



Get Real Podcast Episode: 032

*“Not Your Typical Advice: 3 Contrarian Success Strategies
for Real Estate”*

Hosts: Ron Phillips & Angela Thomas

Welcome to The Get Real Podcast, your high-octane boost and in the trenches tell-it-like-it-is reality therapy for personal, business and real estate investing success with your hosts, power-preneurs Angela and Ron. It's time to *get real*!

Angela: Hey everybody, welcome to The Get Real Podcast. I'm Angela Thomas and I'm here with Ron Phillips. Hey Ron.

Ron: Here we are.

Angela: Hey.

Ron: We have a great show.

Angela: Heck yeah, we're excited as always, you know, we're going to talk about all the advice you hear out there. I know we're all bombarded with marketing from everyone. You get it in the mail, you see it on TV, you see it all over Facebook, Instagram, wherever all the advice you're getting about real estate and the best ways to do it.

Ron: Well, some of it's really good and well some of it's really not that great. And then, you know, depending on your angle, it could all be good, I guess.

Angela: Yeah. Although trying to implement all of the different strategies would be pretty difficult, you know. So we just want to talk about that, you know, which let's, we're going to, of course, this is all our opinion, but what out there is, is good advice, bad advice in our opinion. What's just plain wrong and you know, where they can kind of fit in your strategy.

Ron: Yeah. And like I said, like I said, you know, some of these could potentially be good if they were coupled with a bunch of other things, but kind of stand alone. They, they suck. And yeah, you know, I mean this is our opinion, but well...

Angela: Well we're right. Obviously, I mean.

Ron: That's not what I was going to say.

Angela: Oh I'm sorry.

Ron: Your here listening to us because you value our opinion we hope. But hey, if you disagree with us, you know, that's cool leave us a comment.

Angela: Yeah.

Ron: Tell us how we're wrong.

Angela: Yeah, we would love that. Do it. So first of all, we're going to go through and list a couple of those. I'm sure. I mean, we can only list a few. I'm sure we're going to miss a bunch. But let's go through,

Ron: Why don't we just have, like if whatever we miss, you guys can just put them in the comments, right? You guys can just put them on our deal and just say, hey, you miss a whole bunch of stuff here they are. Because we're obviously not going to cover all of them.

Angela: No. And we would absolutely love to share our opinion on anything we missed, so please feel free to let us know. So first off, you should absolutely handle property management yourself. Except why would you want to do that? That sucks. Except for everyone who says you shouldn't, right? So.

Ron: Or unless you're just made to be a property manager, does some people just, you know, there are a few people out there that I've met, they're genuinely excited about property management now I think they have an illness, but that's okay because we need folks who...

Angela: And there's a program for that, right?

Ron: Yeah. We need people who are sick in that way to help the rest of us who don't share that illness, right?

Angela: Not how I was going to say, but couldn't agree more. So, yeah, handling property management yourself is not my idea of a good time and it limits you. We've talked about this before, you know, so you obviously can't have hundreds of properties if you're managing them all yourself, unless you're a full time property manager, that takes a ton of time. So...

Ron: I would like to point out the fallacy in that, because you, so this could be either way because a lot of people who are taught that you've got to buy properties in your area and then you've got to manage them yourself because no one's going to do it as good as you. That's not inherently wrong because somebody may not do it as good as you, but I would just, I would ask a follow-up question to that, which is the purpose of buying the property to begin with? Well, I mean, why are we doing it? Is it so that we can manage properties or is it so that we can ultimately have our money working for us and we don't have to work for the money? Because if that's the case, then getting yourself into a

perpetual management contract where you can never leave town a is a stupid idea because you can never, ever actually enjoy what you set out to accomplish in the first place, which is freedom is you're never free if you're the manager.

Angela: Well said. Exactly. Okay another one is you should avoid flipping at all costs. Anyone who's been following us very long or reading our blog knows that we do not tell people to flip properties, it's not our thing, but it's true that you could make money flipping, right Ron?

