Home Builder Matt Risinger Shares The Pros And Cons Of Entrepreneurship | Clips | Dad Saves America

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SUMMARY

The discussion centers around Matt Risinger's journey to entrepreneurship, highlighting his motivations for starting his own business after experiencing frustrations in corporate environments. He emphasizes the importance of treating employees as adults and fostering a caring workplace culture, which he believes leads to better productivity and employee satisfaction.

- *Risinger felt a strong desire to be his own boss after negative experiences in corporate settings, particularly regarding vacation policies.*
- *He implemented a no vacation policy in his company, allowing employees to take time off as needed, which he believes enhances trust and responsibility.*
- *Personal connections with employees, such as sharing meals and showing genuine care, are crucial for fostering a positive work environment.*
- *Risinger faced significant financial challenges early in his business due to a speculative house build during the recession, leading to a substantial loss.*
- *He prioritized integrity by committing to pay back an investor despite facing financial hardship, demonstrating his values as a leader.*
- *The conversation touches on the broader theme of the relationship between employers and employees, advocating for mutual respect and understanding.*

(air whooshing) - I think there is a certain subset of America that wants to be their own boss. Not everybody's cut out for it or should do it. I'm not sure that I should've either, and now here I am later and it's worked out. But I had this desire to run my own show and be able to make some high-level decisions that I wasn't able to make working for other people. And honestly, working in a big corporation made me want to start a company that was different than what I had experienced as an employee.

- Was there something specific you can remember that was like, "You know, this isn't the way I wanna do it, and I wanna give my idea a try?" - Well believe it or not, there's two really minor things that stuck with me working for other people. One was vacation time. (John and Matt laughing) When I worked for a big national builder, they recorded like any minute you were off and it counted against your vacation time. And they were very, very specific about record keeping of that, which kind of bugged me.

But then when I worked for a smaller firm, my boss every year would
say in our annual meeting, I would say, "Hey, you know, what can we do about
these two weeks vacation? I really want three weeks of vacation. I wanna be able to take a
week between Christmas off and a week in the summer
and a couple extra days here and there." And he's like, "Well, what are you willing to give up, Matt?" And I'd be like, "Well, what do you mean?"

And he'd be like, "Well,
do you wanna give up your 4% raise this year? Instead of that, you get an extra week." And I was always like, "Okay, if I have to." So the three years I worked there, I gave up my raise every
year at my annual meeting so I could get that
three weeks of vacation. And it always bugged me. It was one of those like, "Really? Like I work hard, I'm on salary. Does it really matter if I take Friday off to go see my parents, you know, when I've got my job lined up?

You don't have to help me."
- Yeah, there's no output that's being impacted. - Exactly.
- You can get the job done. - That bugged the heck out of me. And so I said to myself really early like, "I really would like
to be the boss someday so that I can say, 'Look, if you wanna take
the day off, do it.'" - Yeah.
- And to this day, I don't. We have 30-some people
that work for me now, and we have a no vacation policy.

You take off when you wanna take off. And in all the years
I've been in business, I've only had to let one
person go for violating that. They literally took unlimited vacation and I had to let him go. (laughing) - You're like, "Well, you've
already not come into work for a couple months. So I'm just-"
- It wasn't that bad. - "I'm just gonna formalize this deal."
- It wasn't that bad, but it turned into like almost
every Friday, they were sick.

And it was an office position. It was like, come on, are
you really sick today? Like, I need you to
actually get your work done and like tell me ahead of time that you wanna take a Friday off. - I adopted the same thing. So you know, I've been,
I worked for Viacom, which is a big company, for
a little more than a decade. And then we moved to Austin,

started Emergent Order. And for most of the time, we have essentially like unlimited PTO, right?
- Yeah.

- Get your work done.
- Yeah. Do what you need to do.
- Take time off. If people need to know
you're not gonna be here, let 'em know.
- Yeah. - And I've always thought of it as, if we've done our job,
we've hired an adult. - That's right.
- So maybe we should treat you like an adult.
- Exactly. - And then you'll like that-
- Exactly. - As an adult. (laughing)
- Yes. And it makes such a big difference.

That was a big one for me. The other one that was
really big for me was, as a 22-year-old starting
with this national builder, I was an assistant superintendent. And after that-
- So what does that mean? What was that job? - It basically was on-site managing the day-to-day construction activities of about 20 houses under construction. So a lot of construction. Not very exciting, nor detailed houses, but a lot of them. So I went through a year training program, then I got promoted to superintendent.

And my first boss as a
superintendent, I'm like 23, 24, he would come out once
a month and meet with me and take me to lunch. And we'd walk the job, and I really felt like Joe
cared for me as a person and not just as a cog in the wheel that would get things done for him. And in particular, you know, I'm 23. I'm making, I think my
first salary outta college was $24,000 a year in 1995.

And by the time I paid my
truck payment, my apartment, taxes, which you forget
about as a college-aged kid, you know, I have like- - Your first encounter with, oh, maybe taxes aren't
so awesome. (laughing) - I had $200 a month to live on for food and for entertainment and like whatever. And so Joe-
- For ramen. - Yeah, whatever, and Joe
would take me to lunch and buy. And we went to this
place called Deli Depot, and it was like a $6 lunch back then.

You know, it was a hot grilled
sandwich of some variety, a bag of chips, and a soda. And I loved Joe. And I felt like when Joe
and I would have lunch, he'd ask me about, you know,
whether I was dating someone or what was happening or, "Hey, did you find a good church locally? You told me

you were looking." And just like Joe cared
about me as a person. So a year later, Joe
gets promoted and leaves, and the new guy comes.

