

# WORKFLOW MANAGEMENT

When it comes to the application process there is a better, more efficient way, writes **Philip Slon**, creator of Revodoc, who believes the solution is an end-to-end collaboration tool

## **MORTGAGE WORKFLOW & EFFICIENCY - A REAL COMPETITIVE ADVANTAGE**

**Mortgage deal management workflow and efficiency** may become a major competitive disadvantage for brokers in the Canadian mortgage industry in the near future. This is in large part due to the current disparate technology systems available for broker use. The technology value chain serving the broker market is made up of different and separate systems: frontend broker systems, a middle origination system such as expert and morweb, and backend lender's system. The front and middle systems have some integration for deal application form, the middle and backend systems are integrated in the sense that it routes application data to the lender, and the front and backend systems integration are practically non-existent. A true complete end-to-end system to manage all aspects of brokers business would be one system that integrates all three systems together seamlessly. Unfortunately that is not going to happen anytime soon. So what is the broker to do and why does it even matter? I'll address the latter point first.

It matters because internal and external business factors are forcing brokers to change if they want to sustain and grow their business with real long term equity. The middle origination and backend lender systems are completely out of the brokers control or influence. That leaves only the frontend system where brokers have the opportunity to control and influence what systems they use that maximizes their return on investment. The chosen system must contribute to the improved workflow and efficiency challenges of day to day brokering activities.

## **1 BUSINESS TREND IN-HOUSE UNDERWRITING MODEL**

The days of the lone broker selling, underwriting, administering the deal from start to finish are over. The trend toward collaborating in teams of multiple brokers sharing an in-house underwriter is gaining momentum. In order to grow and scale the business and take it to the next level, one must reduce

operating costs by spreading the assistant/underwriter costs to multiple brokers within a team.

This team approach to sharing and collaborating on deals adds another layer of workflow complexity that only innovative mortgage dashboard technologies can resolve. In order to work productively and efficiently, the team must use a system that will help them manage all deals from leads through to mortgage approval to funding. In between, all the mortgage application progress steps should be seamlessly integrated into one dashboard.

## **2 INSTITUTIONALIZED DATA**

Institutionalizing data is really about having full custody and control of borrowers most sensitive and private information. The banks do well here because they have a wide distribution network and customers can be serviced practically at any branch across Canada. The nature of mortgage brokering and the customer relationship is confined to the individual broker dealing with the customer. Therefore, the only way to enhance this customer relationship is data accessibility by other authorized team members to service the customer when situations arise.

At present, it would not be hard to find brokers within a typical brokerage keeping data at different locations (physical or online) for deals on the go. The master broker does not really have full control of the data until the deal is complete and handed over for audit, compliance and payroll. Individual broker or teams keeping unorganized and unstructured data in different locations for deals are really behind the 8 ball in efficiency. Efficient data accessibility should always be just a few clicks away and could always be accessible the same way by any authorized team member.

How and where data is kept has enormous implications to the brokerage and brokers workflow efficiency. Think of the activities and tasks involved in completing a mortgage deal from lead to approval to funding and after sales. There are so many different small and large tasks that must be completed along the way. If there is no structured workflow and process in place to track all these tasks, but only relying on email, written notes and memory is very inefficient. Now multiply these tasks by the number of deals on the go at any one time each day, week or month.




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### 3 SECURED DATA

The other risks that have not been given much attention are data transmission and distribution risks. The chain of data custody is only as strong as its weakest link. Email, by far, is the most prevalent method of transmitting borrower's documents. It is also less secured. Most emails are not encrypted.

This is a challenging one for the industry to tackle because practically no lender backend systems are integrated with broker's frontend systems. The Filigix exchange is an attempt to bridge this gap. There are a few lenders with portal to upload documents securely, while others still rely on email and even fax. The workflow efficiency is literally broken right at this point. Without system integration between brokers and lenders, brokers have to work this part of their deal document workflow outside their system. They either email documents to the lender or upload them via lender portal. The upload is more secured but the deal workflow after document submission is still a condition tick sheet from the lender to inform broker outstanding conditions.

A broker colleague recently submitted a rental deal to a major bank that was handled in the most inefficient and frustrating way. The deal involves a total of 5 other rental properties. One can imagine the documents needed to satisfy conditions. Due to email limit size, email has to be sent in parts. The lender would print the docs and pass them over to fulfillment clerk. Not all pages were printed even though it can be confirmed they were sent. This archaic process unnecessarily and frustratingly wasted everyone's time because of lack of system integration with lender and vice versa.

### 4 MOBILITY

Brokers need to know when they leave a brokerage, all their deal data including funded deals go with them. A copy of funded deals stay with the former brokerage for future audit and compliance. The challenge many brokers face is the efficient way of extracting all the data from a system and trusting the data would be there in the form they can easily work with again. Filigix does keep the deal data associated with the user's account; so where the user goes, the Filigix deals would go with the user as well. However, as Filigix Expert is not a deal workflow tool, all other information and data related to a deal may not be readily available if they are not well kept.


### 5 BUILD BUSINESS EQUITY

Building a business of value means the next broker taking over your business can generate income in the same and repeatable manner you've successfully built your business. Any broker in this business for the long haul is thinking or has thought about an exit strategy. This requires evidence the broker's business was well managed with a proven track record of repeatable revenue. An efficient and productive mortgage system would've helped the brokerage and team keep the business and its process on track year over year. There is no scrambling to pull data together because it was always there with a good system in place.

