

# Know When to Hold 'Em

Sometimes, you just have to fold your position at a nonproductive property

By Bryan Rader ■ *DirecPath*

Over the holidays one night, I had a great time with several of my family members playing poker. I am not someone who grew up playing cards. In fact, I dabbled in card-playing only long enough in college to realize I couldn't afford to bet (and lose) my pizza money.

But here I am, over the holidays, staying up late to try my hand at Texas hold 'em. You've probably seen this card game on ESPN during the World Series of Poker in Las Vegas. Half of the players wear sunglasses, and they are dealing with chips worth hundreds of thousands of dollars. One good hand can move a whole lot of chips from one side of the poker table to another.

The different players' strategy in Texas hold 'em can vary. Some players are aggressive, and will go "all in" (betting all of their chips on one hand) very early in the game. Others will play cautiously, watch the game develop, let a couple of players lose a few hands, and then get aggressive only when dealt a "pocket pair." (In Texas hold 'em-speak, this is a good way to start a round.)

And then there are players who love to bluff. You never know if they have something or not. But they certainly play as if they are sitting on a "full house" or a "straight." This can be very gutsy, and sometimes will backfire when another player really is betting with a strong hand.

## Investing in a Bad Hand

The worst place to be in Texas hold 'em is when you have bet so much on a particular hand, and you have nothing. Then you are stuck waiting for one unique card to be dealt to shore up your position. This rarely works out, as I have found out many times. "I just need that

king to finish off my straight. Without it, I have nothing. Sure wish I hadn't bet so much on this one."

I found myself in this situation a few times while playing poker this holiday, and I almost never got the card I needed... and when that happened, I end up sliding a big pile of chips into the middle, destined to go to someone else.

This happens in the private cable business, too. It has happened to us a number of times.

## More Factors at the Table

You build a nice private cable system in an apartment community, and sign a long-term right of entry agreement. You look at the resident profile, and it appears to be a solid, middle-income clientele in a pretty good MDU sub-market. Your subscriber count is good in the first year, although it is just below your planned expectations.

So what do you do? In year 2, you add channels, lower the price a bit, promote bundles with broadband and digital, and increase installation days at the property. But your subcount doesn't budge. In fact, it begins a steady slide downward.

By year 3, you run ever more campaigns. Door-to-door. Direct mail. Breakfast-on-the-go for prospective customers. Leasing agent commission programs. And yet, the numbers still slide, and they are beginning to fall off a cliff. You're not happy. Your manager is not happy. And now your client isn't happy.

You've got quite a few chips on the table at the beginning of year 4. You've been running this system for a few years, and spent a considerable amount of time and money upgrading and promoting services at the community. And now you must decide if you want to ante up or

swallow hard and fold. Is that king going to be dealt in the next round, in the form of a big turnaround at the community in demographics or occupancy?

In our experience, it can be challenging, although not impossible, to stop the sliding subcount. Many properties can be turned around with a strong push from your management team.

But others may just continue to slide. It may be due to a number of factors, some of which are not in your control. They may include a dramatic shift in lower economic levels among residents, a decline in the sub-market, occupancy issues, a poor relationship on-site with the staff, a product that no longer meets the customer's needs, theft, or bad debt (non-pay customers).

And before you invest to tighten security to Fort Knox levels, or to triple the bandwidth, you may consider another option. Is it time to fold on this hand (or this property)? Should you exit this property, or this sub-market?

It is a tough decision to make, and oftentimes a bold one. But if a property no longer meets your economic returns, and you've determined it may never, then you might consider folding. If it is now in a non-core market too, it may also be time.

The direction you take in getting to the top of the mountain is not a straight line. There are likely to be detours and changes in your route. And in the eyes of this poker player, knowing when to fold on a hand is an important skill. **BBP**

## About the Author

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