

Lessons Learned, Lessons Shared

A Profile of a Successful Researcher



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Larry, thank you for giving us this opportunity to get to know you in terms of your background as well as the lessons learned, which you have picked up along the way. We are also looking forward to the opportunity to share your experiences with our readers and provide them with some of your sage advice.

Before we get into your background, tell us what you are up to these days.

I am the Principal of Carlson & Associates, my own real estate market strategy consulting firm based in Michigan. I offer retail and real estate consulting expertise involving strategy and site analysis to both the private and public sectors. My consulting efforts have been wide-ranging, both geographically and topically. However, the bulk of my research efforts have focused on providing research and strategy support for a variety of clients including large REITs (real estate investment trusts), smaller retail developers, big-box and specialty store retailers. I have also worked with a number of financial institutions and even some city planning and development agencies across the United States.

That certainly is a diverse set of clients. What sort of services do you provide them?

In my role as a consultant, I have carried out many types of research and strategy studies, including expert witness

testimony, market strategy assessment, site selection and evaluation, feasibility analysis, sales forecasting, retail portfolio and tenant mix evaluation, zoning support and assessment studies, and research process analysis, including model development and assessment. As the proprietor of my own business, I am responsible for all facets of the business including the writing of proposals, fieldwork, data analysis, report production, accounting—you name it.

I am sure that your current projects offer a number of challenges that draw on your unique background. Let's look back a little and talk about what you've done in your prior life, before your consulting.

I was born along with my twin sister in Duluth, Minn. My sister and I are the only siblings in our family. Duluth is the farthest western port on the St. Lawrence Seaway. It is a poster city situated on bluffs overlooking Lake Superior, the largest body of freshwater in the world. Forgetting the snows of the winter (which is something of a “push”), Duluth has been likened to be the San Francisco of the Upper Midwest. I lived in the central hillside area of Duluth for the better part of my childhood. Because of where I grew up, with the large expanse of the lake literally at my doorstep, I am still partial to wanting to live where I can see the sky.

I grew up in a poor family, with my mother needing welfare assistance for much of my childhood life. My dad was stricken with rheumatoid arthritis in his early adult years, and could not work for most of the time that I was growing up. He died when I was a senior in high school.

This is part of a series of executive profiles of research-oriented industry leaders conducted by James DeLisle, Director of the Runstad Center for Real Estate Studies at the University of Washington.

Some of the interviewees' careers remain in research, as they continuously hone their skills, while others have moved on to other functional areas. Regardless of current or future career choices, we will explore to what extent the mind-set and skills cultivated in research roles have been instrumental in their professional development, and how they have built on that foundation.

Neither my mother nor father had a college education. In fact, none of my grandparents attended college. However, my grandfather on my mother's side of the family kept saying that both of us twins should do the best we could in school, with the aim of attending college upon graduation.

I attended what was the largest high school of four in the city: Duluth Central. The school has been known through the years as the basketball high school in the city. I graduated from Duluth Central with honors—I was one of eight students granted that honor. Because of my academic achievements, I was granted a scholarship to attend the University of Minnesota, Duluth (UMD). I worked in a local music store while attending both high school and college to earn enough money to live on, especially while in college.

You certainly have come a long way since those early days. How did you first get interested in real estate?

In my first two years of college, I was required to take a core curriculum of the necessary science, math and liberal arts courses to obtain my Bachelor of Science degree. While choosing what I should take within the core curriculum, I thought I would try a geography course. I did not have any opportunity to even experience a course like this in high school. Wonder of wonders, I took the introductory Physical Geography course taught by Dr. Fred Witzig, and fell in love with the discipline. I thought that maybe this was just because of the professor, so I took the introductory Human Geography course taught by another professor and found it to be interesting as well.

Meanwhile, I was on a track within the Business and Economics departments to obtain a bachelor's in business, since I thought that once I got out of school, I could get a good job with a degree having that orientation. I was very good with numbers, so good in fact that while in the Accounting course sequence, my professor suggested that I consider a career in accounting as a CPA.

