



A CONVERSATION WITH PENNY PRITZKER

Hanna Oimoen is an Associate at Pritzker Realty Group and an Associate Board Member of the Harold E. Eisenberg Foundation. She credits the Foundation's scholarship and mentorship program with helping her to launch her career and was honored to interview her personal mentor, Penny Pritzker for **REAL Bright Night**.

Hanna Oimoen: Thank you so much for taking the time to speak with us this evening. The audience is excited to hear your story and gain insights into your thoughts on the current market, potential shifts, and any advice you have for them.

Penny Pritzker: Hanna, first of all, thank you so much for having me. It's really a pleasure to be here and I'm excited to be able to talk to the entire audience. So, thanks so much for asking me to join you.

Hanna: I think we could get started with your background, how you got started and you could walk us through your career thus far.

Penny: I grew up in a household where my mother said the most important thing you can do for yourself is get a good education. I really focused on my schoolwork all the way through college and graduate school and making sure that I tried to get myself the best academic foundation I could. I went to high school, to a girl's school in the Bay area in California called Castilleja, which was sort of a preparatory school. And then I went back east to college to Harvard, and then graduate school at Stanford. I went to law school and to business school, straight through.

I finished all my education by the time I was 25. When I was in graduate school, I worked for a commercial real estate broker, running the numbers. Back then you used a grid paper. There was no Excel and there was no computer. I had to do all of the projections by hand using my HP 12 C, which was a calculator that was considered state-of-the-art -today we would laugh at that. Probably the calculator on your phone is more powerful than the calculator that I was using back then.

I tried to get experience while I was in school and then during the summers between, I worked for different real estate firms and a law firm. Then I worked in New York for Goldman Sachs' real estate, which back then was tiny compared to what is today, but it was a great way to get to know people in the industry. Then I worked for a firm called JMB. JMB probably spawned most of the people in my generation that ended up in real estate.

After I finished graduate school in the mid-eighties, I went to work for my family. I really wanted to work in family business. I grew up at the dinner table with the idea that building businesses was a noble and exciting thing to do. So I spent a couple of years working in the hotel business,

Special Feature: Penny Pritzker Interview

and then ultimately began my life as an entrepreneur, which has probably been the biggest part of my life. Starting six different businesses, growing other companies, and then it just went on from there.

Hanna: You've been involved in a multitude of different ventures and companies. What really turned you into that serial entrepreneur?

Penny: I really love building businesses. My dad and his brothers started a company called Hyatt which is today Hyatt Hotels. My dad was the first president and CEO of the company. Back then, I was a little girl and my parents moved from Chicago to Los Angeles where they bought a motel. Then we moved to Northern California and my dad was building a chain of motels up and down the West Coast. Back then in the early sixties, it was the beginning of air travel. When you would travel, you'd need to stay someplace. The company began to take off in 1967 when my dad and my mom opened the Hyatt Regency Atlanta, which put the company on the map because it has a big atrium and it was architecturally significant and unusual. It really branded Hyatt as innovative in the late sixties.

And so, the dinner table for me was a conversation around building things. That seemed exciting to me. It wasn't glamorous, don't get the wrong idea. The corporate office was probably the size of most people's conference rooms. The computer took up more room than most of the office space. On the weekends, my dad would go to the office, which was across the street from one of our motels and we would walk the properties to make sure it was clean, and I'd check the ladies' room when he'd go check the men's room. That began my love of building businesses. When I got out of graduate school and after a couple of years of working in the hotel company, I started a company in senior living, and that was my first experience as an entrepreneur.

It's hard work to build a business, but I loved it. I loved the creativity. I love building teams. I went on to make that part of my life. I started a real estate investment business for the family, which has morphed into what Pritzker Realty Group is today. And I started a company in parking with Marty Nesbitt, who today is in the private equity world. It was a firm called Vistria. I started a firm in the venture capital world called Inspired Capital about two years ago. About 12 years ago, I started a real estate, private equity firm called Artemis Real Estate Partners. I'm a business builder and business creator - that's how I think about myself. My career has had many twists and turns.

