

Episode 38

📅 Wed, Apr 19, 2023 11:36AM ● 59:09

SUMMARY KEYWORDS

Real estate and community, real estate investing, access to capital, raising money for deals, Philadelphia investing, sports apparel business, selling a business, mentorship and shadowing, young entrepreneurs, mastermind groups, finding good deals, building relationships, entrepreneurial journey, learning by doing, community impact

SPEAKERS

Jason Duff, Doug Fath, Ethan DeLeon

D

Doug Fath 00:00

it's just easy to have those conversations where if I was going to try to have that conversation with someone else, there's so much backstory that you can't really bring people up to speed in a conversation. And because of that, it allows us to go deeper with those things that are most meaningful.

J

Jason Duff 00:17

I agree. And I think the other benefit, it's we have a relationship that we're comfortable with asking the tough questions. And so I think it's having people in your life that will be good listeners, but also not afraid to say, "So I understand that's what you're thinking, or that's what you did. Why?"

E

Ethan DeLeon 00:43

Hey everyone, my name is Ethan DeLeon, and I'm here with our founder and CEO of SmallNation, Jason Duff. Today we have entrepreneur and developer Doug Faith joining us on the show. We want to welcome you to the Small Nation Podcast, where we share some of the valuable lessons with what we have learned about entrepreneurship, real estate, economic development, and more. The point of this podcast is to create value for you, the listener, and to create a space to learn, talk about what's trending, and inspire others.

J

Jason Duff 01:09

Thank you, Ethan. Doug, welcome to the show.

D

Doug Fath 01:13

Thanks so much. I'm excited to be here. Thanks for having me.

J

Jason Duff 01:16

Yeah, well, Doug, uh, you are kind of a VIP today because you are our first virtual guest.

D**Doug Fath** 01:25

I, you know, some people call that a test dummy, other people call that a VIP.

J**Jason Duff** 01:30

Well, already we are, you know, working out the bugs and the kinks, but appreciate when we thought of people, or maybe, you know, I was talking with Ethan, people that have meant a lot to me over the years and inspired me and I think has a lot of valuable content, you were at the top of the list. So congratulations.

D**Doug Fath** 01:50

Well, thank you. I appreciate that. And I've, you know, I've listened to a lot of the podcasts and I'm a fan as well. So thanks for having me.

J**Jason Duff** 01:58

Well, Doug, you and I, if we go back in a time machine, it's probably been at least 15, if not 20 years. And we were, We're from different states, different backgrounds. I'm excited for you to share a little more about that, but we started kind of being a part of a community of entrepreneurs and there was a label around that being young entrepreneurs. So very naive or very brilliant, we started, you know, masterminding and sharing advice and supporting each other probably 20+ years ago.

D**Doug Fath** 02:35

Time flies. I can't believe it's been that long. And I guess it has been that long because as we were probably joking about the young entrepreneurs, the young probably no longer applies to us as much as we'd like it to.

J**Jason Duff** 02:48

We tried for many years, Ethan.

D**Doug Fath** 02:51

We—

J**Jason Duff** 02:51

the award categories kept changing. It was like 20 and under, 25. And then at some point I think we got to 40, right? 40 and under.

D**Doug Fath** 03:01

Wow.

J**Jason Duff** 03:03

What classifies as young these days? Well, you know, those— no offense, it kind of all blends together. But no, um, it's been quite a journey. And, you know, uh, when we first started out, uh, the thing that I think, Doug, you and I had a lot of conversations about was real estate. And we were fascinated by it. We were reading a lot of books at the time and kind of comparing notes of, um, different approaches in real estate investment. But tell us a little bit about you, where, where you're, you're from and got started and and how real estate started being a part of your life every day.

D**Doug Fath** 03:39

Yeah. So I was born and raised in New York and went to school in Manhattan at NYU, and I was— I had played sports and was playing basketball for the school. And then, you know, going to a D3 school, realizing I'm not going to play in the NBA, I should probably start figuring out what I want to do with the rest of my life and entertained going to Wall Street in the investment banking world. And decided I didn't want to go down that route and had read a handful of books about entrepreneurship and really opened my eyes to, oh, there's other ways to make money than going to work for someone and having a job. And one of the themes that came out was this theme of doing, doing what you're passionate about. And having played sports my entire life and I always wore sports jerseys, I decided to start a sports apparel company. Really with no expectation actually that it was going to succeed. I thought I'd just do that to learn. And I lucked out. I had the right product at the right time, kind of right before it became popular in the hip-hop community with the throwback jerseys.

J**Jason Duff** 04:45

And so vintage now, right? Yeah.

D**Doug Fath** 04:48

So I was fortunate because it didn't matter what mistakes I made, we still made money just because we had sort of the right product. And at that time I was also reading books about real estate investing. And attending a lot of real estate seminars. And the year before— and this is probably maybe when we met— no, I guess it was a couple of years after that. But long story short, between my junior year and senior year, I took the school— took the year off from college to sort of run those businesses with the intention of selling them and getting started in real estate. And so for me, one of the things that I did was, you know, it's one thing to read a book about real estate. It's another thing to, you know, go to a seminar and hear how you invest, but how do you take that knowledge that you're hearing and actually apply it hands-on? And so one of the things I did was I found a handful of real estate investors that were investing all along the East Coast. I believe if there's something you want to do, find someone that's doing what you want to do and learn from them and shadow them. And so I worked with them for a year for free, didn't get paid, but that was kind of how I learned how to invest. And at the end of that year, I sold my businesses. I went back to school for my senior year, but I knew the market I was going to invest in, which for me was Philadelphia. I knew how I was going to invest, my strategy, and I went back to school and bought my first 4 properties my senior year of school. Wow. Wow.

