



**SEASON 3 EPISODE #18**

**MICHAEL RUBENSTEIN**

RMWC

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**Gui Costin:** What is up, everybody. It's Gui Costin, founder and CEO of Dakota. Welcome to the latest edition of the Rainmaker Podcast. I am joined by Michael Rubenstein. Michael.

**Michael Rubenstein:** Thank for having me.

**Gui Costin:** Thanks for being here, my man.

**Michael Rubenstein:** Yeah.

**Gui Costin:** Michael joined RMWC at its inception in 2008 and serves as a managing director. In his current role, he focuses on business development and investor relations for RMWC. Over the years, he has played a key role in shaping the firm's investment strategies, including its direct lending platform, where he coordinated the sourcing, underwriting, and asset management of more than 430 closed loan transactions between 2012 and 2020, including 15 successfully completed workouts. Prior to joining RMWC, Michael was the top performing financial advisor at a leading financial services firm. He holds a Master of Professional Studies in Real Estate

from Georgetown University with a concentration in development. He completed the Certified Investment Manager Analyst program at the Wharton School of the University of Pennsylvania and earned his CIMA designation. Michael holds a BS in biology from the University of Maryland, is active in the Georgetown University Master of Professional Studies Real Estate Mentor Program. I've been looking so forward to this conversation because a lot of times we interview distribution leaders and then we also interview individual salespeople, which the target audience of this is the individual salesperson who's trying to learn best practices. So, let's kick it off. Give us-- start from the beginning. I know you grew up in Baltimore. Let's just start high school, college, career growth, up until where you are today.

**Michael Rubenstein:** Yeah. So, I grew up in Baltimore. Had no idea what I wanted to do for a living, although I studied molecular biology as an undergrad. I decided that I didn't want to go to medical school, and I moved to Jackson Hole, Wyoming in 1997. After a couple of different iterations, I found my way into the financial services industry as a sales producer. I had written a business plan and got hired by State Farm Investment Management. State Farm's idea at the time was to sell financial services products to its very large property and casualty book. So about 45% of the high-net-worth individuals in the US use State Farm for their home and auto insurance. I'm sure you see them advertised on all the different sporting events and basketball games. And they wanted to-- and that's a very mature business-- and they wanted to sell mutual funds, annuities, bank products to that captive customer base. And so, I was hired. I was brand new. I didn't have any experience or any book of business. And within three years I was the second top producer out of 17,700 in the US and Canada. Once that happened--

**Gui Costin:** Wow.

**Michael Rubenstein:** Yeah. So very disciplined sales process.

**Gui Costin:** Yeah, tell me-- yeah, let's hear about it. Why. How did you get to that point?

**Michael Rubenstein:** So, I think it starts from just asking, how do you do this and really being open to seeking wisdom from other people. And what became clear was that you needed to have a replicable sales process that would produce predictable results. And I went out looking for one and I found one and--

**Gui Costin:** Tell me, where did you find it?

**Michael Rubenstein:** A mentor in the business at State Farm said, have you looked at this system. It was in New Orleans. It was called Circle of Wealth actually, at the time. And it was a sales production system. And then you could measure all of your input metrics-- so the number of calls you were doing, the number of meetings you were doing. And then it had-- I actually remember they had these recorded conversations that you would go through, and you would talk about all the different products. And you could transition from talking about any product. So, in the case of State Farm, you would be able to transition from talking about an auto policy to going to what the different coverages that are on the auto policy, which includes liability coverage, to going into talking about what somebody's net worth was. What happens if you were in a major automobile accident? Is your net worth protected? Oh, by the way, does that include a 401(k) that you might have to roll over from an old job? And then you could transition from any-- make-- and close the sales. And then we were closing multiple lines, so you-- mutual funds, you'd ask somebody for the life insurance business, you'd ask them for their banking business. And so doing it predictably, replicable allowed you to then outsource certain parts, whether it was meeting scheduling or preparing for the meeting with some type of presentation book that you were going to use that-- this is what you have, this is what we want to talk to you about, something along those lines. You could outsource those different pieces and just focus on the relationship building. I think one of the key parts, one of the lessons that I learned during that time period that is most important was starting conversations with 10 open-ended questions. So if you say good salesmanship is 90% listening and 10% talking, that starts by saying, tell me what you're doing now that works, tell me what you're doing now that doesn't work, what's been your experience with other people in the financial services industry, and really listening carefully, and even, really importantly, writing down the answers to those questions. Ultimately, what that's doing is that person is telling you how to close the sale when you've gotten to that stage in the process. But they'll tell you, this is what I did-- I didn't like, this is what I'm looking for, this is what I ideally want to achieve. And then listening to the answers to those questions really is the most-- I think, the most important part of the sales process.

