What Makes a Successful Commercial Lender?

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About the Study

In 2015 Central 1 People Solutions launched a research initiative in collaboration with creditunioncareers.ca and credit unions across Canada to identify the unique qualities that lead to success in commercial lending roles. The study assessed the characteristics of star performers as well as the expectations of managers with the aim of providing insight on how to better retain and recruit for this key position.

Once inputs were collected from the commercial lenders and their supervisors, Central 1 People Solutions analyzed the data and developed a model that summarizes the attributes of the highly successful lenders across the system.

This report highlights the key findings from the study, describing the model that has come from this research into the characteristics and behavioral traits commonly found in successful commercial lenders.

Key Questions to Address

With commercial lenders playing such a key role in the success of their credit unions, this study aimed to address the question of *how to best recruit and retain staff in these hard to fill roles?*

From a thorough review of the positions posted on creditunioncareers.ca, the commercial lender role topped the list as the most frequently posted role nation-wide.

In addition, the dialogue that our team of HR experts hears across the system indicates that commercial lending is one of the most challenging roles to fill for many credit unions.

With this in mind, the goal of this study is to:

- Outline the qualities and characteristics commonly found in successful commercial lenders, building a model from which to assess job fit

- Identify the needs, wants and motivators for successful commercial lenders, shedding light on how to best retain and develop them for maximum potential

- Provide key tools and tips for you to use throughout the recruitment and selection process for effective, long-term staffing of commercial lending roles

Participant Profile

This study is based on survey data collected from:

11 credit unions

4 provinces

30 individuals

Select credit unions nationwide were invited to participate based on the commercial lender roles in their credit unions. The study includes data from a variety of credit unions across several provinces and represents a broad range of asset sizes. All participants were able to:

- Match their commercial lender role(s) to consistent, standardized descriptions of commercial lending work based on the **Business Account Manager** benchmarks in the 2015 Canadian Credit Union Compensation Survey (benchmarks 1150, 1155)

- Identify **star performers** functioning in a commercial lending role

For this study, a 'star performer' was defined as an individual who had consistently demonstrated a **high level of success** in his or her role. As such, he or she would have consistently met or exceeded performance expectations.

Gathering the Data

Data was gathered from both the incumbent and manager perspectives for each participating credit union, with:

- 14 supervisory participants

- 16 commercial lender participants

- 3 participants providing both incumbent and manager perspectives

1150 Business Account Manager Benchmark Description:

"Responsible for business development for commercial or agricultural enterprise accounts with lending needs of up to $500,000. The position has lending limits and manages a portfolio of up to $25 million."

A sample of the roles that participated in this study…

- Senior Credit Specialist
- Senior Commercial Lender
- Commercial Account Manager
- Director Commercial Lending

- CEO
- VP Operations Manager
- VP Financial Services
- Manager, Lending Services
- Business Account Manager

- Sr. Commercial Lending Manager
- Small Business Account Manager
- Business Portfolio Manager

Methodology

The Assessment Tool

To build our model of a successful commercial lender, we relied on the **ProfileXT® (PXT)** assessment tool.

What is the PXT?

- A well validated assessment tool that uses job matching to predict suitability for a role
- A "job fit" tool that provides an objective look at behaviours, capabilities and motivation to help make better hiring, promotion and organizational decisions

How does it work?

The PXT's magic is it's **predictive job fit capability**, made possible through the use of performance models. For the purpose of this study, the PXT tool enabled us to produce a model representing the characteristics consistently exhibited by those who are effective in the position.

What does it measure?

The model is split into three areas of focus: occupational interests, behavioural traits, and thinking styles.

Occupational Interests

Is the individual motivated by this kind of work?

Behavioural Traits

Will the individual be comfortable in the job environment?

How does s/he approach and respond to surroundings, people, information?

Thinking Styles

Can the individual cope with the intellectual demands of the role?

How strong are his/her verbal and computational abilities?

Building the Model

Gathering the data and integrating it into the model was a multi-step process:

(1) Set the initial framework:
- Commercial lenders provided their input using a 182-question online self-assessment
- As participants completed the questionnaire, the system's algorithm assessed them against each criterion and identified their behavioural and thinking style preferences as well as their top interests
- With 16 top performing commercial lenders participating, this provided a good base of traits to build upon

(2) Add manager expectations:
- Managers were asked to share their expectations for success in a lending role by completing a Job Analysis Survey
- The 14 managers who participated ranked and rated the skills and activities most critical to success in the role

(3) Validate the model:
- Central 1 analysts reviewed the data and finessed the model based on expertise with the tool, our understanding of the work and the credit union operating environment, integrating all perspectives for a balanced and representative model

From the Manager Perspective

A number of key accountabilities for success surfaced from the data reported by managers. These themes for success also appear as key areas in the final model, corroborating their importance.

