

Mortgage Specialists - Performance Update

According to the latest performance data provided by the C&G, only 19%, yes 19%, of Mortgage Specialists achieved a bonus in Q2. That equates to 146 Mortgage Specialists out of a total population of 800. Which means that 81% of Mortgage Specialists based on Q2 data were not on target and did not achieve a bonus. But don't worry, that's up from 134 Mortgage Specialists in Q1! At this rate of progress we will have passed Terri Dial's 1,000 day timescale for greatness before the majority of Mortgage Specialists will be in bonus territory.

The recent unveiling of the half yearly results shows that under performance in mortgages is not just limited to individual Mortgage Specialists. Gross new mortgage lending for the Group totalled £13 billion for the first half of the year, up from £11.8 billion for the same period last year. That tells only part of the story. The Group's market share of net new mortgage lending fell to £3.4 billion (6.7%) from £3.6 billion (8.8%) a year ago. That is well below the Group's historic 9% share. So at a time of sustained growth in the mortgage lending market Lloyds TSB is significantly under performing the market in

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terms of net new lending. Elsewhere, according to the latest performance data, HBOS, the market leader, saw its net new lending increase by 49% to £10.3 billion and its share of the mortgage market increase to 22%. It certainly seems that Lloyds TSB's mortgage business is getting worse rather than better.

Jon Pain, the Managing Director of C&G, confirms that July figures for mortgages "... don't show the upturn we need to meet our targets for the year." and Nick Hale, C&G Sales Director, recently left the organisation on early retirement.

Individual targets for the overwhelming majority of Mortgage Specialists are impossible to achieve and for the Bank's Senior Management team to

simply bury their heads in the sand and hoping that things pick up is an abdication of their management responsibility. C&G is also pinning its hopes on the new 'Easy Living Mortgage', the first fee-free discount mortgage, but the financial press have already picked up on the fact that the product has got a very uncompetitive interest rate.

We've told the Bank that individual targets need to be adjusted now rather than waiting until the end

of the year. Moreover, targets need to be related directly to the potential for Mortgage Specialists rather than the current system which uses the average ticket value for the Local Director Group.

We will be meeting the Bank shortly to continue our discussions on targets and I will keep members informed of developments.

Integrated Mortgage Process

In my last Newsletter I said that only those Mortgage Specialists who are IMP qualified and have at least a 'Partially Met' rating will be covered by the new pay zone. Of the 800 Mortgage Specialists, including those C&G Mortgage Specialists based in Lloyds

TSB branches, approximately 350 will receive salary uplifts averaging £1,457 to take them to the new minimum of the 'Primary' zone. The new zone is as follows:

PRIMARY		MARKET		MARKET PLUS	
From	To	From	To	From	To
£20,250	£21,375	£21,376	£23,625	£23,626	£27,000

Following the half yearly balanced scorecard reviews, we would expect there to be around 15% of Mortgage Specialists with a 'Not Met Expectation' rating and, given the potential for a significant salary uplift, it is important that members challenge their ratings if they are not happy. Members wanting advice on how to do that can contact the Union's Advice Team on 01234 262868.

Opposite are some of the comments we have had from Mortgage Specialists regarding the Bank's decision to roll out the integrated mortgage process, which has been greeted with uncertainty about the future.

Phase 1 of the pilot is under way and that will be evaluated by LTU at the end of October; in the meantime we would be interested in specific feedback from those Mortgage Specialists involved in the pilot.

We would be particularly interested to know how the training went, how long is the sales process and the amount of time Mortgage Specialists spend on dealing with paperwork.

Members can email feedback to me at Mark.Brown@ltu.co.uk.

Comments from Mortgage Specialists

"I am one of the pilot M/S - I tend to 'cherry pick' which I write and which I pass on. Experience helps here. It is apparent those of less experience struggle in their overall sales which would include IMP. It's only as good as you make it."

"I have been part of the IMP pilot and successful in earning an additional bonus. My gateway for regulated referrals was reduced, and in terms of actual policies on risk, sales have improved. Most other lenders have the 'one-stop shop' approach and I believe it is one of the few things the Bank has got right in deciding to roll out the process."

"I am not a FC and certainly didn't plan to be! Having worked in another institution where a scheme similar to IMP took place I can confirm that if the right training and coaching is carried out this can however work well. Seeing your figures show that as 50% of already IMP trained staff are not performing as expected training and coaching is not at a satisfactory level.

My main concern is that with more pressure, bigger targets (I understand Q3's are increasing again) Mortgage Specialists will be forced to leave the role, leaving a big gap if experience just walks out the door."

