



Your Success Game Plan

Strategies
YOU CAN
Impliment Right Now

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CONTENTS

1	A BIG THANK YOU	3
1.1	CAN YOU HELP ME?	3
2	FORM A LIMITED COMPANY.....	4
3	MAKE IT VAT REGISTERED.....	5
4	DEVELOP A BUSINESS PLAN	6
5	BECOME A REAL PROPERTY DEVELOPER	7
5.1	DEVELOPMENT.....	7
5.2	HOUSE BUILDING	7
5.3	RENTAL.....	7
6	DEVELOP FOR PROFIT...TWICE!.....	8
6.1	YOU CAN START WITH VERY LITTLE MONEY.....	8
6.2	RENT OR SELL?	8
7	HMO'S	10
8	DEVELOP SYSTEMS.....	11
9	ACHIEVING TIME AND FINACIAL FREEDOM.....	12
10	YOUR ULTIMATE FINANCIAL SELF-DEFENCE.....	13
11	HOW LONG WOULD THIS TAKE?.....	14
12	PROPERTY TRANING.....	15
12.1	MY OBERSERVATIONS OF THE PROPERTY TRAINING INDUSTRY	15
12.2	SO WHERE AM I GOING WITH THIS?	15
13	NEXT STEPS	16

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The information in this eBook is for educational purposes only. The contents do not constitute financial advice in any way. You should seek independent professional advice before making any investment. Investing in property can be a risky business just like any other investment. Historical growth in property prices does not necessarily mean that prices will increase in the future. Your property may be repossessed if you do not keep up payments on your mortgage, commercial borrowing or any other loans secured against your property.

1 A BIG THANK YOU

First of all, I want to thank you for staying with me so far. I know there are many eBooks, white papers out there calling for attention. Most people who requested “7 Imminent



Dangers to Your Property Business” will not have made it to this second part of the eBook. The fact that you have tells me that you take your property business seriously. I intentionally split this into two parts so that only those that read the eBook would receive “The Game Plan.”

I had your attention and you will have mine.

This is only the start of the help I wish to give you. In the coming weeks I will send you more information and also give you my reactions to this ever changing market. At any time please feel free to contact me on any property/business related matter.

1.1 CAN YOU HELP ME?

I hope you will help me improve this document by providing me with feedback, for although it is free you have invested your most valuable resource in it thus so far. Which is of course time! Thank you again, I really appreciate it.



3 MAKE IT VAT REGISTERED

It will give you credibility and put money in your pocket. Any business can be VAT



registered you don't have to achieve the registration threshold. The advantage here is that the VAT amount on any of the legitimate expenses for the business you can be reclaimed in addition to getting tax relief. So, for instance, when I use my car for my property business as an employee of that company I can submit a mileage claim at 45p a mile and the company can claim the VAT element of that 45p back from the government. Also if you follow

my advice and start building properties you will be able to reclaim the VAT charged on materials. You are **not** able to do reclaim VAT charged on materials for renovations. Another key advantage to building new properties. I was able to claim £13,000 on my first new build!

I do want to re-iterate at this point that I am not an accountant and therefore you should not rely solely on what I am saying here as laws and regulations change all the time. What I do want to do is to inspire you to have a conversation with your accountant on possibilities that are open to you by forming a company and registering it for VAT.

Again here is a link to the government website which will give you more information on registering for VAT.

<https://www.gov.uk/vat-registration/overview>

4 DEVELOP A BUSINESS PLAN

My aim is to help you build a very strong sustaining property business that builds you a substantial capital asset and provides you with consistent cash flow, in addition to other



income streams that help you build your asset base faster.

A business plan allows you to test out your theories and to find the flaws in your plan. It should be a detailed roadmap that guides you through your business telling you where to focus your energies on a day to day basis. Most people think that a business plans

purpose is to secure funding and while that is one of its purposes, it's most important is to focus you as the owner of the company on what you should be doing.

It should include the following:

- Business Description
- Primary Aim
- Vision
- Mission Statement
- Values
- Strategic Objective
- Past Projects
- Business Model
- Market Research
- Marketing Strategy
- Operations
- Succession Planning
- Financial Projections
 - Profit & Loss
 - Balance Sheet
 - Cash Flow



This isn't a complete list. It will give you an idea that this is not just a few pages long. I prepare a five-year plan which lays out the plan for the company. I then prepare an individual plan for each project. The project is much more detailed and contains check list for each stage of the development. A properly constructed plan will keep you focused, save you money and expensive mistakes by making sure the plan works out on paper first.

