How to
Recruit, Hire, Train & Lead
Assistants

Building a Profitable Origination Team
Greater Than the Sum of Its Parts

by
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Introduction

Most loan originators who possess any kind of entrepreneurial spirit aspire to grow their businesses to the point where they can have one or more assistants helping them run things.

The idea, of course, is that with more people you can do more business, make more money, and have more time to have a life outside your business.

That's the theory, anyway.

In reality, many originators who reach the point where they can justify hiring an assistant find themselves dealing with problems they never imagined; in some cases they end up working harder and earning less:

- Pete W. hired his first assistant 3 years ago when he was closing 15 loans per month by himself and netting about $45,000 per month before taxes. Last year he had a staff of three full-time people and one part-time employee, averaged only 20 closings per month, worked until 9:00 pm or later at least 3 days out of the week, *and realized at the end of the year that he had lost money!*

- George F. hired his first assistant when he was closing 18 loans per month and netting about $13,500 per month before taxes. Seven years later, he had a staff of 12 people and was barely breaking even while struggling to close 30 loans per month. To add insult to injury, he discovered that his right-hand person and most trusted employee had embezzled more than $300,000 from him over the years.

- Donna R. hired an assistant and groomed her to become a loan officer in her branch. Within 3 years, the former assistant left Donna's company for a competitor and took half her staff with her.

- Mark V. hired a loan processor whose incompetence ultimately cost him a long-standing builder account that had consistently generated 10 closings a month.

The good news is that you can avoid making the mistakes that led to these unpleasant experiences. That's why we created this Assistants Program.

What Got You to Where You Are

Albert Einstein once said that the knowledge and skills that got us to where we are will be insufficient to solve the problems that *result* from having gotten to where we are.

Successful loan originators are almost always good at two things: selling and product knowledge. Those are the qualities that make them successful loan originators.

However those qualities don't necessarily make you a good manager or leader. They don't make you a good entrepreneur; they *can* make you what Michael Gerber, in <u>*The E Myth*</u>, calls "a technician in the grasp of an entrepreneurial seizure."

Today, you are a much better salesperson than you were on your first day as a loan officer. That's because you've *learned* some things about selling since that first day. Becoming an effective manager and leader is no different; if you focus on acquiring the skills of a good leader, and set specific, measurable goals for getting for point A to point B, you can build an organization that produces far more profit than you could personally generate as a result of your individual effort.

This program will take you through that process step by step.

The Purpose of an Assistant

"If you don't know where you're going, you're likely to end up where you're headed."

--Chinese Proverb

There are only two reasons (that make any business sense) for hiring an assistant:

1. The assistant will personally and directly contribute to **increased production**, or

2. The assistant will perform necessary **administrative** (non-production) activities that you are currently doing yourself, thus freeing you to do more production (or to spend more time with your family or pursuing outside interests).

Contributing to Production

There are essentially only 6 Results that can honestly be said to contribute to your production. By "production," we mean the things that lead directly to loan fundings and income for you. We will discuss these 6 Results in more detail in the next chapter, especially as they relate to things an assistant might do for you. The 6 Results are:

1. Lead Generation
2. Contacts – Scheduling Appointments
3. Loan Applications Taken
4. Loans Submitted for Underwriting
5. Obtaining Final Approval (Clear to Close) – collecting conditions, etc.
6. Loans Closed – coordinating with clients & Title Company, actions necessary to insuring smooth, on-time closing & funding of the loan.

These are the specific results that have a direct impact on your income. Notice, for example, that "answering the phone" is not on the list! That's because, while you might answer the phone in order to schedule an appointment with a prospect or collect loan conditions from a customer, the goal is to schedule appointments and collect loan conditions, *not to answer the phone!* So don't pay people to answer the phone -- pay them to schedule appointments!

It is very important that you understand the distinction between an *activity* and a *result*.

• Talking to prospective homebuyers about their situation and the various loan programs available to them is an *activity*. Persuading them to

schedule and show up for an appointment with their W-2s and pay stubs is a *result*.

- "Working" on a loan file is an *activity*. Submitting the file to underwriting is a *result*.

- Talking to an underwriter about waiving an unnecessary condition is an *activity*. Getting an underwriter to actually waive the condition is a *result*.

- Sending out newsletters to your client base is an *activity*. Following up with a client to discuss the content of the newsletter and obtaining a referral or repeat business is a *result*.

The most fundamental mistake you can make as an employer is to define someone's job in terms of the *activities* they will be doing, instead of defining the job in terms of the *results* you have hired them to produce.

While it is true that you must engage in activity in order to produce a result, *it is entirely possible to be occupied with activity **without** producing a result*. **Pay your people for the results they produce, not for the activities in which they engage.**

Notice that the 6 Results we listed above are specific benchmarks in your production cycle. Notice too, that each of these results can be clearly defined and quantified. A call either results in an appointment, or it doesn't, and the number of appointments your assistant schedules for you can be counted (quantified). A loan *is* either cleared to close (Final Approval) or it *isn't*, and you can *count* the number of loans your processor gets approved for you in any given week.

Administrative Functions

You can also hire an assistant to perform administrative functions for you. For purposes of this program, we'll define an administrative function as anything that doesn't meet the definition of one of the 6 Production Results listed above.

For example, clerical activities like typing, bookkeeping and filing are administrative functions. The tasks associated with getting a mailing out, programming a fax or voicemail broadcast, database maintenance, or designing a brochure or marketing piece are all administrative functions. (You may use a marketing piece as a tool to assist you in making a sale, but the marketing piece hasn't been created yet that will get a client's signature on a 1003 or close a loan for you.)

There's nothing *wrong* with hiring someone to do administrative work for you, but it only makes good business sense if one of the following conditions is true:

1. You are currently performing the administrative functions yourself, and hiring someone will free time which you will use to originate and close more loans; or

2. You are already satisfied with your current level of production and you are profitable enough to be able to hire someone to do the administrative work, freeing time for you to pursue other interests outside your business.

Any activity that does not directly contribute to one or more of the 6 Production Results is administrative work, and compensation for administrative work is, by definition, overhead. While some overhead expense is unavoidable in most businesses, it is nevertheless counterproductive to profitability, and must always be carefully controlled.

Combining Production & Administrative Functions

Is it possible to hire an assistant to do a *combination* of production and administrative work?

Yes, but there are some pitfalls to beware of.

Production work, by definition, is measured by results produced. For example, how many contacts did you make today, and how many appointments did you schedule from those contacts? The ease with which you can measure someone's production results automatically makes them far more accountable to you – the results are either there or they're not.

Administrative work is more difficult to measure. If you give your assistant the task of cleaning up your database, are you really going to keep track of how long it takes her to do it? When she's finished, are you going to go through every record in the database to verify she did it right? If you assign her the task of producing and mailing your newsletter, do you really know how long it should take to complete? Will you be checking to see whether it took her too many hours?

Now put yourself in the assistant's shoes. If you're the assistant and you've been assigned a laundry list of functions – some of which are production (and therefore measurable and accountable), and some of which are not – honestly, which of the two types of tasks do you think you'd be more inclined to spend your time on?

It is human nature to avoid being held accountable. Given a choice between doing something <u>hard</u> (like making outbound calls to a list of leads and persuading people to schedule an appointment), and doing something <u>easy</u> (like sticking labels on newsletters), most people will choose to do the easy things first. So if you are going to combine production and administrative responsibilities in one job description, at least be sure to clearly put the priority where it belongs – on production.

Functions of a Loan Origination Business

> *"Never mistake motion for action."*
> --Ernest Hemingway

We've all set goals, haven't we? But do we always reach them?

As we mentioned in the last chapter, there are 6 Critical Results that must be produced in any loan origination business. The 6 Results are:

1. **<u>Lead Generation</u>** – A lead is someone we have reason to believe may be in the market for a mortgage loan. It may come from a referral source like a Realtor, Builder, or previous client, or it may be a response to some form of consumer-direct marketing, or it may come from a targeted mailing list.
2. **<u>Contacts – Scheduling Appointments</u>** – Whether they call you or you call them, at some point you have to actually <u>speak</u> to prospects and somehow persuade them that it's in their best interest to meet with you. <u>Nothing happens</u> without a Contact – a conversation between you (or your assistant) and another person. Whether it happens on the phone or in person, the Appointment is your opportunity to make the right impression on your potential customer and lead them to the next step:
3. **<u>Loan Applications Taken</u>** – It's a loan application when the 1003 has been completed and signed by the customer.
4. **<u>Loan Submission</u>** – Supporting documentation is obtained and sent with the application through automated underwriting or to a human underwriter.
5. **<u>Final Approval (Clear to Close)</u>** – Obviously, you can't close it until it has been approved, and here we're talking about a Final Approval, as opposed to a Preapproval. Credit approvals don't become closings without properties/appraisals. It's not approved until it has been cleared to close.
6. **<u>Closings</u>** – Coordinating with clients & title company, taking any actions necessary to insuring smooth, on-time closing & funding of the loan. This is both the end and the *beginning* of your process, because customers who have had a great experience with you will become repeat customers and refer their family and friends, if you stay in touch with them and continually remind them that you welcome their referrals.

Each of the 6 Critical Results listed above can be clearly and specifically defined so that there is no question about whether the result has been achieved with a particular prospect or loan. Because each result can be clearly defined, it can also be measured, or counted – so that you know precisely *how many* of a specific result you've produced in a given period of time (a day, a week, etc.).

Think of your business as if it were a manufacturing operation. Raw materials come in the front door and go through a series of processes or stages resulting in a finished product.

Leads are your "raw materials", and a Closed Loan is your finished product.

No one in their right mind would try to run a manufacturing company without knowing the number of parts completed at each stage of the assembly line every day. In manufacturing, the rate of flow through each of the assembly line stages is called *throughput*. In the mortgage business, we could define throughput as *the rate of flow of loans through each of the 6 Critical Stages of your system*.

We have developed a simple, effective system for monitoring your flow through those stages. If you use this system to monitor your throughput, regardless of what the market conditions are in your area, and regardless of what rates are doing, you can always reach your closing goals consistently, month after month, because closings **always** result from a series of specific actions over which you have complete control. In other words, if you do enough of the **things that result in closings**, you will always have enough closings.

The Results Tracking System starts with the form on the following page. It's designed to record your results for a week. Note that Leads, Contacts, Appointments, and Applications are broken down and tracked by source (e.g., Realtor Referrals, Consumer Direct, Customer Referrals, etc.), then totaled at the bottom of the form. Notice also that the total number of submissions, approvals, and closings are tracked at the bottom of the form.

On page 10 you can see that the weekly results have been transferred to a spreadsheet showing the results for the entire month. Notice the **"%of Goal"** column. In the example given, the loan originator is either at, or close to 100% of the goal in each of the Critical Results: Leads, Calls (Contacts), Appointments, Applications, Submissions, Approvals, and Closings. This is an indication of a system in balance. This originator knows he needs to average almost 70 contacts a week. If he'd only averaged 35 contacts a week, he'd only have something like half the number of appointments needed to reach his goal for applications. Without those applications, he wouldn't have enough loans to submit to reach his goal for approvals and closings.

The spreadsheet on page 11 (**Resultrak**) condenses the Critical Results into monthly totals, and allows you to see how you're doing, at a glance, for any particular month, for the current year, and to compare that not only to your goal, but to your average monthly results in previous years.

Weekly Results Form

	Weekly Goal	Actual
REALTOR/BUILDER REFERRALS		
Completed Calls	10	
# of Referrals	3	
# of Appointments	3	
# of Applications Taken	2	
CALL-INS (Newspaper Ads, Rate Calls, etc.)		
Completed Calls	4	
# of Appointments	2	
# of Applications Taken	1	
CUSTOMER REFERRALS		
Completed Calls	29	
# of Referrals	4	
# of Appointments	3	
# of Applications Taken	2	
CONSUMER-DIRECT		
# of Leads	30	
# of Completed Calls	25	
# of Appointments	5	
# of Applications Taken	3	
TOTAL LEADS	41	
TOTAL COMPLETED CALLS	68	
TOTAL APPOINTMENTS SCHEDULED	13	
TOTAL APPS TAKEN	8	
TOTAL SUBMISSIONS	8	
TOTAL APPROVALS	6	
TOTAL LOANS CLOSED	6	

Monthly Results -- April

	Weekly Goal	Week of 4/1	Week of 4/8	Week of 4/15	Week of 4/22		TOTALS	Weekly Average	% of Goal
REALTOR/BUILDER REFERRALS									
Completed Calls	10	8	6	12	13		39	10	98%
# of Referrals	3	2	2	3	4		11	3	92%
# of Appointments	3	1	3	2	3		9	2	75%
# of Applications Taken	2	1	3	2	3		9	2	113%
CALL-INS (Newspaper Ads, Rate Calls, etc.)									
Completed Calls	4	5	2	3	3		13	3	81%
# of Appointments	2	3	1	2	1		7	2	88%
# of Applications Taken	1	2	0	2	1		5	1	125%
CUSTOMER REFERRALS									
Completed Calls	29	20	33	18	36		107	27	92%
# of Referrals	4	3	4	2	6		15	4	94%
# of Appointments	3	3	3	2	4		12	3	100%
# of Applications Taken	2	2	3	2	3		10	3	125%
CONSUMER-DIRECT									
# of Leads	30	45	36	24	22		127	32	106%
# of Completed Calls	25	38	30	18	16		102	26	102%
# of Appointments	5	7	6	3	3		19	5	95%
# of Applications Taken	3	4	3	2	1		10	3	83%
TOTAL LEADS	41	55	44	32	35		166	42	101%
TOTAL COMPLETED CALLS	68	71	71	51	68		261	65	96%
TOTAL APPOINTMENTS SCHEDULED	13	14	13	9	11		47	12	90%
TOTAL APPS TAKEN	8	9	9	8	8		34	9	106%
TOTAL SUBMISSIONS	8	7	9	9	7		32	8	100%
TOTAL APPROVALS	6	5	7	8	6		26	7	108%
TOTAL LOANS CLOSED	6	2	3	3	15		23	6	96%

RESULTRAK

	Leads	% of Goal	Completed Calls	% of Goal	Appointments Scheduled	% of Goal	Applications Taken	% of Goal	Submissions	% of Goal	Approvals	% of Goal	Loans Closed	% of Goal
Goal	178		295		56		35		35		26		26	
2001	298	**167%**	268	**91%**	58	**104%**	34	**97%**	33	**94%**	28	**108%**	27	**104%**
January-02	220	**124%**	232	**79%**	42	**75%**	26	**74%**	27	**77%**	20	**77%**	19	**73%**
February-02	189	**106%**	188	**64%**	31	**55%**	19	**54%**	17	**49%**	15	**58%**	15	**58%**
March-02	152	**85%**	176	**60%**	28	**50%**	17	**49%**	19	**54%**	16	**62%**	15	**58%**
April-02	166	**93%**	261	**88%**	47	**84%**	34	**97%**	32	**91%**	26	**100%**	23	**88%**
May-02		**0%**		**0%**		**0%**		**0%**						**0%**
June-02		**0%**		**0%**		**0%**		**0%**						**0%**
July-02		**0%**		**0%**		**0%**		**0%**						**0%**
August-02		**0%**		**0%**		**0%**		**0%**						**0%**
September-02		**0%**		**0%**		**0%**		**0%**						**0%**
October-02		**0%**		**0%**		**0%**		**0%**						**0%**
November-02		**0%**		**0%**		**0%**		**0%**						**0%**
December-02		**0%**		**0%**		**0%**		**0%**						**0%**
2002 TOTALS	727		857		148		96		95		77		72	
2002 AVERAGE	182	**102%**	214	**73%**	37	**66%**	24	**69%**	24	**68%**	19	**74%**	18	**69%**

It's a Pipeline – Not a Faucet!

Have you ever wondered why we call it a pipeline? Wouldn't it be great if it *were* a faucet? Then, any time you wanted 10 more closings you'd just turn on the faucet until your "glass" was full.

But your system of leads, appointments, loan applications and loans in process is called a pipeline because, in order for closings to flow smoothly out at the end, you must be constantly pushing new leads through the **front**, and you must also make sure you don't have any big holes in the middle of the pipe.

The single largest cause of unrealized potential in the mortgage business is the failure to fully recognize the difference between a pipeline and a faucet. We *call* it a pipeline, but we *act* like we think it's a faucet.

If you knew it as a pipeline and treated it like one, you would be carefully measuring your flow through each of the critical stages of your system, and you would be responding immediately to a lack or drop in flow in any of them.

But most originators aren't measuring those 6 stages, so by the time they realize that the month's closings aren't going to be what they'd hoped for, it's too late to do anything about it. What's worse, even at this point, most originators don't really know whether their problem is not enough flow at the front of the pipeline, or whether there's a hole somewhere in the pipe itself. Any of these problems can be fixed, but not if you have no idea **what** to fix.

Measuring your results in each of the critical stages of your business is the first step in knowing what, if anything, needs "fixing". It's the first step in facing the reality that what you have is a pipeline, not a faucet. It's the first step in making yourself accountable for producing the results that matter, instead of deluding yourself that by staying "busy" with *activities* instead of *results*, you will somehow get to where you want to be. **And if you can understand how important it is to measure your *own* results to keep *yourself* accountable, you can begin to understand how absolutely vital it is to have a system for measuring what your assistant(s) do to contribute to your bottom line**.

Before You Hire:
Laying the Groundwork

In this chapter, we will show you how to prepare yourself for hiring one or more assistants. Proper preparation for hiring is at least as important as hiring the right person; in fact, with proper preparation, you can dramatically *improve* your odds of hiring the right person.

The first requirement is that you have a measurement system in place for tracking your results in each of the critical stages of your production cycle, as discussed in detail in the previous chapter. If you don't know how much throughput you can generate on your own (i.e., how many contacts, appointments, applications, submissions, approvals & closings), you won't have any way to gauge what to expect when you have an assistant to help you.

