

EPISODE 1216

[INTRODUCTION]

0:00:00.0 Mike DeHaan Building the marketing system it allows us to talk directly to the sellers to have the opportunity to purchase real estate without having all the people in the middle who want to be paid, right? So, we pay for the opportunity by paying for marketing, which for us is primarily direct mail.

[INTERVIEW]

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Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Mike DeHaan.

I mean we're at GoBundance and it was just an honor to meet Mike and hear about his success just over the last year or two. This should also be another show that just helps you to jump out of your seat a little bit and motivates you 'cause I enjoyed meeting Mike and hearing, man, what he's done. But in March of 2020, remember this wasn't that long ago, COVID happened, right? And Mike lost his development job and was forced to go into the real estate business, to start a real estate business full-time. Since then he's done 52 deals, including a variety of wholesale flips and buying rentals. In 2021, he and his partners did \$950,000 in revenue and have accumulated a portfolio of 34 residential units. This year, they started the Collecting Keys Real Estate Investing podcast to start teaching people really how to start building their own collection of real estate assets nuances of running a full-time investing business.

You know Mike, we're gonna talk about how, you know, college wasn't for him, but also how he quit with no plan and he was married at the time. We jump into that a little bit, right? I mean usually, if you're married and maybe you're in college, you're in school, or maybe you have another job, you have a job and you just quit that job with no plan, sometimes that's gonna cause a little friction, right? On the home front, one way or the other. However, we go into that today, and I think that that is crucial to think through those things and how he did this, and

maybe you're contemplating the same thing, maybe that job is not for you, but maybe it's time to quit, maybe it's not, everybody's situation is very different. But you're gonna hear how he did it at least. And then you're gonna hear it about building marketing systems, and this is something he has become very good at, is building marketing systems, in finding off-market deals. And there's gonna be a couple of specific tools that he uses that I've not heard of before, even two or 1,300 interviews now, I've not heard of some of these tools that they have... that they're using and having a lot of success with. I know you're gonna learn a lot from the show today and from this discussion with Mike.

We are back at GoBundance. Again, I love doing interviews in person, and I don't get to do this too often in 1,200 interviews. There are very few I've got to do in person, so I love the energy of just a room full of amazing entrepreneurs, and again with me today is another amazing entrepreneur, it's just incredible. The room at GoBundance and all these guys who are, man, pushing things to the limits, the hardest they can go. But the cool part too is that they care about the individual person, they care about your family, they take... they're trying to take those things into account, so I love that about GoBundance, you know. And we have an amazing guest with us today.

Mike, welcome to the show. I want to know a little more about you, and you can share that better than I can, of course, but I wanna hear about your business. Maybe you can tell us what are you doing before real estate? Why did you get into real estate? What caused you to want to add this hustle, you know, to your life? Or maybe you were born that way, I don't know, but you could share a little bit about that, then I wanna get into some of your superpowers that I know can help our listeners.

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Mike DeHaan: Yeah, absolutely. Thanks for having me, Whitney. I appreciate it.

I have a real estate, like a direct seller, off-market real estate wholesaling business. I guess to say wholesaling that's a big part of our revenue, but we also flip properties, we also buy a lot of rentals, and that varies from residential through commercial properties. I've been around this business for about two years. Before that I kinda went the traditional route, you know, went to high school, I went to college at Gonzaga University in Spokane, Washington, got an Electrical

Engineering degree, parents very proud, right to, you know, kind of a gold job for a lot of people. Got a job immediately after college, did that for five years, worked at a handful of different companies. After seeing what that job looked like and what the opportunities were going down the line, I decided it wasn't for me, so in 2018, early 2018, I quit. No real plan. And basically just said, "I don't know. I need to figure out my life," you know, it was a big decision 'cause I was, you know, I was 27 at the time and I was making six figures, you know, wife is making good money, we were living in a low-cost living area, we were (inaudible) purposes, we'd made it, right? Walked from that and decided to figure it out, mill around with some things for a couple of years.

At one point, I was going back to school to be a physical therapist, so I've always been big into sports and coaching people in weightlifting, Olympic weightlifting was what I coach people. Worked in that for a little bit 'cause I didn't like that, worked as a web developer, how to code, worked for some startups, didn't really, you know, like that whole opportunity super well, so then I kind of fell into real estate as I sort of started to learn about business and growing wealth and the opportunity that could come from that, that I could start to build sort of as a one-man operator. That was what appealed to me at the start 'cause all the other businesses I realized I need to have a team, I needed to be around people who have a lot of experience, a lot of capital, and starting in real estate, I realized I had some capital basis from my corporate 401k. I liquidated that and I was like, "I'm just gonna buy some rental properties." Bought those, shoot off the market in hindsight, they were terrible first investments. So I didn't what I was doing.

