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Thriving Millennials: The Next Generation of Industry Leaders

By Scott A. Wheeler

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Is Competition Dying in the Canadian Equipment Finance Market?

By Hugh Swandel

Canada's banking system is one of the strongest in the world. But domestic and international regulations that helped preserve the strength of Canadian banks during the financial crisis of 2008 and 2009 have since worked to create an alarming dominance by a handful of banks. Will this work against Canada's equipment leasing and finance industry?

Cybersecurity: The Increasing Obligations and Exposure in the Age of State Regulation

By Frank Peretore, Robert L. Hornby, Michelle A. Schaap and Brigitte M. Gladis

In response to the ever-increasing number of high-profile data breaches, the federal government and the states are turning to regulations and legislation through which businesses must implement cybersecurity safeguards to protect customer information. Many of these measures also make private businesses responsible for monitoring affiliates and third-party vendors. Failure to comply may lead not only to a state enforcement action but also private lawsuits.



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Thriving Millennials: The Next Generation of Industry Professionals

By Scott A. Wheeler

The Millennial generation—consisting of individuals born between the early 1980s and the mid-to-late 1990s—is changing the work environment, the processes, and the level of services offered by the financial sector. They are investing in themselves, their employers, and the industry to better serve the next generation of stakeholders: vendors, end-users, and investors.

The Millennial generation is quickly influencing and re-shaping the U.S. economy, culture, workplace, geopolitical arena, and the commercial equipment leasing and finance industry. This article examines the attributes that Millennials (born between the early 1980s and mid-to-late 1990s) are looking for from an employer, how they want to contribute, what the industry has to offer to the brightest and most productive young professionals, and how the industry must work harder to attract talented professionals.

Wheeler Business Consulting conducted a research project to determine key factors motivating thriving Millennials in the equipment leasing and finance industry; and how organizations are embracing the next generation of industry participants. The information provided is based on industry

specific surveys completed in 2016 and 2017, interviews with young professionals participating in the equipment leasing and finance industry and their managers, and ongoing communication with leaders throughout the industry.

The 2017 survey included 111 participants representing multiple sectors, positions, and employers within the industry. As shown in Figure 1, 51.5% have three years or less of industry experience, 19.5% have three to five years' experience, and 29% have over five years' experience.

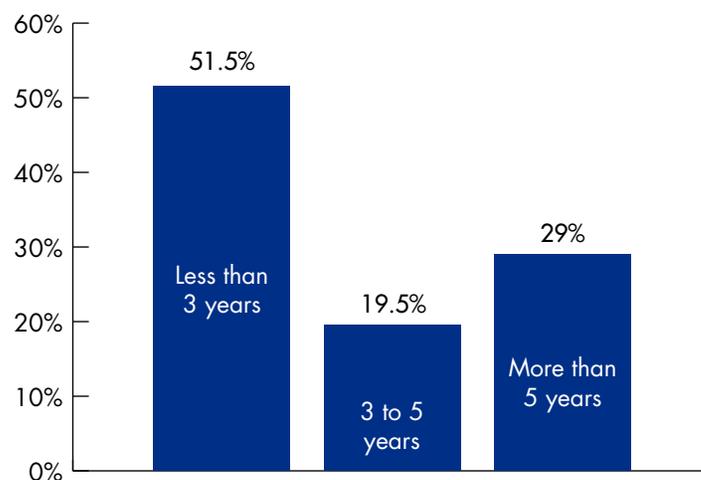
The Millennial generation follows Generation X, born between 1965 and 1979; and Baby Boomers, born between 1946 and 1964. The research participants and the focus of the article ranged in age from the low 20s to

mid-30s and are often referred to in this article as “young professionals.” The Millennial label is not easily embraced by many professionals in that age group.

The most aggressive and ambitious Millennials share strong,

aspirational attributes with past generations and they are reluctant to identify with some of the negative, generalist characteristics that so often are attached to the Millennial label. The most successfully focused Millennials want opportunities and upward mobility.

Figure 1. Experience in Commercial Equipment Leasing and Finance Industry



Source: Wheeler Business Consulting, 2017.

Seasoned veterans, managers, and business owners often state that the missing link for younger professionals is the lack of a comprehensive, global understanding of the industry, inasmuch as many understand their own company's capabilities.