Hitting the Wall

Long-distance runners have an expression that refers to the point in a run where the body seems to have reached its limit; they call it "Hitting the Wall". When a runner hits the wall, he or she makes a choice: they either stop running, or they continue through the "wall" and get their second wind.

When you start thinking of hiring additional help, it's a pretty good indication that you've hit some kind of wall. The question you should ask yourself is whether that wall represents some practical limit on your physical capacity, (in which case you really *do* need to hire an assistant) or whether it's a mental wall that you would be better served by persevering through until you get your "second wind".

An example might be useful here. Based on the monthly goals shown on page 11, an originator who wants to close 26 loans per month needs to produce the following results:

	Goal per Week	Goal Per Month
Calls (Contacts)	68	295
Appointments	13	56
Applications Taken	8	35
Submissions	8	35
Approvals	6	26
Closings/Fundings	6	26

The question is, **how much time, on average, does it take to produce each of these results?**

If you're focused on making outbound calls to leads or prospects, you can complete (i.e. reach and speak with) between 4-6 contacts per hour. So 68 contacts per week would take about 14 hours.

An appointment (the purpose of which is to gather and deliver information that leads to the prospect proceeding with a loan application) should take about 30 minutes; so 13 appointments in a week will take about 7 hours.

A loan application shouldn't take more than an hour, so 8 loan applications in a week would require about 8 hours.

The time needed to submit a loan will depend on the system in your office, whether you make full use of automated underwriting, the amount of documentation that needs to be collected after the application, etc. But let's say in a worst-case scenario it takes an average of 2 hours to submit a loan; 8 submissions in a week would then take 16 hours.

For the Approval/Closing part of the process, let's again assume a worst-case scenario and say it takes an average of 2 hours per loan to follow up with underwriting, clear conditions, draw docs and schedule the closing. To get 6 approvals and closings in a week would then take another 12 hours.

Now let's add it all up:

	Time Required
68 Contacts per week	14 hours
13 Appointments per week	7 hours
8 Loan Applications per week	8 hours
8 Submissions per week	16 hours
6 Approvals & Closings per week	12 hours
TOTAL TIME PER WEEK:	57 hours per week

You may not *want* to work 60 hours a week, but we all know people who routinely do, and you may be one of them. If you *are* one of them, and you're not closing more than 25 loans per month, it is because you are spending your time doing things that don't directly cause the results listed above. Another way to put it is that you're not *focused* on producing these results. And whatever it is you *are* doing with your time doesn't result in 26 closings per month. It's your time, and you're free to spend it however you want, but it's kind of silly to be saying you want to close more loans while continuing to persist in behavior that doesn't *result* in closings.

Let's say you want to limit your time at work to about 40 hours per week. What could you reasonably expect to accomplish in that time? Here's an idea, based on the same time and effectiveness numbers used in the example above:

	Time Required
48 Contacts per week	12 hours
9 Appointments per week	5 hours
5 Loan Applications per week	5 hours
5 Submissions per week	10 hours
4 Approvals & Closings per week	8 hours
TOTAL TIME PER WEEK:	40 hours per week

In other words, working by yourself, with no help (not even a processor), with a focused, efficient effort, you could produce an average of 4 closings a week, or about 16 closings a month.

Maybe you think it takes longer than we've budgeted here to produce the specific results in one or more of these categories – for example, maybe you think it really takes 3 hours to submit a loan, instead of 2, or that an hour of focused calling will only get you 3 completed contacts instead of 4. If that's the case, why not time yourself when you're making contacts? Time your appointments, your loan applications, your submissions and approvals, and get an accurate sense of how long it takes to produce each of these specific results.

Use the form on page 16 to track the way every minute of your time is spent. We recommend you do this every day for two weeks, so you can get a truly representative sense of where your time is going. When you arrive at the office, make note of the time (START TIME), a brief description of what you're doing, and the **category** of the activity (see the key at the bottom of the form).

When you get interrupted (or when you complete the task you're working on), make note of the time (END TIME) and the number of minutes you spent on that activity. The end time of the last activity is also the start time of the next one, whether it's an interruption or you're just moving on to the next task on your list.

Let's say you start at 8:00 am and immediately begin working on submitting a loan application you took the day before. The start time is 8:00 am, the description is "Smith Submission", and the category is Submissions (S). The phone rings at 8:35, so you write "8:35" in the "End Time" column and answer the phone. It's a prospect returning your call, and you schedule an appointment. When you finish, it's 8:45, so on the second line of your form, you write a start time of 8:35, and end time of 8:45, and the category is "Contacts Made". You

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enter 35 under "Total Minutes" for the first line and also enter 35 on the first line under "Submissions." You enter 10 minutes on the second line for "Total Minutes," and you also enter 10 under the "Contacts Made" column on the second line. At the end of the day you can calculate your total time, as well as your time for each result category.

TIME LOG												
START TIME	END TIME	TOTAL MINUTES	DESCRIPTION		CATEGORY	LEADS GENERATED	CONTACTS MADE	APPTS. COMPLETED	APPS COMPLETED	SUBMISSIONS	APPROVALS	CLOSINGS
TIME CATEGORIES: Lead Generation = **L**; Contacts = **C**; Appointments = **APT**; Applications = **AP**; Submissions = **S**; Approvals = **APR**; Closings = **CL**; Other = **O**												

At the end of the week, your Results Form will tell you how many contacts, appointments, applications, submission, approvals and closings you completed. Your Time Log will tell you how much time you spent producing each of those results. So if you submitted 4 loans and spent a total of 320 minutes doing it, you now know it takes you an average of 80 minutes (1.33 hours) to submit a loan.

If, after two weeks of recording where your time goes, you do find that it takes you longer than we've budgeted to complete one or more of these functions, ask yourself why. Are you being interrupted or distracted? If so, what can you do to reduce or remove these distractions? Are you performing unnecessary tasks? How much of your time is spent doing things you have to admit can only go under the "Other" category? What can you do to systematize your performance of the critical result functions and cut the time required to complete them? You can often achieve a breakthrough just by asking the question and having an open mind about the possibilities that come to you.

By measuring your results (using the system presented in the last chapter), and measuring the time it takes to produce those results, you can begin to establish your own unique system for efficiently originating and closing loans.

Once you have done all that, and you're satisfied that your performance is about as efficient as you can make it for the time being, you'll be in a much better position to determine what "hitting the wall" really means for you in your current situation. If you conclude that you are accomplishing all you can in the amount of time you are willing to devote to your work, "hitting the wall" may very well mean that if you want to do more production, it is time to hire an assistant.

What Functions Will Your Assistant Perform for You?

The next step is to decide exactly what your assistant will do for you. This is the first stage in creating an effective job description – and an effective job description is one that clearly states the specific, measurable results you expect your assistant to produce, lists the qualities and skills one must possess in order to produce those results, and clearly sets forth their work hours and the manner in which they will be compensated. Once you have an effective job description, it will be very difficult for you to hire the wrong person for the job (and conversely, *until* you have an effective job description, it will be almost impossible for you to hire the *right* person).

With an effective job description as a starting point, the applicant will know, before he or she takes the job, exactly what is being asked of them and exactly how they will be paid. We will cover the creation of the job description in much more detail in the next chapter, but for now, let's focus on the basic framework and do some fundamental thinking about the job you're designing.

What specific, measurable results will you want this person to produce?

- Make contacts and schedule appointments for prospects to meet with you?

- Meet with prospects and persuade those qualified to proceed with a loan application (Appointments)?

- Take Loan Applications for you?

- Process and submit loans for you?

- Clear conditions and obtain loan approvals?

- Draw docs, coordinate with Title companies, etc., and close your loans?

If you answered, "All (or most) of the above!" – it's time for a reality check. If you found someone with all the skills and experience necessary to do *all* of these things, why would they want to work for you? They could (in fact already *would)* be making three times the money you're offering, doing these things for themselves!

Think about the kinds of people who would be successful at each of these jobs. Someone who can make contacts and schedule appointments for you would probably be outgoing and garrulous, someone who enjoys talking with people; who understands how to motivate them and can communicate the reasons why they should want to meet with you, but would not need a deep understanding of your loan programs or underwriting guidelines. This person would have little fear of rejection, and would not be overly discouraged when people say no.

A person who could handle your appointments would also need to have very good sales skills and an attractive, professional physical presence. This person would also have an understanding of and an ability to explain various loan program options. The purpose of the appointment is to close for the loan application, so you would need someone here who is a good closer.

An assistant who takes loan applications for you (after the customer has been sold on the loan) would not necessarily have to be a great salesperson, but would still need to have a professional physical presence, and would need a thorough understanding of your loan programs and the 1003.

Assistants who process and submit loans, obtain approvals, clear conditions and close loans will generally need to have an understanding of the loan process, underwriting guidelines, etc. They will need to be focused and task-oriented, with good organizational skills. They don't have to be (and probably won't be) great salespeople, but to the degree they will be in contact with your customers, they will need to have helpful, pleasant, service-oriented personalities.

Compensation

We will be addressing this subject in detail in a later chapter, but you should give some thought now to what (and how) you will be paying your assistant.

Recall the example on page 15, in which we determined that a loan officer working 40 hours a week could, by effectively focusing his or her time on

producing the Critical Results, close 16 loans per month. Let's say your average commission income is $600 per loan, so you're earning $9,600 per month prior to hiring anyone to help you.

Let's also say that your assistant's primary job will be to contact leads and prospects and schedule appointments for you. You will also have this person contact your clients after their closing, and on a regular basis thereafter, in order to generate referrals and repeat business for you. Bottom line, regardless of the type of call, the purpose of the job is to make contacts and schedule appointments.

Using the example in the table on page 15, you could extrapolate that in a week of calling, the assistant should be able to speak to at least 120 people (a combination of leads, prospects, and past clients). Let's say that your assistant is not quite as effective at selling the appointment as you are, at least at the beginning, so he or she is successful at getting an appointment 15% of the time. That would mean your assistant schedules 18 appointments per week for you, or roughly 75 appointments per month:

	Time Required
500 Contacts per month	160 hours per month
75 Appointments per month	37 hours
45 Loan Applications per month	45 hours
45 Submissions per month	90 hours
34 Approvals & Closings per month	68 hours
TOTAL TIME:	400 hours per month (total time for entire team)

Again, extrapolating from the table on page 15, those 75 appointments would result in about 45 loan applications, and 34 of them would be approved and close. That would be an **increase** of 18 fundings per month, which at $600 each would generate an **additional** $10,800 per month in income, over and above what you were making on your own.

Without getting into the details of your compensation plan for the assistant yet, it's clear that in this example, there would be enough additional income ($10,800 per month) to fairly and adequately compensate this person and still have enough "profit" left over to make it worth your while.

Mixing Apples & Oranges: The Assistant as Mythical Superhero (Or Scapegoat)

If you don't take the time to clearly think through your picture of exactly what you want your business to look like, you're likely to fall prey to the common temptation of hiring people because you like them or see them as talented, and then trying to figure out what they're going to do for you. There may be several places in your loan assembly line where you think you need help, and you may only have enough resources to hire one person, so you try to make this person into a sort of "jack of all trades". Because you have (hopefully) managed to teach yourself to be reasonably competent at all the tasks involved in originating and closing loans, you assume you can teach someone else to do them. But you may be forgetting that you learned all this in the first place out of necessity. You were highly motivated to do so because it was your business/career on the line, and as a commissioned loan originator, you knew there'd be no paycheck if you didn't learn how to do all these things fairly quickly.

You can't assume your assistant will have the same kind of motivation as you – it's not *their* business, it's yours! Unless you are hiring them on straight commission – unlikely for reasons we'll discuss later when we cover compensation – you will be hiring someone who, for all their flowery words about dedication and hard work during the interview process, will be looking at this as a job. They will come in and put in their time so they can get a paycheck, and then they will go home to what they consider to be their real life. Certainly most employees want to do a good job, but *their* idea of a good job and *yours* may be miles apart – especially if you haven't quantified the specific results you expect them to produce.

Too often, loan originators who find themselves in a position where they *need* an assistant are acting out of desperation, not a well thought-out plan. They're looking for a savior, a superhero who's going to fly in there faster than a speeding bullet and fix everything.

Sometimes the hiring process is so poorly thought through that it appears the only reason the originator hired the assistant in the first place was to have someone else to blame when it all goes wrong.

So let's be clear: you're not hiring a superhero, and you're not hiring a scapegoat. You'll be hiring a flesh-and-blood human being. They come in all shapes and sizes, with an almost infinite variety and combination of personality traits and skills. The only intelligent way to pursue this is to *design the job first*, decide what personality traits, aptitudes, and skills will be needed to do the job you've designed, and *then* start looking for someone who has those qualities.

Personality Types

There are four basic personality types, as seen on the following page:

PERSONALITY TYPES

STYLE	APPROACH
THE DIRECTOR (High D) -- Direct & controlling. Concerned with bottom-line results. Oriented toward productivity & goals. Decisive & forthright. Always in a hurry, fast-paced & impatient. Stubborn & tough; high achiever, gets things done. Thinks logically, juggles many things at once.	Recognize their ideas, not them personally. Be precise & well-organized. Argue facts, not feelings. Discuss the desired result. Be prepared to support your analysis. Keep communication businesslike. Provide clearly described options.
THE SOCIALIZER (High I) – Direct & supportive. Friendly, fast-paced, enthusiastic, likes to be where the action is. Want to enjoy life, have fun. Thrive on acknowledgement and compliments. Thinks emotionally. Loves change, dislikes conflict. Jumps from one activity to another.	Show interest. Compliment their appearance & ideas. Support their opinions, ideas & dreams. Be entertaining and fast-moving. Avoid conflict & arguments. Allow the discussion to flow & occasionally go off on tangents.
THE RELATER (High S) – The most people-oriented of the 4 styles. Concerned with stability, avoids risks & changes. Thinks logically, needs documentation & facts. Wants peace & tranquility, enjoys teamwork. Seeks security & belonging. Works slowly, likes to accommodate others. Wants personal involvement. Dislikes conflict.	Actively listen to them. Compliment their teamwork, relationship with others, & their ability to get along. Assume they will take things personally. Be sincere, informal, and take your time with this person. Allow them time to trust you.
THE THINKER (High C) – Supporting & indirect. Needs to be right. Likes to contemplate. Organized & structured. Cautious decision-makers. Prefer to do things themselves. Accurate, dependable, independent. Will ask many questions about a project. Need data. Like to see things in writing. Work best in a task-oriented, intellectual work environment.	Support their organized approach. Be systematic, thorough, and well-prepared. Provide factual and tangible evidence. Ask them questions, letting them know how much they know. Demonstrate through actions rather than words. Support their need to be accurate & logical. Allow time for deliberation & analysis.

Each of these 4 basic personality traits exists in all of us to some degree, on a spectrum from low to high. Usually one trait is stronger than the others.

Socializers generally make the best salespeople. Relaters and Thinkers are better adapted to processing and closing dept. functions, although someone who is a pure Thinker may not be well suited for significant interaction with your clients. Directors are highly motivated self-starters, but they need to be in charge,

so someone with a Director personality might be more suitable for a position like Loan Officer or Office Manager.

Think about some of the people you know. See if you can determine which of these four models best fits their primary personality style. Then you might show them the descriptions on the previous page and see if they agree with your assessment.

For a more comprehensive understanding of personality types and how they influence one's suitability for a particular type of work, check out the section on DISC Personality Profiling at www.loantoolbox.com. LoanToolbox offers inexpensive DISC testing for you and your team, which includes a detailed report.

Obviously, there are benefits to understanding people's personalities and how best to relate to them that extend beyond your relationships with coworkers and employees. If you can recognize the personalities of your prospects and clients, and adjust your approach accordingly, your sales effectiveness and your ability to relate to family and friends will be dramatically improved.

Justifying an Assistant to Your Manager

If you must obtain a manager's permission or approval in order to hire an assistant, and if you have followed our suggestions so far, you have already done most of the groundwork necessary to justify the hire:

- You have identified the critical results that must be produced in your business – Leads, Contacts, Appointments, Applications, Submissions, Approvals, and Closings – and you have a system in place that measures these results every day.

- You have set goals in each of these result categories, and you have measured your results long enough to be able to predict how many contacts you need to make in order to get an appointment, how many appointments you need in order to get a loan application, and how many applications you need to take in order to get a loan approved and closed.

- You have kept a detailed time log over a period of at least 2 weeks; so that you now know how much time it takes, on average, to produce each of these critical results.

- You have analyzed your time logs and made adjustments in your systems and work habits so that you are now as efficient as it is possible for you to be by yourself.

- You can therefore demonstrate on paper that you have reached the point where, in order to close more loans, you will need the help of an assistant.

- You have identified the specific results your assistant will be hired to produce for you, and you have determined the skills and personality traits this person must have in order to be effective in the position.

You will still need to create a written job description and a compensation plan; those will be addressed in the following chapters. But if you have followed through on the steps listed above, you should have enough to get your manager's approval to proceed.

When you prepare to discuss this with your management, try to look at it from their point of view. Most managers in a situation like this will automatically ask themselves: "If I agree to this, what could possibly go wrong?" And the other side of the question is "What could go right? What possible benefit (to the company) could ensue as a result of such a change?"

The fact that you believe an assistant would enable you to increase your loan production does not necessarily translate into your manager's belief in the same (although doing the preparatory work described above will help a lot); nor does it necessarily translate into a belief that the company (or the branch) would be more profitable as a result.

Who Pays for It?