So they were like turnkey properties, I was like, "Oh, you know, my payment on each of these will be \$1,200 a month. I can rent opposition hundred, I'm just making \$400 a property, right?" That's obviously not how it works. Start either way though, like I was still making a little bit, I got the mailbox money coming that kinda gave me the bug, so I started on that route, and then I started going to meet-ups, listening to podcasts, getting more into real estate investing in general. Later that year, late 2018, I partnered with somebody and bought a duplex, did my first BRRRR method property, you know, where you buy, rehab, rent it out, refinance it and re-do that, paid them off. 2019 I started flipping properties, mostly partnering with other people who had money, and I would bring the hustle flipped four properties that year, bought another rental property, it was a triplex.

And then as I was sort of going down that path, I realized I was making gains financially in my business but not in the short trajectory that I wanted, so I decided how can I go bigger, how can I do this thing with scale. So I decided I need to start marketing for my own deals and that so as well led me to what I'm doing now, where we are a direct-to-seller investment business.

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WS: Okay, no, there were a few questions there. I wanna get to your superpower, which is the marketing system, right? I guess we all wonder how to do that the best it, right? Most of us are horrible at it, however, you've mastered that, and so I wanna get to that, but I wanna also hone in a little bit on, you know, you obviously went to college, you had this j-o-b, you called it a gold something.

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MD: The golden handcuffs, yeah.

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WS: Yeah, yeah, golden handcuffs, that's right and so... but you decided it wasn't for you, and you just quit. No plan, you said. Okay so, but you also mentioned there, wife, right? You're married. Speak to that a little bit, like you quit, no plan. I mean, you know, what was the family saying? Your wife saying? How did you all communicate about this decision to quit? It's a big life change, right? All the college and this great j-o-b, and now all of a sudden, "Eh, that's not for me."

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MD: Yeah, so I'm extremely fortunate that my wife is a low-key individual. She's very low stress and which is good, 'cause I'm very type A, she's very type B, and you know, she's even said to me, she's like, "Hey, you know, if we gotta live in a cardboard box, as long as I got my dog I'll be happy," you know. So that conversation was very easy. You know, in terms of a home-life standpoint we base 'cause our income was dropped by 70%, you know, the second I left that job, so we basically stop eating out, we stop spending money on luxury things, our fun was doing free activities, going hiking, stuff like that, which was fine, we live in a beautiful place, we have a lot of the opportunities.

But the harder conversations are with my parents. I mean I remember when I called my parents and with the intention of telling them that I was leaving my career, especially 'cause, you know, they helped me from my school day, they're very proud of me being an engineer. My mom comes from an academic background so she had value, and herself as a mom saying like, "Yeah, I raised this son to go on to be an engineer," and especially when I told them that I didn't really know what I was gonna do and I was just leaving. I mean, no parents are gonna be like, "Yeah, that sounds a great idea," you know.

My dad actually was a lot more understanding I guess 'cause he had a similar sort of story in his life, but my mom comes from an academic background, which is "What are you thinking?" For a while, there was this animosity, but they are trying to be supportive because they love me and I appreciate that, but you know, there were a lot of questions that were coming up as I was making that decision.

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WS: What was the timeline from, say, you know, leaving that j-o-b and, you sound you tried lots of things in between there, right? To find the real estate path and, you know, getting that head-on.

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MD: So real estate was pretty mixed into a lot of the start-up stuff that I was doing. So I did the physical therapy thing for about six weeks. I worked at a clinic and I was like, "I can't do this," so I quit that, and as I was learning to code, I was basically moonlighting as a coach at a local gym. So I would do that, you know, making my \$25 a class, you know, making almost nothing at the end of the day with the time spent and teach myself to code. Did that for about three months. It was after I got my job in my first startup that, you know, they were paying me almost nothing, I think I was making like \$1,000 a month because it was early stage, right?

And I was like, "Man, I need some money from somewhere." So that's how I started to look into passive income and things like that, and I decided to pull the trigger and liquidate my retirement accounts and pay all those penalties to buy those first properties. So even when I did that, I still worked for the startups and I was still doing the development stuff even though my... the first job I worked for went belly up, I started doing like some freelance work. I did that

all through up until Covid started in early 2020, and even after I started the business that I run now, I was still working as a freelance developer for a few months. And then when COVID happened, my main client was a family entertainment business and that obviously did very poorly when everything got shut down, so they let me go. And at that point, I was like, "Alright, well, I guess I'm going to fall into real estate now," and that was sort of what forced me to fully commit.

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WS: No, that's incredible 'cause I hear many stories, it's like, "Well, I got laid off," that was the pushing point, right? "You know, I was pushed off the ledge, go full time into real estate or whatever it may be, that now I'm finding success in," so grateful for the story 'cause I just think there's many that can relate to that. You bought some rentals, you made a bunch of mistakes, however, you've been honing the skill of marketing systems and building those systems.

