

Subject Line – Bird Dog to Guru in Three Years

A bird dog in real estate investing is anyone who brings a deal to an investor and gets compensated for it. Bird dogs can get paid for leads when they submit pictures and a filled-out qualifier form, usually \$10 - \$20 each or they can get paid by the deal when it closes – usually \$500 - \$1000 per deal. Since every deal doesn't close, the bird dog and his investor employer need to pick the best payment method before he hits the road. Most states do not allow a referral fee unless the person receiving the payment is a licensed realtor but this has never deterred diehard investors.

Some enterprising investors have paid bird dogs to do door knocking besides driving neighborhoods. The investor tediously trains the bird dog in what to say and how to react (i.e.) don't look into the dog's eyes, keep moving even with a dog attached to your leg or arm, Emergency Room visits are your cost, etc.). The script is pretty simple "My partner is looking to buy a home in this neighborhood, is yours for sale?" followed by "Do you mind if I take some information (like why are you selling?)"

This process of finding deals is simple and effective and the best example I personally know about is a \$600,000 waterfront property that an investor bought and resold for \$1.1 million one year later in Ft. Lauderdale. I know this because the seller owned two properties that I was trying to buy. He originally called me from an advertising piece and later called back to ask if I thought the \$600K offer was good or not. It was a great price for the seller because the buyer/investor had to put about \$300K into repairs to make it saleable. If he hadn't sold it that property today would be worth \$500,000 – timing is everything.

Anyway, I spoke with a really nice guy a few years ago who told me he was a bird dog for a local investor. He went on to explain he had called a bandit sign that said "Investor Needs Apprentice Make \$8,000 - \$10,000 Each Month". The investor he called spent a couple of hours training him to drive neighborhoods looking for distressed properties and then door knocking each one to see if anyone lived in these properties. Then he had to door knock the surrounding neighbors' homes to find out more information.

I'll call him Jose for this article but it is not his real name and you will see why later. When Jose located these properties he would take pictures and, if possible, he would ask the homeowner if they were interested in selling the property. This is a simple, straight forward method to finding deals and a common practice for both new and seasoned pros. The investor gave him a form to fill out with Jose's name on it so he got credit for the deal when it was completed. Jose said that he was just one of a group of people working for this same investor.

At the height of the boom years one local wholesaler had crews of bird dogs literally circling neighborhoods looking for new For Sale By Owner ("FSBO") signs. This was particularly true with waterfront properties. I remember very well when I went on one sales call I had two Hummers following me because I had a magnetic sign on my car and both of these crews figured I was on an appointment. They were correct and as

soon as I left the perspective seller they door knocked him and actually bought the property. They bought it because they grossly overpaid and the property later went into foreclosure so just because you buy a property doesn't mean it is a deal – even if you stole it from me!

So the next question I asked Jose was “How long have you been doing this?” and his answer was “2 years”. Obviously the next question I asked was “How have you done?” and his surprise answer was “NONE!” Yes, for two (2) years he had driven every qualifying neighborhood in the tri-county area and not gotten a deal – or so he was told. I believed what he told me and he had a knack for remembering various homes he had turned into the guru.

I asked “How many properties did you submit to your investor?” and the answer was “At least 3 – 6 per day”. Wow! – that means that Jose pre-qualified over 3,000 properties for his investor and no deals were done? There is a simple answer – IMPOSSIBLE! So I took the time to show him how to find the properties in the public record so he could see for himself what happened. When he called me back a week later he said he had found eight (8) that were in the name of his investor and that he knew he had found in just one neighborhood.

I have heard of sweat shops but never thought I would see one in the real estate industry. His investor paid for his gas but otherwise not even his lunch. So I suggested that he try doing deals himself and he was terrified. I asked “What are you afraid of?” and he wasn't even sure except that he would lose a deal if he did something wrong.

This is a common feeling for most newbie investors but it is better to lose a deal trying than never have tried at all. Real estate is a renewable resource – there will always be foreclosures, divorces, bankruptcies, transfers, probates, frustrated landlords and other property owners who at sometime get motivated to sell.

I was doing a mentoring program for a local real estate club and I invited Jose to attend. He somewhat reluctantly attended and was fascinated with the one day event that I held. So for the next six months I mentored Jose and he was a quick learner and followed instructions to the letter. He didn't have any of the baggage some newbies have and he couldn't over analyze a deal because he didn't know enough of what to look for. He just followed instructions and used the same tactics to bring in leads for himself that he used for his former employer that converted to deals.

I would have used Jose's real name but now he is a real estate guru selling a training course for newbie investors about finding deals by driving for dollars and I don't want to embarrass him. He is also taking on mentoring students, sounds like he is now recruiting bird dogs – how the world turns!

What I really liked about Jose was his persistence and that he realizes that his job is to fail time and time again or get someone else to do it for him – his bird dogs. Once an

investor gets the idea that success is not instantaneous and it requires hard work, he/she is on his/her way to success.

After all, how many wannabe investors do you know who would have tried fulltime for two years, not done a deal, and still kept trying? Today Jose is viewed as a very successful investor by his peers and he still calls me "Mr. Dave". When I originally asked him how he was supporting himself driving and not making any money, he simply said he had his family's support. This support and belief system paid big dividends. If you aren't getting the support from a spouse or family members that you believe you need, forget it – you have to be strong enough to do it yourself. If you rely on others for anything you need, your dependence can turn into an excuse for why you aren't succeeding.

Coincidentally, as I am writing this article I understand that Jose is holding a meeting at a local restaurant recruiting his next flock (or pack) of bird dogs – go Jose, go!

To your limitless success,

Dave Dinkel