UNLEASHING THE DIGITAL NATIVES

How commercial real estate firms can harness innovation and disruption through reverse mentoring

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Traditional mentoring in commercial real estate (CRE) emphasizes knowledge transfer from senior executives to those more junior. But learning throughout any organization should go two ways. This is particularly true of one key area of critical strategic and operational importance where today's relatively junior staffers tend to exude a massive comparative advantage: technology.

Let's be honest about CRE, we've lagged many other industries in terms of the pace, scale, and effectiveness of technology adoption. Certainly, matters are changing fast today as the industry experiences and is responding to tech-infused innovation and disruption on a range of fronts. From social media to mobile applications and data analytics, willingly or otherwise, many are doing their best to make up for lost time.

Nonetheless, the industry — its older leadership in particular — still leans more heavily toward tech-phobic or tech-hopeful than tech-savvy. By contrast, younger entrants of today are digital natives, having never known anything other than a digitally-infused existence. My suggestion for all of our industry's executives is that they take a thoughtful inventory of the skillsets and orientations that reside in their firms and then ask themselves: do we have enough of a technological orientation to be the disruptors and not the disrupted?

For many if not most, the answer will be "no." And in that vein, one of the key tools we're championing internally and with our members is reverse mentoring.

The Old Ways

Traditional mentoring in CRE means that a younger trainee, associate, or whatever title denotes "beginner/intermediate" at a firm, would be adopted by a senior executive as a sort of squire. By accompanying the senior executive, and to be blunt, by performing countless "coffee runs" in exchange for occasionally more meaningful activities, said squires slowly but steadily acquire the skills needed to become knowledgeable and effective assets for the firm. The thinking here: CRE is a complex business requiring the least experienced workers to simultaneously pay their dues and learn from the most experienced.

Indeed, there remains a great deal of fundamental industry insight that needs to be shared top-down across the generations. What are the drivers of value in CRE? What are the ins and outs of sales, marketing, negotiation, and relationship building? What does an executive need to know about financing, building maintenance, location, location, and location? The learning curve is steep.

But as challenging as CRE itself may be, technology presents an equally, if not even more challenging, learning curve that too many firms are doing only the bare minimum to address. This is patently dangerous, as technology today is the driver of enormous innovation, and yes, likely industry disruption. Given the relentless advancement of technology across the whole of society and commerce and the

resulting enormous implications for CRE, the question arises: how can organizations accelerate their learning and improve their tech quotient?

Harnessing the Natives

One answer: do more to harness the tech savvy. Millennials are true digital natives. Technology resides seamlessly within their lives. They have an innate understanding of the power in social networking and can apply these principles not only to their personal experience but also to the business world. Their relationships, learning approaches, research techniques, and even their seemingly cavalier attitudes toward digital privacy have all been developed in an interconnected context.

In addition, perhaps driven by growing up in an era of continuous change, millennials tend to quickly upgrade to the latest versions of any software or applications, and in general embrace new technologies. They have no fear or anxiety surrounding technology because to them, technology is and always has been.

By comparison, the most senior of today's CRE industry executive class are at best digital immigrants and in too many cases, relative luddites. Many can still recall

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being amazed at the advent of color television and the fax machine. To its credit, as a business often conducted "on the road," CRE was a relatively early-adopter of mobility. Still, its most senior executives have, on the whole, been slow to adopt and adapt leading-edge, and potentially industry transformative, technologies.

In short, the technological gulf between the two orientations can be enormous. Millennials routinely use social media, Twitter, Instagram, Reddit, Pinterest, Facebook and countless other mobile and website applications to inform their choices and decision-making. Their schooling further required them to branch out even further into areas such as data analytics, mastering tools like Qlik and Tableau, any of which might prove beyond the experience of even the most tech-loving senior CRE executive.

Now think about innovation and disruption. Communication, research, networking, price discovery — key facets of CRE that were once the province of face-to-face interaction and manual compilation, can now become fully-digitized processes. Clients and prospects — and your current and future competitors — are already racing ahead with their embrace of such tools. Consequently, those firms that are slow to adopt a more digital

orientation place their organizations at severe strategic risk.

