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# INTERNATIONAL

# RETAIL MAGAZINE

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# CHANGING THE WORLD THROUGH REAL ESTATE

**One of the goals of IRG Magazine is to share information and ideas for the betterment of the retail/real estate industry, so we were excited to learn about University of Colorado Boulder's Real Estate Center. From their website, "The CU Real Estate Center at the Leeds School of Business is a powerful collaboration between the University of Colorado and the real estate industry. The Center is not only a vanguard of thought leadership in the global property sector, but also a key resource for graduate and undergraduate students in obtaining internships and ultimately permanent positions through Center connections."**





**T**o learn more about the program, Linda Johansen-James and Shannon Quilty spoke with Mike Kercheval. Mike is the Executive Director of the Real Estate Center at the Leeds School of Business of the University of Colorado Boulder. As the Center's Executive Director, Mike manages and promotes the important relationships between the real

estate industry and the academic community through a number of initiatives focusing on business education preparedness, career development and mentoring, and advancement of industry best practices.

Prior to joining the Center, Mike served for sixteen years as President and CEO of the International Council of Shopping Centers (ICSC), the

world's largest commercial real estate trade association. Under his tenure, Mike dramatically expanded the association's professional education, advocacy, research, and networking activities and doubled ICSC's global membership to over 70,000 across more than 100 countries.

Prior to ICSC, Mike spent thirteen years as a portfolio manager and real estate investment banker in New York, at Equitable Real Estate Investment Management and its successor companies, the final three years working in Latin America as CEO of Lend Lease Latin American Realty Advisors.

### **SQ (Shannon Quilty/IRG):**

Mike, thanks so much for speaking with us today. We're excited to hear from you! Sadly, we can't all be together in person but through the magic of technology, it feels almost as if we are together. In the "room" apart from myself, Linda Johansen-James, Founder and CEO of International Retail Group, Madison Gross, Consultant with the Leeds School of Business, and today's subject, Michael Kercheval, Executive Director at the Real Estate Center at the Leeds School of Business at University of Colorado, Boulder. Mike and Madison, you may know from their time working with ICSC – the

commercial real estate industry association.

Mike, this is not what retirement looks like! What about this opportunity made you want to come aboard? Tell us about the program and how it's growing under your leadership?

## **MK (Mike Kercheval):**

When I retired from ICSC, I was inspired by one of our Board Chairmen, Dave LaRue, who said if you are young when you retire, you can still have another career and do something most impactful. If you retire when you're 60, which is when I retired, you still have a lot of runway ahead of you. You also have a lot more history behind you that you can share. So, when I was 55, I made the decision to retire when I turned 60, which seemed like a long time away. During those five years, I thought a lot about what Dave said. It's not that I don't like to work. I love to work, and I love to be busy. I love to share. What can I do that can have a positive impact in that next 10 years of my life? What most intrigued me most was my observation of how real estate impacts the world more than any other sector or any other industry. I still say to this day that it's the only industry that touches the lives of every man, woman, and child on the planet, generally for

good. Everybody has a place they live. Everybody shops, everybody worships, everybody works, everybody goes to school. Even if not everybody, at some point real estate touches you. I was struck by the fact that there are not, there were not, and still are not enough people in the real estate sector at-large to maximize the value of real estate. Of all the world's assets, stocks, bonds, and real estate; real estate makes up 60% of the world's total value of investment assets. It's bigger than all the bonds and all the stocks combined (JLL study). However, of all the people working in investment asset management, only about 10% are in the real estate field.

So just this one touch point, we don't have enough people and presumably we don't have enough good people to really maximize real estate's impact. So how do we do that? We need to train people and we need to offer opportunities to people. In fact, we have to take one step back. We have to tell students early on in their academic career about real estate and how it can have a positive impact. I thought where do you do that? You do that at an institution of higher education. I'd never considered University of Colorado, though I attended as an undergraduate some 40 years earlier. I also knew the gentleman

running the real estate program who had created an alumni group of graduates from CU, and I was on that Advisory Board. Sadly, he's passed away – his name was Sherman Miller.

The school reached out to me and asked if I had any interest in moving to Colorado and running the Center. It was truly kismet that I had retired. I didn't have something else lined up and it was in Colorado. I could get my head around that because I'd been there, and I knew Sherm and I knew what he had started with his nascent program at the Real Estate Center.

