what I didn't know. Simply put, as in the Ancient Proverb, I was the Fool.

I felt as if I had much to gain and little to lose. Armed with a B.S. in Accounting from Purdue University, I had been in the working world for a few years and was just starting to develop myself professionally. I'd been involved with another business group previously where we discussed sales techniques and other business subjects, and, although helpful, it was small and loosely organized. BNI was much more intentional and structured, which, since becoming self-employed, were things my business was sorely lacking.

“Just because you can do something, does not mean it's the highest and best use of your time.”

Self-Employed vs. Business Owner

Not long after joining BNI, and in absorbing the teachings of *The E-Myth Revisited*, I understood the difference between being self-employed and being a business owner. Making the transition from the former to the latter required a complete

paradigm shift and rewiring of my brain from the way I was doing things. My default mode was being action-oriented; this was not an easy period for me.

At the point of my awkward transition, I had amassed 92 rental units which equated to roughly \$60,000 per month in rental revenues. This amounted to about \$6 million worth of real estate, which I acquired through a hodgepodge of creative financing, wheeling, and dealing. I operated this without an office, just a truck with a power inverter and an adjustable stand for my laptop bought from a police supply catalog. I purchased an internet air-card so I could check emails, update my website, or review my bank account. With a printer in the back seat, I could print leases and other necessary paperwork. It was a mobile office that was efficient in some perverse way I suppose, but far from effective, and certainly not scalable.

In addition to this limited infrastructure, the only “process” I had in place was to put out fires. I was in constant reaction-mode and everything was done on the fly. I handled everything from the painting, cleaning, and advertising of my vacant units, to doing the showings for prospects. In addition, I somehow found time to do collections, file eviction notices, and show up in court. I took deposits to the bank, got the mail, paid all the bills, and reconciled the bank accounts. Somehow, I attempted to perform the maintenance on an ever-growing list of requests which once started as a gentle snowfall, had become a crushing avalanche. And my cell phone never stopped ringing. Ever.

I did it all, and it was pure chaos. I was being pulled in so many different directions I could do none of it well. The way I was managing my business was not only crippling financially, but I understood what it meant to be Time-Weary. It wasn't long after I learned how bad it could really get; being “Time-Bankrupt”. I was being crushed by the weight of all the work, and it was only a matter of time before the house of cards fell. I had no end-

game except to slog along for another 25 years when the mortgages would pay off and I could hire some help. If I didn't have a stroke first, of course.

My life was completely consumed by my business. I considered what I would do if, God forbid, something happened to one of my parents and I needed to take care of them. They both lived out of state and surely weren't getting any younger. Forget anyone else for a second, heck, what would happen if something happened to me? I mean, dozing off on a ladder after three hours of sleep the night before was not that far-fetched. Scary thoughts like these were as pervasive as they were dangerous. I didn't know the answer, but I knew something had to change. At least now I knew there was something I didn't know. Referencing the Proverb, no longer the fool, I was a child.

The only true wisdom is in knowing you know nothing.

- Socrates

A Brief Moment of Clarity

One morning, after a particularly punishing series of days, I arrived at my BNI meeting a few minutes late. The networking portion of the meeting started promptly at 7AM, and my late arrival had become part of my routine. One of the members of the chapter owned a restoration business where the meeting was held. Whether Jeff knew it or not, I had adopted him as my mentor. Since I'd met him, I was impressed by how he and his wife ran their operation of more than 40 employees and multiple locations. I was coming in the door and Jeff stood, coffee in hand, ready to start the day. I must have looked more haggard than usual. He stood, smirking, not saying anything.

Breaking the silence, Jeff greeted me,

“Good morning! How’s it going?”

“Oh, not bad; really busy!” I fired back eagerly, as if “busy” was a badge of honor to be worn proudly.

“You look a bit ragged this morning.” Jeff noted, “What’s got you so busy?”

“Well, just a little bit of everything I guess,” I answered. “I’m doing all the maintenance on my units, plus all the leasing, all the showings, all the paperwork, and the rent collection. I guess I’m just running a bit too hard right now. It will slow down... someday.” I smiled, seeking some approval from my self-assigned mentor.

Jeff smirked, I suspect knowing that I wanted him to be impressed. He thought for a second, took a deep breath and continued the conversation.

Nodding, he started slowly, “You do maintenance work for people, right?”

This was true. I started doing appliance repair, maintenance work, and other general handyman-type repairs as a side hustle for some of the people in my BNI chapter. I was very fortunate to be handy when it came to fixing most things.

