

EPISODE 584

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.1] WS: This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Bruce Eckfeldt. Thanks for being on the show Bruce.

[0:00:32.9] BE: Hi Whitney, thank you for having me.

[0:00:35.0] WS: Yeah, honored to have you on the show. I'm really looking forward to this conversation and just diving in to your expertise. I know a lot of people on the show are in the process of starting businesses or they have a successful business maybe already, but these are going to be things that are like you and I were talking about that are just foundational and that we need to go through and talk about. So we're really looking forward to this. A little about Bruce in case you haven't heard of him before.

Since 2016, he has been a contributing author to Inc.com, where he writes a weekly column on business and leadership. Also hosts two successful podcasts, can you believe that, two successful podcasts! Scaling Up Services, which provides insights and strategies on how to successfully scale service-based businesses, and Thinking Outside the Bud, which explores innovation in the business of cannabis. In 2003, he founded Cyrus Innovation, one of the first Lean/Agile consulting firms and worked with companies such as Boeing, Caplin, Test Prep, Simon and Schuster – I can't pronounce these names! Yeah – the New York Times, on product development and Lean/Agile transformation initiatives. Incredible guest.

Bruce, appreciate your time, having you on the show. Why don't you give us just a little more – because I know you have just from our conversation, have some real estate background as well. I'd love to hear a little about that and let's just jump in to your super power here that I know is going to give everybody lots of value.

[0:01:59.4] BE: Sure, yeah. I started life as an architect. I did a couple of degrees in architecture and spent a little bit of time in the profession before I switched in to software and then technology, but I've had that kind of come back to me a couple of different times. I did spend a long time in low income housing, tax credit syndication – we can go on and on about 80609 tax credits if you want – and then have worked with several different real estate companies over the years, both on the technical side and then actually as a coach.

My main job now is helping companies really figure out strategy and how they're going to grow and execute on that. Have worked with companies that deal with the built environment whether it's on the construction side, the financial side and the investment side, even ancillary product services, environmental engineering and stuff like that. I have a pretty strong understanding and basis in what it takes to do real estate and real estate investing and so yeah, excited to kind of talk with you a little bit about my take on strategy and why strategy is so important.

I think it's one of the fundamentals to any business, whether you're just starting up or whether you've been in business for years or you're looking to grow in scale. You know, it always comes back to like how you're going to do that, what is the strategic business you're going to own.

[0:03:05.3] WS: Nice. It's so important, right? I mean, having some type of strategy or else we're just kind of running on that treadmill, right? We don't really know –

[0:03:11.3] BE: I mean, you could not have a strategy. It's just, it's a lot of hard work and I'd rather make it easier.

[0:03:18.4] WS: That's a great point. Well, you know, I know most of the listeners, a lot of them are, you know, they're business owners and they're either building a new brand or a lot of – some of them are debating about starting a podcast or how to brand themselves, whether it's

some kind of something on social media or some way to get their name out there, right? We're connecting with passive investors and growing our database, right? We can do more syndications, large deals, things like that but that branding process has taken me a long time and tons of work, you know?

I love having guys like you on the show that have some expertise in just the strategy that I wish I had known and thought through more of this a few years back, when we started all of this. Looking forward to this, so let's just jump right in to creating that strategy for somebody that's building that real estate brand.

[0:04:11.5] BE: Strategy for me – let's start this strategy conversation of what is strategy – and strategy is not about competing to win, right? We're not there to beat other people, we're there to find a unique position in the market, right? We want to create some kind differentiated – some kind of ability to make us different from everyone else that's out there, and that's really the way we're going to be successful. Strategy, I mean, you can take a low cost position strategically, you know, you can kind of do the Walmart thing, but it takes such scale and you need to have such dominance in the market and the supply chain and everything that it's a really tough way to develop strategy.

