EPISODE 1620

[INTRODUCTION]

Nick Stageberg (NS): What wakes me up in the morning is not adding more assets to our portfolio. If we add more assets to our portfolio, we can hire more people. And we have such an aggressive training process in our company in such a huge culture. I can see how every single member of our team is becoming wealthier in every aspect of their life by being a member of our team. And I see it as just like a, like a social good for us to employ as many people as we can.

[INTERVIEW]

Whitney Sewell (WS): Nick, welcome back to the show. Honored to dive right in today and cover a few more things we didn't get to in the previous episode, but I loved you know, the structure of your fund and how you're, you know, you're I mean, you're structuring from the beginning, I'm giving back and the charity and the staff and love, I just love just your mindset of caring for your people. I mean, we're trying to do some similar things. So I'm thankful to be able to glean some of that from how you've done that as well.

But you also mentioned at the end that you did, recently did a webinar and you told listeners where to find that in your website, and about this Silicon Valley Bank collapse, and I know, we're probably a week or so behind that actually happening at the moment, but I know there's people that probably still hadn't even heard about it.

So I'd love to just you know you to be able to share a little bit about what that means to you, what that means, what you feel like it means to the real estate business or things that people in our listeners, active or passive should know about that event. And unfortunately, we're about to spend a ton of time there, because I want to get to a couple other things, but I wanted you to be able to share about that, especially since it was fresh, you just did a webinar.

NS: Absolutely. So people haven't heard, you know, Silicon Valley Bank, it just collapsed. They had purchased a bunch of 10-Year Treasury Notes in 2020 – $127 billion of 10-Year Treasury Notes. And as interest rates go up, the value of assets goes down. And that could be, you know, real estate for people listening to this podcast, as interest rates go up, the value of those assets goes down. And this bank is a poor bank, they have gone from 20, or 50 billion in net in deposits to 200 billion in deposits through COVID. They didn't know what to do with it.

So they put it into what should be kind of the safest mattress to put cash into. And those are long-term US Treasury bonds. But every time the rates went up a quarter point, every time the Fed had hiked rates, quarter point, they would lose a billion dollars in the face value of those bonds. Because if you know, if I write you a bond today at 1%, right, and write you a bond tomorrow at 4%. And I need to sell that bond on the market at 1%. You know, no one's gonna pay face value for that bond, they want a discount on the value of that bond, it's now at a lower rate. And fortunately, I think the Fed has done a masterful job of making sure that the US gets its pound of flesh and a bunch of people lose their money.

So all the investors are wiped out, but none of the deposit holders are wiped out, which gives me a lot of faith that things are gonna be okay. From a broader perspective in the US economy. I don't see there being any kind of big national run on the bank, unfortunately. So we have about 20 million in cash right now, we already had our money sitting in 4-Week Treasury in T-Bills, which I think is a very safe mattress to put money in being short-term. T-Bills, they don't have that same problem that Silicon Valley Bank had.

But I think that, you know, none of this should be a surprise. Every time there's an economic cycle, the Fed raises rates until something breaks, essentially, and they don't know what's gonna break. I don't know what's gonna break. But like in our education webinars, we talked about how something would break soon. And it was just a question of what it would be, we have prepared ourselves for that. We have all fixed-rate debt on our entire portfolio. So a lot, a lot of real estate syndicators out there right now are in a challenging spot where they got a bunch of variable rate debt in the last few years, but we knew that rates were gonna go up and you know, asset values were gonna go down, and people would be kind of squeezed there. And if you had long-term fixed rate debt, you might be able to weather that storm just fine.

And if you had variable rate debt, you might be in a challenging spot. So my present self thanks my past self, that we made the hard decision to get that kind of higher rate at the time fixed-rate debt versus a lower rate, variable rate debt. And this is going to hit every industry. So six months ago, the UK pension fund system went insolvent and the UK Government had to bail it out for a period of time to do this exact same issue. They had sovereign debts, the UK pension funds and sovereign debt. And UK Government rates went up, the value of those bonds went down, and they were leveraged. So they had debt against those bonds. So they're doubly squeezed in the same way, like a real estate syndicator is kind of squeezed right now, by higher interest rates, where their cash flow is going down, they might be negative cash flow.

