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If You Don't Know Your Numbers You Don't Have A Real Business

Hosted by: Joe McCall

Hey, what's up guys? Joe, REI In Your Car. What's going on? Hey, I'm driving right now, just dropped off Gavin at the airport and he's flying back home to Savannah, Georgia. We just ended a, well yesterday we ended a two-day bootcamp workshop with our coaching clients. It was awesome. We talked about it already on a previously recorded podcast. Today we actually had a small little mastermind with some investor friends of ours. It was real small group. I would say there were seven of us there. It just happened to be conveniently in St Louis on the day after our workshop was over, so Gavin and I got to go and hang out with these guys. And what I want to talk about something that I think is really, really important, and it's this if you don't know your numbers, you do not have a real business.

Let that sink in a little bit. I'm going to say it again. You ready? You listening? If you don't know your numbers, you don't have a real business. One of the awesome things: about being in a mastermind, like some of the ones that I'm in and I don't go to as many as I used to, just got kind of tired of traveling so much, right. But one of the cool things about hanging out with other successful investors is that you get to kind of peek behind the curtain and see what's going on in their business. And in this mastermind, we weren't looking at like really, I don't want to say personal numbers, but like we weren't looking at what their overhead was overhead or what their salaries were or what their net profit margins were; we were looking more at gross profit numbers. We were looking mainly at marketing and there's one company I think it's okay to tell you who it was because some of you might know him.

I won't go into detail specifics, but it's Faster House. Faster House is a company led by Brian Schroeder who has been living in St Louis for a long, long time and he it's funny. He's one of the biggest wholesalers, if not the biggest wholesaler slash investor in St Louis, but when I was getting started in 2006, seven and eight before I went full time



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and even after I went full time, I always looked up to Faster Houses like, oh, I want to be like them. Like I was watching them, seeing what they were doing and I really wanted to go to their office and meet them, but I was so intimidated. These guys were just rock stars, I thought they were just the pinnacle of success and they were really awesome guys. But it's funny too. I would say this to Brian because he's such a humble, laid back guy.

He's like the friendliest guy in the world. He's so fun to hang out with. He's just really laid back and cool and chill and I put him on this huge high pedestal and I thought he would be really rude if some peon like me came up to him and said hi to him, right. Like that's the way I looked up to him and his company back 10, 12 years ago. But anyway, so now I get to hang out with him and rub shoulders with him. It's so cool. But he pulled back the curtain at least a little bit on his business and showed us his numbers and it was so cool. One of the things I've learned from a guy named Mark Evans down in Florida is this phrase called data not drama. So many people kind of kind of strut their numbers, like strut their stuff and brag about how awesome they are and how many deals they're doing and how big their... Excuse me, how big their business is and, and how much money they're making, but they really don't dive deep into the numbers.

You know, you hear things like, I, I got 100 doors or yeah, we did \$2,000,000 last year. But like what? Like, what does that mean? Okay, well give me some data behind that number is. And if you really dove deep into the data, you would be shocked at what you see under the hood. Most of these businesses, most people out there that claim they're doing a lot of business, their claim, they're doing a lot of deals. What you don't see is how much money they're spending on marketing. You don't see what their overhead is. You don't see on there all. If you hear about their rental properties and how much, how many doors they have, what you don't hear about and what they don't talk about.

What a lot of them don't even know is how many, how much money is going out the door on vacancies and repairs and maintenance and capital expenditures and bad tenants and bad property managers like owning a bunch of rental properties is not as easy and as passive and as sexy as you might think. I can guarantee and promise that. In fact, I would venture to say this, a little rabbit trail, but I want to say it anyway. Probably



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80 five, 90 percent of all the investors out there that you will talk to that own rental properties. I would bet you their cashflow is probably 15 to 20 percent of what they think it is. They may say, I'm getting like \$300 a month cash flow, but you know what's \$300 a month cashflow? Let's just say it is that. That's 3,600 bucks a year, right?

Well, guess what? One furnace, one hot water heater, one air conditioner, one roof, a bad tenant who trashes the property, doesn't pay their rent a few months and you have to go in and clean it and replace the carpet, paint the walls, get a new tenant in there, pay the property manager one whole month's rent as a fee to place the new tenant. All of a sudden that cashflow you thought you had the last couple of years gone. Okay? That's just the way it is. So, my point is you need to know your numbers. If you don't know your numbers, you do not have a real business. Stop the drama. Let's stop the peacocking. Let's stop the bragging and, and let's just, you know, let's look at the data. If you say you're doing all that, show me the numbers and when you dig into the numbers, you'll see more realistic picture.

