

Sustainable Governance Future-Proof Your Organization

- ◆ *What Is Sustainable Governance?*
- ◆ *Purpose*
- ◆ *People*
- ◆ *Process*
- ◆ *Performance*
- ◆ *Lessons Learned*
- ◆ *Closing Remarks*

Friends & Colleagues:

The real estate industry is going through a tsunami of change and transformation, and seemingly daily we face another surprise or “wow” moment. Daily shocks and uncertainties continue to include: the impact and use of AI; shifting market dynamics; fast-track industry consolidation and rising, well-capitalized competitors; projected returns versus real returns; increased government oversight; critical economic and demographic shifts; governmental regulations and policy changes; the effect of global unrest on the price of goods, oil, and economic vitality; supply/demand imbalance; and bid/ask gaps.

These critical factors, and many others, are generating both challenges and unique opportunities. Real estate entrepreneurs, leaders, and Boards of Directors are seeking answers to complex strategic questions, including how to make major pivots in strategy, priorities, and organizational/operational design. Making decisions on rapidly changing competition for great talent, setting priorities for securing a rewarding financial future, and overcoming new hurdles to reach success are daily challenges for every real estate organization. However, **the questions facing many if not all real estate firms are: “What’s next? . . .What needs to change now? . . .and “Who is going to lead and assure success over the next 10 or more years?”** Tomorrow is occurring right now, and far too many real estate firms have their heads in the sand when it comes to creating and implementing a long-term strategic plan with sustainable governance. In 2026 leading real estate firms are shifting from short-term resilience to long-term sustainability. While this quote is often [incorrectly] attributed to biologist Charles Darwin, Leon C. Megginson, Professor of Management and Marketing at Louisiana State University at Baton Rouge, wrote in 'Lessons from Europe for American Business', *Southwestern Social Science Quarterly* (1963): “**...the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself.**”



Leaving little or nothing to chance or to an assumed outcome [“because that is the way we have always done it”] is not a core strategy...it is organization suicide by self-inflicted errors of judgment.

This issue of *Strategic Advantage* explores pitfalls to avoid and pathways to achieving sustainable governance. **Today’s mantra must include balancing aspirations, expectations, leadership, strategies, valued relationships, core values, and a desire to do what’s right, not what is convenient.**

What Is Sustainable Governance?

Responsible corporate or company governance, plus the foundational pillars upon which an organization operates, makes decisions and assures a prosperous future for all Stakeholders. **Sustainable governance includes deploying a long-range strategic plan that embraces contemporary business practices while also embracing accountability, transparency, ethics, and humility.** In the real estate industry, sustainable governance includes: achieving profitability from *recurring* income sources [Asset Management, Property Management, and Capital Management fees, *not* from transaction fees or promotes];

creating a governing Board structure with Independent board members; securing long-term capital for growth; building a strong balance sheet; and hiring and empowering best-in-class talent to do great things. Unfortunately, blind ambition, self-centered egos,

Top 10 Priorities For Real Estate Firms In 2026

1. Future proofing the enterprise around core values.
2. Restructuring governance and leadership accountability.
3. Focusing on blending talent with technology.
4. Developing a long-term strategic plan.
5. Restructuring organizational architecture.
6. Driving/increasing recurring income.
7. Limiting risks and reducing liabilities.
8. Rebalancing the portfolio and rethinking “old” business practices.
9. Optimizing the customer base.
10. Utilizing external KPIs to measure performance.

Source: CEL & Associates, Inc.

and a “no-need-to-change” mentality have resulted in 36% of real estate firms lasting just 10 years, 20% of firms seeing their 20th anniversary...and only 13% of companies last more than 30 years [Bureau of Labor Statistics]. **Even worse, the majority of today’s founders or owners of real estate firms lack a formal succession plan beyond the CEO.**

Delaying the inevitable is not a prescription for successful sustainable governance. There is a reason why great firms such as Marriott [1927], Goldman Sachs [1869], In-N-Out Burger [1948], American Airlines [1926], Caterpillar [1925], UPS [1907], Boeing [1916], LL Bean [1912], CBRE [1906], among others, continue to flourish. These legacy companies’ **success over decades is based on adhering to a set of core values, dedicated leadership that put Stakeholders ahead of personal accolades, implemented an innovative strategic/forward-looking plan to achieve a competitive advantage, and most importantly, the presence of a valued, sustainable governance plan.** These

“30+-year-old” real estate firms [Prologis [1983], Hines [1957], Crow Holdings [1948], Goldrich Kest [1957], and Greystar [1993] to name just a few] have embraced sustainable governance.

Succession Facts

- ❑ Only 30% of privately-held real estate firms survive into the 2nd generation.
- ❑ Only 3% of privately-held real estate firms survive into the 4th generation.
- ❑ Promoting leaders from within has a 70% – 75% success rate.
- ❑ 85% of those who have succession plans are only for the CEO.
- ❑ Nearly 60% of today’s real estate CEOs plan to retire or phase down by 2035.
- ❑ Only 44% of today’s real estate CEOs are “very satisfied” with their entire senior management team.
- ❑ Only 15% of small- to medium-size real estate firms have formal succession plans.
- ❑ Optimal succession planning takes 4 – 7 years...that timeframe has an 80% - 85% long-term success rate.
- ❑ Biggest reason for succession plan failure is the incumbent not handing over process and decision-making.

