



Steve Bergsman is a freelance writer in Arizona and author of several books. His latest book, "Growing Up Levittown: In A Time of Conformity, Controversy and Cultural Crisis," is available on all e-book outlets.

HOW TO SCHOOL YOUR EMPLOYEES

By Steve Bergsman

Contributing SIORs



Gary Grochowski, SIOR



Greg Schenk, SIOR, CNE



Ralph Spencer, SIOR, CCIM

Mentoring Considered Primary Approach to Breaking In New Hires, But Not All Companies Do It Effectively

Attempts to improve productivity, training and efficiency with the professionals who work in your commercial real estate office often end up to be counterproductive as goals and even terminology are often ill-defined.

Just take this article you're reading for an example.

The theme of this story is "How to School Your Employees," but as anyone in the commercial real estate brokerage business knows, the word "employees" is loosely defined as most agents are independent contractors.

Secondly, when we address the issue of employees, are we talking about new hires or employees who have been with the company two to three years and longer? The answer is both.

Finally, it should be noted, although the need to school employees is as important today as any time in the past, the frequency of broker training and education has been on the decline in the industry. Not only is attendance for CRE educational courses down, but people who do training say the demand for business has fallen like a badly constructed tilt-up wall.

"There is less demand for training," notes **Ralph Spencer, SIOR, CCIM**, who is a principal at the training company Innovative Learning in Orlando, FL. "Training costs are considered discretionary, which today often translates to mean unnecessary.

Companies aren't considering training as a key expenditure."

The reasons for decline of corporate training are fairly obvious. The commercial real estate brokerage business was severely curtailed by the Great Recession and subsequent recovery still hasn't achieved any kind of market normality. With revenue down, brokerages have been husbanding corporate dollars.

Greg Schenk, SIOR, CNE, a principal with The Schenk Company in Columbus, OH, also owns a second business, Competitive Edge Seminars, which has experienced the shift in the real estate consulting world.

"I'm doing more webinars and podcasts than I am seminars because everyone has cut their budgets to zero," he says. "Companies promise one thing, but they have cut back on training or just don't do it. Even associations have cut back because they don't have the budget."

New Hires

Tight budgets and the scramble to get more business not only affects training courses in general, but also in-house programs, including general education practices.

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For example, the most popular way to break-in new hires, whether true rookies just out of university or those who have come into the practice from other brokerages or even other industries, is through the mentoring process, where a veteran manages a new hire's immersion into the company through a one-on-one relationship.

Unfortunately, these symbiotic associations don't always pan out. "All these companies tell new hires that the managers are going to train them," says Schenk, "but business has gotten so bad, the managers are down in the trenches trying to make money for themselves and have no time for training."

"Training takes time and everyone is busy, so mentoring often fails," adds Spencer. "Plus, there are other problems: one assumes the mentor knows what he or she is doing and that is often not the case; there is no structure or clear road map as to how to make the mentoring work; and the mentor often makes the new hires do menial work – the 'hey, go make some cold calls for me' syndrome."

Having listed all the problems, Spencer is, nevertheless, a firm believer in mentoring. "There is no substitute for an outstanding mentoring program," he asserts.

"A good mentoring situation," says Spencer, who has written employment training programs for large companies, "is structured and begins with the new hire learning about the company and the immediate corporate environment, then understanding the market and finally making initial contacts and showing properties. "



"In a best case scenario, it is going to take someone six months to learn the business..."

In a best case scenario, it is going to take someone six months to learn the business in a structured approach, he says.

Gary Grochowski, SIOR, a senior vice president for CORFAC International in Troy, MI., says his company does a lot of recruiting out of college campuses because, "we like to train them our way. We don't want to have to get rid of someone else's bad habits."

At CORFAC in Troy, the formal training period is about 12 to 13 weeks, with the first weeks involving intense mentoring, or as Grochowski calls it, "shadowing."

In addition, only a select few people in the company do mentoring and the process is fairly structured.

"Typically, the new hires are commissioned right away," says Grochowski. "To soften that blow (no salary), depending on how much they hustle and show aptitude, we'll put them on smaller assignments right away and we'll have them do showings."

