

FINDING YOUR EDGE SUMMARY

EDGE PRINCIPLE 6

Trust Your Instincts

Listen to your gut. Don't be afraid to push forward even though you're uncomfortable working on a new project or in an unfamiliar area of business. However, don't be afraid to walk away from a deal if, deep down, you know there's something wrong. That deep-down feeling is your gut, your intuition, your instincts—and those feelings aren't just fear. They can be warnings or the subliminal knowledge that you're looking at a great opportunity.

Fear is a useful tool, and it's good to listen to it. Fear heightens your awareness and makes you sharp, but don't ever let it stop you from growing or pursuing an ambitious goal or project.

If you put in the work by learning the ins and outs of your asset class or niche in this industry and you focus on preparation, you won't be swayed by emotional ups and downs. As you evaluate a new property, you and your team must highlight the red flags and potential risks, but don't make them out to be more than they are. Assess the items that can potentially ruin the project and cause the investment to fail, and also build in a buffer in case things don't go according to plan. That way even if the property performs marginally, it still will meet your basic expectations.

Establish the minimum return on investment that you're willing to accept for a property and the maximum level of risk you're willing to take on. Once you know what you're willing to accept or not accept, you will have the power and confidence to push through issues or walk away from potential landmines.

Trusting your gut doesn't mean you get pumped up and then act impulsively, making a decision because you feel good about it or because you have a gut feeling it's all going to work out. Trust me, I've seen so many people lose a lot of money in Vegas because they had a hunch or great feeling about a bet and somehow it didn't work out. Using your gut means using your wits and intuition *with* your wisdom.

Never be in love with one single deal. If, deep down, your intuition tells you to walk away, then you must walk away—period. There will be moments, especially in a hot economic market, where negoti-

ations will get out of a hand and bidders will push the property price well above the value you should pay. You must be disciplined to move on to the next opportunity.

Also don't forget this important point: Just because the highest bidder won the negotiations in that moment doesn't mean the deal will necessarily close. Many commercial real estate transactions don't close. If it's a deal with the right ROI, continue to follow up with the seller or their attorney and don't worry about rejection—preserve the relationship. The deal can easily be back on the table if something doesn't work.

If you continually have opportunities in front of you, a mindset of abundance, and you build your relationships by persistent follow-up, you will win. In the end, the person with the most power is the one who has the least to lose. And the person who has the least to lose is the person with the most options and flexibility.

Once your offer is accepted, let the due diligence process work to confirm the numbers. You must see the cash flow, the income, the revenue. If you're buying an investment property, you must see the actual income hitting the bank account. It's very important that you understand the difference between your proforma, meaning the best case scenario if the property performs at its potential, versus what's actually happening. What's actually happening means how it's truly operating—the real expenses, the real income, the real capital improvements needed.

Your logic and intuition can assess the situation better than your fearful, overanalytical mind. Remove emotion from the process. In the end, no matter how much you like to deal with the people involved, the numbers have to work.

Chapter Takeaways

- The time you spend evaluating each deal provides insight and intuition that can be easily ignored, especially if you forget to maintain the mindset of abundance. If all the signs are telling you to walk, no matter how good the deal looks on the surface, you must walk away and know there will be another.
- Know where your limits are—the tipping points beyond which a good deal becomes a not-so-good one. Especially if circumstances or timing make the deal more important than it would be otherwise, don't overlook signals that maybe this isn't a good one for your specific situation. Always keep in mind what your ideal price and terms would be and how much you're willing to compromise to get them.

