

An Entrepreneurial Career in Consumer Research

Interview by James R. DeLisle

A Discussion with Karen L. Gentleman, Principal, Gentleman McCarty



Karen L. Gentleman

Karen, we appreciate your willingness to tell us your professional story and to share some of the “lessons learned” along the way. Before we dig into your past, let’s talk about some recent news regarding your business.

Thanks, Jim. After operating Gentleman Associates for 21 years, primarily doing consumer research, I am thrilled to have Mike McCarty join as my partner, and we are re-branding the company as Gentleman McCarty. This will add greatly to our capabilities, bringing to our clients the wealth of real-estate experience that Mike has after 26 years at Simon. It is therefore a very exciting time to be doing this interview!

That is exciting, and, for those who may not know, Mike is your partner in marriage as well. Your complementary but different career paths must have made for some interesting times over the years, and will help you to move your company to a new level. Turning back the clock, tell us how you started your firm.

Gentleman Associates was formed in 1988 following a phone call I received from Jim Farrell, then in Market Research at Homart Development. I headed Consumer Research at Simon at that time, and Jim asked for my help in finding a consumer research consultant to do some customer intercept studies for the company’s existing centers. Homart had not been happy with the quality of the studies provided by the consultants it had previously used. I told him I would call him back in a couple of days. After struggling a bit to come up with names, a flag popped up in my mind. I had always wanted to start my own company, I just did not know when and how to take the plunge. I guess it was in my genes, as my father was what I call a “serial entrepreneur,” running at various times 23 different building-materials companies. So, I always figured that at some point I would make the leap into my own business. Thus, Jim’s call was fortuitous and an

opportunity I could not pass up. The rest is history because that is when I started down my own path.

Homart became my first dollar on the wall, which then grew nicely with seven studies in 1988, my first year on my own. It continued to be a client until 1995, shortly before the company was acquired by General Growth Properties. I have many fond memories of those early studies. Fortunately, Homart was very quickly joined on my fledgling client list by an interesting assortment of smaller shopping-center developers, retailers and focus-group clients who ran the gamut of industries from consumer products to financial services to health care. Although the shopping-center industry has always provided the majority of my business, I have very much enjoyed the diversity of the work that I do in other industry sectors. This has been particularly helpful in recent years, when consumer research business for shopping centers has been either flat or, in 2009, significantly reduced.

Those were some interesting times to be in the consulting business, just ahead of the last collapse of the real-estate market. To survive and then flourish during that period, you must have had some solid training. Give us some insights into where it really all began.

I was born in Chicago, where my father was born and where my mother went to college. When I was only a few years old, we moved back to my mother’s hometown of Des Moines, Iowa. That occurred due to the strange coincidence of my father getting his first big career break to run a concrete company in Des Moines, and he had to drag my mother back there practically kicking and screaming. But it was a great place to grow up, and if you asked them now, our whole family would tell you that it was a good move—even my mother. Her return to her Des Moines roots enabled her to have the visibility to successfully serve in the Iowa legislature for 16 years.

My father attended Massachusetts Institute of Technology and, as an alumnus, had a great fondness for the school. He went to every single class reunion from 1956 until his death in 1999. So, every five years, they would pack up the station wagon and all the kids and drive from Des Moines to Boston. During the reunion trip when I was 11 years old, my father decided it was



time to start showing me colleges, even though most people would have waited six or seven years. Well, his efforts paid off so well that I fell in love with Wellesley College at an early age. I credit my four years at Wellesley as the first big break in my as-yet-unknown career. Not only did it fulfill an early dream, it gave me the writing and analysis skills on which I have relied ever since. It also gave me a big dose of self-confidence that has come in handy and helped me eventually launch my own consulting practice.

It sounds like you came out of college raring to go. How did you get started in your professional career?

Well, the seeds of my self-confidence had been planted but had not kicked in yet. In my last year at Wellesley, I had applied to a number of top law schools, as well as to my “safety law school” at the University of Iowa. Unfortunately, I was accepted only at Iowa. I then realized what my mother must have felt facing the move from Chicago back to Des Moines. Since I was unable to accept the jarring change of moving from Boston to Iowa City, I decided I would work for a while instead. In hindsight, that turned out to be one of the best detours I have ever taken, because it serendipitously led me to market research. I guess that is why I like to joke that, as I do not know any happy lawyers, the law may not have proven to be the best career choice for me in the first place.