5 BECOME A REAL PROPERTY DEVELOPER

A number of years ago I introduced myself at a networking meeting as a property developer. I was then surprised as we went around the room when another person, who I knew, introduced himself as a property developer. He clearly liked the term, but he wasn't what I would call a property developer. He bought houses and flats to rent. These properties would often require some renovation and I think it was because of this he now considered that he was a developer. I only make the point so that you understand I am not looking for you to be that type of property developer.



A real property developer is one that acquires land without planning, gains planning and either sells the land or builds it out. If you were able to buy land for less than £40,000 then you will pay no stamp duty. There is currently a lot of land out there if you know how and where to look that can be bought for below £40,000.

In fact, to be honest, development is really the acquisition of land, gaining the appropriate consents. What most people think is development is actually the second stage of the process and that is house building. Large builders like Wimpey and Barrett are house builders and not developers. They will use companies who source large areas of land for their house building business.

That is why as a property developer you will have multiple profit sources. These are:

5.1 DEVELOPMENT

You will find the land which has no planning on it. Once you gain planning there will be a considerable uplift in value. When you move to acquiring land that will allow you to build several houses then your profit from this activity will increase.

5.2 HOUSE BUILDING

Once you have the land with the appropriate consents you will project manage the build and this will become your second profit centre.

5.3 RENTAL

If you decide to hold on to the house rather than sell it then you will make a rental income from the property.

6 DEVELOP FOR PROFIT...TWICE!

The first property that I built starting in 2005 cost me £195,000 including the price of land to complete and it was valued at £300,000. I actually lived in the property for a period of time and did not sell it till 2008. Perhaps not the best market to sell it in and yet achieved a price of £290,000. After selling costs I netted £90,000.



Ideally, you should buy the land with a margin of at least 35% and build with a margin of 12% to 20%. In the above example you would make £26,250 on the land and £27,000 to £45,000 on the build giving you a total profit of £53,000 to £71,000.

The reason I made more was because I bought the land for £40,000 which had a value of £75,000 giving me a profit of £35,000 (46.6% margin or 87.5% mark-up) and built the house for £155,000 giving me a profit of £65,000 on the build (30.2% margin or 38.7% mark-up) for a total profit after expenses of £90,000 (31% margin or 45% mark-up).

6.1 YOU CAN START WITH VERY LITTLE MONEY

You don't actually need very much money to start this process. If you found a piece of land that had no planning on it but was likely to gain planning then you could approach the owner and make a deal with them that you would do all the work in getting the planning, then split the profits or whatever share you agree upon. You do not need to own land to apply and secure planning on it. A simple option would secure your interests and once you achieved planning you could sell to a developer or self-builder and tuck away a nice profit.



6.2 RENT OR SELL?

Having completed your new build, you can now decide to rent or sell. If you rent it out your yield will be much higher as it will have cost, you far less to acquire. When I built my first house my cost to acquire was 35% below market value. When you develop your own properties the value is built in.

You are not competing with a load of these people trying to buy the same property. If I was to build that property today I believe I could build it for about £25,000 less. My higher build costs were due to my inexperience at the time. Yet I still made a very good profit, but I could have built it for 43% below market value. So it makes a very good rental proposition.



It also makes a good selling proposition as you can substantially increase your capital. As you build up your capital and experience you can move onto bigger projects.

7 HMO'S

Supposing that you want to build up a portfolio of HMOs because of the superior returns that they produce. Not only could you build them cheaper than you could buy them for, it would be much cheaper to incorporate current licensing requirements into the property as you build it.



A simple example is that you would require fire doors which would cost no more to fit than any other door and would only be marginally more expensive to buy than an ordinary door.

If you were converting a property you would have to replace an existing door with the purchase of a fire door, have the old one removed and the new one fitted all adding to your costs.

Wiring costs are considerably cheaper when you can run the wires before plaster boarding is fixed. You considerably reduce your costs in creating an HMO property that will meet current regulations and are more likely to be approved because they will be of a very high standard. Also higher quality HMO's with en-suites will rent for more, have fewer tenancy turnovers and easier to run. Your maintenance costs will also be reduced as everything will be new.



In 2013 I was looking to build a property in a market which would make it difficult to sell. So I wanted to build it out as a HMO (there was a strong demand in this area for HMOs). I wasn't sure if I'd get licensing. The cost of building to HMO regulations was only an additional £2000. That to me was an acceptable risk as I would more than recover that amount within the first year on the plus side and on the downside losing £2000 was not going to greatly damage my business.

