

EPISODE 599

[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 Ryan Murdock. Thanks for being on the show Ryan.

[0:00:33.4] TC: Yeah, thanks for having me man. This has been something I've been looking forward to for a while so I appreciate you having me on.

[0:00:38.0] WS: Yeah, my pleasure. A little about Ryan, over 12 years of real estate brokerage and investing experience, currently the VP of acquisitions for Brandon Turner's Open Door Capital, where he is responsible for the acquisition and operation of mobile home communities across the US.

Ryan, thank you again for your time, grateful to have you on the show. Now, you and I met at the best ever conference a year before the last. It's neat to see your progress and that you're still working with Brandon and you all are growing a great business there. I've seen some different things happening. Give us a little more about maybe where you're located which just let the listener know, I won't give it away yet Ryan, but you know, he asked me if I could hear the birds in the background. I'm like yeah, it sounds amazing, what are you talking about?

[0:01:21.9] TC: Yeah, no. I am not sitting – contrary to the sounds, I'm not sitting in the backroom of a pet shop right now, I'm actually on my front porch here and I live in Maui and no matter where I go, whether it's inside, outside, they're just so many birds that I can't help with the bird sounds that fill the audio. My apologies.

[0:01:38.0] WS: We don't feel too sorry for you.

[0:01:39.7] TC: Yeah, I know, actually, I have a couple of bird feeders and I even took those down in anticipation of the show to try to keep the noise at bay but they're everywhere so bear with me. It's a beautiful place to be here in Maui but between birds and leaf blowers, it can make phone calls and podcasts a little challenging.

[0:01:54.7] WS: Tell us a little more about what you do exactly, Ryan, at Open Door Capital. You know, maybe an update on what you all are up to right now and let's jump in to your super power in the business.

[0:02:02.4] TC: Yeah, sure thing. I'm the VP of Acquisitions and really, what that means is – it's been a whirlwind couple of years here, working for Brandon, and getting Open Door Capital off the ground. Started out when it was just pretty much him and I doing everything, and when I say everything, it was much Brandon manning his Instagram account and me doing all the rest of the stuff.

What had happened is as we continued to grow the business, there were things that I just – there's not enough hours in the day to do everything. We started recruiting some talent, we're up now to, I think we've got 6 full time team members at Open Door Capital, and each one of those people were selected because of their extreme expertise in whatever their field is. We got our investor relations person, we've got our head underwriter. All of those guys do all of their jobs way better than I ever did them. Now, my primary role is just making sure that they have the tools and the things and the resources that they need to get their job done as efficiently and effectively as possible.

I'm kind of – I consider myself a utility player, where I can do a little bit of everything and as those guys get jammed up, I'll often times just try to take a little bit off their plate, to relieve some bottle necks but that's not – it's not a good long term solution. That's always temporary while we work through trying to figure out okay, what do you need for additional resources so you're not bottle necked? Once that's under control, I'll move on to the next problem.

I'm really utility player all throughout the company.

[0:03:21.9] WS: It's a great skill to have and it's a great place to be in a business when you're looking to hire people and you start to bring in those people who are experts in specific fields, right? As supposed to you doing everything, I've seen it in my own business, it's incredible to watch that happen. You know, are there some things that you could help the listeners, say, you know, who is thinking about hiring, when they're ready to hire that person, you know? Maybe we're not talking so much about maybe budget which is important you do have to have budget to hire somebody, but when were you already to say to hire that first person, what was that role that they did?

[0:03:54.8] TC: Yeah, we're kind of in a unique situation, and I'm grateful for this everyday. Working with Brandon and just his platform and his reach and his ability to attract incredible talent with relative ease. You know, he just posts something on Instagram that we're looking for help and next thing we know we have 300 applicants looking to join the team. I've been able to recruit and work with people that I probably never would have had a chance to work with 10 or 20 years of doing this on my own.