I moved from Boston to Chicago in 1977, because it was the big city I knew best and because the unemployment rate in Boston in the late 1970s was double-digit. I was sent by an employment agency to interview at the large advertising agency D’Arcy MacManus & Masius, which had an opening for an administrative person in their market research subsidiary, Mid-America Research. Because the possibility of that interview came up quickly, I did not have time to do any research of my own, so frankly I was even unaware of what market research was when I sat in front of the president of Mid-America Research. As I tell college students today, my first big mistake was how unprepared I was for that interview, but it turned out surprisingly well.

Well, we’ve picked up two “lessons learned” already. The first is clear: be prepared; but the second is more subtle. A Wellesley grad starts as an admin—a somewhat humble start but obviously one that helped launch a new career path in an employment market which was not too dissimilar from the abysmal retail market today. How did it work out for you?

I was very fortunate that the president of Mid-America was someone who believed in the value of a liberal arts education and recognized that an individual who could think and write clearly would be an asset to his very small staff. Frankly, years of piano lessons had given me the ability to type at 90-plus words a minute—a very practical advantage! He hired me as his assistant and became my first mentor.

Mid-America was primarily a data-collection company, with two suburban mall locations in Chicagoland, where interviewers surveyed shoppers, in addition to the corporate office in what was then the Standard Oil building in downtown Chicago. Occasionally I would go out “in the field,” as it is called, helping bring a project to completion by actually doing some interviewing. It was excellent experience and gave me the foundation to ultimately go on to design hundreds of questionnaires. However, at the same time, I must admit I am not a good interviewer because I invariably re-word the questions instead of reading them word for word from the questionnaire, which is necessary to ensure that each respondent has the same experience.

Every once in a while, Mid-America would be asked to design a questionnaire and analyze the findings, in addition to doing the data collection and perhaps the data processing of that information. I quickly realized that these “full service” projects were my favorites, because they involved the thinking and writing skills that I had developed in my undergraduate work. One of the company’s full-service clients was WBBM-TV, Channel 2 in Chicagoland, which would hire us to conduct political polls. The pollster on staff was a very bright Greek fellow whose name I still occasionally hear on Channel 2 when I am in Chicago, which makes me smile.

It sounds like you had a great start down what turned out to be your ultimate career path. What was your next career move?

When I moved to Indianapolis after just one year at Mid-America I already knew that my career would be in market research, so those were the only positions that I sought in my new home. I was hired by another ad agency to be its sole research person. This environment was a bit of a shock to me because instead of a subsidiary company with a staff of dozens, I was now a research staff of one. Moreover, it was a surprise to realize that “research” in the context of the smaller Indianapolis market did not always mean conducting primary research in the form of surveys. Rather, it more often involved collecting and analyzing secondary research that had already been conducted by others and, as such, might or



might not answer the exact questions our clients had posed to us. In those primitive days, doing secondary research was much more involved than it is in the modern Internet era; it meant actually going to the library and digging through magazine archives and academic papers. Some days that seemed like a frustrating and thankless task, but it helped me become interested in a variety of topics that I researched in this way, and interpreting the results helped make good use of my report-writing skills from college.

It was during this short stint as Research Director at this Indianapolis agency that two important things occurred which would shape the rest of my career. First, I was encouraged by one of my clients to return to school to get my MBA, to complement my on-the-job training with a strong academic understanding of the business world and marketing's role within it. Secondly, I was introduced to the business of shopping centers.

It sounds like you were ready for a change and, in the spirit of the entrepreneurship instilled by your father, took a major career turn. What happened at that point?

In 1979, Melvin Simon & Associates was a fairly small company, especially in comparison to the current scale of the company. Despite its size, the Simons were attracting the attention of the shopping-center industry by hiring smart, entrepreneurial people and allowing them to create new products and services. When the advertising agency decided they were going to “pitch” Simon to be selected as the agency who would do all of Simon's trade advertising, they sent me to the library to learn whatever I could about shopping centers. As I was perusing publications like *Shopping Centers Today*, I was absolutely astonished to learn all the intricacies of designing, tenanting, operating and marketing a mall; I thought to myself, who knew?

