

FIRST AMONGST EQUALS



MPA *Top 10*
FRANCHISE BROKERAGES 2012

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Brand power is all-important in today's business environment – but which brokers are making the most of having a franchise firmly behind them? Welcome to MPA's inaugural Top 10 Franchise Brokerages special report

Being part of a franchise may not be to every broker's taste – but to others it makes perfect sense. Whether you're a new entrant to the industry or an old hand, the lure of a solid brand behind you, a wide range of support systems and an established model means that you're able to concentrate on what you do well: spending time with clients and finding the right home loan for them.

Indeed, such is the strength of franchises and other branded arrangements that many of Australia's most successful brokers have made their names under these models. But which franchise brokerages are the most successful – and why? Following on from the success of our market-first Top Independent Brokerages report in the spring, we decided to find out. We canvassed all of Australia's franchises, large and small, to discover just which business was Australia's top franchise brokerage in terms of loan book, annual volume and customer service.

You can find out who the top 10 are overleaf; however, I'd also like to extend our congratulations to those who just missed the cut – including Mortgage Choice Melbourne CBD, Smartline Keilor, Club Financial Services Norwood and Aussie Parramatta.

Kevin Eddy, Editor, MPA

A word from our partner



Mark Woolnough

ING DIRECT is proud to support this MPA special report on the Top 10 Franchise Brokerages in Australia. We acknowledge the success and achievements of these brokers and all who support them in what has admittedly been a tough environment over the past year. It is inspiring to see brokers performing at such a high level in the industry, particularly given the challenges presented to brokers, lenders and customers in 2011.

ING DIRECT continues to be a strong advocate of the broker channel in Australia. With intermediaries accounting for over 90% of our mortgage production, brokers are integral to mortgage distribution at ING DIRECT. With no branches, we view our broker partners as our branch managers and place strong value in the vital role they play for us and their customers. This no doubt contributes to ING DIRECT leading its competitors in home loan customer satisfaction. We aim to build on and improve our broker proposition further by placing a strong focus on excellence in broker service as our brokers' needs and demands evolve.

This report recognises professionalism, determination, innovation and excellence in customer service, linked to strong, valuable brands in the market. All of these align closely with what is important at ING DIRECT. I am passionate about an ever-improving industry, brokers that are inspired to achieve and an industry which rewards those who accomplish that success.

Well done to everyone who has played a part in featuring in the Top 10 Franchise Brokerages in Australia, and I look forward to a great year ahead for ING DIRECT and our brokers.

Mark Woolnough
Head of Broker Distribution
ING DIRECT

METHODOLOGY

We approached all of Australia's major franchises and branded aggregators, asking them to nominate up to five brokerages for submission. We then ranked the 30-odd brokerages nominated on four key metrics:

- total loan book
- loan volume for 2011
- average volume per broker/loan writer
- conversion rate

Ranking on these metrics meant that, like last year's Top Independent

Brokerages report, we were able to create a rounded picture of each brokerage's offering, rather than a picture where size prevailed above all. Scores in each rank were compiled to produce an overall score: the top 10 overall scores made the hall of fame.

A note for accuracy: While many of the head groups we approached are 'true' franchises, we also decided to include groups who use variations on the franchise theme, particularly those groups which license or require brokers to use a national brand.

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LJ Hooker Finance ACT & Southern NSW

Locations: ACT/Southern Highlands, Macarthur, Illawarra and Central West NSW

Loan book size: \$535m

Annual volume (2011): \$115m

Number of brokers: 12

Annual volume per broker: \$9.5m

Conversion rate: 90%

LJ Hooker Finance ACT & Southern NSW covers four franchise areas in the LJ Hooker network. Owned by franchisees Scott Cameron and Warren Urquhart, the business has been in existence for the last eight years, and is based in a head office in Tuggeranong, with brokers operating on a mobile basis. The franchise scored particularly highly on conversion rate and loan book size. Cameron reveals more.

What is the secret to a successful brokerage?

