Seven pillars of joint venture real estate investments

REAL ESTATE INVESTING

By RUSSELL WESTCOTT

Most sophisticated and successful multimillionaire real estate investors utilize joint ventures to create wealth at an accelerated pace. Some of the key foundational principles of creating successful joint venture relationships include:

1. Systems

It is important you establish a system by which you can duplicate your joint venture agreements over time. This system should not be new but, rather, something that has been tried and tested by others over time. This ensures two important things: first, your system will succeed; second, the system will accommodate every stage of the market.

2. Relationships

The backbone of successful joint ventures is the relationships that are established. Within your current relationships there is a very real possibility for a potential partner. Do you know anyone who has RRSPs? Or perhaps you know a family member with equity who is looking to try something new? With the people you know right now, you have potential access to the money required to buy your next piece of real estate.

3. Follow through

It is your absolute responsibility to follow through, take the action, get the results and move forward. Truly successful people are those who take 100 per cent accountability for their results, both good and bad. One of the best illustrations of this comes in a quote from **Jim Rohn**: "You can't hire someone else to do your pushups for you." You can hire a personal trainer; they can show you step by step how to do the pushups and they can even do a lot of pushups themselves, but until you get down on the mat and start doing them yourself, it won't help you. As with everything in life, you still have to do the work to get the benefit."

4. Win-win transactions

If you can master the art of creating true win-win transactions, you are more than halfway to your goal of having an endless supply of joint venture capital. Help others to achieve their financial dreams and they will have others lined up to do business with you. If you make the relationship one-sided, you will never get another penny out of them, nor will they encourage others to work with you. Quite often you will be putting the needs of your joint venture partners ahead of yours. Remember, if you structure the deal properly, the more money your joint venture partner makes, the more money you make– a true win-win deal.

5. Sell and negotiate

"Selling" is a word that is very scary to some people. Many people have a bad perception of what selling really is; they get the picture in their heads of a pushy salesman who tries to force or trick them into buying. That is not selling, that is manipulating, and there is a huge difference between the two. The ability to raise investors' capital is a form of selling and negotiating. Once you get competent at the art of listening to people's needs and determining if you can offer something that can help meet those needs, that is when you become a professional joint venturer.

Selling and negotiating are trainable skills. The more proficient you become at both, the easier your investment life will become. Bottom line – if you can fulfil the needs of your joint venture partner as well as your own, then all you have to do is learn how to "present your deal" in a digestible format. If you can do that, very little selling is required.

6. Leverage

"Little hinges swing large doors." This famous quote from **W. Clement Stone**, who built a billion-dollar sales organization out of the depths of the Great Depression, is a great illustration of the power of leverage. Within real estate, you can utilize the principle of leverage (i.e. you invest $1, and the bank gives you the remaining $3 for your property purchases) to further your portfolio.

When you learn how to complete successful joint ventures, the power of leverage magnifies even further (you may not even have to come up with the initial $1 investment).

7. Your team

Great teams are formed when partners' skills or assets complement each other. Carefully choose your partners to ensure that they are not bringing the same skill to the table as you are. If you are lacking cash– do not match up with someone who is also lacking cash. The same thing applies if you are lacking real estate experience – do not go looking to partner with someone without experience; it will lead you down the path of inaction and frustration.

Be honest with yourself. Identify what you're lacking and then find someone to fill that void. Remember, joint venture partners can provide you with finances, properties, creditworthiness or investing experience.

For instance, someone could be a fantastic property finder and you could give him or her a percentage of the deal for finding the property for you, or they may provide you with an ability to qualify for financing if you cannot qualify on your own. The key step is to take an inventory of the skills and attributes that you bring to the deal and look for partners that have complementary skills.

These are the seven foundational pillars to building successful joint venture relationships (and this is just the tip of the iceberg). Implement these pillars into your joint venture skill set and you will have a solid foundation from which to grow. ■

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Pooling resources can result in accelerated wealth appreciation if the right systems, property and partners are in place