The most often reported requirements for the job are:

Approaching more than one task at a time
Working in a competitive environment
Interpreting information from numbers
Being comfortable following standard operating procedures
Being realistic, practical and objective in making decisions

Findings: A Model for Success

Final Model: thinking style and behavioural traits

The ProfileXT® produces a model with three distinct areas of focus: **occupational interests, thinking style**, and **behavioral traits**. The graph below shows the results of the thinking style and behavioral traits components. Occupational interest results are shown on the following page.

Thinking Style

	1	2	3	4	5	6	7	8	9	10
Learning Index	1	2	3	4	**5**	**6**	**7**	**8**	9	10
Verbal Skill	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Verbal Reasoning	1	2	3	4	**5**	**6**	**7**	**8**	9	10
Numerical Ability	1	2	3	4	5	**6**	**7**	**8**	9	10
Numerical Reasoning	1	2	3	4	5	**6**	**7**	**8**	**9**	10

Behavioural Traits

	1	2	3	4	5	6	7	8	9	10
Energy Level	1	2	3	4	**5**	**6**	**7**	8	9	10
Assertiveness	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Sociability	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Manageability	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Attitude	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Decisiveness	1	2	3	**4**	**5**	**6**	**7**	8	9	10
Accommodating	1	2	**3**	**4**	**5**	**6**	7	8	9	10
Independence	1	2	3	4	**5**	**6**	**7**	**8**	9	10
Objective Judgment	1	2	3	4	**5**	**6**	**7**	**8**	9	10

Final Model: occupational interests

Out of six possible areas of interest, the PXT tool identifies three key areas of occupational interest for each model. These interests represent the dominant intrinsic motivators underlying an individual's passion and commitment to his or her role.

Below are the three areas that emerged as key motivators for the commercial lender role, shown in order of importance – that is, enterprising was the strongest area of interest, followed by financial and administrative and then people service:

Enterprising

- *Individuals are motivated by* the competitive, fast-paced world of a sales environment

- *Activities of Interest:* presenting ideas and leading others, being persuasive, actions linked to growth and realizing goals

Financial & Administrative

- *Individuals are motivated by* having administrative accountabilities that require financial information processing

- *Activities of Interest:* administration of business procedures, processing of financial data, coordination of complex information

People Service

- *Individuals are motivated by* a position that offers the opportunity to help others

- *Activities of Interest:* working with others, facilitating compromises and outcomes with mutual benefit as necessary

Interpreting the Results

Unpacking the Model

To help you interpret the description of a successful commercial lender that we've developed, keep the following in mind:

- The entire model is comprised of **20 attributes** spread across **three components**: five attributes within Thinking Style, nine attributes within Behavioural Traits, and three attributes within Occupational Interests.

Interpreting Thinking Style

- Within the Thinking Style component, the 1 to 10 graph is built on scale rating ability from low (1) to high (10) for each of the attributes. For example, a score of 2 for Verbal Reasoning represents limited ability to process complex verbal information, while a 9 represents someone who is quite skilled in this area.

- For all attributes in this section, higher scores represent increased ability to deal with complexity.

- The Learning Index attribute is an average of the scores of the other four attributes (verbal skill, verbal reasoning, numerical ability, and numeric reasoning), and is thus an overall indicator of the individual's thinking ability.

Interpreting Behavioural Traits

- Within the Behavioural Traits component, the 1 to 10 graph represents a continuum between two extremes for a particular trait. For example, a score of 2 for Energy Level represents someone who operates at a steady, methodical pace, while a score of 9 represents someone who operates at a faster pace and has a preference for variety over consistency.

- For the behavioural attributes, higher scores do not necessarily indicate stronger performance or greater skill. Rather, they represent a strong preference to function at one end of the continuum that attribute describes.

Final Tips for Interpretation

✓ The model suggests the dominant attributes for success in this role, but needs may vary across credit unions.

✓ Most of the ranges are 4 points wide to be representative of a variety of credit unions and perspectives. A 3-point range indicates a tighter requirement for success in role.

