

EPISODE 1282**[INTRODUCTION]****0:00:00.0**

Wesley Yates (WY): I want people that have character and I want people that I can trust because if you don't realize it, real estate and being an entrepreneur is not much different in combat.

0:00:14

Whitney Sewell (WS): This is your daily real estate syndication show. I'm your host, Whitney Sewell. Many people cannot scale from zero to over 1,600 units or nearly 1,600 in 18 months or less. And our guest today, Wesley Yates, has done just that. He's a proud Marine veteran with over nine years of active duty service at brings a strategic outlook and go-oriented mindset to the team at VFR Capital Investments. He's turned down many jobs at other places to pursue this business in real estate, quickly building relationships with other like-minded entrepreneurs. He's built his base of accredited investors who believe in his vision for acquiring commercial real estate. I enjoyed this interview with Wesley and just his outlook on how the military has helped him as an entrepreneur, I can relate to that as many of you know. You can relate to it as well. And he struggle in the first year, year and a half to get started without doing a deal, then all of a sudden it took off it.

And I just hope that that helps encourage you to keep going if you are in that initial phase. But also all of us can learn from how he built this team, and even how he looks at different roles that need experience and maybe some that don't need as much experience when hiring. I know you're gonna learn a lot from Westley today.

[INTERVIEW]**0:01:30.0**

WS: Wesley, welcome to the show. A pleasure to meet you. And first off, before you even say anything, I wanna say thank you for your service, just grateful to our veterans who have served in that way, putting it all on the line. So thank you for that. But, welcome to show.

0:01:46.5

WY: Thank you, thank you, Whitney. I appreciate you having me on here and I'm excited to share some story and hopefully, reach some audience here.

0:01:54.1

WS: Yeah, you have grown very quickly, your focus is like, "I own this team." I've heard that a couple of different times. Even some things I've read about you. It's like you've built a great team, you've grown fast to what I read in less than 18 months, and you acquired 589 units. Now I have total counter management of 1,590 units, that happens by doing things right. One step after another, right? You are putting things into action. And in your case, sounds like an amazing team. So I'm wanting to jump into that 'cause I could not agree with you more. That's our success as well as the people that we brought together. With these different skill sets, I could not have done all this on my own, it just wouldn't have happened. But tell listeners a little bit more about your background, Wesley, because I know that's gonna be very helpful in understanding how you built this team as well.

0:02:39.9

WY: Yes, thank you. So my background, like you said, serving. I did nine years in the Marine Corps. A lot of that was I did a little time in (inaudible), a little time doing some martial arts instructing, got moved up to do some training chief who was working up there. We're seeing an entire battalion level of marines, and we're seeing all the training that went on, so that was really fun.

And then they hand-picked me to do some recruiting duty. That was what brought me back out to Texas. So, in the home state of Texas, I was at least excited about that. But fast forward to real estate, I tried doing everyone else's way. And as much as syndication is a little bit more team-friendly and a team sport, I think the internal team, there's a lot of co-sponsoring happening. But the internal team, it never had the right synergy for me, and I've been doing

syndication since July of 2019, and I never had the right ethics. I never had the right, whether it be worse ethic or your morals and values, I never found that rice synergy with the people that I was partnering with, which is why the first year, year and a half, I never closed the property as several things under contract. Learned to lie. I'm not gonna say, you can learn a lot from failure if you will let yourself.

So it was a big learning curve. And then I finally put together my own tea. Met one of my partners now over lunch and he's a first responder. He's been a police officer for 21 years now. I've been in real estate for 20, kinda build up a portfolio, was starting to transition from a single-family to multifamily, so it was perfect timing for us. So we had the same vision on how we wanted to see that team and really the importance that we had on that.

So we started pulling together people that were other veterans, and other first responders and hit the VFR Capital Investments. All the VFR fetching first responders. I hear a few AVR guys, everyone's fondly back is like a virtual flight. I'm like, "No, no, no, no, no." Inspections or first responders. But that's really what it was. So we officially launched our team in November of 2020, took us about five months to get our feet under us, to get our systems in place and everybody kind of in the right role, where that fit there. I guess you'd say there are skillsets, and then we started, like you said, cranking out deals, we got our first deal under contract in March 2021 and we've been back-to-back contract closes all the way through to yesterday.