And tell us a little bit though about why is that important? You know, it's kind of started at the beginning a little bit, building a marketing system, what does that mean, you know, when you say that? And why is that important?

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MD: Exactly. So building the marketing system, allows us to talk directly to the sellers, have the option to purchase real estate without having all the people in the middle who wanna be paid, right? So, you know, we pay for the opportunity by paying for marketing, which for us is primarily direct mail.

So one of the advantages that we have in this market that's so competitive is we have the opportunity that everybody else seeks, so we always have so many exits for the different leads that come into our system. So I know a lot of people that are, you know, just have large syndications or things like that, I meet some at GoBundance that have these very impressive portfolio syndications but they still get all the deals from brokers, and that's awesome, right? That's obviously working.

By not having brokers and by going directly to the sellers, we're having similar opportunities but for properties that are 60 cents on the dollar, 70 cents on the dollar, especially the way that

our marketing works, where we pull data from public records that would show some sort of distress and we market to them, and you know, by the time that they call us on our mail, it's not like a cold call, right, where you're trying to entice them to have a conversation with you. If they call you from a pit something that ended up in their mailbox, they're raising their hands saying, "I wanna have a conversation," right? And so that's a very, very different style of leadership, then you know what I know that a lot of people do with like the cold calling, the SMS marketing, stuff like that.

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WS: Great. I appreciate that you know, just highlighting that a little bit, 'cause we all wanna be able to do that, right? Yes, we've done many large projects, they do almost all of them have come from brokers, you know, just those relationships for us have been crucial. However, we wouldn't pass up a deal that came directly from the seller, of course, right? And actually, we do have a couple now that but it's from those relationships, right? We've done deals with them and then they're like, "Hey, you know, would you all like to see this one as well?" and things like that happen.

However, I can't say that we're doing really direct-to-seller marketing, you know, like this. So talk a little bit about the data that you're pulling and what data is important, you know, if the seller is gonna start and he's saying, "You know what? Maybe I can find somebody like this in my market, you know, even if it's 80 cents on the dollar," you know, or like it may still be a real deal, right? What're some of the data that they should be looking at to hone down that search to find those people?

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MD: So a lot of our staff, both residential, and I'll say to you, this works for residential property but it also works for industrial and commercial property as well. So like we've added an eight-unit apartment complex to our portfolio. As it sits, the property's worth, I think \$800,000, we bought it for 475, once you get it up to market rents, should be worth 1.2.

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WS: Congratulations.

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MD: Yeah, thank you. And that came from a mail piece, right? We've also bought development opportunities from land and acreage and things like that, all from the mail. Those lists that we look for is basically anything that's publicly recorded that might indicate that there's some sort of stressor in that individual's life or that business's life, that if it's done by an LLC, that would potentially indicate that they might need to sell the property. You know, we look at people that have filed bankruptcies, they're going to court for divorce, they've owned it for extremely long periods of time, 40, 50 years, like that, is a stressor for somebody, if somebody's gets into their 70s and 80s, right? They're gonna have this property that might have issues that they wanna sell, you know, people going to jail, people that have had like different kinds of transfers, especially if you see inter-family transfers.

We see a lot of stuff like that, so if they have recorded quick claim deeds, I don't know if they call it quick claim deed all across, they call it in Washington, especially if there's several of them in a row. That probably means that it's an inheritance, it's being passed between children, and they don't quite know who wants the property. You know, all of those sorts of things that we don't necessarily have a guarantee, that they're distressed to sell a property, but it's all a numbers game, right? It's all just about reaching out and, you know, if you get one to two percent of the people that come back and say, raise their hand, they call you on a piece of mail and they say, "Yes, I wanna have a conversation," you can bet you're gonna get some pretty sweet opportunities in there.

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WS: How do we find that information? Is there, I mean, I know most counties like have a local website where you can find some of that stuff, but is there... is there a different way that you all find the information? How will you find that? Or you scrape it somehow? Or what does that look like?

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MD: So yeah, there are a few different ways, so public list providers like list source, or we use a program called PropStream, which is, you know, a subscription-based website that you can go and you can build a list of any sort of criteria that you want. It doesn't work in every state. If you're in a non-disclosure state, then you're not gonna have quite as much data. Fortunately,

where we are at in Washington state, it's very easy to access a lot of data. If you don't have that, what you have to do is go directly through the county that you're operating in, we'll have that data available somehow, whether you need to reach out to them to access it or ours, it has it available publicly posted, but there's no way to download it because they wanna make it difficult to be able to market to people, right? So we actually have a team of virtual assistants that goes through and manually scrape it, they go through the court records, they see, so and so is going to court for divorce, they skip trace that individual, they see if the owner need property, "Oh yes, they do. What's their mailing address?" Cool. Add them to the mail list, and we do that basically constantly turning through the court records on a regular basis.

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WS: Those county websites are not all created equal. That's for sure.

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MD: I know, I know. It's very true.

