



Path to Profits Live Webinar

In this session, we are going to cover the booklet, which is one of my favorite techniques. We have had a lot of students modify and improve it over the years. Just in the last couple of months, many students have customized and made it an even better product and tool. I always like to see that!

Before we get into the booklet itself, I want to go over sources of contact information for your mailings. bizjournals.com is one I used early on. It is a website created and owned by Deloitte and Touche, one of the biggest accounting firms in the world. From there you can purchase the *Big Book of Lists*. Editions are available in most major cities (like Phoenix, L.A., San Francisco) and in some of the secondary markets (like Pittsburgh, for example). Always purchase the most recent version, but that doesn't mean it will be perfect.

They showcase local businesses big and small, new and old, and feature more than 57 total lists covering the region's important industries in financial services, private companies, healthcare, real estate, you name it. On those lists they generally cite the top 25 performers in every category. If you are looking at real estate agents, they will show the top 25 real estate agents, top 25 real estate brokerage companies, top 25 commercial brokers. They will give you all the persons' names, numbers, email addresses and physical addresses.

There is a downloadable option for \$200. You get 2,300 contacts. With everything else they give you, the total is 6,000 contacts. You can see why this is such a valuable tool. If you don't want to spend \$200, you can just use the phonebook. It is a lot more work though. The other thing about the *Big Book of Lists* is that it gives you the top 25 performers. So if you are looking for dentists, focus on the top 25 who obviously do the best business and make the most money. That is just an example of how we use it.

The reason I am sharing this is that when you use the booklet method I'm going to show you, you want to send it to these types of professional people. If you remember from the session on market centers, there are certain groups of people you want to direct your efforts toward. Chiropractors make great investors. The next group is dentists and orthodontists. Those guys like to buy rentals. It turns out that teachers also make great investors. They like to flip homes typically. I know teachers who do rentals, too, but they tend to lean towards flipping because they don't have big salaries so they try to do a lot of hands-on work themselves, and they are not afraid to do remodeling.

Other public servants include firemen and policemen. They are usually pretty savvy and familiar with the area. Engineers – I love the engineers – make great investors. They do excellent due diligence when they are investing so they make great decisions. And of course you know one of my other favorites is airline pilots. They are not afraid to take action and they make pretty good decisions. They also are pretty disciplined, too. You won't find airline pilots on bizjournal.com, but there are other ways to find them.

In any case, if you don't want to buy the *Big Book of Lists*, of course you can always go to your local Yellow Pages, because it is alphabetical and it has all the vocations in there. That is for your professionals and your business owners.

What I want to show you next is a great way to narrow your search activity. Let's say you want to focus on engineers. Visit brbpublications.com on the web. We went over this briefly in a previous session, but I am going to apply it directly to a particular group tonight so you see how to use it.

I know we have a lot of Floridians in class now, so I am going to pick Florida. There is all kinds of stuff that you can find on this site: business entities, trademarks, judgments, liens. You can find people who have been incarcerated, ex-cons. You can go to recorded documents. Let's click on that and see what is available – liens, marriage records, mortgages, notices (all kinds of notices), notice of contest of a lien, and probate documents (which are your decedents).

The bottom line is this, from BRB Publications, you click on your state and go into that specific menu of what's available. You can also search by county to find divorce records, marriage certificates, and all kinds of stuff that is available to you.

The one I want to focus on now is the Florida Department of Business & Professional Regulation. Every state is going to have a website just like this. Sometimes it is called your State Incorporation Bureau. You can find all kinds of stuff on there that has to do with professionals and professional licensees: doctors, dentists, teachers, realtors, nurses. All those people have a license to operate.

Let's say you want to focus on engineers. I like engineers because there are a lot of them, and there are many different types... ceramic, electrical, mechanical, civil, industrial, nuclear. We are going to search by city or county because we don't want to see thousands and thousands of engineers. First we want to search license type – let's just say professional engineer, and search by county. I'll plug in Brevard County because I am going to be down there later this year. Check 'yes' to include historic licenses, then click Search.

