Charles Fraser Lecture Series

Listening Between the Lines

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I was frankly overwhelmed by being asked to do this lecture to follow Peter Rummell and Jim Chaffin and Harry Frampton and Ron Terwilliger - all friends and business associates, all Charlie’s angels, 3 former chairs and the current chair of ULI. But Charles would have never accepted any wimpy excuse for why I wasn't up to this or any other task. So here I am. I am honored, deeply honored.

My career in real estate started with the Sea Pines Company in 1974 and after all these years, I still have clients and friends, important relationships that were a result of my stint with Sea Pines. I have spent my career in community development in market research, marketing strategies, business planning – along the way I worked for development companies and started and owned several operating companies.

After Charles passed away in 2002, there were many “lessons learned” panels at ULI. I participated in several of them and talked about research lessons learned from Charles. What I came to understand that those research lessons had more weight than that – they were life lessons. I have talked with students in real estate programs many times and I often start with this list of research lessons from a mentor and friend over 30 years.

1. Read everything – especially what others are not. He read everything. He would have loved Google.
2. Observe people and places with great care.
3. Freely share your knowledge; you will learn more than you teach.
4. Intellectual integrity is at the heart of research.
5. Intellectual curiosity will keep you young.

So I want to start this evening by talking about Charles’ unique gifts. He gave the industry so much - a new development form, the master planned community, deed restrictions, community covenants, an enormously heightened understanding of developing in a way that is respectful of the environment. Perhaps his most important contribution was attracting, mentoring, and forever uniting a host of bright
young minds that became leaders of the development industry – particularly the community development industry for decades.

Elaine sent me DVD’s of the previous Fraser lectures and in good “over preparer” style, I watched and listened to each of them. I was surprised that no one talked about the incredible youth of the Sea Pines team of the 60’s and early 70’s. I arrived right after the peak – 1974, which would be like starting work at a community development company in about 2008 in terms of what was going on in the industry and in the company at the time. Perfect timing. Right?

I was hired into a market research department of 11 people. I was 26, and had slightly more experience than others in the department. Jim Chaffin, Sr. VP of Marketing and my boss (a couple of levels up) was 28, Jim Light President and CEO of the parent company was 32 and Charles was in his early 40’s. None of us knew or were told that we were too young to do what we were doing.

It felt like everyone had a Harvard MBA. Everyone seemed smart, fast on their feet, driven, motivated. I had only been at the company for about 6 months when the financial underpinnings of the company eroded– the company had borrowed about $250M in 1973, all tied to prime – prime went to double digits and the company essentially lost every one of the 10 communities it was developing at the time. Every Friday Dick Dye, from human resources, would come into the corporate offices with a fist full of pink slips. (We loved how his name fit his role.) One Friday it was the market research department’s turn.

I was fired on a Friday – spent the weekend crying and worrying (my husband and I had just purchased our first home ) and I was rehired on Tuesday to work with a new business planning team that was being assembled to develop a physical plan and business strategy for Kiawah Island. And while it turned out to be positive inflection point in my career, I never forgot how it felt to lose my job. I have never let anyone go without carrying the awful feeling of that day into the discussion with me.
Because the Company was contracting, I had access to all of the top people, including Charles. I often think that if I had joined the company in the good years, I would have gotten lost in all the talent and I would never have gotten to know Charles or Jim Chaffin or all the others in the way that I did. And they are the people to whom I owe my career, to whom I owe the passion I have for community, a passion that has made work a pleasure for most of the past 38 years.

There were only a few female angels. But Charles was accustomed to strong women in his life. As I got to know Mary his wife and his daughters Wyman and Laura Lawton, I saw their influence on Charles’ ideas. Mary said he was always pulling for us and I had first hand experience.

When Peter Rummell accepted the job as the CEO of the St. Joe Company, he hired Charles to help him develop a business strategy for a million acres of land. Charles got me involved.

Charles called one day and said he was helping Peter put together a team, but Peter wanted to hire people that could get to Jacksonville on a direct flight. I told him it wasn’t a direct flight from Charleston, but I would drive or charter a plane or get there one way or another, I wanted a seat at the table. I’m not sure if Peter really had said that or if it was Charles testing how much I wanted to be involved – in any event, he invited me in and our firm worked on St. Joe communities for the next decade. Charles wanted his angels to succeed - I always thought he was in my corner and knowing that had a powerful influence on my life.

Charles and I would often drive together to Jacksonville for St. Joe meetings. Those 3-hour trips were some of the most interesting hours of my life. Charles would talk about development issues and opportunities but just as often he would talk about obscure topics - migration trends from Great Britain to the States, the history of the NYC subway system, river barges on the Nile River, literature, technology, art. He had such a thirst for learning. Years later when I met Roger Milliken, I was struck by that same kind of intellectual energy and Mr. Milliken was well into his 90s at the time. Their brains just never stopped.
During those drives to Jacksonville and later when Charles would drop by my office to chat for a few hours (and tear articles out of my books and magazines), I realized that Charles always assumed I knew. He would begin a conversation about an obscure topic and simply assume I knew something about it. Assuming I knew had a powerful impact on me. It made me want to know. It was such a challenge not to bore him or have him disregard your thinking as shallow or muddled. That challenge made me work harder, think better, observe more carefully.

