

EPISODE 1382**[INTRODUCTION]**

Tate Siemer (TS): When you're deep in a business with somebody, there are going to be tough times and tough conversations to have. But at the end of the day, if there's honor and love and respect, that'll get you through.

Whitney Sewell (WS): Thank you for joining us again today. I hope that you will subscribe to the show, hit the like button. And you're gonna learn a lot again today from Tate Siemer.

[INTERVIEW]

WS: Let's talk about the team structure and what that looks like and how it started to scale and snowball. Why is structure important and managing a team? And how did you do that?

TS: Yeah, you bet. You know, I have a few different thoughts about team and team structure especially when you're starting out. My encouragement would be that unless you have somebody that you've worked with a lot and know very, very well and ideally have worked with in real estate, I don't recommend getting married to a partner in the sense that you're doing every deal together, you're doing all the marketing together, all that stuff. Those relationships can develop and do develop and they're great when they work. At the same time, if you rush into one and it's not vetted, the relationship isn't really well vetted, you're risking things going sideways or not going very well at times.

So, my encouragement to people is to partner with others on a deal-by-deal basis. I think that that gives you a lot of advantages. Number one, you're getting to know them on a business level pretty intimately. You're getting to know how they communicate, how they do things. Ultimately, you're determining whether or not you might do business with them in the future. We've got partners that we've done business with that love to work with again. And we've got a few that we love them and we're glad they were partners with us but probably won't do deals

with them again. That's just, it is what it is. It's not anything personal. But, one of the first things that I coach people to do is to go out and start making those partner connections. Find people that want to do deals, particularly high-net-worth individuals that may want to sponsor a deal. That's usually a piece that most people don't have when they get started.

Quick side note, the way that we found our sponsor who's our KP, our key principal, that's not on our core team, he but he does almost every deal with us is we went out and found the biggest, baddest apartment investor in Salt Lake City. And we bought this little 20-unit. We asked him to be on the GP with us for no other reason other than to advise us and kind of look over our shoulder and make sure we weren't making mistakes. It was the smartest thing we've ever done. He eventually actually invested some money in that deal. He's been our key principal, our main bank loan signer, essentially on at least five deals if not six now. He's a good friend. We love working with him. And he's enabled us to do all this stuff that we otherwise never would have been able to do.

So again, it started with going out and getting a deal that had legs, that had returns, etc. upside. Then once you have that, that's something that's like you can go out and leverage with relationships, to start partner relationships. If you're always in the mindset of the long game, like this is a long relationship, whether or not this particular deal gets done isn't nearly as important as whether or not this relationship gets started and an off on a good foot. So if you have that in mind, it's hard to go wrong. You will find key people out there, key principals, and other type of sponsors, deal finders, capital raisers and, you know, other types of sponsors that are going to really move your business along.

WS: Yeah, I think that's some wise advice. You know, I partner on a deal-by-deal basis. I think you move faster when you're willing to partner especially doing large deals like this. It's a partnership business. I mean, it is but it doesn't have to be a permanent partnership. Oftentimes, it is better to do that deal by deal. Maybe it does work out if it's a permanent partnership or maybe it is still deal by deal. But it's long term, you know, one way or another, there are different ways to look at it and think about it no doubt about it. But so much due diligence needs to be done on that partner before you move forward even on a deal-by-deal

basis. So, I just encourage that as well. I appreciate that. What about your your company structure now? What is your power team now? Dive in a little more to that?

TS: Sure. I have two partners at Greenlight. Carl York, I mentioned earlier. He was my first boss when I moved here in '99. He owned the photography operation at Snowbird Ski Resort. You're a skier, aren't you, Whitney? For some reason, I have it in my head that you're a skier.

WS: I'm not. Sam, my business partner, is a big skier, whole family. But no. But he lives in Colorado so it makes sense, right?

TS: Yeah, for some reason, I had it in my head that you were a skier. But anyway, Carl, he and I have been working in real estate together for 11 years, and he's my best friend. Just a massive amount of trust and integrity in our relationship. We kind of feed off each other honestly. That's not to say we don't have tough times and occasional moments of discord and whatnot. But, I think that's the case in any real relationship. When you're deep in a business with somebody, there are going to be tough times and tough conversations to have. But at the end of the day, if there's honor and love and respect, that'll get you through. So, Carl and I have proven that. Our third partner is Chelsey Garber who I met at the Deal Maker Live conference. We can talk for a long time about the value of these conferences. But we met in 2019 at Deal Maker Live, and stayed in touch. She ended up moving out from New York to Utah where I live and we started working on deals together. Pretty soon, we realized that it was a good fit. That was a good fit with Carl and a good fit with me and so she joined the team. She's our director of acquisitions. I'm CEO, captain of the ship. She and I handle underwriting together and doing the initial due diligence on a deal before you write an LOI. We write LOIs, we do a fair amount of marketing stuff together. And then Carl is really our tactician. He's like, kind of, behind the scenes on just about everything from paying bills to dealing with investors, and getting prep payments out and getting newsletters out, and really does all the things that are kind of in the weeds that I don't excel at and Chelsea doesn't excel at. Chelsea and I are both kind of big picture, leading from the front, kind of, you know, visionary type of people. And Carl really empowers us to do that by doing all the things that he takes care of.

