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Real Estate Investing Podcast Episode # 72

From Homeless to Real Estate Millionaire: The Kenneth Gills Story Pt1

Hosted by: Joe McCall and Alex Jounblood

Featuring Special Guest: Ken Gills

Alex: Welcome. This is the Real Estate Investing Mastery Podcast. Hey everybody, this is Alex Jounblood, here with Joe McCall.

Joe: Yo!

Alex: Here with another great podcast coming towards you, your way. I heard you there Joe, just say "Yo" on the background there. Well, we're getting rolling here. We've got a great interview today with Ken Gills, an outsourcing extraordinaire.

Before we get to that, we want to direct you to our website at realestateinvestingmastery.com where we have an awesome, free gift that you can pick up and start using in your business right away. It's called the "Fast Cash Survival Kit".

Basically, what it is, is it breaks down how to market for deals. How to outsource your negotiations on your deals, and outsource your analyzation of your deals. A lot of what we're going to be talking about today. You can go right away now to realestateinvestingmastery.com and pick that up.

The only thing that's stopping you in this business is actually doing it. It's the speed of implementation. If you can go out and start using this right away, then you're going to start seeing success. If you do nothing, then you're not going to see any success. Keep that in mind. A lot of people get stuck in analyzing this business and trying to figure out "What can I do different? What font can I change on my postcard? Is it an 800 number? Is it an 866 number? What should I put on my postcard? How should I mark it? I don't know how to Google AdWords", or whatever.

The key is you just have to start moving in the right direction. That's what's going to lead you toward success. To getting that first call coming in. Then, when you get that first call, then you



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can start talking to people and start getting the feel for the business. You start feeling for what a motivated seller really sounds like, as opposed to somebody that's just saying "Ah, I just would like to see what you would offer me".

Once you start talking to people, and you start looking at properties and looking at evaluations and seeing what this business is all about, then things are going to start to fall into place. The main thing is, you've got to get started, and you've got to get going.

Joe: Yes.

Alex: How are you doing, Joe?

Joe: Excellent, Alex. I like what you said there. It was really good, you've got to just take action and go. Go, go, go, you can't steer a parked car, right?

Alex: Ah, well you can. You just won't go anywhere.

Joe: That's right.

Alex: The steering wheel will eventually lock on you.

Joe: Right, because you just get all excited, and go to a bunch of webinars and boot camps, and read a bunch of books. That's cool, I enjoy education. I like that stuff, but it's absolutely meaningless. It's not worth a hill of beans unless you take action and start moving forward.

I tell people all the time, "Just forget about step seven and eight". Just start doing steps one and two".

Take it one step at a time. You'll make mistakes, no two deals are exactly the same; every deal is different. You're just going to have to learn as you go, and it helps to have a mentor. It helps to have somebody either local, or international, or whatever, that can help you answer your questions. Be able to pick up the phone and talk to them anytime to see "Now what do I do".

Alex, you and I have seen this over and over again. The people that have the most success are the ones that take massive action.

Alex: That's right. You don't have to get it right. You've just got to get it going.



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- Joe:** Absolutely. It's the "Ready, Fire, Aim" mentality. It's the people who are sitting on "Aim", will never get anywhere. Ready, aim, aim, aim, aim.
- Alex:** You've got to be careful of that too, sometimes. I'm actually going through a deal right now that I bought, and my lovely title company didn't pick up an illegal sub division that was done back in 1943, or whenever the lot was split off. I bought the property to do a *wholesale*. That's a mix of a wholesale and retail, so I closed on the deal. I put it on the market. I bought it for 135, I listed it for 199. We got a contract at 206, because we put the closing costs on top. We were ready to re sell. It was supposed to close last Friday, and I find out about this illegal sub division. Now, I've got to re plat the property.
- I was able to get title insurance on the property, but do you ever read your title insurance policy?
- Joe:** Yeah, I read it every time.
- Alex:** It says "We cover this, this, this, this, this, this", besides the exclusions. Then when you look on the exclusions, it lists almost everything that they cover, except for a couple of things.
- Joe:** Wow.
- Alex:** It's probably going to cost me about \$3000 to fix. It's still going to work out, but that was a shocker. I was thinking "Oh man, I'm never going to be able to sell this property. I've made a \$135,000 mistake right there".
- Joe:** Oh my.
- Alex:** That's where having a mentor and having some guidance from somebody that's been in the business and knows what to do. Because I've never really dealt with that before, but I've got some really good contacts in the industry that were able to steer me clear and help me know what to do. That was a fun one over the last couple of weeks.
- Joe:** One more thing, and we'll get to Ken. I think it's important to understand is when something like that happens, don't freak out. Don't have a heart attack.
- Alex:** Business does not work Joe. It doesn't work.



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Joe: I've seen people that are taking action. They're doing stuff and they get a deal, then something bad happens. They get a threatened law suit. Or they get a threatening letter from the Real Estate Commission, or something like that. I understand, it's easy to kind of freak out and hyperventilate and get worried about that stuff. You've got to look back. Step back and think "What's the worst that can happen here?"

With this type of deal you had, you had to pay three grand to fix it. It's all right, you're still going to make what, ten, twenty, thirty grand on this property, Alex?

Alex: Now probably something like forty something.

Joe: Okay, well what's the worst that could happen? You have to keep it a as rental property.