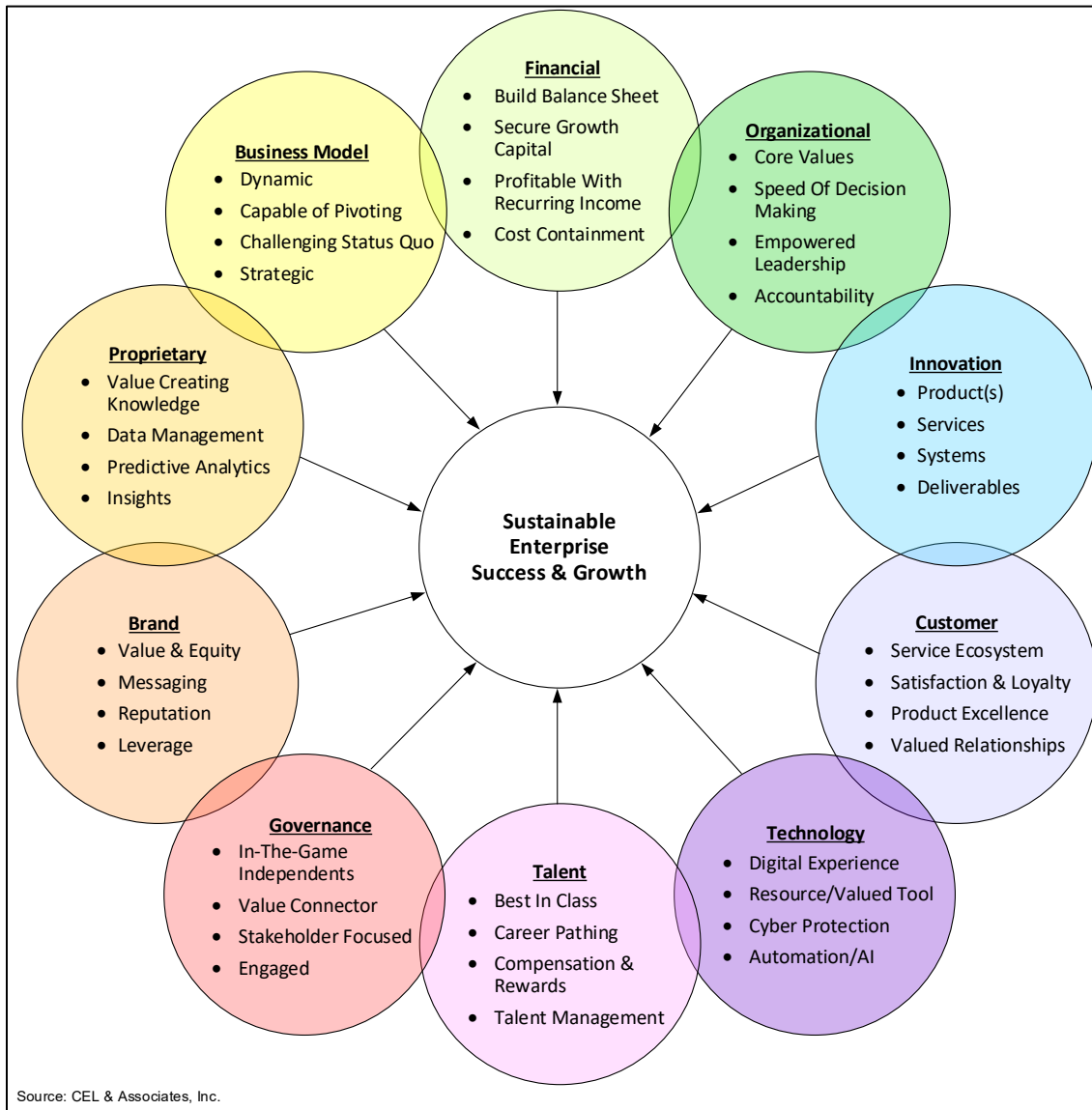
Fact: There are 54,000 residential property management companies in the U.S.
Projected: 35% of today’s real estate firms will be gone in a decade.

Source: CEL & Associates, Inc. internal studies, Cornell SC Johnson College of Business,
The Family Business Consulting Group, among others.

The three biggest drivers behind sustainable governance within the real estate industry are “guaranteeing” retirement cash flow, protecting asset and enterprise values, and assuring future priorities and key strategies are realized. **By 2035, nearly 60% of today’s senior leadership will likely be retired or “phased down.”** Sustainable governance can assure business continuity, risk mitigation, future capital monetization, and continued benefits/rewards for all Stakeholders. As Trammell Crow once said, “There is as much risk in doing nothing as in doing something.”

Sustainable governance is not just a Board, structured business practices, or seamless interconnected systems, but it **is the foundational glue that assures the organization’s resiliency** and, frankly, beneficial value for all its Stakeholders. Sustainable governance is a dynamic blueprint for the future, a crucible for adapting to unforeseen risks, and a platform for innovation, success, and best practices. Sustainable governance requires accountability, leadership, and a culture that prioritizes longevity over short-term “success moments.” Thus, governance operates through *principles* rather than rules.

Future Proofing For Success



The Four Ps of Sustainable Governance are Purpose, People, Process and Performance.

Let's examine each word and the benefits of embracing each one.