But every team member that we have hired full-time has been the result of some other sort of relationship, either we had them – we knew them through other investing channels or like for example, Walker Meadows, head of underwriting and director of finance. He came to us just kind of as an intern almost, where we had a few small projects that we gave him and we're able to really get to know him well, and know his ability before we actually put him on payroll. That's a luxury that I've never had in any other line of work.

Usually you go through the typical hiring process and you did your interviews and you do your due diligence on people and – I don't know about you but if you've ever hired people, it's always a crap shoot. I don't care how much time and effort you put into trying to vet them. I've had people that I thought were going to be absolute rock stars, hired them and they turn out to fall flat, and other people that I was kind of on the fence about didn't have high hopes for and they were rock stars, right?

Having the luxury of being able to work with people on a smaller scale or at a different scale before actually hiring them has been a huge help. We were able to like – it's essentially just test driving your employees before you actually commit, right? It's like dating before marriage. You get to do some small things and smaller projects, see how you like it. If you don't like it then you go your separate ways, but in the case of every team member, we grew to like them, we grew to respect them and their talents. We were able to bring them on with absolute confidence that they were the right fit for the job.

[0:05:41.6] WS: That's a great point that you make there, because I know, it's always a process that – I enjoy adding people to the team but I do not enjoy the hiring process. You know, interview after interview after interview and trying to field through whose best qualified. It's a great thought. Okay, let's do an internship and just see how it works out. Is that known upfront, is that person coming into the internship, hoping that they receive a full-time position or is it approached like no, you're going to do an internship and that's kind of it. Maybe you all in the back of your minds know that you're going to try to hire them if it works out?

[0:06:14.0] TC: Yeah, we've done it a couple of different ways. I think the initial round where we found Walker, we brought him in as "interns," and probably not the right term, it's just the one that we use. There was no actual salary or payment but an example of underwriting, we agreed to give them a small percentage of equity for any deal that they underwrote that we actually closed on. At that point it was a win/win, it kept them motivated, to underwrite and to do a good job with it, but it kept our risk fairly minimal, knowing that the only way we need to pay them is if we actually close on something.

At that point, we're happy to pay them because it means we closed on a great deal. It really was a win/win and if nothing else, even if we didn't close on a part, they were happy to work with us and learn some skills on investing and just real estate knowledge in general, from working side by side with us.

Even if it didn't amount to anything in a monetary sense, they were able to get some knowledge. I'll go again back to Walker, he was working the nine to five corporate job, didn't like it, making pretty good money, wanted to invest in real estate, just didn't have the knowledge. By working

side by side with us for a period of months, he gained a lot of that knowledge. As a side benefit, he ended up being able to quit his corporate job and come to work with us.

[0:07:20.0] WS: Love that, it's incredible, what an opportunity to get to work with a group like you all in the team that you're building there. How did you all – I guess, tell me some of the roles that, how you all broken up this team? You know, you got Walker and you maybe just elaborate, kind of go through different aspects of the business? Maybe you and Brandon were doing it all in the beginning but then you said okay, we're going to hire this person to do this and then okay, now, we need to do this.

[0:07:42.5] TC: Yup, yeah, Walker, he's our human calculator. We keep them chained in the basement crunching through spreadsheets and he's happy to be there, so he loves that. I'm glad there's guys like Walker around because I'm not one of them, so he is awesome. We've got Mike Williams who heads up our investor relations and he's just super personable, loves to talk on the phone. Again, pretty much the opposite of me, so I'm glad he's there. He fields all the investor questions and he gets really into the weeds of all the offering memorandums and all the securities attorney stuff. He's the go to guy for those types of questions.

We've got Brian Murray who I don't know if you know Brian?

[0:08:13.8] WS: I do, we're in a mastermind together.

[0:08:15.9] TC: Yeah okay, you know Brian, fantastic guy. He's got a ton of experience. He's probably the most experienced in terms of syndication and funds. He brings a ton of value to us but like that was his key attraction to us, is he's got the most hands on experience with syndication. All of the technical type stuff, he's been able to help us work through a lot of the – through the financing, how should we structure this, structure that compared to other deals that you've seen. He has that real like hands on experience in syndication so he's been a huge asset.