Naturally, your manager will be concerned about the cost of hiring an assistant. **If you propose to have the cost deducted from your commissions, you will automatically remove most of the perceived risk**, and make it much more likely that management will approve your plan. By agreeing to take that risk yourself, you will be demonstrating a degree of confidence in yourself and in your plan that you simply can't *convincingly* demonstrate if you're trying to get this done with other people's money.

Let's say you did talk your boss into paying for an assistant. If, as a result, your production increased from, say, 10 units a month to 15 units, your income would probably go up by at least 50% (maybe more if you're on a staggered commission schedule). The company's gross income would theoretically also go up by about 50%, but they'd have the additional expense of the assistant's salary and benefits to pay before they realized any benefit from your increased production.

Now, put yourself in your manager's shoes and ask yourself, why would the company want to do that? Why not instead just go out and hire another commissioned loan officer? Loan officers generally only get paid for what they produce, so if there's no production, there's little or no cost. If the new loan officer does produce, the company makes money starting with the first loan, but if they pay for your assistant, they don't begin to benefit until after they've absorbed the cost of your assistant, and if you have a tiered commission structure and your increased production bumps you up to the next level, the company's commission

expense for those additional loans is also higher. You're getting most of the benefit and the company is taking all the risk.

Also, consider the fact that if the company is paying for the assistant, they are much more likely to want to have something to say about what that assistant does. Instead of having an assistant who makes contacts and schedules appointments exclusively for *you*, they may want the assistant to schedule appointments for all of the loan officers in the branch. If the company is paying for the assistant, the assistant is working for the company and you may not have as much control over what he or she does. But if *you're* paying for it, there's no question about who the assistant is working for, and it's far less likely that your manager will want to (or be able to) control your assistant's activities.

Summary: Laying the Groundwork for a Hire

- You should be using a measurement system that tracks the Critical Results of your business: Leads, Contacts, Appointments, Applications, Submissions, Approvals, and Closings (see pages 7-11). This will tell you how many Contacts it takes (on average) to produce an Appointment, how many Appointments it takes to get a Loan Application, how many Applications it takes to generate an Approval and Closing.
- Use the Time Log on page 16 for at least 2 weeks to determine how much time it takes to produce each of the Critical Results. Analyze your time logs and ask yourself what you can do to streamline your process to make it more efficient, and what you can do to improve your personal focus and effectiveness. After implementing these improvements, you will know your maximum capacity working alone.
- Using the results you have been producing on your own, set the new production goals you expect to be able to reach with the help of an assistant. How much additional income will you be generating when you reach those new production goals? How much of that difference will go to compensating your assistant, and how much will be left for you? (Generally speaking, there is little point in hiring an assistant unless doing so will result in more "profit" to your bottom line.)
- Decide which Critical Results your assistant will be responsible for producing (or which administrative functions the assistant will perform that will free you to produce more Critical Results). Identify the personality traits and skills that will be necessary to do the job.
- If you need management approval, put the information you have gathered above into the form of a proposal. Give serious consideration to offering to pay for the assistant yourself, thus eliminating the most likely management objection to your proposal, while at the same time insuring that you will be in a position to direct the assistant's activities without management interference.

Creating An Effective Job Description

"Work is of two kinds: first, altering the position of matter at or near the earth's surface relative to other matter; second, telling other people to do so."
--Bertrand Russell

Imagine that you are going to build your dream home, from scratch, by yourself. Would you order a bunch of lumber, nails, and cement – and then start sawing and hammering? Or would you design your home on paper first?

An effective job description for each person in your organization is an important part of the blueprint for your business. It clearly states:

- The Mission or Purpose of the job; the specific results that are expected of the person entrusted with the job,

- The Qualities and Characteristics needed to perform the job,

- The Hours the assistant will be expected to work, and

- The Compensation that you will provide.

In other words, an effective job description will tell both you and your assistants what is expected from them, and what you will provide in return. It establishes the objective, measurable criteria on which the assistant's performance will be evaluated, so that both of you can always tell whether and how well the job is being done.

When you hire someone, you are entering into an *agreement* with them: you provide a working environment, tools, training, and compensation -- in exchange for the services of the assistant; the results the assistant will produce for you. And that's what an agreement is: two people getting together and concurring that, "If you do *this* for me, I will do *that* for you."

If the agreement, or mutual understanding of your expectations, is based solely on the *conversation* you have with your assistant during the hiring process, you can bet that your assistant's understanding and recollection of the conversation will be different from yours. And over time, the gap will widen. Both of you may have the best intentions, but we're dealing with human nature.

What I *say* to you and what you *hear* (and how you interpret it) will almost certainly be two different things. **If we want to be certain we understand each other, the agreement about what the job is (i.e., the job description) should be in writing**, and it should form the basis of our subsequent conversations about how well the job is being done.

With that in mind, let's write a couple of job descriptions.

Example #1 – Job Description for a Sales Assistant

If you are a loan officer working in a mortgage banking or brokerage office that provides you with processing services on your loan originations, you will probably be looking for someone to help you with sales when you first start thinking about hiring an assistant.

1. **Mission/Purpose of the Job:** We are looking for a statement here that is clear, simple, and specific – and by specific, we mean that it sets a standard that can be measured. So, if we say, "The purpose of the Sales Assistant's job is to schedule appointments with leads and prospects for the Loan Officer," the statement is clear and simple, but it lacks specificity. How many contacts must be made, and how many appointments must be scheduled in a given time frame in order for both you and the assistant to know that she is doing a satisfactory job?

   Using the example on page 20, we could set the standard for contacts at 120 per week, and the minimum goal for appointments would be 18 per week, which would mean the assistant is successful in scheduling an appointment in roughly one out of every 7 contacts. (If you were making the contacts yourself, we would expect a success rate of 20-25%, depending on the strength of your offer, the quality of your leads, and your persuasive skills. So expecting a 15% success rate from your assistant is conservative, and leaves plenty of room for growth.)

2. **Qualities and Characteristics Needed to Perform the Job:** Some years ago, a major airline initiated an advertising campaign in which they said, "**At _____ Airlines, We Don't Teach Our People to Be Nice. We Simply *Hire* Nice People.**"

   Jim Rohn, the well-known motivational speaker, says, "*Don't send your Ducks to Eagle School.*"

   People come in all shapes and sizes. More importantly, for purposes of this discussion, they come in all different types of temperaments and personalities. Most people are not temperamentally suited for the position of Sales Assistant. It may be theoretically possible to turn a wallflower into a dynamic salesperson (assuming they *want* to change), but let's try to remember that you're a mortgage lender, not a psychiatrist. It is simply much, much easier to hire someone who has already developed the traits necessary to succeed in this job, than to try to teach someone how to be something he is not.

   That's why it's so important to state clearly, in writing, in the job description, the qualities you are looking for. It allows potential applicants to ask themselves if they have those qualities *before* they apply for the position; it also provides you with a checklist which you can use as a basis for your testing and interview questions.

Here is an example of how you might state the qualities and characteristics needed for the Sales Assistant position:

- Excellent Communications skills – speaking AND listening

- Ability to "think on your feet"

- Empathy: ability to understand the questions and concerns people have when buying or selling a home

- Ambition: the desire to earn high income based on productivity

- Outgoing: enjoys meeting and talking with new people

3. **<u>Hours the Assistant Will Be Expected to Work:</u>** Most of the jobs you might create can be accomplished in a typical 8 to 5 workweek. But the most significant part of the sales assistant's job is to speak to consumer-direct leads and prospects. Some people are home during the day. Some people can be reached at work during the day. However, many of your leads will consist of home numbers of people who are at work during the day.

So you will want to structure your Sales Assistant's hours so that calls can be made during the most productive hours of the day: evenings between 5:00 and 8:00 pm. So, for at least 2-3 days of the week (not Friday), we suggest the work hours for a Sales Assistant should be from 11:00 am to 8:00 pm (for a full-time position).

The hours from 11:00 am to 5:00 pm can still be productive; you can reach stay-at-home moms, night shift workers, and people who come home for lunch, for example. If you get voicemail or an answering machine, you can leave your name, company name and phone number, and ask them to return your call. Then you can call those numbers again after 5:00 pm.

Those daytime hours can also be used for sales meetings, training, mailing letters to leads, and lead generation activities.

4. **<u>Compensation:</u>** What constitutes appropriate compensation for this position will vary with a number of factors in your area, including cost of living and conditions in the local labor market.

The general principle that applies here is, as Michael LeBouef said in his book *Getting Results*, that "**<u>What gets rewarded gets done</u>**." So you want to design your compensation plan so that you are rewarding the behavior (or results) that you want. What do you want from a Sales Assistant? Appointments! But not just *any* appointments – you want appointments that will result in <u>closings</u>.

If you pay assistants to schedule appointments with anyone willing to come in to talk to you, they have no incentive to do any kind of pre-screening, and they'll schedule appointments for you with people who just filed for bankruptcy last week.

Now, the compensation plan has to work for both you and your assistant. If you pay straight commission on closings only, the appointments your assistant schedules for you in his first week on the job may become applications next week. Most of these customers will, by definition, be preapprovals – they won't have found a property yet. It may be a month (or more) before they buy a home, and it could be another month before they close. Nine weeks is a long time to expect someone to work before they receive their first paycheck.

So your best approach in structuring a compensation plan for a Sales Assistant would be to pay a base salary (enough to keep body and soul together), plus a commission.

For instance, you might pay a salary of $2,000 per month, viewing it as a kind of guaranteed draw against commission. Remembering our example on page 20, your average income on a loan is $600. Let's say you're willing to pay 25% of that income ($150) to the person who got you the appointment in the first place. If the assistant's base salary (draw against commission) is $2,000, that $2,000 covers the first 13 closings each month. The assistant would begin receiving a bonus of $150 per loan from the 14th loan on.

Because you will be tracking your assistant's results from day one, you'll have a firm handle on whether or not she's getting the job done. A full-time Sales Assistant with no other responsibilities should be scheduling at least 3-4 appointments per day. If that's not happening by the third day, you should be finding out why. If it can be fixed, fix it. If not, you need to let that person go find a job he can succeed at, and find yourself someone who can schedule appointments. You don't let someone fail for weeks or months before you pull the trigger.

In the example on page 20, where the assistant schedules 75 appointments per month for you, 34 of which close, this compensation plan would pay her $5,150 per month. Your income (at $600 per loan) would be $15,250, which is $5,650 more per month than you were making when you were closing 16 loans per month by yourself. Everybody wins.

If your assistant is making in excess of $60,000 per year working for you, you have every reason to expect that the two of you can enjoy a long and mutually beneficial working relationship.

Putting all of this together, we arrive at an effective job description for a Sales Assistant, which you can see on the following page.

JOB DESCRIPTION FOR

SALES ASSISTANT

MISSION/PURPOSE:

The purpose of the Sales Assistant's job is to contact at least 120 leads and prospects (which will be supplied to you) per week, and to schedule at least 18 appointments per week for the Loan Officer.

QUALITIES/CHARACTERISTICS NEEDED:

- Excellent Communications skills – speaking AND listening
- Ability to "think on your feet"
- Empathy: ability to understand the questions and concerns people have when buying or selling a home
- Ambition: the desire to earn high income based on productivity
- Outgoing: enjoys meeting and talking with new people

HOURS:

11:00 am to 8:00 pm Monday through Thursday; 8:00 am to 5:00 pm Friday

COMPENSATION:

Salary: $24,000 per year

Bonus: You will earn $150 for every appointment you schedule that results in a closing. Your salary covers the first 13 closings in each month. You will receive a bonus of $150 from the 14th loan forward each month, for every loan closing in which you scheduled the initial appointment. If you average your minimum goal of 18 scheduled appointments per week, your total compensation for the year, including salary, should be approximately $61,800 based on our current ratio of appointments to loans closed.

Example #2 – Job Description for a Customer Service Representative (Loan Processor)

If you're a branch manager or an independent broker, sooner or later you will probably be looking to fill a Loan Processor position.

First, a word about terminology. The title you give the position will influence the kind of person you look for in your hiring process, and it will also influence the way the employee approaches the job once the hiring decision has been made.

Certainly you want someone who has the ability to process loans, get them approved, and get them to the closing table. But to the degree your processing staff is in communication with your customers, Realtors, and other important stakeholders in your business, you also want someone who has an attitude of customer service.

When you're taking a client's loan application and you are explaining how the process will unfold from here, which do you think will sound better to your customer:

> *"From here on out, Mary Smith will be your Loan Processor. She will be taking care of getting your loan file approved, and she'll be in contact with you if we need anything else."*

> **Or**

> *"From here on out Mary Smith will be your Customer Service Representative. She will be taking care of getting your loan approved, and she'll be in touch with you to keep you informed about our progress. If you need anything, Mary will take care of you."*

OK, that was a loaded question. But from this point forward; we'll refer to the Loan Processor as the Customer Service Representative.

1. **Mission/Purpose of the Job:** The mission is to submit loan files, obtain approvals, and clear conditions so as to insure smooth, on-time closings. In addition, these results must be produced in such a way that your customers have such a positive experience that they are motivated to refer their family and friends to you. In addition, you would want your Customer Service Representative to maintain good relationships with other stakeholders like Realtors, appraisers, underwriters, and title companies.

   Approving and closing a mortgage loan is a detail-intensive process. If you're only going to be closing a few transactions a month, you may be able to afford to re-invent the wheel on each loan, but if you're doing any volume at all, you need to have a system that insures that every client will receive your best possible service, that none of the many steps involved in

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processing and closing a loan will be left out, and that each step is handled correctly, yet efficiently. It is unrealistic to expect a Customer Service Representative to be able to juggle 20-30 files in her head when each file may have as many as 50 tasks and details that must be handled, and when many of those tasks are extremely time-sensitive.

A written checklist like the one on pages 34-35 is a good place to start. You break the whole process down and identify each specific task, showing who is responsible for doing it, when it should be done, and the maximum amount of time it should take to do it.

If you hire an experienced customer service representative (loan processor), this checklist, or Customer Care System, will be very useful, because each company handles its loan process a little differently, and you and your processor will both want to make sure your loans get handled the way *you* want them handled.

And if you hire a customer service representative (processor) with little or no experience[*], the Customer Care System will be an indispensable tool. Without this kind of checklist, an inexperienced person could very easily get lost in the loan process.

You see, it's not enough to tell prospective hires that you expect them to get your loans processed and closed efficiently and keep your customers happy. *You have to tell them what you mean by that*, and a written Customer Care System provides the specificity needed to make that definition clear.

Put yourself in the shoes of your Customer Service Representative and imagine that you have 30 loan files in your desk, each at different stages in the process. How do you keep track of it all? How do you know which file needs to be worked on next?

Most processors keep paper lists and write ticklers to remind them of things like submission deadlines in a Daytimer or calendar. In order to know what needs to be done next on a loan, they have to pull the file and review the conversation log and the documentation in the file. This is an extremely inefficient system and results in people spending time trying to decide *what* to do next, instead of spending their time *doing* it.

Contact Management Software
If you provide your Customer Service Representative (CSR) with contact management software (like ACT), all of the tasks in your Customer Care System can be scheduled for each client automatically, so that all the CSR has to do is go to his daily calendar in ACT to see which tasks must be completed today (regardless of which *loan* the task is associated with).

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[*] Not recommended unless conditions in the labor market dictate it, or you are a good teacher with a good training program and the time to bring this person along.