Alex: That would be the worst, yes. That's what I was facing. I was "Okay, I've got a private lender on this deal. Number one, above everybody else, I've got to protect my private lender". I'm thinking "All right, so now I might have to refinance this. How am I going to protect him and make sure he's safe and gets his money back?" Then I'm thinking "Am I just going to have to use my own money to pay him back, and then sit on this, rental wise?"

I had a buyer. The buyer was willing to go into it. We are doing an early possession. They're moving in and they're going to pay rent until it's fixed, which should be probably three or four weeks.

Joe: Is that the end of the world?

Alex: No, it is not the end of the world.

Joe: Right, so everything's going to be okay. That's my point.

Alex: Yes.

Joe: All right cool, realestateinvestingmastery.com, you our "Fast Cash Survival" kit. You also get e-mail notifications when we do new podcasts. There's a message if you want us to answer a question. Alex, we need to schedule a time to do more of those Q & A's.

Alex: Yes, we do.



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- Joe:** Anyway, Ken's probably again, as all of our guests are, getting annoyed because they're just waiting and waiting for us to jump over and start talking to them. That's okay because we like Ken and Ken's a good guy.
- Ken:** I'm actually enjoying the conversation. This is some really good information. You guys are hilarious, too.
- Joe:** Guys, this is Kenneth Gills. Ken hails from Baltimore, Maryland, right?
- Ken:** Yes sir, Baltimore, Maryland.
- Joe:** Are you an Oriole's fan?
- Ken:** Yes I am!
- Joe:** Oh, okay. That's all right, that's okay. You're not a Washington National's fan?
- Ken:** No, no, no, no, no, no. The other side of the Beltway.
- Joe:** Okay, right on. Alex and I wanted to have Kenneth on this call because he's doing some pretty cool things with Virtual Assistants. You're doing a bunch of deals virtually, in your own market. I think you're doing some deals in other markets, too. We're going to talk about that. Kenneth, would you just go back a little bit into your history. What were you doing before Real Estate days?
- Ken:** Before Real Estate days, I was in the Military. I had a pretty successful career in the United States Navy. I got out from the Navy and began working for the White House at Andrews Air Force Base. I was able to maintain my clearance and do some government work there.
- Joe:** Cool.
- Ken:** That was pretty fun, but I came to a point and time where I felt where I just had one of these jobs where the path was already laid out. I knew where I would be the next five years, next ten years, next twenty years. It was already laid out. I felt like I wanted to do something more.
- You know when you just get that feeling inside that "There's got to be more than what I'm doing. Something where I can give more, do more, and feel more fulfilled out of what I do every day".



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Joe: Yeah.

Ken: I have to admit, I had this one addiction that got me into Real Estate.

Joe: Uh oh.

Ken: Uh oh, I know. I'm going to lay it all out right now.

Joe: Right on.

Ken: The addiction was late night television.

Joe: Oh.

Ken: Remember the old Carlton Sheets commercials that used to come on TV late at night?

Joe: Yeah.

Ken: He would be on the beach with his hair blowing in the wind. Talking about "You can make this money in Real Estate".

Alex: I know exactly what you're talking about. In fact, when I first moved to this area, I didn't have any money for cable or anything. That's what I watched, infomercials. Same deal!

Ken: That's what got me. I said "Well, let me give this a try. I see other people are doing it and more millionaires are made through Real Estate than any other instrument. So let me give this a try". Let me take that back. I didn't say "Let me give this a try". I don't believe in trying anything. I believe you either do it or you don't.

Joe: Yeah.

Ken: I went in and gave it 100% and got back exactly what I gave.

Joe: Okay. Was it a book that you bought or a series of DVDs? Did they have DVDs back then? I don't know.



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- Ken:** Exactly, they had Beta Max and VHS tapes! Actually, I bought the Carlton Sheets, and I bought a couple of other books and manuals, "Rich Dad, Poor Dad" and all the other different information out there on Real Estate and investing in business. I read those books and those helped my mind into thinking about finance, and Real Estate, and business differently.
- Joe:** Okay.
- Ken:** Those things were the catalyst. One book lead to another. I read "The Cashflow Quadrant" that helped me understand about the different types of mind sets. I read T. Harv Eker's, "Secrets of the Millionaire Mind" to help me understand more about the processes that are involved in there.
- You mentioned earlier about "Ready, Aim, Shoot" about how when you suffer from "paralysis from analysis", and how that can limit a person. I see people, "professional students". They'll come to the meetings and say "Oh, this is great, this is great" and they get so caught into "This is great, this is great", and afraid to do anything make a mistake.
- The joy in it, as you said, is finding someone that can help you mediate those mistakes and can grow further and do a lot more. I got with a mentor. I got with a coach to help guide me, and help me to where I could follow in his footsteps, because success does leave foot prints.
- I followed those steps, and did what he did, and I got what he got.
- Joe:** Talk about that. Your coach, your mentor that you had. How did you find him?
- Ken:** Actually I looked around. I went on Google. At this time it wasn't Google, it was the REES that we went to. I went to the REES, there was some e-mailing going back and forth, as far as who were the individuals to speak to, and inside networking.
- What I really found that helped me was finding out the mentor coach that fit my personality type. One that fit me. I had to find one that fit my unique approach to going about investing.
- Joe:** Okay.
- Ken:** Real Estate, I've learned, satisfies our lives, it's to serve us. Some get into Real Estate, and they create a job. They leave their job to get into Real Estate to create freedom, but in turn create another job that's worse than the one they left. At least the one they left, they can go on vacation. The one they just created, they can never go on vacation.



