# VALUES AND VISION



STEPHEN B. WILLIAMS

# Values
*and*
# Vision

---

*A vision born in 1988*

*Published in 2026*

Stephen B. Williams

# Table of Contents

I. Introduction .....3
A. Life is a journey, not a destination .....3
B. Young and Old .....4
C. Info-addict .....4
D. Understanding the economy .....5
E. Understanding human nature .....5
F. Understanding the American "corpocracy" .....5
II. The Universe .....6
III. The World .....7
A. World Population .....7
B. Languages .....8
C. Religion .....9
D. Interdependence .....9
E. Energy .....9
F. The Environment .....11
G. Conclusion .....13
IV. Global Economy .....14
A. Overview .....14
B. Trade .....15
C. Floating Currency Exchange Rates .....16
D. Foreign Investment .....17
E. Third World Debt .....18
F. Debt/Equity Swaps .....18

G. Conclusion .....19
V. The American Economy .....20
A. Debt Crisis .....20
B. Banking Crisis.....24
C. Volatility of Financial Markets .....25
D. Education .....26
E. Industry .....31
F. Social Considerations.....35
G. Economic Outlook – 1990's.....36
H. Conclusion .....38
VI. Values.....39
A. Q – Who are the Three Greatest Americans Ever? .....39
B. Traditional Values .....39
VII. Vision.....52
A. My Purpose .....52
B. Have I served? What can I do? .....53
C. Wins and Losses.....53
D. My Life's Work.....55
Recent Reading List.....57

About the Author.....59
A Vision Born .....61



# I. Introduction

## A. Life is a journey, not a destination

Life is a journey, not a destination. At 38 years of age, I am, God willing, less than half way along my journey. Having been born in 1950, it seems likely that my life will span well into the twenty-first century. I have resigned from Trammell Crow Company, after serving nearly 10 years. It is my aspiration to start a new company. Before drafting a business plan, I thought it would be wise to spend several months this summer to reflect back and to recall lessons learned and to ponder the future and my purpose in it.

Again, my perspective is from the mid-point of my life and hopefully not its end. It is, however, interesting to

contemplate one's priorities from a perspective of 6 months to live, 1 year, 5 years, etc. It is also interesting to struggle with the tough issues of life, such as, what does one want one's tombstone to say. I realize that my views will change over time, but I am hopeful that this endeavor will assist me to better understand the changing world, force me to articulate my value system and then set forth a vision (or a purpose) for the last half of my life.

## B. Young and Old

I feel blessed to have this opportunity, especially this summer. As I watch those around me, I feel both young and old. Young, as I watch my mother's journey coming to its final destination (here on Earth) with her battle against cancer and, old, as I watch both Brad and Kimberly just starting theirs and with a great deal of youthful happiness. Also, upon reflection, I am especially blessed with a great wife, Stephanie, and with a marriage that keeps getting better, even after 14 years.

## C. Info-addict

Since college, I have been an "info-addict", reading 1-2 books per month, 3-4 magazines per week and 3-4 daily newspapers. This summer, I even stepped up the pace. I must have read 20 books. I wish I could sit for the S.A.T.'s next week. I am finally ready. In fact, there is always so much to read that there is too little time to reflect. But here is my attempt.

**D. Understanding the economy**

Of special interest to me is having an understanding of the American economy. With its cyclical nature, the economy is long overdue for a recession. When is it coming? How bad will it be? What are the global considerations? Will there be inflation?

**E. Understanding human nature**

Another particular interest of mine and especially as it applies to business is the understanding of human nature. What makes people successful? What is the greatest challenge facing American business today? Who are the three greatest Americans ever?

**F. Understanding the American "corpocracy"**

A final interest of mine this summer has been to gain an understanding of the American "corpocracy". Vast changes are needed within our business units if America is to regain its position of world business pre-eminence.



# II. The Universe

To understand our world, we must first put it into perspective. Our galaxy, the Milky Way, consists of our solar system and much more. In fact, our galaxy contains over 100 billion stars and is so vast that it would take 100,000 years to cross and that's traveling at the speed of light which is 186,000 miles per second. This is beyond our comprehension. By comparison, our astronauts travel at 17,000 miles per hour, or roughly only 5 miles per second. But consider this. Some astronomers estimate that there are 100 billion such galaxies in the universe!



# III. The World

## A. World Population

Today, the earth is inhabited with 5 billion people in 170 countries. The world population growth rate is 1.6%. At that rate, the world population will double by the year 2030.

The U.S. is the fourth largest country in terms of population, with 250 million Americans (or 5% of the world's population) and a population growth rate which has been 1.6%, but is expected to slow to 0.9%. Faced with both declining birth rates and longer life expectancies (our human machinery should last 100 years), demographers tell us that the U.S. faces a major labor shortage in the years to come. Also, the "echo boom" (the second generation of the

baby boom from the war), along with the immigrants will continue to migrate to both coasts.

There are 52 million inhabitable square miles on earth with an average density of 100 people per sq. mi. The density of the U.S. is 68. By comparison, the density of Japan is 834!

Today, the population explosion continues primarily in the Third World countries. For example, Mexico City is the largest city in the world with 20 million people and Tijuana is the fastest growing major city in the Western Hemisphere. In fact, Tijuana with 2 million people is twice the size of the City of San Diego and growing three times faster! A major component of the U.S. growth is the illegal migration of Mexicans and other Latin Americans seeking both jobs and freedom.

## B. Languages

Today, it is more apparent than ever that we live in a world that is getting smaller. Today, there are still 3,000 spoken languages, but only 12 major ones in the following order of popularity: Chinese, English, Russian, Spanish, Hindi, Arabic, Bengali, Portuguese, Japanese, German, Malay-Indonesian and French. It appears to me that English will continue to be the international business language of the future, as the U.S. represents the largest consumer market in the world. This is not to say that we should not learn to speak other languages, but rather a principle in business that the producer should always learn to serve the customer.

## C. Religion

Today, there are still thousands of religions practiced, but only 8 major ones remain and in the following order of popularity: Christianity, Islam, Buddhism, Confucianism, Hinduism, Shinto, Taoism and Judaism. Although I am no expert on religions, I am surprised, but happy to see that Christianity is the most popular religion in the world. It would also seem to me that Christianity will increase in popularity in the future, as it seems to be most able to cross diverse cultural barriers. This may seem to be a self serving statement, but the intent is to state an opinion on what's likely to occur in the future and not pass judgment on the merits of various religions.

## D. Interdependence

Today, with the telecommunications advances news can travel internationally in seconds and with supersonic planes, one can get anywhere on the globe within hours. Things that happen on the other side of the world can impact our lives. Consider Chernobyl, the Persian Gulf War, the spread of AIDS out of Africa, the "greenhouse effect" of the atmosphere, etc. Although we may be 170 different countries, the fact remains, that we all share just one planet, Earth.

## E. Energy

Today, the world has 700 billion barrels of known oil reserves. Approximately 60% are located in the Middle East; only 4% in the U.S. It may be interesting to note that our Mexican neighbors to the south have twice our

reserves. Today, world wide demand of oil is 60 million barrels per day (or 22 billion barrels annually). The U.S. consumes 14 million barrels per day (or 25% of the world demand), but only produces 8 million. Therefore, we must import 6 million barrels per day (at an annual cost of $40 billion). At this rate of consumption, the world will be bone dry in 30 years!

