

Issue K101719

Future Proofing Your Company For Tomorrow's Challenges & Opportunities

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Friends & Colleagues:

The pace of demographic, technology, market, geopolitical, product, regulatory, environmental and structural change is accelerating at warp speed. What one formerly could “count on” is no longer reliable. What one turned to as a source of stability and assurance is undergoing massive change. What once was considered “locked-in” is now a moving target. While the human spirit is naturally curious, the cloud of uncertainty and doubt on what “could happen” creates barriers and an embedded reluctance to “move forward” or lean in. In a hyper-connected, digitally super-charged world, the levels of stress, tension, apprehension, fear and frustration rise. **No one wants uncertainty...yet every day in the real estate industry is filled with uncertainty** [i.e., “How do I bet in a game where the rules and players are constantly changing?"]. **The need for confidence, self-awareness, predictive knowledge, transformative leadership, authenticity and transparency are minimum requirements to navigate the new and turbulent “normal” successfully.**

To prosper in today's and tomorrow's phantasmagoric marketplace, brimming with new ideas, innovations, technologies and out-of-the-box thinking, **real estate firms must embrace solutions and strategies that “future proof” the organization and enterprise.** Future proofing a company mandates looking ahead, not in the rear-view mirror. The past cannot be changed, and **those who look only to the past or present are very likely to miss the future.** Future proofing a real estate

company is more a change of mind and attitude plus a curiosity to discover the many opportunities that await. Remember that many well-traveled roads may lead nowhere. Your company should consider blazing a new trail. The French poet Paul Valery wrote, **“The future, like everything else, is not what it used to be.”** Now, more than ever, is the time to “future proof” your company.

In this issue of Strategic Advantage, we examine and highlight the nine strategic actions necessary to future proof your company.

Vision, Purpose & Priority

“If you don’t know where you are going, any road will get you there.” **The foundation of future proofing is having a clear vision of what you [the organization] are seeking to accomplish/achieve over a finite period of time [say, three to seven years].** However, to create a viable vision requires answering these questions: [1] Why does the company exist? [2] Who is and/or should be your customer...what are their needs and expectations? [3] What current and emerging trends and disrupters that will impact [positively and negatively] and [re]shape current and future opportunities? [4] What is the company’s purpose, what is the company’s strategic/competitive advantage and what does the company stand for? and [5] What are your core values/principles, and how do they shape your vision?

Remarkably, many real estate companies have no clue where they are going or why they continue to do today what they did yesterday. Far too many real estate firms do not integrate or have not welcomed the best practice concepts of: embracing transparency; adopting the “multiplier effect;” aligning *all* Stakeholders to a shared goal; implementing principle-based operating systems/practices; and deploying operating standards of excellence. The approach in Vision, Purpose & Priority involves exploring fundamentals such as: why we are in the business, what value do we bring to the business, how we are positioned to achieve a competitive advantage, and if the organization is working for a higher cause. **Clarity of vision combined with clarity of purpose and priority will result in improved performance and assure long-term relevance and success.** Another great way to future proof your organization via “Vision, Purpose & Focus” is to embrace Socratic Ignorance...which means that “the

2020 The Year Of The “T” Word

- **T**alent Recruitment, Retention & Rewards
- **T**echnology, Innovation, Integration & Disruption
- **T**ransition [Generational]
- **T**oo Much Capital
- **T**argeted Growth Strategies
- **T**rusted Brand Development
- **T**ransformative Leadership
- **T**eam-Based Collaboration
- **T**ransparency
- **T**rend Aware, Responsive & Anticipatory
- **T**enacious New Business Development

Source: CEL & Associates, Inc.

only thing I know is that I know nothing.” Only by asking the “why” question repeatedly when shaping your Vision, Purpose & Focus will get you to the “real” answer quickly. Gary Keller’s book, *The One Thing*, is an adaption of Socratic Ignorance. By linking questions with *The One Thing*, a company can find its purposeful direction. For example, if your “one” passion is creating great buildings, then you need to develop “one” great set of skills around development. That means you must surround yourself with great talent to execute “one” project successfully to create and strengthen “one” great brand, which attracts capital and

makes your firm the number “one” choice for investors, which will...you get the picture. **Setting a clear Vision, Purpose and Priority is the foundation of future proofing your company. Knowing where you are going and what you are trying to achieve provides the clarity required to make the right decisions.** What is your North Star?