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I learned how to do Real Estate to satisfy my life and to allow me to spend time with things that matter to me, like my kids. I am very big into family. I had to find someone that shared my same values to help me to build my Real Estate business to the exact same thing.

Joe: How many kids do you have, Ken?

Ken: I have two.

Joe: Awesome, how old are they?

Ken: Two girls, seven and twelve.

Joe: Cool. Are you planning on having any more?

Ken: No, I think I'm pretty good right now. I have a step daughter, too. It's three girls. She's fourteen. So it's seven, twelve, and fourteen. They keep me pretty busy.

Joe: Alex and I are collecting kids, right? We each have four of them. Are you done Alex?

Ken: Uh oh!

Alex: Yeah, I think I've adapted, or adopted the hashtag "Fournomore".

Joe: I have four as well. I tell people we're collecting them.

Ken: There you go, that's awesome.

Joe: Cool. You're a systems guy, I'm going to guess. Because you're background in the Military obviously is going to teach you a lot about systems. What did you learn from the Military? Did you learn anything from the Military that you applied over to your Real Estate business?

Ken: It's great that you mentioned that. Actually, before I was in the Military... My only mission is to give you a little bit of back story about myself. I was practically homeless in High School.

Joe: Oh really?

Ken: I joined the Military to provide some stability into my life. Before then...



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Joe: You were homeless in High School? Woe.

Ken: Yes.

Joe: That's a big deal.

Ken: Yeah.

Joe: That kind of sucks.

Ken: It does.

Joe: Would you mind sharing a little bit about, if you don't mind, what happened?

Ken: I don't mind. It's kind of funny how Real Estate works. One day I was in front of a group sharing my experiences in Real Estate, and someone in the group actually said "You know Ken, we're not like you. We didn't all have a silver spoon handed to us".

I've got to tell you Joe, that was the first time I actually ripped right in the room. All these years, I had no intention of sharing my past or my story.

I said "Silver spoon, are you kidding me? Are you kidding me? Do you realize that when I was in High School, I slept in laundry mats? I slept in the back seat of cars? Everything I wanted, I had to work hard to get. I used to spend the entire day, the entire day, from sun up to sun down, in the movie theater".

That was so I wouldn't be on the streets. If you were out on the streets just hanging around, you're around people who are doing things that you don't want to be a part of. If you're not doing what they're doing, then you can become a victim to what they're doing.

For me, I would just say "Hey, I worked hard, and when I wasn't at work, I was in the movie theater. I would go from one movie theater to the next. From one show to the next, and stay there.

Joe: No way.

Ken: I had the determination that there's got to be more. That's why I ended up joining the service.



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Joe: How many years were you homeless like that?

Ken: About the last two years in High School. Probably the eleventh and twelfth.

Joe: Wow.

Ken: Periodically I would stay with friends. Friends who's Mom would say "Hey, you can stay with us for a little bit" Then they say "Hey, this guy's been here for about a week. When is he going home?" Then they would say "Oh, okay", then they would find out and say "Oh, we don't want to get caught in any family stuff, so he's got to go". Then one friend would let me stay in their basement. I would have to leave before their Father went to work in the morning, so when he came downstairs he wouldn't see me. Then I can come in when he came back from work and went to sleep.

These were the types of challenging times I had to go through in the beginning. Things weren't handed. I had less than nothing.

Joe: Wow.

Ken: Then someone in school would find out and say "Hey". That can be pretty embarrassing in school, if people find out that you're in the laundry mat sleeping.

Joe: Geese. Okay, you were able to finish High School?

Ken: That's correct.

Joe: That's amazing that you'd finish school even in the midst of all that.

Ken: Right.

Joe: What's city did you grow up in ? Was it Baltimore?

Ken: Yes, in Baltimore City.

Joe: Okay.

Ken: During the worst time to grow up. During the '90's and so forth.



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Joe: Wow. Tell me why you chose the military again?

Ken: I chose the Military, truthfully because I wanted somewhere steady to sleep. The recruiter came and I was tired of losing clothes. You buy clothes, you stay at one friend's house, then you move. You're living out of a suitcase. It was tough. I was really tired of it.

I wanted to join the Military because I knew that if I joined the Military, at least I would have somewhere stable that I can call home. Somewhere stable that I could sleep. In some type of a group environment where I could feel a connection. From a psychological that was why I joined the Navy.

Joe: Cool.

Ken: What I got out of it was much more than I expected.

Joe: Tie in if you can. You learned a lot about systems, and everything's got to have a written check list. Did you apply some of what you learned there into real Estate investing?

Ken: Oh yes. In the Military I had a secret clearance. I was in charge of the systems on a helicopter. If the systems weren't correct the helicopter would crash. When we were in the Middle East, I was in charge of making sure that whenever we went on missions, that we'd be able to keep the helicopter flying correctly. If it came back from a mission and there was some damage to the helicopter it was my job to repair that, to make sure that worked. There was lives at stake every time we went on a mission.

Overseas, there is now way, you know, you have the hazards on your car. If you have a check engine light or something come on, you can just pull over. When you're in a helicopter, there is no pulling over. You know you're landing in the water or you're landing in the desert. Either one is not the goal. It is not your intended landing point.

