

EPISODE WS1590

Todd Silance (TS): There's plenty of people out there that are syndicators, real estate investment operators, and they're doing great things. What can I do and learn from them and utilize technology? It could be community, it could be investment software, it can be from the acquisitions, it can be anything from the capital raise. And that's what we wanted to do. It's just let's use the systems that are out there that people that I've invested with, partnered with what they're doing kind of take the best of the best from all of them and try to put it into our business and streamline it.

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host Whitney Sewell, our guest today is Todd Silance. He's co-founder and managing partner of Summit Capital, his main responsibilities include overseeing acquisitions, capital, raising, construction management and investor relations. Prior to Summit, Todd founded a Silance Investment Group, a multifaceted investment company ownership in 9 million of single family homes, multifamily, commercial properties, as well as multiple Anytime Fitness franchises.

He is also a limited partner in over 400 multifamily apartment units nationwide. It's interesting, a perspective that Todd has, you know, coming from the franchise world, right and understanding operations to a big degree and then bringing that to real estate, right?

Those skill sets are so crucial. When we talk about how you know so many people have a passion, something they're really good at, whether it's a doctor, or whether it's a personal trainer, and they go into business, but then they don't think about the business side of it. And they may fail not because they're poor but you know at their skills that they're passionate about being that personal trainer.

However, they don't have the business side of it the operational piece, and that's where he has dove in. And that's what he shares with us today. Todd, welcome to the show. honored to have you on. I want to just jump right in in a minute.

But I want the listeners to understand a little more about who you are. And you know, and why you moved to the path of real estate. I know you've done different different ventures as an entrepreneur and had success and now real estate as well. Let's dive in. Who's Todd?

TS: Yeah, thanks, when you really appreciate being a guest on the show today. And as you mentioned, my background, different business ventures from kind of coming out of school starting in a W2 job, and I cut my teeth there, but early on, it will realize that where I wanted to eventually get to and have that freedom of time, which was a big goal and kind of my 'why' in life, especially when I started a family that having two weeks off a year, it might be hard to achieve that and really be there as I started a family.

So that kind of led me to my first business venture, which was opening a business and we looked at what was my passion? How can I help others out there to really determine what we wanted to do when starting a business? Because at this time, you know, investing in real estate, and understanding or reading the 'Rich Dad, Poor Dad,' I didn't do that. That wasn't even on my radar at this point in time.

But what was to achieve that freedom of time, and even and even financial freedom was starting a business. And for me, I was in my corporate career at the time, right I was in insurance, and then eventually came out of school and married my wife. And she's an actuary. So when we started we were very linear, we planned and when we looked at deciding, you know, what kind of business for us, we looked at the franchise, just because it's a proven concept, there is organization of systems there. And it would allow us to kind of take that business and run and that's what we did. When we decided to go that route.

Now, it wasn't easy, you know, and I wouldn't say hey, we became successful business operators within you opened the door, but at the time we were young and naive thinking that that's what would happen. And I guess unfortunately for us, we opened in 2008, which was right, that economic kind of crisis there. And it took a couple years, but we're eventually able to be successful in that business and scale to another one, another location, which kind of led to achieving that freedom of time.

Now fast forward a little bit to get to where we're at in the real estate world, I lost track of that, you know, our business became successful, we opened another location, my wife was able to leave her job to take care of our family, which was our goal and purpose of what we wanted to do. And I went back into the corporate world, I went back and kind of focused on my career there.

And you know, 10 years go by, and I realized that lost track of that 'why' of why did we try to open a business in the first place which was to be available for my family, to kind of get that freedom of time and financial freedom, which then led me to get into real estate. And throughout my career and talking to other business owners, one of the common themes that we saw there was they invested in real estate, they owned real estate, they owned, maybe shopping centers that their businesses were in, or insurance brokers.

And that kind of piqued my interest in it and realizing, okay, some of these owners and operators that I'm around, right, that's what they're doing. And it's giving them that freedom of time to be with their family, it's giving them some of the financial freedom. So that's kind of what started my journey.

And it was more just for personal investments, you know, I wanted to do it for me. And as I grew in that, I started helping others kind of bring them into investing in real estate, which has now led to our current company of Summit Capital, where we're providing opportunities for other investors, mainly business owners and busy working professionals and opportunity to invest in real estate.

WS: Yeah, well, you know, I'd like to ask you about the franchises a little bit, as well, because at some point in their year, you went back to the corporate world, like you mentioned, but then you got back into franchises as well. Right through at Anytime Fitness. So why franchises again? Or what is it about that model that attracted you?

