

or traits fail to achieve is *personal problems*. Even high achievers can have personal problems that hold them back from reaching their full potential.

The problems can range from immaturity/lack of responsibility to drug/alcohol issues, to name a few. These types of problems are more difficult to correct and, frankly, need to be addressed by the individual. At the macro level, personal problems are a type of issue that we call a “won’t” issue. A “won’t” issue is a behavioral problem that is not appropriate for company training solutions.

### What if Johnny and Jane refuse to change?

Managers often complain they don't understand what has happened to the individual who is talented, possibly even a former top producer, but who can't accept the changes that are required today or outright resist changes such as learning to properly disclose the Good Faith Estimate.

Are there traits linked with this issue? From our research, there are two traits that can be indicators of salespeople who have difficulty in making the changes: low optimism and low resilience.

Not surprisingly, these traits can be masked during an interview if the hiring manager does not ask specific behavioral questions that allow the candidate to discuss his or her views of the recent industry changes or situations where the candidate had to change quickly. Pre-hire assessments can help the manager to identify these problematic traits.

### Final thoughts

When looking at other types of sales positions in the financial services industry, such as financial advisers or stock brokers, customers are rebelling against incompetent sales forces that don't know their products, give misleading/

wrong advice and are not trustworthy. Certainly, the passage of the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) is a step in the right direction of requiring the salesperson to understand the legal requirements in lending.

The next hurdle for sales organizations is determining whether Johnny and Jane are sales professionals who can drive in the business while establishing a relationship with the customer that ensures they will be the first lender contacted when the client has financing needs. Companies can only answer that question by scientifically evaluating candidates for the right traits and following a structured interview process that identifies who is a match for their company culture.

In my opinion, the future successful sales organizations will be those with the more professional originators. Or as Stacy Blair, senior vice president at EverBank, Jacksonville, Florida, states, “It really is an equation of less is more.” MB

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# Why Johnny/Jane Can't Originate

by Patricia M. Sherlock

**M**ost executives agree the current banking crisis is unlike any other business downturn they have ever experienced. The new normal in lending has much different drivers than in previous years: consumers lessening their debt loads while being wary of lenders; government re-regulation of mortgage lending from appraisals to compensation; and weak loan growth at a time when interest rates are historically low. ● To thrive during these times, the future sales model is a lean and mean organization where superior performance is a result of profitability and not financial engineering. ● Part of the new sales order is that the old way of hiring originators has received its final nail in the coffin. Customers are fed up with originators who don't know their products, won't return calls and don't have their best interests at heart. ● Poor service has been compounded by raising a generation of order-takers who cannot bring in quality production with a large percentage of referrals for their banking products. "The originators who do not have a process, high service levels or know how to build a client base are not winning in the competitive marketplace," says Patrick Casey, senior vice president with SunTrust Mortgage Inc., Richmond, Virginia. ● The \$64,000 Question is this: Do we recruit an originator who has a refinance-centric portfolio with high volumes but is an operational nightmare? Or do we look for an originator with a quality book of business and strong relationships with clients and referral sources, but who has lower volumes?

The answer was easy a short time ago – the high-volume producer was the most desired by hiring managers, even if he or she came with warts. Today, the decision would not be the same because of the focus on quality lending and the cost to originate.

### The old normal

Mortgage lending has always had a catch-22 component because of the borrowers' ability to put back the mortgage at their option by choosing to refinance. While refinancing has been a good thing for an origination company's profits (and frankly, individual incomes), it can have long-term negative consequences for a sales group because it continues the employment of sales personnel who can't create additional demand for the lender's products.

What makes refinance-oriented salespeople a problem is they fail to establish deep relationships with customers and referral sources, which results in a book of business that has a small number of referrals.

"As any manager knows, transactional salespeople are simply not the first to be called when customers have future lending needs," says Jennifer Livingston, regional sales manager for Union Bank, San Diego. Eventually, when the refinance market wanes, these types of originators will not survive.

### What do a consumer and lender expect from an originator?

Today's customer has more choices and access to practically unlimited amounts of information due to the Internet and technology. While selling was challenging before, it has reached a new level of difficulty with the increase in commodity products, operational hurdles and lower valuations on the consumer's property.

But surprisingly, when surveys (such as Waco, Texas-based Baylor University's *Keller Center Research Report*) are completed regarding what consumers and lenders expect from a salesperson, it is pretty much what they wanted from a salesperson in the past. Consumers want to be comfortable working with the producer; they want to be listened to and work with someone who is straightforward, honest, knowledgeable, trustworthy and competent.

More important, they want the salesperson to make the transaction happen with as much ease as possible. "In many ways, sales is still about building a relationship with the customer and solving their problems," says Danny Deaton, executive vice president with SWBC Mortgage Corporation in Plano, Texas.

From the lender's viewpoint, not much has really changed in terms of what they are looking for, either. Lenders want the salesperson to collaborate with the operational side of

the business and work within the lender's system; they want the customer to receive extraordinary service so customers will refer their friends and family; and, of course, they want the loans to be of high quality.

In a broader context, the customer and lender expectations boil down to simply wanting and demanding originators to be true sales professionals.

### What science tell us about the traits of a good originator

When looking at what it takes to excel today, it comes down to possessing traits that fall into two categories: people/communication skills and self-motivation. These traits also have not changed over the last decade. What has changed is the risk for lenders when they do not hire a quality producer.