With that counsel in hand, I went to Dr. Witzig and asked him what I could do with a degree in geography rather than business. He explained that there were numerous

geographers who were employed to carry out site studies in the retail arena, so if I picked up my bachelor's in geography, I could consider hybrid business opportunities. He went on to suggest that I should enter a Geography department offering at least a master's degree. He argued that such training would be necessary to make me a valid candidate for the best positions in the site selection and market research areas of some cutting-edge companies utilizing that particular skill-set to determine the best location strategies for the companies.

While in the undergraduate program, Dr. Witzig, who became my advisor and undergraduate mentor, brought resource people involved doing real studies for retailers to discuss their skill-sets and to describe what they did. I had the pleasure and opportunity to listen to a presentation by Dr. Bart Epstein, who was a professor at Kent State University in Ohio and who offered site-selection services to B.F. Goodrich. I saw what he did, and said to myself that this is something I want to do. I graduated from UMD with a Bachelor of Science, *cum laude*.

How did your undergraduate work influence your graduate studies?

With my academic achievement a key building block, I applied to a number of graduate schools. Fortunately, I was offered a three-year fellowship to attend the University of Minnesota's Geography department, in its Ph.D. program. I thought it was a great opportunity and jumped at the chance. While in the graduate department, I attended a series of classes on the American City, taught by Dr. John Borchert. Again, as with Dr. Witzig at the undergraduate level, I said to myself: This is what I really like, and Dr. Borchert is the person I chose to be my graduate advisor. He became my graduate mentor and directed me to take all courses offered in the University of Minnesota graduate school having anything to do with the analysis of markets, demographics, settlement patterns, population growth, land-use development, political systems and how they impact development, etc. In this multifaceted support program, I enrolled in a very strong quantitative analysis

program, using that discipline as a second language in my Ph.D.-oriented program. I obtained my master's in geography while continuing in the Ph.D. program. Under the mentorship of Dr. John Borchert, my ability to create a multidisciplinary program to support my Ph.D. efforts was of huge assistance in my career development. I believe strongly that a core graduate program such as geography needs to borrow from disciplines such as quantitative analysis, planning, economics, business, etc., to properly prepare graduate students for real life experiences.

Well, you certainly had a solid academic background and picked up a lot of useful courses. In addition to pursuing your studies, did you do any industry work while you were in school?

Yes. While in the geography graduate school program at the University of Minnesota, I was asked to work on a gravity model to assist Dayton Hudson Corporation in the prediction of sales for their Target stores. Upon finishing the model, and presenting the findings to the director of the Trade Area Studies department, I thought it would be cool to be employed in that department, since I could use my graduate-level training in the real world. Just before I left the graduate program in the Geography department to teach at the University of Minnesota, Duluth and to work on my Ph.D. dissertation, I brought my resume to Jerry Oster, who was then the director of the Trade Area Studies department at Dayton Hudson Corporation. I told him of my interest in being employed in the real world. The rest is history! I was offered a position in that Dayton Hudson department within six months, and I joined a three-person staff just after completing my nine-month teaching commitment. My retail and real estate career literally began when I found out I liked to do the research analysis necessary to making the right real estate location decisions. Seeing models work in a real setting, such as the gravity model I developed for Target, was a catalyst for me in determining what I should do with my education and where I could utilize skills considered to be important.

Within three years, I was offered the position of Director, Trade Area Studies, since Jerry Oster was moved out of his

position to join a company just acquired by Dayton Hudson. During the early years of my time in Trade Area Studies, the department name was changed to Area Research & Planning. The department continued to grow as the needs of the corporation increased due to a significant increase in new store locations. In 1982, I was promoted to the position of Vice President, Research & Planning, and I managed the department in that position for over 12 years. The staff I managed at Dayton Hudson Corporation was responsible for all market research and site strategy studies involving new store and shopping center locations for over 15 companies. The staff conducted site analysis studies for potential department store, discount store, book, jewelry, off-price apparel and home furnishings store locations. Long-range and comprehensive store rollout plans for individual markets and for the United States were developed by the Research & Planning group.

