

The better broker's guide

# Building profitable referral networks



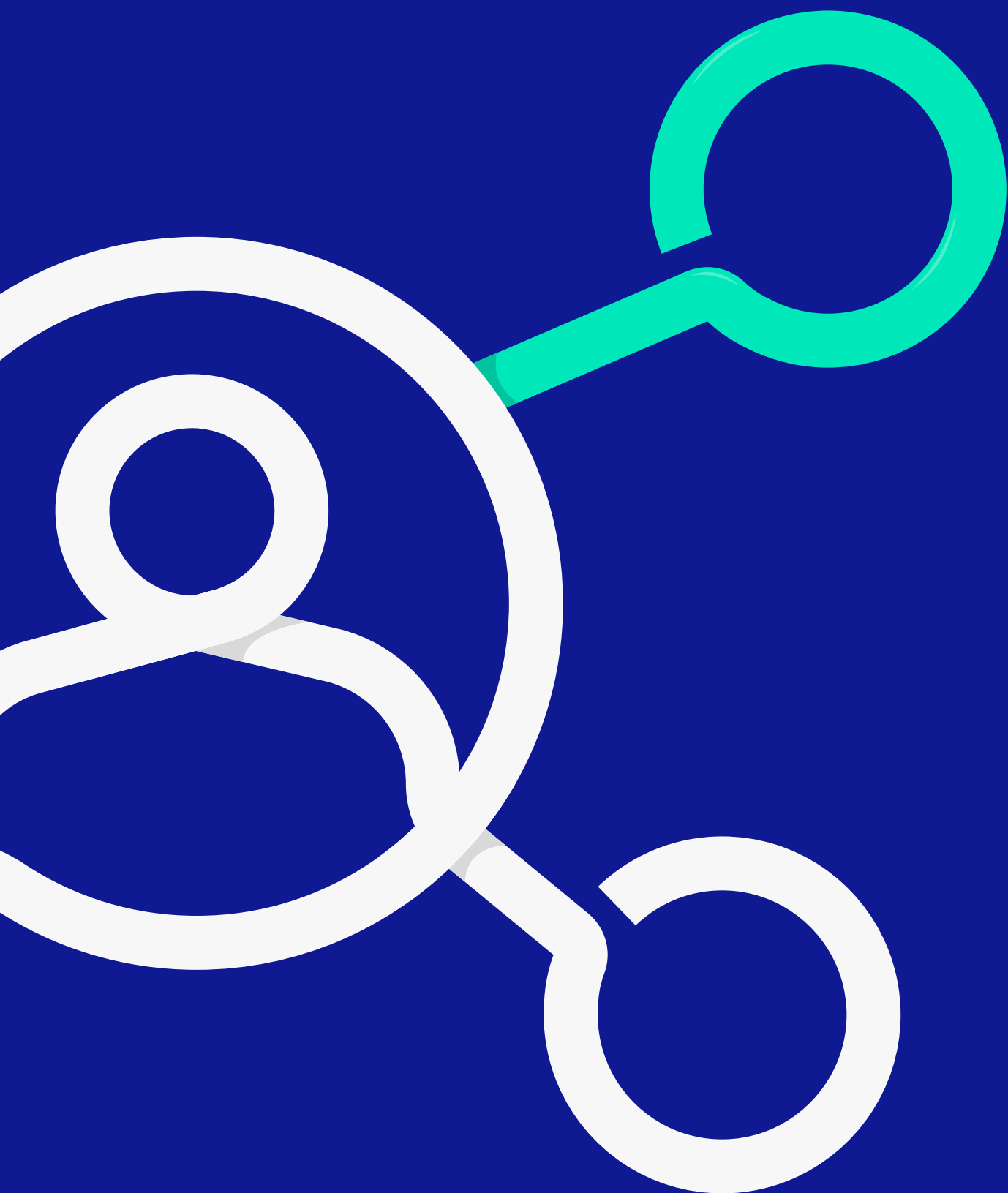
**AFG**



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## Chapter One

# Do you need a referral network?

If you want a long and successful career as a mortgage broker, one important step is to build a referral network.

