EFFICIENTLY MANAGE FLUCTUATING VOLUMES AT ZERO ADDITIONAL FIXED COSTS

The last few years have been challenging for the Title Insurance industry. Among other things, the title industry has had to deal with severe volume fluctuations. This has not been easy.

This best practices guide, sponsored by SLK Global unravels some practical and easy to implement ideas to help you effectively manage your Title volumes without adding any additional fixed costs.

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1. CHALLENGES THAT TITLE COMPANIES ARE FACING

The last few years have been challenging for the Title Insurance industry, as a direct result of the mortgage crisis. During this period, the overall volume of orders processed by the industry as a whole has reduced considerably.

In addition, because of the low interest rates and related refinance activity, the title industry has had to deal with severe volume fluctuations. This has not been easy. Cost pressures, higher compliance and regulatory scrutiny as well as the need to meet turn time challenges have further complicated matters. Amidst all these challenges, the overall industry needs to continue to ensure high quality of title orders.

In summary, the key challenges facing the title industry, specifically in the Title Search services, are:

- Managing volume volatility —due to interest rate changes, monthly and seasonal variations
- Reducing the cost of completing an order, so as to be competitive
- Maintaining a very high quality of output
- Comply with the latest regulatory requirements
- Maintain customer service levels and expected turn times for the order
- Lowering costs even as volumes have come down.

2. CONVENTIONAL MEASURES USED TO ADDRESS THESE CHALLENGES (AND WHY THEY DO NOT WORK)

2.1 Ramp up team size

An obvious solution to managing higher volumes may appear to be a team ramp-up. However, this may not be easy, as demand for resources also tends to rise when industry volumes rise. The cost of acquiring resources will also be higher. In addition, given the uncertainty in economic recovery, the additional capacity will become an issue if volumes come down.

2.2 Hiring local temp staff

Hiring temp staff may seem to be a good solution for managing volume volatility. But it is typically hard to get qualified temp staff and to hold them accountable to performance levels and desired quality standards. You will also need to spend significant time & other resources in training the temp staff. All of this may be a complete waste, in case of attrition or in case you need to reduce staffing because of lower volumes.

2.3 Over time and weekend hours

This is the most common solution adopted by most organizations to manage higher volumes. However, this is not a good long term option, as extended periods of over time can be demotivating for the staff. This may lead to higher error rates and staff attrition. In some states, in addition to paying for the overtime, the organization has to absorb costs to make sure it is complying with all the labor laws.

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2.4 Choose a partner quickly for overflow work

To ease the pressure, organizations sign up with the first partner that offers to help them with volume overflow. There are chances of this solution working, but it depends on the maturity of the partner and the flexibility with which they can adapt to the requirements. It is important that they are able to help with the transition. The overall expertise level of the partner should also match with your organization.

Often a quick signup, with improper evaluation, results in a sub-optimal solution. You must evaluate the partner carefully and look for aspects that will ensure a flexible and long term relationship.

2.5 Maintain bench of on-call (contract) resources

This solution is similar to the temp staffing solution, and therefore has similar drawbacks such as untrained and unmotivated staff. In addition, as these resources primarily have other 'jobs', timeliness and adherence to commitments are harder. Quality of work may also suffer.

2.6 Invest in process efficiency replication

Organizations are able to increase capacity without adding staffing, by increasing process efficiency dramatically and consistently. This requires constant reengineering and reinvention of the work processes, and qualified personnel (Six Sigma experts, Lean experts, etc) to carry out these improvements. These programs may not be easy for every organization to introduce and sustain. The benefits may depend on economies of scale.

3. WHAT SHOULD YOU DO THEN TO GET IT RIGHT?

As is evident, there are solutions available but each of them requires significant efforts to implement and have their own challenges. As a business focused organization, you may not want to invest so many resources in the back office. It may make more sense to focus the organization's energies towards customer-focused activities and revenue generation.

The best way forward may simply be to outsource the back office end-to-end work to a capable partner who invests in the best practices listed below. They must be able to provide measurable value, considerably more than if you were to do it on your own.