My experience at secondary research paid off and our successful pitch to the Simon team brought me to the attention of the man who was in charge of marketing at Simon. At the time, he was in the process of creating a team that would take Simon's marketing efforts to the next level. He had hired a new creative director away from a major retailer, brought on a new public relations professional and now wanted to add market research to the mix. I was hired as a one-person Research Department at the end of 1980.

The good news was that I was given a large research budget and was basically told to “catch up” in what was known about Simon's existing mall portfolio by conducting as many intercept studies as I possibly could. Only a few of the properties had been studied up to that point in time, using outside consultants, and usually only

in the instance where an anchor store needed to be convinced of the size of a mall's market or quality of a particular shopping center's demographics. I clearly had my work cut out for me.

That must have been somewhat daunting, but it also sounds a little like déjà vu. It seems like the difference this time in working alone was you had a budget and a champion, probably more lessons learned. What did you do in the face of the opportunity and challenges you faced?

The most important skill I used in those early years at Simon was not my fledgling knowledge of how to conduct consumer research, but the communication skills I had polished at Wellesley and in my first two jobs. These were smart, entrepreneurial people who had made smart decisions for years, with very little formal research to guide them. Perhaps my best decision, early on, was to assemble all of the various members of a particular center's “team.” I did this in advance of conducting the research, engaging Development, Leasing, Management and Marketing to brainstorm the questions they had about the subject property. I then reconvened that same team after the research was done to present the findings and to discuss the implications. As you might expect, there were plenty of arguments when they did not like what they heard. However, the team exercises also began to help cultivate an appreciation for the value of listening to the customer through consumer research. After a few years I took pride in the fact that research was being accepted by even the most entrepreneurial folks at Simon. Their skills and ability to listen made a powerful combination. On the one hand, it allowed them to use information to help talk a tenant into leasing at a center. On the other hand, it enabled them to make a change in the marketing message of a center that was more in tune with the way consumers thought about that particular center.

As I was establishing a good working relationship with those who were involved with Simon's existing malls in its Management division, the Development area continued to plan and build new regional malls at an impressive pace. Unlike most of its competitors, Simon had no Area Research function in place and instead was relying upon the department stores' research departments to provide the feasibility analysis for new centers. Jerry Garvey, who had come to Simon Development from May Company, was anxious to establish the same top-quality Area Research department he had relied upon at May. He had his eye on Mike McCarty, with whom he had worked at May, to come to Simon to beef up its research capabilities.



Tell us a little about that time since it obviously led to great things, both personally and professionally.

Well, those who know that Mike McCarty and I have been married for 23 years will be amused to know that in 1983 I was not at all pleased with the idea of him joining Simon. In my eyes, the fledging research department at Simon, which by then had grown to include two analysts and an administrative assistant (but not from Wellesley) was my department. At this point in my career, I felt competent to handle whatever research questions the company faced. I did not believe that department store experience provided necessary insights for the person who would head up Simon Development's research efforts, which was Jerry Garvey's contention. Moreover, deep down I huffed that the only reason they were looking elsewhere was to find a man to lead the charge. Those of you who know my feminist leanings will also be amused to know that in subsequent years I freely admitted that I was wrong about both of those things.

Mike McCarty was hired as Director of Research for Melvin Simon & Associates in August, 1983 and I reported to him as Manager. I still remember the first departmental meeting that he convened, to learn about the studies we were conducting and to respectfully listen to each of the employees—including me—describe our strengths and the things we most enjoyed working on. He showed a lot of sensitivity in that meeting and I began to rein in my feminist side. I was pleasantly surprised as I began to really learn a lot from Mike about the insights he had gained from his years of department store and shopping center analysis at May, Federated and Homart.

