



Profile: *The Alter Group*

Integrity and flexibility:

Company succeeds with family values

By Maureen Wilkey

Make it right.

That was the advice Bill Alter gave Sam Gould, director of Alter Asset Management, just months after Gould had started working for Alter. One of his buildings had been damaged in a natural calamity, and while Alter offered no specific instructions, Gould knew what he meant: do whatever it takes to make your client happy.

That's what the Alter Group has been doing for more than fifty years now. Focusing on flexibility in dealing with clients, autonomy within the company and selecting employees who will do the job right, the 165 person firm has taken the business from just one house in the northern suburbs to a nationwide corporate real estate powerhouse.

"We really have a lot of empowered people in the company," Gould says. "We're not all a bunch of layers throughout the company; we're all working at one time."

The Alter Group comprises several different companies and functions from investment to development to management to healthcare. Bill Alter started the company in the 1950s when he flipped a single-family home near the area that is now Skokie, says his son Michael. From there the company took off in all directions, starting with multifamily but later branching into planned business parks, downtown office, healthcare and, most recently, student housing. The company pioneered the concept of planned business, office and industrial parks in the suburbs.

"It was something new not just for us but for the industry to do something with a little bit of a plan," Michael Alter says. "We wanted to create something that was good for the end user for the industrial company."

And while Alter itself continues to work with and around its clients, there's one that has stayed the same.

"One of the things that hasn't changed much at all is senior management. Most of those people have been there 20 to 30 years," Michael Alter says. "It's one of the things we've always felt is our strength, the continuity."

That continuity was not broken when Bill Alter transitioned leadership of his company from himself to his son, Michael. When Bill Alter began to suffer from Alzheimer's disease a few years ago, the decision to give up power was not an easy one, but one that has been almost seamless for employees, says Richard Gatto, executive vice president.

"(Bill) was wise enough to know that Michael had to grow and take that responsibility," Gatto says. "On the other hand, for Michael, it was hard to fill the shoes of his father. Michael had the wisdom to business the way



Harvey Alter



Michael Alter



Richard Gatto



Sam Gould



Randy Thomas

his father did and not any other way."

In recent years, Alter has expanded to include a staff of 165 people in several offices nationwide. The company now owns a healthcare division called AlterCare, and in the last year has completed an office tower at 111 West Illinois Street. It also completed the renovation of the Pittsfield Building at 55 East Washington into Fornelli Hall, a student housing complex for students attending three different downtown universities. While these niches have kept the company flourishing through the recession, they've also remained true to their original brand of corporate real estate. Since many of the executive staff has seen more than one recession, they know how to react, says Randolph Thomas, executive vice president.

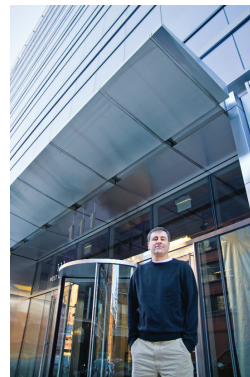
"In the early '90s, the corporations that needed office buildings we were still building office buildings for. Smaller floor plate buildings—anything that you could possibly do in a 4- or 5-story building," he says. "We're not doing any innovating right now, but we might be streamlining."

Another new concept the group might be using would be a medical mall, or a strip of related medical office buildings where customers could "one stop shop" for their services, from physical therapy to podiatrists to dermatologists. In addition, the company will streamline by focusing on keeping clients in their property management portfolio and looking for additional opportunities in underbuilt markets throughout the country and student housing opportunities in the Chicago area. About 85 percent of Alter's customer base is now in areas outside of Chicago, Thomas says.

"I think it's more back to the future myself. Take a look at the last cycle; the rest of the economy was pretty good but the commercial real estate was terrible," he says. "We just started doing office buildings in places that didn't have office buildings, so we started to incorporate the clients and they had business in other part of the country."

And The Alter Group is still closing on loans even in a market where many can't get a loan. That's because during the good times, the company avoided gaining too much overhead and employing too many workers.

"We tend to actually do pretty well in the tough spots and it's because we have a group of strong and consis-



Michael Alter stands in front of the Group's new development at 111 W. Illinois St.

tent people and we're not turning people over all the time," Michael Alter says. "Also, we've got a strong balance sheet over the years. I started in a time when it was great, late '80s early '90s when conditions were a lot of people had to go public."

But the Alter Group avoided needing to go public and the privately owned company atmosphere has helped keep the senior management team together and happy.

"We have had four to six people who have left the firm and who returned within a two-year period of time because they like the family atmosphere so much," Gatto says. "There's a certain camaraderie and a certain feeling of power in your position and your responsibility. The most unique thing about us is the human resources that we have."

Harvey Alter, Michael's brother, works in the property management group and although he never expected to work in real estate, his father recruited him after Harvey left the restaurant business. Harvey Alter remembers his father allowing Harvey's children to learn how to earn their own money by paying them to come in and clean the office for a week during the summer.

"He was the kind of guy who would always take care of you," Harvey Alter says. "And that carries through, we take care of the people who work for us."

Alter's clients agree. Jeanne Lockridge, a vice president with the Erickson Institute, the school for which 111 West Illinois was built, says the company was a tough negotiator but once the deal was done, everything came together well.

"We have a very tight time table. Our lease was up in August and we had to start classes in September," Lockridge says. "We had confidence that they would get the work done and the design was wonderful for us."

But the thing most of Alter's senior management team likes most about their jobs is the process. Gatto says the company is great for people who have real estate in their blood. Gould, who came to Alter from a bad experience with a previous employer, says he loves working with the clients. And over the years, the integrity of the team is what makes coming to work every day fun, Michael Alter says.

"There's no individual projects, no one here has an ego," he says.