✓ Each scale is bell-curved to the North American population. The majority of the working population score between 4 and 7 on each graph. Scores of 1 and 10 are rare.
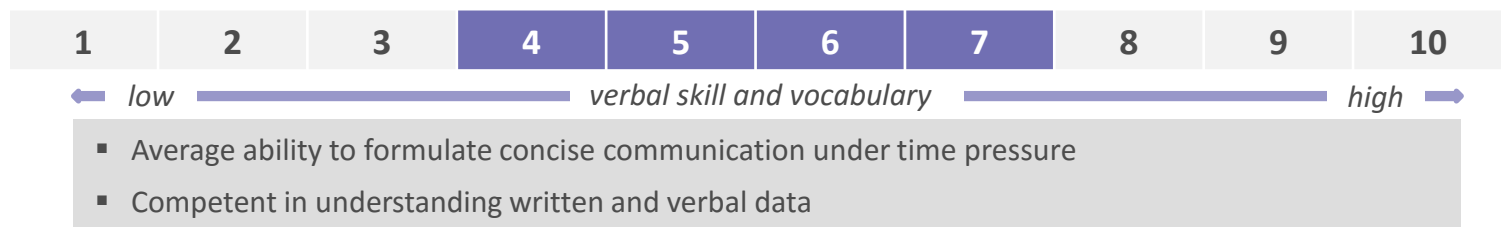
Describing the Attributes

The following graphs provide a closer look at each attribute within the model. Below each we offer a brief description. Note the arrow below each graph for an explanation of the scale.
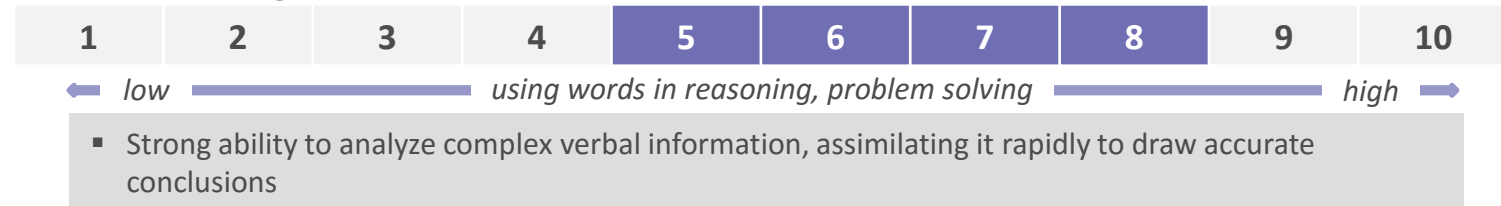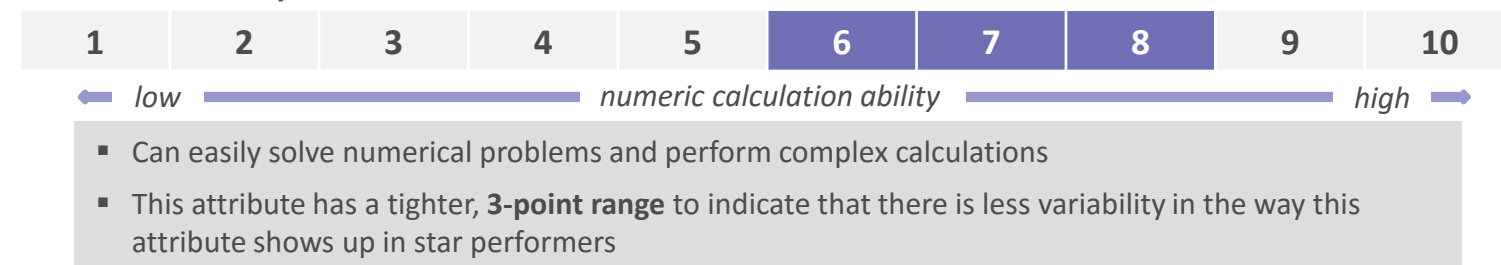
Thinking Style:

Learning Index

1	2	3	4	**5**	**6**	**7**	**8**	9	10

← *low* —— *learning, reasoning, problem solving* —— *high* →

- Can swiftly assimilate both numerical and verbal information, processing complex data
- Adapts quickly to accommodate new and shifting demands on the job

Verbal Skill

1	2	3	**4**	**5**	**6**	**7**	8	9	10

← *low* —— *verbal skill and vocabulary* —— *high* →

- Average ability to formulate concise communication under time pressure
- Competent in understanding written and verbal data

Verbal Reasoning

1	2	3	4	**5**	**6**	**7**	**8**	9	10

← *low* —— *using words in reasoning, problem solving* —— *high* →

- Strong ability to analyze complex verbal information, assimilating it rapidly to draw accurate conclusions

Numerical Ability

1	2	3	4	5	**6**	**7**	**8**	9	10

← *low* —— *numeric calculation ability* —— *high* →

- Can easily solve numerical problems and perform complex calculations
- This attribute has a tighter, **3-point range** to indicate that there is less variability in the way this attribute shows up in star performers

Numeric Reasoning

1	2	3	4	5	**6**	**7**	**8**	**9**	10

← *low* —— *using numbers as basis in reasoning, problem solving* —— *high* →

- Can easily process numerical data to reach conclusions

Behavioural Traits:

