

**EPISODE 597**

[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 Dan Krueger. Thanks for being on the show, Dan.

**[0:00:32.9] DK:** Thanks for having me.

**[0:00:34.1] WS:** Dan graduated from University of St Thomas with a finance degree, spent five years working in the corporate finance world, left his W-2 in January of 2018 after closing on his first property and been full-time in real estate ever since.

That's awesome. Dan. I look forward to hearing a little more about your story and that first deal potentially like what that was, maybe what your focus was in the business as well before we jump in to your super power.

**[0:00:59.9] DK:** Yeah, absolutely. Well, I come from a finance background, so, getting into that first deal has really attracted to the underwriting process and that's what really sucked me in was the simplicity of it relative to other investments out there. You can make sense of a deal really easily where as other investments like investing in the stock market or various other things. There was so many unknowns in other investments, where I always felt a little like gambling.

Yeah, that first deal I did was a small six-unit apartment up here in Saint Paul, Minnesota and it's pretty, heavy value-add deal. There's a lot of potential to force the appreciation there and that was the business model I was attracted to from day one was go in and finding a fixer-upper more or less. Making the improvements needed, refi-ing pulling some capital out, and then rinsing and repeating right into the next deal.

**[0:01:49.2] WS:** Is it safe to say, you would agree to, by knowing the numbers, you can make sense of an investment like you can understand if it's going to be a good investment or not ultimately?

**[0:01:58.0] DK:** Yeah, it just seems so simple compared to other things and went to school for a finance and I worked in finance and I worked in finance and I've played around with everything out there whether it's just buying stocks for an investment or day trading or trading futures, forex, options, I've done everything out there and everything else, just felt like gambling.

**[0:02:16.7] WS:** Wat was your job when you finally bought that first six-unit?

**[0:02:20.4] DK:** I was working as a financial analyst so like internal reporting analysis for corporations. Just corporate finance. Pretty standard stuff. And by the end of the third job after college, it was kind of the same thing different day and it was getting pretty boring. But a lot of managing OpEx for companies, which translates really well into real estate obviously, I had a little bit of work at one with the companies I work with for valuing potential acquisitions of other businesses so I got a little preview on that side of things, the real world prior to real estate.

But as far as the learning curve for me, it was pretty quick compared to some people just because I had that finance background. So, it was just really learning the real estate nuances, learning about markets and things like that. Then the underwriting and the model-building and I was already pretty good at that stuff.

**[0:03:05.1] WS:** What was it about the first deal that made you or gave you the confidence to leave your job?

**[0:03:11.8] DK:** Well, I also had another side business that I had been running parallel to my corporate job for several years and that business, it was like a nutrition coaching business where I would create programs for people and coach them through the process of gaining weight or losing weight, whatever they're trying to do.

I had already been bitten by that entrepreneurial bug, so to speak, and that was turning out enough cash flow that it was getting up to the point where we're starting to match my salary. But I didn't have the confidence in that to be sustainable because it was basically consulting job. I didn't really have that confidence that I was going to be super stable for a long time.

Really, once real estate got added in the mix, that's where I had two revenue streams, one of which was very scalable. And then I was like, "Okay, no kids yet. Let's jet."

**[0:03:56.5] WS:** Wow, were you married at the time?

**[0:03:58.1] DK:** Yeah, I was.

**[0:04:00.3] WS:** Family, wife, did you receive any opposition. Or family, not onboard saying, "Wait a minute, Dan."

**[0:04:05.6] DK:** No, not really, honestly. I think my wife trust me and she's been very supportive with everything I've done and I'm kind of the finance guy in the house so she typically defers to me on most that stuff on whether or not something's fairly prudent decision or not and I'm so darn conservative with everything. I'm kind of a penny pincher that you know, I think when someone has that really conservative nature to them, when they come up with an idea like that, It's like everyone knows I'm not a huge risk taker so I don't think it was anything that anyone was really batting an eye on, necessarily.

**[0:04:38.1] WS:** Nice. When we were talking before the show, you talked about how when you first got started that you were too anti-social, what helped you overcome that. Let's dive into that a little bit, how you really broke out of that and how networking has helped you?