TS: Yeah, what we liked about that, and, you know, that translates now into our real estate business, because we still, we still have our business with owning the Anytime Fitness franchise. But when we were looking, many years ago, 15 years ago, now, at to starting a business, you know, I didn't know if I opened Todd's Widget House, you know, I operate that and have the systems, we were very passionate about health and fitness at that time period, and still are, and we were analytical.

And we could, you know, know, on the financial side, just of our background, how to operate, but actually running the business, going into hiring people and what type of system you know, systems to do, we didn't have a background in that. So for us, when we were in kind of doing our due diligence, on what type of business to run, the franchise systems we really liked, because it's a proven concept.

And if you want to call it almost to relate to real estate, like turnkey, you buy into that franchise, whether it's a Dunkin Donuts, and Anytime Fitness. Midas Auto, whatever it might be, and you're gonna get their operations, you're gonna get their standard business operating practices, they're gonna give you all of that, too, but when you buy into that license, and that's why we decided to go that way versus I don't want to reinvent the wheel trying to start my own business, why not take someone's concept that's already been successful.

And then once we get there system, we can implement our own system inside to run the day-to-day operations, build the culture in that business. And that's kind of why we decided to go towards a franchise versus just opening my own standalone business. And you know, some people may not go, Hey, you're kind of tied with a franchise a little bit and in the freedom you have, but for us that just worked on what we were looking to do.

WS: Yeah, you know, it's interesting, you and I talked about it a little bit beforehand, but it's like, oftentimes people have a passion like that maybe it's physical fitness, personal training, whatever, you know, whatever it may be, or maybe a doctor even or chiropractor, physical therapist, I see it in those rooms as well, where, you know, we have a passionate about this thing, and they go open their own practice or own business. But business skills are almost every separate thing, right?

TS: For sure because, again, you don't know what you don't know. And at the time, that probably benefited us just being young and naive and thinking, maybe less, or responsibility and potential risk, like our risk tolerance was a lot more. So we can jump into it and say, Hey, we're just gonna run with it. But having this system, having that organization in the background, that was. I think, led to our success as well. And then we can take that we built on it as we go open

the second location, and even now into real estate, is why we were really attracted to that model.

WS: What was it about real estate that attracted you to yet versus just pursuing more and more, you know, franchise-type businesses or more, Anytime Fitness, you know, something like that, versus a whole different route like real estate?

TS: Yeah, that's a great question because you're right, like a lot, a lot of the business owners will just hey, well, I have a successful one location, open a second, open a third or open a fourth. For us, we were able to establish and kind of build a separate company there. And we got the people in place to operate that and then we were able to step away. I should say, you know, my wife managed that business from not working in the business but working on the business and management high level.

For me, that's why we kind of pivoted into real estate and started to fold. It was either as I mentioned, I lost kind of track of that initial 'why,' why we got into opening the business to give us freedom of time for our family, and financial freedom. I went back into an industry that I loved and I enjoyed doing it. But I was in the consultant world doing a lot of training and development and I was traveling a lot. And what led me to really kind of go, Hey, I need to step back was, I was just being away from home too much.

And I was looking at what's another area that I could provide some passive income for my family and allow me to get back home and kind of not be that busy working professional where I'm not home that often. And that common theme was to go back to our businesses in the fitness world, we would go to conferences, you know, we'd interact with a lot of other business owners. And that common theme that I'd always talk to them was they invested in real estate, they owned real estate.

And by investing in real estate, they invested in like real estate syndications, because I had no idea what that was, like I had real estate, oh, I just assumed you own a property, you rent it out, and like you're a landlord, it's a home. And then I'm learning a little bit more about it was like, Wait, there's other ways to invest in real estate, and it looks like this can help me achieve my goal, or get back to my why where I want that freedom of time and to be available for my family. And that's kind of what led me into it.

And it was also diversification, to be honest, like, you know, we had a business providing some income for us, like what I knew to invest in stocks and mutual funds. And it was like, wait, oh, there's another option here that I could invest in. So that's where it started. It's just me personally looking to diversify my investments. Well, let me start with real estate to let me add that kind of to the spoke on the investment wheel, and got my foot in the door.

And then from there just eventually fell in love with and was like, wait a minute, there's so much more you could do in this realm. And then let's just build upon it go from single family homes, to a triplex to a ten-plex and just kind of gradually grow it from there.

WS: Yeah, that's a helpful background, thinking about the, you know, you're already successful in business model, but then why real estate is what you know, I'd like to know to No, this is expertise of yours. But like the business model, you know, that has helped you so much in real estate now that you maybe learn from the franchises or, you know, years of that, but just the business operations side that came forward from that model, how have you streamline your operations now in real estate from what you learned from, you know, the franchise model or anything else?

