



2022 LEADERSHIP PROGRAM

# Financial Management & Metrics

May 3-4, 2022

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# Today



- Using Financial Reports to Manage Your Business
- Managing Productivity & Personnel Expense Control
- Charting the course - Projecting / Forecasting

# Key Metrics to Manage your Business

Performance management starts with figuring out **what to measure**



Pharma: Return on R&D



Restaurants: Revenue per Guest



Airline: Revenue Passenger Miles, Yield per Passenger Mile, Load Factor



Office Space: TPS Reports



Baseball: Batting Average, On Base Percentage, ERA, Hits, Strikeouts, Walks, Wins above replacement



## Title Insurance



Profit Margin

REVENUE (↑)

Analyze to pinpoint Opportunities/Weaknesses

EXPENSES



**Personnel Expense**  
~35-50% of our Revenue  
70% of our Expense

**Productivity**

OFPE: Open Orders/FTE's  
CFPE: Closed Orders/FTE's



# Budget to Actual Comparison

**CURRENT MONTH COMPARED TO SAME MONTH PRIOR YEAR AND CURRENT MONTH BUDGET**

**YTD COMPARED TO PRIOR YEAR YTD AND YTD BUDGET**

	Prior & Current Year Actual Budget Comparison								Current Period: Mar-18				YTD-Actual	
	PTD-Actual		Var From		PTD-Budget		Var From		YTD-Actual	Var From	Var From	Var From	YTD-Actual	Var From
	Mar-22	Mar-21	Pr Yr\$	Pr Yr%	Mar-22	Budget\$	Budget%	Mar-18	Pr YTD\$	Pr YTD %	D\$	Budget YTD%	Mar-22	Pr YTD %
Direct Premiums	1,465,643	1,398,412	67,231	4.81	1,502,432	(36,789)	(2.45)	3,850,423	3,657,019	193,404	5.29	8,004	1.00	
Endorsements	208,139	200,442	7,697	3.84	214,813	(6,675)	(3.11)	539,014	512,055	26,959	5.26	4,695	2.80	
Reinsurance Premiums	(18,645)	(18,612)	(33)	0.18	(18,695)	50	(0.27)	(52,413)	(50,199)	(2,214)	4.41	(974)	1.89	
Escrow Fees	1,796,300	1,721,004	75,296	4.38	1,824,513	(28,213)	(1.55)	4,745,124	4,507,649	237,475	5.27	7,310	0.37	
Other Fees and Income	1,014,528	998,743	15,785	1.58	1,025,613	(11,085)	(1.08)	2,672,419	2,538,044	134,375	5.29	2,019	(1.07)	
<b>Total Revenue</b>	<b>4,465,965</b>	<b>4,299,989</b>	<b>165,976</b>	<b>3.86</b>	<b>4,548,676</b>	<b>(82,711)</b>	<b>(1.82)</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>	<b>10,016</b>	<b>0.34</b>	
<b>Total Net Revenue</b>	<b>4,465,965</b>	<b>4,299,989</b>	<b>165,976</b>	<b>3.86</b>	<b>4,548,676</b>	<b>(82,711)</b>	<b>(1.82)</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>	<b>10,016</b>	<b>0.34</b>	
Personnel Cost	1,922,240	1,889,012	33,228	1.76	1,945,113	(22,873)	(1.18)	5,377,215	5,381,291	(4,076)	(0.08)	2,333	(0.17)	
Facilities	218,814	217,423	1,391	0.64	219,014	(200)	(0.09)	387,349	381,976	5,373	1.41	(611)	(0.09)	
Title Plant	156,538	144,614	11,924	8.25	161,219	(4,681)	(2.90)	24,415	23,148	1,267	5.47	(285)	(2.34)	
Advertising / Marketing	7,595	7,811	(216)	(2.76)	8,014	(419)	(5.22)	86,431	85,019	1,412	1.66	403	1.68	
Supplies / Postage	31,435	32,415	(980)	(3.02)	32,119	(684)	(2.13)	0	200	(200)	(100.00)	993	1.16	
Travel & Entertainment	43,274	45,019	(1,745)	(3.88)	41,119	2,155	5.24	865,430	864,249	1,181	0.14	(720)	(1.49)	
Bad Debt Expense	2,931	0	2,931	#DIV/0!	0	2,931	#DIV/0!	460,891	437,753	23,138	5.29	0	#DIV/0!	
Other Operating Expense	291,518	289,413	2,105	0.73	289,012	2,506	0.87	101,422	103,482	(2,060)	(1.99)	(582)	(0.30)	
Underwriting Expense	175,747	168,359	7,388	4.39	180,482	(4,735)	(2.62)	8,065,582	8,034,675	30,907	0.38	(5,533)	1.22	
Loss Expense	35,175	32,413	2,762	8.52	36,413	(1,238)	(3.40)	8,065,582	8,034,675	30,907	0.38	(1,017)	(0.99)	
<b>Total Expenses</b>	<b>2,885,267</b>	<b>2,826,479</b>	<b>58,788</b>	<b>2.08</b>	<b>2,912,505</b>	<b>(27,238)</b>	<b>(0.94)</b>	<b>3,688,985</b>	<b>3,129,893</b>	<b>559,092</b>	<b>17.86</b>	<b>7,619</b>	<b>(0.22)</b>	
Pretax Before Amortization	1,580,697	1,473,510	107,188	7.27	1,636,171	(55,473)	(3.39)	3,688,985	3,129,893	559,092	17.86	7,635	1.59	
Pretax After Amortization	1,580,697	1,473,510	107,188	7.27	1,636,171	(55,473)	(3.39)	3,688,985	3,129,893	559,092	17.86	7,635	1.59	
<b>Net Profit / Loss</b>	<b>1,580,697</b>	<b>1,473,510</b>	<b>107,188</b>	<b>7.27</b>	<b>1,636,171</b>	<b>(55,473)</b>	<b>(3.39)</b>	<b>3,688,985</b>	<b>3,129,893</b>	<b>559,092</b>	<b>17.86</b>	<b>7,635</b>	<b>1.59</b>	
Statistical Information														
Open Orders	3,479	3,214	265	8.25	3,580	(101)	(2.82)	8,625	8,642	(17)	(0.20)	(189)	(2.14)	
Closed Orders	2,330	2,219	111	5.00	2,395	(65)	(2.71)	6,219	5,954	265	4.45	(39)	(0.62)	
Full Time/Temp Employees	127.00	128.00	(1.00)	(0.78)	126.00	1	0.79	378.00	384.00	(6)	(1.56)	0	0.00	
Allocated Employees	57.00	57.00	0.00	0.00	57.00	0	0.00	171.00	171.00	0	0.00	0	0.00	
Avg Fee Per File	1,917	1,938	(21)	(1.09)	1,899	17	0.92	171.00	171.00	0	0.00	18	0.97	
Open Orders per Employee	18.91	17.37	1.53	8.83	19.56	(1)	(3.35)	1,890	1,875	15	0.80	(0)	(2.14)	
Closed Orders Per Employee	12.66	11.99	0.67	5.57	13.09	(0)	(3.24)	15.71	15.57	0	0.89	(0)	(0.62)	
Labor Ratio	43.04	43.93	(0.89)	(2.02)	42.76	0	0.65	11.33	10.73	1	5.59	0	(0.51)	
Gross Margin (Pretax before Amort)	35.39	34.27	1.13	3.29	35.97	(32.68)	(90.86)	11.33	10.73	1	5.59	0	1.24	
Net Margin (Pretax before Amort)	35.39	34.27	1.13	3.29	35.97	(32.68)	(90.86)	11.33	10.73	1	5.59	0	1.24	
Avg U/W Fee Rate	10.50	10.53	(0.03)	(0.28)	10.51	(10.79)	(102.71)	45.75	48.20	(2)	(5.09)	(0)	(0.00)	
								31.38	28.03	3	11.95			
								31.38	28.03	3	11.95			
								10.50	10.50	(0)	(0.00)			

