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## Breaking Ground: Delivering Results

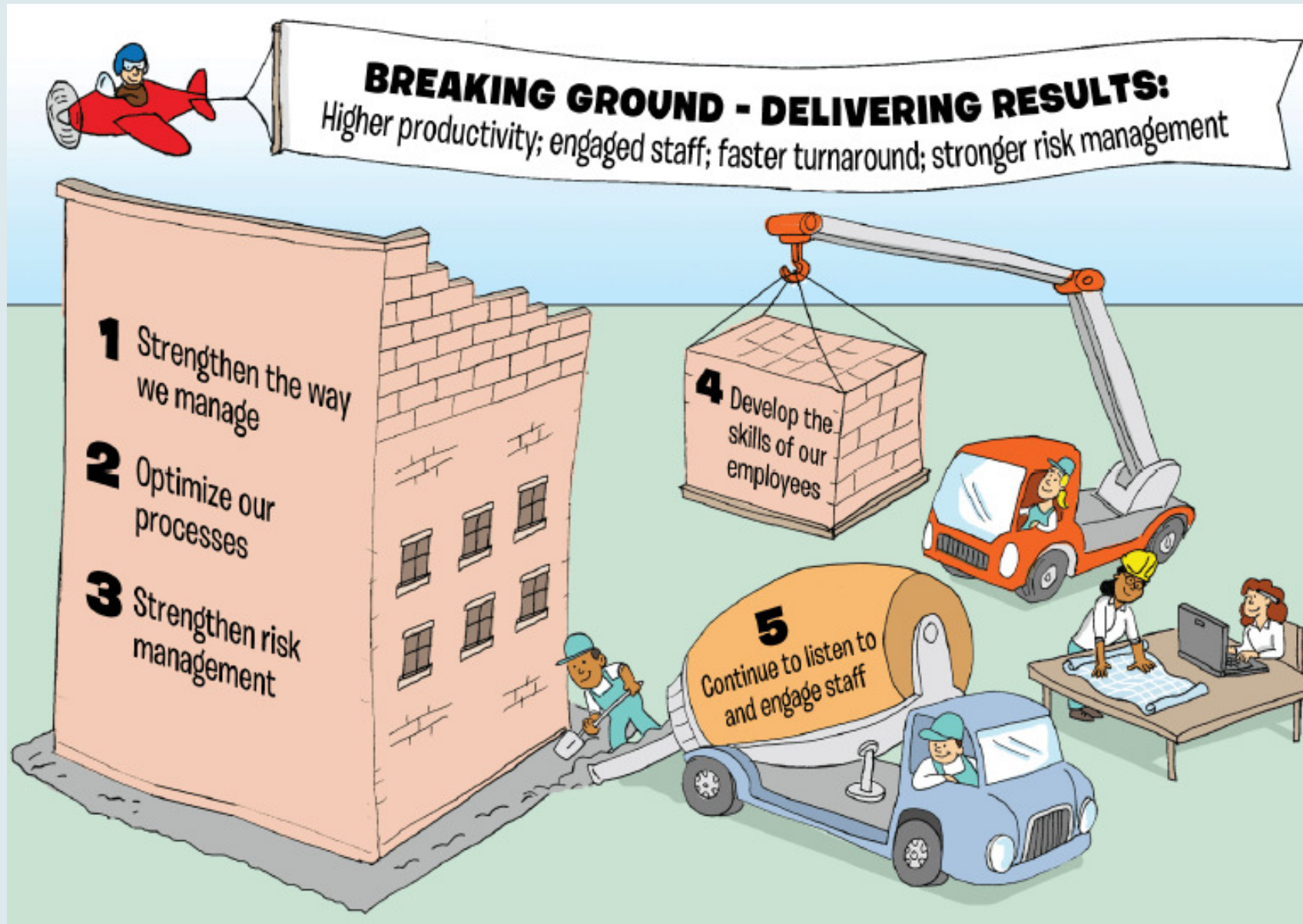
Office of Multifamily Housing Programs

Implementation playbook  
August 18, 2011





## Breaking Ground: Delivering Results





## Welcome to the playbook for *Breaking Ground: Delivering Results*



Colleagues,

We are at a turning point in our history. After the crash, private sector multifamily dried up. As a result, we are experiencing unprecedented demand for our insurance products. Our turnaround times on applications have steadily risen. As a result, we are failing to meet the housing needs of many families. Our customers – the lenders and developers – are frustrated. Many of our employees feel overwhelmed by rising piles of applications and a stream of lender criticisms. We cannot work any harder. And the plain fact is that Congress is not going to give us additional budget for staff. There really is no choice but to work smarter.

After a comprehensive examination of how we work, the other MF leaders and I have developed a program to improve our operations. We've called it *Breaking Ground: Delivering Results*. This playbook contains materials to support the implementation of this program in a Program Center.

The playbook includes:

- Context on what we're doing and why
- The plan for rolling *Breaking Ground* out across the MF network
- The fundamental principles according to which *Breaking Ground* was developed
- A detailed toolkit for each improvement initiative
- And a guide for successfully implementing this program in any location

While Navigators and Change Agents will find the playbook most helpful, supervisors and staff may also find select sections useful in supporting the changes in each local Program Center

While this journey will be challenging, we will succeed. I'm counting on you to step up to help yourselves, and to help your colleagues. I look forward to working with you all to deliver on these important goals.

**- Carol Galante, Acting Federal Housing Administration (FHA) Commissioner and Assistant Secretary for Housing**



## A poem about *Breaking Ground: Delivering Results*

I came at a time when the process was changing  
The summer of 2010, a time of rearranging  
New rules  
Limited tools  
More demand  
Resistance at hand  
Volume overwhelming  
Higher stress levels developing  
What in the world are our teams to do  
When turnaround timeframes are 8 months overdue?  
Clients and employees complained  
Managers, at best, maintained  
HQ considered  
And consultants delivered.  
And now we are here  
For me, almost one year  
And we are progressing  
Toward more efficient processing  
We have been interviewed  
Have spoken  
Have been heard  
We present to you our ideas  
To better manage our workload.  
Today you will see our colleagues delivering  
Some solutions we believe will enhance our productivity.  
And we will attempt through our new found systems  
To help HUD change the way we do business.  
Delivering results, yet better than ever  
HQ, management and staff working together.  
This is our time for a solid rebound  
Spring 2011, we are *Breaking Ground!*

by Donna Maria Smith, Mortgage credit analyst, Baltimore Hub



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



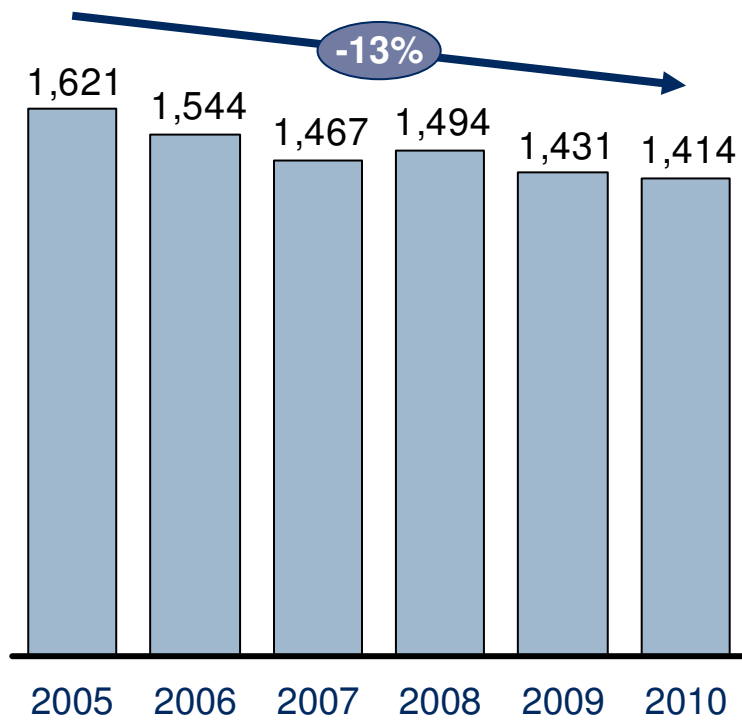
## Summary context and plan for *Breaking Ground*

1. Multifamily development is **facing unprecedented demand and growing backlog of applications**, exacerbated by internal operating challenges
2. To address these challenges we have developed a major change program – ***Breaking Ground: Delivering Results*** – that will deliver:
  - a. A significant **boost to employee morale and more engaged staff**
  - b. **Higher productivity – 25% improvement** from current levels
  - c. **Faster turnaround** – ensuring at least **90% of deals** are completed **on time**
  - d. **Stronger risk management**
3. The initial **rollout approach** – built on experience from pilot testing – is **designed to mitigate potential implementation risks and challenges** while allowing for local customization when needed
4. **Successful implementation of *Breaking Ground* will come from our leadership commitment, dedicated resources** (e.g., Navigators), and a **disciplined delivery process** (e.g., project management office, communication)

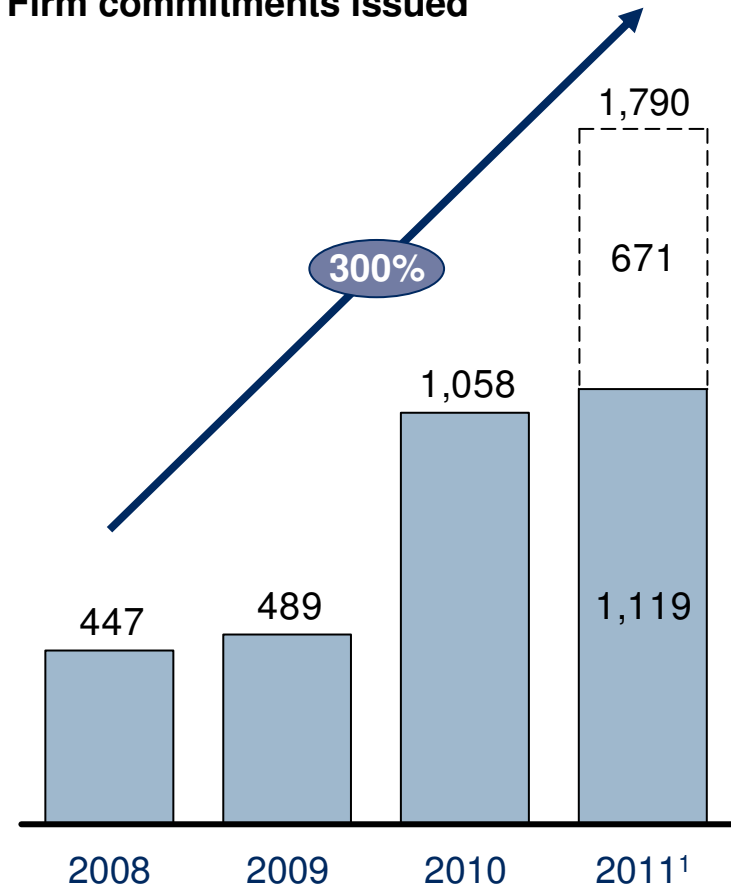


## While Multifamily has faced resource constraints, the team has been working hard to double productivity in the current environment

### Number of field office personnel



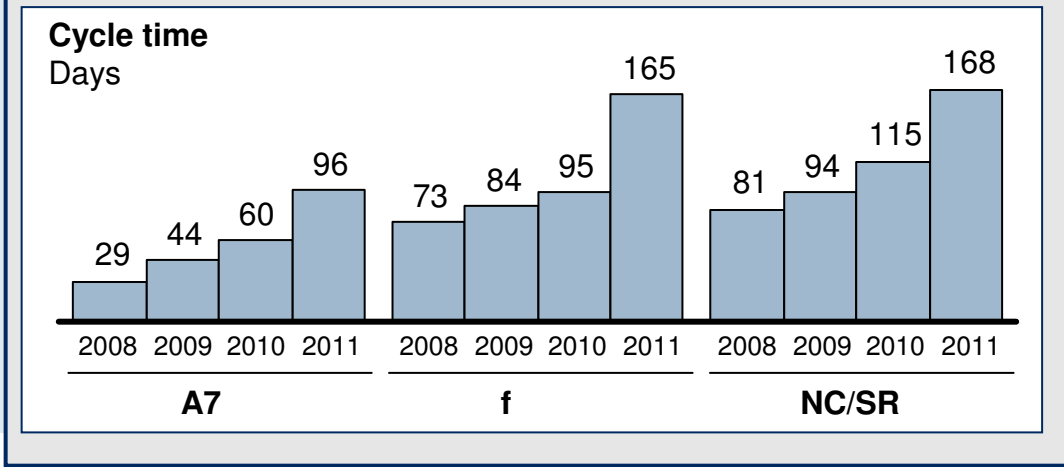
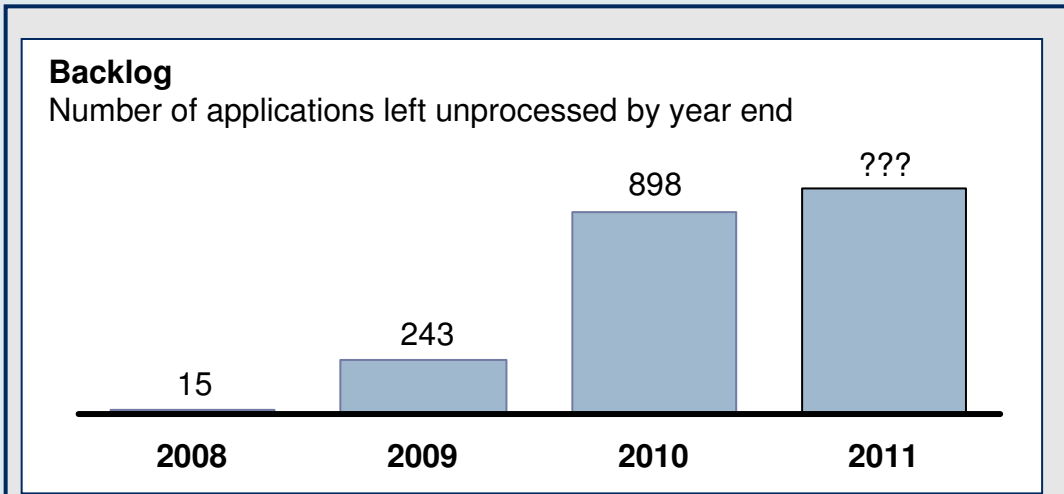
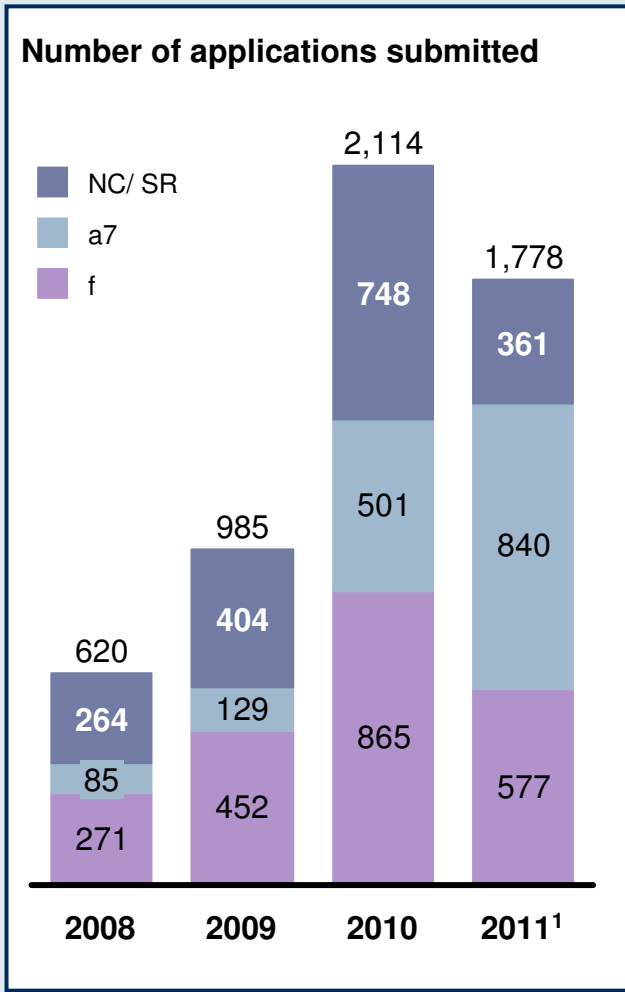
### Firm commitments issued



<sup>1</sup> Annualized based on actuals for Q1 (348 commitments), Q2 (315 commitments) and Q3 (456 commitments) totaling 1,119 commitment through 8/16/11, including 83 risk share loans



# But we recognize we need to do much more to keep up with demand



1 Projected, on basis of first two quarters volume

2 Backlog defined as: number of applications left unprocessed from prior year + new applications in current year - total applications processed in current year





## We also recognize a number of internal challenges that present opportunities for better performance

### Production process pain points

- Redundancies in end-to-end processes (e.g., reworking applications, cleaning application files)
- High variability across offices and need for more consistency
- Limited transparency and active end-to-end process mgmt

### Human capital constraints

- 13% drop in personnel count from FY05 to FY11
- Large fraction of staff eligible or will be eligible for retirement soon (30-40%)
- Need for more training on process management practices

### Gaps in risk management

- MAP checklists drive decision making vs. expert judgment ('review not redo' interpreted as 'no underwriting')
- Need for more training on new underwriting practices and risk management standards

### Obsolete systems & technology constraints

- Time-intensive and difficult to extract data from systems
- Very paper-heavy lender submission process
- Use of better technology tools for major tasks (e.g., performance reporting, application data collection)

### Opportunities

1. **Increasing productivity** even more
2. **Meeting customer needs** (e.g., reducing cycle times)
3. **Improving employee morale**
4. **Managing heightened risk exposure** (e.g., more risky loan application mix)



To capture opportunities, we recently launched *Breaking Ground: Delivering Results* – a major program to transform the way Multi-family does business

**1** Strengthen the way we manage  
(e.g., performance dialogues, transparency)

**2** Optimize our processes  
(e.g., early rejection of flawed applications)

**3** Develop the skills of our employees  
(e.g., specialized underwriting skills)

**4** Strengthen risk management  
(e.g., underwriting discipline, risk oversight)

**5** Continue to listen to and engage staff  
(e.g., pulse survey, engagement in design)

Support affordable housing with:

✓ Higher productivity

✓ Faster turnaround

✓ Engaged employees

✓ Stronger risk management

*Breaking Ground:*

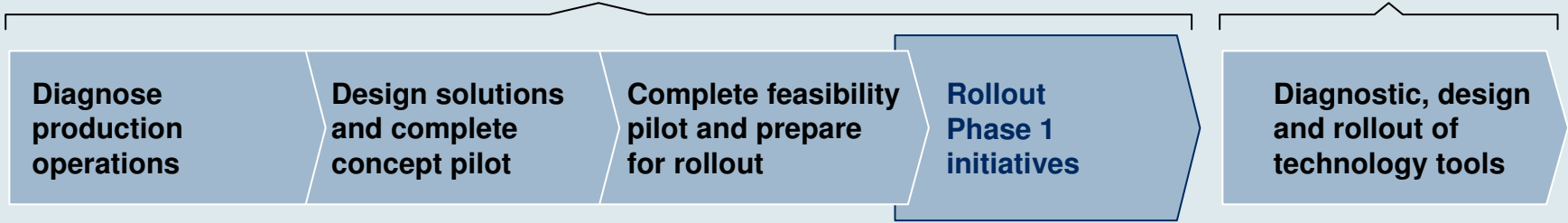
*Delivering Results*



# Breaking Ground consists of two phases focusing first on improving process and management, and second on improving technology

