The Mortgage Professional

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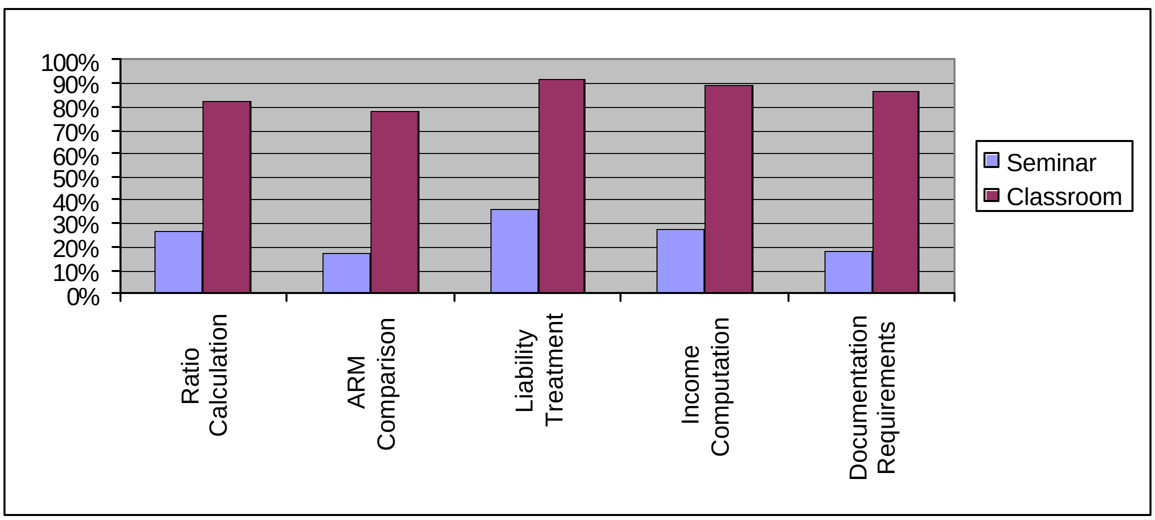
Creating a Learning Culture

One of the saddest sights a trainer can see, coming into an office, is the company "resource center". This is a library consisting of sales books, videos, tapes, CDs, DVDs and workbooks. When you brush off the dust you may find several thousand dollars worth of material. This is emblematic of the adult professional learning environment – seminar oriented one or two day learning episodes.

If you think back to any of your own seminar experiences, you may find some commonalty with most people who say that they learn one or two things at a learning event. But there is also a great deal of motivation gained from the learning experience. We always see a pop of activity in students after a seminar – increased call frequency, more complete time management, and a studious attention to trying the theories espoused during the class. The problem is that there is less than complete treatment of the seminar topic in the seminar environment. This results in a cycle of motivation and disillusionment that can leave the student with the impression that they aren't able to learn appropriately.

So, What's the Problem?

Most people don't learn well in short, concentrated bursts of time. That is, they can absorb a limited number of facts, but principles that are introduced verbally aren't put back into practice. This creates retention shrinkage. The Chinese saying "I hear and I forget, I see and I remember, I do and I understand" is an illustration of why any training program must include practical applications in order to cement – lock-in – the information being presented.



We learned this in our mortgage training business. In 2002 we looked at the difference in key concept retention between students who had been through traditional "sit and listen" seminars and students who had been forced through drills, testing and homework projects. The students were given 5 narrative questions (not multiple choice) to answer in an open book format. The difference was astonishing. In five areas, students who had recently attended "seminar style" training courses with no proficiency measurement had markedly lower retention than those that reinforced the learning. Obviously, students were hearing the information – enough to gain a familiarity with the data they were being given – but they had no chance to really retain it enough to use it. What this shows that students don't have a basic proficiency in the major concepts unless they are given an opportunity to put them into context or into practice.

The bigger problem is that, without this information, most new loan officers will not be able to advance into more detailed understanding of the business, requiring additional weeks to learn information on an ad hoc basis. They need to focus on sales – but do not have a basic understanding of the business, so do not feel comfortable venturing from the office.

Changing Habits

Steven Covey talked about creating new habits as a success tool. Many of us have habits that help or hurt us. Typically, the worst habits are those that create a significant amount of pain for our loved ones or us. These are the ones we are compelled to break, like smoking. But anyone who has tried to quit smoking understands how hard it is to change behavior patterns.

Work habits are as intractable to change as a more tactile habit like smoking. Basic problems like poor time management, lack of self-motivation or procrastination are impediments to success as much as lack of product knowledge or a solid sales strategy. But these are much more difficult to teach. Many people possess learned behaviors that have served them well throughout their lives. These must be undone before new behaviors can be created, so this process requires a commitment to personal change.

Stephen Covey identifies that successful people have habits that they follow and talks about the attributes that are desirable. He does not talk as much about how you go about creating personal change – new habits.

