EPISODE 1352

[INTRODUCTION]

Alex Moore (AM): Starting a company is not a guarantee. I was going from a very guaranteed path to something that was taking a leap and saying I'm gonna actually start a business. I'm going to approach it from metrics and really have goals and hopefully, we get to be lucrative.

Whitney Sewell (WS): Doubling growth every year since its inception. That's something we all hope for each of our businesses, right? We want double growth or more every year; that seems like a dream. Well, our guest today has done just that. We're going to talk in-depth about how she's done that. Her name is Alex Moore. She's the founder of Greywhale Capital, a multifamily real estate investment firm based in San Francisco. She's led Greywhale Capital to double growth year over year since its inception. She builds deep relationships with investors, brokers, deal finders, and property management to acquire the best investment opportunities and primarily off-market. So Alex and I are gonna do this, probably, a series of shows. It's a longer interview than normal. But I wanted her to be able to talk about some of these things in detail. I want her to be able to talk about how she hires and who she hires and how she sets those objectives for each employee. Even meeting cadences and even how she measured her growth, and you're going to hear that. But then you're also going to hear us talk about that kids a little bit. You're going to hear about what she expects in the market over the next 12 months and how that's changing what she's doing. You're also going to hear how she determines reserve budgets for her properties. I love asking operators that because I want to make sure we're as prepared as possible. I know you do as well. If you're a passive investor, you want to make sure your operating team is prepared, right? And so you want to know some of these things. So, you're gonna learn a lot from Alex in our discussion today. I have, no doubt. Enjoy this series with Alex Moore.

[INTERVIEW]

WS: Alex, welcome to the show. I'm honored to meet you. I'm just excited about the conversation just even after reading your bio and learning a little bit about you. I mean, double in growth year over year since its inception. I mean, your business is obviously taking off. And that doesn't happen by accident. I mean, there are some specific things that you have learned and put in place that's helping that to happen anyway, right? No doubt, it's not an accident. I'm looking forward to the conversation about that. How you've done that. Tell the listeners a little bit about who Alex is and let's dive in.

AM: Thanks so much for having me. I'm excited to be here. So yeah, my name is Alex Moore. I run Greywhale Capital. My background is in medicine. So, I've spent over 10 years in internal medicine as a nurse practitioner. I always joke that I'm the travel buddy you want to have because I can do all the fun things. I can prescribe everything or do everything. So, I'm a really good travel companion. And I have a breadth of knowledge in internal medicine. But I fell in love with real estate back in 2017. I started investing and have done a little bit of every asset class. And I think that really teaches you just through experience, the pros and cons of each one. I think that's a little bit of a superpower that not everyone does that. Some people do and some people just choose one asset class starting off. So, I think that's been my background and strictly focused on value add multifamily. Really where I find passion and a lot of growth and excitement for the company.

WS: So why real estate? What caused you to, you know, I mean, you don't get into the medical profession, you know, just like one night. You say, you know what, I'm gonna go figure this thing out over here, like you spent a ton of time on that. Was there something that said, I want to go transition to real estate? What was that?

AM: It was gradual. I didn't start investing in real estate as a way out of medicine. I think a lot of people decide to do a career pivot intentionally and choose to get through investing in real estate. I did it because I wanted to diversify investments outside of the stock market. I always talk about there's levels of investing. And when you get to beyond the stock market investing, you've done your 401K, you've done traditional savings, you're kind of graduating to the next step and you start looking into alternatives. Real estate just really fits that box for me rather than doing small businesses or small business acquiring. I just didn't really have the bandwidth for it. And then real estate checked a lot of boxes for, hey, it's potentially passive. It's potentially something scalable. And what I realized when I started doing it was I really loved it. The transformation you can do on properties and the return that you can get from your investment is just fantastic. First check that you get when you refinance, you get all your equity out, it's like pretty pumped. It's exciting. So, it was scalable. It was something that I could take with me and do from anywhere. And that's not very doable with medicine. As much as I love so much of it, medicine is really relational.

