Episode 128 - Near Misses, Actual Tragedies, & Disciplined Strategies, Part 3

Episode Transcription

"Your ability to build wealth is predicated upon cash flow."

Cory Shepherd: You know, as entrepreneurs we have an opportunity to make so much money in our own business, and then that we get really good at losing money in other people's businesses.

Paul Adams: One of our favorite clients said that to me, and I could not agree more.

Anncr.: Welcome to Sound Financial Bites. Where we help you with bite-sized pieces of financial and life knowledge, to help you design and build a good life. The knowledge that has been shared from stages of conferences, pages of national business magazines, and clients living across America, our host, Paul Adams, now brings directly to you.

Paul Adams: Hello and welcome to Sound Financial Bites. I'm your co-host, Paul Adams. I am the founder and CEO of Sound Financial Group, and I'm joined by Cory Shepherd, president of Sound Financial Group. Cory, so glad to have you. So glad you have me.

Cory Shepherd: I'm so glad to be back. While it was nice to have you out on your own, carrying the loads, doing some solo episodes while you were traveling in the RV with your family in SoCal, I did miss getting to do this on a regular basis with you.

I'm excited to close out our three-part series. If you haven't been listening, we're in the middle of, or at the end, of Near Misses, Actual Tragedies, and Defined Strategies. Part three today is Defined Strategies.

Paul Adams: Disciplined strategies.

Cory Shepherd: Well, what you had written for me was Defined Strategies. So let's go with Disciplined. That's what you'll see on the podcast listing. So what we're looking at is eight strategies that you can use as guide rails for your finances, or to bring as a test in your work with your existing advisor and spice up their world a little bit.

Paul, can we start with the wealth coordination account? What is that strategy, and why is it such an important first step for folks?

Paul Adams: When somebody is thinking that, "What I want to do is interact with financial institutions," we all have to do it. But one of biggest things where financial institutions get ahold of our money, they get it on a consistent basis, they hold onto it for as long as they can, and give it back as slowly as possible over time, is oftentime in investments.

Now, if we're going to have them doing that, you should create a check for ourselves, the difference between the decision of, "I'm going to set aside some money to acquire assets, because I know I need to do that in my life." And the second decision of, "What

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assets am I going to put it in?"

You see, the financial advising community wants to collapse those two, so that they spend enough time with you, producing the realization that you need to be able to have money in assets and investments. And then get you to take the money straight from your family budget and send it straight into investments.

By creating that bit of that pattern interrupt, it teaches you to think differently about your money. For those of who haven't heard it, the biggest reason why? Go back and listen to our podcast on Being Your Own Fiduciary.

"All you have to do is reposition other assets in a way that allows you not to trigger this thing called the pro-rata tax rule, which makes part of all your other IRAs taxable if you try the Back Door Roth without proper guidance."

But it creates that break in one of the first things everybody should do. Not the first thing.

Cory Shepherd: For anyone who hasn't heard, it's actually one of the simplest strategies that we have for clients that involves a checking account that you own at your bank, that's set aside for one specific purpose, which is to buy assets. That is a past episode that you find in our list of podcasts. Just look for Wealth Coordination Account. It'll explain everything.

But any other details you want to talk about that one, Paul, or should we keep going?

Paul Adams: I would definitely say, look, stop right there, just make sure you know what an asset is, which we talk about in episode 45, was the last time we did a full-out wealth coordination account episode. And if you're wondering what we mean by Be Your Own Fiduciary, check out episode 109.

Cory Shepherd: Excellent. Strategy two, a protection first philosophy. Now, we put this one second intentionally because people feel like they can't save money, so wealth coordination account is a good one to talk about. But we really, before anything else happens, we want to steer folks towards thinking about protection. Paul, where should they start?

Paul Adams: Well, I think one of the biggest things, think about this is as a philosophy for protection. You need to protect against those things that if they happen, would be catastrophic. And then, you want to make sure that if there's a catastrophic loss, do you have a strategy to fully replace the loss?