First things first:

## What is a referral network?

A referral network is a group of individuals or organisations in related industries working together to promote one another's skills and businesses.

A mortgage broker, for example, might build a referral network of accountants, financial planners, real estate agents and solicitors. When a person is interested in buying a property, a real estate agent can provide value by referring their client to a reputable mortgage broker, who could then refer the client to a solicitor to finalise the deal. Referral Network Marketing is building referral relationships with a range of partners in your target market and providing them with the tools required to introduce your business to their own private networks, clients and customers.





# Referral partners can be your **difference maker**

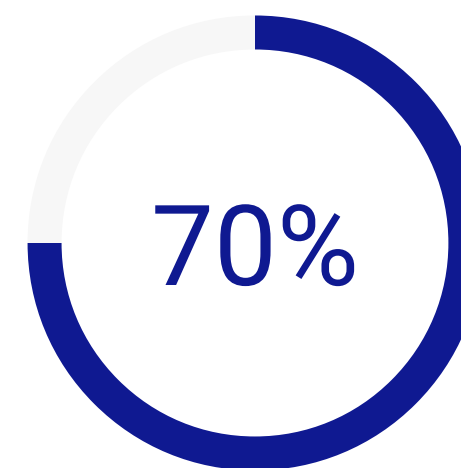
[With more than 16,000 residential brokers operating in Australia](#), a fertile lead referral network can help you stand out from the competition.

Nick Reilly, Managing Director at mortgage broking and financial planning firm, Inovayt, says a strong referral network means “everything” to a broker’s business.

It’s no exaggeration to say the quality and depth of your referral network could be the difference between success and failure in the industry.

The majority of brokers receive most of their business through referral from existing customers and word-of-mouth recommendations, according to a Deloitte survey.

Four in 10 leads come from repeat business from existing customers and three in 10 leads come from referral by existing customers.



of a broker’s business comes directly or indirectly from existing customers.

“

**If you have a good, consistent referrer, you have the security of knowing there will be a certain amount of deals coming each week, month or year from that referrer. It provides a really good base to build your business.**

