

EPISODE 1548**[INTRODUCTION]**

Ivan Barratt (IB): I've realized that one of the secrets for me (is), this is my journey, everybody's got a different one, but one of the secrets for me was I had to first do what I hate in order to one day get to do what I love.

Whitney Sewell (WS): Whitney Sewell (WS): This is your daily real estate syndication show. I'm your host Whitney Sewell. Our guest today is a 20-year veteran of the real estate industry and currently serves as the founder and CEO of the BAM Companies which is BAM Capital by management and Bam Construction. He's a good friend of mine who I just looked up to greatly. His name is Ivan Barrett.

Since 2015, he has raised over \$250 million in equity acquired well over 5,900 units and grown the BAM companies to best in class, four-time Inc 5000, private equity, and management firm.

So Ivan focuses his time on equity, finance acquisitions, and company strategy. Today, we are going to talk about how he started as a management company in his bedroom. And then he has grown to 6,000 units, you're going to hear that today, amongst many other things over the next few days with Ivan.

I want to remind you to please like and subscribe to the show, if you'll leave us a written rating and review on iTunes and send us a screenshot to info@lifebridgecapital.com, I'll send you one of my recommended books for free.

[INTERVIEW]

WS: Ivan, great to see you again. I know you are a guest on the show, probably two years ago, a few times even then and you and I got to catch up at a conference just recently in a group that we're both in. And so, just honored to have you back on the show and see your success and get to dive into that and allow the listeners to learn from you today. Welcome.

IB: Thanks, Whitney excited to be here, brother.

WS: Well, let's look at your company's BAM, globally. And, you know, maybe give the listeners a little bit about what BAM is, you know, your companies and what you all do in real estate for those that don't know you. And then, I want the listener to know we're doing a series with Ivan. We're going to do a few days with him. We're going to dive into some more topics that I know no matter if you're passive or active in this business, you're gonna want to hear these

conversations. So get us started. Tell us about BAM companies. How did they start and we'll dive a little deeper.

IB: Oh, that sounds perfect. So, I'll start with sort of where we are today, just for a little bit of a reference point, maybe some credibility with the audience. Today, the BAM companies, were approaching about 140 full-time employees across management, construction. And then of course, on the capital side, we do all that in-house.

So, we're vertically integrated. We're approaching almost a billion in transactions, managing right now over 4,000 units. We've transacted well over 6,000. So, we bought and we've sold some in the past few years that represents I think, close to \$400 million of invested equity, we've returned. As of our most recent exit, I want to say about \$180 million so far in total distributions to our investor list, which is now well, roughly 1,000 individuals and families that invest alongside us. We don't go to big institutions, we democratize real estate for the individual investor. And, that all started in 2010. I've been in real estate for several years already. But, that really started in 2010. When I decided to start a property management company in my spare bedroom, doing it all myself.

WS: Wow. Started by doing your own property management company.

IB: A few duplexes under my belt and started that property management company. That was my path to scale something.

WS: Wow. Why property management at that time, and you mentioned a few duplexes? But what was the thought process there going into management specifically?

IB: I love that question. It's a great question and I get it a lot, right? Like, why the heck would you want to start in property management, dealing with the tenants and toilets. If you're new to the business out there, we don't call them tenants anymore. We call them residents. But tenants and toilets has got a better ring to it.

So you know, we're coming out in 2008. I had been in real estate for years. And because of the market, I found myself like \$250,000 in debt, which in my late 20s seemed like a giant hole negative cash flow. Not really sure what I wanted to do. I'm trying to convince my wife, at the time my girlfriend, trying to convince her I'm a good catch and just lost. I've been privy to work for a great mentor. I've worked on some really big, cool, you know, big ego development deals, but that all came crashing down in 6, 7, 8.

And, I really had to soul search a lot and started reading books again. Back then I was reading Robert Kiyosaki. I was reading everything that Ken McElroy put out, he wrote a book, you know, The ABCs of Property Management. I was reading or listening to Dave Lindahl's Apartment House Riches. It's like till those CDs broke because I knew I wanted to do these big apartment deals.

