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**CHAPTER 16**
“Alright, kiddos. I’ll talk to you soon, okay?” Peter spoke into the car microphone

as he turned into his parking spot.
“Okay, Dad, good luck with your meeting,” Caleb’s voice replied through the

speakers.

“Thanks, buddy. Now, be good for your mama, okay?”

“Okay, Daddy, byeeee,” both replied simultaneously as they hung up the call.

It was going to be a good day and Peter felt like a million bucks as he got out of the car and waltzed into the coffee shop. He immediately spotted Kevin Broughton, the Vice President of SMP, sitting at a corner table.

“Hey, Kevin,” Peter greeted him. “Can I get you something to drink?”
“Oh, thank you, I actually already ordered us a couple of coffees,” Kevin replied

as the barista from behind the counter announced the order. “Two black coffees for Kevin!”

With drinks in hand, the pair took their seats. And after making some small talk, Peter made his pitch

“The reason why I asked for the meeting is because I’d like to throw my hat in for a Branch Manager (BM) position with SMP. I think that during my time here this past year, I’ve really excelled in this industry. In fact, I’ve become one of the top producers at SMP and I could advance to a BM role, given my recent success.” He offered this fact earnestly as he ran his fingers through his hair, somewhat unsure of his own words.

Unable to read Kevin’s expression, Peter felt his throat tighten as Kevin didn’t say a word, so he took a scorching hot sip of his coffee to fill the silence.

Kevin slowly nodded his head and began to speak.

“Peter, I think it’s wonderful that you’re taking such initiative, so let’s break down the different components of a BM’s role to give you a comprehensive overview of this position.”

“That would be great, Kevin, thank you,” Peter said sincerely as his shoulders relaxed a bit.

Kevin spoke slowly and methodically as he proceeded to break things down for Peter in small, digestible sections.

“Now, let me ask you a few basic questions, Peter,” Kevin continued, with a scrutinizing expression for effect and emphasis as he rattled them off one after another counting them out on his fingers.

“What was your NOI (net operating income) last month, Peter? What about your profit margin? How is your marketing budget allocated? How many of your work hours did you track for income-generating activities last week? How many leads did you get this week? What is your conversion rate of those leads? What lead source are you investing in that’s getting your highest ROI?”

Kevin’s questions were in quick succession and in an almost rhetorical fashion, as he gave Peter time to collect his thoughts and ponder each one. “Not only do you need to know these numbers for yourself, but you’ll also need to know them for your LOs and your branch as a whole.”

As Kevin suspected, Peter didn’t really know the answers to any of Kevin’s questions and fumbled over his words, noticeably embarrassed.

“Uh, well, I’m not really a numbers guy. I, um…” he offered out of desperation.

Kevin held his hand up as a gesture to both interrupt and come to Peter’s rescue. “Let me stop you right there, Peter. Quite frankly, that’s a horrible excuse. Not knowing your numbers as a BM is like a chemist not knowing the elements. If you don’t know numbers, then get to know them or don’t be a BM. There is no middle ground. But for the purposes of this conversation, let’s say you did know your numbers. Let’s talk a little bit about what kind of income a branch manager can make versus a top-producing LO.”

“Ok.” Peter’s ears perked up with renewed hope as Kevin continued speaking.

“Now, we do have branch managers that make more than some of our top producers, but we also have many branch managers that make less than some of our top producers. Don’t get me wrong, Peter; there are certainly some examples of branch managers that earn a massive income. But there are also a few branch managers at our company that simply don’t. And, you know what? I can pinpoint exactly why some do and exactly why some don’t. What I’m essentially saying is that it’s up to you and what you want to achieve. In both instances, the possibilities are limitless.”

“But before I go into the REAL reason why you or anyone should become a BM, let me share some things most LO’s don’t think about.”

Peter listened intently, hoping that at some point Kevin would tell him that he would make a great BM.

“I think it’s important to know the difference between being a salesperson and a business person and learning how to manage cash flow, profit and loss, and running a smart and savvy business.”

“Yeah, yeah, I see what you mean.” Peter nodded.

“Let’s just talk about money management for a typical LO first,” Kevin continued. “With an increase in income, there is an inevitable increase in expenses. Unfortunately, there’s an epidemic in our business and people have difficulty saving money and often live beyond their means, especially as they make more money and achieve more success. The simple truth is, many LOs that make $100,000 probably spend $105,000, and if they make $300,000 they’re probably spending $310,000, if not more.”