**NICK REILLY**  
*Inovayt*





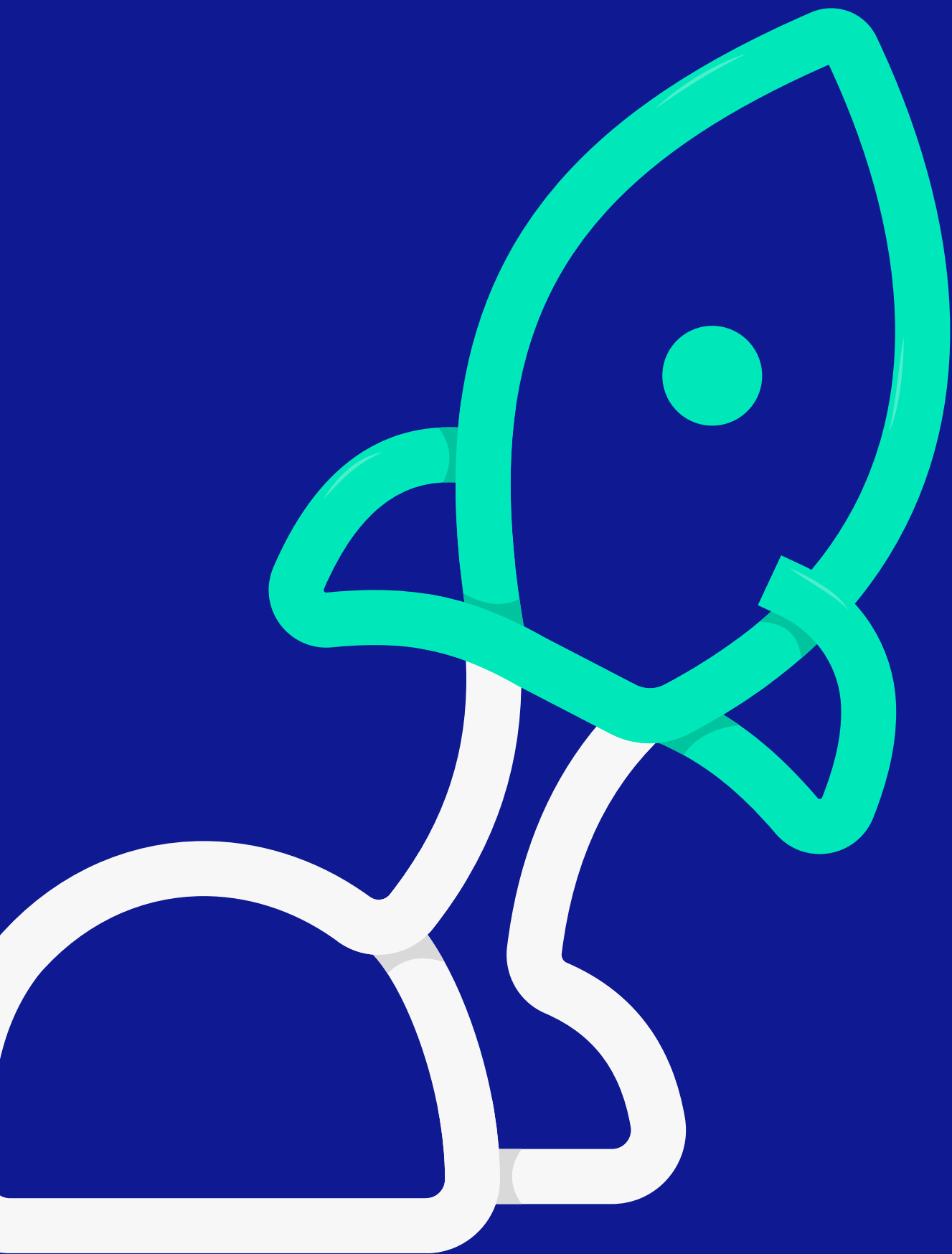
# When to build a referral network?

You should start thinking about building a lead referral network as soon as you start your career as a mortgage broker, but it's also something more established brokers should focus on.

The brokers with the best networks often allocate time to work on recruiting new referrers and to check in with existing ones.

The only downside to building a referral network: it doesn't happen overnight. You'll need to work on it throughout your career but, as most brokers would agree, it's a worthy investment of your time given the potential rewards.





## Chapter Two

# Building a referral network

People are the core ingredient in any successful referral network.



# Start your referral relationships **the right way.**

The ability to find potential referrers, establish trust, demonstrate your value and nurture relationships over long periods are other critical factors.

Fortunately, technology has created more ways to find and connect with potential referrers than ever before – via your website, social media, email communications, and Customer Relationship Management (CRM) tools to help you manage your database and communications.

Naturally, when you start building your referral network, you'll set out to create a wide reaching and extensive network, but be wary of chasing quantity over quality. One carefully nurtured referrer relationship could prove more valuable in terms of long-term lead generation than 10 rushed partnerships.

## 01

### Building trust

Taking out a mortgage is one of the biggest financial commitments most people make.

## 02

### Providing your value

In a sea of brokers, what makes you different?