So it's a great team. I don't anticipate that we'll be adding partners ever unnecessarily. I guess, never say never, but we're pretty complete, I think, as we are. We do have an executive assistant that lives in Mexico. He's British but he lives in Mexico. He's relatively new to the team. He's really kind of the whole team's executive assistant. He's not designated to just one of us. So, we're getting him lots of things to do. And yeah, so that's really the team. I mentioned Tim Watcke earlier, the key principal that does most deals with us. He's really the first rung of our power team. And then from there, we have a great lender that we work with that we love, we've got great property managers that we love. We didn't always love our property managers, but we do now. Your attorneys are part of your power team. We deal with them quite a bit and they're really key.

WS: Interesting to have the executive assistant that's shared amongst the team. I could see that being very helpful, until they're too busy and then you need more, right? Or more individual help. But, when did you hire the first person? When did you bring that first person on as a partner or employee? When did you know that was time to do that? Or how did you do it?

TS: Well, I guess you could say, Chelsea was kind of our first addition. We brought her in just as we were starting our 20-unit which was just before we started acquiring the big properties in 2021. I guess you could say, we knew it was time because it just kind of felt right. We knew we were getting stuff under contract and all three of us had a very similar vision for what we were trying to do. We hired her to do some design work for us on our one property. She owns a multifamily design firm, actually. I just felt very positive about her and she was all in. Luckily, it's gone well. You just never know in that situation how it's going to really go. And luckily, it's gone really, really well. I'd say if anything, we're tighter as a team than we've ever been.

One side note, Whitney, is earlier in the year, I wrote a vivid vision at the instruction of the book, Vivid Vision by Cameron Herold. That has been a game changer for us. As CEO, you know, typically the CEO will write the vivid vision for the rest of the company and that's what I did. That's basically a vision that describes what's going to happen within our company over the next three years - from goals, metrics, to culture, to office, to our investors. How we're impacting the lives of residents and investors, all that stuff's in there. It's like a five-page PDF

that we have and I'm happy to share that with anybody by the way. That was heavily contributed to by Carl and Chelsea and I have full buy-in from them on all of it. But it's something, kind of like the credibility kit, I think, it is really just a game changer. I really recommend the book.

WS: Yeah, I appreciate the book recommendation, as well. I think that helps to think through those things and document those things. I've started journaling again recently. I've done it years in the past and it's been so fruitful. I got out of the habit and I've started it again. You know, why did I quit doing it? But one of the first things this specific journal asked is to paint that picture ten years from now. You know, your ideal future, what does that look like? And it made me think a lot about that. I haven't really sat down and thought about that a whole lot over the last bit. But take that vision and what does that look like. Write it down and then start thinking about over the next day or two. And so, you know, then I start adding things to it or then breaking it down. How we're going to get there. But if you don't have that vision, it's hard to make a plan to get there. So, appreciate the book recommendation, even how the team has grown, and what that looks like. But what's been some challenges you faced when scaling like this? Obviously, it's a lot of deals in a short period of time. So, what's been some challenges that you faced that weren't expected?

TS: Yeah, you bet. I would say the biggest challenge that we faced is dealing with the implications of owning and managing out of state. It's something that can be done very, very well, and very effectively. I think we've got it pretty well dialed in now. But we just flat out picked a bad property manager in Oklahoma City, just to be real. Of course, I'm not going to say who it was or is but we got hurt pretty badly by that choice. In the course of one of our three properties there, we went through, I think six or seven different onsite managers in about eight months. This was already a very distressed property that needed continuity, needed TLC and we got none of that from who we had hired to do that, worked for us. They put our business plan behind probably six months at least, and it hurt. It really drove home the importance of getting that property management piece right. If you do that, if you get it right and get the right property manager into that property for you, it's going to be the night and day difference between success and failure is going to be there. So, that's so key. I can't

emphasize that enough. I'm sure you can relate, Whitney. Having to make a pivot on half of our portfolio midstream was very challenging, probably the most challenging thing that we faced. So, you want to get referrals on PMs. You want to go see their properties, you want to talk to their residents, you want to talk to their employees, you want to get their track record, you want to see their website, and you want to make sure that everything that you hear and see aligns with what you see is necessary for your property.

