

THE FUTURE **Sales** **Organization**

— by PATRICIA M. SHERLOCK —



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hat will origination look like in 2024? Yes. 2024. ¶ Ten years may seem a long time from now, especially when mortgage managers are facing a near-daily compliance crisis and trying to generate volume in a difficult selling environment. ¶ Indeed, 3,650 days can seem like an eternity. ¶ Of course, no one can accurately predict the future. But it is worth trying, because it says a lot about what new trends will dictate future success. Keeping an eye on the longer game helps companies with their present choices.

Back in 2004

Before looking forward, it makes sense to look back at what was happening in business and lending a decade ago.

Consider that some of the most highly capitalized firms today just got started in the past 10 years or less. Facebook™, YouTube™ and Twitter® are all young companies that have changed the way individuals interact with each other and how businesses sell and source their customers.

Yet, in 2004 we had no iPhone®, iPad® or tweets.

These new communication tools have completely changed the marketing and selling environment. Individuals and their friends are more powerful than ever. It is hard to imagine that not that long ago, the telephone and fax machine were the dominant communication tools. According to current data from the Centers for Disease Control, Atlanta (which tracks these sorts of things), 51.7 percent of U.S. homes either don't have or don't use their land line telephones.

In 2004, some of the mortgage sales leaders were Countrywide Financial Corporation, IndyMac, Washington Mutual and National City Mortgage. That year, there was a slight retrenchment in volume from the previous year's record of \$3.8 trillion in residential origination.

Back then, mortgage investors were eager for more mortgage products. Their appetite was ramped up for specially designed products, including non-conforming loans such as subprime and stated-income. In the years that followed, the mortgage industry experienced a financial meltdown and many industry heavy hitters

Piecing together a picture of what the origination function will look like a decade from now yields valuable insights.

went out of business.

Next came the onslaught of more rigorous government regulations, which in turn brought consolidation in the industry that left fewer companies and originators.

Present industry challenges include a generational softening on the demand side when it comes to buying homes. Today's younger generation of consumers is not that enamored with purchasing a home, and many prefer to rent.

Determining how to succeed today—let alone 10 years from now—may take the vision of Nostradamus, the brains of Einstein, and the determination and imagination of Steve Jobs.

Let's start with the customer

In the last decade, customers' buying habits—whether consumers, brokers or correspondents—have dramatically changed with the advances in Internet technology.

The traditional marketing sequence of identifying a customer's needs, ensuring customers are aware of their needs, compiling and evaluating information, and making and executing a plan to meet these needs has been turned upside-down by customers' access to information 24/7.

All of the intermediaries engaged in the travel, insurance, real estate or mortgage origination industries are being challenged by a new sales process. That process has the customer performing many of the traditional marketing steps without a salesperson.

In the old model of selling, the salesperson had the

advantage of product knowledge and the inside information on what worked and did not work relative to products or services. This is no longer true.

The future seems clearly to include more imaginative ways for a buyer to research products or services by using digital tools before even speaking to a salesperson. Complicating matters further, the Internet has become a trusted information source as a way for the customer to filter out bias and self-serving marketing and sales pitches.

New York-based Nielsen's *Global Trust in Advertising and Brand Messages* report estimates that two out of three people claim they trust the information on the Internet when deciding on a vendor's solution. This changes everything for salespeople.

This seemingly small difference in the buyer's process of researching and evaluating before initiating contact with a salesperson may wreak havoc on the future mortgage sales organization. Customers self-educating will completely change how selling will be conducted by 2024 and well before then.

Because a customer will possess prior knowledge of a seller's products, features and benefits via Internet research, texting their friends or reading third-party rating services, the number of selling parties that they contact will be reduced. A seller who is No. 7 on the customer's list will rarely be contacted.

When the future customer finally contacts a seller, the customer will want to transact quickly because he or she has already researched the solution and made a product comparison.

Arlington, Virginia-based Corporate Executive Board's research claims: "On average, buyers get nearly 70 percent of the way through their buying journey before they reach out to a sales organization."

This trend will continue to reduce the numbers of inefficient mortgage lenders and originators.

In the future, when customers connect with an originator, the salesperson will be judged quickly on his or her knowledge and insight, eliminated from consideration for lack of it, and expected to give competitor and financial insight—a much higher standard of sales expertise.

Product knowledge alone will not win transactions in this new marketplace. Consultative selling will not be enough either in this new world of prospecting and selling. Customers are demanding to be educated by their salesperson about how they helped other customers achieve their goals.

Winning originators will provide superior responsiveness, quick insight, valuable ideas and effective solutions to the buyer's needs. Salespeople who are active listeners, understand different communication styles and can match to a customer's preferred method of communication, know more than a customer about products, have advanced Internet and digital tool skills, have a compelling value proposition and deliver an extraordinary customer experience will be a top hiring priority for mortgage companies.

The originator in 2024

A more knowledgeable customer with access to endless information will drive out those originators who have failed to

“The customer will drive the changes and how they want to be treated. The smart companies will figure out how to deliver that to them.”

—Teresa Bryce Bazemore

keep up-to-date and on top of their selling skills. No longer will individuals be able to disguise their lack of insight when dealing with a more demanding customer.

A 2024 originator will be a specialist and an educator, and employ technology-savvy in sourcing clients.

Future sales hires will be active listeners and data gatherers, and not necessarily talkers. The old stereotype of an extroverted salesperson won't work in a sales world where customers want to be heard and be the dominating party in the sales process.