I love that part of it but it's not something you can really take and do anywhere in the world. You can definitely do a lot of real estate wherever you're at. And so I think that flexibility was huge for me. Also, the ability to scale was huge, too. There's a ceiling you hit in most medical careers where you're not really going to make any more money. Not that that's the objective but your time is really quantified by that. And so, the longer you're in it, it's interesting because my hours would just kind of go longer. And I wasn't actually making any more money for that time. So, it just wasn't really a good balance there. That's what kind of led me to pivot but it did take time. It did take a lot of - is this the right fit? Am I ready to do a transition into it, into real estate full-time?

WS: I typically ask somebody when we're talking about that transition, because most of us had to make some kind of transition like that, right? And, as much mindset as anything for most but it's uncomfortable for most, right? There's some fear you got to push through, all those things. So, I love to ask, we won't spend a ton of time on this, but like, give us just a little bit about did you receive pushback? Were there family, friends that probably loved you, that said, Alex, wait a minute, you spent so much time on this career path and then you're just gonna pivot completely? What are you thinking? Speak to that a little bit because I love the listener that's struggling with this right now to be able to hear, you know what, okay, she's done it. She gave up a lot to do this. How did you handle that?

AM: Yeah, I think it was really mixed, especially since, I did put 10 years into medicine. My family was super proud for the work that I was doing. And it was tangible. I think when you have something tangible, people can understand it, they get it. it does take a transition period. And also starting a company is not a guarantee. So I was going from a very guaranteed path to something that was taking a leap and saying, I'm going to actually start a business. And I'm going to approach it from metrics and really have goals. And hopefully, we get, you know, to being lucrative. I think my family realized that there's an entrepreneurial spirit that is in me. And there's a lot on my family side that we have a lot of small business owners.

That was helpful too because they understood that metric from starting a company and how bumpy it can be at the beginning but how exciting it can be when you start getting growth and traction. So at first, it was like, are you sure? And then folks started getting really excited for me. But it did take a shift. And also, I think your group really did shift too because I was coming from a very heavily focused medical setting to having to find other owners and builders. That's a different community and I think that's always evolving. Certainly, being around other people who are building things outside of your traditional career is very helpful, to encourage you as you're going through this.

WS: So, I was thinking about this, as you were sharing that. And I'm grateful just for your transparency as well, just being real about some of that, because, I know a lot of listeners are thinking through that as well. Trying to make that, you know, should I pivot? Should I do this? Should I commit to this? They know their family is going to be against them a little bit. But if you don't try, you're never going to accomplish it, right? Most, I would say, are not just immediate, business-savvy people. It's like, okay, I've been in the medical field, you know, somebody may be an amazing doctor or surgeon, but man, going to start their own business? That's a totally different skill set.

So, speak to learning to operate a business. I know listeners are waiting to get into this too and yes, we're gonna get there. I want to know how Alex has doubled this growth every year since its inception. We're gonna get there in just a moment. I want to know how she did that, and how she measures that and all those things. Moving into the business sphere from what you were doing, how did you educate around business and operating a business? What were some of the key things that gave you confidence to move forward and say, hey, I can do this, I can operate a business.

AM: Yeah, I think when you look at the structure of a business, if you can boil it down to make it as least complex as possible, that's the goal. Because the more complex your business is, it's harder to scale. So, for example, I'm a huge fan of the tech industry. But, it's a really difficult business to know if it's going to succeed just because it is so variable, very intellectually invested in your people. You have to have really smart people. You have to have them very tied in. You have to pay them a lot. You're going after an idea rather than a physical asset. Part of why I really love real estate is that you're acquiring physical assets. So you really know what that business is and how it's going to perform. You can project those metrics. I explored many different businesses and decided that real estate was gonna be a good fit for me, but I did consider opening up my own practice. And I talked to a couple of mentors of mine back from my hometown, and also from Philly, where I first practiced and then went to Penn.

