

Ep #134: Kent Clothier – Lessons Learned on the Entrepreneurial Roller Coaster



Full Episode Transcript

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David Phelps

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Kent Clothier: My later years in my early twenties were very different than anybody else's that I knew. By the time I was 23 I was running a \$50 million a year company. And then when I was 27, that company got purchased by a much larger organization down in Boca Raton, Florida. And so, to make a very long story short, I was running a \$2 billion a year company when I was 30.

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David Phelps: Hi everyone, it's David Phelps here from the Freedom Founders Mastermind community and Dentist Freedom Blueprint Podcast. Seems today with what's going to be a really fun and interesting interview with a good friend of mine, Mr. Kent Clothier. Kent, how are you doing today?

Kent Clothier: What's happening man? Glad to be here.

David Phelps: I'm actually out here, live on set with Kent in La Joya at his company right here at Real Estate Worldwide and we're putting together a really comprehensive curriculum for real estate investors that covers the whole plethora of the different aspects of real estate investing and how people get involved in it, the whole nine yards. And you were kind enough to ask me to come out today to help you with the private lending specialist's course, which has really been fun. You've got a great team out here. First time I've actually seen you in your world. I've seen you everywhere else, but actually come into your world, see the great people that you attract and you bring in. It's no

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surprise to me because that's who you are. Great people attract great people. They know how to surround themselves with other great people.

I want people to know a little bit more about Kent, you the person and where you came from, because I think that's what people understand. You know, how does somebody evolve to a point in life where you're significant, you're making great inroads, you're impacting people, we all started someplace in life and it usually wasn't just out the gates with success, right.

Kent Clothier: Right.

David Phelps: I know a lot about your family. I've met your dad, your brothers. You come from a very entrepreneurial family. In fact, your dad's story, right there in Dallas, Texas, where I live today, in the grocery business. So talk a little bit about the entrepreneurial side of the Clothier family and really, is it DNA in the family, or is it your parents just kind of helped lead you along the lines of being entrepreneurs and seeking opportunities in a marketplace that's inefficient. We talked about that before, inefficiency and solving problems. Tell me a little bit about that.

Kent Clothier: Well, first off, yeah, I definitely, I just turned 47 and I can tell you as I've gotten older and I've had the ability to look back and understanding my own journey, I will tell you that yes, coming up in an entrepreneurial family, I do realize how rare that is and has that played a significant role in who I've become? Of course. Yeah. When I was, I got started in business, I mean I was working in my dad's grocery stores when I was 12 years old.

David Phelps: Doing what? Stocking shelves?

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Kent Clothier: Stocking shelves, bagging groceries, taking groceries out to the cars, unloading trucks, sweeping floors, loading produce, you name it, I was doing it.

David Phelps: Did you do that because you wanted to or your dad kind of expected it?

Kent Clothier: Oh, no, I didn't want to. There was no desire to do that, I can assure you.

David Phelps: There was no free hand out, not at all.

Kent Clothier: No. No. I was free labor. But it taught me very early the value of getting out there and making things happen and it ignited something in me. I mean, I was getting paid for work when I was 12 years old and those connections were made very, very quickly. My effort was turning into something. And then, again, being in an entrepreneurial family where you see that, hey, we own this operation, right. These people respect my father. There was a lot of really valuable lessons as a kid that I was just not realizing, but I was picking up on.

And then we got into actual what I would call an arbitrage business in groceries when I was 17. We had moved to Memphis, Tennessee. We recognized some inefficiencies in the market, attacked it, figured out that we could buy a truckload of groceries in one market at a significant discount and go sell it at another market at a markup and make a lot of money doing it.

And so, my later years in my early twenties were very different than anybody else's that I knew. By the time I was 23 I was running a \$50 million a year company. And then when I was 27, that company got purchased by a

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much larger organization down in Boca Raton, Florida. And so, to make a very long story short, I was running a \$2 billion a year company when I was 30.

David Phelps: Wow.

Kent Clothier: And most people don't have that experience, right. Nor do they have the wisdom at 30 to actually accomplish that. So, I was completely full of crap. I believed I was a product of my own success. I was great at everything. All you had to do was ask me. I was making millions of dollars and I was very fortunate that by the time I was 32 I had lost everything. I had walked out of that business. Like I said, I was just so arrogant and so full of you know what that I thought that I could go do it all on my own. And that was a great humbling experience in my life that really grounded me and my entire world came crashing down.

