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Thoughts and Observations on the Mortgage Industry
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matchbox consulting services - we speak mortgage....

As another football season closed its books last weekend and I, as a Jets fan, had to endure the Patriots winning another championship. But it got me thinking about what they do that is so special. In thinking about their success, it became the topic for this week's newsletter. Not that football is often linked to the mortgage industry, but in this case, I think there are similarities worth noting.

The Patriot Effect

As a disgruntled Jets fan, it is not easy to give the Patriots any credit, but even though I may not like them, I have to respect what they have done. Unlike my Jets, they have a game plan that they believe in and they go out and execute it consistently every year. Most importantly, it is never the same plan; it is one that evolves constantly and keeps up with the changes that the league undergoes each year. The head coach of the Pats, Bill Belichick, has been instrumental in their success and his consistent message seems so simple and yet so difficult for other NFL teams to execute. That message is for each member of his team to 'do their job'. Sounds simple right? But year after year, there are 31 other teams that seem to miss the mark in achieving this simple request.

While the mortgage process may feel like a football game some days, the comparisons between the two are not often made. With that said, based on my interactions with clients in reviewing various firms' workflows firsthand and with Coach Belichick's message at the forefront, there are some similarities to keep in mind. First-off, let's start with the basics, there are 11 players on the field and there are approximately 11 people involved in the mortgage process from origination to purchase. And like the other 31 teams in the NFL this

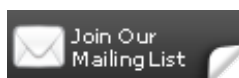
year, there are many mortgage companies that are in business today where people do not stick to the game plan. This is not to say they are not working hard and in many cases, it is not their fault as their role is not clearly defined, but one of the biggest deficiencies in the market today is that people are not doing their job efficiently or not doing just 'their' job. In many instances, I see the same function being repeated by multiple departments and the core responsibilities of those departments are being missed. I see disclosure desks, submission desks, processors, underwriters, and closers all reviewing the same disclosures and then see loans being held up from being purchased for an issue with a disclosure item. This is just one example of a flawed process, but there are many similar ones that are being fostered by people not being able to 'run their routes' and execute their specific role to perfection.

There is an elusive request to figure out how much production should be expected from a respective role. When you do not have a structure that allows for a role to be clearly defined, how can you rationally equate production levels to other companies or even to other people within your organization? I am not sure why this is such a common issue within firms, but with pipelines and volume growing, the importance of figuring this out is going to be put on the back burner. It is far more important to get loans closed now than to figure out what functions are being duplicated and more importantly, which are being missed. This is an important facet to consider when volume peaks without having to hire additional staff. In this environment, volume is going to trump efficiency and things will get missed. We see it all the time as Lenders spend more time correcting errors than improving their process. If a game plan is devised and executed effectively, then production levels and output can be gauged more effectively.

Whether you are a Patriots fan or not (or even follow the NFL), you should look to their coach's message to his team in setting up your company for success. It is essential to clearly define each role in your organization and determine how to measure if employees are "doing their jobs" and performing their specific responsibilities to the best of their ability. If you can do this in the early stages of 2015, then you could be setting yourself up for years of success similar to that of the Superbowl Champion Patriots.



As a former client, we have worked with the Encompass 360 LOS for over 8 years now. As the most used LOS in the market today, it continues to support the industry in a progressive fashion. The EllieMae user conference is next week in Orlando, Florida. We are exhibiting at the conference and will have a booth there. Our expertise on the system has come a long way over the last 8 years ago and with each engagement, it continues to grow. If you are a past, current, or potential client, please come see us at the conference. We have a number of new products that we would love to introduce to you and your input is sure to be the basis for ones to come.





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