And if they were to sell that asset, that asset is probably worth less than it was when they originally paid for it. This could hit the oil and gas industry, it could hit any sector of the US finance system, anywhere where there's a lot of debt, or a lot of assets, a lot of capital-intensive industries, where there's been downward pressure as a result of that. So I think that anyone could have predicted that this breaking point would occur and it would occur sometime in the not-so-distant future. I don't think anyone would have predicted the Silicon Valley Bank collapse. And in fact, the crazy thing is there's nothing wrong with Silicon Valley Bank.

They just had deposit holders that were unified and could act very quickly to exit. You'd run on the bank for $42 billion that was withdrawn in three days. You know, if it was like a bank serving farmers and not tech private equity funds, I don't think farmers would have drawn down $42 billion in three days. So I think that bank was uniquely susceptible due to their concentration of a very specific customer base. That's a fact that is fast-acting and responsive, but I think that there's more to come if I'm a big believer in seasons. I think that this past weekend is the winter solstice. I think that we're halfway through winter, but January and February have come. So things are about to get worse.

But spring is just around the corner. I think we can see spring, I think a year from now, interest rates are going to be lower than they are today. I think I can say that with absolute certainty. That's not a prediction anyone would really dispute today. And I think that we can plan and prepare to plant for when spring comes knowing that there's going to be, you know, in the next year is going to get much worse before things get better in every industry, and particularly the case in the syndication industry.

When I was just at the Best Ever Conference, they opened the conference with the statement, we suspect it was a question. "Who here is scared that they won't survive until 2025?" That was what they opened the conference with. And there was a lot of doom and gloom at best ever. I didn't talk to a single syndicator who had a rosy outlook for the next year. But if you've prepared for winter, you've stored up your harvest, we've amassed the largest war chest of cash we've ever had. I think you can be well positioned for the rest of the winter here.

WS: That's awesome. I was also at that conference or speaking at that conference. I'm surprised we didn't get to meet as we should have met while we were there. But anyway, that was a good one. I encourage the listeners to check out the Best Ever Conference. It's been five or six years in a row. But anyway...

NS: Well, no the conference that it was not it's not a sunshine and rainbows kind of conference.

WS: Right? It was not. Speak to just a couple of things from what you just said, right? How's that changing what you're doing? Right? Or, you know, you mentioned, you know, you're piling together this war chest of cash, right, maybe briefly mentioned it a minute ago, but I wanted you to make it clear again, as far as, Are you keeping that cash? So it's like, you know, you know, you're gonna be able to get it, right. Where are you putting that but then also houses changing what you're doing, buying what you're doing. I know, you don't want to ever want to sell. We learned that from the last episode. But you know, what's happening and how you're buying assets moving forward, or even over the next 12 months?

NS: I'm an open book. And I hope I can share a few tactical items that are gold nuggets, anyone can take away. I hate podcasts. They're all fluffy stuff. So a friend of mine, many, many months ago, had two observations that the yield on four-week tables had gone up 100 fold in the last year. So this was last fall or something like that. It was north of 4% of the time. And he also noted that as asset prices fell it was possible that the financial system could be impacted by that. So any assets that a bank has on their books, I don't think anyone would have predicted you know exactly what happened at Silicon Valley Bank.

But if you go listen to our webinars from April 2021, we said that the Fed was buying mortgage-backed securities and buying Treasury bonds, which pushes down the rate. And so you don't have to be any kind of genius to say, okay, at some point in the future, the rates are gonna go up on the sort of, like 30-year fixed mortgages, all mortgages, and the rates on 10-Year Treasury are gonna go up, and they're gonna go up a lot, because no one had ever seen this type of asset buying program before.

That makes sense based on what I just said there, Whitney? So we were saying that in April 2021. And, you know, we have a lot of cash, a fair amount of cash flowing through our hands. And we're over FDIC limits.

So we use a sweep account, where it does interbank lending, so you get a small rate on it, you know, a couple points or something like that today, it's not huge. But theoretically, what it does is it takes your account and puts 200 pieces of your account in other banks up to 250k. So theoretically, you're assured if you know, if you have more than 250k in the bank, in the event of a bank loss, you wouldn't lose anything. We aggressively leverage real estate trust accounts. So if you're not using a real estate trust account, let me just say that you should be.

