The Get Fit Kit for Originators
Your 2019 Business Plan

Sente
MORTGAGE

Business Goals

Once you have developed your income goal, you can use historical numbers to create your business goals. *Business goals* are measurable results that are created by business activities. Achieving your business goals allows you to achieve your income goal.

1. Enter income goal. (Annual)	
2. Enter your average income per transaction. If you don't know the number, your instructor will provide an estimate.	
3. Divide your income goal by the income per transaction. **This represents the number of closed transactions you need.**	
4. Enter your *Lead to Closed* conversion rate. If you don't know your rate, use 20%.	
5. Divide the number of transactions by the conversion rate (#3 / #4). **This is the number of leads you need.**	
6. Divide the lead number by 12. **This is the number of leads you need monthly.**	
7. Divide the monthly number by 22. **This is the number of leads you need daily.**	

Achieving Your Goals

Now you know your goals. How do you get there?

Sente Business Models

At Sente, we use models to understand and measure business results. These models attach to numbers that allow mortgage bankers to set goals based on how they want to build their business.

The four primary models are based on volume:

- $12 Million closed volume: 4 closed loans/month

- $25 Million closed volume: 9 closed loans/month

- $40 Million closed volume: 15 closed loans/month

- $80 Million closed volume: 30 closed loans/month

Why measure units? As the business has become more challenging, getting loans done (no matter the type or volume) is the focus.

Getting loans done isn't the issue, most of the time. If someone hands us a loan, we can either figure out how to do it or quickly conclude that it isn't doable. The first step is finding loans to do. Since we self-source most of our business, the real issue becomes lead generation.

As a result, our models focus on the quantity and quality of:

- Lead Source 1:   Your Database

- Lead Source 2:   Your Business Associate Roster

- Lead Systems: Your Lead Tracking and Follow-up

To be sure that we stay in the game, we'll also look at:

- Loan Systems: Your Customer Service

These systems are described on the following pages, along with the relevant numbers for each of the models.

Your Database

In most markets, it is cost-prohibitive to advertise market-wide. Business building, therefore, is often based on people you know and people you meet where you can build a sphere of influence. We call this group of people a database.

Production from your database depends both on the quantity and quality of the database.

The **quantity** is the number of effective records you have. An effective record contains name, address, phone, and email.

The **quality** is the number of people in each of your relationship circles. These are definitional—how well does someone in your database know you? The definitions are:

Everyone
you could be in relationship with

Acquaintances

Relationships

Inner Circle
raving fan
always refer

know you
you do mortgages
positive opinion

know you
know you do mortgages
don't know quality

know you
don't know you do mortgages

- Everyones
  Know you, but nothing about your relationship to mortgage.

- Acquaintances
  Know you and know you do mortgages, but no sense of how well.

- Relationships
  Know you, know you do mortgages, and have a good opinion of you.

- Inner Circle
  Know you, know you do mortgages well, will (and have) referred you to others.
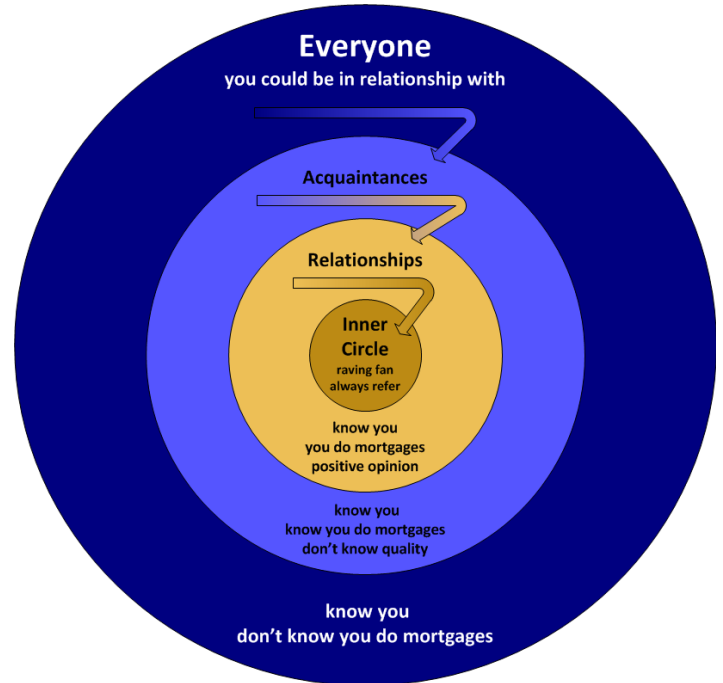
Care so much we make a difference.

