

Speaker 1: Welcome to the Elite Broker Podcast with your host James Mitchell.

James: Welcome to Elite Broker. I'm your host James Mitchell, editor of the Advisor and today I'm joined by Alex Whitlock, guest and group publisher here at Momentum Media. I've also got an Elite broker, Elite business writer with us, Matthew Manner, a Melbourne based broker from Acceptance Finance. He's not actually in the studio with us in Sidney today, but we do have him on the line. You there Matt?

Matthew: Yeah. Hi boys.

James: Hi. How you going?

Matthew: Nice to talk to you. Good, very well, thanks.

James: Good to have you on the line. Just a few stats for our listeners. You made the Elite Business Writers this year with 84 million dollars in total volumes. You've been at Acceptance Finance since 2009, is that right?

Matthew: Yeah, that's right mate. Yeah, yeah, made the Elite this year. I was in the top 100 last year.

James: Fantastic. Just start off by telling us a little bit about how you got into mortgage broking in the first place.

Matthew: Okay, so I was totally in a different industry. I had my own furniture removal business and a furniture shop. I ran that for about 20 years. I actually got quite bored of it, so one of my good friends actually owns Acceptance Finance and I'd always been interested in finance and in that type of thing in general. I talked to him about moving across. Ended up doing my third four and a couple of [inaudible 01:28] and from there just moved in, joined the company. Sold off my businesses and yeah, so jumped on board. Basically as a title novice had no real industry background or anything like that.

James: Matt, running a business, you obviously build some pretty solid fundamentals which are obviously transferable into mortgage broking. I'm just intrigued from having 20 years in removals business, how did you sort of get your network up and running from scratch? What did you do to kick start that?

Matthew: The removals was just one side of my business. I actually also had a furniture shop so I had there a big sales background. As we all know broking is largely sales, so to me it was just going out and networking with my existing database and a lot of businesses that I knew and that sort of thing, going in, popping my head in, explaining the change into a new industry.

Just sort of networking through them. One of the key things I guess in the early days I had a very good mentor. His name was Tom. [inaudible 02:32] part of Acceptance Finance. Basically he took me all the way through learning all the nitty gritty of not only the products, but also how he does sales within finance because it's slightly different with every industry. Yeah, that's how I started off and built up my clientele.

James: Matt, how did your first year look when you made the transition from running your own business, the shop and also the removal side of things? How did your first year go in terms of broking?

Matthew: For the first year I was only in, I started in March so from March to June I sold about 7 or 8 million I think.

James: Was that in 2009?

Matthew: Yeah, that's right. Yup. Then from there the next year I did about 24 million or something like that. Then it's just steadily grown every year from there. I had a big bump halfway through, just working with referrals, referral partners. I ended up getting a very good one. Worked closely with them, really managed it well. A lot of hours work. In the early days it was a lot more hours than even what I'm doing now even though I'm writing a lot more volume nowadays. It was all about the hard work in the early days and setting yourself up to really have those good referrals.

James: Who were those referral partners that you had? Were they estate agents or financial planners?

Matthew: No, investment groups. My database is mainly all investors. I've got a couple investment groups that work heavily with land and construction deals and so I work with them making sure that their clients can get over the line with the purchase, making sure that they set up their finds for the initial deposits and all of that. It's a bit of a twofold thing. Not only setting them up correctly in the first instance with the equity relief and making sure they're got their funds available, but then also doing the purchase side of things.

James: It sounds like you found yourself a bit of niche there in terms of with that referral group and with that particular type of borrower.

Matthew: Yeah. Yeah, it definitely is. It's something that I really enjoy as well. I started off I guess like old brokers started off doing all the Mom and Dad lines. Branched into a bit of commercial stuff, but when I sort of moved into working with this referrer and working with all their investor clients, that was where my passion really sort of lies, so it sort of was a really good synergy. We've just grown the business quite significantly over the few years. It's been great.

James: Just a quick question, mate. Are you an investor yourself?

Matthew: I am an investor myself. I have invested around about 5 or 6 different properties at the moment which sold down because I bought a larger owner occupied. The wife wanted some acreage. She's got horses and stuff like that so we sold down, but no, I'm just about to get back in the market again.

James: I had a quick look at your profile at Acceptance. You seem to have a bit of a menagerie of different animals there at your household.

Alex: A couple of parrots I see.

Matthew: Yeah, we do. We've got two horses, four miniature goats, a dog, a cat, some old parrots that come and eat food right out of your hand and all these wild rabbits that run around everywhere.