Embrace The 80/20 Principle

It is very likely that 20% of your clients/investors account for 80% of your profits, 20% of your talent is producing 80% of the results, and 20% of your investments generally account for 80% of your returns. Therefore...it is clear that 20% of your decisions account for 80% of your success. Obviously, these percentages may not be the exact figures for your company, but **the simple truth behind these numbers is that success is often confined to the 20%, and time spent is often overly weighted to the 80%.** Knowing when and how to get involved to assure the 20% is critical, but the goal should be to dramatically strengthen the talent, systems and business practices that comprise the 80%. In a 500-person real estate company, for example, future proofing would mandate that you take the 20% [the 100 top leaders and performers] and increase that to, say, 150 or 200. Empowering others, removing barriers to success, eliminating redundancy and upgrading talent are some of the essential key strategies to deploy.

Remember that you should [or very likely can] eliminate up to 80% of unnecessary paperwork, duplicative systems/processes and outdated policies and procedures. As much as 80% of the time spent on scheduled, impromptu, “urgent” and legacy meetings should be eliminated. Up to 80% of the “number of touches” for a form, contract, agreement or lease can be eliminated through

Growth Strategies

Look Beyond To:

- Compatible industries.
- Strategic groupings of “potentials.”
- The value chain of customers.
- Completely different product/service offerings.
- Functional and emotional appeal opportunities.
- Complimentary offerings.
- Customer segmentation.
- Customization and personalization.
- Adjacencies.
- The value propositions.

Source: CEL & Associates, Inc.



automation, bundling, reducing the number of those who “must” touch and revising business practices and processes.

Did you know that around 80% of the “hires that did not work out” could have been reduced by using hiring teams, proper testing/screening and core competency hiring practices? In Property Management, many leaders believe that 80% of the internal communications needed to inform, educate and share information should have occurred *before* a meeting. Construction leaders believe only 20% of their time is spent creating value, while 80% of their time is spent protecting value. IT spends 80% of their time “fixing” problems that could or should have been prevented/eliminated. Financial Analysts

complain that 80% of their time is spent “reinventing the wheel” and only 20% on identifying value opportunities. Acquisitions personnel build a pipeline, knowing that 80% will be eliminated/rejected so

Generations In The Workplace

Generational Career Goals		Differing Views Regarding Teamwork	
> Baby Boomers	Build a stellar career.	> Baby Boomers	What's in it for me?
> Gen X	Build a portable career.	> Gen X	Great way to meet potential partners.
> Millennials	Build parallel careers.	> Millennials	That's all they know.
> Gen Z	Build career options.	> Gen Z	Survival insurance.

Differing Views Of Work		Differing Views Of Work Schedule	
> Baby Boomers	Job advancement & fulfillment.	> Baby Boomers	Career hours...whatever it takes.
> Generation X	Financial security.	> Gen X	Flexible hours...but let's get it done the quickest way.
> Millennials	Career security.	> Millennials	Meaningful hours...work to deadlines and goals...not schedules.
> Gen Z	Personal security.	> Gen Z	Valued hours...for company and community.

Differing Career Paths		Differing Views Of Rewards	
> Baby Boomers	Spend time getting skills.	> Baby Boomers	Money, title and the corner office...career advancement.
> Gen X	Desires instant promotions and responsibilities.	> Gen X	Work gives me the money for freedom...time off.
> Millennials	Seeks rewarding experience to grow.	> Millennials	Work has meaning...but need public praise.
> Gen Z	Full-time personal brand managers.	> Gen Z	Money less important than personal/professional stability.

Differing Views Of Senior Management		Differing Views Regarding Compensation	
> Baby Boomers	Relationship-based.	> Baby Boomers	I want to get recognized.
> Gen X	Mistrust.	> Gen X	I want what others get.
> Millennials	Prove it.	> Millennials	I want rewards for contribution.
> Gen Z	Need it for reassurance.	> Gen Z	I don't want surprises.

