

Interview

Peebles' Perspective

An Interview with R. Donahue Peebles,
Chairman and Chief Executive Officer, The Peebles Corporation



R. Donahue Peebles

EDITORS' NOTE Recognized for his corporate initiatives in entrepreneurship and civic responsibility, R. Donahue Peebles has been awarded the Reginald F. Lewis Award for Entrepreneurship; the Corporate Citizen Award from One Hundred Black Men of New York; the NV Award for Entrepreneurship; and the community leader award by Russell and Danny Simmons' Rush Philanthropic Arts Foundation at their inaugural Art for Life event in Miami Beach. He has also been inducted into the Martin Luther King International Board of Renaissance Leaders Hall of Fame at Morehouse College in Atlanta. Peebles, listed by Forbes as the eighth wealthiest African-American in the U.S., is a regular guest on CNBC's Squawk Box, CNN's Larry King Live, and FOX to advise on real estate, economic, and political issues, and is the author of top-selling books *The Peebles Principles* and *The Peebles Path to Real Estate Wealth*.

COMPANY BRIEF As the country's largest African American-owned real estate development company, The Peebles Corporation (www.peeblescorp.com) oversees a multi-billion dollar national real estate development portfolio. With offices in Miami, Washington, D.C., and Las Vegas, the firm's development projects include Class-A office buildings, boutique hotels, and luxury residences in major cities including Miami, Las Vegas and Washington, D.C.

Did the severity of the economic crisis surprise you and are you concerned with how slow recovery seems to be coming about?

This is a situation that reminds me in many ways of the early '90s. It took us, as a country, through the mid-'90s and into the latter part of the '90s to begin to turn things around. What was necessary was fiscal responsibility, accountability, and discipline by the federal government and local governments around the country; a reform of the banking industry; and a purging of bad assets and expediting the day of reckoning. When things bottomed out, that process created opportunities – that is when private equity got into real estate.

When we got to this last run, it got to a point where, from a real estate perspective, the values and the activities in the economy were unjustifiable; you had to expect there would be a day of reckoning. But as extreme as the expansion of the economy was, we got a downturn that was extreme but nowhere as extreme as the run up. So it could have been worse.

We're at a time when things are slowly bottoming out. But if you delay or extend the day of reckoning to soften the blow, the result is even more prolonged.

The country has to make some changes in terms of local and national government spending, and fiscal accountability and responsibility. We have to look to local governments to make the environment more attractive for small businesses because that is where the jobs are going to come from as we recover.

Does it concern you long-term that the U.S. may be losing its position as the innovation leader around the world?

We are losing ground. We haven't lost our position yet, but America has gotten older. Innovation generally comes from younger people, because they are not intimidated by boundaries or limitations, they're not spoiled by their success yet, and they're not risk-averse. As a country, we are not as risk-oriented anymore.

In addition, most of the political leaders running governments would not have a chance to hold a private sector job with the same type of responsibility and financial oversight that they occupy in the political process. We're seeing the tide changing now with more business executives and entrepreneurs seeking political office because they recognize that there has been a veiling in terms of leadership in government. We have become overregulated and our governments have tried to be everything to everybody and solve everyone's problems, which is unrealistic. Many of our governments, including our nation's government, have lost sight of its

functions. We need to get back to a government that provides basic services, but that also creates and fosters an environment that supports innovation, creativity, and entrepreneurship – things that our government has somewhat impeded.

Are you surprised that there has not been the type of change that many had expected from the Obama Administration?

The Obama Administration is still young, and there have been some significant accomplishments: we have dealt with health care reform, as well as one of the biggest financial crises in the country's history and we're weathering the storm. One of the weaknesses of the political process is this expectation of immediate results.

Hopefully, as we continue, we'll see more done by the President, but businesspeople also have to do more, and the fact that many are considering public service is a positive thing. Additionally, businesses need to look to how they can create more jobs.

All citizens need to accept responsibility to bring about change in the way we behave and conduct ourselves, and how we think. In order for us to get out of this recession, we're all going to have to work together and demand some accountability from our governments. What tends to happen in economic difficulty is an environment of class warfare, and that is one of the things I'd like to see decrease. For example, the negative views Americans have on wealth and successful entrepreneurs in determining how much they should earn. Small businesses create 65 percent of all new jobs in America. It's important that the American people understand that their interest is aligned with business.

I believe the prolonged recession will result in more citizens taking their right to vote and who they vote for more seriously.

Growing up, did you have mentors, and where did your work ethic come from?

My grandfather was a hotel doorman for 41 years in Washington, D.C. but he believed there were no limitations to what his children and grandchildren could accomplish if they were willing to work hard and get a decent education. So it's all about patience and believing in the system.

Entrepreneurs and those of us who are successful have a responsibility to inspire others. We all have to take personal responsibility for helping to change the way things are done, for helping improve the environment, and for inspiring and educating young people so they can build better lives for themselves. ●