



Recovery Tips

High Impact Recruiting

This is how production output can really come together in order to meet the demand curve —Economics 101.

By Drew Waterhouse

Mortgage leaders and executives face an ever-changing set of challenges as they work to position, and then manage their organizations through a market that never stays the same for long. Consequently, the ability to remain flexible and nimble in response to these changing market fluctuations can dramatically differentiate one firm from another. Managing the changes required from human capital and sales to remain positioned for success is one of the most significant challenges mortgage leaders face. An effective recruiting program and business plan can empower a mortgage firm to grow production and retain operational employees at levels that help the firm achieve maximized production results.

Despite all the technological advances that have been, and continue to be made in the mortgage industry for the purpose of improving productivity and reducing headcount requirements, the mortgage industry remains largely a people-driven business. According to a study

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by Mortgage Cadence, “Productivity, measured in closed loans per employee per month, ranges widely from a low of just under 2, to more than 14, with the most highly productive lenders consistently achieving 8 to 10 closed loans per month per employee.” A separate study by the Mortgage Bankers Association paints

a less impressive picture. According to 2012 data, the average number of loans originated per employee was 3.9. Such a variation in the emerging higher-rate/lower-volume mortgage industry will serve as an easily identifiable basis for determining survivors. Future success in the mortgage industry depends on having fewer people overall, but attracting and retaining more high-performing people. How can an effective sales recruiting program and business plan make this a reality?

We guide our clients through a series of steps, which deliver “at bats” and also help attract and retain high-performers. These steps include:

- **Model-Matching**—the science behind effective recruiting (defining your target).
- **Objective Consultation**—the process behind effective recruiting (guided due diligence).
- **Strategic Development**—the strategies and tactics behind retention (proactive sales recruiting business plan).
- **Recruiting Analytics**—the math behind the activity of sales recruiting.

These steps provide a process and measurements through which the human capital needs of a mortgage originating organization can be positively addressed on a real-time basis.

According to a study of 50,000 employees by the Corporate Leadership Council, employee performance and retention is tied directly to the degree of engagement or the connection the employees feel with their employer’s strategy, values and culture. On average the study found, positive engagement produces 20% higher performance, and an 87% higher retention ratio. We call the degree of alignment between employees and all aspects of their firm and their job, Model-Match. Model-Matching in mortgage recruiting is the key driver of both assimilating production growth and retention.

CASE STUDY: THE PROBLEM

Intelliloan (Metropolitan Home Mortgage,

Inc.) was a new client of ours in 2011. This emerging regional lender was licensed in seven western US states when we were engaged to assist them in developing a production resource expansion plan. The firm was known for providing a high degree of customer service and its consumer ratings reflected this fact. Consequently, experience, attention to detail, communication capabilities and demonstrated integrity were going to separate potential candidates. According to Darryl Preedge, CEO of the firm, “We wanted to double our production and had been trying to identify candidates on our own to help us achieve that goal. We had limited success.” He added, “Hammerhouse jumped in and learned our business and sought to understand our culture. They developed a strategic plan that helped uncover far more qualified candidates than we were ever able to identify on our own. Their candidates were of higher quality, were better screened and had a better understanding of the opportunity than those coming from our recruiting efforts.”

OUR APPROACH

In addition to using assessment tools to Model-Match the pool of candidates, we were able to describe in detail the lender and their value proposition by observing the operation and performing a comprehensive review of their organization. This is how a Model-Match is made—when both parties know who they are, what they want, and they understand the whole picture of the opportunity the other party represents. Darryl Preedge put it this way, “We



had very specific characteristics we were looking for in candidates and had limited success identifying them. We filled positions with extremely well-

suited candidates three times faster, working with Hammerhouse, than we did managing the recruiting process ourselves.”

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The second protocol we employ in the process is that of objective consultation. The leaders, producers and operations professionals we recruit know that our success is directly tied to their long-term results and their duration with the firms with which they are placed. This approach aligns all three parties for a common objective. For this reason, we are an objective and trusted advisor to the candidates with whom we work.

We are objective in helping candidates evaluate opportunities available. We perform due diligence to break down both the DNA of their business and the Culture, Leadership, Business model,

Operations, Technology and Geography for each prospective destination. This ensures the focus is on long term success, rather than short-term gratification. Darryl Preedge explained it this way, “With Hammerhouse the candidates feel as if they have an agent who is helping them with their career. Consequently, they are more forthcoming which enabled us to clear up any misunderstandings, facilitate follow up where mutual interest was present, and professionally, and expeditiously dispatch candidates where there was not a good fit.”

After a candidate is placed it is essential that early issues (bumps in the road during the onboarding process) between new recruits and lenders be addressed quickly and head on. Despite the best efforts of the parties involved, reality always differs somewhat from the picture that was painted

for us, or by us, in the lead-up to a new opportunity being accepted. We stay involved through this period as a mutual consultant to both lender and new

recruit, holding each accountable for their commitments made during the recruitment process, to de-escalate tensions and to craft positive solutions for obstacles. Our goal is to manage perceptions and expectations. We call this our strategic consultation protocol. Regarding this protocol, Darryl Preedge remarked, “Hammerhouse’s objective is clearly to find the right people, build the right opportunities, foster the right atmosphere and grow the company.”

THE RESULTS

Finally— it comes down to numbers. Recruiting analytics include a full range of measurements that gauge the effectiveness of a recruiting program. For Intelliloan, the key measure they were interested in was growing production volume. According to Intelliloan CEO Preedge, “In 12 months working with Hammerhouse we saw a 300% increase in our production and expanded our lending activities into 12

additional states through the addition of a total of 40 excellent producers and key operations personnel. Internally we call that the ‘Hammerhouse Effect.’ They greatly exceeded our goals and expectations.”

The bottom-line is this maximizing production to meet available demand and retaining high-performing production and operations personnel takes a comprehensive recruiting business plan with well-defined protocols. It requires a program that starts with ensuring the right candidates are sourced, the right candidates are attracted and then the right candidates are retained. Lastly, new employee relationships must be properly nurtured and analytics used to maintain accountability of all parties. The Hammerhouse protocols provide this structure. When they are implemented they create the opportunity for the maximized results which Darryl Preedge calls the “Hammerhouse Effect.” ❖

Drew Waterhouse is Managing Director and CEO at Hammerhouse LLC, a national recruiting and strategic growth firm with mortgage sales, leadership and operations placement for retail, TPO and consumer direct clients at its core. Since 2008, the Company has placed approximately \$9.37 billion in annualized mortgage production within its client’s organizations.

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