

Am I Being Too Subtle?

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INTRODUCTION

No B.S.

No one has ever left a meeting with me wondering what I meant. When I say something it is clear, candid, and often blunt. “Am I being too subtle?” is my punch line when I deliver a message I consider obvious. I’ll occasionally add, “I can speak slower if you want,” to ensure my point is received.

I can seem gruff. I know that. And I can be impatient. I have an embedded sense of urgency. What I can’t figure out is why so many other people *don’t* have it. But from an early age I realized that I had a fundamentally different perspective from my peers. And I was willing to trade conformity for authenticity—even when that meant being an outlier, which it usually did, and even if it meant being on my own.

In this book I share the story of how a restless, curious boy who grew up in Chicago made it to the Forbes 400. I’ll describe the risks that paid off and those that didn’t—and tell you what I learned in the process. I’ll take you inside my world of companies, where culture is king. That is, we take great care with the *way* we do things—with transparency, alignment, and trust.

I am probably best known for creating several of the largest companies in commercial real estate and for helping establish today’s \$1 trillion public real estate industry. But most of my investments are actually in other industries, like energy, manufacturing, retail, travel, logistics, health care, and so on. You could say I’m an investor, or an allocator of capital. But what I really am is an entrepreneur. I focus less on specific industries and more on seeing opportunity in anomalies or trends that catch my attention.

I also read risk for a living. I am very focused on understanding the downside. And I have a pretty good track record, but it’s not perfect. You can’t play at this level without some pretty big highs and lows. Of course, they don’t usually happen within the same couple of years, but they did for me in 2007–2008 with our \$39 billion sale of Equity Office, the company I built from scratch, and the \$8 billion privatization of Tribune Company, which closed at the start of the Great Recession and went into bankruptcy a year later.

In real estate I’m known as the Grave Dancer. That was the title of an article I wrote back in 1976, and the nickname stuck. Some might see buying and creating value from others’ mistakes as a form of exploitation, but I see it as giving neglected or devalued assets, in any industry, new life. And often in my career I’ve been the only bidder for them—the last chance for a resurrection. I’m not claiming to be altruistic—just optimistic, and confident that I can turn those assets around.

That, in my definition, is an entrepreneur. Someone who doesn’t just see the problems but also sees the solutions—the opportunities.

Not surprisingly, a fundamental part of being an entrepreneur aligns with my tendency to walk out of step with the norm. I have a saying: “If everyone is going left, look right.” Conventional wisdom is nothing to me but a reference point. In fact, I believe it can be a horribly debilitating concept. It often boils down to a bunch of people yelling “Go this way!” And once the crowd gets going, it can get real loud real fast. We saw it in the stampede of commercial real estate development in the 1970s and 1980s, the dot-com craze of the 1990s, and the subprime mortgage mania of the 2000s.

I make a point of shutting out the noise—doing what makes sense to *me*. I want everyone’s opinion, because there is tremendous value in being a good listener. But then I determine my own path. I look for clarity, and if something’s not clear, I get more information. That could mean reading various sources of news, understanding new legislation, or meeting with someone halfway across the world. The point is, I don’t make assumptions. But determining my position is the easy part.

Once I have formed my opinion, I have to trust my perspective enough to act on it. That means putting my own money behind it. My level of commitment is usually high. And I stay with my decision even when everyone is telling me I’m wrong, which happens a lot. If I had a nickel for every time I heard “Sam, you just don’t understand,” I’d be rich.

I believe the fundamentals of business—supply and demand, liquidity equals value, good corporate governance, and reliable partners, to name a few—apply across the board. They inform my decision making, or *what* I do, just like my philosophies guide *how* I do it.

I run my company as a meritocracy with a moral compass. And for those who raise their eyebrows at that statement—who think you can’t get to the top unless you beat the crap out of everybody—you’re wrong. When you’re a repeat player, when your world is your business and your business is your world, it’s all about long-term relationships. In any negotiation I believe in leaving a little bit on the table. And in any relationship I believe in sharing the stakes. I’ve been doing deals with many of the same people for decades because the goal is for us to all come out ahead. And many of my employees have been with me for twenty or thirty years or more because if I do well, they do well.

These long-term relationships reflect the most important lesson imparted to me by my father. He taught me simply how to *be*. He often told me that nothing was more important than a man’s honor—*shem tov* in the Jewish community: a good name. Reputation is your most important asset. Everything you do, everything you say, is part of the permanent record. Your name reflects your character. No matter how successful I got, I never forgot that lesson. I’ve always strived to be known as a man of my word.