Peter felt his throat closing and his shoulders tightening again as he thought about his own spending habits and how close to his own truth Kevin’s words were as he continued to listen.

“And so many LO’s are driven by the dollar on a daily basis.” Kevin paused to take a sip of his coffee and then continued. “They join the country club; they buy a mansion; and they have to live the lifestyle. They have to drive a fancy car, always trying to keep up with the Joneses. And those same LO’s have to make $300,000 a year to fund their lifestyle and pay their taxes and all they can think about is the dollar. But there are others who live in a modest home at 39 years old and could retire at 43. They work solely because they choose to, because they had the foresight to save every single dollar. They also made great investments and drive a modest car. They have a fundamental understanding of what’s most important to them, which is financial freedom and security.”

As Peter listened, his mind sorted through a list of all of his former and current colleagues, easily placing them in the two buckets. He, of course, knew that he was the latter LO, as he subtly glanced out the window at his expensive luxury sedan.

Kevin continued, “Now, I’m not telling you that you personally need to live this way as an LO, but as a BM, you definitely need to have financial prudence because it’s not just your personal financial livelihood; you have to be financially responsible for an entire branch office and all the employees and LO’s that work for you and with you.”

“I understand and completely agree.” Peter nodded his head eagerly.

Kevin took another sip of his coffee and went on. “On top of learning to SPEND less, an LO who transitions to BM has to be prepared to EARN less initially.”

Peter looked momentarily confused. “What do you mean?”

Kevin elaborated. “When you’re making your shift from LO to BM, you’re taking your primary focus off of sales (personal production) and onto other people and building an office. As an LO, you don’t worry much about anything except sales. You don’t have to deal with any of the things you often take for granted in a branch. Things like renting an office, getting the Internet setup, the computers working, hiring a receptionist. All of that costs time and money. And most importantly, in addition to your income from personal production dropping, you’ll need to have a substantial amount of savings to cover these startup and operating expenses.”

“Hmm, I never really considered that.” Peter squinted his eyes with this new revelation as Kevin was providing more and more insight. “Suddenly this all seems very daunting,” Peter confessed as he picked at the cardboard sleeve of his coffee cup.

“If you think that’s daunting, let’s take a look at some other factors while we’re at it. Let’s start looking at the people aspect – particularly at one of the least glamorous, but one of the most critically important skillsets. As a BM, it is required for you to have the ability to have difficult conversations. Hiring, firing, constantly reinforcing the culture, setting expectations, etc. And all of this requires a lot of emotional intelligence, diplomacy, brainpower, and most importantly, resilience.

“At the beginning, you shy away from these difficult conversations and you want to sugar coat it and paint it in the nicest, most non-confrontational light possible. But then you very quickly realize that when you do that, the outcome isn’t always to your benefit. And so you’re forced to have to change and adapt. I don’t think anyone with a good spirit wants to have those difficult conversations, but they are necessary. It’s not in everyone’s nature. It’s not my nature. I don’t love having them, but I need to have them.

“For example, one my BMs called me and he said, ‘Hey, I need your advice. You’ve let go of people that made you a lot of profit before.’ And I said, ‘Yeah, many times.’ He continued, ‘Well, I’m faced with that situation right now and I don’t know how to handle it. I have an LO who is operating outside of our desired culture. This man is just plain nasty and has two direct reports. Both of those employees have separately reached out in the last 24 hours and asked me if they can transfer because their manager is not very nice and is not at all enjoyable to work with.

“So there are two $40,000 employees on his staff that are asking for a different job because of how one person is treating them. Firstly, I would mandate a face-to-face meeting because I hate delivering bad news or difficult news over the phone. If it’s possible to do so, in person is always best. I would have a sit down and use a line that someone has taught me in my career: Your non-friends tell you what you WANT to hear and your real friends tell you what you NEED to hear; and I’m your friend. So I’m going to tell you what you need to hear.

“You have a problem, which means we have a problem. You believe that you are properly managing these two people and each of them have expressed that they are unhappy and seeking alternative employment because of your management and leadership style. It doesn’t work for them, and it’s not working here, and both you and I are suffering economically because of your choices.

“I know you are one of our most profitable LOs and I appreciate your contributions. However, I have set a standard here in relation to how we speak to each other and you have violated that standard. This violation is unacceptable to me and will not be allowed to continue moving forward. Regardless of how many loans you close with our branch, this behavior will be grounds for termination to preserve the integrity of our culture.

