

Manager Retention and Engagement

EquiFirst Corporation Focuses Leadership Development on High-Performing Employees

—Kim Lamoureux, *Senior Analyst* | May 2007

▶ IN THIS CASE STUDY

This case study illustrates how EquiFirst Corporation, a premier national lender, accelerated organic learning to maximize the strengths and potential of its existing managers throughout its global organization.

EquiFirst's commitment to leadership development was first demonstrated through its creation of a position (and ultimately a department) that focused solely on talent management. By increasing the awareness of the significance of leadership development among senior executives, the company was able to:

- Define tailored leadership competencies;
- Implement an online learning solution; and,
- Develop a companywide performance management process.

This report will highlight how this evolution occurred, as well as the new programs and processes that exist today at EquiFirst. ↪

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Company Overview

EquiFirst Corporation is a premier national lender headquartered in Charlotte, North Carolina, providing wholesale nonconforming loans. They are considered “the standard-bearer for personalized, in-person service recognized within the mortgage industry.”¹ Excellent service coupled with a wide range of nonconforming loan programs enables EquiFirst to serve their brokers’ needs.

With centralized operation centers in Charlotte and Phoenix, Arizona providing loan processing and back-office services, the company has more than 1,300 associates, including more than 470 underwriter-trained account executives across the U.S.² EquiFirst is represented in all 50 states, except Alaska and West Virginia.

Business Challenges

Despite changes and fluctuations that have occurred in the industry over the past several years, EquiFirst has experienced double- and sometimes triple-digit growth each year that the company has been in business (established in 1990). Since 2003, when the mortgage industry was experiencing a downturn, EquiFirst conquered new markets in the western part of the U.S. and almost doubled in size from about 800 employees to 1,300 employees – a 75 percent growth rate.

However, growing organically and maximizing the potential of the company’s current talent have been huge challenges. Many managers and supervisors have had no formal training – most learning and development have occurred on the job. EquiFirst was, therefore, looking for a solution that could provide very practical and tactical training for its leaders.

Another area of focus was retention and associate engagement. With the industry going through turmoil a couple of years ago, a fear developed that EquiFirst’s best performers would “jump ship.” During this time,

¹ Source: <http://www.equifirst.com/insidethebox/howwegothere.aspx>.

² Ibid.

the company recognized that it was critical to develop and engage these high-performing employees.

To address these challenges, EquiFirst aimed to establish a new learning and development (L&D) function that focused on leadership development, e-learning and business acumen learning for all associates. The company first hired a director of learning and development, who was tasked with:

- Developing learning programs;
- Creating a consistent performance management process; and,
- Building a culture that embraced learning.

By leveraging several key best practices, the company was able to develop and implement a highly successful leadership program.


Best Practices / Benefits

Executive Engagement

Offering this level of training to employees in the mortgage industry is not very common. However, EquiFirst’s CEO was committed to associate development and recognized the need to shift the needle upward on performance at all levels.

The CEO and senior vice president of human resources were the key drivers for establishing a new L&D department that focused on leadership development. The CEO and executive leadership team helped permeate the culture, setting expectations and instilling a level of commitment around development by all employees. In addition, the CEO:

- Endorsed the kick-off courses;
- Promoted programs through emails and during companywide events;

 **ANALYSIS**

Our research shows that leadership development efforts with strong executive engagement are 58 percent more effective at increasing the quality and bench strength of their leadership pipelines.³

³ This information is based on current research on the topic of leadership development, the report for which is due to be published Summer 2007.

- Approved the creation of a website devoted to leadership development; and,
- Ultimately, participated in the leadership programs.

Tailored Leadership Competencies

The director of learning and development (with assistance from other stakeholders) established five leadership competencies that became core to the company's corporate culture.

The first competency reflects the company's expectation for employees and managers to embrace corporate values, and remain ethical in regards to business dealings and in everything that they do on behalf of EquiFirst.

1. **Embracing Corporate Values:** Manager seeks to remain true to ethical business dealings in every decision made, while orchestrating both tough business and people decisions. Manager continually seeks to foster an environment of real people, delivering real solutions the right way. Manager works to instill daily in team members an entrepreneurial spirit built on the highest standards of excellence and integrity.

The other four competencies were created based on EquiFirst's "Statement of Values" and skills sets necessary for leadership roles at EquiFirst. The competencies are focused on all levels of managers, as well as individual contributors. The company believes that, as employees progress through their careers, they should be prepared to take on leadership roles. Essentially, this wide reach will help to build stronger bench strength and a more robust leadership pipeline. EquiFirst's remaining four competencies are:

2. **Committed to Customer Service:** Manager ensures the customer perspective is at the forefront of all business decisions and initiatives. Manager invests time in customer-facing activities to understand their needs and stretches to 'raise the bar' on customer-service standards. Manager continually works to instill both an

⁴ This information is based on current research on the topic of leadership development, the report for which is due to be published Summer 2007.



