



Future Trends

Stand Out from the Crowd

Be creative, be innovative, be original, be bold, be different, be a leader, be the best!

By Roger Gudobba

The mortgage industry has had some significant milestones over the years. To name a few, Loan Origination Systems have progressed from a legacy mainframe solution to the current world of laptops, mobile devices and web-based systems. Also, the creation of Automated Underwriting Systems, the transformation from paper documents to electronic, the electronic ordering of services such as, appraisals, credit, title and the electronic delivery of closing packages to investors have all been part of the advancements in technology.

We have made some progress towards a fully

Creativity is thinking up new things. **Innovation** is doing new things, said Theodore Levitt.

electronic mortgage and all its associated benefits, yet, after over 10 years since eSign and UETA, we are still behind in adoption when you consider the small number of actual e-mortgages being done today. Why? A lot can be attributed to the very cautious nature of the lending community. Lenders often ask: Why change if it seems to be working? The answer is because we have to learn to be comfortable with change. With the impending regulatory changes and therefore the need to be more agile and responsive, it is time to be a little creative and a little innovative, too.

Creativity and Innovation: First, let's set the stage. According to the IBM 2010 Global CEO Study, which surveyed 1,500 Chief Executive

Officers from 60 countries and 33 industries worldwide, CEOs believe that, "more than rigor, management discipline, integrity or even vision – successfully navigating an increasing complex world will require creativity." Creativity requires whole-brain thinking; right-brain imagination, plus left-brain logic and planning. Creativity is a core competency and one of the best ways to set your company apart from the competition. Creativity is about breaking from the past and seeing new ways to old problems.

Moreover, creativity often hinges on a new idea. If we talk about inventors, certainly very creative people indeed, we should remember that not too long ago a local sawmill caught James Dyson's eye. Under cover of darkness he sketched the timber yard's giant cyclone. It spun sawdust out of the air, collecting it in a chamber. Could the same principle provide an alternative to vacuum cleaner bags that can clog? It took 15 years of frustration, perseverance and



over 5,000 prototypes for James Dyson to finally launch his revolutionary vacuum cleaner. Within 22 months it became the best-selling cleaner in the United Kingdom. This success led to more evolutionary products- the environmentally-friendly and cost-saving hand dryer and the blade-less fan. Truly creative!

Innovation is a risky business, but **not innovating is even riskier**, said Anonymous.

If we go back even further, Thomas Edison was an inventor who accumulated 2,332 patents worldwide for his inventions. 1,093 of Edison's patents were in the United States, but other patents were approved in countries around the globe. Edison is credited for contributing to various inventions, including the phonograph, the kinoscope, the dictaphone, the radio, the electric lamp (in particular the incandescent light bulb), the autographic printer and the tattoo machine. Most of these inventions were not completely original but instead were improvements of earlier inventions. Many of his patented inventions were actually made by his employees, but Edison did not share credit with his employees. One of Edison's major innovations was the first industrial research and development lab. It was a good thing he didn't pay attention to Charles H. Duell, U.S. Commissioner of Patents, who said in 1899 "Everything that can be invented has been invented." Talk about perseverance!

Simply Remarkable: Creative leadership isn't just about possessing creativity though, it is also about anticipating needs, and possessing the confidence to rely on intuition to complement market and consumer understanding. No one was better at this than Steve Jobs who said, "You can't ask customers what they want and then give it to them. By the time you get it built, they'll want something new." He certainly transformed the mobile world for the consumer with the iPod, iPhone, iPad and the iCloud connection that left competitors, like Microsoft and Google, trying to catch up.

"The reason it's so hard to follow the leader is this: The leader is the leader because he did something remarkable. And the remarkable thing is now taken – it's no longer remarkable when you do it. From the Purple Cow by Seth Godin". Remarkable is defined as *worthy of being or likely to be noticed especially as being uncommon or extraordinary* in the Merriam

Webster Dictionary

"One misconception is that creativity and innovation are the same things. Innovation is a process that combines discovering an opportunity, blueprinting an idea to seize that opportunity, and implementing that idea to achieve results. Innovation is something different that has impact. From The Little Black Book of Innovation, by Scott Anthony"

When is it time to be creative and innovative? Now that we know what it means to be both creative and innovative, one could say it's always time to use these talents and their usage should be part of every company's business plan. The mortgage industry is very cyclical in nature and the last few years would have given everyone a chance to re-evaluate and re-structure their short and long-term strategies. Typically, during down cycles, lenders are reluctant to disrupt the business. Now that it appears that the housing market is showing some signs of recovery and the origination volume is predicted to rise above last year, lenders may be challenged to respond to the increase in business and are prone to stay the course with their current solution, as a result. The pending CFPB changes may change everything. The new Loan Estimate and Closing Disclosure forms are not just a couple of new forms. The LOS will require some significant changes in data structure, calculations and process flow. The older the underlying architecture, the more difficult the task. For example, some systems were designed specifically around the 1003 and HUD-1 settlement statement. The challenge to the lenders may be even more daunting. In addition to ensuring their LOS is up to the task, this will push them towards an e-signature and e-process solution. An article in the August edition of Tomorrow's Mortgage Executive stated, "According to a recent survey released by QuestSoft, nearly one in five lenders is looking to change their entire loan origination software (LOS) in 2012." The CFPB changes may accelerate that decision or put it on the back burner for the foreseeable future.

So, what does all of this really mean? If we think long and hard, innovation is our ability to create new products and services, or produce existing products in different ways, or develop new markets. It lies at the heart of modern competitiveness. It drives growth and improves productivity. "The ability to innovate is what keeps your organization at the top of its field. The faster and better you innovate, the more likely you are to remain in the lead and to set the new rules that others will have to follow. From Outside Innovation, by Patricia B. Seybold". ❖

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