J**Jason Duff** 06:12

How— talk us through selling your business. Like, as a young entrepreneur, how did you figure that out? Where did you go to? I mean, obviously you bought 4 properties afterwards, so it seemed like it treated you well.

D**Doug Fath** 06:25

Yeah. Yeah. So the— again, with the sports apparel and the throwback jerseys being really big in the hip-hop community, you know, not only was what jersey were you wearing, but it was what kicks were on your feet. It was actually an online sneaker company that purchased our sports apparel company. Wow.

J**Jason Duff** 06:44

That's great. Awesome. And Doug, you know, getting access to capital is usually one of the first questions. You can have the passion, you can have a good idea, but finding access to capital, how did you— did you struggle with that and how did you overcome that?

D**Doug Fath** 07:01

I think one of the things that I was fortunate that I learned from the investors that I was working with was that if you find a good deal, if you really find a good deal, you will find the capital for it. And so maybe it was me being naive and just like, hey, that sounds good, I believe that. But I really believe that. And that's turned out to be the case for me. But believing that, I said, okay, it's, it's on me then to go out and find, you know, good deals and the capital will be there for it. And, you know, that's turned out to be true for me. And I think especially in today's day and age, too, if, you know, you're a new investor starting out, especially in the world we live in, there's so much capital out there that's starving for yield, that's starving for deals. And so at the end of the day, I think it's between time and money. And so certainly as a college student starting out, I had a lot more time than I did money. And so I spent the time finding those good deals and raising the capital. And the capital does show up when you find the good deals.

J**Jason Duff** 08:01

That's great. Can you quickly just highlight what kind of properties those were? Maybe bedroom, bathroom, that kind of thing?

D**Doug Fath** 08:07

Yeah, they were single-family, low-income properties. They were 2-bed, 1.5-bath, 3-bed, 2-bath. And I also started out really small, right? So depending on, you know, where people are at, I was living in New York. The prices in Manhattan were insane.

J**Jason Duff** 08:26

Yeah, crazy.

D**Doug Fath** 08:28

Yeah. That's one of the reasons why I chose the Philadelphia market, because there were opportunities to provide— to purchase properties that cash flowed, that made money every month. And there was room for appreciation. And so my mortgage lender at the time would always joke with me if I had any more car loans for her, because the first property I purchased, I bought for, I think, like \$12,500. I put about \$8,000 into it. So all in, I was in for \$20,000, rented it out for \$550 a month, and I made about \$50 a month. But that, that process is the same thing I do now, just there's more zeros on the end of it.

J**Jason Duff** 09:07

Yeah. And you would buy those single-family homes, later kind of moved into college housing. Tell us about that market and why that was really interesting to you at the time.

D**Doug Fath** 09:20

Well, so with the homes that I was buying that we could rent out for \$550 or, you know, if they were a little bit larger, maybe \$800 or \$1,000, I was looking at one of them and it happened to be near a university. And the seller said, oh, you can rent this out to students for \$2,000 instead of the \$700 or \$800. And it turned out the property he was selling me, I couldn't really rent to students for \$2,000, but it opened my eyes and I started going down that path and found out that, yeah, you can find these deals that you can rent out to students for, for some nice rent. And there was a big housing shortage around it. So just kind of, you know, and Jason, I know you've done this as well in your career as well, where just like once you start getting in action, like new doors open up, new opportunities come your way. And when you hear new opportunities that are interesting, you kind of explore them a little bit more. And I did that with, you know, student housing and then moved from sort of the low to moderate income housing to solely focusing on student housing for probably 6 or 7 years.

J**Jason Duff** 10:26

And Doug, you alluded to attending conferences and events and reading books. I know another big book that was important for you and I was reading Rich Dad Poor Dad by Robert Kiyosaki. And then I think over a period of a few years, we've read about every book that Robert Kiyosaki has written. And you and I have had deep conversations about things that we agree with and things that we, at the time, as we get more life experience, we don't agree with that, that the author kind of laid out. But I think the, the mistakes that you make in real estate are also very valuable lessons to other people. You built an education company around helping people understand what you do. And at the time did a product launch. Can you kind of speak a little bit about pivoting and taking your knowledge and actually being paid to teach and educate other real estate investors?

D**Doug Fath** 11:29

Yeah, well, for me, I mean, education just runs in my family. My mom was a teacher, my aunt. And so I've always— that's always resonated with me. And then in particular, financial education is just something that I'm really passionate about. And so you know, early on I was started to lead seminars on how to invest in real estate. Even after I bought my first 4 properties, I, with a group that I was a part of, I'd lead a seminar called How to Buy Your First Investment Property because that was all I was qualified to talk about, right? I don't even know. But that just sort of always resonated with me. And then from that started doing, you know, one-on-one coaching. Obviously, the sort of issue with that is that's my time and there's only so much bandwidth that I have. And so Creating the educational company and the products around that, one of the things that resonated with me was that I could leverage those products instead of having all those conversations myself. And so that was a way to do that and kind of still scratch that itch that I have for financial education, continue to do the real estate investing while also helping others.

J**Jason Duff** 12:41

Cool. Well, you know, you touched on single-family units and student housing in your real estate career. Can you walk us through to like the rest of the journey to where you are currently and what you're doing now?

D**Doug Fath** 12:54

Sure. So went from student housing and then to, to multifamily. And on the real estate side today, our real estate development, we're still doing multifamily and we're— our really core focus though has been affordable and workforce housing. Has been a big focus for us over the last few years and moving forward as well. We've actually been awarded over 300 homes to build for workforce housing with the city of Philadelphia. And so that's been a lot of fun. It's been a big undertaking. But again, going back to the financial education piece, what I love about the product is it allows people to become homeowners basically for less money than they would pay in rent. Right. So you're paying less money on a monthly basis and you're actually building wealth, building wealth for your family.

