

# BANKER & TRADESMAN

CULTIVATING CHANGE

## Leading the Way to a More Diverse Real Estate Industry

Research Suggests Diversity Provides Competitive Advantage

By Lisa Serafin | Special to Banker & Tradesman | Mar 25, 2018



Research has shown that diversity at companies leads to higher profits, increased innovation, and exposure to a broader talent pool. Yet as workplaces become more diverse, this evolution is slow to be reflected in the commercial real estate industry.

Women and non-white men held a combined 22 percent of senior positions in commercial real estate companies, according to a 2013 report by the Commercial Real Estate Development Association. When taken to the middle management level, the number improves only slightly to 30 percent.

Real estate is a competitive game. We don't have to accept that our industry will not see the benefits of diversity for decades. As leaders, each of us can accelerate the rate at which we move toward this future by doing the following:

- Embrace the benefits of corporate diversity.
- Cultivate a more diverse company.
- Sustain a corporate culture that supports diversity for the long term.

The benefits of corporate diversity are many. First, the evidence suggests that diversity in leadership results in higher profits. When Fortune 500 companies were ranked by the number of female directors on their boards in 2009, those in the highest quartile reported a 42 percent greater return on sales and a 53 percent higher return on equity.

Second, decision makers in the industries with which we do business, including client and tenant companies, are becoming increasingly diverse and seek to network and do business with firms and team members who reflect their values and experiences.

Third, diverse groups make better and more innovative decisions. Studies show that when diverse groups tackle a problem, the approach is more fact based, resulting in better outcomes than groups homogeneous in race and gender. Contributions from employees of various backgrounds and experiences also produces new and innovative ideas.

Lastly, talent differentiates real estate companies and, in an era of low unemployment, is hard to find. Having diversity within our ranks provides access to a broader talent pool for open positions.

### Reach Beyond Your Usual Networks

A diverse company doesn't just happen; it must be cultivated. CREW Network recently published "Diversity: The Business Advantage," which identifies the characteristics of real estate companies that have successfully diversified:

- Corporate leaders and stakeholders are committed, invested and involved.
- Diversity efforts are communicated to all employees.
- Success is measured and lack thereof is addressed.
- Companies are honest about unconscious biases in all hiring practices and take quick action to overcome them.
- The recruiting process is broadened beyond immediate and traditional networks.

Hiring diverse employees is only part of the job. To retain and advance women and minorities, we must ensure that our companies are places where all can grow and thrive. Employees leave companies and industries where they don't feel accepted or their advancement is not supported. While it is obvious that we should staff teams, provide opportunity and promote without respect to gender or ethnicity, we must also sustain corporate cultures that support long-term diversity through three important efforts.

- Seek to mentor/sponsor employees who have different experiences. Often corporate leaders mentor team members of similar gender, race and socioeconomic background. As a result, women in commercial real estate are 54 percent less likely than men to have a sponsor who can actively help advance a career path.
- Celebrate the effectiveness of a variety of leadership and communications styles. Recognize the unconscious bias that leads us to value and reward one style over another.
- Learn about language that is negatively impactful to the perception and advancement of women and minorities. Lead by example – do not use this language, call it out where you hear it and educate employees as to its effect.

Through my interactions with leaders of real estate companies, it is clear that the will to diversify is present both because it is the right thing to do and because of the benefits it brings. But in order to achieve this outcome those of us with the power to effect change must consciously lead the way.

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