**Gui Costin:** Wow, that's a lot to unpack there. But let's keep going. So, you were number 2 out of 7-- roughly 17,000, State Farm Investment Management--

**Michael Rubenstein:** Yeah.

**Gui Costin:** --and then where--

**Michael Rubenstein:** So, I started to get-- have conversations with and get recruited by some of the more traditional, larger asset management firms. And, ultimately, I got recruited by one of the co-founders of Bain Capital, who wanted to start a wealth management business that was really focused on alternative assets, at the time. And that's really how we started RMWC, the original firm.

**Gui Costin:** OK.

**Michael Rubenstein:** And the view was that many investors didn't have exposure to alternative assets and that was likely to be a growing part of the business. If you go to 2008-- from 2008 to 2011, you think about the Fed action. Initially, the Fed went through a process of injecting emergency liquidity into the markets to prop up the financial system as we know it today. That started to transition more into a longer term zero interest rate policy. And our house view was that was going to create distortions across a range of different markets by having an extended period of very low interest rates. And so, it was going to be very difficult to determine what prices would be across lots of different assets, many of which were leveraged, including real estate, private equity, et cetera. So, obviously, it took until 2012 for the Fed to really earnestly and in a consistent way begin to unwind that zero interest rate policy. But the formation of RMWC's specialty and flagship strategy was driven by a view that we believe our asset class to be the safest asset class to be in as the Fed withdraws this longer term zero interest rate policy.

**Gui Costin:** Got you.

**Michael Rubenstein:** Yeah.

**Gui Costin:** All right. And so, you joined the company from the beginning.

**Michael Rubenstein:** I was the first employee of the company. I helped write the business plan for the company.

**Gui Costin:** That's amazing.

**Michael Rubenstein:** And then, candidly, we went through a couple of different pivots. We initially started off looking more like a fund of funds type business. And then in 2011 and 2012, we really drilled down to the specialty of what our business is now, which is a real estate debt-- nationwide originator of real estate debt, relatively short duration, floating rate, senior in the capital structure, and really well-protected for a range of different uncertain market conditions.

**Gui Costin:** Got you. So, talk to me about your role today and what does your day-to-day look like in your role?

**Michael Rubenstein:** So, every day is a little different when you're a solo practitioner, ultimately--

**Gui Costin:** And you're a solo practitioner as a salesperson?

**Michael Rubenstein:** Sale-- solo salesperson, yeah. We're a team of 13, yeah, as a solo salesperson.

**Gui Costin:** Are you the only salesperson of the 13?

**Michael Rubenstein:** So, there's-- I believe that, culturally, in our business, everybody-- every senior executive in the business really needs to be a salesperson. I think you have to have this culture of sales.

So, the other senior executives in the business are salespeople. And if we have a junior-- a more junior person that brings a lead or brings a prospect to the table, we celebrate that. But, ultimately, I'm the solo salesperson. It all gets run through me. There's a couple of different metrics that I measure that I really focus on. In 2024, for example, I scheduled and hosted 418 investor meetings-- qualified LPs-- quality investor meetings.

