

SO, CHANGE ALREADY

— by BILL EARLY —

Mom, I'm bored. ¶ "Go play!" was the reply. ¶ If you're reading this and are a Generation X'er or a millennial, you probably don't know what "go play" means. But keep reading and you'll get clued in shortly. Unfortunately, the term pretty much has gone the way of the golden toad, passenger pigeon and quagga—all now extinct. ¶ I realize it's the Digital Age, but as a baby boomer I still value and miss the concept of "go play." To me it means being creative, innovative and different—without batteries! And yes, it's pertinent, and should relate to all of us in the mortgage lending industry. ¶ Imagine loan officers, managers, closers and related vendors all being encouraged to go play. ¶ Some of you are thinking, "But this is work; it's to be taken seriously and there is no room for frivolity." Others of you are probably saying that's the last thing we need is a bunch of loan officers being encouraged to get creative again. ¶ But I'm not saying don't be serious. What I am asking you to do is loosen up some

Are you bored with your same-old, same-old mortgage company? Then, get creative.

and begin to adopt a paradigm shift in the way you operate your business (and your mind).

In this article, I have three objectives. First, I would like to make you aware of the concept of 'different.' We are all naturally different, but in business you have to create the difference. Two, I want to discuss the importance and benefits of becoming different—and the danger in not. And finally, I want to leave you with some ideas on how to initiate the difference in your firm and with your clients.

So, are you ready to go play?

Think of it this way

Before I share a consulting story, let me remind you that there is a big difference between getting better and getting different. You can only get so much better before you reach a stage of diminishing returns with the borrower and with your employees. And quite frankly, many borrowers deal with you because they presume you are the best—until something different comes along.

I'm from Detroit, and a few years ago my family and I moved to Asheville, North Carolina. Wow, what a beautiful place to live, laugh and, as it turns out, lend.

I had been keeping busy speaking, training and consulting over the last eight years, but upon arrival my wife and I decided to open up our third mortgage company, called PlumDog Financial (that's different), and have been "playing" successfully for the last five years.

For the last two years in a row, we have been voted the best mortgage lender in Western North Carolina in the local newspaper, based on feedback from the community. Thank you.

Now, the consulting story. While in Detroit, executives at a small local bank had asked me to consult with them on how to set their bank apart in the banking community. They thought the banking world was becoming very competitive, and the bank needed an edge to maintain its position and possibly grow its market share.

I looked forward to the opportunity because I thought (and think) the banking world is truly ripe for some different ways of thinking.

My first session with the president and three senior officers began with the exercise of "boggling" the competition. (Boggle®, a word game invented by Parker Brothers, consists of tossing lettered cubes together in a grid and finding as many words as possible in the connecting letters. At the end of three minutes, each player's word points are tallied and all words players have in common are thrown out.)

In the banking session with the executives, I asked each of them to call an area bank, pretend to be a new customer and ask the bank branch manager to give three reasons why the executive should bank with that bank. We would then convene a week later and share the managers' reasons.

I asked them, "How'd it go, gentlemen? Is everyone ready to play? Mr. President, what did Comerica Bank say were the

reasons you should bank with them?"

One of the small-bank executives in this exercise replied, "Well, um, they said, 'We provide great service, convenient locations and we offer competitive rates.'"

I countered, "OK, anybody else here get similar responses? The game is over already?"

One of the other execs did get one other answer, and it was, "We develop personal relationships with our clients." Really.

The bankers kind of chuckled but realized that the president's answers were the same as the ones they received.

They asked what they could do. I gave it some thought and jokingly suggested: naked tellers. But because of all the new banking regulations and the cold weather in Michigan, the idea didn't take off—but they got it. You are going to really have to be different to make a difference.

Tom Peters, co-author with Robert Peterman of *In Search of Excellence*, has been quoted as saying that just offering good service is stupid. What we should be offering today, he said, are unique experiences and solutions—far more than good rates and multiple loan programs.