TS: Yeah, that's a great question because that's when we started looking at just like when we opened our first business within the fitness business, it was the idea there was again, the franchise, right? It had the systems in place. So when we started scaling on real estate, and really turning it into a business, we wanted to implement some of the same things. I don't want to reinvent the wheel. Right? There's plenty of people out there that are syndicators, real estate investment operators, and they're doing great things. What can I do and learn from them and utilize technology?

It could be community, it could be investment software, it can be from the acquisitions, it can be anything from the capital raise. And that's what we wanted to do. It's just let's use the systems that are out there that people that either I've invested with, partnered with what they're doing kind of take the best of the best from all of them and try to put it into our business and streamline it. The other thing that we really took away or that I took away from owning a small business, you can say is the people like the people in it are putting the right people in the right positions.

And there's the awesome book that I just love is the 'Who Not How' by Dan Sullivan. And it's, you know, I read that book couple years ago, I reread it like last year, I tried to read and reread it every now and then because I'm such a big fan of that early on it was let me do everything for my first business as I go through to you know, get my hands in everywhere, and then it's like wait a minute, once I get the people to do what that job should be, and not me, you just saw 10x growth.

And when we kind of rolled out with real estate, we wanted to build our team out from the ground level instead of me going you know, I took five years, six years of operating business and some multiple franchises to kind of really figure that out. I don't want to wait five years now, then let's get the people to build our team from the ground up so that we can be more efficient in operating and hopefully find more deals or find more operators that are investors as we bring investors into our network.

We can help them get into deals with potentially even even other operators so that's for us how we started this on the ground floor as we're growing. It just translated, I just try not to make those same mistakes now. There's gonna be mistakes made and we have mistakes but if I can minimize that, that's going to help us start off on the right foot.

WS: Sure and people matter right and like the right people in the right positions. I love that book. Also, I got on the shelf right behind me, 'Who Not How' by Dan Sullivan. Benjamin Hardy couldn't recommend it to even more people that I meet who are 10 - 100x You know what we've done here? Even I mean that they all, they all talk about that thing, right? It's putting the right people in the right positions. And I think early on, it's like, you have a scarcity mindset, right? And you don't feel like you can give anything away.

And you don't want to, you want to keep it out of yourself. But man, you know, and I tell people, well, if you gave away 10% of your business, but 10x or 100x said in the process, I mean, let's think about that a minute, you know, but a little math to that. And then pretty soon, you're looking for people, right. And I can relate to that. So well, we've grown very quickly, I think, are much quicker than I ever imagined.

But it's because of finding the right people or finding great people. And each of them, you know, while my business partner and I were doing everything initially. Now, you know, we have so many people on the team who are doing all most of those things a lot better than we ever could right in their line.

TS: I hundred percent agree and, and I think it translates to real estate, business finance, whatever it is, restaurant, you want to put those people in the right position to succeed and find those people when instead of once you take it off your plate, you're trying to do all of this. Once you eliminate that, and you have those people in those positions, I think there's also clarity that opens up for yourself like, oh, wait a minute, now I can focus like what was my original goal in this or, and you hear that work on your business, not in your business. It allows you to do that.

And then you can focus on those areas of growth, like you said, or hey, where do we want to expand here? What should or Where's an area of weakness in the business? Let me find the person that is better at it than me that I can put in there. And once you do that, to your point, you change that mindset, like from that scarcity mindset to I think more of the abundance mindset, like oh, my gosh, there's plenty here for everyone. And let's put them in and we'll see that growth. And we can share in that growth as well.

WS: On that same train of thought as far as hiring. So I get questions about hiring all the time. And because we've hired dozens of virtual assistants from all over the world, and obviously, you know, lots of people in the US now as well. But who are the first couple of hires that you see that, you know, in our business in the syndication business that we should have on staff, you know, or maybe you've seen this or experienced it yourself? You know, and we're thinking about, you know, some people say, Well, maybe it's an assistant or maybe it's acquisitions, or maybe it's investor relations, or I don't know, just wondering your thoughts?

TS: Yeah. I mean, that's a great question. Because I think sometimes that depends on the person, like what their skill set might be, what they're really good at, and what they want to pursue. And for me, I've always been that people person, the relationships, like I love meeting

other people trying to solve problems, how can I be a benefit to you, and what we're trying to build for our business?

You know, I think one would be like the, on our end, you said investor relations, or marketing, that was a position that we knew we had to outsource right away, right? If we want to start marketing, build our Investor Relations, I just don't have the time to do that to really be sending the emails trying to do all these follow ups. I don't mind hopping on a computer, having my day book just meeting and talking with investors trying to understand their goals and what they're looking for. But if somebody can schedule that or automate those systems, that's what we look to do.