The sales book "The Greatest Salesperson in the World", by Og Mandino, talks about the development of new habits in the simplest of terms. Do one thing repeatedly for 30 days. Once this process is repeated into the unconscious equivalent of muscle memory, it no longer takes a huge effort to execute the desired behavior.

If we can recognize that the path to reaching our goals is to identify the behaviors it takes to reach them, then what seemed to be an impossible challenge – changing people's behaviors – becomes part of a system where we, over time, unfailingly meet our objectives.

Creating a learning Culture

The steps to creating a learning culture are simple in concept.

1. Identify the behaviors and skills that lead to success.
2. Break them down into their smallest components
3. Establish a daily routine that reinforces this behavior
4. Benchmark a time frame for the individual in which those behaviors become 2nd nature.

For individuals who work in a structured office environment, such as operations personnel or call center sales staff, it is much easier to identify, create and monitor these habits. These roles are "templates" and rely less on the ability of an individual to structure their life, and more on the daily flow of business. For outside sales people, it is more challenging.

Entropy, or the tendency of things not to change, is why it takes a vision to execute this strategy in the real mortgage world. The reason is simple – for the last 40 years it has been sufficient to allow people to sink or swim – loan officers who can't make it are probably suffering from a character defect. We allow natural selection – survival of the fittest - to choose who succeeds and who fails. Why not? For employers, this system is free! Loan officers are commissioned, and if they close a few transactions and leave the business, as employers we haven't lost anything. In fact, we made a few bucks. The problem is - who survives and why.

- The low producing person who has nothing to lose, for whom a low commission is still better than their other earning capacity
- The opportunistic person who finds and exploits a niche or vulnerability in the system
- The capable but uncommitted individual who harvests low rate periods for easy money

There are not many examples of people who have the vision or resources to create a learning culture in any business, but it is even more rare in the mortgage business. When we find them, we want to understand what they have done and try and emulate it.

Visionaries Working to Create a Learning Environment

Ralph Masella is the Eastern Regional Manager for Columbia National Mortgage, which was recently acquired by American Home Mortgage in New York. Like many managers he worked his way through the ranks as a loan officer and running a branch and a small area before assuming responsibility for a huge region. His region was consistently at the top of the company's production and had remarkably low turnover. How did he engender loyalty and how did his people out-produce their counterparts elsewhere?

Ralph would be the first to tell you that there was no single thing that he did, but in our first meetings with him there was something that immediately set him apart. He brought an outside training company in and he wanted to find out what we could do to help his people! Already he had taken a step that many in the mortgage business are unwilling to take, which is to assess how he could help his people in concrete ways. In addition to implementing a sales and initiation training program, he created incentives for loan officers to automate their business and contact management systems. The result was a slow but steady change in the perception of the loan officers – instead of eschewing changes in technology for the inevitable learning curve issues, they began to embrace them for the way that they eased marketing and business management. The company wins too, because now customer and relationship databases are shared, so that if a loan officer quits, the company has still gained knowledge and contacts in the marketplace.

Ralph's business model included an approach that supported and encouraged bringing new loan officers into the business. From his perspective, the ability to spend a small amount in training and evaluation to determine the most suitable candidates was a substantial savings over investing in 2-4 months of draws to a loan officer who ultimately did not produce.

Pat Casey, a Regional Manager at Suntrust Mortgage, had a different problem. With a growth plan that called for hiring over 140 new loan officers, there was a supply and demand factor at play. There were simply not enough experienced candidates in the marketplace. Meeting the quota would require adding inexperienced or "rookie" loan officers. Being a bank, Suntrust had the training resources in place – a 6 week Loan Officer University. But the Pontius Pilate (washing their hands) approach of branch managers who forwarded recruits and expected them to return trained and ready, did not work. The new loan officers still needed an inordinate amount of "hands on" training and the managers, already taxed with personal production and corporate reporting demands, couldn't be available.

Casey envisioned a coaching program where mortgage trainers worked as surrogate managers and mentors for new loan officers, helping them to navigate the sales and marketing set up process and to answer the multitude of questions that invariably come with newly initiated loan officers. In doing this, Pat created a learning environment in his region, because new loan officers had a venue where they did not have to be afraid to ask questions and challenge their beliefs. One of the lessons of the Suntrust program was that new loan officers, once introduced into the mainstream, learned that they were stigmatized for being "rookies". This caused some to reject the learning environment.

No solution is a panacea, and with each success there are setbacks, but as a business the mortgage industry is beginning to understand the learning process better. Companies with significant resources often commit substantially to training, but fail to create a culture where daily learning, including learning from mistakes, is acceptable. The statement "Mistakes are the best teachers", is a truth and most managers are unwilling plan for and accept mistakes as a part of doing business. As a consequence, organizations that punish learning and questioning in favor of the status quo will never be able to foster a learning culture. Those that are able to, however, will not only find that their short term learning needs are better met, but that their organizations are more suited to adaptation to changing business conditions.

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