

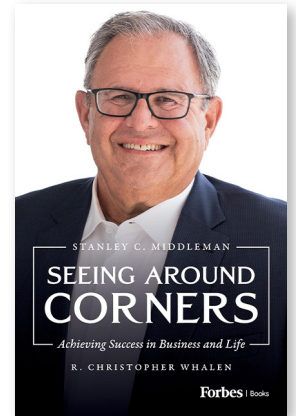


# Executive Book Summaries®

## Seeing Around Corners

Achieving Success in Business and Life

by **R. Christopher Whalen**



### Contents

Chapter 1: The Graduate  
Page 2

Chapter 3: Lessons  
from the Disco Deli  
Page 3

Chapter 4: Fear  
and Consistency  
Page 4

Chapter 7: Jobs  
and Inflation  
Page 5

Chapter 9: Financial  
Crisis to COVID-19  
Page 5

### THE SUMMARY IN BRIEF

Rags to riches stories are always inspiring – we can identify with the protagonist and all of us wish we were in their place. Relatable and very motivational, such books can inspire just about everyone to seek proactive change in their life.

In *Seeing Around Corners: Achieving Success in Business and Life* R. Christopher Whalen tells entrepreneur Stanley C. Middleman's story. While it takes the reader on a rollercoaster of a journey, the book also shares Stan's principles for achieving business success. From Stan's humble beginnings in Philadelphia to building one of the largest mortgage companies in America, the book offers the reader equal parts a memoir and a business strategy guide.

Stan Middleman has long been perceived as a business inspiration and an outstanding example of the classic American entrepreneurial spirit. Through hard work and a clearly defined vision, he's been able to navigate change and build Freedom Mortgage from a small regional firm into one of the largest privately held mortgage companies in the US.

### IN THIS EXECUTIVE BOOK SUMMARY:

- Achieve great success in your career or business.
- Learn what adversities you'll need to overcome along the way.
- Understand the importance of consistency and staying true to your vision.
- Discover the best ways to handle life's unforeseen circumstances.

### Introduction

This is the story of Stanley C. Middleman, the eldest child of a working-class family from Northeast Philadelphia circa 1954. It is the genuine tale of an American entrepreneur who failed several times in his early endeavors yet persevered. Through focus, discipline, and sheer personal will to be successful, Stan created enduring achievements.

---

### Chapter 1: The Graduate

The story of Stan Middleman's long journey to financial success is also about individual discipline, trial and error, and how this deliberate approach leads to enduring accomplishment. Stan was born in 1954 and grew up in a middle-class neighborhood in the city of Philadelphia. Much of Stan's sense of responsibility was the result of his mother holding him accountable for the whereabouts and actions of his siblings. His mother's expectations for Stan shaped his sense of responsibility.

By the time Stan reached college in the early 1970s, his parents decided to move to Florida with his younger siblings. Stan's dad, Lenny Middleman, had a job in Philly, but he wanted to be his own boss and go into business for himself. The family home had gone up in value by more than double in the years that the Middleman family lived in Northeast Philly, an interesting commentary on the level of home price inflation in those days.

In 1976, Stan was a senior at Temple University and while attending college, he worked for a large regional lender called Girard Bank, which was headquartered in Center City. He worked from midnight till seven in the morning. A dedicated employee, Stan worked nights at the bank while taking classes full time and also working as a substitute teacher in the Philly public schools.

Working in the back office of a bank was an interesting job for a college senior, but like most college students, Stan was still just scraping by even after working two jobs. "My salary was so low that I collected food stamps," Stan reflected. "My two jobs combined didn't leave me with enough money to feed myself."

Always modest and self-deprecating, Stan freely admits to being someone who falls into the desperate category when it comes to seeking economic success. He was not gifted in any particular fashion outside of the desperation to succeed. Stan didn't want to work two jobs like he did in college. He wanted to be watching the game, not working the game.