So that's how I ended up here. And then from that, what I've done - and this, I think is an answer to your question about why our program has grown so significantly - I've stayed focused on this notion of why we have a real estate center. It's not to generate tuition dollars. It's not to push people out into jobs. It's not for academic research. It's the mission that we can change the world through real estate talent and I'm thrilled that people have listened. I think we've grown from 75 students to 500 students in five years as I've had the opportunity just to talk to students about the impact they can have, and then we train them and get them great jobs where they are actually making a difference. So, our growth isn't anything

other than exposing people to the opportunity that was out there. If my only contribution has been the opportunity to communicate that message and to be heard, I'm very grateful. Now, we've got to figure out how we continue to build our program.

## **IRG:**

ICSC is again hosting the Cornell University Case Competition and you've got a group of students participating. For those who don't know, what is the competition and what does it entail?

## **MK:**

It's an international competition between universities where students form a team, are given a real estate case and a week to analyze it. They make recommendations based on the information at hand and present it to judges who are industry professionals. Typically, the case is an old shopping center in a specific market. They're given the statistics and other pertinent information and asked what they would do with it. They back up their recommendations with a full-blown business plan, financials, pro forma, etc. The students can get pretty creative!

All in all, this is a great opportunity for the students, along with seeing

the ICSC Convention itself. What I've done in the past is take about 15 students to Las Vegas; the Center pays the expenses for their trip. I set up meetings with the companies and some of these great people I had the honor to meet over the years. We also work on job placement, so we visit to companies looking to hire and make introductions.

## **IRG:**

You're also offering a new Real Estate Certificate Program that includes courses like Real Estate Law for Non-Lawyers, Real Estate Finance for Non-Financial Professionals, and Fundamentals of Commercial Real Estate. I'm not sure that's available in many other places. Tell us a bit about that program.

## **MK:**

As recently as three years ago, I was speaking to the VP of Finance of a real estate company. She said to me, "Can I take a real estate finance class? I just really don't understand it even though I've come up through accounting and bookkeeping and I'm the VP." Unfortunately, unless she wanted to enroll in a degree program or was able to talk a professor into allowing her to audit, she was out of luck.

I talked to our Board and asked if they had people in their

organizations who might feel the same. They saw merit in the idea and thought it could be especially beneficial for some of their rising stars to take classes in three key areas. Some could really use a fundamentals class. Others have people who really get ridden roughshod by attorneys and would benefit from a real estate law class. They don't need to be lawyers but know how it works. The same is true for finance. It's taken three years to really think through how we might launch this program, with COVID acting as both a challenge and opportunity.

Last year I concluded that it was time to figure out a way to offer three different courses for which we would award a Certificate of Completion at the end. They would not get academic credit, but our hope is to be able to give them credit that they can apply towards a master's degree here at some point. When Madison Gross, formerly of ICSC, agreed to help it was perfect. Here's the one person I know who has done this before and knows how to do it, who I trust! No need to say more.

He is here now and we're making it happen. Interestingly, where this has gone is not just to satisfy those industry professionals, which is a real need, but it also goes back to the need for more and better people in



the real estate industry. They don't all have to be manufactured in our university. We can help train people who are already in the sector or maybe job shifters.

So, where are the job shifters? I started thinking - I'm on the Board of Project REAP - the real estate associates program widely acknowledged to be the most successful diversity initiative in the commercial real estate industry. ICSC helped launch REAP in 1999 with a gentleman named Mike Bush, whose idea it was. Mike worked for Giant Foods in Washington DC. Mike Bush said, "There really aren't many people of color in real estate and certainly not in management. We ought to change that". He was really an early advocate of diversity and inclusion and recognized the improvement of a board and company by including more diverse perspectives. That is Project REAP.

REAP's students represent a powerful group of talented career shifters. As part of CU's program we decided to offer our three courses, two hours a week over six-weeks, to Project REAP students free of charge, as a contribution to bring greater diversity to the industry. We're doing training online, so we don't have to worry about students being in Boulder, Denver or some central location.

And then there's a third area of interest in our program. There are a number of corollary academic programs at universities like ours - architecture, planning, even some of the business sectors - where students can't take any real estate classes because they're not enrolled in those degree programs. So, we're going to offer this executive education series to that group, such as for the University of Colorado at Denver's School of Architecture and Planning. They'd love for their students to have a real estate fundamentals class. It'll make them more employable and probably better all-around. So again, let's find people who have the ability, the interest and the desire to play a bigger role in real estate and impacting the world. That's where

this Executive Education program originated.

Again, I'm really thrilled we have Madison to help us power through all the angles. It is big thanks to him we are ready to kick it off in a couple of versions over the summer. The Law and Finance courses will commence in the Fall. The program will be guided by university professors. We'll still have the ability to use the industry practitioners, but we'll also have the imperator of a professor that either at the Law school or, in the case of finance and fundamentals, of our Business School.



