



# Reality Check

Digital disruption has come for another industry. **Adam Stanley** and **Melanie Kirkwood Ruiz** of Cushman & Wakefield say real estate firms must be ready to embrace change or die.

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# Real estate is ripe for change.



**Adam Stanley**, global CIO and chief digital officer, Cushman & Wakefield



**Melanie Kirkwood Ruiz**, CIO of the Americas, Cushman & Wakefield

In 2017, more than 100 startups in the sector secured more than \$400 million in funding in North America alone, according to Crunchbase data. These companies are rethinking how buildings are bought, sold and developed by leveraging emerging tech, including artificial intelligence (AI), virtual reality and the internet of things (IoT).

Not everyone, however, is convinced that the slow-to-change industry is ready to embrace these technological shifts. Almost 30 percent of 787 real estate respondents polled for Inman in February 2018 said technology remains the single biggest threat to real estate, beating out other hazards including shifting demographics, market fluctuations and global politics.

The simple truth is that real estate firms that do not embrace new technologies will die, says Adam Stanley, global CIO and chief digital officer of commercial real estate giant Cushman & Wakefield. As the \$6 billion firm's chief techie, Mr. Stanley is responsible

for driving an ambitious digital change agenda that includes building partnerships with incubators, venture capital firms and startups. The aim is to explore and adopt emerging technologies, remap processes and build a framework of open innovation.

"Today, we call it disruption, but it's really just change," Mr. Stanley says. "It ultimately comes down to thinking from the perspective of your customers—the people writing the checks for your services."

*IQ* recently spoke with Stanley and Melanie Kirkwood Ruiz, Cushman & Wakefield's CIO of the Americas, about transformation strategy, the changing role of CIOs and how they are building a change-ready culture.

## ***IQ:* How has disruption changed the role of IT and the CIO within Cushman & Wakefield?**

**Melanie Kirkwood Ruiz:** CIOs have to be able to adapt quickly because technology changes so fast. IT can no longer be viewed as a cost center. It's a tool for innovation, transformation and possibly even disruption. You really have to think about how to constantly adapt. Although the term agile is overused, it's accurate. You also need to understand the voice of your customer and adapt quickly through technology.

Finally, you have to recognize that IT is changing and the role of the CIO is changing. Everything and everyone must be focused on generating value for the organization and customers. I don't think you'll find an IT person or professional that'll say they want to just be in a lab or doing



something behind the scenes in a cubicle. They actually want to create business value.

**Adam Stanley:** We have leveraged a mobile-first, cloud-first strategy to advance the company. It has delivered us to where we are at today. Yes, there is a lot of buzz around these terms. But it's not hype. Cloud-first and mobile-first have helped us build partnerships, produce technology stacks and develop essential software quickly. Every decision we have made over the last few years hinges on a mobile-first, cloud-first framework. It has allowed us to upgrade easily, manage systems more effectively and bring on new companies quickly. It's our foundation.

Moving forward, it's much more about partnerships and becoming even more agile. My role is to make sure we stay focused on maximizing opportunities to put technology to work for the business. People must understand that they need technology for just about everything they do. My job is to facilitate this. I have to constantly ask: How can we convert ideas into action?

**IQ:** Is the role of the CIO diminishing in an era where buying decisions are more decentralized?

**MKR:** CIOs must focus on delivering business value. The goal isn't to deliver a technology solution—it's to deliver a business solution. The CIO must serve as a translator and an orchestrator. Although some people might view the situation as a loss of power—since the

CIO no longer controls all the purse strings—it's probably more realistic to acknowledge that it's a different role and different power. It's all about making the decision with business leaders.