He also taught me to have the courage to offer my opinion, even if the topic was out of my comfort zone. In a room full of experts, executives, industry leaders, Charles would simply direct questions your way - without a clue about whether or not you had an answer. I learned to think on my feet and to be confident enough to say “I don't know.” Great lessons.

Charles loved research. He loved the power of knowledge. I remember a very proud moment when we were working on Celebration and were in a large meeting filled with consultants and Disney executives. The meeting started with each person introducing himself. Charles introduced himself as Charles Fraser, market researcher.

At Charles' memorial service, Peter Rummell said what made Charles' genius was his “dual instance on data and dreaming.” I think Peter nailed it.

How could learning about why people do what they do, why they buy, why they want to live in certain ways ever be dull. It always leads to dreaming about a better day, a better place, a way to make people's lives better. Charles taught me to allow the data only to direct, not dictate my thinking.

When the Sea Pines Company was planning Kiawah, the business planning team went to Myrtle Beach. When we got back Charles cornered me in the corridor and asked me to come into his office to share what I had learned. I was nervous, had never been in his office before. (I remember his office was a mess – magazines and
books were stacked everywhere – on both sides of his chair.) I droned on about all kinds of stats - hotel rooms, visitor days, ADR, seasonality, golf rounds, condo prices, etc. He looked at me with frustration and disappointment and said, “You haven’t learned a thing. Go there in July.” (It was February.) “Watch and listen to people. What makes them smile? Where do they congregate, where is there energy? See and hear what works and what doesn’t. Then maybe all those numbers might mean something.” That is listening between the lines.

From then on I watched and I listened. To this day our firm will not provide a proposal without first touring the property and spending some time observing and listening to people. They tell us in actions and words how they want to live their lives, what matters and what doesn’t. It is the core of the market research role in community development. Not numbers, people.

A Spanish graphic designer that my husband likes to quote said – “Chance really does favor the prepared eye.” I would add “and the prepared ear.” Watching and listening to people can lead to successful innovation. Steve Jobs sure understands, he said:

“Great products are triumphs of taste. And taste is a by-product of study, observation and being steeped in the culture of the past and the present... of trying to expose yourself to the best things humans have done and then bring those things into what you are doing.”

That is what Charles did and encouraged others to do.

What we learn from our research sounds basic, but it points to how our communities, especially new communities, fall short sometimes. People want their communities to work for them and their families. And they want them to be beautiful.

In times like these, when the bottom-line thinkers rule the community development industry, it is more important than ever to understand what customers are thinking, how the Great Recession has changed their wants and needs and how we need to respond. People rarely talk about home and community in financial terms first – they
talk about home and community in emotional terms and then rationalize those wants and needs and translate a long list of emotional, physical, and value criteria to a decision about where and how they will live their lives.

During the downturn, I have been disappointed that the first question we are asked is “Where do prices need to be?” – rather than “What do our buyers want now?” Often the industry undervalues that which people value most.

The long beautiful country road into Palmetto Bluff and the grand oaks that frame the waterfront village are as important as any amenity or facility that was constructed in the community. At least that's what the people who have homes there think. When we listen to homeowners, they invariably talk about trees, parks, trails, beautiful settings – or the lack of them. We are often asked by our clients what to build – we often recommend where not to build.

Listening between the lines of course is not confined to listening and observing customers. Charles engaged and listened to smart people all the time – people from all kinds of industries and interests. Charles knew that diversity of thinkers leads to better ideas. While the development industry is gradually becoming more inclusive, it is very male, very pale, and sometimes focused more on what was, not what will be.

When I first joined ULI’s Recreational Development Council, I was the first female member – that was in 1992 not 1952 - one woman and 64 men. Now there are 4 Recreational Development Councils and on my council there are 4 or 5 women. Development companies and related service providers that embrace women and minorities will have a huge competitive advantage.

Women are the principal decision makers and contributors to community. How can we plan, execute, and market without their thinking integrated at every stage of the process?
Women think differently than men. In general we are better at integrating, connecting and, yes, listening than men. My entire life, strangers or brief acquaintances have been telling me their life stories – on airplanes, in restaurants, at cocktail parties and dinners – it is a gift or curse, depending on the person and the story, but definitely a huge asset in our work.

Understanding the differences in how men and women communicate is critical to understanding how they make community and home buying decisions. For example, when women nod to others in a conversation it generally means “I understand, I hear you.” When men nod it means “I agree.” There are a lot of marriages, not to mention real estate deals, that may have been saved by an understanding of just that single difference.