**Gui Costin:** Yeah.

**Michael Rubenstein:** And so that's a metric--

**Gui Costin:** That's insane.

**Michael Rubenstein:** Thanks.

**Gui Costin:** 418.

**Michael Rubenstein:** Yep.

**Gui Costin:** Wow.

**Michael Rubenstein:** That one included six months when we were out of the market. So, I really spend-- that, I believe, is the key metric to being able to consistently fundraise. You've got to get people-- qualified LPs in front of you telling their story and advancing deals. The other senior executives-- so whether it's a finance and operations person, obviously, our CEO, who really drives the culture of the business, and then, most importantly, our chief investment officer, who has all of the technical details around our core product, I use those-- I use them selectively--

**Gui Costin:** Yeah.

**Michael Rubenstein:** --to advance the different conversations. But day-to-day, if you think about it in terms of different phases of an opportunity, I'm spending my time either advancing the opportunities towards a hard close--

**Gui Costin:** Well, let me ask you this.

**Michael Rubenstein:** Yep.

**Gui Costin:** How-- what is your process for getting the 418 meetings?

**Michael Rubenstein:** So, there's a couple of different things that I do. And one of them is really the Dakota sales process. So, I definitely do schedule around cities. I would say cold outreach is my specialty.

**Gui Costin:** Love it.

**Michael Rubenstein:** Truly. And I think that-- I believe that you have to be able to do that. Now, that said, more and more of what we do are warm introductions. So, I'm very careful with every LP that we have to ask them for introductions. And what I prefer to do is set up an event in a city-- so that could be a lunch, it could be a dinner-- and have the existing LPs who've experienced what the value proposition of our product-- invite others that they see as peers. I think there's this human psychology thing where we all want to say I have a guy for this, you know what I mean, it's-- for every little thing. Whatever

problem you're dealing with, oh, I've got a guy for that. And so, I feel like-- the space that I mostly cover are family offices, multifamily offices, RIAs. And that really has to do with the size and scale of our business. Call it typically \$5 to \$20 million checks, maybe \$25 million checks are really like our sweet spot. And so, when they want to have-- typically a chief investment officer of a firm who's going to allocate a check in that size, they want to have influence with other chief investment officers. And so, they want to say, look, I've got this manager, they're great at what they do. They're going to be in town, they're having a dinner, would you like to join us and learn about them? And so those are the types of things that are really, really effective. But I do think you have to be systematic. And I always, not only track the referrals, but I go back to the original source of the referral and say, thank you very much for that referral, this is how it's going. It doesn't always work out in a closing, sometimes-- every investor has a different set of profile for what they're looking for in their portfolio. But I think it's really important just to have a continuing conversation with people. And anytime you can pick up the phone and call your client and say, hey, I just want to give you an update on this, it's a good thing to do.

**Gui Costin:** Yeah. OK, so talk to me about how you communicate progress in sales to the executive committee, CEO, whomever your managing-- governing board is of the company.

**Michael Rubenstein:** Yeah, definitely. So, I have that call later today, by the way. So, we advance everything in terms of the opportunity. So, an opportunity could start off as just a lead. The types of things-- lead, introductory call, follow-on call, pre-due diligence, due diligence, soft close, hard close. And then I think I actually feel like there's another, which is an upsize. So, you have a client, but you want to upsize the size of that client. I think that there's-- they've already done the due diligence on you. I actually think that's another opportunity that I need to be able to report on.

**Gui Costin:** And then where do you track all this.

**Michael Rubenstein:** We use a CRM system. We use Backstop.

**Gui Costin:** Yeah.

**Michael Rubenstein:** And it's worked for us up until now. I haven't gone through in a very long time and considered the whole universe of CRMs and said, is this the best CRM? Are we using this the best

possible way? Is this configured best for our needs? That's a big project to do.