# Analyzing YTD Revenue

	YTD-Actual Mar-22	YTD-Actual Mar-21	Var From Pr YTD\$	Var From Pr YTD%
Direct Premiums	3,850,423	3,657,019	193,404	5.29
Endorsements	539,014	512,055	26,959	5.26
Reinsurance Premiums	(52,413)	(50,199)	(2,214)	4.41
Escrow Fees	4,745,124	4,507,649	237,475	5.27
Other Fees and Income	2,672,419	2,538,044	134,375	5.29
<b>Total Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
<b>Total Net Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
<b>Statistical Information</b>				
Open Orders	8,625	8,642	(17)	(0.20)
Closed Orders	5,922	5,954	(32)	(1.00)
Full Time/Temp Employees	378.00	384.00	(6.00)	(1.56)
Allocated Employees	171.00	171.00	0.00	0.00
<b>Avg Fee Per File</b>	<b>1,985</b>	<b>1,875</b>	<b>110</b>	<b>5.87</b>
Open Orders per Employee	15.71	15.57	0.14	0.89
Closed Orders Per Employee	11.33	10.73	0.60	5.59
Labor Ratio	45.75	48.20	(2.45)	(5.09)
Gross Margin (Pretax before Amort)	31.38	28.03	3.35	11.95
Net Margin (Pretax before Amort)	31.38	28.03	3.35	11.95
Avg U/W Fee Rate	10.50	10.50	(0.00)	(0.00)

- Are we growing?
- Why are we growing?
  - Increase in average fee?
  - Increase in Closed Orders?
- By segment?

Segment (FNTG Closed Orders)	2017	2018	Variance
Resale	4518	4524	0%
Refi	897	857	-4%
New Construction	321	309	-4%
Commercial	218	232	6%
<b>TOTAL</b>	<b>5954</b>	<b>5922</b>	<b>-1%</b>

- What did the market do?

Segment (Market Activity)	2017	2018	Variance
Resale	22590	23268	3%
Refi	5980	6010	1%
New Construction	1783	1710	-4%
Commercial	1090	1155	6%
<b>TOTAL</b>	<b>31443</b>	<b>32143</b>	<b>2%</b>

## Summary:

We grew revenue due to an increase in our Average Fee. We lost share in our 2 largest business segments.

## Metrics Used:

Revenue  
 AFPF  
 Closed Orders (Total)  
 Closed Orders (by Segment)  
 Market Statistics

**Outperforming the Market =  
Market Share Growth**

# Analyzing YTD Revenue

- Are we growing?
- Why are we growing?
  - Increase in average fee?
  - Increase in Closed Orders?
- Which segment?

Segment (FNTG Closed Orders)	2017	2018	Variance
Resale	4518	4724	5%
Refi	897	954	6%
New Construction	321	309	-4%
Commercial	218	232	6%
<b>TOTAL</b>	<b>5954</b>	<b>6219</b>	<b>4%</b>



- What did the market do?

Segment (Market Activity)	2017	2018	Variance
Resale	22590	23268	3%
Refi	5980	5382	-10%
New Construction	1783	1710	-4%
Commercial	1090	1155	6%
<b>TOTAL</b>	<b>31443</b>	<b>31515</b>	<b>0%</b>

## Summary:

We grew revenue 5% by growing market share in 2 of our 4 segments.