It sounds like this first job was a great opportunity and a satisfying role. What prompted you to move in another direction?

In the early 1990s, I began to think about what I am going to do next. The research process was working well, and the market and strategy studies were in the hands of a capable staff. I thought it would be interesting to look at the opportunity to provide services as a consultant to a number of firms like Dayton Hudson Corporation as well as shopping development companies. In 1994, that opportunity came, with the incentive of continuing work with Dayton Hudson Corporation through a retainer agreement. My role was to assist the Research & Planning staff with front-end market strategy and site strategy needs. However, I worked on my own as an independent real estate consultant for only about a year and one-half.

What happened that caused you to step back and take another career turn?

In late 1995, I was asked by Floyd Hall, the new Chairman of Kmart Corporation, if I had an interest in establishing a real estate research and strategy department at Kmart. Floyd was interested in setting up a department that was similar to what he had been able to draw on

at Dayton Hudson Corporation during his tenure as the president of Target Stores. So, after only 18 months on my own, I was offered the position of Vice President, Real Estate Market Strategy to head a department that didn't yet exist!

While at Kmart, I started a new research and site strategy function from scratch. With the needs of Kmart to grow their business in a logical fashion, and with no existing research and strategy process in place, this newly created Real Estate Market Strategy department quickly grew to a staff of 18 plus seven full-time equivalent consultants supporting the necessary work efforts. Over 2,000 site studies were carried out in the five and one-half years that I managed the research group. An untold number of metropolitan area strategy studies were carried out as well.

On the cusp of eventual bankruptcy under new management brought in after Floyd Hall left Kmart Corporation, my function at Kmart was eliminated; so I was out on the street looking at possibilities. The consultant route seemed to be the best alternative for self-fulfillment as well as potentially offering the most challenging types of assignments. This consultant track is now what I have experienced for over four years. And, indeed, the types of assignments including expert witness projects have more than fulfilled the challenge portion of my professional life.

What was the most rewarding position up to this point in your career?

Absolutely the most rewarding experience to this point in my professional career was the establishment of the Real Estate Market Strategy function at Kmart. Knowing that an effectively working function was in place at Kmart within the first year was extremely gratifying. No doubt, learning firsthand what worked and what didn't work while at Dayton Hudson Corporation helped me as I determined the needs at Kmart. However, just putting the pieces together and to be effectively contributing within the first year made the effort more than worth it. Then, a change in management took the feeling of accomplishment away. What a sad way to paint a picture for a company that was

beginning to move in the right direction.

During your long career, what kind of activities have you been engaged in relative to the real estate industry?

Over my 35-year career in the retail and shopping center industry, there has been much change relative to both my employment and to my professional involvement. In my early years, primarily due to my academic-oriented interests and my interest in the teaching of applied geography with the intent of developing candidates for employment in the retail and shopping center industry, I was active in the professional organizations associated with the discipline of geography. For many years, I was a member of the Association of American Geographers, assisting in the organization of a series of Business and Government Leadership roundtables. In the 1980s, I was a councilor with the American Geographical Society. In addition, for the past several years, I have been an active participant in the Applied Geography conferences, chairing panels and presenting papers to the applied retail geography group within the conferences.

It appears that you have had leadership and educational roles for some time. Have you ever taught professionally?

Yes. During the earlier portions of my professional career, I taught a number of real estate research courses. For a 10-year period, I was an adjunct instructor in both the University of Minnesota Extension Program and the St. Cloud State University Center for Real Estate and Housing Education. Before participating in those programs, I taught a series of Locational Problems of Small Business courses in the Adult Extension division of the Minneapolis Technical Institute. Other programs in which I was an instructor include the teaching of an introductory geography course at Bethel College in Arden Hills, Minn.; teaching a Retail Market Potential Analysis course at an annual meeting of the Society of Real Estate Appraisers; and presenting career options in research-related employment to high school students through the Community Resource Pool, a career preparation program of the Edina, Minn., public schools. In the mid-1970s I was a member of the Local Census

Committee—Minneapolis/St. Paul, Minn., in which plans and procedures were put in place for the 1980 census.