Different relationships produce different levels of referrals resulting in closed deals. Sales research has shown that you can expect closed deals at the following rates:

1%   of "Everyones"

2%   of "Acquaintances"

10%   of "Relationships"

20%   of the "Inner Circle"

Clearly, the more people in the Inner Circle, the more productive the database.

So what does your database look like in each model?

$12 Million: **Total of 600**

Distribution	# in Database	% Produce Deals	Closed Deals
Inner Circle	10	20%	2
Relationships	160	10%	16
Acquaintances	200	2%	4
Everyone	230	1%	2
Total Deals Produced by Database			24

$25 Million: **Total of 1,200**

Distribution	# in Database	% Produce Deals	Closed Deals
Inner Circle	50	20%	10
Relationships	320	10%	32
Acquaintances	400	2%	8
Everyone	430	1%	4
Total Deals Produced by Database			54

$40 Million: **Total of 2,000**

Distribution	# in Database	% Produce Deals	Closed Deals
Inner Circle	100	20%	20
Relationships	500	10%	50
Acquaintances	600	2%	12
Everyone	800	1%	8
Total Deals Produced by Database			90

$80 Million: **Total of 3,250**

Distribution	# in Database	% Produce Deals	Closed Deals
Inner Circle	250	20%	50
Relationships	1000	10%	100
Acquaintances	1000	2%	20
Everyone	1000	1%	10
Total Deals Produced by Database			180

Your Business Associate Roster

As with the database, we also measure the **quantity** of business associates we have and the **quality** of those relationships. Unlike our database, these definitions have an entirely numbers-based definition.

- **Rule of 12 Associates** provide a minimum of 12 closed transactions over a year.

- **4 or More Associates** provide you with between 4 and 11 closed transactions each year.

- **Occasional Associates** provide you with 1 – 3 closed transactions each year.

- **On Deck Associates** are those realtors and others you are actively pursuing with the goal of earning referrals from them.
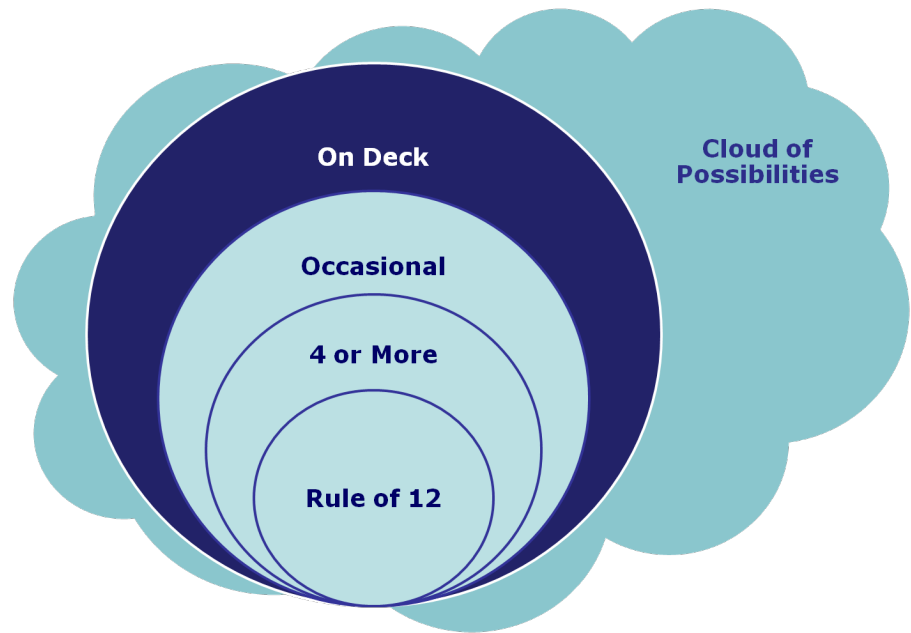
The Cloud of Possibilities is comprised of all of the potential associates in your market.

