

MPA

MORTGAGE PROFESSIONAL AUSTRALIA

MPAMAGAZINE.COM.AU
ISSUE 17.09

BROKERS ON NON-BANKS

With non-banks competing to fill the gaps left by regulation, you've told us who's passed with flying colours



Outsourcing

When lower costs mean higher quality

Mark Woolnough

Transforming ING DIRECT's turnaround

Commissions

The big players and what they want

Sharing the load

Feel like you're being crushed by mountains of A4? Itching to get out and clock up more client time? Outsourcing or offshoring some time-consuming aspects of your business could help. **Maya Breen** talks to three service providers and a broker about how to make it happen



IF YOU'VE ever wished you had a bit more time with your clients and spent less time poring over your paperwork, going the route of outsourcing or offshoring may well transform your brokerage and eradicate that time-poor workday.

MPA speaks to three service providers about the options available, the reasons why brokers choose to take them up, and when the move is appropriate for your brokerage. We also hear the experiences of a broker who successfully offshored parts of his business operations himself.

But first, how do outsourced processing and offshoring/hosted staffing compare? Both involve a team contributing efforts on behalf of your brokerage, but that's about all they have in common. With outsourcing, you give up ownership of a function of your brokerage so an external business can take care of it. It's a hands-off solution for the broker. Offshoring involves having a team of your own employees in an overseas location, and you still have control over the processes or services they are responsible for.

How can it help you?

Offshoring and outsourcing remain a relatively new idea when it comes to the Australian market, explains Michael Galilee, chief executive of offshoring/outsourcing service provider Galilee Business Support

Services (GBSS). GBSS favours offshoring for its clients, and Galilee points out that it is not just an option for bigger-sized companies. “Any support that can be given to take away the basic administration function that brokers can get caught up with during their day can free up their time to focus on the core function of their business, which is really what offshoring is all about.”

AMA-winning Boutique Outsource Services (BOS) also covers both offshore and outsource services but with a focus on offshoring. “Most businesses think about offshoring but don’t know where to start, and they need help in making the initial jump as they are spooked by the unknown,” says managing director Garry Driscoll. “This is where we assist with all the arrangements, finding the right staff and setting them up in our office. People are always really surprised how easy it is to have someone working offshore as we do all the work and this can be done start to finish in a matter of weeks, not months.”

Loanworks Technologies (LWT) is a specialist in outsourcing services and loan-

specific software. “Outsourcing can deliver benefits to different parts of a broker business at different times in its life cycle,” explains Andrew Duerden, director sales and business

the growth cycle stabilises, they will have achieved a variable cost base for their back-office and customer service operations, and have a strong relationship with an outsource



“The decision needs to be made if it is better to spend time on paperwork or is your true value to the business in networking, marketing and loan writing” Garry Driscoll, Boutique Outsource Services

development. In the early stage, brokers can free up time to grow their client base by outsourcing loan processing services.

“As their business grows they can then extend their use of outsource services, which could include establishing their own dedicated outsource team. The range of outsourced tasks associated with loan processing, PA support, general admin and customer service support post-settlement can also be extended,” Duerden says. “As

provider. Together they can look for further transformations that deliver greater returns to the broker’s business.”

The trigger point

As the service providers talk about what ultimately is the decider for brokers choosing to take up their services, the words “bogged down” are mentioned more than once. Driscoll says the broker will ultimately reach a limit of loans they can physically



Mortgage Processing

Outsourcing with Confidence



Lender lodgement from **\$130** (ex gst) per application

Lodge and track from **\$180** (ex gst) per application

Experienced, full-time processing staff from **\$1,750** (ex gst) per month

For a free consultation, contact Andrew Duerden on 0403 048 757 or email andrewd@lwtservices.com.au

www.lwtservices.com.au



OUTSOURCING/OFFSHORING



“Once a broker starts to reach a level where they are finding they are being bogged down and distracted from the core function of their business, then it is time to consider offshoring” Michael Galilee, GBSS

write themselves before the paperwork and compliance required for each one becomes overwhelming.

“The decision needs to be made if it is better to spend time on paperwork or is your true value to the business in networking, marketing and loan writing. This decision is easier when you can have someone working for you offshore with a simple set-up and attractive ongoing costs,” he says.

