

Ep #360: Rob Swanson - The Eight Rules of Investing
(Part 1)



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Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

David Phelps: Hi, David, here. Starting this week and continuing on to next week's podcast episode, I've got my good friend, Mr. Rob Swanson, and we are discussing his eight rules for investing on this week. We'll get through about rule number three, and then we'll continue on with rule number four through eight in next week's podcast interview. You're going to love this session with Rob Swanson. It's a great conversation.

Well, good day, everyone, this is Dr. David Phelps of the Freedom Founders Mastermind Community and Dentist Freedom Blueprint podcast. Well, I've got one of our repeat offenders—I mean, repeat guests back on the call today on the interview. I say that in jest because he's a good friend of mine, Mr. Rob Swanson. Rob, how are you doing, sir?

Rob Swanson: David, I'm doing fantastic. Thanks for having me back. Look forward to it.

David Phelps: You know, it's such a privilege, an honor for me to get to bring people that I that I know well. It's not always the case. Sometimes we get just like you do. Rob, we get a chance to interview people that that we maybe read books on. Or maybe they've got a podcast and we don't know

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them well. And that's a great way to get started. But it's a privilege to get to interview someone who I do know well because we spent time together in other groups, small groups, mastermind groups where you get to know like, who's the person behind the person you've got? You've got a you've got a strong presence and a track record in the industry will go into a little bit about what that is before you jump into the topic today. But you know what I like about you and other people that I have the chance and the opportunity to get to know better is the character who makes you what you are. What do you stand for sure? You know how to make money. Sure you love real estate like a lot of us do. But what? What really makes your character who you are? And we'll talk a little about some of those principles today. So anyway, just. Well, thank you for being here, Rob. Just you've got you've just like a lot of us, you have a you have a history and a background that wasn't a straight line to where you are today. You started out like a lot of us in in academia, you know, searching for a career path that would provide freedom and security. Right. So it just gives that a little bit of background. So we can we can charge forward to to to to date to where we are today.

Rob Swanson: Yeah, for sure. I'll give you I'll give you the short and condensed version. My wife and I have been together now almost thirty two years and back when we were dating in high school, I remember taking her on a date and we were walking down the the mall in St. Cloud, Minnesota, and this is back in the late eighties. And I look they had a brand new Lincoln mark five little kind of the sports car Lincoln of the day. And I thought, Man, someday, someday I'm going to own that. Like, I had no idea how. And you know, it wasn't a Lamborghini, it wasn't a Ferrari. It was this Lincoln Mach five, and I thought it was pretty cool and I liked it. And I remember telling my wife someday or my girlfriend at the time who became my wife someday I'm going to own something like that. And she goes, How are you going to do that? And I said, Well, I'm going to own stuff to own that. Wow. And and, you know, I didn't really know what I was saying at the time. I thought, you know what? I was planning to go to college for an

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engineering degree and yada yada yada. And I did that. I pursued that kind of traditional path of education, which I think back in the in the eighties was even a little bit more easy to do and maybe a little bit more valuable than it is today. And so I pursued that.

Rob Swanson: I did an engineering degree. I got a civil engineering degree. I came out of college and I started working in a couple of different engineering firms and the engineering firms. I always had this idea that maybe, maybe I would own the engineering firm at some point. And what ended up happening is I realized I was in the construction engineering field, and so I was working. A lot of my clients were contractors, and I'm the I'm the educated engineer that comes out of college and I'm working with contractors who are, you know, telling front end loaders where to go and where to move the dirt and how to pour the concrete. And I have this arrogance about me as this youth that I thought, Man, I'm, you know, I'm smart. I got this education. And what I realized very quickly was that they were making millions and I was building hours and I figured out how to flip over to the other side of that table. And and that was where my education began. And or I shouldn't say it's where my education began. It began earlier, but it's where my education began to take fruit and I began to apply some of this. I switched over to the construction world and I came into the business. And in the first year, I was one of three senior project managers and estimators, and I outbid the other two guys and out project managed the other two guys literally on a five to one ratio.

Rob Swanson: And and so I got into the thing at the end of the year. I just I wasn't happy with where we were going. I wasn't happy with how things were playing out. I didn't really have. Control over my future. So I ended up in a in a seminar Wednesday night, Denver Marriott seven p.m. downtown and I was introduced to real estate investing. And I went into this seminar to learn and not buy anything. And I walked out buying something because

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I was I was so convinced after watching the presentation that I could do that and I didn't even exactly know what that was. But I felt like I could do that and it would. It would take my career off and in the direction that I wanted to go. So long story short, I ultimately left the construction industry and construction job. And coincidentally, the day that I resigned, the the owner of the construction company told me that I wasn't going to make it and that I was making a bad decision and that I should reconsider. And I didn't, and I left. And here we are, 20 plus years later. I'm happy. I'm happy. I walked out that particular day. So then the journey of real estate investing, David, we can get into some of that stuff along the way, but that I wanted I wanted kind of the back story catalyst to be there for people. Just kind of understand how did this thing happen?

