



Battle Tested

An Interview with George Scanlon,
Chief Executive Officer, Fidelity National Financial, Inc.

EDITORS' NOTE George Scanlon became Chief Executive Officer of Fidelity National Financial (FNF) in October 2010, after joining the company as Chief Operating Officer in June 2010 from Fidelity National Information Services (FIS) where he served as EVP-Finance. Prior to FIS' acquisition of Metavante Corporation in October 2009, he served as the Chief Financial Officer for FIS. Before this, he served as the CFO for BFC Financial Corporation and Levitt Corporation, both based in Fort Lauderdale, Florida. Additionally, he served as CFO for two venture capital backed technology companies, as well as Senior Vice President at Ryder System, Inc. in Miami, Florida. There he held Controller, Corporate Planning, and Development responsibilities. He began his career at PricewaterhouseCoopers in Chicago, Illinois. Scanlon received his B. A. in Accounting from the University of Notre Dame and his M. B. A. from the University of Miami.



George Scanlon

COMPANY BRIEF Fidelity National Financial, Inc. (www.fnf.com) is a leading provider of title insurance, mortgage services, specialty insurance, and diversified services. The company is primarily comprised of Fidelity National Title Group, Inc.; a Specialty Insurance division; and several minority interests in various companies, including Ceridian and Remy International.

Is there an effective understanding of your brand in the marketplace?

We are very well known among commercial customers but this is generally not the case in our consumer market. We're a service that is provided in virtually every real estate transaction and we're the leader in the title insurance market with just under 40 percent market share. We insure from commercial to residential transactions, both refinancing and resale.

Lenders typically require a title insurance policy. Buyers usually get an owner's policy as well, but often they don't select the insurance provider because a real estate agent or attorney often is the decision maker in the title insurance decision.

We try to differentiate our services and highlight our strengths with realtors and lawyers so they select one of our underwriters as the provider of that title insurance.

Our product is delivered through both an agency and a direct channel. Our agents, who are

real estate brokers or lawyers, comprise about 60 percent of our business and cultivate relationships locally in their operations as well. Our direct operations account for the other 40 percent.

As a result, we're often shielded from our ultimate customer on the residential side but typically very involved on the commercial side. Because these transactions are larger and more sophisticated, we're better known in commercial circles than residential.

As a result of the economic crisis, how much of an impact did you see on Fidelity National Financial and is the business now coming back?

We have been competing in a very challenging market for the past three years.

The market bounced back last year, driven by lower interest rates and a heavier weighting of refinance transactions, and later in the year, by the reemergence of the commercial market.

We're off to a good start this year. Our pre-tax margin in the title business was 11.7 percent in the second quarter, the highest level we have produced in several years. As rates came back down in the second quarter, we have seen a pickup in refinancing transactions and the resale market has been steady.

On the commercial side, we have seen deepening pipelines and improvement in most markets across the country. Knowledgeable buyers with equity are coming back, and lenders are making capital available to the commercial market but are more disciplined in permissible leverage and where they're placing their loans.

So we're encouraged by what we have seen over the past several quarters but there has to be an improvement in employment, better consumer confidence, and a full bottoming out of the resale market in order for consumers to feel more secure in their decisions involving real estate.

Can you provide an overview of ServiceLink, your national lending platform?

Many banks have centralized certain services to achieve greater cost productivity and more efficient outreach to their existing customers. Residential refinancing is one of those areas where many of the larger banks are attempting to streamline the process. We provide a platform to the banks that enables them to reach out to their existing customers and complete a refinancing transaction in a centralized, more efficient manner.

We also manage the appraisal process; we do default management work for the banks; and we try to provide those services that are scalable and use technology to drive greater efficiencies for banks and greater satisfaction for their customers.

So as the banks look to outsource these types of transactions, we're there to provide that and, through service differentiation, we try to gain a greater share of those orders that they're sending to the market.

Have you been happy with the talent you have brought in?

We are the premier title company in the country and continue to attract title industry professionals looking for better opportunity. However, we have been managing our cost side pretty intensively and in a shrinking overall market, we have had to be fairly aggressive in making head count reductions.

But one of the strengths of our organization is the experience of our people. We have over 1,300 offices and it's impressive when you see the level of experience we have within our company. In challenging times like these, we need employees and leaders who are battle-tested. We have substantially outperformed our competition consistently through up and down cycles, which is largely attributable to the quality of our employees.

Our performance-oriented culture is also a strength of the organization. We advocate a strong customer focus and bias for action among our local managers who have complete accountability over their profitability, which drives their variable compensation.

We capture all order activity every Monday, so we can see where the revenue trends in our business are heading. This process is embedded throughout our field operations, such that when follow-up on an operation failing to perform to productivity standards is necessary, action plans with remedial actions are typically already in motion.

What are the benefits you have found of being based in Florida?

Florida has traditionally been a growth state and, in addition to organic growth, has always attracted people from the Midwest and Northeast, in particular, who are looking for a more attractive climate, an improved work environment, and lower state taxes since Florida does not have a personal income tax.

Over time, the quality of the workforce in the state is enriched and it gives us better options when we're looking to grow our employee base. ●