And so, after talking to enough owners of medicine businesses, medical businesses, I was like, this is a very difficult industry to have traction in. It's very difficult to grow. It's very difficult to make it lucrative. It's very high burnout. And my vision for building a company was I wanted to build the opposite of that. I don't want to build a pathway to burnout or a pathway to having to be acquired because I'm always redlining. And it also wasn't a movable business. It's very physically located. Then, I also looked into product-type businesses or acquiring a small business. I think those are still on the horizon. I think, eventually, I see being a full-shot PE shop with a little bit of everything. But I really want to build out the Greywhale wing with multifamily first and then go to the next and build out a kind of a whole portfolio of businesses.

But real estate, being so tangible, being that each asset itself is its own business, and then having experience with operating each individual asset and each individual asset class made me feel confident that okay, we have a path forward for making the profitability get better. It's what it boiled down to - can I get the numbers to a place where I feel like this is achievable? And there's a clear business path for each of the assets that we would acquire. So, very quickly pivoted me into real estate, just from the fundamentals being executable. And I think a lot of folks feel this great anxiety over acquiring their first property. I encourage everyone to try it. I know that's crazy, I think, for some people to think about buying their own investment property. But I think, it's such a good learning experience. It really teaches you if this is something you want to do, and I think there's no harm in giving it a shot. A lot of folks are very concerned about losing money. But there are a lot of ways to pivot an asset so you can recover. And finding the right mentors around you to show you how to do that and to just have a lifeline to call and say, hey, I don't know what I'm doing or I haven't encountered this issue before. That will save you from a lot of bumps.

WS: Yeah, no, that's awesome. Well, I appreciate you just sharing how you thought through that in really incredible detail as well. But I want to get to how you've done this. How have you doubled growth every year. And let's dive in and do some very practical things that I know you do. You studied these things. I want the listener to be able to think through these things as well whether they have one employer, whether they have 25. And here's some real practical things that you've put in place that's helped you do that. Maybe even speak at a high level, how you've doubled, and then we'll dive in a little more. Then also how you measure that.

AM: I measure growth based on total assets. And what those values are, I think, when you especially are starting a private equity firm, it's hard to do your revenue at the beginning, because it's very fluctuating. A lot of it is dependent on acquisitions, and whether or not how your agreements are with your LPs. So, that can be very all over the board. So, I do it based on total assets. Started with one duplex and one short-term rental that I acquired at the same time within a two-week span like a crazy story. But from there it was, once I would get an asset stabilized, I would refinance it, get equity out and roll that into a new asset. I did a few 1031 exchanges. It was just very measured, like, this is where I'm gonna go to this next one and get into the next asset and the next asset. And also creative financing at the beginning was helpful, too.

So, we had seller financing which really helped accelerate some of the other asset classes. Then, we did industrial in particular, really helped with that and so that we could get into bigger assets than I thought we could. Additionally, it was living lean which I think is a practice that we've done for a long time. I'm Dutch by background, and Dutch people are known for being frugal. And so I like to reframe it as frugal instead of cheap. So, we live reasonably, and basically funneled everything that we could into the business and growth. That's been very intentional there. Seeing it as a long-term horizon and building a good foundation now, and really determining where the next steps are; just assessing goals and then quarterly reports.

WS: Okay, so a big way you're measuring it is AUM, assets under management, or the value of those assets. Let's get into some information about your team. You talked about creating clear objectives, outcomes, internal metrics. I know, often, it's hard to determine what those metrics should be, especially per employee, and what are they responsible for? And everybody needs to know what they're responsible for, right? And it's so helpful to have it written down for each employee, and so everyone knows. Can you talk through a little bit about how you've done that internally and what that looks like? Let's just flesh that out a little bit.

AM: Yeah, so we use three major tools in the company. The first one is Asana, the next one is Slack, and then we also use Google Drive. The way we really track our weekly metrics is through Asana and doing weekly reporting. So, we have a deal flow board that is pretty intense all the way from - is it an eligible deal? Is it something that fits our buy box criteria to accepted LOI? Then it moves into its own deal board once we were into that accepted LOI stage and moving forward into PSA and due diligence. We do pretty heavy tracking on the board and each person is responsible for a different stage in that board. It's clearly marked and known each person. So, when it gets into the 'is it eligible?', that's one person's rent comps is another person's, and then we go into underwriting. Then, it goes to PM proforma. Then, we go to LOI stage, and then we go to, hopefully, accepted LOI into the next phase. So, that's been very helpful for us to have a clear tracking.

