

Growth Is An Art As Well As A Science

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Friends & Colleagues:

From Maine to California, within public and private organizations, among all property types, and for every real estate service provider, the pressure to grow has become priorities No.1, No. 2 and No. 3 for 2012. **One of the joys of being a real estate professional is the annual expectation for improved performance.** Real estate Boards of Directors and CEOs believe that growth "is the way things ought to be," and when that growth does not occur as expected, it is time to assign blame or formulate reasons why this unfortunate outcome occurred. **However, there is a dramatic difference between healthy growth and forced growth.** When the inherent ambiguities, inconsistencies and arbitrary outcomes from an ill-designed growth strategy dominate decision-making, they generally produce a result that is disappointing, frustrating, de-motivating and a true momentum killer.

Today, far too many real estate firms seek growth at all costs and ignore the potential for future negative results. "For the moment," and "now" have, for some organizations, replaced the words "for our future," and "at the right time." While there is a natural impulse to grow, it is the implementation of well-conceived growth strategies that provides the appropriate environment for success. Growth for the sake of growth does not work. **To grow a real estate organization properly, one must include a temporary surrender of what-used-to-work and embrace the concept of what-we-can-achieve.**

To grow profitably and successfully in today's challenging and uncertain economy and marketplace, real estate firms must avoid the urge to grow at all costs. Every movement toward future prosperity, increased market-share and opportunity-capture must begin with the power of purpose. **Bigger isn't always better, being No. 1 may bring unwanted baggage and more may be too much.** Heading into 2012, real estate firms, leaders and Boards of Directors must avoid the pitfalls of reconstructing growth strategies based on avoiding or dismissing sound business practices or judgment. Too many real estate firms have "followed the herd" only to discover that the herd was just reacting, and their wanderings had no destination.

In this year-end newsletter, I want to share with you the following 11 thoughts and cornerstone strategies for growth.

Avoid At All Costs

From the experience gained over more than three decades in the real estate industry, I have observed, learned and seen the negative results from misguided growth strategies. The most important assumptions you must avoid at all costs are highlighted in the list below.

12 Important Assumptions To Avoid

Do Not...

1. Assume tomorrow will be the same or better than today.
2. Assume a plan for a future that is not likely to happen.
3. Assume that a fad or for-the-moment strategy will actually work.
4. Assume your competitors know more than you know, so following in their footsteps is a good strategy.
5. Assume sound bytes, data points or rumors are facts.
6. Assume you are immune, or a believer in "It will never happen to us."
7. Assume markets and clients are continuous.
8. Assume you are quicker or better than your competitors.
9. Assume you can control external demand factors.
10. Assume growth is guaranteed under a business-as-usual strategy.
11. Assume your team shares your level of commitment and dedication.
12. Assume you have all the answers.

Source: CEL & Associates, Inc.

Inevitably, growth will come to a standstill, but it doesn't have to end. Growth cannot be hypothetical, abstract or a hoped-for outcome. As Henry David Thoreau said, "Success usually comes to those who are too busy to be looking for it." Having a resolution for success, being able to maintain your enthusiasm despite setbacks and avoiding the painful lessons of those before you will assure your success today.

Spot Opportunities Sooner

Francis Bacon wrote, "**A wise man will make more opportunities than he finds.**" Prominent Greek politician Demosthenes said, "Small opportunities are often the beginning of great enterprises." While there are multitudes of information sources (CoStar, Real Capital Analytics, Moody's, CBRE, JLL, Reis, various Wall Street research departments, etc.), the real answer is not in the data...it comes from the interpretation of that data. Opportunities are everywhere and where you least expect them to be. Literally every day I am meeting or communicating with real estate leaders nationwide...and every firm, without exception, has at least one opportunity they are actively pursuing, are about to secure or have just captured.