Joe: Right.

Ken: I understood systems. I understood quality control, checking behind yourself and accountability, Going the extra mile and looking at "There's no task too small, everything means something more". Looking at every step. policies and procedures and follow through. Those are the things that I learned in the Military. Teamwork, by all means, teamwork. I learned that a lot. I took those attributes, traits, and qualities that I learned from there and they became a part of me. Anything I've become involved in, I bring that to the table.



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Joe: Okay, good.

Ken: I brought those systems into my business.

Joe: Give us some examples of some of the systems that you bring into your business.

Ken: Some of the systems that I bring into my business? One, it may seem small, but the first that I bring is the human element of leadership and bringing the best out of the people that I work with. That's what I believe helped me a lot with the system I've built here, with people in the States and outside of the US.

I always treat people the way that I want to be treated. Sometimes I see in the business, where a person gets a business card and they have CEO on it or President. Then automatically, they start treating others different. I always do my best to figure out "How can I add value to everybody that I'm working with?" If I'm not adding value to anybody that I've been working with, subordinate or not, then I'm wasting my time.

Joe: Okay,

Ken: That's the first step that I go about. Bringing people around, making them feel as that they are a part of something big, that we have a mission. Usually what I do is I create the culture in my work environment that we, as a group are trying to right a wrong. That we are trying to bring something right into a system. Or improve something for some purpose. That collective agreement is like the mortar to the bricks. That's the glue that keeps us together, working together harmoniously, and allow us to focus on the bigger picture, instead of the small challenges that are going to come up, and they will come up from there.

Joe: Right.

Ken: Then what I do there is I'll have the people together. Because at the end of the day you have to have policies and procedures in place. Without that, I've found that it can be very challenging to manage people. For me, managing people is like chasing cats. It's impossible.

Joe: Right,

Ken: People have to manage themselves. What I do is I create a culture or great environment that good people want to be a part of. Then from there, I create policies and procedures that one must follow. That way we know how we're working together. What's our expectations? How



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many deals should be closed this month? How much marketing should we send out? How many calls should we receive? How many calls have we answered? These are the metrics that I used. Because without metrics, we can't measure anything. How do you know if you're doing what you should do or if you're not doing enough?

Joe: You're doing a lot of deals now. Talk about the size of your business if you don't mind. How many deals do you do on average a month, or a year? What kind of staff do you have?

Ken: Sure. My business has different facets. One line of business is renovations. I built, own and operate Assisted Living Homes, that's another aspect of my business as well, I do consulting on that. When it goes into the acquisition side, which is what we're talking about today, I do wholesales, and sometimes we'll wholesale a deal into the renovation portion. This month we sent out ten thousand direct mail letters.

Joe: Ten thousand yellow letters, not postcards?

Ken: No, no exactly. Ten thousand yellow letters.

Joe: Okay, nice.

Ken: Yes, and the phones are ringing like you wouldn't believe.

Joe: I would hope so. Especially yellow letters, you're going to get more cards than postcards.

Ken: Right. What I've found from direct mail, using yellow letters, I usually get anywhere from ninety to one hundred ten phone calls per one thousand.

Joe: That's ten percent.

Ken: Yes, exactly. Then from there I usually average two teals per thousand. Sometimes it's three, maybe four, but on average it's two.

Joe: Okay, and then what's our average profit on the wholesale deals?

Ken: Average profit are around twelve thousand dollars.

Joe: Come on!



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- Ken:** Yes, the average profit is twelve. One That I had before was seventeen. One before that was twenty. I could See some of the HUD One's. That's where the ranges come from. You do get some, like one that I am working on now, where the profit is going to be around seven thousand.
- Joe:** Okay.
- Ken:** Believe it or not I've even had one where the profit was eight hundred dollars.
- Joe:** You bought it for eight hundred?
- Ken:** No, the profit was eight hundred.
- Joe:** My lowest is eight hundred fifty five dollars.
- Ken:** I think I beat you by fifty five.
- Joe:** You beat me. Of course, I've lose money on deals before, but I don't want to talk about those.
- Ken:** Yes, we don't want to talk about that too much. The funny thing was, when I told my partner, her said "Wow, Kenny, you know, we've got eight hundred dollars". I said "You know what, if we hit a thousand, it'd be easy to be rich! He said "You're right".
- Joe:** You made hundreds of dollars on a deal. That's awesome! I made hundreds of dollars!
- Ken:** Yeah, I'm hundred-aire!
- Joe:** Alex, I think I've asked you this before. What's the lowest profit?
- Alex:** I'm not sure of my lowest. I don't think I've gone into the hundreds yet!
- Joe:** Yet? There was a deal that I could have just said forget it, and just walked away.
- Alex:** I mean, I've lost money on deals, too. We don't talk about those.
- Joe:** No! Maybe we should talk about those someday. This deal I could have just walked away, but to save face, not to save face, but to do the right thing, I said "Yeah, okay". We closed on it anyway.



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Ken: Sometimes you do that. Or may times. My case right there where I made the eight hundred dollars, it was a matter of the philosophy of "There's no such thing as a bad profit". It's a matter of volume. That was just one of many deals.

Joe: Nice. You're average profit is twelve grand. The reason I wanted to highlight that is because I've heard so many people, it so bothers me. If you want to get under my skin, not that I'm inviting anybody to do that, if you wanted to irritate me, then give me the "Yeah, but" excuses. "Yeah, but, yeah, but, I hear this.