The easy ones are make sure you have a personal umbrella policy on top of your car and homeowners insurance. That will keep, where in most states, we have laws that allow somebody who sues you from a car accident to attach your income for maybe 20 to 30 years.

Cory Shepherd: Yeah.

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Paul Adams: Which, forget the amount of assets you have on the table somebody could take, taking your income up to 25% garnishing for the next 20 years, is a big hit, and really does happen to people.

In this case, we make sure the protection is in first, because frankly, the protection is the thing that we cannot fix after the fact. You see, if you end up in that car accident and somebody sues you, there is no mechanism by which you get to go to the car insurance company and say, "I need that umbrella as of last week."

What we want you to do is instead, get all of the protection that needs to be handled, car and homeowners insurance, umbrella policies, wills and trusts, life insurance, disability insurance, get all those things at least secured as quickly as possible. But the reason we talked about the wealth coordination account first: your ability to build wealth is predicated upon cash flow. All of those things protect cash flow.

Your insurances should be paid out of your wealth coordination account. This is no different than if you bought a rental property, you would have that rental property pay for its own fire insurance, out of the positive cash flow.

“You cannot beat the stock market while trying to participate in the stock market. It’s not wired that way. It moves far too rapidly.”

Same thing, part of our wealth coordination account, should protect its very source of contribution, which is, make sure we have the right car, homeowners insurance umbrella policies, disability insurance, life insurance, wills and trusts in place.

Because without those things in place, the wealth coordination account is one income check away ... whether you're a founder taking K-1s or an executive with a W2, you're one set of checks away from your wealth coordination account never doing you any good. You've got to protect the source of the income for the wealth coordination account.

Cory Shepherd: This could be a tough one for folks who are used to the ... well, I'll call the sales-based financial industry, where they're ready to take your order like you're ordering a meal. "Just tell me what you want and we'll go get it." I've had clients say, "College funding, most important thing for me to think about for my kids. Can we start there?"

And I say, "Well, what's the probability that your kid will be in college tomorrow?" And they're like, "They're five years old. What are you talking about? Zero." They look at me funny.

And then I said, "While we don't know exactly what it is, is the probability that you get in a car accident tomorrow, higher or lower than zero?"

Paul Adams: Infinitely higher!

Cory Shepherd: Infinitely higher! When you divide by zero, yeah. So, infinitely higher

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than zero. So that's why that's the first place that we've got to start. What's going to hit you first? I think we're good there, Paul.

The next one we have on our list is one that might not be familiar to a lot of folks, called a back door Roth. Why is this so valuable for people?

Paul Adams: Well, we have a sense of the average income of most of our listeners. And they're people that make between 300,000 and a million-five a year, mostly. Now, the problem is, once a household makes over approximately $190,000 a year, the IRS says you're no longer allowed to contribute money to a Roth IRA.

But there is a strategy by which, very very high income people can put money into a traditional IRA, that's non deductible, and then immediately convert it to Roth.

We're just investing after tax money into a traditional IRA ... we're not deducting it, so last year ... here we are, before April 15th. Last year, the contribution limit for somebody who's under the age of 50, was $5500. $6500 if you're above. For this year, it's $6,000 and $7,000 respectively.

So, if you make too much money, and you do not have any other IRAs, you can contribute to a non-deductible IRA, immediately convert it to Roth, and between you and a spouse before April 15th of this year, you can be putting away $23,000 into the tax-exempt environment of the Roth IRA.

Now, there is a bit of additional math and strategy that needs to be implemented. It's not impossible, but if you have other IRAs, be sure to check with a professional. If you don't have that solid coach or team member, we're always willing to touch base with you and see if we can be of service.

But consider that all you have to do is reposition other assets in a way that allows you not to trigger this thing called the pro-rata tax rule, which makes part of all your other IRAs taxable if you try the back door Roth without proper guidance.

But we're always willing to help, but just the simple terms that the Roth IRA, and Roth 401k, are often available to people, and they have no idea it's available because in the popular financial current, they just heard that they make too much money.

Cory Shepherd: Very good. Next up is what we call an academically allocated and globally diversified portfolio. Paul, how does this help people stay the course in the midst of market turmoil?

