



# Big Ideas

*We can all agree that the mortgage industry still faces some big problems, but there are some big ideas that may provide relief.*

don't have to tell you about the problems that we face as an industry, they are many. You know things are tough and we have a windy road ahead before we get to smooth sailing again. However, we should not be discouraged. There are solutions and ideas out there that can help.

I recently read an article titled "How Digital Business Will Evolve in 2012: 6 Big Ideas" by Dion Hinchcliffe that had some really interesting and insightful content that I think can be broadly applied to our industry. In that article he said:

"In these often-trying economic times, a tide of sometimes overwhelming change in technology and its disruptive consequences has begun rolling over our organizations. We've all seen it in the media, in our homes, at our workplaces. It's not too much to say that the entire landscape of how we work and live is steadily being transformed, one piece at a time. The root causes are fairly obvious because they're happening all around us: the Internet revolution, the smart mobile revolution, the social media revolution, the rise of the cloud, the vast new flood of information in our daily lives and the fact that we're getting more and more comfortable with technology being deeply

embedded in our day-to-day activities, even if we don't always realize it. The same transformation is happening to businesses, just more slowly and often with a bit more turbulence.

"However, the current pace of change is not unsustainable and we don't have to be — and shouldn't be — passive bystanders in the process. There's a lot all of us can do, and done smartly, locally and proactively we can actually harness change as

major drivers of opportunity and business value. As I've recently explored in the Big Five Shifts in technology today (mobile, social, cloud, consumerization and big data), we can actually get out ahead and modify the way we think about metabolizing technology in the enterprise and applying it to long-standing and new business challenges both. We have to change our thinking in a way that lets us focus on what's most important as we become true digital businesses."

In the mortgage space today there is a lot of uncertainty. It's a presidential election year at a time when housing is a drag on the economy, which means that our industry is going to be at the center of many speeches made by both parties this year. I say speeches because there won't be much done this year, but a lot will be discussed. What we can bet on is action from the CFPB. Now that it has a leader it will be gearing up to be the watchdog it was intended to be. All of this uncertainty and change calls for us as an industry to be bold. We can't be shrinking violets, we have to act and act decisively. The consequences of inaction now can be severe.

Hinchcliffe warns that it will be "intrinsically difficult, culturally and organizationally, for many to make the transition" into a new age businesses. He goes on to say that "most companies have an immune system that throws out ideas that are perceived as disruptive, until at last it's overcome by persistence, successful adaptation or exigency. Often the new concepts are just too foreign or there is too much vested interest in the way things are done now, and a dozen other

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headwinds. The urgency is here: the mismatch between businesses today and the digital world is growing wider, not narrower, at the moment.

“One need only look at a long list of organizations and industries unwilling to change quickly enough to see clear examples of what happens: the publishing industry, the music industry, the software industry and soon most other industries. One only need look at how digital businesses threatens the old business models of each to see the problem: there is often no direct lateral move to digital business.”

I’m convinced that as I talk to executives in our space that they realize that now is the time to implement big ideas, but I’m not sure that they know where to start. Have no fear, here are six ideas to get you started:

**1. Thinking in terms of ecosystems.** Hinchcliffe correctly notes that tomorrow’s business environments will be more focused on the dynamism and value inherent in relationships. While both transactions and relationships will remain important to businesses, those with the strongest ties to their communities of workers, partners and customers will fare better than those with weaker ties. With the advent of social media, there are now lightweight and readily scaled ways to create networks of relatively closely held and productive business relationships. This will change how business gets done and who the leaders are.

**2. Managing businesses as networks of people.** People are moving back to the center of business, where technology and automation previously reigned. People will form the core, but so too will the new infrastructure that businesses operate in, which increasingly is all the elements of today’s digital networks, including social media, new user experiences with mobile, touch, video and telepresence.

**3. Shifting from static to dynamic notions of value.** This is the concept that John Hagel has touted about “knowledge stocks,” the relatively stable inventory of classical corporate information that companies have been accumulating over the years. These are now being superseded by more valuable

and faster moving “knowledge flows.” Knowledge flows are richer, more up-to-date, are harder to disrupt and less likely to become outdated and irrelevant than knowledge stocks. Enterprises that are not fluid in terms of cultivating, tapping into and controlling strong knowledge flows will have little future when their knowledge stocks age and become less and less relevant.

**4. Designing businesses for radical change.** The mortgage industry knows all about change. The inability to overcome failure of imagination and find their way forward in a major dislocation (such as the present digital one) is often the cause of death of many well established companies. As thinkers like Dave Gray have pointed out, the life span of the modern enterprise has grown dramatically shorter in the last couple of decades because companies can’t adapt fast enough. Not-invented here, cultural obstacles and inherent challenges in self-disrupting before the marketplace does it — all weigh heavily on large organizations that are slow moving or not digitally savvy.

**5. Opening the culture of the organization.** The companies who have leaders that know how to lead through the network, as opposed to doing it in person or even over older technologies such as email and telephone, will be able to set the example, drive excellence in new digital business models and unleash the latent talent and information in their organization.

**6. Tapping into collective intelligence.** Making sense of the vast flows of knowledge in today’s digital rivers using techniques and so-called “big data” tools will be a major differentiator. What do I mean? You need to know what your competitors don’t and deeply understanding the marketplace in order to respond to change well is what companies are already starting to focus on these days.

So, what should you do now? See how your company matches up with these core principles. Beyond that, get started planning your future course. Don’t sit on the sidelines and play it safe because if you do, you just might find yourself pushed out of the game entirely. ❖

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