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Our Greatest Challenge

A White paper Prepared for the Commercial Real Estate Industry

Our Greatest Challenge

The development of employees who possess the highest competencies in the market place is today's greatest management challenge.

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Introduction

The purpose of this paper is to share some observations and ideas about our approach to training in the commercial real estate industry. With the new millennium just begun, I have been giving considerable thought and time to identifying those things that companies can be doing today to insure their success well into this century. One of the challenges I have identified is employee competency. I am hopeful that this paper will spur discussion among your management team regarding this topic and that those discussions will lead to further inquiry and observation of your corporate competencies and the identification of the "competency gaps" that you are facing today and will be facing in the future. Lastly, I hope to provide several possible approaches to what I believe is "our greatest challenge".

Existing Situation

Good Economic Times

The commercial real estate market has been and should continue to be robust for the near term. It is in these good times that we are least likely to identify the real challenges that each of us faces either individually or collectively as a company. When things are going well we become complacent. We get busy and sometimes forget the cyclical nature of our business. It is upon this backdrop that we must face "our greatest challenge".

Rapidly Changing Technology

Technology was identified as one of the biggest issues facing the commercial real estate industry in a recent national real estate leadership survey. Moore's law, Moore was an Intel executive, indicates the processing speed of the microprocessor will double every 18 months. Since the early 1980's this has been the pattern. With each doubling of chip capability develops significant new technology. The speed of change is so rapid today that most of us really are having trouble just trying to keep up. The dot bomb period cooled many of us on technology and many in the industry actually believe that they have now experienced all of the impact of technology they ever will on our business. I believe it has only just begun! Technological changes will cause many of our people assets to become obsolete at an increasingly rapid pace. Since the major asset of any real estate company is its people, rapidly changing technology can potentially take its toll on the company's personnel.

Increasingly Competitive Environment

While the market is healthy, the competitive market is fierce. Consolidations and mergers are the flavor of the day. Most prognostications suggest fewer service providers will be in the business in the future and that those in the business will be the best of the best. Broad diversified services provided by highly competent employees will be required to even hope of competing in the future.

Existing Training

Most company's existing training has been instructor led or associate/coworker based. While some would suggest the training has been effective, I suggest it is best to judge based on the capabilities of the employees. How has their job competencies improved, in other words, what are they doing now that they could not do before? What are they doing better now than before? Lastly, do they know how to complete the most important task in a highly competent manor? Some existing training makes management feel good about themselves they're trying to help, but it is of little value to the people who really need it.

Company Wide Training

Today's management teams are very busy and training will always take a lower priority, as it should, than obtaining new business. Nonetheless, most company's training needs are increasing. One would think that with more senior personnel, the need for training would be minimal, but this is not the case in a rapidly changing external environment. Rarely do you find a commercial real estate company that has a published training calendar, much less a curriculum.

New Employee Training Needs

One of the most challenging tasks for managers is hiring a new employee and then getting them up to speed and independent as quickly as possible. It is in this area that every company could greatly benefit from an improved approach to orientation and training.

Training Needs Analysis

First Things First

To successfully address the training situation a company must first step back and determine the job success, critical capabilities for each job. What are the really critical skills to be minimally successful? These are the highest priority. Once these are addressed, job enhancement skills become the focus. After surveying itself, many companies will likely identify most of their needs are in the areas of job enhancement training.

Establish minimum competencies for each job

A first step is for each supervisor/manager to identify a comprehensive list of the essential skills necessary for each position. If a company uses a job standards form for the recruit and select process, it should be useful for this. Before an employee can do their job, they must know how to do it. As basic as this seems, companies may find that many jobs have

really not been defined very specifically in regards to minimum competencies. Brokers are expected to "just start canvassing" and see if you can find some business. This is a joke and reflects poorly on the new broker and the company. There must be a better way.

Identify job enhancement competencies for each job

All jobs can be done better and with less effort. The person doing the job is usually the best at reinventing the job if they are encouraged to do so. People who are investing in themselves and improving their performance are usually happier than those that have been doing it the same way forever. Happy employees are usually better with customers as well. Identifying and training those skills that will help enhance employee performance is where many companies can achieve outstanding results. Sharing and adopting best practices really works.

Evaluate Current Competencies

Management must take action to address the real training needs of the organization. The following are some of the steps that could be used as effective action steps.

Survey Employees

With tools like SurveyMonkey or Zoomerang a survey of employees could easily be completed. Ask them what they want and think they need. No matter what they say, or how useful it is, getting them involved early is critical to their ultimate adoption of future programs.

Interview supervisory management

Secondly, a survey and discussion with supervisory/management personnel should prove to be very beneficial in identifying minimum and enhancement skills for the jobs of their personnel. If each supervisor/manager described the perfect skill set for each job, one could quickly identify the minimum competencies and the enhanced or nice to have skills.

