

TOPIC

What's more important to the success of my real estate venture—technology or human capital?

ADVICE

The answer is “yes.” Consider this quote from Paul Muessig, CEO of Leo Software, Inc.:

“Just as you can use debt to leverage equity, you can use technology to leverage intellectual capital. But trying to solve more than 80% of an intellectual problem with technology is no different than leveraging your equity beyond 80% loan-to-value.

“That last 20% costs the most to automate, and the incremental information you might gain from it never equals or replaces the human intuition and experience that ultimately determine your success.”

Paul is selling software, but he also realizes it's not the whole solution. Software is only as good as the people feeding information into it and interpreting its results.

So how do you know if you are either over- or under-leveraged when it comes to technology?

1. If you don't utilize technology, you're under-leveraged. I'll even take that a step further and say that if Excel is your primary tool, you're under-leveraged. There are great applications out there that consolidate information and make your investments more productive.
2. If you rely on a computer print-out to tell you “yes” or “no” when investing in real estate, you're over-leveraged. Real estate is a complex market that rejects over-simplification. Technology should inform your decisions, not make them.
3. The correct balance in technology depends on the user. An experienced professional can both help you maximize your investment in technology and integrate it with your decision-making.

Technology is a tool that enables informed decision-making. You need it, but you also need the intellectual capital to use it effectively.



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