"I didn't start off being philosophical, yet I seem to wax on," Stan reflects. "I'm self-taught. I don't think that I'm super skilled, although I have certain gifts. I would say that my great overriding gift is the ability to exploit my desperation."

Stan defines success as an achievement that you need to be able to point to, to identify and measure. Oftentimes, discussions of success and happiness meld together, but Stan is not just talking about happiness. Each individual has different obstacles to hurdle in their quest for contentment. While positive feelings are often a by-product of achievement, happiness is not the same as a successful business career or monetary success. Whatever we do to create success needs to have a quantifiable outcome, Stan believes.

---

### Chapter 2: There's No Advertisement for Boss

The Bicentennial celebrations in Philadelphia during the summer of 1976 were the biggest tourism opportunity to hit the area. Stan was determined to take advantage of this singular event. For a good part of the summer, Stan's vision for his first business opportunity was proven correct. Indeed, the business took off seemingly on its own and quickly became a big management challenge for a young man with no previous experience operating a business.

The first business lesson Stan learned that summer is that scale begets complexity. A business with one employee and one stand could be tightly controlled. In a relatively short period of time, though, he had many stands selling all different products. The complexity of the business multiplied.

Somehow, with little in the way of capital and a lot of energy, Stan was able to continually meet those demands. Although the process of scaling up the business was fast and fairly efficient, he was suddenly interrupted by an act of nature. This experience illustrates Stan's second principle, Then Things Change, namely that things in business and life can and do change, sometimes very quickly and without warning.

On July Fourth of 1976, there was an enormous thunderstorm late in the afternoon and into the early evening. All the T-shirts on all of the tables were caught in the downpour and got soaked. "I remember watching T-shirts float down the gutters along the street on Independence Mall like mini lifeboats," he recalls ruefully.

By the end of September 1976, when the tourist season came to a screeching halt, he was stuck with an excess of invento-

What Stan had in abundance was a willingness to work hard and devote his enormous energy to try to be successful.

ry. Stan stopped buying new inventory and, instead, started consolidating stands. By November, Stan was still outside in the cold, selling souvenirs to the trickle of tourists who came to visit the town as fall turned to a brisk Pennsylvania winter.

The next several business opportunities that came along were from two older gentlemen named Felix and Tom Clauss, whom Stan met via a classified ad in the newspaper. At the time, these veteran businessmen earned their money by buying businesses, rehabilitating other people's mistakes, making the businesses more profitable, and then selling them.

The Clauss family was looking for someone to run a local locksmithing company they had just purchased, Alarms and Locks Unlimited. What Stan had in abundance was a willingness to work hard and devote his enormous energy to try to be successful. The Clauss brothers gave Stan the latitude to run the business, and he almost immediately invested in advertising to grow the customer base. He continued learning from every task involved with managing and growing the business.

From this experience, Stan learned perhaps the most important lesson in any commercial endeavor: hire good people to help you grow the existing business and thereby leave you with time to focus on the next opportunity. This leads us to Stan's third principle, namely, 'The

Power of a Shared Vision.' Whether you are Henry Ford or Stanley Middleman running a small business in Philadelphia, it takes a team with a shared vision, hard work, and some considerable luck to build an enduring business enterprise.

---

## Chapter 3: Lessons from the Disco Deli

With Stan's previous work experience selling souvenirs and working as a locksmith, taking a job managing a restaurant was an entirely new adventure.

The new business investment by the Clauss family was called the Calico Kitchen.

When Stan started as manager of the Calico Kitchen early in

1977, all the necessary skills involved in running a food establishment had to be learned and developed from scratch.

"Working to deliver a quality experience to people each and every day in the food service business is a challenge," Stan reminisces. "To operate the restaurant, I had to learn about food costs, bringing in customers, advertising, and hiring and managing many different employees (including some who stole)."

"There were many challenges, risks, and experiences, and not many people to turn to for answers," says Stan. "It is often said that you become wise when you appreciate the limits of your understanding, the holes in your knowledge, but I was still way down the learning curve."

