

individual. Mass training assumes all students learn at the same pace and are having the same difficulties. As we all know, this is not true.

Class size becomes a key issue because the larger the class, the less chance there is for individual attention. Ideally, a class should not have more than 20 students. The opportunity to provide feedback to each student is the crucial part of adult training. In a larger class, feedback is limited.

Fourth, *training must have an after-program-training component*. The goal of good training is to prepare the sales consultant as closely as possible for what he or she will experience on the job. When the class is finished and the new salesperson has moved into the position and is actively selling, follow-up sessions should occur to correct any problems as quickly as possible. This should occur the earlier the better, so behaviors do not become poor habits. The follow-up sessions should be as customized as possible to ensure there is reinforcement of the techniques taught in class (see sidebar, "ABN AMRO Mortgage Capital Market Group's Experience").

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Final thoughts

Why is it so hard for managers to change their hiring and training procedures? Changing human behavior is certainly a complex endeavor. There are several factors that contribute to this complexity. Part of it stems from the fact people settle into a comfort zone with how they currently do things. Part is linked to thinking that everyone should be like us. Finally, part is lack of understanding and knowledge of what works in relationship-selling.

The comfort zone problem and unrealistic expectations are issues that require managers to look inward. But a lack of knowledge on what hiring managers should be looking for when hiring sales consultants has now been addressed. Research clearly has identified the personality characteristics that are important in relationship-selling success. We just need to find these individuals and teach them the mortgage business. MB

Patricia M. Sherlock is president of QFS Consulting Group, Medford, New Jersey. Sherlock is an expert in hiring, training and managing sales producers. More information about QFS can be found at www.qfsconsulting.com or by calling (800) 875-0222.

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ABN AMRO Mortgage Capital Markets Group's Experience

"Hiring qualified salespeople was a big problem for us," says Maria N. Fregosi, group senior vice president, ABN AMRO Mortgage Capital Markets Group, Boca Raton, Florida. "It was a combination of our location not being in New York and [that] we were a relatively new business." ABN AMRO Mortgage Capital Markets Group's business is focused on selling whole loans and Community Reinvestment Act (CRA) product to community banks.

"We made the typical mistakes where we recruited veteran salespeople with prior experience, but they really were not the right match for us," says Fregosi. "We decided to change our approach. And we implemented a new process of looking for people with relationship-selling skills even though they were not in mortgages or capital markets, implementing sales-assessment testing and a structured interview process, and then training the individuals over a six-week period."

Casting a wide net generated more than 200 résumés for ABN AMRO's human resources department to review. The candidates were later narrowed down to 75 who were given interviews (both by phone and in person) and were tested. The candidate pool was later reduced to 15, who were invited to spend a half-day interviewing at ABN AMRO Mortgage Capital's office.

Three outside candidates were selected and three internal company employees received job offers. All six candidates accepted and entered a six-week training course in which they were taught the mortgage business, capital markets, planning and sales techniques.

The new salespeople were put through a rigorous program— they were tested, graded and ranked. One salesperson was released and another decided to go back to the department he or she was originally from. The candidates received additional follow-up training after they were on the job a month and a half.

"After the students graduated, they immediately started selling, within 10 days they generated revenues that paid for the program and within four months they had generated over \$1 million in revenues," says Fregosi. "I think that this approach was a great success. It is important, in my view, to follow through and train right. It is a commitment in time and money, but in the end it was an effective use of my time, and the return on investment has been terrific. By screening out those who do not have the relationship-selling skills, it was more efficient and it took so much of the emotion out of the hiring process."

Solving the Sales Hiring and Training Challenge

By PATRICIA M. SHERLOCK

The key to building a strong and highly productive staff of loan originators starts with the right hiring and training strategy.