Focusing on closed transactions means that you focus on those agents and others that are actually productive for you. In fact, part of an annual exercise should be to identify associates who send you a lot of referrals that never close. Either their referral scripts are not very strong or they are working in a type of market that will not be productive for either of you.

So what does your database look like in each model?

$12 Million: **Total of 12**

Distribution	# in Database	# Deals	Closed Deals
Rule of 12	0	0	0
4 or More	0	5	0
Occasional	12	2	24
Total Deals Produced by Database			24

$25 Million: **Total of 24**

Distribution	# in Database	# Deals	Closed Deals
Rule of 12	0	12	0
4 or More	2	5	10
Occasional	22	2	44
Total Deals Produced by Database			54

$40 Million: **Total of 30**

Distribution	# in Database	# Deals	Closed Deals
Rule of 12	1	12	12
4 or More	5	6	30
Occasional	24	2	48
Total Deals Produced by Database			90

$80 Million: **Total of 61**

Distribution	# in Database	# Deals	Closed Deals
Rule of 12	1	12	12
4 or More	12	6	72
Occasional	48	2	96
Total Deals Produced by Database			180

Your Systems

The final part of the business model is the systems you have in place in order to manage the business. By "systems" we don't necessarily mean technology, but rather practices that are followed consistently. While there are many that can be used, the two that appear to make the biggest difference are *lead* systems and *customer service* systems.

Lead Systems

Lead generation is the first priority of most businesses and also one of the most difficult activities in a business. The numbers in the database and BAR are both designed to produce a certain amount of leads.

One other factor in lead management is **lead conversion**. If you can convert more leads into closed loans, you need fewer leads to reach your goal. Based upon our 4 models, you can see that different conversion rates require different numbers of leads to be generated. The typical conversion level for each model is highlighted.

Conversion Rate	20%	21%	22%	23%	24%	25%	26%	27%	28%	29%	30%
$12M 48 Units	240	229	218	209	200	192	185	178	171	166	160
$25M 108 Units	540	514	491	470	450	432	415	400	386	372	360
$40M 180 Units	900	857	818	783	750	720	692	667	643	621	600
$80M 360 Units	1800	1714	1636	1565	1500	1440	1385	1333	1286	1241	1200

What lead systems do you need?

- The first is a *lead capture/tracking* system that allows you to know what leads you have and what their status is. At Sente, we use the Redline.

- The second is a *lead follow-up* system that keeps you in touch with your leads until they make a decision (and even after that, in many cases).

The more leads you convert, the fewer you have to generate to get to the same result.

Loan Systems

The quickest way to move someone into your Inner Circle is to do a great job on their loan. This often creates a *raving fan* and provides the following benefits:

- They will, often without prompting, provide you with online reviews, which increase your identity.

- They will tell their friends about you. Remember that statistics show everyone knows 5 people that want to buy or sell a home in a given year.

- They will give you a strong referral rather than one that is lukewarm. This decreases the likelihood of a borrower shopping you.

There are 3 critical areas to doing a great job on a loan:

- Consistent status reports, including education about the process when needed.

- Careful document requests and management.

- Open and honest communication, including early warning of difficulties that may arise.

> **Deliver on our Promises**

How do we know this? Because for 5 years, we have asked clients about their experience, and these 3 items are the ones consistently mentioned when we receive low net promoter scores from our customers.

The reason we do a Net Promoter Score is to be sure we are measuring ("What Gets Measured Gets Done") how well we are doing with our clients. We also want to learn how we can improve. We send a survey request via email to every borrower and co-borrower asking

Based on your recent experience related to your loan with Sente Mortgage, what is the likelihood that you would refer a friend or family member to us? Please rate us on a scale of one to ten, with ten being the highest probability that you would recommend us.

When we collect the data, we then group the responses into one of three categories:

- Promoters, our 9s and 10s, are those who would actively recommend us.

- Detractors, our 1 – 6 responses, are those who would not promote us and, in fact, might recommend that someone not use us. For anyone in this category, they receive a follow-up phone call to find out what happened so we can learn from it.

- Neutrals, our 7s and 8s, will probably take no action.

We take the percentage of Promoters and subtract the percentage of Detractors for a Net Promoter score. Our goal is 80%.