One first it was for us, how can we automate that like what you said, whether it's a VA or there's this software from HubSpot like all these different ones out there? Now, let's just automate it. Yeah, you know, and when you do that, it streamlines your processes. The other thing for us that we thought was an important position to have. And this even went back to just myself, like buying rental properties.

For me, you know, my first properties were underwriting and the financial analysis, I thought that was huge. I'll be the first one to tell anybody, I am not the premier underwriter at all, when it comes to this, again, because I look at properties I know and then I'm like, oh, that's gonna be a great deal, because he can see the rents and I know the construction management background just for my insurance days. So I look at it through that lens, but you go, wait a minute, we need to have somebody look at it through the financial analysis side of things and underwrite it really, really tight.

So that was another part that we looked to outsource or bring in I should say, not outsource, but a partner who we could partner with to do our underwriting. So that started like back when I first started but I knew that right away just from owning a business and being like you got to be tight on the financials. I'm not the guy that's going to just write down. You know, here's my underwriting, let's go after this building. So we partnered early on to get someone in there. So for me, those were kind of the two areas that I wanted to make sure we had in place when we were hiring or partnering with people to kind of build and then as we scaled.

WS: What would you have done differently on your first deal, knowing what you know now?

TS: My first deal, what we learned on on that one, for sure is I was looking at it from the mindset of look with these investors or at the time and investor group was doing for me, by bringing capital to a deal versus from the mindset of, hey, I have this opportunity for you to help you out. We're kind of helping each other out in this.

And it's a partnership, where I was kind of letting the investor group kind of dictate terms, and almost like in the ticket in the sales, like I was trying to sell them on something for a deal versus being confident in knowing that this is a great deal. We've had people underwrite it, we have a phenomenal business plan, partners that are going to then come in from the construction side of

things. So if you're interested, you're interested, if you're not, I'm not here to talk you into it, and like you're doing me a favor, but that's what happened.

Because it's my first one, like the first large scale, I've done JV deals and all that kind of stuff. But it was our first large scale deal with arrays. And we were trying to get one Capital Group to come in on it. And that was kind of a mistake on my part, because ultimately, the 11th hour was backed out on and then I had a scramble to find the capital after trying to bend over backwards for it.

And, since then, it was a phenomenal learning experience, because I don't look at any mistakes or any maybe negative interactions like that kind of deterred me from moving forward. It's a learning experience. And actually, it benefited me on how now I present the next deals or how I've connected with other operators, other people in this industry, learning from them, I'm sharing my experience in that deal. But also, it allowed me now for our investor base to grow and how we present the deals to our investors now.

WS: I think we all have to learn that lesson here so often, and myself, you know, it's like, yeah, making sure you have the capital lined up one way or another in plenty in advance. Right. And that may be through some different avenues, or different partnerships. But what about Todd, you know, do you have any predictions just on the real estate market or economy over the next 6, 12, 18 months? That's, you know, maybe guiding how you're looking at deals or buying or selling, just thoughts on that?

TS: Yeah, what we're doing right now, I mean, as I think everyone says, the the real estate markets in flux, there's from interest rates, but I think too, we look at it more from your market-specific because every market might be different, you hear you hear, Oh, that, you know, in totality the economy's this or the real estate markets this, but we don't, I don't kind of just let that dictate how our investing principles are, we look more locally at our markets that we're investing in.

And what we're trying to do right now, you know, we might be in a smaller market where we invest or where we acquire our midsize buildings or what we're trying to go after. And that economy and that job growth in that market is different than somewhere in Texas or somewhere in the Carolinas or in the Midwest. So that's what we're gonna focus on. Now, because of it though, we do like to build partnerships in other markets, we may not have a physical presence, and I have, hey, I know all these brokers and they've done a ton of deals in Columbus, Ohio, or in you know, South Carolina.

But what we do have is potential other partners, operators that are in those markets, have strong presence, have great fundamentals that we might be able to partner with to whether it's to bring in our expertise in, you know, on the asset management or the business management side of things, construction management, along with our investor base, because, you know, for me, our investor base is a lot of busy working professionals or I should say business owners just because I'm in that network of business owners, franchise owners, and that's a big space or

what we'll try to do is that's where a lot of my investor base is that will bring in and they're not looking to be involved but they're looking for me to be a if you trust this market you trust this operator to partner with will gladly invest or invest our money as long as we're, you know, we're going to be there or just our market, you know, our local market where we're investing as well.

