

Managing Through Metrics

November 14, 2017

2:45 PM – 3:45 PM

Moderator:

Tyler House, Manager of Advisory Services, Richey May & Co., LLP

Speakers:

Jon Maynell, Vice President Client Services, Motivity / Black Knight, Inc.

Michael McFadden, Mortgage Group Head, Alight, Inc.

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Managing Through Metrics



Presented by
Jon Maynell
VP Client Services
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Performance Management

- Pipeline Management
 - Segmentation
 - Reports / Spreadsheets (manual)
- Process Management
 - Workflow analysis
 - Process = People
 - Process improvement = People improvement
 - Human element: managing behaviors
 - Mortgage Business Intelligence
 - Automated feedback at all levels



Managing with Metrics :: Scorecards

🔄 RMS - Performance Scorecard

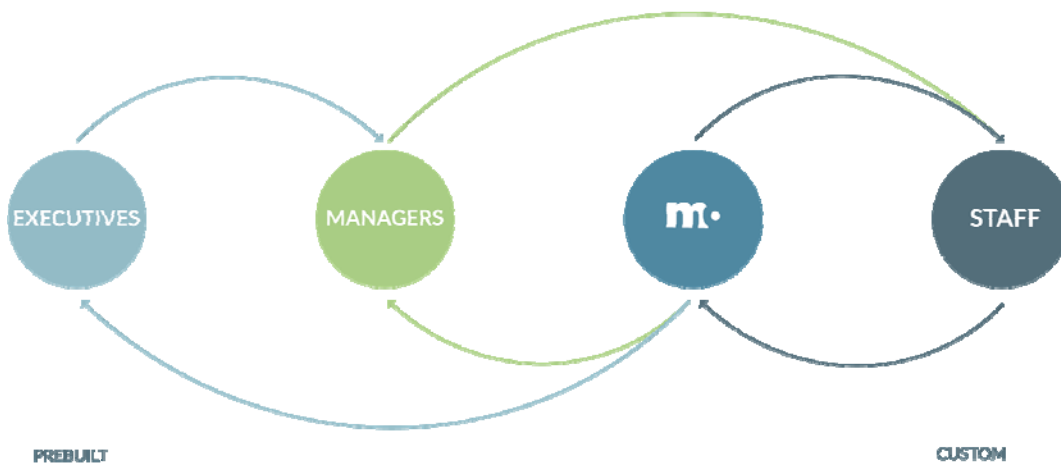


- Move beyond one dimensional mindset
- Automated – Live data
- Multi-metric / Multidimensional
- More complete / accurate performance measurement