James: You need a fair bit of acreage for that.

Matthew: Yeah, it's quite a bit of a farm. A bit of feeding. Fortunately the wife does all the feeding of the animals because I'd be out there half a day I think.

James: Matt, I know you're Melbourne based, but Melbourne is obviously a big area. Specifically give us a bit of background as to sort of the areas that you work in in Melbourne. What are the suburbs you work in or do you work the whole sort of the metro area? Whereabouts do you focus?

Matthew: A lot of the areas here in the northern area is mine. Greenvale, that sort of area. The investor group does have some development areas up in Queensland as well. They're looking around the northern areas near Brisbane where the new development areas are up there. Thornlands, Griffins, Beckbane, [Bengo 06:18] Hill, that sort of area. Along the [Trilawn 06:21] it tends to be quite a promising area. They've had some very good results over the last few years just from the client's initial purchase price to what the properties are now selling for. Yeah, I've got many clients that have come back through the investment group and purchased multiple properties. They can be quite happy with the results and with the capital growth and all the rest of it.

James: Matt, what do you think specifically investors are, I'm an investor myself. I've bought probably sort of 20 properties over the years. I've got a reasonable portfolio now. I'm just interested from your perspective, I know what I like in a broker, but in your perspective what do you think particularly investors look for in a broker as opposed to maybe kind of your Mom and Dad type borrowers?

Matthew: Look, I try and educate my clients in regards to investing. Some of the clients that I've come across, their properties are cross collateralized between banks. We know that once you've got multiple properties all cross securitized with the lender it's a lot harder to start releasing equity. You get one property that grows and one that doesn't, it cancels out the equity that's available. You can take it to credit risk profile within the lender can go up quite significantly if you've got all these properties with the one lender.

It's also about making sure they're structured correctly in regards to having the equity relief, so that it's not tied up with any nondeductible debt. [inaudible 07:44] accountants and all that sort of thing. Having loans on a flexible product, things like the portfolio packages with Macquarie is quite a flexible product. It has up to 10 loans and you can name them. You can change the split amounts by just calling to a lender. Having products at your beck and call which are good and flexible for the client, having all of the upfront bells, making sure you're not putting them on fixed rates because we all know that a lot of the times client circumstances change.

James: That's right.

Matthew: They have to get out of the fixed rates. They end up paying big break costs. It's all about educating the clients and they see my knowledge within that. Quite happy with the restructuring and

with getting that equity out, making sure that they're available. They've got the money for not only the first property, but then the subsequent properties, as soon as they're ready to purchase again, instead of having to go through that whole process again. You're looking after the clients' interest, not just yours or the banks where I see many times clients would come to me and they've been cross securitized within a lender. They really don't need to be. It can be just lazy broking sometimes. Or looking after your own self-interest rather than the client's interest when you set them up like that.

Alex: With the investor space there's been so much change and complexity added to the market over the last 18 months or so, and we're writing these stories about it almost every week. When all the lending changes came about through [inaudible 09:22] and started to trickle through the banks, there were changes almost daily. It seems like an area where brokers could either shy away from because it was getting too difficult and lenders were pulling back or they could go in and specialize. It seems like that's what you've done. Do you see yourself as a sort of specialist in the investment lending area?

Matthew: Yeah, I do. I guess that's how I sort of bring myself to the clients as well. I've picked an area that I really like. I try and educate myself. I'm skilled on that area as much as possible and learn from the lenders about their changes in policies and products and everything from the banks pulling out to the overseas investments market pretty much to the changes in living expenses. Now most of them using the [inaudible 10:06].

Wanting a real break down of the living expenses. Changes in most of the lenders reducing the amount of negative gearing that can be used so we know there are some lenders who you can still get a lot better servicing than some other lenders. Just knowing the differences between what lenders do what and guiding the clients toward those lenders.

James: This is probably a good point to remind listeners that support for the Elite Broker Podcast comes from Rate Setter. I'm not sure if you're familiar with these guys. If you're a broker wondering how to get more business from your existing clients, Rate Setters low rate personal loans could be just what you're looking for. Their award winning persona loans help you be there for your client when they want to buy a car, pay on credit card debt or renovate their new home.

Rate Setter loans have low rates that are personalized to your client, faster approval times, a brilliant online portal to manage online applications and of course a personal BDM to provide support. If you're looking for happier clients and a busier business, make sure you visit RateSetter.com.au/advisorpodcast and get accredited today. Just a little bit of background. I know that you work, that you're part of Acceptance Finance. Not sure how familiar listeners are with Acceptance Finance, but that's a pretty successful brokerage down there, isn't it?

