

Recording: Welcome to Elite Broker, with your host, James Mitchell.

James: Welcome to Elite Broker, I'll be your host today. I'm James Mitchell, editor of The Adviser magazine, standing in for Alex Whitlock who's away in the UK at the moment, actually involved with the UK Study Tour over there with a delegation of mortgage brokers. Today I'll be a host as I said, and I'm joined with Phil Tarrant who's the host of the Smart Property Investment show.

Hey, Phil.

Phil: Good day, mate. How are you going?

James: Good, thank you. We've also got a guest on today, a Sydney-based broker, Andrew Algie from Addisons Advisory Group.

Andrew: How are you?

James: Very good.

Phil: Did you get his name right?

James: I hope so.

Andrew: It is Algie.

James: It is Algie?

Andrew: Yes.

James: That's right, yeah. I didn't want to say Algee. Algie, all right.

Andrew: It'll be very short if you do.

Phil: Someone's made that mistake before [inaudible 00:00:52].

Andrew: Absolutely.

James: Well thanks for being with us, Andrew.

Andrew: That's okay.

James: I just want to tell those listening in that you're an elite business writer this year, you made the cut of the top fifty brokers in the country. Number twenty, wrote \$120,000,000 in the last financial year in residential settlements, over 260 mortgages written, and total volumes just over \$140,000,000. That's pretty decent.

Andrew: Yes, yes it's hard work, but [crosstalk 00:01:15].

James: Excellent. Tell us a little bit about how you got started in the business.

Andrew: Well I've been brokering since about 2004. Stumbled into the industry, I sort of studied banking and went into equities and things like that, financial planning, funnily enough, of which I sold someone a very successful financial planning group, but they sort of had themselves and their business in the forefront more so than their clients so it was a bit of a very quick learning curve and it put a bit of a sour taste in my mouth in relation to the industry.

So I took a bit of a breather, I had some time off, traveled, and then look when I came back I was actually [inaudible 00:01:53], a brother of mine was going for a car and stumbled across a good brokering group who arranged the lease, and it was more just a ad hoc, you know, saying that I went in and introduced myself, requested to do a little bit of work experience with them as they weren't looking for any sort of junior staff. From there, two weeks later they offered me a job and the rest is history. They were ex-bankers so there was good grounding for me being, having no idea.

So I had a good couple of stories relating to first experiences. Caught a train to my first client, train then bus, to the point where the client gave me a lift back to the train station the first time. He's still a client at the moment.

James: Good.

Andrew: That's a fun experience. The same client, going through the process not knowing how to do it, so he'd say what's next? And I'd hang the phone up and ask what's next and we say we [crosstalk 00:02:46] evaluations, I'd get back on the phone, and say mate, yep we do evaluations. I was very green obviously and just learned from the bottom up. I had some good mentors who are still in the industry and still good colleagues and sort of bounce some ideas off and then went into my own. Once I understood what trial was, I thought well I can't hang around here for too long, so a couple years after that I established my own and moved to [Leichhardt 00:03:12] and it was much more of a boutique business where I'd focus on just sets of good clients that I'd work with and grind my teeth in the industry and learn all the ins and outs.

Then 2012, I was approached by business partner who is involved in property, has been done for 20 years in Sydney.

James: Like property investment, that sort of thing?

Andrew: Yeah so he was a active investor, and came from evaluation background, so it was a good fit. I used to bounce ideas off him all the time regarding vals and how to approach it and how to, you can't really protest them because they're not going anywhere, but that type of stuff. How to approach different property types.

Eventually we went into business and really amped up, re-branded, changed aggregators, did everything, just had a real good look at the business. I had a good base to go off, and now I just need to propel into other income streams as we'd spoken about. We have the mortgages business, which is a large part of the business, but we've got property advisory that does do a lot of buyer's agency and things like that typically for investors, a couple of Sydney [crosstalk 00:04:23] clients we've worked with

to buy properties here in Sydney, just because they're time-poor. But the majority of them, yeah people come to us, we'll show them how to extrapolate equity out of their own current situation and then build a property portfolio.