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WS: Some of them are very difficult to navigate. And I do sometimes they do that on purpose, but anyway that. I appreciate you just elaborating a little bit there 'cause I think it's, we all want that, right? But it's spending the time to go after those and then take the time to send all those pieces and whatnot. So, and I thought what you said there too, you're using virtual assistants, right? You're training this team to go scrape search, you know, these lists, you're training them, and then they're spitting this out, these lists out to you, right? So you do that, what type of, what size of the list should somebody start with, and then when they're thinking about doing something like this, or is there a way to quantify that? So I may not be at your level doing this yet, but you know, if they're thinking, "Well, what should I start with? Should it be a thousand people that I'll mail to? Or a hundred people?" Or I know it's gonna be probably deal-specific, market-specific, all those things, but just give them some kind of ballpark of something to shoot towards.

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MD: Yeah, so I think it depends on, obviously, the kind of project that you're going for, 'cause if it's, you're going for larger assets, for example, it's gonna be more of a limited group, but if

you're just going for, let's say residential distressed properties, I typically tell people, and people that I work with, we do a little bit coaching. Tell me it needs to start with about 5,000 per month, which seems like a lot, but when you're getting a response rate of 1 - 1.5%, that's a 50 to 75 chance step back, right? And then the people that that call in, there will be some, you know, that are wanting retail price, there will be some don't sell, for some reason now they're like, they don't actually have full raise to the property, people that are just gonna, you know to waste your time, things like that.

So 5,000 is kind of the match number that we found to be able to start getting traction but more important than the actual size of the list, honestly is if you're gonna spend that money making sure that you're committed to the follow-up process and talking with these people and having genuine conversations. And that was something that my business partner and I struggled with when we first started. We're both engineers, so we were very focused on the hard product of the house, you know, the property that we were walking and we would go and we would be like, "Oh, so you know, walls, roof, kitchen to be read on, whatever we can do all that. This is the price we can do for this property," and our conversion rate was terrible, right?

And as we started to work with these people, we started to realize they're reaching out to us, obviously, because they have distress, the house doesn't really matter. Are we providing them a service? Are we able to help them with whatever their situation is? And sure you get some of these sellers, especially with institutional sellers, that they just want a number, but at the same time, they chose to call you off of this letter as opposed to listening with a broker for a reason. So you need to spend the time to build that trust and talk with them, and you know, sometimes that whole price can take three to four months. So making sure that you're willing and committed to going through that process and looking beyond to the property is gonna be the key to not just throwing a bunch of marketing dollars down the train.

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MD: Well, I wanted to ask you, how often are you mailing these people? I mean, the big percent of them are not contacting you, right? Do you keep marketing to those people? How often? How long? Those things.

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MD: So once someone's on our list, they are gonna be mailed every single month until they call us and tell us to leave alone. We have gotten deals that we have mailed people 16, 17 times before they finally call us. And the crazy thing is, is half the time with those people, we go to their house, they've kept all of our mailers and they're like, "You've sent us enough, you're obviously interested. We should have a conversation," and that's been our competitive advantage too, is we don't filter through our list, and so you know, we're not in a majorly, like a giant market, so it's easy for us to sort of do the whole area.

But I have friends that operate in similar businesses and large markets like Dallas, places like that, but what they do is a key into zip code, they like and you just basically farm that, and then as you're looking to scale, you had another zip code, right, and you farm that. And once you have the process automated enough, you know, calling the data is always the same, setting up the marketing is always the same. It's very easy to systematize that, outsource that, so becomes kind of an automated process similar to, you know, doing like a renovation. You know, you know that you're going to have to do a kitchen, you know where we gonna get cabinets from, you know you can do a lot of sort of stuff. You can build out a work schedule, you can build out a budget. Marketing is actually the same, it's just not quite as tangible so some people struggle with it a little bit more.

But yeah, I mean, our lists get bigger every month as more pour add it, but no one gets removed until unless they call us to explicitly say, "Leave me alone."

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WS: That's a lot of expense as well.

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MD: It is. Yeah, we spend about \$20,000 a month just on mail right now.

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WS: That's helpful I think for the listeners to hear as well. That may not be required in the very beginning.

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MD: Yeah, it's absolutely not. So, I mean we started our business with \$5,000 a month with our business and the amount of margin that we have on our deals. So when we first started our business, it took us four months to get our first contract. We were \$5,000 a month every single time, so we were \$20,000 in the whole before we got our first contract, but then in that fourth month, because the fall at 60-90 days, we got four deals in that fourth month, right? And all of a sudden we're in the green. You know, I think in that fourth month we made... so we assigned all those properties we hold, so I think we grow \$50,000 worth \$30,000 in profit at that point. And that's kinda how the business works, is you can figure out your cost per deal, and you know that if you spend, you know, far than just \$3,200 for every \$300 on marketing we spend, I know I'm gonna get a deal back.