I HAVE SPENT A LOT OF TIME ANALYZING WHAT MAKES TOP PRODUCERS TICK. I have interviewed top producers nationwide and distilled those findings in a book (*Reaching the Top of Your Game*® 2001) published by the Mortgage Bankers Association of America (MBA). And I am asked a lot of questions, but there are two that I am asked most frequently. ■ They are: (1) what steps should hiring managers pursue in recruiting sales consultants and (2) what training should sales consultants receive. This article offers a practical approach for implementing hiring and training programs that generate successful sales producers. After all, that's the bottom line - isn't it? ■

HomeBanc's Strategy

HOMEBANC MORTGAGE CORPORATION, ATLANTA, HAS ESTABLISHED a reputation for having one of the most productive sales forces in mortgage banking. Its loan officers averaged \$25.5 million in dollar volume in 2002, according to *National Mortgage News*, and HomeBanc is 29th in national volume rankings while only operating in Florida, Georgia and North Carolina.

HomeBanc's recruitment strategy heavily emphasizes hiring inexperienced loan officers and training them. HomeBanc's senior vice president and director of training, Nick Mantia, was recently interviewed for *Mortgage Banking*.

Q: Why did HomeBanc pursue the strategy of hiring inexperienced loan officers?

A: Like most mortgage banking firms, we hired experienced loan officers from other companies. We decided that it would be a competitive advantage for us to hire inexperienced candidates and train them in the business. Nobody in the mortgage business was doing that at the time.

We are glad we chose that path because of the performance results we have achieved. In fact, this year [2003] we will only hire inexperienced loan officers and no experienced loan officers. That is how committed we are to the strategy of hiring and training inexperienced loan officers. We know it works.

Q: How long have you had a formalized training approach for inexperienced loan officers? How many trainers do you have? How many inexperienced loan officers did you train last year?

A: Although we have always had an emphasis on training, we formalized our training program in 1997. The training course was

originally seven weeks in length, and has been expanded recently to eight weeks. Last year, we trained 89 inexperienced loan officers.

Q: What is the dollar investment that you make in the training?

A: We invested approximately \$35,000 per new loan officer in 2002.

Q: What results have you had, and what have you learned over the years?

A: Our average new loan officer produces \$12 million in dollar volume in a year. Our analysis has shown that our break-even point for training new hires is 15 months, and is 13 months for experienced loan officers. The most important number in our analysis is that our retention is 32 percent greater with inexperienced loan officers. So the big difference, from our point of view, is the loyalty we receive from those we train.

Q: What three pieces of advice would you give to companies looking to start a training program?

A: First, the total company must be behind this effort—from operations to systems to marketing. Of course, senior management must lead the way in gathering everyone's support for it.

Second, you must hire the right individuals to be trained. We have found that the more emphasis we place on selecting the right individuals, the more impact the training program will have on our sales performance.

Third, the individuals doing the training should have a sales background, and training needs to be viewed as a career path for the trainers and not a dead-end job.

Steps to hiring success

The initial step in recruiting individuals with relationship-selling skills is to cast a wide net and find people who have the internal abilities. According to Herbert Greenberg, president of Caliper Management Inc., Princeton, New Jersey, a management consulting firm, only 25 percent of the total population has the right proportion of the personality characteristics to be successful in sales. The eight personality characteristics linked to successful mortgage selling, from the research for my book (*Reaching the Top of Your Game*), include the following:

- Energetic
- Follows Through
- Optimistic
- Resilient
- Assertive
- Social
- Expressive
- Serious-minded

In my experience, casting a wide net is the most difficult practice for hiring managers to adopt. It requires managers to throw aside the screening criterion of having prior mortgage sales experience.

The perpetual dilemma of recruiting and training

Hiring managers face a daily conundrum. On the one hand they are pressured to grow and expand their origination staff, and on the other hand they receive little or no direction on how to hire the right individuals and train their staff.

As a result, hiring managers concede it is easier to recruit individuals who already have a book of business. Unfortunately, this strategy has not been effective because hiring only experienced originators has not reduced turnover.

The first step: The big picture

A commitment to improve the hiring and training of loan officers won't happen unless senior management is behind it completely. Everyone agrees hiring and training are important, but difficulties occur when managers are asked to invest upfront to improve the hiring and training process.

The failure to spend money prior to hiring can have costly ramifications. The present cost for hiring the wrong person in sales is estimated to be \$200,000 (for more information, see the author's May 201 *Mortgage Banking* article, "The Secret to Hiring Good Originators"). Frankly, a decision not to invest in the proper hiring programs and assessment tools is extremely short-sighted, with potentially long-term impacts on mortgage sales performance (see sidebar, "HomeBanc's Strategy").

