

# Contextual Awareness: How the Real Estate Profession Creates the Future

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## INTRODUCTION

The real estate profession has never been more important, nor under more pressure to deliver results for its clients. The landscape of work and workplace is changing—both literally and figuratively—and the profession is at the center of this shift.

Whether a real estate professional works for a firm delivering services to clients or for a corporation as an internal leader, he or she is challenged by an organization that is increasingly holding the real estate itself accountable for a new level of business returns. Despite differences between the internal and the external roles, the core concerns and the responses are similar, and those will be examined as well.

Contextual awareness is key to success. As organizations are increasingly focused on their role within communities and as they are increasingly driven by globalization and competition, a solid grounding in external market realities and trends is critical.

Contextual awareness is a firm sense of what is going on outside of ourselves. Think of the organization as embedded within a context of situations and influences. See *Figure 1*. The organization has a culture and certain business

goals. It is situated within a context in which the figure intentionally conflates physical and economic locations: the neighborhood, city, region, market, industry and country. All of these have a bearing on the extent to which the business is able to compete for both market success and for talent

Contextual awareness is like sounding, a nautical term that describes the process where sailors test the depth of the water around them in order to chart their journey. Contextual awareness is the process of constantly assessing the environment, staying aware, and responding effectively so that clients are served, maintained, and sustained, and the real estate professional thrives.

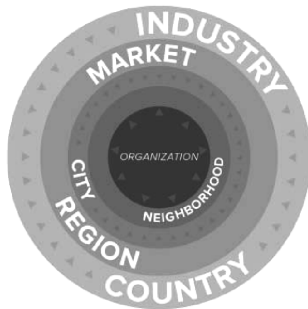
This article is both a source of contextual awareness about the future of work and a set of recommendations for sounding and ensuring contextual awareness on an ongoing basis. The data included herein is based on my research in 2008, 2009, 2011, and 2015.<sup>1</sup>

During each of these periods, my sounding included literature reviews, deep-dive research with a wide variety of firms, interviews with senior leaders, focus group sessions, and analysis and synthesis of the lessons therein.

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**Figure 1: The Embedded Organization**

The Embedded Organization



Overall, the research reflects the study of over 125 companies. The research promised respondents anonymity. The sample is weighted toward very large national and multinational organizations. Many of the companies are household names. They include technology leaders and multinational oil and gas organizations, to well-known consumer packaged goods manufacturers, media companies, financial/insurance organizations, equipment manufacturers, and services firms.

The sample also includes small and mid-size companies which are less well-known, but important for the range of perspectives that are represented by a variety of company sizes, locations and industries.

In this article, I share trends that are shaping the future in terms of work, workers, and workplace. Further, this article discusses the primary business issues that drive clients of the real estate profession and the factors that business leaders believe are most tied to the bottom line. Finally, this piece covers recommendations for how real estate should respond, and specifically the new implications for the skills necessary in the future.

## TODAY'S TRENDS

The future is upon us and today's trends will powerfully shape our success in the new world. Work is changing, workers are changing, and the workplace is changing. These matter to real estate professionals because these create demands for real estate to perform.

### Changing Work

First, work is changing. It has become more complex and inter-connected. In addition, the increasing intensity of competition makes work more demanding in terms of the pressure to perform and to avoid failure of any kind. Because of these factors, no one person or small group of people can effectively make all the decisions.

Participation and collaboration aren't just buzz words for nice-to-haves in an organizational culture, they are imperatives for the work to be effective. More heads aren't just better than one, they are essential since it is rare for any one person to have all the information necessary to assess, strategize, innovate, decide, or execute.

Likewise, the work of the real estate industry is changing. In early 2015, I completed an additional research initiative with senior leaders of real estate firms. The study included 23 senior leaders in major and mid-size firms across the U.S. and Canada. Those who participated did so with the promise of confidentiality, but they represent a who's who list of real estate and property management firms headquartered mainly in the U.S. Most of the respondents were from the largest firms, but a few also represented mid-size, regional firms.

In this phase I assessed the ingredients of their success and their recommendations for the profession. They reported that the value chain is becoming both fragmented and compressed. The process of adding value for clients is increasingly one of “co-opetition” in which competitors become collaborators in key business processes to serve clients.

Senior real estate leaders prioritize client relationships, client retention, and share-of-wallet above all else. It is this opportunity to add value for the client that drives profitability for the firm, credibility for themselves, and the opportunity to control and win deals. Even real estate professionals within an organization must gain and sustain credibility with their internal clients in order to secure a seat at the strategic table and control resources within their organizations. Which brings us back to the value chain.

The leaders in this study believe that entering early with clients is the key to controlling the value chain and the other partners at the table. In order to lead, it is critical, in their view, to be the first ones to the game—prior to the general contractor, the A+D firm, the furniture vendor, the facilities manager, service providers, dealers/distributors, or any of the plethora of other partners who participate in a client’s success.

### **Changing Workers**

Second, workers are changing. It is impossible to read an article in the popular press that doesn’t tout the new reality that we now have five generations in the workplace. In addition, the war for talent is intense. A business is competing against others in its market to sell its products or services to customers, but it is

competing with every single other business inside and outside of its market for talent.