## Phase 1: Process and management

## Phase 2: Technology (next 12-24 months)



Timing	Sept – Oct 2010	Nov – Feb	Mar – May	Aug ‘11 – Mar ‘12	TBD in 2012
<b>Activities</b>	<ul style="list-style-type: none"> <li>Understand current production operations, and identify opportunities for improvement</li> </ul>	<ul style="list-style-type: none"> <li>Develop ideas to improve production operations</li> <li>Pilot limited number of ideas in Ft. Worth and refine</li> <li>Refine ideas with Hub Directors at Winter Meeting</li> <li>Begin rollout of select changes nationwide</li> </ul>	<ul style="list-style-type: none"> <li>Design full set of solutions</li> <li>Develop approach for rollout</li> <li>Pilot solutions and rollout approach in Baltimore</li> <li>Continue rollout of select changes nationwide</li> </ul>	<ul style="list-style-type: none"> <li><b>Setup project management office</b></li> <li><b>Establish routines, tools, processes, and timelines</b></li> <li><b>Rollout initiatives to Program Centers in waves</b></li> <li><b>Continue to rollout nationwide initiatives</b></li> </ul>	<ul style="list-style-type: none"> <li>Make improvements to technology</li> <li>Reduce volume of documentation required and simplify rules for application processing (e.g., MAP guide)</li> </ul>



## Phase 1 of *Breaking Ground* consists of twenty process and management changes

### Phase 1 initiatives

#### 1 Strengthening the way we manage

Performance dialogues

1. Weekly production team HUDDles
2. Hub/DAS performance dialogues

Increased transparency

3. Whiteboards with key milestones
4. Lender queue tracking
5. Production dashboards

Better use of manager time

6. Management routines

#### 2 Optimizing process and minimizing redundancies

7. Lender electronic data intake (“Wheelbarrow”)
8. “Super-certification”
9. Early warning system
10. Application staging areas
11. Standard work (*Implementing consistency, best practices and checklists*)
12. Dedicated A7 processing pilot (e.g., OAHP)

#### 3 Strengthening risk management

12. Underwriting review template
13. National Loan Committee
14. Lender tiering infrastructure

#### 4 Developing the specialized skills of our staff

15. Risk management training (REO schedules, underwriting template)
16. Training on “redundancy awareness”
17. Coaching and giving feedback

#### 5 Listening to and engaging staff

18. National Design Councils
19. Regular Hub Director offsites
20. Monthly pulse survey



## Phase 1 of *Breaking Ground* aims to deliver significant results over the next 12 months which will be tracked against targets

	Measure	12-month target
<b>Breaking Ground:</b>	Changes in “the way we work”	1. Percent of improvement ideas for which Program Center is “certified” as having adopted <b>100%</b>
	Productivity	2. Annual decisions made per production FTE <b>3.0</b> <ul style="list-style-type: none"><li>• <b>NOTE: Subject to change</b></li><li>• Represents ~25% improvement from historical average</li><li>• Equals 0.25 decisions per production FTE per month</li></ul>
<b>Delivering results</b>	Faster turnaround	3. Percent decisions made “on time” <b>90%</b>
	Engaged employees	4. Percent of employees agreeing or strongly agreeing with: “I believe these changes will/ have improve(d) my quality of life at work” <b>80%</b>



## **Breaking Ground will change the work experience for Multifamily staff**

### **Before *Breaking Ground***

- “Fire fighting” – employees handle urgent matters as they arise
- Overwhelmed with volume of applications and work
- Working alone, often unsure of what teammates have going on
- Unclear metrics obscures clear understanding of how well we're delivering to clients
- Perception that problems are bad, people will think its my fault
- Losing time in long, unnecessary meetings or meetings that could be more productive
- HQ-driven change, solutions rolled down from the top
- Hearing complaints from customers

### **After *Breaking Ground***

- Following a plan and actively managing the workload – teams take step back to understand performance, develop a plan in response, and follow that plan
- Expectations are clear and teams are held accountable only for things under their control
- Working as a team and with teammates that not only understand but also have the tools and training to help each other
- Greater transparency into project status allows us to see problems before they impact clients and fix the root cause so they don't happen again
- Problems are fine, by solving them we can find new ways to deliver better for our clients - its about the process, not the people
- Attending short, efficient meetings (e.g., HUDdles) and only meet when necessary
- Teams empowered to suggest and make improvements continuously
- Hearing compliments from customers



# The Baltimore pilot has shown us that these changes are achievable

## Specific initiatives piloted

### 1 Strengthen the way we manage

1. Weekly production team HUDDles
2. Hub/DAS performance dialogues
3. Whiteboards with key metrics
5. Production dashboards
6. Management routines (time slicing)

### 2 Optimize processes/minimize waste

9. Early warning system
10. Application staging areas
11. Standard work
12. Dedicated A7 processing pilot

### 3 Strengthen risk management

12. Underwriting review template

### 4 Develop the skills of our staff

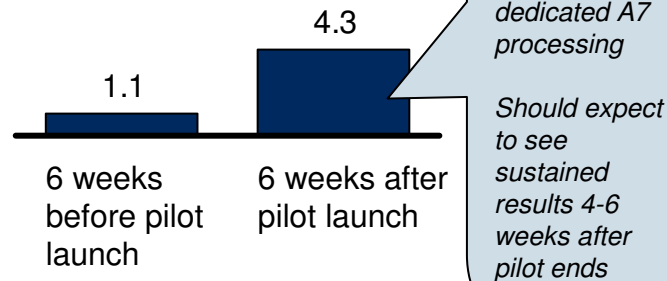
15. Underwriting template use
16. Training on "waste awareness"
17. Coaching and giving feedback

### 5 Listen to and engage staff

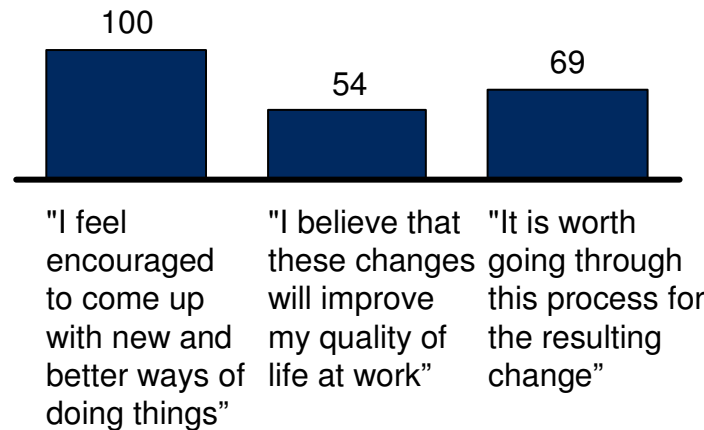
18. National Design Councils
19. Regular Hub Director offsites
20. Pulse survey

## Baltimore preliminary results

### Decisions made per production FTE (annualized)



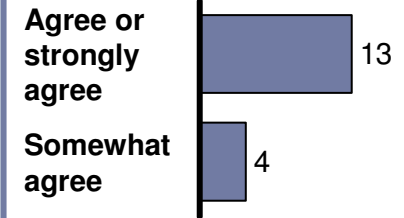
### % employees agreeing or strongly agreeing



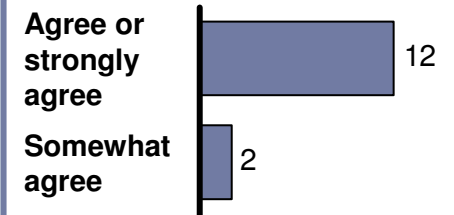
## Hub Directors visiting Baltimore

### Number of Hub directors who say...

...I feel confident that **we will successfully implement the Breaking Ground initiatives** in my Program Centers



...I believe that the Breaking Ground initiatives, if successfully implemented, **will have significant impact** in my Program Center



**Note:** Not all initiatives were piloted in Baltimore



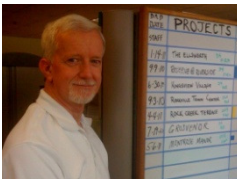
## Observations from Baltimore field staff piloting changes



**Bhek Simmons**  
Housing Rep

### “ On creating teams and working as a team

Creating teams is about managing workloads. Our output is always the combination of a lot of people. It is easier to turn out a quality, standardized product when a team can get used to working together.



**Joe Stackler**  
A&E

### “ On using whiteboards

I can glance at the board and know what my future projects are, where I stand on my present projects and where my colleagues are as well. When the team stands out there together, we can all understand the problems that we need to solve.



**Donna Smith**  
Mortgage Credit Analyst

### “ On HUDdles

At 20 minutes maximum, our HUDdles are great! Really, together everyone achieves more and the huddles reinforce that.



**Yvette Jackson**  
Chief Underwriter and  
Supervisor of Production

### “ On management routines

These tools are helping me manage my workload better and just plain simplify my life. They help me do more planning so I can be proactive, and not reactive. I don't want to scramble around trying to put out fires anymore!





## A number of potential implementation challenges are addressed with the design of the rollout program

### Potential implementation challenges

1. Difficult to change behaviors in consistent fashion across Program Centers
2. Need to accommodate contextual differences across Hubs and Program Centers
3. Need to balance local ownership with consistency of practice
4. Need for learning and adapting ideas and improvements
5. Importance of managing expectations of external stakeholders (e.g., lenders, developers)

### Addressing challenges in rollout

1. Visible commitment from leadership
2. Sufficient and dedicated resources
3. Front-line driven change (e.g., change agents, design councils in each office, navigators, ideas from those closest to the work)
4. Piloting and wave rollout
5. Structured tools and resources (e.g., playbook, templates)
6. Process confirmation and program certification
7. Initiative training and skill building
8. Project management discipline



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Breaking Ground will first be rolled out in 12 high-volume Program Centers, and then across the nation

### Wave 1 (Weeks 6-17)

- Denver
- Greensboro
- Chicago
- San Antonio

### Wave 2 (Weeks 12-21)

- San Francisco
- Jacksonville
- Indianapolis
- Houston

### Wave 3 (Weeks 22-30)

- Los Angeles
- Atlanta
- Columbus
- Detroit

### Wave 4 (Weeks 32+)

- Richmond
- Seattle
- Birmingham
- Kansas City
- Milwaukee
- New Orleans
- Nashville
- St. Louis
- Cleveland
- Minneapolis
- Columbia
- Louisville
- Phoenix
- Knoxville
- Hartford
- Oklahoma City
- Portland
- Jackson
- Little Rock
- Buffalo
- Philadelphia
- Boston
- Pittsburgh
- Newark
- New York
- Omaha
- Des Moines
- Providence
- Manchester
- Charleston



## A number of resources and tools will help ensure a successful rollout

**We are dedicating a significant amount of staff and leadership time to ensure the rollout is successful and help the field offices when needed**

### **Committed Leadership**

- Steering Committee of senior leaders from MF, led by Senior MF leader as Program Sponsor

### **Project Manager**

- Dedicated full-time day-to-day manager to oversees the performance management process and implementation plan

### **National project office**

- Project management team that manages implementation plan, tools, communication, training, etc.

### **Design Councils**

- Teams of experts from the field who offer front-line lessons learned and problem-solving capacity for new offices

### **Navigators and change agents**

- Experts dedicated full time to work hand-in-hand with each office during implementation, provide unbiased advice and work with local change agents to sustain the changes

**We have developed and tested a set of tools and resources to guide the change effort in each office as the rollout progresses**

### **Playbook**

- Detailed, step-by-step manual to guide changes in each office

### **Templates**

- Off-the-shelf documents for immediate use (e.g., production dashboard, early-warning system scorecard)

### **Process confirmation & certification**

- Simple checklists to ensure consistent execution and identify any gaps the project team can help close

### **Performance tracking**

- Hub dashboards and whiteboard metrics to understand how well we are servicing clients and surface potential issues to solve in serving them better

### **Training modules**

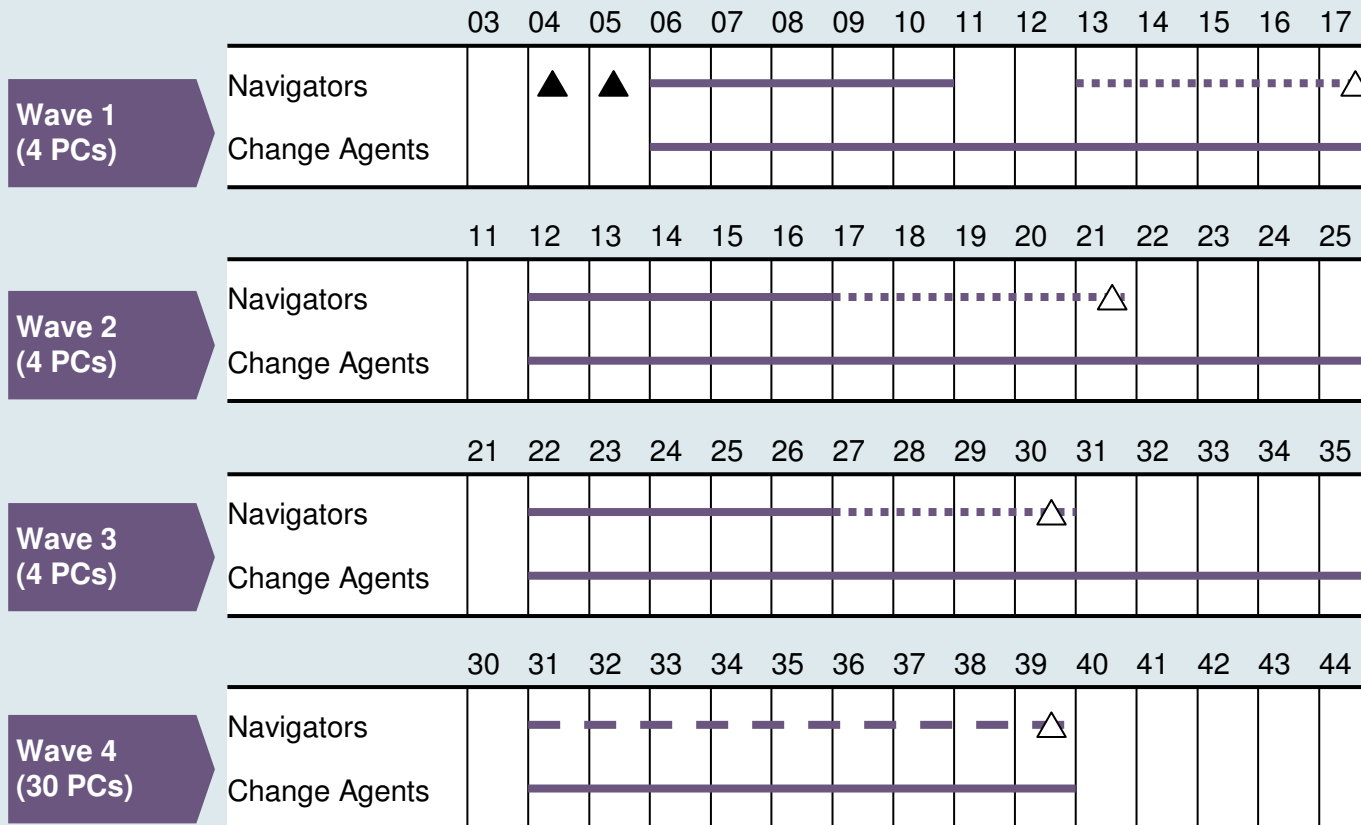
- Training series across several topics (performance dialogues, using the underwriting template) to help build team skills



## Navigators will lead implementation during Waves 1-3, while trained local change agents lead implementation in Wave 4

- On-ground support
- - - Remote support
- ..... Periodic check-ins on the ground
- ▲ Offsite training
- △ Certification of implementation

### Week of rollout



### Rationale

- Concentrate scarce resources in high-priority Program Centers
- Resource needs will taper as MF continues to learn how to implement



# Workplan for implementing *Breaking Ground* at a Program Center: Weeks 1-4

DIRECTIONALLY CORRECT;  
NAVIGATOR SHOULD ADJUST

Breaking Ground Implementation Workplan				Week -1							Week 1							Week 2							Week 3							Week 4						
Workstream	Sub-workstream	Detailed activity	Owner	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri					
Strengthening the way we manage	Use whiteboards	1) Order whiteboards, if necessary	Change agent (CA)																																			
		2) (Re-)design whiteboards	CA																																			
		3) Determine responsibilities for upkeep	Design Council (DC)																																			
		4) Launch whiteboards	DC, CA																																			
	Hold regular huddles	5) Schedule regular production team huddles	Production Chief (Prod Chief)																																			
		6) Train on leading effective huddles	Prod Chief																																			
		7) Launch production team huddles	Prod Chief																																			
	New manager routines	8) Have Production Chief keep time diary	Prod Chief																																			
		9) Review time diary findings and develop recommendations	Prod Chief																																			
		10) Develop regular cycle of manager meetings and calendar them	Prod Chief																																			
		11) Launch new cycle of management meetings	Prod Chief																																			
		12) Have Production Chief keep second diary	Prod Chief																																			
		13) Coach Chief on how to increase fidelity	Prod Chief																																			
		14)																																				
Eliminating waste in our processes	Employ Early Warning System (EWS)	15) Customize EWS	DC, PC leaders																																			
		16) Test EWS	DC, roles as relevant																																			
		17) Launch EWS	All production staff																																			
	Reduce variability in the way we work	19) Launch standard work	DC																																			
		20) Launch standard work	All production staff																																			
		21) Introduce standard work to Design Council; incorporate refinements	DC, Prod Chief																																			
		22) Train others in disciplines on standard work	DC, all prod staff																																			
		23) Take inventory of where employees are on all applications	All production staff																																			
Listening to and engaging our people	N/A	24) Launch standard work	All production staff																																			
		25) Kick-off	All production staff																																			
		26) Introduce initiatives and share plan for coming weeks	All production staff																																			
		27) Stand up Design Councils	All production staff																																			
		28) Hold change story workshop	PC leaders																																			
		29) Revise change stories	PC leaders																																			
		30) Production Chief shares change story with their team	Prod Chief, all prod staff																																			
Managing rollout	N/A	31) Distribute employee survey and collect/analyze results	PC leaders, all prod staff																																			
		32) Hold weekly 1-on-1 Program Center Director	PC Director																																			
		33) Hold weekly 1-on-1 with ub leadership (if co-located)	Hub Director & Ops Officer																																			

**Subject to change**



# Workplan for implementing *Breaking Ground* at a Program Center: Weeks 5-8

DIRECTIONALLY CORRECT;  
NAVIGATOR SHOULD ADJUST

Breaking Ground Implementation Workplan			Week 5					Week 6					Week 7					Week 8						
Workstream	Sub-workstream	Detailed activity	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri		
Strengthening the way we manage	Use whiteboards	1) Order whiteboards, if necessary																						
		2) (Re-)design whiteboards																						
		3) Determine responsibilities for upkeep																						
		4) Launch whiteboards																						
	Hold regular huddles	5) Schedule regular production team huddles																						
		6) Train on leading effective huddles																						
		7) Launch production team huddles																						
	New manager routines	8) Have Production Chief keep time diary																						
		9) Review time diary findings and develop recommendations																						
		10) Develop regular cycle of manager meetings and huddles																						
		11) Launch new cycle of management meetings and huddles																						
		12) Have Production Chief keep time diary																						
		13) Coach Chief on how to use time diary																						
		14) Review time diary findings and develop recommendations																						
Eliminating waste in our processes	Employ Early Warning System (EWS)	15) Review EWS process																						
		16) Review EWS process																						
	Reduce variability in the way we work	17) Review standard work concept for PC																						
		18) Review standard work concept for staging area																						
		19) Review standard work to Design Council; incorporate refinements																						
		20) Train others in disciplines on standard work																						
		21) Take inventory of where employees are on all applications																						
		22) Launch standard work																						
		23) Launch standard work																						
		24) Launch standard work																						
Listening to and engaging our people	N/A	25) Kick-off																						
		26) Introduce initiatives and share plan for coming weeks																						
		27) Stand up Design Councils																						
		28) Hold change story workshop																						
		29) Revise change stories																						
		30) Production Chief shares change story with their team																						
Managing rollout	N/A	31) Distribute employee survey and collect/analyze results																						
		32) Hold weekly 1-on-1 Program Center Director																						
		33) Hold weekly 1-on-1 with ub leadership (if co-located)																						

