

What Have You Done for Me Lately?

Referral Partners Are the Key to Success in a Competitive Purchase Market



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When the “fish were jumping in the boat” during the recent refinance boom, many loan officers were so busy handling the deals flowing to them that they didn’t have extra time to build relationships with key partners who would help them through the inevitable leaner times ahead. With rising prime rates and soaring housing costs, those times may be upon us.

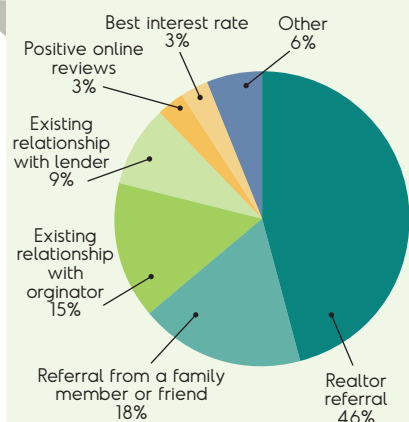
According to Mortgage Bankers Association data, nearly 70% of all future mortgages will come from home purchases in 2022 and 2023. To succeed in this type of market, referral partners, as they’re called, must become critical players in your loan officer’s business growth strategy.

Which begs the question: Is your team ready for the new reality?

REALTORS INFLUENCED 46% OF CLOSED LOANS IN 2019

Artificial intelligence products and targeted marketing campaigns have created a plethora of opportunities to generate new leads. The challenge is most

REASON BORROWERS CHOSE THEIR LENDER





organizations are leveraging similar products and are competing for the same small pool of deals.

While buyers are better informed than ever and being bombarded with information by numerous mortgage providers, the people who influence their buying decision the most are those trusted partners such as realtors, past loan officers, and friends and family.

According to Stratmor Group data from 2019 — the last year before the pandemic — 46% of borrowers identified their realtor as the reason they chose their lender. An additional 18% cited friends and family with another 9% saying they used their previous loan officer.

If similar patterns hold true throughout this purchase environment, 73% of all purchases will be off limits to loan officers who have not been building referral partner relationships.

GENERATING THE FIRST REFERRAL PARTNER LEAD

When we talk with loan officers, especially newer ones, they often tell a similar story when asked about a new referral partner.

They first met at a networking event and then scheduled either coffee or lunch the following week. As they rattled off all the benefits of working with their organization, the potential referral partner nodded in agreement throughout. The loan officer left the meeting feeling energized about a new lead source.

However, it's now a month later and not a single referral has been made. Unfortunately, this tends to be the norm

when referral partners are not continuously nurtured.

When developing a new referral partner there are three key elements that often get overlooked:

- The referral partner likely already has an established relationship with a loan officer
- There are a dozen other loan officers trying to get the business of that same referral partner
- You must build a relationship to become their trusted partner

If done the right way, building a relationship can trump the first two and lead to the first referral. But doing so isn't easy. It takes time, energy and patience to become the trusted advisor to handle their clients and to build their trust for the long-term.

EVEN ESTABLISHED REFERRAL PARTNERS ARE A NEVER-ENDING SALE

Regardless of how long you've been getting leads from someone, all referral partners are a never-ending sale. From the moment you get a lead — whether it be referral number 1 or 100 — you must start nurturing the referral partner to generate the next lead.

Why? Because there are dozens of other loan officers vying to become their trusted advisor. Whether you like it or not, it is a “what have you done for me lately” industry. When you think about it from this perspective, it can seem like a daunting task. That is why creating a systematic approach to managing these partners for your organization is critical.

DEVELOPING A PROCESS TO MANAGE REFERRAL PARTNERS

While it may not seem intuitive, it is critical to develop a process to manage all referral partners similar to how you track an application through your loan origination system (LOS.)