The most successful young professionals are finding their way to the top by embracing employers that match their needs; they are attracting strong clients, providing superior services; and they are doing whatever is necessary to outperform their peers. The brightest and most ambitious Millennials are already assuming leadership roles in the industry. They are lead sales originators, strong credit managers, team leaders, industry volunteers, and top management participants.

Younger professionals who have entered the industry over

the last five to 10 years see the potential for success, with 84.5% of surveyed respondents claiming the industry is currently robust and full of opportunities for young professional talent. Not only do 89.4% see multiple paths to success within their current organizations and/or within the industry, but the same percentage sees a bright future for the entire equipment leasing and finance industry. As with past generations, the young emerging professionals know the industry is competitive (94%) and realize that success will take perseverance, dedication, and hard work.

OTHER CHARACTERISTICS

Millennials require a defined career path. The process must be a collaboration between the employer and employee, with mutually beneficial outcomes. All employees require benchmarks and goals; younger employees may need better defined benchmarks to provide clarity and to more closely measure their own accomplishments.

They also want the tools necessary to exceed expectations. Their exceeding reasonable

goals and desired benchmarks should result in meaningful rewards and compensation to encourage their career advancement.

One of the most vocal frustrations expressed by young professionals in the research was that employers too often overpromise and underdeliver with regard to benchmarks and expectations. Career paths are often based on timing matrices, rather than results. (For example, within six months, an individual should be able to accomplish X; within three years, a successful candidate should be making Y amount of money.) Successful younger professionals want to know what will happen when they meet their goals within, say, half the time expected. Similarly, they want assurance that if they appear well on the path to success, but that the process is taking slightly longer than expected, that the opportunity for advancement will still be there.

All employees want to be treated fairly and to be recognized for their accomplishments. Employee loyalty is best achieved when expectations are clearly defined, when the

work environment is conducive to career advancement, and when the employer provides the necessary tools to allow them to succeed.

Conversely, employers are loyal to their employees when the employees embrace the culture of the company; use the tools made available by the employer, work to advance the organization as well as their personal goals; and contribute to the well-being of the entire organization. The path to success is mutual and should be communicated upfront, without any ambiguity, in the interviewing process and during employment.

Young professionals aspire to be well trained, knowledgeable, and strong participants in the industry. One of the challenges for the industry is the means to expedite education and training. Millennials in the industry want immediate gratification and success. Although the equipment leasing and finance industry is not difficult to learn, it often takes hands-on experience and time to fully understand the many nuances involved in originating, underwriting, funding, and collecting strong, well-performing assets.

The two-year management training programs of the 1970s and 1980s are ancient history. Many independent companies, banks, and institutional players can no longer justify long-term investment when they need immediate results. Aggressive, younger professionals are looking to contribute more quickly, and they are unwilling to assume subpar incomes during a long-term training program. Therefore, the industry has been forced to accept on-the-job training, which too often results in frustration and impatience on the part of both the employers and employees.

Seasoned veterans, managers, and business owners often state that the missing link for younger professionals is the lack of a comprehensive, global understanding of the industry, inasmuch as many understand their own company's capabilities. In the recent survey of young professionals in the industry, only:

- 48.5% had an above average or higher understanding of the application-only credit process
- 36.5% had an above average or higher understanding of full disclosure transactions

- 46.9% had an above average or higher understanding of pricing and structures in the industry
- 13.3% had an above average or higher understanding of residual evaluations
- 19.4% had an above average or higher understanding of portfolio management
- 20.6% had an above average or higher understanding of the legal aspects of the industry

Of the surveyed participants, 94.1% desire additional, ongoing learning opportunities, and they recognized their lack of industry knowledge is limiting their ability to succeed (Fig. 2). Interviews suggested that emerging talent routinely express frustration with regard to their knowledge limitations. (Many internal and external resources are available through associations, industry events, foundations, and service providers.)

EXPEDITING THE LEARNING CURVE

However, ongoing educational opportunities are not being sufficiently embraced by employers and employees to expedite the

learning curve of the Millennial generation. An impatient, yet driven, emerging workforce can provide advancements, innovation, and a clear path toward corporate growth. Comprehensive understanding of the industry — which Millennials must have the patience to gain — encourages better decisionmaking processes, more efficiencies, stronger performing assets, and better client relationships.

