

How to write a business plan

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How to write a business plan overview

Writing a business plan, is a bit like building a house, you start from the ground up.

Your business plan is the blueprint of what your business will look like now and in the future and it is an ever changing document that will guide you through your business, be changed, updated and will eventually make you a successful broker.

A business plan is a “how to book” – how am I going to gain more referrals from my agents, how I am going to make sure my clients come back time and time again. How am I going to ensure that I settle the minimum volume of loans each month to maintain or increase my lifestyle? How am I going to be the best mortgage broker I possibly can and gain respect from my clients, referrers and business partners.

- *Outline your business plan.*
- *Prepare your business plan folder* – use a basic ring binder that will help you get organised.
- *Gather the materials you already have* – it will save you rewriting and reinventing the wheel.
- *List all the things you need to do* – from the time you meet a prospective referrer until the time a client loan settles and work through all the process in between.

The first Steps

Describe the business you are in.

What are your immediate goals? This could be anything to do with your personal life or your business. In business your immediate goal would be – How much business do I want to write and settle?

How much income do I want to make.

What is the time frame for **Phase 1** of my business? Planning is usually done over a 12 month period but the timing would be up to you.

What do I need to do now to get organised?

What resources will I need and who can I call on?

What business tools do I need to run my business profitably and successfully?

A true business plan will document every process that your business does and look at ways to improve and make your business more efficient.

Start at the Beginning

We are in the business of securing home loans for our customers and the income we make is in direct correlation to the amount of loans we settle. This is by the number of loans and also the volume. Suppose you wanted to settle \$2,000,000 per month.

If I did this how much would I make?

I am going to base these figures on bank rate of 0.6% and being paid 70% of the upfront. I have always believed that brokers should run their business on up-fronts only, as in the early days trail income would not be significant and is hard to control. Trail income should be used for capital expenditure in your business or for other investments. It should not be relied upon to pay the day to day running costs of your business.

Okay, so \$2,000,000 per month X 12 months = \$24,000,000

$\$24,000,000 \times 0.6\% \times 70\% = \$100,800$

Therefore, your gross income is \$100,800. Are you going to be happy with this as a starting point? Is your goal to achieve by the end of your first year?

From \$2,000,000 settled, what is your loan average? Divide this by the number of loans. Loan average these days is approximately \$350,000

So to achieve \$2,000,000 you will have to settle approx. 6 loans per month.

What is your unconditionally approved to settled ratio? Let's assume it is 80%, then you would need to have had approved approx. 8 loans per month. What is your hit rate of appointments to applications? Let's say it's 1 in 2. You would need to conduct 16 appointments per month. If your hit rate was 1 in 2 from enquiries to appointment you would need approximately 32 enquiries per month.

So to achieve an annual income of \$100,800 you will need 32 enquiries or leads per month.

If these figures are correct and they will vary from person to person, business to business, then how do I generate 32 leads per month?

Generating the leads

As brokers become more experienced, the ratios are decreased and the number of settled loans increases as you become better at converting. So you may end up with 32 leads that convert to 22 appointments which convert to 16 loans giving you settlements of over \$50,000,000 per annum. (We will come back to this)

At the moment we are concentrating on generating 32 leads per month.

- How many leads can I create from my referrers?
- How many from the Internet enquiries?
- How many from my exiting database?
- How many from personal networks? (family, friends, clubs and associations I am a member of)
- How many from direct marketing/advertising?
- How many from seminars etc.?

The list is endless of places where we can generate leads. Write down as many different areas you think you can generate leads and how many leads you can generate from each area.

Your Referrers

What can you do to maximise the amount of leads you get from your referrers?

What do your referrers need to know on “how to refer” and what do they need to know on converting a cold lead into a “warm or hot lead”?

What scripting do I need to do and teach?

What do I need to know about my referrers, how do I profile them?

Getting the ratio's down

It is clear that if we generated 32 leads which resulted into 32 loans (assuming a loan average of \$350,000) we would be able to write more business and make more money than we knew what to do with it. Our goal may not be to write 32 loans a month but if we generate 32 leads we want to give you the best chance of doing just that.

There are steps you must take to ensure you generate enough appointments from the leads you receive. This all comes down to the initial contact with the prospective client.

What questions are you asking?

What are you doing with the information when you receive it?

What scripts are you using to gain an appointment and an appointment with someone ready to buy?

Are you talking to the decision maker?

Are you making the appointment and pre-qualifying or are you pre-qualifying and then trying to make the appointment? I think the best way is to make the appointment and then pre-qualify (you can always postpone the appointment if your clients aren't ready to buy).

What are the key selling times?

If you are making lots of calls and not getting any appointments – then it is clear that your telephone skills need honing. You need to get better at selling yourself and your service over the phone.

Appointment to Application

The same can be said for your conversion from appointment to application.

Are you converting enough applications from appointments to reach your goals?

Have you got a system in place that guides you through the appointment and eventual sale?

What are all the things you need to do to both prepare yourself before the appointment and what do you do at the appointment?

How good is your product knowledge, what do you need to learn?

What areas of your sales skills do you need to work on?

Preparing and Submitting the application

It takes about 5 hours per application from appointment to approval/settlement. So if you are going 10 loans per month you are working about 50 hours per month.

What can I do to ensure the loan is lodged and approved in the most efficient way?

What can I do to ensure my clients are given the best possible service and their loan is approved in the shortest possible time frame?

What systems do I have in place?

What is my process?

What can I do to ensure my client has or sends me the required documentation to get the loan approved?

Approval to Settlement

What are the steps that I follow to ensure the loan settles?

What do my clients need to do?

Who are all the people involved in the process?

What process do I need to ensure timely settlement?

Client marketing and database management

How will I keep in constant contact with my clients?

How do I gauge my success or otherwise with my clients?

How do I ensure that my database is up to date?

Office Technology

List all the office and business equipment you currently have.

Is it good enough to ensure that my business is run efficiently and successfully?

Do I need to upgrade any of my equipment?

What other products and services are there that may benefit my business?

How can I do it quicker, cheaper or better?