You can see all the engineers in alphabetical order from Brevard County, Florida. Notice how many there are – 148 pages of engineers just in Brevard County.

You can check their license number to see if they are active. Let's click on a name and see what else we can find out. For example, I can see that one guy received his most recent license in 2006. It is due to expire in another year. It actually says here that he was qualified in 2005, so this guy has been in business for 10 years. The reason this kind of information is important is that at least with chiropractors and dentists who have had their license for 3-5 years, they are more inclined to want to invest in that timeframe.

How to Use this Info

Let's say you want to focus on engineers. You have to pick an engineering group because there are a lot of types of engineers. I would focus on something like electrical engineers or mechanical or just pick one. Assuming that is the case, let's go back and notice that 10 engineers are listed per page, so our original search has given us 1,480 engineers. That is a lot of engineers, guys. You are not going to be able to service 1,480 engineers. You can maybe service 14 or 15 engineers and that is all you need.

Now we are going to implement our booklet approach. We are going to use either the phonebook or that *Big Book of Lists*, which allows you to focus on only the top performing members of the niche you select. Then visit this database of licensees to see who has had their license for 3-5 years, and only send your booklet to those people.

I want to pause here and let that sink in. In fact I am going to repeat it. The way to really maximize your efforts and increase your return on time, energy, and money spent on this business is to not just focus on a group of people blindly. Narrow it down to a particular group. Then go to your licensing database and figure out which ones have had their license for 3-5 years. But the bottom line is that you are only going to send your booklets to those people who are doing well in their industry and only to those who have had their license for 3-5 years.

Now you are niching within a niche, and niching again based on length of time they have had their license. The reason is that we know from experience that professionals who have had their

license 3-5 years and are making money and are the ones most likely to want to invest in real estate. That is who you want to send your booklets to.

Over time, you will get a lot of referrals. You can put those testimonials in the back of your booklet. You could even put on a special event just for chiropractors who want to invest, and show them what you can do and what is possible for them.

Questions:

Peter asks, “Since I already sent 50 booklets to chiropractors and dentists near me, should I relook at the list and look at most profitable?” First of all, I would focus on only one group of people. Focus on dentists or orthodontists if that is the case, which is a niche group within dentists. Or focus on chiropractors. If you can find your licensing database up in the Boston area, it is actually at the state level. I’m sorry – go to your Massachusetts Incorporation Bureau – they might have a different name like Massachusetts Department of Business and Professional Regulations. Look for the database that has licensing. As a realtor you are actually going to be listed on that database as well.

You can usually search by date. If not though, just search by chiropractor or just dentist. If you can narrow it down by zip code or city, then that is even better, because you are going to have a lot of those guys in your area. You are essentially looking for people who have had their license 3-5 years. You will find that you get a higher response rate if you niche it down like that. I would focus on those people who you can determine are the most successful.

I am not saying chiropractors who have had their license 10 years are not interested in buying properties. They certainly may be. If you can determine that they own their own building already and rent out the two apartments upstairs for example, they might be ideal candidates to basically use you as a realtor. Sometimes you can search on the county tax assessor’s database to see if that chiropractor or dentist actually owns properties other than his home. If he does that, he is probably renting out the additional space. There is your avatar. There is your prime claim.

Debra asks, “Three to five years being the max number of years?” So it turns out in our experience, that is the optimum timeframe for licensed professionals as an indicator that they would be more likely to want to invest in real estate. Again, I don’t want to suggest that people who have had their license 4+ years won’t want to invest, but it is just that this group of people is likely looking to purchase their first building where they can practice and have additional space that they can rent out for profit. That would help them cover their costs. Many times that is why they are doing it... to keep their costs down. They realize that if they buy a professional building, they can rent out the additional spaces and keep the best space for themselves.

