

Quicken Loans: Enduring an Entrepreneurial Spirit

Introduction

Research on entrepreneurship is expanding the concept as we know it. No longer is an entrepreneur a lone ranger corralling support for a startup. It is now recognized that entrepreneurship is embedded in social networks and encompasses the ability to rally a group of people guided by a common philosophy. The concept is also no longer seen as tied solely to organizations in the creation stage, but also those that are in the stage of growth where they are successfully using innovation to beat the competition.

The benefits of an “entrepreneurial” business are clear. These organizations are characterized by creativity, innovation, camaraderie, and flexibility. The question is, however, how do you build and maintain an entrepreneurial culture, especially past the nascent stages of an organization?

Harvard Professor Howard Stevenson and IMD Professor J. Carlos Jarillo have acknowledged the expansion of the concept of entrepreneurship, and have defined indicators of firms that are entrepreneurial, including the following:

The entrepreneurial behavior exhibited by a firm will be positively correlated with its efforts to *put individuals in a position to detect opportunities; to train them to be able to do so and to reward them for doing so.*¹

Quicken Loans started in the traditional entrepreneurial fashion, but by fostering a network of individuals who are trained, encouraged to be creative, and rewarded for their collective success, they have created an entrepreneurial culture that has provided them organizational benefits for over 20 years.

Background

There’s a reason that Rock Financial-Quicken Loans has embodied the entrepreneurial spirit for decades. Dan Gilbert, Chairman and Founder of Quicken Loans, started what was then known as Rock Financial when he was a young and innovative 22 year-old.

That was in 1985, and of course Rock was initially a brick and mortar lender, that is, until Gilbert had the clairvoyance to launch Rockloans.com in 1999. This allowed Rock to position itself as one of the first and fastest growing online direct mortgage lenders, which attracted the attention of Intuit Inc. (makers of the Quicken software) who purchased Rock Financial later that year.

¹ Stevenson, Howard, Jarillo, Carlos J, *A Paradigm of Entrepreneurship: Entrepreneurial Management*, Strategic Management Journal, Vol 11, 1990

Exhibit 1: Quicken Loans Quick Facts

Industry	Financial Services
2005 Revenue:	\$554 M
U.S. Employees	3,512
Headquarters	Livonia, MI
Managing Partner	Bill Emerson
Founded	1985
Website	http://www.quickenloans.com

The new owners, despite the takeover, recognized Gilbert's importance to the company, and kept him as the organization's leader. Gilbert ran Quicken for three years before he felt that he wanted the business to again be united under his ownership in addition to leadership. In June 2002, Gilbert led a group of private investors to purchase Quicken Loans Inc. (including Rock Financial) back from Intuit.

There have been many online lenders that have come and gone over the years, especially recently as the sub-prime market has suffered significantly. However, Rock Financial-Quicken Loans celebrated its 22-year anniversary this year with record results.

In March of 2007, the company closed a record \$2.1 billion in home loans. This is the largest amount ever closed by an online lender in a single month in U.S. history.² Quicken expects to close \$23-\$24 billion in home loan volume in calendar year 2007.

This growth has allowed Quicken Loans to strengthen its position in a home lending market that has been afflicted with many challenges over the past few years. The company currently has more than 5,000 employees and is hiring more than 250 people each month. Many of the new positions created are based in Southeast Michigan.

So what has been the key to Quicken's success? According to Gilbert, Quicken has been able to stay ahead of the competition by "unleashing creativity and innovation from employees... [which] starts with a culture that allows that to happen" – an entrepreneurial culture.³

Awards

Exhibit 2: Quicken Award Highlights



Quicken has been ranked in the top 20 of Fortune Magazine's "100 Best Companies to Work For" in America for four consecutive years, debuting the year after Gilbert's take-back. In 2002 and 2005 Quicken was voted as "The Best and Brightest Company to Work for in Metro-Detroit" by the Michigan Business and Professional Association.

Clearly, Quicken has proven itself in regards to employee satisfaction. However, client satisfaction

² "Quicken Loans Crosses \$2 Billion Milestone in Monthly Closing Volume," Business Wire, New York: 3 April 2007

³ Bodipo-Memba, Alejandro "Firms joining to push innovation: They'll share their winning strategies" Detroit Free Press, 18 April 2007

is also necessary to sustain the organization for the long term. Well, Quicken has ranked high here as well. Based off of customer feedback, 9 out of 10 clients say they'd recommend Quicken Loans to others. This is coupled with a 94% client satisfaction score from the survey taken by clients when they close their home loan.

In the world of technology, which spans so many industries that operate within it, Quicken has still been a clear leader. Computerworld Magazine ranked Quicken as #1 for its "100 Best Places to Work in Information Technology" for the past three years in a row. Quicken was also named a "Best of the Web" mortgage lender by Forbes, Money and PC magazines.

Providing Opportunities

We've created an entrepreneurial environment and culture. It is one where our people are encouraged to take initiative and make decisions that make the process and experience easier and better for our clients.