#### WHAT ARE THE BANKS DOING?

These frontline mortgage specialists have very limited technology to use to manage their business. That is changing for one bank. A major bank has launched their new mortgage application workflow system for its mortgage specialist sales force. It moved away from its traditional origination system provider Filigix and opted to develop its own mostly inhouse with outside consultants. The move is strategic and application workflow deliberate to facilitate customer data collection and mining. The hundreds of millions of dollars spent is a drop in the bucket compared to what it will gain in the long term. My analogy to this is like the google of banking data. In the not too distant future, mortgage pre-approval could be automated just like pre-approved credit lines were handed out to qualified borrowers 15 years ago. This would be made possible with the huge database that can score against the 5 C's of lending for every customer it has. This will push their mortgage specialists to become hunter gatherers. That is going to put more pressure on the brokers and its market share. The bank is trying to perfect the direct to consumer model for mortgages.

For the other remaining banks, currently there is no mortgage process and workflow technology platform for their day to day deal management. Once a deal is submitted via Filigix Homebase or Expert, they deal with their underwriting departing to satisfy conditions. Docs are sent in via email or fax to underwriting. No doc storage is really available. Specialists works from checklist to satisfy conditions until all is met. They keep docs on their hard drives, though files are encrypted. The problem is Specialists would use different tools to manage



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deal progress and pipeline. Many other steps of tracking the mortgage file is manual and cumbersome. Excel spreadsheet seems to be the choice. Ask any Specialist what they do when they go vacation. It become a frustrating activity gathering files and info to handoff to someone else. However, you can bet these banks are rapidly developing their own technology platform for their mobile sales force. If banking history is any indication, they will all develop variations of what the first bank has launched. And why not, they each themselves have millions of customers and their data to mine from. Bank data is digital gold.

### WHAT CAN A BROKER DO

To maintain competitiveness in the future and maintain business readiness at all times, brokers may need to think strategically about business efficiency. Ask the tough questions: Do I currently have business process pains and what are they?. What are the benefits and costs to enable my business to be as efficient and productive as possible? A self assessment and understanding of your own entire mortgage process workflow and efficiency gap would give a good idea where to start. Is it in-house underwriting; or institutionalizing and securing the data, business mobility concerns or maximizing future business value.

It may seem like a daunting task to wholesale change the way brokers manage their deals and business to gain efficiency and productivity. It would work better for the broker to hone in one area of the business that needs workflow and process improvements and start from there. The main thing is choose a system that your business can grow into and its ability to accommodate that growth when demand for more innovative workflow and process needs arise.

### CONCLUSION

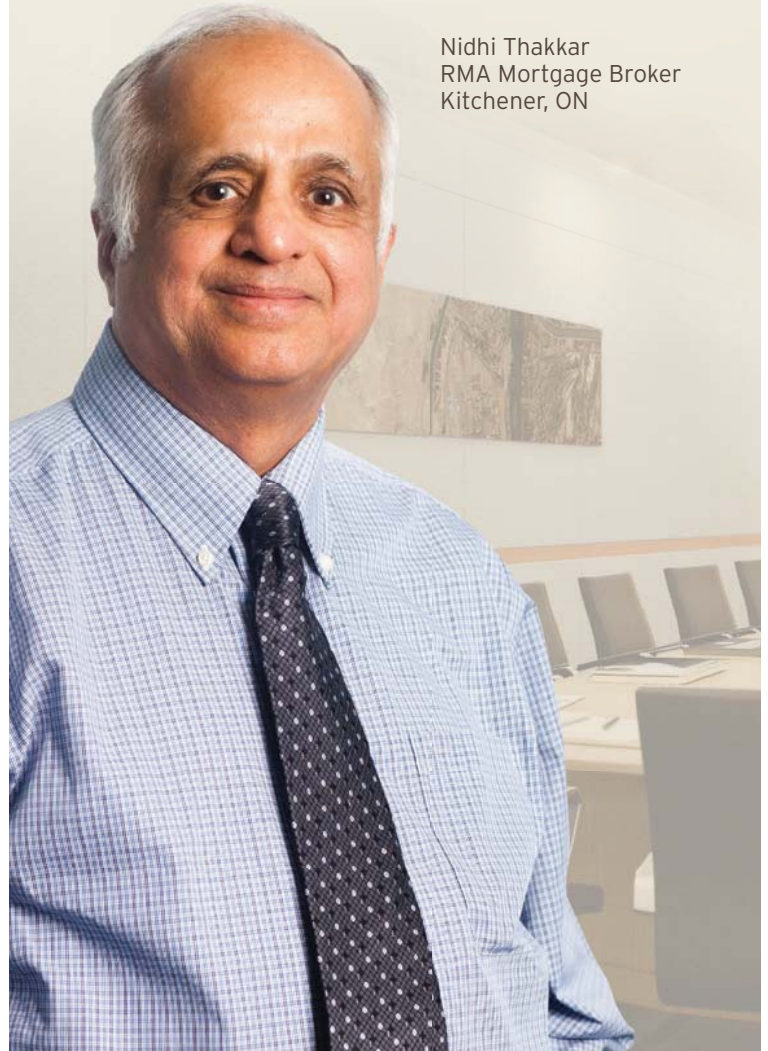
Mortgage brokers must examine their business process and workflow efficiency as a competitive advantage. The only control and influence brokers have is which frontend system they would choose to manage their business. The middle origination system and backend lender systems are completely out of broker's control or influence. **CMF**

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