Subject to change



# Workplan for implementing *Breaking Ground* at a Program Center: Weeks 9-12

DIRECTIONALLY CORRECT;  
NAVIGATOR SHOULD ADJUST

Breaking Ground Implementation Workplan			Week 9					Week 10					Week 11					Week 12						
Workstream	Sub-workstream	Detailed activity	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri	Mon	Tue	Wed	Thu	Fri		
Strengthening the way we manage	Use whiteboards	1) Order whiteboards, if necessary																						
		2) (Re-)design whiteboards																						
		3) Determine responsibilities for upkeep																						
		4) Launch whiteboards																						
	Hold regular huddles	5) Schedule regular production team huddles																						
		6) Train on leading effective huddles																						
		7) Launch production team huddles																						
	New manager routines	8) Have Production Chief keep time diary																						
		9) Review time diary findings and develop recommendations																						
		10) Develop regular cycle of manager meetings and																						
		11) Launch new cycle of management meetings																						
		12) Have Production Chief keep																						
		13) Coach Chief on how to																						
		14)																						
Eliminating waste in our processes	Employ Early Warning System (EWS)	15) ...																						
		... process																						
	Reduce variability in way we work	... concept for PC																						
		... of staging area																						
		... reduce standard work to Design Council; incorporate refinements																						
		22) Train others in disciplines on standard work																						
		23) Take inventory of where employees are on all applications																						
		24) Launch standard work																						
		Listening to and engaging our people	N/A	25) Kick-off																				
				26) Introduce initiatives and share plan for coming weeks																				
27) Stand up Design Councils																								
Managing rollout	N/A	28) Hold change story workshop																						
		29) Revise change stories																						
		30) Production Chief shares change story with their team																						
		31) Distribute employee survey and collect/analyze results																						
		32) Hold weekly 1-on-1 Program Center Director																						
		33) Hold weekly 1-on-1 with ub leadership (if co-located)																						

Subject to change






# Contents

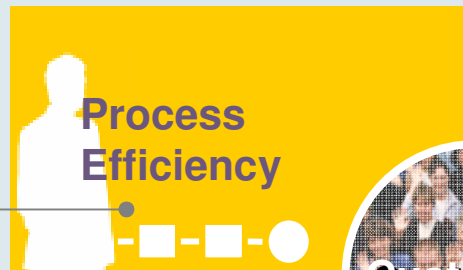
<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## **Breaking Ground** is informed by several key principles of operational effectiveness

 Focus of next page

Eliminating activities that do not add value to the customer or to our communities



Performance Systems

Making performance transparent so the whole team can take responsibility for outcomes and solutions



Organization and Skills

Ensuring that the work and our people are properly aligned and that the frontline gets the support and training that they need

Addressing the critical mindsets among leadership and the frontline that limit full potential



# By reducing 8 forms of waste, MF can become more efficient, saving time and improving customer service





# Contents

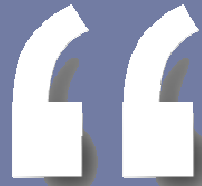
<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Introduction: How production teams can improve the way we work



**Bhek Simmons**  
Housing Rep  
Baltimore Hub



Creating teams is about managing workloads. One of the biggest stresses that we had is technical staff were always being pulled in different directions by competing agendas. By assigning technical staff to one project manager (the housing rep), they don't have to answer to multiple people. It also allows the office as a whole to have several "top priorities" without it being problematic because priorities are spread across the teams.

Not every office has enough folks to make teams work so this might not be right for everyone but where you have too much going on, this is a great solution.

Our output is always the combination of a lot of people. It is easier to turn out a quality, standardized product when a team can get used to working together. I know this is different from how a lot of our offices have been flowing. But the advice I'd give is to just take a deep breath and try it out. There are always a million reasons not to do something, sometimes you just have to do it and see where it goes!





## What production teams are, and why to create them

### What a production team is

- A group of employees who are consistently assigned to work together on reviews of applications
  - Simplest version is Housing Rep + 1 employee from each discipline

### How creating production teams helps

- 1. Increases effectiveness of reviews** – In stable teams, employees become more familiar with—and thus can accommodate—the preferences, working styles, strengths, and weaknesses of the people with whom they review an application
- 2. Instills spirit of teamwork and collaboration** – because a group of employees reviewing an application together has a stable identity and can expect that conduct today will be well-remembered tomorrow
- 3. Makes huddles more efficient** – because members of a team discuss just projects that are relevant to them
- 4. Enables more effective prioritization** – because a Housing Rep encouraging prioritization of a given application understands exactly what must be de-prioritized as a result



## Steps to creating and maintaining effective production teams

### Set up

#### Steps

---

1. Decide whether teams will specialize by type of application, or all work as generalists
2. Assign employees to teams
  - a) According to personal sympathies
  - b) According to whether or not teams will specialize
    - i. If teams will specialize, then assign higher skilled/ more experienced employees to team reviewing highest-risk/ most complex projects (e.g., new construction)
    - ii. If teams will work as generalists, then assign employees in balanced manner
3. Re-assign as many applications as possible according to new teams (may want to maintain original assignments for older applications)
4. Announce new teams to employees – explain rationale for creating teams, and how they will work

---

### Reinforcement

5. Encourage teams to select names and spend time together to build camaraderie
6. Segregate deals on whiteboards according to teams
7. Schedule and hold separate huddles for each team
8. Ensure that applications received are assigned to on basis of new teams



### 3 things to check to assess the effectiveness of production teams

Date of confirmation

Confirmed by

#### Questions

#### Yes/no

Formal

1. Have all applications received since the creation of production teams been assigned on a team basis (**or** if there are exceptions, are they rare and made for good reason)?

2. Can two production employees asked at random confirm that the teams are well-balanced in terms of skills and experience (**or** if not, is that because the teams have specialized on application types, e.g., less-skilled team has taken (a)(7)s)?

Informal

3. Is there evidence of team spirit (e.g., team names other than “1, 2, 3,” posters, contests)?





## Typical concerns and tips for how to address them

### Common concerns

“We’re already working on projects according to old assignments. It’s annoying to have a brand new set of projects.”

“What happens to the teams if someone leaves?”

### Approach

---

- Acknowledge that the change is disruptive
  - Note that this is a one-time disruption and point out the benefits being obtained in exchange
  - Explain that projects were only re-assigned if employees had yet to invest much effort
- 
- Explain that Production Chief will periodically re-fashion teams as necessary

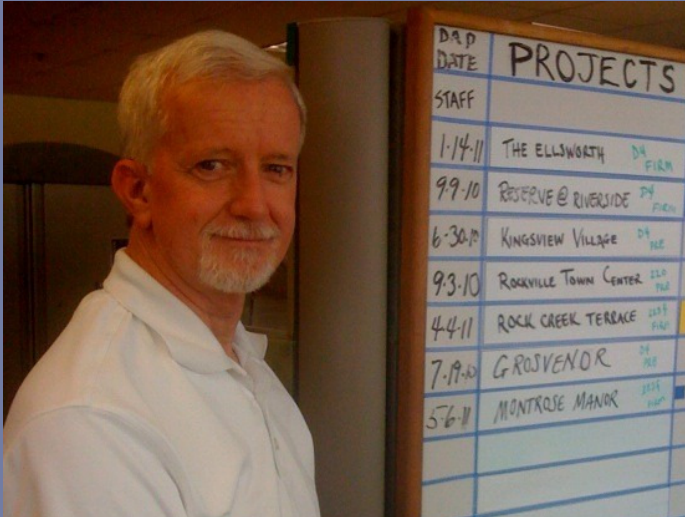


# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Introduction: How whiteboards improve the way we work



**Joe Stackler**  
**A&E**  
**Baltimore Hub**



“The whiteboard is designed as a quick reference, not a detailed map of everything that is going on in every deal. I can glance at the board and know what my future projects are, where I stand on my present projects and where my colleagues are as well.

When the team stands out there together, we can all understand the problems that we need to solve. It’s quick because it is written there in front of us.

When you are implementing this, take into consideration that this can’t be an effort just by one person. The majority of the staff needs to like it and be bought in or it won’t be up to date and it will be useless. Talk about the design with everyone.”





## What a whiteboard is, and why to construct one

### A whiteboard shows

- **Critical info about ALL applications in process**
  - Prioritization
  - Status
  - “Real” target for completion (i.e., not initial MAP target)
- **Performance against metrics**

### How creating a whiteboard helps

1. Facilitates huddles to discuss priorities, identify issues and discuss potential solutions to those issues
2. Helps individual employees figure out where they should spend their time
3. Allows anyone to quickly answer a lender or manager’s question about a given application’s status



## Example of Fort Worth whiteboard (1/2)

**Application Tracker**  
**Production Team #2**

	Submitted
	Not submitted - Not yet due
	Not submitted - Past due
	Not applicable

Application information				Discipline review					Underwriting decision				Approval		
Priority	Project name	Project type	Customer target	Target date	A&E	VAL	MC	EMAD	Sent for TLM	Target date	TLM	Target date	PC Dir. Decision	Loan Comm	Status
High	Carriage Hill	d4 Firm	8/1/2010	7/12/2010	Approve	Approve	Approve		1/3/2010	1/10/2010		1/17/2010		N	NLC 1/27/2011
High	Maple Grove	223f	9/1/2010	8/12/2010	Approve	Reject	Approve		1/6/2010	1/13/2010		1/20/2010		H	HLC 1/26/2011
High	The Villas	223f	9/1/2010	8/12/2010	Approve	Approve	Approve		1/12/2010	1/19/2010				N	
Medium	Horizon	d4 Pre-app	10/15/2010	9/25/2010			Approve	Reject						H	
Medium	Lake View Apts	a7	10/31/2010	10/11/2010	Approve		Approve								
Medium	Sunrise Villas	d4 Pre-app	11/2/2010	10/13/2010	Reject		Reject	Reject							
High	The Continental	d4 Firm	11/5/2010	10/16/2010	Approve		Approve								
High	Britain Way	d4 Firm	12/1/2010	11/11/2010			Approve								
Low	Lakeshore Estates	223f	12/6/2010	11/16/2010	Approve		Approve								
Medium	Sedona Senior	223f	1/15/2011	12/26/2010	Reject		Approve								
Medium	Bell Garden	d4 Firm	1/20/2011	12/31/2010			Reject								
Low	The Woodlands	d4 Pre-app	2/1/2011	1/12/2011			Approve	Reject							
Low	Lake Vista	223f	2/15/2011	1/26/2011	Approve		Approve								
Medium	Brookstone	d4 Firm	2/16/2011	1/27/2011			Approve								
Medium	The Shelby	d4 Firm	2/22/2011	2/2/2011			Reject								
Medium	Devon Place	a7	2/24/2011	2/4/2011											
Low	Oak Ridge	d4 Pre-app	2/28/2011	2/8/2011				Approve							
Low	Peter's Estates	a7	2/28/2011	2/8/2011		Approve									
Low	Ivy Hill	d4 Pre-app	2/28/2011	2/8/2011											

Priorities are clear to full team

Stoplight colors indicate review status, making bottleneck clearly visible

Clear milestones listed for underwriting decisions

Team can track application through Loan Committees



Example of Fort Worth whiteboard (2/2)

Production team #2

■ Review Not Received  
■ Review Received

Application information				Discipline reviews						Underwriting recommendation				Approval	
Priority	Project name	Type	Customer target	Target date	A+E	VAL	MC	EMAD	Sent for TLM	Target date	TLM	Target date	Ken	LC	St
M	Villas @ Tara Pointe	P-App			↑	↑	↑	↑	9-28-10						
H	Prince Hall Gardens 2	FIRM			↓	↓	↓	WWW	12-17-10	1/19				H	
H	Britain Way Apt. <sup>Sub Inhab</sup>	P-APP TAX Credit			↓	↑	↑	↑	11-10-10				WWW	N	
M	Artessa Apt.	P-App			↑	↑	↑	↓	12-10-10						
M	Broadway @ Carrollton Station	P-App	11-26-10	11-12-10	WWW	WWW	WWW	WWW							
	Carriage Hms on the Lake	P-App	12-20-10	12-5-10	WWW	WWW	WWW	WWW							
M	Fountains of Burleson	FIRM	1-18-11	12-19-10	WWW	WWW	WWW	WWW							
	Gateway Apartments	P-App	10-30-10	10-15-10	WWW	WWW	WWW	WWW							
		P-App	12-5-10	11-21-10	WWW	WWW	WWW	WWW							



## Example of Baltimore's (magnetic) whiteboard (1/2)

Target dates not dictated by MAP, but rather set for high-priority projects during huddles

"N" = National Loan Cttee  
"H" = Hub Loan Cttee

DAP entry	PROJECTS	A&E	VAL	ENV	MC	AM	Target date	LC	NOTES	Other assignments			
3/10/10	The Ballad	•	•	•	•		6/1/11	N					
1/21/11	Ricky Apts	•	•	•	•		N/A	H					
4/02/11	Bobby Apts	•	•	•	•		N/A	N					
<b>Rate locks/ amendeds</b>							<b>Week of</b>						
							<b>Metrics</b>		5/2	5/9	5/16	5/23	5/30
							# Decisions						
<b>Closings</b>							% decisions made on time						
							% apps older than 90 days						
							% first-time submissions to NLC approved						
		•	=	Review assigned									
		•	=	Review in process									
		•	=	Review done									
		•	=	LC template started									
		•	=	LC template done									
		•	=	Problem/ issue									

Key created so that anyone can understand board



### Example of Baltimore (magnetic) whiteboard (2/2)

PROJECTS		A&E			VAL.			ENV.		MC		
STAFF		J	A	J	R	R	T	R	R	J	G	J
		S	J	D	H	D	C	H	C	S	K	M
#1	THE ELLSWORTH											
#2	KINGSVIEW VILLAGE											
#3	ROCKVILLE TOWN CENTER											
#4	360 H STREET											
#5	ROCK CREEK TERRACE											





# Key questions for the Design Council to answer (1/2)

What pilots chose

## Basics

Question	Options (not exhaustive)	Balt	FTW
1. How should we organize applications across whiteboards?	a) <b>Continuous list</b> – Start with one board and fill it out, and then move on to additional boards as you need more room		
	b) <b>By application type</b> – Create one board for New Construction/ Sub-Rehab, and another board for Refis		
	c) <b>By team</b> – Create one board for each "production team"	✓	✓
2. How will we indicate that one deal is higher priority than another?	a) <b>By letter</b> – Create a separate column and write "H," "M," or "L" in the project's row (for High, Med, or Low priority)		✓
	b) <b>By color font</b> – Write high-priority deals in red, and lower-priority deals in black		
	c) <b>By order</b> – Move high-priority deals to the top of the board, and lower-priority deals to the bottom	✓	
3. How will we indicate an application's age?	By writing one or more of the following in the project's row:		
	• DAP entry date		✓
	• Number days in process		✓
4. What information, in addition to applications and metrics, will we show on board?	a) Rate locks/ amendeds – assignments, due date, status	✓	
	b) Closing packages – assignments, due date, and status	✓	
	c) Other work – assignments and due date	✓	
	d) Staff members' availability in coming days (e.g., out, telework)	✓	





# Key questions for the Design Council to answer (2/2)

**What pilots chose**

**Who will update each of the following?**

<u>Info to update</u>	<u>Options</u>	<u>Balt</u>	<u>FTW</u>
5. New application received	a) Production Chief b) Housing Rep	✓	✓
6. Change in an individual's progress on an application	a) Production Chief b) Housing Rep c) Individual employees	✓	✓
7. Change in an application's priority level	a) Production Chief b) Housing Rep	✓	✓
8. Take application off board because it is no longer in process (e.g., rejected, or firm commitment made)	a) Production Chief b) Housing Rep	✓	✓
9. Weekly metrics	a) Production Chief b) Housing Rep	✓	✓



# Step-by-step guide to constructing Baltimore's whiteboard

## What to purchase

- 4'x6' magnetic whiteboard
- 3M Polyester Tape 8951, 1/4" x 72 yards
- Write-on/ write-off magnetic strips (in yellow, white, red, and blue)
- Optional: Board comes with mounting kit for walls, but If hanging over a cubicle wall, then purchase "cubicle partition hangers"
- Dry erase markers and eraser

## How to construct

- Cut yellow, blue, and red magnets into strips that fit within the whiteboard cells
- Lay tape out on the board (see below for measurements in inches, with tape set inside each space)

← Widths →

3      15      4   4   4   4   2   4   2      13.5      10

DAP entry	PROJECTS	A&E	VAL	ENV	MC	AM	Target date	LC	NOTES	Other assignments				
3/10/10	The Ballad	•	•	•	•		6/1/11	N						
1/21/11	Ricky Apts	•	•	•	•		N/A	H						
4/02/11	Bobby Apts	•	•	•	•		N/A	N						
<b>Rate locks/ amendeds</b>										<b>Week of</b>				
										<b>Metrics</b>				
										5/2	5/9	5/16	5/23	5/30
<b>Closings</b>														
										# Decisions				
										% decisions made on time				
										% apps older than 90 days				
										% first-time submissions to NLC approved				

↑ 2" per row ↓



## 3 things to check to assess the quality of a whiteboard

Date of confirmation

Confirmed by

### Questions

### Yes/no

Overall

1. Can someone from asset management look at the board for five minutes and understand what it is saying?

Upkeep

2. Pull two production employees at random. Can they confirm that the board accurately reflects their assignments and the status of their deals?
3. Are the weekly metrics complete and up to date?



## Typical concerns and tips for how to address them

### Common concerns

“We already track this on an Excel production log”

“Keeping the board up to date is too much work”

“The whiteboard publicly calls people out”

“All the metrics will tell the same story – that we’re doing poorly”

“The metrics feel like an attempt by HQ to hold us accountable”

### Approach

---

- Explain power of having data visible at all times
  - Explain difficulty of convening huddles around Excel
  - Explain that whiteboard avoids “version control” issues (i.e., uncertainty over whether you’re looking at most recent version)
- 
- Distribute responsibilities for updating whiteboard so as to minimize burden on individuals
  - Eliminate Excel production log
- 
- Explain that the whiteboard’s purpose is not to reveal bottlenecks so as to call out the people suffering from them, but rather to make the team aware so that others can help
- 
- Explain that will likely be the case in almost all Program Centers – to start. But that performance will improve over time
  - Explain that the metrics are useful in tracking performance over time, which the snapshot of applications’ status does not do
- 
- Explain that the metrics are not for reporting to HQ, but rather for a production team’s benefit in understanding how well the team is performing and how to improve the operating performance of the team
-



# Contents

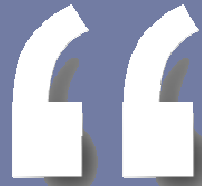
<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Introduction: How huddles improve the way we work



**Donna Smith**  
Mortgage Credit Analyst  
Baltimore Hub



Before the huddles, staff meetings sometimes took more than an hour and it wasn't always clear what we were accomplishing. At 20 minutes maximum, our huddles are great!

If you are a team leader, the huddles are a great opportunity to recognize the efforts of your team members and create an atmosphere of camaraderie while you are all standing around the boards.

Really, together everyone achieves more and the huddles reinforce that.