And those accounts are really special accounts that are specially enshrined in the US banking system, they are exempt from FDIC limits. So all of your rent income, if you're there, there's a million ways you can structure it. But if you are managing money, that's other people's money that's real estate oriented. Let's say you have security deposit accounts, rent income accounts, anything that's not basically like an operating account for an apartment building, you should be running that through a real estate trust account. And you are now exempt from FDIC limits on that account. It is kind of a hassle to set up the banks that don't love it because of its special status. But you should absolutely be using a real estate trust account. That's the best practice.

WS: And it's just something we're gonna have to move on, unfortunately, but just something very practical, is that something that can find it most banks are you know, how to just give them some really practical tips on how to find that type of account?

NS: Yeah, and then the biggest one, I'll just really briefly so every week we put 25% of all of our liquidity above and beyond what we need for the next week into a four week T-Bill. So every week, we can get up to 25 percent of our liquidity out of a T-Bill as cash in a worst-case scenario like six days away, but probably just a few days away. So it's kind of cumbersome to get into the 25%. But once you're there, I mean, we have a modest amount of money in any specific depository organization, the vast majority of our wealth is of the cash that we're holding for investors for ourselves is in T-Bills generating, right, right, the second like a 4.7%, return that and it's in the safest mattress in all of capitalism.

So that's something we've been doing for quite a while long before the Silicon Valley Bank collapse, because we feared something like this could happen. And we never would have predicted that exact thing. Just we thought something bad is probably going to break soon. Because that's how it works. That's how it works. Every time it's very predictable. What's the safest strategy we could execute to protect this mountain of cash that we're building, preparing for January and February, and you know, the metaphorical January, February, late season, winter to come?

WS: Okay, I'm grateful for you just diving in there. I think it's so helpful to the listeners, at least, like many have never probably never heard of something like that, or just that option, or, you know, thinking that way. And so I just love being able to expose them to people like yourself that are doing things differently. But you've researched this, and you're, you know, and why you're doing it. So I want to jump to a couple of the things that he wants to run out of time. And because I know, this is a question about this personally, all the time, as well, I know you have grown a lot over the last couple years specifically went from, you know, a half a dozen to 30 employees, you know, three to 300 million.

You know, that doesn't happen by just sitting on your hands. Right? So give us a couple of details of why he did that. And you said you've been in business over the last 12 years. What happened two years ago, or three years ago, you know, or what happened that all of a sudden, the jets went off. And you know, you sprung forward in a massive way?

NS: Yeah, so certainly the biggest kind of turning point was stepping back from my tech career. So we'd been growing just organically with real estate being kind of a side hustle. And then real estate became our full-time main thing. So I stepped away from my day job and data day job in tech. And then a year later, when the pandemic was really roaring, my wife also stepped back from her career as a physician. So we're both full-time in the real estate business. And I had successfully built some tech startups before really focusing full time on the real estate business. So that gave me just just some experience of what it looks like to hire a lot of people to grow very quickly. But we built our property management company, so that I think of us as a property management first organization.

Our first hire was an admin assistant hire who has eventually kind of grown into our director of operations. Our next hire was our director of growth. And this is a person who had a transplant is a former former Marine recruiter, so tremendous amount of sales. And you know, someone who is an expert at hiring people at judging people assessing their skills, their strengths and weaknesses, where they could fit in the organization, because we knew we'd have to hire a ton of people. So the second second person we hired was a person who would specialize in hiring. And then overtime, we've organically built out, you know, a leasing team.

So we have over 1,000 units that we manage with our in-house property management company. And we've got, you know, tons of you know, showings and leads that we need to respond to, we have a real estate sales team. So there's about we're in the top 1% of sales teams at Keller Williams, that's where I hang my real estate license. I'm a licensed agent. And that's a huge income source for us. And our property management company, well, it's not very profitable. It does pay our salaries, which, you know, I find a lot of syndicators, they really, they love to rely on third-party vendors. And it's easier to do. So it's easier to hire third-party property management and third-party maintenance, and third-party cleaning these sorts of things.

