



## **Understanding the Talent Pool and the Need for Training as well as Attracting New Talent**

Perhaps the most powerful differentiating characteristic between stellar companies and “also ran’s” is in the quality of their talent. However, recruiting and retaining motivated talent is extremely difficult. As we continue to lose knowledgeable veterans to attrition, we need to continuously replenish competence through training while actively seeking to grow our industry by hiring fresh talent without leasing experience.

The leasing industry is the product of highly competitive and creative executives who saw an opportunity to create a product that provided meaningful alternatives to those offered by lenders of the day, but we are no longer an industry in its infancy. In 2012 we find ourselves in a more tightly regulated, bank controlled environment. Survival is now dependent on securing every last possible basis point rather than coming up with a more creative structure or developing a new product. We are no longer the only unique provider of financing. As the industry has matured, what differentiated us has become obscured. Improved technology has helped our industry increase efficiencies and lower costs but it also diminishes the differences between companies, making it harder to provide a “personal touch”. In this more competitive environment, it is now more important than ever to give employees every possible advantage in order to succeed. Employees need their employers to invest in them.

The people who started the leasing industry were highly skilled people whose success was due in no small part to the investment in training that had been made in them. For the first couple of decades, leasing companies trained their employees, exposing them to all facets of the business. There was practical benefit to having better-rounded employees, as well as the intangible benefit of ensuring employees felt valued. As we have matured as an industry and profits have become slimmer comprehensive training programs have consistently lost the battle for funding to other more immediate squeaky wheels. Now many hiring managers are surprised to realize that the years have sped by and they have failed to implement training programs for new generations. Many have failed to bring new talent into our industry. Companies are staffed with senior talent with not too distant retirements and lack a crop of eager, well trained, and determined successors.

Now, the founders of our industry have aged, made their fortunes, and many have moved on. Creativity has been curtailed by regulations. Companies have been swallowed up through countless acquisitions. That and recessions have led to lay offs and instability. Many leasing veterans have suffered as they’ve been moved from company to company. People no longer speak of working at a company for 15, 20, or 25 years and then retiring.

Having been repeatedly burned, they now hope to be at a company for three or four years before the market changes, the company disappears, or the office moves. Hiring decisions are now based on what impact the candidate will have in their first month or quarter, and not to secure long term employees. A major casualty of this new reality is loyalty. Employees feel commoditized and companies feel like they receive too little value. Many veterans are frustrated because they've been branded as "retreads". Many are tired, frustrated, and angry at not being appreciated for their lifetime of experience. Every time one of these veterans leaves the industry we lose one more piece of knowledge; one bit of wisdom. Meanwhile we have forgotten how to develop a comprehensive training program. We don't recruit new talent out of colleges and other industries. We have become sloppy in our hiring criteria and the process as a whole and we lack a method for managing, improving, and motivating new and long-term employees. Too often we are too quick to fire and too slow to work on improving our existing teams. We need to begin reevaluating the role of and hiring of veterans. We then need to make it a priority to attract and recruit recent graduates and people from other industries.

In this risky economic environment it is very difficult to hire away happily employed people at stable companies. Unless there is something wrong where they are, most people won't leave their current employer in an uncertain job market. But growing companies must continue to hire and develop talent—and can't do so successfully if they're all focused on a narrow pool of candidates who claim to "have a book". And, in the final analysis, very few people who bring a "book" do so without some rebuilding and many months of ramp up. In a misguided attempt to avoid this inevitable ramp up, many companies have ignored the many qualified and ambitious people who have left leasing for other industries inside and outside of finance. It's time we begin to seriously consider those individuals who became a commercial loan officer, went to work for a vendor, or brokered transactions in order to keep food on the table. Hiring a successful leasing veteran who needs a runway to develop a performing territory can be the better strategy than hiring a slick interviewer with a phantom "book" who moves on in four months. In the same time frame, the veteran may have developed exactly the territory and customer base you're looking for. It is essential that the interview process focus on skill set, capability, past success, and energy. Companies need to interview more thoroughly while continuously appraising the success of hires made. Use that information to improve the interview process further. Instead of focusing solely on current relationships, have a business plan become an integral part of the process. Focus on *how* they would build a territory. Have a candidate for credit conduct several trial write-ups. Challenge candidates to show you that you should hire them. We should attempt to find out who can *do the job* in the long term rather than focusing on someone who can make a big splash. Veterans will want to retire before too long, and so any strategy going forward must include a plan to bring in less experienced but promising new talent from outside the industry while we can take advantage of the knowledge these veterans provide.

We have done a very poor job of making ourselves visible to the outside world of job seekers. Those that have graduated college in the last five or six years are one of the

most underemployed groups as a result of the recession. We should be actively attracting these people. Companies need to go to local job fairs and career days at universities and colleges. They should identify industries that require sympathetic knowledge and skills in order to proactively recruit their top talent. In short, as an industry, we need to expand the scope of our search and abandon the insistence that we only hire people with leasing experience. We do ourselves a disservice by not bringing in fresh ideas, outside perspectives, and people who can commit to 20-30 year career in the exciting world of equipment finance.

Of course, hiring someone without leasing experience means they will require a longer ramp up and a more involved integration into the company. The cost involved may be discouraging at first glance, but it is nominal when you consider the rewards that pay dividends over many years. And what is too often overlooked is that veterans require frequent refreshers and continual trainers *no less* than green hires. Identifying talent is only one component to a successful human capital strategy. A company must also *keep* their talent. Training provides many benefits and is one of the most effective tools at a company's disposal to keep their best employees. By investing in your employees and engaging them through training you send an implicit signal that you value them and believe in them. Not only will this engender loyalty, it also follows that your people will *be more successful*. A successful employee is a happier employee who is less likely to consider making a change. By investing in a training program, a company reduces the risk and high cost of frequent turnover, loss of consistent knowledge within an organization, and the opportunity cost caused when management is searching for new hires instead of executing their mandate. Training shouldn't stop when someone has been with your firm for three months. It should be an ongoing, constant, never ending part of your culture, an integral part of your retention strategy.

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