Teamwork, professionalism, ongoing skill development and referral partnerships.

What are the strengths of being part of a franchise rather than 'going it alone'?

There is a great deal of value in the LJ Hooker brand, and our formal relationship with the real estate offices is critical to our success. The LJ Hooker Finance franchise network is a strong group of finance professionals and business owners. We maintain contact across the network – providing support to each other, sharing successes and so on.

How is 2012 going so far?

It's still very early, but signs are good for growth over last year. We are continuing to look for brokers to join our team, and take advantage of the strong lead flow we enjoy from the network.

What's your goal for 2012?

Our goal for 2012 is to settle \$300m, and continue to grow the referral levels from our real estate network.

How do you market your business and how important are referrals?

Referrals are the lifeblood of our business. Our marketing and business development energy is split between working on the referral partnerships we have with the LJ Hooker real estate network, and keeping in contact with our existing clients. We do very little external advertising; however, we do still receive external enquiries due to our presence in the local communities within which we operate.



"We continue to look for brokers to join our team, and take advantage of the lead flow from the network"

Have you diversified your business or do you just offer home loans?

Diversifying income sources has become very important in our business, particularly since the reduction of commissions in recent years. We have a strong relationship with a financial planning business to whom we refer our clients for their insurance needs. While there is a referral income arrangement in place, it is important for our clients to reassess their risk position, particularly given the recent borrowing transaction they have undertaken.

What effect has licensing had on your business?

Licensing has been important for the industry, in removing some of the unprofessional elements that did exist. We always had fairly strict compliance processes in our business, and review processes to uncover our clients' needs, so there was no major change there. The additional documentation that is now required is very cumbersome, and can be quite confusing for clients, which has the opposite effect to its intent.

What's the most important thing a broker can do to grow their business?

Continue to develop your own skills and those of your team, look for new opportunities, and look after your clients and referrers and they will look after you.

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Aussie Dee Why**Locations:** Dee Why and Balgowlah, NSW**Loan book size:** \$384m**Annual volume (2011):** \$95m**Number of brokers:** 2**Annual volume per broker:** \$47.5m**Conversion rate:** 79%

The first of two Aussie entries into the top 10, this franchise was formed in 2006 by co-franchisee Serge Scekcic and Jim Sharif in Dee Why. A Balgowlah office followed in 2009. The franchise ranked extremely well on average volume per broker, with the second-highest average out of all nominations. Scekcic explains more about the business.



"I could not imagine being where we are today without the great and continuing support from Aussie"

What is the secret to a successful brokerage?

Customer service occupies the number one spot, and every spot all the way down to 10. You just can't justify not going a little bit further with your service every time.

What are the strengths of being part of a franchise rather than 'going it alone'?

I could not imagine being where we are today without the great and continuing support from Aussie. It's really hard to imagine being in the game under any other banner. Aussie helped us to get in front of my clients originally, to get invited to their homes.

How is 2012 going so far: how are your volumes tracking compared to 2011?

We really started the second half of this financial year running. We are experiencing an increased number of

leads and referrals. We are on track to increase settlements by approximately 15–20% from 2011.

What's your goal for 2012?

To be healthy, happy and to laugh more! Business-wise, to try to land anywhere between \$150m and \$200m in settlements between our two offices.

How do you market your business and how important are referrals?

One of the most important parts of our business – if not the most important part – is our referral network. I am trying to recommend to my clients one or two of the local real estate agents which send clients back to me regularly. I am often a guest speaker on the information nights, too.