The Booklet

First is the cover page. I definitely want you to buy a photo. Don't try to use a free photo because it is going to look cheap. When you purchase a photo, it will not only be a higher quality image, but you will then have the right to reproduce it. You'll purchase the photo once, but can use and reproduce it over and over again, because you are going to send multiple booklets: 25 every month. Or if you are advanced, you will be sending out 50 and eventually 100 when you start building a team.

So buy the photo first. Wherever you live and work, pick a skyline that matches your area and put in that town name. Focus on where you are located because you should have plenty of business right there. Show the photo on the cover, and then tell them where it is located. Provide your broker's information because you have to do this. It is based on disclosure law in most places in North America. There are parts of California and parts of Canada where you do not have to disclose you are a realtor, but you still want to put that information on there for obvious reasons. You need these folks to be able to contact you, and you want them to know that you are a professional.

Next is the letter. Over the years I have learned it's best to be brief. What people ultimately want to know is why they are being approached. Why should they pay attention to this? If you can convey that briefly in this letter, I would say you can shrink it down to one paragraph or maybe 10-12 bullet items. The bottom line is you want to customize this to suit your needs and your client's needs.

Next, we want to make it look somewhat professional, so I list a brief Table of Contents, then give them an article. I list some properties to look at, and I show them some alternative ways to purchase properties. Then at the end I give them some related services. If you notice, I put contact information almost everywhere.

In the article, I provide a little description of a property I had bought, and what I purchased it for. I gave a description of the remodeling and told them what I sold it for. I gave them everything. Basically it was just a story. The reason it looks like an article is that I published it with my local reader group. I actually got business out of that. That is a big hint here: If you use the booklet technique, a lot of your marketing material can be re-purposed.

Near the front I give them some basic definitions of terms: net operating income, cap rate, and cash on cash return. Then I give them just the facts, just the basic meat and potatoes: the property, the income generated by the property, the expenses, my purchase price, and the value when I sold it. They can see that the rents went up, some of the expenses went up too but not much, what the net operating income was, the person who bought the property and what price

they bought it for, how much they put down, how much they financed, their cap rate and the cash on cash return.

Then I gave them a brief description of what happened. I put my money down. I made \$3,000 in positive cash flow on a regular basis. I got to write off depreciation. The mortgage was paid down over the years. The building increased in value and I sold it for a good profit. I made some really good money.

Essentially, if you look at the entire payout of this property when you include the cash flow as well as the capital gain on the sale, I turned my initial \$5,000 down payment into \$70,000 of profit in 11 years while having cash flow the whole time. And I also got tax breaks and made a profit on the sale. That is why I love rentals, because I can make money so many different ways.

In the booklet you'll send to professionals, I put in these sample properties that I thought would make good investments. Put everything in there, all the details. Give them the full listing with all the information because I want people who are not tire kickers. I want real investors who understand financial data. Either that or I will have taught them. I like teaching investor classes because those students make great investors and become loyal repeat clients. And they make good decisions... investing the way that I advocate investing, which is very nice.

You can see I provide a number of sample investment properties. There are a whole bunch of little small rentals. You can use this booklet for other purposes, too, like showcasing potential flip properties if you want, but showcasing rentals is easier because you have financial data and you don't necessarily have to look at the properties. When you show flip properties, you either have to go out there in person and do the analysis on them, or you can take some properties that other people have already flipped and do a brief synopsis on those to show a sample of what is possible.

The purpose is to encourage the reader to contact you because you are demonstrating that you have great information and tools they can use. The inventory is going to change from month to month. Properties get sold. Properties get listed. Properties go into contract. I give them all the information on a number of properties in a variety of price ranges. You can also include a portfolio because some people like to buy properties in bulk. I would also fill out the cash flow worksheet on those properties and include them in with the booklet.

The whole point is to entice them to call and work with you because you are demonstrating that you have the knowledge and the skills. You also have the inventory and the tools to help them make a decision. In any case, include a calculator like the Opportunity Evaluator. You can fill this in and print it out to include in your booklet. Or you can include the simpler cash flow worksheet.

Finally, you want to give them testimonials from other consumers you have helped. This is social proof. It shows that other people have worked with you and they were successful.

