

The Land Geek Podcast With Mark Podolsky, AKA The Land Geek

Today's Guest: Dave Dubeau

Transcript

Mark: Hey, it's Mark Podolsky the Land Geek with your favorite nichey real estate website www.TheLandGeek.com and I'm really excited for today's guest because he's going to help us find that one little commodity, that one little resource that everybody wants everybody needs to get your deals done.

But before we talk to our guests I'd be remiss if I didn't properly introduce my co-host. You know, you love him, 'The Brain', "The Professor', your Land Geek Flight School Sherpa, Scott Todd from ScottTodd.net, LandModo.com, if you're not automating your Craigslist and your Facebook postings PostingDomination.com/LandGeek. If you want to learn how to do just about anything technologically speaking, check out InvestorNinjas.com. Scott Todd, how are you.

Scott: I'm good, Mark. How are you?

Mark: I'm great. Just a quick little announcement, today's podcast is sponsored by Flight School Live. Want to learn how to start creating a deal machine and treat passive income without renters, rehabs, renovations, or rodents? Get it done in three days live with the best in the business. It would be like saying, hey in three days can LeBron James teach me how to shoot a

jump shot; Can Tiger Woods teach me how to swing a club? Get it done in three days. Learn more at <a href="https://doi.org/10.2016/jns.201

Dave: Hey, Mark, great to be here and I am absolutely astounded at your memory, my friend. That was a lot of websites to roll off the top of your tongue so well done, my friend.

Mark: Thank you, I appreciate it. Ginkgo Biloba combined with coffee it will get it done. So Dave, tell us about what you do and why you do it.

Dave: Well thanks a lot, Mark. I am a marketer and a real estate entrepreneur, as well. My main focus these days is on helping other real estate entrepreneurs to attract investors and raise capital for their real estate deals. That's something that I see as kind of the big stumbling block for a lot of people. I've seen all sorts of statistics but basically, it's kind of the 80/ 20 rule. You know 80 percent of real estate entrepreneurs get stuck with two or three deals under their belt. They run out of cash. They run out of credit and they can't move further because they're tapped out, right? So we help those folks tap into their existing sphere of influence and raise capital the right way.

Mark: So, I can imagine someone listening to this and thinking well, he can probably help Mark or Scott because they've got good credit and they've got a lot of assets and they've got capital and they've got a track record. But I'm new. Is there anyone, Dave that you literally can't help?

Dave: Yeah, you know what? It is a little bit difficult to help people that are absolute beginners that haven't done a single deal before. That's very, very difficult to do. So, it works best if you do have a bit of a track record and you know what the heck you're doing. It's just kind of common sense. So if you're starting from scratch if you haven't done a deal before then you need to get a deal or two under your belt and or do a deal or two by helping somebody else who's more experienced and then create a bit of a track record that way.

Mark: What about their credit rating? How does that need to be?

Dave: Credit rating doesn't really matter too much depends on what kind of deals that you're doing and how you structure it. But basically, if you don't have it somebody else does.

Mark: Yeah. All right, Scott Todd, what are your thoughts just initially?

Scott: Well initially, it sounds good. I'd love to know more about the process that we go through to get this done.

Dave: Perfect. So probably, the best way to explain it is to show you what not to do which is the way I got started. They say a smart person learns from their own mistakes a wise person learns from the mistakes of others. So I suggest that your watchers, your viewers, and your listeners be wise learn from my mistakes. So the way I got into real estate investing is initially I did the whole raw on the grand style stuff no money low money down type deals, creative type deals. That was fun. I didn't really require much capital or investors and I didn't have my head around the whole thing. Took a few years off focused on something different got back into real estate in 2010 and at that time I was focusing on tenant first or client first rent to own deals. So we would find a good qualified tenant-buyer and we would buy them a house and then we'd rent to own them that property over the next two to three years.

So like most people, I seller-financed my first couple of deals and then I hit the wall, ran out of cash and credit. I remember it very, very vividly I had the perfect tenant-buyer ready to go. They were a lovely couple. We went house shopping for them looked at a couple of different houses, made a couple of different offers that kind of stuff. Finally got one tied up that they really liked. There was only one little challenge I needed to come up with \$85,000 for the down payment, closing costs, property transfer fees, etc., and I had two weeks to do it. I don't know if you guys have heard ... Have you heard the saying just find a good deal and the money will find you? Have you ever heard that?