The Comments of Change Killers

- > “We can’t afford this,” or, “It isn’t in the budget.”
- > “We’re too busy to make these changes.”
- > “Can you guarantee this will work?”
- > “None of our competitors are doing this.”
- > “Let’s form a committee to evaluate this.”
- > “Why change what we have done for years?”
- > “I am all for change, but . . . “
- > “We can solve this internally.”
- > “Let’s discuss this later.”
- > “I’m not convinced we need to change.”

Source: CEL & Associates, Inc.

the remaining 20% will be far more likely to “get approved.”

Yes, the 80/20 Principle is alive and well within real estate firms today. To future proof your company effectively, **you must make dramatic changes to the 80/20 Principle...with a goal to achieve a 50/50 Principle.** These changes will likely include modifying organizational architecture, staffing levels and compensation plans and incentives.

Technology Disrupters

Mobile / Wearable Technology	Cloud Technology	Energy Storage	3-D Printing
<ul style="list-style-type: none"> ❖ 6 billion devices connect in 2016...75 billion by 2025. ❖ Hologram phones by 2020. ❖ Virtual reality tours (\$80 billion industry by 2025). ❖ The office, home and mobile devices are becoming one. ❖ Work and commerce now follow the person. 	<ul style="list-style-type: none"> ❖ 80% of all apps will run in the cloud by 2025. ❖ All enterprise data will be in the cloud by 2025. ❖ Nearly 80% of IT budgets will be spent on cloud technology by 2025. ❖ 85% of CRM tools will be delivered by cloud in 2025. 	<ul style="list-style-type: none"> ❖ Every home/unit will have a battery on the distributed grid. ❖ \$10.8 billion market by 2025. ❖ Rise of the zero-energy building...the "Living Building." ❖ Charging personal devices from space. ❖ Energy storage to grow 14X by 2025. 	<ul style="list-style-type: none"> ❖ \$5.1 billion in 2016...going to \$35 billion by 2020. ❖ 42% of manufacturers intend to use 3D printing by 2020. ❖ Massive supply chain disruption. ❖ Building materials manufactured onsite.
The Internet Of Everything	Advanced Robotics	Next-Generation Genomics	Social Media
<ul style="list-style-type: none"> ❖ Rise of personal robots (35 million by 2020). ❖ Rise of industrial robots (\$45 billion industry by 2025). ❖ 47% of all jobs in the U.S. can be automated. ❖ \$7.1 trillion market by 2025. 	<ul style="list-style-type: none"> ❖ Surgeries, healthcare, legal, financial services at risk. ❖ Manufacturing and emergence of Fetch robots. ❖ 65% of children in primary school today will work in a job that does not exist currently. ❖ Driverless cars, trucks and planes. 	<ul style="list-style-type: none"> ❖ Medical care and cures will be revolutionary. ❖ Ability to improve agriculture production. ❖ Ability to create bio-fuels. ❖ Nearly every body part is replaceable. 	<ul style="list-style-type: none"> ❖ Battle for share of engagement. ❖ Advertisers and customers connected by predictors. ❖ By 2025, clothes will detect feelings and needs. ❖ 2.0 billion social media users in 2016.

Source: CEL & Associates, Inc.

Reimagine A New Organizational Architecture

When creating a future proof company, the organizational structure, reporting systems, decision-making authority and having “true” leaders [not managers] who know how to create value are critical factors. Is or should the organizational structure be driven by function, customers, capital, historical precedents, personalities, value, product/service, or geography? Should the organizational structure be a learning, matrix, helix and/or a collaborative structure? As network ecosystems and relationships replace organizational hierarchies, **the question is no longer “whom do you work for” but “whom do you work with?”** The abilities to adapt, reset and reprioritize with speed and agility are essential building blocks to future proofing your company. The utilization of teams [fixed or temporary], shared information, transparency, helix organization architecture and reward systems based on contributions, not title, should be the organizational requisites of every real estate organization. Accept the relationship between humans and machines. The concept of “organizational network analysis” to uncover stated and unofficial communication channels and relationships can map a more efficient and effective organizational structure. Even real estate organizations must migrate human cognition to a higher level.