WS: Great advice, right there. No doubt, that's a hard lesson. That is so difficult, making that transition. Even as we record this, we just started to launch our own management company. It took over three-quarters of our projects as of Monday of this week. So, it's been a massive undertaking. But there's been some key things there that helped that to go smoother than expected.

So, what's your all's plan for managing now? Maybe some lessons learned that you shared, get referrals, talk to employees, go see their properties. So crucial, right? Go see their product, go secret shop their properties. I mean, you're talking to those employees, and they don't even know who you are, right? You're a potential tenant in their eyes. It changes things a lot. And so, what's your all's plan moving forward with management or from what you learn there?

TS: Basically, I want to say the answer is just to choose the right property manager and there's a lot to that. There's nothing that takes place of making that the smartest choice you can make. But, once you have the right property manager in there, you got to manage them, and you got to really manage them. And so, we have weekly property management meetings where we go in-depth into a KPI tracker. That's a spreadsheet that we have them use and fill out that tracks all of the metrics for vacancies, rentals, turnovers, make-readies, et cetera. We just are very, very hands-on with our property managers. And luckily, now we're in a situation where we really love our property managers. They are excited about what we're doing and are really on board. We've got great on-site people. A lot of it is like the "Who Not How", picking the right PM to go do the work that they know how to do, that maybe you don't even know how to do. A good property manager has been doing this for a long time and you probably haven't. So, I really see it as a "Who Not How" situation.

WS: Tate, I feel like this is such a great topic to talk about at the moment, especially of what you've experienced. And you've already learned a lot through this process, no doubt about it. I wanted to back up just a little bit to even ask you a little further. What do you feel were some of the mistakes when you were doing due diligence on the management company that didn't turn out? What were some of the things that maybe you didn't do? I know we talked about a few things that you probably wish you had done, but anything else I just wanted to give you a moment so the listener can hear that as well. Anything else that you know when you look back and say we didn't do that for this company? Or maybe you can share why you all trusted them or felt like you could trust them. But later you learned otherwise?

TS: Yeah, it's interesting. This was a firm that also offered brokerage services. We originally started working with them to be good clients essentially when we started working with them as brokers and we're sourcing deals through them. Eventually, we got some good work referrals for their property management company. It just seemed like a good natural shift to make. If we're using these guys as brokers, you know, why not have them be our property managers. They check out well as far as referrals but we didn't go look at their other properties. We didn't ask for a track record with metrics that were meaningful. Those are two things that I would highly recommend doing. We probably should have just spent some more time with the principal and asked him some tough questions and not just assume that since we were getting along well with his brokers, he would be somebody that would stand in integrity with us when the chips were down. So, that's what comes to mind, Whitney, off the top of my head. And sometimes you just get really unlucky. I'd say you can do a lot of the right things, or even all the right things, and it just kind of doesn't necessarily work out. I can't say we did all the right things. But I think we got pretty unlucky. You know, the flip side is, these situations help you count your blessings, when things aren't going well, and make you really appreciate who you do have in your corner now that you didn't have before? So that's kind of where we are.

WS: Yeah, what I appreciate too, is you all overcame this. You all learned a ton, applied that moving forward in a big way, and are willing to share about, you know, and let us learn from your hard knocks as well. One thing you mentioned earlier, too, that I feel is so important is that

you have to manage your manager. For us, you know, we hired an amazing asset manager. Once we brought him on staff - we thought we had a great management company - but then all of a sudden, we know a lot more than we've ever known. I mean, like this was just his focus. While my business partner and I are doing lots of different things, we were trying to do asset management as well. But we want somebody who's just focused on that. It's amazing, you know, what they could dive into. Once we had this information, then we had to do something about it. I mean, we can see inefficiencies in so many things that we have not seen before or had vision into. So, now it's like, okay, we got to do something about it.

So tell the listeners how they can get in touch with you and learn more about you.

TS: Yeah, no problem. Well, just first again, Whitney, it's just a complete honor to get to share this time with you and share with your listeners. It's humbling to think that I've even done enough to have a level of experience that's helpful to people but I get that it is. So, I feel very blessed, and thank you. The best way to get in touch with me is through our website, which is InvestWithGreenlight.com and again, there's a link to book an appointment with me that's no strings attached. We brainstorm your business and your career and what can help you get to the next level. So, I love to hear from people really from any source.

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[OUTRO]

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