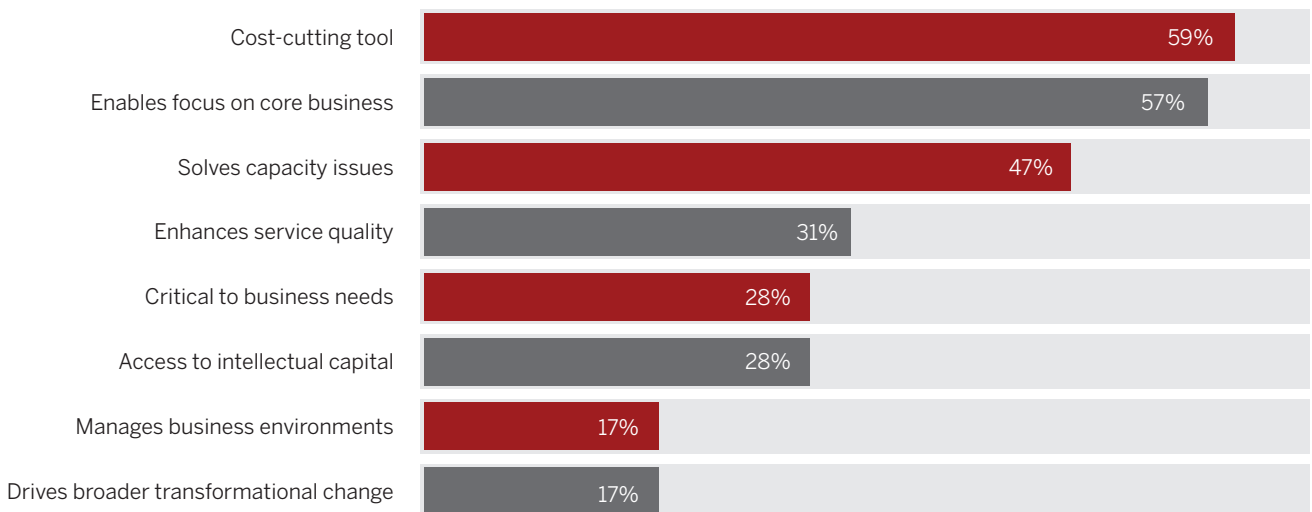
Galilee adds, “Once a broker starts to reach a level where they are finding they are being bogged down and distracted from the

core function of their business, then it is time to consider offshoring.”

Referring again to the three stages of a business’s life cycle, Duerden explains in the early stage that a broker’s tipping point in choosing to outsource is often “when their hourly rate of earning drops and they are ‘burning the candle at both ends’ of the day to maintain customer satisfaction”.

During the growth phase, he says, brokers may be prompted to explore outsourcing options when they feel constrained by fixed operating costs and a larger team pulling time and money away from an effective sales growth strategy. “For a broker with a mature business, there is often a desire to take a step back and leverage their learnt experience in a management and leadership role. However, they need to retain the return on their investment even though they are no longer generating new business personally. This often leads to a review of their operating expenses and how they can change to a more variable cost base.”

WHY COMPANIES OUTSOURCE



Source: Deloitte's 2016 Global Outsourcing Survey, May 2016

Where to start?

You may be a broker that has reached that trigger point and wants to outsource or offshore a part of your business. But how much or little should you consider and which areas? Loan processing is the most popular area to outsource, LWT has found. "This may only be lodgement to lender or also include loan tracking," says Duerden. "After loan processing, the next most common outsource requirement is for dedicated loan admin staff who undertake loan processing tasks and PA/general admin tasks. We are expecting our new customer care service to meet a very large need in the broker market, particularly

as a greater emphasis is placed on brokers to maintain valuable long-term relationships and ensure they deliver good consumer outcomes over the life of a loan."

LWT offers three main outsource services to support brokers: mortgage processing, managed staffing, and customer care. Duerden says the first of these covers all tasks required to lodge and track a loan. With the second, brokers can opt for full-time dedicated staff at a monthly cost (from \$1,750 per month).

"We provide a full complement of HR, payroll, IT and facility management support services," he says. "We provide all the personal

equipment the staff needs and support them with an employee value proposition that delivers very low attrition (below 10% per annum) and long tenure. We source, hire and onboard talented staff that meet the client's position description. We also train the staff on the broker's CRM tool and Australian mortgage processing."

