# KNOW YOUR CUSTOMER

**Gender:** Overwhelmingly male dominated. Women make up only around 20%.

**Race:** Real estate investors are overwhelmingly Caucasian. Blacks and Asians are in the minority.

**Age:** Most are in their 30s and 40s. Some are in their 20s and 50s.

**Education:** More than half of them graduated from college. Some of them went to prestigious schools like Harvard or Dartmouth, especially those in the Greater Boston Area. A handful of them have master’s degrees or are currently pursuing graduate school.

**Relationship Status:** Many of them are married and have young kids under the age of 10.

**Professional and Industry Associations:**

|  |  |  |
| --- | --- | --- |
| Greater Lowell Landlords Association | 2nd Wednesday, Sept – June6:30 PM – 9:30 PM | Tewksbury Holiday Inn4 Highwood DrTewksbury, MA 01876 |
| Greater New Bedford Landlord Association | 1st Thursday7:00 PM | Cotali Mar, 1178 Acushnet Ave,New Bedford, MA 02746 |
| New England Real Estate Investment Association | 1st Wednesday7:00 PM – 9:00 PM | The Radisson Hotel10 Independence Dr,Chelmsford, MA 01824 |
| The Metro South Property Owners Association | 3rd WednesdaySept – Nov, Jan – May7:00 PM – 9:00 PM | Heights Crossing35 Christy’s DriveBrockton, MA 02301 |
| Waltham Rental Housing Association | 1st Tuesday, Sept – June7:00 PM - 8:30 PM | Waltham Public Library(Trustees Room)735 Main StreetWaltham, MA 02451 |
| MassLandlords | 3rd Tuesday, Sept – June5:30 PM – 9:00 PM | Cambridge Innovation Center1 Broadway (5th Floor)Cambridge, MA 02142CIC Boston50 Milk StBoston, MA 02110 |
| MassLandlords | 2nd Tuesday, Sept - June6:30 PM – 9:00 PM | Marlborough Fish and Game1 Muddy LnMarlborough, MA 01752 |
| MassLandlords | 1st Wednesday, Sept - June5:30 PM – 9:00 PM | Best Western Waltham380 Winter St.Waltham, MA 02451 |

**Websites They Read:** BiggerPockets, Massachusetts official government website

**Blogs They Read:** https://blog.feedspot.com/landlord\_blogs/

**News Sources:** NYTimes

**Day Jobs That They Work:**

* Accountants/Taxes Services
* Architects
* Business Owners— HUGE AMOUNT
* Construction
* Consultants
* Dentists
* Engineers—HUGE AMOUNT
* Executive Leaders
* Financial Analysts
* Insurance
* Lawyers
* Managers— HUGE AMOUNT
* Marketers
* Media
* Nurses
* Personal Trainers
* Restaurant Owners
* Self-Employment
* Teachers
* Occupational/Physical Therapists

**Hobbies and Interests**:

* Food
* Family
* Outdoors and Nature
* Spirituality
* Success and Personal Development
* Travel
* Politics
* Photography

**Personality:** Success and goal oriented, adventurous, motivated, passionate, improvement-oriented

**What’s their main problem?**

**What’s their biggest aspiration**?

* Passive income so that they have time to raise their own kids instead of going to work
* Financial freedom and independence so that they can travel whenever and wherever
* Occupational freedom
* Multiple income streams, diversification
* Retirement because 401k is not reliable investment vehicle
* Growing their real estate portfolio FAST
* Growing their other business that isn’t related to real estate investment
* Turning their REI full-time

**What do they fear?**

* They fear the bookkeeper doesn’t know what he or she is doing. They can find plenty of generalized bookkeeping services, but ALL of these real estate investors think that being a landlord is DIFFERENT and therefore requires a specialized service.
* They fear that the bookkeeper isn’t someone they can trust, because their financials are private confidential information and outsourcing requires showing the financials to a stranger.

**Describe their business.**

**Describe their management style:** Hands-off

**How big is their business?** Between 3 and 20 properties

**What industry are they in?** Real Estate

**How do they make money?**

1. Buy and hold, get cash flow from rental income
2. Flipping, forced appreciation
3. Wholesale, double contract transactions

**What are their biggest concerns at the moment?**

**Who are they trying to impress?** They want to impress the bank and private lenders so that they can borrow more money to buy property. I read the term, “other people’s money” a lot. Leverage is important to them.

**Who are the other players that influence their decisions?**

* The Contractors
* The CPA
* The Insurance Agent
* The Lawyer
* The Lender
* The Property Manager
* The Real Estate Agent
* The Spouse

# Biggest Pains

## Just starting out as a real estate investor and not knowing anything about bookkeeping, reporting, accounting, or QuickBooks, but trying anyway. And they do it wrong and realize later they need someone to fix it.