## What huddles are, and why to conduct them

### What huddles are

- **A huddle is an informal discussion that is so brief that participants can remain standing**
  - Scheduled at regular time(s)
  - Take place in front of the whiteboard
  - Held at least once a week
  - Last 15 minutes
  - Objectives:
    - Discuss issues with applications in status
    - Discuss operating performance
    - Set goals
- **There are two types of huddles**
  - Production team huddles
    - Led by Production Chief or Housing Rep
    - Separate huddle for each team
  - Program Center Director-Production Chief Huddle -- should take place after team huddles, so that Production Chief can share insights from that discussion

### How conducting huddles helps

1. Allows staff to decide and communicate priorities
2. Uncovers issues that are holding up an application and enables discussion of how to solve
3. Makes time for celebration of key successes (instead of moving on to the next thing without acknowledgement)
4. Forces regular reflection on how to improve operating performance (e.g., how many decisions made in a week)
5. Keeps Program Center Directors up to date

### Testimonials

- "I really liked the huddle. It was more relaxed and enjoyable than sitting in here [for the staff meetings Baltimore used to hold]. It was also much quicker." – *Baltimore appraiser*
- "I liked how visual it [the first huddle] was. It was helpful to make changes [on the whiteboard] as we talked." – *Baltimore appraiser*





## Agenda for Production Team huddles

Time	Topic	Example statements
1-2 min	<b>Celebrate team successes</b>	<ul style="list-style-type: none"><li>▪ “The Hub Loan Committee approved ‘The Continental’ last week!”</li></ul>
2-3 min	<b>Review operating metrics</b> – understand how well production teams performed last week	<ul style="list-style-type: none"><li>▪ “We made 2 decisions last week. We had averaged just over 3 decisions per week the two weeks before that. Anyone have ideas on what happened last week?”</li></ul>
10 min	<b>Review applications in process and set team goals for next week</b> a) Prioritize applications  b) Agree on goals for prioritized applications  c) Identify questions or issues that could interfere with those goals (to resolve after huddle)	<ul style="list-style-type: none"><li>▪ “‘Buena Vista’ is our priority #1, because it’s our oldest application</li><li>▪ “What date should we set as our target for sending Buena Vista to the Hub loan committee?”</li><li>▪ “What could prevent us from completing Buena Vista by next Wednesday? . . .”</li></ul>
<hr/> <b>~15 mins Total time</b>		



## Agenda for Program Center Director-Production Chief huddles

Time	Topic
2 min	<b>General business and celebrate team successes</b>
2 min	<b>Review operating metrics</b> – understand how well production teams performed last week
3 min	<b>Discuss operating performance</b> – identify areas in which production teams are under- or over-performing and discuss possible root causes; discuss possible counter-measures to address under-performance
4 min	<b>Discuss individual applications</b> – agree on priorities and goals for next week; figure out solutions to hold-ups on specific applications
4 min	<b>Update on <i>Breaking Ground</i> initiatives</b> – discuss success of implementation to date, and expectations of impact that will be achieved
<b>~15 mins</b>	<b>Total time</b>



# 10 things to check to assess the effectiveness of a Production Team huddle

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Structure of meetings

1. Is the huddle scheduled for a regular time?
2. Did participants arrive on time and stay for the whole meeting?
3. Did the huddle end after 15 minutes?
4. Was the board up to date before the meeting started?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

### Engagement of participants

5. Did everyone say something?
6. Did participants avoid making excuses?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

### Facilitation

7. Did the leader ask the team to set target dates for high-priority applications?
8. Did the leader discuss the operating metrics?
9. Did the leader employ a collaborative/ inquisitive tone (i.e., not judgmental)?
10. Did the leader probe problem areas to build a real understanding of the root causes of issues?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>



# 8 things to check to assess the effectiveness of a Program Center Director-Production Chief huddle

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Logistics

1. Did the meeting take place at the time first scheduled?
2. Did the meeting last no longer than 30 minutes?

### Content

3. Did the Production Chief credibly explain areas of relative over- and under-performance?
4. For areas of underperformance, did the Production Chief describe countermeasures in place?
5. Did the duo discuss the implementation of at least one of the *Breaking Ground* initiatives?

### Dynamics

6. Was the Program Center Director's tone collaborative and inquisitive (not judgmental)?
7. Did the Production Chief avoid making excuses?
8. Was it evident that everyone had looked through and reflected on the whiteboards and their implications before the meeting?



## Typical concerns and tips for how to address them

### Common concerns

“We already hold regular staff meetings.”

“There’s too much going on to hold these at a regular time.”

### Approach

---

- Describe how huddles differ:
    - They are focused on status of applications and performance of production operations
    - They are quick and informal, and held standing up in front of the whiteboard
  - Explain that huddles are superior means of discussing items that are on huddle agenda
    - More efficient, because only discuss topics relevant to team members in that huddle
    - Standing in front of board enables visual support for discussion
  - Note that Program Center could continue holding staff meetings to discuss items not on huddle agenda
    - General administrative announcements and issues
    - Asset management
- 
- Remind that huddles should only last 15 minutes each
  - Suggest that huddles be scheduled on a common calendar and be prioritized over other meetings/ events (i.e., they cannot be scheduled in conflict)



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Introduction: How new management routines improve the way we work



**Yvette Jackson**  
Chief Underwriter and  
Supervisor of Production  
Baltimore Hub



I have two job titles which means I have myriad things to do, oversee and orchestrate. Sometimes it seems too overwhelming. These tools are helping me manage my workload better and just plain simplify my life. They help me do more planning so I can be proactive, and not reactive. I don't want to scramble around trying to put out fires anymore!

Keeping a time diary is an eye opener, it is very worthwhile. It lets you see how you really invest your time versus what you would like to do, what you need to be doing so you can better organize your time.

At first it seems like all of this takes a lot of extra time. Yes, it was an upfront investment in time but I think the long term benefits far outweigh the initial time investment in doing the time diary and establishing these new routines.





## New manager routines: What they are, and why to create them

### What manager routines are

- A standardized weekly meeting rhythm (i.e., standing times, participants, and agendas)
- Specific days and times set aside for certain types of meetings, site visits, and “heads down” uninterrupted work time

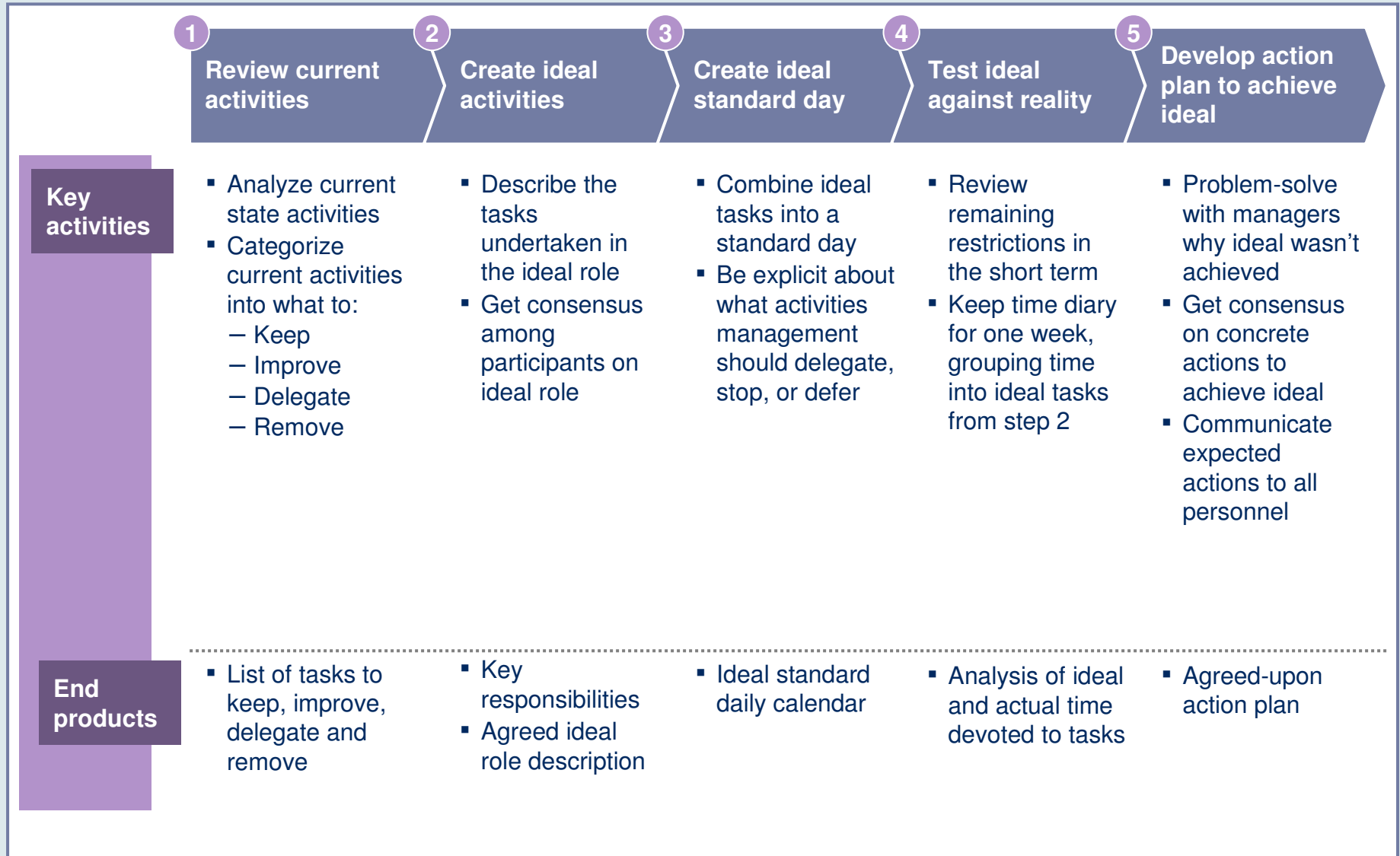
### How manager routines help

- Increase effectiveness and efficiency of meetings
- Reduce number of shoulder-taps and interruptions for ad hoc discussions
- Ensure that managers make time for what they have articulated as priorities (e.g., coaching employees), and are not completely consumed by
  - Last-minute fire fights
  - Meetings held at lenders’ request





## New management routines can be developed in 5 steps with the support of a Navigator





# Baltimore example: Production Chief's ideal time allocation

EXAMPLE

Ideal activities	Roles included	Ideal % time allocated to activities
Concept screening	<ul style="list-style-type: none"> <li>▪ Prep for concept meetings</li> <li>▪ Concept meetings</li> <li>▪ Site visits</li> </ul>	10
Application underwriting	<ul style="list-style-type: none"> <li>▪ Reading lender narratives / staff reviews</li> <li>▪ NLC prep and meetings</li> <li>▪ Problem solving substantive issues with staff</li> </ul>	25
Internal meetings w/ managers	<ul style="list-style-type: none"> <li>▪ Check-ins with PC Director</li> <li>▪ Formal meetings with Hub leadership</li> </ul>	10
Emails/phone calls	<ul style="list-style-type: none"> <li>▪ Emails or phone calls with staff or lenders</li> </ul>	5
Admin	<ul style="list-style-type: none"> <li>▪ Personnel (e.g., time-sheets, leave)</li> <li>▪ Requests from HQ</li> <li>▪ Ensuring data entry / quality</li> </ul>	10
1:1 coaching	<ul style="list-style-type: none"> <li>▪ Coaching employees on general performance</li> </ul>	15
Status checks	<ul style="list-style-type: none"> <li>▪ Discussing status of applications (in staff meetings, quick conversations, huddles)</li> </ul>	15
Other	<ul style="list-style-type: none"> <li>▪ Time not allocated to above activities (e.g., training, managing Breaking Ground pilot)</li> </ul>	10

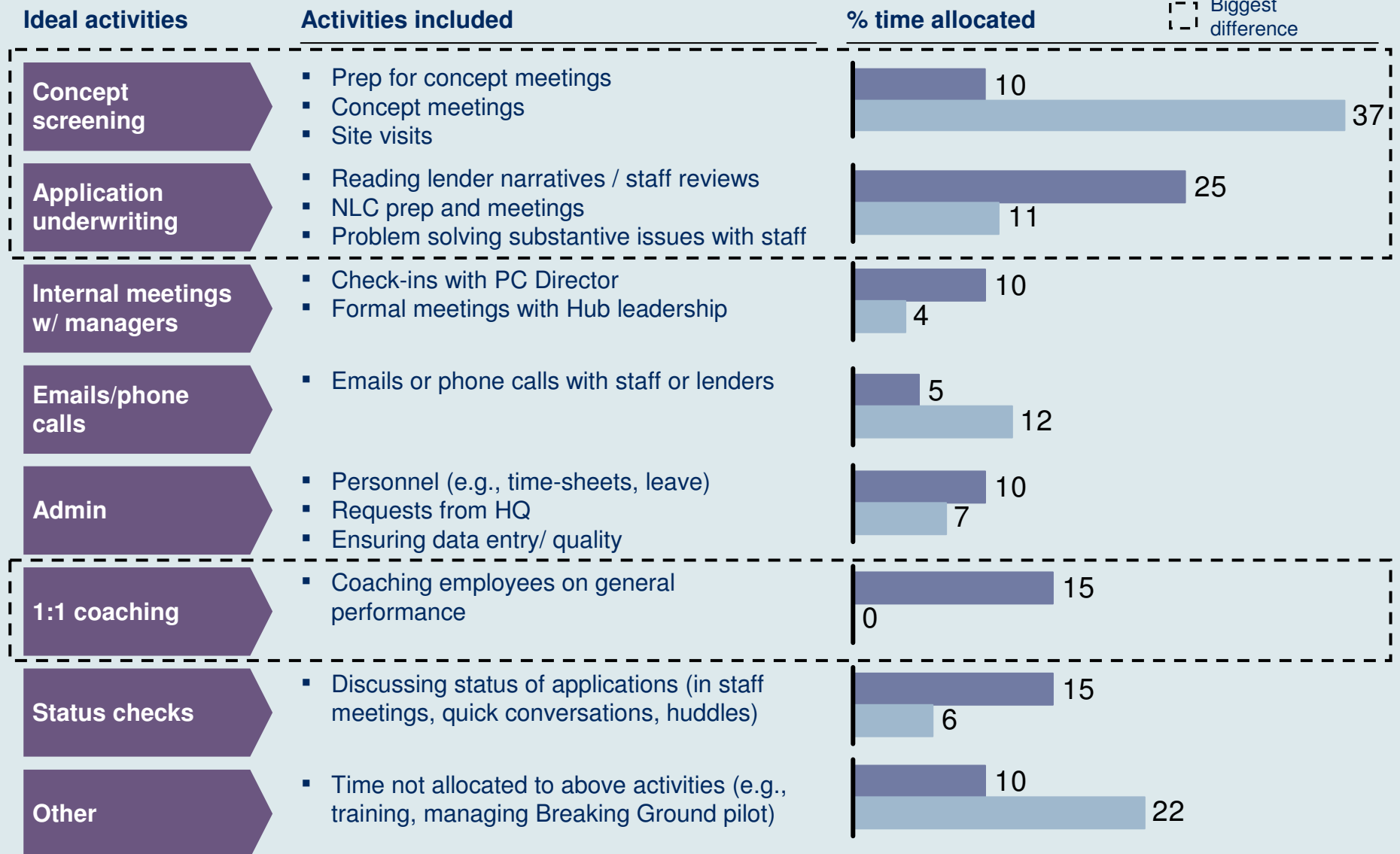
**This allocation is only an example. Each Production Chief should develop an allocation that works for the needs of your Program Center.**



# Baltimore example: Chief's actual time allocation differed from her ideal

EXAMPLE

Ideal
  Actual  
 Biggest difference





Manager routines: “How to”

**Baltimore example: New manager routines included a weekly meeting rhythm around which the entire Program Center could plan...**

Conduct brief team huddles, not all-staff meetings

Reserve certain days for external activities

This calendar is only an example. You should develop a calendar that works for your Program Center. The important thing is the principles behind the calendar, not when or where certain meetings occur.

**Production Chief's Weekly Schedule**

	Monday	Tuesday	Wednesday	Thursday	Friday
<b>Activities scheduled on this day only:</b>				Concept meetings	Site visits
9:00	Nat'l Loan Comm prep				
9:30					
10:00		Team huddles (3)		Team huddles (3)	
10:30					
11:00					
11:30		Debrief w/PC Director			
12:00					
12:30					
1:00	1. Nat'l Loan Comm.	1. Nat'l Loan Comm.	1. Nat'l Loan Comm.	1. Nat'l Loan Comm.	1. Nat'l Loan Comm.
1:30	2. Underwriting	2. Underwriting	2. Underwriting	2. Underwriting	2. Underwriting
2:00	3. Coaching	3. Coaching	3. Coaching	3. Coaching	3. Coaching
2:30					
3:00		Huddle w/Asset Mgmt		Standing leadership meeting	
3:30					
4:00					
4:30					
5:00					

- All staff meeting
- Focused work period
- Manager's meeting

**Interrupt focused work only for:**

1. Closing-related issues
2. Personal emergencies

Establish—and enforce—strict criteria for interrupting focused work period

Set aside “focused work period” for coaching and underwriting



Manager routines: "How to"

...addressed what managers should do differently to enable Production Chief to spend her time more effectively...

EXAMPLE

Issues to address

- 1. Too many interruptions
- 2. Competing priorities
- 3. Too much time spent at concept stage
- 4. Not enough time spent on coaching and underwriting

Actions we will take to address

Hub Director	PC Director	Production Chief
A. We restrict concept meetings and site visits to Thursdays and Fridays, respectively		
B. We will hold a standing meeting with all managers on Thursdays from 3-4 p.m.		
C. Will huddle to discuss issues with applications on Tuesdays, 11:00-11:30		
D. When wanting to update lender, will look first to whiteboard, and only then ask staff		
E. When asking staff about status, will explicitly note that the prioritization isn't changing		
		F. Will ensure that whiteboard is "real-time," and shows info that supervisors need
		G. Will formally calendar important activities to help inform decision of whether to attend a given visit / meeting



Think about how to get the most out of time with staff ...

...and clearly communicate these ideas to staff

### Key questions

- Why are there so many disruptions throughout the day?
- Why is it important to minimize disruptions? How can you communicate this message to your staff?
- How can you get the most from your time with staff **and** ensure they get the most from you?

Hi everyone,

As we’ve discussed, we’re starting a new meeting routine today. We hope this will reduce the number of disruptions in your day, give you more time to focus on underwriting work, and make our discussions more productive.