Paul Adams: Well, I think one of the biggest troubles that people have when they're investing in the market, and I'm especially thinking of our entrepreneurs, our founders, and our high-income executives. Because you all are making top 1% income, and you're

"You can't go out and start extending yourself into a new revenue line until you know your previous one is profitable and strong enough that if the line extension doesn't work out, you don't collapse the primary company."

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right most of the time.

And you've done some unique things in your career that clearly have allowed you to outperform any other people. It's natural to think that you should have a portfolio that would significantly outperform the market, and so people make bets of some kind. Like, "This asset manager's got a great China strategy, and this one da-da." They'll even spread their money around.

The trouble is, that it's almost zero likelihood they're going to actually outperform the market, number one. Number two, your confidence as an investor is shaken when your investments don't move in conjunction with how the overall market is moving. Because there's a wall between you and why the market did what it did. And you just have to believe whatever story your advisor told you.

But if you're academically allocated, and globally diversified, which if you've listened to some of our prior podcasts, or gone to YouTube and checked out the Illusions of Investing, you would see that most of the time, people are trying to make bets in the market. As a result, they often lose; most of these asset managers don't beat the market.

Last, but not least, then the client, when market turmoil hits ... this is what we worry about for all of you as listeners ... This is the time that you can freak out and move, and that's when you produce the losses.

The losses are not being produced and the variability of the market as we speak; the losses get produced by other advisors who don't build the knowledge and confidence in you to understand what's going on in the market. And then you make a move that causes you to actually produce the losses.

Cory Shepherd: That's great. Okay, number five is targeted at a lot of our clients who are successful entrepreneurs, owners of closely held businesses. Strategy five is practice building a portfolio now. Paul, for a client who owns a business, trusts their business more than anywhere else, doesn't like to put any money anywhere else, why is this an important strategy?

Paul Adams: I think it doesn't just apply to our business owners. I would add those of you that have huge stock options for a major company, and you're letting that build and roll, et cetera.

Cory Shepherd: Oh, yeah.

Paul Adams: What you've done, whether you're a business owner, or a highly stock incentivized executive ... in either of those cases, you have basically built all of your wealth on the growth of a single stock. In the case of a business, or in the case of being,

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say, a corporate executive that's been given a lot of stock, and you're riding that train.

Either way, your experience for your lifetime, and your building of wealth is, you have built that wealth on the business's balance sheet. And we one day have to transition that to our balance sheet.

So for those of you that are owners, that in your own mind, you're thinking, "I'm going to have an eight-figure exit one day." Or maybe just a high seven-figure exit.

You've done some mental math, you've been listening to our other podcasts, you understand the 4% rule, and you're doing the math and you're like, "Yeah, I might be able to sell this thing for 15 million. I'll pay some tax, which I know I'm not going to feel good about when I pay the tax, but then I'll have enough money left after tax to live off of the rest of my life comfortably with my spouse."

Here's the problem I want to propose to you.
Paul Adams: If you've never built a portfolio along the way, you just built it up in your business's value for 20 or 30 years, and now you're in your 60s, and it's the first time you've ever had to build an investment portfolio, it's the first time you're learning how to do it.

It's also the first time you're learning how to weather the market, how to weather downturns, and you're learning all of it in the midst of being 60+ years old. And you're having to figure it out with a seven or eight-figure large account.

Which by the way, is when everybody comes out of the woodwork to pursue you, because people know you sold your business.

Cory Shepherd: Yeah.

Paul Adams: You're in a highly competitive environment with low visibility and no experience. Now, what you can do instead is along the way, just make sure, going all the way back to step one, and building wealth coordination account, that you're deploying some amount of money on your personal balance sheet.

Will your academically allocated, globally diversified portfolio perform anywhere near as well as your business? No, of course not. But what it will do is give you some of the basic tenets you need in the areas of cash flow control, because one day you're going to be a full-time asset manager with your investments ... and, understanding investments and market volatility so that you can make better decisions.