Hanna: What are some of the obstacles that you've faced along the way in your career and how did you overcome them?

Penny: I would say that I was incredibly blessed. I grew up in a family that had a family business, and it was well-known. My biggest challenge was being the only woman at the table, and it's given me a lot of compassion and empathy - and a desire to have more diverse voices at the table. I began at age 16. My grandfather was kind of this larger-than-life character, and he had been a very successful businessman. He started out his career as a lawyer, and for his 80th birthday, my mother said, you can give your grandfather whatever you want for his birthday.

And I thought, what do you give somebody who is 80 years old? I thought he knew and had everything. So, I wrote him a letter on green stationary. I said, "Look, I'm your granddaughter and we have a very close relationship, but you never talked business to me. You only talk business to the boys. Why won't you talk to me?" It was his 80th birthday party... big fancy thing.

He takes me out into the hallway, and my letter is in the breast pocket of his tuxedo. He pulls a letter out and he says, "Honey, I was born in 1896. How am I supposed to know girls are interested in business? If you're interested, come spend time with me this summer and I'll teach you accounting," because his view was if you didn't understand an income statement and a balance sheet, you really couldn't be in business. And that was sort of his gesture to me. There was no career readiness program or mentorships.

In a sector of the economy where there weren't a lot of senior women, 35 years ago, I got a break. My uncle introduced me to Sam Zell. Marshall Bennett and Sam Zell held this annual real estate meeting. Back then it was a meeting of what I thought were Titans in the industry. Very early in my career, I was invited to go with one other woman, Goldie Wolfe, and that was it. There were no other women. I would say that was probably the biggest obstacle. It's why I'm passionate about diversity and trying to make sure that folks like you, Hanna, are on a leadership track.

Hanna: That's wonderful. Thank you. Throughout your career, have you ever done something that you've considered a failure? And if so, how did you learn from that experience?

Penny: I've had lots of failure. The first thing you learn when you fail is that the most important thing is to do exactly what hopefully your mother and your father used to say to you, which is pick yourself up, dust yourself off and keep moving forward. Let me give you an example. Two years out of graduate school I started my first company, now called Vi Senior Living today. Senior living was not an industry back then.

This was in the early nineties when there was a housing crisis. So, we had built a product that basically had no healthcare services, during a time when our customer couldn't sell their home even if they wanted to move. It was not going well

I went to my uncle who was chairman of everything and I said to him, "We have sunk costs here. We should close this down. It's not working and we're losing money." He said, "Wait a second. You're trying to figure out how to house seniors, and we have nothing but an aging population. This is a 30-or-40-year play. This is not the type of situation that is going to work in 10 minutes."

The lesson I learned was that it's important to have people with more perspective around you who can help you understand when you're struggling and can also be a sounding board for your ideas. I thought I made every mistake. I didn't know anything about sales and marketing. I hired the wrong people. I just made a ton of mistakes. Here we are 30 some odd years later, and the company is a thriving business. Those early years were really tough. Very, very tough.

Hanna: It seems like your uncle was a mentor to you. Who are some other people who had influence throughout your career? Why did you decide to invest time in those specific relationships?

Penny: My uncle Jay was kind of chairman of everything in our world. I made it my business to get on his calendar once a month to tell him what I was doing and get his input, and it was phenomenal. Sam Zell and Marshall Bennett were phenomenal mentors. First, they would talk to me, but second, they gave me the opportunity to network and meet the people who were active in real estate.

In fact at one of Sam's meetings, that's where I met Deb Harmon who's my partner today at Artemis Real Estate Partners. She and I started that company together 12 or so years ago. She's been a real mentor to me. I've learned a lot about being in real estate private businesses, as opposed to my experience in the real estate development business. I would say other two mentors for me were Barack Obama and Joe Biden. And I say that not because, they're both presidents of the United States, but truly, Barack Obama gave me an opportunity to serve our country.