In the beginning I listed groups of professionals who are ideal to target with the booklet method. You may have noticed that doctors weren't in that list. I am not saying that they don't invest but I found it was easier to work with the other folks than it was the doctors who didn't have time to do their own analysis. These other guys will. Doctors would typically rather pay to have people do this stuff for them. In any case, I got doctors to work with me using this booklet, but I got a lot more chiropractors and dentists, so that is why I focused on those groups.

Another thing you can include in your booklet is some vendors, like a lender, an insurance guy, and a contractor. Go to your local ACRE meetings (American Congress of Real Estate) or local REIA (Real Estate Investors of America) and find out who the good plumbers, the good carpenters, and the good pest control people are. I would get two or three recommendations and then provide those in your booklet. You want your consumers to feel like they have available resources to help them remodel their properties and insure them and finance them.

Now I didn't get any kick-backs out of that, by the way. I was careful to make sure people understood I wasn't recommending any particular vendor, but rather just giving them names and numbers of people who I had heard do a good job. That is how I phrase it. You are not recommending. You are just making a referral to give them a couple different names and numbers and email addresses for your clients to pick from.

Questions:

Ken asks, "The obvious question is, 'How do we with no prior experience create a booklet like yours?'" There are plenty of new students and new agents and new people who have never even invested who use the booklet. If you don't have your own example of a duplex you bought or a flip, just use my example. Or you could also take an example from your office, because once a property is sold, the data on that becomes public information. You can find a realtor in your office who helped somebody do a duplex or a flip, and just ask them for three paragraphs. That is all you want; just a real short story with basic information. Everything else is readily accessible. Go online and locate possible inventory for the people reading your booklet. Remember, the inventory is not necessarily in your booklet to be sold. It's there to add value. You are trying to encourage people to reach out to you and work with you by showing them what is possible in your community. You can even show some sold properties. You can say, "Look, here is one that recently sold. This was the list price. This was the sale price. Here are the financials on it. This is what is possible for you." I think it is better to show active listed properties, but I have created booklets with sold properties in there just to prove a point.

Peter asks, “Have you seen certain styles of the booklet attract more people – saddle stitch, wire binding, black and white versus color booklets? Trying to keep costs down and they cost me \$3.50 per book not including postage.” First of all, check with your local real estate office. They usually have a copier and printer where you can create your own booklets, and a machine where you can crimp and bind your booklet. All you would have to pay for is the paper and whatever your office charges you for printing. That binder—the machine that creates the binding—is usually free. I have never seen any office actually charge for it. Now, color versus black and white. I absolutely use color. Always. Color stands out more than black and white, but you don’t have to use color on every single page. Use color on your logo, for example, but all the text can be in plain black and white.

What attracts people is an attractive cover page. That is why the photo is so important. But once you are inside the booklet, honestly, it is more about the content. Content is absolutely vital. Focus on really good meaningful content. You might include a recent article found online that is relevant to real estate, like lending, or new construction permits. You can include one in your booklet every few months.

The Follow-Up

Here is what I learned to do. Over the years, my results varied. Some months I would send this booklet out and get a lot of calls. It was not unusual to have seven or eight, but sometimes I would get one call or even no calls. On average though, it was 3 calls for every 25 booklets. Looking back, I can tell you the average probably fluctuated by season, and also by the area. In brutally cold months, the response rate would go down. But in an area like Orlando, the response rate might go up in the winter because a lot of snowbirds are there.

If you do this every month for a period of years, believe me, you will have calls coming in from all over the place. But the way to add high octane to this approach is when you send out maybe your second or third round of booklets... and let’s say you are not getting a high response, then what I like to do is this. When I am in an area looking at rentals or helping people find a flip, if I know there is a chiropractor’s office close by who I have been sending the booklet to, I will visit that chiropractor when I finish my appointment. I pop my head in and say, “I am Gary, the one who has been sending you this booklet. What do you think? Have you considered taking some of your hard-earned money and leveraging your investment, so you are not just in the stock market or mutual funds? Perhaps you can lower your risk by hedging your bets and going into real estate, too.”

