



# Talent Wars

Retail

Real Estate

Must Close

Ranks to Win

By Reynolds Atkins

**T**he United States is facing a wave of retirement that will result in 14 million unfilled skilled labor jobs by 2020. This skilled labor deficit will cause a talent war that threatens growth and innovation in industries that fail to position themselves as attractive career destinations.

Retail real estate has many intrinsic qualities that will attract the incoming Millennial generation. However, success will require a unified industry effort to overcome historic barriers and chronic shortfalls in recruitment, management and branding.

#### Tomorrow's Skilled Workers

The employment market has changed dramatically since Baby Boomers first entered the workplace in the 1960s. Gone are the 30-year retirement dinners, gold watches and secure pensions. In their place are Career-BUILDER.com, retention bonuses and foosball tables. The 401k revolution, the Internet and a healthy dose of Generation X angst has permanently altered the implied social contract between worker and employer. Once

considered a marriage, the relationship is now more akin to a dating situation that could be ended at any time.

While the one-company career days are not likely to return, there is a growing sense that relationships can normalize if employers can understand and appreciate the needs and wants of the new workforce.

According to Millennial expert Bruce Tulgan, the generation just now entering the workforce aims to work faster and better than their predecessors. They want fair and direct managers engaged in their professional development and seek creative challenges. These workers want to make an impact on Day 1 and desire short-term goals with tight deadlines. They care about work-life balance, understand the importance of financial security and thrive on change.

The new generation is also ushering in an emerging gender gap among skilled workers. Today, the ratio of women to men on college campuses is 3:2. This impact on the labor force will demand that companies take proactive measures to ensure their work environments are welcoming and rewarding to women.

**Intrinsic Advantages, Major Hurdles**

Retail real estate is a dynamic, ever-changing environment where diverse expertise is required and creativity is paramount. The most successful companies are those that outwork their competitors and see opportunities where others do not. These traits are fundamentally attractive to the incoming Millennials who should gravitate towards an industry where their achievements can be memorialized in bricks and mortar.

It is also not a revelation to suggest that women should be drawn to the industry considering that research shows that they make 80% of the household purchasing decisions. The industry is also rapidly expanding its global reach — a move that appeals to a generation that increasingly views itself as global citizens.

Another natural advantage for retail real estate is that it touches so many different industries that are popular and fun to discuss in social settings. Each year, one of the nation's largest polling firms, Gallup, surveys public perception of 25 business and industry sectors. Among the top five in 2007 were the restaurant industry, grocery industry and retail industry — all enjoying overwhelmingly positive perceptions.

However, Gallup's 2007 poll also revealed one of the biggest challenges facing the industry. According to the findings, between 2003 and 2007, the public perception of the "real estate industry" declined substantially. Only the federal government and the oil and gas industry lost more in popularity. Although the decline in housing prices is no doubt to blame, the findings reinforce a systemic perception that the entire real estate industry is built on "boom and bust" cycles. This reputation is troublesome for a Millennial jobseeker concerned with economic security and perhaps deterred by the recent downturn.

Other challenges to attracting skilled workers are anecdotal, but point to perceptions that career paths in retail real estate are unclear, that pay levels are lower compared to other finance/investment alternatives and that in general, the industry is difficult.

True or not, all of these perceptions feed into a much larger problem: retail real estate has little to no brand identity. When average consumers enter a shopping center, they see retail brand names. They don't see, or even think about, the developer who built the center. There is no iconic name that resonates outside of the industry — like Donald Trump in development or Bill Gates in software. It may sound trivial, but these cultural icons give cachet and visibility to careers in many industries.

Retail real estate also suffers from structural barriers to professional development and talent management. The intense local nature of real estate has resulted in many small- and mid-sized firms that do not have the economies of scale necessary to implement formal professional development programs. These dynamics can promote unhealthy work environments and turn off Millennials who crave new information and new experiences in a structured setting.

**Winning the War**

The challenges are too great for one company to overcome. Even if a handful of companies are successful at attracting the best and the brightest in the field, the industry as a whole will still be understaffed and unable to capitalize on the domestic and international opportunities that will surely emerge in the coming decades.

As an industry, retail real estate leaders should come together and commit to strengthen the industry's brand; focusing attention on all of the intrinsic advantages the industry has that appeals to the next generation workforce.

The first step the industry can take is to make workplace issues a major focus at industry events and conferences. These forums already provide tremendous professional development opportunities; however, they fail to adequately address human capital management issues such as mentoring, performance evaluation and diversity.

Organizations such as ICSC's Next Generation, ULI's Young Leaders and UrbanPlan, Commercial Real

Estate Women (CREW) and Women in Retail Real Estate (WIRRE) provide great value, but more can be done.

The industry needs to forge deeper relationships with graduate, undergraduate and even secondary schools. Whether students are at a ninth grade career day or a graduate recruiting event, it is critical that industry ambassadors are there to highlight the exciting opportunities in retail real estate. It is not enough to just engage young professionals once they have entered the industry, there must be a major effort focused on young people at the time they are daydreaming about their future careers.

In coordination with the direct outreach to students, the industry should also consider a far-reaching ad campaign to students and their parents who yield considerable influence on their child's career preferences. Through print, television, radio and online advertisements, the industry should emphasize its increased stability, global reach, creative nature and vital role in shaping communities. These characteristics will be the most effective in attracting the Millennial generation.

As a means of reaching next generation workers, the importance of popular culture cannot be overlooked. Television dramas such as CSI have made criminal justice one of the fastest-growing undergraduate majors in the U.S.. Similarly, Trump's "The Apprentice" has glamorized office development and the numerous "house flipping" reality shows have done the same for residential. The retail real estate industry could also benefit from these unconventional marketing strategies.

All of these ideas are simply a starting point. There should be an industry conversation about how to make itself more competitive with other industries. Even if an impending talent war never materializes, the ancillary benefits of having a larger pool of tomorrow's leaders to choose from makes this opportunity ripe for investment.

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**BUSINESS AND INDUSTRY SECTOR PERCEPTIONS**

The following table displays the results of the business and industry sector rankings from Gallup's August 2007 Work and Education poll. The survey asked Americans to rate their views on 25 different industries in the United States. Below are the industries with the best and worst perceptions. The retail real estate industry was in the middle of the ranking with a 35% negative view declining 36% over the past 4 years. This clearly indicates considerable room for improvement.



Source: Gallup, Madison Marquette Market Research