(#166) Dear Management:

October 15, 2019

I hear this argument all the time...  "Our service level sets us apart!  It's what make us,  US!"

And often times it does set you apart in a good way, and people WILL pay for service...

BUT

Often times it sets you apart in a poor way... and OUT of the market, with the rates you have to offer.  When the COSTS of your "Red Carpet" service levels make you have to offer a rate that no borrower will choose, time to DROP those precious service levels you hold so dear.

BECAUSE

If the borrowers don't care if the carpet is yellow, blue, green or even carpet tiles...  Who are you selling those service levels to?  Yourself, 20 years ago?

And the costs to maintain them... ugh the costs... my accountant's heart aches...

So... match "borrower's" expectations of service levels to the (1) the rates you need, to be competitive, (2) the costs you can afford and (3) the margins you desire.

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