Mark: All the time, yeah.

Dave: Yeah. Well, I found that saying to be complete horse hoowie in my situation. Because I think, that works well if you've got a group of prospective investors already lined up kind of in the wings ready to go which I didn't have. So I was starting from scratch. So I heard you know all the typical advice about raising capital. Pick up the phone and start dialing for dollars, right? Cold calling and you guys heard that one?

Scott: Yeah.

Mark: Yes.

Dave: Evidently, I suck at cold calling because I called and I called and I called and got rejected and rejected and rejected and rejected. I did that for

a bit and then my sensitive little ego couldn't take it anymore so I quit cold calling. Then I heard you know what? Turn every conversation into a real estate conversation. You guys heard that one?

Mark: Sure.

Dave: Yep. So I ran out to all the normal networking stuff that I was part of the Chamber of Commerce, Toastmasters. I think as part of BNI that time went did the schmooze type stuff again that didn't work. Now again I really wasn't doing it all that well but it just really felt clunky trying to pull up the old 30-second commercial, all that kind of stuff. Then, I thought I was running out of time so I got an extension got a one-week extension on this deal. I thought hey you know what? I know quite a few people what if I just put together a little deal package and I email it to everybody I know? So that was my next brilliant idea. So I did that. I got excited because I started to see some replies coming in until I actually started reading some of the replies. Most of them were saying stuff like, "Hey Dave, you know what man. I haven't heard from you in eight years or 10 years or five years or whatever and ere you come right out of the gates and you're looking for money for a deal, buzz off." okay?

So basically, what I did is I shot myself in the foot with a lot of good prospective investors and I vividly remember I lost that deal. I got massive mud on my face with the ... You know because I met in a fairly small market locally here so the realtor was ticked off. The seller was ticked off. My tenant buyer was ticked off. I'd return all of their money to them obviously and I was out several thousand dollars for costs and this and that the other thing. That was the point where I said you know what? I never want to be in this position again and that's where the light bulb went off. That is when it's the chicken and the egg the money comes first when it comes to deals. Have the money lined up first before you go tromping off making offers on deals? Does that make sense you guys?

Scott: Yeah, that makes sense.

Mark: It totally makes sense. But now, I can imagine our syndication attorneys you know pulling over right now and saying, "Wait a second, Dave. That's a blind pool. You can't do that."

Dave: That's right. Because I didn't know a heck of a lot about it so I was pretty much making every mistake in the book. Probably a good thing I didn't raise any money that way because it was a clumsy way of going about it, right? So that's when I got serious about the whole thing and fortunately, I've got a background in marketing. I thought why don't I apply marketing

to the whole idea of finding money partners raising capital and staying compliant? In my case, I'm up here in Canada so it's a little bit different than in the States but we still got some pretty, pretty robust rules and regulations around who can invest and not raising money from the general public, right?

So I applied that and I started working on that and that's where I came up with this whole five-step process that I go through for raising capital and what I suggest people do as well. Again, it might be slightly different in the United States. However my understanding and correct me you guys if I'm wrong is it if you are raising capital from people that are friends, family members, and close business associates there is an exemption in that realm. Correct me if I'm wrong.

Mark: Well, that's a gray area.

Scott: Yeah. Like you know I think it would all depend on which attorney you talked to, right? Like one attorney is going to tell you don't even talk about even this people you know. Another attorney would say go have fun. But I think you got to have it a little bit laid out a little bit fleshed out for.

Dave: So you go you set up a syndication or something like that is that correct?

Scott: Well, at least kind of a term sheet. You know at least the term sheet an attorney has reviewed and said you can go talk to some people with this term sheet. Otherwise, you're out there and I mean you could be violating all kinds of security laws and I don't know, Mark, I don't want to end up like in prison.

Mark: Yeah, I mean. I watch 'Billions' and it scares me.

Dave: What's that?

Mark: I watch the show Billions on Showtime and running afoul of the securities law really scares me.

Dave: Definitely. So that's why it's important that you understand what your local state security and federal security regulations are around this. My understanding was and again I'm up here and in Canada is that if you're dealing with people that you have a pre-existing relationship with, it's a lot less risky than going out to Joe Public.