Now, I have one more point on this. And it is that if you don't build the habits and practices required to build that portfolio ahead of time, what you're likely to try to invest in as soon as you punch out and get your large check for selling your business, is what

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we have seen tragically destroy many entrepreneurial wealth.

We're very fortunate that Michael Michalowicz came on the podcast some time ago, and told the story about him selling his first business for a huge exit, and then he invested in a whole bunch of other little businesses, because he didn't have the experience of just putting his own money in a set of investments that would assure some amount of outcome.

And over time, he picked 10 different investments to put into for other small businesses in a venture-type format or an angel format ... and lost all the money, and had to start all over again.

We're really blessed to have heard that story from Michael Michalowicz. I will tell you, it happens all the time. You just never hear the story. It's a rare bird like Michael that would actually tell the story so that other people could learn from it.

Everybody else just keeps that stuff to themselves, which is one of the biggest reasons why you need a coach to help you look in the future, and build disciplined strategies before you have a lot of money drop in your lap.

Otherwise, it's the same as having hit the lottery, and we know how most people hit the lottery turn out five years later.

Cory Shepherd: Well, and it is ... what did our good friend say ... as entrepreneurs, we have the opportunity to make so much money in our own business, and then that we get really good at losing money in other people's businesses.

Paul Adams: One of our favorite clients said that to me, and I could not agree more.

Cory Shepherd: The point is, make a portfolio one of your businesses right now. So you have the time to get good at it, before you actually have to rely on it.

All right. Number six. Paul, when you said this one, it was new one for us, and I never thought of it this way, and I'm really excited about this one. Stop trying to use the market to beat the market.

Paul Adams: Yeah, exactly. When you think about investing, many people think about, "Oh, I need to do better than the market." Now, how do they do that? Well, they take a risk and speculate on Apple or Google or Amazon or Netflix.

They go after these high-flying companies that get a lot of attention. Maybe companies they even use. Starbucks, whatever it is. That for you, Levis. You just invest in the thing that you're familiar with.

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Why are you doing that? Why would you do that, instead of building an academically allocated, globally diversified portfolio whose purpose is to basically get you the market's return. It's because those of you who listen to this podcast, you outperform everything.

We know you. I've spent 20 years of my career with you. And I've got to tell you that you all are amazing. You get promoted in places people didn't think you'd get promoted in, if you're an executive.

As a business owner, you have literally turned chicken crap into chicken salad. It is amazing. Your entrepreneurial and founder powers at being able to turn a market breakdown into income and opportunity for you and your family.

And yet, we will take that same results-oriented way of thinking to outperform the marketplace, and apply it to a place where we can't win that way. And that's the stock market.

In the stock market, you cannot beat the stock market while trying to participate in the stock market. It's not wired that way. It moves far too rapidly.

The people making tens of millions of dollars a year, running stock market-based hedge funds. Or just regular mutual funds. There's zero evidence even those people, who make a lot more money than you as a listener to this podcast, and they cannot consistently or dependably outperform the market.

In fact, their ability to do so is as close statistically to random as you could imagine. Even if they do it well for five years, the next five years, their outcomes are basically random against the entire population, as if you randomly picked who you're going to watch for the next five years.

Cory Shepherd: If you put it in a different context, it makes perfect sense to people. If I said, "Try to pick up the chair that you're sitting in right now," you'd laugh. You can't do that. You're sitting in a chair. But yet they sit in the chair in the stock market, and say, "I'm going to use this to beat everything around me."

Paul Adams: Yes. And this is my point. It's not that you cannot beat the market. You just cannot beat the market with the market. You outperform the market; look at the business that you founded. You put some amount of money in it. You then installed a whole bunch of blood, sweat and tears. You worked. You opened up some opportunities; you behaved ethically in the marketplace. And lo and behold, nothing is a better return than that.

True. But we cannot then turn around and think that that same thing applies to a marketplace where the research over and over and over again has proven that even the

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people that promise they can outperform the market cannot outperform the market.

So just make sure that if you think you're going to outperform the market, we've done this in a podcast in the past. I'll find the episode number for you in a minute. But you can't outperform the market with the market. You need to outperform the market with your human capital. Your human capital is what's going to put you in the position to outperform the market.

