

Focus: Recruiting

Why Recruiters Often Fail – And How You Can Help Them Succeed

By Steven Friedman

Recruiting must be a major focus in every real estate brokerage. Hiring a recruiter is a good start, but without management support and follow-up, his or her performance, as well as that of the new hire, may not lead to the desired results. Negative habits and positive solutions are explained in this article.

The most critical need in real estate environments is the need to recruit successful agents in order to build profit. Taking our eye off this key task stunts the future profit growth of the business and leaves many organizations challenged. However, the current situation suggests that most managers do not own the recruiting



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opportunity as a true management responsibility.

While most managers agree that they ought to focus on recruiting, the vision and passion to achieve this skill is often elusive and is not the priority it needs to be. Many managers, believing that they must focus primarily on transaction responsibilities for their agents, complain that these tasks take up all of their time and leave no time for recruiting efforts. As a result, managers often beg company leaders to find someone else to help them get this job done.

Because leadership is understandably anxious to fix the recruiting challenge, they buy into the need to appoint or hire an individual who will be solely dedicated to recruiting and hiring new agents, thus alleviating the pressure on the managers. However, hiring a full-time recruiter without first considering such issues as interaction with managers, compensation structure, and candidate selection is a potentially misguided decision that may end up deferring responsibility to someone who, although well-intentioned, may not be truly able to deliver the desired results.

To understand why this critical position often fails, we must first ask why such a role is necessary in the first place and examine how poor recruiter selection, inadequate compensation structure and lack of cooperation with managers can sink the performance of a recruiter.

KEEPING MANAGERS INVOLVED

The first rule in establishing a dedicated recruiter position is that such an individual should not replace manager responsibility for recruiting. Too often, recruiters are expected to be the center of the recruiting process, allowing managers to abdicate their responsibility for the process. Instead, a recruiter must be able to facilitate and coach the management team to performance and should share with the managers the financial accountability for the performance of new hires. The recruiter should be the strategist for creating a successful process for managers, not the center of the process itself.

In an analysis of some 1,200 managers in over 400 companies, I have found that most companies have similar recruiting crises. There is not a focused, proactive recruiting strategy in place that emphasizes target market-dominant recruiting scenarios. As a result, recruiting efforts happen reactively in response to open desks that need to be filled. Company leaders are not sure how to get managers to focus on recruiting, and they do not have systems in place to see this become a reality.

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The research clearly shows several common trends among managers:

- **Distancing themselves from the recruiting task** — managers do not feel that they can achieve strong results, so they focus on keeping busy agendas filled with other tasks.

- **Redirecting focus from recruiting to retention strategies** — an emphasis on “deal-doctoring” for current agents loses track of the need to recruit new agents and also leaves little time for recruiting efforts.

- **Spending days doing tasks that are really the realm of agents** — managers cannot focus on their roles as business strategists if all their time is spent acting as “troubleshooters” for the agents whom they supervise.

- **Failing to appreciate the revenue implications of successful recruiting** — rarely can managers tell you the exact value in their paychecks of each high-producing agent who is hired. If the financial value of recruiting cannot be clearly seen and quantified, it is likely to be underestimated.

- **Believing that recruiting new people is a frustration and a waste of time** — managers who lack confidence in their ability to coach new agents to become successful tend to shift their focus to hiring only experienced agents, which does not truly increase revenue.

- **Ignoring their role as business development coaches growing and driving their businesses** — the concept of hiring to a production plan is rarely considered, as accountability and performance expectations are generally feared or ignored. As a result, managers cannot pinpoint where an agent can achieve market dominance to build management value.

As a result, hiring is often focused on misguided issues, such as seeking to hire only experienced agents, holding new recruits to vague standards with no well-defined performance expectations, and using little proactive recruitment strategy. With such a “fuzzy” strategic vision, recruiting goals are set that are not truly focused on bottom line-driven results.

FINDING THE RIGHT PERSON FOR THE JOB

Once leaders become committed to establishing a full-time, dedicated recruiter position, they seldom engage in an effective search for someone to fill this position. Candidates who are typically considered for the job may include one or more of the following:

- **Experienced agents** who are “looking for a change” or may be tired of the sales routine,

Recruiter’s Tasks

A successful recruiter must be able to perform the following tasks:

- **Assess** appropriate business targets for each agent;
- **Guide** agents to theoretical production opportunities that go beyond the clichés of the business;
- **Discuss** every new agent’s business development strategy with that candidate at levels that equal or exceed those of the manager with whom the candidate meets;
- **Serve** as a conduit between managers and agents for accountability and achievement;
- **Command** respect from both managers and candidates as a valuable resource of information and support;
- **Focus** on the levels of performance that are expected from the management team;
- **Make** strong hiring decisions.