Mark: That's absolutely true. So, walk us through the five-part money partner formula if you would.

Dave: Sure. So the first part is coming up with your target list of prospective investors, right? So again in my books, you want to be going after people that you have that pre-existing relationship with. They know you. You know them and you can have a conversation. Here's the thing, right? Typically, my experience has been you guys in order for somebody to invest with you they need to know you, like you, and trust you, right?

Scott: Right.

Dave: So to get a stranger to invest with you have to create know, like and trust factor from scratch which is quite difficult to do. But if you're dealing with people that you already know and who already like you've got twothirds of the equation taken care of. Now we just have to work on the trust factor. Do they trust you investing in capital with you into a real estate deal? Does that make sense? So the whole goal is to come up with a target group. I would shoot for between 150 to 200 people. A lot of people say, "Well, Dave I don't know that many folks don't know that many people." I suggest probably you do you just you're not aware of it.

So first thing you can start with is get all of your contacts off your cell phone. Get them into one place. Get them into a spreadsheet. Get all your contacts from your email address. Get them into one place. Get all your contacts from all your different places get them into one place put in something like a spreadsheet and then quickly go through it and eliminate all of the people that you don't really have a relationship with. Does that make sense?

So instead of trying to come up with a couple of hundred people, you start perhaps with 1000 or 1500 and quickly whittle it down to get to a couple of hundred people. Then that becomes your core target group of people that you're going to be focusing on with your marketing. We're not going out and marketing to the great unwashed masses. We're not going to be marketing to the general public. We're going to be marketing and exclusively to that core group of prospective investors. Does that make sense to you guys?

Scott: Yeah.

Dave: Yeah. Scott, how are you?

Scott: Yeah, I'm good.

Dave: All right, so that's step number one. Step number two once we've got that core group we want to avoid making all those stupid mistakes I made

all that clumsy stuff and we want to reconnect with people on a personal level first before we start talking business before we start talking real estate. So that was a big mistake I made back in the day. So now, what we do is what I recommend is a little simple three-step warm-up campaign. So the first step is we send out an email to those folks on that list and say something like, "Hey, it's Dave. Chances are it's been a while since we reconnected. I just wanted to say hi, let you know what I've been up to for the last bit. Talk a little bit about myself the family. You know what I've been doing for fun, trips, travel hobbies, pastimes." I call this the Christmas letter from Aunt Nadine. I don't know if you guys remember that but way back in the day before the interweb, before cheap long distance, before social media people used to actually write letters. You guys remember that?

Scott: Oh yeah.

Dave: Yeah. I got quite a few of those.

Mark: [Indiscernible 00:15:30] ginko biloba, I still remember that.

Dave: Yeah.

Scott: Mark, did you ever write a Christmas letter?

Mark: Did I ever write a Christmas letter?

Scott: Yeah, you.

Mark: I mean, my handwriting is so bad. I probably, at that point in time I was smart enough to get somebody to do it for me.

Scott: Oh no. How about your wife, did she write a Christmas letter or did you guys just not do that?

Mark: Of course she wrote it, beautiful handwriting.

Dave: Nice.

Scott: You didn't type it.

Dave: This is what my aunt Nadine used to do. She used to write a Christmas letter once a year, photocopy it, send a copy with a Christmas card to everybody in the family and that's how we caught up. That's how we knew what the heck they're up to for the last year. So it's kind of a modern-

day version of that, but I suggest you do a little quick recap of what you've been up to the last five years, right? So if you've changed jobs, if you've moved, you know kids graduating, kids born, grandkids, whatever the heck's going on in your life just a brief little recap of what you been up to. Then at the end of it, very important say, "Well, that's what I've been doing. How about you? I'd love to catch up. Please hit reply, let me know how you're doing and let's connect."

Send that out to the 200 and you're going to get some replies. Go back and forth with the people who reply. Three or four days after that we send out the second message and it's an even more modern version of that first one. We do this be a video I suggest you do a little three or four-minute video basically going over the same thing and sign off and say, "Hey, that's what I've been up to. Love to hear how you do, as well, just hit reply to this email and let's catch up." That one really works well and I think you can understand that as you guys are doing video podcasts and video stuff all the time. Video I found is the next best thing to being there in person with somebody, all right?