But when you have people on payroll, like when we go to do due diligence on an acquisition, we have the ability to bring our leasing agents and our maintenance guys, and they tell me how much they can rent it for I'm not throwing numbers into a spreadsheet, you know, hoping we can hit this number like the person who just showed 10 units today. They can tell me exactly how much they can get for that unit if we renovated this standard, how much they can get. And if we renovated this standard, how much can we get with absolute certainty, they can tell you what the number is. And the maintenance guy who's going to be the one turning a wrench on that property, he knows exactly what it's going to cost to maintain that property better than any kind of formula could ever tell me. So the real advantage to bringing those functions in house is it's not easy. It's not fun. It's a lot to manage and lead a team like this is not even profitable.

But you suddenly have superpowers that other people don't have. In our last podcast we talked about we bought an asset that was at 50% rent collections 100 unit townhome subdivision, you can't hire a third party management to take on a project like that. But when you own the property management company, all of a sudden you can take on the deep, deep, deep value add projects that no one is willing to touch.

And you can do it with absolute certainty. So we take every penny of cash flow that we get out of the business and we put it right back into salaries. And that's how we've been able to grow our team and scale our team so quickly. My wife and I, we're not you know, we're not taking a ton of money out of the business. We're doing great, we have a comfortable life.

WS: So was the big thing, then like you and your wife leaving your jobs say three years ago, and then you're able to focus completely on the business. And that's when you really took off, you've done some stuff in real estate, you know, is that three million and all of a sudden, you're able to just focus completely on it, you know, you hire, you went from, you know, what, a half a dozen to 30 employees last year.

And so speak to just the growth internally, like, there's other growing pains, right, that happened, you know, like you're experiencing growth, we've done it as well, you know, we went from, I don't know, you know, me, and then my business partner to like 60 employees, you know, pretty quickly. And it's just like, there's other things, you didn't expect that were going to be problems, right, or growing pains, which are good growing pains.

But still, there's a lot of learning that has to be done there. Speak to some of the growing pains, maybe that you all have experienced growing that fast, because it looks all rosy on the outside, right? Everybody just wants to be like you, but they don't see all the long nights or sleepless nights. But what are some things that you know, you all have had to grow through by hiring that many people and you know, gaining that much real estate and arrangement that fast?

NS: It's not all rosy, that's for sure. It's a tremendous amount of work. But here's the thing, if you're willing to do the hard work that other people are unwilling to do, you're going to be extraordinarily successful. There's a lot of people out there trying to work a four hour workweek, trying to build a team of third-party vendors and VAs, and if you lead a team, I believe that an elite high-functioning team is at the core of any, you know, impressive human endeavor that's ever been achieved.

And so that's exactly what we use. So we relentlessly focus on building a team, we do a tremendous amount of cultural, you know, team building. So every Monday morning at 8 a.m., we get our whole team together, everybody, and we dance, and we measure our team's happiness. So everyone asked to submit an anonymous survey on a scale of one to 10. How happy are you? How much energy do you have? And how valued you feel at the company? And I need to know is my team struggling right now? Because we just took on a really tough project, or are they super energized? I spend probably about 50% of my time just coaching my team, just leading my team, about 25% of my time coaching, about 25% of my time, working in the business, you know, actively being the hands and not the head, so to speak in that metaphor. But we've had to hire a ton of people, not everyone's been a perfect fit. And we've had to figure that out as we go.

We've hired people that in general have no real estate experience whatsoever. I find when we hire people that have prior real estate experience, they have a set of expectations that makes it very hard to retrain them. I prefer getting kind of a blank slate. So for example, our construction director, he's running 56 job sites right now, and a maintenance team of seven. And most people would say that's crazy. How can you have one person juggling all those balls? Well, he had worked for another entrepreneur, successfully opening coffee shops for that entrepreneur for many years, and successfully opened – I don't know, four or five coffee shops over the years and hiring a team and building you know, middle management and building inventory and figuring out all the processes required to build that, that coffee shop and get it going. Well the kind of person who can do that.

They can build a maintenance team, they can hire and manage maintenance people and a competent manager can manage things in any industry and I can teach them construction. That's an easy thing to teach, but the leadership skills – to lead, it's tough to manage maintenance guys and cleaners. It's a tough management gig, and it takes a certain kind of person to do it. We love hiring people with leadership backgrounds. So one of our leaders II had previously managed 13 GNC stores, and like that like our region of GNC, and GNC is downsizing, they really struggled through COVID. And we hired a fixer for Marriott, they would travel around the country during the peak of the pandemic. We hired them, you know, talent was just on a steep sale at that time. And we didn't even necessarily have the salary dollars to hire these people when they came along.