## Metrics Used:

Revenue

AFPF

Closed Orders (Total)

Closed Orders (by Segment)

Market Statistics

Item	YTD-Actual	YTD-Actual	Var From	Var From
	Mar-22	Mar-21	Pr YTD\$	Pr YTD%
Direct Premiums	3,850,423	3,657,019	193,404	5.29
Endorsements	539,014	512,055	26,959	5.26
Reinsurance Premiums	(52,413)	(50,199)	(2,214)	4.41
Escrow Fees	4,745,124	4,507,649	237,475	5.27
Other Fees and Income	2,672,419	2,538,044	134,375	5.29
<b>Total Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
<b>Total Net Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
Statistical Information				
Open Orders	8,625	8,642	(17)	(0.20)
Closed Orders	6,219	5,954	265	4.45
Full Time/Temp Employees	378.00	384.00	(6)	(1.56)
Allocated Employees	171.00	171.00	0	0.00
Avg Fee Per File	1,890	1,875	15	0.80
Open Orders per Employee	15.71	15.57	0	0.89
Closed Orders Per Employee	11.33	10.73	1	5.59
Labor Ratio	45.75	48.20	(2)	(5.09)
Gross Margin (Pretax before Amort)	31.38	28.03	3	11.95
Net Margin (Pretax before Amort)	31.38	28.03	3	11.95
Avg U/W Fee Rate	10.50	10.50	(0)	(0.00)



# YTD Expense and Incremental Margin

Analyzing Expenses – Revenue Up

Item	YTD-Actual Mar-22	YTD-Actual Mar-21	Var From Pr YTD\$	Var From Pr YTD%
Direct Premiums	3,850,423	3,657,019	193,404	5.29
Endorsements	539,014	512,055	26,959	5.26
Reinsurance Premiums	(52,413)	(50,199)	(2,214)	4.41
Escrow Fees	4,745,124	4,507,649	237,475	5.27
Other Fees and Income	2,672,419	2,538,044	134,375	5.29
<b>Total Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
<b>Total Net Revenue</b>	<b>11,754,567</b>	<b>11,164,568</b>	<b>589,999</b>	<b>5.28</b>
Personnel Cost	5,523,215	5,381,291	141,924	2.64
Facilities	648,714	642,119	6,595	1.03
Title Plant	387,349	381,976	5,373	1.41
Advertising / Marketing	24,415	23,148	1,267	5.47
Supplies / Postage	86,431	85,019	1,412	1.66
Travel & Entertainment	113,715	115,438	(1,723)	(1.49)
Bad Debt Expense	0	200	(200)	(100.00)
Other Operating Expense	865,430	864,249	1,181	0.14
Underwriting Expense	460,891	437,753	23,138	5.29
Loss Expense	101,422	103,482	(2,060)	(1.99)
<b>Total Expenses</b>	<b>8,211,582</b>	<b>8,034,675</b>	<b>176,907</b>	<b>2.20</b>
Pretax Before Amortization	3,542,985	3,129,893	413,092	13.20
Pretax After Amortization	3,542,985	3,129,893	413,092	13.20
<b>Net Profit / Loss</b>	<b>3,542,985</b>	<b>3,129,893</b>	<b>413,092</b>	<b>13.20</b>
Statistical Information				
Open Orders	8,625	8,642	(17)	(0.20)
Closed Orders	6,219	5,954	265	4.45
Full Time/Temp Employees	378.00	384.00	(6.00)	(1.56)
Allocated Employees	171.00	171.00	0.00	0.00
Avg Fee Per File	1,890	1,875	15	0.80
Open Orders per Employee	15.71	15.57	0.14	0.89
Closed Orders Per Employee	11.33	10.73	0.60	5.59
Labor Ratio	47.00	48.20	(1.20)	(2.49)
Gross Margin	30.14	28.03	2.11	7.53
(Pretax before Amort)				
Net Margin	30.14	28.03	2.11	7.53
(Pretax before Amort)				
Avg U/W Fee Rate	10.5	10.5	0.00	0.00

- When Revenue is Increasing, Profit should be Increasing at a greater rate.
- Personnel costs should not increase as quickly as orders and revenue  
Alternate means to complete work (OT) | Productivity gains achieved | Lower cost per order / Economies of Scale
- Fixed costs are already covered/spread out over greater base (i.e., facilities)  
Expense increases should be reviewed and justified
- Maximized profit gain!

Incremental Margin:

**70%**

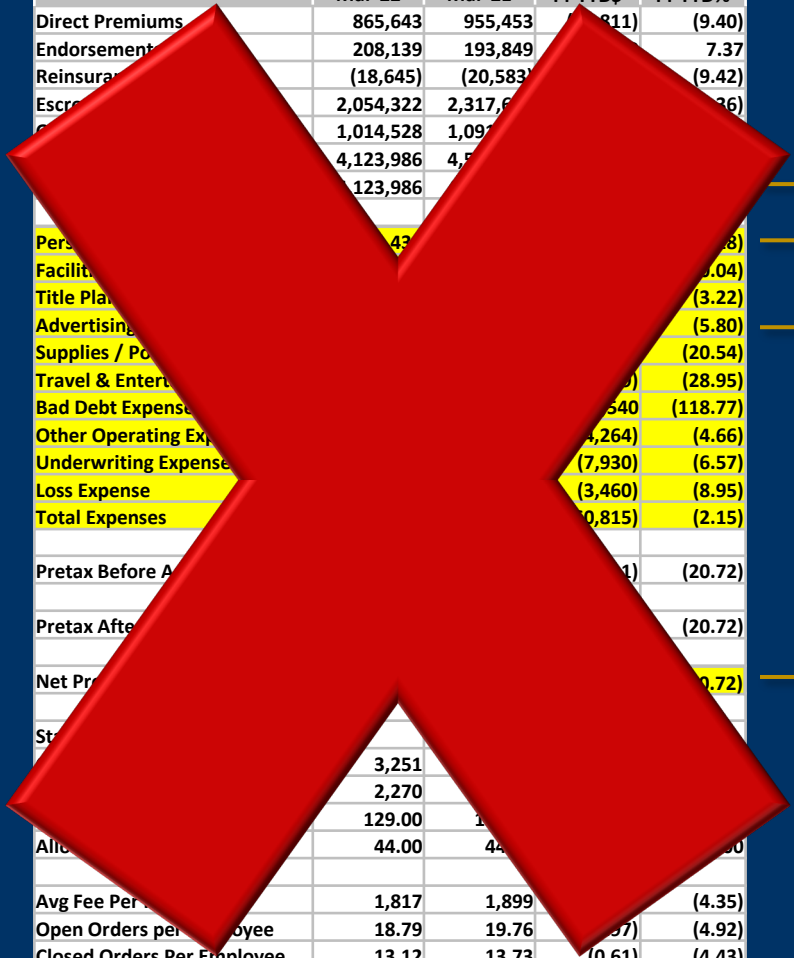
Increase in Net Profit ÷ Increase in Net Revenue  
(\$413,092 ÷ \$589,999)