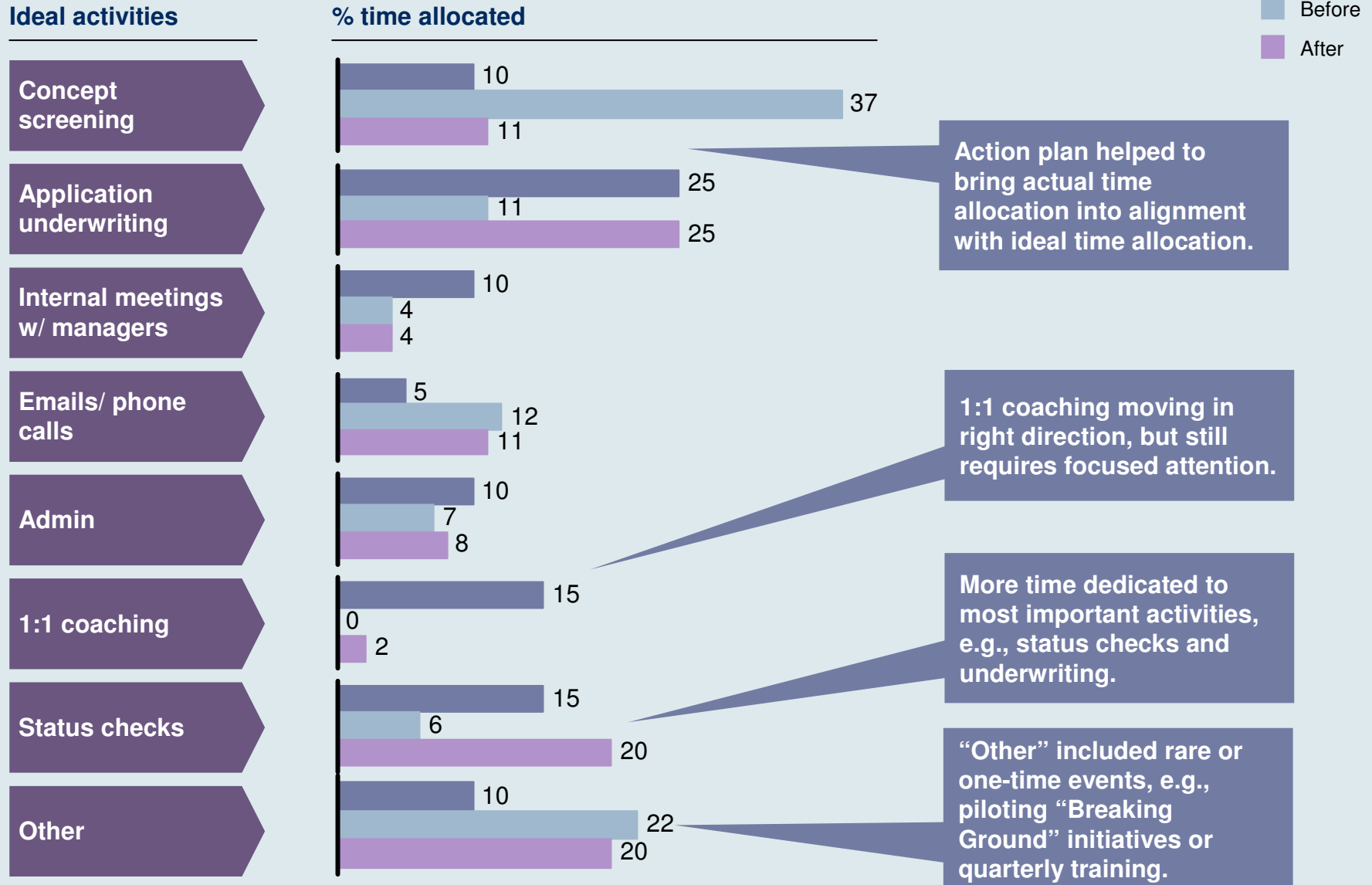
To achieve these goals, please structure our interactions in three ways. First, seek guidance on multiple issues at once. Rather than stopping your work as issues arise, catalog them and let’s address them all at once for a single project. Second, prioritize these issues. Because we won’t be addressing issues as they arise, we can prioritize the most important issues for your work. Third, please email your prioritized issue list to me before we meet, which will allow me to be prepared for our discussion.

Thank you for your hard work and dedication to improving our work. I’m excited about this chance to provide you better feedback and coaching, and I hope you are as well.



Manager routines: "How to"

# Baltimore example: After implementing new routines, the Production Chief was able to approach her ideal time allocation





# 10 things to check to assess the effectiveness of new manager routines

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Evaluating Current Routines

1. Have managers created an ideal standard day of activities?
2. Have managers tracked their activities for a week in a time diary?
3. Have managers analyzed their actual activities against their ideal and identified the biggest differences?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

### Creating an Action Plan for New Routines

4. Have managers agreed to a new weekly meeting rhythm?
5. Does the weekly meeting rhythm solve the main reasons why the managers' actual activities deviated from their ideal activities?
6. Can two production employees asked at random describe the weekly meeting rhythm?
7. Does a randomly polled production employee confirm that the new meeting rhythm increases the value of time spent in meetings?
8. Can two production employees asked at random describe the interruption criteria for disrupting focused work?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

### Following the Action Plan

9. Did the meetings that took place in the past week occur as scheduled in the weekly rhythm, and end on time?
10. Did managers meet the required threshold for 1-on-1 discussions in the past week?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>





## Typical concerns and tips for how to address them

### Common concerns

“My Program Center needs more flexibility. We can’t stick to such a rigid schedule.”

“Things pop up all the time and we have to react. How can we ‘put out the fires’ and focus on our core work?”

“My staff is highly skilled and experienced, so I need to spend more time on underwriting and with lenders than I do now”

“I can’t get my new routine to ‘stick.’ Everyone is too used to the old way of doing business. What can I do?”

### Approach

- Tailor the weekly meeting rhythm to your Program Center’s needs. The point is to establish a meeting rhythm that works for you, not to dictate when certain meetings should occur
- Acclimate our customers to expect timely service, not immediate responses, e.g., they can expect responses within two business days, but can’t expect us to drop everything for their inquiry
- Identify the few true emergencies and establish rules for them, i.e., interruption criteria for focused work periods
- Tailor your ideal activities to your Program Center, your knowledge and needs, and your staff’s abilities. Identify which activities need you most, and allocate most of your time to those activities
- Be explicit setting the new standard and managing expectations, e.g., announce and remind at huddles
- Enforce the standard by your words and actions, e.g., don’t disrupt other’s work period and don’t allow others to disrupt your work period
- Conduct remedial, 1-on-1 coaching when needed

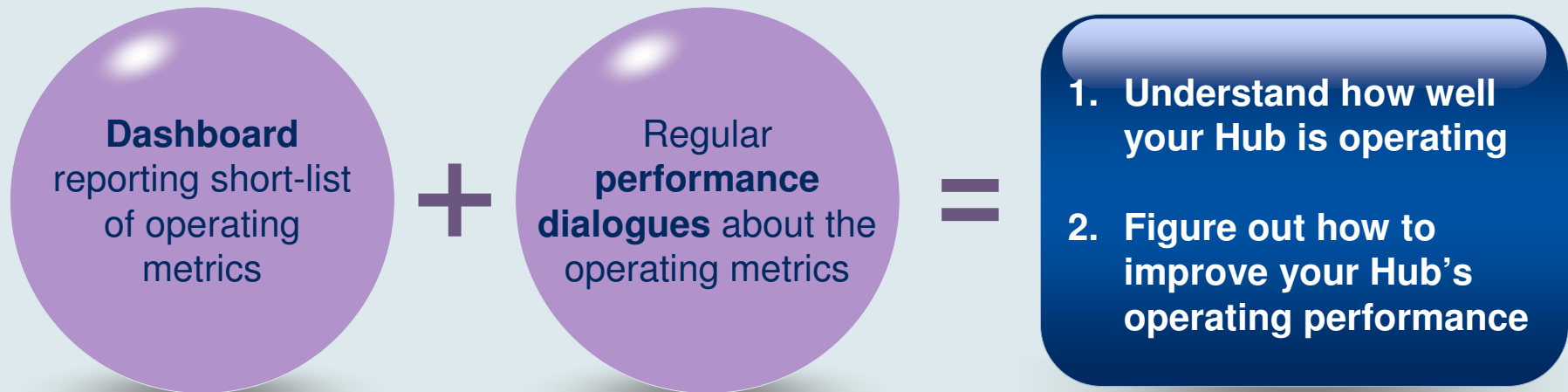


# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## The production management system: What it is, and why to create one





## MF personnel will discuss the metrics in regular “performance dialogues”

	Hub level dialogues (x 18)	MF HQ development discussion
<b>Co-Chairs</b>	<ul style="list-style-type: none"><li>▪ DAS</li><li>▪ ADAS</li></ul>	<ul style="list-style-type: none"><li>▪ DAS</li><li>▪ ADAS</li></ul>
<b>Other participants</b>	<ul style="list-style-type: none"><li>▪ Hub Director</li><li>▪ Hub Operations Officer</li></ul>	<ul style="list-style-type: none"><li>▪ Director of MF development</li><li>▪ Deputy Dir. of MF development</li></ul>
<b>Frequency</b>	<ul style="list-style-type: none"><li>▪ Monthly (at first)</li></ul>	<ul style="list-style-type: none"><li>▪ Monthly (at first)</li></ul>
<b>Duration</b>	<ul style="list-style-type: none"><li>▪ 30 mins.</li></ul>	<ul style="list-style-type: none"><li>▪ 60 mins.</li></ul>
<b>Objectives</b>	<ul style="list-style-type: none"><li>▪ Identify high-priority issues for each Hub</li><li>▪ Understand root causes and countermeasures at each Hub</li><li>▪ Share progress in implementing select <i>Breaking Ground</i> initiatives</li></ul>	<ul style="list-style-type: none"><li>▪ Identify systemic issues</li><li>▪ Agree to actions HQ can take to address systemic issues</li></ul>



## Agenda for Hub-level performance dialogues

Time	Topic
5 min	<b>General business and celebrate successes</b>
5 min	<b>Issue identification</b> – decide which 2-3 issues to focus discussion on, given trend, distance to target, and/ or comparison with peers
10 min	<b>Discussion of high-priority issues</b> – describe root causes identified by Hub Director’s team; counter-measures put in place; measures being taken elsewhere that could work here; HQ approval or resourcing required for counter-measures
5 min	<b>Update on <i>Breaking Ground</i> initiatives to “strengthen the way we manage”</b> – discuss success of following initiatives against their process confirmation worksheets: Huddles, New manager routines
5 min	<b>Next steps</b>
<b>~30 mins</b>	<b>Total time</b>



## 8 things to check to assess the quality of a performance dialogue

Date of confirmation

Confirmed by

### Questions

### Yes/no

#### Logistics

1. Did the meeting take place at the time first scheduled?
2. Did the meeting end after 30 minutes?

#### Content

3. Did the Hub Director credibly explain areas of relative over- and under-performance?
4. For areas of underperformance, did the Hub Director describe countermeasures in place?
5. Did the Chair share at least one good idea that another Hub was trying?

#### Dynamics

6. Was the Chair's tone collaborative and inquisitive (not judgmental)?
7. Did the Hub Director avoid making excuses?
8. Was it evident that everyone had looked through and reflected on the dashboard and its implications before the meeting?



## Production management system: Concerns and tips for addressing Typical concerns and tips for how to address them

### Common concerns

“The dashboard’s metrics don’t give us credit for all the work that we do.”

“I don’t like [metric x]. I think we should measure [metric y] instead.”

### Approach

---

- Explain that the purpose is not to track the amount of work done, but rather the amount achieved (sometimes we do work that does not accomplish anything from our customer’s perspective)
- 
- Hear out the different perspective, and acknowledge its validity
  - Note that there is no “right way” of measuring performance, but that MF must adopt a standard way of doing so everywhere. To that end, MF HQ and Hub Directors discussed a number of possible metrics and agreed on the list you see now.



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130





## Introduction: How standard work improves the way we work



**John Schneider**  
Appraiser  
Chicago Hub



I was impressed with the time and care that was invested in creating a Standard Work Statement that would encompass the broad range of possible work assignments across Hubs. I believe the Standard Work statement is fair and reasonably represents the tasks necessary to perform our duties well.

I think this tool can help Hubs get through their workloads and backlogs more quickly. Standard Work is a way for technicians to pass along what they have learned, to share knowledge and good ideas.

This can be great if you are flexible and open to maybe finding a more effective and efficient way to do what you are doing.





## Standard work helps to identify and eliminate waste in application processing

**A standard-work statement captures what each discipline does to process applications. The statement outlines:**

**The statement outlines:**

- **Major steps and notes on best practices**
- **Sequence of steps**
- **Estimated time for each step**

### How creating standard work helps

- 1. Reviewers** who are in different offices or new can:
  - a. Identify any steps they are missing
  - b. Identify extra steps they can stop doing
  - c. Calibrate the time spent on each step to what their peers are doing
- 2. Production chiefs** can:
  - a. Learn more about what their staff is doing
  - b. Track application status in more detail than the whiteboard shows

### Testimonials

- “I’m glad we did this. I learned how other offices work and was able to cut extra work out of my review process” – *A&E Analyst*
- “I can use this to understand how my staff works and get more detail on status during huddles” – *Production Chief*
- “These statements helped show our managers just how much more work they were requiring and raised the question of what we were getting for it” - *Appraiser*



## Standard work benefits everyone in Multifamily as well as our clients

### Technical Disciplines

- Deliver high quality work consistently
- Accomplish more in my day
- Provide a better level of service
- Eliminate hassles from my day

### Multifamily

- Promote higher-quality and lower-risk underwriting, expand the country's affordable housing base, and increase client satisfaction

### Program Center Management

- Improve the quality and productivity of my teams
- See quickly what is happening with each application

### Lenders

- Receive a timely and accurate decision on applications
- Have a uniform experience across offices and reviewers
- Have expectations for service met or exceeded



## Appraisal: New construction (1/2)

### Steps to perform

---

1. Conduct a site visit; form an opinion as to basic acceptability under HUD Environmental Requirements, and Section 221 d-3 or d-4 program requirements.

---

2. Inspect a reasonable number of rental and expense comparables identified in the Lender’s Appraisal. Decide if the comparables used are acceptable.

---

3. Review the Phase 1 Environmental Site Assessment for any Recognized Environmental Conditions (RECs). Review the suggested remediation plan. Is it reasonable? Will it affect the site value?

---

4. Review the HUD Economist’s Letter. Review the Lender’s Market Analysis Report. Do they agree or disagree?
  - a. If they disagree, consult with the HUD Economist if required. What are the “material variances,” or major areas of disagreement, between the two reports? Are there weaknesses in the Lender’s report? Is the lender’s report acceptable?
  - b. Do market data indicate sufficient demand for the proposed number of units? If not, inform the Supervisory Project Manager. Management may decide to reject the proposal.

---

5. If management still wants to consider the proposal, decide whether the proposed project will be marketable and competitive within its market segment.
  - a. If not, recommend rejection.
  - b. Meet with management and lenders as required.

---

6. Review the Lender’s Appraisal Report. Decide whether it is acceptable.
  - a. If not, consider recommending changes to make the report acceptable.
  - b. Meet with management and lenders as required.

---

7. Review HUD Forms 92273 and 92274 (completed by the appraiser) for reasonableness and completeness.

---



Standard work: “How to”

## Appraisal: New construction (2/2)

### Steps to perform

---

8. Review HUD Form 92264 (completed by the Lender). Does it reflect the conclusions expressed in the appraisal report? If the Lender’s Underwriter has changed any of the appraiser’s numbers, has he/she provided an acceptable written explanation? If not, do not sign the 92264.

---

9. Prepare a review memorandum for the Project Manager if either the site, or any of the Lender’s reports or HUD Forms, are unacceptable; otherwise, sign an acceptable Form 92264 and proceed to the Loan Committee Template.

---

10. Complete the HUD Form 4128 and Environmental Field Notes Checklist, unless the Supervisory Project Manager has assigned this task to another discipline.

---

11. Complete the Valuation portion of the Loan Committee Template.

---



Standard work: “How to”

## Appraisal: Existing construction

### Steps to perform

---

1. Conduct a site visit with the HUD A&E Representative. Form an opinion as to basic acceptability under either the Substantial Rehabilitation (221 d-4) Program, or the Moderate Rehabilitation with Refinance (223-f) Program, or the 222 a-7 Program.

---

2. Consult with the HUD A&E Representative. Decide whether the Lender's list of repairs and improvements is adequate to meet program requirements.

---

3. Review the Lender's Appraisal Report. Is the opinion of value supported and justified? Is the report acceptable under the applicable program?
  - a. If not, consider recommending changes to make the report acceptable.
  - b. Meet with management and lenders as required.

---

4. Review the Lender's HUD Form 92264. Does it reflect the appraiser's calculations and conclusions?

---

5. Prepare a review memorandum to reject the appraisal, or the project, if necessary.

---

6. Prepare a review memorandum for the Project Manager, or proceed to the Loan Committee Template, if required, provided the appraisal report and the project are acceptable.

---



## Mortgage credit (1/2)

### Steps to perform

---

1. Review lender’s narrative to gain overview and background

---

2. Review Form 2013 (for pre-app and firm app) and Forms 2264 and 2264A (for firm apps)
  - a. Check MIP fees and type of application
  - b. Determine property’s attributes, e.g., size and location
  - c. Review mortgage amount calculation on Form 2264A by criteria

---

3. Review sources/uses
  - a. Determine how much cash the owner is contributing or taking out
  - b. Determine other sources of financing (grants or loans, terms, conditions)
  - c. Ask lender to identify mortgageable and non-mortgageable uses and determine which sources pay for them
  - d. Identify any developer fee and its funding source
  - e. Determine whether loan-to-value ratio is appropriate
  - f. Determine if escrows are adequate and how they will be funded (cash or LOC)

---

4. With appraiser, determine if rents, expenses, and vacancy rates are appropriate

---

5. Review rent roll on existing projects to verify that “new” rents are not higher than current rents

---

6. Review ownership %, principals, ownership entities, financial statements (e.g., liquidity, net worth, working capital, and schedule of mortgage debt), HUD experience, credit reports, Form 2530, REO schedules

---

7. Review general contractor financial statements (e.g., liquidity and net worth), HUD experience, credit reports, and Form 2530

---

8. Review property management for Form 2530, credit reports, and experience



## Mortgage credit (2/2)

### Steps to perform

---

9. If needed and appropriate, submit waiver request ASAP

---

10. Compare financial analysis to A&E/Cost and Valuation processing to resolve issues (if any)

---

11. Send Mortgage Credit summary, conditions, and other supporting documents to Multifamily Housing Representative

---

12. Prepare NLC template (if applicable)

---





## A&E 223(f) applications (1/2)

### Steps to perform

---

- I. Assess repairs to be required as part of loan transaction.
  1. Review critical and non-critical repairs recommended in PCNA and Lender’s Review.
  2. Review condition description and list of repairs in last two years.
  3. Review Fire Marshal and Building Inspector’s Reports for any outstanding building code violations. If any, include as critical repairs that must be cured prior to closing.
  4. Review REAC Report (if in portfolio). Note any areas of major concern and consult with Asset Manager if necessary.
  5. Review Survey and HUD-2457. Compare description to Title Report. Note any encroachments or easements that could adversely affect the property. Consult FEMA Flood Map and confirm Flood Hazard indicated on Survey.
  6. If a 3-year rule waiver, review “As-Built” Plans and Specifications. Confirm extent of rehab at inspection.
  7. Inspect property to assess condition and repair needs. Assess if repair scope in application is sufficient to meet properties immediate physical needs. If additional repairs are needed, document. Also confirm accuracy of Survey and “As-Built” Plans, if any.
  8. Complete Repair Report (tab in processing file) documenting all critical and non-critical repairs to be required in firm commitment.
  9. Complete A/E-Cost Analyst’s section of the HUD-2264 (tabs in processing file). Confirm numbers correspond with HUD-2013 and HUD-2264 submitted in application.
- II. Insure replacement reserve funding is adequate to meet physical needs of property.
  1. Review PCNA’s repair/replacement needs and recommended IDRR and ADRR over the loan term. Focus on funding schedule through Years 1-10.
  2. Review HUD-2013, HUD-2264, and Lender’s Review of PCNA, and confirm the requested deposits meet HUD minimum requirements. Compare Lender’s requested deposits with PCNA’s recommendation. If they do not agree, test both scenarios.



Standard work: “How to”

## A&E 223(f) applications (2/2)

### Steps to perform

---

3. Confirm current balance in the Replacement Reserve account (if in portfolio) with Asset Manager. Add any IDRR planned as part of transaction. Note any critical or non-critical repairs that will be paid out of RR prior to closing and reduce balance by that amount. The payment of repairs out of RR must be approved by Asset Manager

---

4. Test RR deposits against Near Term Needs in Repair Report (tab in processing file).

---

5. Confirm recommended deposits are accurately reflected on 2264 (tab in processing file).

---

- III. Complete MAP Guide 5L.3 (Architectural Review) and 6A.3 (Cost Review). Provide signed copy to Housing Representative, email project team with a synopsis of A/E-cost review, and attach the processing file with A/E-Cost portions completed.

