

# Organizational Physics

Structure & Design Consulting for Scaling Companies

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## CASE STUDY

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## FORT CAPITAL

“Using Organizational Physics, we drove a CAGR of 149% and improved revenue per employee of 187%.  
Talk about doing more with less.”



**Jason Baxter**  
CEO of Fort Capital

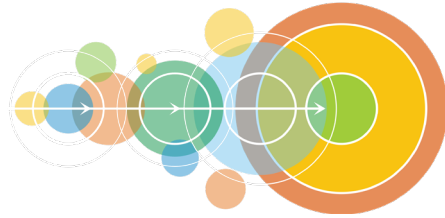
The Fort Worth-based company Fort Capital was founded in 2015 by entrepreneurs and real estate investors Chris Powers, Jr. and Jason Baxter. In 2021, the company won the “Best Places to Work” award from the *Dallas Business Journal*. It has also developed one of the most technologically advanced and data-driven real estate investment and management platforms I’ve seen.

Chris Powers hosts a popular podcast, “The FORT with Chris Powers,” that I recommend. This case study is enhanced by two episodes that discuss Chris and Jason’s experiences with Organizational Physics (episodes 132 and 194).

Chris and Jason reached out to me in 2020 when the company had about 18 employees and \$15M in total earnings. The partners

were struggling a bit with “what should Chris do and what should Jason do?”— issues that are common in a Queen of England structure, which they had in place at the time. The complexity and time pressure of managing multiple transactions and keeping the deal “hunters” happy and retained was also a burden for both of them.

Two years later, after adopting Organizational Physics, including a new functional structure with clear roles for Chris and Jason, the company can process significantly more real estate transactions at a fraction of the time and cost. To wit: the company today is at \$93M in annual earnings with 40 employees. This is a CAGR of 149% and an increase in revenue per employee of 187%. Let’s hear from Jason in his own words.



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## **Tell us about the origin story. Why did you start this business? What was the original inspiration or frustration?**

Chris Powers, Fort Capital's Founder & Executive Chairman, started his career in real estate investing in 2005. Chris and I had originally met when working together on opposite sides of a transaction. After developing a working relationship, we learned that we shared the same investment thesis centered around acquiring Class B Industrial real estate assets.

At the time, this industrial product had not experienced the high level of demand from investors that it is experiencing today. Chris and I both were convinced that Class B industrial

properties offered some of the most cost-effective spaces in the real estate market. They also offered many value-add scenarios and attractive cash yields to investors, and they could be acquired at a low basis with mispriced risk.

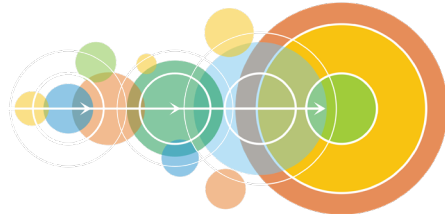
We also shared a common desire to build a team of high-caliber, multitalented individuals to work with to achieve our goals. Since 2015, we've now surpassed more than \$2 billion in total transactions with a focus on acquiring prime real estate, operating with excellence, and delivering exceptional returns to all our stakeholders.

## **Tell us about the business at the time you engaged with Lex and Organizational Physics. What were the issues, frustrations, or needs you were seeking to resolve?**

When we engaged Lex in 2020, our business had started to see growth at a scale we had not experienced in the past. We were acquiring real estate assets at a faster pace than ever before and had begun expanding our team to support our larger portfolio. As we began to experience faster growth, we identified a need to create more

organization across our company and teams, in addition to streamlining processes.

I was specifically hoping that Lex could help create alignment between myself (I was COO at the time) and Chris Powers (who was CEO at the time and is now Executive Chairman) in terms of how we should structure the company to support that



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rapid growth. We had discussed the need for me to find bandwidth to begin doing more of what Chris was doing and then find a way to backfill my role as COO. At the time, there was misalignment on what our business needed in order to scale successfully.

I began doing an extensive amount of research on corporate structures and hierarchies and came across Lex's article on "Why You Should

Not Have a President & COO." This resonated with me because we were going down this path of creating extra layers and a bottleneck (just as Lex describes in this article) instead of putting power into the hands of our people running the departments. This spurred me to reach out to Lex to see how he could help us restructure our business to maximize our growth potential.

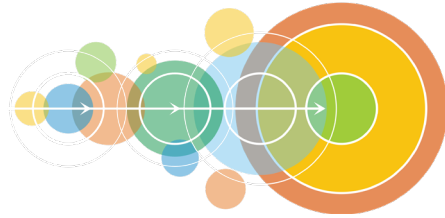
## How successful was your organization at resolving those issues, frustrations, or needs? How is life different or better now?

Prior to engaging Lex, we were growing but we were experiencing the same pain over and over, versus truly solving problems. I believe we still would have grown, but it would have been slower and more painful, and it would have resulted in the hiring of unnecessary roles.

One of the most important lessons learned from Lex was his philosophy on entropy. I realized we were wasting so much energy in how we were running the company, talking about problems, trying to solve them, saying we were going to do things and then letting them fizzle out, etc. Restructuring our leadership team's roles and

how we run our weekly leadership meetings has allowed us to hyper-accelerate our growth with less. We are now doing twice as much with half the number of resources and expenses.

In 2018, our team peaked at 28 team members with a goal to acquire \$60 million in assets that year. In 2021, our transaction volume was well over half a billion dollars—and we accomplished this with nearly the same amount of people. We are now much more aligned and have a streamlined problem-solving process that allows us to tackle the most important things more efficiently.



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## As a result of your work with Lex and Organizational Physics, what do you know now that you wish you knew before you engaged?

I have learned how to identify and eliminate wasted energy in the company by running a structured weekly leadership team meeting. This weekly leadership meeting is our foundation for staying aligned and being hyper-focused on moving the ball forward.

I wish I had recognized earlier that, when having this meeting, multiple people need to hold roles: someone's job is to listen/scribe, someone else's

job is to facilitate, and my job is to observe the entire organization to ensure alignment on the strategy. This freedom is what has allowed my brain to be way more in tune with what is happening across the entire company as opposed to just jumping from fire to fire. I'm now able to help push in the direction that helps us accomplish something in the most efficient way, knowing when to step back and when to help.

## What principles of Organizational Physics do you find most helpful to you as a CEO and why?

The two biggest game changers for us were:

1. Universal Success Formula & Entropy
2. Leadership Team Process and Type 1 and Type 2 Decision-Making

We were doing a lesser version of the other principles prior to engaging Lex, but Lex's ability

to teach on those things helped us get better at them. Lex's guidance on our overall organizational structure and the understanding of where entropy lies has given me, my team, and our company the ability to maximize our potential.