The first major study that I worked on with Mike was a very thorough analysis of the San Antonio market, where Simon had two successful superregional malls already in place and was developing three additional sites. My job was to study the existing malls to help Mike review the development opportunities. The report we generated was about an inch thick, and I thought it was very impressive and compelling. Unfortunately, our recommendation was not what Melvin Simon wanted to hear. When he read Mike's conclusion that the development opportunities were neither as imminent nor as large as he believed, Melvin literally threw the thick report back at him and "fired" Mike on the spot. Although we were all shocked, other executives encouraged Mike to come in the next day, knowing that Melvin would have forgotten his anger by that time.

As Mike and I continued to work together we also fell in love. We were married in 1985 and had our

daughter Julia in 1986. My father was convinced that I would be fired by Simon, as a result of mixing business and personal relationships, but there were plenty of married couples and other family members who were employed by Simon. Fortunately, it did not seem to rattle anyone. The fact that I have retained my maiden name probably also helped outside the Simon circle, as evidenced by the fact quite a few in the shopping center industry do not know that we are married.

Before we hear how your respective careers developed, let us go back to that recommendation you had received about getting your MBA. What did you ultimately do with that advice and when did you act on it?

I have already spoken about my early love for Wellesley and the strong communications skill set that it gave me. In 1979, I entered the MBA program at Indiana University (IU), encouraged by one of my clients at the advertising agency where I was then employed. IU's urban campus of Indiana University, Purdue University at Indianapolis, was just taking off at that time, and the class offering was not extensive, but it was very close to Simon's downtown Indianapolis offices and that worked well for my busy schedule.

Taking only one course at a time, I was limping my way through business school, but that was the most that I could afford to do in terms of time and finances. The good news is that when I started at Simon at the end of 1980, the company fully reimbursed my tuition. However, it also meant I was traveling frequently in order to see all of the properties I was studying for my "day job," and thus my academic pace continued to be slow. After I had my first child in 1982, that slow pace threatened to come to a screeching halt! That threat was overcome in large part by the intervention of an academic advisor who took an interest in my shopping-center career. Knowing my family/professional/academic dilemma, he arranged for me to do a large independent study project in which I explored the common characteristics in the most successful food courts, the newest trend in shopping centers. I also was able to take a real-estate appraisal course in which my project was the appraisal of the Indiana Roof Ballroom in downtown Indianapolis. Since this was a one-of-a-kind event venue that Simon had just purchased and was renovating, there were no comparables, of course, so I had to utilize my creative skills a bit. That was intellectually rewarding and the synergy between work and academia helped me to complete my degree.



That is interesting and refreshing for an academic to hear; we all like to think we have helped people along the way and it sounds like your professor did just that. How did the academic training impact your career?

That is a hard question to answer because I did my graduate work while I was working. Thus, although I am sure it affected how I approached my job, the impact was gradual and involved the synthesis of various learning experiences, both professional and academic. As such, it is difficult to point to many specifics of where getting an MBA contributed a great deal to my career success. However, I suppose that having the MBA credential made a few people take me more seriously than they would have if I had had just a BA, even though it was from Wellesley College. Ironically, one of the weakest moments that I can recall in business school was the market research course that I took. At that point, I had already been a practicing researcher for a number of years, and unfortunately the professor had spent his entire career in academia and had no “real world” experience. When he instructed the class that the door-to-door survey methodology was still being relied upon, I was compelled to raise my hand and correct his grossly inaccurate statement. I am not sure that he or my classmates appreciated the clarification—or believed it—but I thought it was worth the risk and my responsibility to help set the record straight.

What role have your networking and ICSC connections played in your career? How important is networking to Next Generation professionals?

I have been fairly involved in ICSC since starting my business, speaking at conferences whenever I am asked, writing articles for various publications; and for the past decade or so I have been honored to serve on the North American Research Advisory Task Force. The industry-wide perspective that has given me has been invaluable. One very specific example of that is the ICSC's Mall Consumer Shopping Pattern Database, which I have been involved in since its creation in the 1990s. This is an informational product that ICSC publishes where customer intercept data is compiled from a number of participating developers to provide an industry-wide customer profile that I can quote when analyzing a single intercept study for one of my clients. Whereas I could never quote other studies that I have done, because they are proprietary, ICSC gives a benchmark that all can use on key measures such as the amount of money spent per mall trip, number of stores visited and so on.