The third service ensures regularly checking in with a broker's client base to strengthen their long-term relationships.

When it comes to offshoring staff, Galilee says the option is only hindered by what your particular industry will allow. "Back-office support and administration roles are always



Reduce your highest cost channel without compromising **QUALITY.**

Enhance efficiencies and your bottom line.

Garry Driscoll
P: 07 30882871 | M: 0411 862727
E: garry@bos.com.ph
www.bos.com.ph

BOS | Boutique Offshore Solutions

OUTSOURCING/OFFSHORING



OUTSOURCING SUCCESS STORIES

Chris Hall of Blue Crane Capital says he views outsourcing as an extension of his business. He has found peace of mind that his clients' transactions are well looked after and his time has been freed up thanks to smooth turnaround times and consistent communication. He says the MPS service has made sure he is staying on top of NCCP and regulatory requirements and given him more client time.

Oxygen's Fiona Milligan chose a managed staff outsourcing model for helping out with standard administration tasks. She says the time it gives her to focus on other things and the benefits of the business still progressing when she's on leave have been invaluable.

Leah Knight of Mortgage Choice Erina says outsourcing managed staff led to the company's biggest month in 18 years, enabling them to process 36 loans with only one admin support person in their Australian office.

Source: Testimonials from Loanworks Technologies' clients

a good starting point for any client. Anything from personal assistants, receptionists, accounts, IT support, developers, and within the broker sphere the broker support roles are very common.”

At BOS, offshore staffing is provided but not mortgage processing. “Our model works really well as the staff member is part of the broker's business, not someone simply doing processing,” says Driscoll. “They have more buy-in and really want to assist to grow the business as they are part of the team. There is more engagement and focus and they also get to understand the unique offering that their company provides. Not all brokers are the same, so it is important that the staff member knows the differences and maintains the right culture.”

He says the high skill level and diverse capabilities of the staff mean they can cover all areas in mortgage processing. A few include accounts processing, appointments and scheduling, after-settlement calls and compliance checking.

“What BOS provides is the office, infrastructure and expertise to identify, source, document and facilitate the employment of a staff member on behalf of the broker. It's a very quick, simple and cost-effective way of offshoring staff, which is equally suitable for one staff member through to hundreds of staff.”

What's the downside?

Clearly there are many benefits that come with choosing to outsource or offshore part of your business operations. Cost and time savings are the two major ones. Galilee says the savings on salary (including fees from GBSS) range from 50% to 70% on what you might find yourself paying in Australia. “But the benefits are much more than the simple savings found. Offshoring or outsourcing is all about strengthening the core function of your business by providing support staff to assist in the back-office support or

administration roles.” So what are the more unfavourable aspects of these services?

Galilee says one negative is the amount of preparation and thought required around how to distribute work through to the staff member after they join the team. “There is some preparation that needs to go into it to ensure that clients get the most out of offshoring, but really this can be turned into a positive, as it gives the client the opportunity to look at their business and do a process map and see where they may find the benefit.”

Although LWT is an outsource service provider, Duerden says there are certain roles



“Outsourcing can deliver benefits to different parts of a broker business at different times in its life cycle”

Andrew Duerden, Loanworks Technologies

best kept in-house for a brokerage business so as not to lose the trust relationship that is so vital between a broker and their clients. “This can be in the scenario research/customer coordinator role and settlement hand-holding of customers. In these activities, personalised customer contact adds value,

helps manage customer expectations and identifies customer priorities.”

But he says there is no reason why all activities associated with a transaction-based process, such as loan processing, general admin and customer care should not be outsourced. He says if brokers do this then

GBSS

Galilee Business Support Services has been a trusted Industry Offshoring provider since 2010.

With our modern Offices based in Bonifacio Global City, Manila and firstclass levels of infrastructure and administration, we believe that we provide services and work-environments that are equal to or better than many found in western cities.

Whether it be the provision of one person to provide basic administrative support or the provision of a complete team of processing staff, GBSS are ready and able to assist.