Today, there are some 460 million motor vehicles in the world. The U.S. has 36% of these, with 125 million cars and another 35 million trucks and busses. Each day every American on average consumes nearly 3 gallons of oil, for heating and auto usage.

It is quite apparent that two things will occur. First, the cost of oil should go way up, recognizing that oil is a precious and rapidly depleting resource. This means that the Texans were right in the forecasts, but just a bit premature. This will have a tremendous impact on transportation costs and patterns as gas driven vehicles will become very expensive and, to many, cost prohibitive to operate. Naturally, this will then change the demand curve to be more reflective of world supply. Second, alternative fuel sources and related technologies will again become popular.

In the short term, however, it is possible that oil prices drop. This is because both Iran and Iraq will need to increase oil production to refuel their war ravaged economies. This will be only in the short term, but it will have a serious impact on the Texas economy, especially on the banks, as that region tries to rebound out of an energy dependent economy.

## F. The Environment

### 1. Nuclear

Perhaps the most frightening thought which occurs living in these exciting times is the thought of nuclear war. With the proliferation of nuclear weapons we can destroy most of the inhabited world in minutes. A best case/worst cast is illogical. The worst case is beyond our comprehension.

I believe that the real danger is not so much from foreign governments who will probably be rational despite cultural differences, but from irrational international terrorist groups. Because of this, it seems wise to me to have the strategic defensive initiative (S.D.I.), a "star wars shield" over the U.S. and allied space.

### 2. Pollution and Toxics

World wide pollution and toxic accidents know no national borders. We have a great example of this right here at home in San Diego. In Tijuana, just 20 miles to the south of here is raw sewage flowing into San Diego Bay during each winter storm, as the sewage and storm drain systems cannot handle the total capacity.

Both the "greenhouse effect" and acid rain are becoming international issues. I believe that the twenty-first century will provide us with more scientific evidence of the nature of these problems and also solutions or mitigations to these man-made problems.

**3. Biological Accidents**

With the relatively recent discovery of DNA, the newly emerging biotech industry is beginning to make tremendous scientific and medical advances. In my judgment, no other industry offers as much potential for human advancement in the coming decades.

However, the potential rewards are not without risk. The threat of biological accidents will, to some extent, curb the growth of this dynamic industry. And like other environmental issues, these will also have international implications.

**4. Deforestation**

We read about the tremendous loss of forest lands that are being converted to farm land in South America and, hence, the changing of the ecosystem of the entire Amazon River area. Again, I believe our scientists in the coming years will be able to collect better data, which can better illuminate the problem and lead us to a solution.

**5. Water**

As somebody once said, there is plenty of water on earth, but it isn't always in the right place. It seems to me that between water conservation, desalinization and additional canals, water will not be the greatest issue we face in the future, even to those of us living in Southern California.

**6. Human Waste (Trash)**

This is most certainly a man-made problem. In fact, each American creates one ton of waste each year, which on the average costs $300 per ton to dispose. As our land fills run out of capacity, we must seek more efficient waste treatment. We need to develop additional technology in this area. Again, man-made problems should have man-made solutions.

## G. Conclusion

In my judgment, the twenty-first century will be the century of science and technology. We are putting a great deal of confidence in our ability to discover new technologies, as we are on a crash course with the future with respect to our present energy consumption, the population explosion and other basic environmental issues. It is hoped that both science and technology will not only solve these existing problems, but provide us with a better quality of life and also be able to forewarn us of new problems. But this alone will not suffice. The peoples of the world must be willing to all work together towards the solutions, or otherwise, those who don't, might imperil all mankind.



# IV. Global Economy

## A. Overview

Today, the financial markets have become globalized. The recent stock market crash on Wall Street was felt even more severely on all other exchanges around the world the next day. Interest rate hikes in Japan or Germany are immediately felt on Wall Street. In fact, many would argue that the Bank of Japan, not the Federal Reserve Bank, dictates global monetary policy. With floating currency exchange rates, one country can experience severe inflation of its currency (e.g. Mexico) while another experiences only modest inflation (e.g. the U. S.).

## B. Trade

International trade has been with us since ancient civilization. Back then, barter was the medium of exchange (i.e. camels for spices and one couldn't get any spices if one didn't have any camels left). Today, currency is the medium of exchange and in our case it is the American dollar. And we are shipping it overseas at the rate of $170 billion per year!

Over the past two decades, we have sent so many dollars to the Arabs for the payment of oil, that a new financial market has been created - the $2 trillion Eurodollar market. These are Arab-owned U.S. dollars put in London banks and are not subject to U.S. banking regulations, as the dollars are kept overseas.

Unlike the Arabs, the Japanese, at least, are investing their dollars back in the U.S. Iaccoca calls it "Toyotas for skyscrapers". He adds that we are becoming a colony again, but this time to Japan, not England.

Most of us believe in free trade. That is when the rules are the same. However, most countries, it seems, play by different rules in terms of import taxes, access to their markets, government subsidies for exports, different environmental standards, etc. Today, world trade is regulated through GATT (General Agreement on Trade and Tariffs) which focuses on free trade. We Americans should be concerned with FAIR trade, not just FREE trade!

In the future strategic alliances will be formed among the trading partners of the world. Consider that all trade

barriers will be lifted in the newly formed European Economic Community (EEC) by 1992. With its 300 million people, Europe becomes a single market larger than the U.S. I believe that in the future the U.S., Canada and Mexico will form another such strategic alliance for North America. A third will be that of the Japanese and the newly industrialized countries (NICs) of Asia.

One last thought on this subject is that of Adam Smith's "invisible hand" working in the free market economy which is perhaps mitigating the problem. As we ship more Toyota dollars to Japan, the Japanese can either allow us access to their markets or simply hold our dollars. If they simply hold our dollars, the dollars will fall with respect to the yen, causing a loss of value to the Japanese. Assuming that the Japanese keep their market closed, they are then best served by investing in our country. This may prove to be the greater risk of the two alternatives, as their new assets, such as U.S. real estate are located within our country, not Japan. Ultimately, the value of such assets is determined by public opinion, and the risk is that the American consumer will never boycott foreign owned assets, unlike the Japanese consumer who has in the past. If I was a Japanese investor, I would always have an American partner while investing in U.S. real estate.

## C. Floating Currency Exchange Rates

Instead of bartering for goods, today the traders barter for currencies. But it wasn't always that way. For many years, currencies were fixed against each other and, hence, there was no risk of fluctuation. But not so today.

The dollar is so low, now, that a cab fare from the Tokyo airport to downtown Tokyo costs the equivalent of $100. Many believe that the dollar will drop another 20% against the yen. Peter Drucker, the "dean of American management", insists that the most significant cost facing multinational companies is not the cost of labor, but the cost of currency exchange. In other words, the greater risk in our example is not a pay increase in yen to the Japanese cab driver, but the risk of the falling dollar of another 20%, which would make the new fare cost the equivalent of $120.

To hedge against this risk of currency fluctuation, multinational companies are increasingly producing goods closer to the consumer. Peter Drucker calls this production-sharing. I will discuss this later.