Accountability, clear performance goals and leadership links are crucial in the fluid organizational structure of tomorrow. **The integration and utilization of business intelligence tools, predictive analytics and contemporary decision-making business models in an increasingly digitized and mobile marketplace mandate new organizational architecture.** Whether one selects a matrix, hierarchical or flat organizational structure, the keys to future proofing your organization are accountability, fluidity and a structure that stimulates/welcomes innovation, new ideas and career development. How many leaders in real estate companies are in their positions because of time, legacy hires or evolutionary reasons? To future proof your organization, consider an independent organizational assessment and 360 evaluation of all your leaders. **“Getting it right” is as important as “Getting it done.”** Today, too many focus on changing others rather than changing

themselves. When creating and deploying new organizational architecture, remember this quote from George Bernard Shaw, **“Those who cannot change their minds cannot change anything.”** Now is the time to restructure and dramatically future proof your organizational odds for success.

Get Your Financial House In Order

Any real estate company’s dependency on “doing deals” to pay for corporate overhead is on a slippery slope to irrelevance. Any real estate company that relies on talent who can walk out the door on any given day to the highest bidder is on the precipice of an unsatisfactory outcome. Any real estate company that does not invest in the future [technology, talent, new ventures, systems, best practices] is on a road to nowhere.

There are several key “financial strategies” to getting your house in order. These include: [1] create a balance sheet with sufficient reserves; [2] create a process to establish and maintain a “rainy day” fund; [3] create a recurring income platform [i.e., property management, asset management, fund management, capital management or servicing, etc.] that will pay 100% of corporate overhead; [4] deploy a compensation model that attracts, retains, motivates and rewards outstanding talent and performance; and [5] create a formal Board of Directors including Independent Board members. Setting aside money for the unexpected and for the inevitable setback is a key component of future proofing your financial affairs. **Overleveraging, generously over distributing profits and mismanagement of expenses are poor and unsustainable business practices.** Establishing a realistic divider/distribution policy; reducing one’s cost of capital; eliminating risk and potential legal exposure; and viewing vendors as “Performance Partners” are very important future proofing steps.

However, some of the most significant “things to get in order” are long-term Shareholder/Partnership and Operating Agreements. If your governance agreements have not been updated in the past few years, they are most likely inadequate and void of many, if not most, of the new governance structures and/or language. Further, have a clear understanding of levels of decision-making and accountability needed to drive financial/operating sustainability.

The Real Estate Industry Is Impacted By Mega And Super Cycles	
Mega Cycles – Occur Every 40 Years	
1880 - 1920	Industrial Era
1920 - 1960	Nation Building
1960 - 2000	Boomer Awakening
2000 - 2040	Digital Age
Super Cycles – Occur Every 20 Years	
1880 - 1900	Rural Connectivity
1900 - 1920	Industrial Transformation
1920 - 1940	Infrastructure Expansion
1940 - 1960	Post-War Economy
1960 - 1980	Period of Change & Challenge
1980 - 2000	Financial Engineering
2000 - 2020	Internet of Everything
2020 - 2040	Generational & Demographic Transition

Source: CEL & Associates, Inc.



Establish a positive, mutually beneficial relationship with a lender that can: [1] provide a line of credit; [2] support the formation of a Guarantee Corp.; [3] provide business intelligence to identify opportunities; and [4] provide, if needed, project loans. Securing a long-term capital source/partner for growth, investments and opportunity investing is another required future proofing financial strategy. Programmatic capital for

investors is a short-term but not a long-term solution. **Remember, capital should work for you... you shouldn't work for the capital!**

Ensure Your Customers' Success

Without tenants, residents, investors, lenders, clients/customers and strategic/venture partners, you will see no successful outcomes. Brokers without clients, property managers without tenants or residents, developers without capital or fund managers without investors are the reasons why ensuring your customers' success is a key principle in future proofing your organization.

To ensure your customers' success you must know, understand and be able to define solutions for how your customers define success. No two customers are alike, no two solutions are the same and no two customers have the same service, products or outcome perspectives. **Unfortunately, many in the real estate industry treat customers or clients as commodities...easily replaced, interchangeable and/or of little future value.** While many talk a "customer first" game, their actual plan identifies success as the number of leases made, the cap rate of a building sold, rental income or total capital raised. Very few truly understand their customer, the customer of their customer, the primary business drivers of their customer, or the strategic goals and long-term objectives of their customers. Exceeding the expectations of your customers cannot be mandated or manifested through brochures, websites, marketing slogans, declarations or promises. Encouraging your customers' success cannot be achieved by a "one-size-fits-all" service or product delivery platform. Only by completing a comprehensive "**Customer Journey**" mapping process can you truly discover and uncover critical touch points.