J**Jason Duff** 13:52

That's great. Can you talk us through like how did, how did that conversation start between you and the city and what does that deal look like, I guess?

D**Doug Fath** 14:01

Yeah, sure. So the, the at the end of the day for the affordable housing or the workforce housing product in order to make the numbers work, there needs to be a subsidy somewhere. And so that could be in the form of a government grant or government financing. In this scenario here, it's the subsidy is the purchase price. So in other words, there's all this land that the city owns. They put out an RFP or request for proposal where you can bid on it and then they award it. And oftentimes, you know, you're buying the land for like a buck. For a dollar. Wow. And so it's the cost to build your soft costs, all those, you know, other things that you're spending money on. But that's kind of where the subsidy is. And so to give you an example, we're then selling that home, a new construction home, for \$230,000 to \$280,000, where the market rate in that area is like half a million dollars and above. Right. But you're a blue-collar worker, you're, you know, policeman, you're fireman, you're teacher, you're nurse. They can't afford that \$500,000, \$750,000 home, but that \$230,000, \$280,000 home, you know, from a monthly payment standpoint, they can afford. And then there's also a lot of grants and some soft seconds that make it even more affordable for, for these homeowners.

J**Jason Duff** 15:27

That's great. And it's a win-win. I mean, that has to be also meaningful work to be able to be a part of the of solving the issues in the housing crisis. Can you speak a little bit about how you feel about that industry and doing that work?

D**Doug Fath** 15:42

Yeah, with anything that I do, I look for economic sustainability. And so I'll be the first to tell you, I don't think everyone should own a home. I know homeownership is the American dream, but there's a lot of examples where people bought homes that really couldn't afford to, and then end up getting in trouble. And so what, again, what I like about this and what I believe we're making available is putting people in homes that maybe didn't think they could be in these new construction homes, but they actually can be. They can afford it. They can start building wealth. But we're solving a problem. But again, there's that financial kind of literacy or financial education component to it, which is great because For me, with any business or anything that I'm in, yes, we're in business to make money, but it's like make money and make a difference. And so, you know, whether it was with the educational company that I was doing, I love making that financial impact and financial difference in people's lives. And I feel like we're able to do that here with the workforce housing product that we're providing.

J**Jason Duff** 16:47

I, you know, it's great to hear of those solutions. You know, we have yet to be able to, you know, apply or take advantage of a lot of grants. And I know that you and I have had conversations where some of those programs have been the lifeline to allow and make the deal metrics work. So I just appreciate you sharing that. The other thing in terms of programs, we recently had a conversation about energy efficiency improvements and, and monies that are available to help developers with projects and financing around that. Can you share a little bit about that, that tool as well?

D**Doug Fath** 17:24

Yeah, sure. So that's what's called the C Pace financing. And admittedly, that's not something that I've closed on. We have received a term sheet and we are looking at moving forward with it, but essentially it's attractive financing that, that you can get as long as your building meets certain energy requirements. So I believe it's for, you know, just only either new construction or full gut rehabs. And some of the benefit to that is there's a little bit of a higher loan-to-value. The debt service coverage ratio requirements are less stringent. And so essentially, it could potentially allow you to do a deal with less money out of pocket by using that C-PACE financing.

J**Jason Duff** 18:11

That's a great tool for those listening. And actually, by you putting it on my radar, I've been looking into it and agree. It's a, it's a great tool that we have yet to take advantage but are excited to learn more about. So thanks for sharing. So I want to take, you know, getting access to capital. You shared some creative ideas that basically saying if you have a good deal and the metrics make sense, that you can find different sources. So in the, the spectrum of capital, and we've had guests on that have been traditional finance financing sources like community banks. We've also had a little bit of conversation about private money lending, and, uh, I, I think what you have morphed into could be really interesting for, uh, those listeners of understanding private money lending and you building your own lending company. Can you share a little bit about, about what, what that transition was like and what you do with Legacy Capital and your other lending, lending companies?

D**Doug Fath** 19:15

Sure. So for me, that transition happened in the real estate business. As I said, that I had started in college, you know, we did everything in-house. So we did property management in-house, we did our construction in-house. And at the end of the day, that's not my best skill set. I'm a big picture strategy finance guy. And really one of the things that was pivotal was the Strategic Coach program, Jason, that, you know, we went through and participated together and they have this concept called unique ability that everyone has their own unique ability and it's something that you provide massive value when you're doing those actions. You get more and more energy when you do it. And I started to look at what are the things that give me energy? And it was the deal sourcing, the structuring of the deals, the financing of deals. And so I ended up kind of re-looking at my real estate company and kind of the role that I wanted to play there. And we outsourced the construction and the property management. And so it freed up my time to start looking at other opportunities. And I was talking with a buddy of mine and we just kind of realized that there was an opportunity to start, you know, a private lending company kind of in our market. And that was, you know, how that came about. And I think for me, too, it also allowed me again to sort of scratch the itch of financial education and making a difference for the clients that, that we were lending money to and that, you know, we started it. We just started with, with our own money. I think we said, hey, let's do 4 or 5 loans and sort of see if we like it. And we did that and we made money and, and, you know, everyone paid us back. We're like, okay, I think that, you know, there's a business here. And then at that point, we went out and started to raise more capital to, to grow the business.

J**Jason Duff** 21:02

And if you think of the type of clients that come to you I think some listeners may say, well, why wouldn't they just go to their traditional bank? Can you explain some of the type of clients in the private money industry that are a great fit for you?