The greatest benefit from my involvement with ICSC is, of course, the opportunity to network with

others in this industry and to learn from them. I always enjoy the meetings of the Task Force, where I can hear the opinions of researchers who bring the perspectives not only of shopping center developers, but also retailers and Wall Street analysts. I try to chime in from the perspective of a lowly consumer research consultant!

Let us talk a bit about how Gentleman Associates evolved. How did things get off the ground?

It actually started as a home-based business. When that fateful call I mentioned earlier came from Jim Farrell at Homart, I kicked my infant daughter out of her nursery and started Gentleman Associates on an old kitchen table. One of the graphic artists from Simon generously provided my logo, which I have used for 21 years until our recent re-branding as Gentleman McCarty. I have found the years of running my own business to be intellectually stimulating, financially rewarding and, on most days, a whole lot of fun.

The seven Homart studies I had lined up to start the business kept me busy for a few months. This included defining trade areas on the beach in Sarasota over our family Spring Break. That is another lesson for someone who is planning on running his or her own business; you quickly learn that you sometimes have to work when others are relaxing. The converse was that during these busy child-rearing years I had the flexibility to leave work at 3:00 to watch a child's soccer game. However, when I did, I usually found myself back in the office after the children were in bed to finish up what needed to be done to keep my business on track and on time.

I initially loved running the business out of my home, but our family was fast outgrowing our little house and I was busy enough to hire my first employee, so I leased a small office that was close to home and schools. When we purchased a larger home, it had a 700 square foot detached space that has been my office for many years. With the benefit of technology, many of my clients probably do not even know that I am operating out of the house and not some corporate setting. Just in case anyone is wondering, I am never in my pajamas during the workday and the thought of puttering with laundry or other housework while I work never even occurs to me. I guess I am fortunate in that regard; I have generally been too busy and too interested in my research to waste time doing those less-interesting tasks.

How did you grow your business from your single-client start to the range of clients you serve today? What role did relationships and personal networking play in your business?



My Simon and other industry contacts have been invaluable to me in expanding my business beyond those first few contacts. In just my first year of business, I did projects with two former Simon employees, one who had moved on to RREEF and the other to Galyan's Sporting Goods. I also had the opportunity to work on projects with some other leading shopping-center researchers such as Cynthia Ray Walker, John Chapman and Warren Wilson. Even before officially starting the business, I had been a freelance focus-group moderator for several years. That opened the door to projects that continue to come my way, building on the number of focus groups I did, including first-year clients Indiana National Bank, KitchenAid and Whirlpool appliances, and Steelcase furniture.

While it might sound like I leveraged my MBA to chart my business success and have enjoyed smooth sailing ever since, I must admit the business plan I had diligently prepared before I started the business bore no resemblance to my actual first year in business, in which I greatly exceeded my sales forecast. But the clients I had never anticipated doing work for were the reason for that, not the clients I had assumed would be my mainstays. That taught me another lesson worth passing on; to be successful, you have to be strategic, but also opportunistic. I prepared business plans for several years after that, and they were always way off, so I eventually stopped doing them.

In hindsight, business plans were always more for my own planning purposes than for any other reason. Since my start-up expenses were minimal and I have never sought any sort of financing, I have not been under any pressure to revisit them. Indeed, after those first few years of botched business plans, I used to say blithely, "I never know where the business is going to come from, but it always comes from somewhere!" For years that appeared to be true even though my core clients came and went as the industry evolved. For example, as Homart disappeared, I had begun to do business with O'Connor and Centermark. Then, just before Centermark became Westfield I had begun to do business with DeBartolo, and as DeBartolo was subsumed by Simon I had begun to do business with Glimcher. Then, when Glimcher went in-house I re-connected with Westfield and they became my largest client for several years.

That really points out another important lesson or two. First, what goes around comes around. Second, it is indeed a small world. Both lessons suggest the importance of doing solid, fact-based research rather than telling a client what it wants to hear, as well as

always meeting or exceeding client expectations. How has the market changed in terms of research appetites?

