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# WeeklyTAKE

WHAT A WONDERFUL WORLD: HOW DIVERSITY & SUSTAINABILITY PAY OFF  
W/ TIM DISMOND AND LEAH STEARNS [11.17.2020]

**Spencer Levy**

I'm Spencer Levy and this is The Weekly Take. On today's episode, we'll speak with two of CBRE's C-suite leaders about issues that are transforming our industry and how they, in turn, impact the bottom line. We're talking diversity and inclusion, ESG and commercial real estate.

**Tim Dismond**

There's been a sea change in the last few years, particularly led by environmental and sustainability advocates.

**Spencer Levy**

That's Tim Dismond, CBRE's chief diversity officer who oversees the company's diversity and inclusion efforts and was recently named one of the most influential black executives in corporate America in 2020.

**Leah Stearns**

Companies that invest in diversity, recognize diversity and focus on that, have higher revenues, margins and are more profitable.

**Spencer Levy**

And that's Leah Stearns CBRE's chief financial officer, who is one of the highest ranking women, not just in our company, but in the commercial real estate industry at large. We'll talk about capital, culture and competition and about the challenges of leading on social issues during the pandemic. We'll hear the compelling life stories of these admirable executives and more diversity impact important issues and commercial real estate for today and for the future. That's right now on The Weekly Take.

**Spencer Levy**

Welcome to The Weekly Take. We have two of our great friends and colleagues, including Leah Stearns, CBRE's, CFO. Leah, welcome.

**Leah Stearns**

Thank you, Spencer. Happy to be here.

**Spencer Levy**

Glad to have you. And we have Tim Dismond CBRE's, recently appointed chief diversity officer. Tim, welcome.

**Tim Dismond**

Thanks, Spencer. Great to be here.

**Spencer Levy**

It's great to have you here, Tim. So, Tim, tell us about your new role.

**Tim Dismond**

Spencer, my mission is clear: it's to create a more diverse and inclusive workplace for all of our CBRE associates. And although we've been on this journey for many years, my appointment as chief diversity officer is a clear indication of our firm's commitment to make measurable and accelerated progress in

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this space. I want to point out, Spencer, that not only is it the right thing to do, but it also is critical to our business success and delivering innovative outcomes and delivering that differentiated experience for our clients.

## **Spencer Levy**

Thank you, Tim. So, Leah, as CFO of one of the largest companies in the world, let me just ask you a direct question. How does the diversity and inclusion initiatives help the broader mission of CBRE in our industry?

## **Leah Stearns**

Well, Spencer, first and foremost, it drives innovation. It allows us to attract the best talent and it delivers world class outcomes for our clients, as Tim mentioned. But also, it's important for us to identify and see specifically how it can yield tangible benefits from a financial perspective. And there have been several surveys or studies done by leading institutions. One, for example, the Boston Consulting Group that has found that companies with more diverse management teams have 19 percent higher revenues due to innovation. They have stronger profitability margins. And I think that's something that we can all point to, to say there is a true business case for diversity. And it's up to us to now chart the appropriate path forward for CBRE to make that a part of our mission.

## **Spencer Levy**

And Tim, speaking about the mission of CBRE and D&I, I would love to get your point of view of how do we translate that to our clients, many of whom are very bottom line oriented, to see if I can't make money on this, I'm not going to do it. What's the case we make for D&I, for our clients to help their businesses improve?

## **Tim Dismond**

Spencer, the same business case that Leah mentioned. It's good for us and it's also good for our clients. One surprising thing about my job is that perhaps almost a third of it is client-facing now. We know that DNA is important to our clients and when we show up, they expect us to be diverse and to talk about our programs. So, again, it's good for our company, it's good for our clients and it's good for our economy.

## **Spencer Levy**

And I would add one other thing. It's good period. And the fact that it is the business case is easy to make makes it even better. Leah, would you agree that the D&I initiatives and Tim's current role was clearly strategic to position us for the long term and for many other purposes as well?

## **Leah Stearns**

Absolutely. There are several even just quantitative studies that have been done by well respected institutions that have proven out the fact that companies that invest in diversity recognize diversity and focus on that, have higher revenues, margins and are more profitable. So from a quantitative perspective, I can say that I believe strongly that investing in diversity pays off. It's something that brings innovation to the table. And I think from my perspective, it's really commendable what both our board and our leadership team have done, not just recently, but over the last few years, particularly strengthening the diversity across our senior leadership team that has to start from the top. And that's something that I now believe with Tim in his role is really going to gain some really incredible momentum as we move into 2021.

## **Spencer Levy**

There's also another big initiative that's happening within our industry, and they call it ESG capital, which stands for environmental, social and governance capital, which is going to also be fuel for more

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DNA and other types of initiatives to really put into practical effect a lot of the great ideas that we're generating here. Tim, tell us a little bit more about this ESG capital that's entering our business.

