

Sample MBA Student Paper: Company Analysis

Note: Assignment completed following information literacy session and illustrates strong research and critical thinking skills.

BUS 574 Wednesdays 7-10pm

Company Analysis Assignment - Countrywide Financial Corporation

Organization Description

Countrywide Financial Corporation is a well-rounded financial services provider with mortgage banking at its core. The company's activities or businesses are grouped into the following segments: Mortgage Banking, Capital Markets, Insurance, Banking, and Global. It was founded in 1969 by two ambitious New Yorkers, Angelo Mozilo and David Loeb. Through the years, Countrywide has evolved and grown into one of the leading providers of residential mortgages and a diversified financial services company. Continued improvement and innovation has guided the company, its mission and vision, and its people.

In the Mortgage Banking sector, Countrywide offers a diverse array of products and covers every aspect of the mortgage spectrum. A consumer interested in buying a house, refinancing their loan, obtaining a second loan, etc. need not go further than a Countrywide branch (and Countrywide has strategically opened a number of branches in select geographical areas). Here one can apply for a loan, take care of the title search and other title-related requirements, be assured of the servicing that comes with funding the loan, obtain escrow services, and so forth. According to an analyst at CreditSights, Countrywide is one of the best miners of the mortgage market. It is estimated that Countrywide will meet its goal this year of writing \$400 billion in home loans. Countrywide currently ranks second nationwide in the home-loan industry – its competitors are Wells Fargo ranking first and Washington Mutual ranking third. Other competitors are Bank of America and J.P Morgan.

Within the mortgage umbrella, Countrywide has introduced innovation by constantly offering new products and implementing and following through with its strategies. One example of Countrywide's product offering is the House America program that was launched in 1992 to lower the barriers to homeownership, particularly to low-to-moderate-income and minority individuals and families. In 2001, Countrywide announced its One Hundred Billion Dollar challenge to provide \$100 billion in residential financing to minorities and lower-income communities over the next five years. As of June 30, 2003, the company has funded over \$185 billion, exceeding its original goal by 85%. It has since changed this goal to a commitment and challenge of \$600 billion by 2010.

Countrywide has heavily invested its resources into looking at technology and processes and improvements in these areas to move forward and complement its strategic initiatives. One example of this is a new program it introduced in January 2002. This program, called FASTER, which stands for Flow, Analyze, Solve, Target, Execute and Review is Countrywide's six-step

approach to project management. It is a new and proprietary approach towards operational efficiency and process improvement that was developed by a managing director at Countrywide, John Ardy, and his group. This is a fundamentally different approach to the well-known Six Sigma, a regimented, statistics-based system aimed at achieving success 99.99966% of the time. According to John Ardy, who headed the Six Sigma effort when he worked at Key Bank, there are limitations to Six Sigma that FASTER takes into account. As of September 2003, FASTER has produced \$125.6 million in financial results for Countrywide.

To offset the cyclical nature of the mortgage industry and to position itself for future growth, Countrywide has also diversified into other industries to offer financial services outside of its core mortgage business and to explore other territory. In 1996, Capital Markets was formed to allow Countrywide to grow its client base for packaging and selling securities to investors. In 1999, Countrywide acquired Balboa Life & Casualty to strengthen its position in the Insurance industry. In the same year, Countrywide entered into a joint venture with Woolich, a mortgage company in the U.K., and formed Global Home Loans. In 2001, Countrywide bought a Virginia bank, Treasury Bank, which has grown tremendously in the last two years. These strategic steps set the stage for Countrywide's goal of deriving some 50% of its pre-tax earnings outside of its core business by the year 2006.

Looking at its stock performance, as of 10/13/2003, Countrywide's stock closed at \$95.41. It "boasts the best stock market performance of any financial services company in the FORTUNE 500, measured from the start of the Great Bull Market over two decades ago (Tully, 2003, p. 204)." During this period, Countrywide hardly made any acquisitions and gave out very little amounts of new stock. It is seen by analysts as holding very good shareholder value.

Today Countrywide continues with its efforts and initiatives to strategically position the company and compete successfully as a fully diversified financial services company. It continues to grow in size, employing some 36,000 employees globally. It appears that Countrywide continues to look internally and externally to foster characteristics of strength, overcome weaknesses, seize opportunities and prepare for the unexpected. Strategy is definitely something that is not overseen by the company, and it shows.

Comment on Sources:

I relied on reputable sources and databanks both provided by CLU and those I have researched to assure the accuracy of the data. I also looked at several sources, more so those that were independent to the company. Some of the items I checked for validity are the sources, the date of publication, the publisher, the reputation of the publisher, and so forth. With respect to the information being current, I particularly selected articles and information with recent dates, mostly published in 2002 and 2003.

Sources:

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