D**Doug Fath** 21:19

That's a great point because I think when people hear private money and, you know, higher interest rates, they think it's people that maybe have a bad balance sheet or they can't qualify for a bank loan. And that, that That may be the case, but for us, our client didn't have that issue. Our client was bankable. They could go get a bank loan. They worked with banks. They were successful real estate operators, usually doing fix and flips or fix and then refinance. And they would get, you know, these great deals that they were buying sort of as cash and needed to close in 2 weeks or 3 weeks. And banks can't close fast enough. And so they would use our money to take down the deal, renovate it, and then they would flip it. Or if they wanted to build a rental portfolio, they put a tenant in there and then they go to the bank. Once the building was renovated, they've got the tenant in there, it's producing cash flow, then they would go and refinance. So we were just kind of really a bridge or short-term financing because they needed to close on these deals quickly.

J**Jason Duff** 22:25

And where do you find a private money lender in your market? Like, you don't kind of see the storefront usually that's hung out that says, I'm a private money lender. Where are some of the money for you to borrow? Yeah. How do you find that?

D**Doug Fath** 22:37

Yeah, well, certainly one thing someone could do just, you know, from their computer is just Google, you know, private money lender or hard money lender and your area, but also like getting out and going to events. You know, there's real estate clubs or I don't know what they're referred to now, but, you know, REIAs or Cash Flow Clubs used to be kind of really big. And so those groups are still out there and those are great ways to, again, meet and connect with like-minded people and also find resources like that, you know, such as, such as private capital. And another thing is, and this varies for people in terms of what their comfort level is. But you'd be surprised. I bet, you know, everyone has people in their life that are looking for investment opportunities that you have a personal relationship with, that like you, that know you, that if you said, hey, here's what I'm doing and I'm buying real estate, you know, would you be willing to invest some money? That's certainly another option that I think is available to a lot of people.

J**Jason Duff** 23:42

And if I'm the person that's coming to you to ask for a loan, what are some of the pieces that are really important to have together to make that ask? And then what are you looking at in terms of some of the deal terms to make that loan?

D**Doug Fath** 23:59

Yeah, well, again, it all starts with, right, as we were talking about earlier, like the capital will show up if you've got a great deal, right? So I think it's one finding the great deal and also doing the due diligence to make sure that it really is a great deal. Yeah, right. And I think sometimes starting out, which is fine, we all start, we all, we all start out right at a point in time. But doing your homework and doing your due diligence to— if you're saying, hey, I've got a great deal here, to have done your due diligence to know that, that it really is, you know, a great deal. And so I think first and foremost is the numbers that you're presenting to the lender. That those are in fact the numbers and that it is, you know, what you're saying kind of verifies with, you know, when they check out the deal because, you know, on our side, you know, we underwrite the borrower themselves and we also underwrite the deal. So, you know, we're going to get an appraisal for the property in the as-is condition as well as the as-completed condition. So basically all the info that you're going to be providing to a lender they're then going to have to verify that during their due diligence process. So to me, a lot of it is doing your due diligence and your homework upfront so that when you present it to the lender, you know, it's coming across professional and they see, okay, they've done their homework, they know what they're doing, even if it's their first deal. And I do think that's important to, to be transparent with the lender in terms of Hey, I've done X amount of deals, or look, this is my first deal, but I've done my due diligence. I've done that because sometimes in the private money space, there may be— usually your rate will be dependent upon maybe how many deals you've done. So you want to be prepared to share that and make sure that you're being transparent about that.

J**Jason Duff** 25:48

Yeah. One thing I want to circle back to that you mentioned was that you recognize that property management wasn't your strong suit or you didn't enjoy that. And I know, you know, we've talked about this in previous episodes here, but we like— we have our property management is done in-house. We do that internally. So like, I always like hearing people's perspective on why they chose to do what they did. But that's not the only thing you— you— I mean, you also outsource your construction, right? Like most people do. But then you ended up building a construction arm of your company alongside of that. Man, I cannot talk today. I'm sorry. But can you tell us a little bit about your decision-making with all that?

D**Doug Fath** 26:32

So with the property management, that was something I learned early on because initially, the first 4 properties that I bought, again, I was in college, I was in school. And so I did hire a third-party property management company when I graduated and moved down to Philly and bought a few more. I was like, oh, I could save 5% or 10% and I'll manage it myself. Well, then I was so busy managing properties, my acquisitions slowed down. And I think, you know, certainly as a business owner and as an investor, that's also just important to be mindful of in terms of, you know, where you want to spend your time, how you want to spend your time.. And, you know, now I have no problem paying people for, for those things so that I can spend my time on, on what I want to focus on. And then on the construction side, you know, we had, again, we did that in-house and then we outsourced that probably for about 10 years or so. And we were using a couple of different GC companies that we had, you know, really good relationships with and just as the real estate market continued to heat up, you know, they got so busy and we just felt kind of like the quality and the timeline on things started to slip. And as actually we got more involved with workforce housing and sort of put a stake in the ground like, hey, we want to become the number one provider in the city of that product, we just realized that from a control, from a quality control standpoint, we needed to control the construction company. And so We made the decision 3 years ago to, you know, bring that in-house. And, you know, so far it's been a, it's really been a great decision. And I think it's allowed us to put the quality product that we have out there. And I also think, you know, it's kind of like that flywheel, right? It's like the more you do good work, you do what you say, when another RFP comes out, it's like, oh, these, you know, these guys and gals, like, they do what they say, they've done it before. And so that's been a good strategic decision for us that certainly does come with its headaches, right? Any time you're starting a new business, you got more people, processes. It's, you know, a whole nother ball of wax. But it's been a good move for us when we made that decision.

J**Jason Duff** 28:52

Doug, you mentioned the word strategic, and I know you and I have benefited by learning about Strategic Coach, which was an organization founded by Dan Sullivan. And I think what Dan recognized is that we as entrepreneurs, there are different mindsets and skill sets, and that time is our most precious resource. So he has built a whole system and tools and developed a professional group of coaches that train, teach, and mold us. Can you share from your perspective, what are some of the greatest tools that you've harnessed from Strategic Coach that you use kind of in your everyday life?

