

How to Turn a Cold Database into a Hot Asset: Regular, Personal Contact Boosts Business

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In the mortgage business, we all need more R&R. That doesn't translate into rest and relaxation; that means "repeats and referrals" from your existing client base. Tapping this goldmine requires a commitment to building and maintaining loyal client relationships. It's often too easy to lose focus, however, and neglect current clients in favor of creating and developing new business. The result is a cold database of existing clients – your ultimate underperforming asset.

A cold database creates a chilling effect on your business. After the initial closing, you pursue new prospects while your clients get on with their lives. A year or two later, when they may be contemplating a home equity loan, a second home or a refinance, will those clients contact you? When their friends or family are moving or seeking a mortgage, will they recommend you? Maybe, maybe not. Two years after closing, 40 percent of clients cannot even remember their mortgage professional's name! This is a hard fact to take when you consider the potential of those customers. We know that the national average is that people move homes every five to seven years; in addition, every customer will know fifteen to twenty people well enough to recommend your services. This means that every customer for

whom you have closed a loan in the past could refer two to four purchase transactions to you this year. Wow – now that's hot!

The average rate of repeat and referral business in the mortgage industry is 20 to 30 percent or more. Top producers, however, can reach the 70 percent mark. Why? Because they understand that in business, as in life, relationships don't just happen; they have to be nurtured. Neglected relationships fade, while nurtured relationships flourish and generate new opportunities. To turn your cold database into a hot source of on-going business, you must maintain regular personal contact with your clients.

The Power of Personal Communication

The best way to warm a cold database – or keep a hot client list boiling – is to send a personal greeting to your clients at least every 60 to 90 days. Remind them who you are and ask for what you want: repeat business and referrals. Tell them about your services and current promotions, or offer your perspective on local market conditions. Your messages should be professional yet personal and project a polished image.

"Regular, high-touch communication with clients keeps my name

foremost in their minds as a financial resource for life," says Greg Frost, President of Frost Mortgage in Albuquerque, NM, and a master at mining his existing client base for repeats and referrals.

Loan originators who communicate regularly with clients stand a better chance of retaining their business – even years after the initial closing. "I'm currently running at about 58 percent referrals from my customers, which is something that I've never experienced before," says Doug Grothjan of Peoples Choice Mortgage, of Dayton, Ohio, who watched repeat business soar after launching a program of regular personal communication with clients.

There are many other tactics you can pursue to stay at the top of your clients' minds. Send a holiday or birthday greeting. After a closing, follow up with a gift and good wishes. A few months after closing, send a questionnaire seeking clients' feedback on their experience with you. Offer special incentives to clients who purchase additional services or refer their friends.

"I remind each client about me with a personal gift a few weeks after the loan closes," says Eric Walker of the EquityPlus Mortgage Services in Nashville, TN. "Then they keep hearing from me every three months after

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that. That's the way to build a successful referral business."

The Investment Pays for Itself

Mail a personal greeting to your clients every two to three months? To the uninitiated that may seem excessive. Who has the time or the resources? The opportunities far outweigh any obstacles, as top producers show again and again. Outsourced solutions are cost-effective, convenient and produce high quality marketing materials that distinguish you from competitors. The investment pays for itself in no time. Just a few referrals are enough to cover the costs of an entire mailing program.

Through consistent contact, your clients will remember who you are and what you can do for them – and for their friends and family. You'll keep your database hot and generate consistent multiple income streams with little extra cost or effort.

Judy Margrett is co-founder of The Turning Point, a Sedona, AZ-based Customer Relationship Management company that offers banks, brokers and loan officers personalized, database driven marketing programs. Margrett has more than 20 years of experience in the mortgage industry. ♦