(#159) Dear Management:

October 4, 2019

Say what you will... but for the mortgage industry, I think traditional budgets are a waste.  
  
Yes, I said it... a BIG oh WASTE of time.    
  
Our industry is highly market driven.... so "guessing" what's gonna happen beyond 3 mths... is a dart thrown and fingers crossed.  
  
Because all we end up with, is spending ALOT of time reconciling what actually happened... to that thrown dart.  
  
Case in point:  Did your 2018 budget, schedule the margin compression we saw?  Or had you just plugged a 10% increase over last years volume?  Be honest...  
  
Current market trends + apps taken/triggered (adj'd for pull-thru)... allows you to predict out 90 days, with great accuracy.  
  
So, I say "stop budgeting past 90 days".  
  
BEYOND 90 days, how about moving toward a "what-if" analysis concept instead?  
  
Try 3 trend lines... (A best, worse and Goldilock's case).  
  
Think of it as a stress-test of the future.  
  
If you can maneuver resources to downsize, gain resources for predicted growth or stay the course efficiently... you're ready to meet the needs each option may demand.  
  
Traditional budgeting locks you into one mindset of the future.  
  
Think forward, and think "what-if" you followed my advice.  
  
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