Mark: Absolutely.

Dave: Then the third one is the magic. It's what I call the transition message. In that, I would say something like this, "Hey, it's Dave it's been really good reconnecting with you over the last week or so. That moving ahead, I want to do a much better job of staying in touch and letting you know a little bit about what I'm up to with real estate investing. Real estate is something I'm very passionate about. I've been doing well with it. In fact, I think it's the best way for everyday people like you and I to make it above average return on our money backed by something solid and that's real property.

Who knows maybe some time in the future you might even want to partner up and we can share in some of the profits? But what if you're not into real estate that's okay, too. Click on the unsubscribe link at the bottom of any of my emails. You'll be taken off my list immediately. In the meanwhile, if you haven't got back to me please hit reply, let's connect, andlet's catch up. Take care. Talk to you later." Off it goes, all right. So that's a three-step reconnect campaign. Can you guys see how that works so much better than spamming everybody with a deal?

Scott: Okay, I hear you and I'm not going to be a negative Nelly here Aunt negative Nelly. But I got to tell you something. I get that email and it's a book about you and I haven't heard from you in years. I got to be honest with you. I'm hitting like delete not even unsubscribe because like to me that whole thing like even the whole reply to catch up hit reply, that sounds like you're after something from day one and I'm out.

Dave: Well you're kind of a marketer, Scott. You've been around for a while.

Scott: Maybe.

Dave: Here's how this works actually. I was just talking to a client of mine who did this a little while ago. Now, this is exceptional. He got 70 seven zero replies positive replies not negative replies seven zero replies from doing that. He had about 275 on his list.

Scott: Okay.

Dave: What had happened he started getting appointments and he actually got a deal just out of it? It's even designed for that. This is just supposed to be breaking the ice. Just talking some other clients last night they got 30 responses from doing that all positive, right? So it works. I wouldn't be doing it if it didn't work. It definitely works.

Mark: Yeah. I think, Scott, we know how the sausage is made already.

Scott: So this is the problem, Mark. I'm glad we're going down this path because here's the problem is you see like I look at this and a lot of people make the same mistake, right? Like a lot of people when they're trying to learn something they make this exact same error if you will. The error is that I'm playing forward to where he's going right like my brain is going forward saying no, no, no, no. I see every red flag along the way. But yet, I'm not the intended recipient. If I was the intended recipient my response probably would be, delete and move on with life. But you see I'm not the intended recipient somebody else is.

So you don't know who those people are. So if you're sitting there trying to come up with some sort of a strategy for anything and you're playing this outgoing oh well that will never work. Well, then you're making assumptions that you have no data to support it. That's like a fatal flaw business making assumptions based on your own logic because your own logic is flawed.

Mark: Couldn't agree more. Dave?

Dave: Well let me ask you a question, Scott. I appreciate that very much but just too kind of put it in perspective. Just bring somebody to mind an old friend or an acquaintance that you've lost touch with for let's say 10 years. If I think of this I can think of an old high school buddy I have not seen in 30 years literally. We didn't hate each other just life separated he went one way I went the other way. He's not a social media. We haven't connected for 30

years. We were pretty good friends, right? Now can you think of somebody kind of like that?

Scott: All right, I got a guy.

Scott: You got a guy. Somebody you like, right

Scott: I like him.

Dave: You're like him, okay? Now if you got a video message out of the blue from that old friend and you've got to watch him and he kind of caught you up a little bit on what he's been up to in his life for the last five or 10 years, would that be cool or would that be pretty cool?

Scott: Okay. It would be cool. I would wonder like ... I'd be skeptical. But like if I had my guy and I sent him a video I kind of know how I would do it to just in one video. I might just start with video as opposed to an email honestly. Am I breaking the rules there?

Dave: No, hell no. Just most people are absolutely petrified of doing a video. Most people [indiscernible 00:22:19].

Scott: Look at this face, how can it not be on video?

Dave: Exactly, man. Look at the glow going out today.

Mark: Took the words right out of my mouth.

Scott: I know man. I hear what you're saying, okay.

