

Look Before You Leap !

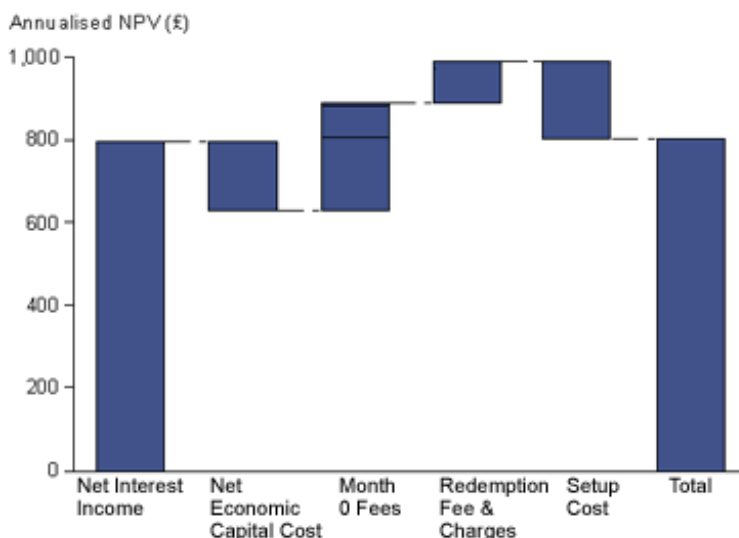
Every mortgage firm in today's world has an information system which records the new customers acquired, transactions, products sold, etc. This huge data dump makes no sense to the senior management of the mortgage firm unless it is converted into presentable information.

Let us put ourselves into the shoes of a senior manager in a mortgage firm for a moment. Now, what would I like to see from the point of improving the sales of the products? First, I would like to see the current position of the firm in the market. Then I would like to identify the open spaces in the market where the firm can move and can make use of first-mover advantage. And so on...

The action plans in the above paragraph are a part of strategic marketing. One of the most significant steps in strategic marketing is Environment Scanning. The firm should be analyzed with respect to its competitors in terms of pricing, distribution, promotion, advertising and market segmentation. For an internal appraisal the firm's primary data from its information system can be used. Secondary data from outside agencies can be availed of to see how the firm is doing with respect to other players in the market.

Pricing

Pricing is an operational strategy and is mostly influenced by requirement for net-income and for long-term market control. An internal scan of the products can be done using the primary data of the firm. The Net Present Value of each of the products sold can be calculated and this helps the management to compare the Expected Profits and Realized Profits for a product. The break-up of the NPV into costs can lead to significant insights as in where the firm can reduce its costs to improve on its profit.



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We provide decision-making solutions to improve operational efficiency and business responsiveness. Our consulting services employ our strengths in industry knowledge, conceptual rigor, and information technologies. Developed using concepts from decision theory; our solutions use robust optimization, simulation, and statistical engines adapted to our client's focus areas.

DecisionCraft Services

Business Diagnostics

We analyze business processes and transactional data to identify underlying patterns, unravel hidden relationships and recommend areas for improvement that can improve ROI and reduce costs.

Predictive Analytics

We use historical data intelligently to develop a view of future market trends and help our clients focus on the right audiences thereby developing their competitive edge.

Forecasting

Figure: Break Up of NPV

Each of the products of the firm can be plotted on the BCG Matrix (Market Growth Rate Vs Relative Market Share) to get an idea of the cash cows and the stars in the portfolio. The products offering of the firm can be compared with that of its competitors and white spaces can be filled if that particular segment is profitable.

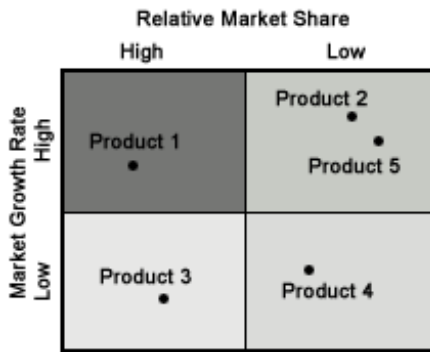


Figure: BCG Matrix

Comparison of prices of products in the market leads to an understanding on how attractive the firm's product stand out in the market. As a lot of the products are based on floating rate, we can also analyze on how well the competitors had forecasted on the market. This can lead to ideas on better product formulation and keeps the firm on par with the market.

Distribution

Distribution being the fourth element of marketing mix plays a significant role on a products success. The secondary data on the market can be analyzed for the Market Share of the firm in various regions, product categories. This helps in identification of White Spaces, where the firm should concentrate on its marketing efforts.

Promotion

The brokers are paid a commission based on the number of products they sell. Based on historic data a much better commission scale can be worked out which leads to a Win-Win Situation for the broker as well as for the firm. There is also scope for filling up white spaces in the market by giving better commission to brokers in certain regions where there is very less penetration.

Customer Segmentation

The customers can be segmented on the basis of losses. In the high loss segments certain customer traits can be picked up using CART or CHAID. Based on these traits the management can predict the losses from the customer mix.

Based on all the above factual analysis the management is in a better situation to identify the current position of the firm/product with respect to they eyes of the customer and to re-position the firm/product it the need be.

We use advanced time-series and regression techniques for forecasting behavior of critical business variables that allows our clients to plan for their resources intelligently.

Target Scope	Advantage	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (Low cost)	Focus Strategy (Differentiation)

Figure: Porter's Generic Strategies

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