

K A L E I D I C O

Turning Prospects into Clients, Faster!

Internet Mortgage Originations

powered by



WWW.KALEIDICO.COM

866.667.5253

You may distribute this report freely, and/or bundle it as a free bonus with other products, as long as it is left completely intact, unaltered and delivered via this PDF file. You may also republish excerpts as long as they are accompanied by an attribution link back to:

<http://www.kaleidico.com>

Copyright © 2007 Kaleidico. Some rights reserved.

Getting into the Game

In with the NEW and out with most of the OLD

You have probably spent the majority of your career shaking down Realtors and trying to figure out the best way to ask for a referral. It's tough isn't it? And it never seems to



work as well as those toothy grinned motivational speakers and authors tell the story.

Well, I am here to assure you there is a way to build a sustainable, profitable mortgage business. A business that survives all markets:

INTERNET MORTGAGE ORIGINATIONS

It is not easy, but it is a clear and repeatable process. We will teach you how to build an Internet business plan that will have you harvesting consumers that are raising their hands, NOT picking the pockets of Realtors and dialing the White Pages.

This brief plan puts you in control of your success!

It IS Different

You are certainly going to need to preserve all of those trusty networking and relationship skills, but we are going to sharpen them. And make them work at Internet speed.

That's right--you have many of the important skills for success already. However, you need to learn to apply them in a different venue, at a different speed, with consumers that have much higher expectations.

Enough introduction. Let's get started.

Current Business Assessment

Reviewing Your Current Numbers

The first step is to assess your current business. Is it working? Get it down to numbers, get quantitative. We'll work backwards:

STEP	VALUE
1. What is your monthly income goal?	
2. What is your average revenue per loan [percentage of loan amount]?	
3. What is your average loan amount?	
4. Calculate: $\text{Step 1} / (\text{Step 2} \times \text{Step 3}) =$ The number of loans you need to meet your goal:	

This is what you need to make your monthly goal. Are you there? Probably not. Otherwise, the goal is too low.

Let's see how many leads (using current conversion rates and lead sources) are needed to hit your goal. Again, let's work backwards:

STEP	VALUE
5. Production (units) goal [take the number from Step 4 above]?	
6. Average conversion rate [closed/leads]?	
7. Calculate: $(\text{Step 5} / \text{Step 6}) =$ The number of leads you need to meet your goal:	

At this point in the assessment, I want you to evaluate your current sources of leads:

LEAD SOURCE	IS IT IN YOUR CONTROL?	LEADS/MONTH
Realtors, CPAs, Attorneys, other Professionals	YES/NO	
Yellow Pages, Newspaper, Local Print	YES/NO	
Client Referrals	YES/NO	
	Total Leads	

Is your current plan sourcing you enough leads to hit your goal? Probably not. Otherwise, you would not have picked up this guide. And, even if you are, none of these sources are in your control.

Build an Internet Foundation

Be The Consumer's First Stop

At this point you have generated specific statistics on what your marketing plan is producing today and what you need to be doing to meet your income goals. Unfortunately, more than likely they are not adequate. Even more frustrating is that you are certainly not in control of your success.

TIME TO TAKE CONTROL!

You are going to start generating and acquiring your own consumer inquiries. You are going to reverse the leverage in the referral game. You are going to become the *premier referral partner in your network or community*.

You are going to determine how successful you want to be.

All this by ensuring you are the consumer's first stop in any real estate transaction.

Lead Generation

You need at least a simple lead generation platform, even if you are buying Internet leads. A capable Web presence creates credibility and trust with Internet consumer. It also helps catch lost sheep that misplace your phone number or email address.

Our goals and objectives for the lead generation platform are:

- Be searchable
- Get linked



- Make contact easy
- Create a big funnel

All of these elements can be created cheaply and quickly. The faster they are in place the quicker you will begin building an Internet asset within your business.

