

# Bigger picture broking

Keep your eyes on the prize – not just the here and now

**IN** today's mortgage market in which profits are slim and the economy uncertain, it's no surprise many brokers are looking for ways to cut costs to get their businesses through leaner times.

But this is no time for knee-jerk reactions. Brokers who are too reactive to current market conditions run the risk of failing to build their businesses for the long term.

Michael Keating, national aggregation services manager at Firstfolio, says brokers who want to stay in the game need to focus on where they want to be in five or ten years time rather than where they are now.

"I think a lot of brokers are shell-shocked with everything that is going on around the world and are unsure where to start and what to do," he says.

"[Brokers] should focus on things in their control and once committed they should review, or in a lot of cases start, their business plan."

## SET YOUR COURSE

Mr Keating estimates that only around 20 per cent of brokers have business plans in place – a fact that concerns Owen Joyce, managing director of business coach Australian Business Review.

"Having worked with several mortgage brokers over the years it has surprised me how little planning has been put in place for the future," Mr Joyce says.

"When times are good the phone is hopping, leads from the internet are coming thick and fast, and sales are going great. Then when things get rough – and they always get rough – there are no systems in place."

But brokers without plans should not feel too bad. Mr Joyce says not having a business plan is common to many small businesses.

"Business owners often settle for 'acceptable' solutions to their problems rather than a solution that will be long lasting because it's easier and cheaper to do so," he says.

Indeed cost and cash flow concerns are the biggest causes of knee-jerk reactions among small

businesses. Mr Joyce warns that rash decisions are often the worst.

"It's like cutting your nose off to spite your face," he says.

Mr Keating says a good business plan is simple, specific and realistic. It's also crucial to address the issues that may be preventing your business from taking off.

"Most businesses have dozens of issues but there are often two or three key issues preventing the business from being successful," Mr Joyce says.

"Once goals are agreed, drill down to the activities required to meet those goals and ensure you track those activities on a daily basis."

## INVESTING IN THE FUTURE

Something all brokers should be planning for are alternative income streams, says Mr Keating.

"You could have ignored diversification 12 months ago but not anymore.

"Diversifying can make up for income lost as a result of smaller commissions and can also produce stickier clients," he says.

Mr Keating also urges brokers to make the most of their client databases, noting that at least 95 per cent of referrals come from existing clients.

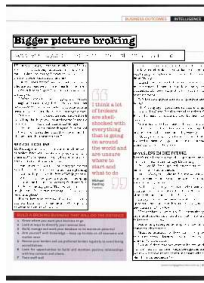
He says brokers should make sure all contacts are up to date and should use these contacts to generate new business and new leads.

"The database is always key. That never changes, yet a lot of brokers fail to use their databases to their full potential," he says.

Maintaining strong relationships with clients and contacts is also essential.

"Build relationships with key clients, make phone calls, send letters – learn what your customers are thinking," says Mr Joyce.

"Many of them may not want to borrow at the moment but many may be starting to see opportunities. Find the ones who see the opportunities and who are planning their next move." ■



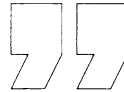
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**Michael Keating**  
Firstfolio



**BUILD A BROKING BUSINESS THAT WILL GO THE DISTANCE**

- 1 Know where you want your business to go
- 2 Look at ways to diversify your revenue base
- 3 Build, manage and work your database to its maximum potential
- 4 Arm yourself with knowledge – keep up-to-date on all economic and market news
- 5 Review your lenders and use preferred lenders regularly to avoid losing accreditations
- 6 Look for opportunities to build and maintain positive relationships with key contacts and clients
- 7 Train staff well