Tech Trends for CRM

I'VE READ A LOT OF ARTICLES THAT TALK about customer relationship management (CRM). The majority of them preach the importance of CRM at the front lines of our industry. Pretty much everyone agrees that keeping in touch with customers after the loan is closed is crucial and profitable. So my question is: Why isn't everyone doing it?

Loan officers should consider keeping a database of closed loans as a core part of their job. I haven't heard of a survey being completed in this area, but I'd bet less than 10 percent of all loan officers actively market themselves to past clients. It's important to understand why, and to look at the general trends in this developing category of technology.

I've reviewed the products and tools available in the marketplace, and there is no shortage of solutions to help loan officers keep in touch with past customers. There are several categories and at least a few companies in each category that offer great products.

■ Some of the loan origination systems (LOSes) offer a contact-management/marketing solution that has the ability to generate e-mails and direct-mail pieces to past customers. As a past LOS developer, I can say that these solutions often lack real depth in their capabilities when compared with the solutions specifically developed for CRM.

■ There are two leading contact-management desktop solutions—Oklahoma City–based U.S. Infotel Corporation's GoldMine® and Norcross, Georgia–based Sage Software SB Inc.'s ACT! Both of these products are not specific to our industry, and require significant customization and setup to work for the mortgage industry. There are also similar products that run on the Web, such as San Francisco–based salesforce.com.

■ GoldMine, ACT! and salesforce.com have spawned a cottage industry of add-ons that customize these solutions to the mortgage industry. Such templates take all the drudgework out of getting a standard CRM solution to work for loan officers. Also, like the others mentioned later in the column, these systems can integrate with the popular LOSes. Still, the user is responsible for keeping the system running and handling the daily chores.

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> —SCOTT COOLEY

■ There are desktop products built from the ground up to perform CRM for our industry. These products have been around for many years and proven their worth for many loan officers. Again, though, the loan officer must own the responsibility to perform the constant stream of tasks needed for good customer retention.

■ The newest entrants are those Web-based solutions that in essence allow a firm to outsource almost every aspect of CRM. These systems require an Internet connection limiting their use in the field, but outside of that drawback they offer a good service that solves the problems noted earlier. Further, they probably create the highest level of security when you consider where a loan officer might leave his or her laptop.

In my discussions with loan officers over the years, the No. 1 reason they give for why they don't use a CRM is, "I don't have the time." Most loan officers agree that they should use a CRM solution. I think the personality type of the typical loan officer, along with their busy schedules, are the two primary issues that impede more widespread adoption of CRMs.

Loan officers tend to be the kind of people who focus on today and earning the next paycheck. While such an emphasis might be part of their success today, it works against them when it comes to keeping a long-term relationship going with past customers. Many loan officers tend to forget about old customers, expecting borrowers to call if they need a loan again.

If a mortgage company wants to have its loan officers successfully use a CRM, it has to overcome these issues or at least take them into account. And careful consideration of such issues would be useful in helping determine what type of CRM solutions might be best suited to a particular company.

Admittedly, these are generalities, and there are many exceptions. I have a close friend who is a successful loan officer using a highly customized version of salesforce.com. I might argue that he has spent far more hours than an average loan officer would spend customizing a CRM, but he's very pleased with what he's created. It's exactly what he wants.

As many of us know, trying to throw all loan officers into a single bucket isn't going to happen. To a certain extent, we have to allow loan officers to be individuals and support them as best we can. The ability to customize and individualize any CRM is crucial.

What led me to write this column was my investigation of one successful CRM vendor. With 35 employees, The

Turning Point, Sedona, Arizona, might just be the leading CRM provider and has moved into that position in just a few years. What I believe makes it successful is that it hits on one primary feature. For all their good intentions, loan officers just aren't good at becoming religious about CRM. (Again, that's a generality, but it's more often true than not.) They seem to be OK at setting up a CRM system for the first time, but most systems require a daily regimen of sending e-mails, mailing letters/postcards and updating their closed-loan database.

The Turning Point designed its system to basically run itself. Once a loan officer sets it up, all of the client contact is automatically generated. The Turning Point will print and mail any letters or postcards, and will send the e-mails and the gift baskets exactly as prescribed. In addition, it allows for customization so each loan officer can be unique.

According to Judy Margrett, co-founder of The Turning Point, about 80 percent of the company's clients are coming from mid-tier mortgage bankers. This industry segment finds these solutions from The Turning Point attractive because they can control the marketing of the loan officers and be assured that past customers are being contacted. Larger mortgage bankers, such as Calabasas, California–based Countrywide Financial Corporation, typically do these things in-house. The problem is that mortgage brokers control an estimated 60 percent or more of originations, and so far this market has not broadly adopted these solutions. I predict this will change significantly over the next few years, boding well for the CRM vendors.

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There seems to be a big increase in interest about customer-retention tools. This could be for two reasons. Only recently have the right technological solutions matured to the point that they can be purchased "off the shelf" and easily maintained. I think the second reason is because it's now so easy for other companies to target your past customers.

There has been tremendous growth in the direct-mail list business—so much so that today you can expect that once a loan closes, the borrower will be barraged with offers from all your competition. This has companies rethinking how important it is to keep these past customers under their wing. If your company is still just thinking about a customer-retention solution, you are rapidly falling behind.

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