James: Fantastic.

Andrew: Then gone from there.

James: That's right up your alley, Phil.

Phil: It is. This is what we talk about all day. Which aggregator are you with?

Andrew: Connective.

Phil: Connective.

Andrew: Connective. So I was with FAST and just their price model doesn't really fit, didn't really fit mine so I've changed to Connective.

James: Was it a painful process to switch aggregators?

Andrew: Extremely. I was a portion of the size I am now so that's one thing aggregators do have over the industry, even though they say, even though now I'm with Connective they say it's relatively easy it's, you know, it's someone- if we were to do it again, I'd have a full-time job, yeah I'd put someone on full-time to [crosstalk 00:05:14].

James: I don't want to dwell on switching aggregators but we do do a very big report on it so it is very interesting. Would your recommendation be to a broker or brokerage who is, I guess there's a couple things, you're either not satisfied with your current aggregator and therefore you want to change, or you're evolving as a business and there might be a better model which best suits you, so there might not be any animosity to your current [crosstalk 00:05:36] aggregator, but it doesn't actually suit where you're heading with the business. Would your recommendation to other brokers be try and stick it out with your aggregator and try and work through it, or if it's not going to work, make the shift to make the call reasonably early on to find another.

Andrew: It would be the latter, be the latter. What you want to do, I mean, again, but I was in the industry before aggregation. My first employers had direct relationships. Then aggregation came in and I only ended up with FAST being because they were the only ones I knew and a lot of the people out of the same brokerage all went with Fast out of the recommendation. So we were out of there, just from lack of knowledge in relation to what was out there. I would suggest that you do your research on aggregation if you are. I mean if I was a broker with a particular group that I was going to leave and become an independent, I think that's one of your key things is to really- [crosstalk 00:06:27]

James: Get the right group.

Andrew: Yeah, get the right group because as you know, you get to a size where it becomes very restrictive in relation to trying to move.

James: I think that's a very valid point. There's some exceptional aggregators in the market place. FAST is a very good outfit. Connective, a very good outfit. They're very broker-centric, they look to add a lot of value, but all aggregators created a little bit differently so you need to match your business and what your plans are with the aggregator.

Andrew: That's right.

James: And I think that's top-down as well so, what I do like about aggregation and the two businesses that we chatted about, Connective and FAST, is that you have accessibility rights for the whole [inaudible 00:07:00]. You can speak to the CEO or you can speak to a [crosstalk 00:07:02]

Andrew: They're very approachable.

James: Yeah, which is good. You said that your, I think it was your first deal, you're on a bus and a train, you go down to see a bloke and he's still currently a client. That was your first settled loan?

Andrew: Yes, yes.

James: So talk me through that. How did you find this guy? How did you-

Andrew: The brokerage group that I was with had a very good relationship with one of the banks and that bank just deals solely with brokers so we used to get leads from them. Being so green, I'd be the same at that point, if I came to my business now I wouldn't let myself anywhere near my own clients, so they said okay, catch and kill your own, so to speak, but he's a number, so had a chat and-

James: What's that first phone call, did you go "Uh, hi?"

Andrew: Well I'd enjoy it, I've done sales and telemarketing and I was quite comfortable on the phone. Again being from the financial planning, I knew what it was, I just didn't know the individual-

Phil: The components-

Andrew: Yeah, yeah, yeah.

James: So it was a lot of stop-start and sort of going back to office and that sort of-

Andrew: Well that's right, so it was [inaudible 00:08:06], you know I went there, we only had two banks to offload so it was a pretty easy decision. I sort of knew where he was going, and we discussed, we made it going out meeting and greeting and executing the paperwork to start with, so we'd already spoken about the product and things like that so a lot of the- any rebuttals that come up had been addressed. It was really just like, right, go out there, this is what you need to do, this is the product, here's what you sort of need to get, and off I went. I have a bit of a chat, a bit of a laugh every now, we engage our clients minimum every twelve months, so every twelve months we always have a bit of a laugh, he brings it up that, you know, have I got a car yet?