David Phelps: I really appreciate that, Rob, because I think if we look at the biographies of people that we would consider successful in whatever realm do they go back and read is usually there are some kind of a turning point. There's a decision that was made somewhere and you know, the earlier, the better. Now these kind of decisions like like what you made in this case takes a lot of guts. It takes a lot of guts because the world people around you, it's oftentimes a spouse who loves the heck out of us would say, What are you doing? You're giving up all of this future that, you know, looks so good, so grandiose. And yet in your mind, you've been studying, looking discerning and seeing a different world. And really, I mean, other than maybe going to the seminar on real estate, maybe there are some other things you were reading that was giving you a little bit more direction, but it's hard to go against the mainstream, isn't it?

Rob Swanson: Yeah, it's really hard to go against the mainstream. And you know, I've been a consumer of knowledge for 20 some years. And you know, when I was when I was in high school and college high school came easy to me. I never brought a book home my senior year I graduated with

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like a three point eight or three point nine GPA. College was easy for me. I graduated with a three point one because I wanted to graduate with a B average and I went mountain biking every single weekend. And I, you know, that was easy to me. But back then I had this. I had this thing that I would always say. I would say, I don't. I'm not a reader. I don't like to read, I don't read books. And if it's a magazine article over three pages, it's not for me. And I thought I used to say that and my wife knew me from the time I was 17, and she remembers me saying this as a younger man and and into my maybe mid twenties. And I look back at that, and I think how what a terrible philosophy and and something woke me up at some point along the way, and I'm a voracious reader today. I love to read. I probably buy four or five books a week and my my library is just just packed. And in so knowledge, David, I guess where I'm going with that is the pursuit of knowledge makes the the understanding of how to take those next steps, no matter what is in front of you. So much easier.

David Phelps: Yeah. Books knowledge has opened the door, it opens your mind up to the possibilities, I think I think people, unfortunately, that, you know, like you went through school and you know, you're you're obviously gifted in able to will do what school wants us to do. Memorizing regurgitate for the most part. But you're gifted to doing that. So it's easy. People, people get to a certain point in life where they've achieved what society says was the achievement level to get to the degree right kind of degree, whatever that is. And then they quit. It's like, Well, I made it there. I'm done. It's like, now I just go, do my work well. But that's that's just like kind of in a rut. Like, why don't you want to continue to evolve? Yeah, it's a starting place. It's good for you. Congratulations. You know you did that, but it's like, why don't you want to evolve? Because to me, that's what life's about. It's like, it's like if you don't want to continue to challenge yourself, then why do you exist? I mean, yeah, that's right. That's try to get in the weeds there. But well, so so anyway. Yeah, you went on and I mean your your resume, if you will, going back decades, you know, you started out as you said, you know, active real estate investor, you've done it all at wholesaling and

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flipping and investing for the long haul active real estate company. You were the founder of the Colorado Property Investors Association there in the Denver area, so you got really involved. And I mean, I know there's lots of iterations in between, but today your company is Freedom Soft. Why don't you tell people a little bit about what that's about? Just so they have context?

Rob Swanson: Yeah, I figured out a few years ago now that if I was going to be successful in business or as a real estate investor, I had to get really good at two things. I had to really get good at marketing and I had to get really good at sales. And what I realized is that marketing and sales are just understanding human nature and solving problems. Yeah. And on top of the human nature solving problems, there's then. Offer value, and so, you know, Freedom Soft today came about because I figured out that I had to get good at sales and marketing. I became a really good lead generator for distressed real estate investment properties. I got really good at it. And so I was I was a wholesaler here in the Denver area, as well as in multiple markets across the country. And so I was the guy that would source deals and back in the day. This is going way back. You had to call the the local newspaper the classifieds section on on a Thursday afternoon in order to place your classified ad for three hundred and nineteen dollars in the paper Friday, Saturday and Sunday. And then wait for your phone to ring and you know you've got to go check your answering machine 12 times a day because you don't want to miss that leap, right? So that's how far back I went in this business.