Though Stan was working as a manager of a small restaurant in Northeast Philly, he still saw himself as an entrepreneur with inventive and interesting ideas.

When Stan saw an opportunity for growth, he jumped on it. The restaurant had a very young staff – many of the people were recent high school graduates. Stan was comfortable working with these kids because of his experience as a substitute teacher.

One of the young people working at the restaurant worked as a DJ part time. He asked Stan if he could throw a party after work for his friends. The DJ offered to pay a hundred bucks to use the back room. Stan thought it sounded like a great opportunity. So, when the restaurant closed for the day, they moved the chairs out of the rear dining room, which was a big-enough space to use as a party room.

The venture was a major success and Stan was soon hosting parties on a regular basis. That is, until the landlord decided to pursue Calico Kitchen's eviction because the noise and the parties were affecting the other businesses in the mall.

The experience of having the Calico Kitchen shut down by the landlord taught Stan that people who seemed like friends could quickly become enemies and that failure could be delivered by the strangest of sources. Everybody is not on your side. Not everybody wants to see you succeed,

he now understood. The failure of the Calico Kitchen confronted Stan with a number of lessons, illustrating yet another key principle: ‘Learn from Every Mistake.’

---

### Chapter 4: Fear and Consistency

With the failure of the Calico Kitchen, Stan had to again take stock of his life and decide upon the next course in terms of pursuing a career in business. He took a job in sales at the Pennsylvania Life Insurance Co. Stan began his journey into insurance by learning the world of health insurance and hospitalization coverage but soon learned about all of the other insurance products including life, property casualty, and annuities.

“Once I had proven my ability to sell and to learn all of the aspects of selling annuities, I was given the opportunity to teach new recruits,” Stan recalled those early days.

Stan not only learned how to teach people the annuity business, but he also became adept at training different types of people. This experience training and mentoring his colleagues at Penn Life was a new version of his role as the big brother to his two siblings.

Having the responsibility of managing his growing business unit at Penn Life set the stage for the next phase in Stan’s career, when he would go out on his own. By 1983, his partner George and another individual whom Stan had trained left Penn Life and went into business together. They operated under the name of East Coast Financial, selling insurance and annuities.

---

### Chapter 5: From Annuities to Mortgages

Stan was still a young man when he began his career in finance in the 1980s.

His firm developed a new offering, and the pitch went something like this: we can reduce the length of your mortgages from thirty years to fifteen years and keep the monthly payments the same. You’ve already shown that you can afford the payments. The idea was that the client would pay off their house in fifteen years and end up with a greater amount of savings in their annuity, possibly as much as \$100,000. The borrower could pay off their house and live debt free with a sizable amount of money put away.

For Stan, combining the annuity product with a shorter

mortgage seemed like a great way to boost sales and also help people accumulate wealth. Stan thought this product offering was a great idea, but he wanted to test it out with other people.

Once he was ready to go to market, Stan was able to do business with four of the seven people whom he had contacted on his block. It turned out that it was a lot harder to get people to understand the concept of the annuity and invest in it than it was to convince them to lower their mortgage interest rates and pay off their house sooner.

There was also another data point for his analysis: Stan was making more money on the mortgages than he was making on the annuities. The annuities were not only muddying the water and diminishing people’s confidence in his product, but they were also hurting sales overall.

Faced with a growing body of data from his sales effort, Stan adapted and changed. In 1985, in a fateful but ultimately necessary turn in his career as a business owner, Stan decided to gradually get out of the annuity business with his partners and start a new business focused on the mortgage product exclusively.

---

### Chapter 6: Mortgage Banker

When Stan started Freedom Mortgage in 1990, he had a couple of specific motivations and objectives in making the change. He wanted to become a mortgage banker rather than merely a loan broker. Stan also felt that could better handle the state compliance for lenders in one centralized firm rather than in separate businesses, which he had set up in each state under United Financial.