Top-performing organizations among banks, independents, captives, investors, and service providers are investing time and money into comprehensive train-

ing programs and encouraging career advancement. Career advancement training programs are being well received by both new and seasoned employees.

Survey interviews reflected that young professionals in the industry do not want micromanagement, but rather to be trained and then left alone to get the job done. There is a paradox between old-line supervisors wanting daily activity reports to monitor efforts and determine individual challenges and younger professionals wanting the freedom to make mistakes, to learn through trial and error,

and to individually determine their best work habits.

One manager reluctantly explained how when he enforced a strict 9-to-5 workday, his younger professionals were less productive than when he provided them the freedom to create their own schedules. With more flexible schedules, employees were coming in early to make calls on the East Coast and staying later to make calls on the West Coast. He found some top producers working additional hours to accomplish necessary paperwork. The flexible work habits created some internal conflicts; however, the staff adjusted and sales and operational production increased.

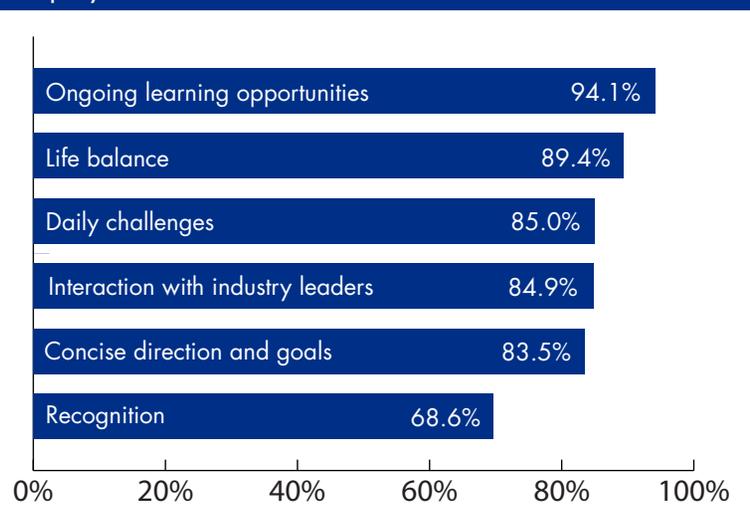
Freedoms such as flexible schedules come with responsibility and accountability and often need to be earned over time. There is a fine line between productive freedoms and an environment that encourages abuse. Strong senior leadership encourages best practices and is not afraid to empower the top talent to make the right choices. Young, aggressive professionals want mentorship and encouragement and will always follow

a strong leader who demands high results.

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Inasmuch as each new generation has similarities, there also are differences. Millennials want diversity of ethnic groups, age groups, task groups in their work environment, and similar variety in their social circles. They seek and require more balanced lifestyles than their predecessors. Most families have two income-producers who are equally committed to their careers and families. Both partners are engaged in every aspect of child rearing, family responsibilities, and their personal career advancement. Time is a valuable commodity at work and at home, mandating efficiency 24/7. Therefore, Millennials want to be assured

Figure 2. Attributes That Millennials Desire in an Employer



Source: Wheeler Business Consulting, 2017.

that their time at work is being used wisely and is fully aligned with their global perspective, life goals, and financial security.

Young professionals in the industry want to be part of the decisionmaking process. They want to fully understand the mission and vision of the company they are helping to move forward.

As shown in Figure 2, the participants in the survey overwhelmingly (89.4%) indicated life balance as an important or higher attribute in considering career choices (59% ranked life balance as significantly important). Several interviewees indicated life balance as the number one influencer of workplace acceptability, and they voiced their observation that top employers are embracing more holistic work environments, which encourage family-work integration. (Employers are providing onsite services to help younger professionals — day care services, fitness centers, and so on.)

THE ROLE OF TECHNOLOGY

A company's willingness to embrace technology is a main driver in recruiting new and younger talent. Because the Millennial generation is the most educated and technologically advanced generation of all time, its members want employment and career opportunities that embrace technology. While they are encouraged by recent advancements that their companies have made, they crave additional automation for real-time data and better communications.

Many individual comments made throughout the survey revolved around the use of technology: how younger employees are more proficient in using, designing, and promoting technology as an effective tool, and how more progressive organizations are leaning on the next generation not only to use technology, but to implement technology that drives bottom-line results.

Of the surveyed participants,

- 61% stated that the industry is behind or significantly behind the times with regard to automation and technology.