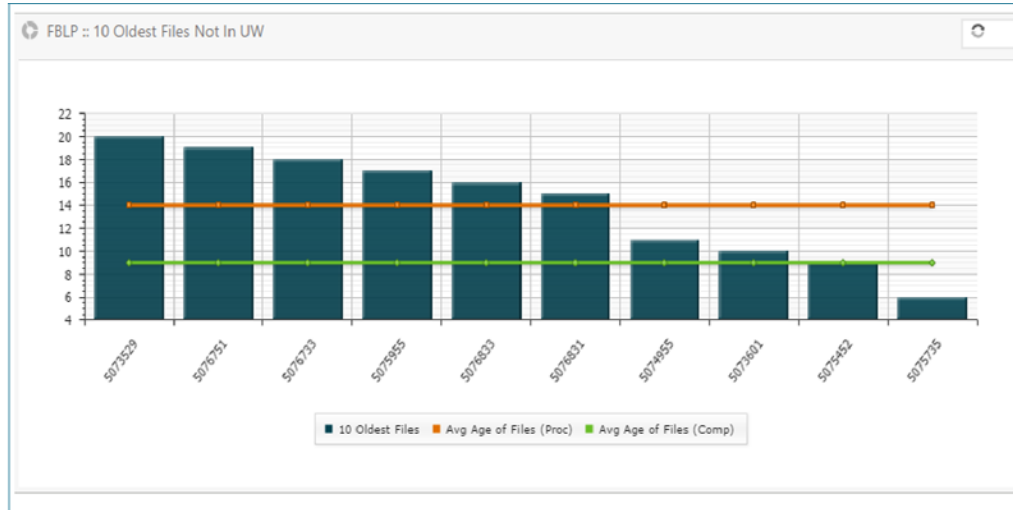
Managing with Metrics :: Scorecards

Processing	Underwriting	Closing	Post-Closing
<ul style="list-style-type: none"> • Units Received • Units Submitted • Processing to UW (Days) • Average Subs per Day • Initial Decision to Resub (Days) • Average Resubs per File • Units with Final Approval 	<ul style="list-style-type: none"> • Investor Suspended % • Average Decisions per Day • Total Decisions • Sub to Initial Decision (Hours) • Avg Resubs / File • Total Resubs • Resub to Final Approval (Hours) 	<ul style="list-style-type: none"> • Docs Drawn • Final Approval to Docs Drawn (Hours) • Average Docs Drawn per Day • Docs Drawn to Docs Back (Days) • Funded Units • Final Approval to Funded (Days) 	<ul style="list-style-type: none"> • Shipped Units • Funded to Shipped (Days) • Average Units Shipped per Day • Shipped to Suspended % • Units Purchased • Shipped to Purchased (Days) • Funded to Purchased (Days)

Automated Analytics :: Feedback Loops



Automated Analytics :: Feedback Loops

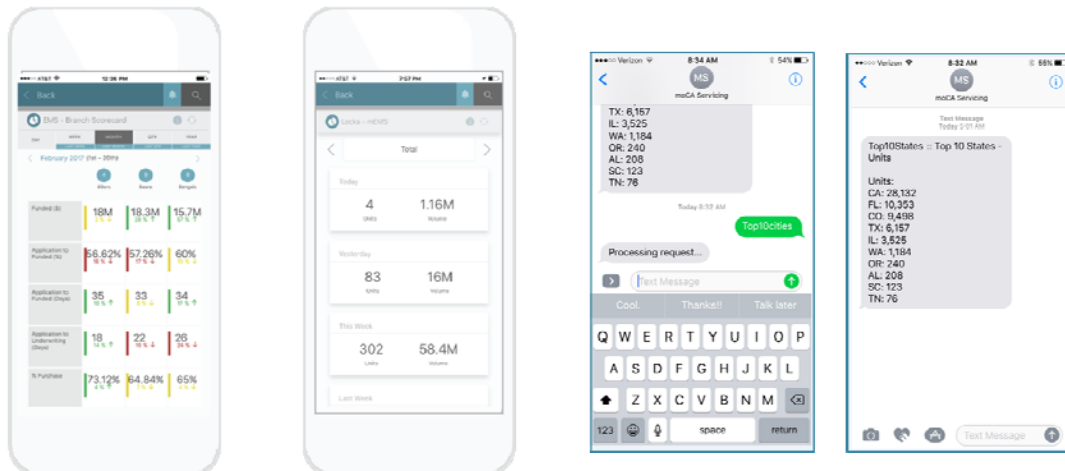


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Mortgage Business Intelligence :: Maturity Model



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ALIGHT

Presented by
Michael McFadden
Mortgage Group Head
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Accounting & Finance Process

Reporting

- Actuals, General Ledger, LOS, HRIS

Budgeting & Forecasting

- Financial
- Headcount
- Operational



Variance Analysis

- Actuals vs Budget/Forecast

Scenario Analysis

- Volume/Margin Tradeoffs
- Expansion Opportunities

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Intersection of Operational and Financial Data

Operational

LOS

- Loan level detail
- Velocity

Pricing Engine

- GOS margins
- Investor information

Servicing System

- Delinquency rate

What Investors and Boards Actually Care About

- How do I improve my ROE?
- What are my capital needs?
- What's my optimal product mix?
- What is the best way to improve my liquidity position?

Financial

GL

- Historical profitability
- Cost centers

HRIS

- Average compensation
- Turnover rate

Benchmark Data

- Peer comparisons

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Functional P&L

- Difficult to identify areas of improvement
- How do I compare against my peers?