Matthew: Yeah.

James: Just tell us a little bit about the group and I know there's a number of other brokers working there.

Matthew: Acceptance Finance started back in the early 2000s. We're pretty significant. We've been in the top 10 independent brokerages for a number of years now. We have I think it's upwards of 30-something staff. We're doing all types of finance within the company so we've got residential lending, commercial lending, vehicle and equipment finance. We've got a large range of financial planners that we can refer through.

Within the company, it doesn't matter what deal is coming through the door, we can capture it within the company. Even though I tend to shy away from commercial deals nowadays because it just takes my time away from the other area that I like, there are guys here who like to specialize in that area, so we can pass it over to them.

James: Okay. Is quite a collaborative in terms of you, I mean obviously you've all got your own clients to look after. You've all got your own personal targets you want to hit, but is it a quite collaborative? For example, are there other brokers within the group who are also investment specialists? How does it sort of work?

Matthew: Each of us have certain areas that we prefer to deal in and obviously there's some crossover and all that sort of stuff, but it is very collaborative. We have guys that as soon as they're going on holiday one of the other brokers will look after their clientele and any deals that come through for that initial broker, they will then write and get the results out of that.

At capacity they will refer the clients to one of the other brokers. It is quite collaborative within the group. We all look at it as more of a sort of family type of company even though we are a larger group, but we do have a lot of really good systems and processes. We've been really working on those over the last few years, making sure we've been refining those. Making sure we're getting maximum efficiencies. That all sort of makes it a lot easier to deal within the group. Having that I guess close knit sort of a group, it's quite easy to trust in your other brokers that you're passing a personal client to.

James: I just wanted to find out a little bit about the help you got either from Acceptance when you joined them in '09 or from your aggregator or your mentor in terms of how you managed to build that success from writing 17 million or so in your first year and now you're approaching 100 million dollars. That's a pretty steady trajectory in a business as competitive as this. What do you think was the key driver that helped you build on that success year after year?

Matthew: A couple of things. One I guess it's my personality. Each person is slightly different. I've got one of those personalities and A type personality I guess and always strive to do more and go further and all the rest of it. I guess a couple of things. Having a really good mentor in the first two years guiding you through the pitfalls and helping you with any sort of issues that you come across.

Because when I first got into the broking I thought there was a lot of nuances to it. I was coming in straight off the end of the JFC. A lot of changes were happening, but I didn't know any better. Having a mentor that could sort of guide you through all the different parts of it really helped out. The company as a whole, we help each other a lot. If anyone has a scenario or a problem they're flick it out to

everyone, say, "Hey guys, have you seen this before? Who would you recommend or what would you think about?"

Having that larger background help is I think real important. Being a one man band is very difficult in the broking industry nowadays to really succeed. The other thing is having a great aggregator. Our aggregator is connected. Now they, let's say CRM is just brewing, yeah, we can automate a lot of things. Everything from birthday notices to tasking and all that sort of stuff. The system is quite easy to use. We use the Mercury Five System and all that. The aggregator is quite helpful. Any time we need anything from them we know we can turn, talk to the highest levels and they'll come out and help us out if we need to as well. It's all those things sort of combined together that really sort of help me grow and succeed.

James: You did sort of around 85 million last year which is outstanding volumes for anyone. Can you just give our listeners a bit of an insight into how many sort of deals a month did that boil down to? What sort of, how many actual clients were you sort of settling loans for?

Matthew: In the year it was 205 deals.

James: Okay, wow.

Matthew: I have one CSO that works with me and that's it, so it was basically me and one CSO doing all that. The deals, some months it could be 30-plus deals and ...

James: That's incredible.

Matthew: ... other months it was slightly less. It would depend. Anyone who goes into the broking industry, you know it's lumpy. It's not always going to be smooth or anything like that. You know that sometimes you're going to have to put in the big hours. If you really want to get to that sort of next level you need to do that. As I said that, my initial years I reckon I did a lot more hours than what I'm doing now because I've refined so much and I've got a lot more efficiencies in place and just working smarter nowadays, you know?

James: Yeah, yeah. Yup. Matt, looking forward, you're clearly a very, very hard working broker and you're reaping the rewards in terms of your volumes. Moving forward, you're a guy who's progressed year on year, what does the future look like in terms of sort of not just the volumes, but how you're going to manage that extra capacity?