Yesterday, we just put the final touches on our \$30 million dollar deal yesterday, that was out here for work, so that brought us to a total of 590 units, and if you wanna count all the way until day one, that's 15 months. So we're already working on a 272 unit in Missouri that we're raising on right now and that one's probably gonna be done in April.

So that'll put us over \$70 million and over 800 doors before and then still under 18 months. So my greatest asset and my greatest key to success have been the team that I have put together, and I guess you could say this, my service to my team.

0:06:00.4

WS: Awesome. I wanna dive into a few things here that you've mentioned because we've done it. It's interesting. The team is so important. Right? I just cannot stress it enough. We did a show a couple of days ago on traction or EOS and another guy implemented that. It's just like, Man, when you can get those processes in place and you can build the right team, it's just

incredible what can happen. And it sounds like you figured that out, but I think it's neat that you spent that first year and a half and you didn't quit. It's like you didn't do a deal in the year and a half, and you and I have a similar story in that.

But I just appreciate how you didn't say, "Well, you know what, I just can't do this alone, and I hadn't met or find anybody, I'm gonna go, I don't know, start flipping now or I'm gonna go start a different online business." Like you stayed the course. And it's paid off. Right? And so you found your business partner. You said you launched the team in November of 2020, and I wanna get to like it took a while to get everyone in the right role like you talked about, but what does that mean? You say "we launched the team," does that mean you had hired some people, does that mean how you found some other partners, what did that look like then?

0:07:06.4

WY: Yeah, so syndication, if you're in it, you know, the cash flow comes later. So we're hiring employees on the front end, almost impossible unless you've got a certain plus of cash and reserved sitting there from some other parts of success, and if you're not in syndication yet and looking into it, I hope I didn't burst your bubble there.

But yeah, so what we did is we basically pulled together a partnership and kind of did, "Hey, what role is gonna equate to what percentage of the deal." And it was a lot of it was guys that had never even looked at real estate, my full-time acquisitions director now was our (inaudible) for a little bit. He's one of the guys that I helped get in the Marine Corps when I was a recruiter a good 10 years ago. He's now an archaeologist. And I called him up and I was like, "Hey, what are you doing?" He said, "Well, I clean it out of my truck." I was like, "Oh, sorry, no, I should have been more specific. What are you doing for work?" And he's like, "Oh, I'm an archaeologist now." I was like, "Oh cool, what do you do as an archaeologist, and how do you go from an infantry Marine to archaeology?" Okay, so he's telling me, "We go out in the field, we gotta clear all these samples and we'll come back to our lab, we'll do all these measurements and all this stuff that gathering this data, and then we'll do a report on it." I was like, "Oh okay, so kind of like an analyst." He's like "A what?" "You have done real estate." So that guy, he went from never even heard of syndication or underwriting or analyst who I just built his own underwriting spreadsheet that I love it. So really quickly picked it up, but it was a

lot of that, and it was really just the contribution to the team was based on their percentages, and we just worked it out.

0:09:01.8

WS: So that was a way to say keep from having a higher full-time employee right now, having that experience, finding it sounds like great people that you trusted, even though he didn't have experience, right, but it was a way for them to really get into this business as well. And you do not have to hire full-time people just yet.

0:09:19.7

WY: I looked at it for two things. I wasn't gonna do it every other day way, and so I didn't wanna go hire someone that was trying to do it that way. I'm not going to name names, but the other trainee programs, their way, how they do it, how they're taught because you pay them because they're already trained. To me, product knowledge is something that you can have experience in this game, and we have people on our team that already have the 20, 30, and 40 years of experience in that, so not every role needed to have all the abundance of that.

I wanted people that had character and wanted people that I could trust, because if you don't realize it, real estate and being an entrepreneur, it's not much different than combat. I know you're probably like, "How the heck is that?" "Well, combat by definition can be broken down very simply to something that is always challenging, forever changing, and the likelihood of conflict is high.

Now, when you think about it, the conflict is different, but they're still, especially when you're the one managing properties as you're buying a business and real estate at the commercial level, you're responsible for putting out all the fires. So all the training and all the planning, I would venture to say that the US military is the finest training for combat, so how is that leadership? How are those tactics? How are all of those that that education and years and years and years of passing that down and learning not to make us the best entrepreneurs? All we need is the right product. So I brought the people that had the product knowledge and brought on the people that had the training, and that was really the secret sauce of putting together our business plan of how we were gonna do it.