**Gui Costin:** Yeah, of course.

**Michael Rubenstein:** And, ultimately, if we were to track our activity as to what really matters, it's really carefully communicating with prospects and LPs to continue to load that pipeline. That's the most important thing. So, anything that takes away from that, I'm resistant to.

**Gui Costin:** So how often do you-- so let's get back to the communication because that's really critical for yourself, for me, for everyone keeping the company informed on progress against the sales plan. How do you do that?

**Michael Rubenstein:** Yeah, so it's ad hoc is the answer. One of the other things that we do is we'll attend conferences. So, I was telling you-- I'm on the road right now, just attended a conference. And so, I'm not taking call notes or making meeting notes for every single conversation that I have, that would be distracting. So, I'll have to go back and then update everything. But I would say we close new capital quarterly that comes into our fund. So, typically, maybe four weeks before the closing happens, we need to sit down and get organized around-- this is who we really view as a potential close, this isn't going to close in this timeline, and then sometimes probably like in the middle-- another-- probably two to three times a quarter is actually probably the best answer to that question.

**Gui Costin:** Of how you communicate up?

**Michael Rubenstein:** Yeah, we'll communicate-- yeah, I'll communicate up. This is where things are. This one's not going to make the timeline. This one's going to make the timeline. And with details around the feedback. And now, in an electronic age, it's actually gotten a lot easier to do because you might follow up with someone and they'll just send you an email and it says, I'm not going to make the March 31 closing, here's why, and then-- so you just put it in your sales report. I keep a spreadsheet of every single relationship. And I feel like managing and keeping those relationships organized, that's what really matters.

**Gui Costin:** Yeah.

**Michael Rubenstein:** This whole idea-- and I've got a great story--

**Gui Costin:** Yeah.

**Michael Rubenstein:** --that I mentioned-- I'd love to tell you.

**Gui Costin:** Please, yeah.

**Michael Rubenstein:** And I think it's a great indication of how people in our business are just missing the boat entirely. So, I was down at iConnections in Miami. We have 40 meetings or-- it's-- to anybody who goes to that, which I'm sure many listeners do, that's insanity. It's an insane pace of business that gets done down there. So, I'll just say I had 40 meetings. And one of the meetings, guy comes up to the table and says, I have to cancel. I'm sorry, I've got a sick family member. Great, no problem. Day later, I send the guy a note, not asking him to reschedule the meeting, but just saying, hey, how's your family member doing? He says thanks for asking. It turns out-- and this is unfortunate-- but it was his dad who had been sick for a while, and he passed away.

**Gui Costin:** Oh, wow.

**Michael Rubenstein:** Which was terrible.

**Gui Costin:** Yeah.

**MICHAEL RUBENSTEIN:** The guy schedules a follow-up meeting with me three weeks later and says I had to cancel 10 meetings at iConnections and only two people sent me a note that said, hey, how's it going? And I think, in our business, we're all so pushed to do everything as quickly as possible and to close for the next quota, but, at the end of the day, these people are human beings. We're all human beings.

**Gui Costin:** Yeah.

**Michael Rubenstein:** And you have to remember, treat them as a human first and foremost.

**Gui Costin:** Yeah.

**Michael Rubenstein:** And then people want to do business with people that they see themselves. So, trust is really what we're-- is

what we're selling, trust and authenticity. People feel authenticity. And trust is something that takes time to earn. And I think the way you do that is by listening, and treating people like humans, and then they'll buy from you.

**Gui Costin:** Yeah, I love it. Even though you're a sole practitioner, how would you characterize your leadership style?

**Michael Rubenstein:** Shock and awe.

**Gui Costin:** [INAUDIBLE] talk about that.

**Michael Rubenstein:** Shock and awe. We're in a very competitive business. There's-- you're not the only person who's, obviously, picking up the phone and calling people. Shock and awe-- I would say shock and awe. And then I supplement shock and awe with land and expand.