**[0:04:51.5] DK:** Yeah, I did a Zoom round table last night with a couple of other guys where we're talking about cultivating an entrepreneurial mindset and this topic came up. And it was really ego driven and it was my conscious or subconscious desire to be able to take full credit for everything and say that I didn't get help from anybody. I did this all by myself. I had no partners, I had no coaches, this was all me, all me. I was fixated on that for like the first deal and then really quickly realize what a relationship business real estate is.

And then, started to realize you know, the more I dove into the syndication model, like, "Okay, you can actually go a lot further, a lot faster and do it in a much more efficient way if you bring on partners, form a team, bring in investors. Everything just gets way more efficient, way more better."

I think initially, I had just thought that giving up equity in a deal was like giving up credits or something like that. it was ego driven basically is what it was.

**[0:05:46.7] WS:** What helped you to overcome that because it's common and especially in the beginning because you're like, "Well, I don't want to give any more away or I don't want to give any part of that away." But it's hard to see what can happen if you'll allow some people to partner with you. Obviously, there's a whole process to partnerships, but I'd love to know how you overcame that.

**[0:06:02.7] DK:** Yeah, well, during that first year or I should say after that first year where I had that deal under my belt, you know, family and friends started to take notice how well it was going and so naturally, people I start kind of asking like, "Wow, that sounds pretty cool, you know? I've always like real estate. Can I get in on this?" Right off the bat, there was a really organic interest from people around me who wanted to get involved, I was like, "Okay, you know, maybe there's something here, my brothers, sisters, friends and things like that. Okay, we could probably get you guys into the mix here."

You know, when I went to my first event, I guess, my first real estate event because I realized you know, after the first deal, trying to find the next deal, it became really obvious, "Okay, I got to branch out, I got to meet more people. To really grow this, I've got to meet more people."

So, it was during the hunt for like the next deals where I was like, “Okay, I just need to try to meet everybody out there.” And then it was just kind of organic after that the more people I meet, I kept hearing the same thing over and over again. Everyone who has been in the business for a while, it’s a team business, the more people you surround yourself with, the better you do and partnerships are just the way to go. So, that’s how that kind of changed over the first 12 to 24 months I would say.

**[0:07:07.6] WS:** What did that look like then? That helped you change really your mindset. But then, what did that look like? Stepping out – because lot of people are very introverted and it’s really hard in the beginning to walk up to that person or even have that phone call for a lot just because I don’t know, it’s just hard to have that conversation where you don’t know somebody for a lot of people, right? I know I had to work on it. It took a lot of practice. But how about you?

**[0:07:30.9] DK:** You know, we’re talking about more like meeting people out of events and starting a dialog or are you talking about –

**[0:07:36.2] WS:** I guess just forcing myself to do it because I feel like going to those types of events, I just kind of told myself like, “Everyone’s here for the same reason I am, so, it’s not going to be weird if I walk up and start a conversation. It’s not like I’m at Starbucks and I’m just starting to chat up the guy next to me.” That I would still feel a little bit uncomfortable with. My wife is a complete opposite which she’ll go anywhere and within five minutes, she’ll know everybody in the room.

I just kind of told myself, everyone’s pretty much here for the same reason. It’s not going to be weird if I walk up and start a conversation. You know, that’s just the mindset I brought to it like everyone in this room has probably got the same goal that I got.

**[0:08:09.6] DK:** What about outside of going to an event, what’s the ways that you’re networking? What else are you doing or what did you do then as well to increase your network?

**[0:08:17.6] WS:** Yeah, really, it’s leaning pretty heavily on putting out content online. So, in my other side gig that I had, where I was a nutrition coach, I was always posting educational information that potential clients would be interested in. And I really found a passion for

educating people in that area. And when you do that, when you put out educational content, people start to associate you as an expert in that space and then that conversation, whether it be a passive investor or like a potential GP partner, that conversation kind of develop a more organically.

