

Maybe Someone Else Should Do Your Chores

Save time and money by using contractors for tedious tasks

By **Tommy Duncan**, president, Quality Mortgage Services

AS THE EFFECTS OF THE nonprime crisis set in and mortgage professionals start to redefine their business models, a transformation is taking place in the industry and changing the way companies make use of their resources. In order to survive the downturn, brokers are looking for new cost-cutting business methods.

For many, now is a good time to consider outsourcing tasks from within your business to reduce costs and liabilities. Contracting outside operations officers, office managers, information-technology departments and even compliance departments is an acceptable outsourcing practice, as long as these outside hires keep your company moving in the right direction.

Keeping up with technological advances is one of the main reasons that people outsource. Hiring contractors can help put brokers ahead of the technology curve. Need proof? Look at how we handle a loan application now compared to the way we did five years ago. Now, the process is mostly electronic. It was primarily the vendors and contractors who helped the mortgage industry go paperless.

Outsourcing allows you to focus on the heartbeat of your business — what you are known for doing best — while keeping the pulse on other operations through delegated responsibilities. When considering outsourcing, you should analyze the cost of expanding your internal human resources versus the costs of using an outside vendor.



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Think about it this way: Is it profitable for you to hire someone to manage a cleaning crew for your office, or is it better to hire out cleaning services? You are not in the cleaning business — in other words, cleaning does not make your company any money. It is a chore and something that you are better off contracting to a cleaning company.

The same holds true for “chores” specific to the mortgage business, such as Home Mortgage Disclosure Act (HMDA) reporting. Most people consider HMDA-compliance reporting a dreaded-but-necessary task. Filing these reports does not make brokers or lenders any money — it’s simply something that is performed on a scheduled basis. Therefore, it is the type of work to consider delegating to outside companies. Contractors can relieve you and your staff of this arduous job so that your employees can stay focused on their regular duties and your company can remain in compliance.

In some cases, vendors may also reduce your legal liability because they take on some accountability. You can distance yourself from the company providing the services and any fraud that may occur through these contractors. The contractors can be prosecuted, sued or held accountable for any misconduct or breach of services.

Also, contractors or outsource-providers can work based on production volume rather than on a set salary. Paying for the task performed rather than just paying a fixed sum can be a good way to engage these people to work effectively toward your company’s goals. When considering outsourcing tasks, you should also define your criteria for contract completion, contract renewal and cancellations before getting started.

As mortgage professionals try to rebuild from the recent changes in the industry, now is the time to look at the trends corporations and businesses are implementing to stabilize profitability. It appears the market is going back to basics in loan origination and functionality. Businesses are staying focused on how their core operations can make profits and how they can reduce unnecessary human-resource growth.

Increasing outsourcing in the mortgage industry can build a more competitive market, which is good for consumers. It is also good for your bottom line. Contracting workers for the more-tedious tasks in your operation, therefore, is a good way to help your company survive in these tougher times. **■**

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