"I personally welcome the opportunity of earning extra money, but with the extra time spent selling the life cover, time used elsewhere will have to be sacrificed. I feel that throughout Quarter 1 I worked extremely hard and was fortunate to receive a bonus as I reached my personal target. If I'm spending more time on life sales surely that gives me less time in signing up new mortgage business!! If there is no adjustment in the mortgage target where do the extra hours fit into the working day? What percentage of my mortgage target would have to be sacrificed in order to meet the life cover target.

For me to see this work every mortgage

specialist would have to have a realistic mortgage target together with a combined life cover target. All this with a decent basic salary and a bonus structure that actually rewards achieving target and beyond. The bonus available on the current package is nothing to get excited about. You have to work very hard to what is little reward!!"

"I am on the IMP pilot for business. The result is extra hours, more pressure. Whilst I understood it was cost saving so we sell the insurance saving the cost of a consultant seeing the customer, we are supposed to find other needs for the consultants to sell to, therefore, the Bank hopes we will both be seeking the customer, so the original aim to cut costs didn't match what they want us to do."

"I think it is a good idea. Customers are happy at sorting life cover with their mortgage at the same time. It makes sense to do in one interview. I am very happy with the idea. I am concerned about FA's and the impact it will have on them.

I hope we will get financially rewarded for this as the last pay review was very disappointing. The time in dealing with the paperwork - if cases go to underwriting - Doctors' reports etc, concerns me, but I'm sure we will overcome this in time. Because of the increase in paperwork and chasing existing sales, will Mortgage Specialists get any admin support, because obviously targets and expectations will not reduce?"

"I didn't become a Mortgage Specialist to sell life cover. More pressure again and raised expectations. I haven't come close to this year's target yet. I hope salary will reflect extra workload and that it's better than the current pay structure. I hate my job."

"As a C&G heritage mortgage specialist I have been selling SW products during mortgage interviews for ages. It's really simple and very effective. Quotes are quick to produce and remove the need for the

customer to visit the bank again. Numerous visits to see lots of specialists is a pain for the customer. As for the rest of the integration of mortgage specialists into LTSB - it's a farce."

"I am one of the members of the trial. I have found it very successful. Customers are very willing to talk and it makes sense to put this into a mortgage interview. Issues: time chasing pipeline and following up people that have been quoted; no huge problem with time during interviews and the process."

"Job Shop here I come. I haven't enough time to keep on top of my job as it is. I haven't got time to be chasing up doctor's reports and the like. They don't pay us enough to put even more pressure on us."

"I agree that Mortgage 'Specialists' should be given the opportunity to provide a full service. Having been on the training for IMP, I was disappointed with the organisation and communication of the idea to branch managers. Also, there has been no reflection in our pay. It seems to me that mortgage advisers are being used as a 'cheaper' way of selling insurance, rather than FC's.

If nobody (18%) of people are hitting the MS target, does C&G have any plans to improve MS's chances?? ie. more flexibility, better rates, lower fees, greater exposure (advertising)? OR does C&G wish to continue its 'profiteering' crusade in order to hit its own unrealistic targets??"

"I was involved in the initial IMP process and whilst the reasoning behind the 'One Stop Shop' is sound because many leads are not followed up by FC/FPM's, it was not as straightforward as it was made out. Scottish Widows were supposed to chase up rated letters themselves but I have found myself getting more and more involved in tracking and following this up to try to get business completed, which is time consuming."

"Whilst the principle seems sound - one advisor for the whole process, less chance of customer no

shows, etc. It simply does not work. I was involved in an earlier pilot which was cumbersome and time consuming and often still involved two appointments for the customer to attend anyway, as most just didn't have the time to complete the whole process in one go. Targets and incentives are a shambles now. So let's get the core basics right first!!!"

"I have been an MA for 10 years and this will be the third time I have had to undertake the selling of life products. The previous two occasions proved unsuccessful for the following reasons:

- 1) There was no direct link with Scottish Widows for help and support.**
- 2) The FA's suffered loss of business and it created difficult working relationships with them.**
- 3) The mortgage interview took so long the customers became overloaded with information.**
- 4) Will FA's be selling mortgages next?'"**

"Very upset about having to sell life cover. Basically 'something will have to give'. I myself am working many extra 'unpaid hours' to get the mountains of paperwork done, and unless targets are reduced I do not know where the extra time to sell life cover will come from."

"In 2002/03 mortgage advisers were 'trained' to sell MDTA and it failed miserably. Why will the re-introduction under the 'IMP' banner be any more successful? I am sure that financial consultants in branches will be thrilled by this news!!"

"Long appointments, same 15 first appointments target to be met. On £17,806 a year a complete joke to expect more. What about the chasing of health reports, etc. When do we have time to do this? Does this mean the pay will be reflected similar to FC and FPM?'"

Mark V Brown
Assistant General Secretary