So now, if I spend \$20,000 in marketing, there should be six-ish deals in there. We should come out of the positive because our average deal size is about \$23,000, and that's just on the ones that we assign. The ones that we flip, the rental properties that we buy, those who even larger spreads, right? So it ends up being net very, very positive if you have the follow-up processes and you want to commit to that discomfort. I've seen that money go out and not knowing what's gonna come back.

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WS: Gotta be willing to take a little risk, right?

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MD: Exactly.

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WS: You do, no doubt about it. It may not always be financial, but someday you're gonna have some type of investment, right? And so I wanna ask you also, you mentioned having a follow-up system, is that just more mailers, or do you mean after somebody contacts you? What does that look like?

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MD: Kind of both, right? So you have to dance, you kinda gotta feel the leads out and know if they're going to respond better to direct outreach via phone call, fax, and things like that, or if

they're gonna need to be put on the back burner and then be mailed again in the future, I don't know that you're still interested.

And generally, you can tell that based on how our conversation goes, like basic social skills, you can read the room, right, with the seller and generally you'll know if you call them again next week, are they gonna be pissed off at you? Are they gonna be open, you know, have any conversation? We have a follow-up process for when leads first come in, you know, our staff know to pursue it a certain number of times each week, they have their structure for how to click to book an appointment, how to make the offer, how to follow up on our offers to, you know, try and get assigned things like that, and then also too, we have a follow-up sequence just depending on how friendly they were, whether that's, you know, weekly, monthly, via text or via call and voicemail, whatever, or putting them back in the mail pipeline.

Generally, it's better to air on the side of like a seller more aggressive than you think, like if you think man that would drive me pit crazy if somebody called me like that, that's honestly probably what you gotta do. You know, sometimes that burns a bridge with the sellers, but more often than not, that sets you up for more opportunity because I can't tell you how many times you've had somebody that we've called 17, 18 times over a couple of weeks after the initial conversation, and they never turn our call, and then the 18 time they answer it and they're like, "Hey, how's it going?" It's like we're best friends, they just completely ignore the fact that they've been ignoring us for three weeks.

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WS: Oh, what does the mailer look like?

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MD: Yeah, so we do a handful of different ones. So a lot of people that do direct mail marketing, I think where they waste their time is they're sending these cheaper mailers that are like a yellow notice of like, you're going into foreclosure. I mean I get those all the time in my rental properties and I never even look twice at them, right?

We send more of what looks like a realtor postcard, has our business, it has my business partner and my face, you know, it has information about us and it's like, "Hey, we are local

guys to buy in this market," and even the stuff that we do virtually, we still do the same, you know, we don't say that we're local, but we say that we're a small company looking to buy properties in this market, right?

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WS: So just a more professional presence?

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MD: Exactly.

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WS: I mean you make yourself look like a professional business versus just some kid trying to, I don't know, find a property for nothing, right?

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MD: Exactly. And you know, that leads them to a professional design website, you know, there's tons of information about us on there, you know, we have a local address wherever we market that they can sort of see that we're legit, we have Google reviews, we have all that sort of stuff which builds that credibility which that makes us effective. So we do those for like kind of our general marketing, which they're very large less, and then for people that we can see that have multiple signs of distress, and this goes for a commercial and for residential stuff. We've actually gotten a lot of leads on, like RV parks and industrial land things like that from this kind of letter.

We do these ones that are... they come in an envelope and they're written actually by a robot with a ballpoint pen, so it looks like a human wrote it, it says like you know, "Hey, Mr. Seller. You know, our names are Mike and Dan, my business partner's name. We're interested in buying this property at 123 Main Street," then it has a little clip, has a phone number to call us, has a business website on it and it says "Give us a call." As far as the seller's concerned it looks like we handwrite them a letter, especially for them, right, to you know, give us a call, and those do very, very well, especially with the, I wanna say like the more professional type people who get a lot of general marketing.

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MD: Does the robot make some mistakes on purpose?

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WS: It's actually pretty remarkable, and the company that we work with now, they even let you do cursive, manuscript, or you know, different sort of writing styles, things like that. It's pretty cool.

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WS: Can I ask the company?

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MD: Yeah, so we work with Ballpoint Marketing a lot. The coach that we worked with to start our business use them. Yeah, they've been great for us. And if anybody wants to use them, I do have an (inaudible) if people want that.

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WS: Okay, no, that's good to know, that's good to know. That's just interesting. I mean, I think there's probably a lot of people listening thinking, "Well, I'm not gonna hand writes all those," right?

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MD: Exactly, yeah.

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WS: But you do want it to feel as personalized as possible. It's interesting that they make mistakes. I've received things like that and it... and it looks like it's handwritten, but it's too perfect, right? You can tell that it's been printed that way.