Some of the most enjoyable experiences of my career have been related to my presentations to attendees of professional conferences or to groups of business executives. At those events, I have given presentations involving topics ranging from the discussion of important trends in retailing to the principals of site selection, and from the presentation of issues associated with downtown revitalization, to a discussion of decennial U.S. Census issues.

Given the diversity of activities you have undertaken, can you point to some common theme that has flowed throughout your career?

Actually, the common thread throughout my career has been my relationship with professionals in the International Council of Shopping Centers (ICSC) and the Urban Land Institute (ULI). I have been a member of the ICSC for over 30 years. For over one-half of my career I have been an active member in the ULI. For a number of years, I was a Council Member in that organization, participating most recently in the Commercial and Retail Development Council.

Tell us a little more detail about your involvement with the ICSC.

In a recent conversation with staff members at ICSC regarding a membership glitch, it was pointed out that I had a very low membership number, signifying the fact I joined the organization quite a while ago. I don't know if this makes me an old sage in the retail and shopping center but, needless to say, I have been an active member of the organization for some time. Indeed, I participated in my first ICSC panel discussion in 1976 in Las Vegas, joining a group of research professionals heading research departments at a number of large retail firms at the time. This panel, Market Research in Retailing, was held in the ballroom of what was then the MGM Grand. At that time, the ICSC utilized facilities in a number of hotels in Las Vegas for developer booths, and scheduled panels such as the one for which I was a participant in a number of large

meeting theaters. The locations of the annual meetings for the organization were still being rotated. Las Vegas was only one of a number of communities hosting the event throughout those early years of my career. This, of course, has changed dramatically due to the significant increase in membership numbers in the ICSC.

As with a number of incumbents in the research profession within the ICSC, I became a Charter Member of the ICSC Research Advisory Task Force in the mid-1980s. I was a member of that committee, rotating on and off, for nearly 15 years. I am currently an Emeritus Member of the committee. I have also served as a Faculty Member of the ICSC School for Professional Development, teaching a Research Procedures course in the University of Shopping Centers program in 1983, and teaching the Fundamentals of Marketing Research course in both 1999 and 2000.

You have mentioned several individuals who had a significant impact on your career. We are interested in how they affected your success and the various paths you have taken.

In addition to the mentors that I mentioned earlier—Dr. Fred Witzig in my undergraduate experience and Dr. John Borchert in my graduate experience—a couple of individuals who I worked with and for during my tenure at Dayton Hudson had a significant positive impact on my real estate research-related career. Jerry Oster, my first boss, contributed in a way that I am not sure he even knows. He allowed me to run on my own, and to experience the joys and the anguishes of learning in the field. He also allowed me to be creative in determining appropriate shortcuts and in establishing proper procedures in my analyses—many times through trial and error.

Ralph Chiodo, the principal of a consulting company that I hired to assist me in shopping center feasibility work, is another person who played a significant role in my career development. In fact, I was so impressed with his capabilities that I asked him to join my staff full-time! Ralph, with his ability to “cut to the chase,” coupled with his impressive management style, helped me develop as a manager. Knowing how to effectively tackle an assignment,

and then knowing how to engage individuals who are assigned to a project, is critical to any manager's success. Ralph helped out tremendously in this regard.

Jim Hale, the General Counsel for Dayton Hudson Corporation and an ICSC Trustee, was my boss for over 10 years. Jim is probably the brightest individual I ever reported to or worked for during my corporate days. He is also one of the best managers I have experienced. During the time I reported to Jim, I never once felt reprimanded. Rather than being negative, he always had the ability to challenge through positive feedback. All three of these individuals had a positive influence on my professional career, and without their interest I could have probably never risen to the level of success that I have experienced in the retail and shopping center industry.

Was there a particular event that had a profound impact on your career?

Being able to start my career with a quality company with quality management was critical in my professional and personal development. The management at Dayton Hudson Corporation wanted to hire outstanding people, set very high goals and wanted to develop key management people to lead the company to the next curve in the road. Starting with the right company or organization is critical to successful and effective development.