Matthew: I'm sort of a little bit at crossroads at the moment, but heads at Acceptance sort of saying to me why don't you slow down a little bit and maybe not do quite as much work. I think they think I might burn out or whatever, but that's not really my personality. My personality is like I always want to go to the next level, the next level. As long as it's not overly stressing me out there's no issue with it. My work life balance is very good. We've got a fantastic property. We like spending time there. Spend a lot of time with the wife and the kids with the animals, all that sort of thing.

When there is work to do it's often not an issue. My wife is very understanding about if I do have to do some hours at night or whatever because she can see the rewards that we're getting for it and the benefits for our kids and all that type of thing. Moving forward I'm not really sure. I'm continuing to do the same amount of volumes or more. What I have before, but it hasn't been an issue. It's something I've got to sit down and make a plan as to what the next few years are going to look like for me. At the moment it's just sort of status quo, just continuing to do what I've always done.

James: You're clearly ambitious and you're clearly hardworking. I guess you just reached that sort of point that there are no more hours in the day so what do you do? Do you take on another loan writer just to help sort of increase the capacity or do you get more sort of back up staff? There's no right or wrong way, but it's a challenge as you know for somebody who's clearly productive and clearly does a good job. Also another thing as well dealing with investors, I refer, my broker who looks after me, I refer to everybody else I know who buys investment property because I know that he understands all the, he knows which lender to go to. He understands policy across multiple lenders. He understands which lenders can get things done quickly so I'd imagine that you're referrals will come through quite steadily from your network.

Matthew: Yeah, and that's the thing. It's not only from the referrals that you're getting your business. In fact it's only about 40% of the deals are from the referral, but it's from all the other work that you do that sort of builds up the book. You've got to work with each of your clients I think educating them, doing as much as possible for them and looking after their interests. That's going to build your database. I've got two and half thousand to three thousand people in my database and I've probably got six hundred or so active clients or something like that with a line book of over 250 million. It takes a while to get there, but you just got to keep working at it and do the best thing that you can for your clients.

James: You've got no plans to go back into the furniture business any time soon.

Matthew: No, no, no. I got sick of lifting pianos and fridges, mate. Yeah, no, it was the best move I ever made. Actually funny story, when I did get out of the furniture business I really didn't have any other choice but to succeed because the wife was pregnant with twins so we went from two wages down to zero wage. Yeah, we were having two kids so it was either I succeeded or we're going to be in a whole lot of trouble. It was a good impetus to make me sort of make sure that I work hard and succeeded at it.

James: Baptism of fire.

Alex: Absolutely.

James: I think that's pretty much all the time we've got today, Matt. Just before we let you go I just wanted to see if we could get a couple of tips from you for brokers who are listening in in terms of how they can get to that elite status of approaching 100 million dollars or writing that sort of amount on an annual basis. What would be two top tips you could give to maybe young brokers for example entering the industry about how they can succeed?

Matthew: Okay, I'll give you three tips. My three tips would be one, join a bigger group and get a great mentor. Okay? That would be my number one tip out of everything.

James: Don't go alone.

Matthew: Don't go it alone. I think it's too hard in this industry nowadays. Two, you need to be aware of too many things. There's too much compliance. We have staff that just look after compliance for us, an accounts person. We've got people that just look after the marketing for us. [inaudible 21:15] everything as a one man band, very, very difficult to try and build yourself up to that. I'm not saying it can't be done, but it would potentially take you a lot longer.

When you first join in I'd say join in with a group, get a great mentor. The second tip I'd say would be work on all your efficiencies and processes and continually try to up-skill. Just constant learning. That goes without saying. You need to continually learn things, change the [inaudible 21:41] all the time and you just need to learn about them, know the different nuances, know which lenders are the ones that you should be dealing with to get the right results, work on your efficiencies from everything within your database to marketing to all facets of your business.

I guess the last one would be you need to look and be professional and work very hard in the early stages. I've been to a few of the other podcast guys and a lot of things that they've said are quite in synergy with what I believe as well. In the early years it's got to be head down, bum up and work as hard as possible to get you to succeed.

James: Good stuff. Well, thanks very much for taking the time and being with us on the show today, Matt.

Matthew: No problem. Thanks for having me Alex and James.

Alex: Thanks Matt. It's been a pleasure talking to you.

Matthew: Cheers mate.

James: All right, that's all we've got for you today on Elite Broker. I've been your host James Mitchell and a big thanks again to Matt and to our guest Alex Whitlock.

Alex: Thank you.

James: For all the latest information, insight and analysis on the mortgage broking industry do check out www.TheAdviser.com.au and also hit us up on Facebook, LinkedIn and Twitter as well.