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MD: And that's the difference is didn't have the printing ones, these are actually written by a pen. So just by nature of the situation they're gonna look, you know, like there's the pressure points, right? That you can see the indentation where the pen was and it works out pretty well.

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WS: That's so impressive. I didn't even know that existed, so that's cool. You mentioned that when they call, they're wanting to have that discussion, they're wanting to have that conversation, and so they're a pretty warm lead, right at that point, and is that from that mailer or maybe from them? I mean, it's because of their situation, probably a lot, right? But what do you do to help and nurture that to make it so when they call, "Hey, it's like... it's a very warm lead. We're probably gonna do something with this lead"?

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MD: You know, a lot of it's situational but we do get more deals than you think from people that are, you know, just looking for an easy transaction, especially you know, for landlords that don't wanna disturb tenants, that you know, 1031 exchanges, things like that, we've done a lot of deals with those sort of situations. So what that looks like is when somebody calls in, they go to a live person, we have a call center that we work with, the live person is professional, they ask questions, you know, they give us professional sort of feel directly from the... from the start.

So I know what a lot of new business will do that has me go to voicemail, things like that, that's probably one of the worse things that you can do because half the time if somebody goes to voicemail, especially if they're nervous they're not giving you a call, they're not gonna leave a voicemail and you call back, they're not gonna answer you. Right, so go to a live person. And then the call center that we work with, they either book an appointment for our salespeople on the phone, if the people are a little bit apprehensive then our salesperson will try to call them back within 30 minutes. Basically just to introduce themselves and say, "Hey, I'm the local rep that you're gonna be working with," and I guess more information about your property, what's going on, and it comes in with like the soft touch, right, to sort of feel out the situation and then try to book the appointment himself.

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WS: Impressive. This call center, do you train these people? How does that work?

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MD: So we use a service that it's called Call Porter.

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WS: Call Porter.

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MD: Yep, Call Porter and their call center specifically designed for real estate investors.

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WS: Nice. Why I know that's a question that I wanna just make sure making note 'cause that's something that people wanna know, right?

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MD: And yeah, and you can give them your own scripts, you can tell them what questions you want them to ask. And they're all professional people, and I mean, it's great because they work around the clock, pretty much. Not quite around the clock, but a lot of hours, I wanna say it's like 6 AM to 9 PM, Monday through Saturday, so you know, if your team's not working yet, if they're out running appointments if you have a full-time job and you're not able to answer calls all the time, it's a great option for you to be able to have a live person to answer the phone.

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WS: Is there any way that you incentivize employees, you know, to be making these calls or to close deals or anything like that?

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MD: Yeah, so all my team works on commission, so they're strongly incentivized to close deals, and also to what we do as a business, regardless of whether you were involved in the deal or not, everyone gets a commission for every deal is closed. So that's a big thing that we push is, it's a team business. You know, so if like one of our sales guys isn't involved in the transaction because the other one got there first, it doesn't matter, you're still getting paid, you know. So there's no animosity there, there's no sort of I versus them, and it makes it more like a, you know, like a sports team where you're all just trying to win at the end of the day.

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WS: I love that, that's so cool. Any other tips around the marketing system that maybe we haven't talked about before we move on to a few final questions?

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MD: Yeah, so with the marketing system, the big thing is consistency is more important than perfection. That's one of the most challenging pieces is.

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WS: I am living proof of that. Okay, the listeners know that.

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MD: And I mean, most people are honest, because I tell you what when you flush your first, "when you flush" your first \$5,000 in marketing, it doesn't feel good when you're like, "Man, I didn't make any money from that. Let's not do it again, "but you just kinda have to trust the process that it's gonna come back and you have to measure more like your lead KPIs, right, instead of your lab KPIs. So instead of measuring your contracts, you're like, "Well, how many leads that I actually get? How many appointments am I going on? How many offers am I making? Right?

And that will measure the success of your marketing versus the actual contracts because you can guarantee that the more leads you get, the more appointments you go on, the more appointments being virtual too, we do a lot of our stuff over the phone, the more offers you make, the more options you're gonna have for a contract, but a lot of people look at, especially traditional business people get dollars out, dollars in.

That's realistically not a good metric of whether your marketing's working or not, especially in this business where, you know, with real estate it's kind of different from like if you're selling widgets. If you're selling widgets, you're kinda hunting rabbits, you know you're making 30, 40, 100 bucks or whatever, you know, you know that if you spend this ad, spend X, people will buy. This, your hunting with dragons, you know. You're gonna have to spend time to take this thing down, but you know that if you can do that, right, there's a huge opportunity there and... but it's a much harder beast to kill at the end of the day, right?

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WS: Are you making offers right there on the phone?

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MD: Not typically. We will very, very occasionally, it depends on the situation with the seller and what we feel their wants are from the initial conversation. I know some people will do that and then basically verify the condition after the fact. We have found that we have more success building a little bit of our relationship, I think, especially because our market is at a higher price point. There are a lot of people that are legacy owners of the property, they own it for like long periods of time, that is just sort of a common thing where we live.