CUSTOMER CARE SYSTEM FOR PURCHASE TRANSACTIONS

	ITEM	WHO	WHEN	TOTAL TIME	SCRIPT/ LETTER	DATE COMPLETED
	1 .LOAN APPLICATION COMPLETED					
1	? Strategy Session Completed	LO	Day 1	30		
2	? 1003 Completed & Signed, along with Truth in Lending, GFE & all necessary forms	LO		60		
3	? Check for credit report/application fee $_____	LO				
4	? Needs list completed & reviewed, signed by customer with date by which they will supply needed items	LO			Needs List	
5	? If customer did not bring purchase agreement and property disclosure, ask customer (or Realtor) to fax or deliver copy	LO				
6	? Review loan program; Ask customer if they will be using an attorney (get name & phone number). Give them insurance information, ask who they will be using, and get name & phone number of agent. Find out when they would like to close (date & time of day if possible). If a termite inspection is required, find out if it has been done and/or who will be doing it. If they don't have a copy of the property disclosure, ask them to fax it. Get paperwork together (GFE & Lock-In Sheet; review with customer and get docs signed and check for application fee; Lock loan.	LO				
7	? Call listing agent and inform them we have the loan & ask where the title work will be ordered from (if we don't already know). Find out whether the Seller is using an attorney (and if so, who).	LO		10	Listing Agent Letter	
8	? Put through D.U., download to Underwriting, & issue commitment if loan can be handled Point of Sale	LO		30		
9	? Copy of File with all of the above given to CSR	CSR		15		
	2. SUBMISSION		Day 2			
10	? Order outs done, if needed	CSR		15		
11	? Verify that money for appraisal and signed customer docs have been received; followup if needed. Order Appraisal if not ordered previously	CSR		20		
12	? Enter Customer & Loan information in ACT! including property info, loan program info, interest rate, loan amount, etc.	CSR		15		
13	? Introduction Call & Reminder of Needs List Agreement	CSR		15		
14	? If needed, set tickler in ACT! for receipt of purchase agreement/contract and property disclosure.	CSR		15		
15	? Call Title Agency and give them the loan amount, sales price, how Borrowers want to take title, etc. Order surveys, if needed (required on all government loans and all conventional loans that have a metes & bounds description)	CSR		15		
16	? Notify Selling Agent (fax and voicemail that we have the Loan (if agent isn't one of ours and doesn't already know).	CSR		10		
17	? Welcome Letter mailed	CSR		5	New Customer Letter	
18	? Tickler set for receipt of Needs List Items	CSR		5		
19	? Call and Send Letter to Seller	CSR		15	Seller Letter	
20	? Set tickler for receipt of appraisal; followup as needed	CSR		5		
21	? Call Underwriting & give them any information you have obtained (Names, phone numbers, etc.)	CSR		10		
22	? Welcome Call from Office Manager	OM		5		
23	? Welcome Letter from Office Manager	OM		5	Letter From OM	
24	? If Needs List is not complete by agreed-on date, call customer to remake agreement	CSR	Day 4	15		
25	? Follow-Up Call to Seller: Schedule appointment to meet with LO if possible	CSR		15	Seller Script	
26	? If Customer has not returned call re: Needs List within 24 hours, send 10-day letter	CSR	Day 5	5	10-Day Letter	

CUSTOMER CARE SYSTEM FOR PURCHASE TRANSACTIONS

27	? Review appraisal for value and conditions; communicate with LO and determine strategy if problem with value exists. Call Listing Agent/Seller if repairs will be needed. Fax list of repairs to Listing agent and ask agent to review with seller. Call Selling Agent so they are aware of conditions. Call customer (or other appropriate person), of needed, to clear any remaining conditions	CSR		30		
28	? Follow up by phone until needs list is complete or loan is cancelled	CSR	Day 6	30		
29	? Completed file given to Loan Officer	CSR		5		
30	? Loan officer reviews file to verify completion, makes copies, submits appraisal or full file to Underwriting	LO		30		
31	? Tickler set to follow up with Underwriting 48 hours from submission	CSR		5		
	3. APPROVAL COMPLETED					
32	? If file is suspended or declined CSR & LO meet to determine strategy	CSR		15		
33	? Balloon/Mug ordered same day approval is received	CSR		10		
34	? Approval & First Survey Call made to borrower and a review of conditions	CSR		10		
35	? Forward any remaining conditions to Underwriting or LO for the sign-off	CSR		15		
36	? Follow up with Underwriting and LO as needed until final, approval is received	CSR		5		
37	? Get copy of HUD-1, compare to GFE. Discuss with LO if there's a problem; then call customer and review fees, etc.	CSR	Day 11	20		
	4. LOAN CLOSED		Day 12			
38	? Loan closed	CSR				
39	? Plant ordered; Thank-you sent day after loan closes	CSR	Day 13	5		
40	? Post-Closing Call is made 1 day after closing date	CSR	Day 19	10		
41	? Quarterly calls Scheduled in ACT! (Recurring Activity for 12 months)	CSR		5		
42	? Monthly "Success Story" Letter/Card Scheduled (Recurring Activity for 12 months)	CSR		5		
43	? Post-Closing Letter sent 1 weeks after closing date	CSR	Day 26	5	POST CLOSING LETTER	
	TOTAL MINUTES			540		
	TOTAL HOURS			9.00		
	TOTAL LO TIME			2.67		
	TOTAL CSR TIME			5.92		
	TOTAL OM TIME			0.41		

To do this in ACT, you go to the Contact view (as opposed to the Calendar or Task List views), and on the menu bar, click on "Contact" and then click on "Create/Edit Activity Series". Then follow the instructions on the wizard to enter all of the steps in your Customer Care System. You will only have to do this once, although you can use the same procedure to make changes in your Customer Care System without having to recreate the whole Activity Series from scratch.

Whenever you take a new loan application, you simply create a contact record for the new client. From the client's record, and on the menu bar, click on "Contact" and then click on "Schedule Activity Series". Follow the simple steps on the dialog box, and with just a few mouse clicks, you will have scheduled all of the detailed tasks necessary to get your customer's loan submitted, approved, and closed in a timely fashion, while communicating proactively with your customer and other stakeholders in the process.

As your CSR completes the activities listed on today's calendar, he clears them, leaving a visible record of what has been done and what still remains to be done. As a manager, you can look at your CSR's calendar in ACT, and in a matter of seconds, get a comprehensive view of his progress and the status of your pipeline.

If you have established that the Mission/Purpose of the Customer Service Representative position is "to submit loan files, obtain approvals, and clear conditions so as to insure smooth, on-time closings; and that these results must be produced in such a way that your customers have such a positive experience that they are motivated to refer their family and friends to you; and that you want your CSR to maintain good relationships with other stakeholders like Realtors, appraisers, underwriters, and title companies, and if you have been specific about what all that means by attaching a written copy of your Customer Care System to the job description, all that remains in order to clearly define the CSR's Mission/Purpose is to **quantify** those results. In the Customer Care System example given on pages 34-35, the maximum time needed to complete all of the CSR's responsibilities on a single loan is just under 6 hours. So for a full-time position, you would expect your CSR to be able to process and close at least 27 loans per month. (40 hours/week x 50 weeks divided by 12 months = 166.67 divided by 6 hours per loan = 27.78 loans per month.)

2. **Qualities and Characteristics Needed to Perform the Job:** Ideally, you are looking for someone who has a thorough understanding of the loan process; someone who is familiar with the lenders and loan programs you use most frequently.

   In terms of temperament, you want someone with the ability to focus; someone who is task-oriented and gets satisfaction from completing all the little steps that lead to a closing. This person does not need to have an

extroverted personality, but should be friendly and service-oriented, with the ability to enlist the cooperation of others in pursuit of a common goal. (For example, you and your customer both want the loan to close, but we need a copy of the customer's divorce decree; you want your CSR to be able to obtain that documentation as quickly as possible without making the customer feel they we are being demanding or unreasonable.)

Because of the amount of detail involved in a mortgage loan transaction, you want your CSR to be well organized, persistent, and steady. You don't want someone who's going to fall apart under pressure.

Here's how you might state these desired characteristics in a job description:

- Understanding of loan underwriting procedures and guidelines; familiarity with conventional and government loan programs

- Organizational skills: the ability to stay focused on what needs to be done next in order to keep loans moving toward an on-time closing; the ability to remain calm under pressure and to prioritize and handle multiple tasks

- Communication & Negotiation skills: the ability to enlist the cooperation of others (Customers, Realtors, Underwriters, Appraisers, etc.) in order to achieve the common goal of loan approval and closing

- Empathy & Relationship skills: the ability to understand the questions and concerns people have when buying or selling a home, and to make them feel you understand and that we are here to help

- Ambition: the desire to earn high income based on productivity

3. **Hours the Customer Service Representative Will Be Expected to Work:** In most cases, this will be a standard 8:00 to 5:00 work day, 5 days per week.

4. **Compensation:** Just as with the pay package for the Sales Assistant, the appropriate compensation for a Customer Service Representative (Loan Processor) will depend on several factors: the "going rate" in your market area, the level of experience and salary history of the person you are hiring, whether that person is currently employed, and so on.

What doesn't change is that, no matter how you structure the pay package, it must be clear to both you *and* your CSR that you are paying for results, not for activity. In this case, results = closed & funded loans.

If you were to go out on the open market and hire contract processing, you would probably pay $300-$400 per loan. This figure will at least give you a

basis for comparison – you don't want to pay your CSR more than that <u>on a per-loan basis</u>.

You will almost certainly need to offer a base salary. Salespeople work on commission, but someone who is attracted to a career in processing is bound to be looking for more stability than a straight-commission position will provide. But that doesn't mean that you can't (or shouldn't) tie <u>all</u> of your CSR's compensation to production; nor does it mean you can't create a salary-plus-bonus comp plan that will motivate your CSR to close the maximum possible number of loans per month. As with all well-designed compensation plans, *what gets rewarded gets done*.

Here's an example of how you might structure the comp plan: You guarantee a salary of $2,000 per month ($24,000 per year), but that salary is based on processing and closing a minimum of 10 loans per month (10 loans @ $200 each). Then you set up a tiered bonus plan so that the more loans the CSR closes in a month, the more money she makes per loan. (See table below.)

# of Loans Closed per Month	Compensation per Loan	Total Compensation per Month	Total Annual Compensation
10	$200	$2,000	$24,000
20	$250	$5000	$60,000
30	$300	$9,000	108,000

The advantage of this kind of compensation plan is that it rewards the CSR for closing as many loans as possible in a month. If she closes 10-19 loans, she earns $200 per closing. If she closes 20-29, she earns $250 per file, and if she closes 30 or more, she will earn $300 per loan.

If you structure your Customer Care System so that it is part of the CSR's job to ask your clients for referrals, you can reward *that* behavior by paying a bonus for each referral generated by your CSR, on closing. (For example, you might pay the same commission as you would pay the Sales Assistant in the example given earlier in this chapter ($150). Your CSR will no doubt realize that the happiest clients (i.e., "raving fans") make more referrals, and that provides direct incentive to treat your customers well.

One other advantage to an approach like this: A CSR closing 27 loans per month or more (and making $60-$100,000/year) will be very unlikely to leave you, and if you've ever had to replace a good processor, you know how much that means to the continuity of your business.

Your completed job description for the Customer Service Representative (Loan Processor) would look something like the example on the following page:

JOB DESCRIPTION FOR

CUSTOMER SERVICE REPRESENTATIVE

(LOAN PROCESSOR)

MISSION/PURPOSE:

The purpose of the Customer Service Representative's job is to

- Submit loan files, obtain approvals, clear conditions, and coordinate closings so as to insure at least 27 smooth, on-time closings each month;

- For each loan, to complete each of the steps in our Customer Care System (copy attached);

- To produce these results in such a way that our customers have such a positive experience that they are motivated to refer their family and friends to us;

- To maintain positive, productive relationships with other stakeholders like Realtors, appraisers, underwriters, and title companies.

QUALITIES/CHARACTERISTICS NEEDED:

- Understanding of loan underwriting procedures and guidelines; familiarity with conventional and government loan programs

- Organizational skills: the ability to stay focused on what needs to be done next in order to keep loans moving toward an on-time closing; the ability to remain calm under pressure and to prioritize and handle multiple tasks

- Communication & Negotiation skills: the ability to enlist the cooperation of others (Customers, Realtors, Underwriters, Appraisers, etc.) in order to achieve the common goal of loan approval and closing

- Empathy & Relationship skills: the ability to understand the questions and concerns people have when buying or selling a home, and to make them feel you understand and that we are here to help

- Ambition: the desire to earn high income based on productivity

HOURS:

8:00 am to 5:00 pm, Monday through Friday

COMPENSATION:

Salary: $24,000 per year (based on a minimum of 10 closings per month)

Bonus: Your salary covers the first 10 closings in each month. You will receive a bonus of $200 per loan for each additional closing up to 19 in a month; if you close 20-29, your total compensation will be $250 per loan (including salary); if you close 30 or more, you will be paid $300 per loan. (Example: for 32 closings in a month, you would be paid a total of $9,600, including salary.)

You will also earn $150 for every appointment you schedule from a Customer Referral that results in a closing.

Example #3 – Job Description for a Marketing Assistant

Building the business (organization) of your dreams is an evolutionary process. As you have seen from the first 3 chapters of this book, it begins with you, with refining your own sense of the critical results that must be produced in your business; it continues with your development of procedural and measurement systems, and with the optimization of your personal use of your time.

Only then will you be in a position to *effectively* bring other people into your organization. Reviewing the Critical Results that must be produced in your business, we see that they are:

- **Lead Generation**
- **Contacts – Scheduling Appointments**
- **Loan Applications Taken**
- **Loan Submission**
- **Final Approval (Clear to Close)**
- **Closings**

The first logical step is to hire a Sales Assistant (see pages 27-31), because turning leads into qualified prospects willing to meet with you so you can sell them a loan is a time-intensive (and critical) process. The Sales Assistant is responsible for the 2nd stage: Contacts and Scheduling Appointments.

Next, if sufficient and competent processing service is not already being provided for you, you will probably be ready for a Customer Service Representative (Loan Processor) to handle the "back end" of your business – everything that happens after you take the loan application (see pages 32-39). The CSR is responsible for the 4th through the 6th stages (from loan submission through closing).

The next logical step, after taking care of these first two, would be to look for a Marketing Assistant. The Marketing Assistant will be responsible for Lead Generation – relieving you of the day-to-day responsibility of generating sufficient leads to make it possible for your Sales Assistant to schedule enough appointments for you to reach your goal for closings.

1. **Mission/Purpose of the Job:** The mission is to generate leads.[*] There are many ways to do this, but some of the more successful methods include:

    - **Homebuyer Call Capture Leads.** You enlist Realtors to use your toll-free number in their listing advertising (in newspaper and real estate magazine ads, on signs, and on their websites). Prospective homebuyers can call the toll-free number 24 hours a day to hear a

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[*] For a complete discussion of lead generation ideas and techniques, see *How to Master Your Market, Cross-Selling the Listing Agent,* and *Selling to First-Time Homebuyers*, all by Greg Frost & Bob Williamson, which you can order by calling (505) 292-7200.

recorded message that gives all the details about the property. When prospects call the number, their phone numbers are captured so you can follow up with them.

- **First-time Homebuyer Seminars.** You promote and present a free seminar for first-time buyers, thus generating leads from this market segment.

- **Seller Leads.** By tracking new and existing MLS listings and/or real estate advertising, you identify people who are in the process of selling their homes. 80% of these people will purchase another home within a 10-mile radius after their home is sold; so home sellers represent an ideal "farm" of future move-up buyers.

- **"Free Report" Ads.** By offering a free report on subjects ranging from "How to Avoid the 10 Most Common Mistakes People Make When Selecting a Mortgage Loan," to "How To Save Thousands of Dollars When Buying Your Next Home," to "How to Sell Your Home Fast," you can identify people who are in the market for a loan.

- **Referral Relationships.** You can develop relationships with people who are in a position to refer business to you, like Realtors, builders, accountants, financial planners, insurance agents, etc.

- **Affinity Programs.** By offering incentives to specific groups, like the employees of a company, or members of an organization, you can obtain access to people in these groups who are in need of a mortgage loan.

- **Direct Mail.** You can generate leads by mailing to a carefully selected list of, for example, people who could reduce their interest expense and/or improve their cash flow with a straight rate and term refinance; or people who could reduce their monthly debt service payment with a debt consolidation loan.

- **Mining Your Customer Database.** You can generate repeat and referral business from your customer database by maintaining regular contact with letters, newsletters, "success story" post cards and personal calls that serve to remind your customers that you appreciate their referrals and that you stand ready to assist them with their own financing needs.

- **Internet Leads.** You can buy leads from an internet marketing company.

It would be the job of your marketing assistant to implement and maintain any of these lead generation programs in such a way that you have a steady flow of a sufficient number of leads to allow you to keep your pipeline full and reach your production goals.

How many leads? That depends on your (your team's) batting average. If you're tracking your business' vital statistics as outlined on pages 7-12, you will know the answer to that question. If your sales assistant needs 100 leads to schedule 15 appointments, and you close 40% of your appointments, you are closing 6% of your leads (40% of 15 appointments = 6 closings from 100 leads, or 6%.) If your goal is to close 30 loans, based on these statistics, you will need 500 leads per month (30 divided by .06).

2. **Qualities and Characteristics Needed to Perform the Job:** This will depend on the lead generation techniques and programs you intend to use. It is likely that your Marketing Assistant will need a reasonable level of proficiency with computer technology, including the ability to work with:

- Databases

- Contact management software

- Creating and maintaining a website

- Graphic design software, like Microsoft Publisher or Adobe PageMaker

In addition, (and again, depending on which lead generation techniques you plan to use) you may want this person to have good copywriting skills, a background and understanding of how the print media operate, and a familiarity with postal service regulations. A background in advertising and/or marketing may be helpful (but not necessarily sufficient – every year, our colleges graduate people with marketing degrees who don't have the slightest idea what it takes to successfully market a product or service in the real world).

The position will probably require good organizational skills – and the wider the variety of lead generation programs you intend to employ, the better the assistant's organizational skills will need to be.

Most importantly, as with **any** of these assistant positions we've discussed, you want someone who clearly understands that you are looking for a specific result (in this case, *x* number of leads per month), someone who is willing to be held accountable for producing those results, and who understands that his compensation (and future with your company) will be directly tied to his level of success in that regard.

3. **Hours the Assistant Will Be Expected to Work:** In most cases, this will be a standard 8:00 to 5:00 work day, 5 days per week. You might also consider the possibility of making this a part-time position. It depends on the number of leads you need to generate to reach your production goals, as well as the number and types of lead generation programs you will be

employing. Also bear in mind that the advantage of a part-time position is that it costs you less; the disadvantage is that if the assistant is really looking for full-time employment, they will only stay with you for as long as it takes them to find a full-time job.

4. **Compensation:** How much is a lead worth to you? The answer, of course, depends on how many leads your system has to generate in order to close a loan, how much money you make on a loan, and what other costs you incur to obtain those leads, aside from the Marketing Assistant's compensation (e.g., the cost of mailing lists, call capture technology, postage, printing, advertising, etc.).

As a general rule of thumb, we would recommend that you budget no more than about 10% of your income for lead generation. (If you can keep your cost of lead acquisition *below* that – or if you can reduce *any* of your costs of doing business for that matter – that's a *good* thing.)

For example, let's say you're a broker averaging $2,000 gross income per loan. You have overhead expenses (office rent, telephones, etc.) of $5,000. You have a Sales Assistant and a CSR, and your compensation plans for these assistants is similar to the examples given in this chapter. You also have a Marketing Assistant, who generates an average of 400 leads per month for your sales team. You are closing an average of 25 loans per month. Here's how your P&L might look:

Sample Summary Monthly Budget		
Description	Amount	% of Gross Income
Income		
25 closings @ $2,000 each	$50,000	
Expenses		
Overhead (Rent, Telephones, Equipment, etc.)	$5,000	10%
Sales Assistant (Salary Of $2,000 + $150 bonus on 12 loans)	$3,800	8%
CSR (25 closings @ $250)	$6,250	13%
Lead Generation (Marketing/Advertising) Expense: Call Capture, Ad Cost, Printing & Mailing Costs	$1,200	2%
Marketing Assistant (Base salary of $1600 + $50 bonus on 25 closings)	$2,850	6%
TOTAL EXPENSES	$19,100	38%
NET INCOME	$30,900	62%

Note that your total lead acquisition expense in this example is 8% (Lead Generation expense + Marketing Assistant expense).