---



## A&E 223(a)(7) applications

### Steps to perform

---

- I. Assess repairs to be required as part of loan transaction
  1. Review critical and non-critical repairs recommended in PCNA and Lender’s Review.
  2. Review REAC Report. Note any areas of major concern and consult with Asset Manager if necessary.
  3. Inspect property. Assess if repair scope in application is sufficient to meet properties immediate physical needs. If additional repairs are needed, document. Also, confirm Survey’s accuracy.
  4. Complete Repair Report documenting all critical and non-critical repairs to be required in firm commitment
- II. Insure replacement reserve funding is adequate to meet physical needs of property
  1. Review PCNA’s repair/replacement needs and recommended IDRR and ADRR over the loan term. Focus on funding schedule through Years 1-10.
  2. Review HUD-2013 and Lender’s Review of PCNA, and confirm the requested deposits meet HUD minimum requirements. Compare Lender’s requested deposits with PCNA’s recommendation. If they do not agree, test both scenarios.
  3. Confirm current balance in the Replacement Reserve account on the Statement of Escrow Balances with property’s Asset Manager. Add this figure with the IDRR, if any is planned as part of transaction. Note any critical or non-critical repairs that will be paid out of RR prior to closing and reduce the balance by that amount. The payment of repairs out of RR must be approved by Asset Manager.
  4. Test RR deposits against Near Term Needs in Repair Report
- III. Compose Review Memo and distribute to Housing Rep, Appraiser, Mortgage Credit Analyst, and Asset Management (Project Manager and Supervisory Project Manager)



Standard work: “How to”

## A&E: 221(d)(4) pre-applications

### Steps to perform

---

1. Review lender's narrative and basic work write-up

---

2. Examine A&E exhibits
  - a. Sketch plans
  - b. HUD Form 2013

---

3. Visit and assess site or current buildings (if applicable)

---

4. Review bottom-line cost data

---

5. Issue written report, for Appendices 5L.1 and 6A.1 to team leader, and email project team

---



Standard work: “How to”

## A&E: 221(d)(4) firm applications

### Steps to perform

---

1. Review lender’s narrative and detailed work write-up (if sub rehab)

---

2. Examine Review Report and A&E exhibits
  - a. Site work, soils information, survey, and surveyor’s report
  - b. Accessibility (FHA/HUD requirements)
  - c. Plans and specs
  - d. Utility and offsite analysis (if required)
  - e. HUD Forms 2264 and 2013

---

3. Visit and assess site and current buildings (if applicable)

---

4. Compare lender’s estimate and contractor’s HUD Form 2328 with HUD cost data

---

5. Complete HUD Form 2264

---

6. Complete property-insurance schedule (verify at closing)

---

7. Sign original copies of HUD Form 2328, route to supervisors for approval, issue written report and forward Appendices 5L.2 and 6A.2 to team leader, and email HUD Form 2264 with A&E cost portions completed to project team

---



# 6 things to check to assess the effectiveness of standard work

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Introduction of Standard Work

- 1. Can two randomly polled employees articulate the rationale for standard work (and do they believe it)?
- 2. Does the Standard Work Design Council confirm that they received feedback from the Program Center’s employees?

### Disciplined Use of Standard Work

- 3. Can two randomly-polled production employees quickly note which steps they’ve completed on a standard work statement for a given application?
- 4. If an employee in one of the disciplines was hired within the last 12 weeks, can she confirm that a standard work statement was used in his/her training?

### Management Use of Standard Work

- 5. Observe a team huddle – did the Production Chief refer to standard-work statements to inquire about the status of applications?
- 6. Does a randomly polled employee confirm that the Production Chief uses the standard-work statements in 1-on-1 coaching sessions?



## Typical concerns and tips for how to address them

### Common concerns

“I disagree with my discipline’s standard-work statement. I don’t work that way.”

“Why do we need standard work? We’ve always done our work our own way.”

“Standard work is too rigid. As the market changes, policy evolves, and workloads shift, we need to be able to adapt the way we work”

“My team won’t do this and I don’t know how to persuade them of its value to change their behavior.”

### Approach

- Encourage staff who feel strongly about standard work (either positively or negatively) to provide feedback to national design council and PMO Architect
  - Focus on specific points of divergence and problem-solve its root cause
- 
- Evaluate recent performance and projected future workload to help make the case for change
  - Review the benefit for the front-line of standard work: approved standards, reduced processing time, higher quality work, and thus less re-processing
- 
- Stress that standard-work statements are dynamic, living documents designed to evolve as your work does
  - Establish standard-work teams to conduct regularly scheduled periodic reviews to verify that statements are up-to-date and to recommend potential improvements
- 
- Ensure role-modeling among peers and managers
  - Explain the need and benefits of standard work to foster understanding and conviction
  - Train personnel as needed on standard-work steps
  - Reinforce with check-ins and question about process



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130





## Introduction: How a staging area improves the way we work



**Alex Johnson**  
A&E  
Baltimore Hub



These days, just one set of documents can contain up to 1,000 pages so managing multiple documents in a small workspace is every difficult. Now, instead of stacks of applications piling up on your desk and reducing your workspace, it all goes into the staging area until you are ready to process them.

It feels like there is less clutter, more time to focus on the project at hand.

Another benefit is that it allows the Chief of Production – through the project assistant – to know how many projects are active and how many have become dormant by looking at when documents were last checked in or out.





## What a staging area is, and why to maintain one

**A staging area stores applications and related material (e.g., drawings) that are considered low-priority, and thus do not need to be worked on**

### **How maintaining a staging area helps**

1. Removes clutter from employees' desks
2. Reduces confusion and stress about what employees should work on by physically reinforcing prioritization of applications
3. Places the backlog in plain sight for managers, instead of keeping it hidden



## Example of Baltimore's staging area (1/2): Memo written by Design Council to announce the staging area and how it will work

### *Introducing our staging areas*

#### **1. To whom does this apply?**

- Baltimore Program Center production staff only (for now)

#### **2. Why are we trying them out?**

- To clear your space of applications (and accompanying papers, such as drawings) you're not working on, so that they don't get in your way while you work

#### **3. What will be stored?**

- Newly arrived applications that Yvette [Chief Underwriter/Supervisor of Production] deems low-priority
  - This will apply to most incoming applications, given our "First In First Out" approach to processing
  - Tameka [program assistant] will let you know if you've been assigned one of these incoming applications
- Applications currently on your desk that **you** decide you would like to keep elsewhere for now (this is voluntary)

#### **4. Where are the staging areas?**

- The gray filing cabinet opposite the common table will house applications
- The corner in which the drafting table used to sit will house A&E drawings

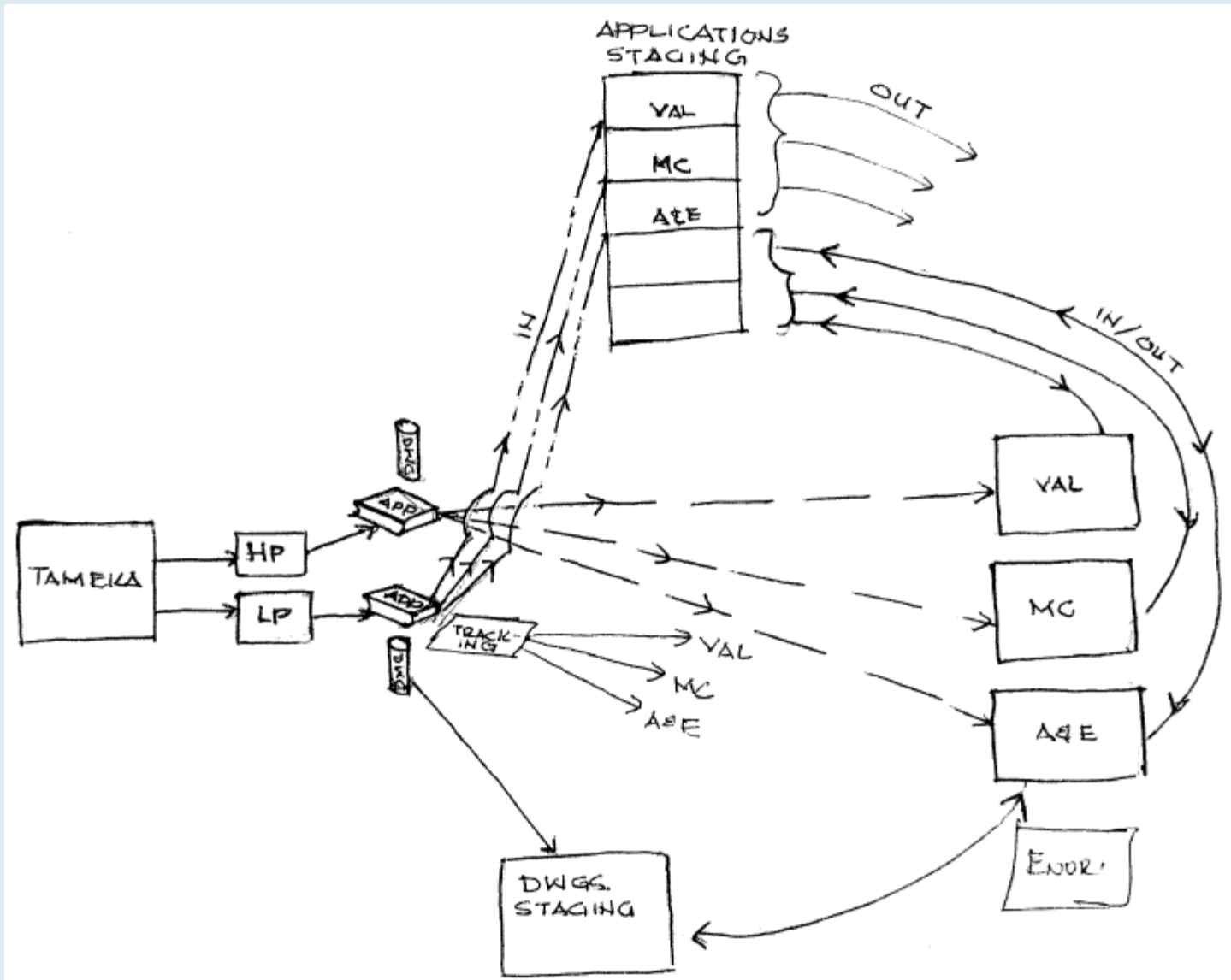
#### **5. How can I get stuff from—and put stuff in—the staging area?**

- Ask Tameka [program assistant/designee for the PC]
  - Except for those heavy drawings – A&E, please move those in and out yourselves



Staging areas: Description and rationale

Example of Baltimore's staging area (2/2): Diagram drawn by Design Council to accompany memo announcing staging area





# Key questions for the Design Council to answer

## What pilots chose

### Set up

#### Question

#### Options (not exhaustive)

#### Baltimore

#### FTW

1. Where should we locate the staging area?

*No standard options – use whatever space you can!*

- Emptied cabinet for applications
- Floor in corner of room for A&E drawings

- An empty cubicle's hutch and drawers

### Up-keep

2. What will we store in the staging area?

- a) Newly received applications that are deemed low priority
- b) Applications currently on desks
  - Employees move applications to staging area at own discretion
  - All employees are asked to keep 4-5 applications on desk, and remove all others to staging area



3. How will we get stuff from – and put stuff in – the staging area?

- a) Appoint someone to keep staging area organized, and have all materials go through him
- b) Allow all employees to access staging area directly (equip with check-in/ out sheet)





## 4 things to check to assess the effectiveness of a staging area

Date of confirmation

Confirmed by

### Questions

### Yes/no

Set up

1. Is the staging area clearly designated?

2. Is the staging area well-organized (e.g., cleanly stacked files, separation of files by application, discipline, or production team)?

Relevance

3. Is there a non-trivial amount of material in the staging area (**or** if not, is that because few applications have recently been received)?

4. Can all A&E employees point to materials that they currently keep in the staging area?

5. Are staff following check-in/check-out procedures, if applicable?



## Typical concerns and tips for how to address them

### Common concerns

“I don’t want someone else telling me how to organize my materials”

“We don’t have any space for a staging area!”

### Approach

---

- If this is a concern held by many employees, then revisit options on previous page that do not offend this principle (i.e., store new applications, and current applications on voluntary basis)
  - Explain that there may be times when a colleague can start working on an application and therefore it is helpful to have it readily accessible to everyone vs. interrupting people trying to locate the file
- 
- Suggest starting the staging area in a low-key space (e.g., on the floor, in the corner), and upgrading the location once the idea catches on
  - Ask whether there are any cabinets filled with documents that (a) no one needs any longer, or (b) would be stored in the staging area in any case
-



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130





## Introduction: How the early warning system improves the way we work



**Joe Dubose**  
Construction Analyst  
Baltimore Hub



There have been times when a lot of staff spent a lot of hours on a project and have been very frustrated when the project is rejected after all that effort. Sometimes we can catch it earlier and save time – that’s why I like the Early Warning System.

The system is really easy to do for the staff that need to fill out the scorecards. If done properly, the whole system should only take about an hour per project.

There are other benefits too – the project reps are forced to learn the basics of their projects sooner and management gets a preview of all projects earlier, pretty much right when they come through the door.





## The early-warning system serves two main purposes

### Description

### Examples of issues

### Problem(s) addressed

#### 1. Suspension of incomplete applications

- Review application for completeness, and suspend it if lacking documentation that is material to risk of project
- Notify lender early in the process of additional information needed

- 2013 incomplete
- Boilerplate from another deal accidentally copied onto 2328

- Entering application into DAP and thus being penalized on clock while waiting on lender
- Working on a project that turns out to be impossible
- Better communication with lender early in the process

#### 2. Focused review of potentially fatal flaws

- Ask a discipline to determine severity of a potentially fatal flaw before having other disciplines engage on project

- Project upgrading more than one major system submitted as a 223f
- Principals lack sufficient financial resources

- Having all disciplines work on an application when the “yes/ no” decision hinges on one discipline’s analysis



The early-warning system's design reflects the belief that these two objectives are most necessary for (d)(4) pre-apps and (f)s

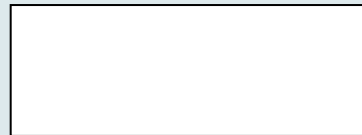
Severity of issues described on prior page

- Low
- Medium
- High

Pre-application

Firm application

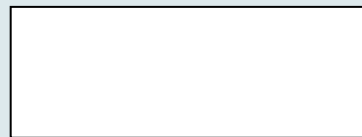
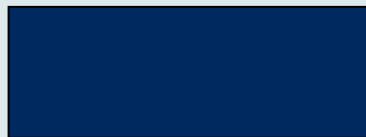
(a)(7)



(f)





(d)(4)





Early-warning system: Description and rationale

**Process for an (f) or (d)(4) pre-app**

-  Application received
-  Key elements of early-warning system

Phase	What?	Who?	When?
1. Concept meeting	<ul style="list-style-type: none"> <li>• Provide lender with feedback on concept and identify clear no-gos</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program Center Director</li> <li>▪ Production Chief</li> <li>▪ Other staff as needed</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>
2. Completeness check	<ul style="list-style-type: none"> <li>• Check for completeness of application, e.g., required documents are present and don't have common flaws (e.g., unsigned documents)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program assistant</li> </ul>	<ul style="list-style-type: none"> <li>▪ Within 5 days of receipt</li> </ul>
3. DAP entry	<ul style="list-style-type: none"> <li>• Enter applications into DAP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program assistant</li> </ul>	<ul style="list-style-type: none"> <li>▪ Same time as step 2</li> </ul>
4. Early Warning prep	<ul style="list-style-type: none"> <li>• Fill out 1-page summary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Housing Rep</li> </ul>	<ul style="list-style-type: none"> <li>▪ Within 1 day of step 2</li> </ul>
5. Early Warning Meeting	<ul style="list-style-type: none"> <li>• Decide one of two possible treatments:               <ul style="list-style-type: none"> <li>– Flag a potentially fatal flaw                   <ul style="list-style-type: none"> <li>▫ Assign to implicated discipline, and no one else</li> <li>▫ Communicate concern to lender</li> </ul> </li> <li>– Pass deal on for ordinary processing (assign to all disciplines)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee including               <ul style="list-style-type: none"> <li>– Housing Rep</li> <li>– Program Center Dir.</li> <li>– Production Chief</li> <li>– Hub Director and Operations Officer (optional)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Within 5 days of step 4</li> </ul>
6. Focused, initial review (optional)	<ul style="list-style-type: none"> <li>• Review potentially fatal flaw and recommend rejection or general review to Early Warning Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implicated discipline</li> </ul>	<ul style="list-style-type: none"> <li>▪ Within 2 days of step 5</li> </ul>
7. General application review	<ul style="list-style-type: none"> <li>• Review application materials</li> <li>• Write cover memo/ template</li> </ul>	<ul style="list-style-type: none"> <li>▪ Disciplines</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>



## How process differs for (a)(7)s and (d)(4) firms

✓ Always  
— Sometimes

Phase	(d)(4) pre-apps	(f)s	(a)(7)s	(d)(4) firms
1. Concept meeting	✓	✓	—	—
2. Completeness check	✓	✓	✓	✓
3. DAP entry	✓	✓	✓	✓
4. Early Warning prep	✓	✓	✓	✓
5. Early Warning Meeting	✓	—	—	—
6. Focused, initial review (optional)	✓	—	—	—
7. General application review	✓	✓	✓	✓

After completing scorecard, Housing Rep decides whether meeting is necessary



## How to screen applications for completeness

	<u>Screening checklist</u>	<u>Screening steps</u>	<u>Who?</u>
<b>223(a)(7)</b>	<ul style="list-style-type: none"><li>▪ Housing Notice 93-89, Part III</li></ul>	<ol style="list-style-type: none"><li>1. Screen applications for completeness</li><li>2. Enter complete applications in DAP</li><li>3. Notify Housing Rep and Production Chief of screen results</li><li>4. Take appropriate next steps<ol style="list-style-type: none"><li>a. Notify lender if application is incomplete</li><li>b. Prepare for early-warning committee for (d)(4) and (f) apps<sup>2</sup></li><li>c. Move (a)(7) apps to ordinary processing</li></ol></li></ol>	<ul style="list-style-type: none"><li>▪ Program Assistant<sup>1</sup></li></ul>
<b>223(f)</b>	<ul style="list-style-type: none"><li>▪ MAP Guide, Appendix 4C</li></ul>		<ul style="list-style-type: none"><li>▪ Program Assistant</li></ul>
<b>221(d)(4) pre-app</b>	<ul style="list-style-type: none"><li>▪ MAP Guide, Appendix 4A</li></ul>		<ul style="list-style-type: none"><li>▪ Program Assistant</li></ul>
<b>221(d)(4) firm</b>	<ul style="list-style-type: none"><li>▪ MAP Guide, Appendix 4A</li></ul>		<ul style="list-style-type: none"><li>▪ Housing Rep</li></ul>

1 Housing Rep conducts screen when Program Assistant is unavailable

2 Housing Rep and Production Chief determine whether early-warning committee should evaluate (f) apps based on dollar amount and (d)(4) firm apps for second time based on time and changes since pre-app evaluation.



