

Wooing Talent Requires Strategy

The tech industry offers mortgage professionals a smorgasbord of ideas

By John Paasonen

To fuel growth and market advantage, you need the right people onboard at your company. In many ways, this has become one of the key dimensions of competition in the mortgage industry today.

The Stratmor Group recently reported that annual turnover among residential mortgage originators approaches 30 percent. That means for every 10 people you hire, three will be gone within a year, taking their training, knowledge and contacts with them.

Skill shortages in the labor force will continue to worsen with baby boomers retiring at a rate of 10,000 per day, and millennials taking their place. These young workers, including originators, not only lack experience, they also lack a loyal network of referral partners.

Tackling the skills shortage

Branch, regional and organizational leaders in the mortgage industry must implement effective strategies to attract, engage and retain star performers, while also nurturing younger team members to help them succeed. One approach to addressing this challenge is to look to the strategies that are being employed in other industries that face a similar heated competition for talent.

The challenges of finding qualified professionals are all too familiar to technology companies, for example. A shortage of qualified software developers, machine-learning experts and systems architects has driven up costs and turnover in the tech industry.

You don't have to look further than the Silicon Valley campuses to see how the industry has applied innovation to its talent

strategies to accelerate business growth. Perhaps there is something the mortgage industry can learn from the technology industry, which has long experience engaging in the war for talent.

Cultivate belonging

There is no shortage of articles and books promoting the value of creating a culture that attracts talented employees. Today's employees want more than a paycheck. They want to "belong." With technology companies, that sense of belonging is cultivated at the interview stage and weaved into the day-to-day life of employees after they are hired.

At Gusto (formerly Zenpayroll), a San Francisco-based payroll company that has raised over \$150 million in venture capital, company values are deeply instilled in the workforce. New hires are evaluated on their alignment with the company's six values. During onboarding, the company's leaders delve into the values, and they are weaved into every companywide meeting. Before making any decision at the company, everyone always strives to ask, "Is this aligned with our values?"

Company traditions equally play an important role in creating a sense of belonging. When Gusto was a smaller company, the team used to take week-long "workations" once or twice a year, which involved the whole company spending time living together in a house. As the company grew larger, this tradition evolved into the "Gustaway," a series of one-day offsite gatherings where 25 to 30 people from different teams in the company come together. The detachment from the

day-to-day workplace refocuses the relationships on the team and reminds employees that they are part of a corporate family.

If these notions seem far-fetched for the mortgage industry, you don't have to look further than emerging industry leader Movement Mortgage for evidence that the approach does work. Leadership at Movement Mortgage, which processed over \$12 billion in loan volume in 2016, points to the company's emphasis on culture and values as a major source of organizational strength.

Sell the vision

Overseeing a branch or a major region for a large mortgage company may not alone inspire prospective employees to seek you out. What enduring companies have learned is that vision compels engagement and drives

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action. Technology companies have adopted this principle wholeheartedly.

Box, a publicly traded cloud-storage company used by 59 percent of Fortune 500 companies, is not just about secure file sharing. According to their website, their work is focused on “transforming the way people and organizations work so they can achieve their greatest ambitions.” Of course, cloud storage itself is a commodity. Yet Box’s vision has propelled it to attract over 44 million users at 69,000 businesses. The company even employs a chief storyteller, whose job is to promote the vision Box is helping its users achieve.

This is not just word play. As a leader, you must fundamentally believe and inspire your people that your work is about more than mortgage transactions. Your employees are part of a story and a journey toward a big ambition. Maybe it is about revitalizing your local community, changing lives through homes, or creating and managing real estate wealth for your clients. It’s not just about mortgages.

Share the upside

Every employee at a technology company knows that their compensation is based on three components: salary, bonus and equity. Of the three, equity by far dominates most conversations as a tool to attract, engage and retain employees.

With an equity stake, you are reminding your employees that they will be part of creating the vision for the future and that it will take time to reap those rewards — but this may be more significant than even their salary. Molly Graham, who helped build the compensation plan in Facebook’s early days, said people joining a company are betting on its future, and an equity stake represents a bet on the company’s future value.

If structured correctly, employees start pocketing shares or options after their first full year on the job, and the initial allocation will vest over their first three to four years. That means those employees are seeing the value of their ownership increase, and they are incentivized to stick around to earn even more. Star performers, for example, can receive bonuses not just in cash but also in the form of equity as part of the effort to drive retention.

In 2016, Axia Home Loans took an aggressive stance and became 100 percent owned by its employees via the creation of an employee stock ownership plan (ESOP). Gellert Dornay, Axia’s president and CEO, said at the time that an ESOP rewards employees who are contributing to the company’s success by allowing them to share in the increased value they are helping to create. If your employees don’t own a stake in your company’s success, you might have to ask yourself why they should stick around for the long haul and invest their time in building the company’s value.

Know what’s valued

Mention the phrase “tech company culture” at a dinner party and most will be quick to mention the free food; lavish benefits, like massages and haircuts; funky office designs; and flexible work schedules. But even as these perks have become the norm in Silicon Valley, if not cliché, the underlying logic is important: How do we differentiate ourselves from our competitors to make the employment decision a yes for us?

FullContact, a data products company with 200-plus employees, has been recognized more than once by Outside magazine via the publication’s Best Places to Work rankings. Located in Denver, the company has adopted an outdoors ethos and encourages its employees to work hard and play hard.

During ski season, employees can take a “powder day” as long as they make up those hours within two weeks. Employees also choose their computers, a Mac or PC, and get 100 percent paid health care coverage.

After a year, employees are allowed to work from anywhere in the world for one month — which many pair with the company’s “paid vacation” plan — an annual \$7,500 stipend to take a one-week trip of their choosing. All of this might seem a little big to be true, but FullContact realized it was in a war for talent, and they wanted to win.

When adding benefits, a great first step is to consider your employees — how they work, what they value and what you could uniquely offer them that another company could never imagine or implement well. Increasingly in the mortgage industry, technology is playing an important role in attracting and retaining talent. Enabling your team to work productively and be happier at work means giving them the tools — technology and otherwise — to stand out.



Technology companies have fought long and hard to attract the best and brightest employees and know that an effective talent-recruitment strategy is a powerful tool for ensuring they come out on top in the struggle to attract the right people. All mortgage companies start from a different position with a different set of resources to allocate. You don’t need to do it all or be as lavish as the next company. The key is to start now. The competition for talent is a war and, like any war, it’s an opportunity to seize the advantage — or to squander it. ■