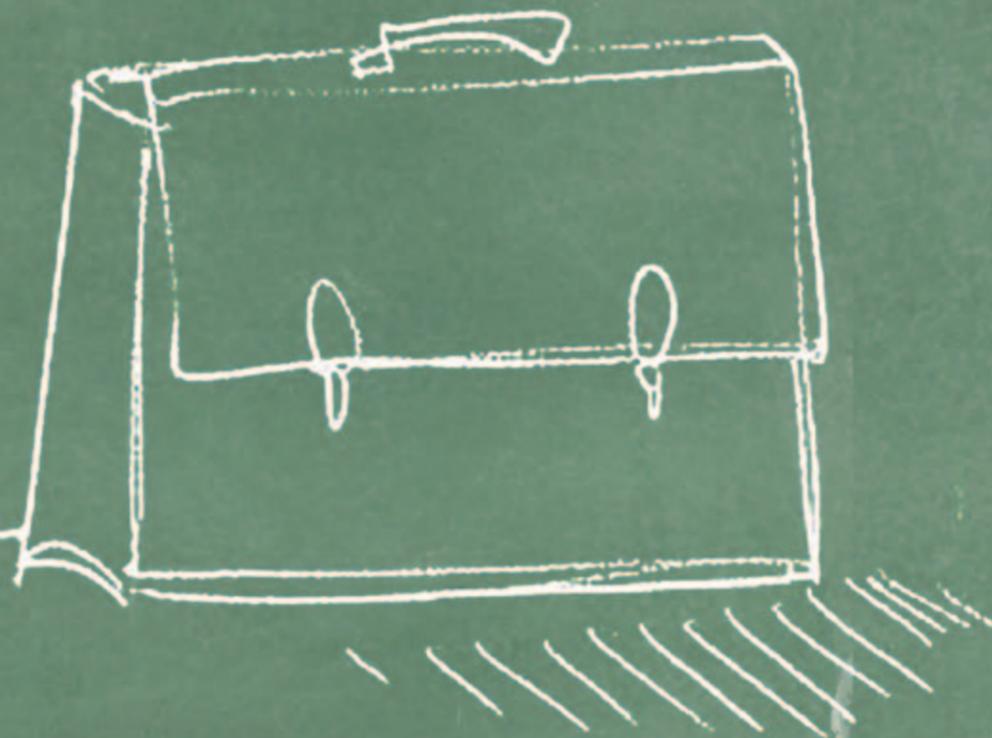


Back  
to  
School



By Barbara Perino  
and Rebecca Walzak

You can teach a student a lesson for a day; but if you can teach him to learn by creating curiosity, he will continue the learning process as long as he lives, said Clay P. Bedford.

**B**ack in September we saw the traditional the start of the education year for thousands of children and adults. It was time to learn something new, prepare for the future and address the lapses in our individual knowledge bases. However, seldom is this need a significant topic of discussion in the mortgage industry even when the school year begins anew.

Since the collapse of the mortgage market and the resulting chaos in the traditional approach to lending, the industry has appeared to be “stuck”. Waiting for new regulations, protecting our industry from outsiders who thought they knew what was best and trying to find a way to survive has taken almost all of our energy. Almost, but not all. Recently we have started to see new growth and recovery from the devastation. This magazine has trumpeted advancements in technology, and new lenders with new approaches to the origination process have started to emerge.

The concepts and activities that promise to deliver the control environment that has been demanded through new regulations is becoming a reality. Operational risk; the management and control of “people, processes and technology” is being implemented or at least is under discussion in many origination shops, with servicing organizations not far behind.

While the emergence of these new technologies and new process concepts is exciting and hopeful, one area that has not been addressed continues to need our attention. The operational risk mitigation element that constitutes the “people” part of the definition seems to still be lost in space.

“People” are the lynchpin holding together the technology and the processes. Just look at one of the most critical and discussed parts of the AG settlement; the need to have a single point of contact (SPOC) within the servicing operation for borrowers when they are seeking information or options for repaying their loans. The people filling these roles have a tremendous responsibility, yet what have we done to prepare them for this position or provide a knowledge base that they can rely on for giving accurate and thorough information?