Unfortunately, that's how most people go into their price thing is I'm going to price myself to win and it's a death spiral at some point. Really focusing on this differentiate is really what we're talking about in strategy. I mean, how you do that really is this function of where's the opportunity in the market, right? I think a lot of people kind of think internally, all the things that they are great at, but they fail to really look at well, A, who do I want to focus on? Who am I actually trying to serve? Who is my target customer and what do they care about? What are their needs and what does the competition look like?

Those are very external things. I've never met anyone that said I thought about strategy too soon. I've met a lot of people that have said man, if I would have thought about strategy a year ago, two years ago, five years ago, it would have been much easier. It's about making some decisions and that's really the essence of strategy.

[0:05:38.9] WS: It's about making some decisions. Help us through that a little bit, because they're very important decisions, no doubt about it, and the sooner we can make these and think about this I think the better. What are some of those decisions? I know you just talked about what do they care about, what are their needs, what's our competition doing, what's our competition thinking – are those the questions that we need to be thinking or is it something else?

[0:06:01.1] BE: Yeah, I start with the customer. That's slightly different if you're just starting out and you haven't really built a business yet, you're just kind of entering the market. You're going to have to do a little bit more going out there, talking with people, interviewing, but you want to identify some kind of ideal customer.

Who do you really want to provide service to? Who do you want to do business with? Understanding that – I like to say – you can do business with anyone, just not everyone. You need to figure out, out of the world of possible people you could do business with, what are the ones that are really going to resonate with you?

If you're an existing business, you've done deals and you've got some history behind you, you can look at the customers that you've worked with, the partners that you've worked with, and really, ask the question of who have I enjoyed working with? Who has been profitable? Who has been easy to serve, right? You really want to hone that list down to the top 10%. If I can look at the top 5, 10% of your client list, I'm going to say look, how do we get more people like this, right? The first is identifying that target so if you have existing customers, take the top 10%.

If you're just starting out, really just kind of do the research, talk with folks. Once you do that, you can start it on what are their needs, right? What are they looking for? How are they making combined decisions, how are they making deal decisions, and really figure out what are the top 5, 8, maybe 10 criteria that they use to make deals, right? What do they care about, how do they make the decisions, what's the information they look for?

Once I kind of have an understanding of what that, those attributes are for your ideal customers, then you can start looking at well, what are the other options they have? What does the market look like? I'm always – you know, we're always looking at direct competition, right? Who are the

other people like me that they can go to? But I also want to look at the indirect competition, what are the other options they have to kind of solve their need or to get done what they're trying to get done that may not look exactly like you, but it's an alternative for them. Start to look at how did those direct and indirect competitors really map against those attributes.

What we're looking for in that map is you're going to find some who do really well in some attributes and poorly on others, and other ones that do better of a deal of the attributes, but there's going to be this irregular kind of shaped map of who does – who solves which attributes?

Who addresses which attributes best? We're looking for this magical thing we call white space, we're looking for this blue ocean, this white space within that charter, within that model, that tells us, there's an opportunity to own some of these attributes in a unique way that no one else is doing right now.

If I can find that, that really becomes the basis of my strategy, what we call a differentiate of strategy. I want to choose the attributes though; I want to be known for. That's really step one in that process.

[0:08:33.7] WS: Okay, and getting us to that blue ocean I guess, right?

[0:08:36.8] BE: At least the beginnings of the blue ocean.

[0:08:38.7] WS: Yeah, the beginnings of the blue ocean. I hope you know, listeners are able to take some notes there. I know I was and it's just like numerous things to appreciate, you just laying that out. Think about these things, right here. And you even highlighting that you don't want to do business with everyone.

I think it's like a misconception, right? That everybody has, I know I did, it's like well, we don't want to limit ourselves because we want to be able to have this big customer base, right? We all dream about, right? You know, having hundreds and hundreds of thousands of customers or whatever, whether it's investors or customers, whatever you want to call them. However, you know, focusing on everyone means you're focusing on no one, right?