James: So how have you kept that client, do you think? What have you done? He's obviously happy with you.

Andrew: I was just upfront. I said, look, to be honest, I said I'm here to help but I got no idea what I'm doing, but let me tell you, the team behind me do and that's as blunt as I was and-

James: Fantastic.

Andrew: He had confidence in obviously what I was saying was correct because [inaudible 00:09:05] say that.

James: I guess you sort of went there as an ambassador of the brand you are representing.

Andrew: I had full support. I had full support and trust of the group behind me. They're good guys. They knew what they were doing. The product stood up so there was no smoke in mirrors needed for myself. So I may as well go there and put my cards on the table.

James: Do you have any of those greenhorns in your business now? Do you get young brokers in and-

Andrew: No, no. We've taken a different model. I'm the only broker in our group. I've taken the adage of I enjoy going to see clients, I enjoy doing the strategy and the paperwork so to speak, the data entry, all that type of stuff, we complete that through admins, so I got a couple of admins staff do that.

James: What do you call them? Like do they have any client interface?

Andrew: Yeah absolutely. We've got client concierge, so what they do is the after-sales, we've got an after-sales package or program. We've got the gentleman who runs off me at the moment, we call him senior credit analyst.

James: He's the guy that crunches it all and [crosstalk 00:10:11]

Andrew: Yeah that's right, so that's probably the key thing is at the moment, I mean I'm trying to expand that area and as I think most banks will find the credit [inaudible 00:10:21] on the ground, basically, to be honest.

Phil: But that's where most deals get stuck, right? So, speaking with brokers, they can find a client and say, hey look, let me help you out finding a home loan, but then deal gets slowed down when you can't get the credit [inaudible 00:10:35], you can't get the information you need. And that's a sticky part. Or when you lodge a loan with a bank, it's a lot of backwards and forwards because it's not done right [crosstalk 00:10:44].

Andrew: That's right, that's right. I'm very hands-on so I'll do all that. We just had again a bit of a personnel shift within our group, so it's been a bit of a nightmare to be honest. A major bank poached one of my go-to guys, which is nice. He's now a mobile lender.

Phil: This happens. Talking about what you mentioned beforehand that you're the primary broker in your group, so you're obviously looking to grow, so you talk about scale in any business, so how can you

scale a business, and how do you scale a brokering business [crosstalk 00:11:15] process repetition, process repetition. You guys have made a decision where you'll be the broker, you'll drive the origination of the relationship and turn to people to help fulfill a service and make it as efficient as possible so you can do more of what you're doing.

Andrew: Well that's right. There's pros and cons on both sides. You're so right. What do we do? Do we go out and get five new brokers and then I become a broker manager whereby instead of managing clients I'm managing brokers? Well no I don't want to do that. Or do we then go and get a broker and further admin staff or further credit?

It's very difficult and it's juggling act because you get someone in who knows credit as to how they do it and come into a new environment which is very dynamic as broker's environment is. If they've come from a particular bank then we deal with ten different banks, every one's slightly different, you got to be fairly nimble and dynamic to be able to alter between credit policies and things like that. So I prefer to get someone who's got a bit of knowledge and then to mold them and build them up with the knowledge base that we've got and our philosophies to be able to then ... as I said, like the last gentleman that I've taken from, well not nothing, but he came from a very minimal skill set, now he'll now flourish as a mobile lender. We'll provide them with the career path to become brokers, but we don't necessarily putting brokers on, so to speak, so over time we will, but just at the moment I still enjoy getting into the nitty gritty and ripping deals apart and putting them back together.