The idea is to create as big a profile as possible on the Web. You can do this by combining website(s), social network(s), content, and credible sources pointing to your as important. You can learn more about this in my eBook: *You, Inc.*



Create Your Internet Business Plan

Smart Lead Buying

With your lead generation platform in place and growing for long-term gain and value, it is time to create some immediate growth. Time to buy some live borrowers!

Internet lead buying can be a scary place. Littered with lost dollars and trash leads. It is important to navigate with a plan.

There are many dimensions to a lead provider, but ultimately you want: performance, intent to buy, and integrity.

Unfortunately, there is little transparency in this space, but there are some resources emerging.

Performance

The Lead Marketwatch (www.kaleidico.com) gives you visibility into the application rates of real mortgage professionals, using top lead providers. Lead Critic

(www.leadcritic.com) and his related forum (forum.leadcritic.com) also spark great detailed discussion on lead providers and real lead buyer experiences with providers.

Consumer Intent to Buy

This is all about the marketing methods used to generate the lead. Look for organic search and content related methodologies.



Other common methods, with less immediate intent, like: email, co-registration, incentives, display advertising, even static targeted lists and aged data can also be productive. However, it is critical to assess resources and ROI on these sources to ensure it is

optimized into your overall plan.

Integrity

Integrity sounds simple, but it is the number one source of failed Internet mortgage origination strategies--being burnt by a bad lead provider. Check every lead provider you consider through DUNS and BBB. Ask for references and call them. Ask us, we work with all of the reputable ones.

Lead Management: Creating a Conversion Engine

Marketing only gets you so far. Sales has to close the deal! So, let's build a conversion engine.

Effectively managing leads, that you buy and generate, is unquestionably the most significant impact to your conversion rate (leads to closed loans). The equation for effectiveness is simple, but executing at any sort of relevant scale is impossible without a capable sales management platform.

The key processes within any effective lead management strategy include:

- **Lead Receipt:** get your leads securely and in real-time. If you have a lead provider that wants to send you private consumer data via email or Excel spreadsheet-- buyer--beware! This process should happen as soon as the borrower makes the inquiry. It should be *encrypted and posted directly* into your lead management system. Any other process and you are losing time and deals.
- **Lead Distribution:** We all have great people working for us, but priorities are always challenging. Don't take the chance that your prospective customers (leads) ever take a back seat. Ensure that distribution is automated and only happens when a *loan officer is ready to make the call.*
- **Lead Actions:** Knowing what happens every step of the way in the life of a lead is critical to ongoing sales improvement and conversion success. Make sure that your lead management solution has logical and defined actions. Also, ensure those actions are *compelled and simple to annotate* before moving to the next lead.
- **Lead Workflow:** This is where you beat the competition long term. Being able to *manage and communicate dynamically with each lead* as it takes its unique path will increase your conversion. Lead workflows allow you to implement, instantly at the organization, team, or individual loan officer level, patterns of success observed from your conversion analysis.



Building an Internet Sales Team

Internet sales are faster and Internet consumers have higher expectations. They expect you to contact them quickly, know who they are, know what they inquired about, and

follow-up proactively. Consequently, those are the parameters within which you construct your sales team.

- **Contact Team:** This team's only mission in life is to be the first one to the consumer following a consumer's information submission. Limit their performance criteria to contact, 1-3 pre-qualification questions, and transfer.

- **Transfer Live:** Your lead management solution or outsourced call center MUST be able to transfer the borrower to a qualified loan officer live. Internet consumers

WILL NOT call you back and competitors will win if you are not ready to meet their needs NOW!



- **Capable Loan Officers:** Training and simplification is critical here. I advocate implementing a *mortgage playbook*. The concept is simple and it is akin to a football playbook. Study past markets and popular products. Build the top 10 customer scenarios and the top 5 customer financial objectives. Build the top 3 plays (options) for each. Then listen to the borrower and call the play (presentation).

