

Learn, Change, Grow

An Interview with John G. Picerne,
Founder and Chief Executive Officer, Corvias Group

EDITORS' NOTE John Picerne has more than 30 years of professional real estate experience. In 1998, he founded Picerne Military Housing – now Corvias Military Living – to significantly improve the quality of life for U.S. service members. He founded Corvias Campus Living in 2012, which offers similar solutions to higher education institutions that address on-campus housing problems and deferred maintenance. In 2013, he founded Corvias Solutions, which helps public sector institutions tackle their storm-water infrastructure challenges. Picerne also established a personal charitable organization, Corvias Foundation, which, since 2006, has awarded more than \$5.5 million in scholarships and grants to support spouses and children of active-duty service members in their pursuit of higher education.



John G. Picerne

COMPANY BRIEF Corvias Group (corvias.com) is a privately owned company that strives to tackle tough, large-scale infrastructure challenges through trusted partnerships that put client interests first, producing sustainable long-term solutions by focusing more on performance than profit. Three business divisions, Corvias Military Living, Corvias Campus Living, and Corvias Solutions, each deliver their mission of Living, Made Better. They work on behalf of the U.S. military, colleges and universities, and public sector agencies, respectively to develop tailored solutions for many of the nation's challenging infrastructure deficiencies caused by chronic underinvestment. Corvias Group is headquartered in East Greenwich, Rhode Island.

How do you define Corvias Group today?

Honestly, we're still defining it. One of our daily mantras is: learn, change, grow. It's about being open to learning what we don't know, trying to change who we are through an evolutionary process, and using that as an opportunity to grow.

We went from being a vertically integrated real estate development company that provided construction and property management solutions for the military, to a company that now provides solutions for systemic facilities and infrastructure challenges across three industries: the federal government, higher education, and municipal governments.

Today, we're still working closely with the Department of Defense, but we've moved beyond just providing housing and are now working with them to solve their energy challenges through large scale solar installations.

Municipalities across the country also suffer from systemic infrastructure problems, both above ground and below ground – infrastructure such as pipes, sewers, and storm-water drainage systems that have not been sufficiently maintained and that are failing.

These infrastructure challenges affect our drinking water and food supply, and cause environmental concerns as well.

Similarly, most college campuses haven't invested in significant infrastructure improvements since the 1950s. They just don't have the liquidity. As a result, most of the student housing in our country is 25 to 50 years old, which is making it increasingly difficult for colleges and universities to attract and retain students.

We partner with colleges and universities to help craft long-term solutions to their infrastructure challenges so they can focus on their primary goal of education.

We help colleges and universities figure out how to monetize their existing infrastructure in order to free up capital that they can use to improve both the quality of education and the student experience. We also team with one major construction company and several others to provide world-class construction services, which allows campuses to get out of the financial services and construction businesses, and get back to education.

As a long-term partner, we're with them every step of the way. Problems evolve and shift, and we're there to help them find a solution. In addition, we're only incentivized to make money when we add value through a solution to a problem.

How concerning are the infrastructure problems you face today? Is the will there to solve these issues?

I don't think the will is there because we haven't reached the point where the pain of standing still is worse than the pain of moving forward. We just had a stimulus program post-2008 to fix the infrastructure problem and it's like a pebble in an ocean.

We cannot look past it because when it starts to break, it is the only thing we're going to

be focused on. These are real world challenges. One of the problems is not just the procurement of water but the transportation of it. We spend a hundred times more on bottled water as a populace than we do on fixing the water system. We have pipes in the ground that are 60 years old that have never been replaced.

The only way to solve this problem is to streamline the procurement process, and bring private capital investment into it, but not from companies that want to gouge. We're not trying to make investors rich – we're trying to solve a problem.

How hard is it to work towards solving these issues that require long-term investments?

It's very hard. As a society, we have become so focused on the short term and on what's in it for us.

We're just one company trying to figure this out. We need to start thinking 10 to 20 years ahead. The fact that most companies say they can build a one-to-three-year plan and maybe up to five years is crazy to me. Most of our programs run anywhere from 50 to 60 years so we're in a business that trains us to think long term.

As we're evolving the company, we always know that, if we're going to be the best at whatever we do, it's all about the mission, the purpose, and the people. To be the best provider of service, we need to have the best people loving what they do every day, so we have to provide a great workplace for them. We also have to put systems in place that allow them to care about the customer.

In order for them to really feel great about it, because doing great work is hard, their whole family has to feel good about it. This means their community has to feel good about it too. If we don't give back to the community and support the community that these folks live in and work in, it looks like we're extracting their money and just don't care. This is why we started the foundation to give back to the military, and now it's expanding into helping colleges.

For example, for every program that uses subcontractor dollars, we make sure that at least 80 percent of those dollars are spent in the local community. It might cost more, but compared to what it cost when the government was doing it, it's far cheaper. We can afford a few percentage points more to have local workers do it.