Ron: Yes. You can make a lot of money flipping, as a matter of fact, I know a lot of people who make, you know, very, very good money flipping real estate. Incidentally, I think that where a lot of people where a lot of people say, you should never flip real estate. What they're trying, really, what they're trying to say is buy my properties because I make money selling you the properties and you shouldn't do this flipping thing over here.

Angela: Because I already flipped them.

Ron: What they're really trying to say is that flipping isn't investing. And over here, this is an investing if you buy them to hold and that that's true. So there's a piece of truth in there and then there's, you know, I don't know.

Angela: Yeah, no. The biggest truth here to me is that flipping is a job. I mean, if you're wanting to find a job to make great money, there's, like you said, there's tons of people that flip properties and sell them for a huge profit they do really well. But you better it like your job and your business. And like you said, it's not investing because investing should be passive income and flipping is most definitely not passive in any way, shape or form, right?

Ron: It is not, it can become more so if you own the company and you build it like a business, which we've talked about in the past, then it can be more so, but you still have to have an active role in that to make it work. You can have less of a role, but you still have to have a role. But the smart people who, who flip real estate, they start buying portfolios of rental properties of some sort and they do it all the time, right. I mean, that's what they do. Smart people anyway.

Angela: Flipping on the side to make some extra money. I don't think, I mean, if there's somebody out there who's doing that successfully while having a full time job or retired or whatever, I'd love to hear about it. But I think most people have a really hard time doing that so.

Ron: Five hours a week.

Angela: Yeah, yeah just do it like three or four hours a week on the weekend, you know, no big deal. No big deal.

Ron: Everybody does that.

Angela: Yeah. The contractors, they do what they say they're going to do. So I don't even have to manage them. No problem.

Ron: Yeah, no, no. You can go work you're a 40 to 60 hour job and then just in like five hours a week, you can flip multiple houses a month. It's no big deal.

Angela: Oh yeah. No problem at all. So yeah, anyone out there doing that, yeah, we want to have you on and talk to you. So let us know. Okay another one we've heard is the best way to get funding is through hard money lenders. Which you know is great and it actually, we know lots of people flipping houses that use hard money lenders. But now what you want to do if you're investing in real estate, so.

Ron: Yeah, we've actually had people call and ask if they could use, if we had any hard money lenders for rental properties. And here we have a person who fundamentally doesn't understand hard money at all. And the downsides to it. I've used it, still use it. I use hard money sometimes to buy properties. It's easy. It is definitely not cheap and it is not longterm. So I don't know how people misunderstood that, but that's not what it's used for. In addition to that, I would tell you that if you're going to use hard money, you better for sure know what you're doing with it. Because they call it hard money for a reason, okay. It's not quite godfather type money, but it's close, right? It's not usury and it's not, you know, illegal and people won't break your legs. I don't think. I'm never...

Angela: It depends who you're lending from I guess.

Ron: I guess it depends on the company. I don't know. But they call it hard money for a reason. It's man, it's expensive so you better know you're doing before you use it.

Angela: There has to be enough profit...

Ron: Let's do a show on hard money, Angela, let's do a show on hard money. If you want to show on hard money let us know. I know a bunch of hard money guys.

Angela: Alright, another one a we always hear in, in investments and in, you know, in regular real estate buying for yourself is location, location, location. That's the number one rule of real estate that goes back way before me. So, yeah.

Ron: And I've said it before I'll say it again. I'm calling bs on that one. It's not the, it is the number one rule in real estate, but it shouldn't be. It should be number two.

Angela: And what's number one?

Ron: Angela, what is the number one rule in real estate?

Angela: Cashflow.

Ron: Cashflow baby. Number one rule...

Angela: Money.

Ron: Unbreakable rule in real estate is cashflow. Because if your property doesn't cashflow, then it is technically not an investment. Because it takes money out of your pocket and puts it into someone else's pocket. And that is the exact opposite. Well, it's an investment for the other person, I guess. So...