**Gui Costin:** That's awesome.

**Michael Rubenstein:** So, once you get-- once you get a client, now that's-- now you have a sacred relationship.

**Gui Costin:** Yeah.

**Michael Rubenstein:** Now, one of the misnomers in our business this is I believe that people sit down, and they think that they're going to get a client because they have this great investment performance. And if you as a salesperson believe that you're going to win an account through investment performance, you're going to be wrong 9 out of 10 times. This is a sales and marketing business. This is a business where you have to first and foremost prioritize a very robust and thoughtful sales process if you want to advance clients. So, once you actually get a client, landing and expanding is the way to do it. Do a great job for that client, give them lots of customer service, check in with them when you don't have anything to ask for. And then when it's time to ask for an upsized account, just ask them.

**Gui Costin:** These are wonderful, wonderful gold nuggets. I love it. So, two more questions. So, what advice would you give to a young salesperson getting into the investment business today?

**Michael Rubenstein:** Get a mentor. Have a mentor. And make sure that the sales process is just absolutely ironclad, airtight. You were asking about CRMs before?

**Gui Costin:** Yeah.

**Michael Rubenstein:** Even in just our small business, the amount of lost opportunity that I see in our CRM because people didn't follow up, maybe they didn't add somebody to the quarterly letter distribution list, it's just incredible to me. There's a tremendously huge LP list in the US. I don't even what the number is in Dakota.

**Gui Costin:** Yeah, it's huge.

**Michael Rubenstein:** It's huge and that-- and that's not everything because there's lots of people that don't want to be on the radar. They don't want to be in Dakota. So, there's plenty of opportunity. I could-- I my estimate is-- and this is wrong, but it's a big number-- is that there's got to be at least 30,000 LPs just in the US alone.

**Gui Costin:** Yeah.

**Michael Rubenstein:** It's very difficult to cover all of these-- to cover all this. So, first, figure out what is your total addressable market. Who's your-- who buys your product? For us, it's family offices, multi-family offices, and RAs. And we typically get \$5 to \$20 million checks. That's what we get. That's where we are as a business. Now, that changes in different phases of the business. But if you're a \$200 billion shop, that number is going to be differently-- different. But even still, you know who your client is. And you've got to do cold outreach to that client. City tours are a great way to do it. And then another strategy that I think is very useful is to look for a strategy that I use all the time, which is called show me you know me. And it's by a woman called Samantha McKenna I'm sure there's sales practitioners here--

**Gui Costin:** It's a book?

**Michael Rubenstein:** Well, it's-- the way I found it--

**Gui Costin:** Show me you know me.

**Michael Rubenstein:** Yeah, show me you know me. So, the way I found it was a number of different sales folks, marketing folks in the

business were telling me about apollo.io. And apollo.io is a very powerful tool to use in our business. And the way-- and so in the apollo.io website, there's a knowledge base. And Samantha McKenna has a post in the knowledge base that says how to get people to respond to your cold outreach emails. So, it's worth for-- it's worth some time for you.

**Gui Costin:** What does she say?

**Michael Rubenstein:** All of us are very quick to get to the benefits of our business, but what really matters is to go back and give people a unique reason to actually look at your email in the first place. And I think in our business, as you just told me, some of your guys do the same thing--

**Gui Costin:** Yeah.

**Michael Rubenstein:** --cold outreach is really over email. So, people are getting hundreds of hundreds of emails every day and they're hitting delete constantly. So, show me you know me-- you go through someone's bio on their website, you go through their LinkedIn account, anything that's publicly available about the person and find overlap. And that could be where you went to college, it could be a new piece of news for their business, but something that's going to just make it look like it's this isn't just an automated email that's going out and you customize the subject line. So that might be Penn State lacrosse plus Dakota plus RMWC might be an email subject line. And if I sent that email to you, based on what I don't about you, I think I'm going to get an increased possibility that you answer that email versus me saying, what are the current opportunities in real estate debt in 2025? You might-- you're probably getting emails-- lots of different emails like that. What I'm saying is, no, key, I'd like for you to look at my email. I'm a human being that's writing it to you. And if the content's interesting, please respond. So, show me you know me in that customization is something that I find to be hugely valuable and it's something that people should do. If it's a referral source, if we know somebody in common--

**Gui Costin:** Yeah.

**Michael Rubenstein:** --a name comes to mind that we-- so that would be a great that would be a great intermediate for me to say Penn State lacrosse plus Johnny Christmas, the Hall of Fame lacrosse

player, plus RMWC, I think that might be an email that you'd respond to.