Increased Margin

# YOY Expense and Incremental Savings

Analyzing Expenses – Revenue Down

Item	YTD	YTD	Var From	Var From
	Actual Mar-22	Actual Mar-21	Pr YTD\$	Pr YTD%
Direct Premiums	865,643	955,453	(89,811)	(9.40)
Endorsement	208,139	193,849	14,290	7.37
Reinsurance	(18,645)	(20,583)	1,938	(9.42)
Escrow	2,054,322	2,317,600	(263,278)	(11.36)
Commissions	1,014,528	1,097,000	(82,472)	(7.52)
Other	4,123,986	4,500,000	(376,014)	(8.36)
<b>Total Expenses</b>	<b>7,252,983</b>	<b>7,813,626</b>	<b>(560,643)</b>	<b>(7.18)</b>
Personnel	4,123,986	4,500,000	(376,014)	(8.36)
Facilities	100,000	100,000	0	0.00
Title Plans	100,000	100,000	0	0.00
Advertising	100,000	100,000	0	0.00
Supplies / Postage	100,000	100,000	0	0.00
Travel & Entertainment	100,000	100,000	0	0.00
Bad Debt Expense	100,000	100,000	0	0.00
Other Operating Expenses	100,000	100,000	0	0.00
Underwriting Expense	100,000	100,000	0	0.00
Loss Expense	100,000	100,000	0	0.00
<b>Total Expenses</b>	<b>7,252,983</b>	<b>7,813,626</b>	<b>(560,643)</b>	<b>(7.18)</b>
Pretax Before Amort				(20.72)
Pretax After Amort				(20.72)
Net Profit				(20.72)
Stipend	3,251	3,251	0	0.00
Allowance	2,270	2,270	0	0.00
Allocated	129.00	129.00	0	0.00
Allocated	44.00	44.00	0	0.00
Avg Fee Per Order	1,817	1,899	(82)	(4.35)
Open Orders per Employee	18.79	19.76	(0.97)	(4.92)
Closed Orders Per Employee	13.12	13.73	(0.61)	(4.43)
Labor Ratio	46.30	42.58	3.72	8.73
Gross Margin (Pretax before Amort)	32.73	37.52	(4.79)	(12.77)
Net Margin (Pretax before Amort)	32.73	37.52	(4.79)	(12.77)
Avg U/W Fee Rate	10.50	10.50	(0.00)	(0.00)



- When Revenue is Decreasing, managing personnel cost is critical.
- Personnel is the largest expense item and the most controllable
- Even with adequate control of the non Personnel Categories, without close management of Personnel, Margin will unnecessarily decline.

Profit Maximized?

Incremental Savings:

34%

Decrease in Expenses ÷ Decrease in Revenue  
(\$60,815 / \$413,626)



# Managing Personnel Cost

## Productivity Ratios

Item	YTD-Actual Mar-22	YTD-Actual Mar-21	Var From Pr YTD\$	Var From Pr YTD%
Direct Premiums	865,643	955,453	(89,811)	(9.40)
Endorsements	208,139	193,849	14,289	7.37
Reinsurance Premiums	(18,645)	(20,583)	1,938	(9.42)
Escrow Fees	2,054,322	2,317,670	(263,348)	(11.36)
Other Fees and Income	1,014,528	1,091,223	(76,695)	(7.03)
Total Revenue	4,123,986	4,537,612	(413,626)	(9.12)
Total Net Revenue	4,123,986	4,537,612	(413,626)	(9.12)
Personnel Cost	1,909,431	1,932,235	(22,804)	(1.18)
Facilities	202,419	202,503	(84)	(0.04)
Title Plant	137,814	142,404	(4,590)	(3.22)
Advertising / Marketing	7,595	8,063	(468)	(5.80)
Supplies / Postage	31,435	39,561	(8,126)	(20.54)
Travel & Entertainment	43,274	60,904	(17,629)	(28.95)
Bad Debt Expense	2,931	(15,609)	18,540	(118.77)
Other Operating Expense	291,518	305,783	(14,264)	(4.66)
Underwriting Expense	112,747	120,677	(7,930)	(6.57)
Loss Expense	35,175	38,635	(3,460)	(8.95)
Total Expenses	2,774,339	2,835,155	(60,815)	(2.15)
Pretax Before Amortization	1,349,647	1,702,457	(352,811)	(20.72)
Pretax After Amortization	1,349,647	1,702,457	(352,811)	(20.72)
Net Profit / Loss	1,349,647	1,702,457	(352,811)	(20.72)
Statistical Information				
Open Orders	3,251	3,439	(188)	(5.47)
Closed Orders	2,270	2,389	(119)	(4.98)
Total Employees	173.00	174.00	(1.00)	(0.60)
Avg Fee Per File	1,817	1,899	(83)	(4.35)
Open Orders per Employee	18.79	19.76	(0.97)	(4.92)
Closed Orders Per Employee	13.12	13.73	(0.61)	(4.43)
Labor Ratio	46.30	42.58	3.72	8.73
Gross Margin	32.73	37.52	(4.79)	(12.77)
(Pretax before Amort)				
Net Margin	32.73	37.52	(4.79)	(12.77)
(Pretax before Amort)				
Avg U/W Fee Rate	10.50	10.50	(0.00)	(0.00)

