

# COMMERCIAL BUSINESS



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Over the past few years, diversification has become an important part of brokers' businesses.

At the height of the global financial crisis, lenders cut broker commissions by up to 30 per cent, forcing brokers to either source more clients or integrate more services into their core offering.

Commercial lending proved to be an effective area for brokers to diversify into.

The continuing commodities boom and major private and government sector-funded construction projects have boosted activity in this sector.

In addition, lower interest rates are expected to provide a boost to brokers working in the equipment and commercial finance sectors.

Better yet, Australia has approximately 2.1 million self-employed workers, according

to Independent Contractors Australia, and many of these need premises from which to run their businesses.

Larger corporations also need offices, garages, storage facilities, factories and warehouses – all of which require finance.

It might seem surprising that more brokers are not taking advantage of the commercial property sector.

But while commercial borrowing is a great area for brokers to diversify into, becoming a successful broker in this area is easier said than done.

Marketing to clients and generating leads is difficult, not to mention time consuming.

Through this webisode and with the help of this workbook, we will give you all the tools you need to ensure you successfully diversify your core services into commercial lending.

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## STEP 1. WHY COMMERCIAL?

Many brokers integrate commercial lending into their service offering. But what works for some will not work for everyone. Have a think about the reasons why you would like to integrate commercial lending into your business? Do you hope to build your bottom line or perhaps strengthen client relationships?

**Note down the reasons why you are integrating commercial lending into your business...**

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**Highlight what benefits you hope to achieve through commercial diversification**

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## STEP 2. TRAINING AND EDUCATION

Now that you have identified whether or not integrating commercial lending into your business is a good idea, you must take the time to train. But how much training and education is necessary to become skilled in commercial lending?

**Note down what commercial training and education you plan to undertake in order to get yourself up to speed with this lending sector?**

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**How will you incorporate this additional training into your current workload?**

**Take the time to strategise what time and effort you will give to your new commercial venture**

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## STEP 3. MARKETING AND LEAD GENERATION

To integrate commercial lending into your business successfully, you must implement a prospecting strategy. In commercial lending, as in residential lending, some lead generation techniques will work while others will not.

What marketing and lead generation techniques will you introduce to your business?

**Note down your commercial marketing strategy by detailing the following....**

**What is your end goal?**

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**To achieve your end goal, you must put in place a structured marketing strategy, which includes...**

**Daily prospecting activities**

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**Weekly prospecting activities**

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**Monthly prospecting activities**

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**How much time do you plan to dedicate to your activities?**

**Daily activities** \_\_\_\_\_ **Weekly activities** \_\_\_\_\_ **Monthly activities** \_\_\_\_\_

**Which activities do you consider to be your 'high paying' activities?**

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**How much time will you dedicate to these activities?**

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## STEP 4. UNDERSTANDING YOUR CLIENTS

Commercial borrowers differ from residential borrowers. They have different needs and it is important for brokers to recognise what these needs are. Have a think about the different needs of a commercial client.

**Note down what you expect your commercial clients will want from you...**

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Now that you understand what sort of needs your commercial clients may have, it is a good idea to jot down the ways in which you plan to cater to these needs.

Will you meet with your clients more than once? Will you stay in touch with them on an ongoing basis through your CRM system?

**How will you stay in touch with your clients?**

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### Take-aways...

- Commercial lending is a good area to diversify into as it can significantly boost a broker's bottom line
- Diversifying into this area is easier said than done. Commercial broking differs from residential broking and, as such, requires additional training and education
- Put a training and education program in place to help you get up to speed with commercial broking
- It is important to have a marketing and lead generation strategy in place before jumping into commercial lending. Ask: What is your strategy?
- Understand that all clients are different. They have different needs and require a different level of attention

**Additional notes....**

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