3.1 Having deployable resources available at minimal notice

You face volume fluctuations through the month as well as across different months. Your primary reason to outsource is to ensure that you are able to meet these volumes without investing in additional fixed resources & infrastructure.

Several successful outsourcing companies invest in maintaining a deployable "bench" of about 8-10% of their current FTE (Full time equivalent employee) strength. These resources are already trained on several tile insurance support services and can be deployed for your requirements almost instantly. Having a ready "bench" ensures that your volume swings are managed by capable people that can deliver on the commitments that you have made to your customers.

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3.2 Cross-training of staff

When you start working with your outsourcing partner, your partner will typically expect training sessions from your teams. You may or may not be able to invest so much time in these trainings. Sometimes there may be travel costs involved if you need to administer the training onsite at your partner premises.

The successful outsourcing companies invest in ongoing cross-training practices. The focus is on ensuring an effective knowledge transfer, while ensuring minimal time commitment from the client. Several companies also invest in local domain and subject matter experts who make project transitions far easier.

3.3 Close monitoring of quality levels

The title insurance business requires a high level of accuracy in output. If higher volumes are processed without the right level of automation or technology, errors can start creeping into the system. It is important to continuously monitor quality levels and if needed, ramp up Quality Control (QC) activity to ensure quality output for customers.

It is useful to have a formalized method to maintain quality issues in a knowledge base and ensures dissemination of this information through cross-training programs. The objective should be to minimize recurrence of errors.

3.4 Flexible engagement models

You are well aware of the volatility in your business. This is one of the reasons why you may have chosen to work with an outsourcing partner. But it makes sense to engage with a partner who can offer you flexible engagement models to meet your changing business needs.

Leading outsourcing companies offer transaction based pricing and provide you with some free or nominal cost "pilots" to build confidence. This way you are not committed to a fixed retainer with a client and you are able to scale your business based on your volume requirements, and on a 'pay-as-you-go' model.

3.5 Specialized services

Title insurance has regional/ state nuances and sometimes there are differences even at county/city levels. That means that anyone performing services needs to know the regional and local procedures and practices. This knowledge and experience is invaluable to ensuring error-free delivery of services. Some vendors invest in building regional/ state capabilities. For instance, they would specialize in managing orders in Florida or Texas. This expertise, matched with your business presence in the state, would make it easier for you to choose a partner.

3.6 Strong communication and governance models

Ninety percent of outsourcing projects fail because of bad communication. Investing in a strong communication framework, clear governance models and a clear ownership is the key to the success of the project.

It helps to have a single point of contact (SPOC) during the course of the project. This person can in turn interact with the relevant team-members to ensure that the requirements of the customers are being met on a consistent basis.

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Successful outsourcing companies also have high level of transparency for their projects. You should make use of automated dashboards and invest in the right level of technology to generate and manage these dashboards.

Strong industry domain expertise within the partner teams ensures that communication is streamlined and there are little chances of any miscommunication.

3.7 Imbibing a customer centric culture

While you work with an outsourcing partner, it is important that their team members share the same passion as you do about your business goals and your customers. It is important that the outsourcing partner has a customer centric culture embedded within their teams.

It is important to maintain sanctity of the SLAs (Service Level Agreements), no matter what. In case of volume surges, the teams need to ramp up on deliverables, perform overtime, or support with shadow resources to ensure that SLAs are met.

Leading outsourcing companies are also on the constant lookout for process re-engineering opportunities to provide maximum value to their customers.

Of the several best practices listed above, SLK Global has already mastered several of them and continues to provide significant value to its Title customers. Get in touch with us to find out how we can help transform your business.

About SLK

SLK Global has been focused on the Title industry for over a decade now. SLK serves several of the largest insurance underwriters in the U.S. and has experience working with most of the title plants and production platforms.

We have supported our clients manage over 500,000 title searches, electronic stapling of over 1 billion images, processing of over 1 million tax reports. We have been the preferred choice for several of our customers who have appreciated our consistent delivery quality, transparent framework and our flexible engagement models.

For more information, please visit us at http://www.slkglobalbpo.com/Title_services.aspx