Contact Michael Galilee, CEO
michael.galilee@gbss.com.au
02 9508 2601

Ralph Galilee
Director

Michael Galilee
CEO

Craig Mullan
Country Manager

www.gbss.com.au | info@gbss.com.au | AUS +61 2 9246 2345 | PHL +63 2 846 9630

OUTSOURCING/OFFSHORING

they can “achieve a variable cost base, focus their investment in their sales and marketing plan, and maintain flexibility within their back office so they can better manage seasonal fluctuations and growth.”



“We see that for a lot of brokers support is actually a big challenge. A lot of top brokers are great at dealing with customers but not so good with all the forms and following up and all those kinds of things” Otto Dargan, Home Loan Experts

Perhaps you may be at the stage where outsourcing or offshoring would be a good step to take, or maybe it doesn't feel necessary just yet. But when the back-office duties are feeling overwhelming, there are a raft of possibilities to lighten the load so your business reaches its full potential. “Having the opportunity to have that extra level of support can really help to evolve any business and help take things to the next level,” Galilee says.

Broker case study: Successfully offshoring in Nepal

Otto Dargan, managing director of Home Loan Experts, heads up a team of 80. He decided to offshore part of his business five years ago after a trekking trip in Nepal. He started with one person, and this has ballooned to 45 staff in 2017. The Nepal office is split into different teams to support his brokers in Australia, covering mortgage administration, post-settlement and the ‘assistant broker’ team, which handles long-term and low-value enquiries.

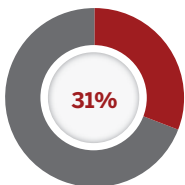
“We see that for a lot of brokers support is actually a big challenge,” Dargan says. “A lot of top brokers are great at dealing with customers but not so good with all the forms and following up and all those kinds of things.”

Dargan embarked on the offshoring process himself and cautions brokers not to take this step lightly as the initial set-up is a long, difficult process, and training staff to the level where they can train other staff takes time. Unless you grow a team to more than five to 10 people in an offshore location, Dargan says it just isn't worth it.

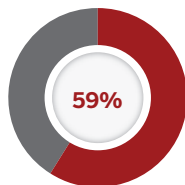
“Unless they are going for scale or have unique business needs that can't be met by

OUTSOURCING FOR INNOVATION

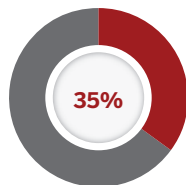
Many companies are turning to outsourcing not just for cost-cutting but also to drive innovation in their business. Of the respondents to Deloitte's 2016 Global Outsourcing Survey:



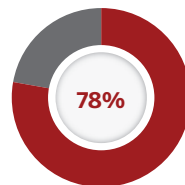
are using outsourcing to raise top-line growth by driving innovation into the business itself



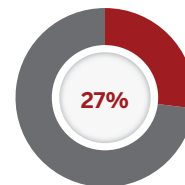
said outsourcing enables reducing costs and 20% said it improves efficiency



are measuring the value of innovation in their outsourcing relationships



felt positive about their outsourcing relationship



represent the financial services sector

Source: Deloitte's 2016 Global Outsourcing Survey, May 2016

outsourcing, then I wouldn't recommend it unless they are really willing to invest the time and money to make it successful."

Dargan's top three tips for offshoring:

- 1** The first two to three people you hire offshore should be "phenomenal" performers
- 2** Identify if your business's needs can be met by an existing provider before deciding to offshore yourself
- 3** Only undertake offshoring if you're planning to go to scale **MPA**

THE BENEFITS OF OFFSHORING

Boutique Outsource Services lists what offshoring can offer your brokerage:

-  **Significant cost savings**
-  **High level of service**
-  **Top-quality staff**
-  **Quickly ramp up staff numbers without high upfront costs**
-  **Full-time dedicated staff**
-  **Security of working with someone you can trust**
-  **Fixed cost, which assists with budgeting**
-  **Flexibility to wind back staff if business conditions dictate**



With a well-known, respected and easily identifiable brand behind you, Elders Home Loans offers unrivalled access to leads across an extensive real estate, financial planning, insurance and finance business network. As a mortgage broker, Elders Home Loans offers you the flexibility to run your own business whilst providing real value through a competitive cost and remuneration model.

For information on the opportunities available with Elders Home Loans, contact John Rolfe at **1300 LENDING**

Elders
Home Loans