Say, another piece of real estate, another business deal. It has to be something where your particular knowledge actually makes a difference. If you guys are ever curious, don't hesitate to email us at info@sfg.com. And we'll send you the actual scholarly work on the idea that nobody beats the market, including everybody that's marketed to by eTrade, about the fact that you can trade Forex or whatever. It's episode 48, Where Your Human Capital Can Make You Money. Hint: it's not the stock market.

One last point on this, only because I feel like I'm ranting slightly, so I'm going with it. That is, I'll never forget. I was at a conference. And that whole conference had to do with investor behavior. I think we're going to do a podcast on this sometime in the next year. But where we are going to sign up simultaneously for one of these major trading platforms for individual investors. We're going to sign up for that. And the same day, we're going to sign for an online casino. Because at least when I saw this work done about four years ago, it was scary similar.

How the offers came from the online casino, and the way that they were getting marketed to by eTrade. And if that is not ... and I don't remember if it was eTrade or one of the other platforms ... I don't mean to single them out. But they do need to market to you, that you will speculate and take risk, because they just need to make their money that you take the speculation risk.
Cory Shepherd: Right.

They have to little to no interest whether or not it works out that well for you.

Cory Shepherd: All right.

Paul Adams: Just that you keep doing it.

Cory Shepherd: Rant sufficiently satisfied?

Paul Adams: Rant exhausted.

Cory Shepherd: Great. That is a good place for us to take a short break, and a message from Sound Financial Group. So hang in and we'll be right back in a few minutes.

Paul Adams: Hey everyone. I want to let you know I'm interrupting this podcast for a

good reason. If you're someone who's enjoying this podcast, if our philosophy is helping you better think about money, then this offer is for you.

We've opened up a Financial Inquiry Call for our listeners of Sound Financial Bites. Our Financial Inquiry Call is 15 minutes, where one of our team will ask you some key questions, understand your concerns, and if appropriate, schedule you for a philosophy conversation with myself or Sound Financial Group's president, Cory Shepherd.

If you email us at info@sfgwa.com, with "Inquiry" in the subject, we will reply back to you with a link to our team calendar so you can schedule a call at a time that's least invasive for you.

Even if we're not a fit, the team member having the call with you will point you in the direction of resources we have that can help you in whatever the next step for in your financial journey is.

Now back to your podcast, already in progress.

Cory Shepherd: Hello! And welcome back to Disciplined Strategies. We are going to finish out our last two of the eight with a little bit more of a philosophical bent. Everything before was pretty practical.

Now, we're going to start with, in thinking about whatever strategy you're about to go into, whatever new thing you want to buy or product you want to put in place, asking yourself, "Is what I'm about to do, disciplined and proven?" Paul, how do we test their answer to that question?

Paul Adams: Well, I'm going to give you a couple of examples of things that we've actually seen clients do, and I hope that will draw an image for everyone listening to the podcast.

That is, when you see somebody who says, "I own this accounting company, and this firm does accounting, and what we're going to do is we're going to take some of our investing dollars, and we're going to invest it in a fast-food franchise."

Now, that might work well. But the pause that you would want to give yourself is, wait. Is what I'm doing part of a disciplined strategy? Meaning, do I have a history of buying businesses outside of my primary business, and it works out?

Well, you may not be fit to make that assessment or that decision. So what you may want to do is go to somebody who's either an interested third party, or an uninterested third party, to say, "Here's what I'm thinking. Would you help me poke holes in it?"

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Now, that's if you're doing something that's just like inside your business, reaching outside your business, that's an easy one. But one that's a little easier to understand is, "Hey, I've been watching some stuff about this foreign currency trading. I really think there might be something to it. Perhaps I should go ahead and give it a try."

Now, I'll stop right there. Cory and I just went to a conference and a woman who, she happens to live in another country, said to us, "Hey, I have this Forex trading fund I'm in. It's paying me 5% per month."

Cory Shepherd: Per month.