The top 10

	BROKERAGE	TOTAL LOAN BOOK	TOTAL VOLUME FOR 2011	NUMBER OF BROKERS/ LOAN WRITERS	AVERAGE VOLUME PER BROKER (2011)	CONVERSION RATE
1	Choice Home Loans Leederville	\$913m	\$200m	9	\$22.2m	95%
2	Mortgage Choice Glenelg	\$1bn	\$171.7m	6	\$26.6m	85%
3	Choice Home Loans Berwick	\$680m	\$200m	12	\$16.6m	85%
4	Citiwide Homeloans	\$545.4m	\$151.5m	7	\$21.6m	85%
5	Mortgage Choice Cheltenham	\$687.7m	\$143.8m	7	\$20.5m	85%
6	Aussie Carnegie	\$268m	\$94m	2	\$47.5m	87%
7	Smartline Personal Mortgage Advisers Balmain	\$196m	\$57m	1	\$57m	94%
8	Mortgage Choice	\$1.1bn	\$163.7m	9	\$18.2m	80%
9	Aussie Dee Why	\$384m	\$95m	2	\$47.5m	79%
10	LJ Hooker Finance ACT & Southern NSW	\$535m	\$115m	12	\$9.5m	90%

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Mortgage Choice CBD Adelaide (and others)

Locations: Adelaide CBD and Prospect, Central Northern WA, Cronulla NSW, Mitcham/Happy Valley SA, North Suburbs WA

Loan book size: \$1.1bn

Annual volume (2011): \$163.7m

Number of brokers: 9

Annual volume per broker: \$18.2m **Conversion rate:** 80%

The only franchise to stretch across multiple states, this Mortgage Choice franchise is owned by Richard Crommelin, Dennis Aplin and Michelle Towner. The choice to grow interstate was partly circumstantial for the WA-originated business, as explosive house price growth meant no one wanted to sell their business in WA. Crommelin adds that it's also served to diversify the business, giving it a spread across more than one market. It's the brokerage with the largest single loan book in the top 10 at \$1.1bn, and also ranked solidly in annual volume and average volume per broker. Crommelin talks more about the franchise's growth.

What is the secret to a successful brokerage?

It's people. We've had some great people working for us, now and in the past. Because of our range of locations, we're pretty process-driven – customers will get the same experience regardless of who they speak to. We also want to address the fact that if someone's not here – on holiday or ill – we can pick up a file, answer questions and do what needs to be done.

What are the strengths of being part of a franchise rather than 'going it alone'?

They can support your own inadequacies. Mortgage Choice offers IT support, marketing support, HR support, and so on. You can't be all things in business today, and it's great to be able to draw on the resources they've got in the areas that I need it.

We also get to benchmark ourselves a bit: rather than working in isolation, you can see how you're tracking against other franchisees and we have our software that gives us a good lead-to-settlement ratio, too. You can look at your processes and identify areas in which to improve by looking at what other people are doing, and improve your conversion rates as well.

How is 2012 going so far?

2011 was a year of two halves – the first half was a little quiet. We had a reasonable May and June, and we're just flying now. At Christmas-time, we were 24% up on the previous year. It's across the board, each location has

risen. NSW is a bit quieter now because first homeowners have quietened down since the end of December, and Perth is booming at the moment.

What's your goal for 2012?

We're aiming at \$240m in 2012.

How do you market your business and how important are referrals?

Most of our marketing is a two-stage process. We know where every lead comes from – customer referral, etc – so marketing focuses on areas that we get best conversion rates out of. We do a lot of database marketing, we have 8,000–9,000 customers on our books. Every month we send out a newsletter, also regular communications. We do a bit of alliance marketing, and we do focus a lot on referrals. It's a mix: we do a whole lot of different things with the aim of getting leads through the door.

Have you diversified your business or do you just offer home loans?

We do everything: insurance, car and equipment finance, commercial property finance, and business finance. I wouldn't say we're the gurus in every single area, but we do have an eye out in a range of diversified product types.

What effect, positive or negative, has licensing had on your business?

In WA (and Mortgage Choice), we've had licensing since 2006. So to us, it hasn't really made any difference – we've worked this way for a number of years. The only thing is that the time to do a loan these days and the paperwork required has exploded. It's not the same returns you were getting three or four years ago. On the other hand, it's been good for businesses like us as some operators have exited the marketplace, and it's good for consumers, too.

What's the most important thing a broker can do to grow their business?

Consistent marketing; employing well-trained people; chasing customer referrals; get alliance partners; know your numbers and use them to manage performance.