And we didn't even necessarily know what the heck they were going to do like this, this fixture, very odd. She was our first hire as an admin for me, it was ludicrous. Like she was so hopelessly overqualified for the job, but we knew this is a rockstar, and she is going to perform and all these people are rockstars. If I get a fine, you know, service experience at a nice restaurant, I'm gonna offer that person a job. I'm gonna keep going back to that restaurant, and keep offering them a job until we hire them. But it's not all sunshine and rainbows you have you know, I call them "drama llama stampedes" where this staff person has an issue with this staff person.

And there may not even be a real issue. Like just somehow word gets around or something. You just have to step in and get them together and say, "Hey, what's going on? Let's fix this right here right now." So this small problem doesn't become a big problem and managing cash flow. So we keep one year of burn in cash on hand so we can get one year of payroll basically. And that leaves us feeling very bold to hire people on a go forward basis. So most people I think they struggle when they look at their payroll in a high-growth organization, because they say, "Hey, I don't have enough revenue to pay my staff which is almost always your number one expense, so I can't afford to hire another person, but what you're thinking isn't right there." So if you hire someone, they had better increase revenue or reduce expenses by an amount equivalent to their total payroll costs where you shouldn't hire them.

You made a huge error, you're a bad leader, or you hired the wrong person, if that's the case. And so we have check-ins 30, 60, 90 days, how are they doing? Are they excelling? And financially? Are we increasing revenue or reducing expenses, you know, in amount, at least equal to their salary, and if so, we're good. And then by having that year of payroll in cash on hand, that we kind of keep as a buffer, we know we can make all kinds of mistakes, we can hire. You know, my, one of my coaches says, It's like drawing cards.

So sometimes you draw an ace, sometimes you draw a jack like, yeah, it's, it's good, it's face cards on ace, but it's still great. Sometimes you draw too, and you gotta throw it back, and you put together the best hand of cards you can possibly put together and shoot sometimes that too, it makes your straight happen, you know, sometimes you get someone that just really compliments your team, and you're able to get them to excel. But sometimes you just gotta hand that card back in and draw another card, and just know that that's part of the process. So those would be some of the lessons learned.

WS: It's incredible, I appreciate you mentioning, you know, just like you found some amazing people, and you didn't even know exactly where you're gonna put them. But you knew they had valuable skills, right? I mean, they had done it, right, they had done, and actually they had skills that are really hard to teach, right?

Yeah, that, you know, you could teach them the soft skills or like, say, construction, you know, piece specifically, that man to go be a great leader and to lead teams, and delete, you know, and that's, that's hard, right? And usually, somebody has to do all of that through experience. And so, you know, speak too quickly, though, how are you finding these people? I get that question all the time, as well.

NS: So you can go put up a listing on Indeed, and you can get resumes. And we have hired skilled people that way. But the best way to hire is through referral. So at our eight o'clock meeting, where we have our all hands meeting, one of the things that I do is I say, Who do we need to be in conversation with, please note, I don't ask who's looking for a job, because you don't want to hire the people looking for a job.

That's not the selection bias working against you that they're, you know, already apparently not fit to be employed, you know, for someone else. So we want to be in conversation with this person. And almost every single person we've hired, you know, they've stepped away from another job, and maybe it wasn't right for them at that point in time. We're patient, like, when we find a rockstar, like our accountant, she was running payroll for an organization of 500 employees.

And we said, "Man, you are a rock star, we've got all of you know, 10 employees right now, but we're gonna have a lot of employees soon. And we need, you know, someone who can run the payroll, please join us." And she felt so loyal to her existing employer, even though they weren't really treating her well, and will show loyalty to the staff and feared that the staff would not would not be paid if she stepped away. And indeed, that is actually exactly what happens. But a year went by of her telling her employer, you know, I don't think you're making the right decisions. I don't think you're treating me right, I don't think you're treating the staff right.