Applying the Models to Your Business

Sente's Mortgage Banker business model and supporting practices is built around our model. In the table below, you can compare your numbers with our model. The metrics below were chosen to provide you with the highest ROI—the greatest return in the most efficient way. To complete your report card:

1. Highlight or circle the model you want to achieve.

2. Add your numbers for each of the metrics to the "Your Number" column.

3. Calculate the Gap.

Your Business Report Card

Metric	$12M	$25M	$40M	$80M	Your Number	Gap
Database						
# of ERs	600	1,200	2,000	3,250		
# of Inner Circle	10	50	100	250		
# DB Adds	250	250	250	250		
BAR						
# Agents	12	24	30	61		
4 or More	0	2	5	12		
# On Deck	8	8	8	8		
Systems						
Your Lead Goal	240	450	677	1200		
Conversion Rate	20%	24%	27%	30%		
Net Promoter	80%	80%	80%	80%		

Building and Managing Relationships

The implementation of a database strategy begins with a philosophy on what your database is.

> **WE BELIEVE YOUR DATABASE IS THE SOURCE**
>
> **OF YOUR PAST, PRESENT AND FUTURE BUSINESS.**
>
> **IT IS THE KEY TO SUCCESS.**

Using Your Database

Among other things, your database is used for Sente's "consistematic" communication practice the Ongoing 24. In the Ongoing 24, everyone in your database (for whom you have appropriate contact information) receives one email and one postcard every month. You are charged for postcards sent, but not for emails.

Some regular maintenance of your database is handled by Linda, including:

- Removing emails where there has been a hard bounce.

- Updating addresses in the National Change of Address database.

The remainder of maintaining your database is up to you.

Once your database is uploaded, you will have the opportunity to attend training on how to maintain your database, including record addition and editing.

Effective Records

Many of the records you initially upload to your database may be missing a critical piece of information. At Sente, we believe that having an **effective record** is key to your ability to communicate with your database in any way you choose.

 An effective database record has the following contact information:

- Full name of the contact.

- Physical or postal mailing address.

- Email address.

- Phone number.

How Big?

There is no limit to the size of your database. We do know there are two magic numbers: 600 and 1,200. You want to get to 600 as soon as possible—within 3 – 6 months, the database will begin producing significant results. After that, 1,200 gives you a size to comfortably contact everyone once a year. But there is no limit, especially with the Ongoing 24 to help maintain contact.

Add <u>Everyone</u> You Know

The first step in building your database is adding everyone you know. Your first goal is to be sure that everyone you are already in relationship with is in your database.

Are they?   Yes   No

Look at the list below if you think your answer is yes:

- All members of your family, including immediate family, extended family, in-laws, adopted family and anyone else that comes to family gatherings, holidays, etc.

- All of your friends, including those you shop with, drink beer with, go bowling with, share hobbies with, go to concerts with, invite over for a movie or to watch the big game, etc.

- All of the parents of your children's friends.

- All of the people you work with or members of any organization in which you are an active member and they know who you are.

> I know what you're thinking…
>
> > *"I don't want to bother them."*
> >
> > *"I don't want to sell them."*
>
> But you **do** want to help them, to make sure their needs are taken care of, right?
>
> Who is better to do so than you?
>
> At this point, don't make any assumptions about the type of communication you will engage in. Just list, list, list.

These people already know you and have confidence in you. They are willing to do business with you. Some of them may also be willing to refer others to you, demonstrating significant confidence in your abilities.

Always treat these relationships like the jewels they are. You probably are top of mind for some of them, but not for all of them all of the time. So make sure they are always in the database and included in your communications.

On the following page, write down as many names of people you know who aren't in your database. In addition to the lists above, here are some hints to get started:

- List everyone in your cell phone.

- List everyone in your emergency phone list. This includes your doctor, dentist, and veterinarian.

People You Know—Friends & Family	
1.	2.
3.	4.
5.	6.
7.	8.
9.	10.
11.	12.
13.	14.
15.	16.
17.	18.
19.	20.
21.	22.
23.	24.
25.	26.
27.	28.
29.	30.
31.	32.
33.	34.
35.	36.
37.	38.
39.	40.