"Licensing has been good for us as some operators have exited the marketplace"

7

Smartline Personal Mortgage Advisers Balmain**Location:** Balmain, NSW**Loan book size:** \$196m**Annual volume (2011):** \$57m**Number of brokers:** 1**Annual volume per broker:** \$57m**Conversion rate:** 94%

The only Smartline entry in the top 10, Ian Simpson's Balmain franchise was originally formed in 2003. The only single-broker franchise in the top 10, it was ranked highest for volume per broker at \$57m. The franchise is based in a shared office with seven other franchises: Simpson comments that "even though we are separate businesses, we really enjoy sharing ideas. All the franchisees in the office have their own particular strengths, so it means when you hit a brick wall someone can usually come up with a solution for the problem or scenario".

What is the secret to a successful brokerage?

Focus on giving as much as possible to clients (and referrers) without expecting anything back – you become a trusted advisor and not a salesperson; be responsive to client needs, and never go 'off the air' at the important times in a transaction; be knowledgeable about your products and the wider industry (banking and property); be confident in your advice without being pushy; and put in lots of hard work and be as efficient as possible.

What are the strengths of being part of a franchise rather than 'going it alone'?

Firstly, motivation. Being part of a team has many subtle but important influences on your productivity and work ethic. You can share ideas, and specialists can look after the implementation of ideas while we get on with the business. There's also access to systems and IT knowledge and support, management support and encouragement, diversification is easier, and it helps the long-term saleable value of the business.

How is 2012 going so far?

It feels busier but is actually tracking close to last year so far. There's a lot more refinance activity due to a potential turning point in fixed rates; compliance also adds a notable burden to paperwork so this means longer hours for a similar result.

What's your goal for 2012?

To streamline loan processes further to alleviate said compliance burden, improve delegation of responsibilities to support staff, build on 2011 loan volumes by 10% and build insurance business by 25%.

How do you market your business and how important are referrals?

Existing client referrals represent 95%-plus of my new business so they are crucial. As for marketing, I use direct email contact with existing clients and prospects – regular communications with helpful and interesting content to stay front of mind.

Have you diversified your business or do you just offer home loans?

Life insurance has become a small but growing offering; car leasing and general insurance are also growing but will only remain a small part of the business. A broad solution to a client's needs covering many bases can only be good for a client because it is less legwork they have to do themselves with better outcomes all round.

What effect, positive or negative, has licensing had on your business?

It's increased workload per file by around 20% but it is great for the long-term health of our industry. Becoming professional trusted advisors on par with financial advisors and accountants should be our goal.

What's the most important thing a broker can do to grow their business?

Be the most trusted person your clients think of when it comes to finance and property – spread the word by providing meaningful information through all forms of electronic communication. Streamline your back-end processes so that you can focus more on delivering upfront responses to existing, new and prospective clients. Being in constant contact with a client at the important periods of their purchasing or refinancing process is crucial to building a relationship, which then leads to more referral business.



"Be the most trusted person your clients think of when it comes to finance and property"

6

Aussie Carnegie

Location: Carnegie, Victoria
Loan book size: \$268m
Annual volume (2011): \$94m
Number of brokers: 2
Annual volume per broker: \$47.5m
Conversion rate: 87%

Aussie's second entry in the top 10 hails from Carnegie, in south-east Melbourne. While its book and annual volume are relatively small, average volume per broker is amongst the highest in the top 10, with strong conversion rates too. Franchisee Glenn English explains more.

What is the secret to a successful brokerage?

It comes down to the team. There are now six of us here, and we all work well as a team to deliver 100% in customer service all of the time. We all share the same goals, which is why we deliver consistent results.

The number one priority for me is my team, number two is my clients and number three the shareholders. If I have a happy team, then my clients will be happy. And if my clients are happy, then the shareholder(s) will be happy also.

What are the strengths of being part of a franchise rather than 'going it alone'?