Phil: This is something that you write a lot about in The Adviser, James, as a broker, understanding that everyone talks about how can you do more business, right? You're going to do more business, you need more people. A couple different models available, you either appoint more brokers or you can appoint admin people. A lot of brokers, if they're one person, they'll get stuck doing the fifteen, twenty dollar an hour work, when they should be concentrating on the two hundred dollar an hour work, or three hundred dollar an hour work.

James: That's right. Well it's been interesting. Different businesses have different models. There's a growing young brokerage, which we've written about, and I sat down with them a couple of months back, and there's this interesting paradigm happening where they've taken on a lot of brokers and they've been training a lot of brokers but that means they themselves, who are brokers, haven't been writing any loans, so then you've got [inaudible 00:13:30] like you said of being a broker manager, but then your own remuneration isn't coming in, you know what I mean, because you're not writing as many deals and that sort of thing so it's a different thing and then you got to look at commission splits and then in terms of the support staff, I just got back from Nepal and in Kathmandu I visited [crosstalk 00:13:48] [Otto's 00:13:48] business over there and they've got about fifty staff in there just processing home loans.

Phil: So those guys are doing the twenty dollar an hour jobs [crosstalk 00:13:57]. What do you pay an hourly rate for an admin person?

Andrew: Minimum's forty-five, fifty.

Phil: A year, yeah.

Andrew: Yeah, and then we got incentives on top of that. We got young people come in, earned best part of nearly sixty k straight off the bat, and then on the more senior credits guy, yeah they'll start off on seventy, they can earn anywhere up to six figures.

Phil: And that's through activity? Or that's through delivery?

Andrew: That's through base and then incentives in relation to volume going through, as the business goes well, we obviously want to share it amongst the people that assist us.

Phil: It's a great thing about mortgage brokering, whether you're an admin person or through to an actual broker, and why a lot of people are attracted to mortgage brokering is that if you work hard, if you grind every single day, if you're out there getting new customers, meeting new people, getting it done-

Andrew: It'll come to you.

Phil: It's great earning potential. And you actually have control over how much you're going to earn by just how active you're going to be. It is sales, sales in its purest form.

Andrew: Hundred percent.

Phil: It is. What I'm quite interested in, I guess there's a number of ways you can either get more business from the customers you have, you can get them to refer you to new people, or you can go out and originate completely new business. In your business, of those three, where's your key focus. I imagine it ebbs and flows a bit, but where do you get the majority of your stuff from?

Andrew: Yeah good question. The majority of it is simply through internal referrals from clients. We were tracking there for a while, I mean we do but I haven't had a good look but it would've been probably twelve months ago we'd had someone who was like a thirteenth referral from down the grape vine, so one had told the other, told the other, told the other, so I think they were thirteen deep. That in itself proves that what we're doing, people like and people are advocates of, and it's the cheapest way to create business.

Phil: Did you actively cultivate that? Say you did a loan for me and I went thank you [crosstalk 00:15:57] would you say, if you have other service could you please refer us [crosstalk 00:16:00]. How do you have that conversation? How would you approach that with someone?

Andrew: Again, I think, just be somewhat upfront. A lot of brokers do get questioned. I get several times a week, well how much do you charge? What's the fee? How much do you charge? My answer to that is, well I charge a referral. So when I charge, the best way, if you're happy with what we do, then the best thing you can do is refer someone who you think we can help. It's fairly direct but around sort of way to-

James: And does it work? Do you generally get business that way?

Andrew: Yeah. And as I said, people go oh yeah, that's fine. People at least know that you're always looking for business, as opposed to, I mean we're very busy as you know, but we can always be busier. I think sometimes you can start off your own business by from your success, but people are trying to call you and say I'm busy and they go oh he's too busy, I won't look for more business. I think you need to be fairly to the point in relation to you are actively looking for business that we don't have a shop front, people actually struggle to get into our building, which is a bit of a comical thing from our side, but when people say that we suggest that we don't advertise, that we only get support from our own clients and that works.

