



DEVELOPING
INSIGHTS
**FROM
DATA**

A GUIDE FOR MORTGAGE LEADERS

ABOUT RICHEY MAY TECHNOLOGY SOLUTIONS



Cybersecurity

Protect the usability, reliability, confidentiality and safety of your network and assets –and most importantly, the integrity of your brand.



Cloud Services

Develop cloud migration strategies to gain efficiencies and enable opportunities.



vCIO/vCISO

Partner with experienced industry professionals for strategic insight and guidance.



Managed IT Services

Develop strategies and efficiencies for your IT Operations and Support.



Governance, Risk, Compliance & Privacy

Develop and implement appropriate policies, procedures, and standards to effectively manage risk and privacy concerns.

RICHEY MAY ANALYZE

Business Intelligence

Connect your data and break down internal silos to gain valuable insights and confidence in decision-making.

RICHEY MAY PLAN

Budgeting & Forecasting

Develop cloud migration strategies to gain efficiencies and enable opportunities.

RM² Methodologysm: A Results-Driven Approach With A Focus on Building Value

Our process is designed to help us focus on the most impactful changes that will drive revenue and growth.

Discover

- Key Stakeholder Interviews
- Gathering of key policies and procedures
- Current state systems analysis
- Formulate an understanding of current issues
- Comparison to leading practices
- Gap identification

Design

- Development of practical recommendations
- High level prioritized roadmap and plan
- Development of final report to management

Engagement Deliverables

- Identified Gaps
- Current State Business Systems Diagram
- Recommendations, Roadmap and Plan

DISCOVER

Listen and understand the specifics of the business challenge. Identify gaps.

DESIGN

Develop a solution plan that creatively balances desired outcomes with associated risks and costs.

DELIVER

Implement the plan effectively and efficiently. Assess and adjust to ensure optimal results.

OUR TEAM



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Developing Insights from Data: A Guide for Mortgage Leaders

Mortgage companies collect a lot of data.

Compared to many other businesses, mortgage companies are fortunate to collect some of the most complete and accurate data on their customers. This presents a great opportunity to deeply understand your customers and provide the right products and services at the right time. In addition, mortgage leaders have access to other datasets, like HMDA, MLS, and HUD, that can help you understand broader trends in the entire market.

But all that data is a double-edged sword.

The sheer volume and speed of collection can make it difficult to use the data proactively. Slicing and dicing the data to see just what you need to make a decision can be laborious to do manually and, worse, it can produce errors, leading to faulty conclusions. Your important data is also likely coming from multiple sources, so importing and cross referencing manually means the information is out of date by the time the process is done. There may even be some systems that don't allow for data extraction securely, so their valuable contribution to your strategy remains locked away.

This guide is intended to help mortgage leaders develop a strategy to harness their data and ask the right questions to distill reports into insights that can power key decisions.

The Mindset

If you want to use data to create change, you must adopt a focused mindset.

Data analysis can be a slippery slope. Creating hundreds of reports and sending them all over the company doesn't help productivity and can even cause disharmony and confusion if done without the proper strategy. If you're not careful, reports can overwhelm you and prevent you from acting by leading to **analysis paralysis**.

Before sitting down to look for Insights, set yourself up for success. Don't try to solve every problem at once.

Focus

Spend a limited amount of time digesting trend reports. Refresh your memory on your overall business strategy and the goals you set last planning period. Spend actively focused time and attention on reports that are most likely to generate meaningful information directly related to your goal.

Question Everything

"The way we have always done it" is your enemy during your planning time. Be prepared to question your methods, results and motivations.

Investigate

Use your questions as a springboard to investigate the details of your business. Dig deeply into the numbers, and the numbers behind the numbers, from your interconnected data sources. Visualizing them all in one place can help you make connections and draw conclusions.

Align

Assemble the right people to make the biggest impact. Using your strategy and goals as your north star. Learn from the teams involved in the day-to-day work. Talk to them about what you found in the data and look for deeper reasons for those results. Spend the last 1/3 of your meeting time to narrow down your focus to one or two specific, measurable and solvable problems.

Act

Test new approaches and track the results. Check back in to make sure teams understand the core reasons behind your new approach and ensure they have the resources they need. Check back regularly with your teams to track effectiveness.

Why do I need data from multiple systems?

While the data you can get from your LOS may seem like enough, there's so much more than sales and pipeline data that can help you make business decisions.

Let's go through two examples where data from multiple sources will help you make better decisions than by relying on data from a single source.

Example: Cost Per File

Many lenders have a strong desire to know their true cost per file and cost per loan. If you're only looking at sales data, you likely only have the approximate turn time for the file in days and the total number of files and their loan types. If you want to get a more accurate cost per file you could start by adding HR and secondary marketing data.

Using these additional sources, you can:

- Determine the number of hours worked by processors or underwriters and multiply by their hourly pay
- Add the commission of the loan officer which contributes to the overall file cost.
- Additionally, you could bring in secondary marketing data, so you can also see the profit per loan.
- Bringing together secondary data on a loan-level basis will help you draw more informed conclusions about loan types based on the true margins that you made.

At the very least, you need data from three different systems to get what seems like a simple metric.

Example: ROI of a marketing program.

Of course, any leader spending money on marketing wants to know whether or not it's effective. While not all marketing initiatives are trackable and quantifiable, in this example we'll go through one that is: a landing page with a dedicated form.

Potential customers who are directed to the landing page and fill out the form likely end up in your CRM tagged in some way, so you'll need a way to get the data from your CRM related to that customer's tags. Of course, it's likely that they've interacted with you at multiple points, so you may have more than one record per lead.

Now how do we tell if it generates a sale? We'll need to return to our LOS data and find a unique identifier to tie the customer to any loan numbers that are generated.