But all of a sudden, you know, years have gone by and I've done nothing And this saying sort of crept back in my head, something my dad would always say, the journey of 10,000 miles starts with the first step. And all of a sudden, it dawned on me, I should replace that with units, the journey of 10,000 units starts with the next one, right? I had a duplex at the time. And so I started doing two things. To scale the company, I first, and I'm going to talk about this at Joe Fairless, this conference, and I've been working on a whole speech around how to grow a company, a real business. But I've realized that one of the secrets for me, this is my journey, everybody's got a different one. But one of the secrets for me was I had to first do what I hate in order to one day get to do what I love.

And so, there's some discussions with some valued friends, my brother gets a lot of credit here, he's a year younger than me, 10 times smarter, a little bit taller, but not quite as good looking. He's maybe 1% less good looking than me, and my father and some other close people. And I quickly realized that, yes, I would hate doing the toilets and the tenants and leasing and figuring out maintenance and collecting rents and all these things that solo printer would do. But it would allow me to scale much faster than the other thing I was doing, which was buying small multifamily with hard money and doing the BRRRR method, before they even called it BRRRR. Buy, renovate, rent, refinance, and repeat. And I would look for the crappiest deals I could find in an area that I knew was coming up, the market was rising, right? So I would find these really distressed sellers or distressed deals come in buy them for pennies on the dollar, use hard money to renovate them. And to capitalize my interest, which is a fancy way saying make my interest payments while I perfected my value add strategy.

But I couldn't do that fast enough, I would do a deal like that. And say it's a three unit I'll never forget buy in that three unit. And once I got it rented up, while I was still paying the hard money, I think my cash flow was maybe \$300 a month, call it \$100 per door. After I refinanced it, you know, my cash flow jumped up quite a bit to maybe 6, 7, \$800 a month in the beginning there on three units. But it took me a long time to find one of those deals Whitney. It took a lot of

work. By getting small management contracts, people that couldn't sell the house back in those days, out of state investors, which, spoiler alert, turned into some of my very first apartment investors when I started syndicating my own deals by offering management services to them and working really hard.

I could scale you know, \$100 contract here or a \$200 contract there, a \$400 management contract, I could scale much faster. And every month that money would come in. And that started building enough monthly revenue to where I could think about hiring people and reinvesting in the business and getting better systems and growing. And I had this idea that if I could figure that out on the small stuff first, that that would aid me in the future when I started doing bigger deals.

And so, that's really how I stair stepped into my business was small deals for myself and other people then started doing more of my own stuff. Well, several years ago, we started firing of small-time management clients in order of the ones we liked the least, they were asked to find new management the first, right. And today, we've got such a great management team and a management culture and a machine that performs so well. We only deploy those resources on assets where the the general partner or the sponsor or the one leading the charge where we've got an invested interest in the upside as well, no longer do we do third party management, as they call it. But that was my bridge to building a great company.

WS: So interesting. I was going to ask you, as you were talking about operating or starting your own management company, it was a way to help you to scale because you couldn't do it fast enough by buying the single-families or the you know, doing the BRRR method those things. And so ultimately, it was your education, right? I mean, an operating a business, it sounds like but you saw a way that you could something you could scale probably without having to find the next downpayment or even looking for enough deals. You can have the deals to almost come to you. And that sounds like having another means of going to that seller or that owner. Is that accurate?

IB: Exactly. I wanted to find income streams or revenue streams that would help me grow the business itself. And all I had to do was win over a client. Somebody out of town or somebody that doesn't want to deal with the management, I could win them over rather quickly take over their assets for them, collect leasing fees, and management fees. And if you do well by your

clients, whether you're running their apartment investments or you're running their management, they tend to stick around and stay with you.

WS: Speak to some of the next things, like big steps that started to happen for you or or were you doing single-family homes then for small multitis for you know, a number of years then? Or where did it turn to where, okay, we can really scale this or we can even start syndicating. What led up to really the belief that you can scale like that, do large apartment communities?

