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CREATING A MOUNTAIN OF LEADS FOR LENDERS

By Dan Gooder Richard

Are you getting most of your leads from professional sources—Realtors, builders, financial planners, lawyers, and accountants? You're not alone. Like many mortgage originators, you may get 60, 70, even 80 percent of your business in this traditional way.

Referrals are great. But in the long run, the referral pool is only one side of lead generation, and unfortunately, trading "deals for donuts" leaves you little, if any, control over your mortgage loan customer. If you want to be a rainmaker who brings in the most and best customers, you're going to need a better way.

What's that better way? Well, first there's the obvious. Past customers are the best lead generation sources for word-of-mouth referrals; that's no secret. But we'll get to those later, because to create new business from old customers, you first have to have a steady stream of new customers (especially now that refinancings have cooled.)

An Integrated Approach

The magic ingredient you need right now is an integrated consumer direct system that generates fresh leads and gives you more control over you own success. Another important advantage of consumer-direct marketing is it allows you to accurately measure your cost per lead, cost per appointment, and cost per closed transaction.

I've noticed that too often originators approach lead generation in a scattered

fashion. They seek leads in various ways, but don't often have a long-term view of what generates the most effective leads.

An integrated marketing plan provides synergy with each part working together to make a greater whole, and nothing slips through your net. The success of any lead generation system depends on such key strategies as media exposure, direct mail/premium offers, telemarketing, and overall creative approach. (Call capture systems and Internet are also powerful tools and are covered in other articles in this issue.) By breaking down your lead generation plan to these essential points, you can maximize your marketing costs.

Evaluation

The first step to a really integrated campaign should be an evaluation of your current lead sources. Create a list of the varied ways you obtain leads, everything from advertising to business cards received at professional meetings, to phone calls from real estate agents and past customers. If you don't have a computer tracking system or other means of pinpointing the source of leads, implement one today.

Try to determine exactly how much business you receive from each category of leads. Consider how much effort you've invested in specific areas and whether or not a greater emphasis might result in a higher yield of leads. Of course, you'll also analyze the cost per lead as part of this exercise.

This can be a real eye opener. For example, if your analysis confirmed that 25 percent of your most effective leads (those which are converted into closed loans) came from attending business meetings, you'll know to keep going to them.

Once you have evaluated your previous lead generation efforts and other potential strategies, you can create a comprehensive program which will include some or all of the following areas.

Media Exposure

Your immediate objective is to accumulate leads and build a database. Get your response offer out where your prospects can see it. No advertising can persuade someone to take out a loan if they're not in a position to need one, so make sure your offer is out there when they are ready. Cross-media advertising uses direct-mail, newspapers, magazines, radio, TV, and signs, along with the Internet, telemarketing and call-capture hot lines. They all work better when they work together. Prospects are more likely to respond to a mailing for example, if you've already made them aware of you with a radio spot or newspaper ad presenting you as the credible expert in home mortgages.

Make it easy for your prospect to respond (to your program announcement, a free report offer, etc.) with a reply mail coupon or envelope. Consider using an 800 number, 24-hour hot line, fax, or e-mail address in your ads to generate inquiries (leads).

Make the initial contact easy, too. Be sure to ask qualifying questions so you'll know if you have an immediate prospect or a long-term prospect.

Plan your advertising mix so every medium you use boosts responses from the others. No single part will produce results as well as a whole, coordinated campaign.

Schedule campaigns to break about four to six weeks prior to the market's peak periods. That's the time you want to begin generating results and developing a database.

Direct Response/Lists

Develop an offer that makes the phone ring. Direct marketing premiums increase the responses to your media campaign. To show your prospects how your offer will help them, you have to focus on their needs, not on yourself, your service or your company. What are their worries, fears, concerns? What keeps them up at night? Listen to your customers when they call.

Prospects' questions or concerns can be restated into an offer that provides a solution and turns it into something tangible, something they can get and hold. It should be valuable but not unbelievably so. It can be a booklet, report, a video, or audiocassette. It can also be a service: qualification advice, counseling, or loan pre-approval. Your offer can promise to save them money or time, help them avoid problems, or clarify something they don't understand. A powerful offer can be a great way to convert initial contacts (i.e. mail list names) into genuine leads that result in applications and closed loans.