ANALYSIS

According to Bersin & Associates, 88 percent of companies that have defined leadership competencies are "very effective" at driving improved business results, as compared with only 12 percent of companies that don't have competencies.⁴

external and internal customer focus in his / her associates. Manager works to ensure that all associates maintain a sense of urgency, a commitment to integrity and passion for service.

3. **Leading People to Excel:** Manager overcomes silos to achieve greater results for the enterprise, while driving collaboration among groups and individuals. Manager seeks to recruit and grow great talent by moving quickly to address mediocre performance, and is adept at selecting and developing top performers. Manager inspires commitment and followership by creating positive energy in the face of challenges. Manager clearly translates strategies into specific goals, tactics, action plans and deliverables through critical and analytical thinking. Manager works to continually focus every employee on improving efficiencies and productivity.
4. **Personal Accountability to Team:** Manager seeks new and continuous opportunities to build partnerships with groups, peers and / or senior management of which he / she has no direct authority. Manager fosters high levels of accountability through fair but hard-hitting performance management processes with his / her team and peers. Manager personally practices and teaches philosophy of always asking, “What can *I* do right now to make a difference? How can *I* contribute to team success?” Manager builds partnerships with other teams to achieve swift adoption across the organization. Manager makes timely decisions and moves quickly to eliminate roadblocks, while generating pragmatic, sensible and simple solutions to complex problems for the betterment of his / her team and the company as a whole.
5. **Innovation That Matters:** Manager seeks new and more efficient ways to integrate products, processes and / or technology to drive performance and business results. Manager clearly aligns corporate initiatives with business goals by incorporating innovation opportunities. Manager continually strives to assess team resources and to align projects with those resources most qualified. Manager creates innovative business plans focused on driving short-term and long-term bottom-line results.

⁵ This information is based on current research on the topic of leadership development, the report for which is due to be published Summer 2007.

 ANALYSIS

Our research shows that organizations are 38 percent more effective at increasing the engagement, retention and teamwork of their leaders with strong executive engagement.⁵

Comprehensive Learning Approach

To assist with truly “operationalizing” these competencies and instilling them into the psyche of its employees, EquiFirst required a solution that was scalable for its dispersed workforce. In addition, with only one person in its L&D department EquiFirst needed a vendor that provided support mechanisms for developing and implementing leadership programs.

A blended solution primarily comprised of self-study e-learning was the best option. EquiFirst purchased an interactive leadership and management development suite offered by Ninth House, which covers a range of leadership development topics, and is also packaged with a host of customized supporting materials and services.

EquiFirst’s director of learning and development initially identified the four most critical courses that tied to the company’s leadership competencies. All managers were highly encouraged to complete these four courses in a six-month timeframe – and the company achieved a very strong 75 percent completion rate. Because of this success rate, the company added two more courses for managers to complete. The six courses and the targeted competencies are outlined in Figure 1.



KEY POINT

EquiFirst decided that a blended solution primarily comprised of self-study e-learning was the best option.

Figure 1: Courses and Targeted Competencies

Course	Competency
1. Forging Breakthroughs	Leading People to Excel
2. Partnering for Results	Personal Accountability to Team
3. Optimizing Team Performance	Personal Accountability to Team
4. Innovation: WOW! Projects	Innovation That Matters
5. Navigating Change	Committed to Customer Service
6. Resolving Interpersonal Issues	Committed to Customer Service

Source: Bersin & Associates, 2007.

This solution utilizes an integrated blended-learning approach, which helps to infuse employees with the skills they need to be more effective and productive leaders. The approach is designed to insure that learnings are not only immediately put to use on the job but are also reinforced over time.

As an additional part of the solution, EquiFirst offered presentations and materials for extended, group-based sessions specific to each of the six online courses. The extended sessions are conducted face to face in regional locations, and facilitated by the director of learning and development. These sessions provide an opportunity for managers to practice and equate online learning to real-life scenarios and experiences through which they are currently working.

Scheduled as-needed, these sessions are based on when a number of EquiFirst managers complete the online courses. The sessions are planned around company meetings to reduce costs and to help ensure manager participation.

To reinforce learning, EquiFirst added a performance support system, Instant Advice[®], to its leadership development strategy. Comprised of web-based videos from Ninth House, Instant Advice provides leaders with immediate, actionable solutions for common business challenges. This also strengthens productivity by developing self-sufficient employees who can themselves quickly find solutions to their daily challenges.

Talent Management Integration

Until about a year ago, there were no corporate standards for performance management at EquiFirst. Managers either did not create performance plans at all, or they assessed their employees using their own personal preferences for techniques and templates.

