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A BIG Investment in Training Helped This Company

Double Its Revenue During the Pandemic

Steve Sanduski: Rob, welcome to the show.

Rob Posner: Thanks for having me. I just want to thank CEO International, and Mark Moses for inviting us as well.

Steve Sanduski: Well, we're pleased to have you here. You've got such a great story to tell and we're happy that we can get you here on the podcast to share the story. What we want to focus on today is a topic that is near and dear to every entrepreneur, every leader of a company, a fast-growing company and that is, making sure that you're hiring the right people, that you're training them, that you're onboarding them effectively because, as we all know, if you want to build a fast-growing company you've got to have great people on the team. And I know your company, in particular, has done a fantastic job. You've got a specific way that you go about hiring people, so I really want to dig into that. So why don't you set the stage for me, if you would, Rob? Tell me just a little bit about how you think about the hiring process, do you have a strategy, do you have a philosophy when it comes to hiring people into your organization?

Rob Posner: Well, Steve, that's a great question. One of the things that makes NewDay so incredibly unique, and what's really fortunate, is that we get to hire young men and women right out of college, at the beginning of their career. So they have not had the opportunity to be influenced by any other employers, outside of any work experience they had while they were going to college. So we get this incredible product, this raw material, that we get to train and develop within our culture. And because of that, we're really fortunate and we're really able to train people the NewDay way. And we've put a huge investment in training.

Steve Sanduski: Well, yeah, if you're going to be hiring people right out of college, you're going to have to have a great training program. Other companies might take a different approach and just say, "We want to hire people with experience who can come in immediately and make a big impact." And that's a strategy. It's not that one strategy is right or wrong, they're just different and this one works for

you. So as you think about the schools that you recruit from, is there any type of school that you look for that tends to mold the type of people that are successful in your organization?

Rob Posner:

I would say that number one, like Bill Belichick with the New England Patriots, we have a high degree of confidence and belief in our own system. We believe that we have a system that produces successful young men and women if they have the right work ethic, if they have the right desire, and they want to be successful. It's important for us that they come from a four year degree. And we got young people here from Harvard, and University of Pennsylvania, and Georgetown. But we also have young people from state schools throughout the country, and smaller schools. What matters to us is that in their hiring criteria, and you and I might've spoken about this in our conversations in the past, we care that while you were in college, that you had to multitask, and that you were very busy, and you had real responsibility. For example, college athletes. We really like college athletes and if you were able to play a sport and get good grades, that's very important to us. We're looking for a 3.0 or above to work in NewDay USA.

The second thing is, that if you didn't play a sport, we're looking that you were able to get a 3.0 grade point average and work at least 20 hours a week. So everybody at NewDay, either played a sport, or they worked 20 hours a week or more. And a lot of these young people were extremely involved in actually paying for their own school or paying for a significant part of their own school. They were part of a family part of a team and they realized that, hey, they might be a young person, but they have a responsibility within their family to help educate themselves or be part of the cost of their education, because they might have siblings that their mothers or fathers have to provide for as well.

Steve Sanduski:

Tell me a little bit about the actual interview process. So let's talk both from a pre-COVID standpoint and then a during-COVID standpoint. So before the pandemic, tell me how you actually interviewed people. Do you go to campus or just, how did that process work?

Rob Posner:

The team of recruiters here basically, we're running a recruiting company that just recruits for NewDay. It's an in-house recruiting company and got 12 members of that recruiting company that are just full-time bringing young people into the company, talking about our culture. And what we always say is that in pre-COVID times, their goal was just to get a young, graduating senior rising into the workplace. And they basically come, they visit our company. And our goal was to just to get them to come up the elevator and walk on to the third floor of our company. And when they walk into the third floor of the company, what they see is young people that are a year ahead of them, two years ahead of them, three, four years ahead of them that are successful, that are bright-eyed, that are busy, that are leading teams, that are managing other young people underneath of them.

There is electricity and an energy that once they walk around and they basically feel the environment and they see what our culture is, a chance of that individual taking this job is well over 90%. So we're really proud of that. So pre-COVID, it was just about if we can get the right candidates in the door and have them basically visit the team and see the culture, if that was going to happen, there was a very good chance that they were going to come to work here. And by the way, one thing that's just so special about our company, the 700 team members that work at NewDay every day, they get to come here and they change a life. They get to make a difference in the life of a veteran and a service member. And we have a saying here that, we change lives starting with ours.

So our goal with training is that you, one, everyone where they become outstanding mortgage bankers, outstanding professionals, because serving veterans and service members is all we do. We want them to be excellent at that level of service that they provide. And then while they're changing the veteran's life we want them to be able to hopefully change their own lives. And that's a big part of who we are.

