

The Secret To Growing Your Title Business



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The Secret To Growing Your Title Business

In a recent poll of title agents and real estate attorneys, respondents identified juggling too many different responsibilities, not having enough time/rushing through tasks, and finding ways to generate new business as their biggest hurdles.

Indeed, time is money, so how are title companies and law firms that deal with real estate transactions getting back some of those coins to invest in growing their business?

If you're looking for ways to get to the closing table more efficiently while minimizing risks and maximizing your opportunities for business growth, the answer may be in looking for a real estate due diligence partner.

“We're in charge of everything and in control of nothing.”

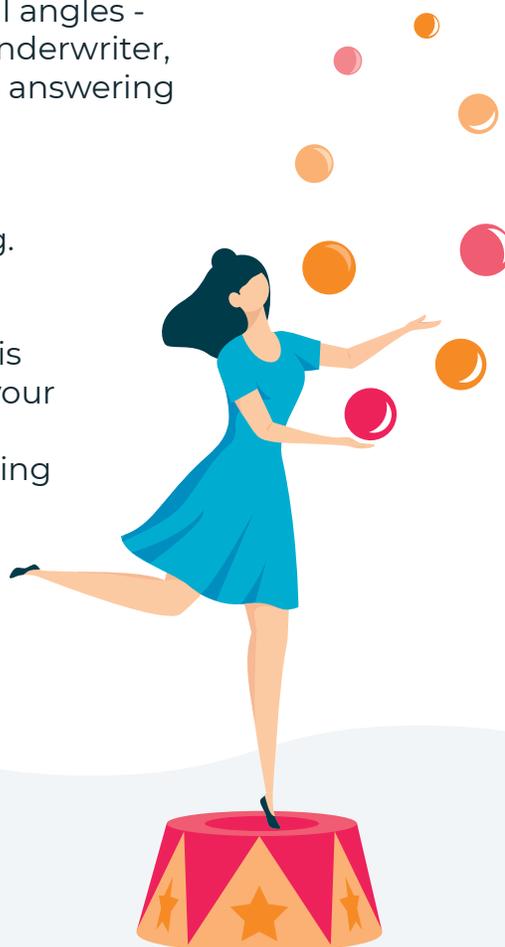
- Kay Underwood-Zach, Title Industry Consultants, LLC.

With so much on your plate as the literal guardian of the transaction, there are pressures coming from all angles - real estate agents, lenders, homebuyers, your underwriter, state regulators - you and your organization are answering to many.

This guide is intended to help you better understand the business benefit of outsourcing. We know that growth can be achieved when repetitive tasks are entrusted to a service partner. What happens when you free up time is that you can pour more focus into working on your business, rather than just in it. The result will be more time and resources to maintain your existing clients and getting new ones.

Happy closings,

The PropLogix Team



Weathering Market Changes by Lowering Fixed Costs



You want your business to be set up for success. One thing is constant and that is change. The market will continue to fluctuate and in order to keep your business running as efficiently as possible, you'll need to look into outsourcing. Besides allowing more time to focus on core business objectives like customer service, outsourcing various parts of title production allows you to shift to a more sustainable, variable cost structure.

“If we get 100 orders a month, great! If we get 20 orders a month, it doesn't really affect us as much because we're only paying the fees for the services that we've ordered on those twenty files.”

- Jason Somers

President of LandCastle Title Group, LLC

Understanding a Variable Cost vs. Fixed Cost Model



According to Investopedia, A **variable cost** is a corporate expense that changes in proportion to how much a company produces or sells. Variable costs increase or decrease depending on a company's production or sales volume—they rise as production increases and fall as production decreases.

In contrast, a **fixed cost** is a cost that does not change with an increase or decrease in the number of goods or services produced or sold.

Full-time employees are a fixed cost - no matter how many orders you're receiving, you still have to pay their salary and benefits. When your orders go up, you need to hire more employees and therefore your fixed costs go up even if our orders go back down.

We're here to help you weather any market conditions. Let's talk solutions.

Outsourcing title production tasks would be classified as a variable cost. You only pay for those services that you need, when you need them. In busy times, you're able to use a vendor to handle tasks often without the need to hire more staff which can be expensive and time consuming. In slow times, you don't need to worry about laying off employees because you don't have those fixed costs on your books.