Since 1999, my company has analyzed the personality traits of top, middle and poor originators in mortgage sales. I have authored numerous articles for *Mortgage Banking* sharing our findings on originators and sales management competencies (see "Raising the Bar," November 2009 issue; "Stop Talking—Start Doing," June 2008 issue; and "Producing Managers: Time for a Change?," June 2007 issue). As a former head of sales, I know all too well the ramifications of a poor hire on expenses and lost sales opportunities.

We have conducted nationwide validation studies with lenders both large and regional on the subject of originators—retail and wholesale. The studies have included trait analysis, production performance numbers and manager reviews of individual salespeople. We have looked at sales performance in good and bad market conditions (including the current banking crisis), and we continue to find that originators have a set of personality

characteristics that predicts sales success.

The nine personality traits and their definitions are as follows:

- **Social:** Enjoys clients/customer contact;
- **Optimistic:** Weathers adversity well;
- **Assertive:** Possesses a confident sales presence;
- **Self-reliant:** Takes charge and gets things done;
- **Low expressiveness:** Reserved;
- **Positive about people:** Balanced outlook regarding people and their intentions;
- **Energetic:** High enthusiasm, hard work, visible effort;
- **Follows through:** Completes tasks and follows through on commitments; and
- **Resilient:** Able to handle criticism and rejection well.

Six of the traits (social, optimistic, assertive, energetic, follows through and resilient) are found in most sales positions, and three (self-reliant, low expressiveness and positive about people) are distinctive to mortgage commission positions and not usually found or required in other sales jobs.

The personality traits listed here are shown in order of importance. Because each personality characteristic has a weighted scale to it that determines the ranking of the trait, not all traits are of equal value—just as not all loan factors equally predict a loan loss.

From a larger perspective, four of the traits are people/communication skills (social, assertive, low expressiveness and positive about traits (optimistic, self-reliant, energetic, follows through and resilient).

### The reason why Johnny/Jane won't originate

From a scientific standpoint, originators who are not successful lack the necessary traits to perform well. These traits are developed early in life and no amount of knowledge, training, time or experience will enable the individual to bridge the gap to perform at the same level as someone who has the sales success character traits. This was confirmed in a 16-month longitudinal study that my company conducted.

This is a significant finding, because it reinforces that the interviewing/screening process in selecting sales personnel with the right traits is the most important activity completed by sales organizations.

Once a person has joined a sales team, if he or she does not have the right combination of personality traits, the likelihood of changing the person through training and coaching is slim, making for a futile battle that requires too much investment in a world of limited resources. Of course, a small percentage may be able to change and develop the right traits, but that will be the exception rather than the rule. The reality for producers without the needed traits is they better hope that a refinance period continues or comes back.

In selecting sales talent correctly, companies face the same issues that any sports team does each year in trying to remain competitive in its league. The competition does not stand still in sports, nor does it in the financial sector. What worked two or even five years ago is ancient history for both the sports franchise and the mortgage industry.

### Why Johnny/Jane has the traits but still doesn't prospect

As every sales manager knows, individuals with the talent or the right traits do not always become successful. Why is that? In our experience with sales teams, there are typically three reasons, and they can be addressed in a structured interviewing process.

The first reason is *the new company's system is not a fit*. Every company has a way of doing business, supporting its employees and rewarding them for certain behaviors. One of the biggest flaws in interviewing experienced personnel from well-known companies is the assumption that if the sales candidate was successful at Company A, then he or she will be successful at Company B.

Research tells us this is a false assumption, because the environmental variables for success can be different at each firm. Because of this, the hiring manager should conduct a thorough analysis of the drivers behind the candidate's success (this is especially true in a refinance market) by asking the person in-depth questions regarding marketing, process impact and managerial support that they received. It is a smart idea to ask the candidate for a brief marketing plan to help identify important issues that may not match with your company's processes.

The second reason is *a poor direct manager*. A poor manager has a negative impact not just on individual salespeople, but on the whole sales team. Because the manager sets the standards for the group as to how they interact with each other and external customers; assists in developing a successful business model that matches the strengths of the salesperson; and teaches sales techniques to enhance the salesperson's success; a weak manager can have a devastating impact on a salesperson.

One of the core problems of poor managers is failure to train or coach individual salespeople. Whether it is a weekly sales training session or a ride-along, the opportunity to teach and provide feedback is critical for salespeople if they are to change and improve their sales skills.

Too often, training is defined as taking over a sales call or closing a deal. This does not help the salesperson get better. Such efforts actually harm the salesperson because the manager has set the standard that the manager's sales method is the only way to conduct a sales call, when in fact there can be several winning strategies.

Similar to a batting coach in baseball, the player must be permitted to swing the bat if he or she is to move to the next level of

hitting. The manager will never know if he or she has the next Ryan Howard (the Philadelphia Phillies' slugger), if that salesperson is not allowed to practice in front of the manager.

One way for managers to deliver quality sales training is to determine specifically what sales knowledge that salesperson possesses or lacks.

Typically, in our research there are six topics in which the salesperson should be proficient. Those are: prospecting/pre-qualifying; first meeting/first impressions; probing/presenting; overcoming objections; influencing; and closing.

As a part of the various validation studies that we have completed on loan producers, we have measured what sales knowledge the individual should have and have developed online courses that address the areas in which the salesperson is deficient. This is the future of sales training: customized training to meet the needs of the individual salesperson. Mass training is a waste of money and time for the salesperson and the manager.

The third reason why salespeople with the right talent

Customer and lender expectations boil down to simply wanting and demanding originators to be true sales professionals.

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