“Yes, I do some appliance repair and other handyman-type work. Why?” I asked.

“And you charge what, \$30 an hour for that service?” Jeff inquired.

I nodded in reply; at the time that was accurate.

Jeff, nodding back in response, continued, “So how much would you have to pay for a maintenance guy to do what you do?”

I paused for a second, because that thought had never crossed my mind. After a moment I answered, “I don’t know, for the low-end stuff, painting and trash-outs, maybe \$10 or \$12 an hour”.

“Well,” he paused, “You realize that’s exactly what you’re paying yourself, right?”

That single statement sent me down a path that forever changed the way I looked at my business. For a moment, I didn’t quite comprehend what that meant, but Jeff knew enough to stay silent and let that soak in. I could tell he truly wanted to help me. As this was marinating inside my head, I suspect my body language resembled something like the Hulk turning back into David Banner, the neurons in my brain rewiring themselves to this new paradigm.

Suddenly, the epiphany came, a moment of clarity.

“Holy (bleep)!” I said out loud, “No wonder I’m broke!” I laughed, but it really wasn’t funny.

From a very basic math perspective, ***I was costing my business money every time I did work that I could pay someone else to do cheaper.*** This was especially true of the low-end type work such as painting, cleaning and general labor. I was costing myself \$18 an hour by doing it myself (\$30 minus the \$12 I would have paid someone else to do it).

This is what is known as Opportunity Cost and it works like this: Opportunity cost is the event you have foregone to pursue an alternate activity. By doing the lower-end work myself, I was forgoing the opportunity to pursue higher-end work.

Here’s an example if I did the handyman work myself:

\$30 per hour times 10 hours equals \$300 (money coming in)

I would make \$300 in a day if I did all the work myself.

If I hired someone to help do the handyman work:

\$30 per hour times 10 hours equals \$300 (money coming in from an employee)

PLUS

\$30 per hour times 10 hours equals \$300 (money coming in from my work)

LESS

\$12 per hour times 10 hours: -\$120 (money paid out for labor)

EQUALS

\$480 (I make from having someone else do the work)

In considering what happens when I do all the work myself, the Opportunity Cost:

Doing all the work myself \$300

Less the money I could make with help (\$480)

Loss per day Equals: (\$180)

I was costing my business \$180 per day per 10-hour period by doing all the work myself, a whole \$900 every Monday through Friday. I still had to take care of all of the paperwork, collections, lease showings and other administrative duties, but at least this would provide me some much-needed breathing room and establish a point I could build from. Not only was I broke financially, but I was also suffering among the Time-Weary.

How was it that I had never figured this out? Well, given the role I had placed myself in as a constant fire-fighter, there was no way I was ever going to see it on my own. The problem was, I had not come to realize that even though I **could** do most things, not all activities were the highest and best use of my time. Thus, the folly of the entrepreneur, and in my case, being a Time-Weary Landlord.

Chapter Three

Rental Hell

**To be tested is good. The challenged life
may be the best therapist.**

- Gail Sheehy, Author

Life's tough, but it's tougher if you're stupid.

- John Wayne

Fast forward a few years, and my business had evolved into not only managing my own rental units, but I was also operating as a property manager for other real estate investors. Like I had been, they were looking for relief from the landlording rat race they found themselves in. One day I got a call from an older couple that owned 25 units who were considering hiring a property manager. Nearly all of their properties were single family homes. The couple invited me to their office to tell them about our property management service and how we might be able to help them.

Their office, as it turned out, also doubled as their home. Nice but modest, I was welcomed warmly and offered a chair at the kitchen table. Taking a seat, I looked around to see family photos, pictures of grandchildren, fake flowers in vases, doilies, and uncomfortable-looking furniture you would expect to see in someone's grandparent's house. I offered a warm smile to the couple, "How are you today Mr. and Mrs. Jackson?"

The woman huffed in what seemed to be a well-rehearsed response, “Just another day in the rental business...” forcing a smile in return. I smiled, letting her know that I understood what she meant. “How long have you guys been doing this?” I asked. “Twenty-eight years,” she said softly, “but we’ve only owned some of them for about fifteen or so.” Raising my eyebrows, I was shocked by their level of experience, “I bet you’ve about seen it all then, huh?” I asked. Mrs. Jackson smiled politely, but she was in no mood to trade war stories.

