



EXECUTIVE SOLUTIONS FOR
COMMERCIAL FINANCE AND LEASING

2013 ANNUAL NEWSLETTER

Welcome again to Executive Solutions' annual newsletter. For 23 years we have focused on the equipment leasing and finance industry. We pride ourselves on our continued commitment to the clients and candidates we have come to know and whose lives we have impacted and businesses we have helped to grow.

When I first started working for Teri while on sabbatical from Rutgers, it was sometimes a challenge to get people to return my calls. In hindsight, that's not altogether surprising. I'm sure most people listening to the unsure voice of a 20-year-old college kid on their voicemail didn't feel particularly compelled to return my call. So I added a hook; "This is Jon Gerson, calling on behalf of Teri Gerson". It almost never failed. And invariably, one of the first things they'd say when they called back was "Of course I know you. I read Teri's newsletter every year". After Teri's dedicated training and a few years of experience, this is no longer the challenge it once was. But I'll never forget the respect always afforded this newsletter. And so it was with a great deal of honor and pleasure that I said yes when Teri asked me to write this year's edition.

So, this is Jon Gerson writing, on behalf of Teri Gerson.

Ok—we survived the last five years. Now what?

Many in our industry have moved past the business of surviving and are now planning for growth in an uncertain economy with changes ahead. Inevitably the question of growth always leads to the question of people, or more accurately, the lack of quality people ready and able to achieve success now and into the future. The Equipment Leasing & Finance industry will continue to thrive as always because of the quality of its professionals. Yet we are faced with a shrinking pool of professionals. Starting in 2008 many of the people who shaped our industry retired or left due to attrition. This begs the question of whether or not we are as well equipped to deal with the changing environment as we once were. If the answer is to remain yes, it is time to reevaluate what "quality" means. Equally as important is renewing our commitment as an industry to training the next generation.

Somewhere along the line our industry stopped investing in training, which is another way of saying we have stopped investing in people. Investing in people is integral to succession planning, employee retention, maintaining a competitive edge, and innovation. Compressed yields and the resulting forced cuts across the board are a reality. As we have learned to master the art of doing more with less, training programs are frequently the first cut. I believe this is profoundly short sighted, as this is a cut we can ill afford. Cutting training saves money initially but has untold opportunity cost that erases those savings. Training engenders loyalty, leading to a lower rate of turnover and the attendant savings that come with tenure. Employees who are well trained make fewer mistakes and are more productive. As an aging industry we face an even greater debilitating loss. Consider the literally priceless knowledge that is disappearing as 30-40 year veterans retire without having shared what they have learned.

I don't believe that many question the value of training. Where we go amiss is in our failure to allocate the necessary resources for it. So many 20+ year veterans were the recipients of outstanding comprehensive training spearheaded by companies like GE, Xerox, and IBM. These folks point to the training they received as being a critical factor that contributed to their success. Yet a disconnect exists between what we believe to be critical and what we exercise in practice. So let's focus a moment on how we can best utilize our current talent pool in order to give us time for a long-term recommitment to training as an industry.

What does "Quality" really mean, and how can it be achieved?

Vague promises to “train more down the line” are insufficient. We face serious challenges. Our knowledge base is shrinking, our talent pool becoming limited, and hiring resembles a game of musical chairs. We need solutions that alleviate our immediate shortage, institute medium range fixes and develop a forward facing strategy grounded in training to address our long-term needs. Reevaluating “quality” is the first necessary step.

Too often hiring in our industry is done with an ad hoc approach focused purely on getting the most immediate return for the least amount of investment. I propose we redefine our hiring criteria. Skill set, cultural affinity and historical success are key. Considering skills and talents rather than exact role duplication or even industry experience will significantly expand the candidate pool and keep our industry fresh by evaluating people who have the native ability or previous experience to excel in the role. Our expectations of success must also be adjusted. I hear two common complaints repeatedly: achieving milestones takes longer and transactions as well as relationships are intensely competitive. In order to succeed we must retool the corporate yardstick to measure success over the long term rather than based on the next quarter.