## 03

### Communicating with your partner

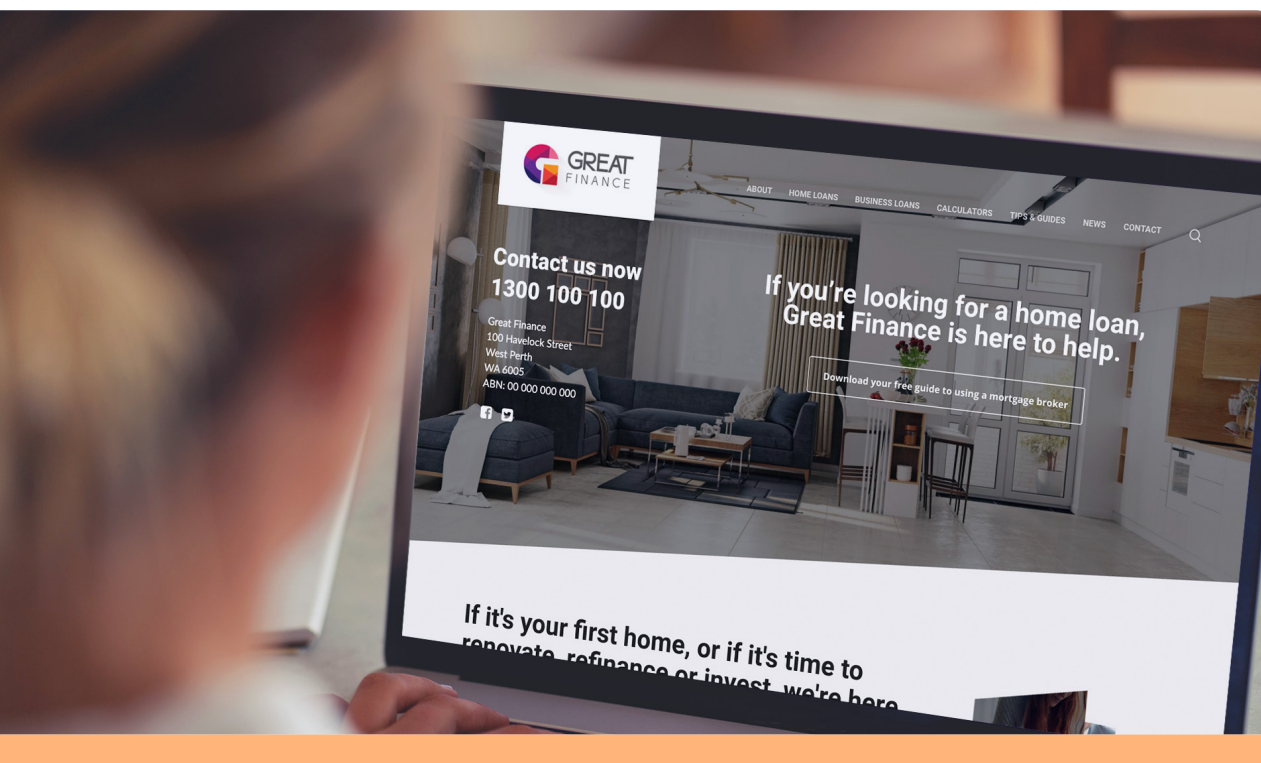
Communication is the cornerstone of any successful relationship and a referral network is no different.

## Section 2.1

# Building trust

Taking out a mortgage is one of the biggest financial commitments most people make.

Taking out a mortgage is one of the biggest financial commitments most people make. While there are a number of different ways to build trust between yourself and a potential referrer, start with these core components.



# 01

## A professional website

The first thing many potential referrers will do after being introduced to you is Google your name or business. If the top result is a professional website filled with positive client testimonials, you're off to a good start. If you're struggling with your site, AFG offers [customisable website solutions for brokers](#) with a host of smart features.

02

## Strong personal branding

LinkedIn is an excellent resource for finding possible referrers and building your personal brand. A great way to gain credibility on LinkedIn is to write and share articles with your connections. If you're new to social media, ask a mortgage broking group if it offers [social media support](#). With [AFG's SMART marketing program](#), for example, you'll have access to a content library of social media images and posts.

But remember, social media should be a two-way conversation, so you'll need to engage and respond to any comments and ask questions when potential referrers share or post content themselves.



## A network of advocates

In order to build a successful referral network, you need to be able to turn happy clients into advocates for your business. If a client praises your business to their friends, family and professional network, you've just been introduced to a rich new source of potential referrers. If you can use their compliments on your website or social media platforms, even better. You can request reviews directly post settlement or via [AFG SMART Marketing](#), which offers a suite of check-in email communications including inviting customers to review post-settlement.