0:11:05.6

WS: I appreciate you elaborating on that because I wanted to ask you about hiring people without experience, it's something we've had to deal with, and it's like, "Do I hire this person who, man, they're just an amazing, they could be an amazing cultural fit, maybe they have the drive, but they have no experience in this role. And then I know I'm gonna have spent that time training them." Is that better, or is it finding somebody that may be a good culture fit, but they have a ton of experience? And so I've heard people argue about both sides of that. But it sounds like you did a little bit of both.

0:11:34.3

WY: Exactly. And it's just like some people say, "Oh, it's better to delegate. Oh no, it's better to be hands-on." It's like, "No, there's a rhyme and a reason. Just like it's the cup half full or is half empty?" No, there's a definition for both, if you fill it out halfway, well, that's half full, if you fill it up all the way and drink half of it, that's half empty. So you gotta know.

I don't want my experienced people in asset managing. My most experienced people are between the two, with over 40 years of experience. We just brought in a construction manager that has 50 years of construction management, so in between my asset management team has 55 years of restive experience. But do I need that experience on acquisitions or do I need to know people that can follow orders that I can trust, that are gonna be ethical. Because you're underwriting is a lot about ethics, you can twist numbers and make deals look good.

But does that benefits everyone involved? No, so that's why I wanna go ethical people doing my underwriting, doing my deal screening, and that's where they can be a little less experience because I'm okay with training and we built an internal training program to help people that have no experience whatsoever. But they kinda have that right, or even mindset to take on something.

So that's how we've been bringing people on here recently to help them get into real estate, but they're joining our team and it's allowing us to be span across multiple different markets right now.

0:13:07.0

WS: That's incredible. Yeah, I just appreciate your thought on that, because there are definitely our roles that require experience. If people have to get experience one way or another, but typically, especially in a newer company, there are certain roles, you don't wanna have to train for it. You know you wanna bring in more talent than what you have even in that role, right? We have done that, and it sounds like you've done that as well in some of those key positions. But you talked about building this internal training program. I actually, I wanted to go back to a little bit on the combat, the vision of somebody being in combat and training for that and then becoming an entrepreneur, I can relate to that 100%, and I've also been in combat in a military, and then I'd speak of and about how my military training helped me in a passive way become an entrepreneur No doubt about it, right?

I just feel like it changed me in many ways, it pushed me to be so much better than probably I ever imagined. So, I appreciate you elaborating on that. Speak to that internal training program though, and how did you develop that? Some thoughts behind, 'cause it's so important. I don't wanna keep training everyone, so it's great to have something that I can say, "Hey, here are some things you can go do to learn and educate, and then we'll follow back up a one-on-one." How did you do that?

0:14:18.3

WY: So I do go back to college after the Marine Corps, and it was actually for Process Engineering. So look at how to break down a process into many steps and look at where bottlenecks may be, and how do you expand upon that and streamline the process from start to finish. Well, if you look at any business is the same thing, it's the same process.

So when I was looking at this, I realized the biggest bottleneck was right there on the front end on finding a great deal. So I needed to have more acquisitions, representatives, and a larger acquisitions team. I also wanted to come and kill two birds with one stone and have my acquisitions reps located where they were gonna be looking for deals.

So that would be kind of where they could be the subject matter expert for that market, also kinda help be the boots on the ground for any assets that they were looking at within their Metroplex or other regions where they're at. So we started expanding and looking for people that fit. I guess you say cut from the same cloth, and started bringing them on. And we were

doing it, it was like a one-on-one weekly, I was just doing a screen share, it was a lovely world of virtual zoom has made it a lot easier, but it was still time-consuming.

So Clay and then I actually got together and said, "How much of this can we automate, how much of this can we just record us doing from how to get the deal in, screening on our processes of adding it to our pipeline and how the market is, what key indicators in the market, we look at how to do underwriting, what information you need to even do your first underwriting, so on and so forth, and everything." So pre-recorded everything, and that made it go a lot quicker.

We had one person join our team back in February, she started that morning, and by that night she was underwriting deals, she never underwrote anything before. I had no underwriting experience, had nothing. So we were like, "Okay, we did something right. Awesome."

So it's just starting with the plan, coming back, tweaking it, coming back, tweaking it, always looking for improvements, and being open for feedback. You know, "Hey, what did you like, what did you not like, what do you think we could elaborate more?" And then going back and tweaking that so that's really what we've done. And we've grown quite a bit.