Steve Sanduski: And then in that pre-COVID recruiting process, before you got someone to actually come and visit your office, were you on campus? Were you doing phone interviews first or was there a process prior to inviting them to come to the home office?

Rob Posner: Sure. Steve, well, you know, just like a lot of other companies in the marketplace, we go to job fairs we go to the campuses, we visit the universities. But one thing we're very proud of is that over 70% of our team come here and they're referred by the 700 people that work here every day. So 70% of all of our hires, we have a term for it, it's called sphere of influence. We call it the SOI program.

So everybody at NewDay is part of the SOI program where everyone is included and we grow really, our recruiters get referrals from the members of our team and they spend the majority of their time basically responding to the referrals of their teammates. And then they go in, they meet with these people face to face. We invite them in the NewDay pre-COVID. They basically see our university, they see our investment in training. They sit on our floor, they talk, they basically give us a half a day. We asked for a half a day investment of a candidate and they really see what our company is all about. COVID, of course, Steve, has just changed everything. And the process is very different.

Steve Sanduski: If I'm a teammate and I refer someone within my sphere of influence and that person joins the company, do I get some kind of bonus from the company for making that referral?

Rob Posner: We pay a \$2,000 bonus, 1,000 upon them taking the job and 1,000 upon them actually passing the university coursework in the first 90 days. So they can earn a \$2,000 bonus, which is very exciting and by the way to be a leader in our

company you have to have so many SOIs to get promoted to the next level. So all of our leaders have between two and five SOIs, if not more. So it's a part of our culture. And if you work here, you want to be a leader. You're learning a key life skill, which is how to build a business.

Steve Sanduski: I think that's fascinating. I don't think I've talked to any other leader that actually requires their are people to actually refer new employees as part of their promotion package. So that's definitely part of the culture, as you said. So that's interesting that that's the way that you guys do it. So now in a COVID environment, how has the process changed in terms of you've got a candidate they've been referred in, what do you do at that point?

Rob Posner: In a COVID environment? We're spending a little bit more time since we're not meeting them here and giving them a virtual tour, we're taking them through our website, we're having them basically try to get the look and feel the culture. We might actually have a couple of the people from NewDay, our team, follow up with the recruiter and give a telephone call, but we're really taking the time to explain what's expected of them should they join the company. It's very important that they understand the expectations. We want to make sure that there's no ambiguity, that we explained the training process what you need to do to be able to get promoted. We're really inviting them into being part of building a business.

And one of the reasons by the way that we don't have SOIs requirement to work here, but to become a leader, we want people with SOIs because our leaders actually are building their business and it's funny. In our culture we have these NFL teams and you've got the Falcons and the 49ers and the Cowboys and the Saints. And if you're a leader of a team, your job is to build that team. Before you get promoted to having your own team, you basically get promoted to assistant coach. And one of the things that a head coach will have with their assistant coaches, they will task them with hiring people because what we have at NewDay is we have basically mini-businesses within the business. And what we're really doing is we're teaching no different than a store manager that's running a Costco store. For example, we're teaching our store managers how to build their business. And part of that is you have to hire great people.

Steve Sanduski: What would you say? Do you know what the average age of your 700 team members is, roughly?

Rob Posner: I would say that probably about 27 years old is the average age within the company.

Steve Sanduski: Okay. And then in terms of internal perks and benefits, do you feel like with a younger workforce like that, are you competing against maybe some of the technology companies that might be known for some of their perks? Are there other things within the culture that you do that maybe you think sets you apart a little bit that are attractive to more of the millennial, Gen X people?

Rob Posner: I can't speak out to the tech companies and exactly what they're providing. I will say that if you have tech skills, which we have a really solid technology team here at NewDay, then we need to compete with those companies. But we're really competing with basically any company in the marketplace that has an environment, one that has a sales culture, one a customer service culture. And we've got some amazing perks for those folks, half the people that we bring aboard go into, basically the customer experience, the veteran experience part of our business, where they're serving veteran families. The other half of the people that we hire go into a qualitative job where they're also serving veteran families, but they go into what's an underwriting program where they learn the fundamentals of credit risk and basically the judgment that goes with being a mortgage underwriter.

They get taken through a two year program where they actually graduate and become an underwriter, but everybody is part of servicing that veteran and that service member. But our culture we take people to Superbowls we're a big believer in celebrating. We have a lot of celebrations we promote from within. The majority of our promotions come from within our culture. So we're constantly celebrating the success of our teammates. And we've had some just unbelievable trips. As soon as COVID is done we have a four seasons trip to The Bahamas that we're going to have a lot of our teammates on. We go down to the sanctuary in Kiawah Island every year. It's been a big part of our culture. We really work hard as a company but sometimes we really realize, "Hey, let's take stock and the success that we're having and also celebrate the success of our teammates."

Steve Sanduski: Well, how do I sign up for that?