Survey Successful Incumbents

Lastly, observe or formally survey those who are successful in the target position and have them help in identifying the core competencies and the enhanced skills needed for success.

Identify Major "Gaps" In Current Capabilities

The problem with some training is that it doesn't directly address the "gaps" in the current capabilities of those being trained. Sometimes we train just to train. It makes us feel as if we're doing a good job of running our department. The real opportunity is to identify the most important skills that aren't present, the things that could really help the employee if they knew how to do it or could do it better, then train these skills.

Prepare list of competency "gaps"

By following the above process, or a similar one, each manager should be able to prepare a list of the skills and capabilities that are not in place at their desired level. What's not

working as it should and why? What capabilities are missing? This list of competency gaps should form the basis of the next 12 to 18 months training calendar.

Don't confuse knowledge and skills with attitude and habits. Oftentimes the gaps in current performance will not be overcome with training. Management intervention via coaching may be needed. Training that includes follow on intervention has the best chance of success.

Prioritize the current "gaps" based on economic benefit and importance to outside customers

Everything can't be fixed overnight! Identify those skills that can really make a difference and train for them first. Use return on investment as the measure. If the personnel learn to do something or improve the way they do it, will the customer be better off? Will the company save or make money as a result of these new skills? Focus on those things that will give the greatest return and place all others on a lower priority.

Possible Solutions

Since I have a head start in thinking about this topic, I have thought of some possible solutions. I offer them in the spirit of "getting them on the table". I suggest that after your management team reviews this paper, a one-hour team workshop could produce refinements and additional ideas that would be far better than these.

Create a training/learning culture

We've all familiar with the concept of a "Leaning Organization". However, you don't hear this applied to many real estate companies. I suggest that whatever you call it, the single most important thing for any organization today is to change its culture to one that puts emphasis on the development of individuals and organizational competencies; a culture that creates individual responsibility for "learning" the necessary skills for the organization to be successful. It has several characteristics:

- management provides each associate/employee with a clear description of the minimum and enhanced job competencies for their job
- management establishes clear expectations of each associate/employee for the obtaining of these competencies and makes it known that it is up to the individual to acquire these skills
- management fosters an environment that is conducive to improving one's individual capabilities

The culture within a company is the most important factor that must be in place in order to meet "our greatest challenge". Success is a by-product of the company culture. For your company to be successful long term, your assets, your people, must be the best in the business and for your people to be the best; your culture must support and encourage them.

Top Management First

The buck stops here or said another way, "It all starts at the top". The success of any program is only as good as top management's commitment and support. The company's management team needs to evaluate this paper closely and build on its ideas and observations. Refine it, reverse it, rewrite it, but whatever you do, don't ignore it! There needs to be team input and consensus needs to be developed. The final culture will be a reflection of top management's beliefs.

Establish job competency guidelines

As described earlier, job competency guidelines should be established for every position. If you can't do them all at least complete the most important ones.

Establish job enhancement competencies

Provide the employees with a path, a direction they can go to improve. Identify the nice to have skills that could really make a difference, but may not be essential for the position. Put the carrot out there clearly so that in time and with the right supporting culture the employee attains their highest possible individual competency.

Develop job competency training tracks

Each position should have a curriculum or training track that an ambitious employee can follow. Such a track could also provide a not so ambitious employee a path on which to follow to keep their job. Minimum and enhanced competencies could become a common dialog at annual review time for salary personnel. Most employees like to know where they stand and such a program could help objectively evaluate an employee.

For example, training tracks could be developed for commercial brokers along three paths:

Rookies – Less than 3 years experience

Mid Level Producers – From 3 to 10 years in experience

Senior Producers – Greater than 10 years experience

Management's Expectations and Rewards

Here it is; the stick and the carrot; nothing works long term if it doesn't provide more rewards than punishment. For a new culture to develop in your company, management's expectations of associates/employees and their rewards for meeting those expectations must be closely aligned. Management must put its money where its priorities are. If the employees become the best in the business there will be greater company success and more money to reward the employees. If the competencies identified provide the highest return on investment and the employee masters them, then the employee will truly be more valuable.

Communication of expected competencies

Once the expected competencies are developed, they need to be communicated clearly to each and every associate/employee. Just as an entering college freshman knows what

courses he needs to complete, your associates/employees need to have an understanding of not only what skills they need, but where they can go to get them.

Establishment of several certifications

Today is the age of certifications. Everyone is seeking some form of certification and those hiring others are looking for the best credentials in the market place. An old example of certification rewards and recognition is the Eagle Scout program. Here a boy has an entire program outlined for him. As he progresses he earns merit badges. At the completion of the program he receives the final Eagle Scout award.

