

**MULTIFAMILY
LAUNCHPAD**

WITH JONATHAN TWOMBLY

REAL ESTATE INVESTMENT
EDUCATION



SCALING YOUR REAL ESTATE BUSINESS PART 1 - PEOPLE

Module 11 – Video 4


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VIDEO OVERVIEW

What's covered:

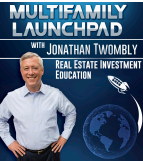
- Part 1 - People
- Why scaling depends on getting the right people on your team
- Who the right people are
- Growing the team
- Part 2 – Promotion
- Part 3 – Mindset





WHY YOU
NEED THE
RIGHT PEOPLE
TO SCALE

WHY YOU NEED THE RIGHT PEOPLE



- It's nearly impossible to scale a business on your own
- Scaling requires each function to be filled with someone who is good at it and enjoys it
- No one person is good at every function
- No one person enjoys every function
- Each function requires a different skill set and personality type for optimization
- Trying to do this alone or with the wrong people will result in essential functions being neglected, and scaling will fail or be slow

WHY YOU NEED THE RIGHT PEOPLE



- Four main functions of a real estate business:
 - ✓ Deal Sourcing
 - ✓ Money Sourcing
 - ✓ Asset Management
 - ✓ Company Operations
- Usually people are good at one of these functions but not all
- Each role should eventually be broken into sub-roles, because there are different parts of these functions requiring different personality types and skills



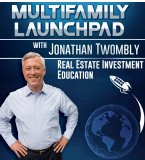
WHO YOU
NEED FOR
EACH ROLE

SOURCING DEALS



- This role finds the deals for the team to buy
- Requires someone who:
 - ✓ Enjoys research
 - ✓ Likes numbers and spreadsheets
 - ✓ Is detail-oriented & geeks out on data
 - ✓ Doesn't mind spending a lot of time alone, inside
 - ✓ Is happy being behind-the-scenes; doesn't want to be the face of the business
- Introverted personality types will thrive in this role, while extroverts may not

SOURCING DEALS – AS YOU GROW



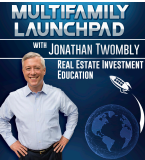
- As you grow, you should bring on junior people to do the first-cut underwriting
- This will allow you to see more deals, without exhausting your main underwriter
- Main underwriter should only look at the more serious deals filtered by the junior underwriter

SOURCING MONEY



- This role finds the money for the team to buy deals with
- Requires someone who:
 - ✓ Likes networking and being around people
 - ✓ Likes being outside the office
 - ✓ Enjoys pitching and selling and doesn't mind rejection
- Extraverted personality types will thrive in this role, while introverts will not

SOURCING MONEY – AS YOU GROW



- As you grow, you need to divide this into several roles:
 - ✓ Marketing & lead-generation
 - ✓ Sales (closing)
 - ✓ Investor relations

SOURCING MONEY – AS YOU GROW



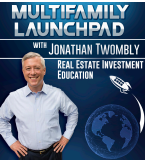
- These roles require different skills:
 - Marketing – writing good copy & ads
 - Lead generation – meeting lots of people and bringing them into the system
 - Sales – thorough follow-up, pitching, answering objections, getting signatures on the dotted line
 - Investor relations – thorough follow up with investor reporting, answering questions, customer service

ASSET MANAGEMENT



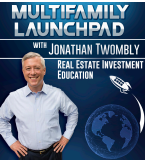
- This person oversees property managers and makes sure the properties are profitable
 - ✓ Requires someone who is detail-oriented
 - ✓ Doesn't mind travel to the properties
 - ✓ Can hold people accountable to performance standards

ASSET MANAGEMENT – AS YOU GROW



- Eventually you will find that an asset manager can only handle a certain number of properties effectively
- You will need to grow team of asset managers and have them report to an overall portfolio manager

COMPANY OPERATIONS



- You will need people to keep the company operating while you are sourcing deals and money
 - ✓ Accurate accounting and investor reporting
 - ✓ Profit distributions
 - ✓ Company financials

COMPANY OPERATIONS – AS YOU GROW

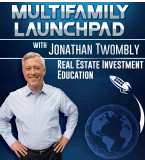


- You will need
 - ✓ CEO to oversee company and set the vision
 - ✓ COO to oversee operations
 - ✓ Controller to keep track of the money
 - ✓ Bookkeeper below controller