I've talked to all of the wholesalers in my city and nobody's making more than three thousand dollars per deal. I've talked to every Realtor out there, I'm using these absolute terms, and everyone says that you can't wholesale in this county, in this town. Or if you do, I've talked to all the wholesalers, and nobody makes more than a certain amount. You can't make more than three grand or five grand on a deal.

That grates me so much because is there some kind of law of nature? Is there some physical law in the books that say you can't make more than a certain amount of profit? You get what you expect, right?

Ken: Right.

Joe: I guess you see that as well in students, don't you Kenneth? People tell you "I can't make more than five grand on a deal". How do you work with people to try to change their mind set to see "Maybe I can make ten grand on a deal".

Ken: I say that we set our own limits. I ask them if they know who Roger Bannister is. They say "Roger Bannister?" I say "Look up Roger Bannister. He's the person that broke the four minute mile. Before he broke the four minute mile, it was believed that if a man or woman ran a mile in a shorter time than four minutes, that they would collapse and die". So no one every broke that time. Since he has broken that time, over twenty thousand people, including High School students have broken a four minute mile. What's amazing about that is the year before Roger Bannister broke the four minute mile, there was another gentleman that came very close and everybody was saying an immediate "Hey, this guy's playing with death. He's getting so close to the four minute mile this is insane". After he saw Roger Bannister break it, the very next run, he broke it. He could have broken that four minute mile before Roger Bannister did. He didn't because he only got what he believed was possible.



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I tell my students "You set your own limits. You do what you believe to be true so that way you can prove yourself right".

Joe: I love that. That reminds me of a book called "Unbroken". Have you heard of that boo?

Ken: Yes, I have heard of that book.

Joe: Alex, have you heard of this book, "Unbroken".

Alex: No, what's it about?

Joe: You guys have got to read this book. It's a story of survival of World War II, of this guy, I forgot his name. It was such a good book. It's the best book I've ever read. It tells the story of Louis Zamperini. He's a former Olympic track star.

Alex: He sounds Italian.

Joe: I think he was. Louis Zamperini, How did you know? I'm telling you, this book is amazing. I won't go into it, but everybody listening to this has got to read this. I would send it to you Alex, and Ken. I think you would appreciate it more if bought it.

Ken: Okay.

Joe: You know how it is? You give people books for free and they never read it.

Ken: That's true.

Joe: They talk about that. It's a really good book. It's a guy who was around at the same time as the guy who broke the four minute mile. Amazing story of this guy who survived World War II and just the worst things that you could think about.

Back to the ten thousand dollar thing. It is totally a mindset. My Acquisitions Manager, when we were first working together, just getting started, he just didn't think that we could make more than three grand on a deal. He said "Joe, I'm the one who's the boots-on-the-ground. I'm the one talking to these sellers. They will not take these offers, they're too low". I said "That's not true". I started working with him and said "Let's just start off and make our offers with a five



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thousand dollar wholesale fee". He reluctantly said "Okay, yes". We started figuring five grand on our offers.

Then we started making five thousand dollar deals. I said "All right, let's try seventy five hundred dollars". He didn't think we could. We started calculating seventy five hundred dollars in our offers. Sure enough, we started making that. Then I said "Let's do ten". Right when we were starting to do ten, we parted ways. But that's another story.

Here's the cool thing. When you start thinking to yourself, and I'm not talking about any kind of magic, secret law of attraction stuff. I'm talking about you just expect it, and you start calculating it in your offers. Obviously, you're not going to get it unless you start asking for it.

Ken: Exactly.

Joe: All right, cool. You just sent out ten thousand letters.

Ken: Correct.

Joe: You're probably going to get about a thousand calls.

Ken: Correct.

Joe: These all hit at one time?

Ken: I split them up. That way they don't all hit at one time. My VA staff are eight personnel.

Joe: Eight VA's? Right on.

Ken: Yes, eight VA's, and I have them answering the phones.

Joe: I saw a picture of your VA's. You actually have them all in an office in the Philippines?

Ken: Correct. They all go to an office that I have in the Philippines. I found that worked best, instead of having them work from home.

Joe: I love that. I actually have a guy that I'm working with right now, Alex, you should listen to this because this is good.



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Ken: I'm listening.

Joe: I know you're always listening. I'm just telling you.

Alex and I have had lots of VA's in the past. I've always allowed them to work at home. I found this guy in the Philippines who's actually an American who lives out there. He does VA's. He offers VA's to American's. He has his own office and I've been amazed at the increase in productivity when you can give an office to the VA in the Philippines with a group of other people in there. They work American hours, local hours. It's so much better, they're so much more efficient and reliable when you can get them in an office, in a place that they're working without the distractions from home, it amazing.

How did you get the office and get all these VA's to work in the office? How did you set that up?

Ken: Actually, I started out with the traditional Elance and oDesk websites, hiring VA's. I went through there, I found a gentleman to help me make calls, this is one person. I noticed that this person has an entrepreneurial mindset. He liked challenges. He wanted to do more. I shared with him my larger vision and he saw that I could produce. He saw that I will get deals done. I have the resources and the wherewithal to make the deals close over here. He did what needed to be done over there. I enrolled him in some webinars. I trained him on a few ways to negotiate lease options. He grasped it very well. Then from there I said "Hey, have you ever thought about partnering up and let's take it to the next level". He said "Well, hey, you know if I do this I'm walking away from my job here". I said "I'll help you a little bit. Let's just figure out what we need".

