

Mortgage refinancing

Sociology, Empowerment



1.0 Purpose

East-westCommunicationis pleased to develop a business plan for starting a small sized international call centre in Haryana, India in partnership with Mr. Ashish Singla, CEO of Austratel Infocom who is already running a Telecommunication service from Australia for two years. This will be intensively based on the process of Mortgage refinancing for the customers in North America. Though, outsourcing is profoundly researched area of business, there is a lot more to be discovered in Mortgage Outsourcing to develop better strategies.

Having duly examined the industry, I am confident that proposed services will effectively address the needs of Mortgage Outsourcing and Refinancing.

The resultant business plan will:

1. Attract more potential customers and develop a process for retaining them.
2. Work out the various conditions of providing loans along with the eligibility required for providing loans against mortgage property.
3. Determine the appropriate kinds of mortgages to be used on the stages of businesses in such a way that better service can be provided by the potential clients to its customers.
4. Make comprehensive reports pertaining to several kinds of loans and mortgages in accordance to the detailed needs of the customer.
5. Develop a procedure of finding clients directly, rather than using indirect sources.

This study seeks to posit the process of Mortgage Outsourcing in relation to a wider innovation process and to investigate the growth of the phenomenon within a system's framework.

Exploratory design for mixed method research will be of great use for this project. The purpose of the sequential method in the business proposal is to study the Mortgage outsourcing industry and its refinancing issues. The first phase of the study will be a qualitative exploration of issues concerning the industry such as employee attrition, customer demands, and organizational structure. Qualitative and quantitative data will be collected from the HR managers and team leaders of various established call centers in India through electronic survey.

The second phase, on the other hand, will be a quantitative process use to follow up on and reinforce the qualitative phase. The development of better marketing strategies and personnel plan with the inclusion of knowing the competition and the organization structure can be achieved with the use of quantitative process based on the qualitative data gathered.

2. 0 Background

Call center industry is one of the fastest growing industries to this date. It is also known as the Business Process Outsourcing industry. It is mainly compose of the three entities of joint ventures, outsourcing and the virtual outsourcing. As an industry, it primarily delegates one or more of its intensive processes to an external provider which is given the task to own, administer and manage the selected process base on a performance criteria that can be defined and measured. The fast evolution of the call center

industry is attributed to its factor cost advantage, economy of scale, business risk mitigation, superior competency and improvement. The world of a call center industry is revolving around telemarketing, customer support, knowledge process, and help-desk. Such processes are prevalent in any types of outsourcing business that are flourishing today especially in third world countries like India. However, there are still many reasons to tell why call center flourish.

Due to the growing interest rate and unstable property prices, mortgage lenders are now experiencing difficult time. Added to this is the fact that homeowners are having problems in paying their dues which causes the mortgage lenders to find maintaining the business hard. It is by this reason that outsourcing of business has been the solution to the problem.

(8)It is said that the mortgage and refinancing boom brought about by the low interest rates has resulted to the increasing number of mortgage loans. According to the Mortgage Bankers Association of America, a total of \$3. 2 trillion worth of originations was recorded in the year 2003 alone. However, in 2004 high pressures on the cost structures for mortgage lenders were recorded and the rising of the interest rate was to be blame for such phenomenon. The only solution appropriate to the situation is the process of outsourcing which could greatly reduce costs by 15% to 30%.

Financial Institutions today face the challenges of managing mortgage market volatility, while continually investing in system upgrades and staff training. To alleviate these risks private mortgage outsourcing provides services that are more cost-efficient than what can be achieved through internal operational changes.

On the other hand, in India, the system of outsourcing is facing a great amount of inconvenience brought about by having no direct contact with the clients. Call centers that are either small or medium in size are losing enough percentage of profits because they are trying to counter the inconvenience by having direct transactions or dealing with the clients. The costs of which are difficult to bear among the small and medium sized call centers.

Outsourcing is a valuable tool for helping companies to survive the downturn in the mortgage industry. To remain competitive in the mortgage business, companies and private mortgage brokers in North America has to reduce infrastructure and costs, while eliminating the paperwork and complexities of mortgage origination. (8)A recent survey also revealed that 42 % of senior mortgage executives realized the value of offshore outsourcing as an important means for dropping costs and improving process competence. Consequently, locating such clients will provide good opportunity to do outsourcing for them.