The key of course is education. While the industry has verbally acknowledged the need for education, the reality is that the number of industry

professionals that actually receive any type of training is small compared to the total population of individuals working in this field. Furthermore, the training is the typical process of an expert talking at students and then conducting multiple choice questions to confirm the level of knowledge obtained. So, how well does this work? Do we consider ourselves and all of our employees knowledgeable about how our industry works on a comprehensive basis? Do we have the ability to conduct the education necessary to

veloped through his research is that we have to begin to think differently about the education process. Individuals are unique; and their learning styles reflect this. Having a “one style fits all” approach will work only for a small segment of the student population. To truly achieve the best results, he promotes the idea that education has to be personalized to every student; that education has to address its student population as unique individuals.

This philosophy plays out in four different educational methods and ap-

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achieve that goal? And how can we do that with the educational methodologies in place today?

The answer to all of this questions is undoubtedly “no.” We all recognize that as we change technologies and processes; as new regulations are absorbed into those processes and the credit policies, we have relied upon for years begin to change; we have to dedicate efforts to provide education to our employees. Right now there are various new job functions, such as “Operational Risk Manager” that are going unfilled because there are very few individuals with the training and skill sets to provide this type of risk management to originators or servicers. So now that we are beginning to reshape this industry, we need to seek out and employ new ideas and methods for educating our staff.

Educational experts, such as Sir Ken Robinson, an internationally recognized leader in the development of education, creativity and innovation, has spent time and energy in developing an understanding of how the technologies of today can be used to provide better educational returns while expanding the opportunities for reaching all ages, types and groups of students.

One of the strongest points he has de-

veloped. The first is that schools must have a broad curriculum that allows all students to identify the areas that are their natural strengths and expand from there. In addition, an education program needs to take into account how different individuals learn. For some, listening to lectures may be the most effective way to absorb knowledge, but for others, without seeing the written text, the educational benefits are lost.

The third piece of his approach is recognizing that the educational opportunities need to be more flexible to allow learning at different times, in different places and between disciplines. For example, if someone in the escrow management functions wanted to participate in a class on securitization, why shouldn't they. At a minimum, this individual will have a broader understanding of the value of servicing assets and perhaps continue educating themselves in this discipline.

Finally, assessments of what students have learned need to rely less on numbers and grades, but on more descriptive, demonstrable results. If you are learning about the new origination disclosures, what better way to ensure the student's knowledge, than to have them prepare a set of these disclosures?

Of course, changing to this type of approach is only possible if you can reach students. It's easier to say “let's make these changes in our classrooms” than to contemplate this for employees that are spread across the country, have different work hours and come to the sessions with a very unique knowledge base. The solution to this of course is technology and while we have utilized some of these technologies, the reality is that most of our education is based on power-point slide shows and multiple-choice testing.

The new digital technologies make it possible to achieve some of the approaches described above. For example, with new tools and applications, educational curriculums can be personalized and structured to be completed through flexible time periods that suit the individual student.

Some technologies allow for such things as task-based simulations and the use of e-learning courses. Others provide for the use of videos and podcasts that can be downloaded onto an iPod/iPad tool for use at any time. In fact, one educational technology company describes itself as the “Netflix for Business Training.”

These tools do provide a means for allowing employees the flexibility to customize their education based on previous knowledge, desired focus and opportunistic time periods. However, these programs do not entirely replace the education professional. There is no substitute for the feedback loop where a good teacher can tell if the students are “getting it.” A live trainer will ask questions and evaluate the level of understanding immediately so that concepts can be reinforced when necessary. They will also “learn” from their students as to what the group and individual needs are so that the course can be customized to meet them. Since this give and take, question and answer process is such a critical part of any educational program, does that mean that training must be done in a classroom? That the costs associated with transportation, room and board will outstrip the ability for industry members to become better educated?

The answer of course is no. Once again technology allows for this feedback loop whether it is on an individualized basis with live visual and auditory communi-

cations or through training dialogues that allow for this type of feedback. One of the most important aspects of this continuous teacher feedback is the ability of the educator to keep students interested in the class. Educators have long recognized that even the most clear, well designed programs will fail if they do not keep students engaged in the program. How often have we seen employees tuned into a webinar where a voice is reading power point slides about a specific topic and the student is sitting at their desk doing other work knowing full well that the multiple-choice “test” will be comprised of the most basic of the information and that the answers can still be found by going back through these slides. Any real knowledge gained through this type of program has been shown to be significantly reduced within a few days of taking the course.

This focus on individualization of the education process is seen in public education today with such web-sites as the Kahn Academy. This not-for-profit organization provides students with access through the Web to videos that “teach” about a variety of topics such as math and history and allow them to “practice” math skills at all levels. The program also includes a series of reports that “teachers” can use to identify those students who are struggling as well as those who are ready to move on. Benefits of this type of program is that the students can replay these videos at any time and ask questions via “chat” functions; practice as often as they need to understand the material and do it when and where they can. This program is free and is now focused entirely on standard school-based curriculum. Several states now allow/provide this type of educational process for students free of charge as it reduces the number of students in classrooms and allows for individualized education to meet student needs.