What was the greatest challenge and the best opportunity that you encountered in your career?

Probably the most difficult challenge in my professional career was the change from being in a corporate environment for 24 years, and then going out on my own. To be your own person, with the need to exhibit entrepreneurial characteristics and to learn how to deal with the lack of a steady paycheck, can be rewarding. But the challenge is not an easy one. The best opportunity that I took was my first job offer from the Dayton Hudson Corporation. I became part of a growing and very effective organization with high standards. I had the opportunity to carry out research for numerous retail and real estate strategies, which gave me the opportunity to effectively serve all types of real estate-related

clients in a consulting capacity. As I look back at my career, I realize that the success I have enjoyed and who I have become can be traced to a combination of education, mentoring and my professional experiences in my early years at Dayton Hudson Corporation.

Is there any opportunity that you feel like you missed out on?

Just after leaving Dayton Hudson Corporation for my own consultancy, I was offered a position to head the research function in a very rapidly growing retail organization. The position was essentially the equivalent of what I had just left at Dayton Hudson. The ability to increase my earnings through valuable stock options and incentives was attractive to me, but I felt I was burned out in a corporate environment. I passed on the offer at that time. Ironically, I again joined a corporate team only 15 months later. I have always thought: What if? Should I have accepted the offer as a new opportunity?

What were the most important lessons that you have learned, which you would like to pass on to our audience? Let's start with the mistakes and then look at the other lessons.

Probably the biggest mistake I made in my career was in not letting an individual go when he was undermining me and my staff. I felt that if I rationally discussed issues with him and allowed him to make choices which I presumed could happen, most problems could be resolved. The lesson I learned is, do not let sores fester when you manage a group of people. As my mother used to say, "Bad apples spoil the barrel." On a related note, probably the most important lesson I have learned in my career is, again, on the management side of the equation. I have always set high standards in my own professional life, and have extended those to the persons reporting to me in my business settings. Because of my personal standards being set so high, I have always expected persons on my staff to move along with me. However, I have learned that my ability to pick up on concepts and principals of research and strategy as fast as I could and then turn around and solve problems was not something that others could easily replicate.

Unfortunately, my patience quotient at many times suffered as younger staff members sometimes struggled with a research-related problem. Today, I believe I finally can anticipate something like this happening, and hopefully exhibit a high PQ (Patience Quotient)—an attribute that many other hard-charging executives would be smart to embrace.

What are some of the key success factors you think the next generation of retail research professionals should master?

An important key to success for the next generation of real estate professionals is to understand the importance of making rational decisions based upon solid evidence. Real estate investment decisions require research support in which both the supply side and the demand side of retailing are considered. The quality and amount of competing space and adequate market potential will absolutely determine a project's success. The key to any investment decision is the reduction of the risk factor in any investment while providing for adequate return. Management that is prudent and wise in investment choices based upon solid evidence will be the management that succeeds.

Let's shift gears a bit and talk about the academic side of the industry. What role do you see real estate-related academic education playing in the preparation of real estate professionals?

Formal education or academic training is essential to real estate professionals. Understanding the basic fundamentals of real estate development and capital investment is needed. However, education should go far beyond the confines of financial analysis only. For example, pro forma financial statements should not drive a project unless quality analysis determines that the pro forma figures developed for a given project can be supported by the market served by that project.

Also, educational or academic programs not only need to introduce and teach state-of-the-art technology, but these programs also need to introduce the student to the use of the scientific method in research. Where this balanced

approach is not utilized, those programs will fall short. An excellent example of this is in the GIS (Geographic Information System) and aerial photo arenas, where new and exciting technology has and is continuing to assist market research and real estate professionals in making more timely decisions. The increased effectiveness of doing analysis through the use of new technologies is of high value. But, again, if quality analysis is not undertaken, right answers related to real estate decisions could be at high risk. The old adage holds true—"garbage in yields garbage out."

Given your strong academic roots, you probably have some observations on the state of the art of academia. How would you rate the academic community in terms of the training it offers young professionals?