**OFPE**  
Open Files Per Employee

**CFPE**  
Closed Files Per Employee

Item	YTD-Actual Mar-22	YTD-Actual Mar-21	Var From Pr YTD\$	Var From Pr YTD%
Direct Premiums	865,643	955,453	(89,811)	(9.40)
Endorsements	208,139	193,849	14,289	7.37
Reinsurance Premiums	(18,645)	(20,583)	1,938	(9.42)
Escrow Fees	2,054,322	2,317,670	(263,348)	(11.36)
Other Fees and Income	1,014,528	1,091,223	(76,695)	(7.03)
Total Revenue	4,123,986	4,537,612	(413,626)	(9.12)
Total Net Revenue	4,123,986	4,537,612	(413,626)	(9.12)
Personnel Cost	1,750,462	1,932,235	(181,773)	(9.41)
Facilities	202,419	202,503	(84)	(0.04)
Title Plant	137,814	142,404	(4,590)	(3.22)
Advertising / Marketing	7,595	8,063	(468)	(5.80)
Supplies / Postage	31,435	39,561	(8,126)	(20.54)
Travel & Entertainment	43,274	60,904	(17,629)	(28.95)
Bad Debt Expense	2,931	(15,609)	18,540	(118.77)
Other Operating Expense	291,518	305,783	(14,264)	(4.66)
Underwriting Expense	112,747	120,677	(7,930)	(6.57)
Loss Expense	35,175	38,635	(3,460)	(8.95)
Total Expenses	2,615,370	2,835,155	(219,784)	(7.75)
Pretax Before Amortization	1,508,616	1,702,457	(193,842)	(11.39)
Pretax After Amortization	1,508,616	1,702,457	(193,842)	(11.39)
Net Profit / Loss	1,508,616	1,702,457	(193,842)	(11.39)
Statistical Information				
Open Orders	3,251	3,439	(188)	(5.47)
Closed Orders	2,270	2,389	(119)	(4.98)
Total Employees	164.50	174.00	(9.50)	(5.46)
Avg Fee Per File	1,817	1,899	(83)	(4.35)
Open Orders per Employee	19.76	19.76	(0.00)	(0.01)
Closed Orders Per Employee	13.80	13.73	0.07	0.51
Labor Ratio	42.45	42.58	(0.14)	(0.32)
Gross Margin	36.58	37.52	(0.94)	(2.50)
(Pretax before Amort)				
Net Margin	36.58	37.52	(0.94)	(2.50)
(Pretax before Amort)				
Avg U/W Fee Rate	10.50	10.50	(0.00)	(0.00)

Incremental Savings



53%

Additional \$159,000 in Profit

Hooray!

# Open Orders as a Leading Indicator

## WSOB

### WEEKLY SUMMARY OF BUSINESS

- Orders monitored daily; data entered weekly
- Real time objective snapshot of order trends, revenue and staffing
- Can be easily compared to historical data
- Highlights areas we should focus our attention as Managers

ORDERS OPENED		
Title Only Opened-WTD	12	12
Title & Escrow Opened-WTD	225	225
Escrow Only Opened-WTD	55	55
<u>Total Opened-WTD</u>	292	292
Title Only Opened-MTD	93	93
Title & Escrow Opened-MTD	1,165	1,165
Escrow Only Opened-MTD	181	181
Total Opened-MTD	1,439	1,439
Avg Orders Per Day-MTD	65.41	65.41
Actual Orders Per Emp-MTD	24.81	24.81
Forecasted OPE-MTD	23.68	23.68
ORDERS CLOSED		
Title Only Closed-WTD	9	9
Title & Escrow Closed-WTD	183	183
Escrow Only Closed-WTD	29	29
<u>Total Closed-WTD</u>	221	221
Title Only Closed-MTD	37	37
Title & Escrow Closed-MTD	657	657
Escrow Only Closed-MTD	162	162
Total Closed-MTD	856	856
Avg Orders Per Day-MTD	38.91	38.91
Actual Orders Per Emp-MTD	14.76	14.76
Forecasted CPE-MTD	14.09	14.09
INDIRECT ORDERS		
<u>Indirect Opened-MTD</u>	0	0
<u>Indirect Closed-MTD</u>	0	0
EMPLOYEES		
<u>Full/Temp Employees-EOP</u>	46.00	46.00
<u>Allocated Employees-EOP</u>	12.00	12.00
<u>Total Employees-EOP</u>	58.00	58.00
REVENUE		
<u>Fees-WTD</u>	960,267	960,267
Total Fees of Prior Weeks	2,305,710	2,305,710
Total Fees-MTD	3,265,978	3,265,978
Daily Avg Fees-MTD	148,454	148,454
Forecasted M/E Revenue	3,117,524	3,117,524
Avg Fee Per File-MTD	3,815.39	3,815.39
Comm Revenue-WTD	182,461	182,461
Total Comm Revenue Prior Weeks	326,919	326,919
Total Comm Revenue-MTD	509,381	509,381