## D. Foreign Investment

Foreign investment becomes especially significant when a creditor nation builds up too much currency of a debtor nation. Japan, with all of its dollars, is virtually forced to buy U.S. investments (skyscrapers, stocks, bonds, etc.) or the currency traders will surely devalue the excess currency, causing a loss of value (i.e. the falling dollar) to those Japanese still holding U.S. dollars.

America has always been an open market for foreign investment, but our trading partners are not as receptive. Japan has a notorious reputation for foreign access to their markets. Closer to home, Mexicans can buy homes in La Jolla, but Americans can't buy homes in Ensenada (at least

with fee simple title). But just imagine what would happen if Mexico changed its foreign investment laws and became more like Canada. We would see one of the great land booms of all times along the California coast, but this time it would be Lower California (i.e. Baja California).

## E. Third World Debt

Today the Third World Debt is $1 trillion. The biggest debtor counties are Brazil ($100 billion), Mexico ($100 billion) and Argentina ($50 billion). Much of this is owed to the U. S. banks and therefore, effectively insured by the U.S. government for the benefit of bank depositors. Let's say that 30% of this total potential liability is owed to the U.S., or $300 billion. That's an exposure of $1200 per American! To further put this in perspective, the net worth of the top 10 U.S. banks is roughly $30 billion, or only 1/10 of the potential liability!

Today, the interest payments alone on this debt are suffocating the economies of the struggling Third World governments, especially as oil prices and other exports from these countries have declined.

## F. Debt/Equity Swaps

The solution to the dilemma of Third World Debt lies in a common remedy of the real estate industry, debt/equity swaps (a.k.a. foreclosure). In exchange for debt, the creditors should be able to swap their debt instruments for equity in the national assets of the debtor nations such as land, buildings, oil, stocks, etc. As an example, trading Baja California for the Mexican debt owed to the U.S.

banks might be a good idea, but not such a good deal, as this works out to $1000 per acre, before sewer and water.

This involves the "leveling of the playing field" of foreign investment in the debtor nations, just as we Americans allow foreigners to own land, buildings, oil, stocks, etc. in our country. As the creditors become equity investors in Third World countries, the interests of both parties coincide, the economies are stimulated and the burden of poverty is eased.

## G. Conclusion

We are moving towards a truly global economy, with three major strategic trading alliances emerging: North America, Europe and Japan and the NIC's. Third world countries, unable to pay their foreign debts and creditor nations unable to forgive them or face bankruptcy themselves, will seek to convert the debts to equity by opening these Third World markets to foreign investment. Accordingly, tremendous economic growth will occur in these Third World countries in the coming decades. In the global economy there will be two winners, the low cost producers and the technology leaders.



# V. The American Economy

## A. Debt Crisis

### 1. National Debt

Today, the national debt is $2 trillion. To put that in perspective, it is $10,000 per American (children included)! This means that the typical family of four owes the government $40,000 today, and the debt keeps getting larger. Now many argue that Reagan doubled the deficit from $1 trillion to $2 trillion in just eight short years. Reagan argues that the Democratic controlled Congress was in charge of spending. Regardless of the finger pointing, how much more can your family afford to borrow?

It gets worse. Most businesses are run using GAAP (generally accepted accounting principles). GAAP accurately reflects both assets and liabilities on an accrual basis (as opposed to a simple, but misleading cash basis) and also discloses contingent liabilities. The only business that doesn't use GAAP is the government.

Consider that almost every government program that we read about has serious funding problems (i.e. accrued liabilities). Also consider that for each tax paying American, there is a tax dependent American. If the government used GAAP accounting, I fear that the true debt would be much higher. In fact, there is a new book (On Borrowed Time) just coming out that indicates that there is as much as another $10 trillion in unfunded federal liability in addition to the national debt!
The only good news on the horizon would be that good accounting could also disclose the market value of the national assets that would offset the debts. Some argue that the value of these assets is rising faster than the debt. The U.S. Government does own 40% of all the land in the U.S. with extensive holdings of timber, shale oil, gold, silver and other natural resources. Quite frankly, other than these assets I am not sure what the government owns nor how the assets might be valued.

So what is so bad about having a nation debt? Well, the money the government spends needs to be either borrowed or printed. At some point, even the government of the U.S. runs out of credit, because we (the people) are the government. As the credit risk (i.e. us) becomes greater, interest rates will rise. Likewise, the more we just print the stuff, the more money is in circulation and that spells

inflation. Thus, it seems to me that we Americans inevitably face higher interest rates and significant inflation in the years ahead, best case. Worst case, we continue to borrow more money, until the depression hits.

Some argue that a 1930's depression could never occur again. After all, we now have all the banks insured by the government. The problem is that this time it won't be the banks that go bankrupt, but it might be the government. Ours.

Solutions to this vast national debt problem would include the following:

1. Balanced budget amendment
2. Line item veto
3. GAAP accounting
4. Make each American sign a $10,000 IOU payable on death
5. Eliminate the underground economy

**2. Foreign Debt**

Today, the foreign debt (sometimes called the U.S. Net International Position) is $400 billion. It is essentially a combination of that part of the annual budget deficits (running about $200 billion per year) which is borrowed from foreigners and the annual trade deficits (running about $160 billion per year) owed to foreigners. A breakdown of the trade deficit is as follows:

| | |
|---|---|
| 1. Autos | $40 billion |
| 2. Consumer goods | $70 billion |

| | |
|---|---|
| 3. Consumer electronics | $10 billion |
| 4. Oil | $40 billion |

The solution is twofold. First, balance the budget. Second, practice FAIR trade, not FREE trade.

### 3. Corporate Debt

Today, corporate debt in America is $4 trillion. This is a difficult number for me to relate to. But consider this. Today, 50% of corporate net income goes to service corporate debt. This is the highest percentage in corporate history.

Also, there are now $150 billion of junk bonds outstanding. They are called junk bonds, because they are secured by corporations with less than strong credit. They have been typically used for leverage buy-outs, which means that the money is loaned to a corporate raider, who will borrow the acquisition money by pledging the stock of the company he is buying. He is able to repay the loan by selling off all the assets of the company he is buying, causing great disruption to employees and to their communities. Hence, they are high risk and, therefore, pay high interest rates.

Consider the U.S. Government as an equal partner in American business, as it shares roughly 50% of its net income with the government. The financial strength of American business is directly related to the financial strength of our democracy.

Who invests in junk bonds? Your pension fund advisors and many high flying government insured savings and loans. As Iaccoca says, "somebody has got to stop these guys".

**4. Farm Debt**

Today, there are only 5 million Americans living on 2 million farms with an average size of 500 acres. Much media attention has brought the American farmer's plight in to focus. The U.S. farm debt has quadrupled from 1970 to 1983, when it peaked at $200 billion. Today, it is estimated to be $160 billion.

**5. Consumer Debt**

Today, consumer debt stands at $2.6 trillion. Most of this is mortgages ($2 trillion), installment debt (i.e. car loans etc. for $.5 trillion) and short term credit (i.e. credit cards, etc. for $.1 trillion). Consider that 100 million Americans carry 700 million credit cards. Also consider that Americans have one of the lowest saving rates in the world. Finally consider that we Americans are just beginning to recognize that our huge national debt should be thought of as an additional personal debt, where each person owes another $10,000.