- 97.6% believe that technological advancements will distinguish the winners and losers in the industry over the next few years.

At the same time, veteran management teams often see younger professionals using automation as a substitute for client interaction and are critical of the lack of personal contact between service providers and their clients. Automation is not necessarily a substitute for personal customer service. Top performers use technology as a tool and a means to effectively communicate with their clients, to interact on multiple levels to enhance their in-person contacts, to be more efficient, and to deliver better services to their business partners and their clients.

On another front, Millennials are becoming the corporate decision-makers involved in equipment acquisitions. In the near future, vendors, end-users, and other stakeholders will require (and in many cases are already demanding) advanced technologies to expedite and fund transactions.

Financial-technology (fin-tech) will have a significant influ-

ence on how businesses and consumers will interact with financial partners in the future. Fin-tech is the next generation of financial services, and even the most conservative financial institutions are embracing its capabilities and viabilities in the market. The Millennial generation is positioned to drive new technological advancements in the financial sectors, which will greatly alter the current processes and product delivery systems used by the equipment leasing and finance industry.

Young professionals in the industry want to be part of the decisionmaking process. They want to fully understand the mission and vision of the company they are helping to move forward. More progressive companies are including them in decision-making meetings, allowing their younger staff members to watch, learn, understand, and contribute to the conversation.

IMPROVING CUSTOMER RELATIONSHIPS

Contributions being made by Millennials are positively changing the landscape of customer relationships and services offered by old-line companies.

This generation is wired into the new economy, new technology, and new resources that are readily available to progressive organizations.

Part of the learning process is to be involved, and many managers are finding positive results by asking more, not less, from their younger staff. Professionals of all ages want to know why policies are created and how they impact the bottom line. Empowering younger professionals to participate in the policy decisionmaking process, develop and expand their career paths, grow, and learn through experiences is critical to the long-term development of industry leaders.

The equipment leasing and finance industry offers unlimited opportunities for Millennials. This mature industry has a history of innovation and adaptability. The equipment leasing and finance industry has a wide range of employers, positions and career paths for younger professionals (shown in Fig. 3 and Fig. 4). Participants in the industry typically perceive that most new entries are cultivated through the sales and marketing track, which remains strong and viable.

However, the industry offers many opportunities in operations, credit functions, technology, capital markets, accounting, legal, and more. The industry is rich in diverse opportunities in small, privately held companies; banks; captives; international organizations; investment firms; and entrepreneurial ventures — no matter what the aspirations of the Millennial or his or her skill sets. Clearly, young professionals can choose a multitude of

equipment types, industries, and individual clients based on their skill sets.

The equipment leasing and finance industry has a history of providing above-average income potential for committed participants. Although 51.5% of the surveyed participants have less than three years' experience, 30% of the participants have incomes between \$50,000 and \$125,000; 25% of the participants have incomes

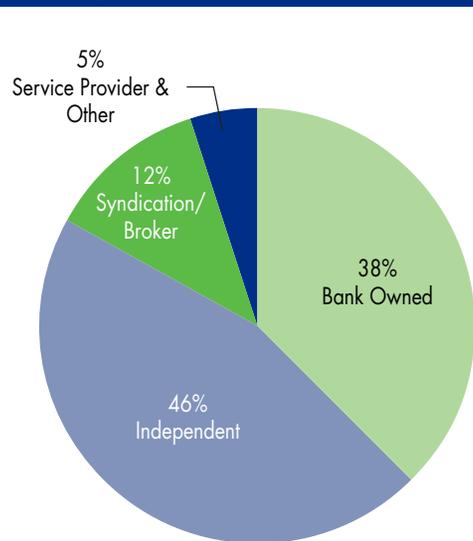
between \$125,000 and \$200,000; and 7.3% have incomes above \$200,000.

Prior to entering the equipment leasing and finance industry, most participants had little if any knowledge or understanding of the business. However, they embraced the opportunity and leveraged their personal skills to build a rewarding career. Many of the seasoned top leaders have had multiple positions in the industry, have experiences

in every aspect of the business, and have engaged on multiple levels with their industry peers, business partners, investors, and other stakeholders. Top leaders in equipment leasing and finance continue to seek new opportunities and they are excited to share their experiences with younger professionals.

