

Developing an Appraisal Training System

Dominated by small firms, the appraisal industry has done little to establish formal training systems. Many firms do not want to hire or train inexperienced appraisers because it can be too time intensive. In addition, some firms fear that once an appraiser is trained, he or she will be more inclined to leave the organization. The author maintains, however, that a training program will result in better trained staff appraisers, fewer problems for management, and longer employee tenure with the firm. A formal training model is presented to illustrate the concept.

Few appraisal firms have formal training programs. The fledgling appraiser is usually given a copy of a previous appraisal to use as a skeleton and he or she is expected to learn from it and apply its verbiage and concepts toward current and future assignments. The individual receives his or her training by performing individual appraisals, and questions or problems are addressed only when brought to the attention of a supervisor. This type of system is inefficient because it does not provide the structure necessary for a novice appraiser to learn at an optimal rate. In addition, an appraiser's stress level remains high until he or she feels comfortable with the material and the appraisal system. It can be difficult for an appraiser to ask an intelligent question

when he or she has little or no knowledge regarding a particular issue.

Some firms foster an employer-versus-employee attitude. The employer may wonder, "If the employee is going to leave the firm eventually, why commit extensive time and resources to fully train him or her?" In the book *Establishing a Training Function*, Charles Denova addresses this attitude:

If management has the point of view that labor is primarily an adjunct to the machine and is to be purchased in the cheapest market, its business enterprise will be ineffective. The available human resources will be wasted and the employees will consider the company undesirable.¹

One thing is clear: If management does not have the right attitude regarding the

1. Charles Denova, *Establishing a Training Function* (Englewood Cliffs, New Jersey: Educational Technology Publications, 1971), 3.

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role of employees, it will not have the right attitude toward training them.

The typical argument against appraisal training programs is that small companies cannot afford the time, expense, or opportunity cost (i.e., cost of not selecting an alternative) to train a very small number of employees. The appraisers may have different experience levels, precluding training in a time- and cost-efficient manner. What many appraisal managers forget, however, is that once an employee has gleaned a basic understanding of appraisal and mastered a particular firm's style of appraising, the only opportunity for growth may be to move to another firm. Can the original firm afford this?

An appraisal training system does not have to be an onerous undertaking. The various appraisal societies and an increasing number of colleges are offering classes that can broaden an appraiser's knowledge. This includes appraisal-oriented classes and training in related disciplines, such as real estate development, finance, or marketing. Too many firms rely on these sources as the major training tools, however, and fail to supplement this learning. It is the job itself that provides, through the process of repetition, the key link between formal education and practical application.

Once a training program has been set up it can be maintained with a relatively small time and financial investment on the part of the appraisal manager. The program should be devised so that the appraiser can proceed at his or her own pace. It should allow freedom for growth, and compensation should be used to provide further incentive for continual learning. Both positive and negative feedback should be used to facilitate the learning process; too often the negative is emphasized more than the positive. Realistic short- and long-term goals should be established to measure progress and to provide an appraiser with the overall picture of the training and development process.

ADVANTAGES OF AN APPRAISAL TRAINING SYSTEM

There are numerous advantages to implementing a training system:

2. Ibid.

Training not only increases productivity but, properly conducted, it also increases self-confidence and improves the morale of the workers. Training programs can standardize the methods of doing work, reduce the amount of supervision necessary, lower the turnover rate caused by unsatisfactory adjustment to a new job, correct mistaken judgment as a result of the hiring interview, and increase the interest in the job because of a more thorough task to be performed and its relation to that of other employees.²

By having a training program in place, a firm can help employees develop skills faster, thereby minimizing the loss that comes from employee turnover. This helps maintain a high level of quality within a firm's appraisals. Growth can be better accommodated because a firm retains the flexibility to hire and train relatively unskilled employees instead of having to rely upon the skilled, outside labor pool whose membership is limited and difficult to attract. The training program can also be used as a marketing tool to attract potential employees with real estate backgrounds. In addition, the training program can improve orientation into the firm and help reduce turnover, especially if training is offered at novice, intermediate, and advanced levels.