The brand – I enjoy the support from John Symond and the Aussie brand. When you're going through hard times, such as the GFC, people want to stick with a brand. The overall support you get is fantastic, too.

How is 2012 going so far?

Great – every year just gets better. When a GFC hits, it just makes us busier. It comes down to customer service. People are still buying, and they want to go to someone they can trust, who's given them good service in the past.

What's your goal for 2012?

I am aiming for at least \$110m this year – we're already seven months into the financial year and at \$110m year-to-date.

How do you market your business and how important are referrals?

My business is built around referrals. I've worked in industries before where you never received a referral. So it is a real buzz when you receive your first referral. You can't take them for granted either. You need to make sure that you ring and thank the



referrer on every occasion. I then send the referrer a \$50 gift voucher, regardless of whether a new application proceeds or not. It's just a way to say thank you.

Have you diversified your business or do you just offer home loans?

Predominantly it's home loans, but through Aussie we do personal loans, credit cards, and insurance. It's a growing part of the business. We cater for the commercial side of things as well.

What effect, positive or negative, has licensing had on your business?

When NCCP came in, it made us even busier, due to brokers exiting the market. Obviously, I don't enjoy the extra paperwork, but I welcome things being tightened up. It means those who are successful become even more successful.

What's the most important thing a broker can do to grow their business?

It all comes back down to customer service: treating your client the way you want to be treated. Return phone calls, follow up properly, go the extra mile in terms of service – providing RP Data reports, for example. Be one step ahead in terms of offering things before your clients ask, and have in place the referral network that you can pass customers onto – the accountant, the conveyancer – so you're an all-in-one stop, a hub.

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Mortgage Choice, Cheltenham

Location: Cheltenham, Victoria
Loan book size: \$687.7m
Annual volume (2011): \$143.8m
Number of brokers: 7
Annual volume per broker: \$20.5m
Conversion rate: 85%

The Cheltenham franchise of Mortgage Choice is the second of three in the top 10. Focused around one office but with several mobile brokers, the franchise has clients across the whole spectrum but specialises in investors. The franchise ranked highly across all categories. Director Anthony Smith explains more.

What is the secret to a successful brokerage?

Brokers, mobile lenders and bank branches are all selling the same products at basically the same price so the point of difference has to be in other areas. We focus on loan structuring to suit current and future requirements, customer service and professionalism to stand out in a crowded marketplace.

Every successful brokerage I know is built on delivering a good service and over time receiving many repeat and referred clients; there are no magic bullets that I know of! Of course, having a great team is vital to this and I extremely lucky to be surrounded by a fantastic and loyal bunch.

What are the strengths of being part of a franchise rather than 'going it alone'?

Brand and support are two key strengths of being part of a franchise system. Mortgage Choice is fortunate to have a brilliant CEO in Michael Russell steering the ship, and in Victoria we are served well by the passionate Max Billi and his team. This leadership allows franchisees to concentrate on what they do best.

The hardest part to measure as a franchisee is what impact 'brand' has on your success. You pay for that brand in reduced commissions, but does the increased business make up for that? I firmly believe that it does. How many people call you after being referred or respond to a marketing activity because they know the brand as well? Would they have called anyway?

In 2000, shortly after starting the business up, I did a small marketing exercise and received four leads. One of those leads turned into a good client and his referral tree now stands at nearly \$200m that can be directly linked back through that tree to the client.

Would he have responded if the advertisement had said 'Anthony Smith Mortgages' instead of Mortgage Choice Cheltenham? I will never know, but I am glad that particular logo was on the ad because it turned out very well for me.

How is 2012 going so far?

Settlement-wise we will be down for the first three months because the end of 2011 was fairly quiet for us and we basically closed the business in December to do a complete review of systems and procedures. It certainly cost us some business but we are excited about the long-term benefits. Leads, submissions and approvals are ahead of 2011 and we expect 2012 to end up being a good year.

What's your goal for 2012?

To settle \$180m and reach a \$750m loan book.

How do you market your business and how important are referrals?