And I'm going to leave if you don't, you know, improve, and she gave him a year of this feedback. And finally, you know, she did decide to step back and join our organization. But it took a year of us just being in very kind, consistent, polite conversation with her saying, hey, you know, as your situation changes, because we would still love for you to come join our company. I think most people that might seem weird to them, like, why would you spend a year following up with someone to join your company, like, just go put your ad out on what else? That's not how you find rockstars. It just isn't like that, so she was a referral from one of our other staff members who, you know, we said, we need an accountant.

And we need a really really good accountant who's the best accountant you've ever worked with, because employees of your company, they've had interactions with other accounts that other employees at other companies before and her name came up as man, she always made sure all the numbers were right, everyone was paid on time. And she just stepped up, went above and beyond work nights and weekends when she had to, she was amazing. Okay, full stop, we're gonna get her like, like, she will be working for our company at some point in the future. And we will need her. And so let's make this happen.

Whatever that looks like, then you followed up for a year, we followed up for a year, and we followed up once a month, we would check in with her. And then finally after a year, again, a very high consistency person, right? So she said she would give it exactly a year, she gave it exactly a year, and nothing had changed. And so she joined us that time. That's not how my personality works. That is how the personality of a good accountant works.

WS: Yeah, that's a great example. I just appreciate you highlighting that and how you found people, how you find great people and even being willing to bring them on for you to know exactly what they're gonna do. Maybe, hey, I recently hired somebody I knew. I've known this guy a long time and he's a great individual. I was just somebody that I could trust completely and, you know, always doing what he says he's gonna do, like, I've just seen it over and over and over and in a debt not in our business, but you know, he was doing something else. And then I said, “Man, if you ever wanted to come work for us, I'd love to know it. You know, if you're ever looking for something else to do, you'd be a great addition, you know, to us.”

And so sure enough, he reaches out and says, Hey, I would be very interested in working with you all. But it was interesting what you said there made me think of this because he, he knew somebody else really well, that worked for us. And so he reached out anyway to that person's spouse, he knew them. And he said, "Well, I'm looking forward to potentially working with Whitney, but I don't know, I'm not sure exactly what I'm going to do yet." Well, I think that and somehow he knew this, because it's like saying his spouse works for us. And he said, "Well, I don't think you often hire people, and then find a good place to put them, like, hire great people and figure out what they're gonna do."

So that resonated, and I can't say, I've always done that, but I do like your feeling always better. That's it. Yeah. I loved your desire, though. Define somebody that's, you know, amazing, and say, You know what, like, I'm just gonna stay after them and put the time in. And, you know, keep going until they're ready to come work for us. But I think that says a lot about you all as well. Right, and pursuing that person.

And so anyway, Nick, that's incredible. I'm going to jump to a few final questions before we run out of time. But what's your best source for meeting new investors right now?

NS: Yeah, I would say we have a different approach here. I learned this from Keller Williams, a real estate sales organization. And they would say that your database is your gated community. And it is your number one asset as a real estate salesperson. And we've really applied a lot of the Keller Williams kind of systems and processes, the kind of capital raising. Also, I'll say, the joke is Elaine, my wife, she raises the money and I spend the money. So this is more her domain than is my domain.

She's kind of an expert in social media. We have a full-time marketing communications person who's a young person with a bachelor's in English from Madison. So think very sophisticated and poised, but you can often hire these individuals for not, you know, like a lower salary than like a CIO persona or something like that. Like, you need to find someone who understands how to communicate with people today. I'm 39 years old.

WS: By the way, you are young.

NS: I don't have TikTok on my phone. So I'm old. It's just the fact of the matter. TikTok is more popular than Google with millennials now, like that does not compute my brain. You have to have young people that are able to communicate. And going back to the killer Oreos model, you just lead with incredible value, like you educate, you teach and go to speaking events. On average, at least once per day, I would say we do a podcast or webinar and fly around and do keynotes and that sort of thing.

Anyone here would love for us to speak please do reach out to his blog to have on our calendar, we just love to offer value anyway, we can, you know, I have that ministry background, my wife has that psychiatry background. So we know that if we are just like providers over delivering just providing way more value than anyone could ever possibly expect. Whatever it was meant to be will come back to us like we love to get on the phone just talk to people about how's their marriage doing like how's their relationship with their kids? Like, we can talk about investment if you want, but really the thing is gonna move the needle and investment is very much a trust-based thing. Like I can put together a proforma that says whatever I want to make it say, Do you trust me? Do you think that I'm going to be a man of my word, do you think I'm going to give up when times get hard? Those are the things that investors really need to be underwriting on those phone calls.