And we go to lunch, and you
know, same kinda format. It's like, "We're going Dutch right?" And I was like, "Dutch,
what do you mean Dutch? We don't. Joe bought me lunch
(laughing) every other Friday or once a month. We're not going Dutch. Do you know how much money I have? I have like $6 in my account." - Yeah, Dutch means I will bring a peanut butter and jelly sandwich and watch you eat what
you order. (laughing) - I mean, it ultimately was like, "I know you could put
this on your company card and charge this.

Like please, I'm 23." (laughing) So as a 23-year-old, I said, "If I'm ever the boss, I'm buying lunch." And that's a big thing at my company. We buy lunch a lot and it's, you know, more usual in the tech world than it is in the construction world, but at least once a week, we have lunch brought into the office. And probably once a week, I'm going out to lunch with somebody or multiple
people on my team.

And I never let anybody buy. I'm like, "Look, we're gonna put this. This is a company expense. We're gonna have conversations." And just that little thing from Joe just really made me feel
like Joe cared about me as an individual and not just as a worker. - There's a sense in which, I think, if you really are smart about people, that you invest in them, that there's a two-way relationship. - Yeah. - When you hear young people who say like, "Oh well, bosses are all fat cats and just wanna extract
the surplus profit," in a way you kinda got to see both sides of that coin.
- I saw both sides of that coin, for sure.

- What's been the hardest thing for you about being a boss? - I mean, where the rubber
meets the road for me for many years was, I was the
one always getting paid last. And there wasn't a lotta money
in the 2010 to 2015 range. I made a pretty big
business/financial mistake where I built a speculative house before the recession hit here in Austin. - I watched that video
where you talked about that. This is early in your- - Yeah.
- In your firm, right?

- So I started my company in '05, and I had just moved
to Texas and was like, "Hey, hire me, Risinger Homes." And they're like, "Who, like
I don't know who you are. Why would I hire you? You've built nothing here?" (Matt and John laughing) So I got a couple jobs, one or two jobs, from, you know, small jobs in town. And meanwhile-
- So how did you get that first job? Like how did that happen?

You don't have a portfolio in town.
- My first job, I bought basically, right? I did a speculative house.
- Okay. - So I found a nice neighborhood in town that was transitioning from
older, not so good houses to more expensive houses. And I basically bought a tear down. So I tear this house down
and I build a new one. - [John] How do you
get the money for that? - I asked an investor to invest in me.

And said, "Look, I'll give
you a X% return on your money over this two-year period that I needed." And once you talk an investor
into giving you money, then you can talk the bank
into giving you money, as long as the bank's the first person who holds the lien and
the investor's second. So I talked to an investor and said, "Look, you know, the market's
killing it in Austin. Let's do this tear down."
- 2005. - Oh it was crazy in '05.

So there-
- So a two-year window, you know, and in that
two years. (laughing) - You know exactly where this is going. So I finished that one and sold it right before the market went bad.
- Okay. - I did a second one that
I sold right as the market was absolutely crashing
and barely got out of it. They barely bought it from me. But then the third house that
I did that was speculative, I just was starting it during
the start of the recession.

So the recession is
getting worse and worse, and here I am going deeper
and deeper in this build. - So the housing market in
that time peaked in '06. - Mm hmm.
- At least nationally. I'm not sure what-
- Yeah, it's pretty true here. We were about six months behind. - Yeah, Austin, and Austin
didn't have nearly as bad of a dip as the rest of the country. I mean-
- No. - There was places like Arizona, Phoenix-
- Yeah.

- That just got clobbered.
- Yeah. But things were not selling here. - Yeah.
- I mean, it makes this market look like a killer market
right now compared to that. It was real bad. - So when are you working
on this third spec house? - So I started it in, basically the start of '07, right as the economy was going bad. - Oh

boy, okay.
- 'Cause I thought, "Oh, we're six months behind." And at the time, I was thinking, "Oh, we're gonna weather this
no problem in Austin, right?"

- So you're basically, and I felt like this
many times in my career, maybe even right now, (laughing) where you're in the airplane, you're John Cusack in the movie "2012." (Matt laughing) And that movie is basically
a series of sequences in which John Cusack arrives in a city. - That's funny.
- And then all the buildings start to collapse. (laughing) And he finds a way to get on a plane and tries to swing through-
- Go to the next city.

- The collapsing buildings. (laughing) And it happens like five
times and then the movie ends. - That's hilarious.
- So you're in that. You're in the plane. The economy is crashing.
- It was crashing. What can you do besides keep flying? That's what I did. So I finished building that house, and I had put $1 million
into the build hoping to sell it for a million two. And instead, I held onto
it for two and some years and sold it for about 725.

- [John] Oh, so you take a huge loss. - So I took a huge loss. And I had sold it for
enough that the bank loan was paid off, so I didn't
owe anything to the bank, but my investor was at zero at that point. And so I went to this
individual and was like, "I owe you $300,000, but I
don't have a penny to my name. So here's an IOU." And for me, it was hard to go and say, "Hey, I can't pay this right now, but I will."

And it was like, that's my
integrity on the line, right? If I told you I'm gonna
pay you, I'm gonna do it, even if it's painful. And about a year later, I was
able to start making payments. It was $7,000 a month. - Oh gosh.
- And I called it Chuck, my employee that was terrible
that I couldn't fire. (John laughing) Every month, we had to pay Chuck. And we finally fired Chuck in 2015. So I paid it off from 2011 to 2015.

(air whooshing)
- If you enjoyed this clip, we've got more where that came from. Be sure to check out my full conversation with Matt Risinger. And one of the best ways
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