There's just a sheer alone, I'm bringing on more and more acquisitions, and now we're moving into our investor relations role and building up that team because we've got a lot of investors that are now going, "Hey, I see your growth, I'd like to invest with you all how do I do that?" So that's kind of the next endeavor, is putting together an investor relations team to make sure that our investors are taken care of.

0:17:02.8

WS: Is there a software or something, or just a Google Drive, or what did you use to organize those videos so someone knows where to go and kinda knows the process?

0:17:11.1

WY: The very first meeting we do, like an onboarding meeting, it's kind of very similar with the military in the back, the background in the military, you kinda have that when you join a unit, you have this first official onboarding meeting that's like where you're in front of everyone, you meet your training command, they kinda tell you the dos and donts the area and what's your expectations? And then you're off, you gotta go around and check-in anywhere.

That's the same thing we do, but we do it virtually. So we have an onboarding meeting, we bring that new class on board and we say, "Alright, look, this is where you're gonna be working, this is our software, we have it. Here's how to access all your training recordings, and it's just a screen recording of software, I think I use (inaudible) now, and we just put that in there and it's in chronological order. Watch this here, here, here, here, and if you have any questions, come in here, we use WeStaff for our group chat, and we use it for all of our file sourcing, we use Google Drive, we use Asana for our CRM or our pipeline."

So I almost try to, in a way, franchise us. So you're aware in the same brand, you're going through the same training and you're doing everything by the same policy. You look at McDonald's, they made more burgers anywhere, than any other company, not saying they got the best burger in the world, but they got that. So we're also trying to kind like the military where we want quality and that mild quantity. So that's really where we're at.

So I say our training is also has built in, I guess you say screening. I'm not gonna go, and that's something that we recently had to realize, it's like, "Look if you can't even meet a sense a starting line and do what we expect. We've led you to get here if you can't meet us here, and it's like I gotta worry about the flow on the last sheet." That was a difficult thing for me 'cause I wanted to try to save everyone. I wanted to try to help everyone, and I had to realize that it just gotta start here with them. If they don't wanna help themselves and take advantage of an opportunity, I can't help them.

0:19:12.1

WS: Early on, you also mentioned your service to the team. Elaborate on that, what does that mean and look like?

0:19:19.7

WY: I tell my team that I can't make them any promises other than one and that one promise is that I will work with them. So I believe in the power of being a leader to be first, you must be last. That's what it is. A lot of you study military leadership and there's some history there, and then a lot of it is the highest-ranking should be last. Make sure that all of their troops are taken care of first before they worry about themselves, and it's hard. It's hard to be a leader, it's easy

to be a boss, but you need leaders and you need managers, and there are differences between the two, and you do need both.

Your managers are overseen and what's going on, and they're overseeing your production, they're overseeing the progress. As a leader, I gotta make sure that progress is going in the right direction, that's gonna hit us, or I can go this towards success. Progress in the right direction is no different than failure, you must learn from that.

So I have to always think about the decisions that are gonna affect the organization first, and put my emotions and my feelings last. So I always try to be that type, to lead by example and set that right example and really, if anything, be the courageous one that can prove it can be done. So that way, someone that may have doubt in themselves can see me doing it. And I've been very transparent with my team to know I'm nobody special. I'm a little old guy from East Texas, I'm not this all-star or anything. So if I can do it with the same tools and the same strategy that I've taught them, then hopefully that'll give them a little bit of inspiration to go, "yes, if he can do it, I can follow his lead."

That's kind of how I feel my service to my team is to give them that bravery so that they can reach out to start pursuing their own goals in their own dreams.

0:21:18.1

WS: Tell me a little bit about maybe what you would have done on the first deal, knowing what you know now, any kind of tips on that first project that you talked about, March of 2021, I think, and maybe a couple of things learned and then we gotta move to, unfortunately, a few final questions.

0:21:30.3

WY: I understand so I'll keep this quick. You're gonna learn so much, not just from your first deal but your first year. If you're willing to circle back and admit your failures, admit your mistakes. The faster you can admit those, the faster you can start learning.

I will say that I made mistakes. I probably have gone back and circle back and looked at every one of our deals and highlighted all the greatness of it and highlighted all the failures of it to see going into the next how do we get better? How do we get better?

In the military, we call that an after action report, whether it's a failure, a failed mission, or a successful mission. You need to learn from it. And that's what we've done. One of the biggest things that we're going through right now is finding the right co-sponsors on every deal, who's gonna do well, do what they say and say what they do. That's that.