So we just I don't know we don't talk about the weather. We don't talk about that surface level trivial stuff, we really kind of dig into it. So we show up for our investors. I think I did like 47 one-on-one meetings when I was at the Best Ever Conference so just a staggering number of one on one like intense let's go to a separate room let's talk what can I do to provide you with insane value like we give our course away for free. It's a pay what you can model we do free teaching and speaking, you know, was never a sell. It's never like, okay, it's going to be, you know, 50% information, 50% sales, like we'll tell you who we are and you want to know, invest with us, please do.

But like, okay, Silicon Valley Bank collapse, we just did a two and a half hour webinar on, you know, what the state of the market is? And how does this impact you and, and how can you prepare yourself for what's to come, and we had a ton of people show up and I think people got huge value from it. And that's just what we do is we're just constantly overwhelmed, whatever it comes back.

WS: That's awesome. I appreciate your intentionality as well. Industry gives back. I speak about it often as well, just about giving back as opposed to just talking about real estate or, you know, we talked about our mission, we talked about our why, really first, and there's so many other things that come out of the conversation, you know, that build the relationship, right, you know, outside of talking about real estate, and that's guess what if you're at a conference like that, they just talked to 20, 30, 50 other people that's talking about real estate, right? And they're not going to remember who you are.

But man, when you come in there with your missionary come in, who's just giving you know, like you're talking about Nick, you know, you stand out, right? They're gonna remember that conversation with you. And yeah, they're gonna be just like you, right? Because you've, you've wanted to give back to them. Right? So I appreciate that. I really liked that a lot. Well, what are some of the most important metrics that you track personally or professionally?

NS: Yeah, we're pretty fanatical about metrics. And we've got a Google sheet so that a.m. Monday morning meeting with everyone in the company, we have a safety culture, a transparency culture. So in most organizations, those metrics are kind of kept private through different verticals, because you wouldn't want your maintenance team to see that your leasing team is struggling or whatever.

And in a safety culture, you cannot get in trouble for reporting a problem. In fact, the only thing you can get in trouble for is failing to report a problem that comes from my wife's medicine background. In terms of KPIs, we track that comes from my agile background. So in lean agile methodology, they would say that you can track and manage any value stream any value pipeline has two metrics.

So that's a working queue, and velocity and queues. So the amount of work that you've processed through that queue and the last iteration, so we track every week, that's our iteration. So and then you track each step in your pipeline. So just like on a manufacturing floor, you might track how many cars are waiting to put the windshield on, how many windshields do we put on in the last hour? How many cars are waiting, put the wheels on? So we track how many maintenance tickets are outstanding? How many maintenance tickets did we close last week?

How many rehabs are outstanding? How many rehabs did we close out in the last week? How many properties can we lease and how many properties that we lease in the last week? And with crystal clarity everyone in the entire organization can see exactly where we're at. And we're doing a crazy amount of rehabs right now. A ton of units have come out of renovation, we've renovated them through the winter, we're about to go into the high season here. So we want to have a ton of new vacancies to place tenants as we go into the high season. So we planned our pipeline this way strategically, we have like a staggering number of freshly renovated units to lease and everyone in the company can see that there's now a bottleneck on the leasing team.

And everyone the company is asking, Hey, is there anything we can do to support the leasing team? And so our operations team, our marketing team is saying, Hey, can we help the leasing team go take photos of those freshly renovated units, and, you know, I've got a few extra hours, you know, I could probably knock out a few showings or something like that, if the leasing team needs help with that, because we're all here to support each other, we all see that that value pipeline, we know the goal is to build a car by the time we get done.

And if there's too many cars waiting to put the wheels on, there's no point in putting more windshields on the right, there's no point in renovating units faster if we can't lease those units. And by just making those metrics available to everybody, you don't have any issues there. And we track that with every single aspect of our business. You just need to track work in a queue or work in progress and your velocity through that queue. You can manage anything with those two metrics off that.