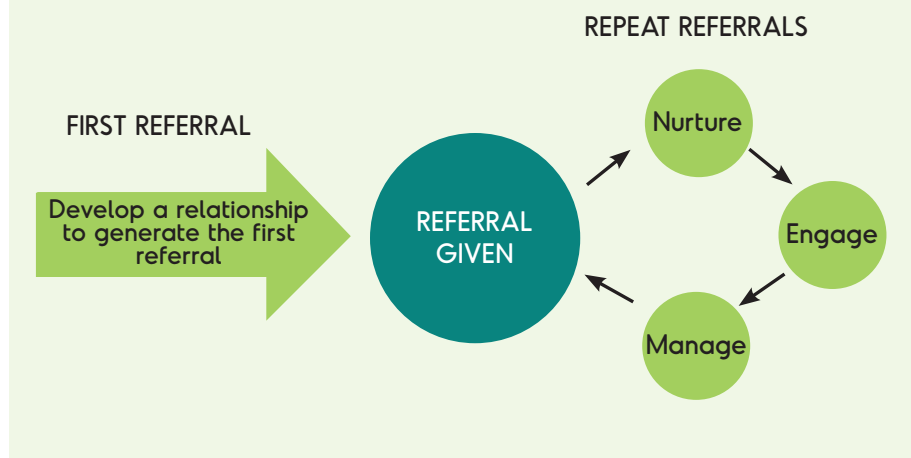
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As we just mentioned, there are two critical elements to developing a Referral Partner Sales Process: generating the first lead and driving repeat leads.

When we work with a mortgage team, we start by looking at all the steps it may take to build enough trust to generate the initial lead. This includes the various meetings, talking points, core differentiators, questions, and even follow up articles and information that may contribute to establishing the necessary rapport.

TWO KEY ASPECTS TO REFERRAL PARTNER RELATIONSHIP



For the second part of the process, we coined a phrase called “referral zones.” Simply put, when was the last time the partner referred a deal: 30 days? 90 days? More than 180 days?

The intervals for each zone can be determined by your organization, but the further away they get from providing the last lead, the more communication is needed to ensure you remain their trusted partner. After establishing the zones, you can then determine what happens within each of the phases. Not only does developing a process create a holistic system to manage partners, but it also gives peace of mind to your loan officers who may be trying to develop referral partners for the very first time.

TRACKING REFERRAL PARTNERS IN YOUR CRM

Many mortgage teams tie their CRM into the LOS to develop marketing campaigns for every stage of the application process. Fewer

organizations utilize their platform to manage early-stage / pre-application deals, which is crucial to success in a purchase-dominated market.

Something we rarely see — which should be a staple for every residential team — is utilization of the CRM to track and manage referral partners. After you’ve identified the stages of your referral partner process, you can build out a pipeline within your platform that

aligns with the process and allows your team to track all partners in the same way they manage loan opportunities. This visual representation — especially if you have a Kanban view, which visually allows loan officers to see their deals, what stage they are in, and even the total value of opportunities at any given stage of the sales process — gives leaders and loan officers an evergreen view of the health of their network.

Another great data point is tracking each referral partner’s lifetime value in your CRM. Not only can

you see who the most valuable partners are, you can identify key characteristics of each to ensure the right time and resources are being spent on the right people.

ACCOUNTABILITY BEYOND MERE ACTIVITY

When it comes to referral partners, a natural default for leaders is to talk with their loan officers about activity: how many meetings or calls did you have this week? While general activity is good, the RIGHT activity is what generates results.

Leaders should be helping their team members concentrate on activity that provides the most leads. Understanding which referral partners help generate the most leads and close the most deals allows your loan officers to focus their time appropriately. Tracking the information in a CRM, leaders can easily provide customized coaching to every one of their loan officers.

As opposed to talking generically about activity from the past week, leaders are now able to run through every referral partner and get specific details on each. Conversations can be focused on the needs of each partner, including why it’s been so long since the last referral was given or providing specific messaging around a complex product such as construction perm.

Developing and investing in a referral partner strategy for your organization isn’t just a short-term fix — it will set your organization up for success well into the future. Time and resources must be committed up front to build your process, but in the long run standardizing your referral partner process will give your loan officers a huge advantage in the ever-changing market.



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