More People You Know	
Lawyer	
Pharmacist	
Dentist	
Plumber	
Hair Stylist	
CPA	
Financial Planner	
Veterinarian	

More people You Know, continued	
Doctor	
Chiropractor	
Optometrist	
Interior Decorator	
Physical Therapist	
Florist	
Banker	
Landscape Contractor	
Plumbing contractor	
Electrical contractor	
Architect	
Teacher (from the past)	
Teacher (present)	
Principal (past)	
Principal (present)	
Counselor (past)	
Counselor (present	
Sports coach	
Massage Therapist	
Insurance Agent	
Restaurant Manager	
Parent / sports team	
Parent / school	
Parent / scouting	
Former employer	
Former colleague	
Organization member	
Church member	
Volunteer	

Add Everyone You Meet

There are two truths about Your Database:

> **TRUTH # 1:**
> You can never have too many contacts in your database.

Therefore,

> **TRUTH # 2:**
> You need to continually build your database.

You meet people every day—standing in line at Starbucks, waiting for the checkout at the grocery store, picking up your dry cleaning. Whenever you meet someone, remember the three ways to **power up** your database:

1. Strike up…a conversation.

2. Follow up…by asking for a business card and for permission to stay in touch.

3. Add up…the increasing size of your database. Think of them as the number of people who will have their mortgage done right.

Always…

Ask for a business card.

Get permission to stay in touch.*

Add them to your database.

Build a relationship.

* Getting permission to stay in touch is just a simple question.   After you have met someone, say   "I enjoyed meeting you. Is it ok to stay in touch?"

Database Quality

Your database will generate business in proportion to its size, effectiveness and quality. Quality is defined as the depth of the *relationships* you have with people in your database. The goal with your database is to both **expand** the number of people in it and **improve** the relationships with those who are there.

The nature of the relationship you have with individuals in your database will determine the likelihood of receiving business from them. Those who know you, respect you and trust you will do business with you *and* will refer business to you. Those who are only sort of familiar with you may or may not provide you with business and will often put you in a competitive situation.

Why Measure Relationships?

Unlike the total size of your database and the number of effective records, the "measurement" of relationships isn't precise. By going through the effort to define the relationships you have with individuals in your database, however, you can:

- Better predict the productivity of your database in terms of leads that result from the relationships.

- Know what type of communication is needed to take the relationship to the next level.

- Manage the time spent with your database by focusing on the opportunities that will provide the best return on your time investment.

How to Measure Relationships

Personal relationships are often measured in terms of emotional connection. How you feel about someone and how they feel about you, whether you like spending time together, how well you get along—all of these are criteria you use to determine the difference between "acquaintance" and "friend."

Business relationships are measured differently. The measurement is behaviorally based. The categorization is about what someone does, not what they say or how you feel about them.

There can also be a difference between how you feel about someone (personally) and your willingness to put your professional reputation on the line by referring someone to them. Others may feel the same way about you, or they may not be willing to make a "you are the only one" type of business commitment. Where they are on your personal scale, therefore, may not completely mesh with where they are in your business categories.

Relationship Categories

There are four categories to use in defining the relationships in your database. These are:

- **Everyones**: They know who you are, but do not connect you with mortgage.

- **Acquaintances**: They know you and know you are in the mortgage business, but don't know if you are any good.

- **Relationships**: They know you, know you are in mortgage, and think you are good, but you aren't their "go-to" mortgage resource.

- **Inner Circle**: Your advocates—people who know you, do business only with you and refer you to their friends.

Everyone
you could be in relationship with

Acquaintances

Relationships

Inner Circle
Commitment
Advocacy

Will call
_____
Competitive

have responded to you
(live or virtual)
permission for contact

They are in your
database system

Power Up Your Database

☐ Complete the form on page 3.

How many people did you identify who are not currently
in your database (or on your list to have entered)?   _____

☐ Identify the people in your Inner Circle.

How many do you have?   _____

How often are you in contact with your Inner Circle members?

_____

_____

_____

Consistematic Communication

On average, people will purchase a home every 5 – 7 years. Within that 5 – 7 years, they may know others who are wanting to buy or refinance a home. If the people who like and trust you remember that you are in the home loan business, they will call you or provide your name to others.

So why don't more loan officers get more calls from past clients, friends, and even family? Because they don't consistently build a business relationship with them that helps them remember they are in real estate. How do you build that relationship? Through **consistematic communication**.

A relationship connects you with others, and the glue for that connection is communication. This "glue" is stickier—and the relationships more solid—when the communications are both consistent and systematic—"consistematic".