## IRG:

First of all, I love this. I did several executive programs at Harvard and Stanford. It made such a difference in meeting people and being involved in the industry. I really believe it's so valuable. I applaud you for this. Will you offer the program in-person eventually and bring people into the University?

## MK:

That's our hope. We'll be doing the summer Fundamentals program in-person and also online, we should be able to do it for the Law and Finance, however, we've since learned from others that the hybrid approach has not been very seamless from a teaching or learning standpoint. You're focusing on the audience, but you also need to engage the online students. Interaction can be very limited. Perhaps technology will get better - we'll figure it out.

If you can do some learning in-person and some remotely, that would be the ideal. We don't want to preclude anybody from getting this knowledge because they can't afford to come here or don't live here. It's kind of a social mission as well.

## LJJ:

I'd like to go back and talk a bit more about Project REAP. After we spoke, I looked it up. It's really interesting

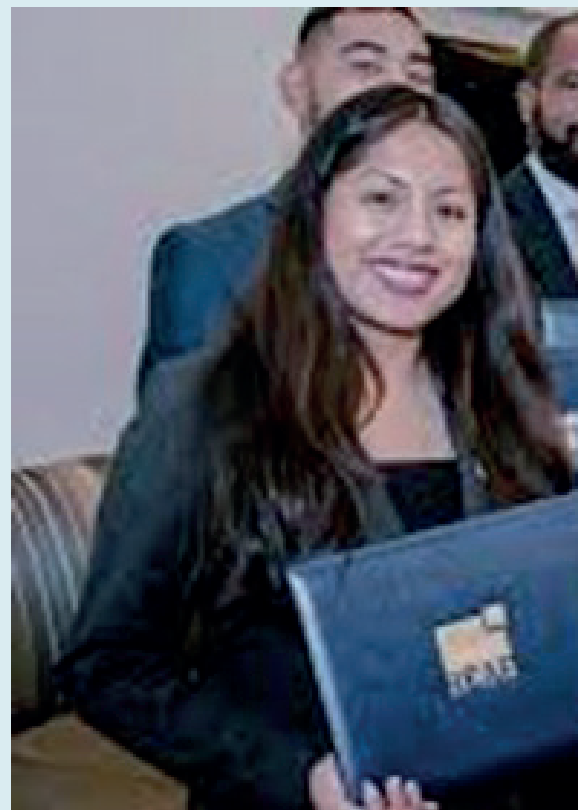
because I felt the very same thing when I got into this industry 25 years ago. First of all, there's not very many women. Secondly, there's really no one of any color. I love that you're encouraging and you're on the Board and really trying to make a difference. Tell us how that is working and how you're going to integrate that into your Certification program.

## MK:

Yeah, on the last point, I think it's just as simple as beginning this year, when you sign up and get selected for Project REAP, you will receive access to these three programs. We decided not to make successful completion of the courses a requirement to completing the program, however, we will encourage them to take the classes and tell them why it's really important that they do. That will separate the average participants from the excellent participants - those who take initiative and do the extra bit.

If the University can get behind a program like with REAP, even though it's not with our students, it tells me if you can't make an impact in one area, but you believe in the goal, try to do it another way. Don't drop it if you can't succeed with the one path you thought you had. That's really my idea of bringing

the business school into this and to show that the Business School is definitely involved. Our school's Dean brings an invaluable set of perspectives: she's a woman, as well as the first generation in her family to go to college. She's a big supporter, believer and an advocate for the value of doing anything we can to promote inclusion. To the extent that



brings greater diversity, there's such a strong business case for that.

Linda, to your point about the women in the industry, when I started, we set a goal of 50/50 by 2020. We're getting there now with women in the real estate program.



We now have more women mentors who can work with our students. We're busting the crazy stereotype of women not being good with numbers, that they should go into marketing. We have not skipped that mission of gender diversity. Even going one step farther, I think that there's even more non-binary gender diversity we can bring into

people may stop going to your mall. If it gets really dirty, they're just going to completely avoid it. Billy told me that clearly men designed shopping centers so they have a hundred square feet for a bathroom for both men and women. They don't really think about the appliances that need to be in there and about just the time. Gee,

to think about those people who maybe aren't comfortable going into either - they're going to avoid our mall, right? So, that's just one small example of a businessperson who's not trying to change the world, but he's saying if I'm more responsive to social needs and societal changes, I'll probably be more successful as a businessperson.

I think, again, diversity has a payback beyond just doing the right thing, which should be enough.