We needed to get a few computers, some head sets and so forth. He held some interviews. Whenever he held an interview, I wanted to interview the person as well. He would let me know "Hey, we have another staff member, I'm going to patch you in". I will let the person know what I'm looking for and ask if they want to be a part of it. We built up a team of eight. We have a section of his house that's dedicated to this. The pictures that those reviewing this will see later on, there are eight individuals there working together as a team.

Joe: Nice. I imagine you're paying this guy a percent of the deals, or a salary?

Ken: Yes. I believe in leading with rewards. Basically, the way I have it completely set up is it's about eight dollars an hour for all eight. I get all eight working together for about one flat rate of about eight dollars an hour.



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Joe: Wow.

Ken: What I do is for every deal that we close, I give them anywhere between two hundred forty to five hundred dollars per deal that we close.

Joe: Nice, nice.

Ken: Their reward, all of our alignment, all of our actions and agreements, what we're looking to do is align together. And that's to close more deals.

Joe: Nice, so they're getting paid well because you're giving them bonuses.

Ken: Correct. That's where they make their money at, in bonus. I say "We all eat together".

Joe: Right on, okay. Talk about some of the marketing you are doing. Alex, please interrupt me any time if you have questions.

Alex: Sure, no I'm listening. It's cool, the whole VA's set up in one office. Mine worked from home. That's awesome. I'm listening, I'm learning.

Joe: I think this is a game changer for a lot of people. A lot of guys have VA's. I have five or six of them right now. Four of them work in this office with this guy. The other two or three that I have work on their own.

Philippines is a big country. Something like eight or ten thousand islands.

Ken: You're right.

Joe: I probably couldn't get them all together in an office. I love this idea of having them work together like this.

Talk about some of the marketing you do. You mainly do direct mail, is that right?

Ken: Yes, I do direct mail and physical marketing.

Joe: Physical marketing, what is that?



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Ken: Physical is for sale by owner. I have a variety of sites that they'll go to. Craigslist, Zillow, For Sale By Owner sites, to look for deals that individuals are trying to sell on their own. That's one aspect.

Then I use my direct mail marketing. I like direct mail marketing because in today's society, in today's economy, and market, it still works really well. The key for direct mail marketing, I have had to make a change in there. I'll share this change with you that I haven't really shared with many people before. What I do is in my direct mail marketing, I actually put in the letter, "Please call or text me to such and such number" I have gotten a lot of response from allowing them the option to text in my direct mail market.

Joe: Allow them to text.

Ken: Correct.

Joe: Where does that go?

Ken: The text? I use CallFire to purchase my numbers. I get my number from CallFire. The CallFire number, you can use any state, any city. You can get a number from CallFire, they will give you that number, it's virtual.

You can have that number forwarded to anywhere that you want to have that number forwarded to. I have numbers that represent different parts of Maryland where I'm mailing at.

Joe: Different campaigns have different phone numbers.

Ken: Exactly, different campaigns have different numbers. Also, when they dial that number, that number is also recording. So CallFire will record the conversation

Joe: Oh they will? I didn't know that would do that.

Ken: Yes, they record the conversation. So I get to, as a quality check, listen to the calls, and hear how they are negotiating.

Joe: When somebody texts that CallFire number, where does that text message go?



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Ken: It comes to me as an e-mail notification. I'll receive an e-mail that "You just received a text from this number. Do you want to reply"?

Alex: To be able to listen in on the negotiations is key. I used to do that with PREMAY so they would record the calls, but you have to be careful of what state you're in and make sure you know the laws there. Some you can record and some you can't.

Ken: Right. You have to be correct with that. Some you have to make sure that they know that they are being recorded. I would strongly encourage for those to check out to make sure that what they are doing can be done in that state.

Joe: The text messages just get forward to an e-mail address.

Ken: Right.

Joe: What do you do with that? If you reply to that e-mail will it text the response back to the seller?

Ken: It sure will. Basically what happens, is CallFire sends me an e-mail. CallFire notifies me. You can set this up, whether you want to be notified by text or e-mail. I say notify me via e-mail every time a text or call comes in. I receive an e-mail that says "A call has come in, you can listen to it right now".

If someone sends me a text, it will send me an e-mail message "You have received a text from". I can log into CallFire, I can see the text message. I can actually respond back to the text message from that number to the seller.

Joe: Very cool. Does CallFire, with those numbers they give you, do they allow you to leave an outgoing message?

Ken: Yes.

Joe: Nice, so you can leave an outgoing message if they leave a voice mail and then CallFire will e-mail you the voice mail?

Ken: Correct. You can set it up to manipulate it to fit however way your marketing campaign needs. It has a lot of options.