Dave: But bottom line it works very, very well right. Here's the other thing you're absolutely right, Scott. We are not our target market, right? We are not the intended recipient. These are not other marketers. They are not other real estate people. These are people in our sphere of influence you know our contacts people that we know who probably aren't real estate weirdos like us. Does that make sense?

Scott: Okay, I'm good.

Dave: So that's the first step. So we reconnect with them that way. Then there's a fairly good chance that you're going to have a few people saying, "Hey, kind of curious about this real estate thing what are you up to with that?" So that might be a good way to lead into sitting down and having a one on one conversation with somebody. In which case what I recommend is

that you have some sort of a slideshow presentation that you can show them to give them a little overview of what you're up to with real estate investing. So that's really the next step is to be able to present your opportunities with poise and with power.

The big mistake I see a lot of people doing as they say well maybe you should be able to explain it kind of like an Amway thing with just a few a yellow legal pad and a sharpie in some circles and stuff. You should be able to explain it that way. Well, I can't do it very well that way consistently. But if you've got a slide show, if you've got a short presentation you can show somebody it's much more visually interesting for the other person. It helps keep me on track make sure I don't forget any of the important questions I had for them and it just allows us to do it ... It systematizes things that allows us to do the presentation the same way over and over and over again. So that's the next step is having a good presentation put together. Step number three ... Do you have any questions about that you guys?

Scott: No.

Mark: Clear.

Dave: Clear. Step number three of the five-step process is constant, consistent, communication constant and consistent communication. So educational type marketing not salesy, not pitchy, not hype, educational type marketing where we're staying front of mind with people about what real estate and what we're up to with real estate and really just kind of working on having them see us as credible real estate entrepreneurs and authorities and experts, right?

So, a big mistake I see a lot of people make is they go crazy on this stuff when they've got a deal in the works, right? They got a deal on the go. The market like crazy and then its crickets. You don't hear anything from the person. That's why that constant, consistent, communication is so important so that at least every couple of weeks they're hearing something from you. They're getting a little bit of education about real estate investing not too much. That's another big mistake is trying to over educate people. Most of your investors really don't care. What I found is they want to know that you know what the heck you're doing when it comes to real estate investing, okay? So educational, entertaining, type communications.

Mark: And number four.

Dave: What's that?

Mark: Step number four?

Dave: Step number four is to be seen as an authority, right? There's lots of different ways to do that. Good way to do that is to have a good investor-focused website. You're not sending this out to the great unwashed masses but when you're communicating with people what I suggest is that you have your website as your hub. Everything comes from your website. Everything brings people back to your website and encourages them to reach out, book an appointment with you so you can have a conversation and show them what you've got face to face, right?

So what's your online presence looks like. How you dress when you meet with a prospective investor. So even if it's your Aunt Myrtle, who used to change your diapers back in the day, I highly recommend that you dress business casual when you're going to meet with them. Show them respect because you can be talking about them potentially investing with you. Helps you get respect from them as well and it's just a much more professional kind of situation, all right? Then once you've got everything up and rolling, once you've got a couple of investors under your belt, then it's all about getting testimonials and perhaps starting to get referrals as well. So that's the main focus. So that's the five-step process there, in a nutshell, you guys. There's a lot more involved but that gives you the 30000-foot overview.

Mark: It makes a lot of sense to me. I really like it. Scott Todd, what do you think?

Scott: I got it. I agree. It sounds like a winning plan.

Mark: So, I think David, it's really clear that this is one of those things where money is kind of like you know an umbrella, right. You want to get your umbrella before it rains. You want to start getting all this prepared before you need the money and start sort of warming up if you will your contacts, your sphere of influence so that they are dying to either they lend you money or going on a deal with you. But you can't just do it like you could just go to a party like, "Hey Dave, want to do a deal with me?" They are like, "What?"

Dave: That's what everybody does. Isn't it, Mark? That's what so many people do and I find it's very, very clumsy. So this is a much better structure and in my mind.

Mark: Absolutely. Well now, Dave I mean, this has been really a fantastic mentorship but we're going to ask you for one more tip of the week a website, a resource, a book something actual for the Art of Passive Income

listeners to go improve their businesses, improve their lives. What do you got?

Dave: Well, if they're interested in getting a much more in-depth overview of how this all works they can go to at InvestorTractionBook.com and get an eBook version of the money partner formula which is what this is. So again that's InvestorTractioBook.com where they can get all of that and they can find out more about it.