IB: Yeah, it reminds me of learning this idea or being introduced to this idea back then, that the real keys is action, no matter how small the step is, but daily, and finding these ways to have daily action in the right direction. I learned that, you know, climbing mountains as a teenager, you don't look at the summit for very long, you may look at it every now and then once you know you're on the right mountain, it's all about putting one foot in front of the other.

So I never did single-family homes, I would manage them, but I never bought any I would only for me it had to be at least two units. So I bought several more duplexes. Some were hard money. A guy that I still try to talk to as much as I can. I think he's up to 12 or 14,000 units. He's seller finance a few small multifamily to me because he was getting too busy to deal with the small stuff. And so he sold those to me maybe a great seller finance deal.

Then my first technical apartment deal was six units, I bought a six unit deal, right five or more. I bought that off the bank, it was half occupied, a total mess, bought that got it all fixed up and running. I learned a lot of lessons on that deal. Then, my next what I would call syndication light would be I bought a 35 unit apartment project in that I had just one investor, he put up I want to say \$150,000. I put in my real estate commission. And I convinced the seller to give me a note a carry back note for 10%. And that's that's how we close the deal.

I got my, you know, what handed to me on that project on several occasions. You know, I thought I was buying a C Property two hours a day, couldn't raise rents dealt with. bedbugs, drugs, homeless people sleeping in the hallways, sewer line collapses more bedbugs, more drugs, just everything that could have gone wrong, went wrong on that 35-unit deal. And as you said earlier, it's all about the education, I just sometimes had to repeat it to myself over and over again. I'm paying tuition. I'm paying tuition I'm learning. We ultimately sold that asset a few years later. And we made money.

I think we made about a 9% IRR, which at the time we were, we were happy to make a return on that. On that deal is rough as it was while I was managing that I bought another 30 unit,

which was a full redevelopment deal paid a lot of tuition on that one too. Then I said I never do another small deal again.

But I found 15 units that was too good to pass up. So each one of those first few deals, the 35 to 30, and the 15. Those are all with one investor and I basically an operating agreement. From there, I bought 60 units. And that was my first syndication where we had a PPM and we had multiple investors that were true limited members of that LLC or Limited partners as we'd like to affectionately call them.

And yes, several of those investors were management clients, you know, that are still with me and still invest with me today. They've since sold all their little dinky deals and invest in my apartment projects. And of course they've made referrals over the years to more investors and that was a great source of capital early on. I don't know if I've gone too far off.

WS: This is great. I wanted to ask even where you raised some of the money from and how you started meeting some of those investors and that's interesting.

IB: Oh yeah.

WS: Many of them were previous clients that you used to manage for.

IB: Yeah, millions and millions of dollars have come out of those clients that I managed for. It was a great way to showcase Hey, you know, we're doing a good job on this.

WS: You build relationships.

IB: Yeah. And I'll never forget when I had the next deal after that was 110 units. And it was gonna be HUD financed because I was still you know, ultra scared of 2008 and HUD you could lock in your interest rate for 35 years super low. Lots of complexity in dealing with HUD loan and I had to raise a million maybe a million and one and outside money to get that deal done. Having raised that first million I was so stressed and it was the holiday season and I had to close this thing before the end of the year. And I was so stressed Whitney that I was getting like a rash like around my eyes like an irritation, just sleepless nights and just the stress of raising that first big check, but we got it done. We closed on that deal and got even more education and more learning, having on-site employees at a property, you know, five, six days a week, and from there kept going.

WS: Incredible. I want to ask you, you know, you're obviously a major stressful moment there raise the first million back up to that 30-unit deal. I mean, you talked and talked about how horrible this experience was. It almost feel like most of us have had, like, almost just had to

happen that way. Like early on, like, let's get a horrible deal under your belt. You know, I mean, I have a similar scenario with a triplex as we purchased two years ago. I mean, it was just like my say, the apartments, you know, that term and my wife still just like crunches. That time, you know, it just like takes you back to that stressful time. But I wanted to ask you, during that horrible experience, all the bedbugs, all the homeless people sleeping, you know, in there that you're having to deal with all that were you married?

