

FINDING YOUR EDGE SUMMARY

EDGE PRINCIPLE 4

Never Get Too High, Never Get Too Low

Deals will fail, your closings will get delayed, zoning won't get approved, someone on the team will forget to bind the insurance which makes the whole deal fall apart . . . it's okay. Don't let the low points consume you; just keep showing up and playing the game.

Consistency over time will mold and shape you as an investor and save you when your plans fall apart. For me, telling myself what I won't accept was powerful in helping me stay motivated. It was things like these:

- I'm not going to work a 9-to-5 job.
- I'm not going to give up.
- I'm not going back to live with my parents or my in-laws.
- I'm not going to give up because my girlfriend (boyfriend, wife, husband, or significant other) doesn't believe I can do it.

Do what works for you. A positive approach might be to practice envisioning your goals and imagining yourself achieving them.

Let the Numbers Guide You

Keep emotion out of the evaluation process and the deal at hand. You must know your actual numbers on income, expenses, NOI, capital improvements, and debt terms so you know the true return on your equity. Then, add in your assumptions, being conservative. This includes maximum rent proportions,

current gross potential income—what’s scheduled to be paid based on the current rents—and the actual income being collected.

Just like a pilot has a preflight checklist, fill out your evaluation spreadsheet so you know exactly what the key performance metrics are. The real power always lies in the numbers behind the deal, the numbers from the due diligence process.

That way, I can see the complete picture:

- What the current situation is
- What my year one pro forma situation can be
- What my fully stabilized, year two or three, fully built out, fully occupied at fair market rents pro forma numbers will be

When you know these three scenarios, you know the potential upside. Then, revisit how aggressive your assumptions are so you can determine the risk on your downside.

Momentum

Staying on a more even keel helps you to maintain your momentum, and that includes both the inner and the outer games—taking care of yourself mentally and physically. The consistent ability to work and not be distracted by problems with your health or motivation is the key to executing on whatever profession you’re in and more importantly, it will help you make sound decisions.

Here’s what I do and focus on every day to make me feel happy and fulfilled:

- Focus on my work. This means making progress on my company and career.
- Focus on connecting and socializing meaningfully with my partner, friends, family, loved ones. I do this by having good conversations.
- Focus on health and exercise, including some type of stretching and/or activity.
- Focus on learning and creativity by reading, writing, learning—with the goal of getting out of my “work” brain and doing something creative.

