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PropertyInvesting.com 'Insider'

Discover proven tips, strategies and techniques to dramatically increase your property investing profits

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Hi and welcome to your March 2004 edition of *Insider* - the e-zine outlining how to successfully invest in real estate - especially if you have a positive cashflow focus.

If you're receiving this newsletter for the first time then I'd like to warmly welcome you to the PropertyInvesting.com community! Remember that in addition to this free newsletter we also run a [community forum board](#) where you can share your knowledge and experience or leverage off other people's ideas.

Here's what's on offer in this month's *Insider*:

- [The Three Ps of Property Investing](#)
- [Forum Post of the Month - The Hidden Message in the Book](#)
- [The Wrap Kit Re-released!](#)

Note: The MAP update promised in the last newsletter will be included in the April edition of Insider.

Let's get straight into it...

The Three P's of Property Investing Success

For the first time in a long time, Dave and I enjoyed the opportunity to get away for a few days earlier this month as we'd reached a point where our busy schedules had begun preventing us from communicating effectively.

Seeing the problem for what it was, we immediately shut ourselves off from the outside world by packing up the footy and flying to an island get away.

Over the next seven days, in-between bouts of goal kicking competitions, we chatted about many things including our investing business, our personal lives and about our property journey that had brought us to where we are today. It was an enjoyable and insightful time of great benefit, and we both returned refreshed and refocussed.

One of the topics we discussed was "why is it that we have managed to achieve good results, while others with access to the same information did not fair so well?" This was not an exercise in patting ourselves on the back - as we are a long way from perfect - but understanding and repeating what has made us a success allows us to continue achieving rather than losing momentum, and stalling (which is what was happening before we went away).

One key insight which we've coined, 'The Three P's of Property Success' centred around our observation that investing in real estate by itself does not build wealth, meaning that positive/negative cashflow and capital gains/loss are the outcome, rather than the process, of investing. This is an important point that I feel many people overlook.

Put another way, understanding the process that allowed you to achieve a desired outcome equips you to replicate your success. Yet trying to find another positive cashflow property without first understanding what facilitated achieving that result in the first place will end in frustration and your achievements will plateau.

'The Three P's of Property Success' is best illustrated by the differentiation between conventional property investing wisdom ('Position, Position, Position') and the McKnight approach ('Plan, Purpose and Passion').

'Position, Position, Position' is the catch cry of the modern capital gains focussed property investor. Yet, as I've described in an earlier newsletter, position is only relevant if you understand demand drives prices, and scarcity drives demand. As such, investors would be much better served if the catchcry was 'Scarcity, Scarcity, Scarcity' as this provides the plan behind achieving the desired outcome, rather than on the outcome itself (buying a house in a good position).

Let's take a closer look at the "Plan, Purpose and Passion" approach. (I must stress that all three must be present, as one without the others won't result in the long-term success you desire.)

Plan

The clearly stated goal for why you're investing in the first place. Property is the vehicle to build wealth, so in order to sharpen your focus on what wealth you want to build, you need to identify where you want your property investing to take you.

Investing without a plan can only lead to one place... sooner or later you'll become confused as to why you're investing, which will impact upon your passion to keep going. I've both experienced this personally and seen it happen to many other people with devastating results.

In fact, this was the exact experience one of the MAP participants encountered at the last meeting. Having achieved the stated goal of \$1M of property in 12 months, she questioned what was next and whether the cost (in terms of sacrifice and delayed gratification) was worth the perceived benefit.

The real issue here was the lack of planning (thinking through "what next?"), which caused the purpose and the passion to be questioned, resulting in a state of inaction and confusion - somewhere I call 'The Waiting Place' (after the Dr. Seuss Book, 'Oh the Places You'll Go').

Purpose

If you don't know why you're investing then you'll soon realise that acquiring real estate is hard work and a lot riskier than the comfort of a pay cheque.

More money is not an acceptable purpose, as it's the outcome of, rather than a reason for investing.

Identifying and believing in your purpose provides the mental fuel to keep going long after the logical reasons to continue have disappeared. Trust me - it won't be all beer and skittles on your investing road and the only thing that will carry you on is the mental fortitude and deep desire to fulfil the purpose for which you began investing in the first place.

Passion

The burning desire that galvanises the good intentions of your plan with the reasons for wanting to invest.

You can gauge your passion by answering a simple question: "Is my investing success a must or a maybe?"

If it's a must then there are no excuses - just hard work and continual action, leading to reaction, leading to momentum. You don't have the luxury of resting too long in a comfort zone, as comfort zones hold you back rather than propel you forward. And there's a sacrifice that must be paid, since to receive the benefits from investing you must first step out in faith (since the results will be unknown) and take action.

