
Renovation Teleconference

Answers by Dean Parker

September 2009

For a first renovation project, what advice would you give on setting profit expectations?

Barry: So in terms of the first project, what sort of advice would you give in setting those limits and profit expectations, given that I have no intention of putting my hands on a tool? I could, but I don't want to.

Dean Parker: Well, just to make it relevant for everyone, is everyone in the same boat there? Does everyone just want to project manage or are people happy to do some of the work themselves?

Gavin: For the first one, I'm happy to do some of the work.

Dean Parker: Yep.

Karen: Yeah, we'd be doing work ourselves.

Dean Parker: Right, so that's fine. So in regards, ...when we went through the process was to work out based on what you're currently doing, especially if you're happy with what you're doing and the income that you're making, you're going to have to make more than what you can in your, obviously in your job. Like ...to do a project like this, if you're earning \$80,000, \$90,000, \$100,000 a year, you don't want to spend six months just to make \$10,000. So I'd try and make it relative to what works for you.

If you're on \$40,000 a year or if let's say you've got a business and it's making \$60,000 a year and it's ticking along and it's paying the bills and you could make \$30,000 out of doing one extra renovation project, just doing your first one and say all right, let's try and make half what we do in just one renovation project, then that might be a good start. For us it was more just to try it to see if it would work. I guess when we started there wasn't really a system or an education project out there so it was a little bit different. There was nothing really renovation specific.

When we went to see Steve McKnight early on, he was more about, I guess, investing concepts but there was no real specific of 'this is actually how you go about it', 'this is how much money you make', 'this is how much money you need to put in to a renovation

project'. So from that point of view, you really need to look at, how much money you've got and how much money you want to get back, relative to how much money you make.

Dean Parker: I think that would be a good start.

Barry: Okay.

Dean Parker: And look, if you don't have enough money and you want to make a certain level of profit, then that's when you need to start looking at getting joint venture partners or other things involved. And I wouldn't be afraid of doing that. We started doing that and we rely on other people's money all the time. It's not only banks. We've got many investors that invest money into our companies now because we've now obviously got a track record. And we're doing this all the time and we've got systems around how we approach people for money and how we do all that sort of stuff as well.

But to get going, I mean, we had money from parents and other family members. And it's in the product there how we did a joint venture with a neighbor and stuff like that. So I wouldn't be afraid of getting into doing things like that. Obviously, make sure you do it 100% right. And make sure everyone has a full understanding of what's going to happen and who's going to make the calls and when people are going to get their money back and all that sort of thing and be 100% clear in your communication.

If you're limited by funds then, if you want or need to make a certain amount of profit but don't have enough cash to do that, then don't be afraid of maybe taking a six month loan or something just to make it happen for yourself.

Yeah, I'd definitely start with how much you've got, how much money you want to get back and make it relative to what you're currently earning - to even make it worth your while obviously.