

# Interview

## Mosler's Future Focus

An Interview with Bruce Mosler,  
Co-Chairman, Cushman & Wakefield



Bruce Mosler

**EDITORS' NOTE** Bruce Mosler became the President and Chief Executive Officer of Cushman & Wakefield in January 2005, and Co-Chairman of the Board in January 2010. Prior to being named CEO, he served as the firm's President of U.S. Operations and, before that, as Executive Vice President. Mosler is a leader in the global commercial real estate industry and has been involved in some of the largest and most complex real estate transactions in New York and major business districts around the world. He is the recipient of numerous business and civic awards and honors, and is Vice Chairman of the Intrepid Sea, Air & Space Museum, and a member of the boards of the Police Athletic League, the Partnership for New York City, and Duke University's Trinity College.

**COMPANY BRIEF** Cushman & Wakefield ([www.cushmanwakefield.com](http://www.cushmanwakefield.com)) is the world's largest privately held commercial real estate services firm, operating 231 offices in 58 countries with more than 15,000 employees. The firm, founded in 1917 and based in New York, offers a complete range of services within five primary disciplines: Transaction Services, including tenant and landlord representation; Capital Markets, including property sales, investment management, investment banking, and debt and equity financing; Client Solutions, including integrated real estate strategies; Global Consulting services; and Valuation Advisory Services.

**In addressing the road to economic recovery, many executives talk about stabilization being a long way off. In your business, have you seen real signs of improvement?**

Generally speaking, I am optimistic, in part because our performance is beginning to demonstrate that the market is in recovery. Also, there have been some clear signs that reconciliation has occurred, particularly in the leasing market.

In the U.S., the leasing market capitulated somewhere around June of last year and the result of that was there was about a 40 percent decline in net effective rental values. That spurred corporations into action. We went into 2009 with a new U.S. President with an un-passed stimulus package, a market that had almost fallen off the cliff in October/November of last year, and people were afraid as to whether, and how, the financial system would survive. But by June, Congress had passed the stimulus package and the market had stabilized a bit. When we saw the capitulation in leasing and the rent declines, business at that point said, this is a moment to capture the value of that rent decline in our P&L.

So our second half of the year was very active, and in October, we began to see the crossover. Year over year until October, we had been flat or actually running under 2008. But when our numbers came out in March, you could see how much changed in the last quarter, and how well we did and continue to do as things have stabilized.

In general, rightsizing replaced acquisition and merger, and that has positioned companies well for 2010. As a result, the recovery has started relative to businesses in the sense that they have cut what they can cut. Most businesses are running at peak efficiency, and probably can't continue to maintain the employee level they're at – there is too much work. So in the latter half of this year, you will begin to see hiring occur, despite the fact that there have not yet been major incentives given by the government to do so. Business will continue to gain confidence and business will find itself needing to hire back some employees. Companies have probably gone too far in terms of rightsizing, and there is a little bit of hiring that will occur in the second half that will then stabilize. You have to separate the employee numbers out. The numbers we're getting deal significantly with the full range of industries. So on the manufacturing side, we're going to continue to see decline. On the office using side, we are already beginning to see some hiring occur, albeit not meaningfully.

One other thing about 2010 that will be interesting is that Europe is beginning to operate on all cylinders. There is debt available in the market, and the investment sales side is moving, particularly in London. In the U.S., we have not seen debt in the market yet; investment sales continues to be challenged. All the worry about the real estate sector, the CMBS market, and that \$1.3 trillion coming due and how will we handle it will be critical.

Ultimately, we'll handle it given the fact that the government has worked hand in hand to ease the mark-to-market rules, so you're going to see an orderly procession. You will see property come on the market this year, but you're not going to see properties dumped in the market, and you're not going to see cap rates in the major markets flowed up to the 8s and 9s; rather you're going to see cap rates come down. Cities like New York, Boston, Washington, L.A., San Francisco, and Chicago will fare well.

On a global basis, there are going to be winners and losers, and we're going to continue to be a country that is extremely attractive for investment purposes. When you look at currency, the safe haven, and the fact that most of our markets are robust and do move with the market in the cycles, that is attractive to investors.

