(#202) Dear Management:

December 13, 2019



Are you paying Loan Officers what their marketplace dictates?  Is it comensurate with the income generated from their production?  
  
The answer should be yes to both!  
  
The first is obvious, so you don't lose them.  The second should be obvious, so you more importantly... MAKE MONEY!  
  
Easy example - The market dictates loan officers earn 175 bps.  You are talking to this LO, you love them, great fit, etc.etc.etc.  AND they do 10 loans a month on average... with no want for an LOA.  Perfect right?  
  
Do you hire and pay them 175 bps?  "We'll lose them if we don't"... is what I usually hear.  
  
What if you had one more bit of info.   That this loan officer does 95% bond loans...  
  
Well that changes everything right?  
  
It should...  
  
Cause remember, those loans are loss leaders and then to pay 175 bps to them?  Ugh.  
  
So while flying blind you might say "YEAH PRODUCTION!"  With good eyes behind the controls, I'd say... "let the competition have this one".  
  
Moral - Don't chase production... chase margin!  
  
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