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- Joe:** Remind me, I want to ask you about CRM's. What are you using to track all these leads.
- Ken:** Sure.
- Alex:** Good question.
- Joe:** The FSBO's? Are your VA's just cold calling all the FSBO's?
- Ken:** Yes, what usually happens in between when the direct mail marketing hits, it may hit in ways where we may have a day where there aren't as many calls coming in. On that day is when we'll go out and search for the FSBO's, the For Sale By Owner leads.
- Joe:** Okay. What do they do with those calls?
- Ken:** They put them in an Excel spreadsheet. Or they put them in the CRM that I'm using, which is Asana.
- Joe:** So you're using Asana as a CRM?
- Ken:** Correct.
- Joe:** I thought Asana was mainly just a project management tool.
- Alex:** I have not heard of Asana.
- Ken:** Asana is really good. It helps me with my joint venturing. Let's say for example, Alex, Let's say Joe and I, we're working on a deal and it come through. My VA calls up Joe and says "Hey, we've got this deal on 123 Main Street". Let's say we're working on twenty deals. Let's say this deal, deal #19 we're working on together. We want to get Alex to go out there and look at it. To evaluate the property and put it under contract. We want to partner with him on it.
- What we can do is out the deal and everything that's associated with that deal in Asana and send it to Alex.
- Alex will get an e-mail. When Alex goes to get that e-mail, he will go into the Asana platform and the only thing that he'll see is that deal. He won't know about the other nineteen deals that we have. He'll just know about that one deal.



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In Asana, we'll have the pictures, the comps, and any information that we put in there. It blends e-mail, text messaging, drop box, and all sorts of other different modes of communication together in one area so you can focus on one particular task.

Joe: When you get a property under contract, then it becomes a new project in Asana, right?

Ken: Correct, exactly.

Joe: What do you use to manage all the leads that are coming in? How do you keep track of these leads before they become a contract?

Ken: What I'm using right now is an Excel spread sheet before they come in. I have an Excel spread sheet that.

Joe: Oh, Ken, we need to talk!

Ken: Okay!

Joe: We need to have a heart to heart.

Ken: All right, I'm ready.

Joe: Because Podio, I'm a Podio fan boy. Podio will do all of that for you. You could do Podio to manage all the leads that are coming in and manage a follow up. Then also use it to do what Asana does once it gets under contract. Manage the entire project from there and assign tasks and responsibilities. Communicate with your team, it's all done in there. We can talk about that another time because people are tired of hearing me talk about it.

Ken: Well you have definitely peaked my interest, that's for sure.

Joe: I've got a website joepodio.com and podiojoe.com. When you look at this, it will be different, probably. Those of you listening on this podcast. I did a webinar on it recently where I was selling all of my apps and some new webinars that I'm going to be doing on wholesaling virtually. I love Podio. If you were to take a look at it, I think you'll be impressed.



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That's cool. I've heard some good things about Asana as well. I know some guys that are using that for a lot of different things. It's a good project management tool. I would suggest looking at something to help manage all of the leads that are coming in.

Ken: Correct.

Joe: It's so easy to let things fall through the cracks on spreadsheet, right?

Ken: Oh yes, exactly. I have the Google Drive, is what I'm using, so that's a shared spread sheet between my VA and myself. Once it goes on there, they're color coded as far as what the person stated, call back, or the deal seems as potential. Once the deal seems as potential, it's then taken from the Google Drive that only my VA and I share. Then it's put into Asana, which is assigned to someone else.

I understand what you're saying. Podio would be another way to add a more robust and seamless transition between the drive that I'm using with Asana and Podio so that you can really do all of those things you just mentioned.

Joe: Spread sheets and Google sheets are better than nothing. You're doing something, that's good. You're not using Post-It notes.

Ken: Pen and papers, baby! Writing receipts is better than nothing, too!

Joe: I'm big on "No lead left behind".

Ken: I'm with you.

Joe: It's got to be followed up one and you've got to have good systems in place. Alex, you're using Podio right now, right?

Alex: Yes I am. I'm still trying to tweak it to make it the most efficient way possible. I just did a campaign and I had about four hundred calls come in. It kind of gums up the system a little bit because you have all these calls, but the majority of them are hang ups. It's hard to sift through those to find the actual leads. I don't know if you can make a separate app for calls and then a separate app for leads, or if you just work it from a view system or something like that.



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- Joe:** I think that we should break this podcast interview up into two parts. This is good stuff, and there's a lot more I want to talk about with you Kenneth, if that's okay?
- Ken:** That's fine. I can see where it warrants that. We're talking about how to dissimulate the leads, and so forth. I use the CallFire creates and Excel CSV file that takes all the calls that come in that I use to match up with the drive. What you're saying is we're talking about a part right now that is so important, and gets so many investors tied up and when you go and you begin to expand your business by making more calls, this is where a bottle neck pops up.
- Joe:** You're getting a lot of calls and Alex and I were talking about this before. Alex differentiates calls from leads. I can understand why.
- When I look at it, I look at every call as being a lead. I know you do this Alex, your VA's call back all the hang ups.
- Alex:** Yeah, and we get leads from that.
- Joe:** Kenneth, you guys call back all the hang ups as well right?
- Ken:** We do. We color code them , saying, we need to know something, call back in two weeks, call back in a month, so they don't leave until they say "Take me off your list".
- Joe:** That's why you're so successful with this. You have to have a system in place for all of these leads. If you're going to be doing a lot of marketing like we're all doing here, you're going to get a lot of calls coming in. If you let those things fall through the cracks, you're throwing away money. You're literally taking hundred dollar bills and flushing them down the toilet.
- Ken:** Exactly.
- Joe:** You're money is made in the follow up.
- Ken:** That's true.
- Joe:** What I suggest, no matter what system you're using, all of the leads need to come into one central location. It's going to look kind of gummed up, a little bit because you're going to get this weird information in. What I have my VA's do, every lead that comes in, they clean it up a little bit and then mark which campaign it came from. Every call or / lead that comes in, gets a follow up task assigned to it, or a next action that's assigned to it.