D**Doug Fath** 29:37

Yeah, so one of the things for me, they've got a tool called a weekly planner, um, which is basically, uh, for each quarter I'll list all of my projects in there. It's got slots for 25 or 30 projects, and unfortunately I fill it up every quarter, um, but the good problem Yeah, um, but then each week, you know, you'll put your plan together for whichever projects you want to choose and what you want to get done that week. And I think for me, at the end of that week, then, um, literally writing down like the, the progress that I made and the steps for next week. And I think the biggest thing for me is like that progress that I made, um, be — you know, I think it's common case with a lot of entrepreneurs. We're always looking at what's next, what's next, what's next. Don't always take the time to acknowledge like what we've gotten done and what we've completed. And for me, having the experience of making progress and seeing that progress is something that is fulfilling for me and I think fuels me. And so it's such a basic thing, I feel like, but that's been a tool that's really been a game changer for me and is really now just part of my, you know, weekly and daily structure.

J**Jason Duff** 30:55

And I feel what you mentioned is probably not discussed enough, is that most entrepreneurs that are driven for achievement, is that, you know, that drive or that passion, many people probably listening have had that feeling that they don't feel like they've done enough. It's kind of a hard code that serves you to a certain point but can be very debilitating and unhealthy, you know, if you don't take time to reflect on what has been accomplished. So I appreciate you, you mentioning that. The other thing that— why is having, you know, you've achieved a lot of success in your career, and why do you continue to pursue to have and take time to have someone else give you advice and tell you what, what, something different or coach you? Why do you do that?

D**Doug Fath** 31:51

Well, I think there's two reasons. No matter what level we're at, we all have blind spots and I have blind spots. And so to me, working with, you know, a coach helps give you access to those blind spots, right? That are, that once you have access to that, you can impact that and take action on it that, you know, creates breakthroughs for you. To get to the next level because there's always another level like that, you know, no matter where you are, no matter how much success you've had, you can, you know, I think we all have an idea or maybe people that we think are really successful. Well, even for them, like there's a next level for them. And so, you know, to me, a coach is, you know, extremely important in that regard.

J**Jason Duff** 32:35

And we talk a lot about business and tools and success. You also have a pretty awesome family. I happen to know your wife, and I've had a chance to meet your kids. Like, it's managing all that you do when we first started 20 years ago, and now having that element, I'm sure having a family and kids makes things a lot easier.

D**Doug Fath** 32:58

Oh yeah, for sure, for sure. Definitely not any easier, but it is more, more joyful and just amazing, you know. Again, talk about the next level. Um, you know, once I had kids, I learned there, there's another level for me to go to. Just even from like the business standpoint, I couldn't do all the things that I was doing before because I now had a family, right? And, um, you know, before that, I'd, I'd work all the time. Look, I, I love what I do, and so I would just work all the time, and I can no longer do that. And it forced me though to start to look at what are the most important activities that I do? What are, right, going back to unique ability, what are the things that I enjoy doing that I'm amazing at that provide value? And starting to focus and spend more of my time in that, which meant that I had to say no to, you know, a bunch of other things that I was used to doing. And, and again, there's different levels and iterations of that. I was literally having a conversation right before this with a team member of mine. I feel like I'm at a point right now again where I need to go back and do that exercise because there's just so much going on. It's, you know, feeling overwhelmed. And I need to start looking at what are those lower-level activities that I'm doing that I need to start saying no to so that I have more time for the top-level activities.

J**Jason Duff** 34:26

And you talk a lot about the real estate assets. But tell us about your team and how people, how you view people as your most important asset.

D**Doug Fath** 34:40

And, you know, again, I think that was one of the things that I also took from Strategic Coach was looking at people, as you said, as a strategic asset and as an investment, whereas previously I would look at that as a cost, right? I'm paying this person like X amount of dollars. Yeah, that's money that's coming out of my pocket. And flowing somewhere else. And now all of my people I look at as a strategic asset, just as you said, and as an investment, right? They're gonna, they're going to be able to handle something and spend time on something that I now no longer need to spend time on. And us working together like that, that's gonna be an investment that, you know, repays itself, you know, multiple times. And so that's one thing. And then I think the other thing is, well, if that is the case, you know, what are we doing to develop our people, right? In terms of training for them, career enhancement and development opportunities for them. And as our team has, you know, continued to grow, that's one of the things that, you know, we have started to spend and our HR team and our executive team have started to, you know, spend more time on because As we were talking about, like, for me, like, I love being coached, going to seminars, like, I'll always do that, but we need to provide those same opportunities to our team members so that, you know, they can grow and elevate as well. And so that's been a lot of fun to incorporate that and offer that and, you know, see people kind of run with that and excel.

J**Jason Duff** 36:14

I love that. And, you know, one of the joys and you know, how, how we have met and the things that we do is we've been doing now a weekly call for you and I on Sundays. It's now 4 o'clock PM, but consistently, probably for the last 10 or 15 years, right? And you know, what's been powerful about the friendship that, that we've developed is that, uh, a lot of our calls when we first started, we, we organized a weekly conference call using a line for freeconferencecall.com, which I can't believe it still works, Doug. Like, we don't pay a thing, but they have to be selling our cell phone numbers to telemarketers because — If you want to sponsor the show, just hit us up. Yeah, exactly. But you dial into that, you listen to the elevator music, and then ding happens. But we take kind of the next 45 minutes to an hour to share, like, the previous week, 3 things that, like, were significant or were important. And we usually share a great strategy, a great tool, or an article that we discovered that we think that, that each other would appreciate, and we discuss it. But in the beginning, when our calls started, they were a lot of tactical things, right? Like great stock tips or like great, um, internet tools that were making our life easier. And then over this period of 10 to 15 years, and I think it's just the seasoning of life, is that most of our calls have moved to being personal things, you know, because when you have a trusted friend or advisor, you know, I think we've been together, we've lost, um, family members, like, you know, we've had family members pass away We've lost business partners. We've had transitions there. We've had, you know, things that have been really critical points in our life where we needed advice and support. And a lot of our time now is spent really talking about friendships and relationships and health. And it's been fun to see that evolution. But can you, from your perspective, what has been valuable about doing those consistent weekly calls?