Angela: Your just feeling charitable. Yeah.

Ron: Technically it would be an investment. Angela,

Angela: Not the kind of investment I like to make, but you know. Sure. Yeah. And then at least you have that good location to comfort you when you're paying all that money to somebody else.

Ron: Like everybody did. Because Phoenix is a great place. I love visiting Phoenix.

Angela: Not right now though. Not right now.

Ron: Really good, not right now cause it's hot. But it's really cool. Love Scottsdale. It's a great area out there. But I bet...

Angela: They have good food.

Ron: I bet you that awesome location back in 2008, I bet everybody didn't care that it was an awesome location when everything fell apart and they all lost money because they broke the unbreakable rule, right? You can have the greatest, you don't have the greatest location on the planet, but if you can't make any money, what difference does it make? How in the world that got to be the number one rule in real estate I don't know.

Angela: It probably benefits realtors who want to sell properties in a location that doesn't cashflow. But other than that, I don't know. So.

Ron: Location, location, location.

Angela: Yup. All right. Ron, what's this next one?

Ron: Well, it's this whole thing we've been talking about forever.

Angela: Oh yeah, okay.

Ron: Work, work, work, work, work.

Angela: Lions and sheep and all of that.

Ron: Outward any problem that you have. All you have to do is just work. That's it. Just work.

Angela: Work like a dog for the future.

Ron: If for whatever reason you're not making it, then you're just not working hard enough. That's the reality, right? You're just not working hard enough, which is complete bs. It very well could be and probably is that you're working really messed up. I mean, whatever is you're doing, if you continually work harder and it still doesn't work, maybe you're doing it wrong. I'm just going to throw it out there. Maybe you're doing it wrong. I don't know.

Angela: Yeah, there's a fine line there. Yeah. I mean, getting something off the ground, we talked about this. You do have to work really hard to get something started, especially in new business or whatever. But if that's going on for years and years and years and you're killing yourself so that you can have a great life in the future, you're probably setting it up wrong, like Ron said, and we've talked about that in previous episodes. Ways to mitigate that and, you know, avoid killing yourself. So.

Ron: Angela I may be distracted just for a second. I don't know. I mean I've got, I don't know if we've talked about my pool project on this podcast.

Angela: Oh are they out there working on it?

Ron: I finally got approval for my Pergola, which if you guys, if we haven't talked about this on the show...

Angela: We haven't, no.

Ron: Housing aside, I've had a pool project going on now since April of not this year, last year at my house. And I finally got passed through my ridiculous DRB and my HOA out here. I got it passed. And lo and behold, I'm not kidding somebody out there working right now I'm pretty excited about it.

Angela: This is a big moment for you. Congratulations.

Ron: This is huge. I wouldn't have shared it with everybody if it weren't so big.

Angela: It is huge. No wonder you're so happy today.

Ron: I've been working on this for two years and that is a massive deal for me. So, okay, sorry.

Angela: Alright. Go Ron. Woo hoo. Okay, so another one we always hear is, um, is that you need to get education, which is true. We have no problem with education. Education is great and it is necessary and you should always be educating yourself. But I mean that's the little piece of it that's true. And you know, when people are trying to sell you something, there's always, there's always a piece of truth in there. But when they tell you need to pay six figures for coaching...

Ron: Timeout. Because I pay a lot of money for masterminds and for coaches and for, I mean I pay easy six figures a year for that stuff. But...

Angela: There's a difference here.

Ron: There's a difference between the traveling circus show guys, right? That, you know, pretty much all they do is just traveling circus around the country and they sell massive coaching programs and you never talk to that human like whoever the coaching program is, you don't get to talk to that guy.

Angela: There's some face on it, right. That's selling it. But you don't ever, you don't ever see that guy. No.