## **Tim Dismond**

Spencer, we estimate that there's about 400 billion of this capital already in place and that it will likely grow to about five trillion by 2030. So what does that mean for CRE? A lot, and this is a good news story. As you know, commercial real estate represents about 15 percent of institutional capital allocation. This means that there's almost 750 billion of additional capital targeting CRE in the next decade. Again, this is good news for the industry overall and great news for all ESG, including communities of color. Why, it's because the S in ESG is going to target minority owned businesses and types of real estate that cater to parts of cities, that we have large minority populations like affordable housing. So I think the odds for success of ESG are quite good, especially when compared to opportunity zones under the 2017 Tax Cuts and Jobs Act that fell short of expectations in terms of deploying this capital in disadvantaged communities.

## **Spencer Levy**

Well, I think that's a terrific way of looking at it, Tim. To me, the combination of the private capital, the private initiatives of large corporations like ours, but also public capital are all kind of come together to paint the picture of how we're going to move forward. Would you agree with that, Tim?

## **Tim Dismond**

I do agree, and you might have heard of the song by John Lennon, Give Peace a Chance. Well, in this instance I'm saying let's give ESG a chance. It's about doing the right thing and putting your money where your mouth is. I know it can be complicated, particularly when you're dealing with institutional capitalized that requires us to maximize shareholder return. But acknowledging that this tension will always exist. There's been a sea change in the last few years, particularly led by environmental and sustainability advocates. For example, having a green office building is now largely standard of new construction projects, particularly in big cities and also in the midst of COVID-19 pandemic. I wouldn't be surprised if wellness soon become standard for many types of commercial real estate as well. So the bottom line here, Spencer, is that I remain optimistic that socially conscious investing will continue to gather tremendous momentum for it to be sustainable, as you mentioned, that has to be profitable. And I do think we'll see more ESG compliant buildings when three big factors start to happen. The government supports it, tenants demand it and investors prefer it.

## **Spencer Levy**

So let's talk a little bit more about your personal journey to get here. And as Tim opened the door to pop culture references to songs talking about John Lennon's Give Peace a chance, I'm going to reopen that same door again and talk about a song that I think explains a lot of things about career journeys, which was by The Talking Heads who a song that was entitled Once in a Lifetime. And they had a line. You may ask yourself, how did I get here? Leah, you are the CFO of one of the largest corporations in the world. How did you get here?

## **Leah Stearns**

Reflecting on my professional journey. It's really been a fast pace and ultimately exhilarating experience. I started the senior year of my undergraduate time at Boston University. I started working with a company called American Tower there, a telecom infrastructure company, and that led to an 18 year career there where I had just phenomenal opportunities to partner with the business from a finance roll perspective and really help drive growth as they expanded globally. It was an incredibly challenging and rewarding experience. I had really incredible mentors and strong support. So I find myself sitting here today in just an incredibly fortunate position. I am grateful for all the opportunities that I have been given and ultimately I think it all goes back to who I am. I'm an intensely loyal, I'm

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intensely competitive, I'm an intensely focused person. And as I think about what got me here, you know, I just always sought to raise the bar. I wanted to make sure that I was excelling and delivering the best. Every day, the competitive nature goes back to my early days on those soccer and field hockey field. As a kid, the loyalty probably goes back to, you know, my days growing up in New York. I'm still a New York sports fan. That was pretty painful, having lived in Boston for over 20 years. But the New York Giants made sure to come back and give me a couple of wins from time to time. And from my perspective, I am just really excited to be able to take my next step in my career here at CBRE. I think there's tremendous opportunity for me to bring the learnings that I gained at American Tower. That business transformed before my eyes. I feel like I made a really important contribution to that, and I feel like I can lend some of those insights to CBRE's, an organization as we take this business forward and an incredibly transformational time within commercial real estate.

## **Spencer Levy**

I want to ask you about the journey, Tim, as well. And I want to ask you not only about your personal journey to get to where you are today, but how you see the journey and D&I overall progressing.