**B. <u>Banking Crisis</u>**

**1. The Banks**

Today there are some 14,000 banks in the U.S. Some 1,600 are in financial trouble (or more than 10%). All are insured by the government (FDIC). The problem is that FDIC will

run out of money, as it has only $15 billion in reserves against a deposit base of $1 trillion.

Consider that the Third World Debt exposure to American banks alone is $300 billion (or 20 times the FDIC reserves). Or consider that 1/2 the deposit base is foreign owned money which could be called home tomorrow. Finally, consider that this highly regulated industry must now compete in the global economy of financial services against so many unregulated competitors, such as Ford Credit, G.M. Credit, American Express, Merrill Lynch and the Eurodollar market.

**2. The Savings and Loans**

There are some 3600 savings and loans in the U.S. Most of the savings and loans throughout the country are also insured by the government (FSLIC). However, FSLIC has a higher reserve level by having $60 billion in reserves against only $600 billion in assets. However, this industry is in so much trouble, the latest estimate of additional governmental funding will be another $60 billion (or another $240 per American).

## C. <u>Volatility of Financial Markets</u>

The recent stock market crash (October 19, 1987) caused a 22% decline in the value of the New York Stock Exchange. This represented a loss of value of $500 billion in one day. But the real story was not limited just to New York. Exchanges around the world in London, Hong Kong and Tokyo all felt similar, if not greater, losses.

So what. Well, I believe the same could happen in reverse. Many argue that the Japanese economy faces many problems similar to those that faced us a few years ago. The yen has become so strong relative to other currencies, that it is almost impossible for Japan to manufacture at home and then ship an item anywhere and still make a profit. And yet, Japan's industrial corporations hire workers for life. Japan cannot easily afford to shut down manufacturing at home to go offshore to a cheaper supply of labor (such as the U.S. or Mexico). So if Japan's economy falters, many argue that ours will too. In fact, many say that our prime rate will be 4 points (or 400 basis points) higher than Japan's. This is to say, a recession there is a recession here!

## D. Education

### 1. Overview

One of the most provocative questions that Mr. Crow frequently asks is "What's the 1/2 life of a college education?" It sure makes me think. It seems to me that literature and the arts (i.e. the right brain) has almost eternal duration, while science and technology (i.e. the left brain) has a "shelf life" of only a few months. Hence, the importance of continuing education, especially when considering the importance of competing in the global economy.

### 2. Primary Education

Something is wrong with our primary education system, when our mailmen are making more than our teachers.

Also, despite our creativity (from our right brains) derived from our "melting pot" culture, we are sending our children to school only 170 days each year versus the Japanese of 270 days.

The argument of separation of church and state is causing problems in our schools. Our founding fathers, when they came up with this concept, believed in both church and state. Today, many would have us believe that not only is there no place for religion within the state, but the concept is old, tired and not scientifically explainable, and therefore, obsolete. Nothing could be further from the intent of our founding fathers who felt that church and state, although separate, are each dependent on the other. Hence, one could not exist without the other and it seems that most Americans are being taught about the state and with little, if any, religious education.

One very influential medium is children's television. There is a special network, Nickelodeon, that our children love. It features all children's programs. One program, in particular, is a basic science show, which features Mr. Wizard. This is a tremendous learning opportunity for science, and to me, demonstrates the untapped potential of creative programming for television, especially for children or other targeted audiences. For example, what about a science program for adults?

Stephanie has her teaching degree and taught in the public school system for several years. Today, although she is no longer teaching in the public school system, she is very active and serves on both the preschool and the elementary school boards and teaches Sunday school. We, in

particular, don't rely on the teachers for our children's entire education, but supplement it mainly due to Stephanie's efforts.

### 3. Higher Education

Education is the pursuit of knowledge. It has two basic categories, the first being the humanities and the second being the sciences. There is a strong correlation between the humanities and the development of the right brain. Likewise, the sciences are associated with the left brain.

The humanities (or liberal arts) deals with creative expression through the arts, literature or other mediums. Dr. Boom, in his book The Closing of the American Mind, informs us that many American universities are no longer teaching the great classics or foreign languages, as many students feel that these subjects are no longer relevant in today's society. Letting the students write the curriculum is like having the prisoners run the jail. Most have not traveled overseas and accordingly do not appreciate foreign languages or world history. I know because I thought that way too, then.

Today, we are producing 1 million college graduates a year, and another 300,000 obtain post graduate degrees. I believe that for business the best college education is a liberal arts, with a separate focus or perhaps a graduate degree in business. This would balance the brain and balancing the brain will become very important in the future. In fact, I used to think that I had so much "junk" stored in my left brain and nothing in my right, that I would start "listing" to my left. I am now making an effort to

increase my awareness in the arts, and I believe this to be typical of my generation.

Someday, I would like to serve in higher education, not as a teacher, but perhaps as a businessman who is both concerned and has a debt to repay. Currently, I am involved in several areas with UCSD, being a member of the Chancellor's Associates and on the board of CONNECT. The purpose of CONNECT is to "connect" the scientific ideas on campus with business interests off campus who can develop the marketable related technologies, whereby everyone benefits, including the university and its patent income. Also, I would like to be involved in something equivalent to the Aspen Institute, but have it here in La Jolla.

Today, UCSD is establishing a downtown center in San Diego primarily for extension classes for the continuing education of the working professionals. It is my belief that there will be tremendous demand for the school, as people will want to enhance both their left and right brains.

**4. Science**

The Latin word for science is "scientia." It means knowledge. Science refers to that body of classified knowledge which is based on observed facts. The four major branches of science include (1) mathematics and logic, (2) the physical sciences, (3) the life sciences and (4) the social sciences. Today, science (or research) is classified as basic or applied, which focuses on the development of technology.

Science (and the related technologies) will drive our future economic well being. Consider the fact that 1/2 the scientists that ever lived are alive today. Consider that knowledge is cumulative and how the computer is able to store and process so much information worldwide. The great fortunes of the future will be made by those who can look into microscopes and telescopes and see ideas that will benefit mankind. For example, I am convinced that even here in San Diego we now have the ability to find the cure to both cancer and AIDS, but we simply don't have the facilities.

In order to say in the forefront of science, America needs to educate more young scientists. The need is also great to invest in science space (i.e. laboratories, clean rooms, etc.) and science education at all levels all across America. It is our future.

With respect to science, I have two suggestions for those of us who fell asleep in high school science classes, like I. First, read some books. I suggest the book, The Discoverers, which I have read twice and still consider fascinating and a new book, Cell Wars, which describes the current advances being made against cancer is a very readable fashion for the layman. Second, read magazines. Both Scientific American and Nature are highly regarded by my friends in the biotech industry.

**5. Our Senior Citizens**

Lastly, consider one of the great untapped resources of our country, our senior citizens. In other cultures, they are worshipped. In ours, many are just put out to pasture, to

enjoy their twilight years. What great teachers they would make. They see life from a full perspective and they have traveled the world. If only they would teach. And if only we would listen.

### 6. The Human Brain

But most of all consider the human brain. The human brain consists of some 100 billion brain cells called neurons. Each cell is capable of sending and receiving a multitude of both electrical and chemical signals. This is analogous to a computer's hardware. It is believed that the brain's hardware is capable of holding 20 million books, or roughly the equivalent of one of the world's largest libraries.