Paul Adams: Per month. And it was like, get out of that. Run. Because there is no way in recorded history on the planet Earth, that anybody has ever had a dependable strategy that produced that much outcome.

Every single person that's had a strategy that produced that much outcome, it has failed in one way or another. Going all the way back to the tulip craze, hundreds of years ago.

Cory Shepherd: The 1400s or 1500s.

Paul Adams: Yeah. It's like, that stuff is not sustainable. And one of the first things you can check is like, "Wait. If there was somebody who is just ... forget that some people say, "Well, I'm a risk taker." Fine. Be a risk taker. But is it disciplined, what you're doing? If you're somebody who's a risk taker because you're willing to base jump off of Devils Tower in, I think that's in Wyoming ...

Cory Shepherd: Mm-hmm (affirmative).

Paul Adams: Great. Did you pack your chute? Do you have a backup chute? Do you have the proper clothing? Do you have ... the list goes on. Because there is a way to take risks and be disciplined. And then there's a way to take risks that leave you in a puddle at the bottom of Devils Tower.

So, if it's Forex trading or it's "I think I've got a hunch about this stock," I remember that right after the Iraq War, this thing came up about buying the Iraqi currency, because now it's going to come back. And people lost all their money.

Or, for that matter, some of you may have read Joseph Cohen's book, he writes books that pull on Biblical prophecy and try to give them real-world applications so that you can take advantage of it with your investing of the coming Shamidah.

Cory Shepherd: Whoa.

Paul Adams: Here's the thing.

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Cory Shepherd: Like that's-

Paul Adams: Wait a sec. Even if you're a Christian, wait a moment. Has God ever been really cool with people doing things because the Bible says you should do it? And then you get a huge return? No. In fact, I think there's a lot of evidence that people get cocky and thinking they know what God's saying, get humbled real fast.

Last but not least, is how many times I've seen somebody, whether it's buying into an oil partnership from a foreign national company. Or they're going to invest in a wildcat driller here, or some really cool on-the-edge tax strategy. And the question is, is it disciplined?

Another way to think about it if your spouse isn't as ... let's say as savvy financially as you are. And maybe is even a little more risk averse. If you ran it past them, with no force or enthusiasm, and just said, "Hey, what do you think about if we did this?" And let them ask their questions because you don't bring your force of personality, you don't bring your authority from being the primary income earner, and get their real thinking.

And just being conversations like that, where it's okay for people to disagree with you. We know a lot of our listeners are super Type A. So let the other person speak, and see if something comes out of their questions that gives you an indicator that maybe you're not being disciplined enough.

Cory Shepherd: That's great. That's great, Paul. Okay. Number eight. Something that I alluded to earlier in this episode, but it deserves its own devoted segment. Which is that as a high-performing executive in the tech industry, as a physician, as the owner of a successful company that has changed your market.

We get so good at making money in our own business, that we get really good at losing it in other people's businesses. Paul, I think you have a few great stories of that. Please share.

Paul Adams: Everything from friends of mine who literally bought a totally unadjoining business. They had a professional services business, they bought this retail services business. And ran it using cognitive load, everything else, and then when it was all said and done, they were fortunately able to sell the other business, but at a significant loss, not even counting the cognitive load over time.

And the liability exposure they had the entire time, from their primary business. They have this goose that lays the golden egg, and then they'll oftentimes endanger the goose, by committing the egg somewhere else.

Another example is when somebody does a line extension in their business too early.

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When you say to yourself ... I'll give a great example.

I was teaching my kids this philosophy called transactionalism. And there's a great organization called Influence College that teaches this more in detail. But I taught my children the entire transaction cycle of going through a business transaction. And we did it for a pooper scooper business.

When you're driving cross country in your RV, there's a lot of time, because we don't let our kids do devices while we're driving. We want them to engage and be in conversation. So I get a lot of time to come up with crazy things to talk to my kids about.

So we designed a pooper scooper business. And my daughter, already with some entrepreneurial bent, did exactly what I see many business owners do. That is, she said, "Well Dad, if we're picking up poop for people, sometimes those people who have pets, they want to go on vacation. And when they go on vacation, we could watch their pets for them."