D**Doug Fath** 38:39

Yeah. And, you know, I'm so grateful for them and that we still do them. And, you know, just everyone in my family knows Sunday at that time, like, that's, you know, that's what's happening. And to your point, Jason, I think as we've gotten older and things have changed, some of the value that we've gotten from the calls have changed. I think when we first started, in my mind, I remember we used to call it entrepreneurial therapy. I think as a young business owner, entrepreneur —

J**Jason Duff** 39:04

you know, we bought the domain name and we still own that domain name. That's one thing here at Scale Nation, we really do. So if anyone would like to buy — buying domain name — if anyone would like to buy entrepreneurialtherapy.com, please message or email us. We'd be happy to, to make a deal.

D**Doug Fath** 39:22

But you know, at that time, right, it's, it's like kind of that's what was most valuable and most needed. And But I would agree. I think whether it's the phase of our life or whatnot now, the— I feel for me, the things that make the biggest difference in those calls aren't the tactic or the strategy or the CPAs financing or this or that. It's the personal stuff, right? Dealing with whether it could be other team members. And on that side of it could be, as you said, the personal things in terms of, you know, losing family members, business partners. Those are the things I value most. And also just the, the duration like that we've been doing it right, like because we've been doing it so often and like, I feel like, you know, everything and vice versa. It's just easy to have those conversations where I was going to try to have that conversation with someone else. There's so much backstory that you can't, you can't really bring people up to speed in a conversation. And because of that, that allows us to go deeper with those things that, you know, are most meaningful.

J**Jason Duff** 40:25

I agree. And I think the other benefit, it's we have a relationship that we're comfortable with asking the tough questions. And so I think it's having people in your life that will be good listeners, but also not afraid to say, so I understand that's what you're thinking or that's what you did. Why? And asking probing questions. And Doug has a very, as you hear him talking, a very natural, comfortable style of asking a tough question, but not it not feeling, not making me defensive. And I think that's a skill in itself too, where you need people in your, in your life that will, that will do that. But I think the benefit of what's happened in your company and what's happened here at Small Nation is that we have grown together, meaning that as you have experienced new projects, new challenges, could be issues in accounting or HR. And I know we've talked a lot about banking over the last few weeks because it's in the news and there's, there's, there's things that are changing in that industry. But I just would encourage listeners, if you don't yet have that 1 or 2 people or a small group of people that you can regularly discuss in a trusted, confidential manner, find that, that those people or that group. That's good. I don't know how I'm supposed to tie this back to real estate again, but here's the thing I will share with you. Doug is doing something that we dream about, and you and I talked about it. Doug, tell us about how the Guild House came about and you created a boutique hotel.

D**Doug Fath** 42:10

Sure. So really cool story and, you know, something that continues to inspire me in terms of the history and just the women from there. So, well, let me get into the business case and then we'll get into the hotel. So in our multifamily buildings, we over the last, you know, 10 years or so, we started to— as Airbnb got more popular, we would— you know, my business partner would take a unit or two and do an Airbnb. From that. And so we started to kind of test that and see how, oh wow, that, that's working well. It's making more money. It's actually making more money per unit than, than the other ones. And so starting kind of with a low-risk test like that that went well got us comfortable saying, hey, you know what, I think let's— why don't we actually take a bigger step into hospitality and, you know, find a building that we can renovate and turn into a hotel. And we found this amazing building that used to be home to the New Century Guild. So imagine the late 1800s, women are first getting involved in the workforce, but there isn't a place for them because it's still new. And, and so the New Century Guild was, was their home, was a place for that. So women congregated there. They gave women a voice. They'd have meetings in the auditorium about getting involved in the workforce. They provided them meals at lunchtime called noon rest. A lot of times they couldn't afford to eat out, so they'd offer noon rest. So women would come there to have lunch and then go back to work. And then sometimes women weren't able to— couldn't afford or didn't have the time to go to commute from work to back home. And so they would also house them there for during the week and allow them to stay there. And so many other things kind of came out of that. And, and a lot of the founding members, I mean, some of them are founding members of the NAACP, just a, a lot of important institutions and organizations. And so in any case, we acquired the building and we wanted to basically tell the story, you know, of the guild. And so we renovated the hotel, you know, within the historic guidelines. And the hotel basically tells the guild story. And then each member of— sorry, not each member, but each room tells this— is named after a founding member of the guild and sort of tells their story. And so it's a really cool experience. And it's one of the things that we wanted, where if someone comes and stays there, they stay in one room, and they're like, wow, this is an amazing experience. I want to stay in, you know, the Will the next time and learn about her and whatnot. And so So far, it's been great. The reviews that we've gotten, everyone that stays there loves it. And so it's been nice to be able to maintain that history, but also celebrate that history and combine the past of the amazing things that the women did, but also celebrate women of today and the amazing things that they're doing today.

J**Jason Duff** 45:15

And just for those listening, I would encourage you to type the Guild House Philadelphia. The designers and folks that you work with, the architects, every detail down to the furniture, the furnishings, the artwork, and it's located in a historic area. It's walkable. Definitely a place that when you're heading to Philadelphia, you want to check out. And Doug, I also know you got a feature, I think, in Forbes. Do I remember correctly about about the Guild House?