Through that, I can tell you now as I've come all the way back up, right, so I was 32 years old, this was 15 years ago, that I'm a much better entrepreneur, much better father, much better husband, much better at every aspect of my life because of that roller coaster ride that I had to go through to get there. That to your point is why our company and our culture and who we are and what we are, it's all a product of just what ultimately I believe and we just don't take ourselves too seriously because we know exactly how fast it can all be gone.

David Phelps: That's right.

Kent Clothier: And we also know that we are out there trying to create a real impact on people's lives and help them to accomplish things. Not because we've been great at it, but because we've done it wrong enough long enough over the years

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that we've learned the lessons that they don't have to learn, right. We learned them on our dime, you don't have to learn them on yours.

David Phelps: Or perhaps somebody's already gone down that rocky road and streamlined the process. Give me, give us just a few pearls of wisdom, lessons learned, both when you were at the bottom, when you kind of lost everything, and then obviously on the way back up again. Cause people are always thinking I want to start something, I want to get something going. You had to start over and you knew some things at that point about starting over and things that you'd do differently than what maybe caused you the issues before it. Some pearls there that you can give our listeners.

Kent Clothier: I'd say don't chase money. Okay. When you chase money, money runs. And so it always has to be about something bigger than money. And I know that's very challenging when you're starting out ...

David Phelps: You don't have any.

Kent Clothier: Right. And you're trying to go, hey, I've got this 9 to 5 and I'm making \$40,000 a year, I'm trying to get out of that, I'm trying to replace that income, I totally get it. It sounds very cliché to say. So, needless to say, yes, out of the gate, replace your income, get things going. But as fast ... If you really want to build something, if you want to build a legacy, if you want to attract talented people, if you want to build a business and not build a job, it cannot be about money. It has to be about this vision. It has to be about impact. It has to be about who you are at your core, what is driving you every day. I don't care who you look at, any successful entrepreneur in the world that you respect,

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there is something down in them that was driving them that was much bigger than money.

David Phelps: Right.

Kent Clothier: Solving problems, right. Addressing inefficiencies, opening doors for people, mentoring people, being a leader in the industry. All these things are much bigger than money. Truly taking the time to understand what you're passionate about. Because, let's just be very candid, I'm not passionate about buying and selling real estate. This business has been unbelievably good to me and I'm very, very grateful. But, that is not what I'm passionate about.

David Phelps: Cause real estate is just a vehicle.

Kent Clothier: That's all it is. It's the widget.

David Phelps: Yes.

Kent Clothier: Right? It's the thing.

David Phelps: Yes.

Kent Clothier: What I'm passionate about is waking people up, right. Helping them, that entrepreneurial fire that's going on inside of them, helping to ignite it and give them the path and the direction and the tools that make it real. And it's not just something that's esoteric and tangible thing that they can't wrap their minds around. That's not, you know, there's plenty of that nonsense that's out there. So to be the one guy out there to say, hey, this is the way, that's what goes on in my head every day.

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And so, I think that when you figure out what you're passionate about, when you figure out what's really driving you, I think that is a critical thing. The other thing I would tell you is also remember to stay as humble and as gracious as you possibly can throughout the process. Cause it's very, very likely you're going to get knocked down.

David Phelps: That's right.

Kent Clothier: Which would kind of lead to the next one, is that don't be afraid to fail. Take massive actions. There's no point ... I mean, if you're going to be a bear, be a grizzly bear. There's no point in thinking small, there's no point in being tepid, there's no point in kind of tiptoeing here. Let's go. You've got one shot at this thing, as the saying goes. The time is now. I wear it on my wrist every day.

David Phelps: I saw the message.

Kent Clothier: You see it all around here, right. It's all inside of our company here. The time is now is everywhere. We firmly believe this that you got one shot at this thing. You truly are in a moment. Be present and take full advantage of it, because it's here. It will never come again. So, there's no point in playing small. There's no point in believing you will get to it in 30, 60, 90 days. Before you know it a year's gone by, then 5 years gone by then a decade's gone by and you've done nothing.