Ron: Yeah. I mean you probably shouldn't buy from those guys is what I'm saying. Go find somebody who's actually doing it and if you're going to do whatever it is, find somebody in your local market that's doing and pay them. Find the best coach in your local market. Have them show you how to do it right. And if you want to put together, let's say you wanted to do a wholesaling deal, like Larry. Larry was on the show a little while ago and you wanted to do it outside of your local market and you wanted to, you wanted to grow outside of your local market.

Ron: When you find somebody like Larry who actually does that, he does it in multiple different areas who's actually doing the business? And that's what he enjoys doing. And oh, by the way, I've got a coaching deal over here too. Not massive coaching company that has sales floors that are, you know, hundreds of people deep to sell coaching programs. And then the actual coaching department is a bunch of college kids who've never flipped a house in their life.

Angela: No, I would say Ron, that and you know, you might, not everyone might not agree with this, but what I would say is if you're seeing the coaching company on TV and constantly bombarding you with ads on Facebook or wherever, that's probably not the coach you want. You should actually have to look for the coach in your specific area and seek them out and ask them to coach you. The people who are constantly bombarding you and trying to sell you something are not the best, you know, guide and coach, that's usually a huge company that has marketing dollars, right?

Ron: Yeah. I mean, if you've shown up at your local REIA and that your local REIA has vetted somebody who's come in there and actually has a solid legit coaching program, go for it, right? They've already vetted those people then, you know, that's great. But the traveling circus show that comes to town and just generally speaking, their not who you want.

Angela: Yeah, yeah, no, I've been to a couple of those initial meetings where they try to sell you into something and man, you can feel the used car feeling, you know, sales guy feeling in there. So run from that, right. Anyway, so that leads us right to another thing. I mean, this isn't, you know, something you hear that's wrong all the time, but there's so much hype out there that, you know, the news casters and people on TV get into and people on social media and it's so easy to get caught up in that and just, yeah, be one of the team and get hyped up about whatever it is people are talking about in that moment. But you really got to step back and use some logic and think about, you know, is this actually a smart thing to do? Is this, I mean, back in...

Ron: It's like going to an auction Angela. It's like going to go an auction, right? Or worse yet, if you're a gambler it's like going to Vegas and you, you know, everybody around you is winning. So you just decide that you should be winning two and you keep doubling down on your money and you just keep losing. Or it's like an auction where you go there and you get caught up in the hype and before you know it you've paid \$15,000, \$20,000, \$100,000 more than you were prepared to spend just because if everybody else thinks it's a good deal, oh my gosh, I got to be the best deal ever and I'm missing something because these guys were all bidding on it.

Angela: That is such a good example Ron, because it just makes me think of, and this is probably aging me, but I was pretty into Ebay auctions back in the day on like designer clothes.

Ron: Yeah, you're so old.

Angela: I know, I know. But oh my gosh. Have you ever done that Ron? You like, you know there's a good deal on something you put, you put down a bid and then people outbid you and I get competitive, you know, I'm like, and it's easy to do that in auction. You're like I'm going to win this but you end up losing

Ron: Ebay never actually appealed to me Angela because you sit there and watch the stupid thing.

Angela: It sends you notifications, Ron.

Ron: Because of my ADD self I couldn't do that, so. I would put in a bid and always get beat. And so I just never did it.

Angela: Yeah, no, that makes sense. But getting competitive on outbidding someone is a terrible idea.

Ron: I have done that at church fundraisers for the youth program though, where I have spent north of \$300 on a baked good.

Angela: Ok well. That's pretty bad.

Ron: Just because I needed to win. So yes...

Angela: Hopefully it was for a good cause at least, right.

Ron: There was a lot of hype around that chocolate cake.

Angela: Okay. Nice job man. That's worse than mine and okay. Anyway, so you got to watch out for that hype. Another thing we always talk about real fast on hype is, sometimes by the time everyone's excited about something, it's no longer a good idea, right?

Ron: Generally.

Angela: Generally. Yeah. Okay. So we use gold as an example. By the time you see gold on TV and people you know, selling it and telling you about how they got rich investing in gold, you have missed your shot. Same thing with real estate. Real estate was so hot right before the crash. But by then it was too late to invest for appreciation. So just last note on that. So there's tons of advice out there. And you know, some of it you can use but you know, watch out for the hype.