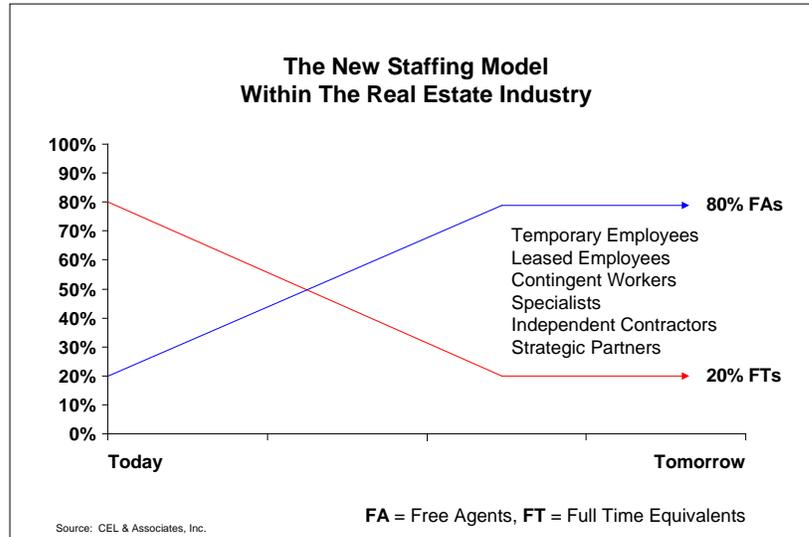
From office to retail, from industrial to multifamily, from MOB's to service providers, best-in-class firms are closing opportunities every day! Spotting those opportunities requires awareness, wisdom, talent and leadership. **Trends never stop...opportunities are not cyclical...timing is everything.** Success comes from going beyond your comfort zone and your bandwidth. Perhaps the best place to start is raising your awareness antenna by becoming very knowledgeable about specific industries, client segments, markets and submarkets, products, new innovations, etc. **As we get ready for 2012, the cornucopia of opportunities accelerates.** Form a **Futures Committee**, enhance your interpretive research capabilities, reach out to others for contrarian perspectives, convene a full-day

Conference of Opportunities for your key Executives, and/or reset business practices to encourage creativity and new ideas for growth.

Establish An “Ideas For Growth” Workplace Environment

The art of growth-by-design mandates an unfettered license to think. One cannot imagine the possibilities when overwhelmed with process. **Spotting, understanding and creating solutions begin with a far more integrated relationship with your customers.** In the real estate industry, failure to understand one’s customers prevents a firm from capitalizing on one of the greatest sources of opportunity. **Because trends and opportunities rarely last more than a decade, the timeline between idea and actualization must be compressed dramatically.** For example, U.S. consumers are moving toward a renter-based society that is communal in design, where the boundaries between work and family are dissolving and where technology provides the glue and the gateway to the realization of future aspirations.

If you believe this trend (as I think you should), you will understand that office buildings will need more human and interactive elements, retail centers will need more venues for personal experiences, apartment buildings will need community Ombudsmen and real estate service providers will need to become Advisors or Industry Assistants to tomorrow’s CEOs. Does your firm foster an “ideas for growth” environment?



Invest In Research

Easy to say...often challenging to implement. However, to achieve/exceed your growth expectations, you must place knowledge on the same level as you place the production team. Having just “ok” or “good” research or using the data provided by others is not acceptable in an environment where decisions must be made quickly. Ideas for new products, new services, new designs and new technologies spring from a research base that combines publicly available and proprietary real time data. You need “intel” to learn what your customers want, need and expect. You need research to distill information and convert it into possibilities.

Every real estate firm today (big or small, public or private) has one primary task...to enable the future rather than simply foresee the future. This is why so many innovations in the current real estate market come from small, entrepreneurial and enterprising firms. Often the larger the firm, the more entrenched it is in process, bureaucracy, hierarchy and precedent. One of the keys to growth can easily be traced to the level and quality of the research. Obviously you cannot (nor should you attempt) to create a research group similar to CBRE, JLL or Grubb & Ellis, but you have a responsibility to not rely on historical data to make prospective bets on the future. **Knowledge is the key in a marketplace of uncertainty.**

Work On Time Creation

Too often I hear real estate CEOs, Division or Department leaders, or onsite personnel say, “I don’t have enough time.” The inability to manage multiple personal and professional priorities (“balancing”) amid a storm of emergencies and must-have-now deadlines can be stifling and demoralizing. How can you lead a growth initiative if you do not have enough time? Just imagine what you could do with five, 10 or 15 hours of “extra” time each week! In much of the coaching I do with real estate industry CEOs, the primary focus is on time creation rather than managing time. From delegation to rethinking

roles and responsibilities, **the goal of every real estate Executive should be the reduction of time-consumers and embracing of time-creators.** Leaders are supposed to lead. I encourage you to read at least three of the 15 books highlighted on the list below. Learning the art of creating time to make critical decisions is the essential attribute of great leaders. John Quincy Adams said, "If your actions inspire others to dream more, learn more, do more and become more, you are a leader." The way you achieve this is by creating time to lead rather than managing time you have available.