## **Tim Dismond**

I appreciate you letting me off the hook without having to come up with another song, because I you know, I'm done after the John Lennon reference. But I'm a Flintstone. I was born and raised in Flint, Michigan, and I was blessed to grow up with two loving parents who just celebrated their 62nd wedding anniversary this year. I'm also the youngest of seven and grew up under a strong patriarchal structure. And during these formative years, there were three significant influences that materially shaped my personal and professional growth. The first is around integrity and justice. I do believe there's a moral compass, especially when it comes to people and the right to be treated with decency and dignity. My parents tried to shield us from the ugly vestiges of slavery and Jim Crow and encouraged us to be part of the solution through community activism and education. Which brings me to the second, which is work ethic. I'm not sure a day went by where my father didn't tell all of us that we had to work twice as hard as everyone else and be twice as good to make it. And without mincing words, he'd exclaim, "life isn't fair". So what are you going to do about it? Which brings me to the third, which is competition in my family, we competed at everything from dancing to dishes, from academics to athletics. It just didn't matter. We all wanted to win. But it was also important that we helped others along the way. And to be very clear, gloating was never acceptable. Dancing in the end zone would definitely put us in the penalty box for sure. So fast forward I graduated from the University of Michigan with an English major and I went to law school and married the love of my life, Tanya, and we're celebrating our 30th anniversary next year. We have three awesome kids all in their 20s. And I have a terrific and fulfilling career with CBRE, which kind of brings me to the second part of your question. I feel that all of those influences growing up has led me to this role to be able to go to work. And my job is to create an inclusive and diverse work environment for our 100,000 employees. It's a privilege. And I can't tell you what it means to me and my family as well as my parents, the ability to change and impact the real estate industry and to sell our company, CBRE, to be closer to fulfilling its world class aspiration is a dream come true.

## **Spencer Levy**

Tim and Leah, I listen to both of your stories about your personal and professional journeys and I heard a common word competition. How competition framed you as a person and as a professional. So let me ask you a direct question. How does competition and D&I work together? How does D&I make us more competitive, Leah?

## **Leah Stearns**

So I think it starts with the innovation that's created as a result of diversity that ultimately allows us to provide more differentiated solutions for our clients and the greater distance we can create relative to

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our competition from that innovation, which I truly believe is spurred by diversity within the organization. I think the better CBRE will do over the long run.

## **Tim Dismond**

Yeah, two things to live up to. Our core values are RISE values. D&I is critical or embedded within them. So I think it's fundamental to who we are, which in turn drives us to be very competitive. The second is for us to fulfill our aspiration to be world class. We know that D&I plays a critical role in the components of our strategy, we have to have the top talent and when we talk about top talent, we have to fish in the entire pond. We can't just focus on one segment. We need to look at the top talent across all industries, across all geographies. We know that we have to collaborate. We've got to pull out those unique attributes, perspectives to deliver the most innovative solutions to our clients. It is foundational, again, for us to be successful and to truly become a World-Class organization.

## **Spencer Levy**

Well, speaking of competing and let's keep this big picture for a moment, we don't normally talk about politics and its relationship to commercial real estate, but we just had a big event last week where Joe Biden was elected president. Senate still up in the air. President Trump is still fighting the results. So, Tim, how important is politics in the analysis of what you do?

## **Tim Dismond**

I want to tie it back to the important and what I think we'll see through history based on the rising demands for social justice. I think that we need to view politics with a wider lens, especially as it relates to inequitable outcomes and an overall growing economy. Simply put, growth as measured by GDP cannot be the only metric of our success, especially if the divide between the haves and have nots continues to widen and it disproportionately negatively impacts communities of color. I think the business sector generally can play an important role in working to change these outcomes and making things more equitable for our people and citizens within the U.S. generally. This is something that we've been striving for since the nation's founding and the passage of the 14th Amendment and why I think we need to take greater interest beyond GDP, particularly as it impacts historically disadvantaged groups.

## **Spencer Levy**

Well, Leah let me turn to you now. The Business Roundtable last year came out with a pronouncement that the purpose of the company isn't just to maximize shareholder value. CBRE is part of that business roundtable. We endorsed the statement that we have to consider not just maximizing shareholder value, but other constituencies as well. So how does that impact your work as CFO?

## **Leah Stearns**

I think what it does is it allows us to not only embrace the total return from a financial perspective, but the return that's experienced as a result of how our business operates on a day to day for the communities in which we operate, for our stakeholders more broadly than our shareholders, and ultimately allows us to invest in areas that may not necessarily have tangible financial outcomes day one, but that we know will further our objectives from a strategic perspective to really ultimately make the environment in which we operate a better place, not just for ourselves, our investors, but our people, our community and the world at large. As a CFO, it certainly brings a bit more gray into the mix, but that's an environment that you have to be comfortable operating in, regardless of the mandate that's put forward. And I think it's great that we have signed up for that and have stood behind it. And it's something that we're excited to get working on.

## **Spencer Levy**

Well, would you agree that I guess one of the areas where this is a direct link is you, Leah and you,

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Tim, working together? I mean, I think there's no better expression of the Business Roundtable statement than the CFO working directly with Tim. Would you agree with that, Leah?