Mark: <u>InvestorTractionBook.com</u>, we'll have a link to that, fantastic, fantastic. I love putting Scott Todd on the spot. Scott, what's your tip of the week.

Scott: Okay. This one is kind of a fun one man like, I see so many uses for this it's pretty cool. But this is really geared to our friends who still have to report to their corporate gigs, right, and they're sitting there and they're like, "Man, I hate this. I just want to be sitting here watching I don't know like Netflix or something." But you can't pull up Netflix on your work computer and then like start streaming because that's not cool you'll probably end up fired which could be a good way to get your butt moving to go build some passive income. But here's the deal. Mark, I also see this tip as being useful for like other instances like maybe when you just don't want to be bothered. Check this out. Go to NetflixHangouts.com. It's a Chrome extension and it allows you to watch Netflix while it looks like you're in a conference call.

Mark: What?

Scott: Look at this, man. If I had to go back to work this is staple item that's in my browser chrome additions. So look at this. I love this thing. Now, if we could just figure out how to get our images like the podcasts that we do into something like that and then everybody could just watch us all the time instead of Netflix, that would make it even better.

Mark: Well, let's contact the developers and see how we can do that.

Scott: Yeah, there you go. Then they can just sit with us all day long at their work listening to us, streaming us 24/7.

Mark: Yeah. I don't understand why Netflix hasn't contacted us and being like, "Hey, we really want to do our own Art of Passive Income channel and show with you."

Scott: Yeah.

Mark: We will pay you guys 10 million dollars.

Scott: I always show the trailer that I have been pitching to HGTV about land investing. I show that at Boot camp. Maybe I have been doing it wrong. Maybe I need to follow Dave's formula and not just apply it to money but apply it to pitching our TV show and get in front of Netflix and some other people. I'm sure we have people. We know people, Mark.

Mark: We know people.

Scott: We know a lot of people.

Mark: We've got people.

Scott: We do have people. So maybe we are doing this wrong.

Mark: We're definitely doing that wrong, the fact that we don't have our own show yet on Netflix, that says everything.

Scott: It would be the boring-est show ever.

Mark: It's like, "Here's the before picture raw land, the after picture of land.

Scott: What are you going to do? Just follow us all day like hey what's going on?" "Just the pool guy and the lawn guy ..." True story lawn guy came before I had this podcast. I had to go and get the glass smoking out. That was like 15, 20 minutes.

Mark: Right. I did a Peloton ride. That was 20 minutes.

Scott: I did that yesterday.

Mark: Yeah.

Scott: That's cool, Netflix Hangouts man.

Mark: Netflix Hangouts. My tip of the week is learn more about Dave Dubeau. Go to <u>DaveDubeau.com</u>. We will have a link to it because I bet no one can spell Dubeau. I will spell it for you anyways, D-U-B as in boy, E-A-U.Com, <u>DaveDubeau.com</u>. Dave, are we good?

Dave: Awesome you guys. It has been lots of fun. Thanks very much for having me on your podcast. I appreciate it.

Mark: Thank you. Scott Todd, are we good?

Scott: We are good, Mark. We are good.

Mark: Listeners, look, do us a favor, please, three little favors. You got to subscribe. You got to rate. You got to review the podcast. Send us a screenshot of that review to Support@TheLandGeek.com. We are going to send you for free our \$97 Passive Income Launch Kit. So please do that. It really, really, helps. Send it to a friend on the interwebs, share it. Everybody wants passive income. So, we really appreciate it. Scott, are you ready?

Scott: We are ready, Mark.

Mark: Let ...

Scott: One...

Mark: Oh, one...

Scott: Freedom. We don't even know what we are doing anymore.

Mark: This is awkward.

Scott: One, two, three...

Mark and Scott: Let freedom ring.

Scott: That was the worst one ever.

Mark: I know. Dave is like, "Well note to self, won't come back on that podcast."

Scott: Just cut it. Just cut it here now.

Mark: Yeah. "They are really great until the very end."

Dave: It's all good, guys. You are awesome. Thanks very much.

Mark: Thanks, Dave. Thanks, everybody.

[End of Transcript]