* “One of our clients right from Bigger pockets had no idea about bookkeeping, reports and accounting, QuickBooks. Initially he started doing is own bookkeeping and after his 2nd deal he said ‘If you can help us every day, I will take your challenge to cover your fees and you and your firm can be our CFO’”
* “One of my client's in a partnership has an accounting background, but he definitely do NOT know bookkeeping or tax. I spend more time correcting and digging information out on that one than anything else.”

## Not having accurate books.

* “I need to have accurate books on my side or it would drive me nuts...”
* “A lack of records means a lack of timely tax returns – and a lack of timely returns means penalties and interest to the IRS. It also makes obtaining loans difficult, tardy and expensive.”

## Bookkeeping is a tedious task that takes too much time

* “Many investors view the bookkeeping as a tedious extra task that gets in the way of them analyzing new deals or managing their current ones which certainly can be the case.”

## Not organized and current bookkeeping system isn’t simplified enough

* “Plus I'm just honestly not the most organized person.  I'd like to simplify by taking bookkeeping off my plate.”

## Cannot find user friendly software that anyone can learn. Or solution out there to fit their needs.

* “I was also thinking of trying out Intuit's Property Management software, but then I saw the reviews on Amazon and decided to stay far away.”
* “I can't believe this isn't being asked way more often! There's gotta be a simple way to do bookkeeping for those of us who use property managers and accountants.”

# Biggest Complaints

## Outsourced bookkeepers do not give real estate investors access to files after ending the relationship.

* “Lately, we are getting a lot of calls - that assistants, bookkeepers after they quit working for one reason or another, they will not give access to the client.”

## Getting ripped off from a bookkeeper, or service from a real accountant is expensive

* “I have tried Upwork a few times.  It was kind of a rip off but I researched the most qualified person and that had amazing feedback, and they turned out more of a headache than what they were worth, then at the end of entering a few months of bookkeeping, they said going forward they need to be full time which came out to like 800 per month lol.  It was equivalent of hiring someone in the US.”
* “I have no idea what type of RE business you are running, but it looks like Bench.co charges $135 per month which is a hefty price tag compares to QuickBooks. If you only have a few properties, it probably doesn't make sense to purchase this service.”
* “Hire your accountant for bookkeeping, too, if they provide this service. The least hassle but the most expensive one.”

## Cheap = You get what you pay for = SCREWED UP, MESSED UP BOOKS

* “Regardless of whether you find an accountant who lives in your town, an accountant who you meet on BP or an accountant you meet on Upwork. You must vet the person and look for credentials instead of looking for the cheapest person. You ultimately get what you pay for.”
* “You definitely get what you pay for. I would not get my hopes up on finding a qualified bookkeeper on Upwork.  99% of books that come in front of me are royally screwed up.”
* “I tried Upwork, but there's no consistency of quality there.”
* “I have tried two different remote bookkeepers and ended up with a big mess”
* “The following year I outsourced the bookkeeping to someone in New Jersey for only $100/month, but the results were very poor; he just lumped everything together and didn't even separate the properties income/expenses/etc. It also seemed like I was still doing too much work.”
* “No, @Nancy Neville, it is not. If it was easy - I would've seen correct financials in at least 50% of submitted implementations instead of less than 5%. The 95% includes Certified QBPAs. Yes, it's easy for YOU or for someone you trained. But do you realize that 3 out of 4 landlords trying to use QB have never heard of QB classes? And 3 out of 4 flippers using QB have not heard of COGS? And don't get me started on the difference between an expense and an asset. If you say - QB is easy after proper training - then I might agree. How many investors have been properly trained though? When you say "training" nowadays, people expect to watch a 10-min YouTube video and be ready.”
* “QB is like power tools. Very powerful and can speed up a job once you master them. If you do not know what you're doing - then power tools, just like QB, can create powerful damage. How do I know? 20 years in the tax business and thousands of clients. 95% of the QB reports we receive from do-it-yourself investors are garbage unsuitable for tax preparation. 75% of "professionally created" QB financials for REI are equally useless.”
* “The company I worked for (very established and definitely not small) outsourced all of our Accounts Payable to India about two years ago.  It's been nothing but a nightmare.  We were supposed to save a lot of money by laying off our AP staff here, but we ended up having to keep one of those people.  Her sole purpose now is riding herd on the folks in India.  They make so many mistakes that just doing QC on their work takes up half of her time.  The other time is spent asking them where paperwork is, why they aren't current on their data entry and generally having to constantly and continually push them.  She also spends a lot of time just correcting their errors because pointing their errors out to them causes them to point fingers in every other direction and they take no responsibility for them. However, our corporate parent is realizing some savings, so we're stuck with this nightmare. Definitely NOT recommended.”