We have Tristan Thomas who was our in-fill manager and he is one of the guys, he's one of my buddies from back when I lived in Maine. He has pretty much created a career for himself on finding single mobile homes, renovating them and then either selling them off for cash, or on

lease option. He was able to quit his day job years ago just by doing that so, when we decided we were going to buy mobile home parks, especially ones that needed heavy infill, he was just a no brainer because we'd already seen him do that for years in a smaller capacity. We had now unleashed him on our portfolio parks that need infill so he's just been setting the world on fire, getting our parks built.

And then lastly of course, Brandon whose real role is, again, because of his popularity of his platform, his key role is raising money and promotion and all the social media stuff. It's a fantastic team. I mean, everybody compliments one another just as good as you can ask for.

[0:09:35.7] WS: I love the idea too of giving some equity, small piece of equity, to somebody to really to motivate them initially but almost like going through that internship process as well at the same time. Give somebody – I love giving somebody the ability to kind of shine through the rest of all the other people I'm looking through to hire.

[0:09:54.1] TC: Yeah, because it happens, yeah. You start with 200 people and you'll get down in a short period of time to two or three that rise above the rest, that go a little further, do a little more than we ask for. We're looking to reward those people. Now, with that said, we've done internships that were promoted with zero compensation, no pay, no equity, and we have still been overrun with applicants. People that, again, they just want to learn from us, just want to work side by side. Our goal, typically in the back of our minds, is even if it's not promoted for any sort of compensation.

If you attract the right person, you don't want them to go away, we know that at some point we'll have to and be happy to compensate them. It's a great way again just to kind of test drive talent is a little more on smaller projects for lesser no compensation.

[0:10:37.4] WS: When we were thinking about finding somebody like that and we're building a team – and you and I talked about this a little bit before we started recording – but like focusing people's efforts and thinking through that as far as your team goes, what does that look like?

[0:10:49.8] TC: You know, a lot of times, it comes down to like, especially with a smaller company and smaller people, you have a lot of people kind of wearing a lot of different hats.

This was, especially when it went from just Brandon and myself and we hired one or two more people, like every time you add a new hire to a company that is already small, it changes the entire dynamic of the company by quite a bit. It is different than if you have a thousand employees and you just hire another one then, okay, everybody – it is very little impact. But if you have only two people and you hire two more people, well then you need to take a step back and re-evaluate what everybody is doing, and reassign different roles.

Yes, they were hired for their specific expertise but there is a bunch of other stuff that people tend to do during their day to day. What I'll see from a higher level is just looking back and saying, "Okay Walker's stuck underwriting, but he is also doing two or three tasks that really are not a good use of his time. Can we either shift those to another team member or is now the time to either start looking for another full time employee? Or maybe that is a task that a VA can do, or maybe we need a couple of interns?"

So it is really just rearranging and shifting roles and priorities to keep people focused and efficient.

[0:11:57.9] WS: How do you assess that? Or do you ask the employees about – say, you are on a quarterly basis, do you have some way of following up to say how's this going or how do you know that?

[0:12:07.3] RM: Yeah, I stay pretty well in tune with everybody. We have all sorts of meetings and that is the other side of it. You try not to take up your entire week with meetings because then you don't get any work done but we talk as a – we have a companywide calls twice a week, for an hour so, just to touch base. Then I will do one on one calls with all of the team members. Then there is a bunch of different conversations about whatever the general business is during the week.

So I try to stay pretty well in tune, but the real tipping point is when like somebody just doesn't have enough bandwidth to do what you need them to do. They just can't get through it, like you need this done tomorrow and man, it's stacked up behind six other things that are way more important and they are not going to be able to get to it and stuff starts to slip. You see a slip

coming and then it is time to be like, okay, let's dive into everything you have on your plate right now.