The intense competition for the best and the brightest talent is not limited to positive economic times either. When the economy is strong, the most talented employees have a range of options and can work anywhere. But consider: This is also true when the economy is weak or when there is a downturn.

The most talented workers still have a range of options. It becomes even more difficult to identify these employees however, because there are that many more resumes in the pile. It’s the proverbial needle-in-the-haystack problem: Finding that brilliant candidate (needle) in the pool (haystack) is more challenging with a growing pool (haystack).

In my research with senior leaders in the real estate profession, every single leader prioritized talent at the top of their list. Talent is the value that real estate professionals are offering to their clients—whether they are within an organization or part of a real estate firm. They are essentially selling expertise, acumen, consultation, and knowledge. The quality of talent on the team drives the ability to meet client needs and it must therefore be prioritized above all else if the real estate executive is to be successful.

### **Changing Workplace**

Third, the workplace is changing. It is being defined differently. Technology has allowed an unheard-of level of mobility and employees have unprecedented choice about where and when they work. In addition, they are increasingly making the rules since they will ‘vote with their feet’ and choose employers who give them the

greatest range of choices about where they work, when they work, and how they work.

The traditional workplace is competing with home offices, third places and fourth places.<sup>2</sup> In addition, there is a conflation of work and home. People take work home and they also demand elements of home within the workplace. In addition, the built environment is being held accountable to the business in new ways. Clients want to know how the workplace contributes to ROI and the variables in the physical environment that will most contribute to a positive culture, a favorable total experience of work for employees, and ultimately to the bottom line.

The paradox of place is that since employees no longer need to come to work in order to work, the physical place has become even *more* important. It needs to deliver a value equation for the employee such that the employee chooses to invest time in the place in order to accomplish tasks that he or she believes are achieved most optimally there—like connecting with colleagues or stimulating new ideas. All of this puts intense pressure on the physical environment.

Additionally, the Internet provides for a level of sensing that will make decision making more data driven and will allow optimization and continual adjustment of the environment. The reason this is important to real estate professionals is that they must be able to speak the language of their clients and understand these pressures. They must be able to drive data-informed decisions that result in demonstrable business outcomes and real value for employees.

**REAL ESTATE REALITIES**

Ultimately, these changes in work, workers,

and workplace lead to the realities that real estate professionals face. Speaking with real estate professionals, they are perennially interested in learning from their colleagues and understanding challenges in order to stay informed, benchmark, and be assured they are in tune with the industry and their peers. This data provides that touchpoint.

First, there is significant agreement among real estate professionals regarding their overall objectives. Specifically, they report that their primary objectives are profitability and winning deals, attraction and retention of talent, client retention and relationship-building, continually increasing share of wallet with customers, and controlling the value chain. *See Figure 2.*

**Figure 2: Objectives of Real Estate Professionals**



In my research I also gained access to the real estate professionals’ perspectives on their fears, concerns, and insecurities. The greatest of these were fears about a loss of clients which was exacerbated by demands on their time and a feeling that there were just weren’t enough hours in the day in order to serve clients as perfectly as they wished.

Another of their fears was a loss of talent, especially to competitors. They feared a loss of control of the value chain in cases where oth-

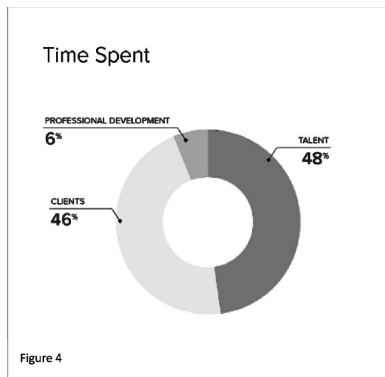
ers were able to get into a client ahead of them, and finally they feared a loss of reputation. See *Figure 3*. “You’re only as good as your last deal,” said one real estate professional.

**Figure 3. Fears of Real Estate Professionals**  
Fears



Based on their fears, I also sought data about how real estate professionals spend their time. In particular, they invest it in talent (finding, selecting, orienting, developing, sustaining), on clients, and in pursuits related to professional development. See *Figure 4*.

**Figure 4: Time Spent by Real Estate Professionals**



**CLIENTS’ PRIORITIES**

After considering changes in the context and the perspectives of real estate professionals—these being foundational—this article turns to a review of business leaders’ driving concerns. For the real estate leader, this is critical insight on the concerns of their clients.

Based on research which began in 2008 and which I renewed in 2011 and again in 2015, business executives across industries and regions are most concerned about growth, stability, shareholder value, and market leadership. They viewed the primary drivers of these to be attraction and retention; collaboration, communication, and knowledge sharing; innovation; culture; corporate image and brand; and operational efficiency.

Those in public utilities and oil and gas industries add safety to this list. All customers also viewed sustainability and community stewardship to be important, although most viewed these more as necessary requirements rather than factors of the business that create competitive advantage. Not all business leaders see a strategic connection between the physical environment and business outcomes. However, when they do they are most likely to see connections to engagement, attraction, retention, and use of resources.