D**Doug Fath** 45:46

Yeah, Forbes, we've been— we, um, it's a Conde Nast. Yeah, we've gotten a handful of awards for best hotel and best new hotel and best boutique hotel, um, which, you know, to your point, is, is all the credit to the, just the architects, the designers. Um, and that's another thing too with the hotel, like from the, um, from the designer to all the products in there, the soap, the linens, all that is all women-owned companies. Um, so, um, yeah, and it's a special place.

J**Jason Duff** 46:20

So obviously this is a really cool model in a bigger city, but do you think this has a place in smaller towns across the country? I do, and, and Doug's been mentoring me. Um, Doug, I ask a lot of questions about every week of how things are going and, and what you're learning and what you're seeing. Uh, you know, obviously the trends, uh, we look— Louis, as we look to consumers The corporate hotels are kind of boring, um, and they're kind of what are expected, um, where a lot of these curated properties are so much more interesting and have features, amenities, and they're authentic in their own unique way. And so it allows you to target specific customers that want and desire an experience. So like here in Bellefontaine, and Doug, I'm excited for you to come back and visit We're wrapping up our Rainbow Row Bellefontaine project, which is paying a nod to Charleston, South Carolina, and the beautiful historic row houses that are brightly colored and painted that, that people love to take photos in front of. So when you come to Bellefontaine, not only do we have a tenant that's an art studio, a tenant that's a craft beer bottle and wine shop, and then there's a really cool vintage candy store that's in the same building. The second floor of those spaces, there are 7 short-term Airbnbs that are listed and will be soon listed, I should say, on VRBO and Airbnb. And kind of the dream around this is, as Bellefontaine continues to have great restaurants and shopping and that experience, you need places for people to stay and, and nice curated places for people to stay. So if that experiment works well, you know that the historic Cambie Building is, is in our downtown and, you know, has, has a lot of potential to, to think of that dream vision of a boutique hotel.

D**Doug Fath** 48:17

Yeah. Yeah. And I mean, I just even think for me over the years, you know, coming down and seeing what — like, it's amazing the, the growth and the development and all the stores and the residential now there. And it's, uh, you know, an area where you've inspired me in terms of just, you know, really focusing and, you know, bringing in what the community wants, bringing in what the community needs, and really building that up with those offerings. So I certainly am excited to come down there. It's been a few years, you know, with COVID kind of everything stopped there for, for a handful of years. So I'm excited to take another trip down and see the latest updates.

J**Jason Duff** 48:56

Yeah, we got a place you can stay. There you go. Just, just have your credit card.

D**Doug Fath** 49:03

I think you have that on file, don't you?

J**Jason Duff** 49:06

I did. So certainly mixed-use buildings and real estate is not anything new, right? Where, and by that I mean residential on the upper floors and, you know, more of a commercial space in the lower floors. But I mean, I think we're seeing a lot of people take initiative with those kind of properties. As we look to Columbus, certainly, you know, you have Bridge Park, you have, uh, Hilliard, who's doing some cool things. Like, um, all these suburbs in the bigger cities that are really just reimagining what those— what a mixed-use, you know, uh, property looks like. But I'd love to hear it, uh, kind of compare and contrast the two, uh, philosophies you guys have on how you— or you should say your approach to, you know, uh, your investments, you know, your properties where you have both— you have residential and commercial. So Um, I don't know, who wants to go first? Well, I'll just say that initially what's been interesting about Doug and I is I started in commercial. That was where we first got started. We're buying buildings that were in distress that we would, you know, it was zoned commercial, we would renovate them and we would work to attract a retail office, and in some case restaurant tenant. Doug was kind of the exact opposite. And so you were doing a lot of single-family homes like you mentioned, then moved into college housing and multifamily. So I think how our styles have morphed is that through learning through, through each other, and that's what's kind of neat about the real estate spectrum, is that there's not just one category. You may say you specialize in one category because that's what you— your unique ability is. But, um, I, I still say we really like I as a developer like commercial, but what's been great about finding properties that you can do residential above or around— those are the built-in clients that will buy the coffee, that will eat in the restaurant, that will use the 24-hour fitness facility. And so it enhances the stability in the future for the neighborhood or for the downtown.

D**Doug Fath** 51:09

That's great. Yeah, I'd say to you— to that point as well, most of our stuff is straight up residential, but we do have a handful of mixed-use buildings. And thinking about, you know, probably our largest commercial spot in our mixed-use building, but, you know, we have 56 units above and then we've got a bank, we've got an ice cream shop going in there now, which to your point, right, you have sort of the built-in clients there for those commercial spaces. And so I also think it Depends on what's needed. I feel like for us in the areas that we're in, there's more of a demand for residential. And I feel like when you're with a lot of the development you're doing, like, you need to make sure that demand's there, and that demand's not going to be there unless you have that commercial corridor with those shops. And so it makes sense why that's what you led with, because that's what you have to lead with before there'll be the demand for the residential. Mm-hmm.

J**Jason Duff** 52:04

The multifamily developers in our area, I get so many kind notes and thank yous because they have benefited. And, and even though we're not doing a lot of multifamily, the ones that are here wanna celebrate what's happening in the downtown because it's caused a lot of other folks for that have lived in other places to want to live here. So that's another thing to think about is find those strategic partners and collaborators that exist in your market or community to team up. Because there's a lot of leads and, and deal flow and opportunities to see everyone win and succeed. That's good. When, when you're looking at, uh, like say you have a new building that you acquire, you know, what, what do you think about first? Do you think about getting the residential in there to sustain it or the commercial space filled first? Like what, you know, what comes first, chicken or the egg kind of thing? It really depends on— and I think Doug said it well— is what what the market needs. I mean, there's no question in the housing crisis right now, there's about every type of housing type that we're underserved. But again, to make a desirable place to live, depending on the, the groups that you're trying to attract, you know, we found that if you don't have a coffee shop nearby, like, that's a big deterrent to get a big part of the population that really— that's the driver today. And who would have thought, you know, 20 years ago, the kind of drivers that we are really looking for today are so different from what they used to be. I mean, there were a lot of people that wanted the yard and the garage, and then it's almost flipped upside down now. It's like, I don't want either one of those things with a certain group of people. So yeah, that's good.