Just putting out content that other people get value out of has been a huge value-add for me and kind of aligns with my slightly introverted nature, I can put content together, put it out online and I don't have to spend a lot of time out in the real world going to a bunch of events because I do love events but they are a little exhausting for me.

I can do them here and there but I'm not like my wife who could just go out and be social every single night. I get worn out by that. Really leaning pretty heavily on Facebook videos, YouTube stuff on LinkedIn. And my partner and I just started a podcast, actually, I think we just launched about a week ago and I think we've got like 10 episodes in the can already so not at your – what was it, 500 –

**[0:09:36.2] DK:** 96, 97. We're a little behind you but yeah.

**[0:09:42.4] WS:** Wow, could you elaborate a little bit more on the content and maybe the structure of how you did that to increase your network, maybe somewhat an outline of maybe workflow for somebody that's listening?

**[0:09:53.6] DK:** Yeah, well, the way I started wasn't the most efficient and this kind of leads in to the partner end of teaming up with which I'll get to in a second here. But I kind of took the format from my other side gig which was put out educational content that would appeal to the audience that you're trying to get connected with.

So, for me, it's mostly real estate 101 type topics because I noticed that when I would meet people in person, family and friends and people at normal social gatherings, the inevitable question would come up, "So, what do you do?" I would say, "You know, I invest in real estate." And they ask, "What's that like?" And get them brief little run down.

But a lot of people who are new to it have pretty much the same question. Basically, trying to answer those questions in video format online, kind of just puts it out there, let's people know what you're doing in a really non-invasive, non-sales-y way and provides them value. And then, typically what will happen is people just kind of follow you and see your stuff for long enough and then eventually that conversation will come up like, "Hey, I've been watching your stuff forever, this all sounds pretty cool. We should chat more about this. Let's get together see if there's any potential opportunities here."

**[0:10:57.2] WS:** How do you help that listener who says, "Well Dan, I haven't really done much yet. I don't have much to talk about. I'm not at the expert yet. How do I create content like that?"

**[0:11:07.5] DK:** Well, you can do the Gary Vaynerchuk approach as well and just document your journey, right? You don't need to present yourself as an expert in this space if you aren't an expert in the space. I mean, I think people respond much better to honesty and transparency than trying to put on an image of something that you're not. So just document your journey and I've seen that work really well for a lot of people in various industries where they don't try to put themselves out there as like the expert, they just kind of put themselves out there as the case study.

And, if you're successful, as you kind of grow, you're going to organically attract a lot of people because they're going to see you doing well. You don't necessarily need to go out there and try to emulate what Grant Cardone does or any of those guys, just put out content that's genuine to you and your personality and people get attracted to that. I think it's most important just to put out something consistently as supposed to trying to put out like the perfect piece of content because people have such short attention spans. It's really the frequency of you showing up on people's feeds that is the most important, I think.

**[0:12:08.1] WS:** No doubt about it. They're not going to remember most of what they watched a week ago or maybe even yesterday, right? But they are going to remember that they have seen you numerous times.

**[0:12:17.6] DK:** Yeah, the main thing is that it's got to provide some kind of value, whether it is entertainment or education or whatever you are doing. It's got to have some kind of value to other people otherwise they are not going to watch it.

**[0:12:27.3] WS:** So how are you leveraging tech right now just to keep networking?

**[0:12:30.3] DK:** Well, I mentioned the round table thing we did last night, which was something new that popped up with my partner Anthony Vicino and another syndication group that we met at an event recently. A couple of weeks ago since we're under the shelter in place thing right now that we are going to hop on a Zoom call and just chat a little bit more because we've only had really one conversation with this other group after the event.

And the four of us hopped on, we had a really great conversation and we thought, "We should do this again next week," and maybe livestream it out there just let people kind of be a fly on the wall and maybe discuss our underwriting best practices. Because we've got two different groups, maybe two different strategies and underwriting. So, it would be really cool to see what the other group is doing and then let everybody else watch.

So, we have been doing that now for I guess three, maybe four weeks, where we do just once a week live Zoom call. It goes live to either Facebook or YouTube and then we record it and we post it again later.