So, if you go in and you're like, we originally started with making these offers really quick or on the spot, once we got to the appointment things like that, people were pretty tentative you know. I think if you're in a much more investor-heavy market or some of the much larger population, that could probably work a little bit better. I mean I met one of the guys here at GoBundance. His whole process, he has a similar business to mine, thorough processes, a call comes in, goes the salesperson, they ask a question that we can offer it, right?

And that's pretty much the complete opposite of ours. So, our call comes in, we kind of get to know them a little bit, we ask some questions, we go, we meet 'em, sit down, have a cup of coffee, we review the photos, we make an offer. Obviously, it varies lead type based on the individual that we're talking to, but in general, that's kind of the approach that we take.

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WS: How has, say, Covid, you know, and this is the pandemic, changed how you are buying projects?

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MD: As you can imagine, at first when it started it was very challenging because you weren't able to run employment, things like that. As we've gone, it hasn't had a huge effect on our business. Honestly, one of the bigger dilemmas that we've had over the past couple of years is just the fact that our market that we're in has appreciated so incredibly much. So Eastern

Washington and Northern Idaho, our two of the highest appreciating markets in the past couple of years. So, what's happened is there's a lot of people that have these very distressed properties, they want to stay in the area, but if they sell that property, they literally can't afford to go anywhere. So that's been a big challenge that we've been trying to deal with. You know, and there are even situations where people live in houses that are so unsafe to live in, and we're like, you'll be walking with \$150,000 with this deal, but they're like, "What am I gonna do with that?" They can't move into an apartment because there's nothing available there, everyone's moving to where we're at, or they can't buy a new house because they're not too expensive and they don't have income, you know, W2 that supports that mortgage payment. So that's been a really big challenge we've been dealing with, so what we'll do sometimes with people is we'll allow them to rent back from us, or we will even put them into properties that we already own if they're 10 or the individual. But in terms of COVID, I mean it's made it more difficult to get appointments. You know, we're on the eastern side of Washington, so a lot of the mandates and stuff we haven't had like say, if Seattle's had, so I think over there, it probably been a lot more challenging, but we're more of a conservative area, so generally, COVID itself hasn't been a huge factor for us.

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WS: What's the biggest thing that's holding you back from scaling right now?

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MD: And that is a key question, that's what I've been chatting with a lot of people around here. So I think part of it is right now, our team's a little bit small, so as we increase our marketing, they get inundated with opportunities and they get like squirrel syndrome, right? They're just squirreled over here, squirrels over there like a dog, and they don't spend the appropriate amount of time on the stuff that comes in. That's one thing that we're working on, but also to just with the size of our market. If we're marketing purely to motivated people, we've kind of tapped it out, so we're kind of hitting everyone at this point, so it's like, "Well, do we increase our marketing to reach out potentially less motivated people and basically, spend two times as much marketing to get 10% more deals, or do we go and we start doing it in more remote markets?" You've already started to do a little bit, but they just come to his own challenges, which would also meet a team expansion. So, it's sort of figuring out those numbers in that data, and the process is there to do that remote style of our business, so.

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WS: What are some daily habits that you have that you're disciplined about that have helped you achieve this level of success?

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MD: Yeah. So, like for me personally or for my business?

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WS: How about one of both?

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MD: One of both? Yeah, so for me personally, I'm a big physical fitness guy. Something that's very important to me is every single day I wake up and I hit the gym, you know, I have a home gym. I have an online coach that tests my programming for me, and for me, that's super important because it's kind of a meditative time as well, so you know, I don't do super crazy workouts or anything. I just do basic strength training and, you know, some aerobic stuff. I like to ride bikes, play sports, things like that. That's super important for me to be successful. Every morning, you know, I usually wake about 6, 6:30 to 7:30.

From our business standpoint, we're a remote business, oh sorry, virtual business, we do a very religious mandatory stand-up meeting in the morning that everyone has to be on. And I make a point of making sure that that business is not really about work, right? And, you know, I think a lot of business owners, they try to like make everything productive. I make sure that in that meeting that we have it now every morning, probably 30 minutes of that is just banter, you know, it's just the team having fun, chatting, checking in, that's really helped the culture of virtual business, which I know is something that a lot of business owners right now are struggling with, with "How can I have a culture that in office?" It's like I say we have one of the best business cultures you can have, that meetings are mandatory, everyone comes to answer, the expectation is to have fun for 30 minutes and then we will talk business, and then everyone will go and do their tasks for the day.