Purpose

Within the sustainable governance process, knowing your true North Star, your aspirational vision, and why the company exists will shape a clear direction, and establish aligned priorities for achieving success. **A Purpose Statement is not a Mission Statement, but it is a succinct set of words that everyone can understand and rally around.** Marriott's "our dedication to the customer shows in everything we do," or Patagonia's purpose statement, "We're in the business to save our home planet," or Goldman Sachs, "We aspire to be the world's most exceptional financial institution," are examples of defining one's purpose.

Bill Gates stated, “sustainability lies at the intersection of innovation and responsibility.” Another strongly-held belief is, “sustainable governance is not just a survival tactic, it is a growth strategy for profitability in the 21st century.”

The key to sustainable governance is defining the company’s purpose. Today best-in-class real estate firms are defining purpose with the following [paraphrased] examples as: “our clients’ interests and desired outcomes come first;” or “we prioritize hiring, motivating, and rewarding outstanding talent...the rest takes care of itself;” or “we stress teamwork, transparency, creativity, and a passion to getting it done right...the first time.”

Growing A Sustainable Business Evolution Of A Privately-Held Enterprise

<table border="1"> <thead> <tr> <th style="text-align: left;">Start-Up - \$100 Million In Assets</th> <th style="text-align: center;">1.0</th> </tr> </thead> <tbody> <tr><td>– Founder-based governance and centralized decision-making</td></tr> <tr><td>– Organic growth</td></tr> <tr><td>– Founder entrepreneurship</td></tr> <tr><td>– Limited structure, systems, and processes</td></tr> <tr><td>– Seat-of-the-pants operating approach</td></tr> <tr><td>– Founder relationships spur growth</td></tr> <tr><td>– Manage to cash flow</td></tr> </tbody> </table>	Start-Up - \$100 Million In Assets	1.0	– Founder-based governance and centralized decision-making	– Organic growth	– Founder entrepreneurship	– Limited structure, systems, and processes	– Seat-of-the-pants operating approach	– Founder relationships spur growth	– Manage to cash flow	<table border="1"> <thead> <tr> <th style="text-align: left;">\$1 Billion - \$5 Billion In Assets</th> <th style="text-align: center;">4.0</th> </tr> </thead> <tbody> <tr><td>– Two-tier governance</td></tr> <tr><td>▪ Board of Governors / Board of Directors</td></tr> <tr><td>– Empowered CEO and C-suite leaders</td></tr> <tr><td>– Robust talent management plan and practices</td></tr> <tr><td>– Standards of Excellence defined</td></tr> <tr><td>– Creation of dynamic family office[s] and value optimization strategy</td></tr> <tr><td>– Utilization of external benchmarks</td></tr> <tr><td>– Geographic expansion</td></tr> </tbody> </table>	\$1 Billion - \$5 Billion In Assets	4.0	– Two-tier governance	▪ Board of Governors / Board of Directors	– Empowered CEO and C-suite leaders	– Robust talent management plan and practices	– Standards of Excellence defined	– Creation of dynamic family office[s] and value optimization strategy	– Utilization of external benchmarks	– Geographic expansion
Start-Up - \$100 Million In Assets	1.0																			
– Founder-based governance and centralized decision-making																				
– Organic growth																				
– Founder entrepreneurship																				
– Limited structure, systems, and processes																				
– Seat-of-the-pants operating approach																				
– Founder relationships spur growth																				
– Manage to cash flow																				
\$1 Billion - \$5 Billion In Assets	4.0																			
– Two-tier governance																				
▪ Board of Governors / Board of Directors																				
– Empowered CEO and C-suite leaders																				
– Robust talent management plan and practices																				
– Standards of Excellence defined																				
– Creation of dynamic family office[s] and value optimization strategy																				
– Utilization of external benchmarks																				
– Geographic expansion																				
<table border="1"> <thead> <tr> <th style="text-align: left;">\$100 Million – \$500 Million In Assets</th> <th style="text-align: center;">2.0</th> </tr> </thead> <tbody> <tr><td>– Board-based (Partners/Independents) governance and decision-making</td></tr> <tr><td>– Fiscal controls</td></tr> <tr><td>– Organic growth plus strategic acquisitions</td></tr> <tr><td>– Beginning of key hires and delegation of responsibilities</td></tr> <tr><td>– Additional organizational structure and reporting</td></tr> <tr><td>– Manage to budget</td></tr> <tr><td>– Founders brand attracts opportunities</td></tr> </tbody> </table>	\$100 Million – \$500 Million In Assets	2.0	– Board-based (Partners/Independents) governance and decision-making	– Fiscal controls	– Organic growth plus strategic acquisitions	– Beginning of key hires and delegation of responsibilities	– Additional organizational structure and reporting	– Manage to budget	– Founders brand attracts opportunities	<table border="1"> <thead> <tr> <th style="text-align: left;">Over \$5 Billion In Assets</th> <th style="text-align: center;">5.0</th> </tr> </thead> <tbody> <tr><td>– Fully empowered independent Board of Directors</td></tr> <tr><td>– Contemporary 5- to 10-year capital, growth and enterprise plan</td></tr> <tr><td>– Sophisticated asset management, accounting, and investment capabilities</td></tr> <tr><td>– Refined brand equity</td></tr> <tr><td>– Diversification and risk mitigation</td></tr> <tr><td>– Robust use of KPIs</td></tr> <tr><td>– Long-term strategic plan</td></tr> </tbody> </table>	Over \$5 Billion In Assets	5.0	– Fully empowered independent Board of Directors	– Contemporary 5- to 10-year capital, growth and enterprise plan	– Sophisticated asset management, accounting, and investment capabilities	– Refined brand equity	– Diversification and risk mitigation	– Robust use of KPIs	– Long-term strategic plan	
\$100 Million – \$500 Million In Assets	2.0																			
– Board-based (Partners/Independents) governance and decision-making																				
– Fiscal controls																				
– Organic growth plus strategic acquisitions																				
– Beginning of key hires and delegation of responsibilities																				
– Additional organizational structure and reporting																				
– Manage to budget																				
– Founders brand attracts opportunities																				
Over \$5 Billion In Assets	5.0																			
– Fully empowered independent Board of Directors																				
– Contemporary 5- to 10-year capital, growth and enterprise plan																				
– Sophisticated asset management, accounting, and investment capabilities																				
– Refined brand equity																				
– Diversification and risk mitigation																				
– Robust use of KPIs																				
– Long-term strategic plan																				
<table border="1"> <thead> <tr> <th style="text-align: left;">\$500 Million – \$1 Billion In Assets</th> <th style="text-align: center;">3.0</th> </tr> </thead> <tbody> <tr><td>– Structured governance – 2nd generation oversight</td></tr> <tr><td>– Defined systems, processes, and business practices</td></tr> <tr><td>– Visionary Board (including Independents)</td></tr> <tr><td>– Market expansion and C-suite empowerment</td></tr> <tr><td>– Creation of profitable operating platform</td></tr> <tr><td>– Addition of C-suite leaders</td></tr> </tbody> </table>	\$500 Million – \$1 Billion In Assets	3.0	– Structured governance – 2 nd generation oversight	– Defined systems, processes, and business practices	– Visionary Board (including Independents)	– Market expansion and C-suite empowerment	– Creation of profitable operating platform	– Addition of C-suite leaders	<p style="text-align: center;">“A sustainable business is a never-ending journey of rewards, surprises, challenges, and traditions...honoring the past, celebrating the present, and preparing for tomorrow.”</p>											
\$500 Million – \$1 Billion In Assets	3.0																			
– Structured governance – 2 nd generation oversight																				
– Defined systems, processes, and business practices																				
– Visionary Board (including Independents)																				
– Market expansion and C-suite empowerment																				
– Creation of profitable operating platform																				
– Addition of C-suite leaders																				