There is the podcast that we have been really doubling down on. We are gearing up to do it leading up to this whole pandemic thing, and now that we're stuck inside, there is only so many things you can do. So, we have been cranking up episodes of our podcast and then the good old educational content as well.

And then, since I brought on this partner, Anthony, a lot of his skillsets are really complementary to mine because I am the underwriting, numbers guy. He has done real estate in the past but he is also really good at operations and running this other business that he owns and that he is a published author. So, he's got a writing background.



So, you know now that we've got him on the mix, all of a sudden, we've got articles being created from all of the videos. We've got infographics that we are getting created from those articles and we are putting together what we call a quick start guide, just kind of look at free eBook to give away that comprises all of these real estate 101 stuff in a tangible or digital item that we can just give away to people. So now we've got all of these different forms of educational content that we are able to leverage and get in front of more people, depending on what type of content they like.

Some people like to read, some people like to watch, some people like to listen. So, trying to make something for everybody basically is the name of the game right now.

**[0:14:33.8] WS:** If the listener had to pick say one platform or one thing to focus content on, what would that be?

**[0:14:39.7] DK:** From talking to a lot of guys who have been in the business for a while now who have a podcast, it seems like that is the medium where a lot of guys get the most bang for their buck as far as putting their time in. But then I would also say, do whatever aligns with your personality best because I think that is going to be very apparent. I was never writing articles before Anthony came on board because the quality of my writing wouldn't be up to par.

I think I could put up an article but I knew it wasn't my strong point so I didn't put my energy there. Whereas I think Anthony is kind of the inverse of that. He is a little introverted like me and he is a really good writer. So, he on his own will probably shy away from the video stuff and focus mostly on articles. So, I think being true to your personality and your skillset is important because that is going to show up in the quality of whatever you are producing.

But at the same time, I hear it over and over again the podcast is just a great way to put out content and then also it is a networking tool, right? You meet people that you have on as guests that you normally wouldn't meet under normal circumstances. So, it is a fantastic way to broaden your network in that department too.

**[0:15:46.0] WS:** So, on the investor side, let's say you meet an investor at a conference or maybe they just connect online from some kind of content that you are putting out like you are talking about. We are talking about networking, right? But what happens after that?

**[0:15:59.2] DK:** After that initial content?

**[0:16:00.9] WS:** Right.

**[0:16:01.5] DK:** Since I am a big proponent of education, I try to take it real slow with investors unless they've already done deals before because I want to make sure they've got a really comprehensive understanding of the business model of what we are doing before they get into something just to make sure that it is a good fit for them and that they feel a 100% comfortable when they are actually in the deal.

Because it is going to be at least a few months before they get that first cash flow check. Because we invest in deals that cash flow from day one so usually then three months of us closing our property they get their first check and then it's like, "Okay, these seems to be working." But for someone who has never done this before it could be a little daunting to take that first step. So, I take the educational piece really slowly and make sure that we spend a lot of time making sure that investors really understand the business model and ask a ton of questions.

And then at a certain point when people reach that learning curve, they get a good enough understanding where it becomes a no-brainer, right? Like I said before, it is such a simple business model. It just clicks and now like, "Okay now I am at the point where I feel like I should have started doing this years ago. I am ready to rock." So, I say the timeline there depending on the investor could be anywhere from three months to a year.

Now there is a few investors I have where they were really new to anything investing related. So, there was a good year of just consistently connecting over the real estate topic and building up that educational base before they pull the trigger on something.

**[0:17:27.7] WS:** What does that look like to educate them? Is it a series of emails or articles or maybe videos in your case? What is that?

**[0:17:34.2] DK:** Well, I am newer to the syndication piece. A lot of these early investors were within my first-tier of my network. So, they're primarily local people. So, I like to do it the old-fashioned way of these guys. I didn't have a systemized approach at first. It was just one on one relationships and either meeting up with them in person every couple of weeks to walk them through deals and try to get them up to speed.

But now that we are growing the business and we are getting the people contacting us from a lot of people from California, actually. We just had a call with someone from Israel this couple of hours ago, which is very cool. Now, we're at the point where we do need to have some kind of process in place. And that is part of what Anthony and I have been really focusing on with all of these in content we are putting out, trying to kind of package it in a way where we have a specific sequence that people can go through to become educated.

