



Unique ownership structure helps TitleOne endure downturn

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Mark Tidd quickly learned the cyclical nature of title insurance when he entered the industry in 1994.

The market just came off a period of low interest rates. Two weeks on the job at Alliance Title & Escrow — a multi-state operation based in Idaho — Tidd had to analyze the numbers and inform the company how many people to let go.

Fourteen years later, Tidd has been forced to crunch the numbers once again — this time as president and owner of Boise, Idaho-based TitleOne Corp.

Despite the severe market downturn and drop in transaction volume, TitleOne has utilized its unique ownership structure, cultivated an award-winning work atmosphere and capitalized on technology to sustain success.

In 1999, according to Tidd, the market was comprised of about half national direct, with the remaining market captured by multi-state agencies.

There was a lot of turnover in leadership in the market at the time and Tidd recognized an opportunity to open an agency. He founded TitleOne in 2000 along with 16 others, who came from a variety of competitors in the Boise/Napa, Idaho area.

Tidd contributes part of the growth to the company's ownership, which is 50 percent employee-owned, 35-percent community business-owned and 15 percent customer-owned.

TitleOne was recognized on Inc. magazine's rankings of the 5,000 fastest-growing private companies in the country. From 2004 to 2007, it enjoyed growth of 78.6 percent as revenues increased from \$13.4 million to \$23.9 million. The company

has six offices serving three counties in Idaho and two offices in Las Vegas, while employing 120.

Growth in the first five years was basically all organic based. While business sources have changed a bit, TitleOne focused on its local markets in Idaho, specifically Ada and Canyon counties — areas that account for nearly half of all the transactions in the state. TitleOne garners about 30 percent of the market in Idaho, while its next closest competitor has about 20 percent. In 2007, TitleOne closed about 11,000 transactions. Tidd estimates the number to fall to about 8,000 this year projects about 7,000 closed transactions in 2009.

The local success led TitleOne to open Las Vegas offices in 2005 and 2006. The company utilizes Fidelity National Title, United General, LandAmerica and Old Republic as its underwriters.

"It's been a tough go, the Las Vegas market is so severely depressed relative to our Idaho markets," Tidd said. "But we've been able to assemble key employees there."

The company also has been able to maintain a balance between new home, resale and refinance transactions, while capturing a strong share in commercial business (20 percent of its business comes from commercial).

In 2008, TitleOne was named as one of the best places to work in Idaho by Populus, a national marketing research company headquartered in Boise. The company received the top score for company management and tied for first for work-life balance. Tidd said the company is extremely "picky" in the set of principles and values of a potential employee.

COVERSTORY

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“When we sit down with prospective recruits, we can show that we have a great place to work. We offer some job sharing and four-day work weeks. We really approach it the same way in how we approach our customers in trying to really understand what our team members need,” Tidd said. “Our business is female dominated, and lots of times mothers may need to be home for some reason or another. We let people work from home if necessary. That has been a real plus.”

The company also puts in time giving back to the community. It recently conducted its seventh annual golf event benefiting a local children’s home. TitleOne has raised more than \$200,000 for the home over the past seven years.

Tidd added the company’s strategy in terms of local market development “starts with having the best people in the market and having the ability to provide high level of service.”

While TitleOne has plenty of talented employees, it has been innovative with technology to help fuel the growth. Internally, TitleOne has a strategic team improving internal processes through technology, which is provided by SoftPro. TitleOne outsourced all of its technology the first four years in business, but brought it in-house after concluding it was such a huge part of its differentiation strategy.

“It’s been big because the internal service to our team has been higher and what we can turn out for our customers in terms of external facing products and services, turnaround faster and quality higher,” said Tidd, who said TitleOne has no intentions of outsourcing its title production.

In 2000, the company was among the first to launch an interactive Web site allowing real estate agents to utilize net sheet calculators. Most recently, the company developed an online property profile tool called PropertyOne, which allows customers to pull taxes and covenants, conditions and restrictions, maps and deeds.

“It was a need not being met,” according to **Michelle Wood**, an owner of TitleOne in charge of electronic services. “Our process and methodology has to deal with understanding each customers unique needs and meeting that. It’s called mass customization.”

As the demographics in the real estate industry change, Tidd said the company continues to change as well and attempts to position itself as a partner with its customers and working with them to provide useful tools and techniques.

Survival tip

“There does not appear there will be a positive improvement in the market in the near future. Title agents need to have their expenses buttoned down and processes running efficiently. I’d encourage anyone to use this time to review all processes.”

— Mark Tidd, president and owner of Boise, Idaho-based TitleOne Corp.

“We’ve tried to place ourselves in a partner or consulting role in working with them in how they identify prospective borrowers and buyers,” Tidd said. “We help them target good buyers and borrowers by identifying renter markets and those who can afford a home.”

Wood said TitleOne has been using text messaging among its younger real estate customers because it’s one of their main communication tools.

“It’s something we want to capitalize on if it’s a good fit,” she said. Although the elimination of brick and mortar is a big trend right now and more transactions will be handled online, Tidd said there is still a great need for an office presence.

TitleOne conducts mobile closings and will go wherever it is needed, but feedback from its customers indicates a majority of them are working from home as well. Because their home office isn’t a professional setting and may not be convenient for the closing, Tidd said it is still important for title agents to maintain a brick-and-mortar presence.

TitleOne noticed foreclosure business starting to increase in 2006 and opened a default and foreclosure division to capture that market. While the national underwriters have come to dominate this space, TitleOne has developed a nice niche getting business from local attorneys and lenders who want to deal with a local title agency.

“We can’t compete on price and it’s really based on service,” Tidd said. “In markets our size, we are in a better position. In the Las Vegas market, some national competitors are overwhelmed with REO business. We are hearing stories from Realtors involved in these transactions that they are disenchanted with the level of service and are starting to turn to smaller companies for higher level of service.”

TitleOne has focused on maintaining productivity standards and watching expenses, it also is addressing sales. Tidd said the company is using the down market to its advantage, not worrying about how small business volume is today, rather being aggressive and active in how it can acquire new customers.

“Our goal is to continue growing market share to a point when the market is in a growth mode that we are in a position to take advantage of that,” he said.

*By **Jeremy Yohe**, Editor of The Title Report
jyohe@octoberresearch.com.*