WS:
And what about and I know this is something that's really big for you as well. But I always like to ask how you like to give back. Maybe give us your favorite way to know, you'd like to get back in it. We shared about it a little bit yesterday, you know, early in the episode, but anything you would highlight there even challenge anybody else in?

NS: Yeah. So I think this is an area where I mean, this is an area where I have been challenged by my mentors in the past, and I'm so grateful for that. So the secret for living is giving. And when you get to a certain amount of success or wealth, more will not get you up in the morning. It just won't. It's not how the human brain works. In fact, achieving bigger and bigger things without giving back actually feels more and more empty until the point where you feel suicidal or you turn to drugs or alcohol or pornography or whatever, whatever the thing is it gives you a little bit of dopamine to keep life interesting. What wakes me up in the morning is not adding more assets to our portfolio.

If we add more assets to our portfolio, we can hire more people and we have such an aggressive training process and our company in such a such a huge culture, I can see how every single member of our team is becoming wealthier in every aspect of their life by being a member of our team and I see it as just like a like a social good for us to employ as many people as we can. One of my role models would be like Dan Cathy, he said that Chick-fil-A is an organization dedicated to teaching young people courtesy and civility. Think about like wrapping your brain around that like that.

WS: It's not to sell more chicken sandwiches.

NS: If we teach people how to be kind to other people like we're gonna probably sell some chicken or give back stuff you build a school, supporting homeless shelters and our maintenance guys are out knocking out tickets for these homeless shelters like do you think that gets them up in the morning like it's not motivating sometimes to go knock out another you know leaky faucet at one of your rental units. You're like, Hey, I get to go support you know, Dorothy Day today, that's the name of the shelter and knock out a leaky faucet for them that gets them up in the morning.

I mean, we celebrate this give-back, we engage our team and that give-back and that's the thing that really drives all of us. It's gonna sound a little bit preposterous but my wild hairy audacious goal would be to change capitalism in some small way in the same way Warren Buffett changed capitalism with The Giving Pledge. He made it not okay to keep it and what if real estate syndications, private equity funds weren't so darn fee-heavy. What if every single private equity fund had to have a 5% give-back? It was not okay. And when you had an investor call your investor the first thing they said was what's your give back? What's the coolest thing you've given to lately? And you say Oh, well, we just make money here. Oh, it's just about profit. That's all it is? Yeah.

Okay, well, well, thanks. I'm gonna go find something else that aligns with my values better . It's not enough to actually change the returns in a material way. But it's enough money that you could rebuild every school in the country every single year. I don't care what you give me. I challenge you on your next capital raise, just do a 5% Give back, you will raise so much more capital so much more easily. And it will cost you relatively little in the grand scheme of things.

And you get to make a world of difference in the life of someone else. I don't care what you do, whatever has had the biggest impact on your life to a 5% give-back to that thing, in your next indication, your next fund and go change the world. That would be my wild, hairy, audacious goal is to bend the moral arc of capitalism towards justice in some small way.

WS: Nick, it's been an honor to meet you and have you on the show you and I have more in common than you may realize, but I love your desire to give back and even to your you know, your people and how you've structured that and just being very purposeful with that even, you know, elaborating on you know, how you hire and, and you know, your path to real estate and you know, leaving that and then you know, you and your wife doing this the massive growth, even some of the challenges that come with that growth.

That seems so glamorous, right, but admit it, there's lots of hard times that you know, that are experienced by fast growth as well. And just appreciate you being willing to be transparent. But grateful again, I tell the listeners how they can get in touch with you and learn more about you.

NS: Anyone here can go to MeetBlackSwan.com. They can block it out of my calendar, if there's any way I can offer you value, they can sign up for our mailing list. Come join us at our free educational webinars, we speak to whatever, you know, whatever topic seems like it's going to provide the most value to people. We just did our two and a half hour webinar on the Silicon Valley Bank collapse last night.

We just tried to provide real value to people that join our community. And if you want to sign up for our waitlist, we don't have any investment opportunities that are available right now. But you can sign up for our waitlist for the next investment opportunity that we have available. And just lots of ways to connect with us there. MeetBlackSwan.com.

[END OF INTERVIEW]

[OUTRO]

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.

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