03



04

## A good first impression



Your online presence should complement – not replace – the traditional method for acquiring referrers. Most referrers will still want a face-to-face meeting before they agree to work with you. Remember, people tend to do business with people they like, aspire to be like or have things in common with. That's why this first meeting is crucial for building trust and rapport to help you forge long lasting relationships. Go into it prepared to answer questions about your own business but, more importantly, show them how you can help them build theirs.



## What is UVP?

**A UVP is a clear articulation of the benefit you offer over a competitor.**

This is especially important for brokers operating in an increasingly competitive landscape in order to stand out from the crowd. Your UVP might be your expertise in a certain area – such as agribusiness or commercial property – your ability to simplify the mortgage process or your strong track record of successfully matching first-time borrowers with lenders.

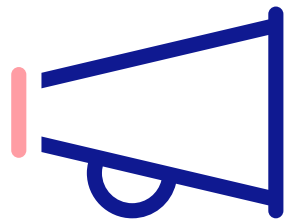
## Section 2.2

# Proving your **value**

**In a sea of brokers,  
what makes you different?**

Your local real estate agent or accountant might have dozens of brokers contacting them. What value can you offer them as a partner over your competitors? Do you need to spend time working out your UVP (Unique Value Proposition)?





## Pitching your value

Be prepared to pitch your value by demonstrating how your approach makes you the best fit. This could be a chat over a coffee or via a more formal presentation that focuses on synergies between your businesses and how a referral partnership can benefit you both. [AFG's Commercial SMART](#) tools are great resources to set you up for success, with detailed PowerPoint presentations for new business pitches and referrer brochures that act as a clear guide for potential referrers on why they should partner with you. All of the tools can be designed with your company branding, and even come with letter and email templates and phone scripts.



## Driving a mutually profitable relationship

A lead referral can't be all about you. You should pitch it as a mutually beneficial partnership and follow through when it comes to working together. Rather than only thinking about what a referrer can offer your business, focus on what you can offer theirs. To show you're serious, start giving leads to your referrer partner before you approach them with an offer for a more formal partnership. This will help establish trust and instantly prove your value.



## Section 2.3

# Communicating with your referral partners

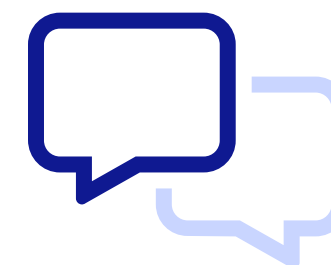
Communication is the cornerstone of any successful relationship and a referral network is no different.

Regular communication with your referral network and potential new referrers is important, and you can add even more value by the type of information you share. You'll need to set time aside each week to nurture your referrers in order to build a successful network.

01

### Establishing consistent communications

While a deal is in progress, it's a good idea to provide regular updates to the referrer so they know exactly what's happening with their client at each stage. Once you're getting regular business from a referrer, you could also send monthly reports on the deals they've referred. AFG offer digital solutions to streamline this process. For example, Refer allows you to easily track incoming leads and related status from initial contact through to settlement.



## 02

## Using content to add value

Sharing relevant articles, expertise, information or newsletters is another great way to maintain communications with your referral partners while demonstrating added value at the same time. The content you provide should be timely, useful or educational for the referrer. If it's information that is potentially helpful for their business, they're a lot more likely to engage with it. You can access professionally produced and written newsletters and content via [AFG's SMART marketing program](#) for your regular communications, or enable personalised communications to be sent on your behalf.

## Communication frequency and tone

Your communication frequency should strike the right balance between too often (a call or email every day could become annoying) and too infrequent (once a year or only when you're looking for new business). Bear in mind the tone of your communication: does it match the tone of your existing brand? If you're a fun, relaxed brand, the tone of your communications should be, too. You may also find you become friendlier with some referrers over time, which could call for a change in tone from professional to more relaxed.