STEPS IN APPRAISAL TRAINING

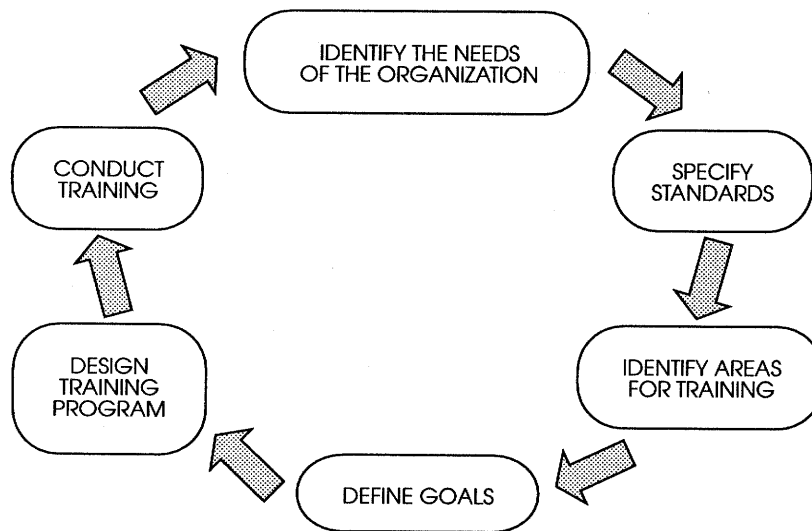
Figure 1 provides a flowchart that summarizes the six steps involved in employee training: identifying the needs of the organization, specifying standards, identifying areas for training, defining goals, designing the training program, and conducting the training. The steps are interactive, and each provides input for the subsequent step.

Identifying the needs of the organization

This is usually the easiest part of the training process. The needs of the organization depend on the demands of the clients, the skill levels of current employees, and the goals of management.

Because appraisers are employed by clients, clients' needs are paramount to maintaining business. The manager should take stock of what areas the firm has and has not been servicing adequately for the clients. By examining the skill levels of the

FIGURE 1 The Training Process



current personnel in relation to clients' needs, the firm can easily identify areas where it has little or no qualified personnel. Training would be advised for those persons, either existing personnel or new employees, who might fill these needs.

Potential deficiencies also arise when a firm has only one person who is highly skilled in a particular area. If that person leaves the firm a significant experience void is created that could directly affect appraisal quality. Training a second or third person would facilitate replacement of a key employee who leaves the company. Training should continue for intermediate and advanced appraisers and not be limited to the beginners.

The goals of management are a very important facet of training. A company may wish to move into new areas, improve service for existing clients, or simply expand, and a training program is an important catalyst to reaching these goals.

Several methods can be used to determine training needs, including:

- *Management observation.* By observing the appraisers at work, management can determine where deficiencies exist. Managers have the advantage of being able to measure performance against established standards, so determining the training needs directly relates to the daily work environment.
- *Employee surveys.* An employee survey is simply a questionnaire that

asks how well employees feel the company is achieving its objectives and in what manner training can improve the operation. Because employees are expected to meet the established performance standards of the company, they should be directly involved in determining training needs. Employees are often closer to the problems or weaknesses of the company than are managers and can provide valuable insight into the process. Obviously, combining the employee and management surveys provides two viewpoints on the need for training: line (i.e., those who actually create revenue) and staff (i.e., those who support the operation of a company rather than create revenue).

- *Outside surveys.* Outside surveys provide the most objective way to measure training needs. Management or experienced research professionals outside the firm can conduct such surveys, which might consist of a written questionnaire or personal interviews with management, staff, and clients. Although it is time intensive, this format allows the firm to look at training needs from an external perspective, which can be the only way to obtain information that is free from bias and preconceived notions.

A training session should begin only after the appraiser obtains, through formal classes, a thorough knowledge of the theoretical framework of appraisal.

Specifying performance standards

This step is simply finding answers to the question: What do we want to get out of a training program? Answering this question will help establish the level of performance necessary to achieve successful training and often leads to a concrete goal, such as learning to do a particular type of appraisal or improving on a specific area of weakness. Performance standards identify specific results that must be achieved to satisfy the needs of the organization.

Identifying areas for training

One way to identify areas for training is to survey clients. Such a survey may have been performed when the firm identified the needs of the organization. Clients, the end users, know the weaknesses in a firm's product; these weaknesses can directly reveal areas for training.

The organization itself can be a source for identifying potential areas for training. By taking on specialized assignments the organization can better identify those areas where expertise is lacking. A firm may also find it is dependent on one person for a particular area of expertise, which would indicate a need for training to limit this dependence.

