

Growing your business through the process of reduction

Mon, 2009-12-21 09:59 — [Michael Gualtieri](#)



Whoever forecasted the paperless office is, once again, not going to get their wish next year. Mortgage processors will tell you that all the attention this issue received since the 1990s hasn't made a much of a difference and that they haven't seen a substantial decrease in the amount of paper they have to handle, process and ship. It's no surprise that mortgage processors are continually looking for ways to cut the cost of moving paper from their offices to the places it has to go without sacrificing the protected and timely delivery of those documents.

I recently put this question to members of the [Messenger and Courier Association of America \(MCAA\)](#), the trade association for same-day and less-than-24 hour delivery services that I head at our annual executive roundtable meeting. Here are some of the tips I got from two of our members who are very active in transporting mortgage-related documents.

Avoid multiple pick-ups

It's no secret that one pick-up a day cuts costs, so make sure your processors have everything done by one, pre-arranged time. This avoids the cost of having the courier come back several times in one day.

"We pre-arrange a daily pick-up time that's as late as possible. That's the best way to get a handle on costs. Our customers know when we're coming and they make sure everything's done before we get there," said Rick Chase, a board member of MCAA and vice president of business development and chief administrative officer for OnTrac. OnTrac is one of the largest regional overnight delivery services in the western U.S., and has been providing specialized services for the title and mortgage industry for more than 20 years. "Other clients who aren't that well-organized will call us for a pick-up at 3:00 p.m., then another at 5:00 p.m. because they couldn't get it all done by 3:00 p.m. and even a third time at 6:00 p.m., sometimes requiring special fees."

Work with a courier service that is experienced in mortgage loan document delivery

"That may not be the same courier you use for on-demand deliveries," noted Chase. "A courier that specializes in same-day pickup and delivery might have more resources and be able to deliver that type of service at a lower cost than a delivery service specializing in overnight service, and vice versa.

Choosing a delivery service that specializes in the particular service needed can provide a more effective price point.”

Establish a long-term business relationship with the courier service that will be handling loan documents

“We concentrated on the mortgage industry as a niche market 20 years ago by building a lot of routes around the need for a big rush at the end of the day,” said Chase. “We catered to their business practices by making sure we could make the closing deadlines. Establishing a long-term relationship with your courier company is beneficial to both. The courier knows it’s a cost-sensitive and time-sensitive industry that can give him a consistent flow of business and the customer knows he or she can depend on a service that understands the unique pressures of mortgage processing.”

Use a regional carrier instead of national service

Regional carriers can improve transit times over the national carriers because they concentrate on same-day ground transportation.

“Ground-based regional carriers offer the industry’s most cost-effective and time-sensitive ground products and can save money over national carriers,” said Jim Berluti, president and chief executive officer of Eastern Connection and another involved MCAA member. Eastern Connection is one of the largest regional express logistics providers on the East Coast and has been serving the mortgage processing industry for 25-plus years. “With national carriers, ground delivery to some zones is two-day. If you need to upgrade to a faster delivery, it will cost more. Regional carriers are typically 10 to 20 percent more cost-effective for priority and ground than the industry giants. Regional carriers are also known for being much more flexible with their overall pricing and contracts.”

Negotiate and budget accordingly

Make sure you understand the full extent of a carrier’s prices, including accessorial charges and other fees. Then, negotiate and budget accordingly.

“Accessorial charges include surcharges and fees for items such as deliveries into rural areas, missing signatures, incorrect addresses and Saturday or early morning delivery. Most of these charges are a few additional dollars that can quickly add up, so make sure you understand and ask about a company’s pricing,” said Berluti.

Timing is everything

If your contract is up, consider locking in a new agreement before prices increase next year. Typically, national carriers have price increases after the first of the year. Now is the time to do this.

Track your expenses

Conduct a thorough analysis of your shipping needs and expenses to see exactly where you spent your shipping dollars last year.

“Look for hidden charges, multiple pick-ups in a day and last-minute additions that required a specialty courier,” said Berluti. “Evaluate any discounts provided to make sure they weren’t offered for set period of time and then rescinded.” He also points out that many discounts by national couriers are good only for 13 weeks, while regional carriers tend to be more lenient.

Perform an analysis of your unique shipping history and characteristics

“There are industry consultants who offer specialized services to do this and they are one means of helping you negotiate new terms,” said Berluti. “However, before you pay big consultant fees, consider that some carriers provide comprehensive audits of this kind at no costs. These audits may include a breakdown of cost comparison between national and regional services.”

What all this means is that there are ways to control the costs of moving the inevitable paper trail that’s still very much a part of loan processing. It’s all a matter of monitoring your internal processing of paperwork, working with a courier service that understands the mortgage loan business, getting a handle on the true cost of shipping documents and keeping an ongoing eye on the factors that can unnecessarily add to those document shipping costs.

Michael Gualtieri is president of the [Messenger and Courier Association of America \(MCAA\)](#) and Pro-Courier Inc.