11 Emerging Leadership Challenges

- Ability to integrate and leverage the firm's technology platform.
- Ability to recruit, retain and reward talent.
- Ability to build valued and recurring relationships.
- Ability to create a continuous learning environment.
- Ability to implement a real-time service delivery system.
- Ability to overcome ongoing regulatory and governmental changes.
- Ability to diversify and invest in the future.
- Ability to control rising operational costs.
- Ability to access capital.
- Ability to delegate authority, empower others and let go of control.
- Ability and/or willingness to change.

Source: CEL & Associates, Inc.



2030 Growth Market Characteristics

- | | |
|---|--|
| <input type="checkbox"/> Tax and business-friendly markets. | <input type="checkbox"/> Markets with social/civic amenities/options. |
| <input type="checkbox"/> Capital cities. | <input type="checkbox"/> Markets with high barriers to entry. |
| <input type="checkbox"/> City leaders who place community interests first. | <input type="checkbox"/> Markets with mild weather climates. |
| <input type="checkbox"/> Creative class, STEM and 24/7 cities. | <input type="checkbox"/> Markets with positive net-immigration rate. |
| <input type="checkbox"/> Robust entertainment and sports venues. | <input type="checkbox"/> Markets with strong employment growth. |
| <input type="checkbox"/> High walkability score. | <input type="checkbox"/> Presence of development incentives. |
| <input type="checkbox"/> Markets creating a dynamic economic multiplier. | <input type="checkbox"/> Presence of major colleges and universities. |
| <input type="checkbox"/> Markets exhibiting population and economic growth. | <input type="checkbox"/> Presence of major hospitals and healthcare facilities. |
| <input type="checkbox"/> Markets lacking rent control and burdensome regulations, and with lower impact fees. | <input type="checkbox"/> Presence of major or regional airport. |
| <input type="checkbox"/> Markets of interest to investors and lenders. | <input type="checkbox"/> Presence of transit centers and robust transit systems. |
| <input type="checkbox"/> Markets where a competitive edge can be achieved. | <input type="checkbox"/> Proximity to ports and/or logistics hubs. |
| <input type="checkbox"/> Markets with a digital infrastructure. | <input checked="" type="checkbox"/> Future ready cities. |

Source: CEL & Associates, Inc.

2030 Future Ready Cities

Current		Emerging	
Atlanta, GA	Nashville, TN	Ann Arbor, MI	Madison County, AL
Austin, TX	New York City, NY	Bethesda, MD	Madison, WI
Baltimore, MD*	Northern Virginia	Boulder, CO	Milwaukee, WI
Bellevue, WA	Philadelphia, PA	Charleston, SC	Norfolk, VA
Boston, MA	Portland, OR	Cincinnati, OH	Oakland, CA
Chapel Hill, NC	Raleigh-Durham, NC	Colorado Springs, CO	Oklahoma City, OK
Charlotte, NC	Redmond, WA	Ft. Collins, CO	Provo, UT
Chicago, IL*	Salt Lake City, UT	Hartford, CT	Pittsburgh, PA
Dallas-Ft. Worth, TX	San Diego, CA	Huntsville, AL	Richmond, VA
Denver, CO	San Francisco, CA	Indianapolis, IN	Tampa, FL
Houston, TX	Seattle, WA	Potential	
Los Angeles, CA	Silicon Valley, CA	Birmingham, AL	Virginia Beach, VA
Miami, FL	Tulsa, OK	Detroit, MI*	Columbus, OH
Minneapolis/St. Paul, MN	Washington, D.C.	Orlando, FL*	Wilmington, DE

Source: CEL & Associates, Inc.
* Long-term status; Fiscal and/or political challenges may alter a city's status in the future.