Understanding the Opportunities – and the Risks

CRE can often be a visual story — and to their credit, many in the industry have been quick to combine social media with streaming video to enable digital walk-throughs or open houses. But beyond such obvious uses for technology, many in CRE have only a vague perspective on what technology could mean to the industry. Bear in mind that in terms of potential disruption in CRE, the exponential rise in e-commerce and mobile commerce (m-commerce) alongside the proliferation of social media and database-driven networking, listing, and research are just the tip of the iceberg. From here, firms can expect evolution and innovation of an unprecedented scale.

Consider the rise of the sharing economy. Applications like AirBNB are merely the vanguard in terms of consumer tools with the potential to alter the economics of the hotel industry. Similar tools are also coming to office space in the form of co-working spaces and peer-to-peer accommodation.

Next consider the internet of things (IoT), countless thousands of devices able to sense and share feedback on everything from foot or mobile traffic to energy consumption and likely maintenance needs/costs. Now add geographic information systems, massively powerful integrators, and disseminators of a wide range of geocentric data and analysis from weather to economic conditions and other CRE-relevant variables.

And what will be done with the resulting petabytes of CRE-focused data? Look to still more advances in data analytics, enabling all manner of CRE participants to conduct detailed comparative studies both rapidly and rigorously. Add artificially intelligent (AI) tools like machine-to-machine learning, all continuously combing through massive datasets to identify insights and opportunities that otherwise might be hidden to the human eye. The result is that CRE firms that are attuned to the data appetites of clients and prospects — that anticipate and accommodate such desires and needs — will be tomorrow's disruptors.

Reverse Mentoring

By now it may be becoming clearer that CRE firms need to acquire greater tech knowledge if they are to survive the

coming wave in tech-driven competition, innovation, and disruption. Reverse mentoring becomes an essential tool.

Like traditional mentoring, the most effective reverse mentoring programs tend to feature a mix of both formal and informal elements. Formally, senior executives should be paired with more junior staffers who not only show promise in CRE at-large but who also exude tech savvy skills. Care should be taken to ensure that those in positions where innovation is taking place most rapidly should be paired with those wielding the most influence or control in each area. It may also be helpful to identify one or more tech leaders in the firm who can work together with senior executives to develop the most appropriate, curriculum, resources, and experiences that can accelerate familiarity with today's technologies.

Informally, CRE executives need to do more than talk the talk; they must in truth walk the walk. Start by hiring more millennials and Gen Xers to begin with and then fast-tracking them into more meaningful roles. Millennials need to be identified, mentored, and developed to assume positions that traditionally might have been a decade or more in coming in the industry. That's an approach we at NAI Global adopted beginning several years ago and the signal it sends to the organization, along with the actual results, have been remarkable.

Overall, be sure to approach reverse mentoring and accompanying technology initiatives in a structured manner. Traditional mentoring tends to have clear goals, objectives, and measurement criteria for both mentor and mentee – do the same here. Note also that firms may need to appoint a specific executive to lead the charge on accelerating tech adoption. This could be an ideal opportunity to bring in an industry outsider – someone with emphatic tech experience who can be paired

with a more senior staffer with extensive CRE-specific experience.

Finally, CRE firms should also be routinely and actively engaging in discussions with external technology firms and tech start-ups as a means of gaining knowledge of both current and likely developments. Similarly, firms should become active members in the technology initiatives and forums of key CRE industry groups. Both of these approaches represent a great opportunity for both senior executives and a firm's newly identified tech leaders to work together, closely, leveraging one another's comparative knowledge advantages.

Who Has More to Learn?

Who has more to learn from the other group: Our industry's newest hires, or its seasoned veteran leadership? Or put another way, which sets of skills are in short supply in commercial real estate (CRE) and which are in abundance? The value of a technological orientation is growing so rapidly in relation to the value of traditional CRE knowledge that firms simply cannot sacrifice the former while waiting for the latter to evolve.

Knowledge sharing should flow in both directions – and there is no need to dismantle any existing mentoring programs. But the advance of technology is so profound, and the relative dearth of tech-knowledge among CRE firms is so commonplace, that firms need to take deliberate steps to address the gap. Reverse mentoring is by no means the only tool or only strategy that deserves immediate consideration and adoption by more participants in the industry. But it is certainly a needed start. ▽