Variable cost models are typically more efficient and sustainable for organizations looking to maintain and scale their business. Running your business by prioritizing variable costs will allow you to keep your employee count more stable and reduce the need to hire more talent quickly. Your business will grow and you will be able to take your time to hire more intentionally to find the right fit for your business.



Common **Myths** Around Outsourcing

Despite the fact that outsourcing is widely used by companies around the world, many myths persist about the process. Many of those myths are rooted in truth and legitimate anxieties over giving up control. However, many of these concerns come from outdated ideas or a lack of understanding. Outsourcing does not have to be a dirty word.

Myth #1: **Outsourcing Makes You Lose Control of Your Processes**

Contrary to this myth, if you're working with the right partner, you'll always have control over what you want and how you want it. While another team is handling the smaller tasks, you always have the final say over the finished product. While you won't have direct oversight of the team yourself, you still have the ability to communicate, check progress, and make requests.

A trusted outsourcing provider will work with you to make sure you feel good about the relationship because it's to their benefit having you as a long-term customer. Your outsourcing partner only has one goal – to deliver you the best, and that can happen with as much or little involvement as you prefer.

Myth #2: **It's a Costly Endeavor**

Outsourcing is cheaper than hiring permanent staff. You can eliminate

the overhead and operational costs of running a business by outsourcing. In fact, [59% of companies outsource to cut costs](#). By doing so, you can then concentrate on core business activities and expand your business with the saved money.

According to the [2021 State of the Title Industry Survey](#), title professionals use outsourcing to cut costs. 69% of respondents said they outsourced title production to get more work done, and 44.7% said they outsourced because it removes some financial liability. Additionally, most costs associate with outsourcing can be passed through to the customer, meaning far less financial impact to your business.

Myth #3: **Outsourcing Partners Cannot Be Trusted**

The truth is that most business owners are happy with their relationship with vendors. According to a recent [Deloitte Global Outsourcing survey](#), 78% of business owners feel optimistic about their relationship with outsourcing partners.

While it's possible to have a negative experience with a vendor, that doesn't mean all outsourcing partners are

flawed. Finding the right vendor partners is just about doing your due diligence. Read reviews, ask other companies about their experiences, and shop around until you find the right match. Just as it is in your best interest to provide quality services, so is it for an outsourcing company to do the same.



44.7% said they outsourced because it removes some financial liability.

Myth #4: **Outsourcing Is for Big Businesses**

Although outsourcing companies are more attracted to big clients, they don't shut the door to small and medium-sized enterprises. The outsourcing industry chooses no size

because of the cost savings that SMEs can get from outsourcing.

At PropLogix, we serve a variety of title businesses, from [small law offices with one closer/paralegal](#) to big, national title companies.

A successful vendor-partner knows to diversify their client type by serving some large and many small-to-medium sized companies so that losing one large client doesn't collapse their operations. When vetting an outsourcing partner, ensure you're asking about their client mix too.

Myth #5: **Outsourcing Is Unethical**

In many western countries, offshoring is considered unethical as it's often associated with job loss, and low pay for offshore employees. However, if the well-being of your own employees is taken into consideration, outsourcing can be the most ethical action a business can take.

Outsourcing doesn't necessarily mean off-shoring the work. There are many outsourcing companies within the US that must abide by the labor standards within our country – i.e. fair pay, benefits, healthcare, and so on.

Myth #6: **I Could Do it Faster if I Do It Myself**

It's easy to think that taking the time to place an order with your outsource vendor is going to take you just as long as it would if you were to just do the task yourself.

Title consultant Kay Undewood-Zach said this may be true if you had the luxury of focusing on one thing at a time, but for most title agents, that is never the case:

