

## Questions Your Board Should Be Asking

Today many real estate Boards of Directors, both public and private, spend a disproportionate amount of time on historical, mundane and “update” matters, but generally less than 25% of their time on strategic matters. Boards of Directors are facing a rapidly changing and transformative marketplace; major shifts in capital, market and demographics; increasing regulatory, cyber-security and compliance challenges; as well as performance goals that are increasingly difficult to achieve. Many real estate Boards of Directors pay too much attention to potential deals, tactical matters and operational issues. Very little time, unfortunately, is spent on what matters most. **Too often board members are retired and increasingly disconnected. Great results are achieved by prioritizing and spending time on strategic matters with board members who are actively engaged in the industry (not retired).**

Fulfilling the the Board of Directors’ (or Partners’) potential must be a priority for all real estate firms. While there are no “one-size-fits-all” solutions, effective real estate Boards of Directors must be dynamic, interactive, transparent, collaborative, knowledgeable and, above all, engaged. This is not about coming to a meeting...it is all about making the company a truly great firm. Today the average age of a board member is around 68 years. The average board tenure is about eight to nine years, and very few boards have adequate diversity, whether by gender, ethnicity or generation. Knowing and focusing on the following priorities would be a positive step for all real estate Boards of Directors.

Strategic Board Priorities	
- Creation of Shareholder Value (TSR)	- Innovation
- Leadership Development	- Relationship Management
- Growth Strategies	- Stakeholder Engagement
- Brand Enhancement	- Cyber-Security Preparedness
- Capital Management (Equity and Debt)	- Tax, Legal & Regulatory Matters
- Talent Management	- Technological Advancements
- Strategic Planning	- Executive Compensation
- Managing Market Risk	- CEO Oversight & Succession
- Board Composition	- Overcoming Resistance To Change
- Board & Leadership Succession	- Emerging Trends & Opportunities
- Modeling For The Future	- Financial Reporting
- Enterprise Risk Management	- Stakeholder Alignment
- Strategic Opportunities	- Philanthropy

Source: CEL & Associates, Inc.

As one real estate board member remarked to me, “This should not be a retirement home.” A board member of another real estate firm, when glancing around the board room, said, “Male, pale and stale.” Whatever the status, condition and/or composition of your Board of Directors or Partner meetings, setting and focusing on the key priorities with the right board members will be one of the best decisions you can make.

## Key Questions To Discuss With Your Leadership Team

1. How dynamic is your company's Board of Directors or Partner group? Do you have the proper mix, a diversity of perspectives and a broad array of experiences and knowledge?
2. Is your Board of Directors strategic, innovative, insightful and prospective?
3. Is your Board of Directors engaged in issues, topics and priorities that are meaningful and/or relevant to your company?
4. Are your board members reflective and knowledgeable regarding the company's services and/or products?
5. When was the last time you added one or two "fresh" voices to your Board of Directors?

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### Prediction

*"By 2025, over 60% of today's real estate company Boards of Directors members will be gone...replaced by a generation, gender and ethnic diversity that is reflective of the long-term vision and goals of the organization."*

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### Closing Comments

We hope you enjoyed this article and will be able to utilize the "Key Questions" at a future leadership meeting within your firm.

We welcome your comments, feedback, insights and perspectives

Regards,



Christopher Lee

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