Great Books On Leadership

- ❑ *Questions of Character: Illuminating the Heart of Leadership Through Literature*, by Joseph L. Badaracco, Jr., Harvard Business Press, 2006.
- ❑ *Team of Rivals: The Political Genius of Abraham Lincoln*, by Doris Kearns Goodwin, Simon & Schuster, 2006.
- ❑ *On Becoming a Leader*, by Warren Bennis, Basic Books, 2003.
- ❑ *Leadership*, by James M. Burns, Harper Perennial Modern Classics, 2010.
- ❑ *The Essential Drucker*, by Peter F. Drucker, Harper Paperbacks, 2008.
- ❑ *Deep Change: Discovering the Leader Within*, by Robert E. Quinn, Jossey-Bass, 1996.
- ❑ *On Leadership*, by John W. Gardner, Free Press, 1993.
- ❑ *The Fifth Discipline: The Art & Practice of The Learning Organization*, by Peter M. Senge, Crown Business, 2006.
- ❑ *The Leadership Challenge*, by James M. Kouzes and Barry Z. Posner, Jossey-Bass, 2008.
- ❑ *The 21 Irrefutable Laws of Leadership: Follow Them And People Will Follow You*, by John C. Maxwell, Thomas Nelson, 2007.
- ❑ *The Art of War, Sun Tzu*, by Samuel B. Griffith, translated by B.H. Liddell Hart, Oxford University Press, 1971.
- ❑ *The Endurance: Shackleton's Legendary Antarctic Expedition*, by Caroline Alexander, Knopf, 1998.
- ❑ *Never Give In! The Best of Winston Churchill's Speeches*, by Winston Churchill, Hyperion, 2004.
- ❑ *Wooden on Leadership: How to Create a Winning Organization*, by John Wooden and Steve Jamison, McGraw-Hill, 2005.
- ❑ *Alive*, by Piers Paul Read, Harper Perennial, 2005.

Source: CEL & Associates, Inc.

You Have A Choice...Make It!

Growing an organization requires vision, leadership and talent. Growing the bottom line requires an alignment of interests, clear priorities and a workplace environment designed for success. Every real estate leader today, and I have met thousands, has the opportunity and the responsibility to make choices: Choices on what to do, whom to hire, when to buy and when to sell...choices on price, terms, conditions and branding.

A critical part of the day for every real estate leader is to visualize the dream and actualize the opportunity. Delaying decisions, agonizing over yet-to-be-made decisions or rushing to a decision without all the facts, can be fatal mistakes. **As a leader, you must stop thinking about the "what-ifs" and focus on "what could be."** If you want to lead, act like a leader...become a leader! Everyone has choices...it is the choices you make every day that determine whether your company will succeed or merely be an "also-ran."

You May Not Be A Genius...But You Can Aspire To Think Like One

One of the keys to growth is acknowledging that you may not know everything you think you know. Trust me...if I assembled the smartest people I know and asked them for ideas on how things could be done better, there would be no shortage of ideas. **When leaders adopt antiquated initiatives for growth, it is because they continue to believe yesterday's successes can be repeated ad infinitum.** Tapping into tomorrow's opportunities requires one to accept the reality that your success comes from collaboration with others. Many opportunities are available to you today...unfortunately, others may have beat you to them. **Finishing second isn't an option. Hearing about opportunities after-the-fact is not a desired strategy.** You don't need to be a genius; you just need to recognize the opportunities before you. As Albert Einstein said, "A man should look for what is, and not for what he thinks should be." **In the real estate industry, true genius resides in those who take the path less traveled.** The list below highlights just some of the many business development strategies you may want to consider.