	Jan 2017 Act	Feb 2017 Act	Mar 2017	Apr 2017
Direct Sales				
Commission - Bonuses	\$ (209,728)	\$ (185,676)	\$ (224,762)	\$ (235,770)
Salaries and Bonuses	(83,863)	(78,078)	(74,530)	(74,530)
Payroll Taxes and Benefits	(46,502)	(40,683)	(43,344)	(44,464)
Occupancy and Equipment	\$ (181,288)	\$ (114,323)	\$ (162,972)	\$ (163,154)
Marketing and Lead Expenses	\$ (12,752)	\$ (15,341)	\$ (17,500)	\$ (17,500)
General and Administrative Expenses	\$ (167,675)	\$ (60,606)	\$ (46,467)	\$ (49,629)
Depreciation and Amortization	\$ (39,020)	\$ (38,944)	\$ (36,457)	\$ (34,179)
Client Support Desk	\$ -	\$ -	\$ -	\$ -
Specific Loan Loss Expense	\$ -	\$ -	\$ -	\$ -
Total Direct Sales	\$ (740,828)	\$ (533,651)	\$ (606,032)	\$ (619,226)
Fulfillment				
Operations General	\$ (17,197)	\$ (37,494)	\$ (22,868)	\$ (21,784)
Processing/File Intake	\$ (125,114)	\$ (102,867)	\$ (107,715)	\$ (110,336)
Underwriting	\$ (58,282)	\$ (53,344)	\$ (56,876)	\$ (53,331)
Closing/File Review	\$ (39,674)	\$ (37,031)	\$ (43,382)	\$ (40,204)
Disclosures	\$ (17,373)	\$ (16,728)	\$ (16,669)	\$ (16,638)
Total Fulfillment	\$ (257,640)	\$ (247,464)	\$ (247,510)	\$ (242,293)

Understanding Variances Starts with Forecasting

- Fundings are not the input to use when building a forecast

	Mar YTD Act			Q1 2017 Budget			Variance MC50		
	Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount
Revenue			\$ 982,453			\$ 468,161			\$ 514,292
Loan Production Income			\$ 539,235			\$ 243,643			\$ 295,592
Origination Fees	\$ 89,247,852	0.00322	\$ 287,148	\$ 75,850,966	0	\$ 0	\$ 13,396,886	0.00322	\$ 287,148
Processing Fee Income	\$ 89,247,852	0.008%	\$ 6,990	\$ 75,850,966	0%	\$ 0	\$ 13,396,886	0%	\$ 0
Misc Production Income	\$ 89,247,852	0.008%	\$ 6,990	\$ 75,850,966	0.008%	\$ 6,068	\$ 13,396,886	0%	\$ 922
Doc Prep Fees	213		\$ 14,760	221	\$ 75	\$ 16,575	92	\$	\$ (28)
Processing Fees	235		\$ 73,575	221	\$ 350	\$ 77,350	92	\$	\$ (3,775)
Underwriting Fees	313	\$ 214	\$ 66,844	221	\$ 325	\$ 71,825	92	\$	\$ (4,981)
Administration Fee Income	313	\$ 236	\$ 73,836	221	\$ 250	\$ 55,250	92	\$	\$ (14)
Flood Cert Fees	313	\$ 0	\$ 0	221	\$ 0	\$ 0	92	\$ 0	\$ 0
Tax Service Fees	313	\$ 51	\$ 16,082	221	\$ 75	\$ 16,575	92	\$	\$ (493)
Loan Sale Income			\$ 18,667			\$ 10,619			\$ 8,048
Gain on Sale	\$ 206,406,571	0.009%	\$ 18,667	\$ 75,850,966	0.014%	\$ 10,619	\$ 130,555,605	(0.005%)	\$ 8,048
Loan Servicing Income			\$ 424,551			\$ 213,899			\$ 210,652
Interest Income - Borrower Paid	\$ 89,247,852	0.061%	\$ 54,492	\$ 75,850,966	0.032%	\$ 24,272	\$ 13,396,886	0.029%	\$ 30,220
Servicing Fees	\$ 89,247,852	0.415%	\$ 370,059	\$ 75,850,966	0.25%	\$ 189,627	\$ 13,396,886	0.165%	\$ 180,432

11/9/2017

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Text the moderator your questions.

970-310-7688

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