In addition to your existing database, mailing lists for your direct mail are available from a number of sources. Along with compiled lists purchased from list companies, you can also develop public record information from courthouses, title companies, and other sources. Look for innovative ways to acquire and tailor your mailing list leads.

Be sure to evaluate your needs and the list provider's capabilities before purchasing a list. You want to be sure that the information is current and does what it is supposed to (i.e. target a specific audience.)

Understand the difference between a compiled list (cold assembled data) and a

respondent list (hot active prospects responding to your offer, etc.)

Telemarketing

Response leads generated by telephone marketing can also be added to your database. Once again, you need to do your homework. Consider your needs and how prospects can be cost-effectively acquired.

You may decide to outsource this function; have a telemarketing company provide you with a list of recently called prospects. Or you may feel that you can do this in-house.

Just be certain that you're getting what you're paying for. Are the prospects warm, cold, or in between? If you're looking for a response list of subprime or first-time buyers, make sure that's what you're getting.

Seminars

Another underutilized means of developing leads is by holding seminars. An offer of a seminar on home financing or a more focused one for first-time buyers can be a powerful incentive for prospects to call your office, even if they don't actually attend the seminar. Consider offering free "lunch and learn" presentations on the financing process, interest rates, and repayment plans that are available today. The purpose of your seminar is lead generation, so hold off the sales pitch for later, during follow-up.

Other Sources

You can find leads in a variety of other places. For example, a few of the Title and Mortgage Insurance companies have developed lead generation programs for specific regions. You can call your representatives to see if they have anything to offer.

There are FSBO programs (mentioned elsewhere) that may be practical as well.

You can also use one of the voice broadcast message systems (which make the calls for you and leaves the message in your voice on answering machines) to contact a list of homeowners or prospects, some of whom will then call you for more information.

Of course, there are other sources that you'll find for yourself or hear from peers.

Testing

Realize that some prospects will have to be exposed to an offer several times before they take action. So, don't assume a low initial response means your lead list or overall campaigns are ineffective. Instead take some time to reevaluate them and make small changes if you think they're needed.

Take the time to test your material. Before you send out 10,000 pieces, send out three different mailings of 1,000 each to see which one's the best. Then send to the remaining 7,000 names on your list. Test your telemarketing scripts in the same way. Change the delivery of an offer by mixing the media and the timing of a campaign. Experience will show you how to best deliver your message to your target prospects. Your goal is to seek new ways to reduce delivery cost and increase responses. Plan ahead to coordinate your media schedule, response offers, follow-up, tracking, and staff training into a single profitable effort.

Action

Don't forget to do follow-up with your leads. That sounds so elementary, yet there are many stories of firms that have generated leads via telemarketing, advertising campaigns, and strategies, only to have the prospects be ignored. There's nothing worse than to encourage people to call and learn more about your special offer, then fail to contact the prospects.

If ignored they'll not only go to another firm, but they'll remember the next time you run an ad or send a direct mail piece.

Make sure you have the capability to return calls, and follow-up on any leads before initiating a campaign. Remember to follow-up until the prospect either "buys or dies."

A Perpetual Machine

Many people think referral-leads are free. That's false! Word-of-mouth advertising is the cumulative effect of all your advertising in newspapers, magazines, direct mail, Internet, prospect calls, and every other marketing activity. The truth is that long-term contact is the most profitable part of the integrated system. Word-of-mouth referrals generate business at the lowest cost and earn the highest profits.

Dedicate yourself to acting long-term with the customer's best interests in mind. You've invested time and money in creating an extensive database, now focus on long-term relationships by staying in touch with past customers, so that they will continue to share new leads with you. Don't be shy about asking for referrals regularly during the first year after the transaction. Initiate a six-call contact

system where you or your assistant phones new purchasers three, 10, 30, 60, 180 and 365 days after settlement. Ask if their needs have been met and if there is anything else you can help with. Mail reports and monthly newsletters. Keep them thinking about referrals and passing them on to you.

Make it your goal to create a lead generating and prospect follow-up system

so effective that you can take a vacation, and while you're away, leads will keep coming in. When everything is running smoothly your assistant takes over most of the routine marketing work and you can spend your time taking applications and originating new business in even more creative ways. Of course, you'll also be referring business leads to all of your professional sources.

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