Of even greater consideration is the brain's software or how this information is processed and so rapidly. Imagine, if you can, how amazing a single human brain can be. Then multiply it by 250 million (for each American). That's why I am such an optimist for America and the world, at large.

## E. <u>Industry</u>

### 1. Technology

Technology is the tools, materials, techniques and sources of power that make our lives and our work easier, according to the encyclopedia. Consider how the development of technology in the past 200 years has changed the speed of travel or productivity on the farm. But consider also that today only a small portion of the

world's population truly benefits from the technology that we Americans take for granted.

Consider the benefits of technology: (1) increased production, (2) reduced labor, (3) necessary labor made easier and (4) a higher standard of living. It is a shame that so many Americans today are "technology illiterate." Not only should all of us Americans be focused on learning how to use today's technology, we should be encouraging others to develop the technology of tomorrow through applied research and exporting both today's and tomorrow's technology to all the people of the world, when and where ever appropriate.

Today, only 20% of the Americans have personal computers, but by the year 2000, it is expected that all American homes will have them. Technology will continue to enhance all facets of our lives and we will become technology dependent.

In fact, even I became computer literate this summer. I went out and rented an Apple Mac Plus for one month. With some good friends helping you, it only takes a few hours today to become computer literate. And there is so much that you can do with computers today including word processing, such as this document, spreadsheets and graphs in color. Now, I have the new Mac II and the high speed laser writer.

I recently had lunch with the man who developed the software for the early Apple Computer. He talked about the future and he described the computer as a "knowledge navigator". I love that term. He went on to say that the

computer is a mental bicycle which enables one to get to his destination faster and with greater ease than by walking. It also enables one to further set his horizons.

One last thought on this subject. Imagine the impact of John Sculley, Chairman of Apple Computers, with President Reagan, once out of office, holding a national television special showing Mr. Reagan how easy it is to learn to use the Apple Computer. Overnight, the entire country could become computer literate. It is that simple.

**2. Service**

Today, some 70% of the work force is in the service sector. Some argue that there might not be much to service in the future if we don't have an industrial base. I would not disagree. But the greater change in the service economy will be in its "getting smarter" (i.e. by using the computer).

**3. Manufacturing**

Only a short time ago, some were arguing that manufacturing in this country is dead. Today, all we hear about is how it is making a comeback. Personally, I believe that this is only a short term aberration, due to the very weak dollar relative to other foreign currencies. Long term, to survive in the global economy, manufacturers must be the low cost producers or the technology leaders.

Now the U.S. shares a 2,000 mile border with Mexico, which is a Third World country with a population of 75 million. Today, Americans, with our technology, and Mexicans, with their labor, could team up to form the

greatest "production-sharing" partnership the world has ever seen. We could even make chopsticks cheaper than anyone in the world and sell them to our Asian friends at a profit!

As mentioned earlier, the exploding population of Mexico is creating 1 million people per year entering their labor force. Currently, the entire production-sharing (or maquiladora) industry only employs 350,000 Mexicans. Let's quit sending the jobs to Taiwan. Let's put them closer to home where we can keep the quality and the technology in the U.S. And then we won't have to worry about the Mexicans illegally crossing our borders to find jobs.

One final comment about Mexican labor. It is not the labor force that typically determines the quality of the output, but the quality of the management. The best managed firms in Tijuana tell me that the Mexican people, when given the opportunity, works as hard as any other people on Earth.

**4. Distribution**

So much has been said about the Pacific Rim economy. Perhaps, no place is this so visible as the Los Angeles / Long Beach harbor area in terms of warehousing. Ten years ago, it seemed that every thing came into the LA basin by rail from the East Coast. Today, it comes from the west, the Pacific Rim Basin. By boat. And the warehouses are full.

## F. Social Considerations

### 1. Apathy

Today, one of the great dangers that faces our democracy is apathy. Did you know that roughly 26% of the voters will elect the next President? This is because only 1/2 of the voters of this country bother to vote! And it only takes a simple majority of these to elect the winner. One of our founding fathers said something to the effect that "We have given you a democracy, but the real question is whether you can keep it."

Another danger facing our democracy is the breakdown of trust and confidence by the electorate of the elected officials, especially at the city level. Representative government only works with trust and confidence. We have chosen our elected representatives to carefully study the issues and to make the tough decisions on our behalf, in order that we all don't have to do the same thing. Today, our elected officials are not making the tough decisions, and are putting everything back on the ballot. Why have them in the first place?

### 2. Drugs

Another danger we face is from drugs. Not only is this a big danger, but it is also a big business. Fortune magazine recently ran a feature story on this $100 billion per year industry. We Americans are not fighting this war like we should. It is said that 50% of our high school seniors have tried marijuana and 20% have tried cocaine. It is available. It is a war. We ought to listen to Peter Uberroth. He ought

to be Commissioner of the War On Drugs, not just Baseball.

**3. AIDS**

There is no greater fear than the fear of the unknown. Today, many Americans are known suffering from AIDS. The greater fear is that doctors tell us they can't detect the disease until it manifests itself. Some think that as many as 10 million Americans might be suffering from AIDS without knowing it. Thus, no one knows the magnitude of the problem. Will this be like the plagues of the Middle Ages?

**4. Litigation**

"Did you hear about the world's greatest waste? It's a bus load of attorneys going over a cliff with one empty seat." In my opinion, jokes like this do have some merit. Attorneys are prepared indiscriminately to represent all clients on a contingency basis and go after the "deep pockets" regardless of merit. It is these attorneys that are tying up the court system, and driving up the cost of insurance for all of us that need it for health and medical purposes. Maybe this explains why there are 600,000 attorneys and only 50,000 doctors in the U.S. By the way, how can I sue my grandfather's estate for genetically giving me my "hair style"?

## G. <u>Economic Outlook – 1990's</u>

I believe that there is a growing recognition that the American debt situation, especially when coupled with the

potential default of third world debt, is becoming both a serious economic and political threat to the U.S. When one stops and thinks, one concludes that the economic strength of the people of the United States correlates to the political strength of the United States. And one would conclude we are leveraged to the hilt. Therefore, I would conclude the following:

**1. Inflation**

I believe that inflation has bottomed out and is beginning to rise again in the U.S. Both fiscal and monetary policies of the U.S. Government today are inflationary. I would see inflation rising to 10% before it becomes a political issue and 15% before it can be turned around.

**2. Interest rates**

I believe that real interest rates will stay about 6 percentage points (i.e. 600 basis points) higher than inflation. This is to say that rates in the 90's could rage from 15-20%. Furthermore, I believe that a strong, not mild recession is coming which might be triggered by events in the Japanese economy, such as their prime rate going up. This will be further evidence that we do in fact live in a global economy and that the U.S. is now a debtor nation.

Being an optimist, I believe that the recession will be brief and that the 1990's will be prosperous, but inflationary, especially along the Pacific Rim. This suggests a 15% average for the balance of the decade.

## H. Conclusion

America today is a debtor nation and we are moving towards a global economy. This means that we no longer control our own economic destiny by simply using the Federal Reserve, but rather we must learn to compete in the international arena. Education, at all levels in our society, will be the tool that will enable us to compete in the future, for it will be our technology, not our products, that will be our exports in the future.