There are several essential steps being considered in doing outsourcing. However, the three main steps of outsourcing are as follows: (TextbookDoing Business in India for DummiesWiley Publishing, IncAuthor: Ranjini ManianP 93)

1. Location: Business locations in India are usually characterized into two parts such as SEZ (special economic zone) and EOU (export oriented units). Will prefer a BPO unit in a city with easy accessibility of expertise and infrastructure. I am planning to open or lease a small dissection of technologyPark in the Industrial area of Panchkula, Haryana. This is place

where in the 10 km radius; I can find right caliber and have the benefit of bearing lower expenses for transport (arranging cabs for employees). (9)

2. The Process Being Outsourced: Outsourcing strategy depends upon the kind of process being outsourced. Like in “ Help-desk”, the transition can be accomplished within four-to-six weeks. Therefore, some specific processes in Mortgage Outsourcing are to be finished as: (http://www.motifinc.com/business_process_mapping.htm)

- Understanding Business Process: 2 weeks
- Quantifying and Evaluating the Opportunity : 4 weeks
- Establishing contracts for long term relationships: 2 weeks
- Transition planning and Pilot Execution: 4-8 Weeks
- Performance Management : Ongoing

3. Outlook for Mortgage Business Process Outsourcing is consists of:

- Loan Sourcing
- Private Label Lending
- Secondary Marketing Risk Management
- Sub servicing

3. 0 Scope

Call centres in India provided an opportunity to cut costs and reinforce customers’ service and retention. In the United States, however, revealed that the telephone-based customer service is known for its poor quality. The main reason for this is the fact that many companies are not willing to pay

much for their skilled workers working on unskilled positions. Hence, the rate of attrition is high as there are no workers willing to stay for a low paid job and would want to find better paid opportunities. This project will be based on conducting primary and secondary research on Mortgage and others affiliated call centres in India. Reports on various issues and prospectus linked with the industry will also be made with the inclusion of developing a profitable business plan for Mortgage Refinance Outsourcing.

The following deliverables and limitations will be considered in the development of this business plan:

Limitations (www.fcci.com/media-room/speeches-presentations/2004/nov/tax-DINESH-KANA-BAR.PPT)

Uncertainty of Indian Tax exposure to Foreign Principal
Upcoming BPO services stations such as China, Philippines, Malaysia, and Ireland which would restrict me to find future clients due to the availability of more cost-effective labor and language skills.

High employee turnover perceived negatively.

Market Research indicates that no mortgage lender to date has successfully outsourced more than 7 % of its workforce offshore. This could mean that 7% to 10% is the offshore outsourcing ceiling for mortgage banks at the moment and is unlikely to change in the near future. (7)

Economies of Scale. Due to small scale operations at first, productivity as output will be lesser than cost as input.

According to an informal research conducted, some constraints in BPO

industry that might be faced while developing an efficient business plan are as follow:

- A shortage of skills.

This is true at certain levels, particularly the middle management and senior management leadership levels.

Communication Problem

For any firm, delegating customer relationship to an external firm is viewed by many as shirking the responsibility for good customer service. Cultural and language differences mean that customers find it more difficult, indeed frustrating to communicate their issues to the third party. Customers find it frustrating to have to repeat them, or find it often impossible to communicate a particular query or concept to someone who truly doesn't know or understand the nature of the business. Generally, agents have no real understanding of the products or services of their partner businesses. Often, person on the other end of the telephone might be facing complexity on an inflexible script, with inadequate training and infrastructure to deal with the needs of the caller. So, I will be very careful while hiring and training my staff.

Cost Risks (http://findarticles.com/p/articles/mi_m0NTN/is_60/ai_n6246670)

Cost and margins pressures from all sides are greater than ever. The traditional process improvement and efficiency solutions have reached their peaks and do not seem to deliver sizable improvements anymore. To run BPOs in India, new vision and execution are required to improve profitability in the global economy. Some of the sources says that end of Globalization is

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very close now. One of the reasons is mentioned above in terms of margins and costs.