Consider this relevant example. I was recently engaged to find a senior originator with management experience to start an industry vertical. Our goal was to find a candidate whom we believe possessed a cultural kinship with proven skills and a well-documented history of success. This is a departure from a common insistence in our industry to vet candidates based on “their book of business”. My client interviewed several qualified candidates, some, thought not all, of whom were currently active in the industry. To their credit my client hired someone whom they felt was the best candidate for the long run. Though he had been out of the industry for three years he has already exceeded expectations in his first few months. Even if it had taken him longer, the skills to succeed were there. We have all interviewed the candidate who absolutely guaranteed a transferable book. The truth is they rarely are able to deliver on this guaranty and frequently leave just as is the axe is about to fall. If they do stay, they may never be more than mediocre because the focus was on a book of business rather than skills, cultural fit, or a verified track record. Business will be earned if the people hired are skilled. Talent, drive, and desire, however, cannot be bought. They are strengthened by a dedicated evaluation process and improvement through training.

Critical evaluation of the way our industry hires is a worthy medium-term goal. The process must be deliberate. Functional roles need to be reevaluated and hiring criteria improved to incorporate the changes made necessary by changing technology and a new economy. It is essential to turn a critical eye to the way we vet new hires in order to fine-tune the interviewing process. The goal of successful interviewing is the identification of appropriate candidates for hire but also to provide a roadmap for effective management of on-boarded staff. Done properly this will help identify those individuals who will benefit the most from training.

Training, of course, is the long-term plan. The investment training requires will pay dividends to our industry over the years because a new, bigger pool of “quality” talent will be created. If, as an industry, we recruit younger generations out of college and the during the first few years of their careers in other industries with the stated purpose of developing long term and loyal career employees, we can utilize the priceless experience and knowledge of our veterans before it’s too late. Candidates will see your company as the means to developing a career rather than as “just another job”.

Effective training benefits both employer and employee if its goal is clearly identified as giving new and existing staff every tool necessary to succeed. A trained workforce is more productive because individuals feel connected to their coworkers as a team. Consider, for example, the benefits of cross-functional training. It permits career redirection without forcing otherwise happy employees to consider a change in companies. It provides your employees with insight into their colleagues’ world, allowing them to empathize with those in other departments despite differing missions. The sense of team cultivated allows interdepartmental cooperation, courtesy, and understanding. It becomes clear that everyone exists within a larger framework than their functional roles and that each department relies on the other. And let’s not forget that cross-functional training provides an effective way to maintain productivity if cutbacks are needed or to cover a loss of staff.

It is time that we realign our priorities by allocating the resources, both monetary and in human capital, to underwrite and execute comprehensive training programs. We will all benefit from an industry wide effort to expand comprehensive training efforts. While that effort gets under way we need to review and adapt our criteria for hiring. A one size fits all approach lacks the flexibility to take advantage of excellent candidates and limits the utility of our existing talent pool.

Training has always been a top priority for Executive Solutions

We have embraced training at Executive Solutions wholeheartedly. When conducting searches on our own behalf, Teri has always had one inviolable rule—“Hire no one who is already a recruiter”. Instead, she looked for qualities like the ability to provide solutions based on a consultative approach, a highly developed ability to listen, and a shared belief that our actions must be driven solely by our clients’ and candidates’ best interests. She then trained the recruiters she hired to recruit our way. New staff didn’t need to unlearn bad habits with uncertain results. It was imperative to her that ALL people speaking on behalf of Executive

Solutions maintain her high standards for doing business. This is, by the way, another benefit to training.

That was certainly true of that 20-year-old college kid she hired almost a decade ago. I know I have benefited immeasurably because of the time and effort Teri invested in training me properly. I have long thought that since training benefited me so greatly there surely must be value in it for our industry as a whole. As we announced in last year's newsletter, we've developed among other products a comprehensive out-of-industry recruiting and training suite of products.

We are proud and excited to announce that we are hard at work implementing this new product with one of our clients as I write this newsletter. Over the years they have repeatedly expressed frustration because they have only been able to hire salespeople out of the existing talent pool with intermittent success. This was due in part to the fact that "quality" people are difficult if not impossible to attract from competitors while often those that are attainable weren't made of the right stuff.


They resolved to do something. Together, we are proactively recruiting "Young Blood" - those with a few years of sales experience who have probably never heard of equipment finance. We believe aptitude, cultural affinity, and the drive to succeed will offset their initial lack of industry knowledge. Over the past several months my client has put an impressive training program together covering everything from the fundamentals of leasing to their business philosophy. If I were a betting man, I'd bet that in five and ten years from now these hires will be celebrating anniversaries with my client, thankful that someone took the time and effort to invest in them. It is our hope that this approach will be a useful tool in helping to keep our industry fresh, innovative, and enterprising in the ongoing search for superior talent.

It is with much enthusiasm and optimism for the future of our great industry that Teri and I wish all of you success in this exciting time for the Equipment Leasing and Finance industry!

With Warm Regards,

Jon Gerson

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