So spending the time screening your co-sponsors feet, making sure that that asset is properly planned for, and I look at the financials, look at the financials to see, really, do you have the cash flow to cover your desk service? Do you have the cash flow to have the reserves if something goes wrong and the CAPEX. So everyone's so eager to get their first deal done, but don't make that first deal your worse still, because of that eagerness.

Be cautious and be strategic and stick to your criteria. I mean, we've got a solid team on our first deal, we've had some hiccups on that first deal, and a lot of it has been from, we trust it in our co-sponsors too long when we should just trust it ourselves to take action and be proactive and just get the job done, even though it wasn't our role. So now that's been something that has been implemented in our team, if we see something not being done, even though it's not our role, we still get it done and then we correct the action afterwards.

0:23:24.6

WS: What's your best source for meeting new investors right now?

0:23:27.5

WY: Honestly, it's still been in person, trying to network through Facebook and LinkedIn. If anyone wants to reach out to me through that or our website, I'm always gonna be happy to talk with them and hope to zoom or if they are local to the DFW area, try to grab lunch and we host an event about once a month. We have a bunch of first responders and veterans, of course, we like all of each.

0:23:51.0

WS: That sounds like a great idea to me.

0:23:55.3

WY: That deal that I closed yesterday, I actually came from the broker that came out to our event and he gave it to us. So I was like, "Alright, so, it's spent productively too." Yeah, I go to a lot of networking events and I spend a lot of time trying to fill up my calendar, just meeting new people and I've got a team that we're building there too. So if you want to talk to us on that, feel free to sign up for a call and connect to our team.

0:24:18.5

WS: What are some daily habits that you are disciplined about that have helped you achieve success?

0:24:23.5

WY: I would say, probably, start in the finish, you know, yeah, you gotta be strong throughout the day, but I start my day off really meeting with my acquisition director, meeting with my managers, my partners, and really getting a gauge on what's going on for the day, going over the plan, I have the reminders that tell me my tasks that are the highest priority. And that I always wrap it the day doing the same. How did the day go? Is there anything that you need from me before I clock out? So that onboarding or starting the day and debriefing of the day.

0:24:52.3

WS: And how do you like to give back?

0:24:53.9

WY: I think by taking care of my team, we are working on something that I would like to see come to fruition over the next year or two, where we want to start building basically that bare-style apartment. That would be a 100-unit apartment for homeless veterans, and not just giving them home, but giving them a second chance to partner with a group that helped me and helped a lot of other friends get their disabilities and get their VA benefits. She actually used to work for the VA as a disability rating specialist, and now has our own practice fighting on the behalf of the veterans. So linked them up with that and a few other non-profits coming together that can help these veterans truly come. You know, there's high homeless, there's a

high suicide, giving them a promise, giving them a home, making them feel more than just a damaged product and giving them that hope again.

0:25:43.0

WS: That's incredible. Hats off to our veterans, and my grandfather is a veteran too, and he's 101. It's incredible though how difficult it is to work with the VA and just the benefits, stuff like that, that they need to help especially as they age, right? So that's incredible, we appreciate your service again and your desire to help other veterans as they definitely need it.

So thank you again, Wesley, for your time today. It's incredible to see the growth that you and the team that you've built have accomplished. It's incredible, 1,500 plus but almost 1,600 units in a very short time frame, that doesn't happen by crow under your feet, right? So, I appreciate just you expressing how you've done that, and even then I appreciate you say dynamic between powering experienced people versus not, and how you've looked at that in different roles. I think it's very helpful.

Tell the listeners though, how he can get in touch with you and learn more about you.

0:26:35.7

WY: Yes, so our website is VFR capital investments, and there is an S on that dot com. You can type in the same for our Facebook and our LinkedIn pages and find us on there, reach out, and then you can see some events, we'll always put local events that we're going to or hosting ourselves. And yeah, we'd love to meet up with you, whether it be virtual, we're happy to answer questions, we're happy to get you in a deal and have you guys a partner as well, so we're looking forward to talking with anyone and hopefully, we can help when we can.

[END OF INTERVIEW]

[OUTRO]

0:27:06.2

WS: Thank you for being a loyal listener to the Real Estate Syndication Show. Please subscribe and like the show. Share it with your friends so we can help them as well. Don't

forget, go to the www.LifeBridgeCapital.com where you can sign up and start investing in real estate today, Have a blessed day!

[END]