

Wondering why your industry or profession isn't more diverse? Sometimes, structural barriers are to blame. In the commercial real estate industry, three associations have joined forces to change that.

By Ann Oliveri

# Breaking Through

## Getting a top job in commercial real estate is not

unlike the process depicted in the reality television show *The Apprentice*, where teams of candidates are pitted against each other over 13 weeks, competing for a job running one of Donald Trump's companies.

Unlike the educational path candidates travel to enter the licensed professions of law, medicine, and architecture, success in real estate is won through relationships and experience. So it's no wonder that the owners, investors, and advisers in commercial real estate, a \$5 trillion industry in the United States, are, for the most part, aging white men much like Donald Trump, who inherited his business from his father, Fred. And although the number of women

working in the field has increased in the last 10 years, less than one percent of an estimated 100,000 commercial real estate professionals are minorities. Why?

Commercial real estate is a transaction-based business, competing for the most talented, achievement-oriented entrepreneurs. "In the 90s, we were losing the war for talent, first to Silicon Valley and then Wall Street," says Mike Kercheval, CEO of the International Council of Shopping Centers (ICSC). "Real estate's demographics looked like a barbell, with a generation missing between those entering the field and senior management."

The industry is also a product of its roots. Until recently, commercial real estate was a closely held, relationship-based business, somewhat feudal in structure, with little need to look beyond family and friends for partners or employees. *The Equinox Report: Real*

*Estate—The Human Capital Factor*, a 2002 survey of the largest real estate companies sponsored by industry search firm Equinox Partners, the Urban Land Institute, the National Association of Real Estate Investment Trusts, and the Pension Real Estate Association, revealed that little has changed over the years. As the report says, “Real estate continues to rely on the ‘old boy’ network of inside referrals when making hiring and recruiting decisions.”

### Enter REAP

Rather than fight the traditional hiring model, one real estate executive decided to tackle the problem by creating a new talent network, the Real Estate Associates Program (REAP), to identify, recruit, and train minority talent for professional careers in commercial real estate through education, networking, and positions in leading firms.

Founded by Mike Bush in 1997 as a partnership between the Greater Washington Urban League, the American Jewish Committee, and Giant Food, a supermarket chain based in Washington, DC, REAP is now supported by dozens of national and regional firms and several trade and professional associations.

The first class of associates graduated in Washington, DC, in 1998. REAP then expanded to Atlanta in 2002, New York in 2006, and Chicago in 2008. “Our goal now is to create a local network of graduates, sponsors, and advisers in seven U.S. cities, including Los Angeles, Dallas, and Miami,” Bush says.

REAP associates are career-changing professionals with college degrees and several years of business experience. Each class is equally divided between men and women. Ethnicity varies by the local market, with African Americans predominating in Washington, DC, and Atlanta, and a mix of African Americans, Latinos, Asians, and Pacific Islanders recruited in New York and Chicago.

The rigorous, six-month REAP program consists of weekly evening classes taught by sponsor executives on topics such as budgeting, management, leasing, brokerage, development, financing, and investment analysis. Each three-evening class includes an overview, a site visit to a portfolio property, and a case study based on the site visit. Textbooks are supplied by industry associations.

Prior to graduation, students sit for a final exam, developed and graded by faculty advisors, which is used to help identify graduates for 12-month working placements. Students and instructors also meet informally at three networking receptions during the semester, hosted by sponsor firms.

In the last 10 years, REAP has screened some 3,000 qualified applicants, selecting and graduating 14 classes of 350 students and placing 110 in one-year positions with 60 national and regional firms, including Duke Realty, GAP, General Growth Properties, McDonald’s, MetLife, Prudential Real Estate, Safeway, Simon, and Wal-Mart Realty.

In each city, 10 sponsoring firms pay REAP affiliation grants of \$10,000 in addition to hiring a top associate for 12 months. One sponsor, Wal-Mart Realty, has hired nine associates since 2003, employing the most REAP associates of all the sponsor companies.

### Initial Catalysts

REAP didn’t spring into existence without significant commitment on the part of its early supporters. Gary Rappaport, a former volunteer chairman of ICSC, worked with Mike Bush on the pilot project, persuading five firms to step up as sponsors. He also introduced REAP to the board of ICSC’s educational foundation.

In 2000, thanks to a \$1 million gift donated in the name of General Growth founder and ICSC officer Martin Bucksbaum, ICSC stepped up with an initial \$15,000 grant for REAP (now \$50,000 a year). “The family wanted to create opportunities for people overcoming obstacles to help them succeed—prejudice, financial, and education obstacles like those faced by their family as immigrants to the United States,” says Kercheval.

“Initially, I was intrigued with REAP being able to identify and train up talent in a talent-starved industry,” he adds. “The fact that there was a positive social benefit, adding diversity to the workplace, was icing on the cake.”

After meeting a number of REAP graduates in Washington, Kercheval’s perspective shifted. “These were extraordinary people who had made a commitment, risking a great deal to make a career change,” Kercheval says. “Clearly, supporting REAP was both good for the industry and a way to significantly, positively impact people and their lives.”

Then employers started contacting Kercheval with stories about how their companies benefited from hiring REAP graduates. “So I went from seeing the opportunity to attract talent to the business to feeling good about doing something for people willing to make a commitment to seeing how it can truly change corporate cultures,” Kercheval says, adding, “It just seemed like it would be even more valuable if REAP could be expanded geographically and by including all real estate types. There’s a lot of talent out there, and we were tapping into a large proportion of the U.S. population that had more or less been forgotten.”

