

# Creative Thinking

An Interview with R. Donahue Peebles,  
Owner, Chairman, and Chief Executive Officer, The Peebles Corporation

**EDITORS' NOTE** R. Donahue Peebles is widely recognized for his corporate initiatives in entrepreneurship and civic responsibility. Peebles has been awarded the Corporate Citizen Award from One Hundred Black Men of New York, the NV Award for Entrepreneurship, the Hennessy Privilege Award for extraordinary community contributions, and the community leader award by Russell and Danny Simmons' Rush Philanthropic Arts Foundation at their inaugural Art for Life event



R. Donahue Peebles

in Miami Beach, as well as being inducted into the Martin Luther King International Board of Renaissance Leaders Hall of Fame at Morehouse College in Atlanta. Peebles is a regular guest on CNBC's Squawk Box, CNN's Larry King Live and FOX to advise on real estate, economic, and political issues, and is the author of top-selling books *The Peebles Principles* (2007) and *The Peebles Path to Real Estate Wealth* (2008).

**COMPANY BRIEF** Headquartered in Coral Gables, Florida, The Peebles Corporation ([www.peeblescorp.com](http://www.peeblescorp.com)) is the country's largest African American-owned real estate development company. The company oversees a national real estate development portfolio worth more than \$4 billion, and development projects include office towers; luxury hotels, condominiums, villas, and other residential developments; city centers; and mixed-use complexes in major cities including Miami, Las Vegas, San Francisco, and Washington, D.C.

**Are you surprised at how severe the economic crisis has been and the speed at which it came about, and with regard to recovery, where are we today?**

I thought it was clear, especially in the real estate business, that the market was way overheated, and that it was unsustainable. In some of the hot markets at the time, like Las Vegas or South Florida, over a three-year time period, we were seeing housing prices double and personal income going up less than 10 percent. So at a certain point, these prices had to come back down to reality.

We have large banks that are in deep trouble, and the government is stepping in and preventing failure of those institutions, which is a wise choice, and in the community banks,

we're seeing significant closings. Real estate values fell significantly and there has been, and continues to be, a tightening of credit. These are all very similar things that happened in the early '90s. The difference is we have an opportunity to come out of it quicker because we're finding the bottom and the bottom has begun to stabilize now. Interest rates are at such an all-time low that with the impact of the combination of low prices, the low cost of money, and government support, inventories are being absorbed

rapidly, especially in markets like South Florida and Las Vegas. That is providing an opportunity for prices to stabilize and for new people to enter into the market.

The one thing about the recession that surprised me was that it came on so fast, which is a result of the information age. Technology has allowed information to flow freely and globally, so businesses were able to make rapid adjustments, which contributed significantly to the speed of the decline.

**Many believe that while the stimulus was a necessity, that recovery is going to be driven by private sector entrepreneurs and innovators. Do you agree with that, and is enough being done to help facilitate and spur on entrepreneurship?**

I agree with that concept. The stimulus packages were helpful and the TARP program was essential, without which we would have had a massive collapse of the financial system in the U.S. One of the things we are selling in the U.S. is confidence. We don't manufacture anything anymore, but we're the safe haven for long-term investors as a politically and economically stable country, so it was a necessity for the government to step in and stabilize our banking system.

The stimulus program had some impact in terms of spurring economic activity in areas like energy efficiency, and will hopefully start a new trend. But we have to let the private sector take over and the government does need to take some other steps, like incentivizing the private sector to put their own money back in the marketplace, and that can be done with investment tax credits, various forms of favorable tax treatment, and some type of matching dollars. We can't get through this economic challenge and onto the road to recovery relying on public money alone

because the free market finds the bottom and starts to fuel a recovery, and small businesses are a central element of that and private investment is key to small businesses being able to prosper.

**In a company like The Peebles Corporation, which has grown to where it now enjoys a certain size and scale, is it challenging to maintain an entrepreneurial culture and spirit?**

We try to create a very entrepreneurial environment that encourages and promotes creative thinking. I treat the key officers and employees in our company as owners, because that's what they are. Their reward is tied to performance. I'm a big believer in public companies and financial institutions compensating their employees with bonuses, because there has got to be an incentive for results and there has got to be a consequence for failing to achieve results. I'm concerned that there's this dislike for success in our country and that we want to stop people from making money. In a capitalistic society, that's not the path to success.

**With things like increasing regulation and negative perception of business, could you build a company today like The Peebles Corporation?**

If I were going into business today from the beginning, it would be more challenging because of the limitation on access to capital, but without capital limitations, it actually creates the opportunity. So could I do it again today? Yes, I could. You're going to see some great success stories that come out of this recession. People are going to have to create their own jobs now because some of the jobs that have been lost since this recession began aren't coming back.

**You've achieved great success, but there must have been those times early on where you had to deal with failure. How challenging was that, and was that a key ingredient to getting to where you are today?**

Yes, everybody is going to have setbacks and most people who are trying to do anything, whether it's business, life, sports, or education are going to hit a roadblock. It's how you handle that roadblock that tells you a bit more about yourself. There were times when I questioned what I was doing, but ultimately, I made adjustments, regrouped, and kept going. One of the most important elements for a successful entrepreneur is the ability to make adjustments, self examine and modify, and not quit. People give up far too often before they reach success. ●