



Sources of paid referrals (leads?)

What is the difference between a paid referral and a purchased lead? Good question because during research it became obvious that there are several types of paid referral where this boundary isn't really obvious at all. For the purpose of this article however I have simplified it to any prospect coming from an established lead generator or marketing company is a lead and any prospect coming from a business where the revenue they get from passing details of a prospect on to someone is only a supplementary form of income. The other important difference to remember is that unlike purchased leads you only pay a referral fee when the mortgage or insurance completes, which means you have no upfront outlay and no risk.

- 1) Estate Agents – It's easy to assume that all of the estate agents in your area are already set up with Mortgage Brokers, if they don't actually employ their own in house adviser. Easy to assume that is, but not always right. Like all businesses, an Estate Agents business is constantly evolving. It could be that they are a new business and have not got anyone yet; they might be experiencing poor service levels from their current broker and are looking for someone new. In the current climate, many Estate Agents have had to dispense with their in house broker, so they might be looking for someone external to handle the work. One really important point to remember with Estate Agents however is that the success or failure of the relationship will depend more on the staff in the shop than the owner so make sure they are incentivised. One broker I know used to run a competition every month to reward the staff member who passed on the most customers. You would for example pay them £10.00 for each client who they persuaded to have an interview with you and then at the end of the month double this amount for the member of staff who got the most mortgage appointments over the month. You might like to take them all out occasionally for an Italian meal as well, just to keep everybody happy and let them know they are appreciated. The other thing to remember is that in this case you are paying a smaller referral fee upfront rather than a large fee on completion of the mortgage. This keeps things simple and acknowledges the effort the shop staff have gone to on your behalf, but remember you will also almost certainly have to reach an agreement with the estate agency owner and arrange to pay them something on completion. All in all, maximising referrals from an Estate Agents business is certainly more complicated than simply answering a call from a Solicitor or Accountant, but there again the rewards can be so much bigger.
- 2) Solicitors – Historically difficult to approach, especially where you don't currently have a relationship with them and they have a secretary who sees herself (or himself) as guardians of the kingdom. I can't help wondering how much business the average solicitor with this problem loses per year. So the first thing I would say with solicitors is to approach those that you have an existing relationship with first. This could be as tenuous as having placed a mortgage case with them sometime in the last couple of years. Another thing you might like to consider is where you routinely put your mortgage and remortgage business. Many Brokers use one of the big national companies often at the recommendation of a network because they pay an introduction fee. It usually pays however to check if you can get the same deal plus referrals from a local firm, and as a spin off the local firm can be easier to reach for the client and broker.
- 3) Accountants – Much easier to approach and usually very keen to do business, although they may ask for a bigger slice of the income generated (they are accountants so usually have a pretty good idea of what income can be generated from a mortgage). They also tend to be very wary of handing valued customers over to other people on mass until they are convinced you

can be trusted so please try to make sure the first few referrals go like silk and if necessary reduce your percentage of any commission.

- 4) Insurance Brokers – Don't just think standard domestic insurers here; also try specialist commercial brokers as they are not so likely to be snowed under with Mortgage Brokers seeking work. Again if you don't handle car insurance, travel insurance or pet insurance yourself, look for a reciprocal agreement. They can pass you mortgage referrals for a fee and you can pass a variety of insurance leads to them, for a fee. It's really worth pursuing this referral stream as you're getting income both ways from the arrangement as well as offering your clients another service. One thing I would warn about is insurance tends to be a very competitive field so make sure the insurance broker doesn't get to contact (badger) your clients directly any contact should always be made through you.
- 5) Debt Management agencies – Some debt management firms will also be qualified mortgage brokers, but others definitely won't be. Mortgage work will obviously be difficult to get through from this source (that's why the people are in debt management programs), but insurance is another matter. Look to offering their clients a complete insurance review, it's quite likely you will be able to save them something somewhere along the line. Then when they come out of their debt management plan smelling of roses and squeaky clean they might well need someone to look at their mortgage. Again there is the possibility of a reciprocal agreement here as you will undoubtedly come across people who just can't get a mortgage and will need a debt management plan. Take care however and really take some time to check out any debt management firm before passing over any of your hard earned clients, as there are a lot of cowboys in this area which is pretty much still unregulated.
- 6) Finally, as a more "off the wall" suggestion that I know has worked very well for people in the past. Hair dressers are one area which can be very effective in generating low levels of referral work. In this case I know this is true because as a broker I once ran a successful introducer scheme with a number of hairdressers in the area. I think three of the reasons it works are:-
 - (A) Men and women are a captive audience at the hairdressers and usually have a conversation while they get their hair done/cut.
 - (B) The physical nature of having your hair done tends to make the client receptive to suggestions.
 - (C) Hair dressing, as averse to salon owning is often poorly paid and the opportunity to earn say £100 for recommending that nice man who also said he would do your mortgage seems very attractive.

The other thing I did which I'm sure helped to increase the number of leads generated from this scheme was to give out small business card holders for the hairdresser to put out on their counter in front of where the client sits.

All of the above suggestions can work and in fact have worked either for myself or Mortgage Brokers I have known. But in every case you should not expect instant results. Relationships take time to build, and many potential referrers will already have someone to take care of their mortgage or insurance work, or will not have considered referring clients to someone as a means of generating income. All I would say with regard to this is you need to realise that in business things change, the person who would never consider passing a client on to anyone for



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anything today, might think differently tomorrow. This might be because their business levels drop, or they suddenly realise how much additional income they could be making. It could be that the person they have previously been using for mortgage services now seems to be unreliable, doesn't treat their clients with respect or is reluctant to pay a reasonable referral fee. The reason isn't really important, what is important is that having established contact you stay in contact with the occasional telephone call until you get the business or they march you out of their premises at gun point!