

# NIC INSIDER

## Newsletter

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## “It’s been phenomenal. There is no work-life separation. This is our lives.”

**Family Business: Conversation with Jason Reyes, CEO of Calson Management**

by Emma Rosen, RSF Partners



Jason Reyes is the CEO of Calson Management, a senior housing operating company owned by the Reyes family. Calson currently operates eight communities in their home state of California and has another three properties under construction. By prioritizing a family culture and direct communication with employees and residents, Calson has maintained high occupancy and strong margins. Jason is optimistic about the future of senior living, particularly as the public’s view of the product has become more positive over time. In this interview, Jason shares his experience and insights with Emma Rosen of RSF Partners and member of the NIC Future Leaders Council.

**Rosen:** Jason, your family has been in the senior living industry for decades, and now you’re a second-generation operator with an impressive track record and reputation. What was your path here?

**Reyes:** I’ve grown up in the industry. I’m also an only child and had a mom who wouldn’t let me out of her sight. She was an ED who ran an assisted living building. So instead of going to daycare or camps, I spent summers doing puzzles and playing bingo with residents in my mom’s community. I spent all my free time there as a kid and then for summer jobs and later as a college intern. But one day, when I was in my senior year at Cal Poly - San Luis Obispo, my mom called me crying. Her building had just been sold. She’d been at this community for 10 years, and the family owner/operator had decided to sell to a large corporation, and this corporation started making changes my mom didn’t agree with. I was 22 years old and vowed to build her a building she could own and operate. I saved vigilantly over the next five years, built a business plan, and raised money. I was 28 when I had raised \$4 million and was able to secure a \$10 million construction loan. And with that, we built our first assisted living building with 107 units.

*Instead of going to daycare or preschool, I spent summers doing puzzles in my mom’s community*

**Rosen:** Congratulations. I trust you learned a lot from your mother but that your partnership has evolved since you were her intern. What is it like owning and operating your own family business?

**Reyes:** Family businesses are always one of two stories. With one, it’s the drama, the constant hierarchy battle.

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With the other, it's the most amazing thing in the world. And for me, it's the most amazing thing in the world. The first two years were difficult. We were establishing hierarchies and the difference between being at home and being in the community. But since those first couple years, it's been phenomenal. There is no work-life separation. This is our lives. When we hang out on weekends and we do dinner during the week, we talk about work. It's not frowned upon, and it's not work. It's what we deal with all the time, 24 hours per day. Especially in this industry, things happen on weekends and at night, and so you are committed to it entirely.



Jason Reyes and his mother, Alana Reyes (Regional Administrator at Calson), outside Calson's assisted living community in Vallejo, California

**Rosen:** Of course. I imagine you have some comfort in knowing your key staff or colleagues are your family members. But you only have so many aunts, right? How have you maintained your family culture and grown the business with people who are equally committed?

**Reyes:** It's hard for parents to tell their children "I'll let you make the decision and advise, and we'll follow your plan" and then actually follow it wholly. But with my family, the baton has been passed to me, and my family has never tried to side-step the plan – they've 100% bought in, and we've executed on the plan. This complete commitment is a big success factor. With respect to our growth, because we have a portfolio that's all in California, and because my family and I are still here, we talk to everyone daily. The Executive Directors see the family involved and the values we bring, and that translates to the employees. They see we support each other, and we support them. The employees feel part of the culture and part of the family

*Complete commitment is a big success factor*

**Rosen:** With employee retention being one of the bigger challenges for our industry, how do you approach hiring? Why do you think you have so many employees that have been with you for a long time?

**Reyes:** Across all the management positions, even if we have turnover, the entire family is involved in hiring, and it makes a big difference. A big part of success is in the building's management team, so the team has to be right and feel right to everyone. While part of the challenge around hiring is systemic, and we have to deal with that the best we can, the other part of the challenge is in our control. We try to



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do what we can to improve the lives of employees. We pay for 50% of the benefits of our line staff, and we give every employee their birthday as a paid day off. We give Christmas bonuses to every single employee every year based on the number of years they've been with us. We reward loyalty. We celebrate and throw Christmas parties. We try to bring the family dynamic to every community.

**Rosen:** And can you tell us about the nonprofit you founded that's focused on supporting employees?

**Reyes:** We created Heroes Helping Heroes, which is Calson's 501(c)(3) dedicated to supporting employees who work in senior living communities. Caregivers are often unappreciated for the work they do, and they're often underpaid. Yet they're the core of our business. With Heroes Helping Heroes, any employee of a community can apply for financial assistance if they find themselves in any financial struggle. Caregivers, housekeepers, cooks, anyone – if something happens, they can submit an application through our website, and then the committee will review the application and grant cash assistance. We're trying to create an environment where people can ask for help. We are funding it out of our own pockets right now, but over the next few years we want to raise money and grow this nationally to help more employees in our industry.

**Rosen:** That's terrific. Thank you for starting this organization. While your culture and benefits are helping to retain staff, how are you also maintaining strong and consistent margins?