We are a mature business, so referrals and repeat clients are a very large part of our business. As a result, the vast majority of our marketing budget is spent on our customer retention program. The remaining budget is spent on maintaining a strong online presence.

Have you diversified your business or do you just offer home loans?

We offer our clients a very wide range of services that we either write ourselves or refer through to trusted partners.

What's the most important thing a broker can do to grow their business?

A marketing department is expensive and beyond the reach of most brokers; however, if the broker provides specific, appropriate and clearly explained lending solutions that are delivered to the client in a fast, friendly and professional manner they will create an army of fans that will be referring the broker to family, friends and colleagues. That will grow the business faster than any marketing department could ever hope to.



"We are a mature business, so referrals and repeat clients are very important"

4

Citiwide Homeloans**Locations:** North Melbourne, Forest Hill, Victoria**Loan book size:** \$545m**Annual volume (2011):** \$151.5m**Number of brokers:** 7**Annual volume per broker:** \$21.6m**Conversion rate:** 85%

The only locally-based franchise in the top 10, Victorian franchise Citiwide was founded in 1988 by Patrick Marion. The company's head office is based in North Melbourne and it has one other office in Forest Hill. Franchisees are also represented in the northern, western and central regions of Melbourne metro. Citiwide's customer base of 8,500 clients is made up mainly of individual borrowers, 'mums and dads' and a minor percentage of small business owners. The rest is made up of commercial loans. Marion explains more.

What is the secret to a successful brokerage?

To succeed a brokerage must tick a number of boxes. Importantly, the business owner must put in place a system and clear procedures for brokers to follow.

Brokers'/loan writers' time is best spent on two things – prospecting for new business and spending time in front of clients. To achieve this, the business must provide considerable support by way of administration staff to take care of routine follow-up tasks; marketing support and collateral; ongoing training and coaching opportunities; and assistance with compliance and audits. A business plan and regular goal setting at every level are also a key ingredient to success.

What are the strengths of being part of a franchise rather than 'going it alone'?

A franchise system has many advantages over 'going it alone': some of the benefits can be summarised as follows:

- Branding. It is important (and expensive!) to build a brand. The single operator generally doesn't have the time or the financial resources to build a brand
- The collective knowledge and experience acquired from delivering the service in a consistent manner by a number of franchisees
- Benefits from collaborative marketing and group purchasing
- Economies of scale for investments such as IT, training and support staff
- Statistics prove that there are lower risks involved in buying a franchise as opposed to 'going it alone'

What's your goal for 2012?

Our goal this year is to add six new franchisees to our group now that our model has been finetuned. We expect business volume to grow by 15–20% allowing for the fact that new brokers take some time to start writing volume business.

How do you market your business and how important are referrals?

Citiwide has traditionally marketed its services through referrals. Brokers are actively involved in networking groups to generate new leads. Centres of influence such as real estate agents and accountants also provide a constant flow of referrals.

Approximately 50% of the business is currently generated from existing clients, however as good as this may sound, new blood is constantly required if the loan book is to grow. Over-reliance on existing customers can be detrimental to growth in a mortgage broking business. Having just released a new iPhone app, social media and a higher online profile will also be our focus in 2012.

Have you diversified your business or do you just offer home loans?

Although Citiwide has traditionally offered three services to borrowers (finance, insurance and conveyancing), our core business remains focused on what we do best, that is mortgage broking.

What effect, positive or negative, has licensing had on your business?

On the positive side, licensing has forced all businesses, us included, to document their processes in a way they never had to previously. Although we already had in place practices relating to many of the provisions contained in the NCCP Act long before they became law, these processes are now better documented.

On the negative side, licensing has added considerable costs in monitoring the activities of credit representatives and in the ongoing audit of files.

What's the most important thing a broker can do to grow their business?

Make a plan, set goals and share it with someone (a mentor) who will keep you accountable.