## 03





## 04

## Managing referral contacts within a CRM

The best way to keep track of your network and communications is with a CRM (Customer Relationship Management) system. A CRM is a piece of tech used to manage all of your interactions with existing and potential customers. You can store client information, manage all your communications and workflows, and oversee sales development and final sales using a CRM. A CRM system can help your organisation build relationships, streamline processes, increase sales, improve customer service and, ultimately, increase profitability.





smart.

## What is SMART?

AFG's tailored marketing program, SMART, allows brokers to automate key contact moments through targeted communications.

You can set up automated messaging for touchpoints every month – for example an RBA rate alert, as well as more personal messaging like a 'thank you' message on settlement. The platform, which is a five-time winner of the Aggregator Marketing Platform, also helps you create targeted email campaigns based on data analysis of your customer base.



Hello Elizabeth,  
17

Just a quick email to  
I've recently added y  
address to my datab  
news and updates re  
business and residen  
market.

I like to ensure my clients ar  
of the pack when it comes to  
hope you will find the inform

As you're no doubt aware, th  
available products constant  
circumstances, needs and fi  
change over time

VIEW IN BROWSER

GREAT  
FINANCE

Accelerate  
your business  
in FY22

Hi Elizabeth,

Whatever your goals  
premises, equipment



## Chapter Three

# Setting up a referral arrangement

A typical referral arrangement follows one of three models.

# Three models for referral agreements



The broker offers their referral partner a split of the upfront and/or trail commission (known as a 'commission split').



The broker offers their referral partner a flat fee for referral.



The broker pays no fee to their referral partner but rather works on an exchange of mutual value.



Depending on the referrer, there are times when the relationship should take precedence over commissions and fees. Some of the best referrer relationships may not look like the best financial partnerships initially, but often lead to consistent – and ultimately more valuable – business in the long run.

# Tips for setting up a referral arrangement

When you create a referrer arrangement you must comply with certain legal requirements for the referral process.

It is preferable to document the referrer arrangement in a formal agreement. This is a legal document, so it's also advisable to have a legal professional draw up (or at least review) the agreement. Both brokers and referrers have some responsibilities as part of a referral arrangement – for example, keeping a dated register of referrers and disclosing commissions received from referrers.

Them Lam, National Manager – Strategic Partners and Recruitment at AFG, says brokers should take a “methodical” approach to securing new referral arrangements and create straightforward processes for partners to refer.

“You need to be able to demonstrate the value you can provide to a referral partner and how your services integrate into their business,” he says.

“Then it is about educating that partner on identifying possible opportunities and putting simple systems and processes in place to make sure it's as easy as possible for that partner to refer leads to you. It's about keeping it simple and making it something that benefits their business.”

“

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**Them Lam**  
AFG





## Case study

# Nick Reilly, Inovayt

When Nick Reilly was starting his career as a broker, he would scan newspaper property sections for real estate agents to cold call. While most knocked him back, a few would agree to meet.

When I started out it was the old-fashioned way of just ringing businesses that could refer and meeting new people,” he says.

“It sounds cliché, but you’ve just got to pick the phone up and have conversations with people.”

Today, Nick is Managing Director at mortgage and financial planning firm, [Inovayt](#), with a strong referral network behind him that provides about 55 per cent of the company’s business. With [AFG](#) since 2012, Inovayt settled \$379 million in loans for the 2020 financial year.

“I think 80 per cent of a broker’s business is networking, to be honest,” Nick says.

“The more people you know, the more loans you’re going to write – it’s pretty simple. And those people can come from all walks of life because everyone’s buying property.”

Nick recommends brokers look within their existing personal network for potential referrers.

“People in your network will have accountants that they use personally. They will have a real estate agent that they’re used to dealing with, they will have dealt with a builder at some stage, they will have a friend who’s got an accounting business or a financial planning business,” he says.

“I used my networks to get warm introductions to other businesses

and I found that worked really well.”

To cultivate referrer relationships, Nick says regular communication is key.

“Generally, it should be educational in terms of sharing something about what’s happening in our industry that might interest them or be useful to them,” he says.