- **Individuals** who are considered valuable contributors to the organization and whom company leaders want to reward for their tenure, and

- **Agents** who are not necessarily experienced but are “full of personality,” especially those who already know many other agents elsewhere.

The challenge with all of these options is that such qualifications are not related to the real needs the position re-

quires. Candidates who fall into one of these categories tend to be mid-range producers who have not been terribly adept at focused prospecting, yet they are suddenly asked to become aggressive prospectors on the organization’s behalf. In some cases, these are agents or managers who have been with the organization a long time and are somewhat burnt out in their current positions, but the leadership enlists them to help with recruiting in the hope that a change of pace will reignite their spark.

The result of hiring such an individual is that the recruiter may fall into power battles with the managers. If recruiters are not perceived to be persons of power and knowledge within the organization, managers tend to ignore them because they do not want to be accountable to someone who is not their perceived supervisor. In response, recruiters are likely to become frustrated and resentful of managers who do not follow up with candidates, find insignificant reasons for turning a candidate down, or ignore the leads that recruiters give them altogether. Without cooperation from managers, recruiters cannot be successful at placing new agents.

Above all, the most common error that leaders make in selecting a recruiter is the failure to consider a candidate’s ability to coach other managers and support their prospecting activities. Without this essential skill, the recruiter position cannot be strategic.

GETTING WHAT YOU PAY FOR

Inadequate or inappropriate compensation is one of the most common reasons that recruiters in real estate organizations fail to achieve the desired results. The simple fact is that our industry is not used to paying real wages. We put agents on draws because we are focused on what one can create oneself, and, in most cases, such arrangements are appropriate. However, small stipends, reduced desk rent and “head bonuses” for each new agent hired do not add up to an adequate compensation structure for successful recruiters.

FOCUS

Recruiting

These individuals are asked to perform at a very significant level, yet they are often not compensated for the performance expected. If we believe that we need to grow our offices and want someone to help us do so, we must put a legitimate compensation package behind what we believe.

Currently it is not unusual for companies to provide recruiters with a flat-rate head fee for new hires — a typical pay scale might provide \$500 for each inexperienced agent hired, \$1,000 for each mid-range producer and \$2,000 for each top producer brought on board. Recruiters are sometimes given a small base salary with a draw in the range of \$1,500-\$3,000 per month. In maximum compensation environments, monthly desk fees are often waived for recruiters, giving them an allowance of \$500-\$1,500 in addition to their regular listing and selling responsibilities.

There are two key flaws in this type of compensation arrangement. First, such flat fee scales are based on the assumption that an experienced, top-producing agent is several times more valuable to a company than someone who is hired with no real estate experience. However, the reality is that a productive new agent who is well-coached to perform will ultimately add more revenue than an experienced top producer.

My work with numerous clients has shown that 20 new agents who reach a moderate level of productivity will add approximately \$250,000 in company revenue per year, whereas experienced agents add far less per person. If we ignore the company revenue side of the equation, we end up rewarding recruiters for head counts that may be irrelevant, rather than basing a bonus structure on actual revenue created.

The second major problem with head bonuses is that the recruiter often does not get paid for the time and effort that successful recruiting involves. A recruiter commonly invests a significant amount of time prospecting, lining up appointments, sending a candidate out to meet a manager, and following up, only to have the manager ultimately reject the candidate. Alternatively, a candidate may

be hired but the manager fails to coach that new agent to reach a solid level of productivity, resulting in the recruiter being blamed for poor candidate selection. The reality is that a recruiter cannot make a living if bonuses are based on the performance of the recruit, yet that performance is not controlled by the recruiter. The value of a good recruiter lies not only in the number of bodies hired but in the ability to provide managers with coaching and strategy to improve the productivity of their agents.

In addition to bonuses, which should be based on the productivity of each new hire and not their level of experience, recruiters in real estate organizations must be paid a significant base salary in the range of \$50,000. A successful recruiter should be able to earn close to six figures, and too few actually do. In a recent poll of 75 brokers, only two employed recruiters who were compensated at a six-figure level. Fifty-three brokers reported that their recruiters were compensated in the \$35,000-\$50,000 range, and the rest fell below that. We are not paying adequately for a successful recruiter.

RECOMMENDATION

No longer should recruiters be hired to replace manager involvement in this task. They should work in tandem — and share financial accountability — with managers in order to achieve results. The compensation structure should allow them to be coaches and strategists for managers, guiding them to proper targets and creating visible strategy that enables results.

The best recruiters in the business, such as Jan Nadeau of Long and Foster and Andy Camp of Cutler GMAC, focus on strategy, support the internal management processes, make decisions jointly with the managers, and hold managers accountable for the success of their agents. Perhaps most importantly, their compensation is not dependent on the sheer number of agents hired, which allows them to spend time guiding and coaching managers to continually build their agents' performance and value. ■

— Steve Friedman