Judging by the look on their faces, I could tell they were mentally beaten down. They were good people, that was evident. Unfortunately, being a good person does not excuse doing bad business. In fact, it’s often worse because of the mental disconnect your customers have with their expectations of your behavior *because* you’re a decent person. They see you and your business as one in the same. To that point, good people shouldn’t do bad business. If someone feels as if they are being treated poorly, or even inconsistently, they are that much more negative when it comes to your business and the unpredictability they experience.

As we continued our conversation, I couldn’t help but feel sad for the Jacksons. They felt helpless in their current situation. At one point I asked, “When was the last time you went out to dinner and didn’t have to bring that?” pointing to the cell phone conspicuously placed on the table. Mrs. Jackson’s eyes welled up, she knew that I understood their struggle. Almost to the point of tears, we talked about the last time they had a vacation, or even when they were able to see their grandchildren for a long weekend.

Mr. Jackson, who seldom spoke during our meeting, chimed in, “That’s why we’re just thinking of selling the units and be done with it.”

“Interesting,” I thought out loud, nodding as I considered what he’d said. I let a few moments go by before saying anything. Then I asked, “Do you have anything in particular you’re planning on doing with the money?”

I felt it was a fair question, and it was clear that Mr. Jackson hadn’t really given it any thought. “No, but I just want to be done with them.” He barked back, pausing for a moment. “I want our life back.” His wife was looking down at the table as he spoke. I found all this incredibly ironic because I didn’t get much sense that the husband really had much to do with the rental properties. All the work was being done by his wife, and from what I could tell, she had been doing it all along.

Adding to much of the drama was that the Jacksons lived very close to all the rental units they owned. This gave their tenants near-immediate access to the Jackson’s due to their rental office being about ten feet from their living room. Residents showed up at all hours of the day and night, dropping off rent, submitting work order requests, or to come by and complain about this or that. Of course, this also included people who were upset or angry about being evicted. Their process was a complete mess and they paid for it in comfort, leisure time, and privacy.

The really sad thing about this story is that the Jacksons were literally on the doorstep of the “Promised Land” that every landlord strives for. Nearly all of their 25 units were owned free and clear. They had enough in savings to pay off their mortgages and own all their properties outright. The units generated over \$18,000 per month in revenues, well in excess of what they needed to cover their expenses, and could offer them a very cozy lifestyle when they figured in their Social Security and pension income.

Running their business with such a lack of vision and dearth of infrastructure had left them so emotionally compromised that

they were willing to walk away from all they'd built over the previous two decades. Consider too the good chunk of tax money they'd owe to Uncle Sam when the properties were sold. The real tragedy however, was that they had no plan to replace the income stream once they got their lump sum of money from the sale of all their real estate. I felt as if I was watching someone get into a leaky lifeboat in shark-infested waters when there was no compelling reason to leave the ship.

The fact is that all of this indigestion could have been avoided. Whether they realized it or not, these problems were entirely their fault. The Jacksons failed to ever develop any sort of infrastructure that did not include them or their labor as they scaled up their rental operation. All they did was create a job for themselves, a job that no person in their right mind would have wanted. Needless to say, this is exactly where you don't want to end up.

Knowledge has to be improved, challenged, and increased constantly, or it vanishes.

- Peter Drucker

What You Need to Bring

Over the years, I've heard many investors talk about how difficult it is to be in the rental business. Life can be incredibly rough when you climb into any business without proper planning, so let's discuss how to get the most out of this book. There will be concepts introduced to you that you might already be doing and some that might be counter to what you're doing. My basic premise is if you have a policy in place that is effective I'm not about to tell you to stop. However, there will likely be other ideas

you feel don't apply to you, or are just not relevant to your situation. Whatever the case, I want you to come to the table with a mindset that prepares you for success.

Instead of thinking, "This concept won't work," I'm going to ask that you approach each new idea with a paradigm of "How could I *make* this work?" If your approach to life is being skeptical of everything new until you have concrete evidence, this is going to be a very slow process. I know this to be true because I was "That Guy". Set aside your need to be "right". Keep an open mind and I promise you, not only will a whole other side of this business emerge, but a whole new life.

Most of the changes you will make to your business are not giant and sweeping but rather small and seemingly innocuous. However, like putting pennies in a jar, it will all start to add up. I ask that you put aside your preconceived notions of success or failure of a given concept before even giving it a chance to work. In writing this book, I had to do the same thing. We all need to keep learning, keep implementing, keep working and reworking, and keep doing. Don't let your current line of thinking hold you back. Constant learning prevents mental stagnation and continually moves us forward.