**Gui Costin:** Yeah, no doubt.

**Michael Rubenstein:** And so, differentiating between these hundreds or thousands of emails that people are getting on a daily basis and giving someone a reason, that's just more interesting to at least read the email and say this-- yes, I'll accept your meeting request. And to your point, and I completely agree, that you have to ask. You do not get a yes if you don't ask. And ask a specific question, yes or no. I'd like to meet with you on Tuesday at 1 o'clock, which, by the way, I always put Tuesday at 1 o'clock. And if it doesn't work, then a lot of times-- because you say do 9:00, 11:00, 1:00, 3:00, and 4:30.

**Gui Costin:** For yourself, but not in the email. You always have just one date and time.

**Michael Rubenstein:** I do one date and time.

**Gui Costin:** Yeah, I agree.

**Michael Rubenstein:** I do one date and time.

**Gui Costin:** That's our philosophy.

**Michael Rubenstein:** I do one date and time. And if they--

**Gui Costin:** What I was saying is that the reason we do 9:00, 11:00, 1:00, 3:00, and 4:30 is because you then have targets, so then you have a purpose when you're going into a city. All you're saying is, hey, I'm just going to book one every single time and then move it around. Right, same.

**Michael Rubenstein:** 100%. 100%.

**Gui Costin:** All right, closing question what is your biggest challenge today in business?

**Michael Rubenstein:** We are in the middle of a very difficult fundraising environment. Let me answer the question with a story. I spoke to a chief investment officer of an \$800 million single family office. They're based in Minnesota. They gave me an indication in April of last year for a \$10 million check. I start doing the follow-up,

they're radio silent. I pick up the phone, I call the person, it's now September. We agreed-- I always ask people, what's your preferred mechanism to communicate and a lot-- for a lot of people it's email. And once they know you, you can have a conversation. So now in September, I hadn't heard back from the person. And I said, I just checking in with you, can you give me an update on your end? What's happening? And they said we internally had underwritten, from our private markets book, that we were going to have over \$40 million of distributions in 2024. It's now September and we've had two. I was allocating to you from the \$40 million of distributions. Since interest rates went up in '22, distributions in private markets book have slowed dramatically. And that's the biggest challenge is finding people that-- where it matches, where they have the liquidity, and the timing is right with what your product is that you're offering, and to make-- to put it all together to actually make the close happen. And so, yeah, that's the biggest challenge.

**Gui Costin:** Got you. Well, Michael, I can't tell you how informative this has been. You dropped so many gold nuggets along the way. And it's just always really nice to hear how one individual goes about it. And just listening to you, the level of detail, and focus, and methodology that you apply is really amazing, really wonderful. So, I can't thank you enough for being on the show.

**Michael Rubenstein:** Yeah, thanks for the opportunity. It's fun to be here. Appreciate it, Gui.

**Gui Costin:** You got it. Awesome. OK, everyone, that's another wrap of the Rainmaker Podcast. Thanks so much for joining and we can't wait to see you on the next episode of the Rainmaker Podcast.

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**Gui Costin:** Hey, thanks so much for joining Rainmaker Podcast. Hope you enjoyed the show, Enjoyed the interview. I know I loved it. And, hey, if you wake up in the morning and you raise money for an investment firm, you do cold outreach, whether you're a sales leader or salesperson, and you don't about Dakota Marketplace, we would

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