“If you were lacking any tools that I’ve neglected to provide you, I would’ve been happy to further discuss your needs. But with your long-term tenure here, I really don’t believe that you can change. And based on what’s transpired in the last six months, I simply cannot continue trying to ‘fix’ this because I don’t believe it’s in your nature to act differently. With that being said, we need to part ways effective immediately. I am more than willing to work out a plan ensuring that we both part on good terms and are equally unharmed by this decision.

“That, Peter, is the type of leadership a BM needs. To be the kind of guy who has the stones to tell his most productive and most profitable LO that ‘I can survive without you’.”

As Peter digested this information, he was taken aback by Kevin’s ability to be so stern, since he’d always been so nice throughout all of their interactions.

“Above all else, remember this, Peter. Whenever you come from a place of love and always tell the truth, you can have these kinds of difficult conversations more easily. That doesn’t always mean that the receiving or, dare I say, injured party, will see it that way. When I myself have to have those conversations, people know that I love them and they know it because I have enough deposits in their emotional side of the bank account to exercise a little tough love sometimes. Just like with you right now, I am always coming from the heart.”

As Kevin continued, Peter felt a deep appreciation and admiration for him.

“On top of the difficult conversations, a BM is also charged with documenting situations and holding people accountable. Unfortunately, if you do have to fire someone, protecting yourself and the branch is of utmost importance. And so, we’ve made it a practice of documenting every difficult conversation in writing and emailing a synopsis of the conversation to all parties immediately after it takes place, so that there is no room for any doubt or speculation.”

“Wow, the plot thickens,” Peter joked somewhat uncomfortably, waiting for Kevin to go on as he began to understand that a BM role might not be his cup of tea after all.

“Then there’s also documentation for employee performance reviews in case there’s any dispute or disagreement over compensation at a later time, based on measured goals and expectations not being reached.”

Kevin glanced at his watch, took another sip of coffee, and continued explaining. “So, not only should you be good at documenting, something salespeople usually don’t have patience for, but I hope you’re very organized because that’s another key component of being a successful BM.

Approximately 23 human hands touch a file from start to finish to ensure that the process goes well. We typically manage that process in 30 calendar days, which equates to about 21 business days. This means that you have to be uber organized to manage enough people so they do their jobs properly and in a timely fashion in order to produce exceptional results for your borrower. Meanwhile, the borrower doesn’t see or, frankly, care about any of the behind-the-scene labor and completely trusts you to do your job and deliver.”

As Kevin broke everything down for Peter in layman’s terms, he felt himself becoming mentally exhausted. He had difficulty wrapping his head around all the different components of running a branch and was becoming increasingly overwhelmed by the idea.

“Now, here comes the million dollar question that trumps all other questions, Peter. Why exactly do you want to be a BM?” Kevin inquired with a stern look on his face.

Peter was practically speechless as he searched for the right words to begin speaking. After a long and notably awkward silence, he was still unable to articulate a reply. Tiny beads of sweat crowded his forehead as an impending need to respond continued to gnaw at him. After Kevin had decided that he’d let Peter suffer in silence long enough, he calmly came to his rescue and answered his own question.

“The only acceptable answer to that question for someone who’s going to be successful is possessing a genuine desire and inherent need to utilize and leverage their ability in leadership to earn a profit from the efforts of other people. Not in a negative or greedy way, but in the context of having the ability, foresight, and privilege to elevate every LO and employee to the highest possible personal and collective standard. If that’s what your passion is, and if that’s what you’re great at, then I say, full steam ahead to upper management. But if not, you

sure as hell shouldn’t start climbing that ladder. As a disclaimer, let me tell you the absolute wrong reason to become a BM.”

Kevin took a pregnant pause as Peter eagerly awaited the next words of wisdom that he would bestow upon him.

“Don’t do it because of your ego. A lot of people think they want to be in management because they think that’s the top of the food chain, where there’s power, status, and validation in that. And it’s really all just for the title and to feed their ego and to be able to say they manage/own a branch. The ironic thing is that having an ego is an absolute recipe for disaster in this role. Being a BM means being a selfless leader. In one of my favorite business books Good to Great, by Jim Collins, he talks about the Window and the Mirror Effect.”