[0:09:10.3] BE: Yeah, correct. I mean, look, if you're doing half a billion dollars in deals and things like that, I'll start to talk to you about okay, maybe you've hit some kind of limit on – you need to think about doing business with lots and lots of people. But you know, the fact is that there's so many opportunities out in the world. You're going to make yourself dizzy trying to chase all of them and instead, yeah, if you can really figure out the handful that really makes sense to you and, more importantly, that you can really deliver value to, you're going to be much more successful.

Not only that. I find that it helps align you internally, whether it's you as an individual or your organization, you know, it aligns to your group to those values or those attributes that you're going to focus on. It also allows your other stakeholders, your partner, your referral, your network, to basically understand what you do and they can make connections for you better.

If you're the "I'll do anything for anyone guy", I don't know how to refer you. I don't know who to put you in touch with. But if I know that you do deals of this size, of this nature, in this area, with this timeframe, these characteristics, this color, it's going to be a lot easier for me to say, you need to go talk to Barbara and you need to go talk to Joseph, right? It allows me, as a member of your network, to actually plug you in much better if I've got a very defined and differentiated strategy.

[0:10:23.4] WS: I like how you gave us that kind of plan too. If you've already been doing business, you can think about your current customer base. Some of the top people, some of your top customers, who are they, what do they like, and it's going to help you develop the strategy in case you don't already have it.

But what about the people who maybe don't have those customers yet. You know, they're building – they're trying to develop the strategy of their brand and all that stuff, but maybe a couple of questions that's going to help them to think through how they're going to provide the best value to who.

[0:10:49.4] BE: Yeah. Well, so I always start with whether it's the people you're working with or people you want to work with. The three things that I always look at are profitability. Who can you serve well? Basically, who is going to buy at our optimal price? Whether you're doing

business with them or thinking about doing business with a particular group or a particular individual, if they're talking about what kind of discount can they give you right away or you know, they start talking about price right off the bat, they're probably not going to be a super profitable customer and so that's question one. I want to do business with people who are willing to buy at an optimal profit level. You're not going to kill it, right? But you're going to have a decent profit because you need to make money on this.

That's question one, question two is if like if you keep sending their phone call to voice mail when they call, that's a bad sign, right? I always call that, do you pick up the phone, right? If you're not picking up the phone, it means that you probably don't want to talk to them, which means it's going to be tough doing business with them. Whether it's you or your employees or the people that you know, you work with, your stake holders. If they're complaining about doing business with this person, it doesn't matter how profitable they are, they're chewing up time and energy and that's going to sink you in terms of long-term value. The second thing I always focus on is they have to be a pleasure to serve.

Then finally, I think this is one that people kind of forget about or don't think about as much is do they promote you, do they promote you? Do they help you find other deals? Do they help you find other investors? Do they help you find other business? Do they refer you to people that are going to be good business partners? Because that is ultimately – people usually think of your sales funnel as signed contract. Actually for me that is only half the way right?

You find a prospect, you get them into your deal, you do the first deal. It is the second, third, fourth deal, it is the referral partner that they become, and it is the lifetime value that really is that the piece there. If they are not helping you build their business, they are not nearly as value as someone that will. So I look at those three things. So if you are not in the business I would be looking at those and looking at your prospects. Looking at who do you want to do business with, with those three questions in mind.

[0:12:41.8] WS: Nice. Okay, now I want to leave enough time for us to move into the blue ocean part too. Just thinking about blue ocean, you know, what is our blue ocean? And then maybe you can just give us – what does that mean in case our listeners haven't heard of that term before? What does that mean and then how do we find that, our blue ocean?

[0:12:57.9] BE: Yeah, so blue ocean. The idea is that businesses and the market has many, many types of customers and many, many types of service providers, businesses inside of it and there are unmet needs, that if you can articulate and effectively deliver on, operationalize, you can be a different player in the market. You can be a known player in the market. It helps you not look like a [inaudible 0:13:09].