So, I want to just challenge you all and think about this. You've got to know your numbers in your business and I'm not like the shining example of this either. It's not been until the last year, couple of years where I've really taken this to heart because and then starting to really dig into my numbers and starting to get weekly reports from my team. Not just from the deal side of things, but from the cashflow side of things like, all right, where's my money going? I want to talk about that. I want to see a report every week. I want to look at my budget every week. I want to look at my cashflow every week. You got to know these numbers. And so, it was really cool hanging out with Brian at this mastermind because he is a guy.

His daughter, her name is Rachel. She's amazing. She knows the numbers and that's her job. She's a Podio expert. She gets in there and into Podio and she makes sure that Podio is working good and everything is tracking like it should be. And then on their weekly meetings, they pull up their scorecards, right? They look at the numbers, they look at the different marketing channels and they got it, man, it was so awesome to see this. They've got it down to they know all the different marketing that they're doing and they look at and they see how many leads are coming. How much money did they spend



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on that each of those marketing channels? How many deals did they do? What was their average profit on each of those deals? So, they can tell you with just one simple glance at a report, what their average cost per leads are, which their average profit per deal per marketing channel.

So, they can tell you our cost per deal using whatever postcards to probates, let's say was this. And you may look at the numbers and you can see like, oh snap, that's awesome. You did like you know, a hundred and \$50,000 doing. I'm just going to use an example here. I'm doing Facebook ads for motivated sellers, right? That's amazing. You need to do more Facebook ads. Well, you look at the data, you look at the numbers and they're spending like three times as much money. Again, I'm just not. I'm just using as an example. I don't want to dive too deep into their numbers because I haven't asked for their permission to share this, but like just as an example, you can see that they're spending three times as much on that marketing channel as they are with this other marketing channel that's giving them different deals.

: That doesn't mean they should stop doing the Facebook marketing, whatever it is. Right, but just like you got to look at it on a on it, I want to say like a margin basis, like on a cost per basis, cost per lead, cost per deal, profit per deal. Some deals are more profitable than other deals and you'll probably find that maybe your probate marketing gives you more profitable deals, so it's okay if your deals come from probate and your cost per lead is five times as much for probates as it is for other types of marketing, but your deals are so much bigger. That makes sense what I'm saying? You don't know any of that stuff unless you know your numbers. Here's the cool thing. You don't even have to like know what you need to know yet. You understand what I'm saying? Just start with something and then as you look at your numbers you'll say, oh, that's really cool to know.

Well what if, I wonder what the numbers are on this type of, of the other thing that you want to track, right. And you can see that. So, this stuff was so detailed and I wish I could share it with you, but again, I don't have permission. The numbers are good. I mean Faster House did 100 and I want to say 150 something deals last year or in 2018 this year and doing very good. They're profit is really high and they have a lot of



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overhead, but Brian does a real good job of building a good culture. Everybody on his team aligns with their core values, which is awesome. And he's got really good people as his boots on the ground wholesalers. So that's cool. Know your numbers right. What can you start with? Start small. Start small. Okay. How much did I spend on marketing last month?

How many leads did I get and how many deals did I do? How many offers did I make? How many appointments did that go on? If you're doing cold calling, we were looking at our numbers too with that. Like, all right, how many dials on average per hour? How many leads per hour on average is one of our big things that we look? Our goals to get one at least one lead per hour. Sometimes we get two, sometimes we get none, but that's kind of our goal. One to two leads per hour. That's pretty stinking good, right? We also look at our, with our we know with our direct mail we're spending \$3,000 on average in direct mail costs for a deal. But with cold calling right now we're spending about 500 to \$700 and I should know those numbers right now, but off the top of my head I don't.

So, when you hear somebody talking about the certain type of deal or certain like for example, Instagram, like I hear everybody talking about Instagram now and hits and how it's the cat's meow, whatever that means. But it's a cool thing that you got to do. Everybody's doing it. Okay. Why does it really work? You say it work, she got a lot of followers and he got a lot of likes. But what, what does that mean? Like give me data, not drama. Okay. You got 5,000 likes so what that, what did that do to increase your bottom line? Did that give you any more deals? Did it give you any more profit? No. No, I just, people like me and follow me and it's cool because I'm liked and people like me. Well that's not, that's not important. Really isn't. Are you doing deals with it? Is it making you money?

Those are the things that you can measure and you should be measuring. What's the goal? You can't measure it. You can't control it. You can't control what you can't measure. You can't improve what you can't measure, something like that, right. So anyway, I am stuck in traffic. St Louis usually is not known for its heavy traffic, but it's 5:42 right now in the evening and I'm stuck in traffic and I'm tired. I really want to go to



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bed. So, I'm going to go. I'm going to turn on the music, turn it up loud, wake myself up.
Take care of guys. We'll see you.