So, like the quick start guide I mentioned was the little freebie written version of that. But we are going to have a sequence of videos that walks people through all of those conversations I have been having with investors from day one because it is pretty much the same thing. There is some nuances to everyone's unique situation, but the fundamentals of the business model is the same. So, if we can kind of create a sequence of videos that people go through prior to us actually having that first conversation, things are going to be a lot more efficient, I think.

**[0:18:47.4] WS:** What is a way that we haven't talked about that you have recently improved your business that we could apply to ours?

**[0:18:52.7] DK:** Well, bringing a partner on board. Like I said I was dragging my feet on that and kind of a picky person with who I can work with and I didn't think I'd have an actual partner in the business outside of like passive partners up until end of last year. I thought it was just going to be me running the show, hiring employees and then having passive investors come on board.

But I ran into Anthony at an event last September and when we first met it wasn't like right off the bat, we knew we were going to partner up. But we noticed right away that we had a lot of

things in common, our personalities were similar and then after a couple of meetings we realized that his strengths are my weaknesses and vice-versa and it became really obvious that there was some synergistic opportunities here. So, I'd say bringing Anthony on board was really what jumpstarted things for me just because those offsetting strengths and weaknesses is a powerful combination.

**[0:19:44.1] WS:** Yes, I have seen it happen in numerous groups or numerous guys who they partner with – They find that partner like you were talking about that has complimentary skills and I am one of them as well. I met somebody, very similar story to what you just said. And then all of a sudden, we can focus on our strengths, focus on what we like to do and even improve that so much more than we expected that we could because now we don't have to focus on every part of the business, right?

**[0:20:07.5] DK:** Yeah, exactly.

**[0:20:08.2] WS:** What's the one thing that's contributed to your success?

**[0:20:11.0] DK:** I would say my extreme focus. I have a little bit of an addictive personality, which can be bad in some circumstances but also good in others if you point that towards positive things it could be very good. My wife might argue that because I do get really laser focused on things and sometimes those things aren't her and that can cause a little pushback. But I'd say that focus and just getting obsessed with things has really contributed to a lot to what I've done.

Because when I get on something, when I then decide, "Okay, real estate this is something that interests me," I go down that rabbit hole and I just go hard and I consistently every single day put an effort to early on educate myself on in it and then now that we are up and running and have business going here every single day there is consistent effort on those key things that we are shooting for. So just being obsessed and focused, I think is probably it.

**[0:21:03.7] WS:** And how do you like to give back?

**[0:21:05.8] DK:** How do I like to give back? I've been doing more of that lately. The most recent thing we did was help out with the local charity called Best Christmas Ever and that is a local one and it's actually run by a guy that is an investor in one of our deals and I knew him from that charity before he was an investor but we have lived in the same neighborhood for a while and kept hearing about him but yeah, that was a charity where people will nominate families in their area who needs some kind of assistance one way or another around Christmas.

And then, I can't remember how many families we did last year. It was over a 100 but then the charity will raise money. So, we helped out with the fundraising for that for the family and we actually knew the family and they were from my wife's home town. So, we raised money and then went out and bought some presents as well and then wrapped everything and went and delivered them to the family right before Christmas.

And the goal going forward now that we are really optimizing our systems and create a more efficient business and create a little bit more time for ourselves is to keep doing more and more of that in the future.

**[0:22:07.5] WS:** Nice, thank you for sharing that, Dan. I appreciate you giving back in that way and giving back to the listeners and myself as well. Tell them how they can get in touch with you and learn more about you.

**[0:22:16.4] DK:** Yeah, absolutely. If you want to get in touch with either me or Anthony Vicino, my partner, you can find us [invictuscapitalventures.com](http://invictuscapitalventures.com). You can also search for Dan Krueger or Anthony Vicino or Invictus Capital Ventures on YouTube, Facebook or LinkedIn. We are all over the place.

[END OF INTERVIEW]

**[0:22:32.5] 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]

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