However, it is important to remember that phrases, slogans, and words don't pay the bills. Unless you are a nonprofit, foundation or mission-driven entity, **profitability is the core, bottomline purpose of nearly all real estate firms.** How money is made, the values and integrity upon which you make decisions to that goal, and the core values that drive business decisions, are foundational elements of Purpose. **Without financial success, you cannot survive, make a positive difference in people's lives or invest in the future.** Knowing that your company's purpose is to show a profit aligned with your core values, is sustainable [not cyclical or event driven], and that all your team members are 110% dedicated to achieving success together are valuable components of Purpose.

People

Nothing, I repeat, nothing happens in the real estate industry without people. Talent is the fulcrum upon which every real estate organization succeeds or fails. Having or keeping the wrong people in the wrong positions at the wrong time is a downward path to frustration, turmoil, and under performance. Having great talent in the right position at the right time produces above market results, creates a flywheel of success, and most importantly, enables the enterprise to achieve a strategic and competitive advantage. Teamwork divides the tasks, increases the likelihood of success, and enables breakthrough performance. Having a talent-centric organization can be the difference between being an average company or an outstanding company.

And, of course, having great talent means having great leadership. Rosalynn Carter's most famous leadership quote is **"A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be."** Michael Jordon, acclaimed basketball legend, popularized **"Talent wins games, but teamwork and intelligence wins championships."** Especially so within the cyclical nature of the real estate industry. The widely shared quote "Hardships often prepare ordinary people for an extraordinary destiny" is frequently attributed to C.S. Lewis, but is actually a line from the 2010 film *"The Chronicles of Narnia: The Voyage of the Dawn Treader,"* by screenwriters Christopher Markus, Stephen McFeely, and Michael Petroni. Assembling the best talent must also include: creating the right organizational architecture; having a contemporary talent management plan; deploying a motivating compensation plan [cash and long-term]; and embracing a transparent and frequent communications process. A robust career development process, competitive benefits package, ongoing training program, mentorship, onboarding, and deploying a clear/concise Performance Scorecard process are essential to creating a place where great talent wants to be. **"Talent hits a target no one else can hit; genius hits a target no one else can see"** is a famous quote by philosopher Arthur Schopenhauer. **As a leader in your firm, you want "genius leaders;" real estate firms who can harness and harvest great talent will win nine out of 10 times.**

