



Strategically Correct

PROMOTING DIVERSITY, BOTH INTERNALLY and among the broader Mortgage Bankers Association (MBA) community, has long been an important objective for MBA. Beginning in 2005, the association took the next step by making diversity a critical business strategy for MBA.

Increasing the diversity of MBA's leadership, and supporting and promoting diversity within member companies are two goals adopted in MBA's 2005–2007 Strategic Operating Plan. MBA's board of directors, our officers and senior management team all strongly believe that diversity strengthens MBA, our members and our industry as we continue to reach out to increasingly diverse customers in an increasingly globalized marketplace.

Nevertheless, talking about issues with such tremendous social and political baggage as race, ethnicity and gender isn't easy. As we have begun to work on these diversity goals and talk about them among MBA staff and members, we have, of course, encountered a full range of views. Some see intentional efforts to increase diversity as synonymous with discrimination. Others immediately agree with and see the need for these goals.

Some will surely see our efforts as too little, too late. But I would venture to guess many people are in the same situation as I was when we first began this work: agreeing that reaching out to underrepresented segments of our community is the right thing to do, but not necessarily knowing exactly how greater diversity translates into a business advantage for our organization and our members.

I have a personal commitment to diversity—which, to me, means ensuring that people with different viewpoints help make the important decisions for an organization. I partly trace this to my experiences as a father of three girls. Before they came into my life, I did not recognize how much my

walk through the world as a white male informed my opinions and decisions.

So expanding racial, ethnic and gender diversity within MBA's membership and in MBA's leadership feels right to me on a personal level. But even more important, the concrete business case for this decision has become overwhelming in recent years as well.

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The strategic imperative

On the one hand, it's about connecting with, reflecting and thinking like your customers. The facts are not in dispute: This country and your customers are becoming more diverse. The 69 percent majority white population in the United States today is projected to move to 50 percent by 2050, according to the U.S. Census Bureau. Some lending executives indicate that in some states, like Texas and California, the minority population may become the majority by as early as 2010.

As the white population loses majority status, a work force that looks more like the communities being served will be a defining characteristic of successful companies. And this is particularly true

in the residential real estate market, where the gap between the white and the minority homeownership rates (76 percent for whites vs. 48.8 percent for African Americans and 49.7 percent for Hispanics) means there is tremendous opportunity in the minority market.

We reported on the "Hispanic Housing Boom" in an article by Steve Bergsman in January's issue of *Mortgage Banking*. In that article, Gary Acosta, the chairman and founder of the National Association of Hispanic Real Estate Professionals (NAHREP), San Diego, and an industry leader for whom I have a great deal of personal respect, explained that over the next 10 years, 40 percent of all new homebuyers will be minority and immigrant, with half of those being Latino. If you go out 20 years, that number doubles again.

But there may be unique business challenges in reaching out to some of these groups. Language barriers, financial practices, ingrained cultural habits related to credit and financial disclosure, and lack of familiarity with bank usage are all factors.

This country's Muslim mortgage market is also expected to take off, doubling in the coming years. But today only a handful of lenders have developed interest-free loans and other Koran-friendly products that will enable practicing U.S. Muslims (who are prohibited from paying interest) to achieve homeownership. In one program, it works like this: The lender purchases the property, sells it to the buyer and rolls the would-be cost of interest into the new sales price. Clearly, companies with employees from and real experience in these different communities will lead the way with this kind of innovation.

But it's not only about connecting with your customer. It's also about preparing your company for the changes that are ahead. As public and legal support for diversity initiatives increases, companies with an authentic and vigorous commitment to diversity

will be in a stronger legal, regulatory and public relations position.

It's also about making the best strategic business decisions. As technology and globalization bring rapid change to our industry, company leaders need to hear from a variety of viewpoints and life experiences before making strategic business decisions. A single, monolithic viewpoint can no longer keep up with the changing marketplace.

Diversity at MBA

As the solid business case for diversity in our industry has become apparent, MBA's leadership has recognized the need for diversity in its own ranks.

To be clear, we are of one mind that merit will remain the first and unwavering criterion for all leadership positions. But we also know that our mostly Caucasian, mostly male board of directors, boards of governors and committee leaders are not as diverse as the customers and employees of our members.

We are confident that there are many member-company employees as talented as our present active members, and they would give us the added benefit of bringing to the table important perspectives that we might otherwise miss.

So this is what we have set out to do. There are three specific goals articulated in MBA's strategic plan:

1. Increase the number of minorities and women within MBA's leadership and committee structures by 30 percent by September 2007.
2. Produce 3,000 graduates from our diversity programs in the education department by September 2007. That includes Path to Diversity and a whole host of other programs.
3. Increase MBA's partnerships with groups devoted to diversity.

We put together a task force at the end of last year, which I personally chair, that includes a representative from every MBA department. We meet regularly, and have developed an action plan. We've made good progress so far on the first part of that plan, which is focused on getting out the message about this initiative to our staff and members, as well as starting to collect some baseline data about where we are on diversity today.

At the end of February, you may have seen a letter we mailed to 2,900 presi-

dents, chief executive officers and primary member contacts. In that letter, we asked for help in two ways:

- Identifying qualified, diverse employees for MBA leadership positions.
- Putting us in touch with anyone who might be heading up diversity programs within their companies.

To date, we've had good response. We now have two important lists: a list of 195 contacts for diversity issues at our member companies and a list of 216

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diverse employees of member companies who are potential candidates for MBA leadership positions.

Our next step is to fold these two groups into the variety of programs we have at MBA. One important program is an MBA-member task force run through our education department. This group works together on several common diversity goals, including establishing and sharing best practices and attracting diverse employees. We have connected our newly identified company contacts to this group.

We've also begun asking all registrants for MBA meetings to voluntarily provide information to us about their personal demographics, so we can better reach out to appropriate members.

We're just getting started, but I feel confident that we'll be able to reach our goals and enrich both MBA's long-term health and the vibrancy and success of the American mortgage marketplace.

JONATHAN L. KEMPNER
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