To the extent possible, we try to conduct our research with men and women separately. It helps us better understand WHY. Why they have certain preferences and what happens when a couple must make decisions together. Over the years we have researched hundreds of community development ideas and often they play very differently with men than with women. For example, large acreage lots, even located on big water read as private and exclusive to men while many women see them as isolating and confining.

Women almost always consider family, friends - an entire network of people - when they make a decision about community, home, work, schools – it is in our DNA. That ability to think from others perspectives, empathy, is critical to community creation.

Part of listening between the lines is obvious, listening to customers and using what they tell us to create better communities, neighborhoods, and homes. Listening between the lines is also about learning from our clients and colleagues. Establishing and maintaining those relationships has been the key to our business – it matters. Without taking the time for specific attribution, my TOP TEN list of client insights:

10 If you pay too much for the asset, nothing can bail you out.
9 Location, location, location is important - timing is more important.
8 The more money you have the less truth you hear.
7 Positive thinking is contagious – so is gloom and doom.
6 Instinct, gut feel are really based on experience and are likely to be highly correlated to experience, the more experience you have the more likely your instincts are to be correct.
5 Trust and mutual respect are rare and important components of development teams and of community.
4 Community vision is never clearer than it is at the very beginning.
3 Knowing what really motivates people is critical to running a company or selling anything. Hint: Money and/or price is rarely most important motivator.
2 Real estate value creation is mostly about vision, great design, natural beauty, certainty and people who care.
1 Great leaders are great listeners.

But the best community creation insights have always come from people living and working in our communities. Recently we conducted research with young mothers looking for new homes in modest price points. We were surprised by their savvy and product knowledge. These moms wanted safe, secure communities, technology that works and that connects them to the world, pragmatic use of resources, convenience, healthy food choices. Yes, they take their kids to Chick Fil A but they also drive to the nearest Whole Foods once a week – more than 45 minutes away because they care about their kids eating healthy.

Often developers and builders assume that people buy what they want, but what we heard from these moms and what we often hear in our work is that they chose only from the alternatives offered - they didn’t want to live in neighborhoods where all the homes look alike, and the plan works better for cars than people, without parks and trails and with a host of planning and design mistakes that these young mothers could easily articulate.

If there is a silver lining in the Great Recession for community creation, it may be that the industry no longer assumes we know. Builders and developers are asking
customers what they want. Customers have been in charge for a long time in most of their buying decisions, and maybe now they will be a consistent part of the conversation in community creation. We are working with a client who believes that and is developing an on-line participatory design process, real time feedback from customers about everything.

Irvine Ranch during the downturn spent three years and a million dollars on consumer research to guide new product development. Their reward was selling hundreds of new homes even in the downturn and the honing of a process that will serve them for the next decade.

The other silver lining of the Great Recession hits very close to home. The research segment of our industry shares considerable responsibility for the downturn from which we are now climbing. Projected pricing and absorption were simply not grounded in fundamentals and analysts failed to question the sustainability of the sales trends observed. Of course, intellectual integrity is critical to research and we certainly see evidence that due diligence is once again being held to more objective standards.

Market research has in many ways gotten a lot easier over the last 30 years, well at least data collection and access to information is easier. I remember going to the Beaufort County court house and copying the transactions by hand. In those days data collection had value. Not now. Now the value-add is in culling information, filtering, knowing what is relevant, how it impacts a specific place.

While understanding how people make community and home buying decisions requires all the data and information one can gather, it can’t be done from a desk. Observation and listening, seeing how things work for people – boots on the ground - is what translates that data and information to knowledge and understanding – that is listening between the lines. You can’t hear, see, experience, feel on-line. Being there is everything.
We have worked with developers on many second home and resort communities over the years because of our roots in the Sea Pines organization. We have listened and studied why people buy in these communities – and yes it is about families gathering and sharing experiences, as Jim Chaffin says “putting up mason jars of memories” about natural beauty and warmer climates, but at the core people are searching for more meaningful lives. Meaning is of course individually defined, but I love this John W. Gardner quote to define meaning:

“Meaning is something you build into your life. You build it out of your own past, out of your affections and loyalties, out of the experience of humankind as it is passed on to you, out of your own talent and understanding, out of the things you believe in, out of the things and people you love, out of the values for which you are willing to sacrifice something. The ingredients are there. You are the only one who can put them together into the unique pattern that will be your life.”

I trust that people know how they want to live their lives and are working to compose meaningful lives.

And I want to end on that thought – that really listening to people will change how we think about development, community, each other, our world. And I believe that people know what they want – I assume they know. Just as Charles assumed I knew.

Creating places, community development is a complex process. At its best it is noble work and a very high form of creativity. Creating community requires great leaders like Charles and many of his angels but a person can lead from any position in a company. Each of us can make a difference, if only by listening between the lines.

Thank you.