In this case, we'll need to do a little bit of data clean up because we don't want to count any loans that we've potentially originated for this customer in the past; we only want to count the loans that have originated after completing the form on the landing page.

Since many leads do not mature immediately, you'll want to use your LOS data to track the milestones as each lead goes through the loan process, from initial contact through loan origination.

You'll then need a method to tie in what you spent on the campaign; in this example, perhaps some search ads and social media ads. You may need to connect your data to your advertising platforms, such as AdWords or social media accounts, in order to import those costs.

Finally you'll need to cross-reference those costs to all the loans that you can attribute to the individuals that filled out the form on the landing page and then became customers with loans originated in a specified period of time following the campaign (commonly one or two years).

In the end, you'll need data from at least 3 sources (the CRM, LOS and advertising platform) to estimate your campaign's ROI.

What data should I be collecting?

If you're just starting out with a data analysis initiative, it may not make sense to add data from every possible source from the beginning. In order of importance, the systems you should consider connecting to your data analysis platform are:

- 1. LOS/POS.** Naturally, sales data is going to be a great starting place for most lenders. Not only is it your most valuable data, chances are it's also your most accurate. The structure of the data in your LOS will determine how everything connects to it. Before you get connected, it's a great idea to make sure that your data entry process is as clean and accurate as possible, with free-form data entry kept to a minimum.
- 2. GL.** Financial data will help you tie what you're spending to what you're getting in return. Expenditures often occur months or even years before they are expected to yield any results. Using GL data to tie expenditures to a specific department, team, campaign, or initiative will help you determine your return on investment accurately over time.
- 3. CRM.** Your CRM system is your next most valuable data source. Information on leads and past clients, as well as the activities your sales team is taking to interact with them, are valuable in determining your future pipeline. Some CRMs integrate automatically with your LOS, making it even easier to connect the data to find more complete information on each contact. If not, you may need to use a unique identifier like email address to tie your marketing data into your sales data.
- 4. HRIS.** Your human resources information system has value in three main ways. First, your HRIS likely has all of the aliases and unique IDs for your employees. This will help you clean up records historically from your LOS (for example, tying loans to the same employee even after a name change) and other systems. Second, your HRIS likely has compensation information. This can be tied to costs or hours worked, leading to more accurate loan-level insights. Finally, the HRIS may need some data analysis of its own so you can focus on employment analysis, such as turnover, employee complaints, manager reviews and other internal strategic data.
- 5. Others.** Other data sources to consider are advertising platforms, customer surveys, social media accounts (including posting managers that track engagement), project management systems, recruiting systems, facilities trackers, lease administration systems, IT ticketing systems, call tracking systems and more.

How do I determine what reports I need?

Many leaders who start a data analysis initiative believe that all of their problems can be solved if they just had more reports. Once you move off a manual process where each report takes hours to create, it's easy to overcorrect and get overwhelmed by creating hundreds of reports that don't really deliver insights.

Before you create anything new, learn to recognize the three types of reports that you actually need:

1. Required reports/general health reports.

These are any reports required by agencies, regulators, and other counterparties. You may also add a few for key metrics of your business, like loan volume, pipeline information, or spending. Many leaders use only this type of report – your daily locks at the end of the day falls under this category.

Use a platform that allows you to set a tolerance for these reports and *then don't look at them* more than once per week. Spend an hour or less. It's hard, but data-driven transformation depends on that mindset we talked about in section 1.

2. Reports that help you notice trends.

No one can predict the future, but trends are a powerful force in the housing industry. Go beyond sales trends, which lag behind your ability to act. Look at marketing, spending, staffing and turnover, recruiting and performance at multiple timescales (monthly, annually, multi-year).

Again, don't spend more than an hour a week looking at these, unless it's quarterly or annual planning time. Trends are an important input into your goals.

3. Actionable Reports that help you identify and take a single, specific action.

These are the most important reports and the ones on which you should spend most of your time. Whether you're the leader of a company, department or team, reports that help you track, identify and direct action are the reports that help you create real change. These, as discussed previously in the midset section, should be directly based on your strategy and goals.

How do I create Actionable Reports?

Look over your strategy and goals. For each goal, identify the (one or two) main contributing factor(s) to accomplishing that goal.

Then ask yourself: “If everything else stayed the same, what can I do that will influence this factor most effectively?”

For example, let’s say our goal is to decrease our cost per loan by X% by the end of the year. There are many contributing factors to a company’s cost per loan, but one big one is the time spent on loans that never fund.

Investigate the loans that failed to fund the previous quarter, month or year.

- How far through the process did they make it?
- What’s the lead source?
- What reasons are given for the final disposition?
- Are there more common loan types represented?
- Is there a trend in a certain geographical area or related to a certain team?
- Which loan officers, processors or branches have higher fallout?

Now, choose an area of focus. This should be something your team can directly act upon. Let’s say you are repeatedly seeing the same reasons given for a failed final disposition. Can you gather information related to that reason sooner in the process, perhaps at the loan officer or processor level?

Once you choose a course of action, set up tracking. In this example, you would likely need to add a field to the LOS. You’ll want to track whether populating that field leads to better results for final dispositions (either more funded loans or fewer loans making it to underwriting before final disposition).

Putting It All Together: The Worksheet

Use this worksheet to structure your planning time.

Goal: Choose a goal to focus on.

Factors that influence the Goal: List the factors that may influence your goal.

Cross off what you can't change

What can we try?: List your ideas as you dig through the data.

Who can lead the effort? Assemble your team that can make an impact.

How can we track it?: What data source will you use and who will create the report?

When will we check back in? Set a regular check in period to track results.