IB: Yes. This time I'm married. Yeah.

WS: How did you learn together? I just wonder, you know, her input into this and how you all manage that. But she's so excited about this property management business, and you know, we're buying real estate, and how did you all navigate that together?

IB: By that time, she was pretty hands off, she was still working. And she was definitely the breadwinner, you know, most of my capital is going first to pay off all that debt that I racked up. And then, I was just reinvesting in the business and trying to grow that. So you know, I was lucky to have a great partner who kept the lights on.

But those early years are really tough. And then there's, you know, there's a lot of things that I learned the hard way, going through that I'll never forget qualifying for Entrepreneurs Organization, which was my first real entree into a mastermind sort of environment where you're trying to grow a business with other entrepreneurs in different industries, right, but you're trying to learn from each other. I remember you had to have a million in revenue to qualify to get in there.

And you know, at the time, I'm making that, but like, I don't know what, I don't know how I'm gonna go grow from here, I'm working harder than I've ever worked. I was 50 pounds heavier than I am today. And I couldn't work any harder. And at the same time, you know, my marriage is, I would say, mediocre. And I'm not feeling like the most present dad, I've got little kids popping out. I think we had maybe two, you know, now we're three. And so, you know, I talk about this a lot with young entrepreneurs is got what gets me here, in a lot of cases won't get me to where I want to go next. And I've got to continually reinvent myself and change my focus and adapt. If I want to scale a business be happy, and have what I call these, you know, good grades and these other areas to my report card, bathe, family, health, fun, business at the bottom, not by accident.

WS: Yeah, it's incredible. I wondered that myself. And people always ask to just, you know, starting the business is not a small feat. And without me and that support at home, I would have never made it right.

IB: Oh, yeah. I mean, you've got a win over your wife. My first hard money, BRRR three-plex, I did that I mentioned earlier. The story gets better every time I tell it. But I think there was like 25 slides in my PowerPoint, trying to explain to her what I was looking to do. And I also drugged her to a real estate conference, so that she could hear some of these ideas from somebody else. Because sometimes her ears open up a little bit better when it's not me doing all the talking.

WS: Wow. Well, if we had to look back, and you had to think about all this growth, everything that's happened, there's so many other things we could dive into there. But what would you do different knowing what you know now?

IB: I'm a huge proponent of that forum, or that mastermind setting I mentioned here a moment ago. I'm a huge proponent of having a coach in my life in any area that I want to improve. So I'm in a few different mastermind groups, the one that we're in, I cut out a group that I've been in for a couple years to join this forum that you and I are in, because you can't do it. All right, and still be a good husband and a good dad and everything else. So I try to own at least a yearly cadence, sometimes less than that. Look at what do I need to sacrifice? Right, what is still on my plate that I shouldn't be doing anymore? Who are the people in my life that maybe I need to get some distance between what are the areas that I've outgrown that, you know, I may have like that group, I left some great friends in that group that I hope to remain friends with. But I've got to race my race.

And in order to grow, I've got to exit that and go find a new group where I can be a little fish again and be out of my comfort zone. So groups, coaching is big. Best coaches I've ever found Whitney have no contract. They're not cheap, but hey, fire me if I'm not adding value until then let's let's see what we can do together. So I've got a coach in several areas of my life and including spiritual and family and parenting, as well as business and executive coaching both both for me and the leaders in my organization that we need to develop in order to get where we're going.

A couple other concepts that one of my favorite ones that I heard recently on, I forget the guy's channel, but it's called motive ferocity. And it's more like guys lifted weights. And like David

Goggins kind of audible stuff, you know, get you going in the morning. But one thing that he says on that channel is, if your why doesn't make you cry, it ain't a strong enough why that, for me is really an anchor or a catalyst that helps put a little another log on the fire, to take those steps in faith, you know, to start that business.