D**Doug Fath** 53:44

To your point, even with the garage, what do I need a garage for? I don't have a car.

J**Jason Duff** 53:48

So welcome to Uber and Lyft, right?

D**Doug Fath** 53:52

Wow.

J**Jason Duff** 53:52

That's cool. I love how you like get into real estate. Oh, this is a good investment in addition to my business or like transition out of, you know, owning my own business into real estate and then like you end up becoming a developer just because you need to— you need your investments to be sustainable. And so you just go in. The landscape is always changing. I think the other thing that, that we depend on these weekly calls and where I just really admire connecting with someone like Doug about every week, I'll say, hey, What's happening in your part of the country? Because these are things that I see happening here. It is very— it's been very interesting because, you know, Philly and the East Coast, you know, he's, he's in the epicenter of New York City. I mean, and the influence of everything that's happening in that region. We're in Middle America here. Right. So having those two, you know, linkups, we can share a lot of recon back and forth of, of what we see happening just in the general economy.

D

Doug Fath 54:46

That's cool. Yeah, for sure. And it is interesting too how at times where it's different or times where it's the same. And again, even going back to the development, Jason, that you've done, I feel like one of the things you've always done an amazing job of is learning about what else is going on and then bringing that, you know, to your hometown and kind of being first and being early by keeping an ear out for, you know, what's trending or what's happening in other areas. And obviously Obviously, it's worked really well.

J

Jason Duff 55:17

Checks in the mail, Doug. I know I owe you for that. It's been great. Doug, thank you so much for, you know, taking your time today. You've been great to kind of go down this. I feel like we haven't had a good real estate episode in a while. So I appreciate you, you know, bringing your perspective to the table, and letting us try out our virtual podcast with you. But as we kind of like close up the episode here, what were some professional development resources that were impactful for you along your journey?

D

Doug Fath 55:46

Yeah, well, one of them we already mentioned, but for sure, Rich Dad Poor Dad by Robert Kiyosaki. And he's probably written 30 books. I've read all of them.

J

Jason Duff 55:55

So you have a picture with him too, by the way. You stormed his office, did you not? No, I wasn't with that trip. Well, maybe, maybe I was, but he—

D

Doug Fath 56:05

I'm pretty sure you're with me.

J

Jason Duff 56:08

He's trying to point the finger at somebody else over here.

D

Doug Fath 56:10

Yeah, but yes, I do have a picture with him and we had early on actually had done an event with him in New York, which, which was pretty cool. But would certainly recommend, you know, that, you know, we're talking about, you know, just personal growth, you know, development of, you know, Tony Robbins, which I think, Jason, you and I did that.

J

Jason Duff 56:32

We attended. We walked on coals, right?

D

Doug Fath 56:35

We walked on fire. Walked on fire.

J**Jason Duff** 56:36

Fire. What in the world? And the other thing I have to share that Doug and I about got in serious trouble. Have you ever thought about going to Warren Buffett's house? We took an Uber and went to his house and like tried to walk up. Don't do that. It's a very unassuming house and it looks like, oh, you just knock on the door and Warren will be home. They kind of don't like you to walk. You guys are the kind of friends that are braver together and get yourself in into situations. It's actually very true.

D**Doug Fath** 57:08

Very true.

J**Jason Duff** 57:08

It's very true. That's awesome. Well, thanks for dropping those. Um, and then lastly, just where can people keep up with you and your businesses? I know you have several, so, uh, feel free to drop whatever you want.

D**Doug Fath** 57:20

Yeah, absolutely. Well, um, for the hotel that we were talking about, just guildhousehotel.com. Um, and then if you want to reach out to me, you can find my info on, uh, Legacy Comp. L-E-G-A-C-Y-C-O-M-P.com.

J**Jason Duff** 57:36

Great, perfect. I'll link a few of those other businesses in the description if I can as well. But, uh, yeah, thank you so much, Jason. You have a— thank you, Doug. Yeah, the, the theme today is, is lifelong learning. Doug is not only, you know, the person that I look to that's always getting new ideas, reading new articles, he's committed to that approach that You never can know it all. In fact, when you do that, that's a problem. But, you know, really find those people in your life, people like Doug, and, and set that regular rhythm of being able to connect in this, you know, consistent, authentic way to have that accountability partner to take your business and your life to the next level, because it has certainly rewarded and improved my life in a big way. So thanks, Doug, for being a guest today.

D**Doug Fath** 58:24

Well, thank you, Jason. The feelings are certainly mutual. Appreciate you and thanks for having me on. This was a lot of fun.

J**Jason Duff** 58:32

All right. Well,

E

Ethan DeLeon 58:32

thank you everyone for tuning in and checking out the Small Nation Podcast. You can find us anywhere that you listen to your podcasts, including Spotify, Apple Podcasts, and even the Small Nation YouTube channel. I hope you were able to pull some value from that conversation, and we hope to see you in the next one. If you enjoyed it, be sure to leave a like, comment, or a 5-star review to help more people to discover this podcast. Stay tuned to Small Nation on social media to keep up with all the cool projects that are happening here. And until next time, this is Ethan with the Small Nation Podcast signing off.

D

Doug Fath 58:59

Thanks, everyone.