Optimizing the Loan Origination Process: Best Practices and Lessons Learned

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What we’ll cover today

- Introductions
- Change Management Stats
- JumpStart Process Overview
- Fireside Chat
- Open Discussion
Panelist Introductions

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Change Management

Statistics

Change initiatives

50 – 75% of all change initiatives (re-engineering, six sigma, new tech, new culture, etc.) **FAIL**

- If I told you to change how you get to work tomorrow, would you?
- With so many failed change attempts around, you’d think there would be more literature on the topic – short answer: There’s not.
Commonly held beliefs regarding change

1) “If I am an effective leader, I can motivate my staff to change.”

2) “I can make them change by explaining things in a way where they’ll understand it.”

3) “If I know what it takes to make an individual to change, then I’ll have the tools needed to make sure the organization changes.”

These beliefs generally make up the “motivational theory of change”. When used alone, the motivational tools do not work.

Motivation example

What is this?

Answer: Cardiac bypass
Motivation example

What percentage of cardiac patients do not make the changes necessary to reverse heart disease?

- Don’t they have the largest incentive to change?
- Example: My Dad

Typical change lifecycle

Uninformed Optimism: Excitement and intrigue
Informed Pessimism: Things aren’t all that easy after all
Informed Optimism: It’s not as bad as I thought it would be.
Completion: Relatively steady, realistic and workable solution.
“Humans great at adapting, not great at changing.”

**Anthropology 101**

1) Culture is made up of concrete, observable behaviors
2) A powerful vision is behavioral in nature
   • Behavior is most easily defined as things you can actually see, hear or describe
   • In order to relate to our fellow humans, stories become important
   • Most plans are not visions, because a vision is behavioral

To affect change, focus on changing behavior

Transformational change doesn’t often stick because the environment surrounding the change remains the same
   • This sends contradictory signals to the individuals going through the change
   • The environment may even put up active barriers making the change even more difficult

Some Examples:
   • NFL Football and Concussion Safety
   • Quitting Smoking
   • Losing Weight
JumpStart Background

JumpStart Overview
**Shared challenges across JumpStart(ed) CDFIs**

- Manual, paper-based processes
- Fund source management
- Fragmented Systems Landscape
- Inefficient Technology Management
- Nascent business intelligence and performance measurement
- Stressed servicing and post-closing operations
- Staff stretched too thin
- Lack of scale

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**JumpStart Format**

Here’s how it works:

- There are no wrong answers
- It’s a safe environment
- We map out the current process in place
- We find “the right level of detail” that works for everyone
- As we go, we identify areas ripe for optimization
- Each group gets an opportunity to provide their input in the SSK format
- Remember: There are no wrong answers!
Swim Lane Process Map Example

Executive Summary Example

Executive Summary

The Community Reinvestment Act (CRA) self-assessment team has been invited to partner with the Executive Summary Example team to conduct an assessment of its key operational business processes in an effort to identify areas of improvement opportunities. The assessment, titled the CRA Self-Assessment, is designed to improve institutions and communities through self-assessment of compliance with the CRA, with a focus on identifying areas for improvement and future opportunities.

An abundance of information was gathered and analyzed to support the assessment. A summary of the findings and a roadmap of suggested next steps includes:

Primary Montages of Challenges:
- Lack of easily accessible and transparent data
- Difficulty in maintaining timely and accurate information
- Lack of effective risk management strategies
- Ineffective communication and collaboration

Technology:
- Implementation of new systems and tools over time
- Integration of data analytics and reporting tools
- Use of cloud-based solutions for secure data storage

Key Takeaways:
- Improved implementation of effective risk management strategies
- Enhanced communication and collaboration across departments
- Increased transparency and accessibility of information
Fireside Chat

Open Discussion