You are one decision away from a totally different life.

- Mark Batterson

The View of Life from a Hospital Bed

It was only a matter of time before my own particular house of cards fell. Like most dramatic stories, mine has the same "Jerry Maguire" moment as all the rest. It was during a particularly bad period in 2009 when everything around me was going to crap.

The economy had tanked, the labor market was in turmoil, and my personal life had been circling the bowl for a while too. Most of my renters at the time were the “buy-here, pay-here” type of individuals. About a third of them were out of work, and it wasn’t long before I joined them in financial trouble. My monthly rent revenues went from over \$60,000 to \$30,000 simply because of employment problems experienced by my tenants. The same for the next month, and the month after that, and the month after that. My savings of \$65,000 in cash had vaporized nearly overnight and I was a financial dumpster-fire.

I had no money for anything. Not only was every single one of my mortgages delinquent by 30 days or more, I barely had enough cash to buy paint and clean the units. I was, in one stage or another, at risk of losing every rental property I owned, along with my house, my car, and everything I had worked so hard for up to that point. Not surprisingly, all the back-to-back 22-hour days finally took their toll on me. My health suddenly became an issue when, what started out as a simple cold, developed into double-pneumonia.

Figuring I’d “tough it out,” I only dragged myself to the hospital when I reached the point where slumping over the back of a chair was the only way I could breathe. At the ER, I was placed on a gurney in a triage room, gulping for air like a fish out of water. The nurse said she’d ordered a breathing treatment for me, and a respiratory therapist would be by to see me soon. At that point, she left the room.

I laid there alone. Panting, wondering, waiting; my breaths became more and more shallow. My situation was becoming desperate. I’d grown up with asthma, so I knew what it felt like to live breathing through a cocktail straw, but this was very different. Something was very, very wrong.

This hospital was newly constructed, and I later found out that the respiratory therapist who was supposed to bring me a breathing treatment didn't know where to find me. My flight crew training in the Marines taught me about the effects of hypoxic hypoxia, which is what happens when the body is being starved of oxygen. Most notably, the edges of my vision were becoming blurry, my hands and feet were tingling, and I was extremely drowsy. An odd, almost euphoric calm came over me. I remember thinking that this was how my life was going to end. I'd resigned myself to the fact that I could quite likely die right here on this bed, completely alone.

Lying on my side, the drowsiness overtaking me, I closed my eyes and felt myself drifting off. The sound of the door brought me back to awareness. Footsteps. Voices. More footsteps. The door again.

What I could piece together afterwards is that someone came into the room, noticed I was in a desperate state, and got the breathing treatment expedited. When the respiratory therapist arrived, if I could have mustered the energy, I would have unleashed some fury in her direction. I set that aside though; I was just happy to be getting oxygen again.

I spent the next three days in the hospital trying to clear my lungs of the fluid that invaded them. I wondered about all the things that were not getting done at work and felt guilty about all the things I could have been doing. I kept coming back to the conversation that my mentor and I had. I didn't know what I needed to do exactly or how to set it up, but I couldn't continue this madness.

My business desperately lacked infrastructure. It lacked systems and processes. At the very least, it lacked focus and intention. It lacked vision. From that moment in the hospital, I resolved to do

one thing: I was going to make the transformation from self-employed individual to business owner. At least now I had a vision as to what that looked like. I finally had a direction to head in. It was time for me to wake up.

He who knows, and knows not he knows,

he is asleep, awaken him.

Chapter Four

Vision – Getting Clarity

Awakening is not a thing. It is not a goal, not a concept. It is not something to be attained. It is a metamorphosis. If the caterpillar thinks about the butterfly it is to become, saying ‘And then I shall have wings and antennae,’ there will never be a butterfly. The caterpillar must accept its own disappearance in its transformation. When the marvelous butterfly takes wing, nothing of the caterpillar remains.

- Alejandro Jodorowsky,

Director, Screenwriter, and Author

As I sat in my hospital bed with nothing but time and my thoughts, realizing that my problems of infrastructure and Time-Weariness were larger than me, I stared out the window considering what I needed to do. I decided to turn to two of the smartest and most resilient people I knew, my mother and my father.

My mother grew up in Scotland during The Blitz, and although she was too young to recall it, she remembered the stories my grandmother told her about how tough things really were. My mom didn't know any different, that's just how things were after

the war. Food rationing and other resource shortages, it was all normal to her growing up.