But main drawback of outsourcing businesses is reduced profits because of no direct contact with clients, though the middleman does nothing but collects commission. Profits will be more than double, if the middleman (like dealers in Telecommunication outsourcing) is eliminated. Therefore, a review of the regular call center business plans is required to make mortgage lenders and other businesses aware of the fact that outsourcing is better than insourcing. So, all issues and prospectus of the industry need to be surveyed. Project is motivated to review the bottlenecks of some parts of the industry and work flow.

Deliverables (3) ([http://www. crmbuyer. com/story/60098. html](http://www.crmbuyer.com/story/60098.html))

A decision support document regarding schedules for shifting work, offshore recruiting strategy, training strategy, quality assurance and quality control procedures as a part of quantitative analysis of market.

Data security policies as risk of Data theft in a call center is always there.

Preparing a summary of offshore needs for office space, infrastructure, staffing and skill levels, telecommunication system, personal training and support needs.

Cash Flow projections (Budgetary evaluations and adjustments).

Action plan for the future (5 years down the line). What-if analysis.

Details of the cost involved, and if those costs will change in case business performs well or poorly, and the minimum sales required to recover my cost.

Contractual agreement which finalizes the documentation and final pricing structure with the client or participants.

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Three significant dates i. e. contract signature date, effective date and service commencement date.

Financial Projections including cash flow in the start and expected after 12-18 months of steady work.

4. 0 Proposed Methodology

- Survey questionnaire

Use of resources such as the library, manuals, newspaper, and internet to keep myself updated.

Quantitative, qualitative and mixed method approaches to collect the data.

In person meeting with at least 3 managers of existing call centers.

Matrix methods such as conceptual matrix measuring the flexibility of graph between time and money as they two most important factors of any project.

Doing the SWOT analysis of project and various small events associated with it.

Porter's five forces methodology will also be used here so as to compare various important factors of the projects.

Evaluate the checklist and analyze how the needs of my clients are going to be met by applying the Five C's such as the capacity, capital. Collateral, conditions and character of the desired potential clients and the Five P's terminology known as the product, place, price, packaging and promotion being used by the clients.

Here are some steps, which would be taken while researching the industry and are necessary to consider before I set my plan into action. (http://www.ehow.com/how_2053610_start-call-center-business.html)

Step 1: To study the call center industry, I will be making use of internet, libraries and some of the 3 useful persons working at managerial posts in various call centers of India. I would visit India frequently to collect the useful information.

Step 2: Would examine how Mortgage outsourcing is different from other types. This would involve researching various issues in Mortgage Outsourcing than any other type of processes like telemarketing or customer support.

Step 3: Determine various permits and licenses required to run the business fruitfully in India. <http://ipindia.nic.in/> will be a useful source to know more about patent protection in India. I will be making use of relevant links to approach the authorities regularly.

Step 4: Determining the prices of equipments and internet, telephone leased line is a very important step before representatives' start taking calls in a call center. Information will be gathered pertaining to the comparison of the prices of different equipments automatically, consequently helping me to decide with ease. As my entrepreneur in India has already rented such equipments from somewhere to run his existing call center, which would help to compare prices for new equipments. For leased line, some companies like Bharti Telecom, Reliance Infocomm, BSNL (Government Entity) can be considered as remarkable because of their established names in the industry. Their performance and charges also varies according to various states. I will be figuring out which is more reliable at my preferred location.

Steps for Plan

Step 1: Define strategy and the methods that would be applied to measure productivity, quality, and customer and employee satisfaction. Certain management tools like Five C's and Five P's, Porter's five forces, Matrix methods such as conceptual matrix measuring the flexibility of graph between time and money as they are two most important factors of any project, SWOT Analysis can be helpful in defining the company strategies.

Visiting website of renowned international call centers like Convergys, GE, V- Customer, Accenture, and will give information on how to deal with their employees and customers, normal strategies which help them to be competitive in the market.

Step 2: Develop a business plan outlining business goals, financial needs, logistics and staffing plan.

All questionnaires are enclosed with the proposal.

Step 3: Create a budget to inquire various expenses incurred in the process of completing the project.

Step 4: Selecting the location. This decision can make the difference between a top performing company and one that does not survive..