**IQ:** How do you promote a framework of innovation and disruption?

**AS:** There are two areas of focus. One revolves around the organization as a whole and the very large systems required to effectively run it. It's important that teams understand how to use these systems and services so they can be as productive as possible. They don't have much choice about this. But a second area involves individual business units and groups reacting to market changes and being able to adapt quickly. One of the reasons CIOs fail is that they treat these two areas exactly the same. At Cushman & Wakefield, we think differently. We adopt a framework called "proof of concept as a service." Business groups generate ideas and develop the

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**—Adam Stanley**



proof of concepts. Those that stand out move forward. This allows different groups to embrace different technologies and solutions that more closely match their requirements.

**IQ: Why did you create an open innovation framework and build partnerships with venture capitalists and startups?**

**AS:** Soon after I joined Cushman & Wakefield, I attended a conference about disruption. The focus was on innovators and startups. I realized we have to think in a broader partnership framework and developing an ecosystem that revolves around innovation. In order to gain a competitive advantage, we have to innovate faster and better than our competitors. So, we began to partner with venture capital funds and accelerators that identify promising ideas. We now partner with universities as well. These are symbiotic relationships. For example, one partner, MetaProp NYC, introduced us to a

company called Bowery Valuation. It became a premier partner for our valuation business. We later invested in Bowery. It's a huge differentiator for us. However, we also allow them to work with others in the industry. We want to win, but we want Bowery and the industry to win, too.

**MKR:** These partnerships allow us to fill gaps in our talent. We can't be expert in everything, especially in all the emerging areas such as machine learning, virtual reality, augmented reality and IoT. But there's another benefit: These partnerships bring new ideas, innovation and enthusiasm to the company.

**IQ: What do you do when a partnership doesn't pan out?**

**AS:** We start with the equivalent of a prenuptial. We have a conversation and define the terms and parameters. If, along the way, it becomes apparent that the partnership isn't delivering benefits or that it is no longer in balance, then we inform them that it's time to move on. Honesty has to be at the center of these partnerships, from beginning to end.

**IQ: How have you worked to create a culture that supports openness and change?**

**MKR:** Cushman & Wakefield embraces a culture of empowerment. It's not simply talk about being agile and nimble, it's letting peo-

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ple make decisions within a framework of rules and processes.

**AS:** Leadership is everything. You can't hire for every skill or technology requirement. You also can't keep up with all the changes in technology. What this means is that you bring your best self to the organization, but you also focus on hiring for leadership. You hire amazing people and give them the power to do amazing things. In some cases, they won't have the same opinions and ideas. They may question the system in place. But if you empower them and, at the same time, nurture and develop these people so they become future leaders, the framework pays forward.

**IQ: How do you deal with resistance to change?**

**AS:** My goal is to always be positive and recognize that everyone is attempting to effect positive change. One of the problems in many organizations is that people believe they have the greatest idea in the world and everyone should agree with them. You may have the greatest idea in the world, but you have to recognize that a green apple can be eaten or made into an amazing pie. And, if you have what you believe is a great idea, you have to have some patience. You have to stick to the message, understand different perspectives and make a decision. The worst thing is to become impatient and frustrated.

**MKR:** In some cases, a decision may not be popular with others, but you know it's the right thing to do. So, you have to build the case, provide evidence and gain buy-in. You also need to talk to people, address their issues and concerns and, in the end, deeply understand their thought processes. There is a certain amount of psychology involved. But when people feel they are involved—even if they don't get their way—they are more likely to feel included. And the resistance fades.

**IQ: What challenges do you see coming down the pike for the industry?**

**AS:** Data is becoming more and more universally available and with this trend toward more ubiquitous information availability, analytics will be where we must add value. The industry must migrate from a transaction focused advisory business to a real estate portfolio optimization advisory. The second challenge is diversity. If we can't figure out how to recruit, train and retain women and ethnic minorities, we will die as an industry. We simply cannot grow without becoming more attractive to a broader range of talent. Cushman & Wakefield is engaging a range of diverse groups—from women, to LGBTQ+, to U.S. armed forces veterans through a range of initiatives. This industry needs this type of direct action to evolve and thrive. **IQ**