For new trainees, the secret to success, Grochowski observes, is to recruit those who have the drive and that intangible thing called *salesmanship*, and, secondly, to make sure they get their feet wet early.

Continued



Chad Boddez, SIOR, CCIM, BComm



Arlon Brown, SIOR



Andy Cates, SIOR



Michelle Hudson, SIOR, CCIM



Andrew Jaffe, SIOR



Robert Thornburg, SIOR, CCIM, CPM

“Don’t be afraid to give the trainees a couple of deals to stumble on,” he says. “They probably aren’t going to close the first one, but you have to let them try.”

Andy Cates, SIOR, an executive vice president with Colliers International in Memphis, TN, would agree. “If trainees meet people and show properties, there is not a lot of harm they can do. Just tell them not to make any promises.”

Cates believes in total immersion. “The best way to train people is to put them in the office with you, next to your desk,” he says. “You put them on every call, bring them to every showing and introduce them to different people.”

Also, Cates advocates mock showings with the trainees. “During the week we do these mock showings of a warehouse with the owners of the firm acting as if they were customers,” he explains. “I would then critique the trainee and prepare him or her for next time. It is a way for them to understand the buildings. After the owners came, we took the trainee to lunch, talked about what he or she did right or wrong. It’s a great way to build moral, and when we did it again three to four months later, you could see the progress, growth, and confidence.”

Over the last five years, Colliers in Memphis has brought in six new people, four of which have made it and two are gone. “I haven’t hired a kid from college in a while,” Cates says. “We’ve had such good success with people from other firms who have come to us. But, they still need to be trained.”

Over in Framingham, MA, **Arlon Brown, SIOR**, a senior vice president with the Parsons Commercial Group, has taught commercial real estate at Northeastern University in Boston. He, too, likes the mentoring approach, which his firm combines with specialized training programs, webinars, and weekly sales meetings.

At Parsons, a mentor is assigned to the new hires, to make sure they get the rudimentary knowledge of real estate, including learning about the bricks and mortar. Then the new hire is assigned a territory.

“It’s a small area, like a section of a community,” Brown explains. “We put them in a car with CoStar to get information on all the buildings in the geographical area.”

After that, the company integrates the new hires with an existing client so they can learn the process of dealmaking. “That’s the key thing, to understand how to make a deal. We give them a small office lease to handle, do the groundwork, and bring them through the process,” Brown explains.

Parsons hired two university graduates this past summer and one recently was working on an 800-square-foot office lease.

“The landlord liked the tenant and the tenant liked the space, but there was an issue with the economics, so the new hire came to me,” Brown recalls. “I explained to her step-rents, using some free-rents,

and how you can make the numbers work for everyone. The deal went forward.”

Parsons happily reports, “The new hire got her first commission and we took her out for drinks to celebrate her first deal.”

New hires that come to work at a Colliers International office get the benefit of Colliers University and its online courses, says **Chad Boddez, SIOR, CCIM, BComm**, a vice president with Colliers in Edmonton, AB, Canada. That’s just part of the program, because most Colliers offices do mentoring.

Boddez concedes mentoring could be hit or miss. “Mentoring is a bit of the luck of the draw,” he says. “Whenever you come into this type of business, you are being trained by whoever hired you. There are some people who are good teachers and some that are not so good. Certain people have awful track records with assistants.”

Boddez likes the immersion approach. “I try to bring my assistant to most meetings I attend, especially at the beginning. Since the assistant doesn’t know about the buildings yet, I bring him around to look at some. Also, whenever I send an e-mail, I make sure he is copied.”

In the Edmonton office of Colliers, the assistant is on salary for the first year. Also, in Canada, new hires can’t do deals until they are formally licensed.

“My assistant just got his license last week and I’m telling him to go for it on a small deal, which will be a great opportunity to learn,” Boddez says.

One thing that Boddez does with new assistants is ask them about the mentoring relationship and if there is anything that might be done differently in their opinion.

“Real estate is not any easy business,” says Boddez. “If you are too easy on your assistants, you won’t prepare them to go out into the field. But, you can’t be too hard either or you’ll scare them away.”

Ongoing Education for Existing Employees

This seems like an easy issue for real estate brokerage firms, but it’s not.

