

The Resmark Companies

Culture Counts

How the Resmark DNA links corporate culture and performance

According to a survey conducted by global organizational consulting firm Korn Ferry, 72 percent of executives surveyed said that culture is extremely important for organizational performance. Yet only 32 percent stated that their organizations' cultures align with their business strategies.

In *Organizational Culture and Leadership*, when addressing learning and performance, groundbreaking organizational psychologist and business theorist Edgar Schein describes culture as a group's accumulated shared learning as it symbiotically solves problems of external adaptation and internal integration. This process solidifies a group's identity, values and beliefs; builds cohesion; and consequently cements the organization's success.

Does the Korn Ferry study indicate that external adaptation and internal integration are easier said than done? Not necessarily. Companies can reach past watercooler talk and cheaply framed motivational posters to create a culture that fosters organization success and drives performance. For Resmark, shared values and beliefs are the DNA that has linked culture and performance for more than two decades.

Integrity

Integrity is the primary gene in Resmark's DNA. It's the ultimate predictor of long-term success and performance, through which decisions and actions must always be examined. A company can use practical tools to realize and reinforce integrity within the organization, such as the "frontpage" and "association" tests. The frontpage test requires simply asking oneself, "How would I feel if the course of action I am considering were reported



Ziv Cohen

President, Resmark Apartment Living

Ziv Cohen joined The Resmark Companies in 2001. With more than 20 years of real estate experience, he has been involved in the financing and development of more than 15,000 residential units in the United States and Israel. Mr. Cohen's responsibilities include overseeing the day-to-day operations and strategy for Resmark Apartment Living. Under his direction since 2011, Resmark's multifamily division has acquired and developed over

5,000 units through joint venture and direct investments. Previously, Mr. Cohen established the firm's Northern California office in 2003 and successfully expanded its California operations. He also led Resmark's emergence as a key player in the area of direct investments in land and housing in 2007. In addition, he leads Resmark Impact Ventures, the firm's Emerging Manager group.

Prior to joining Resmark, Mr. Cohen was a member of Fieldstone Communities' management team, where he was responsible for land acquisition and entitlements, product design, construction management, and sales and marketing operations for multiple projects. Before arriving in the United States, he served as an operations manager for Peled Residential Construction in Israel and, prior to that, as an officer in the Israeli Defense Forces.

on the front page of *The Wall Street Journal*?" The association test requires acknowledging that we are the company we keep. This gauge is particularly helpful before engaging in business with external firms and making internal hiring decisions. In effect, integrity crystalizes the right path in difficult situations. When any project or investment is not performing as planned, quickly determining the cause is key. A degree of incompetency, for example, can be dealt with in the context of a solution. Lack of integrity cannot.

Discipline

Discipline is equally fundamental to our culture. For us, discipline includes four components: (i) mastering the business space in which we operate and the nuances of our product offering; (ii) understanding and acknowledging our strengths and weaknesses; (iii) constantly balancing risk and reward with a bias toward downside protection; and (iv) repeatedly and consistently executing our business plans at a high level. We value

the simplicity and straightforwardness of this framework because it further bonds our team's mindset and guides newcomers as they integrate into our culture.

Relationship orientation

As a capital provider in the residential development space, Resmark is attuned to its relationships with its major constituents: investors, development partners and residential development stakeholders. As stewards of capital for 23 years, we are hardwired to put our investors' interests first. Resmark founder, chairman and CEO, Robert Goodman, boils down our goals and objectives to new recruits as, "Every morning we wake up and say, 'What can we do today to make our investors happy?'" To be successful, a relationship orientation requires focus, discipline and willingness to narrow the field of prospective target opportunities. We have tailored a surgical approach to sourcing business and believe that repeat business is efficient, effective and, therefore, an optimal execution method for us.