8 DEVELOP SYSTEMS

A business isn't really a business if it requires you to be there all the time. It's also very vulnerable if you are the sole person that can operate the business. Most businesses start as one-man (or women) band operations.



If you want to develop a true business that will allow you to be both financially free and time free then you will need to bring other people into your business in order to do that.

A true business requires leadership, vision, planning, control and if you want to be truly free then you need to build systems.

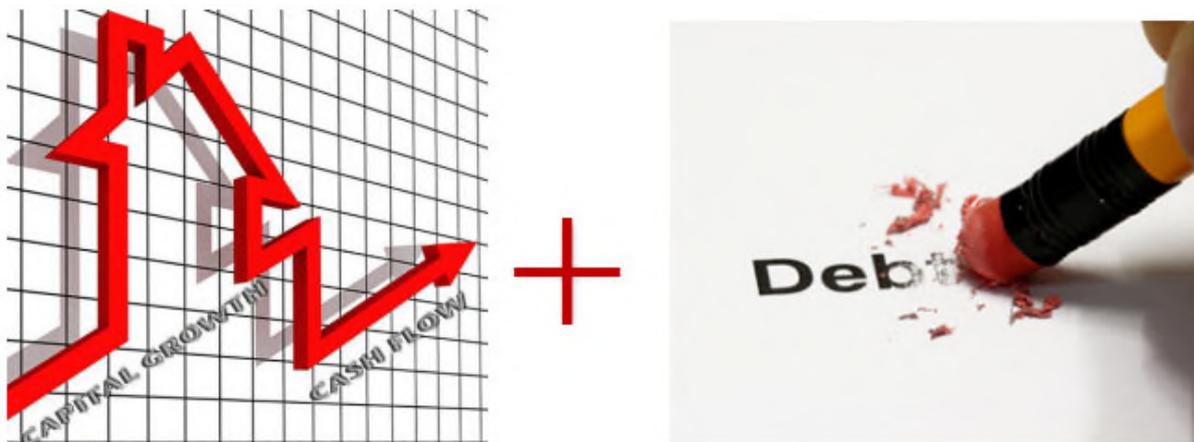
The systems give your business consistency and creates a training platform for your employees. It also allows you to make sure you have the very best of people working with you. I have very often seen businesses hold on to people who

were not serving the best needs of the business because the owner or manager felt it would take too long to train someone new in the role.

If you have properly documented systems, then you are able to bring new members of the team up to speed much quicker and with considerably less stress and strain on the other members of the team.

This will not be achieved overnight nor does it need to be.

9 ACHIEVING TIME AND FINANCIAL FREEDOM



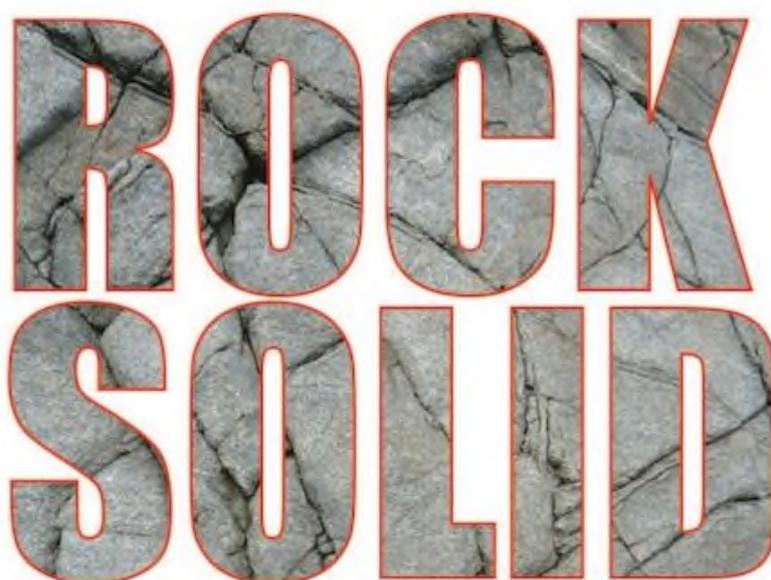
Ultimately you want a property business that produces a strong cash flow, a solid asset base, that can thrive in any economy, be protected against government regulation and give you freedom from being personally present in your property business.

In simple terms your business should produce income in two different ways. One would be from your assets which will be in the form of rent. Second the advantage of being a true property developer is that you can also produce development income. This development income can be used in two ways. Firstly, to develop your rental portfolio faster and second to pay down the debt on your existing portfolio. This will build real wealth and stability into your property business.