- Dan Gilbert, Chairman and Founder, Quicken Loans – Rock Financial

CEO Bill Emerson also embraces this idea, describing Quicken as a "flat organization where everyone is encouraged and empowered to contribute their good ideas."⁴

The 5,000 employees at Quicken are not given a handbook of administrative policies and restricted to operating in a constrained corporate environment, but are actually encouraged to point out how business could be done better. Quicken states that it believes "that when [we're] not bogged down by the corporate constraints of bureaucracy, [we] have the freedom to do great things for our clients as well as for ourselves."

Gilbert is also quoted as saying that, "If you think of a better way to do something, you are expected to share it. When you have 2,250 people keeping an eye on the place, instead of a few senior leaders, you can't help but succeed."⁵

It is this innate trust in people that allows Quicken's leadership to encourage its employees to take risks. While some employers see employees who shake things up as a potential risk to their established way of doing business, Quicken trusts that its people have the best interest of the company in mind and that they are the key resources needed to ensure that the business innovates successfully to pull ahead of the competition.

This trust cannot be built overnight. When an employee enters a new organization, logically he or she is more focused on pursuing individual priorities such as job security. From here, that new employee needs to learn "how" a business operates first and foremost, just to keep his or her job. That is what most orientation programs provide. But what about the "why" of the organization – the principles, mission, philosophy? These are sometimes skimmed over in favor of more "practical" information. However, it is not until your employees live and breathe your values that you can relinquish control and provide them with the freedom to innovate.

⁴ "Quicken Loans, One of Fortune's Top 15 'Best Places to Work' Announces Plans to Open Division in North Scottsdale; Will Create Nearly 400 High-Paying Jobs for the Region," Business Wire, New York: 17 Oct 2006

⁵ "Company Founded by Prospective Cavaliers Owner Dan Gilbert Named to Fortune's "100 Best Companies to Work For" in America List," Business Wire, New York: 10 Jan 2005

Despite having 5,000 employees, Quicken has not given up the pursuit of an entrepreneurial spirit, although they acknowledge the extra work that is required up front. Emerson has said that, "we empower our team members to take action and make decisions; to do what's right on behalf of our clients. But in order to do this, they need to understand our culture and our philosophy." These concepts are part of the intensive training offered to employees from day one.

Team Training

We hire great people and then provide them with the training, tools, technology and resources they need to succeed.

- Bill Emerson, CEO Quicken Loans – Rock Financial

Quicken Loans/Rock Financial devotes extensive resources to training and development. Gilbert, an avid sports fan, recognizes the importance of training new recruits. All new team members attend what is described as a "world-class, intensive two-day orientation" to introduce them to the company, its history and philosophy. Both Gilbert and Emerson speak at every orientation, spending at least five hours talking about the culture and philosophy of the organization. This instills the culture into new hires from the first day.

The training does not stop after the first few days. Mortgage Bankers receive more than 250 hours of ongoing training each year. One of the country's top personal development experts provides personal empowerment coaching and the company also has an intensive leadership development program.⁶

Rewards and Recognition / Perks & Events

*Our success is based on an entrepreneurial culture we've created that encourages and rewards creativity and innovation.*⁷

- Dan Gilbert, Chairman and Founder, Quicken Loans – Rock Financial

In addition to giving employees the tools they need to succeed and encouraging them along the way, providing positive reinforcement is also imperative. There are big ticket items on the line at Quicken. Team members who have big wins for the company can receive tickets to concerts, NBA games, and even a cruise to the Bahamas. In 2005, in celebration of the company's 20th Anniversary, employees and their families from around the country were transported to Cleveland for a gala weekend celebration at the Quicken Loans Arena (Quicken Loans chairman and founder Dan Gilbert owns the NBA's Cleveland Cavaliers). The weekend's festivities included a surprise ending performance by musical guests The Black-Eyed Peas and Kid Rock.

Of course, as with Google, these are the rewards that make the headlines. However, everyday recognition that acknowledges individual and team success is as important, if not more important, than these headline events. In addition to these perks, there is also a generous ongoing performance-based recognition system. "Each Team Leader (manager) has a generous monthly budget to provide immediate, on-the-spot recognition and rewards to their team. Top achievers are recognized at monthly meetings, at dinners with the company's president and at an annual black-tie awards ceremony."

⁶ "Quicken Loans Named to Crain's 'Cool Places to Work' List," Quicken Loans Press Release

⁷ "Quicken Loans Takes #1 Spot on Computerworld's '100 Best Places to Work in IT' List for 3rd Consecutive Year," Quicken Loans Press Release

The company has created a fun environment that has been compared to Silicon Valley startups. Recognition abounds, and the employees work hard for the positive reinforcement. Again, this is difficult to emulate with 5,000 employees, but Quicken has managed to sustain their entrepreneurial culture.

Conclusion

Quicken Loans / Rock Financial is a great place to work because it instills the “how” and “why” of its business into its employees. From there, it trusts them to continually look for ways to improve the company. When employees succeed at those improvements, they are recognized for their contribution to the organization. These tenets of the Quicken philosophy allow the organization to remain agile and innovative while attracting quality talent – all success factors that are central to propelling Michigan’s economy forward.

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