# VI. Values

## A. Q – Who are the Three Greatest Americans Ever?

My answer, although there is no correct answer, is: Lincoln, Jefferson and Washington (earlier this summer I had Benjamin Franklin in third, but my brother persuaded me to rethink my position). This is because all were value-driven. I might add that I think Walt Disney ought to get some honorable mention.

## B. Traditional Values

### 1. God

Today, most people I know say they believe in God, but not in religion. In other words, although they believe in the

importance of the separation of church and state, they really don't believe in the church. Our founding fathers would not have left the old country with this kind of thinking.

Most people don't want to wrestle with the tough questions in life and prefer to use their own moral codes to justify their behavior. In fact Ted Koppel stated in a recent college address that most people think that the "10 Commandments" would be better named the "10 Suggestions".

I believe one of the great blessings of my life was one of the great tragedies of my brother's life. My brother, as a junior in high school, was nearly killed in a car accident while speeding home one night. He spent 6 months in a full body cast, living like a turtle that needed to be turned over with assistance from mom whenever his current body position became unbearable. Today, Ken is not only a Christian minister, but one of the best read and one of the most effective in getting his message across that I have ever heard. It is through his guidance that has led me to a deeper spiritual belief.

"They" say that the Bible is the most popular book ever. "They" must mean in terms of book sales, because most versions are very difficult to read. In fact, it is so difficult, most people cannot explain its contents simply. To me, it simply tells us (in 1 Cor. 13) that God has given us faith, hope and love, but the greatest of these gifts is love. Thus, I believe that love is the root of all Christian thought.

The older I get, the more I believe in the human body being God's temple. It seems to me that we ought to treat our

bodies as gifts from God, which increases our sense of stewardship to keep these gifts physically fit, mentally fit and spiritually fit. This, coupled with my love for sports, is what drives me to get up and run most every morning. Whatever the reason, sports has played a powerful role in my life.

Before I go on, let me share a few books that have made a difference. First, there is a book that Ken recommended to me years ago, Mere Christianity by C. S. Lewis. If ever there was a book which explains why one should believe in God, this is it. Also, I love his famous line, that Christians never have to say good-bye. This has helped me a great deal with Mom and her battle against cancer. I believe that I will see her in Heaven. Second, there are some very fascinating Bible almanacs, which give easy to read overviews of the Bible and biblical history. Third, every businessman ought to be familiar with Og Mandino's The Greatest Salesman in the World.

I have an idea that I would like to follow up on. I would to develop a family Bible game which would be similar to Monopoly, which graphically illustrates many of the key biblical teachings and is indexed for various skill levels. It seems to me that we are still teaching the Bible the same way as has been done for centuries, without updating for current teaching methods. Maybe there is already something similar. If so, I have not seen it.

**2. Country**

This summer I took the time to go back and read the Declaration of Independence, the Preamble to the U. S.

Constitution and the Gettysburg Address. We sometimes forget that our forefathers gave their lives for this "experiment in democracy". We forget that we are a government of the people, for the people and by the people. Too many Americans are becoming dependent on the government and forget that the government is we, the people.

To be a free country, we have many obligations. To vote, to pay taxes and to serve are just a few. But too many of us don't. I have already spoken about the apathy at the polls and about the large underground economy that does not willingly pays its taxes. So let's talk about serving. It seems to me that we ought to rewrite the rules where each citizen is obligated to serve (1) in the military, or (2) in the peace corps or (3) in the government.

**3. Family**

**A. Q – What is the greatest challenge facing American business?**

Stephanie and I believe the answer to this question to be the breakdown of the American family. When one considers that the primary purpose of the American family is to pass on the values of one generation to the next, it becomes very difficult at best in broken families. At the root of these values is the importance of education.

I am blessed to have two great parents. Mom and Dad taught us their values by example. It is hard to imagine raising four boys and still being a good example! They

also taught us the importance of education, and today all of us have post-graduate degrees.

So how does this impact business? Ethics. About the importance of doing the right thing because it is right. Competition. The desire to compete in the global economy. Hope. That tomorrow will be even better than today.

## B. Mentors

Like parents, mentors can have powerful impacts on us. In this area, I have been particularly blessed. I have known perhaps the two greatest men (and their very supporting and loving wives) in the real estate industry of this century.

Arthur (Papa) Banker, a co-founder of Coldwell Banker was my grandfather. He, and the other partners of Coldwell Banker, built an enduring firm, which today is considered to be the best real estate services company in America. But when I think of my grandfather it is not his vision that stands out, but his values. He could not tolerate anything less than one's best effort. From everyone, including his grandsons, and especially when it came to dominoes.

From the distant perspective of a grandson and not a business colleague, I would venture to say that Papa's greatest strength was to surround himself with good people and create a business structure, a partnership, that was able to bring out the best in them.

It is interesting to note that the firm was built on the principle of always representing the client's best interest. This meant that the Coldwell Banker employees were not

allowed to own any real estate other than their own homes, as other ownership might be considered a potential conflict with its customers. This policy helped the young firm earn the respect and loyalty of its customers, enabling the business to grow rapidly and profitably. Today, the Coldwell Banker family at Sears, owns Homart, one of the largest development companies in the country and although the ownership policy at Coldwell Banker has been liberalized formally, it still has been violated for years by both salesmen and managers alike.

With respect to the other great real estate man, let me quote from a letter I sent to my partners upon leaving the Trammell Crow Company. "Like many of you, I made the instinctive decision to join Trammell Crow Company the minute I met Trammell. Here was a leader of men; he had both vision and values. But it was the values - the human values - that impressed me the most. In other words, his heart was even bigger than his brain. He practiced what he preached. This was a man to follow, to observe and to emulate. He said he was building a company on love, with nice, smart and disciplined peopled. He seldom spoke in the first person singular, mostly the plural. His intention was clear - we the partners had a responsibility of stewardship to build both the best projects and the best company in America. He treated everyone in the company as a partner, and in fact, they were, through the profit-sharing trust he created. This was a man who inspired complete trust and confidence, and his sincerity and humility were genuinely heartfelt. It seemed he was more interested in building relationships than buildings."

Let me add that I recently attended the annual NAIOP (National Association of Industrial and Office Parks) conference where Trammell received the long overdue Developer of the Year Award. In my judgment, Trammell is personally the greatest "student" of real estate development of our time. He has been personally involved in many of America's best projects ranging from industrial parks, office parks, mixed use developments, such as the Embarcadero Project in San Francisco, hotels and trademarts.

Trammell's greatest project, in my judgment, is the Infomart in Dallas. Not only is it an architecturally stunning building similar to the famed Crystal Palace in London which fueled the English Industrial Age, it symbolically represents Texas as a major emerging center of science and technology. With the excellent Texas education system and the "can do" attitude of the people, Texas will emerge faster and stronger than ever. Trammell's greatest accomplishment, in my judgment, is his ability to bring out the best in so many people that he comes into contact with. His love of people fosters self-esteem and confidence in others, and as a result, these people are able to set both higher personal and professional goals. Today, many of Trammell's past partners are re-creating similar companies, some of which have grown to be Trammell Crow Company's largest competitors.

I hope, in some small way, I can carry forth the values of these great men into the next century and share them with the Trammell Crows and Arthur Bankers of the twenty-first century. Both of their pictures now hang on my office wall,

and I am hopeful that their presence there will better guide my actions in the future.