Real estate firms using a customer-centric business model and who have made customer service a behavior, not a policy, and who have created a customer-first culture will strengthen their future proofing business strategy. The best indicators of success are regular, independent surveys of customer opinions and perceptions. After conducting and reviewing millions of customer surveys performed by CEL & Associates, Inc., it is clear that some firms connect with their customers and some don't. **Listening to the voice of your customer and integrating the voice of your customer into your future proofing strategies** will enable your organization to retain and leverage its valued customer base. It is very important to know your customers' concerns, priorities and how they measure the success and value of your relationship. Knowing "who is our customer" is a vital first step to ensure your customers' success. Deploying a robust CRM system, mapping the entire customer experience, identifying the number of customer touches with your company [or product/service], implementing a contemporary **Client Experience Management** ["CEM"] process, staying in regular contact with your clients, and hiring/training employees to be customer-centric [24/7] represent great future proofing steps every best-in-class real estate firm should embrace. Bottomline...take care of your customers, and they will take care of you. **Remember, it can take months or years to secure a customer and only a few seconds to lose one.**

[It Is About The Journey, Not The Moment In Time](#)

When future proofing your company, remember that the process is a journey, not a quick set of actions. Future proofing is envisioning the future, inspiring others to do the same and focusing on a mutually shared [among all Stakeholders] vision of what can be. Too often some real estate leaders believe that if they just "do this and this" that their future is assured. Unfortunately, "this and this" leads to "that and that" which results in "why and what for."

Understanding where you are now, imagining where you want to be and deploying the strategies to get there are prescriptions for relevance and competitive advantage. Future

proofing is a journey that identifies unique opportunities for success, creates an organizational commitment and alignment around non-disruptive opportunities [venues untapped by competitors]. Analyzing the market, listening to customers, anticipating and solving problems before they occur and identifying the opportunities for growth are integral steps in this journey. Do not take anything for granted. **Do not follow the actions of your competitors. Discover ways to create new demand [e.g., proprietary knowledge, predictive analytics, business intelligence]. Focus on value creation, not norms; imagine what can be, not what is; and develop a differentiating story/brand.**

Create A Self-Tuning Organization

The real estate company of tomorrow will have accelerated the speed and process of continuous learning. The creation of “integrated learning loops” that harness feedback from systems, customers, business practices, operating platforms, talent and new information will optimize both short- and long-term performance. Having fully integrated learning systems that are natural, automatic and in real time will keep an organization ahead of competitors and closer to Stakeholders. Artificial intelligence is clearly the top-of-the-line way to develop a self-tuning organization. However, many, if not most, real estate firms are not able to make the investment of time and money to implement a robust AI platform successfully.

However, a “traditional” real estate firm can take many steps to create a more dynamic and continuously fine-tuning organization. These steps can include: [1] reducing redundancy, duplicity and repetitive processes; [2] embracing rules or business processes as fluid, not rigid, structures; [3] eliminating a hierarchical decision-making process; [4] selecting, utilizing and integrating technology based on continuous learning, not just reporting what has occurred; [5] creating and deploying business/operating systems that make “automatic” decisions, thus freeing up talent to add and create value; and [6] embracing the need to create and deploy algorithm principles to make timely strategic adjustments and reprioritized tactics without direction from the CEO. Firms like Google, Amazon, Alibaba and Facebook are masters of developing and implementing self-tuning business practices throughout their organizations.

The New Business Model	
Current Model	Future Model
Dominated By Personalities	→ Dominated By Knowledge
Staffed By Employees	→ Comprised Of Collaborative Talent
Hierarchical Structure/Silos	→ Virtual Integration & Teams
Geo-Centric	→ Knowledge-Centric
Driven By Process	→ Driven By Creators Of Value
Governed By Organizational Charts	→ Consisting Of Networks & Alliances
Market Share	→ Customer Share
Based On Contracts	→ Based On Relationships & Connectivity
On-Time Fulfillment	→ Real-Time Fulfillment
Commodity-Driven	→ Experience-Driven
Service By Policy & Edicts	→ Service By Intuitive Behavior
Focus On Service	→ Focus On Solutions
Collecting Assets	→ Collecting Valued Relationships

Source: CEL & Associates, Inc.