First, of all, one has to decide why the company should invest in ongoing educational opportunities. Is it to: reacquaint employees (again, many are independent contractors) with corporate policy; bring everyone in-line to changes in the legislation and regulations; form a cohesive corporate environment; or try to have employees upgrade their status with professional affiliations.

Secondly, the corporate office has to decide if and how much reimbursement should be

funded for individual employees to, for example, take SIOR or CCIM classes.

Finally, unlike educating new hires where the mentoring approach is almost universal, every company approaches ongoing education differently so there is no set model, and what practices exist are not often productive.

Too many seminars and training are one-off things, observers Schenk. “Too many companies put on these great half-day or full-day seminars and people get all excited. Then about a week later everyone is back doing what they usually do because there is not a follow-up or training.”

Schenk suggests there should be a goal or objective to the seminars. “Knowing each employee’s issues and designing training around those issues is a better approach. So, you might have three or four different training options depending on the agents.”

He adds, “companies need to spend more time understanding what the strengths and weaknesses are of all the people in the firm on a day-to-day basis.”

Another SIOR member who also instructs and consults in regard to employee education is **Andrew Jaffe, SIOR**, senior vice president with Commercial Properties Inc. in Tempe, AZ.

“When I began to teach, I realized most managing brokers were not sitting down with their brokers in a timely fashion, at least once a year, to say ‘OK, we need to start looking at different issues, including a review of company policies,’” says Jaffe.

Annual meetings are important because employees, especially independent contractors, often go off course in regard to such things as record keeping, dual agency paperwork, company policies, paperwork flow, Jaffe adds, which are requirements not just of the company but often of the state or municipality as well.

“Managing brokers are not sitting down with employees on a regular basis and schooling them as to what they should be doing about company policies,” Jaffe reiterates. “I can understand it. Everyone upstairs gets busy with the business of running a company, but sometimes things slip through the cracks such as a designated broker’s license expiring.”

About seven years ago, **Michelle Hudson, SIOR, CCIM**, and a business partner, split from a larger brokerage firm to create Hudson Peters Commercial in Dallas, TX. Hudson, is the senior vice president of the firm which now boasts 12 employees.

Hudson Peters does things differently. It is one of the few real estate broker firms that has hired an outside coach to work with its agents on a monthly basis. The coach also conducts quarterly sales training.

“We decided our benchmark for training needed to be outside the company,” Hudson explains, “because our industry does a really poor job training agents. We chose an outside coach because we wanted someone besides ourselves to reinforce what we were saying in sales meetings. We brought in the coach to reinforce the stuff we all knew but didn’t really practice.”

Hudson adds, “We don’t set goals for our agents. The coach holds our agents accountable to goals they, themselves, have set. She also helps them with strategies and tactics.”

Not only does Hudson promote education and gaining credentials amongst her agents, but Hudson Peters will reimburse agents \$500 a year toward classes.

Reimbursement is a strong incentive to promote SIOR or CCIM credentials among staff, which is why **Robert Thornburg, SIOR, CCIM, CPM**, president of Heger Industrial in Commerce, CA.,

decided on 100 percent reimbursement for company personnel seeking a SIOR or CCIM designation.

The 100 percent reimbursement is not all that rare. Innovative Learning in Orlando and Colliers International in Memphis, among others, also do full reimbursement.

For Thornburg, the reimbursement was part of a corporate make-over six years ago when Thornburg and a partner acquired Heger from the founder and owner.

“We had more consistent meetings in which we began beating the drum,” says Thornburg. “We wanted to advance the corporate culture and get like-minded people to work together, to push and encourage one another.”

“We wanted to make sure there was a new, consistent vision for the company,” Thornburg adds. “How do you take a good company and make it better and how do you take a great company and make it best in class? That was the vision we had, and we consistently rolled it out at sales meetings.”

Thornburg says, “We also just kept putting opportunities in front of our employees including CCIM, SIOR or property management classes.”

“At the last meeting we had, I asked everyone to bring in at least one new idea as to how we could improve this company,” Thornburg recalls. “We took all the ideas down and came back a week later after prioritizing them. Of the 30 ideas, we have already knocked off 15.”

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