Cory Shepherd: Brilliant. Brilliant idea. Which is what all your friends are telling you when you say, "Oh, I want to go do this," by the way.

Paul Adams: Oh my gosh, yes. Oh, that would totally ... And then I paused and I said, "Reagan, we can't do that. That's called line extension." Yes, I talk to my seven-year-old this way.

"That's called line extension. When you do that, and you extend out a new business line, you end up having to support it with some kind of cost structure. And it might work out well. But you haven't first proven your primary business model.

And you can't go out and start extending yourself into a new revenue line, until you know your previous one is profitable, and strong enough that if the line extension doesn't work out, you don't collapse the primary company."

We have seen this for everything from somebody who has a primary offer of a commercial construction company, building the tenant improvements inside of the building. So suddenly say, "We can start building buildings that are three stories high." And their very first project they get crushes their cash flow, and has them break promises to the primary offer they make, which is those tenant improvements.

Or, the person that has a residential construction company. They extend into the new business line too soon. All of those things can put you in a position where you unintentionally extend into another business, which could be another business that you're in. It could be putting money in somebody else's business. Like, "Hey, I think you've got a great idea, so I'll be a 25% partner. Here's $200,000."

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Or the worst one that I see the most people do, is somebody who's a savvy and very intelligent-sounding real estate investor, says, "You give me a couple hundred thousand dollars, we're developing this piece of land, and in X amount of years, you're gonna get $700,000 back." As long as everything goes to plan. But that is so complex.

I'm going to give the last one. And she comes from a recent conference that Cory and I were at. A gentleman who I love and respect and know ... and actually think he has much more knowledge on this situation ... but I'm just going to give you the brief thing of what he said in the initial.

Is, I'm looking for investors to help me develop a piece of land in this other state, where he currently has no partners in the other state on the ground, dealing with the development.

The first thing I said to him is, I said, "The trouble is, somebody else knows that market really well. And having been around enough real estate developments, if you do not understand the zoning entitlements and financing structures that are specifically required in that area of that country, along with every environmental impact concern ...

"And that you don't end up with somebody who has a piece of property next door who's just going to make a lot of noise, enough to keep the city council on their toes, or the county commissioners on their toes, so that they don't immediately approve what you're after? You can blow your financing, you can blow your investors, and you can kill your rate of return."

People oftentimes don't go into that other business that has a cool vision, with the same level of I would call it just interrogating reality, that you would do in your own business, if simply your assistant said, "Hey, I think we should deploy $100,000 over into this new business line."

You would ask her all kinds of questions about what she was thinking. But gladly give that to somebody who's promising a real estate development deal.

Cory Shepherd: Great. Well, I hope that you got a lot out of these strategies, and the series as a whole. If you didn't listen to episodes one and two, please go back. They help really give the context for why you want to implement some of these strategies, to avoid those near-misses and tragedies.

We don't have a giveaway for this episode. But we do have the standing opportunity for you to review our podcast, take a screen shot of your review on iTunes, email us at info@sfgwa.com, and we'll send you a book currently, a copy of Clockwork, by Michael Michalowicz.

We do have a great review to read today. Is it okay if I read this one, Paul? I'm having

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fun.

Paul Adams: Yeah, hit it.

Cory Shepherd: Just a great one from Brett [Statt 00:35:16], who says, "Such a great podcast. They should be charging for this information." With a nice little smile face at the end.

Brett, great idea. For everyone listening, you may want to download as many episodes as you can before next week, when we add an $8 iTunes credit card cost to the ... No, I'm just kidding.

We don't currently have plans for charging for this info. So again, info@sfgwa.com, with any questions or if you want to send us a screen shot of your review. We hope that this has been a contribution to you, as you work to design and build a good life.

Anncr.: I want to acknowledge you for taking the time to tune in to Sound Financial Bites. You stopped long enough in your busy day to reflect on your finances, and your future, to help you design and build a good life. Please take a moment to subscribe to this podcast, and follow us on social media. You can find us on Facebook and LinkedIn.

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