Although my academic training has served me well, I am a bit more skeptical when it comes to the role academia plays today. I believe academic programs are slipping in many disciplines, including real estate and geography. In virtually every graduate school program concentrating on the real estate or geography disciplines, there is a huge schism between academics focused on preparing professionals for the real world and academics focused on preparing students for only pure academia. As I see it, preparing and training students to be effective in real-world situations is one of the key roles that the academic community should play. Preparing students to only teach and to be part of pure academia should not be the exclusive purpose of a graduate program. The execution of a more multidisciplinary approach in the educational process is needed in most graduate school settings. Unfortunately, I do not see many real-world applications in this graduate school equation.

As mentioned earlier, I see many graduate school programs falling short in their execution, due to their failure to teach the scientific method, which essentially is the teaching of appropriate research procedures and methodologies to use in solving problems, or in addressing hypotheses. I believe students need to understand how to utilize the scientific method to know how to ask the right questions, how to approach a research project and how to design the steps necessary to get to the right answers.

In real estate and geography in particular, students must be challenged to learn how to execute basic research techniques. Rather than just plugging in numbers, researchers must collect, compile and analyze the numbers to ensure that any given analysis will yield valid and reliable results.

I believe many graduate school programs also fall short in their execution, due to less-than-adequate teaching of quantitative analysis. Researchers must understand how to utilize statistical methods critical to problem solution. They must determine which method of statistical analysis is appropriate to solving a problem or to answering questions relevant to real estate investment decisions. For example: how to determine most likely ranges of revenue and financial performances for selected real estate projects based upon assumptions about adequate sample size, and how to control for nonresponse biases are critical to any model development.

In addition, most graduate programs in real estate and geography do not offer adequate teaching or training of field techniques. Any professional practicing in the real estate community understands the importance of location and site characteristics to the success of any given project. Thus, it stands to reason that teaching how to assess sites, and to actually understand how it works in a real-world field situation, is critical.

The teaching of finance in many graduate school programs very rarely seems to reflect the pragmatic understanding of the relationship of supply and demand in real estate to financial performance. Understanding supply and demand and how it impacts financial performance is critical, rather than merely learning how to apply the most recently developed financial models or techniques of analysis. Without integrating supply-and-demand components into financial pro forma assumptions, many proposed projects in the real world could experience serious shortfalls in performance. Too many times, I have seen retail and mixed-use projects justified through the use of inappropriate rent or required gross leasable area (GLA) space assumptions.

As many developers have learned, one of the biggest hurdles to overcome in meeting the financial performance expectations of any shopping center development is to determine the appropriate amount of GLA and the appropriate rents required. Thus, one of the most important questions to be answered in determining the expected financial performance of retail and mixed-use developments is whether or not there is sufficient demand in a marketplace to support the amount of proposed GLA. Or, does a project simply contain too much square footage to make it financially viable? Quality graduate school programs should prepare students to answer this type of question. For the most part, I'm not sure this is happening.

Do you think the academic community can address these needs?

Clearly, academics have the skills to properly train students. To me, the question is one of motivation. In some cases, academicians seem to believe that it is beneath them to focus on getting students ready for the real world. Many appear to be focused on getting the best graduate students who can feed into a Ph.D. program and achieve success in terms of academic metrics rather than in industry or real-world performance metrics. While there are exceptions, it seems that few programs want to deal with the fundamentals of real-world career preparation. The perception in the academic community is that those professors that teach to prepare students for real-world applications are not appropriately rewarded, since most graduate schools want to be seen as research institutions producing mountains of academic papers.

In addition, I question whether academia is addressing the breadth of content necessary to be successful in real-world settings. For example, if the retail and shopping center industry is going to be more international, then students being prepared for the retail development industry must understand the global world. Thus, the teaching of world geography is critical. As a geographer, I am troubled by the fact that many graduate students in the United States are geographically illiterate. This myopia will not enable us

to compete globally. To compete in the global economy today, we need to understand where global customers are, and we need to understand what the implications of the diverse cultures of these global customers are relative to the probable successes or failures of investments outside the comfort zone of the United States.