Ladies and gentlemen, the beauty of our banking industry is that we are still in demand. The bad news is that using your company is discretionary!

We have a huge opportunity today in the mortgage lending world. You know why? Because nothing is very different!

What is it that makes some mortgage banks and companies more successful than others? What is the "it" that makes them tick? "It" is a very mysterious and profound word. Consider these uses: "Just do it," "tag, you're it," "what is it with you?," "they just don't get it!" and "fuhgettaboutit!"

As bankers, we need to remember that "If it's to be, it's up to me." We are not going to simply get lucky and have more clients use our services unless we get different (in a good way). Remember the old saying, "It used to be different in our day."

Well, that's the point!

Challenge conventional wisdom

This brings me to the story of the young newlywed couple who were fixing a delicious roast beef dinner in their new apartment. The young man was pouring the wine and tossing the salad while his new bride was preparing a roast. But before she put the roast in the oven, she sliced the ends off. The husband, looking bewildered, asked why she did that. She said, "Well, er, um . . . I really don't know, but my mom always did the same thing."

The next weekend, they went to his mother-in-law's house for dinner, and he asked her why she trimmed the ends off the roast beef. She answered, "Well, you see, uh . . . I'm really not sure, but my mom always did that."

The following week they were at a family wedding and guess who was there—grandma. The young man went up to her and asked, "Grandma, your daughter and her daughter, my new wife, said that you always cut the ends off the roast

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beef before you put it in the oven. Why is that?

The grandmother answered, “Sure we did—it’s the only way it would fit in the oven!” Oh, okay—there was an actual reason to do it back then.

Why do lenders still usually hire experienced loan officers, compete on rate and price, have sales meetings, focus on Realtors®, utilize processors (see my article “In Charge,” in the June 2014 issue of *Mortgage Banking*), and finally, think that there is only one way to do things?

These are a few examples that, to me, are irrelevant in today’s world. So why do we continue on this track? Because conventional wisdom tells us to.

And, according to John Kenneth Galbraith in his book, *The Affluent Society*, conventional wisdom is usually wrong! For instance, if you swallow your gum, how long will it stay in your stomach—seven years? Not.

If you wear a hat all the time, what will happen to your hair—it will fall out? No. And if you go outside when it’s cold out, what will you catch—a cold? Nada.

We must continue to challenge conventional wisdom today because our clients are too demanding, fickle and restless.

I read an article in the *Harvard Business Review* a dozen years ago that stated companies need to reinvent themselves 20 percent every year to remain competitive and sustainable. Imagine that! What would your bank look like after five years? Different, I’m sure.

Going forward in this “go-play” mindset, we need to embrace a particular term. It’s been the buzzword for the last three decades and it continues to be relevant. What word am I looking for? You got it—*change*.

There are normally three categories to put people in regarding change, and they are: they hate change, they love change or they are indifferent to it.

But in mortgage lending, the fact is it’s here to stay. I suggest you accept change, learn how to embrace it and then find a way to exploit it. Then you’ll be different, and successful. And it pertains to all areas of the lending operation, from marketing to operations.

What always baffled me as a manager, owner and consultant, was why wouldn’t you change—especially if things aren’t going right? The answers I get from lenders across the country usually are similar, and they include: “we’ve always done it this way,” “it won’t work in our system,” “that’s not the way we’re supposed to do it” and so on.

C’mon man—if Starbucks can charge \$5 for a cup of coffee, Southwest Airlines can be profitable every quarter since its inception by serving peanuts to random passengers, 30,000 songs can fit on a matchbox-size device and we can now buy miniature carrots in a bag, anything is possible if you “go play.”

Imagining your bank—and the way you lend today—being a lot different requires a brave step toward change. I suggest

you start with a small one, as identified in the butterfly effect: Picture a small butterfly over the rainforest in Brazil, slowly beating its wings in flight. The air it displaces begins to gather and create a noticeable breeze. The breeze picks up and turns into a significant wind, which subsequently stirs the ocean waves. The waves begin to churn in force and proceed to move across the Atlantic until they swell and surge into a class 5 hurricane reaching the Louisiana coast. It’s a metaphor, aptly describing what “starting small” can create.

