

A Business Case for Speed-Driven Growth

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For eight years we've been refining what drives higher borrower satisfaction and higher profitability lending through our client benchmarking study.

Of the Five Key Performance Indicators (KPIs) we track (Productivity, Velocity, Cost-to-Close, Pull Through and Borrower Share), Velocity is the metric most closely monitored by managers. They know getting borrowers to the closing table faster gives them a leg up in a competitive market. Higher velocity, too, is the key to borrower satisfaction, according to a recent J.D. Power survey.



Astute lenders also know that two great things will come from quick turnaround times: happier borrowers and higher profits.

Velocity simply measures the time—in days—from application to closing, and can be a powerful indicator of your team's Productivity.

IMPROVING VELOCITY

So when one of our clients asked how they could improve their current Velocity rate, we enlisted the help of second-year MBA students from University of Virginia's Darden School of Business to

explore optimization improvements to their technology and lending process.

Using Design Thinking methodology to identify and solution for improving Velocity, here is what they found:

1. Transparency is key.

Precious time that was slowing velocity was largely due to a lack of understanding around each employee's role in loan production.

Employees tended to disconnect when they believed a task was outside their responsibility. As a result, loans were getting kicked back upstream, which often led to asking borrowers for

more information.

The best way to learn and feel connected to something is through practice and active participation, which is why an effective rotational program produces great results. By cross-training your team, they'll be more effective at their jobs.

Loan Officers, for example, will have a better understanding of what underwriting will require to approve the loan. Also, your team can pivot as volume fluctuates, which will relieve bottlenecks in the process and increase productivity.

Technology is a game-changing application that increases transparency, ultimately shaving days off the closing calendar by bringing everyone involved in the loan to the proverbial table to facilitate the safe loading and transfer of documents, exchange messages in real-time, and eliminate labor associated with document stare and compare.

2. Set borrower expectations.

Borrowers want the loan process to be quick, easy and transparent.

Borrowers interviewed by the Darden students felt frustrated and confused (two things that counteract your goal of creating brand loyalty) because they didn't know where they stood in the mortgage process. They expressed that they were unclear about the process overall and felt in the dark over the status of their loan.

Frustration was intensified when they were contacted multiple times by different members of the financial institution for additional information.

There are a couple ways to avoid this frustration and provide a better borrower experience.

First, by establishing a single point of contact that links arms with the borrower throughout the loan process, you deliver a high-touch experience that seeds brand loyalty.

Second, your borrower and origination portal should provide real-time loan status, what is expected to happen

at each step in the process, how long each step is expected to take, who they can contact at each step if follow-up is required, what steps are next, and what steps have already been successfully completed.

So, if you want to win the loyalty of your borrower, you must do more than accept their application online. Instead, provide each borrower with a personalized roadmap so that the borrower is always in the loop. A great borrower experience (and one that creates referrals) means nurturing each borrower so that this highly emotional transaction becomes one that is quick, easy, and transparent.

3. Track daily activity.

In the case of our client, hours were being spent every day, by each person on the line, organizing the priority of work for each loan file, often using a spreadsheet or writing a list on a pad of paper.

Precious time that could be allocated to Productivity was being lost on busy, unnecessary work. Instead of lists and spreadsheets, your lending technology should have a Pipeline Visualization Tool that shows the status of all loans being processed by a team at any given time. Sample information should include current loan status, loan type, date of application, date of last contact with the borrower, number of regulatory changes affecting the loan, and loan classification.

Having this information in a centralized location that's automatically updated eliminates the need for manual lists and prioritization.

EMBRACE A NEW WAY OF GROWING

The potential of speed-driven growth isn't limited to technology—at least not in our view. One long-term way to drive revenue and positive sentiment for your brand is to show some love



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This sort of change doesn't require a new department or dedicated team, just an open mind to exploring new ideas with the entire team participating and owning the outcome.

Some may say this sort of work doesn't affect revenue or company growth, but I'd disagree. The reason lenders grow is because of the team they've cultivated, and by relentlessly asking, "How might we ...?"

This is the fun part of volume-driven growth. You can introduce it in your business gradually and increase new ideas as you see results. And I have no doubt that you will see results. Lending professionals are too skilled, too enthusiastic and too helpful to be pigeonholed. It's high time they're given the freedom and opportunity to drive the business forward. ▲

TECHNOLOGY

For a look at technology applications in mortgage lending, visit the Mortgage Cadence Collaboration Center at www.mortgagecadence.com/our-solutions-2/by-business-need/accelerated-closing/.

Pamela Herrmann is a best-selling author and Vice President of Marketing and Chief Storyteller for Mortgage Cadence. Her book, "The Customer Manifesto," was ranked No.3 by Business.com in their list of Excellent Customer Service Books Every Business Owner Should Read. She hosts the video show, "LendTech Briefing," and the podcast, "Customers for Life."



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