A Special Economic Zone (SEZ) is an area in India that's been designed to provide a globally competitive, duty free, cost effective environment to export-oriented businesses such as manufacturing, trade and services. A commissioner is responsible to deal with business locations issues. Therefore, some formal meetings would be required to discuss a good location which has no legal issues or disputes.

start date occurs when the proposal was started and end date will be when final project report will be accomplished. Due to the large period (Feb- Sep) the work sheet couldn't be captured.

The time schedule of this project will vary in relation to the time frame of the author's visits in India. It is the hope of the author to have the business plan finally drafted before the end of September depending on the requirement of any new clients who may come over after advertisement and promotion. To elucidate, the work schedule will depend on the following factors:

Visits		to		India
New			Clients	
Budget			changes	
Technology			changes	
Competition				
6.	0	Tentative	table	of Contents

Please refer to Annex B

7.	0	Draft	Questionnaire
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Four questionnaires have been developed which will be posted electronically during the completion of project as and when required. Annex C is prepared to survey high employee turnover in the industry. This questionnaire is expected to help examine more accurately the various reasons of turnover. Participants of this questionnaire will be the employees from HR department from various call centers in India. There will be an approximate 10 participants from various call centers that will be asked to answer the questionnaire.

Annex D is totally concerned with the process of mortgage. It targets customers from North America who have the following qualifications: male or female; employed and self-employed; do not have sufficient funds but are looking to buy homes; starting age can be 19 and over, maximum age is usually 65. It is expected that there will be 20 participants who will reply to the questionnaire.

Annex E tackles hiring, training and the basic of organization structure. There are questions to be asked to supervisors and team leaders of call centers, in case they are not available, to HR managers. As mentioned in the proposal, around 60% of call center operation's cost comes from hiring employees, training and turnover. Hence, this questionnaire is designed to know the various problems companies are facing in the aspects of hiring and development.

Annex A to Call Centre Proposal

Annexure B: Tentative Table of Contents

Introduction

Business	Description
Business	Formation
Directors	
Management	Team
Business	Goals/Mission
Business	Philosophies/Identity
Geographical	markets
Vision of the future	

Executive Summary

Main Objective
 Sales Summary
 Strategic Positioning
 Licenses
 Key Advantage
 Funds Required
 Marketing
 The product Mix
 Sales Estimates
 Analysis Current Product Mix
 Competitive Research
 Market Analysis
 Market Goals and Strategies
 Pricing Policy
 Advertisement and Promotion
 Sales Management
 Distribution and service
 SWOT analysis
 Historic Analysis
 General View
 The Market Position
 Income Statement Historic
 Balance Sheet Historic

The Organizational Structure

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- Management Personnel
- Administrative Organization
- Contingency Planning

Call Centre Operations

Call	centre	identity
Call	centre	location
Call	Centre	Premises
Call	Centre	Layout

Financial Plan

The	investment	Budget
Statistical	Data	
The	return	on Investment
Financial	Problems	
Risk management		
Risk	Reduction	
Exit	Strategy	

(http://planmagic.com/business_plan/call_center_business_plan.html)

Annexure C to Call Centre Proposal
Employee Retention Survey questionnaire (<http://www.customergroup.com/cms-survey.htm>)

So that my business face least no. of such problems , a questionnaire is being designed to collect the qualitative and quantitative data specifying various issues involved in Employee Retention program of a Call Centre:

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Questions to Management

What is the annual turnover percentage within the contact center(s) (excluding internal promotions and terminations):

- A) > 10%
- B) 10-25%
- C) 25-50%
- D) 50-75%
- E) 75-100%
- F) > 100%

If you have multiple contact centers, what is the turnover across centers? (Instructor comment: What if not? Reply: This question is just to compare turnover between different branches. Your question probably indicates “what would be the turnover if you have only one contact center”. Question no. 1 solves the same purpose)

- A) Lowest Center _____%
- B) Highest Center _____%

Do you conduct formal exit interviews with departing CSRs?

- A) Yes
- B) No
- C) No, but planned

Indicate the reason for departure of CSRs in order of importance from highest to lowest.