## Leah Stearns

Absolutely. And having Tim on our executive committee is really a great catalyst for us to become closer in terms of how the finance organization and the focus and strategy around diversity within CBRE can ultimately be achieved. And so I think it's a great thing.

## Spencer Levy

Well, Tim, how do we know we're winning? How do we know we're making progress in D&I, Tim?

## Tim Dismond

So we have a lot of different programs and initiatives in place, but we need to shift our focus away from just actions to more of outcomes, first perspective. So measuring results and being accountable for delivering on those results is critical to our success. Real impact includes increasing the number of diverse hires across all business segments and at all levels of our company, including senior leadership positions. It also includes a heavy emphasis on mentoring and upskilling our diverse employees and ensuring that they have a clear path to succession and development at CBRE. And finally, it also requires continually monitoring and improving our culture to make sure that D&I initiatives are embraced by the entire organization. All of these initiatives will use similar tools of accountability that we use for our broader organizational success. And while I'm excited about where we are, I'm even more excited about where we're going.

## Spencer Levy

The next question I want to ask is about education. I want to talk about two things. Number one, Tim, recruitment at the college level. And number two, lifelong learning. I think we're all lifelong learners here. How are we trying to improve the education of the existing employees at our organization?

**Tim Dismond:22:05]**Tim, there are many paths for hiring diverse talent. We are very active in partnering and in sponsorships with many organizations to include just to name a few: The Posse Foundation, the Real Estate Executive Association program, the National Black MBA Association, Hispanic on the List goes on. They all play an important role in sourcing areas of diverse talent that we can tap into and create more interest and demand to fill those important real estate positions. The other point that you mentioned, we have a lot of effort in building relationships at the high school level as well. And there are many ways that we do that. One, we have five dedicated diversity of recruiters and they are committed to figuring out sources of diverse talent. We also leverage our employee network groups and globally, we now have over 16,000 members in the U.S. it's just over 12. But these groups have local chapters and those local employees are committed to engaging with communities, working with high schools and local organizations to create more knowledge and interest and showing these great students that real estate is a viable career option that can be very enriching and rewarding. And we've seen quite a bit of success going down that path. So I'm quite excited about continuing to work with ABC News, but also the many, many other avenues available to us for recruiting diverse talent.

## Leah Stearns

And if I can, I just going to add into that, you know, Tim mentioned the Posse Foundation. I actually recently joined their national board. I think organizations like that and from CBRE's perspective, being able to partner not just at the senior level, but being able to really create a generation of future leaders is something that organizations really should embrace, you know, because we can certainly walk the walk within the executive committee and our board level. But making sure that we're exceeding the next generation of leaders within real estate and within the broader business environment is something

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that I think is critical for us to tackle this problem.

## **Spencer Levy**

We're coming to the end of our interview here, and I want to get your final thoughts, both Leah and Tim, on what's next. What do you want our listeners to get out of today's podcast? What is the most important message that they can get about diversity, about ESG, how it works together with commercial real estate and how we know we are winning? So, Tim, let's start with you. What are your final thoughts?

## **Tim Dismond**

Simply put, diversity, equity and inclusion is not only the right thing, it's good for our business. It's good for our people. It's good for the community as well as our shareholders. So very bullish about our direction and the growth and success that we're going to see over the ensuing years. And let's also remember, let's give ESG a chance. That's all I'm saying.

## **Leah Stearns**

Well, it's certainly a multidimensional issue. And to go back to my sporting days, I mean, this is going to be a marathon, not a sprint. It's going to take a lot of effort across multiple spectrums of our business and the broader business landscape to make significant progress. And so I think it's really incumbent on all of us to remain disciplined, to remain focused and make sure that we're pacing to make meaningful gains on the objectives that we've set forward. And I think unless you really set a very stretch goal like running a marathon, I've done six. So I can say from experience you set out the day you put out a goal like that with a huge mountain to climb. But it's something that as you're crossing the finish line, you want to. Set another goal like that, it's contagious, it creates an enormous amount of momentum and excitement and adrenaline, and so I think we should harness this as an opportunity for us to think about what is that big mountain we want to climb? What is that marathon? We want to run and go after it, because without those aspirational visions and the work that that Tim is doing for our organization as well as other diversity officers across businesses today, we won't make the progress that we need. And so I think it's just a really exciting thing for us to see on the horizon. And I commend him for all his dedication to this. And I'm excited to see what comes next.

## **Spencer Levy**

So, Leah, on behalf of The Weekly Take, thank you for joining us.

## **Leah Stearns**

Thank you, Spencer.

## **Spencer Levy**

And to my old friend and colleague, Tim, thanks for joining us today on The Weekly Take.

## **Tim Dismond**

Thanks, Spencer. Always a pleasure.

## **Spencer Levy**

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