Phil: So you ask for a referral, great, someone goes yeah sure I'll speak to someone. Does typically what happens is that you just get a phone call out of the blue and it'll be "Good day, hi, my name's Phil. Um, look, Barry Smith suggested giving you a call." Is that typically how it happens? And would that come through to you or would that go to receptionist and the receptionist [crosstalk 00:17:25]

Andrew: Yeah one hundred percent. You get a random email, I'll get a call on the mobile, or we've got in our office obviously is manned nine to five sort of stuff it'll be a call and then someone will say look I've been referred by this person and other times people have called and literally haven't been able to notify who's referred them.

Phil: Say if you get a lead, if that comes in and you get the email that says this guy called, he wants to have a chat to you about x, y, z, he was referred by whatever, what would be your first phone call to that person? How would you approach that?

Andrew: It's really just a feeling phone call. You're calling just to find out where they're at, the urgency of it, how we can assist basically is what. [inaudible 00:18:05] I like to know where they're coming from and simply just ask them what they're looking to do and they feel that we can help them. And that generally leads to conversation to go somewhere along the lines of well, I'm looking to buy a house, looking to refinance, I've got a little bit of too much debt I need to consolidate, something of those lines of which we can very quickly, in the initial discussion you're fact-finding straight away. [crosstalk 00:18:29]

Phil: Qualification.

Andrew: You qualify, exactly right. Upon that we either, we'll send them some material to further engage them down the track or to the point where we engage them and organize for them to come in and meet and go through the process.

Phil: So that sales process, so qualification. So a lead comes in, so qualification, okay, so would it normally end up with you saying to the person, I will send you something, or would it be, we need to know this about you before we can do anything further. Would you do that next piece of communication or would you expect something back from them in order for you to proceed down that sales process.



Andrew: Yes, well out of the qualifying, unless they're unsure, if they're not sure, you know sometimes it could even be conduct, it's amazing how many people don't know what rate they're on or what they're conduct's like or what income they're on. So if they're unsure then we might ask for something up front, to say send it through, let me have a look and I'll come back to you. If someone's a little bit more, well not savvy, but knowledgeable in their own scenario, I'll be able to obtain that qualifying over the phone from the initial discussion. Then that's it, we'd be straight into a booking to come in [crosstalk 00:19:33]

Phil: For you the purpose is to get face-to-face with the client [crosstalk 00:19:38]

Andrew: As quickly as possible, once they qualified.

James: What's the procedure if the lead comes through, sets up a referral and they've already got a relationship with an existing broker?

Andrew: Well one question, why are they calling me? So it's obviously broken. I had a discussion yesterday, funnily enough, again a random phone call and it so happened a fact that they already had a submission put through so I tried to go in over the top and got it through, got in front of credit and the credit said oh hang on, there's two deals here. I rung her and said what are we doing, she said look I feel really bad, I've got to go, can you just see him other broker guys. I said fine, and we're still engaged, there's other opportunities there that I've already spoken about on the commercial side that we'll help her out with, but every now and then you come across but, in all honesty, I wouldn't worry about another broker, if someone's calling me that's not a relationship so it's inconsequential to me.

Phil: You hear a lot about in sales, a broker is a sales person by and large. It's all about scripts and dialogues. People new to the game might have a written script and they've got it from somewhere. Would you say that you have an internal dialogue, internal scripts, so would most of your conversations be the same and it just happens organically?

Andrew: Yeah, very similar. As I've said, I have been in the sales environment for a fair time. I've done a lot of phone work in my time. As a broker, I think if you're not good on the phone, you're going to find it difficult.

Phil: What do you qualify as being good on the phone?

Andrew: I mean comfortable on the phone. Being able to extrapolate. First we build a rapport, so you got to be able to build a rapport with someone without being physically in front of them. That would be number one. And then secondly be able to extrapolate information from them without feeling intrusive.