Additionally, we have a Google Drive which we use extensively. All of our SOPs are in there. How do you do rent comps? I know that sounds crazy but if you're offloading that to someone in your team, which you have to at some point like you can't do your rent comps and I can't rely on my PM to do the extensive rent comps that we do. I want them to have all the information when we present the PM with our performance. So, we have a rent comps SOP, how do we do eligibility tracking for deals because we have a whole deal? Before it hits our deal board and Asana, we have a whole tracker in Google Drive that tracks every eligible deal that hits our table. Do we want to take a look at it and move it into the next space? So, how do you do that? How you source deals? We have broker call back tracking. So, making sure that we're hitting those. We do red and green lights, have we hit enough callbacks for each week? And when was the last time we touched base with XYZ broker? Because you never know what they're gonna get too. You might talk to them one week and the next week, they're like, actually, I have these three deals that are off-market. Like, take a look. You know, they may be crap, but you should definitely take a look. So, just calling and staying in touch is really important. So, we have that tracker too.

And those are just some of the tools we felt have been really helpful because we focus very heavily on acquisitions as a team. Because you have to look at so many deals to find one that works. It's a numbers game and it takes a lot of manpower to look at those. But I couldn't do it without tracking.

WS: It's helpful to know what tools you're using as well. Are those integrated? We use those same tools, by the way. But I want to ask you, are you integrating those together? Maybe some workflows? How they work together? Just briefly, and then we'll jump down to something else.

AM: When we move a deal from our global tracker in Google Drive, our spreadsheet, we will then link that to its own folder. So, each deal that's eligible that we're going to be underwriting gets its own folder in Google Drive. So, that's linked to Asana board. So, when you click on a deal, each deal is a task and then each one has a link in there with its own associated folder. That has the underwriting in it, that has the rent comps in there, sales comps, the RD, CoStar brochure, and then any other supportive financials are in there as well. It keeps us super organized by having each assigned one have a link. Otherwise, you would just be hunting and pecking. Google Drive, one of the things I don't like about it, is its discoverability is a little difficult. I know that other folks have transitioned fully over to Notion. I've tried it a couple of times but I still like the functionality of Google Drive in a lot of ways. Tons of people have said they love Notion. So, that might be a good alternative to people because I know that discoverability is a lot better there. I find that specifically integrating those links into the boards is super helpful for tracking those along.

WS:

Yeah, that's awesome, very helpful. I know you said that you're very focused on acquisitions. Speak to the focus on acquisitions versus investors' capital raising.

AM: You know, each company has to choose where they're going to put most of their powers with. You can't do fully one or the other. You got to have both. But I know that there are certain companies that just focus on capital and being more capital allocators. I think you have to find which piece of the puzzle you feel you're best equipped for, ones that you feel are the best for growth for your company. I have always enjoyed looking at real estate. I love numbers. I love looking at what you can do to businesses and turn them around. And I think of properties as businesses, they are their own entity.

So, that part of it I feel, is a real strong suit. And I've always felt comfortable exploring new markets and I think that's another thing that I've grown to be really competent at in a core competency. When it comes to capital raising, I really focus on a few key relationships and then have been organically growing from there. I think that's really helpful. I'm also more of an introvert. So, I feel like I'm much better at creating those longer-term few relationships rather than of the many. I do know successful introverts who've grown it very prolific, capital raising lab work. But for me, it's really difficult for just the energy level to do that. I know it's a muscle I could probably push into and I probably should but really, I've been focused on finding the good assets to acquire and building that system out.

WS: How can the listeners get in touch with you and learn more about you?

AM: Yeah, anyone who wants to reach out, I love meeting new people and we love welcoming more people into our fold. So, GreywhaleCapital.com is a great way to connect. Greywhale is spelled with an E. Then, also I'm somewhat active on Twitter, trying to get more active, but it's Alexandra C. Moore on Twitter. So, either one of those are great. If you DM me on Twitter, I usually am fairly responsive.

[END OF PART 1 INTERVIEW]

[OUTRO]

WS:
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