It has been my privilege also to work and be partners with the two best native sons of San Diego, Bruce Hazard and Vern Taylor. From these two men, I have learned a lot more than just the local history, which I found very interesting. I sometimes joke with Bruce Hazard that he was the guy who coaxed Father Serra to put the first mission in the valley where Bruce already owned property. This is certainly stretching the truth, but to say that the Hazard family helped build San Diego is not.

With Vern Taylor, it has been remarkable to see what patience, persistence and planning can accomplish in a single life time. Vern's father had owned a large part of Pacific Beach and lost it all in the depression while Vern was growing up. Vern has dedicated his life to buying it back, and then some!

Also not forgotten is Abe Simkin, from Canada. How he and three brothers created value in a small Canadian town such as Winnipeg is difficult to fathom, especially after visiting that city.

These three men have been more than partners, they have been friends (although Bruce tells me that the only reason he likes me is because I am married to Stephanie).

Before I leave this section, I must mention Ernie Hahn and the role model he has been both professionally and civically. Ernie has as much vision as anyone in real estate in America today, and much of this talent is now being

poured into planning a new vision for downtown San Diego as chairman for the local planning group. This is totally a voluntary job, with endless meetings and many obstacles with all the various factions with such diverse interests. Only Ernie, with his civic responsibility driving him, will be able to forge a consensus and finish the task of planning. It will be up to our generation to build it.

With perhaps his most innovative shopping mall of any that he has developed throughout the country as the new crown jewel of downtown San Diego, Horton Plaza has sparked a resurgence of demand for the downtown. Coming next will be the new convention center on the waterfront. In the future, there will be a new Civic Center, library and, perhaps, a new sports arena downtown. As much as Alonzo Horton was credited for establishing San Diego's downtown, it will be Ernie Hahn and his tremendous vision guiding us into the twenty-first century as one of the world's great cities.

**4. Personal Growth**

"We seek nice, smart and disciplined people and in that order" is a saying that I picked up from Trammell. Nice is being the type of person that others want to see succeed. Nice is also being humble. Smart is never stopping to learn. Discipline is treating yourself with respect. Athletes are disciplined and they make great business competitors. And one is never too old to stop being an athlete. There is a saying that my friend Bill Crean once shared with me and is worth repeating, "A winner is a loser who doesn't quit".

As mentioned earlier, when I think of personal growth, it is in three areas: physical, mental and spiritual. In my mind, all three are equally important.

**5. Business Values**

Today, the American "corpocracy" is focusing on values, but the wrong kind. Dollar values. Not human values. We in business confuse the concepts of leadership and management. Leadership is doing the right thing. Management is doing things right. Leaders serve others. Managers judge others. Today, corporate America has too many managers and not enough leaders, especially at the middle levels. Dollar values have become more important than human values. At least here on Earth.

I must add that Warren Bennis, a professor at U.S.C., is the person that I have heard speak on these issues of leadership versus management. He has written several interesting books on this topic.

I have also read a special report by Touche Ross on Ethics in American Business. It is interesting to know that those firms that a have written code of ethics vastly outperform their competition. Nice guys and nice companies don't finish last, they finish first! Also of interest is the efforts made by groups such as the Aspen Institute, a national executive learning center which focuses on the humanities relevant and necessary for today's society and deals with issues such as business ethics with many of our nation's top executives.

I believe the best local example of a well-led company here in San Diego is Great American First Savings Bank. Both Gordon Luce and Jim Schmidt have demonstrated that being a good corporate citizen is good business. They provide a great role model for the next generation of young aspiring leaders in this community.

While in New York at the recent NAIOP meeting, I spent some time investigating one of America's finest, but oldest major hi-rise mixed use projects, Rockefeller Center, which became the genesis for the Embarcadero Project in San Francisco. I discovered the following "Credo" by John D. Rockefeller Jr. mounted on a pedestal over looking the famous ice skating rink:

**"I believe in the supreme worth of the individual and in his right to life, liberty and the pursuit of happiness.**

**I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty.**

**I believe that the law was made for man and not man for the law; that government is the servant of the people and not their master.**

**I believe in the dignity of labor, whether with head or hand; that the world owes no man a living but that it owes every man an opportunity to make a living.**

**I believe that thrift is essential to well ordered living and that economy is a prime requisite of sound financial structure, whether in government, business or personal affairs.**

**I believe that truth and justice are fundamental to an enduring social order.**

**I believe in the sacredness of a promise, that a man's word should be as good as his bond; that character- not wealth or power or position- is of supreme worth.**

**I believe that the rendering of useful service is the common duty of mankind and that only in the purifying fire of sacrifice is the dross of selfishness consumed and the greatness of the human soul set free.**

**I believe in an all-wise and all-loving God, named by whatever name, and that the individual's highest fulfillment, greatest happiness, and widest usefulness are to be found in living in harmony with His will.**

**I believe that love is the greatest thing in the world; that it alone can overcome hate, that right can triumph over might."**

Apparently there is a biography on John D. Rockefeller Jr. by Raymond Fosdick. I will try to get a copy.

**6. My Values**

I believe in God, Country and Family in that order.

This is a saying I learned when I was a boy at the Y.M.C.A. and the saying has stuck with me ever since. When one stops and thinks, probably all other values can be incorporated into these three broad areas. Also, I can still

recite the Boy Scout pledge and still consider becoming an Eagle Scout one of my life's highlights. It is amazing what the mind retains and how character is formed so early in life.



# VII. Vision

## A. My Purpose

I would like my tombstone to read "He was a humble steward of God and a fisher of men". This is to say that I hope to serve God and to serve other men. With humility. To the best of my God-given ability.

Quality of life is becoming a popular concern, especially here in San Diego where it became synonymous with a "no growth" ballot issue which was subsequently defeated. It seemed to me at the time, that although quality of life is a very important concept, it is somewhat selfish. The greater concern, although never mentioned, is the purpose of life.

**B. Have I served? What can I do?**

With respect to God, Stephanie and I have been active in the La Jolla Presbyterian Church and teach Sunday school. But more importantly, I am increasingly trying to be a Christian by example, not by talk.

With respect to my country, I have not yet served. This I will need to do. In the mean time, I believe we can become a leader in the production-sharing industry, which is good for both us Americans and our impoverished neighbors to the south in Mexico.

With respect to my family, I have a long way to go also. However, as stated at the beginning, we have a marriage that seems to be getting stronger each year with two wonderful, healthy and normal children. Most importantly, Stephanie could not be a better mother.

**C. Wins and Losses**

As I try to articulate the vision of my life's work, I have set forth a few principles which ought to govern my actions. First, I want to stick to what I know best. Since college I have worked at Arthur Young and Company as an auditor and becoming a CPA, then at Coldwell Banker Co. as an investment salesmen and finally at Trammell Crow Company as a partner developing and managing commercial real estate projects. I have broad market experience, having worked in nearly every major California city at some time. I feel equally at home in both Northern and Southern California, but we intend to continue to live

in San Diego, as we both enjoy it and it is a great place to raise a family.

