

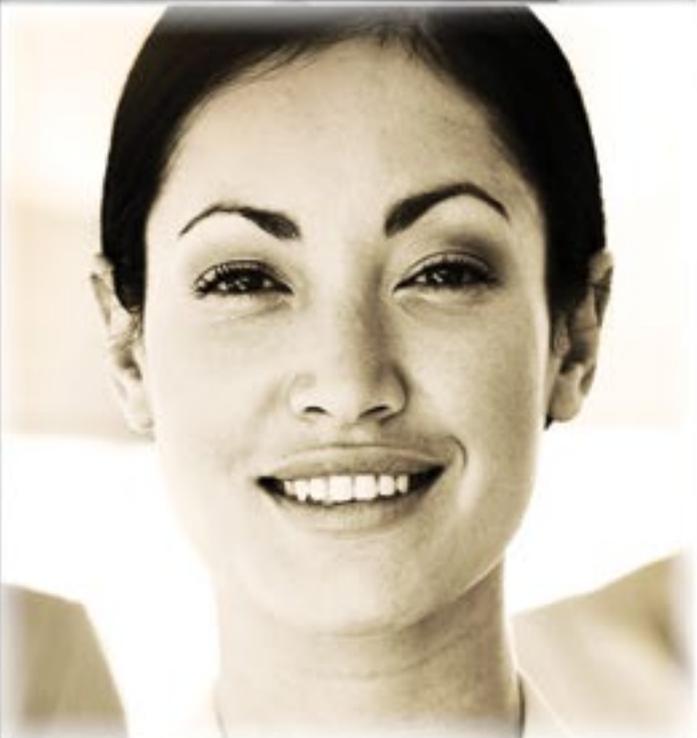
THE DIVERSITY DILEMMA

It takes creativity to locate, hire and retain a multicultural workforce

The commercial real estate industry continues to suffer from a lack of diversity across professional staffs. A 2017 study showed that white men held more than 75% of the C-suite jobs in the industry. Many companies are prioritizing inclusion in their policies and goals, particularly in the wake of last year's social unrest and the Black Lives Matter movement that brought racial inequities to the forefront of business leaders' minds.

Having a more diverse workforce, however, remains a challenge for many commercial mortgage companies. Saying that you want to diversify your employee base and actually doing it are different things. So, what steps can company executives take to implement an increase in diversity? ►

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Today, diversity tends to be defined more broadly than by the traditional terms of race, gender and religion, and it now includes educational backgrounds, personalities, life experiences and skill sets. Regardless of the definition, the most advanced organizations collect workforce demographics to establish benchmarks and implement diversity goals into recruiting, talent management and succession planning.

But diversity and inclusion should not only be measured quantitatively. In companies that promote diversity, employees tend to be happier, more productive and more loyal. They can speak openly, and there is upward mobility and low turnover. These are the positive qualitative results of a successfully executed workplace diversity and inclusion (D&I) strategy. A diverse workforce ultimately enables a commercial mortgage company to better understand its clients and their challenges, needs and objectives, resulting in more closed loans, repeat clients and referrals.

For any D&I efforts to succeed, however, the effort must be driven from the top down. CEOs need to make this a strategic objective and must be willing to share employee metrics with the board of directors, senior leaders and midlevel managers. Furthermore, they need to link an inclusive work environment to employee engagement, productivity and results. Meeting diversity objectives should be factored into the performance appraisal process.

One of the biggest challenges, however, is that the applicant pools for open positions often do not include many candidates from minority groups. It is difficult to hire a person of color, a woman or a member of the LGBTQ community when only straight white men apply. This is particularly challenging at senior levels given the inherent lack of diversity already present in the mortgage industry.

FEEDING THE FUNNEL

Mortgage companies can make use of a number of tactics to bolster their D&I efforts. It's best to start by evaluating the areas that energy is being put into. Many recruiters are guilty of only posting internship and analyst jobs at schools where they have successfully recruited in the past. This can create a closed circle, especially since the racial diversity at these schools is often lacking.