JOB DESCRIPTION FOR

MARKETING ASSISTANT

MISSION/PURPOSE:

The purpose of the Marketing Assistant's job is to generate at least 400 leads per month from our Real Estate Hotline (Call Capture), Realtor & Builder Referrals, and our Customer Database marketing programs.

QUALITIES/CHARACTERISTICS NEEDED:

- Proficiency with computer technology, including the ability to work with:
    - Databases
    - Contact management software
    - Creating and maintaining a website
    - Graphic design software, (Microsoft Publisher)
- Good copywriting skills
- Understanding of how the print media operate
- Familiarity with postal service regulations.
- Background in advertising and/or marketing
- Good organizational skills
- Ambition: the desire to earn high income based on productivity

HOURS:

8:00 am to 5:00 pm, Monday through Friday

COMPENSATION:

Salary: $19,200 per year

Bonus: You will earn $50 for every loan closing resulting from a lead you have generated.

The Hiring Process

*"When Nature has work to be done
She creates a genius to do it."*
Ralph Waldo Emerson

*"Gardner's Law: Eighty-seven percent of all people
In all professions are incompetent."*
John Gardner

If you've come this far, you are well on your way to being able to find the right person to do the right job.

- You've identified the critical results that get produced in your business, and you recognize that any activity that doesn't contribute to those results has limited value at best, and is, at worst, a complete waste of time.

- You have a system in place for measuring those results. You know how many leads and contacts you need to schedule an appointment, how many appointments you need to get a loan application, and how many applications you need to submit in order to reach your goal for approvals and closings.

- You have developed a checklist system (the Customer Care System), on paper, which represents the straightest possible line between the application and the closing. You know how long it takes to accomplish each step on the checklist, and who will be responsible for each step.

- You have created an effective job description for the assistant position(s) you intend to fill, so you have a pretty clear idea not only of what your assistant(s) will do and how you will compensate them, but what skills and character/personality traits they would need in order to successfully do the job.

Now it's time to start searching for the right person.

Advertising the Position

Now that you have a job to offer, you need to find the people who might have the ability and desire to do it. It's not unlike finding people who are in the market for a mortgage loan; it can take a bit of detective work. There's another similarity in that the labor market is like any other market – it's all about supply and demand.

For example, did you ever try to hire a loan processor during a refi boom? All the processors with any ability and experience are already working for someone

else. And during such times, we've seen firms offer some pretty hefty signing bonuses to get a good processor to change companies.

Generally speaking, regardless of the position you're trying to fill, and even in times of relatively high unemployment, chances are *the best people are already working for someone else*. So don't limit your search to people who aren't currently working.

There are a number of ways to get the word out that you have a job opening:

- **Newspaper Classified Ads.** Study the classifieds in your local paper. Which ads would *you* respond to if you were seeking employment? You want your ad to catch the eye of even the casual reader. A bold heading incorporating the job title[*] and referring to the high-income opportunity of the position is a good way to do that. For example:

  > **SALES ASSISTANT –** Local Mortgage Lender seeks bright, ambitious salesperson who wants to earn $60,000 per year or more (salary + commission) helping people buy the home of their dreams. Training & leads provided; Must have some successful sales experience. Hrs: 11 am-8 pm M-Th; 8 am-5 pm Fri. Call 000-0000.

- **Personnel & Temp Agencies.** You can circulate a copy of your Job Description for the position to personnel agencies and temp services. For a specialized, skilled position like CSR/Loan Processor, you might consider an agency that specializes in placing people in the mortgage industry. While you will pay a fee if you end up making a permanent hire, it costs you nothing unless they find the right person for you, and a good agency will do some of the initial screening of candidates for you.

- **Networking.** Talk to the people you know who serve and work with your competitors in the industry – title reps, wholesale lender reps, appraisers, and Realtors. Ask them who they know who is good at what they do and might be considering making a change.

  If you have an existing staff, ask them if they know someone who would qualify for the position. Productive, happy employees of a successful, growing company can often be your best recruiters.

  If you are looking for a Sales Assistant, "interview" the salespeople you deal with when you purchase products or services ranging from cars to office equipment.

  Your own customer database can be a resource for finding a great assistant. Consider sending out a letter in which you describe the person you're looking for (maybe even include a copy of the job description), and

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[*] For the CSR position, we suggest you use the job title "Loan Processor", since that is the title an experienced loan processor would recognize. You can explain the concept of "Customer Service Representative" during the interview process.

ask your customers to contact you if they know of someone who might be qualified for the position. You can get "two birds with one stone" by also using the letter to remind them to contact you if they or someone they know is buying a home or might want to refinance their mortgage.

- **Local Colleges & Universities.** Most schools have a job placement office; many schools have a placement office within specific departments (the Marketing Dept. in the business school, for example). If you provide them with a copy of the Job Description, they will post it for you at no charge.

  Many schools hold job fairs where you can recruit people who will be graduating soon. You can establish relationships with one or more professors in a business school, perhaps even offer to make a presentation about your industry in one of the professor's classes, and as a result of building that relationship, you can get the inside track on the top students in the class.

Be imaginative. Think of as many ways as you can to get the word out about your job opening. Remember that your objective here is to *attract* applicants, so whether you're using classified ads or flyers sent to clients or posted on bulletin boards at college placement offices, you want to present the job you're offering in an attractive light. You want anyone who might be qualified for the job to think, "This sounds like something I'd enjoy doing."

For a position like the Sales Assistant, have your applicants respond to a special voicemail number set up for exclusively that purpose. Your message should thank them for their interest in the position; go on to describe the job in some detail (including the compensation plan, benefits, and hours). Finally, in this voicemail message, ask applicants to leave a message in which they tell you a little about themselves, leave a phone number where you can reach them, and explain why they think they would be the best person for the job. Explain in your message that if you like what they have to say, you will call them back to schedule a personal interview. If you are fortunate enough to get plenty of responses to your advertising of the position, this approach will save you lots of time that would otherwise be spent on the phone screening out people who are clearly unqualified for the position. Since the Sales Assistant's job is about 99% telephone sales, by using this method you will be able to evaluate the most important attributes a person must have to succeed in this job – how they come across on the telephone (looks are irrelevant in this position), and how well they think on their feet. This approach is also a good test of how well they listen – you may be amazed at how many people don't respond to the questions you asked!

For non-sales positions like the CSR and Marketing Assistant jobs, we suggest you have applicants fax you a resume and cover letter. You can then review those resumes and call only those applicants who are most qualified to arrange a personal interview.

Interviewing

During the interview process, you will meet with candidates who have passed through your initial screening and speak with them in greater depth about your business, the position, their qualifications, and the qualities they would bring to your organization if you hired them to do this job. If your promotion of the position has been effective, you will have a number of candidates to choose from. So as you interview them, the question you will be trying to answer is, "Which of these applicants will do the best job of producing the specific critical results outlined in the job description?"

The first thing you must keep in mind is that the people you interview will, for the most part, be putting their best possible foot forward. If a candidate happens to be undisciplined, has poor work habits, is frequently late, and lacks motivation and the character to be persistent in the face of obstacles, he is probably not going to tell you that in the interview. In fact, chances are he probably doesn't even *see* himself that way. If you hire such a person, six months from now you will end up wondering how that smiling and seemingly enthusiastic candidate you interviewed turned into the passive-aggressive malcontent who thwarts your attempts to achieve excellence in your organization.

Each person who interviews for the job – even if she's not yet sure she's going to *take* the job – wants you to *offer* her the job. So the people you interview are going to do their best to make a good impression on you – they're going to tell you what they think you want to hear. It's human nature; this is a competition they want to *win*. It doesn't make any of them bad people.

But it does make your job (finding the right person) a little more challenging.

You have to be able to use the interview process to pierce through that outer coating of sugary sunshine and find out what that candidate is really like – how will they actually perform in the job? How will they react to pressure? Can they really do the things they say they can do? What is the real character of this person?

There are four tools that will help you reach a more objective evaluation of the relative suitability of your interview candidates for the position you're trying to fill. They are:

- **In-Depth Interview Questions (and Active Listening to the answers)**
- **Personality Testing**
- **Skills Testing**
- **Due Diligence (Checking References & Previous Employers)**

Now we'll look at each of these tools and explain how you can incorporate them into the interview process.

In-Depth Interview Questions (and Active Listening)

In order to properly set the context for the interview, you might want to begin by reviewing the Job Description you developed for the position. You want to paint as clear a picture as possible of how this job fits into your organization. What does it contribute to the end result, the overall success of the venture? What specific results will you expect the assistant to produce? What will their typical day look like? What are the most challenging parts of the job? What are the most rewarding parts? Explain the comp plan in full detail. Paint a picture that includes the good, the bad, and the ugly. Then ask the applicant what questions or comments they have at this point.

You can tell a lot by the questions people ask. If the first thing they want to know is about the *benefits* that come with the job, that's a good indication the person may be a *taker.*

You can divide the people of the world into two categories: *Givers* and *Takers.* Givers are primarily focused on what they can contribute. Takers are primarily focused on what they can get, on "what's in it for me". If you hire a "giver", she will bring her best effort to the job every day, she will do everything she can to make your prospects and clients happy, and you will feel good about rewarding her for her contributions to your business. If you hire a "taker", you will be getting someone who is constantly calculating the lowest possible effort that will allow her to get by, someone who has little or no empathy for you or your customers – and every time you write her a paycheck, you'll feel like you're being ripped off. Pay attention to those early signals in the interview, and keep asking yourself while you're listening to the applicant, "Is this person a Giver or a Taker?"

After you've gone over the job description and elicited some feedback, what other kinds of questions should you ask an applicant? Here are some examples:

1. **What's your greatest weakness?**
    If they say "none," it may indicate a lack of self-awareness. Self-awareness is a necessary prerequisite for growth. If you can't see yourself somewhat objectively, you can't see what you need to do to get better at what you do. Such a person won't really grow in the job, and may not cope well with pressure.

2. **What are your greatest Strengths?**
    Look for someone who <u>specifically</u> relates his/her strengths to your business and how that strength will benefit you. Many people will answer this question very generally, by saying something like, "I'm conscientious," or "I'm a hard worker." If you get a general answer, ask them to be more specific, and to give an example of how they exemplify that quality in a work situation.

3. **What would you like to avoid in your next job?**
    You're trying to find out whether they are trying to avoid being accountable. You're also looking to see whether they relate to the

question in terms of how they would change their <u>external</u> environment (something outside of themselves) or whether they relate it to something they personally will handle differently (better).

4. What can you tell me in five minutes that would persuade me you should have the job?
This gets them to drop their prepared script; they will have to organize their thoughts on the spot, and you can see how they react to pressure.

5. How competitive are you?
You want someone who wants to win, but not at the expense of the team. If they answer in terms of their personal ambition, they might sacrifice team to get ahead.

6. What has been your biggest business failure?
If they don't admit to having failed, they're lying. If they admit to having failed, you're trying to find out what, if anything, they learned from it.

7. What frustrated you in your last job?
A bad candidate tells you about the frustration; a good candidate explained <u>what they did to try to change it</u> and what resulted

8. Have you ever been fired?
If they lie, obviously, don't hire them! If they were fired and admit it, and blame their boss or customers, they are not likely to be the type to take responsibility.

9. What recent achievement are you most proud of?
You want a results-oriented candidate who can point to a specific business achievement, explain how they did it, and back it up with numbers.

10. What mistakes did you make in handling a difficult situation?
If they don't have an example, they're dishonest or lacking in self-awareness. A good candidate will show they learned from it and how they would handle it differently now.

11. If I called your last (or current) boss what would he/she say about you?
Anything less than "He'd say he would hire me tomorrow" indicates conflict with the boss, meaning they may be trying to escape, more than they really want the job YOU are trying to fill. The fact that there might have been a conflict with the last boss isn't necessarily a disqualifier (there are some <u>really</u> bad bosses out there!), but be very wary of someone who tries to put <u>all</u> of the blame on the boss.

12. What motivates you?
"Money" and "the Challenge" are legitimate answers, but if they're overly interested in just one thing, they may not be well balanced, and may not work well with the rest of the team.

Asking these kinds of questions is important to being able to draw the candidate out, so you can really see how she thinks. Give people plenty of time to give thoughtful answers. If you get one- or two-word responses, ask a followup question, like "Can you elaborate on what you mean by that," or "Tell me more about what you mean by that."

It is very important that you listen carefully (actively) to what your interviewees say. Watch their facial expressions and body language. You expect people to be a little nervous in a situation like this; so don't count that too much against them. Smile, be friendly, and try to make them feel comfortable. Notice whether they make good eye contact with you when they're answering your questions (a good sign).

An inexperienced or ineffective interviewer may be so concerned about the next question he's going to ask that he doesn't pay close attention to the applicant's answers. (You may find that it helps to have a trusted associate sit in on the interview; that person's job is to focus exclusively on listening and making notes.)

It's a good idea to have a pre-printed form with your interview questions on it, and spaces below each question where you can make notes on the candidate's responses. (Among other things, it's a way of making sure you ask everyone the same questions – creating a fair and level playing field.)

Personality Testing

Unless you happen to be a full-blown narcissist, you have probably noticed that people are fundamentally different from each other. They want different things. They have different motives, purposes, and values. They think and believe differently.

Our personalities, temperaments, and character are the result of a unique combination of genetics, environment, life experiences, and personal life choices. That is why no two people are *exactly* alike.

We are, each of us, who we are. And we do have the capacity to change who we are, mostly as a result of decisions we make in the wake of the experiences we have in life. But for the most part, those changes occur gradually, and usually within the basic framework of our existing temperament.

For example, if you are an extravert, you will tend to be energized when you are interacting with other people. Being alone will only tend to make you more aware of your need for interaction. Even if you decided that it would be "good" for your character to isolate yourself and work alone for long periods of time, you would still miss the interaction. The decision to isolate yourself (whether imposed by yourself or others) would still not change your basic temperament.

What does this mean in the context of hiring assistants and building your business? It means that if you take the time and make the effort to understand

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your temperament and the temperaments of others, you will become much more effective.

For example, if I am your prospect, and by temperament I am someone who needs to feel that you and I have a relationship, a connection of some kind before I can trust you – and you *ignore* that about me and proceed to hammer me with canned Tommy Hopkins closes in an attempt to get my signature on a 1003 – you will most likely fail miserably in your attempt. But if instead you recognize the social needs in my temperament, you will spend a little time trying to get to know me, you will ask me what's important to me about buying a home, and how this step will help me accomplish my larger life objectives. If I feel that you *care about me*, I will begin to trust you, and *then* I will be more inclined to listen to your advice about getting preapproved.

Another example: if I am a candidate for your Sales Assistant position, and if you are aware of the importance of temperament in predicting the kinds of work I am likely to be good at, one of the things you will attempt to determine is whether I am more extraverted, or more introverted. You will do that because you know that an extrovert is **far** more likely to be successful at the Sales Assistant job.

The great psychologist Carl Jung developed a typology based on four pairs of preferences:

1. **Extraversion vs. Introversion –** The person who chooses to be with people as a source of energy is more extraverted. Someone who gets more energy from periods of solitude is more introverted. As we have said, extraverts are ideally suited for sales; introverts would do better at the CSR (processor) or Marketing Assistant functions.

2. **Intuition vs. Sensation –** The person who thinks of himself as *innovative* has a natural preference for Intuition; someone who thinks of himself as *practical* has more of a preference for Sensation. Those with a preference for Sensation relate to hard facts, "reality"; Intuitives are more interested in imagining what is possible. People who rate higher on the Intuition scale might tend to do better in sales or in the creative aspects of a marketing position (e.g., copywriting, ad design). People who rate higher on the Sensation scale would be more ideally suited to the nuts-and-bolts issues of the loan processing position or the detail work involved in maintaining a database.

3. **Thinking vs. Feeling –** People who are more comfortable making choices on the basis of impersonal, objective information rate higher on the Thinking scale; those who are more comfortable relying on value judgments and emotions rate higher on the Feeling scale. Thinkers may tend to do better at objective tasks like loan processing; Feelers (because of their ability to relate to others' feelings) may be better at sales.

4. **Judging vs. Perceiving –** Those who prefer closure, making a decision and having the matter settled, rate higher on the Judging scale. Those

who like to keep options open and fluid, who like to wait for more information before making a decision, rate higher on the Perceiving scale. Judgers tend to be more decisive and take deadlines seriously; Perceivers almost tend to see deadlines as a signal to get *started* on a project. Judgers make better CSRs (loan processors); Perceivers (because they never give up hope of finding the right reasons to persuade the prospect to agree to an appointment) may tend to be better salespeople.

These scales are not black-and-white. People's preferences in each of these four pairs exist on a spectrum, and some people show up right in the middle on a given pair of preferences. This is a matter of degree, and all of us possess *some* degree of each of these 8 qualities. Even the strongest Extravert, for example, has *some* degree of Introversion in her personality.

For a more comprehensive understanding of personality types and how they influence one's suitability for a particular type of work, check out the section on DISC Personality Profiling at www.loantoolbox.com. LoanToolbox offers inexpensive DISC testing for you and your team, which includes a detailed report.

Incorporating DISC Personality Profiling during the interview process will help you identify the personality of your applicants; it will help you determine whether they have a temperament that lends itself to the specific position you're trying to fill. These kinds of tests should not replace your own judgment based on your personal interview with the candidate – but they are useful tools that might give you a greater depth of understanding of the suitability of the people who apply for the job.

Skills Testing

How do you tell whether someone has the skills necessary to do a specific task?