So the U.S. over the next few years is going to see a real increase in investment versus alternatives. London is also in the mix, having already moved substantially, and Asia remains an exciting opportunity for those who want to look to the future and are willing to take some risk exposure. But nothing will be invested in like the U.S. in the next couple of years as the credit markets begin to unfreeze.

**Cushman & Wakefield is a brand that maintains a culture around giving. During these past two years, how challenging has it been to maintain your charitable focus?**

You keep the focus by encouraging people to give their time if they can't give their dollars. If people have to cut back on giving because they have less to give, we still encourage them to continue to think about the broader sense of self. Just because the economic times are tough doesn't mean you should focus any less on building your culture or on your commitment to give back to communities. In fact, it's actually a better time to do it because the expectations of these charities are lessened. What they really want is your intellect, your commitment to send their message out, and help broadening their list of potential donors since they may be receiving fewer dollars from some, so they need support from a broader constituency.

**With so much need out there, is it important to focus on specific areas where you can do the most good, as well as on those which align in some way with your business?**

There is so much that aligns with business in general. Cushman & Wakefield has been extremely involved in the organization Schools Around the World, which was inspired by our former CEO of EMEA, John Travers. It's a global charity that realizes John's vision of helping educate students that face particular social and economic obstacles. Its goal is to provide students ages 11 to 24 who have limited opportunity with both a formal education, as well as with work and cultural experience. We founded it in 2005, and since that time, we have adopted 12 schools in 10 countries. We've raised millions to fund cultural programs and international travel for these students, such as a recent trip for a class from Eastern Turkey to visit New York and Washington, D.C.

We've also helped raise significant amounts of money for the Intrepid Sea, Air & Space Museum. The mission of the Intrepid is not just to educate people about the ship and the history of what she went through, but to inspire young men and women to be more patriotic about their country and to understand that education matters, that it matters to have a sense that freedom isn't for free, and to have a sense that there are people that pay the ultimate price every day for those freedoms. So the Intrepid doesn't represent a war museum; it represents a vehicle to educate and inspire youth.

I have always spent significant time on charities in different areas, but my view is that youth, education, and giving back to the country are, in many ways, the big three, the legs of the stool that make a difference in life. At Cushman & Wakefield, the passion has to be visible at the very top, and it's inspiring to me how broadly it is taken up by our people.

**Your company works closely with real estate organizations to help them identify and implement best practices. How has that been developed?**

We have a global learning institute, and it helps our employees interface with our clients on best practices. What clients want today is to be armed with information: market information, benchmarking and best practices information, and information about the changing work environment. Our job is to be proactively looking at these things and advising as to what those impacts and solutions may be, and to tailor solutions for those businesses.

So a part of best practices is to interface with your clients, share information with your clients, and collaborate with your clients, because you learn from your clients as well. We are not the only holders of the key when it comes to best practices, nor do we profess to be. We are collectors of that information.

**Is there an understanding out there of the value of going green and how it can affect the bottom line, and are people willing to make that investment today?**

Yes. Business leaders have come to recognize that the environment in which people work is critical to their morale and productivity. Corporate leaders have recognized that you have an obligation to your people to run a healthy business in a healthy environment, and are finding that it brings benefits in terms of efficiencies as well.

Our own recent relocation into a new global headquarters allowed us to consolidate floors, and by changing from being a vertical to a horizontal operation, we were able to drop 50,000 or 60,000 feet. Yet we were able to build an environment that is green, and is designed and registered as LEED Silver. We brought light into the center of the space, developed more meeting and teaming rooms, and replaced corner offices with conference rooms and shared spaces.

Green also represents an opportunity for cultural change. In our new headquarters, I sit in the exact same furniture as our professionals and my office size is the same as every senior vice chair. That is a change I wanted to make when we relocated in order to send a message that this is great space and I'm happy with the standard look and feel. I believe that by organizing our space around key hubs, we're promoting conversation. Out of conversation comes ideas, and out of ideas, come deals.