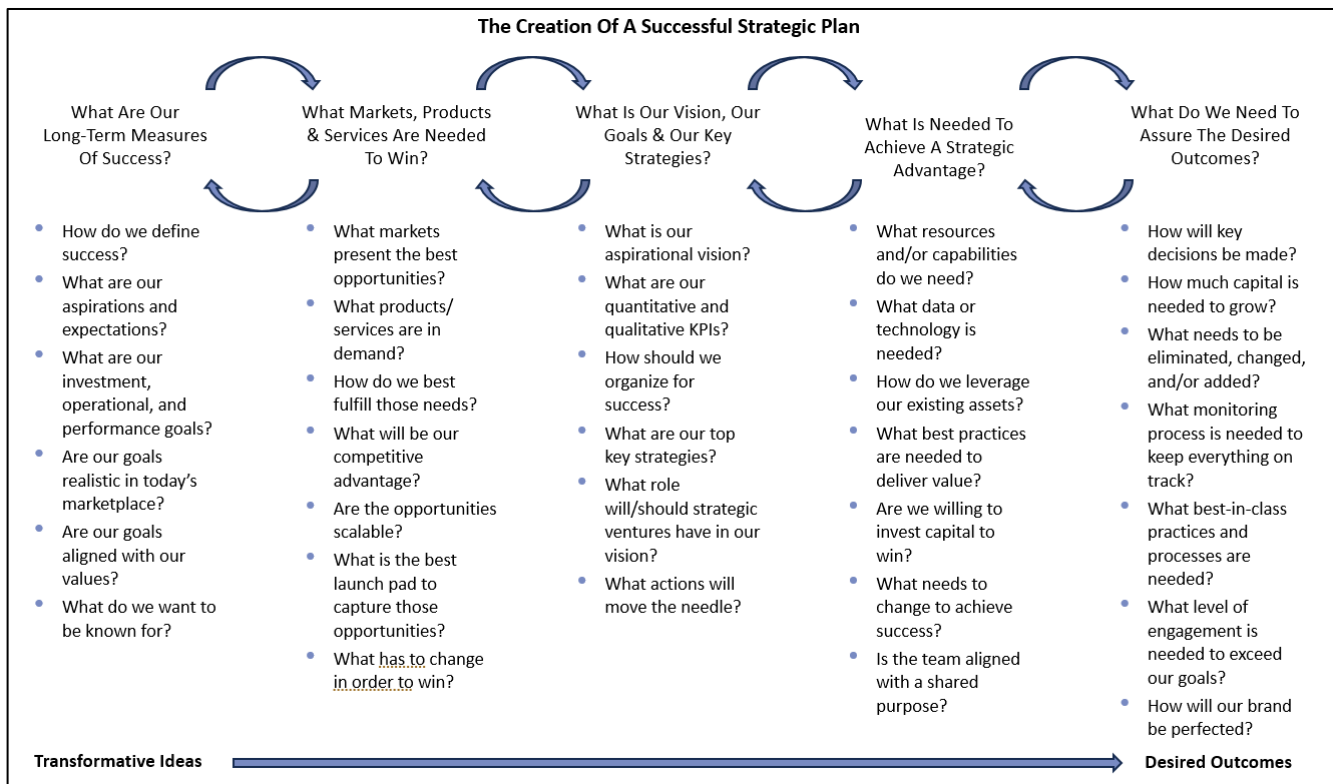


Process

Business practices, policies, procedures, and process are critical. Too often real estate firms rely on “the way we have always done it,” or say, “It is too hard to change the way we do things,” a mindset that assumes [incorrectly] that one’s competitors are also resistant to change. Deploying best practices, policies, and procedures is common sense. To accomplish this feat requires an enterprise-based mindset to embrace an effective operating model that converts opportunities into great results, challenges into advantages, and hesitancy into commitment. **According to McKinsey, “Even high-performing companies have a 30% gap between their strategy’s full potential and what is actually delivered.”** CEL & Associates, Inc.’s work with hundreds of real estate firms has uncovered similar gaps and also shown that every real estate firm can improve its bottomline 10% - 15% or more without impacting service delivery or expected performance KPIs.

Today every real estate firm is facing the impacts, uncertainty, and role of AI and technology on operating practices. The ability to scale AI, automation, and digitization is no longer an option, but a necessity. There is no “perfect” organizational structure, but clearly high-performing **real estate firms are shifting to an agile enterprise structure [think: a network of teams]**, a more decentralized network, and a robust matrix-driven structure [think: more controlled holacracy]. While functional, divisional, and flatarchy organization structures remain popular, more forward-creating hubs around those who **Create Value**, those who **Add Value**, those who **Protect Value**, and those who **Enhance Value**, pioneered by CEL & Associates, Inc. nearly 20 years ago, are increasingly being adopted.

However, every operating system, business practice, or procedure must contain trip wires and feedback mechanisms that prevent/minimize mistakes, irrevocable decisions, and increased risk. **In Sustainable Governance, organizational architecture and business practices of the the organization must be dynamic.** Real estate companies that are nimble, can pivot easily, know how to scale AI and embrace “new ways of doing work” will outperform those who don’t. When an organization’s operating platform and processes serve the strategic priorities, the result is greater accountability, clear prioritization, and optimal resource allocation. How workflows are designed, how technology is deployed to increase productivity, and how the values are integrated into the organization’s culture will guide every real estate company to improved performance. In a process-driven enterprise, “alignment of interests” is the hub of the wheel...the business policies and practices are the spokes. An effective, process-driven organization creates financial resilience and future-proofs itself for long-term success and financial rewards.