In ten years at Trammell Crow Company, we developed nearly 3 million sq. ft. in about 20 different projects. We built many diverse projects, ranging from San Diego's largest office building, to basic industrial buildings. Each was hard work and several won local or national recognition for architecture or some other aspect of development. When tenants moved in right away, we looked smart; when they didn't, we looked awfully dumb and we felt terrible. Imagine trying to go sleep at night counting empty buildings, not sheep.

A second principle is the concept of stewardship. This is how you can go to sleep at night counting empty buildings, if you feel that you have been a good steward of the real estate. A single human being cannot by himself change the marketplace, but a good steward believes that he has done everything possible for the betterment of his project and is able to rest knowing that he has faithfully done his job to the best of his God-given ability.

Another principle is to honor previous commitments where possible. There are many existing and to be built Trammell Crow Company projects here in San Diego which I feel a moral commitment to and have on-going economic ownership and obligations. I am most concerned about the projects that still need to be leased and my plan must contribute to and compliment the efforts of the on-going Trammell Crow team with respect to these projects.

A last principle is to understand the "anatomy of the dead". I have learned much from my experiences at Trammell Crow Company. In fact, I believe one learns more from the losses than the wins. Looking back and reflecting on our shortcomings, I can think of two things. First, the people. Not all of us had the same shared values. And without shared values, it is difficult to maintain trust and confidence, especially when the going gets tough. Second, the projects. We did not know the markets well enough, and today, the market is very unforgiving. And the markets keep changing.

## D. My Life's Work

I am reminded by a quote that Trammell shared with me, "Set your course by the heavenly stars and not by the lights of the ships that go sailing by."

It seems that I have been preparing my whole life to start a real estate company. A company that helps make this a better world to live in. I know I have many weaknesses, but I believe myself smart enough to recognize them. At least most of them anyway. I am a dreamer, an idea man. I'm not the implementer, nor the manager. Any successful business needs both and we will find them.

I believe in partners and partnerships. Like the kind Stephanie and I have at home. Like the way it used to be at Trammell Crow Company. Like the kind Colbert Coldwell and Arthur Banker had. A partnership of trust and confidence between men with shared values and shared vision. And a team of nice, smart and disciplined people.

I believe that American business must continue to decentralize and continue to educate itself, both for the left and right brains, so as to compete effectively and profitably in the global economy.

I believe that small business must be nurtured, for it represents much of the future innovative advances in both products and services, and that good ideas not acted upon are a great American tragedy.

I believe also that science and technology will drive the industrial sector of the future American economy.

I believe that making our Mexican neighbors to the south our partners in manufacturing by production-sharing enables both of our economies to compete in the global economy. Not only does this make good economic sense, but it is also doing the right thing. Helping. That's spells good politics.

I believe in San Diego. I love the working environment downtown and enjoy running through Balboa Park or on the waterfront each morning before work. San Diego is big enough for business to be exciting and small enough to have a very high quality of life for our families.

Finally, a last quote from Trammell, "The privilege is ours to build America." I suppose that Rockefeller would add that along with the privilege is the obligation to do it well.



# Recent Reading List

1. The Discoverers, Daniel Borstein
2. What's Next, Paul Erdman
3. The Cuomo Commission Report, The Cuomo Commission
4. The Greatest Salesman in the World, Og Mandino
5. Beyond Our Means, Malabre
6. We Hold These Truths, Adler
7. Buying Out America, Tolchin
8. Talking Straight, Iaccoca
9. Fray Junipero Serra, Mark Brunelle
10. The California Missions, Land
11. The Death of Ethics in America, Cal Thomas
12. Wealth of Nations, Adam Smith
13. Ben Franklin, Autobiography
14. The Closing of the American Mind, Bloom

15. The Business of Science, Simon Ramos
16. Inside America, Louis Harris
17. Restoring the American Dream, Robert Ringer
18. Patriots, A.J. Langguth
19. The Greatest Scientists, Jack Meadows
20. Trading Places, Clyde Prestowitz, Jr.
21. Kingdoms in Conflict, Charles Colson
22. Growing A Business, Philip Hawken
23. Business Almanac, Louis Rukeyser
24. California Almanac, James Fay
25. Biotechnology – Strategies for Life, Elizabeth Antebi and David Fishlock
26. The Universe Next Door, James Sire
27. The Rockefellers, Peter Collier and David Horowitz
28. Cell Wars, Marshall Goldberg M.D.



# About the Author

Stephen B. Williams is the Founding Principal of SENTRE and sits on the company's Board of Directors. Pronounced "sentry", SENTRE is an acronym of "stewards and entrepreneurs of real estate". Founded in 1989, SENTRE is a vertically integrated real estate investment management firm headquartered in San Diego, California, with extensive experience in industrial, office, retail, and multi-family properties. SENTRE has acquired, developed, and/or operated projects throughout the Western United States, with experience totaling more than 12 million square feet and $4.6 billion in transactional volume[1].

Steve also co-founded Vesta with Lorenzo Berho in 1997. Today, Vesta (NYSE: VTMX) is a publicly traded industrial real estate

[1] As of September 30, 2026.

company operating in Mexico. It has a portfolio of over 47 million square feet valued at $4.5 billion[2].

Steve was formerly a partner with Trammell Crow Company, where he was responsible for the San Diego division. Prior to that, he was an investment salesman for Coldwell Banker in their Santa Ana office. Steve began his career as a CPA with Arthur Young and Co. in San Francisco.

Steve is a grandson of Arthur Banker, co-founder of Coldwell Banker and CBRE. He is a past recipient of the Alonzo Horton Founder's Award, downtown San Diego's most prestigious honor. For more than ten years, Steve taught a one-hour class for Junior Achievement at an inner-city high school and was named Consultant of the Year in 2000. Steve graduated from UCLA in 1972 and received an MBA from USC in 1974. He was a licensed CPA and licensed real estate salesman. He is active in ULI and was a former national board member of NAIOP.

He has been active in the community and formerly served on the boards of the San Diego Regional Economic Development Corporation and CONNECT. He was also the past Co-Chair of the Southern California Leadership Council along with former Governor Pete Wilson. He has previously served as Chair of LEAD San Diego. He has also previously served on the boards of the San Diego Chamber of Commerce, the Burnham Institute and the Reuben H. Fleet Science Center. Currently he serves as Co-Chair of the Smart Border Coalition working to create a "smarter border" between San Diego and Tijuana.

Steve and his wife, Stephanie, have two grown children and two grandsons.

---

[2] As of September 30, 2026.



# A Vision Born

SENTRE's origins are rooted in two guiding principles that shaped its name and continue to define its ethos today: stewardship and entrepreneurship. From its earliest years, the company sought to balance the responsibility of thoughtfully managing real estate with the imagination, initiative, and ambition required to reimagine what real estate could be – a mindset that continues to distinguish SENTRE. These ideas ultimately united in the name "SENTRE," an acronym for "Stewards and Entrepreneurs of Real Estate," pronounced like "sentry," to reflect our role as thoughtful guardians of the places, partners, and communities we serve. This dual commitment continues to guide SENTRE's strategy, culture, and investment philosophy, anchoring its identity and purpose as stewards and entrepreneurs dedicated to reimagining real estate for good.

*Some buildings stand taller than others—not just in height, but in the values they represent.*

---

*Values and Vision* is a tribute to a remarkable entrepreneurial journey, a legacy of thoughtful stewardship, and an enduring commitment to family, community, and building a better tomorrow.