Consistent: [kuhn-sis-tuhnt]   -adjective

- Purposefully regular

Systematic: [sis-tuh-mat-ik]   -adjective

- Methodical, planned

Consistematic

Ideally, you want to become their home loan consultant. This isn't going to happen overnight, and it is not going to happen without effort. You need to continually be in touch with everyone in your database, especially your Inner Circle.

One powerful and effective system that is simple to use is the **5-5-25 System**. The 5-5-25 is a personal communication strategy that helps you to create a set of habits leading to success. You already know that regular contact with the people you know creates strong, ongoing relationships. The 5-5-25 provides you with a system to deepen the relationship with those you know.

In addition, the 5-5-25 system gives you the opportunity to systematically add to the number of people with whom you are consistematically communicating. The larger the number of people in your database and specifically in your Inner Circle, the larger the number of people who will proactively seek your help and advice when they or their friends and family need help in home loans. As you practice this personal communication strategy, the purpose is to increase the size of the group in which you have no competition.

5-5-25

The 5-5-25 is a weekly discipline which translates into daily actions. Each day during the week you will:

- Add 1 new person to your database, for a total of **5** new contacts each week.

5

- Write a personal, handwritten note to one person for a total of **5** notes written each week.

5

- Make 5 non-transactional out-bound calls for a total of **25** calls during the week.

25 ☎

Add 5 People to Your Sphere of Influence Weekly

There are many sources which can feed your database, and you've already reviewed some of these in session 1. In addition, you can meet people everywhere you go.

- Whenever you pick up your dry cleaning or get a cup of coffee, talk to people around you. Ask what they do and ask for a business card.

- When you go to lunch, ask to meet the manager and compliment them on an aspect of their restaurant (food, service, etc.). Ask for a business card.

The same principle applies when you are attending a concert, visiting an arts & crafts fair, sitting in a waiting room, picking someone up at the airport, etc. There are many times during the week that you strike up a conversation with someone and often end up talking about what you do. Just follow up by asking for a business card and add that person to your database.

The most important principle here is that this addition is not random, accidental, or when you get around to it. It is purposeful. It is daily.

What it is important is **getting** their business card, not **giving** yours. When you are collecting a business card, take a moment after your conversation to note what you talked about. That reference will help you write a note or make a call later—and make it very personal.

When you add someone to your database as a personal contact, it should be someone you have met personally. If you haven't, then you need to schedule a time to "meet" them, even if that is by phone or through an introductory email. A great way to solidify the relationship is by sending a personal note.

Send One Personal Note Each Day

Nothing is as genuine as a personal note. In today's world of email, text messaging, and cell phones, a handwritten note of thanks or just an expression of association is very rare. These notes will get you noticed.

5 ✎

In addition to your 5-5-25, you should <u>always</u> send a personal note of thanks for any referral and when a loan has closed. The 5-5-25 notes are primarily for the purpose of keeping in touch.

Who can you sent personal notes to?

- Look in the Sunday Real Estate section and send a note of congratulations to an agent you know who has been recognized or who has advertised a listing.

- Look at your calendar from the previous week. Who can you send a letter of thanks for help received or meetings held? Or simply send a note that expresses it was "good to see you or good to talk to you."

- Send a thank you note to someone who has helped you resolve a business or personal issue.

Of course, to send a personal note you will need to have the address of the person you are writing to. If you met them at a business, you can always use the business address. If not, just call and ask!

On the following page are some sample notes you can use. Just remember that these notes are supposed to be **personal**, so always include something unique in each one.

When you write these notes, what do you say? There is a simple formula you can use.

- What happened? (You met them, you saw a mutual friend, you were thinking about them.)

- What did it mean to you? (Interesting to hear about their business, reminded you to keep in touch.)

- What happens next? (Keep in touch, talk with them soon.)

For example:

It was great seeing you at the Chamber Mixer last Thursday. I really enjoyed talking with you about your _____ business. I'll stay in touch!

Make Your 5 Calls Each Day

25 ☎

The purpose of the calls you make each day is to move people from the outer circles of your relationship categories to the Inner Circle.

