

## Smart retailers are taking extraordinary actions not only to adapt, but to thrive in today's market

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In a recent issue of New York magazine, writer Michael Idov refers to "...a retail shakeout of historic proportions. Local outlets of national chains are clanging to the ground...The city's legendary department stores are all having their struggles...All over the city, notable restaurants, boutiques, and other mom-and-pops are pulling down the chain-link gate one last time...Amid eerily empty sidewalks and race-to-the-bottom sales, the questions are: What will it take for them to survive?" (Freakoutonomics, New York, February 16, 2009).

Idov is writing about New York City, of course, which has a rarified shopping atmosphere, and yet the symptoms will be familiar to observers everywhere. It's evident that the retail world - not only retailers and retail suppliers, but owners, investors, and others - have taken as hard a hit as anyone in the recent economic debacle. What will it take not only to survive the recession, but to prosper after the recovery? The answer is: partly the will to do so, and partly what retail consultants Doug Fleener and Matt Norcia recently referred to as Extraordinary Actions: "These are extraordinary times and call for extraordinary actions...What matters is what extraordinary action you are taking today." (Extraordinary Actions for Extraordinary Times, The Weekly Retail Experience, Dynamic Experiences Group, February 18, 2009).

While it seems as if the whole consumer world is falling apart, it really isn't. People will always need to buy things, and there are many retailers who are buzzing along quite nicely, even in this economy. As Idov notes, "There's more going on than an abject bloodbath. Despite the mutually perpetuating doomsday headlines...stores still in business outnumber those that have gone under by orders of magnitude, and [people] have not stopped shopping. Every day, millions of us still spend billions of dollars...the real question, then, is not whether money changes hands, but how both buyers and sellers are adapting to the newly Darwinian economy."

Darwinian is a good word; there's always been an element of natural selection in retail. Those who haven't survived have suffered because their actions were not extraordinary (or, sometimes, even ordinary). Circuit City, one recent high-profile example, didn't go under because of the downturn - they went under because they made strategic and tactical errors that put them in an untenable position long before the crisis.

The New York article includes interviews with local business owners, some of whom have plucky responses to their predicament: "You can sit there and cry about it, or you can figure out your next move... The general mood is 'Let's just get through this.' You find where you make your money and get rid of all the excess. Get back to basics". These are just the right answers. Smart retailers (and smart property owners and asset managers) are taking extraordinary actions not only to adapt, but to thrive. The successful survivors will be those who either re-define - who see this atmosphere as an opportunity to recreate themselves from scratch in a new business mode - or re-commit - to

understand what they've always done well and continue to do it.

At KeyPoint Partners we've challenged each other with both re-committing to and re-defining what we do. Every team member in every division, from property management to leasing to construction to marketing, was tasked with generating new, better ideas for how we can both differentiate and excel.

For example, in an atmosphere in which entire tenant rosters are asking for rent relief, how can we find creative ways to help tenants' (especially the smaller independent tenants that are the life's blood of many of the centers in our portfolio) keep their businesses viable, so they can stay open and profitable, and at the same time help landlords and owners keep their properties leased, so that their assets are in the proper position for recovery. We think we've taken some actions that are extraordinary. We'll keep working on it.

Remember the old nursery rhyme that begins, "Jack be nimble"? Being nimble will get you over the flame unburned. In this economy, that would be - extraordinary.

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