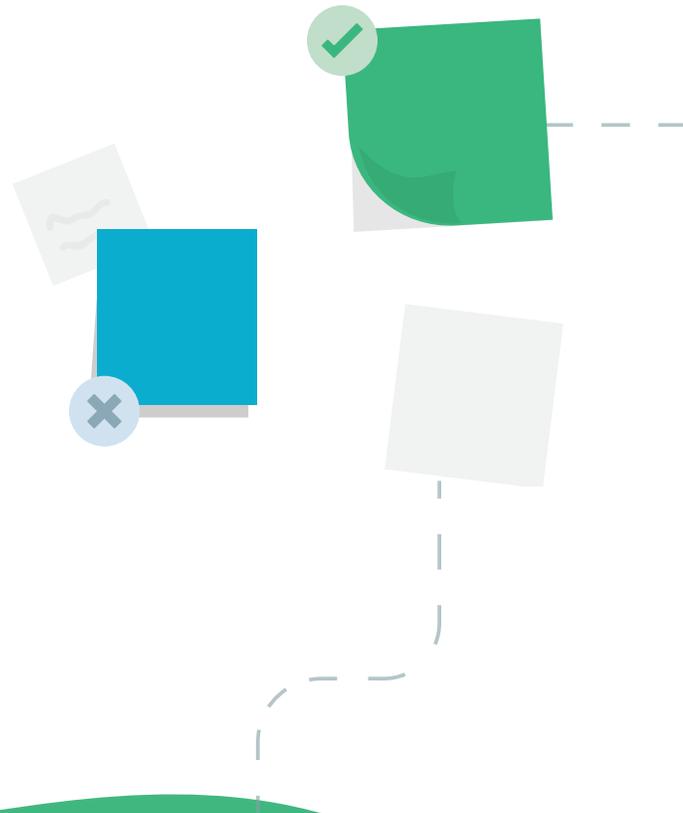


“We’re generally doing 82 things at a time. If you’re in a bubble and you’re just doing that one function, you’re right, you can do it faster, but when you multiply it over 50, or 60, or 100 files - now you’re talking measurable time savings and you can concentrate on the other 81 things you were doing.”



How to Identify Which Tasks to Outsource

While outsourcing can be done for numerous tasks, it's important to know what duties should be done in-house and what tasks should be outsourced. We'll take a look at some types of tasks you should consider outsourcing:



Rule of Thumb: Outsource Tasks That Not Customer Facing

"I don't think you outsource anything that is customer facing."
- Kay Underwood-Zach, *Title Insurance Consultants, LLC*

Title is a relationship business. Many tasks are dependent on other people and you don't want to put anyone in any sort of position that jeopardizes relationships built.

When you look at a task to see if it makes sense to outsource it, ask yourself:

1. Can you define it?
2. Is it a definite start/stop?
3. Can you measure the success of it?



Repetitive Tasks

Workers spend at least 69 workdays a year completing repetitive tasks that could be outsourced. There are plenty of tasks out there that would be more efficient to find someone else to do for you, and it would free you up so that you can concentrate on the more important aspects of your title business.



Tasks That Do Not Generate Revenue

Time is money. How a title company maximizes their time becomes the primary differentiator between success and greater success. The advantages of outsourcing tasks that do not generate revenue can provide you the leverage to concentrate more on producing sales and effective customer service.



Tasks That Are Not a Good Use of Your Talent's Time

By empowering employees with the resources and time needed for more strategic work, you enhance their overall job satisfaction.

Title Production is Ideal for Outsourcing

Many tasks that fall under the title production umbrella are ideal for outsourcing because they meet this criteria. They are most often time-consuming start-to-finish tasks that involved back and forth communication revolving around a specific outcome. They are not customer-facing and therefore can be done by just about anyone with the time and the understanding of how to do it.

Eliminate pesky, repetitive tasks by working with a vendor partner.

What Title Production Can Be Outsourced



Outsourcing has long been a norm in the title industry, and today is more necessary than ever. The wide range of skills and expertise now required can oftentimes best be found in specialized teams.

Below we break down the most common due diligence services title professionals outsource:



Title Searches and Reports



Judgment Searches



Municipal Lien Search



Certifications of Good Standing



Tax Reports or Tax Certificates



Association Research and Certificates



Land Surveys



Release & Payoff Tracking



UCC Searches



Title Curing or Title Clearing



Zoning Letters

How Commonly Do Title Professionals Outsource These Task and Why?

According to data from the 2021 State of the Title Industry Survey, these are the rates at which title professionals outsource specific parts of title production or due diligence and reasons as to why.



Municipal Lien Searches

There's a lot of time and energy put into a municipal search and outsourcing can **reduce the risks**. Outsourcing provides a safety net from the "gap" risk from delayed lien information and allows access to uncovering unrecorded property debt not accessible in the public record.