As you created the foundation, was alignment critical with the business?

When I started it in 2006, I started it as a private foundation because I didn't want anyone directing the money but me. It was disassociated from the business and purely set up to meet the need in the Department of Defense.

It has since changed. They made improvements to the GI bill somewhat but it's still not enough to help these kids in military families. During periods of prolonged war, I realized that high school kids who were doing great work in school had one parent out of the house for a few years during their high school careers. However, they were still excelling, academically and socially along with volunteering.

What I didn't know then is that this population has almost a genetic predisposition towards giving back.

Lately, we've been aligning the foundation more with our business but less as a support, and more as a way to show our people how well we can do if we expand our horizons across these different markets. If we create a body of work that positively affects millions of people and we did it because we care, maybe that sparks a more compassionate mindset within them. The idea is everybody helps everybody up.

On the foundation side, do you put similar principles to those of your business in place when it comes to metrics and impact?

It's imperative that we hold the people that we're supporting to a standard. Charitable work is not about just giving stuff away. Every one of our students is held to a high standard: they either maintain a 3.0 GPA or they're on probation.

Not every kid values things the same, but we hold the same standards for our recipients and our companies. We don't just pair up with small businesses – we mentor them and hold them to a higher standard: if they don't get the work done, we find someone else who will. Handouts don't necessarily promote better behavior.

Where is the real change going to happen? Does it need to be driven by the private sector and come back to public/private partnership?

It's both. I don't pretend to know how government runs nor do I need to; I understand how business works. I do know these two things have to come together hand in hand.

One of my least favorite terms is "public/private partnership." I have been involved in that world for 15 years. The Department of Defense's privatization of housing was the first, and probably the best, program to this point in public/private partnership, and we were involved in that from its inception.

Our country has lagged behind other countries in infrastructure improvements. Now we're incorporating public/private partnerships but that, in and of itself, is not the answer. What ends up happening is that in a typical P3, there is no partnership. There is a need for someone to solve a short-term problem.

Our model takes the best of both worlds and gets rid of the junk. We don't give money, take assets, and then run, and we don't say, we know better than someone else. Roads, bridges, sewer lines, water lines, and colleges are public institutions. Our job is to bring our expertise and ability to raise capital to the table in the right way with the best interests of the institutions in mind, and to make the longest-term impact we can.

How important is purpose going to be for the great companies of the future?

The day of the solely profit-oriented business is going to come to an end. There is a point in time where greed just gets in the way of solving problems.

I like getting rewarded for the work we do, but I'm against gouging and taking too much. If I create value, it's fair to pay me. But if we don't do our jobs, we expect to get fired. My goal when we collect a check at month's end is for someone to write "Thank You" on it because then we feel we're making an impact.

This system of greed will end because we've gotten ahead of the curve or because things are going to start to break. When we go into emergency mode, we're going to be paying people several times what they're worth to solve critical problems or we're going to have to decide to pay far less because it's a societal need.

The foundation is such a part of who you are. Was the desire to give back instilled in you early on?

I've been learning since I was sitting in my dad's station wagon. As a kid, I saw a lot of people say one thing but do another. That didn't feel good for me, so I genuinely want to make the world a better place.

Fortunately, the larger our operations become, the more impact we can have. For instance, we're working in communities in the Mid-Atlantic states where there are hundreds of millions of dollars worth of need.

If we can be more impactful by spending every dollar wisely and putting more dollars to work, and we can spend 80 cents of every dollar on local businesses, we'll be able to make a positive social impact on these communities.

Our foundation will continue to grow, and to give scholarships and grants, but our company is quickly becoming our primary engine for giving back.

How important is cultural fit when you are seeking talent?

I look for people who are running towards us rather than away from another company; therefore, we have always hired for culture and fit. When we don't get it right and someone isn't a fit, they don't last. Three things I'm looking for in a hire are: a sense of giving – is this person really interested in making the world better? That is a lifestyle. I'm also looking for really smart, intellectually curious people – not those interested in solving issues at the surface level but those who want to make the world a perfect place. In addition, I'm looking for those who are deeply passionate about solving the root causes of the world's problems.

Do you enjoy the process?

The process is frustrating, but I'm a problem-solver at heart, so I enjoy it. There are no quick fixes to the large, systemic infrastructure issues that we typically tackle, so we have to be happy with the smaller wins. However, small wins are big deals when we're solving huge problems.

How critical is it to get people to understand that this is really about U.S. competitiveness, growth, and sustainability?

Many people don't yet understand the true depth of our nation's infrastructure issues, so we've been spending a lot of time on education. For instance, studies show that for every dollar of deferred maintenance, it will cost three or four dollars to fix it. The true cost of our infrastructure challenges are astronomical and we can't afford to keep kicking the can with short-term solutions. So the mountain we have to climb is like Everest and we need to get ahead of it. It's not even about competitiveness as much as about survival. ●

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