Finding the right development partner is one of the most important decisions Resmark makes as a company. Kent Grahl, the president of Resmark's Land and Housing division, is credited with coining the internal mantra, "Partner quality first, real estate second." We use the same degree of care and thoughtfulness when aligning ourselves with development process stakeholders.

Relationship orientation is as much an internal value as an external one. We have sustained continuity of leadership from inception and a longstanding tenure of staff, in general, and among the executive team, in particular. We attribute it to the extreme care taken when adding new members to our team. Fit is crucial, and candidates undergo extensive interviewing, essentially meeting almost every person at Resmark.

Action orientation

Our culture favors action. The Resmark team is empowered to make decisions, and the executives stand behind those decisions and accept contained failure as a teaching tool. I always remind my team that when we ignore small problems, they have the tendency to grow into big ones. At the same time, when we ignore an excellent opportunity because we are not decisive enough to capture it, we might experience similar consequences. To encourage action orientation at all levels of the organization, Resmark uses a series of granular checks and balances to match the magnitude of the decision with the impact of the anticipated consequence. As a result, the team can experience, in a controlled environment, the importance and weight of action orientation.

Nimbleness and adaptation

Resmark is a lean organization where key executives remain close to the market, our investors, development partners and residential development stakeholders, which allows key members to be well versed in Resmark's affairs at all times. This proximity is particularly advantageous during changing market conditions and increased uncertainty. Facing such conditions, we evaluate, intellectualize, put a new plan in place,

and execute. Given our business structure as capital providers, we can change course very rapidly to either retract while maintaining our entire team intact, or deploy into an expanding market utilizing the extended sourcing networks of our development partners. This enhances stability and loyalty.

Communication and collaboration

Resmark values ongoing communications internally, with our investors, our development partners and residential development stakeholders. We believe in accurate and transparent reporting (what we fondly refer to as "the good, the bad and the ugly") and ongoing oral and written communication regarding the status of our development projects and the general state of Resmark's activities. We meet with our investors as often as they desire, encouraging them to meet at least quarterly, and gather with our development partners monthly or even weekly when necessary. Internally, the entire company convenes monthly, giving every employee understanding of the firm's pipeline activity, project updates, corporate matters and ad hoc agenda items. These "all hands" meetings provide every team member a 360-degree view of Resmark's business, imparting practical information and cementing a shared perspective.

Diversity

We are certain that diversity brings forth a spectrum of perspectives and beliefs that protect the firm from a uniform and rigid vision dominated by group thinking. Resmark is a diverse organization, comprised of 56 percent women and 28 percent minority employees and executives. We are less concerned about form and chain of command and more focused on each assignment's end results and the most effective manner by which they can be attained. As such, every view is evaluated on its merit, regardless of where or who it came from. This enables a healthy debate without the risk of ruffled feathers.

Now in its fifth edition, Schein's landmark publication is still a go-to resource for its incisive examination and description of those "taken for granted assumptions" that build groups and underpin their performance. While Resmark's business has evolved since its founding in 1995, the core values and fundamental beliefs that weave through our corporate culture are as relevant today as they were at our inception. In the always-transforming world where we operate, managers are challenged with aligning business strategy and culture. For Resmark, our cultural DNA guides us to continue and prosper, and serves as a constant as our business environment evolves.

CORPORATE OVERVIEW

Founded in 1995, Resmark is a fully integrated residential real estate investment group. The Resmark Companies' divisions — Resmark Land and Housing, Resmark Apartment Living, and Resmark Impact Ventures — finance, acquire, develop and manage real estate in California, the Western United States, Texas, the D.C./Mid-Atlantic region, and other select major metropolitan markets nationwide. To date, Resmark has participated in more than 220 investments encompassing more than 33,000 single-family and multifamily residential units and has committed approximately \$3.3 billion of capital. Headquartered in Los Angeles, Resmark also maintains offices in San Diego and Irvine, California; Austin, Texas; and McLean, Virginia. For additional information, please visit www.Resmark.com.

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