Go through, reprioritize, what's necessary? What is not necessary? What can we shift off to somebody else, and what can we discard entirely?

[0:12:58.8] WS: That is a bottleneck you are talking about right?

[0:13:00.7] RM: Yeah it is exactly a bottleneck. We try to see those coming and hand them off, and sometimes you see them coming and you – still like, you just see the train coming. You know it is going to crash into something and you just brace for impact but we are scrambling all the time to just keep people as efficient as possible and try to keep those bottlenecks to a minimum.

[0:13:20.0] WS: So you know giving them the tools that they need is very important, and I know that is something you focus on as well. What are some of those tools that have come up as far as some of those specific tasks that have been like, man, this has been a game changer for us. When I got this to this person it just helped them so much to fulfill their role.

[0:13:36.0] RM: Yeah, I mean it is both – mostly it is just a human resource issue. So just getting more help, whether it's a VA or an intern, to take some of the lower level tasks. Like for example, underwriting a deal. To do the hardcore, in-depth underwriting takes a certain skillset, but to say run around and do some market research on an area or an address, you can spell that out. We have been able to spell that out pretty clearly, and here is 10 or 20 questions that we want answered. So go on Google, do what you got to do to come back with these answers.

That is a pretty low level VA task that somebody with a higher capacity for more detail-oriented sophisticated underwriting doesn't need to be spending their time on. Some of it is just setting your priorities within the business. This was something that we faced early on, was just redefining what our criteria for our properties that we wanted to buy.

Early on, with the mobile home park space, we are looking at stuff that was – I think our minimum criteria was 50 lots, and we are looking at private utilities, and the net was just way too

wide. So we were looking at way too many deals. We couldn't underwrite all of them. We were just getting so bogged down. What we realized is that we were just spending too much time analyzing deals that we didn't really want. So we adjusted those criteria.

So we went from minimum of a 50 lots to okay, now we're only going to look at things minimum 100 lots. We are going to rule out anything on private utilities, so we're just focused on public utilities, which is really what we wanted anyway. So just by getting rid of a lot of the fluff and dialing in the criteria, the things that we're – stuff that we really wanted, that alone cleared out a ton of time. We were able to step back and take a breath and then we are able to spend more time and better time on the things that really mattered.

So there is a bunch of those little things where you just like either it's an actual human resource, or software related resource, or just a shift or a tweak in your business focus. Or all of those things combined.

[0:15:27.5] WS: Nice, how do you all communicate as far as the team? I know you and Brandon are in Hawaii and I am sure the other team members are across the country.

[0:15:34.5] RM: Yeah, so Zoom like everybody else these days, I think especially in pandemic world. We have a lot of Zoom calls and then we manage most of our deal flow in Asana. So I don't know if you are familiar with Asana? It is just a –any type of CRM you're able to just track everything, tag other team members, and assign things. So it is a pretty good database for us at least on a broad scale to keep track of who's doing what and be able to keep timelines and due dates on things.

[0:15:59.8] WS: Okay. Ryan, in this syndication business or process or career for you, what's been the hardest part?

[0:16:06.8] RM: The hardest part has probably been – it is the hardest part, but it is also what I enjoy is just getting something thrown on your lap and you have no idea how to deal with it. So that's always been like I think one of my strengths, not only in real estate but prior to real estate I was in electronics manufacturing for 10 years. I would often get sent to just random countries. I

wake up just in the morning in one country and I didn't know what country I was going to fall asleep in.

Just running around putting out fires. So you get dropped in the middle of some problem and you're like, "There's no way I can fix this." You think about it for a minute and take a breath, and okay, just one step at a time we'll get through this. So that is the same sort of thing now, is – I mean, three or four years ago I never even don't know what a syndication was. So it's been like a fast track of learning and just taking something and be like, "Oh man that seems like a super scary thing. I don't even know how to address that."

Then one step at a time, one breath at a time, surrounding myself with people who have been there, done that, that I can lean on for expertise, that's been a challenge. But with those big challenges also comes the biggest rewards, right? So they definitely go hand in hand.