It is important to look outside of state colleges and private schools, and post job offerings at city schools, community colleges, and historically black colleges and universities. It's also helpful to network with community groups that seek to create opportunities for the historically disadvantaged.

It is especially crucial to do this for entry-level positions where there is an even playing field. No college graduate has significantly more relevant work experience than another, even if they have spent a summer as a file clerk for their uncle's mortgage company. Instead of evaluating their academic background, focus your selection on work ethic and interest in the industry.

Commercial mortgage companies also need to view recruiting with a wider lens. They should require managers to interview women and minority candidates before an offer is made. Oftentimes, managers may subconsciously screen out candidates before they get to the interview stage due to factors such as the applicant's school, name or geographic location.

CREATIVE RECRUITING

To counteract potential bias, mortgage companies need to nudge their team members to speak with people who may not be an obvious hire. In the end, the company should make an offer to the best candidate, but a person with intelligence, an outgoing personality and a desire to succeed beats one with pedigree every day of the week.

You also need to look for new ways to open the door for people. Traditional job postings and social media posts tend to generate a homogenous pool of applicants, although the reason why is unclear. It's possible that something about the job description, the prerequisites or the tone of the language inhibits specific groups of people from inquiring about an opportunity.

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So, you need to be creative. Consider posting a video on social media. Keep it general and don't specifically mention which job openings are available. CoreVest Finance, for example, created a video set to music by the Canadian singer The Weeknd. It included a diverse group of younger employees, each talking about who they are, where they started and what they do now.

The video included an invitation to visit the company website to learn more and view job openings. This resulted in thousands of applicants from places that had never previously been explored. A new approach, free of any inherent bias, reaped great rewards.

Inclusive tactics

Commercial mortgage companies need to cast a wide net to recruit a diverse workforce. This requires effective public outreach. One unexpected benefit of the COVID-19 pandemic and the lack of business travel is that companies have had to reimagine their approaches to employee and client outreach. One way to do this is via virtual networking.

Instead of attending conferences and doing in-market presentations, try hosting a series of webinars that are broadly advertised and open to the public. By offering content that is free, unlike traditional conferences or trade-association memberships, you can expect to gain an exponentially larger audience. Virtual networking will reach a far greater number of people with different backgrounds.

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Finding and hiring a diverse group of employees, however, are only the first two steps in the process. Another challenge is to make sure all employees feel welcome once they join the corporate family. It goes without saying that there can be no tolerance for discrimination or harassment in the workplace. But beyond that, it is important to create a sense of inclusion.

Make an effort to celebrate diverse cultural holidays. Expand cuisine options for work events and offer a more flexible paid time-off policy. Also, put more emphasis on employee training and development so that everyone feels included and knows there is opportunity for personal expression and advancement. Our company, for example, recently compiled a “quarantine cookbook” filled with recipes from our employees to enjoy during the pandemic. It was a delightfully eclectic mix of food and beverage ideas.

Perpetual journey

This last point bears repeating: It's not enough to have a diverse employee base. Diversity is simply a snapshot of where an organization is at one point in time, but inclusion is a mindset. It is a series of policies and practices that make

all employees feel that they can be themselves, that they are valued, and that they have an equal opportunity to contribute and succeed.

The work of diversity and inclusion is never truly finished; you practice diversity like you practice yoga. There is no beginning or end. It is a process for creating a welcoming environment through education, communication and collaboration.

A mortgage company cannot create a diverse workplace overnight. It takes a systemic approach that must be implemented across the entire enterprise, starting from the very top. It is especially difficult in commercial real estate finance, an industry that for decades hasn't developed senior leadership that reflects the general population.

But by making inclusion a part of the DNA of your organization through policies, practice and feedback, you can develop a more diverse workplace that will result in happier and more productive employees, as well as improved financial prospects. Companies should take advantage of the large, eclectic and colorful labor market to identify new team members and nurture future leaders from the ground up. ●