Performance

Marc Benioff, Co-founder and CEO of Salesforce, has consistently argued that business leaders "must always be able to predict what's next and then have the flexibility to evolve." Success in the real estate industry is all about envisioning what can be, and then going out and getting it done. Work is like athletics...you need a roster of great teammates, a strategy to win and a scorecard to measure how well you are doing. Every real estate firm over the next five to 10 years will undergo one or more major transformation and transitional events. From leadership to governance, systems to business practices, old to new Stakeholders, and original to new team members, every real estate firm must focus on performance. Over the next decade, **up to 35% of real estate firms who do not change will not exist in a meaningful way.**

Performance matters. Comparing oneself to the market, to the industry, to peers, and to competitors via KPIs, benchmarks, and comparative metrics is one's scorecard on "how well I/we are doing." Performance is the result of a company's strategy, prioritization of actions, implementation practices, leadership and communication. Failure to address any one of these five factors will dramatically impact performance. **Real estate firms live in a bold new world where what was predictable is no longer, where what one could rely upon is no longer an option, and where the traditional has been replaced with transitioning.**

Success over the next decade will be measured by performance and outcomes. The agentic organization emerging today must meet the challenges of change, drive and shocks to master the

complex world of people, process, policies, and practices. When the business environment is rapidly changing, as it is today, organizational performance, reinventing oneself, **and letting go of the past is a key to creating value and outperforming the market.**

CEL & Associates, Inc. has found, in its work with hundreds of real estate firms, that performance requires a clear set of goals, expectations, accountability factors, and a powerful narrative. **The mega trends today mandate materially higher performance expectations as new factors create fresh**

**CEL & Associates, Inc. Core Business Practices
For Real Estate Firms**

- ❖ Know the market and your competitors.
- ❖ Adhere to a rigorous set of business ethics.
- ❖ Stress teamwork and accountability.
- ❖ Align around a clear vision and long-term goals.
- ❖ Build trusting relationships with all Stakeholders.
- ❖ Embrace a customer-centric mindset.
- ❖ Recruit and retain only the best talent.
- ❖ Invest in the future.
- ❖ Empower others to make decisions.
- ❖ Acknowledge that everyone's opinion matters.
- ❖ Communicate clearly with all Stakeholders.
- ❖ Foster a continuous learning environment.
- ❖ Embrace personal and professional development for all team members.
- ❖ Be transparent, honest, and trustworthy.
- ❖ Take risks, yet be prepared to pivot quickly.
- ❖ Make technology a resource partner for performance.
- ❖ Be flexible, nimble, and innovative.
- ❖ Deploy a sustainable governance structure.
- ❖ Reward performance, not tenure...results, not excuses.
- ❖ Build great assets, products, and services.
- ❖ Become a valued and desired destination for capital, talent, and acquisitions.
- ❖ Build brand awareness, identity, value, and equity.
- ❖ Be respectful, honest, and inclusive.
- ❖ Take risk management seriously.
- ❖ Always remember, "You don't know everything."

opportunities to deliver results. Great real estate leaders frequently change or fine-tune their operating model, seeking to create an eco system of talent, strategic partners, and external relationships that share the same values and goals. A matrix of valued resources [people and systems] can accelerate great performance at far lower cost.

One foundational element of creating a Sustainable Governance structure and assuring performance is the creation of a Board of [Advisors] Directors. Composed of Management and Independent Board members, this governing entity will assure Investors, Lenders, Anchor Tenants, Vendors, and Venture Partners

that the sudden departure of the Founder, CEO, and/or one or two key leaders will cause no business disruption. Employees with a governing Board know that the business will go on, and their jobs are "safe" if something occurs to one or more principal owners. Banks, vendors, and strategic partners also will feel more secure, and tremendous benefit comes from garnering outside opinions, perspectives,

and advice from experienced experts. However, **no Independent Board member should be retired; related in any way to the Company's owners, a spouse or a child; a friend of an individual working for a competitor, nor can that individual fail to share the same core values of the Company.** A Founder can remain on the Board as Chairman Emeritus if he/she so desires.

To begin this sustainable governance process, it is recommended that an Advisory Board [no voting authority] be formed of, for example, two to three Independents, and three to four Partner/Company members. Becoming accustomed to a quarterly cadence while developing and perfecting a valued Board book enables a Company to transition into a formal Board of Directors. CEL & Associates, Inc. has facilitated in forming many Advisory Boards of Director structures, including the shift from Advisory to a formal Board, should the Company Founder unexpectedly become incapacitated or deceased. Lenders, investors, key Employees, and venture partners like this structure for its assurance for business continuity and a smooth transition to next-generation leaders. The reading list below are foundational treatises worth exploring.

SUGGESTED READING

The following books are very timely and worth reading.

- ◆ *Walkable City: How Downtown Can Save America, One Step at a Time*, by Jeff Speck, Picador Paper, Anniversary edition, November 2022.
- ◆ *The Fourth Turning Is Here: What the Seasons of History Tell Us about How and When This Crisis Will End*, by Neil Howe, Simon & Schuster, July 2023.
- ◆ *Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs*, by John Doerr, Portfolio, April 2018.
- ◆ *American Urbanist: How William H. Whyte's Unconventional Wisdom Reshaped Public Life*, by Richard K. Rein, Island Press, January 2023.
- ◆ *The Science of Scaling: Grow Your Business Bigger and Faster Than You Think Possible*, by Benjamin Hardy, Blake Erickson, Hay House Business, July 2025.
- ◆ *Think Again: The Power of Knowing What You Don't Know*, by Adam Grant, Penguin Books. December 2023.
- ◆ *Future Homes: Domestic Architecture in a Changing World*, by Ellie Stathaki, RIBA Publishing, March 2026.
- ◆ *Depopulation: Our New Demographics Reality*, by Bill King, Custom Quill Publishing, November 2025.
- ◆ *The Advantage: Why Organizational Health Trumps Everything Else In Business*, by Patrick Lencioni, Jossey-Bass, March 2012.
- ◆ *The One Thing*, by Gary Keller and Jay Papasan, Bard Press, April 2013.