- **Follow-up:** Your lead management system must help you maintain an active pipeline of 100-150 borrowers, through the 5th, 6th, and 7th calls, over extended time periods. This makes success. The average Internet mortgage lead goes to application between the 5th and 7th contact and between the 10th to 15th day. Make sure you can stay with the lead to success!

Running Your Internet Numbers

You have your lead generation platform in place, your lead buying strategy and providers vetted, and built your starting sales team--let's run the numbers and place your lead order. Once you have run through this process a couple of times and understand your

specific performance numbers it will become obvious that success becomes simple math. Getting bigger just means doing it bigger. Do the numbers:

STEP	VALUE
8. Production (units) goal [take the number from Step 4 above]?	
9. Average conversion rate [(closed/leads) conservatively this generally between 2%-5%]?	
10. Calculate: (Step 8/Step 9) = The number of leads you need to meet your goal:	

Start small and with a capable team. Once you have the formula and the process down--then blow it up.

Execute, Measure, Iterate

These are the final steps in making Internet mortgage originations a cornerstone of your business success. Execute, Measure, and Iterate! This quick feedback and adjustment loop will ensure and accelerate your goals.

Lead Buying Metrics

Understanding the performance and trends in your lead flow can be the difference between a profitable or a bitter Internet leads experience. Like any marketing source Internet leads (consumers) will ebb and flow based on market events, marketing approaches, and behavior patterns.

You should be looking for indicators of the positive and negative effects of these influencers in your prospect flow--then optimize for the opportunities.

Key indicators of quality:

- **Duplicate rate:** Believe it or not there is often a measurable amount of duplicate leads within most lead providers' lead flow. Many times it is not entirely their fault in transmitting, but your lead management must have the ability to detect and reject these expensive overages.

- **Bogus/Return Rate:** This is another critical measure. It will quickly indicate the quality of the provider’s methods and placement. Watch this over time and you can detect when providers “stretch” their methods for extra volume.
- **Contact Rate v. Application Rate:** This metric is very revealing of buyer intent. And can flush out incentive-based lead generation.



Key Economic Indicators:

- **Cost per Funded Loan:** This is basically the bottom line metric that answers the question, “Am I making money?” But, it shouldn’t be the only one you watch.
- **Cost per Funded \$1000:** Are you working too hard for each \$1000. This metric can flush out low average loan amounts in a channel that can drag down total dollar throughput.

Sales Team Metrics

Understanding the trends and opportunities within your sales teams will allow you to continually hone, optimize, and scale your revenue. Once you have a handle on the lead and sales metrics, getting bigger is just that--getting bigger!

Productivity Indicators:

- **Contact and Application Rate:** These are early indicators of conversion/funding rates. And you need your indicators focused on quick feedback loops.
- **Bogus/Return Rate:** This metric will give you immediate indications of a LO *stretching* for success. This is typically the first action to be manipulated when an LO struggles to win deals.

- **Withdraw Rate:** Focus on this metric as a training indicator. When the trend line increases on withdraws it generally indicates a lack of knowledge of borrower scenarios, products, or overcoming objections.

Economic Indicators:

- **Revenue per LO:** This is my favorite because it ties directly to my overall production goal. It also demonstrates that the cheapest lead is not always the most beneficial to BIG SUCCESS. This metric combines several of your metrics into one nice benchmark, bellwether metric. The basic formula is to determine the amount of revenue each LO has the capacity to produce given lead channel conversion rate, their call capacity, calls to application, and number of LOs required to meet overall production goals. Just as an example of the power of this: moving from a 1% conversion channel with an average of 10 calls to application to a 2% conversion channel with an average of 5 calls to application can increase revenue per LO 400%.



We Are Here to Help!

This should be a good starter in building your Internet Mortgage Originations success, but remember we are here to ensure that **SUCCESS**. If you have any questions or need additional information, give us a call.

866.667.5253

www.kaleidico.com