Just take advantage of what you've got right now. Make the most of it. Be bold. Fight for it every single day. And with that, it's back to when you're that way, you cannot be afraid to fail. It's going to happen. Have you ever failed?

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David Phelps: All the time, Kent, all the time.

Kent Clothier: Exactly.

David Phelps: Here's the problem, and my audience is typically going to be professional practice owners, and they have a lot of education. And the problem with the education that we got was, it's bad to fail. Of course when you're working on someone's mouth or their brain, you know. So you have a mindset that you've gotta be perfect. Everything has to be thought out to the nth degree, you measure three times before you cut or drill or whatever you're doing, that's the right mindset to have when you're dealing with the human body. But the entrepreneurial world says, no, no, no, you've got to get out there as you said, you've got to step forward, you've got to take some chances, you've got to take some risks, because until you do that, the marketplace is not going to give you any feedback. You need the feedback of the marketplace don't you, before you can know ...

Kent Clothier: Well, it's not even just the professional world, right. I mean, the education world in general is teaching people how to go basically work for somebody else.

David Phelps: Right, right.

Kent Clothier: Be and do all these things. Stay in this nice little box because this is risk adverse, right. I mean, literally the entire culture is taught to do this. And so, thinking like an entrepreneur is completely foreign. That thought process, and this is probably the biggest single challenge that we have to overcome, is we have to help people rewire their brains, what has come naturally to them to think, does not serve the entrepreneur. The entrepreneur is thinking

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about is there risk involved? Yes. How do I mitigate risk but how do I still make the bold moves that are necessary in order for me to accomplish what I want to accomplish? You're never going to create a situation where, certainly as being an entrepreneur, where you're going to be completely risk free. It just doesn't exist. You're going to have to take calculated risks. So, the quicker you get comfortable with being uncomfortable, the faster you will accomplish what you want to accomplish, if this is the path you want to go down. Not everybody wants to go down this path, which is fine.

David Phelps: We need both kinds of people, don't we?

Kent Clothier: Of course.

David Phelps: They want the safety and security of someone else, that umbrella, and they can come in and plug in and be very valuable and contributors to the mission or passion that they also believe in.

Let's talk just for a few minutes about the indoctrination that society has formal education today. You've got kids. What would you say about education? We've talked about how society restricts our ability to move forward and take risks because you want to be perfect. Do you want to talk about your personal philosophy of education? What it takes, what's the right kind of education? Degrees, formal education, some of that, or none of that? What would you say?

Kent Clothier: I can only speak from my own experience. I didn't go to college. I was, like I said, when I was 18 years old I was in the heat of the battle. My education was getting on the phones and doing what I needed to do. My education was

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from people like Tony Robbins and Zig Ziegler and Charles Darwin and going to courses and seminars ... I mean, I was getting my PhD on how to sell and how to be an entrepreneur. So do I think education is necessary? Of course. Do I think experience is necessary? Of course. Do I think our formal education system is teaching people how to go off and be self sustainable and do what they need to do? Absolutely not.

My son, who just graduated from college, I'll tell you exactly what I told him. I was like, "You're going to go to school because one, you want to and two, I want you to have that opportunity." I never had it. And he wanted to go to Ole Miss. And I was like, "I want you to clearly understand what's going to happen here. I am paying for this, I want you to go because I want you to have something I never had. I want you to have experiences I never had. I want you to have the social aspect of it, the whole thing. I want you to have that because I just simply never did and because you want it. But the moment you walk out the door is when your real education begins. And we will show you when you get out of there, we will show you inside of our organization, inside of our family, how to be an entrepreneur and have anything in life you actually want. You're not going to learn that in college."

And so, that was pretty much the same advice I would give anybody else. There is aspects of that experience of going to school that is very, very valuable, that I can see the value in that, whether that is relationships that pay off down the line, whether that is, again, your network or just, again, just learning how to problem solve through that whole process, is really, and being on your own away from your family, there's all great benefits to that.

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Learning how to design, create and ultimately, live the ultimate life, I just have never seen an example of where somebody learned that in college.