Stan Middleman entered the world of consumer lending at a time when the US economy was still recovering from the Great Depression and World War II, when large banks dominated all aspects of finance. While millions of words have been said and written about the subprime mortgage crisis of 2008, many people still don’t understand that it was largely commercial banks that widely introduced subprime mortgage loans as a product to the US housing market. Stan was a witness to this momentous change in the world of mortgage lending.

Even when Stan was first getting started in the mortgage business, big banks still dominated the financing of the US economy. As a young mortgage banker operating in the Philadelphia market, Stan Middleman had a front-row seat, as the market for subprime mortgages was born.

In order to navigate through the lean years of Freedom Mortgage's first decade, Stan rebuilt the organization over and over, an experience many lenders today understand all too well.

In order to navigate through the lean years of Freedom Mortgage's first decade, Stan rebuilt the organization over and over, an experience many lenders today understand all too well. They needed to acquire new and different skills to perform the key tasks involved to make and sell a loan. They had to get better at these tasks to lend at acceptable price levels to create profitability. The adoption of automated statistical scoring and underwriting for mortgages, for example, was a big factor after 1995, when the industry applied the tools from credit cards and auto lending to approving mortgages.

As Freedom Mortgage went through a tough downsizing in the middle of the decade, a new business model took shape where anticipating changes related to interest rates and technology—that is, seeing around corners—and adjusting accordingly became the core skill set for Stan and his senior managers.

---

## Chapter 7: Jobs and Inflation

In the 1990s, Stan and his colleagues in the mortgage banking business witnessed the miraculous birth of the cell phone and other tools. There was a feeling of excitement, not just in the investment world but among the population generally as well.

Whereas the 1980s and early 1990s had been a tough time for many businesses and families, the late 1990s were a time of rising optimism and expanding horizons albeit tempered with a number of troubling financial market events.

In the late 1990s, though, consumer credit was not broadly available. People who had equity in their homes still could not get loans to refinance their mortgages.

By the time the mortgage industry reached the 2000s, mortgage banks were able to do much more than ever before by leveraging technology and improving people, from the chief executives right down to the team on the servicing floor or the call center. In 2000, Freedom Mortgage was a decade

old and had reached the point where the team's execution was fairly reliable. Stan could count on the people and organization that he had groomed to execute the plan and run the business day to day.

---

## Chapter 8: The Merry-Go-Round of Risk

Until the end of the 1990s, there was very little new home construction in the United States and thus a lot of unmet demand from consumers and investors. It was a situation not entirely dissimilar to what we see in the 2020s in terms of a lack of construction of new affordable housing. This shortage of inventory would soon explode into the lending and building boom of the early 2000s that led directly to the 2008 financial crisis. Stan described the merry-go-round of risk: The more things change in housing, the more things stay the same or at least repeat in cycles.”

Working through the difficult period of the 1990s was a heck of a way for Stan and his colleagues to learn the business. It taught them that closing the loan and retaining control of the mortgage servicing asset was an important part of the business of mortgage banking and credit, a part historically controlled by banks. As Stan's understanding of the mortgage business grew, investing his cash into loan servicing as capital assets and focusing on credit made more and more sense and gave Freedom Mortgage more substance as a financial firm.

---

## Chapter 9: Financial Crisis to COVID-19

When Freedom Mortgage closed the acquisition of Irwin Mortgage Corporation's loan origination business in 2006 for \$350 million, it ensured Freedom Mortgage's future as a government mortgage lender. Once the ink was dry, Freedom Mortgage had more than 2,000 employees in 150 offices nationwide. Yet, despite the promise and excitement

this transaction brought to Stan Middleman, within a year, the Freedom Mortgage team was in a five-year battle for survival. By 2010, all of the big banks took a step back from the mortgage sector.

Fortunately, Freedom Mortgage was able to maintain its relationship with J.P. Morgan Chase far longer than many other mortgage banks, a fact that probably allowed Stan to manage through this crisis.