So there are some classic ones. I mean the fun ones that I love to talk about are like how Cirque du Soleil, they really changed the nature of the circus, right? So up until they came around, everything was a three ring animal circus. They came and said, "Well look, yeah there is a couple of things that are important. We want a theme, we want a great venue" but they added all of this stuff of theatrics and gymnastics and different attributes to the whole idea of a circus that had never been done before, and that is total blue ocean right?

Blue ocean, you can identify attributes that haven't been addressed, or you can add new attributes that people haven't thought of before to create a new sub-category in the space. Those are the strongest positions, because you are basically setting up a new market. You are setting up a new type of business that no one can compete, because no one has even thought of those attributes.

So that's what we're trying to do with blue ocean strategy or create white space in my market. You find it that by doing that analysis. Sometimes it's developing insights about unmet needs you made through talking with your customers are talking with your market, where are the unmet needs, or identifying things, attributes that no one else has articulated yet.

It might be terms, it might be the way you provide your service, the nature of the service. It could be various attributes of how you packaged things, physically or from a service point of view, but all of those questions go into what does the customer care about, and where does the market currently not provide those? Within that, then we want to look at the things that we think we can leverage. So you are going to have to look at your core capabilities. What is your background, your experience, what are the things you do well?

We want to map those up and say, “Hey look, well we can find maybe 4, 5, 6 attributes in the market that are unmet.” I want to look at the 2 maybe 3 that I know, based on my capabilities, I can really align myself to. It is going to be a process right? You may not be perfect at it right now but it sets you up to understand ultimately where is my business going? Where do I need to focus on in terms of providing a clear defined value for customers in these specific areas?

And here is the real trick: everything else you got to let go, right? Everything else you got to be able to say, “You know what? If this is not one of my core differentiated attributes that I’m going on”, I need to be able to say, “You know what? I am not going to focus on this. I may suck at these things, but the only way that I can get excellent at the handful of things I am going to choose is by being willing to suck at everything else.” It can be a little severe but that is really the idea you need to let go of these other things.

[0:15:42.6] WS: Interesting. You got to let go. We can’t master it all, right?

[0:15:46.6] BE: That is kind of the lesson of life, but yeah.

[0:15:49.0] WS: Yeah. So how do you help people through that? I know that’s hard. That is hard to think about letting go of those things?

[0:15:54.9] BE: Yeah. So by letting go, you’re freeing up resources, capabilities, money, energy, time, towards those things that are going to be really important. It is pretty clear. I think once you have gone through the process and you identify those attributes and you start talking – especially if it is really built on customer interaction. If you have built these attributes based on conversations with the customers you begin to appreciate how valuable that attribute can be.

So say you want to provide a particular way of communication, you are going to have 24/7 text response, customer service, or you are going to have an online platform that shows you every stage of the deal and calculates everything down to a 100th of a percent, like all the data is at your fingertips kind of thing, like those would be attributes I could differentiate on. If you have chosen good attributes based on conversations with the customers, it is very clear to you that if you can do this, customers are going to love you. Or the customers that you want are going to love you.

Once you identify that, it becomes much easier to say, “You know what? I know this other thing we had, this white glove service for this other thing, yeah it was okay but it is not nearly as important. We are willing to let that go and we are willing to” – or terms. I mean a lot of times it is kind of the shape of the deal you may say, “Look we are not going to provide terms anymore.” Right?

In order to provide these other things, you know we can't do this current payment structure, or we can't provide it in this way, or we can't take payments in this method. It could be giving up on a whole bunch of things, but once you see that tradeoff that is much easier to let those other things go.

[0:17:20.0] WS: You know I get questions almost weekly from people that schedule calls and I get a lot of questions about how to start a podcast, how we do these things, or just to have a successful podcast. Often I hear, Bruce, “Well wait a minute Whitney, there are so many real estate podcasts, why would I start another podcast? Why would I do that?” It is almost like, they might not know of the term blue ocean, but they feel like there is not a blue ocean out there.

Because there are so many people that's already in the real estate space, with the podcast, with branding or whatnot, how would you answer that?

