

## CASE STUDY | Greater Efficiency in the Mortgage Process

How the Private Banking division of a major financial institution was experiencing a 40-percent error rate in its mortgage-related contract closures and processing documentation — leading to costly and time-consuming rework and reconciliation loops.



## The Problem

The Private Banking division of a major financial institution was experiencing a 40-percent error rate in its mortgage-related contract closures and processing documentation - leading to costly and time-consuming rework and reconciliation loops.

Overall, three areas for improvement were identified: (1) missing documents (error rate 40%), (2) non-value-added storage of shadow files and (3) workstation organization processing time reduction (39 minutes).

To address these improvement needs, a team was formed with the following goals:

- Decrease error rate of missing documents to minimum of 10% and double the number of "green" applications (increase share to 40%).
- Replace all shadow files of clients at front organizations.
- Improve the extent of workplace organization by Relationship Managers and Credit Specialist with time saving of 10%.



 Excessive errors, rework and processing time.

#### Solution

- Standardized workplace excellence system
- Implemented workplace organization tool
- Eliminated shadow files

#### Result

Savings of 97 FTEs

In light of the ambitious targets set, the team wanted to reduce the number of recruited Relationship Managers, saving a significant amount in personnel expenses.

The team also committed to the secondary metrics of not increasing credit risk and supporting business-volume growth.

### The Solution

Two solutions were developed and implemented as a result of performing a root-cause analysis.

The first was to implement a workplace excellence system by which all pending mortgage applications were standardized. Additionally, all employees were equipped with a tool for organizing their workplaces efficiently, regardless of who was at work or not at work on any given day. Finally, reams of shadow files were eliminated.

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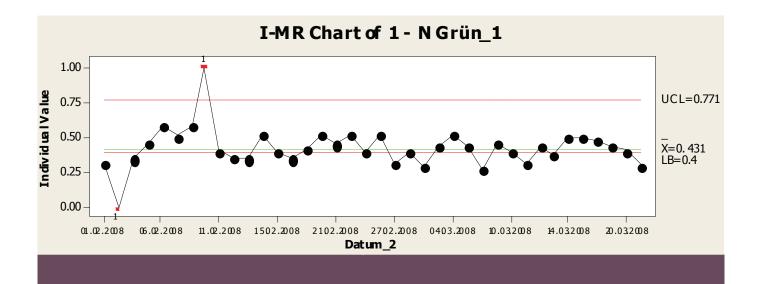
Secondly, under the motto "green is green," most loan applications with a green traffic light are processed correctly and without errors. The client advisor is now in a position to make the client a firm financing offer within his or her authority immediately. Credit specialists save time, which they can use to focus on the complex loan applications.

### The Results

Several tangible benefits were enjoyed by the team:

- Workplace Excellence was fully implemented over the whole organization of Private Clients and Mortgage Center Private Clients.
- ▶ The different solutions for "green is green" (training and certifications, IT changes, process adjustments and documentations) were finished on schedule.
- Time Savings for Relationship Managers and Credit Specialists in the amount of 97.3 full-time-equivalents, or \$18.3 million.

A lesson learned from the project is that management support is a critical key to success. Also, process performance can be significantly improved by implementing relatively simple changes. Finally, transparency around process performance is crucial for achieving improvements.



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Problem Solved.