Not that I’m a saint. I’ve been married three times, and I admit that when I was younger, my career competed with my role as a husband and father, and my career often won. But I’ve always tried to impart the best of the lessons I learned from my parents to my kids—be grounded and pragmatic, recognize a sense of responsibility, and, of course, *shem tov*.

Today I have a better perspective, as most of us get over time. The first thing you see if you walk into my office is a twenty-seven-inch screen with scrolling photos of my wife,

my kids, and my grandkids. I relish my time with each of them. My life is more balanced now, and family traditions are sacred. Among my favorites are the European trips my wife of twenty years, Helen, and I take each grandkid on as a rite of passage upon his or her sixteenth birthday. My hope is these trips encourage their curiosity in the world and help them understand their lives in a larger context. I want them to learn to form their own opinions and give them confidence to act on their convictions. These are the traits, after all, that saved the lives of my parents, sisters, and me, as you'll learn. And this perspective is the reason for much of my success.

But I am not solely, or even primarily, motivated by the accumulation of wealth. There's a line from an old movie, *Wheeler Dealers*: "You don't go wheeling and dealing for the money, you do it for fun. Money's just a way of keeping score." And that's how I see it. I've always been much more drawn to the *experience*.

My life is about testing my limits—and having fun in the process. I believe that 1 + 1 can equal 3. Or 4. Or 6. The fun and gratification are in figuring out how. For me, business is not a battle to be waged—it's a puzzle to be solved. And the end goal isn't to accumulate a lot of toys and then kick back. Since I was a twelve-year-old who spent afternoons exploring the streets of Chicago alone, I've been hungry for new experiences. So I've never understood the traditionally strict boundary between "work" and "fun." If I'm being intellectually challenged, if I'm doing things I've never done before, if I'm using my creativity and resources to solve problems, if I'm constantly learning—*that* is fun.

There's a healthy amount of irreverence at my core, and I apply it in an equal-opportunity way—externally and internally. Early on I adopted a philosophy I call the Eleventh Commandment, "Thou shalt not take thyself too seriously," and it became a governing principle in my life. Big investment deals can get heady at times, and it can be easy to start thinking your brand is bigger than your performance. I never want that to be me.

And hopefully it's contagious. Back in 1985, the *Wall Street Journal* did a front-page story on me and quoted me saying "If it ain't fun, we don't do it." The next day I walked into the office and all the mailroom guys were wearing T-shirts with that quote. I loved the fact that they thought to do it, that they felt they could, and that they made it happen. That epitomizes the culture at my investment firm, Equity Group Investments (EGI).

One of the biggest raps about me is that I've been known to use profanity. Sure, sometimes my real estate colleagues will make over/under bets on whether or when I'll drop the f-bomb onstage at a conference. I simply don't buy into many of the made-up rules of social convention. I think people often get distracted by these superficialities. For example, I've been wearing jeans to work since the 1960s, long before it was acceptable. And to this day, I'm usually the only one at a business conference or on CNBC's *Squawk Box* set in jeans. The bottom line is if you're really good at what you do, you have the freedom to be who you really are.

I am the son of Jewish immigrants who fled Poland to escape the Holocaust and come to the United States. My entire life is dedicated to the idea that I am part of the great American dream, an entrepreneurial movement like none other in the world. What I want to do is use my gifts to find opportunities no one else sees, solve problems others can't, do great deals, turn around broken assets, and grow great companies. In short, I

want to make a difference. I don't mean that in a pious way. I'm talking about *progress*—shaking up the status quo, moving the needle, building something meaningful. And always treading where others aren't. Some of my most interesting and lucrative investments seemed counterintuitive when I made them—such as buying rail cars when the industry was crumbling, or investing in manufactured home communities when other investors wouldn't touch them.

People often ask me, “When are you going to retire?” And I answer, “Retire from what?” I've never worked a day in my life. Everything I've done has been because I've loved doing it, because it was enthralling. I thrive on inspiring and challenging people, giving them new opportunities and watching them grow, and I take enormous pride in their accomplishments. And I never stop pushing—myself or others. I'm seventy-five; I work out every morning at 4:45, I'm at the office by 6:30 a.m., and I don't get home from work until 7:00 at night.

I have plenty more to do and a lot more to say. Every day is an adventure.

Here's my story. Have fun with it.

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