In time, the market had to get ready for another big shake-up – the Covid-19 pandemic. As COVID-19 caused huge disruptions across the economy, the Fed was busily pushing down the cost of credit for residential mortgages by several percentage points, causing a huge surge in mortgage production and demand for homes that took the industry up sharply to just shy of \$5 trillion in volume in 2020. This was the largest single year of loan production since the mid-2000s, when Countrywide and Wells Fargo controlled huge chunks of the lending and servicing market.

“In other words, mortgage lending profit margins in 2020 were an astounding 262 percent of the historic average, and still 133 percent of it in 2021,” notes former Freddie Mac president Don Layton.<sup>32</sup> “Even in a highly cyclical industry, that’s an extraordinary increase during the dislocations of the pandemic.”

Unfortunately, while 2020 and 2021 were extraordinary years for the mortgage industry, the period that followed in 2022 and beyond would be equally terrible in terms of falling volumes and profitability for most independent mortgage banks.

---

## Chapter 10: Turning the Next Corner

“Addressing a gathering of mortgage executives a few years ago, Freedom Mortgage CEO Stan Middleman made a blunt assertion,” National Mortgage Professional proclaimed in 2018: “There are only two ways to make more money in mortgages: create more production, or take on more risk. For mortgage brokers who are staring in the face of another year of disappearing originations, Option 2 may be the only real option at all.

In writing this biography of Stan Middleman, we’ve had many opportunities to talk about his outlook for the mortgage industry and the US economy going forward for the balance of the decade. As usual, he was not lacking for opinions or for carefully considered perspectives on what

lies ahead in terms of interest rates or housing prices. And as we’ve discussed in the previous chapters, Stan is not afraid to adjust the timing of his long-term outlook to reflect changes in how the economy and interest rates are unfolding in the wake of COVID-19 and related problems such as inflation. As much as entrepreneurs like Stan try to plan for the long term, a great deal of success in business comes down to tactical considerations.

What is fascinating about Stan’s view of housing is that after three decades owning and managing a mortgage company, he continues to employ the basic guideposts of interest rates and employment to inform his business outlook. He adjusts his strategy and perspective to account for technological changes, political shifts, and the impact of the Fed. The order of the risk factors changes in each period, but the risks are basically the same.

What is fascinating about Stan’s view of housing is that after three decades owning and managing a mortgage company, he continues to employ the basic guideposts of interest rates and employment to inform his business outlook. He adjusts his strategy and perspective to account for technological changes, political shifts, and the impact of the Fed. The order of the risk factors changes in each period, but the risks are basically the same.

---

## Conclusion

Stan has argued over the years that success in business is all about living in tomorrow and bringing people with you.

Despite his somewhat dire predictions about the mortgage industry at the end of the decade of the 2020s, Stan remains very excited about the future, both for himself and for his family at Freedom Mortgage:

“I am pretty excited about where we are today as an organization. The best is yet to come. We are going to get better at what we do, and we are going to continue to grow our financial and human assets. There are so many opportunities being created even as the housing market heads for a long-term price reset at the end of the decade.”

That, at the end of the day, is what seeing around corners is all about.



R. Christopher Whalen is Chairman of Whalen Global Advisors LLC and focuses on the banking, mortgage finance and fintech sectors. Christopher is a contributing editor at National Mortgage News. He is a member of FINRA and Senior Advisor at J.V.B. Financial Group in New York. Over the past three decades, he has worked as an author, financial professional, and journalist in Washington, New York and London.

*Seeing Around Corners: Achieving Success in Business and Life* by R. Christopher Whalen ©2024 by R. Christopher Whalen. Summarized by permission of the publisher, Forbes Books. ISBN 979-8887504087. Published by Soundview Executive Book Summaries®. Copyright © 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact [service@summary.com](mailto:service@summary.com). 47SS03A