Early-warning system: "How to"

# The early-warning scorecard (refinance)

# Details follow

<p><b>A</b></p> <p>Project name:          Lender name:          FHA#:          Project address:          Year built:          Primary market:          Proposed mortgage:          Proposed cash-out:          \$/unit for repairs (critical, other)          Total units:</p>	<p><b>B</b></p> <p>For ordinary processing          Initial review by: _____ Due on: _____          Review for these issues:          _____          _____          _____          _____          _____</p>
--	---

**C** Check all characteristics that apply to this project:

<input type="checkbox"/> Section 8	<input type="checkbox"/> Transit-Oriented	<input type="checkbox"/> Green Build / Energy Conserv.	<input type="checkbox"/> Other (Identify)
<input type="checkbox"/> Tax Credit	<input type="checkbox"/> Benefits from Abatements/Grants	<input type="checkbox"/> In FHA Portfolio	<input type="checkbox"/> Other (Identify)
<input type="checkbox"/> Urban Renewal	<input type="checkbox"/> Located in Locally-Designated Investment Zone	<input type="checkbox"/> Other (Identify)	<input type="checkbox"/> Other (Identify)

Category	Criteria	High risk	Medium risk	Low risk	Value for this project	Assessment			
						H	M	L	
Mortgage Credit	1. Debt Service Coverage Ratio	< 1.2	1.2 - 1.3	> 1.3					
	2. Loan to value	< 83.3%	N/A	N/A					
Valuation	3. Projected commercial % of income minus historic commercial % of income	Historic:	2% above hist.	Within 2% of hist.	2% below hist.				
	4. Projected ancillary % of income minus historic ancillary % of income	Historic:	2% above hist.	Within 2% of hist.	2% below hist.				
	5. Projected occupancy % minus historic occupancy %	Historic:	2% above hist.	Within 2% of hist.	2% below hist.				
	6. Correlated rents divided by average comparables	Floorplan							
		Studio		10% above avg	Within 10% of avg	10% below avg			
		1 BR		10% above avg	Within 10% of avg	10% below avg			
		2 BR		10% above avg	Within 10% of avg	10% below avg			
	7. Average expenses per unit divided by average comparables	Average:	10% below avg	Within 10% of avg	10% above avg				
8. Average expenses per unit divided by historic expenses per unit	Historic:	10% below hist.	Within 10% of hist.	10% above hist.					
9. Specialized demographics (i.e., seniors, military, students)		> 35%	15% - 35%	< 15%					
Other	10. Successful similar projects by sponsor(s)		0	1 - 5	> 5				
	11. Successful similar projects by lender		0	1 - 5	> 5				
	12. Successful similar projects by management		0	1 - 5	> 5				
	13. Successful similar projects by property condition and needs assessor		0	1 - 5	> 5				
	14. Environmental concerns		Requires mitigation	Additional info. required	No Concerns				



## How to complete the early-warning scorecard (refinance) (1/2)

- A** Fill-in each row with information from DAP or the Lender’s Narrative
- B** To be completed after early-warning committee meeting
  1. Check committee decision (“For ordinary processing” or “Initial review by”)
  2. If initial review checked, assign to a reviewer by name, specify a due date (2-3 days out), and list specific questions for reviewer to answer
- C** Check each category that applies to the project with information from the Lender’s Narrative. Specify other categories as needed
- D** Fill-in the value for each row for this project. If the information is not supplied by the lender or not applicable, write “N/A.” These values are found in or calculated by:
  1. Locate this ratio in the Lender’s Narrative. Write the ratio in the “Value” column
  2. Locate this ratio in the Lender’s Narrative or Form 2264A. Write the ratio in the “Value” column
  3. Locate projected commercial % of income and historic commercial % of income in the appraisal under income approach to value. Write the historic % next to “Historic” block and projected % in the “Value” column. Subtract the historic % from the projected %
  4. Locate projected ancillary % of income and historic ancillary % of income in the appraisal under income approach to value. Write the historic % next to “Historic” block and projected % in the “Value” column. Subtract the historic % from the projected %
  5. Locate projected occupancy % and historic occupancy % in the appraisal under income approach to value. Write the historic % next to “Historic” block and projected % in the “Value” column. Subtract the historic % from the projected %
  6. Locate correlated rents and average comparables in Form 2273. If ranges are provided, use the average of the range. Write comparables in the “Adjusted” blocks and correlated rents in the “Value” column. Divide the correlated rents by the average comparables





## How to complete the early-warning scorecard (refinance) (2/2)

- D** (... continued)
7. Locate average expenses per unit and average comparables in Form 2274. If ranges are provided, use the average of the range. Write comparables in the “Average” block and average expenses per unit in the “Value” column. Divide the average expenses per unit by the average comparables
  8. Locate average expenses per unit and historic expenses per unit in Form 2274. If ranges are provided, use the average of the range. Write historic expenses in the “Historic” block and average expenses in the “Value” column. Divide the average expenses by the historic expenses
  9. Locate specialized demographics % (if any) in the Lender’s Narrative. Write the % in the “Value” column
  10. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  11. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  12. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  13. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  14. Locate this information in the Lender’s Narrative (if available). Write comment in the “Value” column
- E** Check High, Medium, or Low for each row by comparing the data and calculations from step D to the risk thresholds for each row



Early-warning system: "How to"

# The early-warning scorecard (new construction or substantial rehabilitation)

# Details follow

**A**

Project name:	
Lender name:	
FHA#:	
Project address:	
Primary market:	
Proposed mortgage:	
Total units:	

**B**

For ordinary processing	
Initial review by:	_____ Due on: _____
Review for these issues:	_____
	_____
	_____

**C** Check all characteristics that apply to this project:

- Rent Restricted Units
- Urban Renewal
- Transit-Oriented

- Benefits from Abatements / Grants
- Located in Locally – Designated Investment Zone
- Green / Build / Energy Conservation Features

- Other (Identify)
- Other (Identify)
- Other (Identify)

Category	Criteria	High risk	Medium risk	Low risk	Value for this project	Assessment		
						H	M	L
Mortgage Credit	1. Debt Service Coverage Ratio	< 1.2	1.2 - 1.3	> 1.3				
	2. Sponsor's cash contribution (\$ amount of borrower cash divided by mortgageable development cost)	< 0%	0% - 5%	> 5%				
Valuation	3. Commercial income divided by total income	> 10%	5% - 10%	< 5%				
	4. Ancillary income divided by total income	> 10%	5% - 10%	< 5%				
	5. Projected occupancy % minus market occupancy %	Market:	2% above market	Within 2% of market	2% below market			
	6. Correlated rents divided by average comparables	Floorplan	Adjusted					
		Studio		10% above avg	Within 10% of avg	10% below avg		
		1 BR		10% above avg	Within 10% of avg	10% below avg		
		2 BR		10% above avg	Within 10% of avg	10% below avg		
	7. Average expenses per unit divided by average comparables	Average:	10% below avg	Within 10% of avg	10% above avg			
8. Specialized demographics (i.e., seniors, military, students)		> 35%	15% - 35%	< 15%				
Other	9. Successful similar projects by sponsor(s)	0	1 - 5	> 5				
	10. Successful similar projects by lender	0	1 - 5	> 5				
	11. Successful similar projects by management	0	1 - 5	> 5				
	12. Successful similar projects by contractor	0	1 - 5	> 5				
	13. Successful similar projects by architect	0	1 - 5	> 5				
	14. Environmental concerns		Requires mitigation	Additional info. required	No Concerns			



## Early-warning system: “How to”

# How to complete the early-warning scorecard (new construction or substantial rehabilitation) (1/2)

- A** Fill-in each row with information from DAP or the Lender’s Narrative
- B** To be completed after early-warning committee meeting
  1. Check committee decision (“For ordinary processing” or “Initial review by”)
  2. If initial review checked, assign to a reviewer by name, specify a due date (2-3 days out), and list specific questions for reviewer to answer
- C** Check each category that applies to the project with information from the Lender’s Narrative. Specify other categories as needed
- D** Fill-in the value for each row for this project. If the information is not supplied by the lender or not applicable, write “N/A.” These values are found in or calculated by:
  1. Locate this ratio in the Lender’s Narrative
  2. Locate the borrower’s cash and mortgageable development cost (if available) in the Lender’s Narrative or Form 2264 (if present); divide borrower’s cash by mortgageable development
  3. Locate commercial income and total income in Lender’s Narrative or Form 2013 (at pre-app) or Form 2264 (at firm). Divide commercial income by total income
  4. Locate ancillary income and total income in Lender’s Narrative or Form 2013 (at pre-app) or Form 2264 (at firm). Divide ancillary income by total income
  5. Locate projected occupancy % in the Lender’s Narrative or Forms 2013 or 2064 and the market occupancy % in the Appraisal. Write the market % in the “Market” block and projected % in the “Value” column. Subtract the market % from the projected %
  6. Locate correlated and average comparables in each Form 2273. If ranges are provided, use the average of the range. Write comparables in the “Adjusted” blocks and correlated rents in the “Value” column. Divide the correlated rents by the average comparables



## How to complete the early-warning scorecard (new construction or substantial rehabilitation) (2/2)

- D** (... continued)
7. Locate average expenses per unit in Form 2274 and average comparables in Form 2274. If ranges are provided, use the average of the range. Write comparables in the “Average” block and average expenses per unit in the “Value” column. Divide the average expenses per unit by the average comparables
  8. Locate specialized demographics % (if any) in the Lender’s Narrative. Write the % in the “Value” column
  9. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  10. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  11. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  12. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  13. Locate this number in the Lender’s Narrative (if available). Write number in the “Value” column
  14. Locate this information in the Lender’s Narrative (if available). Write comment in the “Value” column
- E** Check High, Medium, or Low for each row by comparing the data and calculations from step D to the risk thresholds for each row



## How to prepare for the early-warning-committee meeting

	What?	Example
<b>Housing Rep</b>	<ol style="list-style-type: none"><li>1. Prepare the early-warning scorecard</li><li>2. Email scorecard to committee members</li><li>3. Prepare a brief introductory overview of the project</li><li>4. Prepare brief explanations for high-risk and medium-risk dimensions</li><li>5. Review the application and note any other concerns the committee may ask about</li><li>6. Have an opinion about the recommended committee decision</li></ol>	<ul style="list-style-type: none"><li>▪ N/A</li><li>▪ N/A</li><li>▪ "This is a \$40M project in Smith County with 172 units..."</li><li>▪ "Ancillary income comes from parking, and 15% is common in this market</li><li>▪ "The lender is very reliable, but we've had these issues with the contractor..."</li><li>▪ "Should be assigned to John for initial review of two issues related to..."</li></ul>
<b>Committee Members</b>	<ol style="list-style-type: none"><li>1. Review the scorecard briefly</li><li>2. Note potential questions about or problems with the application</li></ol>	<ul style="list-style-type: none"><li>▪ N/A</li><li>▪ "What kind of commercial development is lender planning?"</li></ul>



## How to conduct early-warning-committee meeting

Stage	What?	How long?
1. Convene meeting	<ul style="list-style-type: none"><li>▪ Housing Rep schedules meeting<ul style="list-style-type: none"><li>– Regularly scheduled for high-volume periods</li><li>– Flexibly scheduled for low-volume periods</li></ul></li><li>▪ Housing Rep brings to meeting:<ul style="list-style-type: none"><li>– Scorecards for all committee members</li><li>– Application packet</li><li>– Note-taking materials</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ N/A</li></ul>
2. Introduce project	<ul style="list-style-type: none"><li>▪ Housing Rep starts the meeting:<ul style="list-style-type: none"><li>– Provide project overview</li><li>– Explain High and Medium risk items</li><li>– Note any other concerns</li><li>– Recommend committee decision</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ 5 minutes</li></ul>
3. Discuss project	<ul style="list-style-type: none"><li>▪ Committee members ask questions, make observations, and debate issues with application</li><li>▪ Housing Rep facilitates discussion, answers questions, and takes notes</li><li>▪ Housing Rep closes discussion by asking for decision</li></ul>	<ul style="list-style-type: none"><li>▪ 10 minutes</li></ul>
4. Make decision	<ul style="list-style-type: none"><li>▪ Housing Rep polls committee members for decision<ul style="list-style-type: none"><li>– If not unanimous, members try to resolve</li><li>– If no resolution, senior member makes decision</li></ul></li><li>▪ Housing Rep fills-in upper-right corner of scorecard with committee decision</li></ul>	<ul style="list-style-type: none"><li>▪ 5 minutes</li></ul>



## What to do after the early-warning-committee meeting

	<b>What?</b>	<b>Who?</b>
<b>If assigned for ordinary processing</b>	<ol style="list-style-type: none"><li>1. Fill-in upper-right corner of scorecard (with check for “ordinary processing”) and place in application packet</li><li>2. Put application in queue for ordinary processing by all three disciplines</li></ol>	<ul style="list-style-type: none"><li>▪ Housing Rep</li><li>▪ Housing Rep</li></ul>
<b>If assigned for focused, initial review</b>	<ol style="list-style-type: none"><li>1. Fill-in upper-right corner of scorecard (with deadline, reviewer name, and specific issues) and send to reviewer</li><li>2. Conduct initial, focused review to answer committee’s questions</li><li>3. Schedule huddle with production chief and reviewer within 1 day of review deadline</li><li>4. Discuss reviewer’s analysis at huddle and decide whether to reject or forward for ordinary processing</li></ol>	<ul style="list-style-type: none"><li>▪ Housing Rep</li><li>▪ Reviewer</li><li>▪ Housing Rep</li><li>▪ Production chief</li></ul>



# Key questions for the Design Council to answer

What pilots chose

Question	Options (not exhaustive)	Balt	FTW
<b>Screen &amp; Scorecard</b> 1. Who screens for completeness?	a) <b>Program Assistant</b> – program assistant screens all applications for entire Program Center	✓	
	b) <b>Housing Reps</b> – rep screens team’s applications		
2. Who completes the early-warning system scorecard?	a) <b>Housing Reps</b> – rep completes scorecard with team’s assistance as needed	✓	
	b) <b>Disciplines</b> – single discipline takes lead on scorecard with assistance from other disciplines as needed		
<b>Committee Activities</b> 3. When will we hold committee meetings for f and d4 firm applications and who will be involved?	a) <b>Always</b> – committee meetings conducted for all applications, regardless of type	✓	
	b) <b>Sometimes</b> – committee meetings occur based on criteria established by Program Center, e.g., dollar value, time elapsed, number of changes		
	c) <b>Never</b> – committee meetings conducted only for d4 pre-apps		
4. When is the committee meeting held?	a) <b>As needed</b> – system leader (see #2) schedules the meeting when needed given volume and members’ availability	✓	
	b) <b>Regularly scheduled time</b> – Program Center designates a fixed day and time		
5. Who decides how to route application after focused review?	a) <b>Production Chief</b> – with input from reviewer, Production Chief decides whether to send application for processing	✓	
	b) <b>Early Warning Committee</b> – application returns to committee for members to determine next steps		





# 13 things to check to assess the effectiveness of the early warning system

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Initial Screen

- 1. Did the initial screen remove incomplete applications from process?
- 2. Was the screen completed within 5 business days of application receipt?

### Scorecard

- 3. Did Housing Rep complete most data fields on the scorecard?
- 4. Did Housing Rep distribute scorecard to committee members with enough time for them to review before the meeting?

### Committee Process

- 5. Did the committee meeting begin on time?
- 6. Did the committee spend 20 minutes or less on each application?

### Committee Dynamics

- 7. Was Housing Rep prepared with overview and key discussion points?
- 8. Did Housing Rep propose an initial recommended decision?
- 9. Did members effectively participate (e.g., ask questions)?
- 10. Did members have a constructive, fact-based discussion?
- 11. Was a final decision reached by the committee?

### Focused Review<sup>1</sup>

- 12. Did initial reviewer complete the review in two days?
- 13. Did Production Chief, Housing Rep, and reviewer make a final decision?

<sup>1</sup> If applicable, i.e., if committee refers application for focused review, not for ordinary processing.



## Typical concerns and tips for how to address them

### Common concerns

“This entire system is a waste of time. We’re just adding another layer of review into what’s already a long, cumbersome process.”

“We don’t have Program Assistants—and even if we did, they can’t screen applications.”

“This scorecard is pointless because I can’t fill-in all the data fields when the lender doesn’t provide all the data.”

“I can’t possibly answer the questions asked in the focused review in only 2 days.”

### Approach

- Adhere to short timelines of the system (i.e., 30 minutes for scorecards and 20 minutes for committee meeting)
  - Stress that other work (e.g., focused review) must be done anyway, so it’s just being shifted to different time in process
  - Track time saved from wasted processing vs. this minimal up-front time investment in early-warning system
- 
- Train Program Assistants on using checklists and application documents, which works in several offices
  - Assign Housing Reps to complete the initial screen when Program Assistants aren’t available
- 
- Focus on data that is available and that will likely be sufficient to give committee members a factual basis to evaluate project and decide whether focused review is needed
  - Promote mindset that scorecard is an internal working document—and thus blank fields are okay
- 
- Cultivate a time-oriented mindset among reviewers that focuses not on the “final” answer, but on the timely, 2-day answer that provides an enhance factual basis to evaluate the project



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Setting organization-wide targets up front for a few critical performance metrics helps keeps teams focused on what success looks like

		Measure	12-month target	
<b>Breaking Ground:</b>	}	<b>Changes in “the way we work”</b>	1. Percent of improvement ideas for which Program Center is “certified” as having adopted	100%
		<b>Productivity</b>	2. Annual decisions made per production FTE <ul style="list-style-type: none"><li>• <b>NOTE: Subject to change</b></li><li>• Represents ~25% improvement from historical average</li><li>• Equals 0.25 decisions per production FTE per month</li></ul>	3.0
<b>Delivering results</b>	}	<b>Faster turnaround</b>	3. Percent decisions made “on time”	90%
		<b>Engaged employees</b>	4. Percent of employees agreeing or strongly agreeing with: “I believe these changes will/ have improve(d) my quality of life at work”	80%



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Prior to launch, Navigator should collect data and interview managers to understand context

	Data request	Key interview questions
<b>Organization</b>	<ul style="list-style-type: none"><li>• Org chart</li></ul>	<ul style="list-style-type: none"><li>• What are your Program Center staff's strengths and weaknesses?</li><li>• Do you assign applications according to teams, or does a different collection of individuals come together for each application? Why have you made that choice?</li><li>• Would you please describe the role played by your Housing Reps?</li><li>• How are NLC templates completed?</li></ul>
<b>Production situation</b>	<ul style="list-style-type: none"><li>• Production log</li><li>• Prior production analyses/reports</li></ul>	<ul style="list-style-type: none"><li>• What numbers do you track to understand the Program Center's operating performance?<ul style="list-style-type: none"><li>▪ According to these numbers, how well has the production staff been performing? What accounts for this performance?</li></ul></li><li>• Are any bottlenecks apparent?</li></ul>
<b>Working norms</b>	<ul style="list-style-type: none"><li>• N/A</li></ul>	<ul style="list-style-type: none"><li>• How effectively does your management team work together?</li><li>• How would you describe the management style of the Hub Director? Program Center Director? Production Chief?</li></ul>
<b>Employee satisfaction</b>	<ul style="list-style-type: none"><li>• Employee satisfaction survey</li></ul>	<ul style="list-style-type: none"><li>• How satisfied do employees currently feel at their Production Center?</li><li>• How many of them think change is possible?</li><li>• Do employees feel that management is open to new ideas?</li></ul>



## Navigator should also arrange logistics prior to launch

### Questions to answer

---

#### Schedules

- What days would Program Center Directors like to have check-ins with you?
  - What blocks of time each week are already blocked off on leadership or staff calendar?
  - What is each production employee's work schedule (e.g., CWS, telework)
- 

#### Space

- Is there a room for the Navigator to work in quiet as needed?
  - Is there a spot "in the center of the action" where you can position yourself to increase opportunities for interaction and engagement?
  - Is there a good location to hold trainings?
- 

#### Planning for kick-off


- Have you blocked a full day on the calendar of all Hub production staff and leadership on first day of scheduled start of *Breaking Ground*?
- Do you have copies of all training material you want to use?