# Analyzing WSOB in Real Time

Item	Budget	MTD	WTD
# of days	21	16	5
Opens	1105	816	270
Closed	806	560	195
Revenue	\$1,450,000	\$952,119	\$312,000
Open Orders Per Day	52.6	51.0	54
Closed Orders Per Day	38.4	35.0	39
Revenue Per Day	\$69,048	\$59,507	\$62,400
Staff Count	49	49	49
OFPE	22.6	21.9	23.1
CFPE	16.4	15.0	16.7

Item	Budget	MTD	WTD
# of days	21	16	5
Opens	1105	816	250
Closed	806	560	195
Revenue	\$1,450,000	\$952,119	\$312,000
Open Orders Per Day	52.6	51.0	44
Closed Orders Per Day	38.4	35.0	39
Revenue Per Day	\$69,048	\$59,507	\$62,400
Staff Count	49	49	49
OFPE	22.6	21.9	18.9
CFPE	16.4	15.0	16.7

- Trailing our Budget/Target
- Trending Upward?

- Gap Widening

# Analyzing WSOB in Real Time

Item	Budget	MTD	WTD
# of days	21	16	5
Opens	1105	768	235
Closed	806	560	195
Revenue	\$1,450,000	\$952,119	\$312,000
Open Orders Per Day	52.6	48.0	40
Closed Orders Per Day	38.4	35.0	39
Revenue Per Day	\$69,048	\$59,507	\$62,400
Staff Count	49	49	49
OFPE	22.6	20.6	17.1
CFPE	16.4	15.0	16.7
Item	Budget	MTD	WTD
# of days	21	16	5
Opens	1105	768	225
Closed	806	560	195
Revenue	\$1,450,000	\$952,119	\$312,000
Open Orders Per Day	52.6	48	45
Closed Orders Per Day	38.4	35	39
Revenue Per Day	\$69,048	\$59,507	\$62,400
Staff Count	49	45	45
OFPE	22.6	22.4	21.0
CFPE	16.4	16.3	18.2

- 9-14% Gap in Budgeted Opens

- Staff Count adjusted to new environment

# Managing Personnel Cost

## Managing to Productivity Standards

### Improving Productivity and Managing Expense

- Manage 90 days in advance using Open Orders
- Reduction of flex hourly workers
- Reduce or eliminate Overtime
- Structure volume based incentives
- Be careful on the way up
- Cross Train
- Improve process, Improve or eliminate superfluous tasks
- Leverage technology to reduce man-hours spent on tasks that can be automated
- Outsourcing/FNFI - use offshore teams to perform tasks at lower expense levels
- Upgrade staff. Set the bar higher.  
Don't let average people bring the great people down.



# Where are we headed? – We have instruments!



# Projections



# Projecting – Opens / Closed / Revenue

JANUARY	FEBRUARY	MARCH	ITEM	APRIL	MAY	JUNE	CONSIDERATIONS
1665	1668	1820	Open Orders	2100	1980	1830	WSOB. Current Market Conditions Seasonality, New Customer/Sales Ins, Macro Economic Factors
225	175	125	Refi	125	110	85	
1250	1275	1450	Res Resale	1680	1550	1500	
175	200	225	Commercial	275	300	225	
15	18	20	Other	20	20	20	
1373	1381	1346	Closed Orders	1488	1713	1643	Open Orders / Trailing Closing Ratio: How long does it take to close an order? How many of the orders typically close?
185	180	140	Refi	100	100	88	
1050	1063	1058	Res Resale	1233	1428	1320	
130	130	140	Commercial	145	175	225	
8	8	8	Other	10	10	10	
\$2,257	\$2,265	\$2,399	Average Fee Per File	\$2,455	\$2,477	\$2,519	Look at historical info: Anything abnormal? Anything different going forward?
\$650	\$663	\$649	Refi	\$654	\$654	\$654	
\$2,402	\$2,187	\$2,512	Res Resale	\$2,500	\$2,500	\$2,500	
\$3,500	\$5,250	\$3,419	Commercial	\$3,465	\$3,465	\$3,465	
\$204	\$203	\$212	Other	\$200	\$200	\$200	
\$3,098,982	\$3,128,344	\$3,228,912	Revenue	\$3,652,325	\$4,243,775	\$4,139,177	MATHEMATICAL. Trust your assumptions

# Importance of Business Mix

JANUARY	FEBRUARY	MARCH	ITEM	APRIL	MAY	JUNE	CONSIDERATIONS
1665	1668	1820	Open Orders	2100	1980	1830	
225	175	125	Refi	125	110	85	
1250	1275	1450	Res Resale	1680	1550	1500	
175	200	225	Commercial	275	300	225	
15	18	20	Other	20	20	20	
1373	1381	1346	Closed Orders	1488	1713	1643	Same Closed Order Total <u>Different Business Mix</u>
185	180	140	Refi	300	350	350	
1050	1063	1058	Res Resale	1033	1178	1058	
130	130	140	Commercial	145	175	225	
8	8	8	Other	10	10	10	
\$2,257	\$2,265	\$2,399	Average Fee Per File	\$2,206	\$2,208	\$2,225	Overall AFPV lower due to a higher mix of lower fee orders
\$650	\$663	\$649	Refi	\$654	\$654	\$654	
\$2,402	\$2,398	\$2,512	Res Resale	\$2,500	\$2,500	\$2,500	
\$3,500	\$5,250	\$3,419	Commercial	\$3,465	\$3,465	\$3,465	
\$204	\$203	\$212	Other	\$200	\$200	\$200	
\$3,098,982	\$3,128,344	\$3,228,912	Revenue	\$3,283,125	\$3,782,275	\$3,655,525	MATHEMATICAL. Trust your assumptions
			Prior Example	\$3,652,325	\$4,243,775	\$4,139,177	
			Variance	\$369,200	\$461,500	\$483,652	\$1,314,352