Phil: It's what we do on podcasts. [crosstalk 00:21:22] It's good.

Andrew: I'm going out of here a changed man.

Phil: But it's really good, you know.

Andrew: I'll never walk the same.

Phil: It's the same thing, right? It's just good communication, good engagement, getting people comfortable chatting with you and then understanding how you can help them out.

Andrew: Hundred percent. If you can't then you either need to learn how to do it or, I don't know otherwise. We don't have the model whereby you book to people and run out, jump in the car and see someone at 7:00 and not even know whether they qualified. That to me is just insanity. We only deal with qualified people. Our time's worth a couple hundred bucks an hour in all honesty so I'm not going to spend that dealing, trying to qualify someone.

Phil: Do you get in the car anymore and drive out and see people or you try and get them to come to you? [crosstalk 00:22:13]

Andrew: Not really.

Phil: Bus and a train. [crosstalk 00:22:15]

Andrew: No. I'm happy to jump in the car, I'm literally going down to Mittagong tomorrow to see a client that I've been working with for, this will be the third deal. He just said put it in the post, I said no I've got to come and meet you, to go and sign docs, I like to see the whites of people's eyes just signing, but to get it approved, places will send it through, we'll get it all done over the phone, it's pretty straight forward, but when we're going, sitting down, going through the product and the actual contract, majority will come in, but some people, given the nature of the game, I'll go see them, but nowhere near as much as I used to.

Phil: For brokers new to the markets, a year in or two, still learning their craft, what would you, in terms of expectations they should be setting themselves, so activity generates results, right? How do you get better on the phone, you make more phone calls, right? If I'm a broker and I've been in the game, in my first year, how many phone calls would you say they should be making every day?

Andrew: Well it depends, you scale back. How many appointments do you think you can make? Or should you. And you say well I want two appointments. Well how many phone calls do you need to make an appointment [crosstalk 00:23:22]. It might be literally fifty things, then you speak to thirty, ten qualify, out of the ten you close two, you're out to see. Again, I've walked the entire eastern suburb, from city, around the south, you know, Surry Hills and stuff like business cards out as high as your desk. If you're not prepared to do the hard yards, as you said before, yeah the good times might come, but if you are, and you've got the end goal in sight and you just enjoy the journey, because it's a pretty cool journey.

James: Shoe leather as Mark [Boris 00:23:56] says.

Andrew: You've got it. You've just got to do the hard yards and then the harder the yards, the better the good times.

Phil: The main point from this podcast is just what you said about if you want to settle two or three loans, every single month, or four months, or five, or whatever your number is, work backwards, and

you need to work out those metrics. In order to do three you need to do x number of appointments, to get so many appointments you need to make so many phone calls to connect, et cetera, et cetera. If you're so new to the game, and you did the shoe leather, you walked around and you hustled, hustled for business. If you're starting out today in your first year what would be the three things that you would absolutely do in terms of generating new contacts or new business that you can translate into settled loans.

Andrew: It's a relationship game. You've got to get out there and introduce yourself and meet and greet in all sorts of facets, whether it's just literally off the street or through gyms and those sort of, let people know what you do. Thing about brokering is fairly recession proof. People don't just not pay a mortgage because they don't want to for a month, so it is recession proof. A lot of people have got it so it's a fairly endless market. I think, again a lot of phone work and a lot of business cards, and another thing is just follow ups. I think a lot of people it won't happen. A lot of touch points. I think you need to have five touch points with a particular person before they'll even engage or entertain engaging for business, so you've got to work out what those touch points are.

James: Good stuff.

Phil: Gold.

James: Pretty radical, isn't it?

James: Absolutely. I think that's just about all we've got time for today. I just want to say thanks very much Andrew. You can pay us in a referral. [crosstalk 00:25:39] Thanks very much for coming in, Andrew, and thanks again Phil.

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