When future proofing a real estate company, words [and policies] that reinforce adaptability and agility are needed. **Being ahead of the curve mandates a business model that encourages innovation, experimentation and exploration. Leading from behind is not an option.** Firms must



employ a culture of self-tuning; shift from a top-down decision-making organization to a dynamic network of continuous learning loops that process feedback [real time]; and let the business flow naturally...not try to swim upstream “because that is the way we have always done it.” Being able to identify signals of change before they occur, soliciting the voice of the customer and having the best talent in the right place at the right time are cornerstones of a self-tuning organization.

Build Relationships, Not Lists

This future proofing strategy easily could have been “building relationships, not points-on-the-board.” As Peter Drucker said, “**The most important thing in communication is hearing what isn’t said.**” In the real estate industry, words and actions built on trust, integrity, empathy, understanding and caring/concern matter. Whether you are a developer seeking sites, a broker seeking a buyer, a leasing agent seeking a tenant, or a fundraiser seeking capital, the true scorecard is measured by the value of the relationship established. Building relationships takes time, cannot be done via email or Twitter and requires you to be sincerely interested in the person with whom you are interacting. Unfortunately, the real estate industry today honors and publicizes the Top Producer, Most Square Feet Managed, Ranking Highest Revenue or Most Leases Signed. The industry typically places greater value on statistical outcomes than the quality of relationships needed to be acknowledged as best-in-class.

It is not the number of cold calls you have made. **To future proof your organization, you must build valued, recurring relationships...not lists.** This requires: taking the time to seek and build relationships; dedicating the resources needed to “add value” to your customers; acknowledging that lasting success is built upon outcomes based on valued relationships; and knowing that how you treat customers will ultimately determine the quality of the results and your life. **Building relationships, not lists, produces results that are qualitative by design and quantitative by result.** Treat your customers as partners, not “need-to-engage commodities.” Treat your customers with the same respect you want to receive. Remember that customers are recurring; tenants and residents renew their leases, investors continue to invest and employees know that they have choices. **When an organization keeps its promises, tells the truth and has the strength** to lead with dignity and grace...valued, lasting relationships occur.

Future proofing one’s organization must elevate relationships and relationship-building skills to the same level as capital formation, number of starts, AUM, revenues, and compensation. Relationships, not lists, must be a foundational guidepost for every real estate organization.



Embrace Creative And Constructive Disruption

In the New Normal, old strategies, traditional business practices, and a “the-way-we-have-always-done-it” approach to growth and profitability are no longer preferred or effective options. Unconventional times call for unconventional