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WS: Interesting. Yeah, I'm hearing more and more about this daily check-in meeting, right? But I hear some people that like limited to 15 minutes, you know, they're going to be on a high-low from everyone around the room, maybe they recite their core values or something you know, and when they're cutting it off very quickly. I think it's interesting how you allow time, which I also agree is important, just to have a little fun and get to know each other a little bit more outside of just business, and people feel more like they belong too, right, with those relationships? So, how's the rest of that meeting structured? What are you looking for? Is there a specific structure? Do other team members bring in, you know, they know what you're going to be covering? What does that look like so you know that is productive for the rest of that meeting?

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MD: Exactly. So, usually, the first 30 minutes is kind of just banter, the second 30 minutes is going through active negotiations, you know, I talk with my sales guys of what leads are you working, what can I support with, you know, why are things I'm moving forward with these leads and we basically just go through our CRM and we go line by line, like which we sort of make a plan to pursue those leads further or like move them forward along. You know, is our stuff that's currently an active transaction, we can do the same thing with our transaction coordinator, knows everything on track. Is there anything that we need to plan for coming up? Is there any challenges that you expect? It's very simple, we just go that way and then we basically in the meeting. I always say, "Is there anything that I can help any of you with outside of the active leads right now?" And sometimes people have random things, you know, something they're hugging with tech-wise, something that they're unhappy about, things like that.

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MD: No, that's great. It's important to have that connection time as well. So, how do you like to give back?

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MD: Yeah, so one of the ways that we're looking to give back here with our business, mainly for newer investors especially. So, the business that we have is, it's a very repeatable business, you can go and you can do this in any market. We prove that you can do it in multiple markets

to work as well. So, we have a real estate podcast that we started, it's got the Collecting Keys Real Estate Investing podcast, and it's slightly different from a lot of other real estate podcasts that focus on big wins that people have or these really impressive individuals. We're basically talking about the true nature of running our business, the ups, and the downs, and the strategies for it. Thirty minutes, one time a week, pretty simple. So, we do that and then we started working with people one-on-one to help get their business started. So, if anybody's interested in that, they can reach out to me via my Instagram, which I'll say here in a sec, but one thing I will say with that is, if you are interested in doing this business, make sure you're at least willing to spend \$5,000 a month on marketing or as you're going to be wasting your time most likely. So that's what we've been doing, we haven't been charging for it much yet, it's been more just like a proof of concept for us, is how many people can we get on the same path of what we're doing right now?

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WS: Very cool. And I did think of one follow-up question, and I meant to ask a (?) to go, but we were so out of time. Are you seeing people do the same thing or use your process in, say, other asset classes outside of saying just single-family residences or small multi-family, those things, but maybe somebody's going to buy small storage facilities or maybe they're going to buy a land or something else that it would it work the same?

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MD: It should, yeah. So, I mean I have friends all over the country from my own mastermind that I joined to start this business. So, I joined a mastermind that was basically laid the framework kind of what we're doing, and then you sort of go, you sort of mix match and find what works for you and how you want to run your business, right? So, we've adapted it pretty heavily, but I know people all over the country that are doing the same marketing processes, same types of marketing, things like that, that are finding self-storage, commercial units, retail units, you know, developable land, you kind of name it, people are finding it everywhere.

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WS: That's what I expected, but I just wanted you to blow that myth out of the water 'cause I'm sure there are people that are wondering about that, right?

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MD: Mobile home park, I know that's a big one. We actually are under contract for the mobile home park, they called from one of our mailers, and the only reason we didn't close out was that the seller didn't disclose a bunch of things to us before we, you know, as we were doing our due diligence on it. So, you know, whatever you're on like it'll work.

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WS: It's that personalized touch in it and the mass volume, right?

Mike, it's a pleasure to meet you. Honor to have you on the show, hear your story, and really just your transparency around how you do this, right? I mean, you've spent a lot of time figuring this out, right, and building these systems that, you know, just to marketing to connect with the sellers so you're successful, and now you seem to have it figured out, now you're helping others. Grateful to have met you and tell the listeners how they get in touch with you and learn more about you.

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MD: Yeah, I appreciate that. So the easiest way to get in touch with me directly is on Instagram, I'm @mike_invest, you can shoot me a DM on there. I'll post stuff about the deals we do. I'm not the best at posting on there, so I'm not the most exciting follow, but it is a very easy way to shoot me a message, or you can shoot me an email at mike@collectingkeypodcast.com, that's another way to get in touch me directly. If you are interested in sort of saying their framework for this business.

But you don't want to talk to me, on our podcast website collectingkeypodcast.com, we have a little give-away, that's basically the five-step process, start generating off-market leads. It's a really simple rundown of exactly how we started running our business, and somebody can go and download that and you can get started, and I can say pretty confidently that if you go through those steps, you will be getting leads in like a 10-day span. If you really just go through and just commit to going through that, it's not that complicated at the end of the day, is not really in rocket science.

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WS: Mike, honored to have you. I hope you have a blessed.

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MD: Awesome. Thanks so much, I appreciate it.

[END OF INTERVIEW]

[OUTRO]

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