As you know, since the mid-90s, most of the larger shopping-center companies have become REITs, shedding their private and entrepreneurial roots. Given the emphasis on quarterly earnings, many have cut their management expenses to the bone in order to maximize profits. As such, a number of them have found it a lot more difficult to justify doing consumer research. I have found that my client list in recent years includes more downtown organizations and a variety of other industries, including healthcare, not-for-profits, insurance and utilities. For instance, I have done a significant amount of work for Humana on the topic of Medicare. While somewhat out of the mainstream of my research, I find this work particularly gratifying because seniors are greatly confused about these various coverage options, and in the course of a focus group discussion, the seniors I work with not only help to enlighten me but they also learn from each other. And in a few years, that learning will also help me personally!

I have also had to adapt my research methodologies to fit the new realities. Although I still do telephone surveys, that methodology has become more and more expensive because people are so disgruntled when bothered by a ringing phone that obtaining a 300-person sample requires dialing more than 16,000 telephone numbers! Also, younger people increasingly rely on cell phones and do not have a "land line." That poses some real challenges since, by law, land lines are the only phones that a research firm can dial using the automatic dialing equipment which is essential to keeping interviewers productive. So consumer researchers like me have to rely more and more on e-mail surveys which are completed online.

The shift to electronic surveys has posed a challenge for most of my retail clients. A shopping center typically does not have a database of enough customer e-mail addresses to obtain a sufficient sample by reaching out to them. There are companies from which e-mail addresses can be purchased, but for trade areas that are smaller than metropolitan areas, these sources do not provide a sufficient sample except in the most densely populated areas. However, I recently did an e-mail survey of metropolitan Indianapolis residents to ask their awareness and usage of a downtown venue. I was thrilled to receive more than 500 responses in a very quick time frame and for a very low price. I am exploring what other types of clients I can interest in e-mail surveys. I was particularly pleased to find that the age and income distribution of those who responded to



this e-mail survey were parallel to all metropolitan Indianapolis residents; so, as the Internet has become more mainstream, this technology is no longer “skewed” toward those of younger ages and higher incomes.

Pursuing the theme of the recent trends in consumer research, what do you see for the future of such research, and what recommendations do you have for Next Generation professionals?

As in my example with e-mail surveys replacing telephone surveys, I believe technology will continue to impact the way we conduct research and we will all have to be willing to adapt to those new technologies. Just yesterday, I had a focus-group facility gently remind me that I no longer needed to ship the audio cassettes to the transcriptionist, because they could upload a digital file to her that she would receive mere moments after the groups concluded. Brave New World, indeed!

The Next Generation who are just coming into our profession are more comfortable with new technologies, but they will have to continue to keep pace with changes that will continue to occur rapidly over the course of their careers to avoid becoming lost in the dust. My three 20-something-year-old children have trained me to text and Facebook and use my iPhone. I haven’t yet figured out what these technologies will mean for survey research, but since these are the shoppers of the future, I am going to be paying close attention to how they communicate and connect with others. If I could have talked just one of my children into joining me in the business, perhaps they could have helped me to figure it out!

Young professionals entering the shopping-center industry will need to be technologically fluent but will also need to have a global perspective. I have done very little work internationally, but all one needs to do to realize how intertwined we all are is to watch the Dow’s impact ripple over all of the European and Asian markets, and vice versa, in an instant. As the retail sector looks to take concepts from one part of the globe to the other, it will be essential to listen to the consumer carefully in order to understand how to translate those concepts successfully.

Very wise advice. Do you have any final recommendations for Next Generation professionals?

I have a suggestion for the Next Generation, which is for them to not forget the community services they did while in strong high school programs, some of which may have been influential in getting them into college. I know that during their college years and in the first years of a career, it is difficult to have an outward focus and to worry about the needs of a community. But in my years of serving on community boards, five of which I am proud to serve on right now, I have always taken away more knowledge and value than I have given. Community service has also been an opportunity for me to get outside of the walls of my very small office and to meet interesting people with different perspectives.

Karen, thank you for sharing your story and for helping to enlighten us at the same time. Good luck to you and to Mike in your new joint venture.

This is part of a series of executive profiles of research-oriented industry leaders conducted by **James R. DeLisle Ph.D.**, the Runstad Professor of Real Estate and Director of Graduate Real Estate Studies at the University of Washington. The series explores the extent to which the mind-set and skills cultivated in research roles have been instrumental in their professional development, as well as how they have built on that foundation.