10 YOUR ULTIMATE FINANCIAL SELF-DEFENCE

If you build a property business that has a low or no amount of debt you won't care what happens in the economy. A market downturn or global financial crisis won't affect you. If property devalues and you have no borrowing against it then it will still provide you with the same income and in fact the yield will go up. After all income is the most important thing here and if the housing market is in a mess then there will be higher demand for your rental properties.

Any loss in asset value will eventually come back. A market downturn and or a global financial crisis could mean that your property business was under considerable risk. This



could be because you have insufficient cash coming in to meet the payments on your loan. If you have low loan to values then if interest rates went up to 15% you wouldn't worry because you have little debt. If the tax allowance on loans was abolished you would be thinking so what, the only loans I have are on development projects and they still get tax relief. You are not a higher rate income

taxpayer because the majority of your income you receive from the business is paid out through dividends.

You build this business, putting in systems allowing other people to operate your business on a day to day basis. Your focus is then on the leadership of the company. You are free from the day to day operations and you could operate this business from anywhere in the world. That is how real businesses are built. You end up with financial and time freedom.

11 HOW LONG WOULD THIS TAKE?



I can't answer that without knowing your circumstances. I assume you aren't following this business model at present. Based on that assumption I will say that it will be much faster than what you are doing now.

This is a plan that will allow to survive and thrive whatever the economy is doing, whatever government regulation is introduced, whether you are actively working in the business or not.

It will take work, a lot of work and that will put a lot of people off. I personally think that is a good thing. This won't become a crowded market. Therefore the big money will be made by the people who are prepared to put the work in. However, if you truly want time and financial freedom then this is a much faster way to achieve it.

Also if you listen to the current political rhetoric, you will be aware they are pro homeownership. This is a government lead trend. One thing I have learnt since going into business for myself in 1983 was it is much easier to ride a trend than try and start one. That was the reason my convenience store business did so well in the early days. Three stores in nine months! We were then severely knocked off course by the 1984 miners' strike. Everyone told me at the time that it had very limited possibilities, they missed out...I didn't.

Property Developments time has come; most will watch this trend pass them by as they will see it as too difficult. Yet when you take baby steps it really isn't that hard.

12 PROPERTY TRAINING

12.1 MY OBSERVATIONS OF THE PROPERTY TRAINING INDUSTRY

I have been for a couple of years working with a property training company and so gained a good insight to the industry. I was then asked if I could create a course on property development which I was excited to do.

After much consideration I eventually declined as the vision I had for the course was different from this company's vision. I have seen great training delivered and yet people fail to implement it.

I am realistic, I know some people won't take action no matter how good the training is. You only have to look inside a gym in January each year and see how many people are left by March to understand it's just too much effort for some people.

Most training is broad brush, which is fine, because if you give too much detail you overwhelm people and they are less likely to take action.

Detail is needed when you start to implement your plan and it's the lack of detail that trips most people up. It can be as simple as 'I need to make a phone call or write a letter, but what do I say?' Or it could be something that they just don't quite get or had forgotten from the course and a little further explanation would help them overcome this issue. This leads to inaction and failure for people who with a little extra support could be successful.

Most company's response to this is a year's mentoring program. Now I am not knocking mentoring, I think it is very valuable but for some people that is taking a preverbal sledge hammer to a nut. It also may be too much of a financial stretch for some people.

I have also seen some people who want to do a mentoring program, but need to make some money first.

12.2 SO WHERE AM I GOING WITH THIS?

I want to develop a training company that really delivers results. I have lots of ideas on how I want to achieve this, but what I really want to know is would those ideas work for you? I therefore want to start a two-way conversation with you. As I said at the beginning I have nothing to sell, I want engagement. That can be by email, phone, skype or in person if you like and wish to travel.

There is no obligation to purchase anything that I eventually produce, although as an early adopter I will be very generous with the value I give you. I am genuinely looking for your engagement and feedback.

13 NEXT STEPS



So what do you do next?

Well here is a short check list of things to start working on.

- Decide to become a real Property Developer
- Set up your business as a limited company (after taking proper advice)
- Register for VAT
- Start a two-way conversation with me
- Participate in the feedback form I will send you

I suspect this has raised more questions in your mind. You may also think this is too big a step for you to take just now. Whatever the situation I would love to hear from you.

I shall stay in touch with you and provide you with what I believe to be useful content.

I look forward to hearing from you.

Jim

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Your Partner in Property