Energy Level

1	2	3	4	5	6	7	8	9	10

← *low* ——— *aptitude for operating at a fast pace* ——— *high* →

- Responds well to demands on his/her time, generally working at a brisk pace
- Self starter and multi-tasker who is self motivated
- This attribute has a tighter, **3-point range** to indicate that there is less variability in the way this attribute shows up in star performers

Assertiveness

1	2	3	4	5	6	7	8	9	10

← *low* ——— *tendency to take charge* ——— *high* →

- Comfortable with self expression and leadership, but willingly takes direction when necessary

Sociability

1	2	3	4	5	6	7	8	9	10

← *low* ——— *tendency to be outgoing, people-oriented* ——— *high* →

- Conversational in nature, comfortable working in a group setting
- Motivated by the opportunity to present ideas and suggestions to others

Manageability

1	2	3	4	5	6	7	8	9	10

← *low* ——— *tendency to accept direction, work within rules* ——— *high* →

- Responds well to a structured environment, willing to accept leadership from others
- Generally comfortable with authority, agreeable to working within the rules

Attitude

1	2	3	4	5	6	7	8	9	10

← *low* ——— *makes decisions quickly* ——— *high* →

- Demonstrates a generally positive, yet balanced attitude between being vigilant and critical, and optimistic and trusting

Decisiveness

1	2	3	4	5	6	7	8	9	10

← *low* ——— *using numbers as basis in reasoning, problem solving* ——— *high* →

- Responds at an even pace, maintaining effective time management skills when making decisions

Behavioural Traits:

Accommodating

1	2	**3**	**4**	**5**	**6**	7	8	9	10

low ⟵ ━━━━━━━━ *tendency to be agreeable, cooperative* ━━━━━━━━ *high* ⟶

- Can respond appropriately to the needs of others
- Values firmness and harmonious relationships, but not at a cost to the integrity of his/her work

Independence

1	2	3	4	**5**	**6**	**7**	**8**	9	10

low ⟵ ━━━━━━━━ *tendency to be self-directed* ━━━━━━━━ *high* ⟶

- Independent and likes to set own direction, yet can accept necessary supervision and structure

Objective Judgement

1	2	3	4	**5**	**6**	**7**	**8**	9	10

low ⟵ ━━━━━━━━ *ability to think objectively* ━━━━━━━━ *high* ⟶

- Most successful when provided ample information to make objective decisions, yet capable of relying on intuition when necessary
- Errs on the side of objective versus subjective thinking

Takeaways: Recruitment & Retention

As you've seen, the profile of a successful commercial lender is made up of a number of interdependent characteristics and traits. The model is most useful when these characteristics are looked at on the whole, rather than by singling out certain attributes, as each one plays into the others. The package of attributes, taken together, provides the unique mix that enables success in a challenging and dynamic role, where the individual is expected to excel in a somewhat unusual variety of activities spanning sales, deep analytics, and administration amongst others.

To help you take stock of the total results, below are a few ideas to consider when recruiting and planning retention strategies for successful commercial lenders.

A successful commercial lender…

- Likes to be challenged with a high degree of numerical ability and reasoning
- Performs best when provided minimal structure and given the room to make decisions independently
- Is most successful when provided ample information to make objective decisions, yet is capable of relying on intuition when necessary
- Values the integrity of his or her work and working relationships, over being agreeable and accommodating

When recruiting you'll want to look for someone who…

- Is highly intelligent and motivated, but is perhaps without the drive to assume managerial responsibilities
- Is driven and has a healthy competitive streak
- Is looking to make a big impact, within a narrow scope
- Is a true subject matter expert, with experience learned on the job
- Has strong objective judgment and a sense of independence, and can make decisions without direct guidance
- Can think creatively within a defined structure while still following the rules

Conclusion

This study confirms that the profile of a commercial lender is truly unique and presents its challenges for recruiting across the credit union system. Effective profiling for the role is best done by looking holistically at the characteristics, skills and motivators indicated throughout the entire model.

Through this study, we learned that successful commercial lenders are motivated by activities involving people service, a high degree of financial and administrative accountability, and working in a competitive and fast-paced environment. Understanding these motivations is key to retaining an engaged lender.

In addition to these motivators, various skills, abilities and behavioural traits contribute to a model that defines the successful incumbent as highly intelligent and driven. The results place particular emphasis on individuals with a high degree of numerical ability and the propensity to operate independently at a brisk pace. These conclusions are key to consider during your recruitment of this role.

We hope that this report gives you more clarity about the profile of a successful commercial lender, and provided you with insight that will help in your recruitment and retention strategies for this important role.

Contact Us

If you may have an interest in seeing a performance model built for another important role in your credit union, we would like to hear about it!

For questions about this study, please feel free to contact us:

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Participating Credit Unions
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Northern Credit Union
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