You test them.

If you want to find out whether somebody can type, you give him a typing test – see how many words per minute he can type, and measure how accurate his typing is.

If an applicant for the CSR position claims to be proficient in Calyx/Point, or in using automated underwriting (DU/LP), you give her a sample file, sit her down at a workstation, and see if she can do it.

To find out whether someone is familiar with FHA guidelines, you give him several sample scenarios and ask him how he would proceed.

If you want to be sure an applicant knows how to work with your database, you give her a letter and ask her to do a mail merge of that letter with all the clients in your database who have an FHA loan that closed more than 12 months ago.

If a candidate says he can design flyers and brochures, give him copy for a loan product flyer, show him to a computer, and see what he can do with it.

If someone claims to be able to sell ice cubes to Eskimos, give her some background information about what you do for clients in an appointment, and role-play with her (where you play the part of the prospect) and see if she can persuade you that you ought to come in for an appointment.

The point is that, while we would like to think that everybody would be truthful with us, not everyone always is. In fact, there are two times when it seems people are most inclined to stretch the truth: in a loan application, and in a job interview.

So if the job requires specific skills, before you start interviewing, design a series of tests that will tell you whether they do, in fact, possess those skills (and to what extent).

Due Diligence (Checking References & Previous Employment)

Before you make the final decision to hire someone, contact the applicant's last employer and find out what you can about the employer's sense of the candidate's performance on the job, strengths and weaknesses, the reason for leaving (or termination), and whether the employer would hire this person again.

In this lawsuit-happy age we live in, you may have some difficulty getting candid responses, but it will help if you provide assurances that any information they give you will be held in strictest confidence. Ask open-ended questions (as opposed to questions calling for yes-or-no answers), and listen between the lines, asking followup questions when necessary for greater clarity.

The purpose of this kind of reference checking is *due diligence* – you are about to offer the applicant the job, and you just want to make sure there aren't any glaring problems in his past that will make you regret your decision.

Assuming you don't discover that you were about to hire a serial killer, you're ready to offer your top candidate the position – and all new hires should start with a probationary period (anywhere from 30-90 days) so that if, despite your best effort to match the person to the job, you find that you don't have a match, you can part company with a minimum of red tape.

Now it's time to provide your new assistant with a great start – by putting her through an orientation and training experience that insures that she has all the tools she needs to succeed and help you make your business exactly what you want it to be.

Orientation and Training

"Good teaching is one-fourth preparation and three-fourths theatre."
Gail Godwin

"Training is everything. The peach was once a bitter almond; cauliflower is nothing but cabbage with a college education."
Mark Twain

Michael Gerber, author of *The E-Myth*, tells a story about Thomas Watson, the founder of IBM. Someone once asked him how he managed to create such a hugely successful company, and he replied:

> *"At IBM I did three things: First, I had <u>a picture of what the business would look like when it was finally done</u>. Second, I thought about <u>how the business, how our people would have to feel, look, and act in order to pull that off</u>. Third, I realized that there really is no difference between a big business and a small business; that a big business was simply a small business that did all the right things. So we didn't go to work <u>in</u> IBM, we went to work <u>on</u> IBM to replicate the picture I had in my mind, and <u>each and every day we measured the disparity between how well we were doing it and how well we needed to do it -- and made up the difference</u>."*

To use what has become something of a buzzword, Watson had a clear **vision** for his business – he had a picture of what it was going to look like when it was done, and he knew what the business (and its people) would have to look, feel, and act like in order to realize that vision. He *shared* that vision with his people. And in managing his business, he set out every day to measure the difference between the current reality of his business, and his vision for it – and to gradually, incrementally narrow the gap between where it was today and where he wanted it to be.

What is <u>your</u> vision for your business? In that vision, in addition to answering the question of what it will do for *you*, <u>what does it do for the people it serves</u> (your

clients, employees, partners & suppliers) that is unique, better, different from what your competitors' businesses do?

If a lightning bolt came out of the sky and vaporized your business tomorrow, would anybody miss it, and if so, why?

Your vision for your business should answer these questions. It should tell your potential clients, in clear and compelling terms, why they would be better off doing business with you, instead of with the mortgage lender down the street (or even across the hall).

And your vision for your business ought to give your staff clear and compelling reasons why they should want to work with you, instead of for one of your competitors.

As you prepare to bring a new assistant onto your team, consider the following "facts of life":

- **People do not work for you; they work for themselves.** If any of your assistants were to win the big lottery today, do you think they'd still be working for you tomorrow? The overwhelming majority of people (perhaps yourself included) work *because they have to* in order to support themselves (and their families). For the most part, if they didn't need the money, they wouldn't be there. So if you take away that financial incentive, they would probably rather be doing something else.

- **Given the economic necessity of working, most people would *rather* be engaged in *meaningful* work.** This is where your vision for your business comes in. As a mortgage lender, you are in a position to help people secure the American Dream of home ownership. Home ownership has traditionally and consistently been one of the most reliable ways to enhance personal wealth and financial security. A home is a center of family, social, and spiritual life. And without the mortgage lending industry, very few people in our society would be able to own their own homes. Something like 80% of American families own their own homes – a statistic unmatched anywhere else in the world, and a fact that accounts in large part for the unprecedented prosperity of American society.

  In other words, we are part of something very big and very important to our communities and our nation. That's a pretty good start if you're interested in creating meaning in the work lives of the people you employ.

  It's a good start, but you can do even more – by giving serious thought to the question: <u>What does your business do for the people it serves</u> (your clients, employees, partners & suppliers) <u>that is unique, better, different from what your competitors' businesses do</u>?

  And having answered that question, the next step is to be able to show your new Assistant specifically how he will contribute, in a meaningful way, to the realization of that vision. This will allow him to take pride in his

work, which for most people, is at the least, the next best thing to winning the lottery.

- **In addition to doing meaningful work, people want to be *rewarded* for their work.** That's where your compensation plan comes in. As we have emphasized throughout this book, there are 6 Critical Results that must be produced consistently and in sufficient quantity if you are to reach your production and financial goals: Leads generated, Appointments scheduled, Applications taken, Submissions, Approvals, and Closings. Your compensation plan should be designed so as to reward your people for producing those specific results. In your Orientation of new assistants, you want to be sure you clearly explain the results you hired them to produce and make sure they understand exactly how they will be compensated for producing them.

We can't overemphasize the importance of getting your assistants off to a good start. Too often in this business, we hire people because we're so overwhelmed with work that we can't see the forest for the trees. So we hire some poor unsuspecting assistant, point them to a desk stacked high with paper, and tell them to start "digging."

If you can't organize your time well enough to take the time to provide context (orientation) for the role your assistant will be playing; if you can't take the time to show them the ropes and give them whatever training they may need in order to be successful at their job, you have no business hiring them in the first place.

The amount of time necessary to do this right will depend on both the job and the background of the person you hire. It could be an hour; it might take several days. (In a sense, it never ends, as long as there are new things to learn.) But whatever time is required, make sure you've organized your schedule so that you can give your full attention to their training. From the minute they walk in the door for their first day, **be prepared** for them, and **keep them productively occupied all the time**.

The worst signal you can possibly send is to keep them waiting, twiddling their thumbs while you handle other things. It gives them the impression that they're not that important to you; it sets an example of a boss who is disorganized, unprepared, and unfocused. If that's the example you set, that's the kind of performance you're going to get from the people who work for you. The Italians have a saying, "The fish always stinks from the head down." If you show them that you can't control your own time, how do you expect them to be in control of what they do with theirs?

The message you want to send is this: The job you do makes a difference to me and everyone else on the team. If you slack off, if you're not giving 100%, *it will be noticed!* You cannot send that message effectively unless you make it your top priority to be ready for them when they show up, and make it your top priority

to see to it that they know what their job is, they know how to do it, and they have the training and every single tool they need to do the job right – right from the start.

Outline for Your Orientation and Training

Here is a summary of the topics you will want to cover during your orientation and training of a new hire:

1. **<u>Vision and Purpose of Your Business.</u>** This is where you explain how you see the role of the mortgage lender in general, and especially your team/business in particular (what makes your team different and better from the point of view of the clients you serve). You are attempting to construct a context of meaning that will help your assistant see her job as one she can be proud of. You may also want to explain how you see your team's relationship to the Customer, as well as to the other parties to a transaction – Realtors, builders, appraisers, underwriters, title & escrow, etc. Even if your assistant has had prior experience in the industry, this part of the orientation can help deconstruct any counterproductive habits and attitudes people may have formed in previous jobs. You will also want to explain the 6 Critical Results of your business.

2. **<u>Overview of the Assistant's Job/Role on Your Team.</u>** Review the assistant's job description in detail. Explain how the assistant's role contributes and is vital to the overall success of the business. For example, the Sales Assistant contacts leads and explains the benefits of scheduling an appointment to meet with you. Without those appointments, you can't generate the loan applications that result in the closings that support the whole team.

   The CSR (processor) submits loans and obtains the conditions necessary for approvals; she coordinates the closings. Most of all, the CSR manages the back end of the loan process in such a way that the customer has a positive experience of the entire process; the customer feels taken care of, and is confident that we are always on top of the situation. This results in a happy customer who refers family and friends to us.

   The Marketing Assistant runs your lead generation program, without which your team won't have the "raw materials" it needs to produce appointments, applications, and ultimately, closings.

3. **<u>Measurement and Compensation.</u>** Show your assistant the reporting system he will be using to track his results (see pages 7-12). Explain the difference between "activity" and "results", and go over your analysis of the time it should take to produce a specific result. Tie that into your compensation plan so he can see that you are directly rewarding the results you want him to produce.

4. **Introduction to the Workspace & Tools.** This is where you show your assistant where she will be working, and where to find everything she will need to do her job. The workspace should be neat, clean, and well organized. The computer workstation should be set up with the assistant's user IDs and all the needed software installed (networked, if applicable), and ready to use.

5. **Training.** The training you provide will depend, of course, on the job description. Let's look at each of the three main positions we've discussed in this book, and see what the training for each position might entail.

   Sales Assistant. The purpose of the Sales Assistant job is to contact leads and schedule appointments for you. If you've followed our recommendations for the hiring process, you've chosen someone for this position who has already acquired certain communications skills and is somewhat adept in the art of persuasion. You've also chosen someone who is outgoing – not afraid to talk to strangers.

   - The first thing you want to show your new assistant is how to access the leads she will be contacting. Whether these leads are downloaded into your contact management software (by your Marketing Assistant, for example), or whether your Sales Assistant will be working from some kind of a paper list, you will want to make the actual procedure as quick and simple as possible. The assistant's time should be spent *talking* to people, not fiddling around trying to organize the leads.

   - Next, go over the process of actually scheduling the appointments. Again, you want to make this process as simple and as seamless as possible. When your assistant is on the phone with someone who has agreed to schedule an appointment, you want to make it very easy for her to get to an agreement on the date and time of that appointment. Probably the best way to do that is to block out regular times in your daily schedule when you will be available to meet with prospects. If (as in the example on page 20) the goal is to schedule 18 appointments per week, you should have 18-20 times blocked out in your weekly schedule, and (again, to keep it simple), those times should be as consistent as possible from day to day, and the same times every week. If someone *other* than the sales assistant will be scheduling appointments for you (e.g., a CSR scheduling a customer referral or you scheduling a previous client) make sure you have a system in place that allows anyone scheduling an appointment for you to see your updated calendar (to avoid double-booking). Probably the best way to do this is to have everyone networked on your contact management software (like ACT, for example) so that everyone can access your calendar, and schedule the appointment in an available time-blocked slot, so that

as soon as the appointment is booked, everyone on the system looking at your calendar can *see* that the time is booked.

- The Sales Assistant should be trained on whatever documentation you want the customer to have with them at the time of the appointment (or whatever documentation you want them to fax to you ahead of the appointment). You may want your assistant to get some preliminary information from the prospect over the phone while she is scheduling the appointment. If so, there should be a form for that purpose, and you should make sure the assistant understands how you want her to ask for the information, what constitutes a complete answer to a question, etc. You should also have a system/procedure for getting this preliminary data to you, whether electronically (by entering the information into the contact record and scheduling an activity for you to review it) or on paper (a specific place like an inbox where the assistant is to put these preliminary data forms).

- Finally, you will probably spend the bulk of your Sales Assistant's training time covering the actual sales call. You should have a written script[*] for each type of prospect your assistant will be calling (e.g., potential homebuyers, sellers, refi prospects, potential first-time buyers, Realtors, and other referral sources).

  You don't want your assistant to sound like she's selling carpet cleaning, so you're not looking for her to be slavishly dependent on the script. Ideally, you want her to be able to have a *dialogue* with the prospect – and since you <u>can't</u> script what the *prospect* is going to say, the assistant needs to understand the subject matter well enough to be able to have an intelligent conversation about whatever aspect of -- the home buying process, for example -- that the prospect may bring up – a conversation that leads to giving the prospect a compelling reason for meeting with you and closing for the appointment. But the *opening* of the conversation and the *closing* for the appointment should be carefully scripted for maximum impact and **memorized** so your assistant can deliver these key lines in a confident and persuasive way. It may also be useful for your assistant to memorize certain key responses to common questions and objections.

  The best way to teach the sales (appointment-setting) call is to **role play** it, where you play the part of the prospect and your assistant tries to persuade you to schedule an appointment.

  If, prior to hiring your Sales Assistant, you have personally made these calls (highly recommended) you will have run into all the

kinds of prospects your assistant will encounter. In preparation for this part of the training, we suggest you make a list (or index cards) of 10-20 prospect profiles – describing their personalities, and their situations, right down to the type of house they want to buy and their financial situation. Then, when you're role-playing, you can refer to your list before each "call" and more completely assume the identity and persona of the person you're supposed to be, which will make the experience much more realistic and educational for your assistant.

As you know, if you've made these calls, some people are brusque and impatient; others seem to have all the time in the world and will talk your ear off. Some are intelligent and immediately grasp the value of what you're offering; others are slower on the uptake and may need to have things explained more fully.

You may want to work with a couple of toy telephones and turn your backs to each other while role playing, in order to more realistically duplicate the reality of communicating via telephone. (If you're looking at each other, it may distract your assistant, and since the telephone is strictly an audio media, you yourself want to pay complete attention to how she *sounds* – not how she looks or her facial expressions or eye contact, which are completely irrelevant in a phone conversation.)

After each role-playing experience, review the assistant's performance. Did she sound genuine, or did she sound like she was reading from a script (or speaking from a memorized script)? The tone and sound of the assistant's voice is extremely important. If anything about it says "telemarketer", she's going to have to talk to a lot more people before she gets to someone who will actually listen to what she's saying. You want her to sound <u>professional, confident, polite, and unscripted</u>. Keep working on that for as long as it takes until you're satisfied. Your assistant will have enough to worry about when she's making live calls – her actual presentation should be second-nature to her by the time you turn her loose on your leads.

When reviewing your assistant's role-playing performance, pay attention to whether she was really listening (and responding appropriately) to what you (as the prospect) were saying. How well did she pick up on your personality? How well did she understand your situation? Did she ask the right questions? Did she give you the right reasons to persuade you to schedule an appointment?

One final note on training your Sales Assistant: it's a very good idea, at least in the beginning, to have your assistant tape her calls so the two of you can review a sampling of those calls in a weekly

sales meeting. You should be able to find a jack (that plugs into the phone set on one end and a tape recorder at the other) at Radio Shack, or through the company from which you bought your phone equipment.

Customer Service Representative (Loan Processor). The purpose of the CSR job is to get your loans submitted, approved, and closed – and to do so in such a way that you have happy customers who refer their family and friends to you. The way you approach training for this position will depend in part on the previous processing experience of the person you hire. Let us assume for the moment that you have hired someone who knows his way around a loan file.

You are probably using some form of loan processing software (Calyx/Point, Gallagher/Millennium, Genesis, etc.) in your business. That is one tool with which your CSR must become familiar, if he isn't already.

In addition to your loan processing software, you should also be using contact management software (ACT!, for example). Here's why: your CSR could conceivably be working with a pipeline of as many as 50 loans at a time. Each loan probably has at least 40 individual action steps associated with it – your Customer Care System (see pages 32-36). Your CSR may be personally responsible for 25 of those steps. That's 1,250 different things he's got on his to-do list at any given time. How the heck do you expect him to keep all that straight in his head, to make sure all 1,250 things are done in priority order so that all your loans close smoothly and on time? Contact management software is the answer. With ACT, for example, you can save all the steps in your Customer Care System as an Activity Series, and you can schedule all 40 action steps with a couple of mouse clicks every time you take a new loan application. This way, your CSR needs only to look at his calendar in ACT in order to see what needs to be done today (regardless of which clients' loans those action steps are associated with). So, instead of pulling files out of a drawer or off the top of his desk and going through them in order to try to figure out what he needs to do next, he goes to his calendar in ACT. Instead of spending half his time trying to figure out *what* to do, he spends his time *doing* it.

With that in mind, here's how you might structure your CSR's training.

- Carefully review every step of your Customer Care System checklist (see pages 34-35 for an example). Make sure your CSR has a clear understanding of what each step entails.

- Show your CSR how to use your contact management software – especially how to access the calendar, and how to schedule and clear (i.e., mark as completed) activities. A CSR who has had prior loan processing experience is probably accustomed to trying to

manage a pipeline the old fashioned way – with paper to-do lists and by picking up a file and reviewing the conversation log and documentation every time he wants to determine what needs to be done next on the file. This is an extremely inefficient procedure (and the more loans in the pipeline, the more dangerous this procedure is in terms of the risk of missing deadlines or forgetting to do important steps). Once your CSR grasps the concept of keeping all his activities in the contact management software, he will become sold on the benefits of this approach. Your job is to make sure he understands that this is the tool you want him to use to manage his activities, and that you will be monitoring his progress off the schedule in the software.