Source: CEL & Associates, Inc.



Lessons Learned

One of the frequently asked questions CEL & Associates, Inc. receives when facilitating the preparation of a strategic and long-range business plan is, “What lessons have you learned over the past 30 years that can help us achieve our vision and goals?” While the answers to that question vary by the specific requirements, size, and type of each firm, the list below contains “**Lessons Learned**” over hundreds of strategic planning meetings.

Strategic Planning Lessons Learned

- ❖ Many leaders talk change but are resistant to or afraid of change.
- ❖ Some companies prefer the old way of conducting business to avoid making tough/difficult decisions.
- ❖ Strategic planning places leaders in the crosshairs of performance expectations...and they don't want accountability.
- ❖ Facts, not opinions, must guide decision-making.
- ❖ Every key strategy needs an “Owner” of that strategy...someone who is accountable for accomplishing that strategy.
- ❖ While BHAGs are nice, small incremental “wins” are needed to build implementation momentum.
- ❖ All Strategic Planning participants must leave their title and tenure at the door, as everyone must be focused on a shared alignment of interests.
- ❖ Avoid the “that’s what others are doing” mindset to identify and perfect the outcome that best suits you.
- ❖ Slogans and abbreviations regarding key elements of the strategic plan are easily recalled and remembered.
- ❖ Stay away from updating old strategic/business plans unless you want “more of the same.”
- ❖ Avoid becoming inner-directed. It is, and should be, all about your customers/stakeholders.
- ❖ Pay meticulous attention to detail and verification of facts.
- ❖ Asking your team to change/reinvent themselves if you are not willing to do that yourself.
- ❖ Chasing too many shiny objects.

Source: CEL & Associates, Inc.

However, of the lessons learned, the #1 inhibitor to a successful strategic planning process is...the inability and/or unwillingness of Partners/Executives to change. George Bernard Shaw's famous quote on change is: "Progress is impossible without change, and those who cannot change their minds cannot change anything." Okakura Kakuzō (1863 – 1913) was a pioneering Japanese scholar, art critic, and curator, who said, “The art of life is a constant readjustment to our surroundings.” A key lesson for achieving sustainable success, prosperity, profitability, and brand equity: real estate leaders must accept that in today’s rapidly changing and transformative era, change is inevitable...so focus on the *future*, not the past.

Closing Remarks

Over the next five to 10 years, the level of change, transition, and transformation within the real estate industry will be unprecedented...more than has occurred during the past 100 years. Throughout this era of technology, digitization, demographic shifts, economic/tax policies, international conflicts, combustible internal issues, etc., the real estate industry will keep “chugging along.” However, successful real estate firms must determine what they “own.” The future is defined by what you do better than anyone else, not by the array of unnecessary diversions that can create distractions inhibiting the ability to manage cash flow and create value. Real estate is where people live, work, play, entertain, and maintain health/wellness. **By creating a Sustainable Governance structure, the future will be rich with opportunities, rewards, and exciting adventures.**

Regards,



Christopher Lee, Editor

100+ Predictions Now Available

We are pleased to make available to readers of *Strategic Advantage* a list of over 100 Transformational 2040 Predictions.

To receive your complimentary copy, please email your request to chris@celassociates.com

Note: *This report has been prepared by CEL & Associates, Inc., who retains all rights to its content. This report may not be reproduced, distributed, and/or used in presentations or offering/fund raising prospectus/memorandums, and/or used in communications, speeches and/or presentations in its entirety or in parts without the prior written consent of CEL & Associates, Inc. You may reproduce/distribute and/or share this article with friends, colleagues and associates. Opinions and forecasts contained in this, prior and future articles may change without notice. The author encourages readers to offer comments, feedback and recommendations for further enhancement to newsletter@celassociates.com*

SPREAD THE WORD

If you enjoy reading *Strategic Advantage* and *Leadership Conversation*, and have benefited or received value from our insights and recommendations over the past 25 years, perhaps your friends, business associates, other members of your team or industry peers will also enjoy it.

You can provide them with an individual subscription by several options:

- Click here: <http://newsletter.celassociates.com> and fill in their contact info or forward this link to them
- If for multiple people, send us an email with a list of their individual contact info and email address

Today there are over 12,000 readers of *Strategic Advantage*...spread the word.

Give Us Your Opinion: We want to hear from you and to have future issues reflect your needs and questions. Please email your comments, ideas, suggestions and insights to newsletter@celassociates.com.

For More Information: For more information regarding our services (Strategic Planning, Merger/Acquisition, Opinion Surveys, Benchmarking, Performance Improvement, Succession Planning and Governance/Management), please email us at newsletter@celassociates.com or call 310.571.3113.

To Subscribe: To subscribe to CEL & Associates, Inc. and Christopher Lee's *Strategic Advantage* newsletter with ongoing insights, opinions and forecasts regarding issues, trends and opportunities within the real estate



industry, please email us at newsletter@celassociates.com with "Subscribe" in the Subject line and provide your full contact information.