Title Searches

Title processors are bogged down with many tasks related to the title search and outsourcing can **eliminate the strain of labor costs**.

"We outsource for scalability." - 2021 State of the Title Industry Respondent



Tax Reports

Outsourcing tax reports allows **increased focus on core, revenue producing business**. By outsourcing, title professionals are taking the burden of mastering an array of tax authority technicalities away from their own offices. This allows more focus on core business functions. Meanwhile, tax reports will be completed quickly and smoothly by experts.



HOA Certificates/Association Estoppels

Understanding HOA is a niche area for attracting talent. Outsourcing HOA Certificates/Estoppels **reduces the need for hiring and training** new staff and allows access to a larger talent pool to get the job done right.



“We do not have the resources [to perform this work ourselves.]”

- 2021 State of the Title Industry Respondent



Release Tracking

Outsourcing release tracking services allows agents to move onto the next closing. A separate department is not needed when most of the non-core tasks are in the hands of experts elsewhere. Outsourcing **saves time and quickly resolves post-closing problems.**



Title Curative and Clearing

While Title Curative and Clearing hasn't historically been outsourced, it is starting to become more common. It can be a tedious process to clear title issues and **often one of the most time consuming tasks.** Outsourcing allows the detective work and responsibility is taken off your hands.

“[Outsourcing] provides a base for us to dig deeper if necessary.”

- 2021 State of the Title Industry Respondent



UCC Searches

UCC Searches and Certificates of Good Standing are **specialized operations** and title professionals look for someone they can trust to complete the research.

Title companies look to improve their organizational **focus and productivity.** Sitting on the phone with a property manager late in delivering a homeowner's association estoppel letter or constantly emailing and faxing municipalities for current water and sewer information isn't how anyone wants to spend their time.

45% of respondents say they outsource because the experts perform searches better and faster than they can.

What to Look For in an Outsourcing Partner



There are many outsourcing companies to compare when searching for a provider that can handle your order volumes - though not all are created equal. There are some key characteristics to seek out in a third-party provider of due diligence services.

Today, the market is flooded with due diligence companies that claim to offer top-notch services. **But the best have unique features that set them apart from the crowd, including:**

 An easy-to-use ordering platform where one can request, track, cancel, and pay for services

 Title production software integrations that make ordering seamless

 Highly specialized teams in their areas of service and geographical niche

 Timely communication and outstanding customer service

 Experience in the industry and a well-established reputation

 An online resource for information on services and the industry

 High-quality standards and positive reviews

 Capacity to scale with your operation's volume

“This is a relationship and it has to be managed and when you need support, you need somebody that’s going to answer the dang phone. What does that look like with the vendors? These are all things you have every right to ask and you should ask.”

- **Kay Underwood-Zach**
Title Insurance Consultants, LLC

[Looking for a vendor? Evaluate the PropLogix difference.](#)

Shifting to a Growth Mindset

For many organizations, there is no dedicated sales or marketing staff. Those responsible for the transaction are often also responsible for growth.

In our 2021 State of the Title Industry survey, of those surveyed who were responsible for closings,



43% said they were also responsible for client retention and



25% said they were responsible for bringing on new clients.

Title sales coach, Darryl Turner, has said that the best people to focus on retention and sales are your closers - the ones that own that client relationship. If these people, who are the heartbeat of your business can spend more time fostering relationships, your business will grow. You'll reduce attrition.

"The best person to sell is the one doing it - interacting with the customers. Because whether they realize it or not, they're selling themselves every time they have an interaction. So you take your inside staff and say, let's capitalize on creating experience that will cause people to want to come back."

Turner says that it's that experience and dedication to all parties involved in the transaction that allow you to keep customers and get new ones on the other side of the file because the interaction was just that good.

Giving good experiences takes time and effort, which can be in short supply when your team is loaded down with routine and repetitive tasks.

For more information about growing your title business, please see our video interview with Darryl Turner on ["How to Grow Your Customer Base."](#)

[Our goal at PropLogix is to support you in what you do, because we want to see your company thrive. Let's talk about how we can do that.](#)



support@proplogix.com

941-444-7142

5901 N Honore Ave, Sarasota, FL 34243