Rob Posner: Steve, you've got a good voice. That one's great.

Steve Sanduski: Great. Sounds like a pretty good deal. You've touched on the training here a little bit. I want to go a little deeper into that. And I think you have what you call NewDay USA University. So walk me through the training, this university process, how does that work?

Rob Posner: We made a big investment back in 2012, we bought a company called Advocates Training and Development. They were a training company and they had a mortgage banking curriculum for the mortgage industry. And they were serving a lot of other companies in the industry and we bought the company and we just weren't interested in being in the training business. So when we just let the current clients know that they need to get trained somewhere else, because we wanted the training company just to focus on NewDay and the culture that we have here. And so the course instructors and the curriculum we've modified it. Today the majority of our course instructors are former TEO, basically underwriters and team leaders. They have gone back into the university to make a difference and train the next generation of mortgage bankers. You know, in terms of the experience of a new teammate, they go into

the university for the first 90 days and we got to get them to the National Safe Act Test.

And we actually have them pass a lot of different state, basically mortgage requirements. So the first month is basically classroom training so they can pass all their certifications, very similar to somebody who goes into UBS or to Merrill Lynch, and they need to pass the series seven. We have our own tests in our industry that these young people need to pass. And then we go into an intensive training on them becoming mortgage bankers. If they're an account executive, they go through another 60 days of product training and then they get on the telephone. If they're an underwriter, they get continuous training for two years where they are continuously going back into the university every week as they're working to gain more knowledge. One thing we're very proud of is that our young people, a couple of years out of school, the performance on the veteran families that they're underwriting.

They're outperforming people that have been underwriters in the industry for 2030 years because of our focus on training and our focus on credit risks. And these are very smart people, by the way, these are young people in our accelerated underwriting program. These are young people that would be going to PWC, ENY, Deloitte Touche, and rather than be an auditor for Deloitte, they come here, they get a \$60,000 starting salary with bonus they'll make 80,000 the first year. And when they graduate the program in two years, they're already making a six-figure income. So it's very exciting.

Steve Sanduski: And then where do they go from there? What does maybe like years, two, three, four, five, 10. What are some of the career advancement opportunities at that point?

Rob Posner: By the second year you're getting promoted to what's basically the mentor program and the mentor program means that you're coming here and you are promoted to mentor somewhere 18 months to 24 months if you're an underwriter and you're going to be training the next new teammate that joins the company that has just left the university. And then after you have been successful as a mentor, having two of your teammates win, you are now eligible to be a captain, which is a captain of a team and a captain of a team, will have five people that report up to a captain and you're managing that business unit. That's like an assistant coach offensive or defensive coordinator. And you're reporting to a head coach. And the head coach is an AVP, assistant vice president. And by the way, you're getting promoted to captain somewhere between months 24 and 36, you're getting promoted the AVP somewhere around month, number 36, you get invited to our AVP-in-training program.

And by month 48, after being at the company four years, you have an opportunity to build your own team. And you could have as many as 20 people reporting up to you and a partner. Every one of our AVPs has another AVP who is their partner. Every one of our NFL teams are two people that are partnered

together to build that business. And that business will have 20 employees that report up to those AVPs. And then the AVPs report to VPs. And the VPs have been here on average for about five years is now born 10 years. You're an old guy or an old lady at 10 years, I look at Mo Oslow or I look at a Franco Greco.

I look at a Lindsey captain that people that have been here for over 10 years and they came here. Most of them came here, they didn't even know their spouses when they came here. Matter of fact, Franco was single, so was Lindsey. Mo had just started dating that Caitlin in college and came to NewDay. But by the time they'd been here for 10 years, they'd gotten married, they have had one or two kids. Oh, 66% of our people buy houses when they've been at the company for three years. 66% of our people are homeowners after three years of working here. It's pretty cool to watch these young people grow within our culture and build a life for their families.

Steve Sanduski: It sounds like it's a pretty fast trip. If someone's performing well, they're going to get promoted pretty quickly. What happens if someone can't get to the point where they can make the jump to the assistant coach or the assistant VP level? Is it an up and out kind of thing, or is it, "Hey, you've reached the level where you're a great performer and we're going to just going to kind of keep you there?" And what happens if someone hits that ceiling?

Rob Posner: Not everybody is meant to be a leader, but we've got a lot of people that come and work every day and they love the culture. They love who they're working for. They love being able to serve a veteran. Many people in our team love the job of coming here every day and changing the life of a veteran and a service member. And it's very meaningful for them. And they get paid very well for doing it, and they don't want to be a manager or a leader. Some people have been here for quite a long period of time. And when they start to have a family, they say, "Hey, you know what? I want to be home. Is there any way I can work from home? And I want to be able to manage my kid's basketball team, my little league team." And we've got quite a few salespeople and underwriters once they've been here for a while and we trust them and we get to know them and they've got phenomenal customer service scores. We'll let them work at home for part of the week, if not full time.