We appreciate your insights on the state of the academic community. Let's turn our attention to the industry itself. Do you think the real estate community is on the right track? Or is it in need of some lessons learned of its own?

I believe there are some lessons learned that the retail and shopping center industry needs to address.

First is what I call the black-box phenomenon. In today's world, management is enamored with models and scenario analysis. It's almost to the point where answers to new store development cannot be correct unless a statistical model justifies store location decisions. The use of models as tools is critical as we assess site decisions, as I can attest to in my career experiences; but models are only tools that should be used to assist in determining what the best site decision should be.

In my early career, I was intimately involved in the development of sales forecasting models. I knew the power of each of the models I developed; however, I was realistic in knowing the shortfalls associated with each model. I also knew, from a research perspective, that I needed to use checks and balances of real-world experience to determine the validity of each model's forecasting ability. Thus, to assume that all sales forecasts or projections are accurate, because a model generates the numbers, is dangerous. Models, first of all, are only as good as statistical parameters permit. Second, models are only as good as the data that are used as input into the models. If the numbers used in any analysis are flawed, then no matter how sophisticated the technique, the results are flawed. Again, using the old adage—"garbage in yields garbage out."

Secondly, I believe field research is critical to making the right retail store and shopping center decisions. In my opinion, you cannot—absolutely cannot—execute valid

retail location research for a store strategy or sales forecasting without actually seeing sites and determining what the qualities of individual sites are relative to site decisions. This is true in site location analysis for general merchandise big-box stores, supermarkets, specialty stores, convenience stores, bank branches—you name it. Black-box research or sales forecasting based on information provided only from the use of maps, aerial photos, radius demographic data, etc., is dangerous. Site characteristics such as visibility, regional access, ingress and egress to and from a site, proximity to existing retail and the quality of adjacent retail space—to name a few—are all critical components that determine the eventual sales or revenue performance of a given store location.

Too many retailers today take a detached view regarding the need to see a site. A number of firms seem to presume that if market potential and competitive data can be obtained from industry or government sources—or if a model can be used to generate sales and revenue data, or if information provided by shopping center developers seems to be adequate—that is all that is needed to make store location decisions. Many times, the belief seems to be that too many store locations require too much analysis and, therefore, incur too much front-end cost; thus, there is absolutely no need for field research. This belief certainly flies in the face of the reality that a location of a store in a shopping center—particularly with anchors and with specialty stores and where they are located within a center—is critical to store performance. Where a store sits on a site is very important. The consumer wants to know where a store is and that getting to the store is relatively easy. How can these important factors in store-performance dimensions be justifiably ignored?

Third, an issue that concerns me is one that impacts not only retail stores, but also one that impacts all public companies: That is the short-term focus of Wall Street that seems to drive many strategy decisions. Quarterly performance many times seems to drive strategy. If a 'glitch' occurs in store performance or shopping center performance, a public company is penalized—in many cases, unfairly—



particularly, if the company is focusing on a long-term strategy that is for the good of all shareholders. Fortunately or unfortunately, real estate is a long-term asset. Retail and shopping center firms live with site decisions for a long while. Attention needs to be turned away from short-term performance and the requirement of hitting home runs, to building solid companies with assets that can perform over the long haul (in effect—continue to hit singles). However, the pressure to generate short-term results is likely to be around for a long time. Until the market recognizes that fundamentals matter in the long term, management and professionals in the industry will need to at least acknowledge the realism of this short-term-performance phenomenon, but continue to focus on probable long-term success through correct site decisions.

What insight can you offer us on the state of the retail and shopping center industry?

The retail and shopping center industry is in transition in the United States. There is currently no clear channel for development success. Selected regional centers are in trouble. Lifestyle-oriented centers are cannibalizing business from many of those regional centers. Even selected better-performing regional centers are under attack from newly proposed lifestyle developments. Many specialty stores see expansion into lifestyle centers as being their only answer to new U.S. store growth. Not all U.S.-based lifestyle centers, however, are destined to be successful for the long term, since a number of the proposed locations are not well-positioned relative to market potential and appropriate demographics.