"A business plan and regular goal setting at every level are key ingredients to success"

3

Choice Home Loans Berwick**Location:** Berwick, Victoria**Loan book size:** \$680m**Annual volume (2011):** \$200m**Number of brokers:** 12**Annual volume per broker:** \$16.6m**Conversion rate:** 85%

Rounding out the podium is the Berwick franchise of Choice Home Loans. The 12-year-old business operates 23 satellite offices throughout Melbourne alongside its Narre Warren head office. It specialises in new home construction finance, and was ranked joint first for annual volume, writing \$200m worth of business in 2011. General manager Leith Wickstein explains more.



“Diversification is always on the radar; it’s finding the right product and partner to fit with our business model”

What is the secret to a successful brokerage?

Being the one to provide the solution to the problem; knowing your product and knowing how to fit the most appropriate solution to your client; and being the professional/expert for your referral partners as well. But, above all else, delivering the right outcome for your clients and referrers seamlessly as possible.

What are the strengths of being part of a franchise rather than ‘going it alone’?

They enable a platform with which to work from rather than re-inventing the wheel, so to speak. Franchises also provide a tremendous amount of ongoing support, like a coach of sorts. No matter how long you’ve been in business, you always need someone there to bounce ideas off.

How is 2012 going so far?

The residential construction industry has experienced some leaner times over the last few months, and as such it’s been a tough slog for us, also. However, our volumes so far are tracking in line with the previous year.

What’s your goal for 2012?

To consolidate our loan writer team and then grow the volume despite the market conditions.

How do you market your business and how important are referrals?

We market our business via an array of methods, including the traditional brochure/flyers, newsletters, online electronic direct marketing and so on. However, referrals are the key: they are by far the most important source of our business and without them we wouldn’t have succeeded to achieve what we have so far.

Have you diversified your business or do you just offer home loans?

We have diversified from just home loans, but only really in relation to life and/or loan protection cover, and the spinoffs from those. Even so, the area of diversification is always on the radar; it’s a matter of finding the right product and partner to fit with the business model we have.

What effect, positive or negative, has licensing had on your business?

If I had to pick, it would be a negative impact, but only because there is slightly more paperwork to be completed and there’s an extra cost to the business in terms of the licensing fees. These two things aside though, there really hasn’t been that much of an impact – all it’s really done is to formalise the process that we already followed internally.

What’s the most important thing a broker can do to grow their business?

Stay ahead of the pack as best you can. Continue to grow your knowledge and keep working on becoming that professional that everyone comes to for advice. Continue to invest in your business and stay in touch with the clients you worked so hard to obtain in the first place – even if they don’t need you right now, you need to let them know you’re still there for when they do need you. Finally, find a niche that you’re good at – no one can be an expert on everything.

2

Mortgage Choice Glenelg

Location: Glenelg, South Australia
Loan book size: \$1bn
Annual volume (2011): \$171.8m
Number of brokers: 6
Annual volume per broker: \$26.6m
Conversion rate: 85%

Regular readers may be surprised not to find the acknowledged queen of mortgage broking at the top of the list, but that doesn't mean that Wendy Higgins' Mortgage Choice franchise is going off the boil, as it scored highly in all metrics and is one of only two brokerages with a total book over \$1bn. Based in Glenelg, Adelaide, the 14-year-young franchise employs eight staff and services a range of clients, from first homebuyers to upgraders and investors. Higgins speaks.

What is the secret to a successful brokerage?

Hard work, hard work and more hard work! Having the passion for the business is the number one key, it has to be the most rewarding thing you can ever do in advising a client their dreams have come to fruition. Having the right team of people around you is very important as a business grows.

What are the strengths of being part of a franchise rather than 'going it alone'?

There are numerous strengths in being part of a franchise. The branding, the advertising and marketing, the IT support and compliance are all in place for you to use. If you stick to the system with an excellent franchise system, like Mortgage Choice, the chances of success are far greater. Just knowing you have the support in everything you do makes it far easier to write the loans, and this is what we get paid to do.

How is 2012 going so far?

2012 feels like it is going to be a challenging year; having said that, in the first two months our settlement dollars are 10% up on 2011. The tough (us!) will get tougher and work harder than ever before.