But what about the adult learner? Are there technology tools and programs that can be implemented by organizations and/or individual companies that will achieve this level of educational benefit? The answer is yes.

If your focus is on bringing the training program in-house, there are numerous companies such as ANCILE, Kineo, Absorb, Noverant that provide Learning

Management Systems (LMS). These programs can be used by individual companies to develop and implement unique and individualized training programs. Another option is Rainmaker, which provides a cloud-based learning management system. All of these programs allow

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for easy development of actual training programs that can be completed by individuals who are subject matter experts but whose knowledge and experience in program development is extremely limited. Some of the most beneficial features of these programs include:

- The ability to provide highly personalized learning experiences
- Knowledge sharing functionality (Knowledge Centers)
- Accessibility from any mobile device
- Social & collaborative features
- Integration with career development & planning
- Provide virtual training labs that replace physical machines and rooms
- Include simulated enterprise application environments.

In order to provide easy user management they are developed in accordance

with SCORM which is the standard for educational software. In addition, they typically include such features as reporting tools to monitor usage and completeness of courses; exam engines for testing and certification and provide the ability to integrate the results with a performance management system. These tools can also be used for new hire skills assessments.

For a broader based educational program that still provides the benefits found in an e-learning solution, there are companies such as World Wide Learning and programs such as the Kahn Academy on a pay as you go option. Furthermore, this allows employees to extend their education in the industry in order to seek higher level jobs, without having to take time from work to do so.

But, we ask, is this approach to education effective? Does it in fact succeed where other types of training has failed? There are numerous studies establishing that in fact this training is the most productive type. There are many reasons for this. Among these are that students’ time is focused on topics, issues and questions that are individualized to the learner, less time is spent on topics that are irrelevant to the individuals; working away from the office allows for more focus on the topics rather than on what is going on back at their desk and that learners learn what they need to learn, they can skip elements of a program that they don’t need.

According to a Brandon Hall study from 2001 these factors can add up to an average compression (saving of learning time) of 35-45 percent when a course is taken out of the classroom and delivered as e-learning. This study also noted that learning gains have been found in:

- Learners’ attitudes toward the e-learning format and training in general
- Learners’ scores on tests, certifications or other evaluations were better than traditional approaches
- The number of learners who achieve ‘mastery’ level and/or ‘pass’ exams increased
- Learners’ ability to apply new knowledge or processes on the job was also much improved and
- Long-term retention of information was far greater.

Another study conducted by Rosenberg

also done in 2001 argues that e-learning “can take anywhere from 25 to 60 percent less time to convey the same amount of instruction or information as in a classroom.”

A nine-year survey of the research literature in training published by Fletcher and Tobias in ‘Training and Retraining’, commissioned by the American Psychological Society, and published in 2000, concluded that:

‘Learners learn more using computer-based instruction than they do with conventional ways of teaching, as measured by higher post-treatment test scores.’

As for the cost, the University of Missouri research on the financial return from employee training has shown that employee education programs provide businesses with a return on investment ranging from \$4.00 to \$16.00 for each dollar spent. Utilizing e-learning options will increase those figures.

There is no doubt that the industry is facing a steep learning curve for all em-

#### ABOUT THE AUTHOR

rjbWalzak Consulting, Inc. was founded and is led by Rebecca Walzak, a leader in operational risk management programs in all areas of the consumer lending industry. In addition to consulting experience in mortgage banking, student lending and other types of consumer lending, she has hands on practical experience in these organizations as well having held numerous positions from top to bottom of the consumer lending industry over the past 25 years.



#### ABOUT THE AUTHOR

Barbara Perino is a Certified Professional Co-Active Coach guiding her clients who are executive leaders and their staff. Barbara has been trained through The Coach Training Institute (CTI) and the International Coaching Federation (ICF). Prior to becoming a coach, Barbara was a 16-year veteran of the residential mortgage industry in a national sales management capacity for property valuation and residential mortgage service providers.



ployees; whether it is regulation driven or caused by the need to increase competitiveness of the company in the market place. Yet at the same time we are dealing with declining markets and reduced

profits which make the costs in time and money unrealistic. And although there are some inroads into the use of eLearning, the potential benefit for its use is just beginning to be tapped. ❖

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