So my view is that people will invest in a future that is more costly in the sense that having green space is an investment, but you also find efficiencies that offset that investment. For example, the way in which you can actually situate your office with adjacencies to different departments aids efficiency. But even if you don't gain back all of your investment, the young professional of the future is going to ask you if you're LEED-certified or environmentally on the cutting edge, and if you're not, you're not going to get the chance to hire them. So if you don't want to do this today, you will find yourself short-selling your business tomorrow. It's a fact of life.

**How is the drive for green standards affecting your service offerings to clients?**

C&W professionals are taking leadership roles in helping define what it means to be truly sustainable in our sector. We have a long track record in helping our clients achieve resource savings and, along with that, reducing costs and carbon emissions. To take just the LEED standard, our partnership with clients has resulted in the certification of over 23 million square feet of commercial real estate globally, including most recently the Transamerica Pyramid in San Francisco and the Nokia headquarters in Beijing.

We were the first services firm to sign an MOU with the U.S. EPA to enhance the environmental performance of the firm's own offices and managed properties throughout the United States. Finally, we are advising on how clients can reposition and increase value for assets across a portfolio, and across the entire real estate life cycle. That is the real opportunity for us to make a difference as a services firm.

**With the press becoming more aggressive, is it frustrating as a leader to take the criticism?**

I don't think it's frustrating. As a leader, you understand that people are going to judge your business by your numbers, so when the business is down, people are going to judge the business by that. I don't want to speak for the broader "we" as CEOs, but there is a tacit understanding that the job requires difficult decisions, and that those difficult decisions often aren't popular.

When we moved to our new HQ, there was criticism. But recently I received a note from a major competitor saying they visited some 70 locations and nothing tops what we've done. When

you make the right decisions, ultimately people will accept those decisions and follow them, and that's how you become best in class – by making tough decisions. So you expect to be challenged, you expect to have people say difficult things, and if you don't, then you're in the wrong job, because it is not one to pat you on the back by definition. Your job is to pat everybody else on the back.

What I worry about is that because leadership is so often maligned, quality people won't seek those top jobs. We don't want to see good people drift away from wanting to lead because it's not a fun job day to day, or because people see the press taking a harder line.

**What is your opinion about the current debate about CEO pay?**

Today, that talk is confined to Wall Street, which says these guys should be punished, and shouldn't be paid XYZ. I would simply remind people that the investment that we – all of us collectively – now own in these businesses, is massive, so we do want excellence at the top. While I believe the pay should be tied to performance over an extended period of time, we should still pay market value. Just tie it to that person staying there, to that person's performing, and more importantly, to the company's performance over an extended period of time. Then you have what we seek and what we call alignment.

**Will it be challenging in your new role to remain hands-off in certain areas?**

Yes. It will be hard if I see a decision that is made that is counterintuitive to what I would do. But I thought very long and hard about this, and I've spent 10 years as President and CEO, first as President in the U.S. and then as global President & CEO, and that is 10 years of physical travel around the world. So what won't be hard is to let go of the physical side of this.

I will still, however, be engaged on the people side. I'll be reporting directly to the board, so I don't expect to divorce myself from the business while I take on a new role. But I am excited that this reflects a maturity in the company. At one point, most of the global services firms were led by former brokers – that is a very specific skill set. I'm excited that the skill set we're looking for is not that of a broker. So we will be the second of the big three to look outside and have an outside leadership, and that portends the future. For Cushman & Wakefield, I felt this was the right time to have someone in that office with broader expertise in the financial arena, and it is where the future lies, so I'm excited about it.

A good CEO should also know that the time frame in which you can continue to raise the bar and take the company to the next level has a horizon. As the company continues to move forward and expand into new areas, it requires different skill sets, and no leader has all the right skill sets past a certain point in the cycle. As the company grows more, you don't want someone who just has the ability to tweak a vision, but someone with the ability to put a new vision in place. That is what keeps companies from reaching the point where their business is no longer a viable business, which is what happens when people stay too long. So one of the things that I have talked to our shareholders about is that we need to set "term limits" and always have a succession plan that allows for several people to move into the top role in the company. ●