Steve Sanduski: I love what you're describing here, because it sounds like you've been very methodical in terms of the culture that you've created. You've used the football sports metaphor or analogy here quite a bit. So you've got a very clear vision and understanding of how you're building that culture. And then the training piece. You mentioned that you actually bought an outside training company to get that expertise. And you said, "Hey, we don't want you to work with these other outside clients. We just want you to work with our team." And so when you're hiring these people right out of college, you put your money where your mouth is and said, "We're going to you through a great training program." So I really like how you've really thought through the different pieces here and are putting so many resources into really developing your team.

Rob Posner: I appreciate you saying that. When you go back and you look at the history of American business, the great companies that our fathers grew up in were training companies. You look at companies like CBS and broadcasting. They were a trading company. IBM, and Hewlett-Packard in technology, Ogilvy, David Ogilvy's company and advertising and marketing. All of these companies were training companies. And that NewDay, we really believe in building a training company that we're not looking to go public or not owned by private equity. We're going to build this business for the next 20 years and 20 years from now, when a veteran is thinking about what is the number one financial services company and in America serving veterans and service members, we want them to be thinking NewDay USA.

Steve Sanduski: You guys are definitely on that path for sure. Well, let's wrap up here with some rapid fire questions. So this first one that I have here, I think is going to be fairly easy for you because you're so into the culture here. So what are NewDays core values?

Rob Posner: There are six core values and NewDay. One is training for a career. We want to be the absolute best in our industry and training. And we want you to be successful in your career, whether you're at NewDay or you take the skills that you learn in NewDay, and you go to that next stage in life. We want our people both NewDay and the NewDay alumni to be successful. Providing opportunity. And we want to provide opportunity for the veterans that we serve. Our second core value, providing opportunity. And we want to provide opportunity for the members of our team. Our third core value is world-class customer service. We want to make sure there's nobody in our industry that is providing better customer service to the men and women who have served our families. We want to have an opportunity to serve there.

So our fourth core value is an important one. Resiliency. You're going to get knocked down. If you're making payroll every two weeks, you're building a business, you start a business from scratch, or you're building a large company. You better be resilient. The sun isn't always going to shine on you. And the leadership is really about how you lead people through tough times. And then the fifth core value is integrity. And you want to have integrity in everything that you do in the service that you provide your customer. You want to make sure that they see the integrity and the intention of your company. And then lastly, giving back is a really important part of who we are. 5% of our income we give back to the children, gold star families, as well as a 100% disabled veterans. We have a foundation and we're really involved in giving back.

Steve Sanduski: Oh, I love that. Thank you. All right. Another one I have here is you sound like a competitive. So are you someone who is trying to be better than others trying to compete against other folks? Or are you someone who's like, "Hey, I just want to be the best that I can be. I want our teammates to be the best that they can be."

Rob Posner: Sure. Well, yeah. We're all competitive and having an Olympics here that, that I participate in with a bunch of our young people, they keep me young. So I run in the one mile relay and the 40 yard dash as a 51 year old, I got to run against these college athletes and this 50, 40 meter dash, but we're all competitive. And if you're successful in business, you're competitive. But I would say the most important thing is to be competitive with yourself. Like you said, Steve, be a lifelong learner and try to get better every day and try to improve as a person every day. I think that's all you can ask of yourself.

Steve Sanduski: So you don't have a 50 and older age group that you competed,

Rob Posner: Sir, we do not. And I have to tell you that I trained for this Olympics all year. And I'm very excited when I beat some of these young guys in their twenties, because they might see me in the hallway and I get to remind them occasionally that they need to get a little better for now.

Steve Sanduski: They need to step it up. They've got something to aspire to. All right, let's wrap up here with just one final question that is, I'm going to start a sentence and I want you to finish it. So the sentence begins with the best way to accelerate personal growth is...

Rob Posner: I have to say I'm a big believer. This is going to sound like a commercial for you guys, but I'm a big believer in mentorship and coaching. And if you have the opportunity to surround yourself with the very best with thought leaders with people like my CEO, coach, Sheldon Harris, phenomenal attorneys, phenomenal marketers, if you're around the very best it's inspiring. And it's part of being a lifelong learner, they're going to want to share with you. If you have the right coaches, the right lawyers, the right people in your life, they're going to make you better. If you're choosing the right friends, that's going to take you a long way.

Steve Sanduski: Excellent. All right, well, that's a great way to wrap up here, Rob. So I really appreciate you taking some time to be with us and congratulations on all the great success for you personally and for the entire team there at NewDay USA.

Rob Posner: Steve, thank you. Thanks for having us.

To inquire about our coaching services and programs, please call **1-866-622-9583**.



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