**Reyes:** When you look at how to improve margins, there are only a few levers you can pull. One of the reasons why I think we run at the margins we do is because we place a lot of responsibility on our top managers. As an example, we don't have a "Business Office Director." Instead, we divide the work of this common role between two existing roles and eliminate the additional position. To us, this makes sense. Our Marketing Directors handle the accounts receivable – they check everything with care coordinators, make sure care fees are still right, send invoices to collect payments, etc. On the other side of the ledger, the EDs handle accounts payable at their specific community. This is important because the ED steers the ship and needs to pay attention to the budget. By seeing all the bills coming in for every department and being the person who cuts the checks, they can cross-check the budget with actual payments. In real-time, if an Activities Director spends a big part of the budget in the first week, the ED knows this and can go to that person and tell them how much money is left in the budget. This prevents overages and holds people accountable. With this, EDs also don't need to go through corporate to exchange mail and checks, so everything is more efficient. At the end of the month, everything of course gets wrapped up and sent to corporate, and we do the official closings and log all the files. But we've basically become more efficient while also further aligning two people to the building operations.

**Rosen:** Very interesting. I like finding ways to align people's interests and am encouraged that this is working for you all. Switching from employees to residents, how do you think the resident profile has been changing and will continue to change over the next 10 years?

**Reyes:** The expectations of the residents and their families is actually what I think



has changed most since I've been in the industry. And it will continue to change. Ten years ago, or even forty years ago when my mom started, expectations were low. Assisted living was not seen as a grandiose living experience. Now, years later, those expectations are vastly different. Family members and residents want luxury and top-of-the-line service. They are paying a good amount, and they want the best in return.

**Rosen:** Yes, naturally. Do you think it's helpful to the industry, though, to have the families so involved and getting into the weeds of what communities offer?

**Reyes:** Absolutely. I think there's been a negative stigma around senior housing, but that this is changing. Residents and their families read about and tour nice communities with great amenities, food, services, and people. As adult children who move their parents into communities get older themselves, they might be more inclined to move into a building one day because they know that seniors housing is not all old nursing homes. It's a pleasant environment that caters to your needs.

**Rosen:** Definitely. Many of the properties that have been built over the last few years are really a pleasure to be in. I know your communities serve a range of residents from middle income to upper middle and a bit higher. When you think about your development projects and building for your market, where do you think dollars go far, and where do you think some groups may misspend?

**Reyes:** There are a few properties across the country where developers are targeting the most high-end residents. It'll be interesting to see what happens in those ultra-luxury communities because there is a point where private care is realistic and people might prefer that option to being in a community. At Calson, we believe in building for the masses not the classes. We believe in building for as many people as we can and for whoever needs help. You can build buildings that are very nice and complete. Some buildings though have expensive amenities like driving ranges and large indoor swimming pools, and they have a lot of other different spaces like a separate arts studio or full-sized gyms. But you're losing margin and operational efficiency there. I get the attraction and it looks nice in pictures, but the reality is that a lot of this space is not used by the target demographic, an 82-year-old woman. If your construction costs include these amenities, it can become a drag on the returns. It can become a particularly large drag if you end up in a position where you're not getting the budgeted rents, and discounting won't be an easy option to cover your costs.

**Rosen:** Those amenities do present well, but yes, we see they're perhaps not always necessary, and they're expensive. Are your amenities part of your sales effort? How do you attract prospective residents – what's the pitch?

**Reyes:** We're family-owned and operated. We lead with that, it's our biggest asset. We're intimately involved in every single community, and everyone has the ability to reach out directly to the owner. My email and cell phone are readily available to our employees and residents' families every day. That makes a big difference to families visiting. We're also clear with people, and we tell them we're not perfect. We're not a hospital, and we are here to do a very specific job.

*We're family-owned and operated. It's our biggest asset.*

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NIC Co-Founder and Strategic Advisor

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We explain what we do and, just as importantly, what we don't do. If there's a medical emergency, we call 9-1-1. Our job is to help with activities of daily living, provide great food, do your housekeeping, wash and fold your laundry, and provide active socialization.

**Rosen:** I think it's helpful to have that clarity, especially for the adult children. And for the residents' families to have direct access to you also goes a long way, more so than a fancy real estate amenity, yes?

**Reyes:** That's the part people often don't realize – how much of a benefit assisted living is for the adult daughters and sons, not just the seniors. Family members torment themselves over this process. Adult children have been hesitant to move-in mom because of the old stigmas. Mom is at home and needs help, yet mom doesn't want to leave home. Kids feel like there's no good outcome: let mom stay home and something happens, or move mom into a community and mom hates them. Ultimately, kids move mom into a community. And then their perspective changes. In six to eight weeks, mom becomes acclimated and meets new friends. Back in her old home, mom didn't have a social life because neither she nor her friends could drive. But after a few weeks in a community, she's made a friend over dinner in the dining room or over a game of backgammon in the activities room. Everything falls into place. Her life changes for the better and her kids see that. We see families crying in relief that the anxiety is lifted – mom's not just being taken care of, she's thriving.



The Lodge at Glen Cove, Calson's community in Vallejo, CA



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## Senior Housing & Care Industry Calendar for August 2022

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8/2/22	ASHA Regional Roundtable (Costa Mesa, CA)
8/3/22	ASHA Regional Roundtable (Seattle, WA)
8/28–8/30/22	VIP Ignite Experience (Nashville, TN)
9/1/22	Skilled Nursing News RETHINK (Chicago, IL)
9/14-9/16/22	<u><a href="#">2022 NIC Fall Conference (Washington, DC)</a></u>

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