- Getting your CSR to use your contact management software will be much easier if all the activities for all the loans in his pipeline have already been assigned to him before he shows up for his first day of work.

- Review the lenders and loan programs you use most often. If you usually deal with specific key people (i.e., underwriters, reps, funders) at these lenders, discuss them with your new CSR and make sure the contact information for these key people is easily accessible in your contact management software.

- Do the same with the vendors you typically use – appraisers, title & escrow.

- Go over every loan currently in your pipeline that will be assigned to your CSR. Make sure he understands how you want the loan structured, where you are in the process, and what remains to be done.

Marketing Assistant. The purpose of the Marketing Assistant's job is to generate leads. As with the CSR, the way you approach training for the Marketing Assistant position will depend in part on the prior experience and skills of the person you hire. It will also depend on the specific lead generation programs you currently use (or intend to implement).

- Your first step would be to familiarize your assistant with your database and your contact management software. The leads generated by your Marketing Assistant should be entered into your contact management software and assigned to your Sales Assistant so the Sales Assistant can spend her time making contacts instead of doing data entry.

- The next step would be to show your Marketing Assistant each of the lead generation programs you are utilizing and explain everything you have been doing to maintain them, as these tasks

will now be assigned to the assistant. You can set up a time blocking schedule so the assistant knows when to perform each of the functions associated with a lead generation program (see page 63). Be sure to break each program down to the specific activities that must be done in order to keep the leads flowing.

- Before you hired this assistant, you were the one who did the things necessary to initiate and maintain your lead generation programs. Because of all your other responsibilities, lead generation was not your sole purpose, nor did it take up all of your time. So the role of your Marketing Assistant will be to *expand* on what you were able to accomplish in terms of lead generation, whether by getting *more* leads out of *existing* programs your started, or by also initiating *new* lead generation programs. Be sure to fill the Time Blocking Schedule on the next page with *productive* activity (i.e., activity that truly generates leads) and not just make-work projects.

	Monday	Tuesday	Wednesday	Thursday	Friday
8:00					
8:15					
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Management:
Leadership and Coaching

> *"Communicate everything you can to your associates. The more they know, the more they care."*
> Sam Walton
> *Founder of Wal-Mart*
>
> *"The main thing is to keep the main thing the main thing."*
> Stephen R. Covey

Now that you've structured your business for maximum efficiency, created meaningful and effective job descriptions, hired and trained your assistant(s), what remains is for you to lead your new organization into the future. Compared to doing the things necessary to hire and train people, the ongoing responsibility of management, leadership, and coaching is far more challenging – but it can also be tremendously rewarding – and not just financially.

For each assistant who works for you, you have designed a job description that focuses on the critical results that assistant must produce in order to be successful in the job. You have carefully balanced the critical results you and your assistant(s) must produce (and the time required to produce them) so that if everyone does their job, the results will get produced in the right proportions to insure the success of the entire team. Where do you go from here?

Recall what Tom Watson said about how he built IBM into one of the most successful businesses of his era:

> *"At IBM I did three things: First, I had <u>a picture of what the business would look like when it was finally done</u>. Second, I thought about <u>how the business, how our people would have to feel, look, and act in order to pull that off</u>. Third, I realized that there really is no difference between a big business and a small business; that a big business was simply a small business that did all the right things. So we didn't go to work <u>in</u> IBM, we went to work <u>on</u> IBM to replicate the picture I had in my mind, and <u>each and every day we measured the disparity between how well we were doing it and how well we needed to do it -- and made up the difference</u>."*

If you have been following the thread of logic throughout this book, you should be well on your way toward accomplishing the first two steps. That is, you should already have a vision for your business – a picture of what it will look like when it's "done." And you should also have a pretty clear idea, based on that vision, of what your business (and especially its people) will have to feel, look, and act in order to make that vision a reality.

> **So all that remains is for you to begin *measuring*, <u>every day</u>, the difference between where you are now and where you would be if your vision for your business were fully realized – and focus doggedly, persistently, inexorably on what you and your people can do <u>today</u> to make up that difference.**

How do you measure the difference between where you are today and your picture of where you want your business to be?

If your vision for your business is clear enough, it can be stated in terms of specific, measurable goals – in the case of a mortgage origination business, it can be measured in terms of the 6 Critical Results we've discussed throughout this book:

- Leads generated
- Contacts and Appointments Scheduled
- Applications Taken
- Loans Submitted
- Loans Approved
- Loans Closed & Funded

The wonderful thing about measuring yourself by these kinds of standards is that the logic of the marketplace requires you (and each member of your team) to *become the person* who can (and does) achieve the standard.

In order to generate sufficient leads, you (or your Marketing Assistant) must first <u>fully understand</u> who your ideal customers are; you must understand them and their lifestyles and habits well enough to be able to *find* them, and you must know what they want well enough that you can construct an offer which will appeal to them. Nobody can *consistently* generate 100 leads per week, every week, week in and week out, without having mastered these fundamental marketing principles. It's possible that somebody might get lucky once in a while and hit that target, but to be able to do it consistently requires that you not only *understand* what to do to achieve it, but that you also actually *do* it. In other words, you have to *become* the person who can (and does) generate 100 leads per week.

In order to *consistently* reach a goal of scheduling, say, 15 appointments per week, you (or your Sales Assistant) must <u>fully comprehend</u> what it would take to motivate the prospect to take whatever risk they might perceive would be involved in giving you a chance to fulfill whatever promise is implied in your offer; you must also have and use the communication skills necessary to persuade

them to take that risk and schedule the appointment. No one can *consistently* schedule 15 appointments per week without having and using that understanding and those skills. It's possible that somebody might get lucky once in a while and hit that target, but to be able to do it *consistently* requires that you not only *understand* what to do to achieve it, but that you also actually *do* it. In other words, you have to *become* the person who can (and does) schedule at least 15 appointments every week.

In order to *consistently* reach a goal of turning 8 of those 15 appointments into loan applications, you have to be able to fully deliver on the promises implied in the offer that got the prospect to meet with you in the first place; further, you must be able to make a convincing case for why proceeding with a loan application is the next logical step, and be able to demonstrate "beyond a reasonable doubt" that choosing you to be the prospects' lender is the best possible choice they could make. You have to know your loan programs; you have to be able to identify the best product you can get approved for your client's circumstances. It's possible that somebody might get lucky once in a while and hit that target, but to be able to do it *consistently* requires that you not only *understand* what to do to achieve it, but that you also actually *do* it. In other words, you have to *become* the person who can (and does) originate at least 8 loan applications every week.

In order to *consistently* submit 8 loans per week and get 28-30 loans approved, closed, and funded each month, you (or your CSR/Loan Processor) must understand your underwriting guidelines, you must be focused and well-organized, and you have to be able to work well enough with others that you can obtain the cooperation of all the various parties to a transaction – clients, Realtors, appraisers, underwriters, title and escrow personnel. There is no way to *fake* this kind of competence on a consistent basis – you have to *become* the person who can (and does) close 30 loans a month.

The month is a standard unit of measurement in the loan origination business. But if you wait until after the end of the month to evaluate what kind of month you had, it's obviously too late to do anything about it. If you're serious about making your ideal picture of your business a reality, you've got to measure your 6 Critical Results **every day**.

What Gets Measured Gets Done

The people who work for you will pay attention to the things <u>you</u> pay attention to. So if you want them to be focused on the critical results they produce on a daily basis, *you have to review those results with them every day*.

We reviewed your result tracking system in the first chapter (see forms on pages 9-11). On page 70 you will find a form that can be used to track your assistants' results daily.

Daily Results Form

	Daily Goal	Actual
REALTOR/BUILDER REFERRALS		
Completed calls		
# of Referrals		
# of Appointments		
# of Application Taken		
CALL-INS (Newspaper Ads, Rate Calls, etc.)		
# of Completed Calls		
# of Appointments		
# of Application Taken		
CUSTOMER REFERRALS		
Completed calls		
# of Referrals		
# of Appointments		
# of Application Taken		
CONSUMER-DIRECT		
# of Leads		
# of Completed Calls		
# of Appointments		
# of Application Taken		
TOTAL LEADS		
TOTAL COMPLETED CALLS		
TOTAL APPOINTMENTS SCHEDULED		
TOTAL APPS TAKEN		
TOTAL SUBMISSIONS		
TOTAL APPROVALS		
TOTAL LOANS CLOSED		

The "Daily Goal" column should contain numbers that reflect the results you and your assistants need to produce daily in order to assure yourselves of reaching your weekly goals.

You (and your assistants) should each have a copy of this form on your desk, and update it as you work during the day. At the end of the day, each of you would enter the totals for each line item result in the "Actual" column and enter the totals for each category at the bottom of the form.

Your Marketing Assistant (if you have one) would be responsible for the number of Leads generated. Your Sales Assistant would be responsible for the number of Contacts (Completed Calls) and Appointments Scheduled. You would be responsible for the number of Applications Taken. Your CSR would be responsible for the number of Submissions, Approvals, and Loans Closed.

Every day – either at the end of the day, or first thing the next morning – you will have a private, one-on-one 5-minute meeting with each assistant. The purpose of this meeting is to review their results for the day and compare those results to the goal[*].

If the goal has been met or exceeded, congratulations are in order. This is extremely important. By providing continuous positive feedback to people who are doing their job, you reinforce that behavior. Certainly people experience reward for a job well done when they receive a paycheck, but paychecks may only come a couple of times a month. And money, while *important* as a motivator, is not the *only* motivator.

So when your Sales Assistant has reached the goal for contacts or appointments, or your CSR has reached the goal for submissions or approvals, take the time to give them your best smile and say, "Way to go!" or "Nicely done!" or "You da Man!" For most people, there is nothing more deflating to motivation than to do your job well and not have anybody notice.

If a goal has *not* been met, you look your assistant in the eye and ask two questions:

- What prevented you from reaching this goal?

- What can you do today (or tomorrow if you're having this meeting at the end of the day) to change that, so that you reach the goal?

It is possible that the failure to reach a goal may be caused by a circumstance beyond the assistant's control. For example, if your Sales Assistant did not make enough contacts (and consequently did not schedule enough appointments)

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[*] In our business it is typical for the bulk of the month's closings to be scheduled for the end of the month, so you're naturally not going to get too excited if your CSR is behind on the goal for closings during the first three weeks of the month. However, the CSR should consistently be able to meet or exceed the goal for Approvals – where we define an Approval as clear to close, and where the date for the closing is scheduled. By paying attention to your Approval numbers as the month progresses, you will be able to avoid unpleasant surprises at the end of the month.

because she ran out of leads to call, you will need to correct that deficiency before you can expect your Sales Assistant to be able to achieve her goal for contacts and appointments scheduled. (But you might also ask your Sales Assistant to review the number of uncontacted leads first thing every day and let you know immediately if there aren't enough leads to provide a full day's work.)

By the same token, if your CSR did not reach the goal for submissions because you didn't turn in any new applications the day before, and he has already submitted all of the applications you've turned in, the cause of the deficiency is beyond his control – he couldn't achieve the goal for submissions because there were no more loans to submit.

Both of these examples demonstrate the importance of the concept of *throughput*, which we first discussed on page 8. Throughput is the rate of flow (of leads and loans) through each of the 6 Critical Stages of your business[*]. Your most important mission as the manager of your business is to insure the sustained flow of leads and loans through your system. And the only way you can possibly do that is by monitoring and measuring that flow every single day, responding immediately to any bottleneck that may appear anywhere in the system.

That's why these **daily** 5-minute meetings (with **each** member of your team) are so essential. The consequence of not managing by the Critical Result numbers every day is that your assistants will conclude that those numbers (and their performance) are not very important to you.

Returning to your meeting with the assistant who has not reached a daily goal, we've discussed what to do when the reason the goal was not met is something *beyond* the assistant's control. But how do you handle the situation in which your assistant had the tools and raw materials necessary to do the job – but didn't get it done?

Remember the two questions you ask:

- What prevented you from reaching this goal?

- What can you do to change that, so that you reach the goal?

The answers your assistants give to these questions will tell you whether they place the responsibility for the shortfall (and therefore the power to change it) inside or outside of themselves.

In order for any assistant to be successful in his or her job, four conditions must be present:

- **Aptitude.** Quite simply, the assistant must have the *ability* or *capacity* to do the job. Of course, this is something you should determine during the interview process, not after you've made your hiring decision! But if you

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[*] For a much more detailed treatment of this important concept, read *The Goal*, by Eliyahu M. Goldratt (North River Press).

discover *after* the fact that you have hired someone who lacks the aptitude for the position, the only constructive thing you can do at that point is let him go.

If he doesn't have the intellectual capacity or the temperament to do the job, that can't be changed by anything you can do in the way or training or coaching. And he will be happier and better off finding a job for which he is better suited.

If you have even a modicum of empathy, you will find that firing an employee is one of the hardest things you will ever have to do. That's why you want to exercise as much care and caution as possible during the hiring process.

- **Attitude/Desire.** If your assistant has the ability to do the job, but lacks the motivation, you have a different problem.

  First, understand and accept the fact that **all** motivation comes from inside a person, by definition. You can *influence* it, but you can't manufacture it where it doesn't exist. And once again, the time to discover whether someone has the positive attitude and desire to do a particular job is *before* you decide to hire her, not after.

  Having said that, there **are** things you can do to *affect* the level of your assistants' attitude, desire, and motivation – for better or for worse. It begins with being prepared for their orientation and training (see page 55), and making that training your #1 priority from their first day on the job. If your approach to their training is disorganized and sloppy, if you make them sit around with nothing to do while you play loan officer or put out fires, you will drain the enthusiasm right out of them.

  Once the initial training is completed and they're on the job, if you meet with every assistant briefly every day to review the results, you can use that opportunity to reinforce productive behavior and discourage unproductive behavior. If you *don't* take the time to have those short meetings, the lack of input from you will produce a phenomenon that in physics is called *entropy*: a gradual degradation in the level of your assistant's energy, enthusiasm, and productivity.

  Your attitude will affect *their* attitudes. You can generally assume that your employees want to please you, they want you to like them, and they want to believe they're important to you. If you're sensitive to that, you will show them respect and appreciation for their effort. You'll acknowledge and encourage them when they make progress, however small. Most of all, even when you're pointing out a deficiency in their performance, you will be doing so *within a context that assures them that you like them*; that you believe in them and in their ability to excel. If you make it clear to them by your own attitude that they are important to you – that their contribution is

truly vital to the success of the entire team, most people will respond to the challenge.

On the other hand, if it's all about *you* – if they perceive that, as far as you're concerned, they exist only to serve and inflate you and your ego – perhaps you can understand why sooner or later they're going to get tired of being spear-carriers in your opera. As Michael LeBoeuf, management consultant and author of *Getting Results* says, people don't work for you – they work for themselves, and for their own reasons. If there's no satisfaction *for them* in the work, they will lose interest. So one way of looking at this is to consider that you're trying to create a culture, an organization of entrepreneurs – where your Sales Assistant, for example, sees herself as the head of an appointment-setting business where you are her customer. That is *so* much more satisfying and empowering than seeing herself as a meaningless cog in your machine.

- **<u>Clear Understanding of What You Want Done (Training).</u>** If your assistant has the ability and the motivation (attitude) to do the job, but the results aren't being produced, it may be a training or communication issue.

  We sometimes assume that just because we have said or explained something once, that the other person has understood the same thing *we* understood when we said it. This is not always the case.

  I have a thought that I want to communicate to you. The thought exists in my mind. When I try to explain my thought to you, I have to *translate* it from its current state (a mental image or concept) into language. You hear the words I am speaking. At the same time I am speaking, you are also experiencing your own thoughts, which may be entirely unrelated to what I am saying, and, in any event, may be competing with my words for your attention. You hear my words, and your mind will then *interpret* or translate them into your own mental images or concepts.

  When you really think about the complexity of the communication process, it's a wonder we ever understand each other at all!

  The simpler and more concrete the communication, the easier it is to arrive at a mutual understanding. So if you say, "Please get John Smith on the line for me," that's a fairly simple communication, easy to follow, hard to misinterpret. But if you say, "Please call John Smith and explain the reasons why it's in his best interest to meet with me to get pre-approved, and then schedule an appointment," you're leaving a lot more open to interpretation – or misinterpretation. Your assistant's understanding of why it's in John Smith's best interest to meet with you may be incomplete, compared to your understanding. It may be different. Then, of course, there's the whole issue of what *John Smith* hears when your assistant calls with *his* interpretation of what *you* wanted him to say.

This is reality – it's the way it is. You might wish it were different. You might wish you could just say something once and have everyone understand exactly what you meant. You might even fervently believe that that's the way it *ought* to be. But wishing doesn't make it so, and we must all realize sooner or later that the universe was not necessarily created according to our exact design specifications.

Maturity begins with the acceptance of reality – the world as it is, not the way we think it ought to be. And with regard to communication, the reality is that it is a complex process that depends as much on what the other person *hears* (interprets) as on what we *say* (or think we meant to say).[*]

If you want to narrow the gap between what you meant to say and what your assistants understood, **ask them to tell you what they heard**. Listen carefully, provide whatever additional explanation or clarification you think is required, and keep repeating the process until you are satisfied that you and your assistant are on the same page.

And when you think that a failure to produce results is rooted in a training or communication issue, try to avoid getting impatient or irritated because you've "already covered that." Sometimes the message needs to be reinforced repeatedly. Remember that, in order to take full responsibility for communicating something to another person, you have to be responsible not only for *what you say*, but for *what they hear*. The communication loop has not been closed until your assistant can feed it back to you in such a way that you recognize your own thoughts in his words.

- **Proper Tools to Do the Job.** If your assistant has the ability, the motivation (attitude), and the training (you have clearly communicated what you want done and how you want it done) – and the results are not being produced – the only remaining possibility is that she may not have the proper tools to do the job.

