

COVER STORY

BUILDING A BROKER BUSINESS

NMB's broker benchmarking is based on the idea of evolving brokerages into broker business, Foley says. According to Foley, a viable business model must include four components:



People

In order to build a brokerage into a business, Foley says brokers need to look to bring on help. He says some of the aggregator's highest-performing brokers look to back themselves with staff to help manage client relationships rather than focusing immediately on administrative help.



Premises

Foley argues that brokers who set up their businesses in professional premises can drive efficiency by bringing clients to them rather than travelling to client meetings. Benchmarking the time they spend travelling can help brokers identify where their client bases are and thus the most effective business locations.



Partners

This, Foley says, means referral partners. Referral relationships have to be carefully cultivated and must deliver mutual benefit. Brokers have to identify the value they can add to their referral partners' businesses.



Processes

Having the correct processes in place drives efficiency for brokers' businesses, which means they can serve more clients and settle more loans. Benchmarking can be a vital tool for identifying the processes that are working in a broker's business and those that are causing unnecessary slowdowns.

BUILDING BETTER BROKER BUSINESSES

How NMB is empowering its brokers with information

WHEN AUSSIE Home Loans acquired boutique aggregator National Mortgage Brokers three years ago, it caused something of a stir in the industry. NMB had always been known as an aggregator built on close relationships, and some predicted the acquisition could see NMB lose its identity. Three years on and it seems the fears have been put to rest.

"When it happened, everyone was sitting back and waiting for Aussie to come in and take over," NMB managing director Gerald Foley said. "They were waiting for Aussie to come in and paint the orange purple. They haven't done it. They've been such a good company to do business with, let alone have as an owner."

Foley said NMB had retained its identity because its identity was part of its appeal to Aussie in the first place.

"They know what they're good at, and they're

into those things is awesome. There's a range of people with skills available and we can jump in and pick and choose the skills we want to tap into. From my point of view, it's brilliant."

Building better brokers

Moving forward from the acquisition, Foley said one of NMB's main focuses was on helping its brokers build their businesses. He said the aggregator was doing this by providing its broker network with real, actionable data.

"We've started doing broker benchmarking, so every quarter we go out to a group of brokers and they complete a survey on their business. What we're lining up is some really cool stuff around where they spend their time with their customers, where their business comes from, what business converts better than others, and we're putting some

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very good at it. They also know where wholesale aggregation plays a role, and they don't want to come in and make us look like the retail business. Our brokers think and act differently," he said.

The main development as a result of the acquisition has been NMB's ability to access Aussie's scale, Foley said.

"Where we tap into Aussie from a wholesale aggregation perspective is to have access to Aussie's marketing, legal, media strategies and a whole range of things. As a smaller aggregator, being able to tap

real point of sale analytics into their business," he said.

Foley said NMB was in its third quarter of conducting its benchmarking, and the results had been "a real eye-opener" not only for the aggregator but for its brokers as well.

"It doesn't come out and say, 'Here's what you're doing wrong'. It's more like, do you understand the things you're doing here either equal a result or don't equal

a result? Or, here's the time you spend on a loan versus your peers, and it's either significantly more or significantly lower than the average," he said.

This knowledge helps brokers not only identify efficiencies but identify where to spend their time, Foley said.

"One example is we know that where brokers spend average or above-average time at the end of the process, say between approval and settlement, they have a much higher customer repeat and refer. That's where a customer needs a broker to be there, at the point end of the settlement. Some brokers will do a lot of work to get a loan approved, but then they sort of let it happen a little bit on its own," he said.

Foley said brokers completing the benchmarking survey sometimes even identified areas for improvement in the course of doing the survey, before even receiving the results.

"We measure things like what percentage of appointments you travel to the client and what your average travel time is. We can say to the broker, 'Look, this is the benefit of either moving from a home office to an actual office or from a small office to one that's more professional. If you can start getting people to come to you, you can save over the course of a month potentially 10 to 15 hours,'" he said.

Foley said the benchmarking had also been important in making sure brokers were looking after themselves to ensure their longevity in the industry.

"We'll also measure how many hours the principal works per week and how many business-free days they have. The potential for burnout in this industry is very high, so we built that benchmark and we say you've got to have at least one business-free day a week," he said.

He said this benchmarking had already been an enormous help to many brokers.

"I had one guy who was working seven days a week, up to 10 hours a day. I told him, 'You're going to burn yourself out, and I need you writing loans for longer than you're going to be able to'. Off the back of that he's now got an admin person; he's got another broker; he's identified what he was good at and where he was wasting time."

Foley said brokers had bought into the benchmarking and were working with NMB to help build their businesses.

"People have jumped on board really well. They want to grow their business. The first step is to make it look like a business. The next step is to identify what you do and how you do it, what works and what doesn't. Then you can refine the way you do it." ■