All too often a '*must*' becomes a '*maybe*' as investors see just how hard it is to continually replicate results. This is the exact issue I'm facing as I seriously consider writing a second book. Yet there is no room for doubt - just action, reaction and momentum.

Do you have a comment about what I've written? I've begun a forum thread to discuss this topic and flesh out the concepts raised in more detail. [Join me there.](#)

Forum Post of the Month - The Hidden Message in the Book

This month's forum post from JulieH is a little different. While I have quoted from part of the message, I invite you to help where you can by providing guidance with the latter part of her request for assistance.

The link for this post is: http://www.propertyinvesting.com/forum/topic.asp?TOPIC_ID=8704.

Just a quick warning: it's quite a long post online, but I encourage you to work through it...

I wonder how many letters you receive open with: 'I bought your book at the airport'?

But that's what I did. Three months ago whilst waiting for my flight from Melbourne to Tasmania to visit my mother I bought From 0 to 130 Properties... I deliberated for about 20 seconds and then thought to myself, "this could be the best 30 bucks you'll ever spend." I've now got a feeling that it probably was, but have yet to prove it to myself.

I think it is fascinating how people only rarely seek understanding and find it when they need it and are ready for it. When I first bought your book, I skimmed through it in a fairly superficial way, focussing on the subject areas I thought of relevance to me at the time. I was looking for clues to best manage the minimal real estate I already owned. I understood the message that I needed to work towards turning my two negatively geared properties into positively geared ones. I did not really internalise, nor get excited about the macro message that I could use this information to create the life I want. Until now!

Recently, circumstances in my life evolved in a way that found me re-reading your book, cover to cover in one session and, this time, not only "getting it" but, getting very excited about the possibilities...

I draw upon this post as I think it highlights a valuable point. In writing the book I tried to communicate on two levels - one for the investor at the early stages of building a real estate portfolio, and the other for the experienced veteran looking for clues about how to take his/her investing achievements to the next level.

I'm delighted that Julie discovered the underlying message of the book for her, that using the information outlined in the book has the potential to change her life.

The keys to achievement, then, revolve around two words:

1. **'Information'** - what information from the book are you planning to implement?
2. **'Using'** - what action are you going to take to turn information into achievement?

A key part of 'using' is addressing existing investments that might be delivering an outcome that is no longer congruent with your investing goals - especially negatively geared properties that you feel may be holding you back.

There are three options:

1. Do nothing, but you can expect similar results to what you're currently experiencing;
2. Turn negative into positive... this requires that you value-add in some way (often adding more in perceived than actual value), the difference being profit that you can access by refinancing or selling;
3. Sell, but this may have tax consequences which you need to properly consider.

I can't say which is the best option for you, but there is much to be said for the idea of cutting losses and letting profits run. Indeed, if you feel your existing investments are holding you back then you'll need to take action to fix this or else you won't be building your investing career using the path of least resistance.

The book is a resource containing information that has the power to change your life - but you need to take responsibility for devising a plan that delivers clarity to your purpose for investing. Then take action to turn good intentions into results!

[Discuss this topic here.](#)

The Wrap Kit - Released!

After 16 months of redevelopment, the revised and updated **Wrap Kit** has just been released. It contains 360+ pages of information on how to build an automated property investing business delivering substantial positive cashflow returns.

I've prepared a complete outline of what's included, together with an overview of the wrap technique, [here](#).

The Wrap Kit is a comprehensive written, audio and online product that includes 12 months of mentoring (as I help you fast track your property



investing success). Yes - it's a substantial investment in terms of cost, but the information on offer, and the support provided makes it an essential resource for investors looking to acquire multiple properties in a way that limits risk and maximises returns.

Summary

This month has been quite a deep and meaningful insight into property investing. We began by looking at 'The Three P's' with the aim of clarifying that the process of investing is far more important than the outcome, and that if you want to replicate the outcome, you have to replicate the process!

Next I used the book to illustrate how the two aspects of (1) information and (2) action need to be combined to create results. For those with existing investments that aren't performing, you may need to review whether or not these deserve a long-term position in your portfolio. The old saying about cutting losses and letting profits run is a good phrase to live by!

Finally, after 16 months of rewriting and upgrading, **The Wrap Kit** is now available for purchase for those looking for the competitive edge to fast track their investing results by acquiring multiple properties using an automated business model that limits risk.

OK... that's it for this March 2004 edition of *Insider*. I sincerely hope that you'll be able to profit from the insights outlined in this newsletter. Until next month, remember - success comes from doing things differently!

Sincerely,

Steve McKnight

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