I got involved very early and helped him raise the money to become President. I was a part of that team and building that apparatus. He taught me a lot. Our now President Joe Biden, taught me how government works. I was Secretary of Commerce. He was Vice President and was a mentor, advisor, friend, and he gave me opportunities. It wasn't handing me something on a silver platter. That's what I've found with most mentors - when they believe in you, the way they help you is they give you "opportunity." It's an opportunity to work hard on something, but that's the opportunity to showcase yourself too. They help you see the possibility for yourself. They give you perspective, ask hard questions and make you think. They don't just show you the path, they make you figure it out. They can help you develop a larger network. I'm a big believer in having mentors.

Hanna: Adding onto that, what advice do you have for young people, and maybe specifically women, entering the industry today?

Penny: The first thing I would say is follow your passion. That's why internships and apprenticeships are important because you get to see what excited you. My other advice is, pick your mentors.

Most mentors are open to helping you. Be curious and do your homework. Understand the data, examine big trends and understand them. Work your tail off. An overachiever is going to win out over someone who may be the most brilliant, but doesn't have a work ethic. Be a good teammate.

My advice to women is the same. The one thing I will say is, and I will quote Madeleine Albright, "Women should help other women" and as she said, "There's a special place in hell for women who don't help each other." There are many sectors that are dominated by men; help each other out. Be part of the change. Learn from someone who doesn't look like you, or isn't the same gender, or doesn't have the same background.

Hanna: What qualities do you think stand out when you're looking to hire an individual?

Penny: Honesty and integrity are number one. It's important to me to find somebody who's willing to not just tell the truth, but also be assertive with their ideas. Somebody who's energetic, who's passionate. I have this test in my mind. I ask myself when I'm looking to hire someone - if we were flying and I was in the middle seat and I had to be sitting next to this person for a long time, would I want to be there with that person? Do I like the person? We all want to work with people we like, trust and respect.

Also, you want people to be curious and have some gumption. I think the biggest challenge as a young person and as a woman is to have the courage to ask questions. I will tell you, I was 54 years old when I became Secretary of Commerce. There were so many things I didn't know. I

asked questions and I'm sure people went home laughing about the stupid questions I asked. How was I going to learn if I didn't ask? The other thing is, don't be afraid to throw out crazy ideas. I'm a big believer that innovation comes from iterating ideas.

Hanna: I've heard you say multiple times that culture eats strategy for lunch. What does that mean to you?

Penny: You can have the best idea in the world, but if you have a crappy culture, if you don't have good ethics, if you don't have a growth mindset, if you're not adaptable and if you're not leading with your values; then ultimately the great ideas erode. It will affect the quality of the people you can attract. It will affect the partners that you can bring in. It's really important to stand for something.

Hanna: I know you're extremely busy, so I'm curious if you have any news sources you rely on most to stay informed or any podcasts that you listen to.

Penny: My go-to reading is really *Axios*. Also, *Wall Street Journal*, *New York Times* and I listen to the PBS news hour at night. My favorite podcasts are *Up First* from NPR, *The Daily* from *New York Times*, and *Hacks On Tap* with David Axelrod and *Political Gab Fest* because I'm sort of a political junkie.

Hanna: 2020 was a crazy year for all of us and we're all looking forward to a brighter 2021. I'm curious, have you set any goals or resolutions for yourself for this year?

Penny: COVID is a massive wake up call. I'm optimistic because the science will prevail - there's a vaccine, it's coming - but we've lost over 400,000 souls and it's clear it didn't have to be that bad. My brother, who's the Governor of Illinois, asked me to lead the Illinois COVID-19 Response Fund. I saw first-hand the suffering. People didn't have enough food, they were scared they were going to lose where they live. They were losing their jobs and the toll being taken, particularly in the communities of color, is just horrific. My new year's resolution is to start every day with empathy and gratitude. My third is to do whatever I can to help our country, to help us unite, to help us heal and to be a part of trying to create opportunity for more people.

Hanna: Those are all great resolutions! Continuing to think about the future, what are your insights or predictions for the recovery of the real estate industry? Do you think there will be any shifts in the industry as the market recovers?