To Change Your Contact Information: Please email us at newsletter@celassociates.com with "Change Contact Information" in the Subject line and include your new contact information.

Disclaimer: The opinions, forecasts, information and insights presented in this article are of a general nature and do not constitute the provision of investment, management or economic advice to any person, organization or governing board, and this article does not contain any recommendation(s) to buy, sell and/or invest in any security, real estate asset, fund or adopt as an element of any investment strategy. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy.

Prior Newsletters: If you would like to download prior newsletters, please go to the following links.

The Real Estate Industry In 2040...Cycles, Psychology & Key Questions To Ask Today

<https://www.celassociates.com/onlinenewsletter/the-real-estate-industry-in-2040-sa-k110725.pdf>

So, What Does It All Mean. . . And Where Do We Go From Here?

<http://www.celassociates.com/onlinenewsletter/so-what-does-it-all-mean-sa-k080525.pdf>

When Will the Good Old Days Return? [Hint...Never...Only New Good Old Days] Part 3

<https://www.celassociates.com/onlinenewsletter/good-old-days-sa-k050422-part3.pdf>

When Will the Good Old Days Return? [Hint...Never...Only New Good Old Days] Part 2

<https://www.celassociates.com/onlinenewsletter/good-old-days-sa-k032222-part2.pdf>

When Will the Good Old Days Return? [Hint...Never...Only New Good Old Days] Part 1

<https://www.celassociates.com/onlinenewsletter/good-old-days-sa-k021622.pdf>

Don't Be A Spectator As The Parade of Opportunities Pass By

<https://www.celassociates.com/onlinenewsletter/dont-be-a-spectator-sa-k012822.pdf>

A Mandate To Lead. Now Who Will Step Forward?

<https://www.celassociates.com/onlinenewsletter/mandate-to-lead-sa-k011021.pdf>

Retrench, Recover, Reset & Retool Real Estate Strategy Imperatives...Post-COVID-19

<https://www.celassociates.com/onlinenewsletter/retrench-recover-reset-retool-post-covid19-sa-k120120.pdf>

What Will The Real Estate Industry Look Like In The New Normal?

<https://www.celassociates.com/onlinenewsletter/re-industry-new-normal-sa-k061820.pdf>

2020...The Year That Changed Everything!

<https://www.celassociates.com/onlinenewsletter/2020-year-that-changed-everything-sa-k040320.pdf>

2020 Leadership Imperatives

<https://www.celassociates.com/onlinenewsletter/2020-leadership-imperatives-sa-k011020.pdf>

Future Proofing Your Company

<https://www.celassociates.com/onlinenewsletter/future-proofing-your-company-sa-k101719.pdf>

Mandatory Summer Reading For Every Real Estate Leader

<https://www.celassociates.com/onlinenewsletter/mandatory-reading-for-real-estate-leaders-sa-k072319.pdf>

A 2025 Day In The Life

<https://www.celassociates.com/onlinenewsletter/a-day-in-the-life-sa-k102118.pdf>

Seven Strategies That Will Definitely Move The Needle

<https://www.celassociates.com/onlinenewsletter/strategies-to-move-the-needle-sa-k061018.pdf>

What Is Going On?

<https://www.celassociates.com/onlinenewsletter/what-is-going-on-sa-k041118.pdf>

Work Is Being Redefined & The Impact On The Real Estate Industry Will Be Transformative

<https://www.celassociates.com/onlinenewsletter/work-is-being-redefined-sa-k011718.pdf>



Are Today's Real Estate Business Valuation Models Outdated?

<https://www.celassociates.com/onlinenewsletter/re-business-valuation-models-sa-k092417.pdf>

What Keeps You Up At Night?

<https://www.celassociates.com/onlinenewsletter/what-keeps-you-up-sa-k073017.pdf>

Get Ready For Transformative Change!

<https://www.celassociates.com/onlinenewsletter/transformative-change-sa-k050117.pdf>

The Six Disruptors Transforming The Real Estate Industry

<https://www.celassociates.com/onlinenewsletter/DistrutorsTransformingREIndustry-SA-K012917.pdf>

The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part III

<https://www.celassociates.com/onlinenewsletter/BankablePredictions-PartIII-SA-K031416.pdf>

The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part II

<https://www.celassociates.com/onlinenewsletter/BankablePredictions-PartII-SA-K022916.pdf>

The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part I

<https://www.celassociates.com/onlinenewsletter/BankablePredictions-PartI-SA-K021416.pdf>

Millennials Will Have A Dramatic Impact On Real Estate!

<https://www.celassociates.com/onlinenewsletter/MillennialsImpactOnRealEstate-SA-K091215.pdf>

The 6 Ps For Success

<https://www.celassociates.com/onlinenewsletter/The6PsForSuccess-SA-K042615.pdf>

It's All About Jobs

<https://www.celassociates.com/onlinenewsletter/ItsAllAboutJobs-SA-K111214.pdf>

The Future Of Retail Real Estate...A Tsunami Of Change Is Underway

<https://www.celassociates.com/onlinenewsletter/FutureOfRetail-SA-K051914.pdf>

Succession Planning Must Begin...Now!

<https://www.celassociates.com/onlinenewsletter/SuccessionPlanning-SA-K041114.pdf>

The Future Of The Office Sector

<https://www.celassociates.com/onlinenewsletter/TheFutureOfTheOfficeSector-SA-K062013.pdf>