There is no clear vehicle for store expansion in the United States today, as occurred with the regional center during the 1960s, the 1970s and the 1980s, or through power center expansion during the 1980s and the 1990s. Thus, one of the most important questions to be asked of anyone expecting to make a successful career out of his or her involvement in the retail and shopping center industry is: What new opportunities are out there from the development side, especially in the United States?

On the plus side, offshore or foreign shopping center development in markets such as China and India could mean both short-term and long-term opportunities. However, opportunity will bring with it the need to establish bases of operations in foreign lands or to utilize local resources to carry out project development. It will be interesting, in the next few years, to see how the foreign development opportunities are handled by selected U.S.-based development companies and REITs.

Mature retailers looking for new opportunities will also need to consider foreign expansion. Wal-Mart and The Home Depot, already seeing a limit to future growth opportunities, are beginning to actively look to foreign markets for store expansion. How many retailers who will be looking to foreign markets for expansion will determine opportunities to young professionals entering the retail and shopping center industry?

Are there any particular industry affiliations that you consider fundamental for real estate professionals?

Professionals involved in real estate market analysis and research can greatly benefit from memberships in the ICSC and the ULI, as I have in my career. Attendance at the annual ICSC Research Conference and the annual ULI Meeting can be of significant benefit. Those with academic training including some geography-related courses might consider participating in the Applied Geography conferences held once a year. Of course, most industry affiliations should be reflective of the requirements and interests associated with individual positions.

We've heard a lot about networking. How important do you think it is in helping achieve success in real estate careers?

Networking is critical to successful real estate careers. Knowing where to go and who to talk with are essential in finding out critical pieces of information that can help in making the right decisions. Professional organizations can be catalysts in bringing professionals together. But the need to introduce one's self to professionals in the industry is

critical. Being visible at times is critical as well. You do not want people to presume you are not active in the industry if, in fact, you are quite busy. The old adage that is absolutely true is: “Out of sight, out of mind.”

In conclusion, what other advice can you give to individuals who are interested in entering the retail and shopping industry today?

If someone considering entering the retail and shopping center industry today asked me that question, I would first ask whether or not that individual loves what he or she is doing. As with my first experience with geography as an undergrad, love of what you are doing is essential to true success. I have never thought I made the wrong decision to be a part of this dynamic industry. If I have any reservations at all, it would be that I wish I could have learned even more about areas in which I have little expertise. Then I would pose four challenges:

First, I would challenge that individual to be the best; to set high standards; to show an interest in delivering a product that is timely and properly comprehensive. I would encourage the individual to ask questions and to not assume that lack of knowledge about a specific topic is an indication of stupidity.

Second, I would challenge that individual to look for an appropriate mentor or mentors—someone who is knowledgeable about the industry and who can offer good perspectives on topics that are relevant. I would challenge that individual to listen to counsel from individuals who have something to offer, and to be patient and to really listen to what that person has to say.

Third, I would challenge that individual to get to know persons both in other specialties or functions within the organization in which the individual is employed, as well as persons involved in industry organizations or present at industry conferences, who are employed with other industry-related firms.

Finally, I would challenge that individual to set goals or objectives relative to where he or she wants to go or wishes to learn. I think it is important to look at career development possibilities in time segments. Short-term goals should always be set. For example: What do you want to accomplish in the next year? Is a seminar or course needed? Five- and 10-year goals should be set—if only to set parameters for accomplishment. For example: Is management an option? Should a new company or opportunity be a consideration? Should a shift in function or expertise be considered? Is a research-based job the only thing to consider in personal development?

Opportunities come through planning, even if some opportunities seem to come out of nowhere. To be a candidate for any position requires appropriate skills and experience. Opportunities are, for the most part, defined by a person’s preparation. Thus, to ensure success, you must do whatever it takes to get ready for the future.

Larry, on behalf of ICSC and Next Generation professionals, I would like to thank you for your candor and for sharing your insights into achieving success in the challenging retail arena. Our readers will clearly benefit from the lessons you have learned during your long and successful career. We wish you the best as it continues to unfold. Perhaps we’ll even see you back in the academic arena.