The director of learning and development created a standardized performance and individual development planning process that is closely aligned with the courses used in this program. Additional tools

Completion rates of e-learning programs when part of a blended solution are in the range of 75 percent to 95 percent, as compared to 20 percent to 40 percent when stand alone.⁶

⁶ For more information, *Blended Learning in Leadership Training: Proven Learning and Delivery Models*, Bersin & Associates / Kim Lamoureux, September 2006. Available to research members at www.elearningresearch.com.

have also been developed to help managers understand how to build goals, create development plans and align learning activities directly to the leadership competencies.

Today, throughout EquiFirst formal employee development plans are created each year and employees are held accountable to those plans.

Results

With key support from senior executives, the creation of defined leadership competencies and the successful implementation of a comprehensive leadership development education program, a true learning culture is starting to emerge at EquiFirst. The company's leadership strategy has gained a high level of approval throughout the company. Consistently positive results are articulated through the participant evaluations of the program.

EquiFirst used KnowledgeAdvisors' Metrics that Matter[®] technology to generate evaluations, tests, assessments and surveys for the courses. Metrics that Matter is based on Kirkpatrick's Four Levels⁸ and Phillips ROI Model⁹. Figure 2 describes key measures and the overall ratings of the courses by EquiFirst participants.

ANALYSIS

Performance management plays a critical role in creating the leadership pipeline. The performance management process identifies and develops a steady pipeline of leadership candidates.⁷

⁷ For more information, *Performance Management 2006 – Comprehensive Industry Study: Market Analysis, Trends, Best Practices, and Vendor Profiles*, Bersin & Associates / Josh Bersin, June 2006. Available to research members at www.elearningresearch.com.

⁸ Donald Kirkpatrick's four-level Measurement Model has been widely published in many articles and its terminology is well-known to most training professionals. The original model was published in *Training and Development Handbook*, R. L. Craig, McGraw-Hill, 1976.

⁹ For more information, *Handbook of Training Evaluation and Measurement Methods*, Jack Phillips, Gulf Publishing, 1991. (Jack Phillips' ROI, or "fifth level," was first published in this book.)

Figure 2: Evaluation Results

Evaluation Level	Metric	Rating (7-point scale)
1. Learner Experience	• Courseware	5.98
	• Online Delivery	5.81
2. Knowledge Gained	• I learned new knowledge and skills from this training.	6.27
	• Rate your increase in skill level or knowledge of content before versus after the training. (Zero percent is no increase and 100 percent is a significant increase.)	59%
3. Behavior Change	• I will be able to apply the knowledge and skills learned in this class to my job.	5.93
4. Business Results	• This training will improve my job performance.	5.87
5. ROI	• This training was a worthwhile investment in my career development. This training was a worthwhile investment for my employer.	6.05

Source: Bersin & Associates, 2007.

Summary

As a result of incorporating a number of best practices into its leadership development strategy, EquiFirst has instilled an organizational learning culture that never previously existed. Leaders at all levels in the company understand the value of developing their leadership capabilities and have embraced the idea of becoming a high-performing organization.

A summary of the best practices applied by EquiFirst and the value of each is as follows.

- Engaging senior leaders is critical for supporting consistent programs and processes that enable the identification, development and positioning of future leaders who will continue to move the company toward achieving its vision.
- Defining key leadership competencies helps leaders understand how effective, competent leaders should behave in the company. HR and senior leaders need to work collectively and be selective about what is most important for their leaders' success in the company.
- Applying a comprehensive learning approach means providing opportunities for leaders to acquire, apply and sustain knowledge over time.
- Integrating leadership development activities with the company's performance management's development planning process enables EquiFirst to create relevant and timely training programs and developmental assignments for its leaders.

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About Us

Bersin & Associates is the only research and consulting firm solely focused on *WhatWorks*® enterprise learning research. With more than 20 years of experience in e-learning, training, and enterprise technology, Bersin & Associates provides a wide range of services, including market research, best practices, benchmarking, vendor and product analysis, corporate workshops, corporate implementation plans, and sales and marketing programs. Some of Bersin & Associates innovations include a complete methodology for Learning Management Systems (LMS) selection and application usage, an end-to-end architecture and solution for training analytics, and one of the industry's largest research studies on blended learning implementations.

Bersin & Associates offers the industry's first enterprise learning research subscription, The Enterprise Learning Research Center (www.elearningresearch.com), which offers up-to-date research, product selection guides, white papers, and access to other experts online. This service enables corporate training managers, vendors, and consultants to make faster, better decisions about enterprise learning strategy, programs, and technology.

Bersin & Associates can be reached at www.bersin.com or at (510) 654-8500.

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