My mom, smart and possessing a keen ability to get things organized, spent her professional career as a full-charge bookkeeper. I flew her in from New York to help me get things in order and offer an outside perspective. She spent a few days at my home office establishing for me a basic level of organization and a solid starting point from which I could build.

My dad on the other hand, armed with different tools and experiences, offered another perspective. A self-made man with just an eighth-grade education, he got to where he was with sheer grit. While not particularly well-educated, he's one of the smartest people I know. During the days of the Interstate Commerce Commission, he built a multi-million dollar trucking operation while Jimmy Hoffa and the Teamsters did all they could to strong-arm my father into unionizing. The stories my father told me about those times both fascinated and terrified me. He told me of the skirmishes they'd have with the union guys who frequently shot bullet holes into the trucks and trailers and slashed the tires of parked vehicles in their lots. In those days, that's how it was.

"It was a different time then," he laughed, "you could never get away with the sort of stuff now that we did to those [expletive] Union guys." The smile drifted from his face, "But they were bullies, they had it coming to them."

"They even had you kids followed home from school a few times. There was no place for that," he continued, "Plus if I'd have given in to them, they would have driven me out of business and left us and my employees much worse off."

My dad and I talked at length. Bits of knowledge and wisdom flowed from one story to the next. One of the less felonious and

more relevant things I learned during those conversations was the key that allowed him to expand his operation the way he did.

“You have to have a system, a process, for everything,” he said.

Pointing to the computer on the desk, “That thing should tell you how and when you need to do things, but you need to tell the computer when that stuff needs to be done. That’s where your system starts.”

Pretty amazing coming from a guy who could barely type and send an email. I had already come to this conclusion while sitting in the hospital bed, but the universe was clearly trying to tell me something. It was long past time to set up a system and start working smarter.

Worthless people live only to eat and drink; people of worth eat and drink only to live.

- Socrates

Establishing a Clear Vision for the Future

It wasn’t long after my meetings with my mother and father that I realized how directionless my business had become. I had such lofty plans in the beginning. Not just for my business, but for me. “What happened?” I asked myself. I could only wonder. How did my business, and my life, get so far off track? The answer isn’t as glorious as one might think.

The reason I got caught up in the operational-doldrums of my rental business is because it was so easy to do. I somehow confused having a good work ethic and ‘working hard’ with actually doing all the work myself. To add to that, I never placed any value on my free time. When a task came up that needed to

be done, no matter how much or how little the cost, I simply did it myself. Over and over and over. Whether it was doing a bank reconciliation, placing an ad in the newspaper, fixing a furnace, or plunging a toilet, it was easy to do because I knew I had the ability to do it. Little by little, it all chips away at your Time-Wealth, and you'll never even notice it until you're laying in a hospital bed.

There is a reason you're in this business. If you haven't bought a rental property yet, there's a reason why you want in. The problem is that too often investors lose sight of this reason once they've accumulated a few properties and the nonsense and daily grind sets in. You need clarity as to why you want to buy rental properties and manage them yourself in the first place.

I'm not suggesting that buying rental properties and self-managing is a bad idea. After all, it has given me the ability to be a member of the Time-Wealthy and to enjoy the lifestyle I currently have. But when things go sideways in your business – and they will from time to time – you'll need to reference something more concrete than just “I want to make more money,” or “being financially independent.” As Steven Covey taught us in *The 7 Habits of Highly Effective People*, we need to begin with the end in mind. In a moment of frustration, you need a solid answer to the question, “Remind me again... why did I buy a rental property?” Otherwise, you'll wind up like the Jacksons, the old couple with the 25 rental units: defeated and bitter, with hardly any quality of life.

Know Your Why

I find that even successful people struggle to answer the question, “What are your goals?” This is something I became aware of as a manager when speaking to my employees during their evaluations.

I decided as part of the employee review process I would ask them to set goals, both personally and professionally, and to share them with me. By writing them down and knowing their goals, I felt I could hold them accountable when necessary, and get them to where they wanted to be much faster. What I discovered is that it is much more difficult for people to come up with goals than I realized. Tim Ferriss’ book, *The 4 Hour Workweek* helped me develop a unique approach to goalsetting that I use whenever I help someone create a clear vision for their future. In this case, it was my employees.