The Permission Call

You may have met someone casually, picked up a business card from somewhere, or had someone tell you about them. There are two parts to the conversation. The first is an opening which identifies you to the caller: you share an organizational membership, you have a mutual friend, you met at an event, etc. Then ask to stay in touch: "I'd like to stay in touch, is that ok with you?"

The Deepen a Relationship Call

The purpose of this call is to begin deepening the relationship with those in your database. Planning the call should only take a minute. First, check your notes in the database from the last call. Then, write down a couple of things you want to be sure to accomplish, such as gathering a particular piece of information. If you don't have complete information in their client record, it's a great time to fill in the gaps.

There is one important thing to remember about these phone calls: 🚫 Prospecting

Think of these calls as "coffee talk." If anyone brings up the question of a mortgage, it should <u>always</u> be them, not you.

Tracking the 5-5-25

On the next page there is a form which provides you with a way of tracking a full week's worth of your 5-5-25 sphere of influence additions, notes and calls. Each day you'll record:

- The person you added to your sphere
- The person you sent a note to
- The 5 people you called

Make copies of the 5-5-25 tracking form and keep them on your desk. Start every day by completing these tasks. You'll be on your way to building a practice which will support your business for life!

For week of: _____

Day 1	
👤 Added	
✍ Note	
☎	1
☎	2
☎	3
☎	4
☎	5

Day 2	
👤 Added	
✍ Note	
☎	1
☎	2
☎	3
☎	4
☎	5

Day 3	
👤 Added	
✍ Note	
☎	1
☎	2
☎	3
☎	4
☎	5

Day 4	
👤 Added	
✍ Note	
☎	1
☎	2
☎	3
☎	4
☎	5

Day 5	
👤 Added	
✍ Note	
☎	1
☎	2
☎	3
☎	4
☎	5

Notes

Smarter Money Moves

Sente manages a marketing campaign that sends a direct mail postcard and an email on a regular basis. Examples of these are found on the next few pages.

Smarter Money Moves Examples: Postcards

Topic: Savings
In my work in the mortgage industry I've come to recognize that the strategies we need to apply are different for dfferent types of savings. **Emergency Savings** *are for unexpected expenses, like an unforeseen car repair.* **Savings to Spend** *are for future expenses, such as vacations.* **Savings for Retirement** *are funds invested to cover future living expenses after you are no longer working.*

Topic: Assets
What I've come to realize is that many people are not sharing what really matters with their financial advisor. The recommendations you get depend heavily on the information you provide. If you don't paint a complete picture of your current finances and financial goals, you may not receive the most effective advice.

Topic: Debt/Liabilities
In the mortgage business, the topic of debt comes up constantly. Clients are always asking me how to reduce their debt more quickly. There are many strategies out there, but trying to wade through them can be overwhelming.

Here's an incredibly simple but surprisingly effective approach: Just pick one debt at a time and accelerate your repayment. This allows you to cut through the clutter and watch that debt disappear more quickly.

Topic: Assets
I recently reviewed an old identity-theft checklist created for my clients, and I realized much has changed. With our increased reliance on the web for most of our financial and social activities, identity thieves have more places to hunt for clues to a person's ID. And although the number of ID theft occurrences has decreased, the consumer's cost has increased.

Smarter Money Moves Examples: Emails

Like the postcard, many of the emails touch on financial literacy topics. Unlike the postcard, these emails are simply constructed and designed to prompt a response and to position the mortgage banker as an expert.

Example 1

Janine,

Real estate's impact on the economy continues to be a hot topic in the national press. Just last week both _USA Today_ and _ABC News_ ran stories on the subject. I don't think they are providing the whole story. For example:

- **Prices are down.** True nationally, but - like the weather - what really matters is your local area. If you compare prices between April 2010 and April 2011, you'll find price increases in Dallas, Austin, San Antonio and many other Texas markets.
- **Foreclosures are down.** Foreclosures are at a 40-month low. This doesn't mean that fewer people are defaulting on their mortgages. Instead, there are major delays in the processing of new foreclosures due to legal disputes.
- **Housing inventory is down.** True, but what's hidden is the fact the builders aren't building as many houses as they were 5 years ago - in fact, only 25% as many. For Texas, inventory is holding steady.
- **Home sales are down.** Year over year, yes, but only because last year there were government incentives (such as the first time homebuyer credit) that accelerated purchases.