[0:17:51.8] BE: Well, I think in today's world, media and technology and the ability to access content, we are not talking about mass media anymore right? 50 years ago it was 3, 4 major network channels and you are trying to appeal to everyone in the world with every content. You know today's world is about creating a really focused, niche market and creating content that addresses that market directly and, look, there is always room.

Maybe in 10 years we could have another conversation and there will be so many podcasts out there that there won't be any room, but there is always room. There is always room for another niche. The trick is it has to be an niche, because there is not room for generalized, super-general content out there. You know the more you could zero in and say, “Look this is a podcast for people that are in this situation, and at this time period, they want to do deals this size, in this area.” All of those factors, if you can really hone that in, you can create a great audience

The fact is that you don't need hundreds and hundreds of thousands of people to make a successful podcast. You know you only need – you get a couple of thousand people following you in the right way, and that can build a really significant business, right? But it's got to be focused. It's got to be targeted and you got to be addressing their specific needs for the customers you really want to speak to.

[0:19:06.0] WS: Wow. Bruce maybe we'll have you back some time in the future, because I would love to continue the conversation. It's incredible – but a few final questions before we run out of time. You know tell me a way that you've personally have recently improved your business that we could apply to ours?

[0:19:19.1] BE: Well, so most recently – and this is somewhat fortuitous – I started working with a lot of distributed leadership teams. So my day job is really focusing on helping the CEO and their team figure out what their strategy is but more importantly how are they going to execute it. Working with a couple of distributed teams that were internationally distributed, we really got good at doing online meetings and doing all of these exercises and online format.

So I built that out, basically most of last year, and obviously in the middle of the pandemic that we're in now it's proven to be very useful, as people can't move. So yeah that, embracing this online technology, virtual technology has really been helpful for me.

[0:19:55.5] WS: Nice. What about the number one thing that's contributed to your success?

[0:19:59.8] BE: Figuring out what I am good at and what I am not good at. Letting go of those things that I'm not, and really doubling down on your strengths. I mean I think people spend a lot of time trying to focus on their weaknesses and everything, and I do this with leaders all the time. Like, yeah, you need to have strategies for your weaknesses, but you are not going to be successful by focusing on weaknesses. You are going to leverage your strengths.

So I think I just really encourage people to figure out what are they experts in, what are they really good at, what do they love to do, and then figure out how to make that useful for them.

[0:20:25.9] WS: And then delegate?

[0:20:27.4] BE: Yeah, I love talking about delegation ninjas, right? The ability to take everything else that I am not an expert in, that I don't want to leverage, and finding a way to do it. Even if it takes someone else ten times as long you should still have them do it.

[0:20:40.6] WS: I appreciate you saying that. That's awesome, and before we have to go, tell us how you like to give back.

[0:20:46.8] BE: Well, so I do a lot of mentoring. I do a lot of coaching for folks in all sorts of communities, and then I'd fundamentally believe that the way that we recover from everything in the world and the way that the economy is going to get better is through building businesses, right? So it is helping earlier-stage companies, whether it is coaching calls or whether it is the program or the content, I put out a lot of things that hopefully are really helpful to people in getting them.

Whether you are just getting started or you are taking something you started and you're getting it bigger, I am all about helping people figure out how to grow and scale their business.

[0:21:15.4] WS: Nice! Bruce, I can't thank you enough for your time. I love talking strategy and thinking through business strategy and I love trying to think through planning those things out and making things happen like that. I appreciate your expertise. Tell the listeners how they can get in touch with you though or learn more about you.

[0:21:31.7] BE: Yeah, so my website is eckfeldt.com and that has all of my coaching work I do, there's links to the podcast, scalingupservices.com and thinkingoutsidethebud.com are the podcast. Yeah I would love to connect with people. You can catch me there and you can always email me, bruce@eckfeldt.com.

[END OF INTERVIEW]

[0:21:46.3] WS: Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your

feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

[0:22:26.9] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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