[0:17:06.0] WS: That is a mindset shift isn't it? To be able to see not really even see things as a problem but just see okay, then we can figure this out as oppose to being scared right off the bat.

[0:17:15.1] RM: Yeah and then once you do it once, the second time you're like, "Oh yeah, I got this. No problem, we've been through it before," so yeah.

[0:17:20.2] WS: So what is a way you have all recently improved your business that we could apply to ours?

[0:17:23.8] RM: I know I already talked on it, but just redefining your focus, making sure that your focus is correct. I think people tend to – at least I do is – to set your criteria for what you want and then just leave it on autopilot, and not go back and revisit it and make sure that it is still the best criteria. We got to be willing to shift your focus a little bit and I don't mean – I don't advocate for shiny object syndrome at all. You shouldn't be running all over the place.

Pick a path and go with it, but within that path, don't be afraid to say, "Oh you know what? I was wrong in thinking that. I need to adjust this a little bit," and constantly make tweaks. I think too many people just get like, "I'm going to do this. I am hell bent on it. I am not going to change

anything” and just go. Put your head down and – yeah, I mean you can get somewhere but without popping your head out and looking around and being like, “Okay” a little reality check. “Am I still doing exactly what I should be doing?” And making changes and it’s just going to take you a lot longer.

[0:18:11.8] WS: So what is the number one thing that’s contributed to your success?

[0:18:15.0] RM: Staying engaged with other people. So networking, getting out there, and it’s as simple as going to meet ups, being engaged on forums, attending webinars, attending conferences. I mean I am definitely not a super smart guy. I am a pretty hard worker, but if I had just stayed home and never gone out and engaged in the real estate community, I wouldn’t be sitting in Maui here today. I mean no questions, so I don’t feel like I have done anything magical.

I just put myself out there, introduced myself to as many people as I can, put myself in places where I knew that there were people who were doing what I wanted to do, in terms of bigger real estate investing deals and it just got me to where I am today.

[0:18:52.8] WS: Where you can hear all the birds all the time.

[0:18:55.0] RM: Where I can hear birds, yeah. The birds are the sound of my success.

[0:19:02.8] WS: Ryan, how do you like to give back?

[0:19:06.1] RM: I like to give back by helping new investors. I have to be careful when I say that now, especially on the Bigger Pockets platform, like I have people reaching out to me all the time, wanting help or wanting me to analyze deals. As much as I would love to help all of them, I just can’t do it. There is not enough hours in a day, but when I am able to, there’s nothing more rewarding for me than seeing a newer investor, a less experienced investor, facing a similar problem to what I once had, that might just have seemed like the end of the world at the time and being like, “No, no, no here is how you deal with this. It is not going to be pretty but here is a couple of ways out,” and being able to help them through that challenge.

Whether it is taking down a deal, or whether they have gotten in over their head on a deal, or whatever it is, just being able to give back and sort of mentor people. I've got to be very careful in how I say that or else I will have 400 text messages tomorrow, but when I am able to I love to be able to give back to newer investors.

[0:19:57.1] WS: Ryan, I am grateful for your time. Great show, I appreciate you just elaborating on how you all built a team and how you are managing that team, giving them the tools that they need. Even the thought of doing the internship as oppose to hiring right away and providing some small piece of equity. Some great tips, especially when you have done a deal or two that shouldn't be a problem to bring somebody on like that and I just think the reward is massive.

You know once you get that right person in that right seat and so – grateful for you sharing that. Tell the people, the listeners how they can get in touch with you if they can and how they can learn more about you.

[0:20:29.7] RM: Yeah, I am pretty active on Bigger Pockets so you can find me there on the forum. My Instagram is @ryan.murdock21 or you can send me an email at ryan@odcfund.com.

[0:20:41.4] WS: Awesome Ryan, great show. I am grateful for your time very much.

[END OF INTERVIEW]

[0:20:45.8] 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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