To assist managers in casting a wide net efficiently, there are tools such as sales-assessment testing that can identify relationship-sales skills and help eliminate candidates that are clearly not a match. Similar to the advances that have been made in credit-scoring programs, sales-personality testing has changed for the better and should be part of the selection process.

The next step in successful hiring is a structured interview process. A structured interview process involves having multiple interviewers, giving mini-assignments for the candidate to complete and detailed questioning emphasizing any weaknesses the candidate may have displayed during the interviews. The time spent upfront following a well-thought-out interview process pays for itself many times over by increasing the successful selection rate of new sales professionals.

A hiring manager needs to get a minimum of 20 to 25 impressions before making a decision. An impression is any communication with the potential hire, whether oral or written, that creates an impact. Because the sales candidates and the hiring employer are typically at their best during the hiring process, it is crucial that the hiring manager have as many opportunities to evaluate the internal characteristics of the potential new salesperson.

The structured interview process, sales-assessment testing and focused questioning are geared to generate enough impressions to form a clear view of what the candidate will be like once he or she is on board.

The bottom line for hiring managers is to make the interview process an occasion where the candidate displays his or her talents (recurring patterns of thought, feeling, or behaviors that make an individual unique), and allows the person hiring to benchmark those talents against the known competencies of top producers.

Separating an individual's talent from his or her skills and knowledge allows the hiring manager to recognize that talent is not trainable, but skills and knowledge are. For example, optimism is a core personality characteristic of top producers, and a person has developed it or not prior to joining a mortgage company. But operating a laptop computer is a skill that can be taught by an instructor. When recruiting for relationship-sales positions, *hiring managers frequently overvalue a lack of knowledge and undervalue a candidate's lack of talent.*

Steps to training success

The adjunct to hiring candidates with relationship-selling characteristics instead of previous mortgage sales experience is it will require the company to have a training system in place. A training system is more than a haphazard collection of programs or using an on-the-job training approach. A good training system teaches more than just mortgage knowledge. It should show a student a sales-success model that can be implemented.

A training system can be developed in-house or purchased

by hiring third-party firms to assist in customizing a program for the mortgage company. The development of sales systems is probably one of the greatest improvements in training during the last 10 years.

Sales training systems have moved training from the realm of art to that of science. The science of selling includes accepting that certain people have the personality traits to sell and understanding that some sales techniques are more effective than others.

The science of selling is the next level up from motivational or personality driven training. Sadly, many companies still think that a motivational speaker at a quarterly sales meeting can improve their staff's sales performance. Adult behaviors do not change easily without a focus and customized training program.

A research-based sales training approach focuses on teaching the best behaviors and practices for attaining sales success. This should be done in a highly interactive way, and requires time to be successful. The criteria that should be used in evaluating training systems should be based on research and adult learning behavior. (For more information, see the author's May 2002 *Mortgage Banking* article, "Why Sales Training Doesn't Work—and What Works.")

A training program should have the following components:

First, *training needs to be structured and demanding.* Following a rigorous interviewing process, the new loan officer should be advised that the mortgage company's training program will be challenging. In fact, new loan officers should be notified that they will receive both verbal and written tests to ensure they have firmly grasped the details of the mortgage training.

Students should receive goals and be expected to achieve them. Included in the program is a heavy emphasis on requiring loan officers to make oral presentations. During each phase of the program, the student will receive feedback on his or her performance and be coached on how it can be improved.

Second, *training needs to be delivered in concentrated time periods.* A day or a few days spread out is not enough time to have an impact. There is a reason why foreign-language teaching is done using an immersion method. Adults bring a set of experiences to the training that the instructor must break through. In order for the instructor to penetrate, he or she must have a high degree of expertise to get the students to think in a new way plus give them the time to change entrenched behaviors.

Instruction that is teacher/trainer-based, where the teacher talks and the student listens, is not effective in changing adult behavior. For training to take hold, the learning environment should be separate and the time devoted to training should be continuous.

Third, *training must be personalized and customized.* Training has a higher degree of success when it is personalized to the