Your company could develop its own "merit badge" and "Eagle Scout" program. For example in brokerage you could develop a "Transaction Management Certification" for brokers that demonstrate a high level of competence transactions. Similar certifications could be developed for tenant representation, landlord representation and all the other minimum or enhanced competencies. Interim certifications or progress certificates could be obtained at each step in the process. The final certification, similar to the Eagle Scout, would be a culmination of many others and would be worthy of significant recognition and rewards.

Recognition and Reward

Your company meetings could provide an excellent environment in which to recognize and reward individuals who have passed certain milepost. Generally you get what you expect and reward, so this program's success is likely to be a function of both. If a company has the best and most competent people in the market, then this needs to be communicated both internally and externally. Pictures and listings of individual on the company web site, in the lobby and in the company news letter are low cost ways of recognizing individual accomplishments.

Establish a Physical Learning Center

Everything needs a place. It provides evidence of commitment by management. Create a dedicated area for a library and learning center. This will provide employees a quiet place to go and watch a video or complete a CD-ROM or just practice using a workbook. You may find you need a coordinator to monitor and schedule the use of the learning center as well as control, check in and out, the training materials. These duties can be added to those of a nearby staff person.

One approach is to provide every employee a weekly opportunity to schedule time in the learning center. The right amount of time for many companies is about one hour of training per week. Think about it, can you imagine every associate/employee spending one hour a week actually trying to improve their skills. This is the way it happens, incrementally. A company's competency does not improve with one "blast" program; it happens slowly by consistently working at it over an extended period.

Description of a Physical Learning Center

A learning center should include two stations, each having a multimedia computer with Internet connection, CD-ROM, DVD and sound. Additionally there should be a video station with a TV and built in VCR/DVD. Each station should have ear phones, so as not to disturb the other station's user. Several cabinets can provide space for training materials. All the computer based programs and all the programs used by the company

should be available on the learning center computers. The learning center should be a permanent set up that will provide a stable learning and computer platform for users.

Create an Online Learning Center

The most advanced companies have created an Internet based learning center. This online learning center acts as a gateway to the training programs, provides access to the appropriate training track and can be used as a verification tool for the training. Through the learning center management program each employee can check their progress and have an electronic transcript. Only the individual employee and the employee's direct manager/supervisor can access this progress transcript. This tracking system takes away the need for detailed record keeping, provides certificates when they have been earned and provides both the employee and management an easy way to monitor progress.

Provide training resources/materials to fill the competency gaps

Once the minimum and enhanced competencies are identified for each company position, relevant training materials can be obtained and integrated into the required or optional curriculum. Over time hopefully less and less training will be necessary away from the office. Most companies already have a significant amount of training materials that are not being used. You may ask, 'Well what's going to different now? There are several differences that have been discussed in this paper.

- The creation of a culture that expects and rewards learning
- Having a known place to find and use the training materials
- Having a track to follow that leads to a certification

General Ideas to Consider

This paper has just begun to discuss the many ideas possible to help your company develop the most competent employees in the market place. If your management team embraces the seed ideas contained herein, many additional ideas and strategies will likely follow. A few additional ideas that are being used in the market place are the following:

Create a training buddy program

Several colleges that cater to career, adult learners use a buddy program to attract enrollment into their MBA programs. Such a program could likely be successful at your company. Multi-office or network companies have a natural buddy system possible through other offices. Small group training is usually more effective.

Contract with outside providers for special training seminars

If there is enough demand, it's possible an outside provider could deliver your company a dedicated training class. One caveat is, don't expect too much from one time, event based, training. Retention falls off if those things taught are not used soon after the class. Experience shows that a slow sustained learning program where the employee can apply what they are learning between sessions is usually more successful. However, some outside programs combine pre-workshop and post workshop activities to extend the learning.

Summary

Ten years from now your company will be celebrating another decade of business success. In order to celebrate this anniversary your company will have embraced and managed the environmental changes facing it. It will likely have continued its tradition of having the best employees in the marketplace. It is only through your people that the company can survive and prosper.

This paper attempts to outline some very basic and embryonic ideas of a culture change and supporting logistical changes that could make a real long-term difference to the individuals and to the company. I encourage you to share this with your management team, to pick it apart, refine and apply it to your company. Remember, it's not good enough to simply have the best people today; you must make them better and continue to attract and develop the best.

About the author

This white paper was originally published by Ralph Spencer, then executive vice president of a regional real estate firm, as an internal company document in early 1997. At that time Ralph was a principal stock holder and the company was approaching its 100th anniversary. To have existed and thrived almost 100 years, obviously the company had done a lot of things well. Yet, Ralph sensed the need for continuous improvement to succeed in the future and he realized that it was all a function of the company's most important asset, its people.

Today, Ralph helps companies face their "greatest challenge", the development and continuous improvement of their most important assets, their people. He accomplishes this through training, consulting and technology. If your company needs an outside resource to help, call Ralph Spencer, CCIM, SIOR. (407)895-6129