Another way to identify the areas in which staff require training is to have a training interview. This should be conducted each time an employee enters the training program, regardless of his or her skill level. In an interview the manager precisely defines the employee's training needs. For those with some appraisal background, appraisal work samples can help determine the employee's general skill level. Areas of weakness can be easily detected as well. For those who do not have experience but do have some appraisal coursework, training should cover all areas of the appraisal report. For those appraisers with experience, the skill level and type of previous assignments can be readily determined. Each appraiser should also identify what areas he or she feels are weak and would like to improve, paying particular attention to the future work product. For instance, if an appraiser wants to take on more involved appraisals or assignments for property types with which he or she is currently unfamiliar, the training interview should help clarify these goals.

Defining training goals

After determining the training areas needed, management must establish training goals. In most cases, the goal is simply to improve one or more sections of an appraiser's daily product. If an appraiser is to begin larger or more specialized assignments, training should provide the resources the appraiser will need to do the assignments.

The goals of the organization are crucial at this stage. Both the training program and the firm's overall mission should be considered in terms of short- and long-term goals. The short-term goals of the company may or may not be met by short-term training of employees, but the firm's long-term goals definitely will be tied to long-term training. For this reason, the firm should establish training at beginner, intermediate, and advanced levels.

Indirect goals can be addressed through training as well. Employee turnover, communication, time management, and other potential areas for improvement might not be directly addressed in the training program but could be improved as an accessory to the training if employees are involved in the training process and play an active part in it.

Designing the training program

After defining the training areas and the training goals, a manager should compose a training schedule for each appraiser. This schedule should include the type of training (e.g., classroom, practical, or case studies), the areas that will be covered (e.g., advanced applications of the income capitalization approach, Marshall & Swift segregated cost), the approximate dates, the length of the training, the goals for the program, and all prerequisites. A training session should begin only after the appraiser obtains, through formal classes, a thorough knowledge of the theoretical framework of appraisal. Because classes may not run concurrently, training based on this framework takes time; the appraiser can easily move from a beginner to an intermediate level during the time needed to take the required classes.

The more formal course or seminar sessions around which a training program should revolve include classes and seminars, courses sponsored by the Appraisal Institute or another appraisal society, or courses at a local college. By

breaking the training program into specific segments based on the completion of these formal, outside courses, a manager can be assured that each employee has the basic background to understand the material presented in the firm's training sessions. Learning is facilitated by hands-on experience, so offering training seminars between formal courses helps an appraiser apply, in a meaningful setting, what he or she has learned.

The specific format of the training program will depend on management's time commitment. Appointments should be made for training that will take place outside the office, such as inspection training for different property types, gathering field data, and searching for deeds or mortgages. Even topics such as job efficiency, which may require that an appraiser learn how to type or use certain appraisal software, should be covered.

The most effective ways to present material and foster learning are with computers and case studies. Appraisers will retain more information through the direct application of concepts. Although lectures also play an important role in learning, appraisal societies and local colleges offer adequate lecture-based courses; on-the-job training should stress other methods.

Conducting the training

Obviously, the training should be conducted in a location that facilitates the fullest learning possible. Training in the office during regular business hours is not advisable because of frequent interruptions. Training after regular business hours or in another location is more appropriate.

Preparation is a key ingredient for the trainer. The trainer should plan by writing an outline, defining the topics, and developing examples. Being able to present this information in a clear and concise manner is often merely a matter of planning and repetition. Teaching is a skill; the more one practices, the more proficient one can become.

With the use of an outline, the trainer

should explain what is going to take place during the training session. This clarifies the objectives of the training and may remove anxiety that interferes with the learning process.

The training material itself should include carefully demonstrated details. The trainer should present an example or practical application of each concept because a trainee will more likely understand and retain an applied concept than a theoretical one. Testing during the session will help the trainee apply what he or she has learned, further reinforcing the concepts and skills being taught.

To test the appraiser, the manager may ask the trainee to perform an appraisal of a more advanced property, to critique examples of poor appraisal practices, or to submit a list of improvements to be incorporated into his or her daily appraisal reports.

Feedback on training effectiveness

Feedback is a continuous process. During each stage of the training process, both management and staff can provide interactive feedback. Goals, standards, and other parameters should be changed when necessary. Constructive interaction between management and staff should be allowed and used to adapt the program when necessary.

CONCLUSION

Training can be a valuable tool to attract and maintain employees. Because appraisal firms are service-related companies, employing qualified appraisers is an important key to serving customers. By implementing a training program, the goals of an organization can be more easily met. Training provides the manager and the employee with additional groundwork for more interaction. Because the skills and abilities of its appraisers are a firm's most valuable resource, developing those skills in terms of the needs of the organization is a sensible objective.