Great leaders look ‘through the window’ to credit others for success and look in the mirror to apportion responsibility when things do not go as planned. In other words, great leaders take responsibility for failure and deflect credit to others when success occurs.

“A BM is not in it for the glory, but for the team. It’s to wake up every day with the burning passion to help their team succeed. It’s never about you, and it’s always about them.

“Take one of my favorite baseball players, Ted Williams. He was the last player to hit .400 and it will pretty much never happen again. He was hitting .401 on the last day of the season and the coach gave him the option to sit out that last day, which would ensure that he hit over .400. But what did Ted do? He said he would play. He didn’t care about his personal record, but instead cared about his team winning. He ended up getting five hits and a batting average of .406, which we probably won’t see again in our lifetime.

“As a team player, your job is to celebrate other people’s successes and to motivate, train, and provide them with the tools to ensure that they can achieve greatness. I mean, let’s say one of your commision-only LO’s hasn’t been producing, doesn’t know when they’re getting their next paycheck, and comes to you for advice. ‘How do I get some production going and get a loan?’ If your answer is ‘I don’t know,’ then not only are you not acting in your capacity as a leader, but it’s also likely that you will lose that LO. But if your answer is ‘Let me stop what I’m doing right now–even if it means putting a halt on your own pipeline and sales–and let’s get creative and come up with a couple of things that will get you some momentum and business so that you’re never in this position again,’ then they’re going to stay with you for life.

“In fact, I have one BM where every single morning, five days a week, every one of his sales staff is on a call all together and all they’re allowed to talk about is what they’re going to do today to better their lives and to better the lives of their clients. That’s it. It’s a 10-minute meeting for 12 people and that’s every single business day. He’s passionate about helping them achieve their goals, and it shows.

“His counterpart in the office meets with the operational staff every single day too and asks what are one, two, or three things that they’re going to guarantee him that they will do today to make someone’s life better. He does it every day at the office. That’s passion. He doesn’t do it on Tuesdays and Thursdays. He doesn’t do it when he feels like it. And he doesn’t do it if it’s convenient for him. He does it every day because it makes his people better and it makes him better. That’s passion. And that’s my passion too, Peter. Would you say that it’s yours?”

Peter swallowed hard, chose his words carefully and began speaking. “First of all, Kevin,” he began. “Thank you so much for giving me such an extensive overview of the BM role. I really, really appreciate it. You know, I’ll be completely honest, while you were speaking I realized that managing people is really not my love or my passion. I’m a salesperson, and that’s where I shine. And your insight really helped me dig deep and have an understanding of what truly drives me. I’m great at selling and that’s what makes me money, and I don’t know why I ever considered shifting gears.”

“And you’re right, Peter. You are a great LO and in my opinion, that role is perfect for you. I just wanted you to see it for yourself.”

As the pair adjourned their meeting and Peter walked to his car, he felt relieved and content. It was a good day indeed; just not in the same way he had envisioned.

Driving back to the office, he thought about how much he loved his shiny car, his lifestyle, and his freedom, and he was certain that not pursuing the BM role was the best decision he could make for himself.

**FINAL THOUGHTS**

Are you considering becoming a Branch Manager (BM)? It’s a great opportunity and option, but only for the right person. In order to be a great BM, there are some skills and attitudes you should be good at and love doing.

For example, you must be a numbers person. Being able to run a successful branch office requires you to know your numbers and be comfortable with them. This means basic financial accounting like Profit & Loss Statements to track your leads and conversions.

This is in addition to being great at managing money because you will be responsible for running a mortgage operation that will require paying office rent every month, payroll for support staff every two weeks, rain or shine, and more. Not to mention the startup costs and having some savings in the bank for operational expenses.

Keep in mind that while you do all this, your personal production (sales, and thus, your personal income) will inevitably drop, as you must shift your attention from sales to building an office and other people.

Now, add the element of management and people. Are you prepared to have difficult conversations? It’s one of the most overlooked skills. Do you feel comfortable with putting out fires for your LOs when their borrowers or agents are upset? Are you okay with firing people, even if they’re an LO on your team who brings in the most loans (and income) to your branch?

Why do you want to become a BM? Please don’t do it because of ego, power, or status, thinking that it’s the top of the pyramid. Only do it if you have a burning passion for helping people be their best and succeed. There is no glory in being a BM, because your job is to be a selfless leader. Don’t get me wrong; it can be very profitable, but be sure you’re doing it for the right reasons.

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