Since much of our wealth is tied up in real estate, getting the real story is important!

Tom

Example 2

Janine,

Do you owe the IRS or are you getting a tax refund this year?

With tax day a few weeks away, finding out you are getting a refund makes most people I know happy. But getting a refund just means you have loaned the government money _interest free_ for the last year. On the other hand, owing the IRS money can quickly derail your budget. In either scenario, it's always a good idea to check that your payroll tax withholding is precisely aligned.

MSN has a fast and easy-to-use calculator for finding your withholding sweet spot.
Or go to the IRS' website for a more detailed examination of how much you should be withholding.

If you check this out now, it's not too late to change your withholding for this year or start budgeting for any potential shortfall.

Regards,

Tom

Team Building

Are the right people doing the right things?

Working with a team provides a huge boost to the level of business you are able to do. At the same time it is a challenge—you are no longer the only person acting in your name.

Making the right choice of team members, setting expectations for their performance, and holding them accountable are all part of the team dynamic. And being good at these tasks doesn't have anything to do with being a great mortgage banker.

There is a strategy to building a team that moves the team forward. It begins with hiring a production partner and ends with having enough talent that you can step out and have the team do the majority of the day-to-day tasks. A view of this appears in the table below. New hires at each step are **bolded**.

	Sales	Fulfillment
I	**Mortgage Banker (MB)**	
II	Mortgage Banker	**Production Partner**
IIIa or	Mortgage Banker	Production Partner **Production Assistant**
IIIb	Mortgage Banker **Sales Assistant**	Production Partner
IV	Mortgage Banker *Sales Assistant*	Production Partner *Production Assistant*
V	Mortgage Banker Sales Assistant	Production Partner **Contract to Close Specialist** Production Assistant
VI	Mortgage Banker **Sales Specialist** Sales Assistant	Production Partner Contract to Close Specialist Production Assistant
VII	Mortgage Banker Sales Specialist Sales Assistant	Production Partner Contract to Close Specialist Production Assistant
	Pipeline Manager	

Hiring

The greatest temptation when hiring a team member is to hire someone just like you. That feels comfortable and you are likely to get along well. However, the challenge is that you are building complementary, not identical, skill sets.

When hiring for the fulfillment side, you will be looking for:

- Organizational skills

- The ability to handle details

- Analytic abilities

- Reliability

- Willingness to convey information

When hiring for the sales side, you will be looking for:

- People-orientation

- Motivational and persuasive

- Self-reliant (but not self-directed)

- Sense of urgency

In both cases, you will want:

- Strong customer service orientation

- NMLS licensed (or ability to be licensed)

- A good work ethic

All of the fundamental hiring practices apply, including a well-written resume and the ability to answer basic questions about their experience. They should be able to describe situations relevant to the type of work they would be doing and how they fared with that.

Beyond that, they will also receive a DISC and StrengthsFinder assessment. The best way to use these assessments is to read them thoroughly.

Performance Expectations

When you hire someone, it is important to define for them what you expect them to learn, to do, and the result you want. For example, the first task for a production partner will be answering the phone. To do that, they will need to:

- Learn how the phone system works, how you want the phone to be answered, and how to route calls.

- Answer the phone within X rings and accurately route the call or provide the information requested.

- The result you want is clients and agents to feel as if they are being cared for and people calling for information receive the information they need.

Once they know the elements of their job, it is your responsibility to hold them accountable to achieving results. It is tempting to judge whether or not they are doing it "your way," but if the results are achieved (with no adverse effects), the methods are unimportant.

If you have hired the right person, provided sufficient training, and equipped them with the tools to do the job, there should be few performance issues. It is dangerous—to your business—to assume there are no issues. Holding them accountable on a weekly basis to achieving the results specified is the most effective way of determining whether there are issues.

The Accountability Meeting

Every week you should set aside 30 minutes to review the performance of each team member. These meetings are one-on-one. Using the following questions should uncover any issues you don't already know about and enable you to raise issues that you have discovered on your own.

Question	Raise Issues About
How do you think this week went?	What I know you did well… Where there may be some issues…
What help do you need to deal with issues?	Where help can be found.
What will you do differently to resolve issues?	

Depending on the outcome of the meeting, you may suggest additional training (when someone doesn't know how to do something) or you may need to do some active coaching (when you want different results).