WS: What's your best source for meeting new investors right now, maybe that we haven't discussed?

TS: For me, as I mentioned, my new investor base is those business owners. I'm able to get my foot in the door because I am a small business owner, right? I am in the franchise space. I'm part of many peer groups, those meetups for business owners, franchise owners specifically so I'm in with owners not only Anytime Fitness but they might own Dunkin Donuts, they own different types of franchises.

And that's really where it allows me a platform when they're talking about hey, they love owning a business. They love what they do. But just like everybody, whether you're working as a doctor, whether you're you know, any job you might have, you're always looking to invest your money, whether it's probably for the future, and we're trying to provide an opportunity and educate those business owners like hey, instead Just putting in maybe in the stock market, you talk about you, you can get some benefits of of real estate passively by investing passively.

And so that's where I'm trying to grow our investor network. And that's kind of allowed me to grow my investor network there. And then obviously, just locally and regionally, another one where we found good traction investors is our local meetup groups. It's a common place where investors will go, and you create those relationships and educate them on what your business is. So we found good success there as well.

WS: What's your best advice for passive investors?

TS: For passive investors is if they're looking to invest passively, it would be for them to really get to know the operator, not just because they're flashing on social media, because some of my best investments, just be personally investing with other operators have been some you don't even really see them on social media, they just love what they do, and they're meticulous at it.

So a newer investor, for me that comes to talk to us, I always like to get to know them to make sure what's their goal? What type of asset are they looking to invest in? How can I help them, you know, achieve that because we meet with, we may have one that's going to be a long term hold, it's a cash flow play. So somebody that's looking for high appreciation and kind of get their capital back in a short period of time, I don't want to just take their mind, tell them that or, yeah, I need money for this deal, when I know, we may not do that.

So that's why I was telling investors it doesn't matter. If you invest with me or someone else, make sure you get to know the operator, you know, that business plan, and you're comfortable

with them and their track record. And if you are, then you can invest. And a lot of those investors will continually invest with that person. Because if they're straightforward, and they have success on what they're projecting on there, then you're gonna have an investor for life.

WS: What are some of the most important metrics that you track? It could be personally or professionally.

TS: Personally, I love personal at this time of year, it's what January? I have my board in my office. So what we look at metrics for our business, you know, whether it's the fitness business, little different metrics, but real estate business, right, we're looking at deal flow, we're going to look at how many deals we underwrite what we're putting ello eyes on, we also look at, for our team to from a marketing standpoint, as I mentioned, that's not something I'm strong at. So we use third-party, right? We wanted to get a partner in there. So how are we growing?

The other thing we're looking at this year is really tracking our investor database and how to grow that. And that does come as I mentioned a lot through our business side of things of growing with those with those other owners. And how do you like to give back? That is a big thing for us. Because as you know, with our business, when we started the business in real estate, it was how can I impact my community, right health and fitness? How can I make my community healthier?

And then as we grew with our real estate business, it was how can I provide and share in that with other people to help them achieve financial freedom. So we do that through our business. Couple things we'd like to do mainly in our community, though, because that's where we see the biggest impact. We work through our businesses with our local food food bank, just food scarcity is a big thing there, we do a lot of food drives and actually have our staff and at work at the food bank or volunteer at the food bank.

We also partner with the Red Cross for blood donations. I think that's a big thing right now, we actually had one at our gym last week. The Red Cross came in, we did blood donation. And then finally, we were also the Heartfirst Organization, if anyone heard of that, through our business provides monthly, uh, some of our income to that organization, Heartfirst Organization provides opportunity for vets to purchase or get the capital covered to own in Anytime Fitness that teamed up for that foundation as well, that's all part of that organization. So it's a great organization. We've been a part of that since we opened our first gym back in like 2008.

WS: You know, Todd, I'm grateful to have you on the show, grateful for your give-back to us in this community as well. And just hearing your story from the franchise, you know, starting in 2008, which may not have been the best time right.

However, you know, you didn't stop there, right, in a few years later to success, as you mentioned, even going back into the corporate world and coming back into business and focusing on operations. And I just think it's, it's smart because that part of the business can be translated like you said to so many other businesses, right?

You know, the operations piece is crucial and the people piece, nearly any business, right? It's crucial if you understand that, then there's many other businesses that you could go and be successful in which you are proving. Todd, how can listeners get in touch with you and learn more about you?

TS: Yeah, if anyone wants to get in touch in regards to real estate projects, I can be reached at Summitcap.co or todd@summitcap.co. And then if it's any business related or you just want to reach out and schedule time to talk, you can check me out at Todd at silence investments.com

WS: 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 the 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.