# Staffing / Productivity

JANUARY	FEBRUARY	MARCH	ITEM	APRIL	MAY	JUNE
1665	1668	1820	Open Orders	2100	1980	1830
225	175	125	Refi	125	110	85
1250	1275	1450	Res Resale	1680	1550	1500
175	200	225	Commercial	275	300	225
15	18	20	Other	20	20	20
1373	1381	1346	Closed Orders	1488	1713	1643
185	180	140	Refi	100	100	88
1050	1063	1058	Res Resale	1233	1428	1320
130	130	140	Commercial	145	175	225
8	8	8	Other	10	10	10
\$2,257	\$2,265	\$2,399	Average Fee Per File	\$2,455	\$2,477	\$2,519
\$650	\$663	\$649	Refi	\$654	\$654	\$654
\$2,402	\$2,398	\$2,512	Res Resale	\$2,500	\$2,500	\$2,500
\$3,500	\$5,250	\$3,419	Commercial	\$3,465	\$3,465	\$3,465
\$204	\$203	\$212	Other	\$200	\$200	\$200
\$3,098,982	\$3,128,344	\$3,228,912	Revenue	\$3,652,325	\$4,243,775	\$4,139,177

89	87	88	FTE's	105	105	105
18.7	19.2	20.7	OFPE	20.0	18.9	17.4
15.4	15.9	15.3	CFPE	14.2	16.3	15.6
			FTE's	92	94	90
			OFPE	22.8	21.1	20.3
			CFPE	16.2	18.2	18.3
			Personnel Savings	\$65,000	\$55,000	\$75,000

◀ \$195,000 (Quarterly)



# Expenses

JANUARY	FEBRUARY	MARCH	ITEM	APRIL	MAY	JUNE	PROJECTION BASIS
1665	1668	1820	Open Orders	2100	1980	1830	
1373	1381	1346	Closed Orders	1488	1713	1643	
\$2,257	\$2,428	\$2,399	Average Fee Per File	\$2,455	\$2,477	\$2,519	
\$3,098,982	\$3,352,538	\$3,228,912	Revenue	\$3,652,325	\$4,243,775	\$4,139,177	

## Personnel Cost ▼

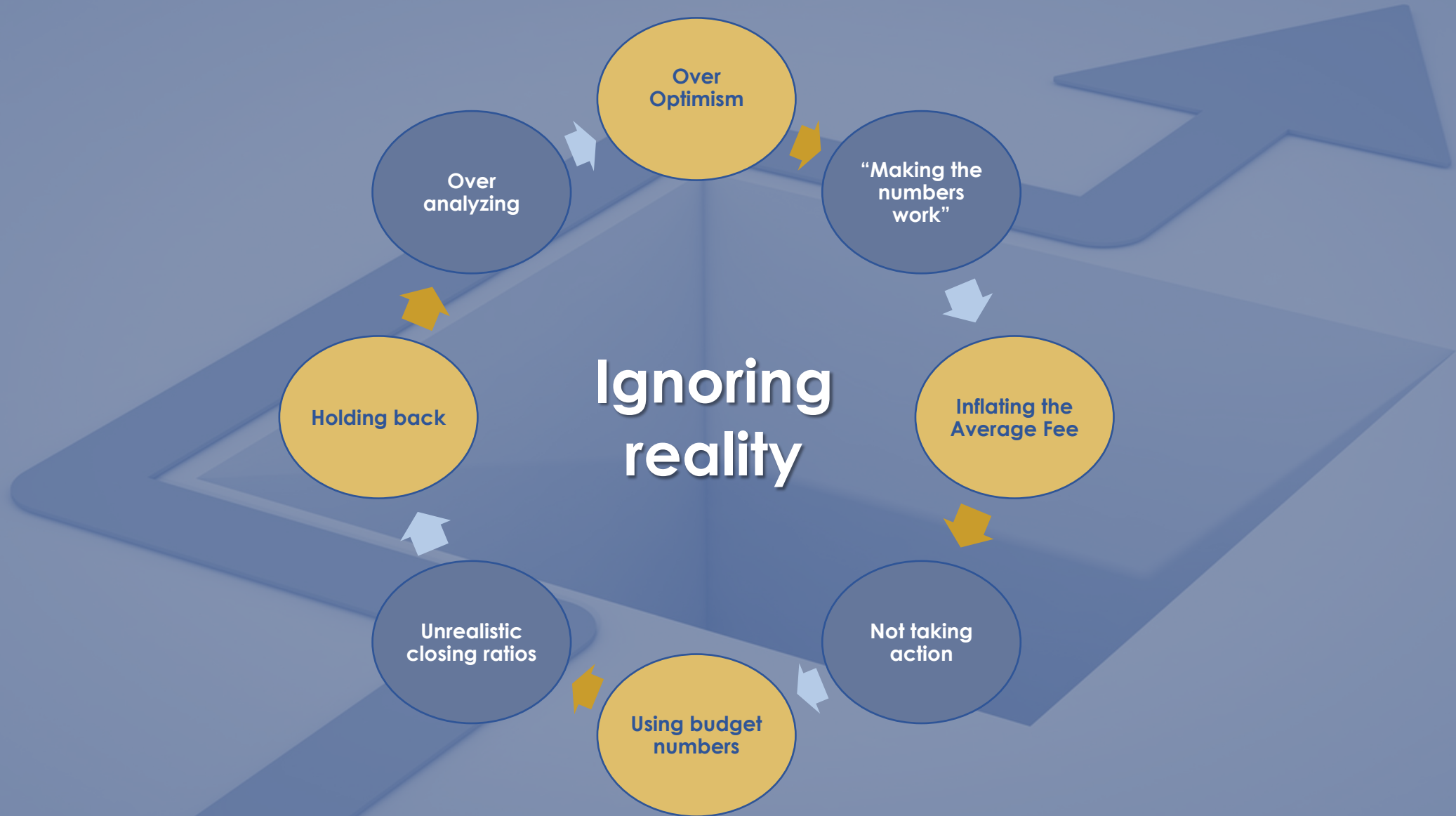
\$825,000	\$815,000	\$845,000	Salaries	\$850,000	\$905,000	\$880,000	+/-
\$8,000	\$6,000	\$12,000	Overtime	\$17,500	\$27,500	\$42,500	Pay periods, volume
\$235,000	\$225,000	\$228,000	Bonuses	\$260,000	\$280,000	\$298,000	Tied to Profit? Revenue? Find a formula
\$145,000	\$135,000	\$125,000	Commission	\$155,000	\$165,000	\$205,000	Typically, a % of revenue
\$115,000	\$113,000	\$122,000	Payroll Tax	\$132,000	\$128,000	\$124,000	% of salary/OT/Bonus/Commission (% is higher at beginning of year)
\$42,000	\$42,000	\$42,000	Benefits	\$46,000	\$47,500	\$48,000	varies based on staff count and enrollees
\$35,000	\$35,000	\$35,000	Allocations	\$37,500	\$37,500	\$37,500	Operation specific
\$500	\$500	\$500	Other	\$2,500	\$2,500	\$2,500	
\$1,405,500	\$1,371,500	\$1,409,500	Total Personnel Cost	\$1,500,500	\$1,593,000	\$1,637,500	