Rob Swanson: And fast forward today, Freedom Soft is the real estate investing software, and we focus on a few things. We focus on helping real estate investors build marketing lists and generate motivated seller leads. We also help them keep everything organized. So instead of running to your answering machine, you've got one login on your screen or on your

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cell phone, and you can see all of your leads and see the status of where your pipeline is. And then we trigger and run a whole bunch of automation, and that whole business is built around a phone system because if you're the deal finder guy in real estate, you're talking to people over the phone. And so we built our software around a phone system to make that whole interaction easy. So that's that's where we are today. I still actively buy real estate. I I just my my daughter. This is pretty. This is pretty cool. My daughter just launched her first. She's twenty two, actually. She's twenty three today, and she just launched her first thousand postcards to a marketing list to get inbound leads so that she can start buying her own deals.

David Phelps: Fantastic. Pretty cool. That is so good. Wow, that's fantastic. So so yeah, so definitely, as you said, sales and marketing, innovating to solve problems, the value proposition, you're excellent at that and all those characteristics. I want to talk to you little bit about something that you brought up at one of our recent meetings where we were together. And you come up with some principles. And I love principles. I think principles, you know, principles beget strategies which beget the tactics. And too many people do it the other way around. They just grab it stuff and they have no idea why they're doing it. It's a hodgepodge. So your eight rules for investing, let's go down the list and talk a little bit about each one of them, and I think this will be really good for people to hear this. So I'll let you let you take it down down that list.

Rob Swanson: Yeah, I'd love to. I will let me do this, David. Let me give the list so that people can kind of see the process of where we're going to start and land, and then we'll go back and we'll talk about each one. So my eight rules for investing, and this is how I make decisions around investments. I'm looking for the word simple system scale. Margin cash flow. Risk. Headache factor and lifestyle, those those eight things simple

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system, scale margin, cash flow risk, headache factor and lifestyle. Those eight things are what I looked at and make a decision. Do I want to go this direction in an investment? Do I want to make this investment? This helps me guide those business and investing decisions. So simple is, is really this. I'm interested in something that is not overly complicated because I want it to be simple. I want the business, my ability to understand the business, to be simple. I want the operation of the business to be relatively simple. I want general simplicity in my businesses and in my investments. And the reason I want that is if it's simple. Not only can I, but somebody else can do it. And I want to build a business and investments that are simple enough that other people can plug in and do, and I can step back, so simple is the number one thing that I look for. The second thing is system. So if it's simple and I can build a system, then not only will I do it, but somebody else will too. So simple is all about somebody can do it.

Rob Swanson: System is all about somebody will do it. And I've found in different businesses along the way, I've really discovered the value of processes and procedures and keeping things simple and building a system that somebody can follow. And if you can lean in and either do that yourself or find somebody, somebody in your world of influence has the skill set to come in and look at your operation, look at your business, look at your investments and simplify it and put systems around it. If that's not use, somebody has that ability to do it. And system is so big because system leads them to scale. And so scale is all about getting significantly more out without putting more in. And if it's just if it's simple, if I can build a system and then if I can get out of the way and let that system work, I'm interested in businesses and investments that will scale. So those first three kind of set the the framework and the premise like everybody talks David, and you've heard this about scale and everybody wants to scale and scale and scale well. Most people don't go back to those first two things and say. Well, is it is it simple enough? Have I built a system around it and can I get out of the way and let it scale, right? There's obviously there's there's audience size, there's there's other things that are constraints to

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scale. But when I look at a business, those are the first three things that I that I start with.

David Phelps: Well, and to to the part of the part of the the name that goes into our respective companies. Freedom Freedom founders is how do you have freedom if you don't have something that's simple enough that someone else can do and the systems in place to scale it if it's always depended upon you, no matter how smart you are, how innovative you are, how good you are with some technical skills which certainly can earn money by trading time for dollars. But yeah, there's no scale to it. There is no freedom to that. And that's what I think you and I both discovered early on. Well, when you said when you told your girlfriend and soon to be wife, I'm going to own stuff where I can get that they will buy that for me. So. So that's really good. I think that's that's so important. And this is not the way we're trained in school, is it? I mean, conventional school, I should say public school. The government school system does not want us to think this way. They want our kids to be the workers and never have the capability to think about scaling an innovating something simple to a point where we can scale it. All right. I'll let you take it from there.

David Phelps: That will conclude my conversation with Rob Swanson for this week. But next week we'll be back and we'll finish up with the rest of his eight rules for investing. I know you enjoyed this first set of rules, and we'll finish up next week. Don't miss it. I'll see you then. You've been listening to the Dentist Freedom Blueprint podcast. If you're tired of trading time for dollars and you want to create more freedom in your life, I encourage you to visit my weekly blog. Freedom Founders Blog I post weekly hard hitting videos about creating more freedom in your life. Check out my latest book on Amazon. What's your next? The Blueprint for Creating Your Freedom Lifestyle, or Visit Freedom founder. To learn more

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about how we help high income earners create the freedom to buy back their time and create more impact.

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