That is just a sample conversation. Whatever you want to do, you want to put it in terms that are beneficial to them. A lot of professional people and business owners who invest in the stock

market are kind of nervous right now. And they should be. You can appeal to them in a way that makes sense. The typical response is either neutral or noncommittal. Don't be surprised when the dentist says, "I appreciate you stopping by, but I am kind of busy and I am just not sure."

Just hold up your hand briefly and in a polite way say, "No worries. This is not meant to put you under pressure. How about if I set you up on an MLS search for local properties in your area and price range? You can look at it on your own. There is no cost. No obligation. You can keep it as long as you want and look at it whenever you want. How's that?"

Usually they will say, "Okay, sure, fine."

Then you say, "Great. In order for me to find the right properties in the right areas in the right price range, I just need a little information. I know you are busy. Can I call you later tonight?" Then you get their phone number.

That is what you want to do when you visit them in person. Now you have a high wage-earning self-employed service provider who just agreed to talk to you that night on the phone. They already have a couple of your booklets. This is an important component of follow-up. Adding a little of this high octane to this machine, you will get better results faster.

Keep in mind that I am suggesting you go visit them in person. Don't call them over the phone until you have actually met them in person. They could have non-solicitation rules just like consumers have do-not-call lists. I also would not attempt to email them because they might see that as being intrusive.

But popping in the door just because you were in the area, is not cold-calling since you've already sent them a few booklets. That is not door-knocking; that is just you being a good service provider, establishing a relationship, and offering a service that is free and basically non-contact. It is non-threatening and non-salesy.

Some of you hopefully are embracing this idea because I know it worked well for me. I didn't make a big event out of it. I didn't take a whole day to go visit all these people. I would just stop by their offices if I was in the area. That is all I would do.

Questions:

Paul asks, "To pull the different elements of the booklet together in one document, for example, pictures, text, charts, do you need a publishing program?" I just use Microsoft Word. Some students use Microsoft Publisher.

Peter says, "Cool. I am using the machines in the KW office now. I am going to look at decreasing costs." By all means, guys, your hard-earned commission income needs to be

protected. Short of investing in yourself, all the other costs are going to be marketing related. The reason I like to work with these investors is that I can do a lot of things that are free or very inexpensive. I would rather spend two dollars on shipping and handling and a little bit of paper for 25 booklets, than spend \$350 on a thousand postcards or whatever the cost is these days.

Russ asks, “For rentals, do you want to use multi or single family homes or a mix?” I like focusing on the multi’s. However, I actually owned a lot of single-family rental homes, but more multi-units than singles. There are clients out there who want to be in the rental business and focus solely on single-family homes. There is nothing wrong with that at all. Single-family homes are great to hold in your inventory because if you ever want to raise capital, it is much easier to sell a single-family home than a multi-unit building.

Tammy asks, “How many booklets should you send out to one person? Is there a point where you would stop sending if you haven’t heard anything from them?” My model has always been to send this out every single month to the same people until one of two things happens. Either they respond to you in month 2 through whatever, in which case they become a prospect and you now drop them from future mailings, or they don’t ever respond and you stop at the twelfth month.

Here is an interesting thing that can happen. When you have sent their twelfth booklet and then no longer send it, don’t be surprised if you get a phone call in the next few weeks. “Hey, where is my monthly booklet? I have been looking at that and I have been meaning to call you, I have just been very busy.”

I have never had anybody call me and say, “Stop sending me the booklet.” Either they go silent or they respond when you stop sending it after 12 months and finally come out of the woodwork.

If you haven’t done a strategy call yet, just let me know when you are ready. We will go through your particular circumstances and get you started.

If you are interested in other real estate investing strategies: flipping properties, wholesaling, and property management, please call 1-800-931-2605.

You can email me directly at Gary@myinvestmentservices.com, or visit our website, myinvestmentservices.com.