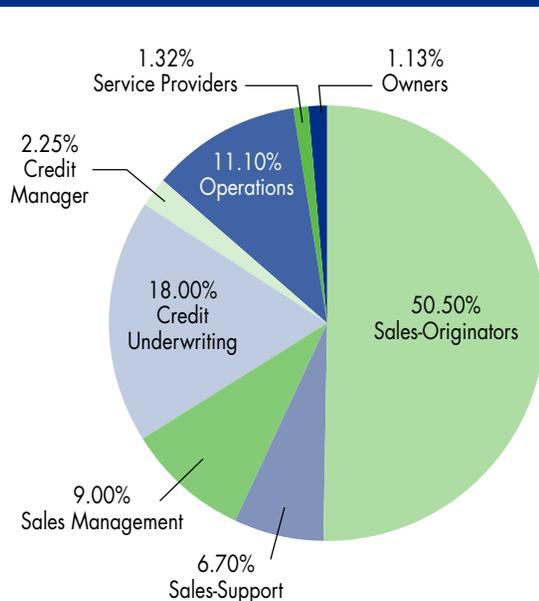
The grass roots will ultimately drive the major recruiting efforts. Of the survey participants, 90.4% claim that they would highly recommend the industry to a friend.

Figure 3. Employers of Millennials in the Equipment Leasing and Finance Industry



Source: Wheeler Business Consulting, 2017.

Figure 4. Positions Held by Millennials in the Equipment Leasing and Finance Industry



Source: Wheeler Business Consulting, 2017.

RECRUITING THE BEST TALENT

One of the universal challenges conveyed by employees, through the interviewing process, is that better efforts need to be given to recruiting the best talent available. The industry has so much to offer, but too few outside of the industry know about the \$1 trillion commercial equipment leasing and finance industry that supplies needed capital to small, medium, and large companies throughout the United States. The many resources include the Equipment Leasing and Finance Foundation's guest lecturing program and internship resource database to educate university and college students.

However, the grass roots will ultimately drive the major

recruiting efforts. Of the survey participants, 90.4% claim that they would highly recommend the industry to a friend. Companies are actively recruiting and promoting the significance of the equipment leasing and finance industry. Select companies are hiring paid interns and helping them to learn about the industry, with the expectation of retaining the interns as full-time employees. Our research produced the following key takeaways for the industry's employees and employers. Millennials:

- are a tech-driven generation, already accustomed to functioning in a fast-paced world.
- are impatient and are looking for success in the short term. However, they are impressed with the long-term potential offered by the equipment leasing and finance industry. The

challenge for Millennials and employers in the industry is to integrate short-term results with sufficient long-term preparation and development of future leaders.

- will be attracted and retained by those organizations that offer a defined career path, comprehensive training, and career enhancement opportunities.

Proactive employers are embracing Millennials and are incorporating these key takeaways as motivators and career enhancers to recruit and retain the best talent. It is the responsibility of the industry and all its partici-

pants — from top management on down — to showcase the attractiveness of the industry, to communicate strongly and often the opportunities that are available, and to encourage talented professionals to participate in the equipment leasing and finance industry.

Young professionals are offering a new perspective to a mature industry. Millennials are demanding change, innovation, and efficiencies. Organizations and industry veterans are sharing past knowledge and wisdom with young professionals; they are helping the Millennial generation to prepare for

all economic conditions; and they are encouraging the next generation to reach new levels of productivity and success.

The brightest and most productive in the equipment leasing and finance industry are sharing their successes with other Millennials through networking groups, association participation, and internal mentoring programs. They have an appreciation for the personal growth potential available in the industry; and they are excited about the future possibilities for themselves and their peers.



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Scott A. Wheeler is president of Wheeler Business Consulting LLC, based in Fallston, Maryland. The company offers training and consulting to lessors, banks, origination firms, and investors in the commercial equipment leasing and financing industry. Prior to starting his firm, Mr. Wheeler led several leasing operations and has held executive positions with publicly held bank leasing operations and privately held independent lessors. His book, *Call to Action – For Equipment Leasing and Finance Professionals*, was published in 2015. His article “Efficiencies in the Indirect Market” appeared in the Spring 2013 issue of this journal. Mr. Wheeler is a member of ELFA and the National Equipment Finance Association. A certified lease and Finance professional, he holds a BS in economics from McDaniel College, Westminster, Maryland, and an MBA from the Sellinger School of Business, Loyola University of Maryland, in Baltimore.