- A) Better Compensation
- B) Unclear Job Expectations
- C) Better Benefits
- D) Poor Supervision
- E) Location/ Convenience

4a. If other, please specify_____.

Do you offer incentive/performance based compensation (i. e. Bonuses for Quality, Attendance, Sales, and Customer Satisfaction)?

- A) Yes
- B) No
- C) No, But planned

5a. If so, please describe the basis (Quality, Attendance, Productivity, Other)

Options

Scale

1. Quality

1

2

3

4

5

2. Attendance

1

2

3

4

5

3.

Productivity

1

2

3

4

5

4.

Customer

Satisfaction

1

2

3

4

5

What is the average number of performance reviews conducted annually per CSR?

A) Formal _____

B) Informal _____

How many contact centers in your area are engaged in competition for talent?

8. Indicate your level of agreement using a scale to each of the following practices which may contribute to employee satisfaction and favorably impact employee retentionL(http://www.montrosetravel.com/key_elements.html)

Questions

Scale

1. Sense Of Purpose

1

2

3

4

5

2. Fair Compensation.

1

2

3

4

5

3. A feeling of appreciation.

1

2

3

4

5

4. A feeling of participation in the way their jobs are done.

1

2

3

4

5

5. A management style that incorporates coaching, encouraging and empowering.

1

2

3

4

5

What is the degree of Top Management (Director and above) interaction with the front-line?

A) Low (once or twice per year)

B) Medium(monthly)

C) High(weekly)

Indicate the reason for termination of employees.

Reasons

Scale

1. Attendance

1

2

3

4

5

2.

Fraud

1

2

3

4

5

3.

Attitude.

1

2

3

4

5

4.

Performance.

1

2

3

4

5

5.

Other

1

2

3

4

5

10a. If other please specify _____

Annex D to Call Centre Proposal

Questionnaire to a Mortgage Lender

1. Over the course of a day how much of your time is dedicated to:

- Preparing mortgage documents.
- Pro-actively contacting potential new clients.
- Meeting mortgage clients for initial presentation of proposal.
- Finding the best rate and mortgage type for potential clients.
- Closing the deal.

2. What would be an appropriate amount of time (daily) to dedicate?

- Preparing mortgage documents.
- Pro-actively contacting potential new clients.
- Meeting mortgage clients for initial presentation of proposal.
- Finding the best rate and mortgage type for potential clients.
- Closing the deal.

3. Do you get ample of time throughout the day to accomplish everything needed during normal work hours?

- Yes

· No

4. Do you feel comfortable and knowledgeable about all products and services available in the marketplace today?

· Yes

· No

5. What would be the ideal time frame to complete a deal from start to finish?

· 24 hours

· 48 hours

· 3-4 days

· 1 Week

6. Indicate your level of agreement using a scale to each of the following:

Scale

Opinion

1.

Somewhat

agree

2.

Agree

3.

Somewhat

Disagree

4.

Disagree

5.

No Opinion

Questions

Scale

1. I feel comfortable with my professional situation.

1

2

3

4

5

2. I have all the resources necessary to fulfill my client's needs.

1

2

3

4

5

3. I am able to receive approvals in a timely manner.

1

2

3

4

5

4. My clients feel that I am knowledgeable.

1

2

3

4

5

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Annex D to Call Centre Proposal