  To give an extreme example, one loan originator saw an immediate 50% improvement in his processor's production of closed loans just by buying her a new copier! The originator had been frustrated by the lack of production for months. He finally sat down with his processor for a heart-to-heart talk and found out that, because the automatic document feeder no longer worked, she had to copy loan packages one sheet at a time. It was such an annoying process that she admitted she was procrastinating doing it …, which affected loan submissions, and ultimately approvals and closings.

  (Note that the originator's first mistake was to wait so long before resolving to find out what the problem was – a management flaw that occurs with

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[*] It has been this way for a very long time. If you don't believe it, see the story of the Tower of Babel in *Genesis 11:1-10*.

stunning regularity in this business – and one that could be completely avoided by the simple discipline of having daily, 5-minute accountability meetings with each of your assistants) (See pages 68-71).

Here's another extreme example: an originator with a staff of 10-12 people had upgraded the computers and software in his office (this was some years ago, and the upgrade was from Windows 3.1 to Windows 95, with more powerful microprocessors and the addition of contact management software). As a cost-saving measure, the originator decided not to replace the monitors his people were using. These monitors looked like they were relics from the 1970's – and they were so small that no matter what software you were running, you couldn't see the whole screen at once – you had to scroll up and down, and from left to right. In addition, they were so worn out that the image was blurry – 15 minutes of looking at the screen was enough to give anybody a migraine. The only one in the office who had a new, full-sized monitor was the originator himself – and he rarely used his computer! Needless to say, his investment in the upgrade did not produce the desired increase in productivity until the monitors were also replaced.

What tools does your assistant need to do the job? That, of course, depends on the job description and goals.

A Sales Assistant, for example, should be spending 90% of her time on the phone. She should have a headset so she can have her hands free for taking notes, etc., and to eliminate neck strain from holding a handset to her ear all day. A recording system that allows her to tape her calls for quality control and training purposes will quickly pay for itself in more rapid skill development. She should have access to your current, updated schedule so that she can easily determine what times you have available for the appointments she will be scheduling. That almost certainly means that she should be networked with your contact management software. She will probably be able to make more calls if her leads have been entered (or downloaded) for her into the contact management software, as opposed to having to work off paper lists. For the same reason, you might want to consider autodialing capability. The workspace should be quiet and free of traffic and other distractions. You should have a library of sales books, tapes, and other training materials that she is encouraged to use (in fact, you should assign regular study materials to her and discuss them in weekly sales meetings as part of a continuing sales education program – her learning should not end with whatever initial training you provide).

A CSR (processor) also needs a quiet workspace that promotes focus and concentration. His computer workstation should be loaded with your processing software, easy access to whatever automated underwriting engines you use, and contact management software that will allow him to schedule the appropriate action steps in your customer care system and manage them from his calendar in the contact management software

instead of having to try to keep track of all these activities by reviewing the files in his drawer (see pages 32-36). Updated underwriting guidelines for all of the loan programs you use should be easily accessible. Key contacts (like Realtors, appraisers, underwriters, attorneys, title & escrow, etc.) should all be entered in the contact management software so he can find them with the click of a mouse. Pay attention to the ergonomics of the job. If, as part of your customer care system, your CSR is responsible for sending fax or letter updates and other communications to customers, Realtors, and other involved parties, those documents and your technology should be set up so they can be printed or sent from his computer. If he doesn't have to get up and walk to a fax machine or printer every time he needs to print or send something, he will be able to accomplish more in a day. The same thing applies to the copier. If your CSR uses the copier more than anyone else on your team, the copier should be located as conveniently as possible to your CSR.

If you have a marketing assistant, she also needs a computer workstation -- with word processing, graphics, and contact management software. Consider building a marketing library of books and tapes on subjects such as lead generation, database marketing, and direct mail marketing. There should also be a filing system that provides a place for storage and easy access to marketing ideas, sample mailing pieces you've seen and like, list providers, etc.

With regard to any of these assistant positions and the tools required to do the job well, here's a simple rule of thumb: put yourself (figuratively, but perhaps even literally) in the position of the assistant. Sit in the assistant's workspace and actually go through the motions of doing the job. If this was *your* job, would you have everything you needed to do the job well? Are the tools and supplies you use most frequently located within arm's reach? Would you be able to be productive in this workspace? Is this a place you would look forward to coming to every day (or would you soon dread it)?

In the context of your daily 5-minute accountability meetings with your assistants, if there is a gap between the goal and the results, and if you have eliminated Aptitude, Attitude, and Training/Communication of what you want done as possible causes for the deficiency, ask your assistants whether they believe they have all the tools they need to do the job.

Here are some specific questions you can ask that might help you to get to the bottom of a problem:

- o What are the most important results you produce in your job? (This will help you determine whether they "get it" about the results they were hired to produce.)

o What things, if any, do you spend time on that you don't think contribute to your primary purpose? Is there anything you're doing in your job that you think is unimportant, or even a waste of time?

o Do you have all the tools you need to do your job well, and do those tools all work the way they're supposed to work?

We've seen assistants come up with some extraordinary revelations about the obstacles they experience in trying to do their jobs; we've also seen assistants contribute remarkably ingenious ideas for improving the system or the results. But you'll never find out if you don't ask.

What Motivates People: Inspiring Your Assistants to Excellence

As we have said before, in the final analysis, all motivation comes from within. None of us has the kind of charisma that would allow us to take any Tom, Dick, or Harry off the street and turn them into human dynamos. That's why, in the recruiting/hiring process, it's so important to be working from a clear and detailed job description, and search for as long as it takes until you find someone who has both the ability and the desire to do that job.

Assuming you've done that, there is a great deal you can do, as the leader of your team or business, to influence the level of motivation, enthusiasm, and performance of the people you've hired. And that influence can go both ways – the quality of your leadership can make them better, or it can make them a heck of a lot worse.

The following are some suggestions for improving the quality of influence you have on your assistants.

1. **Transcending Narcissism; Creating a Win-Win Scenario.** Narcissism can be simply defined as the belief that the world revolves around you. When you transcend (grow beyond) that belief, you are able to get beyond your own desires and agenda long enough to recognize the realities of the people around you – whether they be your employees, co-workers, clients, or strategic partners and vendors.

   As we have pointed out before, nobody works for you – they work for themselves. Your people don't care nearly as much about what *you* want as they care about what *they* want. So the trick is to design a system in which they can get what they want, you can get what you want, and in the process, the results that reflect your vision for your business get produced.

   What do they want? At an individual level, the best way to find out is to ask them, but in general, people want to feel that they are important, that what they do matters. So you have to literally show them, over and over and over again, why it matters that they schedule that prospect – why it matters to you and everyone else in the organization, and why it matters to the prospect.

People also want to be rewarded for their effort; the trick is to design a system that is fair to all and is based on rewarding results produced -- in proportion to the true value of those results. This is one reason why every assistant in every position should be measured by his or her actual results every day. In the absence of an accurate measurement system, we tend to pay the most attention to the people who draw the most attention to the effort they're making. In that kind of a system, we tend to give the squeakiest wheels the most "grease" – and the squeakiest wheels are rarely the most productive ones. Do you want to reward the assistant who works the longest hours, or the one who contributes the most to your bottom line?

2. **Make it Fun.** Money is a very important motivator, but it's not the *only* one. Freedom can be a tremendous motivator/reward. If your marketing assistant has reached her goal for leads for the week, or your sales assistant has scheduled his goal for appointments, or your CSR has reached her goal for submissions and approvals, consider rewarding them by, for example, letting them take a half-day off to pursue their personal interests. Time can be just as important as money, and for most people, once they've handled their money requirements, time can actually be *more* important!

   People want to have fun on the job. Use your imagination, and see how many ways you can devise to increase the sense of enjoyment and camaraderie on your team. Organize a potluck lunch or take your people to a restaurant once in a while. One manager we know used to play his college fight song over the office sound system every time someone turned in a loan application or got a file approved.

   Another way to make a game out of work is to assign a point value to each of the Critical Results you and your people produce (e.g., a lead is worth 1 point, an appointment scheduled is worth 5 points, a loan approval is worth 10 points). Set up a corkboard on a wall. Buy some balloons. Get some currency in different denominations – for example, 10 one-dollar bills, 7 fives, 5 tens, 3 twenties, 2 fifties, and one hundred-dollar bill. Put a bill inside each balloon and blow it up; then tape the balloons to the corkboard. For every 10 points an assistant has earned during the month, he or she gets one dart. People take turns throwing darts at the balloons, and they get to keep the money in the balloons they hit. Try that on the afternoon of the first Friday after the end of the month and see if it isn't a morale booster, a team builder, and a fun way to keep people focused on the results you want produced.

3. **Being a Coach.** There are a number of descriptive terms that can be used to identify your role in relationship to the people on your team – employer, boss, or manager, for example. The term you use to describe yourself defines the way you relate to your assistants, and influences the way they see and relate to you. And terms like "manager" and "boss" suggest a

level of power and control over your staff that, to be realistic, disappeared from most American workplaces decades ago.

Here in the 21st Century, it may be more appropriate and useful to think of yourself as a Coach, for that role emphasizes your *service* to your assistants as someone who develops and mentors them, someone who helps them to achieve their potential. A coach is a leader, in the best sense of the word, someone who has earned the loyalty and respect of the people who "play" for you.

Ken Blanchard, author of *The One Minute Manager*, and Don Shula, the Hall of Fame coach of the Miami Dolphins, co-authored a book entitled *Everyone's a Coach: You Can Inspire Anyone to be a Winner*. In this book they develop an acronym from the word "Coach" that might help you remember some of the important keys to leading your team to success:

- o **C**onviction-driven. A great coach has a game plan that he or she fervently believes will carry the team to victory. At the beginning of this chapter we talked about Tom Watson's vision for his business, his "picture of what he wanted his business to look like when it was done." In your market, there are probably dozens, maybe hundreds of other loan origination teams competing for market share. The Consumers are the arbiters of success in the mortgage business (in *any* business). They are the ones who ultimately decide which originator will earn their business. So the question you must ask, and answer – is "What will we do better than our competition? What do we stand for, and deliver, that stands out in the crowd and convinces our prospects and customers that they would rather bring their business to us than to any of the alternatives out there?" The clearer, the more original, specific and concrete you can make the answer to this question, the better your game plan, and the better your chances of success. Your deep sense of **conviction** that you and your team can be the best -- communicated clearly and consistently to your people -- is what convinces them (and ultimately the marketplace) that your plan will succeed.

- o **O**ver-learning. Vince Lombardi was arguably the greatest football coach who ever lived. He led his Green Bay Packers to a record number of NFL championships. One of the most interesting things about his success is that his teams did not run a large variety of plays. They occasionally passed the ball, but 9 times out of 10, they ran it up the middle. Opposing teams *knew* what was coming, and they still couldn't stop it. That's because his offensive linemen were drilled over and over and over again in the fine art of blocking, and his running backs were drilled in finding the "hole" those linemen created. It was a pretty simple play, and there were variations on it, but it worked so well because every member of the team knew his

role backward and forward. Your job descriptions define the roles your people will play. That's your playbook. Over-learning, in the context of the mortgage business, means that your people have learned their roles so well they could play them in their sleep. Over-learning for your Sales Assistant, for example, means that he has memorized his basic "script" so well that when he says it to a prospect, he can focus on the nuances of the *way* he says it, instead of having to focus on *what* to say. Because he has drilled over and over on the best response to every possible "objection" or question from the prospect, he is able to listen intently to what the prospect is actually saying, instead of trying to figure out what he's going to say next. In the case of your CSR, over-learning means that she knows every single action step in your customer care system like the back of her hand. She knows them so well that, if the opportunity arises to complete several steps at once and jump ahead in the process, she's fully prepared to take advantage. It means that she knows her loan programs so well that she can immediately identify a problem in the file that would prevent the loan from being approved. Over-learning doesn't happen by accident. It doesn't even necessarily come with experience – some people can be on the job for years and still be making the same mistakes they made in their first year. Over-learning comes as a result of your continuous efforts to keep your assistants focused on their roles. Schedule regular training sessions with each of your people to run them through their "drills." Practice – *perfect* practice – makes perfect.

- o **A**udible-ready. In a football game, the quarterback calls the play. The players line up on both sides of the ball, and the quarterback, if he's sharp and knows what he's doing, can see what the defense is planning to do. If that defensive alignment is likely to stop the play the quarterback has called, he can call an audible – he can *change* the play he called in the huddle. If his players have been coached so well that they have over-learned their positions, they're not going to be confused when the play gets changed. They know *all* the plays (and their individual roles in those plays) so well that they can make the necessary adjustments automatically. In our business, being audible-ready means being able to respond immediately to changes in market conditions. For example, if rates have been low and you have been doing lots of refis, and then rates begin to rise, drying up the market for those refis, you and your marketing assistant, if you're audible-ready, are prepared to *immediately* shift your marketing focus to debt consolidation loans, or to obtaining purchase business. This is only possible if you and your assistant have over-learned the lead-generation function and have made contingency plans in advance to handle shifting market conditions.

To give another example, if your plan was to put a client in a particular loan program, and their income documentation, or their cash to close, or their credit score comes in at less than you anticipated, jeopardizing the loan, you and your CSR, if you're audible-ready, are poised to *immediately* shift to a loan program that will work.

o **C**onsistent. Being consistent means that your management style is not dependent on your mood. It means that your people know they can depend on you to keep a steady hand whether or not things happen to be going well at the moment. It means that you are reliably, persistently focused every hour of every day on your vision for your business, on the 6 Critical Results – that, in the words of Stephen Covey, you always remember to "keep the main thing the main thing." *Your* focus keeps your *team* focused. If you're so "flaky" that you come into the office every other week with a completely different plan for the business, you're not going to inspire much confidence among your staff. If you keep changing the game plan, they're going to end up disoriented, confused, and demoralized. Take whatever time is necessary to develop a plan you have confidence will take you where you want to go over the long haul – and then have the courage of your convictions to stick with it. That doesn't mean you can't be flexible within the framework of the overall plan (see the section on being "Audible-ready" above). And finally, being consistent means *treating all of the people on your team according to the same firm but fair rules* – it means not playing favorites. In fact, one of the marks of a great leader is that **every** member of the team secretly believes that he or she is your "favorite".

o **H**onest. If you have to ask what we mean by being honest (or why that's important), you're probably beyond the help of this book. Who you are (that is to say, the content of your character) speaks so loudly that people don't really hear that much of what you say, especially if it's not consistent with your behavior and actions. This is particularly true of your staff – they're like children, in the sense that they take in *everything* you do. If you lie to your clients, or your Realtor partners, underwriters, appraisers, or other stakeholders, don't expect your staff to believe you won't do the same to them. In business, as in life, you are only as good as your word. When you make a promise or a commitment, be prepared to move heaven and earth to keep it. More than anything else, this is what earns you loyalty and respect from your team.

If you want to be a great leader, never ask more of your people than you are willing to do yourself. You set the example and the tone for your entire organization. The Italians say that "the fish stinks from the head down," but it is also true that an organization shines from the "top" down.

One more thing: the whole point of hiring and working with assistants is to build an organization (even if the organization is only two people) whose whole is greater than the sum of its parts. This can only happen if your aspire to bring people on your team to play specific, predetermined roles – and your intent is for those people to eventually become far better in their roles than you ever were when you were doing that job. If that were not the case, there'd be no reason not to continue to do the job yourself.

As a young man, Benjamin Franklin reached a kind of watershed moment when he realized that, in spite of his intelligence and willingness to work hard, he was not achieving a level of success that met his own standards. He realized that a large part of his failure resulted from the fact that the people around him didn't seem to like him *nearly* as much as he liked himself. He stepped outside of his own shoes and conducted a brutally honest analysis of his own character and life habits. He ended up with a list of 13 of what he felt were his worst faults, and then he made a list of the 13 qualities or virtues that were the polar opposites of the faults he had identified. He then resolved to turn his faults into virtues.

He decided that he would concentrate on developing one virtue at a time, for a week at a time. Then he would move on to the next one on the list and concentrate on it for a week. By following this discipline, he cycled through his entire list of 13 virtues four times a year.

He carried a small notebook with him, and after every time he encountered someone or finished a task, he would make a note in his little book assessing how well he had exemplified the virtue he was trying to develop. At the end of the day, he would review his notes and think about how he could improve on his progress the following day.

When Franklin started on this self-improvement project, he was a talented young man who, because of his arrogance[*] and lack of discipline, had burned a lot of bridges in his adopted hometown of Philadelphia, and did not appear to have a particularly bright future. By the time he died at the ripe old age of 84, he was one of the most famous and beloved people in the world. He had excelled as a printer, writer, philosopher, humorist, scientist, inventor, and diplomat – and had played a key role in the founding and development of our country.

None of us is perfect – we all have our faults and defects. The mark of all truly exceptional human beings lies not in their natural gifts and talents, but in what they are able to do about their shortcomings.

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[*] The first item on his list of virtues was – Humility!

You could do a lot worse than to follow the example of Dr. Franklin. Identify the qualities you would most like to develop in yourself. You might start with the C*O*A*C*H acronym, and possibly add other characteristics as you see fit. Work on one attribute at a time, for a week at a time. Grade your results every day, and decide what you will do to improve them tomorrow. If you do this starting today, many years from now you will be able to look back on your life with satisfaction, instead of regret.

"People are always blaming their circumstances for what they are. I don't believe in circumstances. The people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them … This is the true joy in life, the being used for a purpose recognized by yourself as a mighty one; the being thoroughly worn out before you are thrown on the scrap heap; the being a force of nature instead of a feverish selfish little clod of ailments and grievances complaining that the world will not devote itself to making you happy."

George Bernard Shaw

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