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You could set it up where it's just a click of a button of "call again" or you keep on assigning new tasks. Every lead that comes in, if you leave a message, you assign a new task to call them again the next day.

Or if you talk to them, and they say no or we make an offer, we always send a follow up letter and a contract. We make an offer on every house.

Ken: I like that.

Joe: So my VA's will mark it off as we track their motivation, we ask them some basic questions. Everything is assigned a task. So my VA first makes a pre-screening. If there's some motivation he'll update it, clean it up so it looks like a good, clean lead there, and assign a task for my local acquisitions guy, my local wholesaler, to call that lead back and follow up.

One that guy talks to the seller, we mark it as the next task is to set up an appointment and meet them in their house. Or just send them an offer, or call again in three months. Every seller gets an offer. So he just creates a task, send him an offer for thirty grand. He puts in his notes "We offered thirty, he wants sixty, so it's a dead deal". It's not dead actually. We just assign task in there, so then my assistant will print a follow up letter "Hey, it was great talking to you, I understand now is not a good time to sell". We'll attach an offer in that letter for thirty grand and we'll send it to them. We also add them into a monthly mailing campaign.

My point is this. You're best list is your follow up list. Once they call, that's a lead. If you've got a phone number, they've called for some reason. They may not be ready to sell now, but give them a few weeks, give them a few months. After that tenant doesn't work out, after that Realtor doesn't sell the house like they thought they would, or something happens. They called for some reason. There was at least a little bit of inkling of motivation in there.

Even if you're using spread sheets, forget about Podio. They key is to have good systems in place to track every call that comes in. Make sure your team understands that every lead that comes in has to have a next task assigned to it so nothing falls through the cracks.

Ken: I like that a lot. What that reminds me of is improving ones efficiency. Not just spending more marketing, but making more use of what you already have. I like that a lot.

Joe: Good, good, good. I get passionate about this. I talk about it. You're spending a lot of money on marketing, but you don't have any systems in place to keep track of your leads and to follow up. You're just throwing away money.



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I want to talk about on our next Part Two Ken, I want to talk more about the marketing that you're doing and what your VA's say to the sellers because that's so important. You mentioned lease options. You're doing some of that.

Ken: Right. What I really like about what you're sharing with me is that all I have to do is contact the manager that I have over there and express the layups. The steps to do this and it could be implemented within 48 hours. There's eight people in there working. They way in which they all work together, I see right now that there is areas where I am missing opportunity. I have to understand how to quantify the opportunity that I'm missing and implement that.

Joe: Are you sending any follow up letters and offers?

Ken: No. What you are sharing with me right now is making me think like "Wow, I never sent a follow up letter". There was a call yesterday from a gentleman yesterday, with a house. We need to purchase it at thirty five thousand. He wanted to stay at fifty. He said "Ah, he'll just think about it". That went into the list that we'll follow up with him in a month. I'm thinking to myself now, not only should we have him on our list to follow up with him in a month, we should send him, like you said, a letter with a contract.

Joe: Yes, yes.

Ken: That to me, makes it more sticky. That means it's more personal. That's another layer, another touch.

Joe: Yes, and he's going to hold onto that. He's going to stick it into his drawer and when he thinks about you later on, he's going to pull that out and call you. I love it, I see that work over and over again.

You talk to guys who are doing a lot of deals and you're going to find fifty to seventy five percent of their deals are going to come from follow up. I can tell you story after story about that.

So, cool. I wish we could talk some more. We need to cut this off Kenneth, We'll continue this Part Two in just a minute here. Let's give everybody your website that we talked about before. It's realsuccessunlimited.com/outsources. Talk about the special bonus you give to people there.

Ken: At realsuccessunlimited.com/outsources. What I have there are the 5 Keys to Working with a VA. Joe, the information that I have on this page for those who are listening is priceless.



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I have an actual call sheet that's the script that my VA's use when they call. This is word by word what I have them say to the seller that allows them to negotiate for repairs. It allows them to find out if it's vacant. It allows them to understand when we will call back and how they can call us back. I also have an actual phone conversation involving a deal between myself and my acquisition manager that's in the Philippines. You'll be able to understand how we communicate, how we discuss opportunities, and how I've been training with him over the phone. Then he did, in turn, the training on the staff.

I also have a picture on there of all of them in the room working on the deal that we have going on currently. I also have the tools that we use as well. And the video on how we use these tools, as well as CallFire, Skype, which I also go into the Skype manager account. How I use that to help individuals to communicate with their VA's overseas for a very low cost dollar amount.

Joe: Once again, that website. We'll have it in the show notes. Is realsuccessunlimited.com/outsource You put your name and e-mail in there and Kenneth will send you to another page that gives you all that stuff. It's really good. I've looked at it. I appreciate you putting that together, Ken.

Ken: Great, thank you. As I said, "Always added value".

Joe: Awesome, Cool. I'm going to stop the recording here Ken. I appreciate it. Everybody go to realestateinvestingmastery.com. If you like this show and you like what you're doing here, please leave a review on iTunes. We'd really appreciate it.

All right guys. See you later.