\$200,000	\$198,000	\$202,000	Facilities	\$200,000	\$210,000	\$200,000	New offices? New lease terms? Change in variable expenses?
\$75,340	\$83,250	\$83,400	Title Plant	\$91,000	\$105,000	\$99,000	Typically, a function of prior month's open orders
\$8,500	\$7,500	\$12,000	Advertising/marketing	\$13,500	\$15,000	\$14,000	Operation specific
\$28,500	\$34,325	\$34,525	Supplies/Postage	\$33,650	\$37,200	\$42,825	Operation specific
\$22,500	\$18,500	\$26,500	Travel & Entertainment	\$37,500	\$42,500	\$51,900	Operation specific
\$5,000	\$0	\$0	Bad Debt	\$0	\$0	\$0	Operation specific
\$275,000	\$270,000	\$275,000	Other Operating Expense	\$265,000	\$265,000	\$265,000	Operation specific
\$278,908	\$301,728	\$290,602	Underwriting Expense	\$308,709	\$343,940	\$330,526	% of Premium
\$45,000	\$40,000	\$62,500	Loss Expense	\$51,450	\$50,250	\$50,900	Operation specific
\$2,344,248	\$2,324,803	\$2,396,027	TOTAL EXPENSE	\$2,501,309	\$2,661,890	\$2,691,651	
\$754,734	\$1,027,735	\$832,885	NET PROFIT/LOSS	\$1,151,016	\$1,581,885	\$1,447,526	
24.3%	30.7%	25.8%	PROFIT MARGIN	31.5%	37.3%	34.9%	
89	87	88	FTE's	92	94	90	
18.7	19.2	20.7	OFPE	22.8	21.1	20.3	
15.4	15.9	15.2	CFPE	16.2	18.2	18.3	
45%	41%	44%	Labor Ratio	41%	39%	41%	

# Summary

Item	<u>YTD June 2022 (Projected)</u>	<u>YTD June 2022 (Budgeted)</u>	<u>YTD June 2021 (Actual)</u>
Revenue	\$21,715,709	\$22,262,600	\$22,485,486
Expense	\$14,919,928	\$15,583,820	\$15,964,695
Profit	\$6,795,781	\$6,678,780	\$6,520,791
Margin	31.3%	30.0%	29.0%
FTE's	540	560	558
OFPE	20.5	20.5	19.9
CFPE	16.6	16.9	16.8

# Projection Pitfalls



# Our Scorecard / Key Metrics

- **Financial Reports and Projections**
  - What's happened vs what's happening now
  - Where are we headed?
  - What actions can we take to adjust and improve?
- **Productivity**
  - OFPE
  - CFPE
  - Labor Ratio
- **Performance vs Market**
  - KPI
  - Identifies revenue opportunities

# Income Statement Comparison

## Title Insurance Industry

Includes Only Title Insurance Segments/Operations | For the three months ending December 31, 2021 (In millions)

<u>Q4 2021</u>	<u>FNF (a)</u>	<u>Ratios</u>	<u>FAF (b)</u>	<u>Ratios</u>	<u>STC (c)</u>	<u>Ratios</u>	<u>ORI (d)</u>	<u>Ratios</u>
<b>Total revenue - adjusted</b>	<b>3,196</b>		<b>2,241</b>		<b>956</b>		<b>1,197</b>	
<b>Total expenses</b>	<b>2,479</b>		<b>1,898</b>		<b>849</b>		<b>1,085</b>	
<b>Pretax earnings - adjusted</b>	<b>717</b>	<b>22.4%</b>	<b>343</b>	<b>15.3%</b>	<b>107</b>	<b>11.2%</b>	<b>112</b>	<b>9.4%</b>
Taxes	158	22.0%	72	21.0%	22	21.0%	24	21.0%
Noncontrolling interest/equity inv.	4		-		(5)		-	
<b>Net earnings - adjusted</b>	<b>\$ 563</b>	<b>17.6%</b>	<b>\$ 271</b>	<b>12.1%</b>	<b>\$ 80</b>	<b>8.3%</b>	<b>\$ 88</b>	<b>7.4%</b>





Thank you!

2022 LEADERSHIP PROGRAM

# Financial Management & Metrics

May 3-4, 2022

Presented by: Mike Cusack, Executive Vice President, Regional Manager