In my company's nationwide research of personality characteristics of top originators over the last 15 years (see my article in the November 2010 issue of *Mortgage Banking*, "Why Johnny/Jane Can't Originate"), we have seen this shift happening already.

The common originator trait in the past of having high expressiveness has been replaced by low expressiveness on the part of successful originators. This translates to a more reserved selling style. The days of extroverted salespeople are gone.

Similar to other professions, being a generalist will not be a preferred selling strategy. From medicine to sports, complexity in every field has risen. The days of being able to perform a broad spectrum of activities with mediocrity will be fewer and fewer.

Specialists have a better chance of succeeding because they have greater depth of expertise in targeted areas. In mortgage origination, many top originators have already opted to specialize in certain referral sources, market demographics or loan types. This trend will continue.

An educational selling approach is essentially collaboration between the buyer and the seller. In the past, having a certain type of communication style, especially aggressiveness, was highly valued by sales managers. Pushing the customer to make the choice of your product and service was a fundamental tenet in sales hiring and training for a long time. In the new world, that approach no longer works.

Pulling the customer where the customer initiates the request for a solution will become the preferred method. The pull model stresses an educational approach that will require originators to be quick and agile learners. As a result, sales professionals will need to be on their game with every buyer interaction, because they will be judged harshly for wasting the customer's time.

Technology skills will become an even bigger part of the future originator's marketing and sourcing techniques. Social networks are no longer just about a person's immediate family and friends, but groups of people who have similar interests and issues. As social media move to the next level, successful originators will be those individuals who master these digital media.

Self-sourcing customers through the originator's personal network will be a primary method of lead generation. An originator with the most friends and contacts on Facebook, LinkedIn® and YouTube will be in demand. The interview process will include an evaluation of the originator's social media contacts and activities online. Salespeople lacking in these technology skills will be left behind.

The 2024 mortgage sales organization

In a mortgage marketplace where the customer is highly

WHAT INDUSTRY LEADERS SAY ABOUT THE FUTURE

“The future for mortgage companies is to be a complete business partner with the referral source.”

—PATRICK ARITZ, Realtor®, West USA Realty Revelation, Chandler, Arizona, and former mortgage executive with First Harrisburg Bancorp

“The customer will drive the changes and how they want to be treated. The smart companies will figure out how to deliver that to them.”

—TERESA BRYCE BAZEMORE, president, Radian Guaranty Inc., Philadelphia

“All documents and information will be in cyberspace . . . mortgages will be paperless and possibly transportable.”

—PATRICK CASEY, CMB, senior vice president and regional manager, Guaranteed Rate Mortgage, Rockville, Maryland

“We are an industry of resilient people—but we need young, smart people to deal with the next challenges. It is an important issue that we bring in young people to our industry.”

—PHIL DEOL, executive vice president and chief production officer for national retail, wholesale and correspondent, Paramount Residential Mortgage Group (PRMG), Corona, California

“The sales process will require all parties—not just the originator—to have selling skills. This will be a change for processors and underwriters.”

—TOM FINNEGAN, senior associate, The STRATMOR Group, based in Columbus, Ohio

“Lenders will need to provide a considerable amount of training and personal development to achieve more productivity per salesperson.”

—TIM FREDERICK, CMB, vice president and retail sales leader, Liberty Home Equity Solutions, Rancho Cordova, California

“In 10 years, gathering just a few pieces of data on a potential client will yield information on the probability of foreclosure—technology will move to another level than what we have today.”

—KATHLEEN HECK, president, The Croyance Group LLC, Sparta, New Jersey

“The real question going forward is what is the role of the real estate agent in the house selection process—will it be the same or much different? That issue will impact the mortgage

originator dramatically.”

—DONALD HENIG, managing director of national sales, Mortgage Master Inc., based in New York

“The next phase of mortgage origination success will be driven by who is able to connect people and technology the best and who makes it intuitive and seamless.”

—MICHAEL JABLONSKI, executive vice president and retail mortgage manager, Branch Banking and Trust Co. (BB&T), Wilson, North Carolina

“I think that the public interface for mortgages will be largely DIY [do-it-yourself] online interaction, not dissimilar to how many people do their taxes today with TurboTax® and e-filing.”

—KENT KOPEN, business development manager, W.J. Bradley Mortgage Capital LLC's Emery Team, Newport Beach, California

“I think mortgage origination will be more about being a specialist. The generalist will have a hard time surviving.”

—BRIAN KOSS, executive vice president, Mortgage Network Inc., Danvers, Massachusetts

“Today, 60 percent of people are using their smartphone to shop online. The impact for banking and housing will be transformational.”

—JENNIFER LIVINGSTON, senior vice president and managing director, Union Bank, Irvine, California

“The industry typically looks at everything from a cost perspective—it needs to look at people as an investment strategy.”

—JOHN MARSANO, former national sales manager and senior vice president, BankUnited, Fort Lauderdale, Florida

“The definition of loan officer will change as we determine whether we want volume or quality—but the big issue in the next years is how do we create loan demand with a new generation that is mobile and is preferring to rent?”

—MARLA MAYNE, executive vice president—retail mortgage lending, U.S. Bank Home Mortgage, Scottsdale, Arizona

“Our industry has been bailed out from making important changes by refinancing. Now, with that gone for the foreseeable future, the firms that are successful will need to have a big data approach with technology.”

—WILLIE NEWMAN, chief executive officer and president, Home Point Capital, Ann Arbor, Michigan