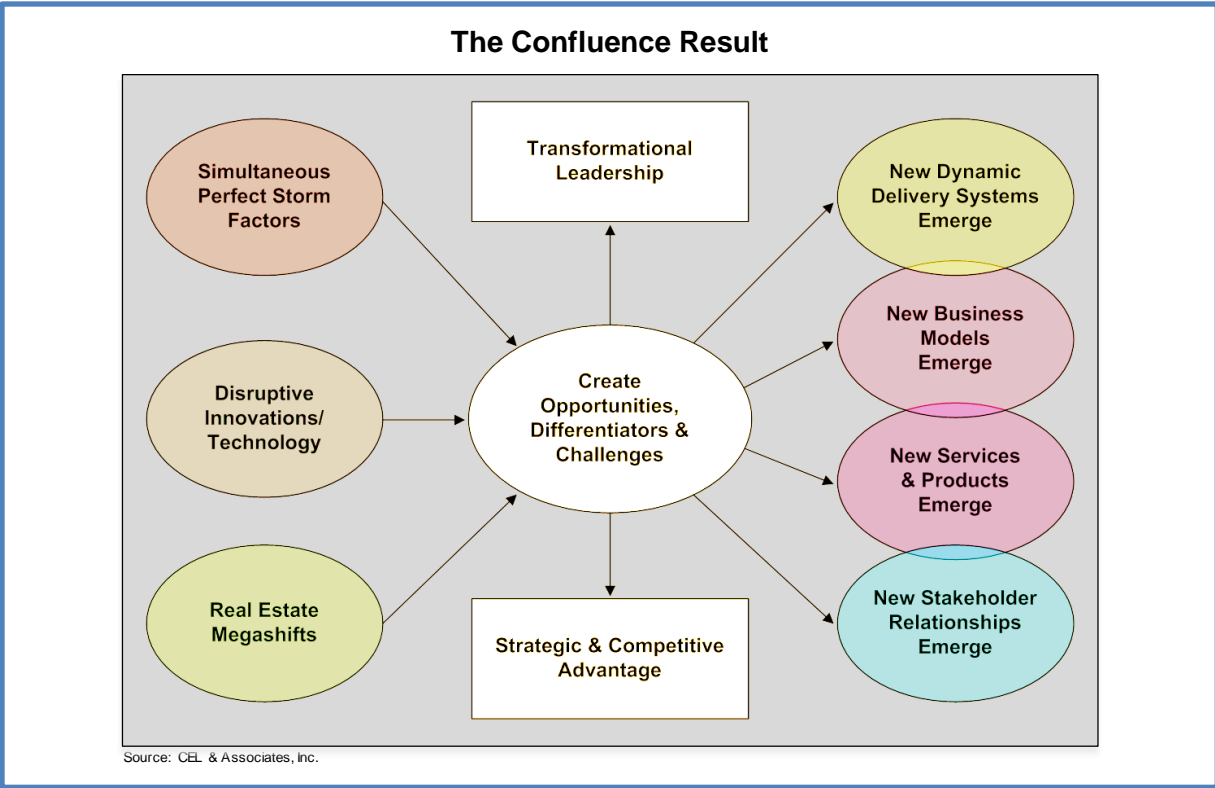
Era	Name	RE Employment Characteristics
2000s	The Great Reset	– Dramatic real estate employment highs and lows
		– Capital and entity rebalancing
		– Organization and operational platforms redesigned
→ 2010s	Gray Wave Peaking	– Boomers are peaking and thinking retirement
		– Consolidation and legacy exits
		– Technology takes center stage
→ 2020s	Work For Me Era	– Compensation and HIPO retention #1 priority
		– Redefinition of work and jobs – focus on talent
		– Age of AI, robotics, automation, and young professionals...competing in the Digital Age

Source: CEL & Associates, Inc.

solutions. Remember, every decision you make today impacts or determines tomorrow's success. A passion to look forward, to pursue tomorrow's customer, to deploy tomorrow's technology and to remove a “more-of-the-same” operating culture must be embraced. Too often real estate firms make changes or adopt strategies that may satisfy a need to do or appear to do something, while actually doing little to change the fundamentals of the organization's business practices.

When creative and constructive disruptions are embraced, the historical, emotional and safety of predictability and assurance disappear. Fear of change and the unknown, unwillingness to take risks, and hesitancy to step out of your comfort zone assures continuation of “more of the same.” Embracing constructive disruption mandates a recurring strategy that rejects obsolescence and seeks to create an enterprise momentum of continuous transformation. Instinct, intuition, anticipation and experimentation are attributes of leaders who embrace the present while preparing for tomorrow...which will come very quickly. Becoming aware of new opportunities often requires real estate firms to challenge the present, look beyond what is already known and remove the anchors of comfort and familiarity. Listen to the voice of the customer, the voice of your team, the voice of those who demand more than what you are currently providing. **Future proofing does not have to be contentious, ruthless, confrontational or a challenge.**

The power of networks [personal and structural] and connectivity are the organizational and operational ecosystem that every real estate firm should implement. **Opportunities are created by interactions. Interactions create new alignments that open the door to new business adjacencies and new possibilities.** Bottom line...embrace creative and constructive disruption in order to future proof a platform and enterprise primed for tomorrow's incredible opportunities. Choose your destiny in your pace of change...and you will exceed your expectations and potential.



Closing Comments

Many real estate firms utilize/incorporate elements of future proofing during their strategic planning process. They are looking ahead five or 10 years and then creating the desired pathway to exceed all identified measures of success. The real estate company of the future must lead, learn and internally process across generations. The self-tuning real estate organization of tomorrow embraces change and the unexpected. The successful real estate firm of tomorrow reflects the dynamics of the **Confluence Result** highlighted above. When future proofing a real estate organization, counterfactual thinking must be an integral part of the process. Tomorrow is not a continuation of today. Reflective and critical thinking must be encouraged. One of my favorite quotes is attributed to the German writer, Goethe: **“Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it.”**

Regards,

Christopher Lee

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