


GERALD FOLEY

A professional portrait of Gerald Foley, a middle-aged man with short brown hair, smiling slightly. He is wearing a dark blue pinstriped suit jacket over a light blue and white checkered shirt and a dark blue tie. The background is a blurred office setting with a window showing a grid of panes.

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GERALD FOLEY: BUILDING UP BROKERS' BUSINESSES

With a new IT platform and business philosophy, National Mortgage Brokers is poised for a busy 2016. Its managing director tells *MPA* why NMB is still defiantly orange

MPA: Could you characterise NMB's typical broker?

GERALD FOLEY: It's a broker that has a strategy to build a successful broking business. It's a broking business where the principals have got a view to grow a successful business model. We're an aggregator that's very comfortable bringing on a person who wants to be a mortgage broker; we're comfortable with that model and it's good. We get really excited when we're talking to a potential broker and they engage with business development and benchmarking – value that we believe we can deliver. It's not just saying "here's what we do"; we show them "here's the model: how you can get from broker to broker business, to better broker business"; we visualise and try to verbalise everything. It's that broker that has a strong desire to build a successful mortgage broking business.

MPA: Would you regard NMB as becoming a division of Aussie?

GF: No. The types of brokers that are coming to us are very different to the types of brokers that are going to Aussie. We're a destination for an independent branded broker business

model that wants to build its own identity. Will there be room for a crossover of models? Absolutely, and there's a bit of that already.

... we tap very well into Aussie at the front end of people exploring the mortgage broker market. When people look at entering the market, Aussie is the most well-known brand and they do a great job of attracting potential mortgage brokers. But when people look at the market and try to understand it, what they quickly work out is they don't want the brand, they want the model.

Those who have an existing financial services business are a classic example. We get a really strong flow of leads from Aussie's information evenings, people wanting to explore the market, and they're often accountants or financial planners. We've had some input into that presentation.

MPA: For Aussie brokers who'd like to join NMB, has the crossover process been made any easier?

GF: We have established what we call switching protocols. Where there's an Aussie broker who's formed a view they want their own branded business, we have a process where Aussie will introduce that person to us

NMB'S NEW-TO-INDUSTRY PROGRAM



In much of its marketing, NMB promotes itself as a home for elite brokers, in particular Jeremy Fisher, Gerard Tiffen and the 1st XI club. However, managing director Gerald Foley insists the aggregator is aiming to attract far more new-to-industry brokers.

"We target that at people who are accountants or financial planners," he explains. These firms are often looking to offer mortgage broking but don't want to give up their brand to join Aussie. NMB has a training program for staff within these businesses, including the Cert IV and lender accreditation, in addition to a 12-part training program.

NMB then goes over the first 10 to 12 loans the broker writes, asking them to explain all their decisions. Overall, Foley claims NMB's program is "an entry point that's not overly expensive, as some of the external mentoring programs are".

GERALD FOLEY

GERALD FOLEY'S
CAREER
TIMELINE

1981

Various lending roles at Westpac, RESI Building Society, Security Pacific Central Mortgage Limited as a lending manager, and National Mortgage Market Corporation Ltd

1994

Moves to AIDC Ltd as associate director mortgage finance

1996

Appointed manager of originator services at ANZ Bank

1997

Joins Mortgage Choice as state manager Victoria and international lending manager

2000

Appointed managing director of Johnson Taylor Potter Mortgage Plus

2001

Takes over at National Mortgage Brokers as managing director

and we'll have a conversation. Generally they are lining us up against the market, and that's good, because we'll back ourselves on a competitive basis.

To put some context around it, if a broker joins Aussie and they're good at it, and

be a business model we say it needs four components. The four p's: people, premises, partners and processes.

By people we mean you need an extra person to be classified as a business. If you're a broker on your own and you go out and

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they develop their own leads, they'll come to the view fairly early that 'I don't think I need the branded model'. That's probably around the 12-month mark where they start considering that.

... Yes, we have switching protocols, and we work very closely with Aussie state offices, and where there's a discussion when someone says they want to go down their own path with their own business, there's an introduction to NMB and then we have a smoother transition from Aussie to NMB.

MPA: Could you give us some examples of how NMB has leveraged Aussie's resources?

GF: We tap in really well to their marketing and media. We get great support from their legal services team, and also their lender relationship team; we have a lot of joint meetings with lenders. So we do leverage off them, and although of course we run our own agreements separate to Aussie, we leverage off the group's buying power, which has been an advantage for us. Lenders recognise that Aussie and NMB are part of the same group, whilst there are separate lender contracts. That's probably the key; the NMB board has three Aussie executives plus myself sitting on it, so we certainly tap into their resources that way.