“Then if there’s a client they’ve just dealt with that they should be referring, you’re front of mind because two days ago or that morning they received an email from you.”





## Chapter Four

# Top referral partners

What are top referral partners looking for in a referral arrangement? Above all...

# ...they want to know how a broker **will complement their business.**

Thomas McGlynn, Head of Sales at Sydney real estate agency BresicWhitney, says knowledge, speed and being proactive are the qualities he looks for in a broker partnership.

“When you’re working with a referral partner, you’re working with them because you want them to be the expert in their field,” he says.

“You’re looking for someone that has a deep understanding of what’s required to be able to give the best service to customers, but also a deep understanding and very high level of knowledge of the products that are available in the marketplace.

“Someone that’s being proactive and who has a sense of urgency and speed of delivery in what they’re doing is also so important.”

“

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**Thomas McGlynn**  
*BresicWhitney*



# What referral partners look for?

While some referral partners - for example Agri Consultants - may require specific expertise, generally referral partners are looking for:

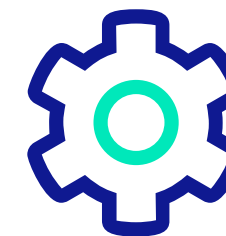


## A trusted partner

If a partner is handing over their client, they need to trust you will treat them well and get them a great deal.

## Simple systems & processes

Referrers want it to be easy to make a referral and they want to be kept up to date with how the referral is progressing.



## Proof

After the referral, there is no better way to prove your value than a happy customer. Share that positive review with the referrer and it won't be the last lead you receive.

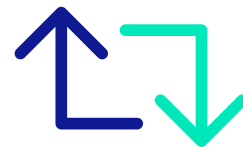


## Adding value

Be clear about how the partnership can add value to the referrer's business and complement their sales process.

## Reciprocating referrals

Can you give a referral to receive a referral? If you can cross-promote a trusted partner to your network, it proves to that referrer you're serious about this being a mutually beneficial partnership.