Ron: Hey, if you've been waiting for the stock market to do really well, now is your opportunity. That's what you're saying, right, Angela? Wait for it to really show...

Angela: Yeah now that's it's like at the top. Go for it.

Ron: Then you buy, because obviously it's doing super well.

Angela: It's doing really well. So that's when you buy it and then it'll obviously keep going up forever.

Ron: It makes so much sense.

Angela: No problem. Okay. All right. So there's all these different approaches out there and, you know, like we said, some of them, you know, they can be bad advice if you use them in the wrong way, but they also can make you money, right? You just got to be smart about it. But you need to really focus on one approach. You can't just decide you're going to do all this stuff. If you're trying to manage all your properties and flip, invest for, you know, cashflow and all these different things, you know, education. If you're doing these all at the same time, you're going to, you're going to have a really hard time and you're going to be working yourself to death.

Ron: So in addition to that, you're not going to, you're going to do crappy at a whole bunch of things or marginally at a whole bunch of things. What's Ron Swanson say? What's Ron Swanson say?

Angela: Which thing?

Ron: Never half ass anything whole ass one thing.

Angela: Yes. I love that Ron Swanson's the best.

Ron: Yes, Ron Swanson's the best and very accurate, so.

Angela: You got whole ass this, okay. So yeah, you guys know our approach. Our whole assing, you know, turnkey investments, investing in longterm hold for cashflow. And so you got to pick one approach and stick with it as long as it takes to be successful at that thing. You can't just, you know...

Ron: Within reason and get some help if you, if something's not going right, then get some help, right. So that you can understand what you're doing wrong. Because the reality of situation is if there's a bunch of people who are doing it and just working and you're doing it, it's not working, you're doing something wrong. It's not that they're more special than you. So if you've picked a field where people have success and you can't make it happen for whatever reason, go figure out what you're doing wrong instead of switching all the time. Because if you're like me and if you're like Angela, where we have really high, quick starts, we love starting things.

Angela: We love starting things.

Ron: We don't necessarily dig, finishing things, but we love starting things. And if you're like that, it takes a lot of discipline to stay in your lane because every single shiny object, right? I feel like a bass sometimes. I'm out here, there are all these lures and I want to buy every one of them.

Angela: Dude we want to start a new business every week, but our current business would die and we would not be successful at any of them. So.

Ron: Yes. So please, please listen to us when we tell you it's not a good idea to do a million different things.

Angela: No, definitely not. And if you chose, well, whatever field or whatever area you choose, there's a learning curve associated with it. And obviously don't go out and pay six figures for a huge traveling circus coaching. But like we talked about you got to figure out what your, you know, what the learning curve looks like, what you're missing. The best way to do that is to find someone who's already successful at that in your local market or in whatever you know, genre you're working in and listen to them, find out what they're

doing, see what they're doing to be successful. And, you know, copying that is the best way to get started and then you can improve on it.

Ron: I'm not saying don't pay people because their time is valuable. So, I mean, you should pay for that. There's nothing wrong with that because it takes that curve and it smashes it, right? So it's not as big of a hill to climb.

Angela: Yeah.

Ron: Understand the difference between who we're talking about here. The traveling circus show and the other people. There are some really, really worthwhile coaches out there who can help you. I mean, that's why I pay for them, right? Because business coaches are important because they flatten the curve and it's worth paying those people just do some due diligence first, right? Just, don't get caught up in the hype. Just do some due diligence first so that you know, you're getting someone who actually can help you do what you want to do and then understand, as Angela was saying, respect the curve. Like, just know that there is a learning curve and that you're going to have some time to figure this stuff out. Even if you have a coach, there's still a learning curve there. They'll help you flatten the curve out, but there's still going to be a curve, right.