BUILDING
OUT YOUR
COMPANY

BUILDING OUT THE COMPANY



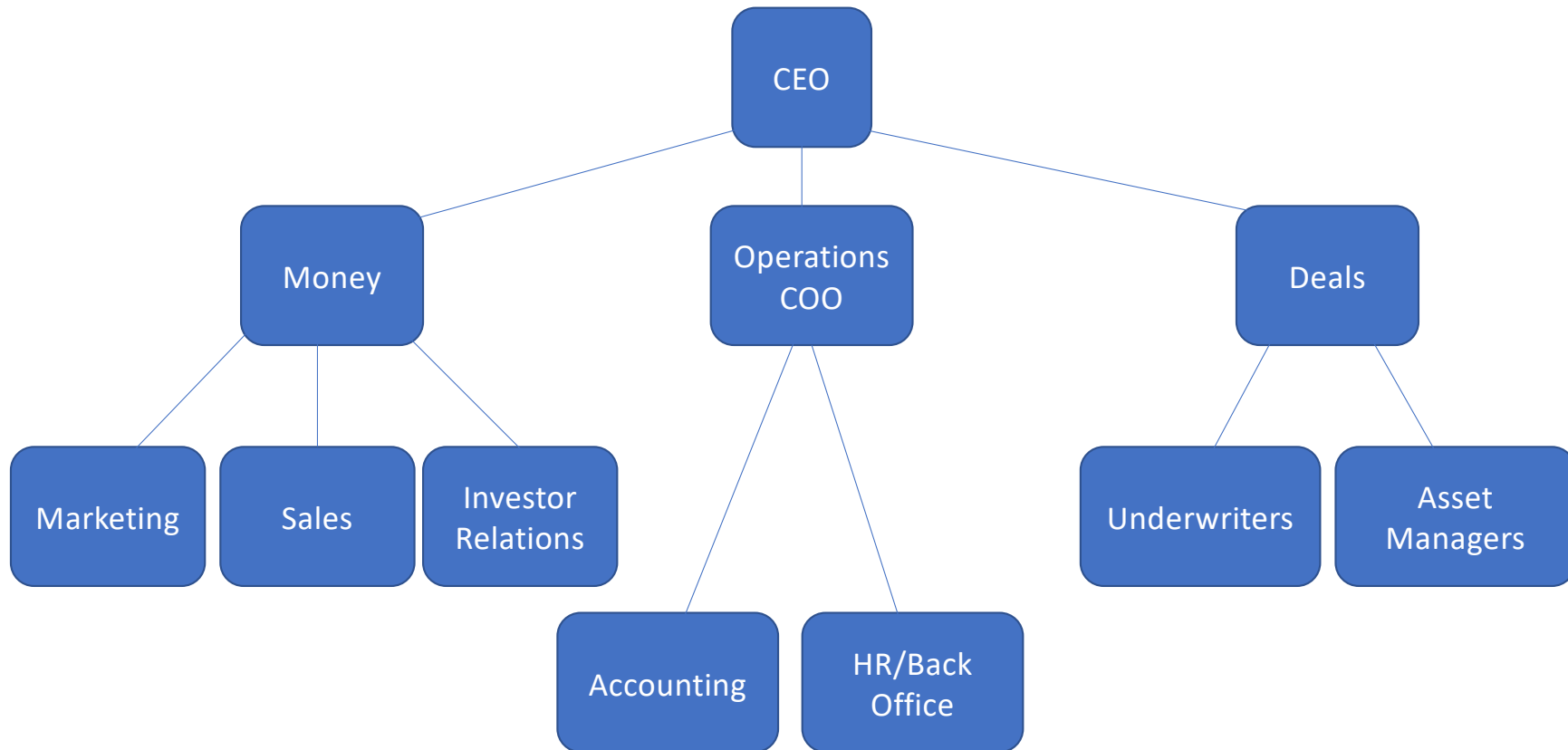
- You will start small, and that is okay
- Cover these two roles for certain:
 - Deal sourcing/Asset management
 - Money sourcing/Investor relations
- Different person for each, because they require very different skill set and personality
- At first, you can collectively run the company
- But over time, as you grow, you will need more specialization

BUILDING OUT THE COMPANY



- As you start to grow, you will want to add:
 - An assistant – start carrying out low-level operation tasks to free you up for more important things
 - Bookkeeper – to keep your books and records accurate
 - Junior underwriter – to increase your ability to analyze more deals
 - Marketer – to increase awareness of your company
- Outsource all to contractors at first

EVENTUALLY, LOOK LIKE THIS



BUILDING OUT THE COMPANY



- You do not need a huge team
- Real estate private equity firms are typically run with a handful of people
- One person can wear multiple hats, especially at first
- But you need all the essential roles covered by people who are good at and happy in those roles



Q&A IN THE FACEBOOK GROUP

Next up:

Module 11 – Video 5
Scaling Your Real Estate Business
Part 2 - Promotion