Penny: You have to break it down by property types. Let's start with multi-family. Cities have been hurt, but I'm a believer that when the vaccine is widely distributed, cities are wonderful places to live. They're interesting, there's lots going on, people want to go out, they want to be entertained, they want to see live music, and they don't want to commute.

I think that the industrial market is on fire now and that will persist because we're going through a real change in the industrial market. We need to have space closer to where we're distributing and closer to the end user and technology is requiring that. You've also got the data center business, which is a whole sector in and of itself.

Retail is tough. We've all learned to have to shop online. These big department stores are particularly hard. I think retail will continue to go through change and be challenging.

Office. I really don't know what's going to happen. It's a tale of multiple stories. I'm a fundamental believer that you can't do everything remotely. It's too transactional. You can't have the hallway conversation that generates creativity. The need may change because there's also going to be a demand for more flexibility and there are companies that have decided they're going to reduce their office footprint, but I don't think office goes away. That said, I'm not sure we need new office buildings for quite a while.

And then, there's hospitality. I'm optimistic about hospitality. At some point we want to see other parts of the country or the world, or we want to see a customer or partner. You can't sustain that digitally. I think hospitality will come back, but it'll be different. Travel patterns will be different.

Hanna: What lessons do you think you can take from the hospitality industry and apply to the multi-family industry going forward?

Penny: I think Airbnb has taught us a lot. It's taught us that we're open to traveling and living in different places, some for short periods and some for longer periods. If you have a family, that's a whole other issue. I think that there's a lot to learn from the digital enablers. Airbnb is a massive company that basically has no real estate, but it's a real estate business.

Hanna: Turning back to your time at the Secretary of Commerce, how did serving in this role influence your view on the world and more specifically the business world or real estate, and how have you applied that experience going forward in your business?

Penny: Serving our country was an honor of a lifetime. As our now President said during the Inauguration, you work for the people. You feel that obligation and responsibility. It's extremely humbling. The job opened my aperture in so many ways. I got a better understanding of technology and innovation, and how policy issues impact markets and regions. I got a better understanding of different regions of the country and what makes their economies tick. I learned a lot more about global markets, supply chains and the interconnectedness of the world that's shifting obviously today, which creates both opportunity and disruption. I got an appreciation for global macro trends and business trends and how they affect markets, cities, people, and individuals. I got a real appreciation for the power of diversity. I experienced the power and the strength of folks coming from different points of view, with different racial and ethnic backgrounds, from different parts of the country, from different religions, and the power of how that helps give you insights.

Hanna: You've been very successful in building and growing ventures in numerous sectors, including real estate, private equity, the government, and non-for-profit. How should students and young professionals be thinking about a career in the 21st century? What advice would you share about building a strong foundation to achieve a rewarding career?

Penny: Your career is going to be 50 or 60 years long and your career path is going to take a lot of twists and turns. I used to say, your twenties are about building skills, and I think that's extremely important. I think you also have to be a lifelong learner.

The second thing is adopting a perspective that when you get knocked around, when things aren't going well, this is your opportunity to develop your resilience and your agile mindset. I realize it's hard today. It could be discouraging with a tough economy to try to find a job and

figure out your career path. But after the 1918 pandemic, came the roaring twenties. Stay vigilant throughout your life. Again, ask yourself what you're passionate about and figure out how to pursue something that really plays to your passions.

Seize the opportunity to get a variety of experiences. You just don't know when you'll need those talents, but you will need them. You will draw upon them.

Finally, take risks and be open to change. I had teenage children when I was running Pritzker Realty Group and several other companies. Then Barack Obama decided to run for President and asked if I would raise funds for his campaign. I thought, are you kidding? I'm trying to hold it together as a wife, mother and business leader, and now you want me to do this too? I said to my husband, "Barack asked me to do this and I can't." We were standing in the kitchen and he started knocking on the door. He said, "This is destiny knocking on the door of our country and you have to figure out a way to help." The point is, I had my blinders on. Stuff happens and sometimes you don't understand where it's going to lead. Be open to these opportunities.



Watch the full interview online at:
EisenbergFoundation.org/In-The-News