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130





# Everyone at the Program Center has a role to play in the successful implementation of *Breaking Ground*

	Mindsets	Specific responsibilities	Hrs/ week required for specific responsibilities
<b>Supervisors</b>	<ul style="list-style-type: none"> <li>Encourage participation in Design Councils, and follow most of their recommendations</li> <li>Be willing to change own behaviors – be self-reflective; respond to coaching</li> </ul>	<ul style="list-style-type: none"> <li>Meet with Design Councils to discuss their recommendations</li> <li>Help design new manager routines (starting with keeping a time diary)</li> <li>Reinforce initiatives that require change in behaviors, e.g.,               <ul style="list-style-type: none"> <li>Schedule around the new weekly meeting rhythm</li> <li>When app received, ask when Early Warning System meeting will be held</li> <li>Ask employees to update you on status of an application by using standard work statements</li> </ul> </li> <li>Use process confirmation rubrics to assess the degree to which Program Center has adopted initiatives. Where an initiative has faltered, figure out why and provide coaching as necessary</li> <li>Conduct weekly check-ins with Navigator and Change Agent to discuss progress on implementation</li> </ul>	<ul style="list-style-type: none"> <li>First 3 weeks               <ul style="list-style-type: none"> <li>Prod Chief: 4 hours/ week</li> <li>Other supervisors: 2-3</li> </ul> </li> <li>Last 9 weeks               <ul style="list-style-type: none"> <li>Prod Chief: 2-3</li> <li>Other supervisors: 1-2</li> </ul> </li> </ul>
<b>Production staff</b>		<ul style="list-style-type: none"> <li>Join and participate in a Design Council</li> </ul>	<ul style="list-style-type: none"> <li>First 3 weeks: 1-3 hours/ week</li> <li>Last 9 weeks: 1</li> </ul>
<b>Everyone</b>	<ul style="list-style-type: none"> <li>Speak up about what is working and what needs to change</li> <li>Be willing to try a new way of doing something, even if you expect it to fail</li> </ul>	<ul style="list-style-type: none"> <li>Participate in new initiatives, e.g.,               <ul style="list-style-type: none"> <li>New weekly meeting rhythm</li> <li>Early Warning System meetings (H-Reps and supervisors only)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><i>Time commitment factored into above estimates</i></li> </ul>



## Weekly commitments during start up phase of *Breaking Ground* are manageable even for an active design council member

### Sample weekly schedule for active member of Early Warning System Design Council

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM
10:00 AM	Design Council meets on how to customize EWS to meet needs of Hub	10:00 AM	10:00 AM	Observe first Early Warning System meeting Discuss first meeting and necessary changes in process	10:00 AM	10:00 AM
11:00 AM	11:00 AM	11:00 AM	Participate in huddle	11:00 AM	11:00 AM	11:00 AM
12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM
1:00 PM	1:00 PM	1:00 PM	1:00 PM	1:00 PM	1:00 PM	1:00 PM
2:00 PM	2:00 PM	2:00 PM	2:00 PM	1:00 PM	1:00 PM	2:00 PM
3:00 PM	3:00 PM	Meet with Program Center Director and Production Chief on proposed customization	3:00 PM	3:00 PM	3:00 PM	3:00 PM
4:00 PM	4:00 PM	4:00 PM	4:00 PM	4:00 PM	4:00 PM	4:00 PM
5:00 PM	5:00 PM	5:00 PM	5:00 PM	5:00 PM	5:00 PM	5:00 PM



# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## MF will employ two tools to listen to and engage employees during the implementation of *Breaking Ground* in a Program Center

### Description

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### Rationale

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#### Design Councils

- Voluntary staff groups who take ownership for
  - Customizing initiatives for implementation in a given Program Center
  - Providing *Breaking Ground's* national leadership with feedback on how to improve initiative design everywhere
  - Coaching peers on how to execute initiative

- Local authorship ensures that initiatives are as useful as possible
- Bottom-up design empowers employees

---

#### Employee survey

- Anonymous online survey sent to production staff and supervisors approximately on a monthly basis

- Acts as leading indicator of impact
- Tracks employee sentiment and thus uncovers issues during implementation



# Implementation will require creation of 4 design councils with slightly varied purposes

## Purpose of the local Design Council

Customize initiative design

Coach peers on execution

Give PMO feedback on design

	Customize initiative design	Coach peers on execution	Give PMO feedback on design
<b>Create design council</b>	Whiteboards	✓	✓
	Standard work		✓
	Staging area	✓	✓
	Early Warning System	✓	✓
<b>No design council necessary</b>	Production teams	n/a	n/a
	HUDdles		
	New manager routines		
	Production management		
	NLC Template		



# 7 things to check to assess the effectiveness of the Design Council structure

Date of confirmation

Confirmed by

## Questions

## Yes/no

### Participation

- 1. Has every employee signed up for at least one Design Council?
- 2. Does every initiative's Council have at least two employees?

### Facilitation

- 3. Does the Navigator defer to employees' preferences on decisions to be made for initiatives?

### Engagement

- 4. Do employees describe their participation on Design Councils as a chore or as an opportunity?
- 5. Do employees on a Design Council feel that they "own" their initiative, and are responsible for its success?

### Effectiveness

- 6. Does the Program Center Director feel that the Design Councils are making good decisions?
- 7. Is implementation of a Design Council's initiative proceeding on time?



## Conducting an employee survey

### Logistics

- Email with survey link should come from the Program Center Director, to indicate importance within organization
- Survey should be sent every 4 weeks during initial 12 weeks of program and then once every 2 months after that

### Rationale

- Survey is conducted anonymously which allows for a safe space for staff to share feedback during a time of change in the office
- The data collected from this survey will provide the basis for productive staff conversations

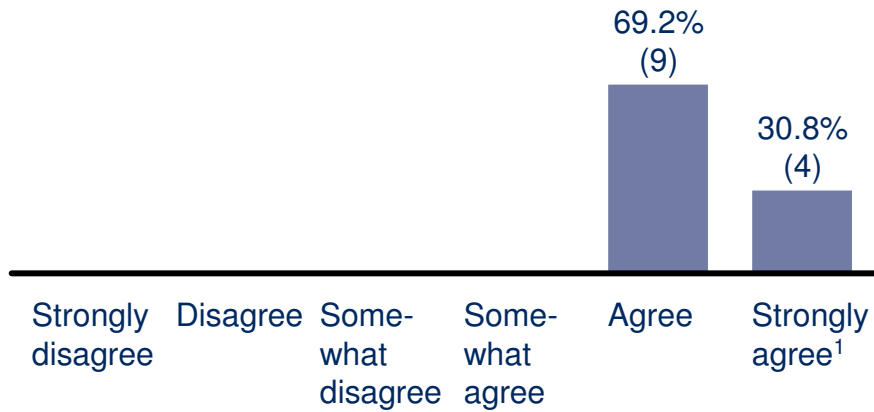
### Usage

- The Navigator will synthesize results from the survey, distribute them to all staff (see following pages for an example)
- Navigator will schedule an hour-long meeting with all supervisors and staff, and facilitate a discussion of the survey results:
  - What results were people pleasantly surprised by? What should the Program Center do to build on this area of strength?
  - What results were people disappointed by? What should the Program Center do to address this issue?

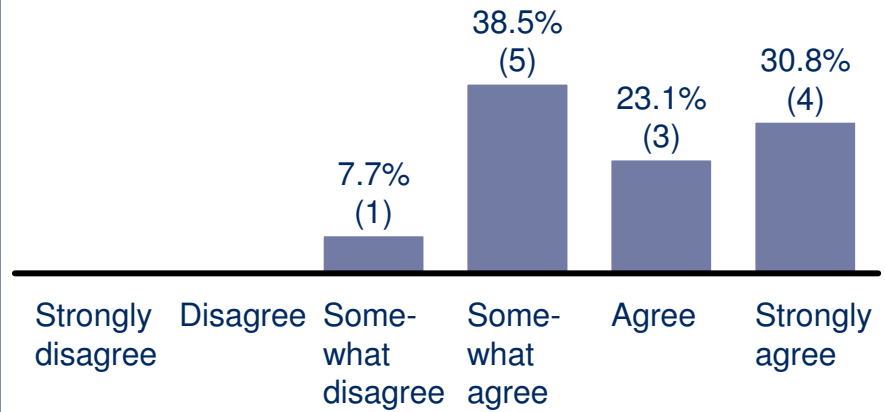


## Sample of survey questions with results (1/3)

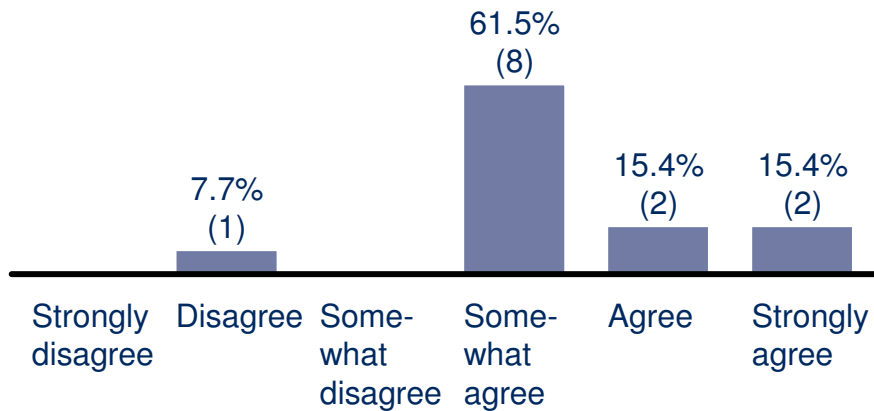
**Question 1: I feel encouraged to come up with new and better ways of doing things**



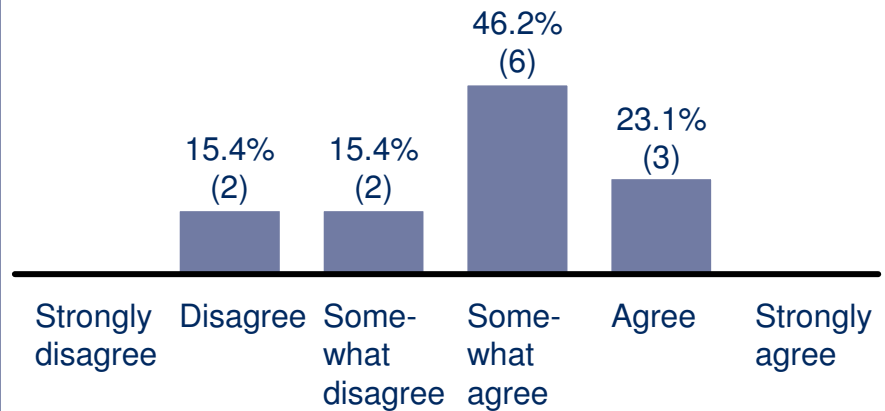
**Question 2: I feel I have the support of my colleagues to get my work done**



**Question 3: I feel my colleagues and I are working together as a well functioning team**



**Question 4: I believe that my PC's management team works together effectively and efficiently**

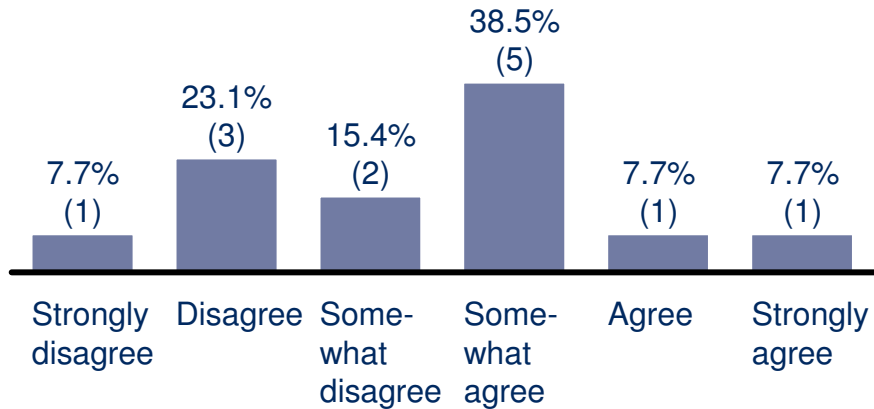




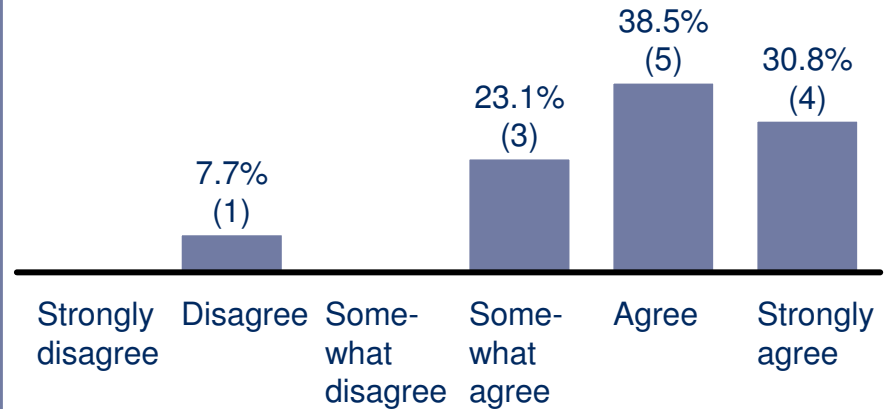


## Sample of survey questions with results (2/3)

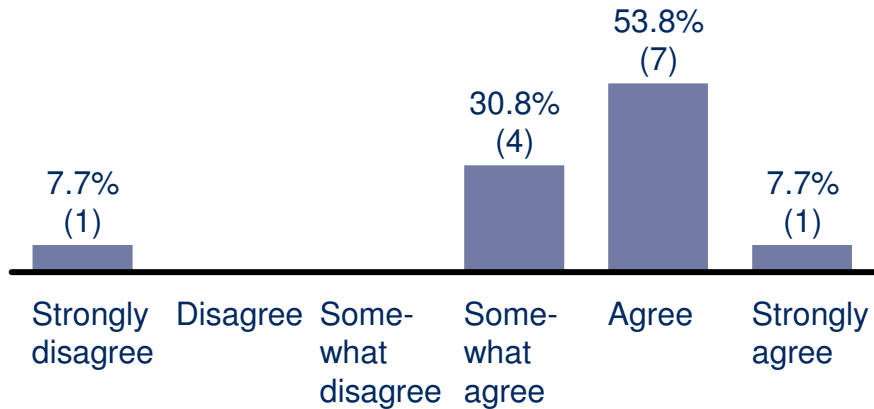
### Question 5: I am given a real opportunity to improve my skills in my Program Center



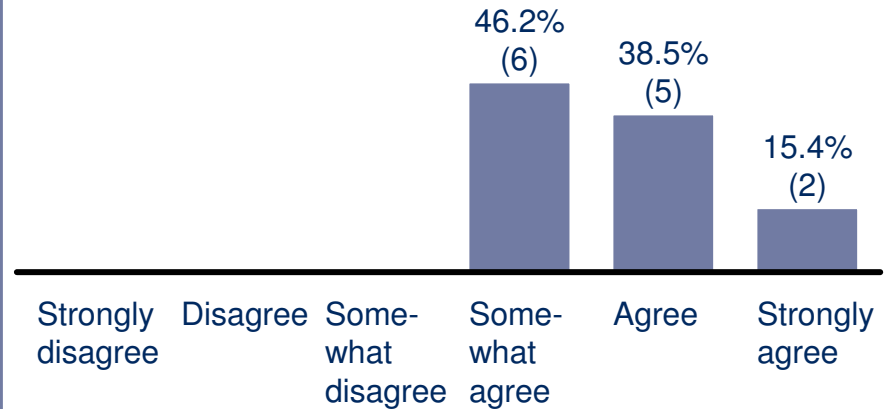
### Question 6: I would recommend my Program Center as a good place to work



### Question 7: I believe that my PC's management team is supporting the changes we are making



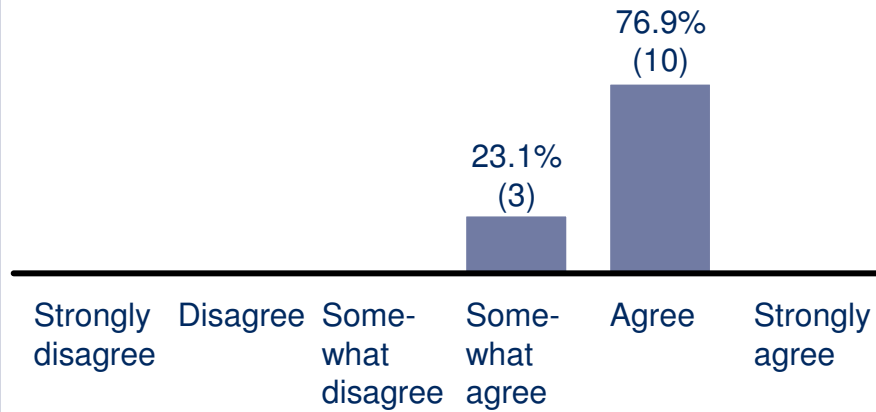
### Question 8: I believe these changes will improve my quality of life at work



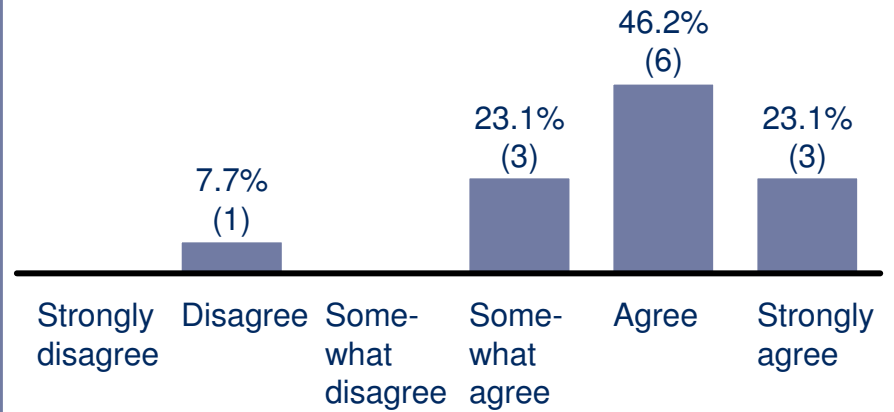


## Sample of survey questions with results (3/3)

**Question 9: I understand how my colleagues and I will work differently as a result of this program**



**Question 10: It is worth going through this process for the resulting change**





# Contents

<b>Topics</b>	<b>Page</b>
<b>Module 1: Introducing a new way to work</b>	
▪ Introduction	5
▪ Rollout plan	17
<b>Module 2: Underlying principles</b>	24
<b>Module 3: Toolkit for each initiative</b>	
▪ Production teams	27
▪ Whiteboards	33
▪ Huddles	45
▪ New manager routines	53
▪ Production management system	65
▪ Standard work	71
▪ Staging area	87
▪ Early warning system	95
<b>Module 4: Ensuring successful implementation</b>	
▪ Defining success	114
▪ Getting started	116
▪ Understanding roles	119
▪ Listening to and engaging our employees	122
▪ Confirming process	130



## Process confirmation is an important tool for implementing change initiatives and assessing performance

- |                                  |   |  |
|----------------------------------|---|--|
| 1. What is process confirmation? | ▶ | 1. Process confirmation is a structured evaluation of whether a Program Center has effectively implemented a change initiative   |
| 2. Why is it important?          | ▶ | 2. Process confirmation ensures national uniformity, adequate support for Program Centers during rollout, and proper coaching of frontline employees   |
| 3. How is it done?               | ▶ | 3. Any observer not involved in a process—e.g., a Navigator or outside manager—can use the checklists in this chapter <sup>1</sup> to assess performance on an initiative and provide feedback for improvement |
| 4. How else is it useful?        | ▶ | 4. Frontline managers and staff can use these checklists as they implement the change initiatives to self-assess and find areas for improvement (similar to using a study guide to prepare for a test)         |

<sup>1</sup> Checklists appear in earlier chapters for each change initiative.