To get back up, when I get hit in the mouth, especially early on to want you know, the why I'm doing this. It's not just for the money in the bank, it's for it's more for the abundant life full of adventure that I want to have with my wife and kids the freedom I want to enjoy the impact I want to make on my community, both while I'm here long after I'm gone, you know, those types of reasons for doing things are what's going to help drive me when I don't want to get up and do what I'm supposed to do. And I think a lot of people lose sight of that, and don't realize that, hey, athletes, entrepreneurs, people that are achieving, most days, when we get up, we don't feel like going out in achieving, right, right? We feel that call to lay in bed or watch TV or take it easy. It's that deeper. Why? That builds that momentum that keeps us striving to be better.

WS: No doubt about it. I couldn't agree more. As often days, you don't feel like getting back out of the bed and going back to the office or nights you feel like staying late. And it is something like that, that's bigger than you that's going to keep you going.

IB: A couple of things that really helped that I don't have to go back in time until late 20s Ivan. He already figured a couple things out. It comes from the book, The 7 Habits of Highly Effective People, begin with the end in mind. But I'm going to shift it a little bit. It's more about if I'm a solopreneur. Right? What would a small business do in this situation? If I'm a small business? What would a medium sized business if I'm a big business? What would have a bigger business? We still do this in my company today. But back then it was okay. Do I hire this person to do this thing? Or do I take the company this direction? And I put it in the perspective of where I want the company to be 234 years down the road and say, Okay, what would that company do today? It helps enlighten the decision that should be made, if that makes sense?

WS: For sure.

IB: So constantly thinking like what would a big company do and telling my team even when it was five of us? Hey, we're not a small business guys. We're a big freaking company that just today happens to be small. What do we do in that case, as a big company. So we've tried to

keep that front and center over the years. And that's really helped us grow quickly, but also in a way to where things don't fall apart.

WS: Speak to how it helps you to not fall apart?

IB: Well, a lot of that comes around hiring. Myself and my team are always looking at what's the org chart of the future, right? Okay, here's where we want to go, who do we need to hire to get there, let's hire him now. Even though it may temporarily impact profitability, who are the folks that we need to find to get in this boss we're on and get him in the right seat to help us to execute on that. So we could do what we do today and not have a chief investment officer. But five months ago, I hired a CIO. And I'm putting him in charge of developing a vision for how we want to be one of the best companies to invest with on the planet. Do I need them today to execute and stay at the level of Matt? Absolutely not. But I'm definitely going to need him tomorrow, or a year from now or two years from now. So I'm going to hire him, I'm going to make the investment now and step out in faith that that investment is going to return. So our investors probably think that our best assets are the apartment communities that we manage and operate and improve on their behalf. And that's not the case. My strongest, my best assets are the people that work alongside me that bought into our vision.

WS: No doubt about it. I love that. I'm so thankful you brought that up. But we just recently completed an org chart, the best that we can we look like at 5,000 units. That's so interesting, and it's helpful to do your aspirational org chart is important. Yeah, that's so neat to hear you say that as well and know where you're at today.

Well, unfortunately, we're gonna have to end this segment, because there's so many other things that I want to dive into with Ivan and just pull out some of his expertise from his powerhouse of experience. And so moving on from property management company in your bedroom to man you know 5900 units or you know you've acquired almost 6,000 units it's just an incredible story Ivan, congratulations, to your success I want the listeners know we're gonna have a you know at least two more days with Ivan I will say how much we can get done and dive into. Ivan tell the listeners how they can get in touch with you and learn more about you.

IB: Thank you for those kind words Whitney. It's it's a lot of fun watching. I'm pretty easy to find BAM Capital is pretty easy to find . You Google BAM capital. Google Ivan Barrett, it gets on here. Yeah, B-A-R-R-A-T-T. Little bit of a unique spelling there. I should be pretty easy to find.

317-762-2625, 317-762-2625. I think I said the same number twice. And of course the BAM companies is our main parent company.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.

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