### Multiple Champions

By incorporating all disciplines and most product types, REAP better represents the opportunities in the commercial real estate industry and widens its support among both firms and associations. Although several certifying bodies and specialty groups have provided some support, two other associations have stepped up every year, in addition to ICSC.

## LESSONS LEARNED

- Sharing leadership with other groups creates greater opportunities for those served.
- Financial catalysts reduce organizational risk for taking on socially responsible initiatives.
- Engaging skeptics builds organizational commitment.
- Passionate champions sustain the quest, but require support.
- Capacity building—investing in infrastructure and leadership development—is not a luxury.
- Excellence is self-imposed.
- Everything takes longer and costs more.

One is the Urban Land Institute, a 501(c)(3) serving those working in real estate development. In 2001, ULI's new chairman, Joe O'Connor, made "inclusivity" his primary goal for his two-year tenure, appointing a task group to benchmark gender, age, and ethnicity as well as to identify the most effective means of engaging greater numbers of public officials, women, minorities, and young professionals as members.

Within five years, membership doubled. The number of women increased from less than 10 percent of ULI's membership to 25 percent. Minority membership doubled but continues to be less than five percent of 40,000 members. "We still have far to go before real estate achieves the level of professionalism critical to our future success," O'Connor says. ULI supports REAP with an annual grant of \$25,000, supplemented by in-kind administrative services, textbooks, and complimentary Young Leaders Group membership to REAP associates.

The third association champion is the National Association of Industrial and Office Properties (NAIOP), which provides an annual grant of \$20,000 and the support of its CEO, Tom Bisacquino. "We were not interested in another feel-good program," Bisacquino says. "Although concerned with the small number of people being placed, we decided to work with REAP to help it grow."

In addition to serving on REAP's board with ICSC's Mike Kercheval, Bisacquino actively solicits the support of other industry groups and foundations, convening industry association CEOs and featuring REAP's work and graduates at NAIOP's annual chapter legislative retreat. NAIOP's Chicago chapter is currently weighing how best to support the fledgling REAP program in that city.

All agree that progress is slow. "REAP works like a microbrewer, making one-off craft brews by hand," ICSC's Kercheval notes. "REAP is handcrafting people—talented, motivated, committed people—and creating a network for the industry."

### Looking Ahead

Support for REAP is not universal. "Diver-

sity is a topic for us, not an issue," says Henry Chamberlain, president of the Building Owners and Managers Association International. "We support REAP's goals and would like to be of assistance, but it's up to our board of governors [chapter officers] to determine what programs best fit our priorities."

With 10 years' experience and alumni now in a position to invest both time and money in REAP, the organization is at a crossroads. "We must move beyond the founder stage and attract even greater support," says REAP Chairman Bryon Barlow, senior vice president of B.F. Saul Company. "Our immediate priority is to build capacity to secure adequate financial support, recruit a new executive director to free our founder to focus on new cities, and create a strong network of local REAP programs, supported by employers, alumni, and real estate association chapters, year round."

To that end, REAP is launching a three-year Capacity Building Capital Campaign to raise \$1 million in restricted gifts and operating support.

REAP Executive Director Mike Bush retired from Giant Food in 2000 to focus full time on REAP. He plans to make his retirement permanent by 2011, the same year the U.S. population is expected to tip, with minorities outnumbering whites. "Notwithstanding Obama's victory, we are not in the Promised Land yet," Bush says.

### The Long View

In his latest book, *Outliers*, Malcolm Gladwell asserts that the secret of successful people lies in a "web of advantages and inheritances, some deserved, some not, some earned, some just plain lucky—but all critical to making them who they are."

REAP is building a talent network, synthesizing "advantages and inheritances" for a new generation of high-potential leaders. Yet building confidence and personal relationships takes much longer and costs much more than a short-term, feel-good program.

The bottom line? Diversity is a dilemma to be managed; it's not a prob-

### RECOMMENDED READING

"Delivering on the Promise of Nonprofits" by Jeffrey Bradach, Thomas Tierney, and Nan Stone (*Harvard Business Review*, December 2008)

*Megacommunities: How Leaders of Government, Business, and Nonprofits Can Tackle Today's Global Challenges* by Reginald Van Lee, Mark Gerencser, Fernando Napolitano, and Christopher Kelly (Palgrave Macmillan, 2008)

*Outliers: The Story of Success* by Malcolm Gladwell (Little, Brown & Co., 2008)

"Shared Responsibility," by Ann Oliveri (*Journal of Association Leadership*, Winter 2009—forthcoming)

*The Equinox Report: Real Estate—The Human Capital Factor* by Equinox Partners (Equinox Partners, 2002). Available online at [www.equinoxsearch.com/docs/human\\_capital.pdf](http://www.equinoxsearch.com/docs/human_capital.pdf).

*The Power of Partnership: Principles and Practices for Creating Strategic Relationships Among Nonprofit Groups, For-Profit Organizations, and Government Entities* by Plexus Consulting Group, LLC (ASAE & The Center, 2008)

lem to be solved. Such a quest is better handled by a megacommunity, defined in a recent article in *Strategy + Business* as an "open-ended network of leaders from multiple organizations." Sharing responsibility not only shares the financial burden and sweat equity, it increases the number of opportunities for those served.

"Given our selection process and ongoing mentoring," Bush says, "REAP alumni not only have a passion for the industry, but also the knowledge, discipline, and patience required to succeed in a daunting environment." **an**

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