

40k Flips

Module 8: Outsource Project Management Part II

In this class we are focusing on outsourcing the job part II!

We're going to cover how you can manage a job site and outsourcing improvements when you have little or no trade skills. How to hire and outsource improvements with confidence and simple budgeting, and scheduling worksheets that is basically plug and play. There are worksheets on the membership site that you can use for your budgeting in the future as well.

We will also discuss your deals and how to submit them for review. We also might be interested in partnering with you if your 40k flip makes sense to both parties.

In this class we will talk about the short cuts to save you time and money. You eyeball the property and check how much you think it will cost you to rehab the home.

On a 1500 sqft home:
3 bedroom, 2 bath we will show you the possible expenses on rehabbing this property.
We will go over the 7 steps but in a more condensed version.

These are the same step process.

Buy the house at 50k, we put on a 30k rehab budget, add these up and you have an 80k funding from your investor. Try to resell the house at 135- 140k. (This is where it is paramount you do your comparables of the area to know the after repaired value (ARV) of the home you want to sell.

On finding properties for metropolitan areas, you don't need to specifically get the dollar price. What is important is the reselling of the house. Consider the schools with in the area-it should be average to high rated schools. When you work with your agent or title company, pick out areas where you initially think you want to purchase, and then give those zip codes to those people who have access to the MLS and ask them the number of days on market- how fast does it take to sell a house. What's the average in the area? Days on Market (DOM) are a big part on the process of picking area.

The other thing is we like working on ownership communities; at least 80% owner occupied.

You can see this in Realist to check the percentage of owners, tenants, etc.

Again as reiterated on the previous classes: focus on raising money first so we can buy and operate in a middle class area if not in a high class area, at least \$125k-150k houses.

For insurances on the rehab: \$100 /month or \$2100 for a year using American Modern. (or another one of those listed in the resources tab) The insurances usually covers the basics, it does not cover termites or other aspects that might have once fallen under their umbrella.

Follow the same 7 step process as discussed in Module #7.

These seven steps are your guide stones to help keep your project moving forward, and can even help you to manage multiple rehabs at the same time.

If you recall the 7 steps are:

1. Demo
2. Test & Repair Utilities
3. Patch, Skim, Mud & Tape
4. Paint
5. Install
6. Flooring & Final Touches
7. Property Launch

The faster you can get out of the actual work, the more successful you will be. The real money in business is within the people that work in the business. Most of the people make a mistake in hiring an administrative assistant or hiring people like them. What you need to hire are great project managers, someone who can take order or take a business plan, who can oversee people and do some of the work. That would be the first person on the team. He will see what's working or what's not working and can do something about it. A project manager is huge! He has the gut and materials to manage people.

Steps to succeed on a business:

1. Hire a project manager
2. Plan and work out the plan with the managers; and the managers will then execute.
3. Compensation drives motivation. Get your managers a piece of the pie so that they get excited each time a property sells or closes.

Finding contractors:

1. Create a Craigslist ad: full time/part time handyman needed (advertise your company as a small business)
2. Get the resume, check their background and their experience.
3. Phone interview.
4. Meet face to face .meet at the house you're working on. Check the honesty of the person. Prepare open ended questions.

Most of the time during the interview, tell them that you don't need the person to work with you immediately but you want to know when they are available and that if they could work for \$10- 15/ hour. If you think they are qualified for the job and have checked primarily the honesty of the person, tell them that they can start the job immediately even if you have told them earlier you don't need one.