## Not all reputable bookkeeping services out there are willing to work for real estate investors.

* “I signed up for bench.co because bookkeeping is the least favorite part of this business, and I have yet to find a solution. They seem like a great company, but when they called me to get information about my LLC, they told me that they don't offer bookkeeping services for Real Estate Investment Companies.”
* “I think you're completely right.  I was excited to find bench.co and signed up with them, but they don't offer bookkeeping for real estate companies.”
* “I strongly recommend hiring someone who specializes in REI. CPAs will not waste their time doing bookkeeping.”
* “Rely on one of the generic online bookkeeping services that advertise simplicity and low cost. Bad option, because they do not have REI experience, and REI bookkeeping is very different.”
* “I talked to Bench.co, but they aren't cost efficient for real estate.  I'm still super small, so I don't want to spend a lot of money on this, but if I close this next deal, it's going to overwhelm me.”
* Not at all when we're talking about REI bookkeeping. It must be a) customized, by a bookkeeper or an accountant and b) learned. Is it easy for Nancy? Of course! She is a bookkeeper specializing in RE! It's her bread and butter, and she is used to it, having done it for a while.
* Reality is you need someone that knows Real estate and not just data entry. Coding correctly is crucial since these financials will have to be given to the Tax Accountants to make sure things are expenses and amortized properly.

## Bookkeeping services out their don’t give reports that show the profitability of each individual property.

* “The problem was that I want to be able to see the P/L for each individual property and they were not able/willing to separate properties.  Acuity complete seems like an interesting solution, I'll reach out to them but I did notice the minimum fee is $300/month.  That's more than I'd like to spend but if that's what it comes down to, so be it.”
* “I don't want to do double-entry accounting, and it was annoying setting it up with classes, jobs, etc to try to get it to fit real estate. I then tried a local bookkeeper, but she was quite expensive and it still required me to do a lot of work myself. The following year I outsourced the bookkeeping to someone in New Jersey for only $100/month, but the results were very poor; he just lumped everything together and didn't even separate the properties income/expenses/etc. It also seemed like I was still doing too much work.”

# Biggest Objections

## Websites for real estate bookkeepers are not transparent enough. No names shown or details. Cannot trust or endorse.

* “Just being a CPA, EA, QuickBooks Certified ProAdvisor, Certified Bookkeepers does not make someone perfect. On review, I see tax returns which are wrong after they are filed. Do you know there are so many websites listed for real estate bookkeeper, real estate ...... do not even have their name and details listed there, and they are referred. Really guys, if you are working with someone, please make sure they are at least transparent enough to share they contact enough on their website.”
* “finding an REI bookkeeper is far more difficult than an REI accountant. I know of two nationwide REI bookkeeping companies, but I have not worked with either, so no endorsement”
* “It's not easy to trust someone else to manage your books.”
* “If they do not have About us on their website”
* “In the about us page there is no name”
* “When you Google their name there is no reference to them ever doing the services you are looking for”

## No bookkeeping license or credentials

* “We have a virtual assistant who enters all the bank statements into QuickBooks but she is not a licensed bookkeeper.”

## Don’t like hourly rate model. Prefer flat rate fee.

* “Also, not all bookkeepers use a gross revenue/expenses to determine their fee structure. I prefer a flat rate model that increases when transactions exceed certain thresholds.”

## Some are confident that they can do it themselves and it’s not very time consuming at all

* “Anyway, I spend less than 10 hours a week in bookkeeping. I feel like you’d spend tons of time telling them how to categorize everything when you could just click the same button when convenient for you. Now 10 hours a week is a lot of time, but that’s a lot of projects. I would estimate all the rentals take 2 hours or less per week to categorize everything.”
* “Whether you have one property or 100 you should have an ACCOUNTANT who will do your taxes (not your bookkeeping) at the end of the year. QuickBooks is what you need to handle and organize your bookkeeping records that you will give to your ACCOUNTANT at the end of the year.  You do not need to hire a bookkeeper.  You can do it yourself, and it will only take you a few minutes a day to enter your data.  The more organized you are, the easier it will be on your ACCOUNTANT and cheaper for you.