David Phelps: Your son obviously is going to go to college with a mindset or framework, eyes wide open, that probably the majority don't have because of his upbringing in your environment, your whole family's environment. I think it's a great opportunity for him, because he'll see both sides. He gets the pluses but he can also balance that with what he knows about the entrepreneurial world.

Kent Clothier: Yeah.

David Phelps: Last question. We haven't talked much about real estate because like we said, it's a vehicle, but why is real estate a great vehicle for helping people find freedom? Why do you like it as a vehicle? What about it?

Kent Clothier: The things that attracted me to it, well specifically ... Let's just talk about a couple of ways to do real estate. Wholesaling, in general, is a very low barrier of entry type of transaction that represents, that can represent, a significant return on investment.

David Phelps: Absolutely.

Kent Clothier: Somebody can get into a wholesale deal for \$500-1,000 and very realistically make 10, 15, 20,000 dollars in a matter of just a few weeks. There are more of those opportunities available now in other places than even when I got involved in real estate. And what I mean by that is, e-commerce now, with Amazon, there's a lot of other things that have been developed over the last few years that are equally attractive, but as it relates to real

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estate, I got into it because I was broke. And I didn't know what to do. And I had nowhere to turn. And I learned how to wholesale quickly. Then my business finally turned in and all of a sudden it took over and turned it into a really big thing, right. It's not normal to go flip 6-700 properties a year. But we turned it into a big business.

So, wholesaling is attractive because of the low barriers of entry. I also think it's very attractive because we live in an amazing time now, and I'm very proud that we have been at the forefront of this, of where technology has made it easier than it's ever been, right. When you have a company like ours that will sit there and connect dots and say, here are all of the cash buyers, here's all the properties, here's all the lenders, here's all the MLS data, I mean we basically make it so simple for them to make these connections, I just think that's an amazing, we live in an amazing time.

So, I love wholesaling. I also love the fact that companies like yours and companies like ours have made it really easy for passive investors to get involved, right. They get the opportunity to invest in real estate without having to lift a finger. Whether that's through private lending, whether that's through owning rental properties. But, services like that, that exist now, again, people that are addressing inefficiencies in the market, I think, makes it really, really something. A lot of people equate real estate to a process that they go through for their primary residence, which is challenging.

David Phelps: Cumbersome, yeah.

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Kent Clothier: And that's just not the way it is on this side. There are plenty of services and companies that make it really easy now and only more coming on board.

David Phelps: So, Kent, Real Estate Worldwide, just give us a snapshot. What are you about? What's the impact you're trying to have? What's your vision for the next few years, if you could kind of give us that?

Kent Clothier: We are on a mission that we want to wake two million people up. And what I mean by that is there's a lot of people that think they want to be in the game, they think they want to be an entrepreneur, they think they want to go off and do this, they don't have the tools, they don't have the processes, they don't have the training. And so, we are addressing that at, quite literally, every level. We got started in this business by addressing the technology side of it, kind of got pulled kicking and screaming. The way we got into it was, we never set out to do this, we were buying and selling a bunch of houses, we had developed technology that made that really easy for us to do. When you start flipping 3, 4, 500, 600 houses a year, right through the great recession when everybody else was going out of business, we got a lot of attention. People were like, "I don't know what you're doing, but I like it."

And so, that kind of was the point at where we had to go off and allow other people to use that technology. And so, that in and of itself, we quickly realized that hey, I can give you all the tools in the world, but if I don't educate you, it doesn't matter.

And so, now we've developed the Real Estate Worldwide Academy, where guys like yourself that are coming on

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here and making sure that we offer the very best education in the industry out there, and we are on a mission to get that education accredited by the American Council of Education where they can actually get college credit for it.

So, we take this stuff really, really seriously. And there we have obviously our masterminds and the ability for people to connect with other investors and then, ultimately the last thing is, we offer the people to, if they want, they can come do business with us and just buy property directly from us in a passive environment.

We feel like we're trying to kind of make sure that we are providing services and opportunities at every step of the way.

David Phelps: Excellent. Excellent. All right, Mr. Kent Clothier, realestateworldwide.com and kentclothier.com. It's been a pleasure sir. This is David Phelps with the Dentist Freedom Blueprint Podcast.

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