Select Business Development Strategies

- Determine your competitive advantage niche(s) and become the acknowledged expert in that sector.
- Create a "client revenue potential" target and assign an accountable Client Development Team to achieve that goal.
- U.S. corporations have around \$2 trillion on their balance sheets...go after it.
- Restructure incentive programs to acknowledge the added value of vertical selling.
- Create a focused list of target clients, and then create/implement an ongoing communications plan. Create a reason for them to call you.
- Assign two to five "new" client targets to each Executive and hold that person accountable for creating a new business opportunity.
- Diversify and scale your service offerings to remove any barriers to engagement.
- Make yourself "easy to do business with."
- Create a Client Awards or Recognition program that acknowledges and thanks those who have remained loyal and consistent users of services.
- Require every employee from Vice President level and above to serve on at least one professional and/or business community board or committee.
- Create and implement a robust branding campaign...do not assume everyone knows everything about your organization.
- Create community tie-ins with your properties. Adopt a local charity.
- Mine your existing Tenants for expansions and referrals.
- Create an "Insider Vault" of valuable research available only to "qualified clients."
- Remove all references to "Me," "I" and "We" from marketing materials...focus on the customer first and foremost.
- Assign select Executives to be "Industry Experts" within those target areas of opportunity...require each to prepare quarterly "Industry White Papers" on trends and opportunities.
- Seek ways to collaborate and form strategic alliance relationships with others to complement your capabilities.
- Create a market-valued index or rating that will gain you monthly recognition.
- Streamline all business development practices by moving to a point-and-click, Internet-based resource.
- Add a "Clients Only" feature to your website.
- Create a memorable "leave-behind" artifact that tells your story when you are no longer in the room.

Source: CEL & Associates, Inc.

Get Connected

CEL & Associates, Inc.'s **FutureScan** research has identified a long list of customer-driven industries that represent tremendous, long-term growth opportunities for real estate firms. However, **to capture those opportunities, you must go beyond the expected** and become connected to and knowledgeable about those growth sectors. For example, if you intend to take advantage of the growing healthcare industry, did you know that around 600,000 establishments comprise that sector? Total healthcare expenditures in the U.S. were \$2.76 trillion in 2010, or around 17% - 18% of the U.S. economy. Total worldwide expenditures on healthcare were estimated to be around \$5.7 trillion in 2011. So getting connected to the healthcare industry requires getting involved, actively participating in industry conferences, learning or becoming a specialist in one of hundreds of healthcare sectors.

Finding the future opportunities in the healthcare sector or any of hundreds of sectors, does not happen by invitation, fiat or osmosis. Yet many real estate firms declare their intent to grow in a specific industry; but other than an announcement, it is the same folks marketing the same services, in the same way, using the same language and techniques they used on an entirely different sector. Bottom line...that does not work. **You must hardwire the voice of the customer throughout your organization.** Make customer service one of your key values. Build valued, recurring relationships and above all...get and stay connected.

Insight Comes From Foresight

Growing a real estate company is not easy. **However, successful growth strategies come from a perception of what could be that is actualized through the insight gained from the incubation of great ideas.** Now is not the time to do what is needed...it is the time to do what is right. You can't run a property, a department or a company day-to-day. You lead a property, a department or a company from a vision (insight) that is transforming and embraced by all. Trammell Crow said, "There is as much risk in doing nothing as there is in doing something." Gerald Hines commented when asked about the insight he had for his Houston projects, "I think maybe we created a competition that elevated what others had to do." Having the foresight that generates insight were the monikers for industry leaders such as Trammell Crow and Gerald Hines. Now there is a new generation of leaders who must provide the insight.

10 Problems That Can Derail Your Company In 2012

1. Cautious/parochial management culture.
2. Business-as-usual management process and style.
3. Initiative gridlock...lack of customer-centered growth.
4. Disengaged employees and non-aligned leadership.
5. Lack of focus and sense of urgency.
6. Lack of vision, goals and priorities.
7. Poor communication and compromised values.
8. Lack of a differentiating story.
9. Inability to access capital.
10. Aging workforce immune to new ideas.

Source: CEL & Associates, Inc.

Fixate On Customer-Centered Quality & Growth

Henry Ford said, "**Think you can or think you can't and either way you'll be right.**" This logic applies to growing your business. When your firm or property becomes customer-centered, you:

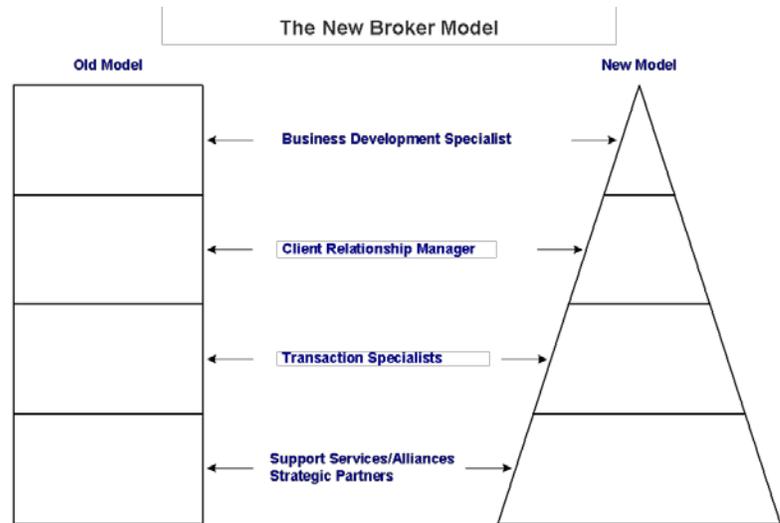
- Value the customer relationship.
- Seek to deliver the highest level of quality and service every day.
- Strive to be the best.
- Deliver real time customer service (i.e., "when the customer wants it").
- Are accessible, meet commitments and exceed expectations.
- Anticipate problems before they happen.
- Regularly monitor and measure customer opinions.