### **SQ:**

I love that. I think we've talked about most of the things on our list if not in the order that we intended, but that's fine. We wanted to ask you about IRG's Cover subject issue, Chris Igwe. He speaks highly of you and mentions you as one of his mentors. He is an incredible man and so kind so generous with his time and knowledge. He thinks the world of you, Mr. Kercheval. So having said that, tell us what you think of Chris!

### **MK:**

The real story?

### **SQ:**

We want to hear it all.

### **MK:**

I've met Chris in Europe shortly



the industry.

I think that just those perspectives are going to be huge for the future and huge in the industry, I don't know if it was Billy or Bobby Taubman who told me if you have a dirty bathroom in your Center,

you could really get more people shopping if they didn't have to wait a so long to use the bathroom.

He told me we need to think more broadly, that perhaps women's bathrooms should be twice as big as the men's bathrooms. We also need

after I started at ICSC. I went with my predecessor, John Riordan, to Europe, and we had a meeting with the European arm of ICSC. Europe had operated independently from ICSC and had only recently been brought in. It wasn't smooth and it wasn't easy. John Riordan was frustrated. There had been a scandal resulting in the leaving of the previous Managing Director, so new direction and new leadership were needed. As John pointed out at the time, this was my challenge. He was retiring and it was in my best interest as the new guy to find the right person to get the organization in shape. I asked him for recommendations, and he kept clicking his fingers trying to remember the name. "There's this guy, There's this guy." He couldn't remember the name. Finally, he says, "He's the only black person in the real estate industry. He does real estate for GAP or Footlocker. You'll meet him at MAPIC (Europe's major Retail Real Estate convention) – he will stand out there. And he was right and so I met Chris. The next day we had this meeting and we started chatting. As we were talking, even though our backgrounds are so different, our hearts and our social and compassion visions were aligned. Our birthdays are very close. We both got married on exactly the same day. We both married women from different backgrounds. We just had such a good time talking and

laughing and enjoying fine wine. We found, as Chris said, we are twin brothers from different mothers. The next day, I asked him if he would you have any interest in talking about working for me and running ICSC Europe. He agreed to consider it, consult with his wife and family and when he agreed, he could only commit for a year. We put together a really aggressive plan of attack. He was able to use his unique position in the industry and his contacts, frankly, as well as his cultural difference, because people could not figure him out, to get people to stop arguing and just think about what we were talking about. He did an amazing job for me. When the time was up, he helped me find the next head of the office, Ermine Amies, and she was very good.

I continued to see Chris a lot - at MAPIC, and he came a few times to the Middle East Council of Shopping Centers. He helped us when we started to launch an ICSC in Africa. He knew some people in his part of Africa and had some connections. His father was the first to translate the Bible into the language they spoke in his part of Nigeria, which he said was not a written language, so he translated the Bible phonetically into this language.

**SQ:**

Wow. We didn't get that background!

**MK:**

All of those things really resonated with me, so I felt a real affinity, admiration and love for him. You know, the fact that you mentioned he said nice things about me – boy, I couldn't say enough nice things about him. Number One, I'm not surprised he said nice things about me because that's his personality. Number Two, I'm just so flattered because he didn't have to bring me up. It's very kind he would take the time to do that. He's been very generous with his time helping me understand Europe. He was very much a business and cultural mentor for me. In turn, there hasn't been anything I've asked him to help with – whether advise a businessperson, a colleague, a student, a young member of our industry where he hasn't stepped up. I'm certainly hopeful that I will be able to reciprocate even in a small way to give back as much as he's given to help me. So great man, great person. I wish we were neighbors. We could see each other more often.

**LJJ:**

What's your advice to young people or people transitioning into the industry?

**MK:**

I have four pieces of advice, that I try to share. I've thought a lot about what's impacted me. The first is a

general thing. When people are considering a change to something new but aren't yet sure which direction or when a high school senior isn't sure yet what to study, I recommend they get off that track and ask themselves what difference they want to make in the world and start there. Whether you're my age or a 16-year-old, I think that's where you need to start. The question is not what do you want to do? but what difference do you want to make?

That really helps you recalibrate. Let's see - What can I do? What skills do I have? How do I want to make a difference and what skills do I need to develop? That's where I start. I also admit that for me, I realized real estate was the most efficient way for me to make a difference in the world. I really feel my purpose on the planet is to make everybody's life better. How could I do that in the broadest, most impactful way given the skills I have or could acquire? For me, it was real estate though it may not be for other people. You may have different skills that should be deployed in a more effective way. I think for most people, real estate provides that opportunity. I don't think a lot of people think about that.