The reason this is important for real estate professionals is that an understanding of clients’ business needs enables the professional to relate to the client, speak in his or her language, build credibility, and connect the real estate value to the clients’ need sets. This is true whether a real estate professional is a resource internal to the business or external to the business, working for a real estate firm.

**NEW SKILLS**

With all of this data about changing context, real estate professionals’ realities, and their clients’ concerns, there is a clear implication for an enhanced set of skills that will be imperative

to the real estate professional now and in the future. These are the skills that will matter most.

**Cultivating talent.** Since everything in the future will hinge on talent, the skills of identifying, selecting, orienting, developing, and sustaining talent could not be more important. This will be the most primary job of leadership.

**Networking and nurturing.** These are the skills of finding talent, maintaining relationships, and building credibility and rapport through the network. Seek out people with whom to learn and grow, and then nurture those relationships.

**Leveraging data analytics.** Real estate is a highly analytical field so real estate professionals are uniquely placed to be consultants (either internal or external) to clients who may be less comfortable with data. Embrace the data that is becoming ubiquitous and help clients make sense of it for their real estate decision making.

**Prioritizing.** In order to do anything well, focus is required. Because of the pressures in the real estate profession, there are a multitude of small demands on the professional's time and being able to prioritize is a fundamental skill for success. It is necessary to say 'no' and to lead teams and organizations to say no as well.

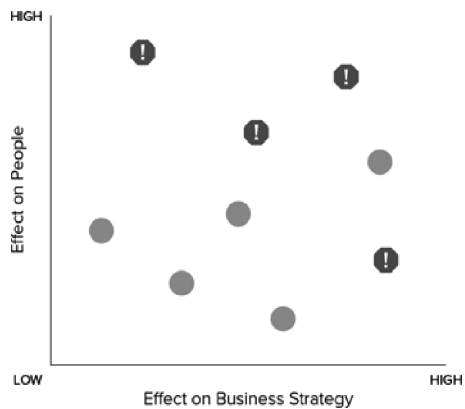
If the answer is always 'yes' and everything is a priority, then it becomes impossible to focus on any one thing effectively. Saying no to some demands and priorities allows the professional to say yes to the vital few that will matter the most.

**Being compelling.** Start with the client's needs and connect the real estate value equation to those. Be able to synthesize and connect dots, communicating a business case ei-

ther formally or informally. Develop skills in presenting ideas in concise and compelling ways in order to differentiate from competitors in the fragmented value chain.

**Partnering.** In addition to developing relationships across the value chain, partnerships with HR, IT, and finance are among the most important to build. The real estate and work environment decisions that clients make are integral to each of these functions and real estate at a nexus point, poised to provide leadership and help ensure overall success across all of these.

**Figure 5: Integration Assessment**  
Integration Assessment

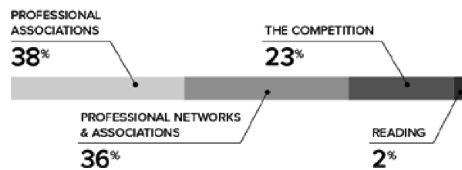


Of course not every decision will demand integration. The decisions that will demand the most connection are those which are most strategic (affect the business and its future most holistically), affect the most people, and carry the greatest risk. See Figure 5. The tool in Figure 5 demonstrates one way to assess the situations which will demand the most integration between functions.

**Sounding and learning.** Never stop sounding—seeking to know more about the context around clients. Never stop learning. My research

demonstrates that most real estate professionals learn primarily from three sources: trade associations, professional networks, and their own competitors (see figure 6). In order to offer valuable thinking to clients, voracious and constant learning will be key.

**Figure 6: Sources of Learning**  
Sources for Learning



**Leading brilliantly.** The old adage is true: People join companies but leave leaders. Be the kind of leader that others want to follow. Be a leader with whom colleagues want to work. Nurture the heart, provide authentic feedback and recognition, and be a leader who builds a team and develops others.

Set a vision and be strategic enough to connect the work to the future and the overall busi-

ness objectives—creating the best flight plan. Also execute effectively —be able to land the plane. Great leadership isn't a set of tactics or strategies for manipulating people. Great leadership is about being the kind of person that people will follow.

**Shifting.** Ultimately, both personal and professional agility will be key. Contextual awareness will keep real estate professionals informed about the factors which affect the future, and the implication will be that they need to change and shift in order to meet the adjusted landscape.

### CONCLUSION

The future has never been brighter for this industry or real estate professionals. The conflation of challenges, realities, and the unique skills that real estate professionals can offer to clients—whether they are internally placed or externally placed—will make a difference to clients' businesses and ultimately to career success. Stay aware of context.

### NOTES:

<sup>1</sup>Much of this research is detailed in *Bring Work to Life by Bringing Life to Work: A Guide for Leaders and Organizations*, Brower, 2014.

<sup>2</sup>Third places are not designed specifically for working, but which many people choose such as coffee shops. Fourth places are co-working spaces, specifically designed for the purposes of working.