Customer-driven success requires a firm to believe in the goal and to live the commitment. Within the real estate industry, that means designating Client Champions...individuals and teams who have a mandate to secure, satisfy, retain, grow and leverage each valued customer relationship. As a company, department, division or site leader, you must buy into a customer-driven, not asset-driven, strategy. It is not about the building; it is about those who occupy the building and the daily activities which occur inside the building. Many traditional ways real estate organizations have sought new business opportunities are outdated, restrictive and cumbersome. **Too many firms cling to their old ways of trying to grow the business.** The known is far more comfortable than the unknown. Change is awkward, but if you want to achieve superior operating and financial results, you must become far more customer-centered. The Broker Model below highlights the new thinking as we go forward into 2012.

Focus...Focus...Focus

Getting everyone in the organization to focus on a large number of growth goals can be as challenging as herding cats. Too often, real estate firms believe that 15, 20, or 30 goals mean more growth when the opposite is actually true. **Remember, you do not make your company successful...that is done by your customers and/or clients.** Thus, getting your customers to focus on you; your solutions; your knowledge; your capabilities; your capacity; your ability to execute; your values; and why your business model is their best solution, is paramount. I have found over the past 30+ years that embracing three to five goals (not 10



Source: CEL & Associates, Inc.

– 20) achieves a far better result than seeking a laundry list of company, department and site goals. To create a focused environment, you must repeat the focus over and over and over again. Make the focus...the aligned priorities...a part of your company's DNA. **Grow the business you know rather than seek to emulate your competitors.**

Getting focused probably will meet with resistance, however growing your top line does not happen by accident or repeating fractured strategies of the past. In 2012, you must see the target, extend your thinking beyond "what we have always done," and engage everyone in the goals. **When you are focused, you will find that customers, clients, talent and capital tend to gravitate toward you.** Getting focused isn't a product, a service or policy; it is a way of conducting business. Narrowing your focus will not achieve immediate results, but it will build an environment for future success.

Closing Comments

Growth is, indeed, an art as well as a science. Within the real estate industry, it is time to cast off the old and embrace the new ways to grow your business. **There are literally hundreds of opportunities created every day...you just are not aware or exposed to them.** In 2012, it is time to expand your horizons, embrace the need to change, adopt the proper strategies and successfully execute the tactical actions to win. Why wait?

If you'd like to share your comments, insights or ideas, please email them to newsletter@celassociates.com.

Regards,



Christopher Lee

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<http://www.celassociates.com/onlinenewsletter/AContrarianPerspective-SA-K110211.pdf>

The Role Of Real Estate In Society

<http://www.celassociates.com/onlinenewsletter/TheRoleOfRealEstateInSociety-SA-K091411.pdf>

Prospects For A Real Estate Recovery Could Wait Until 2013

<http://www.celassociates.com/onlinenewsletter/ProspectsForRealEstateRecovery-SA-K082211.pdf>

Tomorrow Has Already Arrived

<http://www.celassociates.com/onlinenewsletter/TomorrowHasAlreadyArrived-SA-K062711.pdf>

Age Of Consequence & Opportunity

<http://www.celassociates.com/onlinenewsletter/AgeOfConsequence-SA-K050611.pdf>

Take Control Of Your Destiny

<http://www.celassociates.com/onlinenewsletter/TakeControlOfYourDestiny-SA-K032911.pdf>

Real Estate Outlook 2010-2020 Part II:

<http://www.celassociates.com/onlinenewsletter/RealEstateOutlook.2010-2020-PartII.SA-K060110.pdf>

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Real Estate Cycles – They Exist...And Are Predictable:

<http://www.celassociates.com/onlinenewsletter/Cycles-2010-SA-K040110.pdf>

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