



Expanding yourself

The message of diversification has started to take root with many brokers. *MPA* asks aggregators what they are doing to help brokers grow their business in the downturn

It doesn't pay to be a one-trick pony in the mortgage industry.

Reduced commissions and lender service delays mean brokers need more than one skill up their sleeve in to earn the same amount they made 18 months ago.

The good news is that the majority of brokers have diversified their services.

Choice CEO Brendan O'Donnell says almost 90% of the aggregator's members now provide services or products as well as residential loans.

"We are now working on helping them increase the percentage of their revenue that is derived from a diversified product offering," he says.

National Broker's Group CEO Steve Lambert boasts similar numbers.

"The percentage of members that have picked up the message is growing. At this point approximately 80% of our brokers are offering diversified services."

NBG has been so successful partly because it has driven the diversification message home.

"We take this message out to the network via e-mail, conferences, newsletters, BDMs, our training manager and the regular professional development days across Australia. The recurring message is that diversification is a key aspect of any business."

Firstfolio put a different number to its diversification goals. "Our strategy is to target approximately 15% of revenues from outside of our mortgage operations."

Aggregators' offering

Aggregators have been talking about the need to diversify for several years. And many have sharpened their services in the last 18 months to help brokers incorporate a wider range of services into their business seamlessly.

AFG executive director Kevin Matthews says its major focus this year has been on its SMART CRM program.

"We act as the members' marketing department and communicate with their customers on their behalf, using their name and brand at different stages of the customer cycle. This helps our members stay close to their customers, get that next loan and receive other referrals. It also leads to complementary product sales like insurance and personal loans."

So far, more than 500 AFG members have embraced the service.

An effective CRM system has also been a key focus for Choice and the springboard for its diversification programs.

"Choice has placed considerable emphasis on diversification for a number of years. We continue to drive diversification through ongoing training and accreditation sessions and we work with members specifically in relation to their own business plans – highlighting alternative revenue stream opportunities," O'Donnell says.

"Underpinning all this is a focus on client relationship and building 'stickiness'. We achieve this through a focus on CRM, and by building an effective broker software platform (which we have in Podium). We also drive this by continually looking for opportunity to add new revenue streams to our panel."

A number of aggregators stressed their commercial offering.

Principal Mark Haron says Connective has offered leasing and equipment finance for years, as has Mortgage Choice.

National Brokers Group has been very active in expanding its members' commercial knowledge and skills. "We have developed Commercial Lending and leasing/commercial higher purchase (CHP) workshops for our members, along with a





range of practical training solutions aimed directly at business improvements," Lambert says.

Managing director Kym Rampal says Loankit is using its software to help brokers place commercial deals.

"We are in the process of building a 'commercial scenario ready reckoner' to help residential brokers to quickly place commercial deals via referrals."

Insurance is also a popular branch of diversification. "Not only do we have a large panel of residential lenders, there is comprehensive panel of commercial, leasing and insurance products available," says Loan Market executive director John Kolenda. He adds that the aggregator has a track record of working with other service providers and has a number of non-residential products with the majority of brokers involved in cross selling or direct selling.

"We have had greater interest in risk products from the broking team and have a number of models operating in the business currently from referral through to full licensing," he adds.

Connective has also added a number of insurance and investment providers to its panel to give its brokers a number of options for diversification into these areas, Haron says.

In addition to home and contents insurance, Mortgage Choice is also piloting a life insurance offering through its franchisees – and participating franchisees have begun to offer personal loans for the first time.

CEO Ray Hair says PLAN promotes intelligent diversification, and specifically added: "We are seeing increased insurance activity."

Franchise group Smartline boasts an excellent strike rate introducing insurance through its brokers. "Each of our brokers are accredited to provide insurance to their clients, with over 75% achieving sales in diversified products such as insurance over the last year," says managing director Chris Acret.

"Given we are a franchise system, we build a consistent client offering across all of our brokers. We are fostering diversification by incorporating it into our client proposition and processes, to ensure that the conversation on additional products occurs in every case, as part of each loan application and each regular client review."

One-stop shop

Several aggregators suggested that their entire model is based on the one-stop-shop philosophy which provides a wide range of home loans and related financial services products to clients who deal with the network.

Towards the end of 2008, LJ Hooker Financial Services diversified by introducing its first financial planning office. In addition to financial planning, the office provides advice on insurance products. LJ Hooker Financial Services is now focusing on establishing key partnerships with insurance providers.

"LJ Hooker Financial Services has in recent years formed key partnerships with several Financial Planning/Insurance providers such as Guardian, Vero, Australian Life Insurance and PLAN Financial Planning," says general manager Peter Bromley.

Another business initiative on offer to LJ Hooker Financial Services brokers is the integration of its business into the LJ Hooker ServicePlus offering that provides clients with the 'one stop shop' concept.

"ServicePlus essentially helps the customers beyond just buying, selling, renting and investing. We offer additional services that the client can use at no additional charge, whether this is conveyancing, settlements, or financial services. In an effort to further develop client relationships with LJ Hooker offices our brokers offer free, no obligation consultations to all LJ Hooker clients," Bromley says.

The aggregator finconnect has a similar approach. As a wholly owned subsidiary of financial planning group Count Financial, it is able to offer through its members a comprehensive range of services. "Products/services such as asset finance/leasing, wealth protection and risk insurance have enabled our members with a growth strategy which revolves around creating genuine and significant value for members' businesses through offering products and services which complement lending. In addition finconnect is able to offer a full range of lending products such as residential, commercial/business, private funds, margin lending, and so on" says general manager Tanya Sale.

"The global credit crisis has meant that all our members are actively incorporating additional services/products within their business." **MPA**



Brendan O'Donnell



Kevin Matthews



Steve Lambert