## Section 4.1

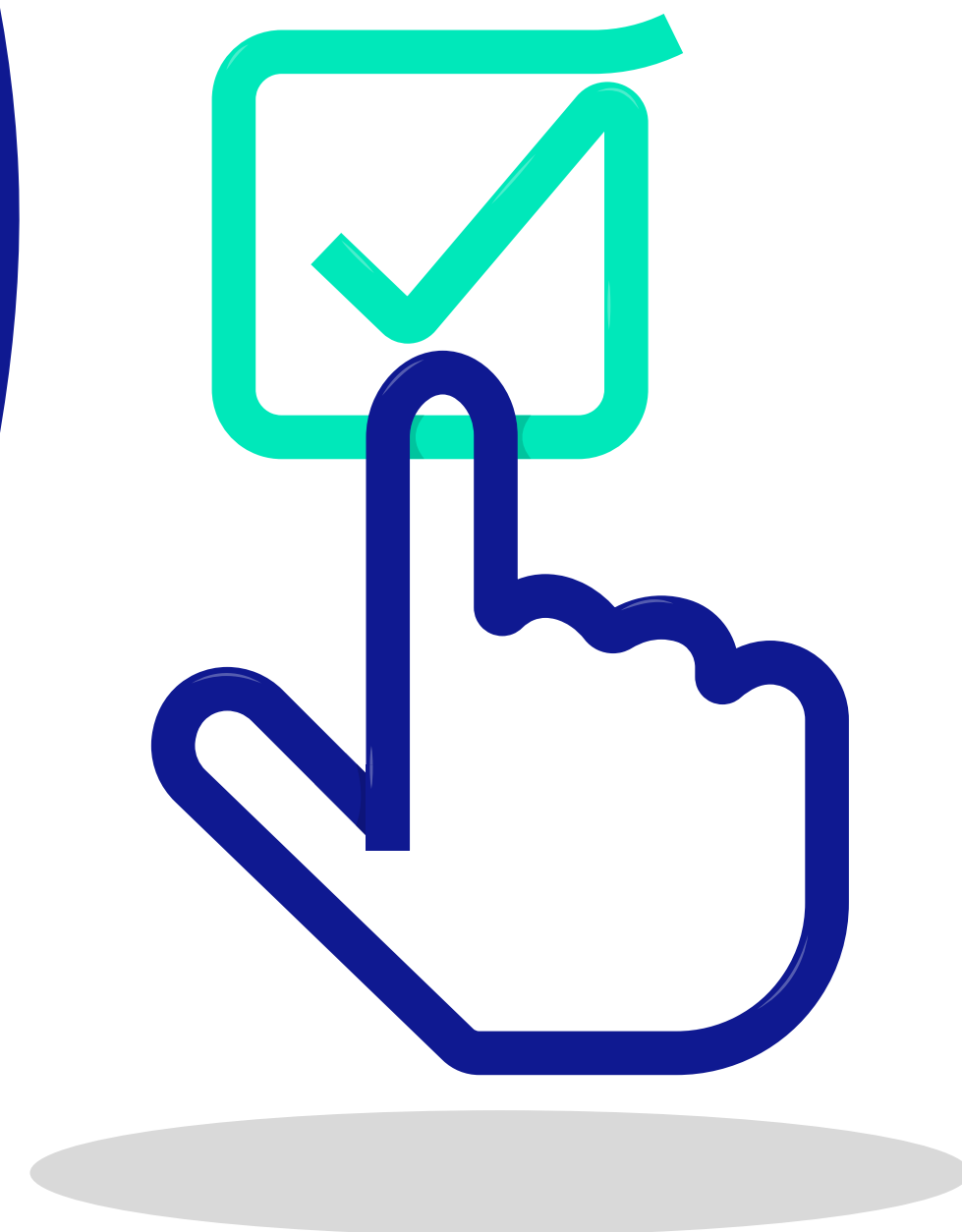
# Choosing a referral partner

Different referral partners can add different value to your business depending on your particular area of expertise.

For example, the value of a potential referrer will be different for residential and commercial mortgage brokers, or those who specialise in agribusiness.

Real estate agents and builders are a natural fit for a residential broker's referral network as the processes each follow for a property transaction rely on one another. Mutual referrals from real estate agents and builders can mean more business for everyone and a happy client receiving the best value.

Financial services can also provide value to a broker. An accountant or financial advisor has regular meetings with their clients and, where possible, tries to save them money. If a client is considering changing lenders, an accountant or financial advisor who can refer to a trusted broker will find value for their client while providing value for your business.





# The top 12 professions

When considering who you could form a referral partnership with, there are a range of professions to consider, including:



01

Accounts

02

Financial  
Planners

03

Buyers  
Advocate

04

Vendors  
Advocate

05

BNI Groups

06

Agri  
Consultants

07

Real Estate  
Agents

08

Solicitors/  
Lawyers

09

Commercial  
Agents

10

Commercial  
Valuers

11

Industry Bodies  
(MFAA/FBAA

12

Networks



## Checklist

# Conducting a referrer background check

Just as referrers are likely to do their homework on your business before agreeing to a partnership, you should also do your due diligence on potential new referrers.

# Here are a few things you can to do to check out a potential referrer.



Look up their ABN



Do a Google search for the entity and check its physical address



Check the ASIC register/director search for any potential red flags against their business



Look at customer reviews on Google, their website or other comparison sites



Check out their professional profile on LinkedIn or other social media platforms



Ask people you're already connected to whether they know the business, or ask within the community if it's a local business.



# In conclusion...

A comprehensive, reliable and trustworthy lead referral network is invaluable for brokers to sustain and grow their business.

Whether you are just starting out as a broker or want to strengthen your existing network, there are intelligent tools available to help. Remember, building a top lead referral network takes time and is something you'll have to work on throughout your career. It is certainly an investment, but it's one you'll be glad you made.





**Visit us for more information on how we can  
support your lead referral network activities  
and accelerate your business.**

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