What's your goal for 2012?

I have three goals:

- Settle at least \$18m per month
- Loan book to reach \$1.05bn by the end of December
- Remain at number one at Mortgage Choice based on number of loans sold

How do you market your business and how important are referrals?

We sponsor 11 sporting clubs where we get huge exposure with signage, and by attending club games and events. We send out a quarterly newsletter and a monthly e-newsletter.

Word-of-mouth referrals from clients are the best source of business: happy clients are more than happy to refer their family, friends and work colleagues onto us and they have already been 'sold' on us, making the sales process very easy. Referrals from accountants, financial planners, real estate agents and conveyancers are also very important to our business: again, they 'sell' us to their clients. It is a mutually rewarding arrangement.

Have you diversified your business or do you just offer home loans?

Yes, we have our own Mortgage Choice motor vehicle loan, personal loans, insurances and commercial lending, and self-managed super fund loans.

What effect, positive or negative, has licensing had on your business?

Licensing has had a positive effect on my business in that everything is documented and clients are aware of our responsibilities in sourcing them a 'not unsuitable' loan. There is extra paperwork and this takes time, but now that licensing has been in for some time, it has settled down and it is just a part of what we do each time we prepare a loan for submission.

What's the most important thing a broker can do to grow their business?

Treat each lead like gold. Treat each enquiry with enthusiasm and passion and it will show through that you care. Even if you can't help at that stage, they will take your advice and come back when the time is right. If you treat customers professionally and with compassion, they will pass your name and contact details to other people that may need you.



"Word-of-mouth referrals from clients are the best source of business"

1

Choice Home Loans Leederville

Location: Leederville, WA
Loan book size: \$913m
Annual volume (2011): \$200m
Number of brokers: 9
Annual volume per broker: \$22.2m
Conversion rate: 95%

Straight in at number one is the Leederville franchise of Choice Home Loans. As you'd expect from the number one brokerage, it ranked highly in all categories, notably coming joint first in annual volume, third in total loan book and second in conversion rate (and highest in the top 10). The 11-year-old business, owned by Marco Meloni, Dennis Timms and Lucio Baroni, operates out of one office in Leederville, servicing a wide client base. Meloni explains what's made the franchise so successful.

What is the secret to a successful brokerage?

Put the client first. With every client, we ask what the best outcome is and try and achieve that.

What are the strengths of being part of a franchise rather than 'going it alone'?

It's the backing and the expertise. Choice is fantastic with its quoting system and its CRM; it has great BDMs, very personable. You don't feel like you're in a big organisation, it still feels like a family to us.

How is 2012 going so far?

We've probably had our best three months between November 2011 and January 2012; we're probably on track to beat that if it keeps going. 2011 was a slow year for us!

What's your goal for 2012?

I don't set targets as such; our goals are really to do everything a lot better and pick up a lot of collateral-type business, such as insurance, depreciation-related work, that sort of thing.

How do you market your business and how important are referrals?

With how competitive it is today, not only with other brokers but with the online direct market, it's all about referrals and looking after your client. It's all about going that extra step. I'd prefer to have one referral from an existing client than 10 from a real estate agent!



"You have to know your clients. If your clients like you they will trust you. If they trust you, you've got them for life"

Have you diversified your business or do you just offer home loans?

We've been a bit slack with it, and realised how important it is to pick up the collateral business. If you don't, others will. We're training up in that area.

What effect, positive or negative, has licensing had on your business?

The NCCP has added about 20 pages of what we consider to be unnecessary paperwork; however, in saying that, we're a lot more thorough in profiling clients now. It's had a positive effect overall, but we believe in keeping things simple and we think it's been overcomplicated when there's no need to be.

What's the most important thing a broker can do to grow their business?

Get back to basics. You have to know your clients. Your clients have to like you, and if they like you they will trust you. If they trust you, you've got them for life. **MPA**

MPA Top 10
 FRANCHISE BROKERAGES 2012

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