Angela: Right. and you know, while we're on that, that's all about leveraging. If you go in this trying to learn how to be a successful investor or flipper or whatever, completely on your own, no idea what you're doing, you're going to have a lot of trial and error and more error and effort. So leveraging your time and leveraging, you know, using your time wisely and your money, whatever resources you have. That's a great way to do that, to amplify the force that you have rather than just trying to, I mean, you could shorten the time from, you know, five years to learn a new business down to, you know, two, I'm not saying you're going to learn in a couple months.

Angela: I love it so many people, Angela that they're out there and they step over dollar bills to pick up nickels and wonder why it is they can't ever get ahead. The reality is, we talked about this before with property management people like, well, I'm not paying 10% to a property manager. I mean, that's a lot of money. And then I laugh because they're spending, you know, 10, 20 hours a week fixing toilets and taking phone calls in the middle of the night and all kinds of other crap. 10% of the rent is a lot of money. You've got to be kidding me.

Angela: You got to value your time more than that. Come on.

Ron: I mean, understand what your time is worth. Understand what other people's time is worth. You can't beat a man in his own game. So if it's not your game and it's not your lane, then go find whoever's game or lane it is and hire them or partner with them. That's what Angela's saying, leverage. Not only leverage money, but leverage time, leverage talents.

Angela: Leverage your own strengths. Yup. And your partner's strengths and your team members' strengths. And you know, that's the best way to amplify all of your power and to get where you want to go as quickly as possible.

Ron: Well, and I love that people hire folks, right? They just hire to fill seats. How much better would it be to figure out what leverage point you need that seat to fill and then hire someone who has the talent base to be able to do that and understands how to leverage their own time and talents. It's like a multiplier effect when you can actually do that. You can, you can help other people grow and at the same time you can utilize their talents and they can utilize their talents to leverage more money for them, more time for their family, more everything, right. Then everybody gets to use the leverage from the whole team.

Angela: Yes, exactly. Thanks Ron for wrapping that up. So our whole point with all this is to, you know, use your brain when looking at all the advice out there. Not to be, you know, insulting to anyone. But yeah, you can't just trust people on TV or in the, you know, on social media or that you see in the mail. You got to actually think about, you know, what they're saying and what works the best for your situation and then focus on the area that you want to be successful in.

Ron: Nothing wrong with being a life coach or a business coach, but the person who just graduated from the self help book about how to be a life coach or a business coach is probably not, who your after, just saying.

Angela: How about somebody who's done it, you know.

Ron: You probably want to go and pay a little more money, do a little more due diligence. Try to find someone who's actually doing it and has been doing it and doing it successfully in a provable way so that it's not just some really cool fancy website that is backed up by some new guy that or gal that just graduated from an online course about how to be a life coach. Just, I mean, maybe you want that person. I don't know, because you want to help them. Sometimes when I'm in the grocery store and there's a new person who has trainee, I feel good about bringing the fruit through there that they've never heard of so that they can look it up and learn it, right.

Angela: Well look at you. You're doing charity at your groceries.

Ron: I get to be involved in the training of that individual and I feel good about it. I just don't want that kind of a thing for my business coach. That's all I'm saying. And maybe you do. Maybe you really enjoy the new trainee and you want to help them grow and let them practice on your business and then God bless you if you do. But I don't.

Angela: Okay. But I would say if you're resources are limited, invest in yourself, not in the beginner coach, right? Yeah, right.

Ron: I think so. I think in our own unique way we're saying the same thing.

Angela: Yes we are.

Ron: Yeah. So in the event that there are new listeners and you haven't figured out that nearly everything I say is sarcastic, you should probably figure that out now.

Angela: Yes. All right, well, thanks for listening everybody. Make sure you check us out on GetRealEstateSuccess.com and on Facebook it's under Get Real Podcasts and please leave us any feedback or comments you have. As well as, like we said at the beginning, any other advice you've heard out there that you want our opinion on or if you want us to do a show on hard money, we'd love to hear from you. Okay, thanks Ron.

Ron: Yep. See you guys.

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