I think they think about real estate as a trade. They can't get their head around the fact that it's really an idea. So that's Number One. What difference do you want to make in the world? Think about it and let's

talk about how real estate might help you achieve those objectives.

As I see it, there are three other things to help you be successful. This goes beyond real estate. I would attribute any success that I have, in looking at other people and asking, how did they get there? I think that's what I should do.

First, I tell people a very simple thing to do is to learn another language. The reason is when you learn language, you learn about a different culture, and you begin to think differently. You exercise your brain into areas that you hadn't really thought existed. It dramatically increases your empathy. So, if increasing your empathy is a goal and you're not exactly sure how to do that, my advice is learn another language. There are the practical advantages of course, of having another language. But I think the most important part is developing those empathy skills. I've seen all sorts of examples where it's helped tremendously. There was a time in my life where because I spoke Spanish, I was sent to South America to start the business of Lend Lease in Latin America. I was the only one in that room who spoke Spanish, so I got the job. That leads me to the next one...

And that is, to take the job that nobody else wants. No one else, even if they did speak Spanish, raised their hand to go down to Latin America.

I was reminded of Rene Tremblay, former CEO of Ivanhoe Cambridge. Rene was telling this story to me and some others about how did you get here? He said, well, I didn't speak any English, I spoke French. I hadn't yet acquired a lot of job skills and maybe wasn't the smartest or the best with numbers. It was early in my career, and I was in this meeting with all these junior people.

The question came up...we have a new Center in rural northern Canada and we need somebody to go there. It could be for a year. It could be for five years, but we need somebody to go there. They looked around and nobody's raising their hand. So, Rene raised his hand, introduced himself and off he went to the Yukon. That was a turning point in his career. He became known as that guy who would be willing to do what needed to be done. He understood obviously this is important or they wouldn't be bringing it up. I'll take it on. So, whatever it is, big or small, know your boundaries, but take the job that nobody else wants to do because it gets you noticed and it's going to make a difference.

And then the final piece of advice that I saw and heard so many times from Mary Lou Fiala, a former ICSC chairperson. She was often asked how she became successful as an executive, as a woman. She loved the question because she never defined herself as successful as a



woman. She just defined herself as successful. She said the number one key to her success was being a nice person in life and in business. The world is all about human interaction. We prefer to interact with people who are nice, and we will avoid every opportunity to work with someone who's not nice, who we don't like. She gave the very pragmatic example of when the financial crisis in 2008 hit, and companies had to let people go. Executives would get together to decide who to cut. We're going to have to make cuts. Uh, well, let's get rid of that guy. That guy was a jerk. He was a pain to work with. He's always complaining. People like to work with people they like so it follows they will work better with nice people. That they smile and make the people around them feel good can't be the only attribute but it's a great place to start. When we exited that recession, and it was promotion time - who do we want to promote? The nice person. They're hard working, but there are a lot of hard-working people, but that is a really nice person. I realized that I'd been living by that.

Cultural EQ, learn another language, do the job that nobody else wants to do and it really pays to be nice.

Jonathan Tisch wrote a book called the Power of Nice. I've been a fan of his business philosophy. He was born

with a few opportunities at hand, but he said that wasn't enough, you had to be nice. He says, I only hire nice people. I can always train them. Life was better working with people that you enjoyed being with.

So, those are my four pieces of advice that I've tried to live by and think it's important to share with people who want to make a difference. Not everybody wants to make a difference and that's fine. We need consumers but I like to be optimistic. I think everybody wants to make a difference. So how can we provide that capacity. Full circle, coming out here to CU, this is my, I don't know, fourth different kind of career track. This position has really, for me, brought it all those tracks together, and now I have the luxury of saying, I could really have an impact.

The students at the University are here by choice. Those who come to see me, they come by choice. What a wonderful way to be able to come to work each day with people who want to learn, want to hear from you. You feel you finally, after all these years, maybe made enough mistakes that you know how to help guide people so that they can get one step ahead. Understand the vision too. I'm going to share everything I can so you are able to make a positive impact on the world.

## **SQ:**

That's beautiful and a great way to sort of tie everything up. Mike, I really appreciate that. Is there anything else Mike you'd like to touch on?

## **MK:**

I wanted to make sure that I had opportunity to share some of these things. My vision of this is you can do good in the world while also doing good for yourself and real estate is a cool way to do it. In real estate, you really can do good and make a lot of money. What you do with it is up to you, but you don't have to give up everything to do good. This is a unique career in an industry where there's the power to do well for yourself and do well by the world.

## **LJJ:**

I couldn't agree more. That's a great point to close on. Thank you, Mike and Madison, for your time. We love what you're doing at CU and wish you great success!