Here’s a challenge and an exercise I ask all my clients and seminar participants to take. Are you ready?

I’ll bet most of you eat every night and sit in the same chair at the dinner table (ah, wry smiles). Tonight, sit in a different seat. Oh, what fun you’ll have with the family.

The first time I did this, 20 years ago with my family of four kids, the reactions were memorable. Caitlin, then my 10-year-old, said, “Dad, what are you thinking now?” Blake, my 8-year-old, said, “No, this is my seat and I don’t want to move!” My 6-year-old son, Dawson, just started crying and our 2-year-old, Shayfer, just kept throwing peas from his high chair.

Cathy, my wife, and I, had fun explaining the benefits of change to this perplexed group of Earlys. We continued changing seats every night, and still do it today. The kids are normal, and they embrace change in every aspect of their lives—whew. I would share the benefits of this exercise with you, but you already know them if you think about it.

So what’s your point?

“Go play,” “change,” “differentiate”—all critical initiatives in today’s world of mortgage banking. If we look at the companies that didn’t change or adapt—i.e., Linens N’ Things, K-Mart, Circuit City, Netscape and, of course, the entire automotive industry, we realize that no company is too big to fail.

Also included in this group are the hundreds of banks and mortgage companies that have fallen since 2006.

The innovative banking companies will refuse to become a commodity (and believe me, we are all one click away from becoming one) and will take the

appropriate steps in shifting their focus/purpose. The sharp banks will create programs to reward innovation and “thinking outside the rate sheet.” They will let their valuable employees and partners know that there are no dumb questions or ideas, and let them go play within the confines of the bank. Imagine that—throwing out some corporate structure for a little tree climbing, fort building, and bubble blowing (baby boomer terms).

Finally, many lenders reading this article, and who actually see some value in this philosophy, might have a hard time knowing where to begin. Most lenders, in fact, lack a good deal of creativity, as is their financial nature. In reality, they have been talking to the same seven people about the same seven issues for the last seven years.

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Let me give you five ideas on where to begin to “go play” in your company.

■ **1.** Read books on change and creativity, such as *Our Iceberg Is Melting* (John Kotter), *Leading the Revolution* (Gary Hamel) and *Blue Ocean Strategy* (W. Chan Kim and Renee Mauborgne).

■ **2.** Recruit other successful business leaders from outside your business to sit on a creativity committee. They will look at your situation and lending operation objectively.

■ **3.** Survey your borrowers and referral partners as to how you can be different—not better.

■ **4.** Ask all of your employees. They will appreciate it, and will also have the feedback from the front lines to pass on.

■ **5.** Start developing and initiating avenues to explore differentiation, like IBM’s InnovationJam®, Google™’s Google Ideas and Dell Inc.’s IdeaStorm programs.

When I was 3 years old and visiting my grandparents’ lake house in Northern Michigan, my grandfather took me out to the water’s edge one cold, dark evening in late October. He held my hand in his and said, “Billy, look up into the sky and tell me what you see.” I did—“Nothing, Grandpa.”

He said, “Do you see all those shiny, twinkling lights?” I said yes. He explained, “Those are called stars.”

Then he said, “Billy, do you see those seven stars that look like a pot or pan?” I said yeah, I did. He replied, “That’s called the Big Dipper.” “Wow,” I replied.

The moral of the story is that most things are right in front of us but we don’t know what they are until someone points them out to us.

So, lenders, don’t be like the fly going bang, bang, bang against the window-pane until death. Take some time, search for a new direction, and find the opening that will let you live a long and profitable life. It doesn’t really take much effort—just a desire to get it done. Imagine that!

The time is now, the environment is right and people are really more willing to change than you think. You can do it. **MB**

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