Questionnaire for a Mortgage Customer

1. As a client indicate using the scale of what you look for in a mortgage broker:

Options

Scale

1. Professionalism

1

2

3

4

5

2. Knowledgeable about various products in the market.

1

2

3

4

5

3. Prompt service.

1

2

3

4

5

4. Preparing a proposal that is easy to understand.

1

2

3

4

5

5. Finding the best product.

1

2

3

4

5

2. Using the scale, indicate your level of agreement with the following statement:

Questions

Scale

1. I want the best service provider.

1

2

3

4

5

2. I want to develop a professional relationship with my Mortgage broker.

1

2

3

4

5

3. I am only interested in obtaining the best rate.

1

2

3

4

5

4. Obtaining a pre-approval is important so that I Know what market I can afford.

1

2

3

4

5

5. My Broker should be professional and knowledgeable about what is the market.

1

2

3

4

5

3. Indicate your level of agreement with the following :

Questions

Scale

1. My Broker should always be looking for my best interest.

1

2

3

4

5

2. My broker should have knowledge about various ways of investing using property as collateral.

1

2

3

4

5

3. My broker should always be upfront about fees he charges.

1

2

3

4

5

4. My broker should know about tax saving plans.

1

2

3

4

5

4. How do you like a Mortgage lender to stay in contact with you?

1. Email

2. Phone

3. Fax

4. Mail

5. Cell Phone

5. Do you need flexibility so that you can vary your repayments?

1. Yes

2. No

6. Do you have any plans for major expenses in the next 12 months?

1. New Cars

2. Home Improvements

3. Health

4. Rental properties

6a. If, others please specify _____

7. Please check the following if they are priorities as it relates to your mortgage refinancing.

- Determine maximum purchase price/ or loan I can qualify for
- Determine purchase price and loan amount appropriate for my income and lifestyle.
- Obtain a targeted monthly mortgage payment amount____\$
- Maximize tax benefits
- Others_____

8. What are the biggest challenges you face with respect to money?

- Need to save more money___
- Too much spending___
- Need to make more money___
- Too much credit card debt___
- I pay too much tax___
- Other_____

9. What do you need Refinancing?

1. Consolidate debt
2. Home Renovations
3. To buy luxury item
4. Purchased second home

5. Others____

10. How would you know the best mortgage broker in the neighborhood?

1. Internet
2. Popular brand
3. Newspaper
4. Friends
5. Others_____

<http://www.gocrescent.com/images/mortgageplanner.pdf>

<http://www.blue-chipmortgages.co.uk/Downloads/Mortgage%20Questionnaire.pdf>

Annex E Call Centre Proposal

Questionnaire (Hiring and Development) (10)

Q1. Do you use standardized assessments to hire customer's representatives?

- Yes
- No

Q2. What is your average cost per hire for a customer representative?

- Less than \$300
- \$300-\$500
- \$500-\$700
- More than \$750

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- Don't know

Q3. How many weeks of initial training do new customer representative receive in their first year on the job?

- Less than one
- One n to two
- Three to four
- More than four

Q4. How many days of formal training does each customer representative receive in a typical year?

- Less than 5
- 6-10
- 11-15
- More than 15
- Don't know

Q5. What is the starting pay for Customer Representatives?

Less than \$8 per hour

\$8 to \$12 per hour

\$13 to \$20 per hour

More than \$20 per hour

Q6. What is the average pay for supervisors of customer's representatives who are on the job at least two years?

Less than \$15 per hour
\$15 to \$12 per hour
\$21 to \$30 per hour
More than \$30 per hour

(http://www.appliedskills.com/files/Call_Center_Survey_Report.pdf)

Q7. Are your customer representative measured on average talk time?

- Yes
- No

Q8. Are your customer representatives measured on average speed of answer?

(Instructor comment: How do you measure speed here? Reply: This is a closed ended question, so how would I measure the speed, should not matter to the respondent. Software to be used in call center operations do calculate the speed (time required for customers to wait in queue to talk to CSR) automatically to check the call durations).

Yes

- No

Q9. Do supervisors monitor customer representative calls every week?

Yes

No

Q10. Is skill-based routing used in your call center?

- Yes

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No

Don't Know

Thanks for your cooperation and being patient.

References

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- 5) http://www.motifinc.com/mortgage_services.asp?gclid=COMr0O_og5ICFREwiQodUF7U4Q
- 6) http://en.wikipedia.org/wiki/Call_centre
- 7) http://goliath.ecnext.com/coms2/gi_0199-6409289/The-limits-of-offshore-outsourcing.html
- 8) <http://www.hrotoday.com/Magazine.asp?artID=1081>
- 9) http://www.sezindiainvest.com/Export_Procedure.htm
- 10) http://www.appliedskills.com/files/Call_Center_Survey_Report.pdf
- 11) http://www.allbusiness.com/marketing_advertising/3582529-1.html
- 12) (TextbookDoing Business in India for DummiesWiley Publishing, IncAuthor: Ranjini ManianP 93)
- 13) http://planmagic.com/business_plan/call_center_business_plan.html

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[T1]This may be obsolete.