Instead of the nebulous, “I want more money” answer to the goalsetting question, my approach often brought us both to a much deeper understanding of what was important to them and what they really wanted to achieve. More often than not, their goals usually had less to do with getting more money, and more to do with being challenged, having enriching experiences, and enjoying a better quality of life.

The approach I identified is to get to know my “Why?” Said another way, your “Why?” is the reason you’d get out of bed at 3 AM on a rainy Sunday. Not because you had to, but because you were so excited and eager to do it, you likely woke up before your alarm and jumped right up, ready to start the day.

In *The 4 Hour Workweek* the author brings us to a place where he reveals how pointless it is to base your goals around the question “What makes you happy?” Happiness is simply too vague, and I agree. Instead, we should be seeking the answer to a question much more specific and thorough. Rather than asking,

“What makes you happy?” he suggests you ask instead, “What excites you?” This is a great way to frame your thinking to get you the clarity you need for your vision.

Tremendous power comes with clarity. It’s also incredibly liberating. The trouble is, it’s not always easy to come up with an answer to “What excites you?” let alone figuring out what it is you really want. To help get your juices flowing in the proper context, consider thinking in terms of “Anticipated Joy”.

Anticipated Joy

To help answer the question of “What excites you?” think of a time when you were looking forward to doing something and the anticipation was almost unbearable. Perhaps you recall the countdown leading up to a vacation you’d been planning, or the hours before a dinner-date with a special someone. Do you remember that feeling of anticipated joy? The tingle in your hands and butterflies in your stomach that made you feel almost giddy? This is the excitement you should be looking to replicate.

That excitement, that feeling of Anticipated Joy can help you uncover your “Why?” Figure out what excites you, find the things that cause you to experience Anticipated Joy, and you’ve found things worth pursuing. It’s those things that would get you out of bed at 3 AM on a rainy Sunday.

In the context of goalsetting, this can be a state of “Being” (i.e. “Be” a college graduate), something around “Doing” (i.e. go on a month-long vacation to Belize), or something involved with “Having” (i.e. a motorcycle, boat, or perhaps a beach house with no mortgage). Whatever it is, your goal should scare you, perhaps even terrify you. That emotional response is not only good, it’s necessary to ensure your goal doesn’t get buried among all the little rocks and sand that fills your shoes from the

daily minutia of operations. There will always be distractions diverting your attention from what you want, especially when things get difficult. However, once you know what matters to you most, once your vision is clear, you're much less likely to let things of little consequence distract you.

My favorite things in life don't cost any money. It's really clear that the most precious resource we all have is time.

**- Steve Jobs, Co-founder of
Apple Computers**

The Tremendous Power of Clarity

I realize this section has nothing specifically to do with real estate. However, for you to be among the Time-Wealthy and create the life you want, it will be critical for you to free your time from the irrelevant and unimportant tasks that waste your day. Rediscovering time that was once wasted on nonsense can then be used to move you closer to your vision for the future.

Understanding what creates Anticipated Joy for you is a good first step to creating a solid vision. Take the time and get absolutely clear on what you want your future to look like. Your vision should be so clear that it is as obvious as the past. Once you can do that, write it down. Rewrite it every morning when you wake up, and right before you go to sleep. Keep it with you in your pocket and take it everywhere you go. Being clear in your vision is essential to ensure you use your Time-Wealth to create the world you want to live in. Otherwise, the sudden overabundance of unbridled and purposeless free time becomes a new problem.

Boredom, and a life without purpose, being the symptoms of an entirely different disease.

“There is tremendous power in clarity... Your vision should be so clear that it is as obvious as the past.”

Having a bunch of real estate generating thousands of dollars of cash flow is a pretty cool thing. Spending all your time making it happen, on the other hand, is not. This is the fundamental difference between those that are Time-Weary, and those that are Time-Wealthy. The problem, is the group of the former often doesn't know there *is* a problem. They are simply too busy to notice how Time-Weary they really are, and life continues to pass them by.

Regardless of what we tell the world, or what we tell ourselves, our calendars reflect the things we are truly intentional about. If you want an accurate depiction of what it is you truly value, and what you actually spend your time doing, nothing is more brutally honest than the calendar. It not only reveals the people, things, and activities that were important to us yesterday, but who and what will be important to us tomorrow.

Stop and Consider:

It's important you get your Vision so ingrained in you it becomes part of your daily activity. Get a stack of 3x5 index cards, write your Vision on it every morning as soon as you wake up, and again right before you go to sleep. The act of writing it over and over is critical. Be sure to use a new card each day.