MPA: You've been urging your brokers to transition from 'broker to broker business'; is there really a difference?

GF: A broker is a person who writes loans for a living, and that's a great living, but to really

write loans that's great, but it's hard to say you're building a business model when it's all you. Those people could be admin support or other brokers ... our top performers have two support people now; one is a broker who doesn't write loans but can do anything a broker does, and behind the broker support person is the customer or loan support person. They're the ones doing the follow-up, chasing the documents; not the technical bit but the admin bit.

We have been doing some broker benchmarking. Every quarter now we go out and get some brokers to do a survey on their businesses, and we're getting some really cool insights around where they spend time with a customer, where their business comes from, what's the conversion. We're in our third quarter of doing that now and it's been a real eye-opener for us; it's not so much saying to brokers "here's what you're doing wrong"; more "this is what you're doing and this is the result".

One example is we know that when brokers spend more time towards the end of the sales process, between submission and settlement, this results in much higher repeat customers and referrals. That's where a customer needs brokers to be there, towards the pointy end of settlements ... some brokers spend a lot of time getting the approval and then let the rest of it happen on its own. We say to brokers, "This is not us saying so; this is what your peers are saying this is where brokers could get more business."

So benchmarking has been a big success for us. Even brokers doing the survey – before

they get the results – are already identifying things that they could do better ... for example, if you're a business you've got to have established referral networks. It's not enough to say customers refer; you've got to have formal real estate, accountants, financial planner links. The evolution of broker business is better broker business; it's a good philosophy to bring to brokers and something that's very easy to explain.

MPA: Are there any recruitment drives in the pipeline, or have NMB's numbers reached their optimal level?

GF: Oh no, definitely not; we've got a lot of growth to go, in two to three areas. Our

MPA: Is it essential for NMB to provide better IT infrastructure than competing aggregators?

GF: We're launching our new business platform in January. We're recognising the difference in business models; we looked at what was in the market and the current Aussie platform, and felt it wasn't quite structured for our business model. We developed our own platform which is fully iPad-based.

We will have a fully functioning, upwards of the best system in the market for our brokers in 2016. At the end of the day a business platform doesn't go out and write loans; brokers do. But the business platform

“So we had no doubt we'd fallen behind the market on our business platform; it still hasn't really cost us brokers ... but we've closed the gap, and significantly”

existing brokers are looking to grow their businesses by taking on loan writers; that's a really key growth area for us – helping their business identify when is the right time to bring on another loan writer, how to do it, and then transition themselves from being a single broker to that broker-business model.

[We're also] targeting brokers in the market who may be operating under another aggregator or broker business and are now wanting to go their own way, and often those brokers want to have a break from the aggregator they're under. We say, “If you're looking to go down your own path, come and have a conversation with us.”

New-to-industry brokers are a really important area for us, particularly targeting the accounting space. We've looked at a lot of research that shows accounting practices that historically provide services to their clients relating to things that have happened – such as tax returns – are now needing to do more things for their clients looking ahead, such as home finance. They've got to become more advisory.

enables them to do loans more efficiently, and it's doing far more to complete loans at the point of sale.

So we had no doubt we'd fallen behind the market on our business platform; it still hasn't really cost us brokers, and we've done very well by working hard at the other areas to make up for what was possibly a bit of a gap, but we've closed the gap, and significantly ... we're really excited about going down the path of an iPad-based point of sales system. We've always had a really strong broker commission system, and that we'll keep, but it's about the point of sale system ... it's absolutely important to provide your brokers with modern, front-of-market systems.

MPA: How would you like brokers to perceive NMB 12 months from now?

GF: I'm going to presume they see us today as a strong business support model, and I see that continuing; in 12 months we'll continue our strong broker focus. There'll be a lot more practical delivery of benchmarking and business planning platforms. **MPA**

NMB'S BROKER BENCHMARKING PROGRAM

By analysing brokers' businesses – down to how they spend every minute – NMB claims it can help brokers make considerable improvements. Here's an extract from an NMB presentation to a group of its brokers:

Average time per loan application (broker + admin):

- ⌚ Your business: 12h 0min
- ⌚ Group average: 7h 42min

Some things to consider:

- 💡 Spending more time in the 'Enquiry to 1st interview stage' could potentially reduce 'waste' or rework later in the loan process.
- 💡 You could also potentially have time to write more business by delegating the 'Loan application to submission' process to an admin support person.
- 💡 Is there an opportunity to upskill admin staff?
- 💡 Lastly, more time spent in the 'Follow up client' stage could bring about more repeat clients or client referrals.

Source: NMB Broker Benchmarking Program 2015 Q2