## Remote bookkeepers do not use the software that I am already using

* “But: here's the thing. All the virtual assistants I am encountering are pushing the new online web platforms as their go-to choice for working with me.... and I'm not so sure. Mostly QuickBooks Online - and some also support Xero. I signed up for a trial with Xero and my initial impression is that that it seems nice, but it's a totally new platform I would need to learn and I would need to adapt all the Quick Books tricks you kind folks have taught me to their system.”

# Biggest Wants

## A bookkeeper who can do more than just data entry. Someone who can provide good advice.

* “But I'd caution you with this practice as you will most likely not receive the holistic and competent advice you should be receiving, which can be critical to a new start-up's success.”
* “Be sure to remember, managing books is not "just" about data entry.  You will always need to rely on that information for quick, reliable decisions.  If you can't put your hands on decision-making answers, then the outsourcing that the folks are doing above is wasting them money.”
* “We also assist in cash flow management and Profit First implementation (in case you haven't hear of it, listen to podcast 165) so that you can build a financial strong business. You will not find this type of service through a VA, so find someone that understands you business and will guide you.”

## A bookkeeper who just does the books monthly or quarterly.

* “since it sounds like you're already comfortable working with accounting software, maybe you could look for a bookkeeper you can bring in on a monthly or quarterly basis to clean things up for you.”

## A bookkeeper who doesn’t offer invoicing

* It's tough b/c I have a property management company collecting all of the rent checks and sending me monthly statements, so I don't need invoicing etc like many online bookkeeping services offer. I just need basic bookkeeping that can look through a statement and categorize all of the real estate specific transactions (for example, split up my mortgage payment into P, I & Escrow, and also track when the bank pays taxes or insurance out of my escrow account).

## To impress banks and lenders

* “You want professional looking reports to impress the banks and other investors, and knock the socks right off yourself when you want to know where you stand financially.”
* “So I went to QuickBooks because the one thing I like about it, even though I didn't no squat about it, was the reports.  How professional they looked.”

## To automate their business

* I am wanting to really step up my automation in my business in the next month or so and know that bookkeeping needs to be on that list.
* Whenever you realize that you could spend the time you currently spend on bookkeeping more productively. Which is probably today.

## A good pricing model

* The more popular and blatantly effective way to pay for bookkeeping is through flat rate pricing. This way you and your bookkeeper can define the scope of your engagement, you don’t get surprised by any extra “hours worked”, and you have more control over your bookkeeping costs.

## Good tenants who pay on time

* I have customized my invoices (I bill my tenants for rent. I do this because I chose applicants who paid their bills on time. when you treat rent as a bill, the tents view the rent as a bill and no longer as something that can be paid any time they want during the rental month). On the Invoice I show what their monthly rent is, how much of a security deposit they paid, and the date they moved in. This way there is never an argument about how much they paid as a security deposit, or when their rent is due.

# Biggest Beliefs

## Bookkeeping is just data entry, so it is easy

* Bookkeeping is not a highly technical nor specialized function. In fact, it's more akin to data entry. So you should not pay equivalent rates like you would to a CPA, attorney, or another professional with deep technical experience.
* You have to remember that book keeping is relatively easy, so it's not just the book keeping your are paying for; you are paying for a business advisor who will help you systematize financial processes, make strategic financial decisions, and take your business to the next level.
* Great point to hire someone that is experienced in the industry otherwise you are just paying for data entry.
* So I have mentioned this millions of time - you get what you pay for. Saying that it is not always true. You need to have check and balances. In the finance world you have one, two and three strikes you are out.

## A bookkeeper is the same thing as an accountant. Or an accountant does bookkeeping just as good.

* at what point would you move from a bookkeeper to an accountant.

# Biggest Problems Kai Had as a Landlord

1. Move outs because of repairs, or remodeling while evicting tenants and keeping good tenants in place.
2. Finding and keeping good tenants, especially in a renter’s market because you have to do more marketing.
3. Timeliness because you must get people to make decisions quickly, but to do that, you have to be quick. People look at what is in their hands and pick, but they can only do that if you get them through the application and apartment viewing process quick.

Referrals for bookkeepers lend trust. Build relationships and connections. Have referrals ready.

People who would need the most help are rentals more than flips, and it’s the easiest because they are about the same every month. Flips require too many receipts to keep track of. And there is a huge market for rental property bookkeepers. The kind of person to look for is one with growing portfolio, growing investments, because they already have an established need. Don’t try to talk people into it if they don’t already see the value. Just be like, here is what I offer.

Look for landlords you can do remotely for too, such as those with 5, 10, or 15 properties.

There are real estate groups in every market called REA. Join those and investment groups. Look on Facebook for local real estate groups. Connect with real estate agents doing commercial properties and ask to pass your name along. Work with real estate agents who mainly work with investors. Be consistent with marketing.