

HOME LOAN EXPERTS: GROWING BEYOND THE BORDERS

Otto Dargan, managing director of Home Loan Experts, talks about his award-winning brokerage and how offshoring has helped his business grow

OTTO DARGAN founded the Sydney-based brokerage Home Loan Experts in 2006. It may now be an award-winning firm – winning a spot in *MPA's* latest Top 10 Independent Brokerages in 2014 and more recently being named as a finalist in four Australian Mortgage Awards categories – but the company started on a couch in a share house in the inner-west suburb of Leichhardt.

Dargan told *Australian Broker* that he always aspired to be a mortgage broker, but when he finally entered the industry as a bright-eyed 18-year-old, he quickly became disenfranchised.

"I feel like I'm one of the few people in this industry who actually wanted to be a mortgage broker. It was actually what I wanted to do. So as soon as I could, I went and started... But I kind of became disillusioned with a lot of the businesses which were running and I felt like a lot of them didn't give brokers a fair go and a lot of them weren't looking after the interests of their clients either. I wanted to start my own business so then I could hold myself accountable to my own standard of ethics.

"I started Home Loan Experts in 2006 and it started on the couch of a share house in Leichhardt then moved to a share house in Enfield... I had two housemates, one of which had a heavy metal band, the other one was constantly working on his motor bike and was up to all sorts of mischief. At one stage we even had pet chickens in the office, so we had a very interesting beginning. But the one thing we always did well was that we looked after our clients and we had a great service offering – so we grew and we grew. We built up a good reputation in the industry and good people started to find us and begin to work for us.

"We then found ourselves with 18 people in a house and had to go find ourselves an office. So we

moved and continued to grow and grow again until we filled out that office. We have now just recently moved to an even larger office, where we are ready to reach where I see the finishing point of where our business should be."

The Home Loan Experts headquarters now resides in another inner-west suburb of Sydney, Rhodes, where Dargan manages a team of 22 brokers. However, he admits that the journey getting here has been a tough one.

"I'd love to say we have had minimum growth pains but that is not entirely true. Growing fast is always a struggle and I look at how companies like Google have done it and I am really impressed with what they have done," he told *Australian Broker*.

"But really what it comes down to is just having a solid plan, and for me, I am always trying to look and see what the maximum is that we can do. It tends to be my staff then saying slow down so we can plan this properly and figure out what we can do to make sure it is sustainable growth."

The path of growth less travelled

Speak to any broker or aggregator and they will tell you that diversification is the key to growing your business. But Dargan has taken an entirely different approach to growing Home Loan Experts – and with the brokerage settling almost \$500m in the financial year ended June 2015, the results speak for themselves.

In 2012, Dargan took part of his business offshore and set up a support team in Nepal. He told *Australian Broker* that the decision was a very broker-centric one. It was about streamlining the process for brokers and freeing them up to do what they do best – getting in front of clients.

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FAST FACTS

 **2009** The year Home Loan Experts was founded

 **83** The total number of staff – made up of 22 brokers, 27 broker support, 13 marketing, 10 managers, 9 management support

 **\$477m** Total value of loans settled in the 2015 financial year

 **Connective** Home Loans Experts' aggregator



first home owners grants, discharges, things like that. It is a waste of their time. They should be speaking to customers, they should be building referral networks, they should be talking to credit [providers] and they should be assessing deals. That's it. Anything else a broker does is not a dollar productive activity.

"You've got to also play to your strengths – often salesmen are not good at doing paperwork. Or often they are not good at doing data entry. You want the people who are good with dealing with people and good with dealing with banks and get them talking to customers."

Admittedly, Nepal wasn't the first time Dargan attempted to head offshore. He had previously, and unsuccessfully, attempted to head offshore to both the Philippines and India – a lesson which taught him that the decision to set up operations outside of Australia should not be taken lightly.

"Going offshore is not something to be taken lightly; it is a lot harder than hiring in Australia. You are going to have cultural challenges, you might have a time difference, you might have technology issues as far as the internet connection, they may have trouble calling Australia, they may have trouble hiring and it is going to be difficult to manage as well. You are going to have to travel a lot.

"What I would recommend is that you set it up when you are deciding to go for scale – and you allow a minimum of two years for it to be up and running properly. The key to making it successful is to bring them to Australia. When they have come to

Australia then they will understand [our industry] and they can take a higher level of ownership."

Managing your offshore business

Fast-forward three years and Home Loan Experts now has a team of 50 support staff based in Kathmandu, Nepal. Finding the right team for your business can be a difficult task, but Dargan has some advice for hiring the top talent overseas.

"We [travelled] to all the colleges in Nepal and

management of your offshore staff is just as important as the hiring process.

"If you have offshore support they are only as good as their experience and training. They're all very intelligent, that's not a problem. But if you get them to come and do a tour of the banks and see an open for inspection, meet real estate agents, talk to conveyancers – they then really understand how the industry works," Dargan said.

"They can contribute much more in terms of

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spoke to all the MBA and BBA classes, and we hired the top 1% of the population – so our support staff are phenomenal. We test them on policy, lender procedures and how to fill in different forms and they actually do better than our brokers in many cases. But what it means is that our brokers can have that confidence."

However, the ongoing investment and

improving our processes and they can give a much better level of support to our brokers."

Making a difference

Taking your business offshore isn't just about the benefits it can bring to your business at home, though. Dargan says it can give you a real sense of social responsibility and the ability to make a real

difference to a community in need.

"A lot of brokerages in Australia give back to the community and look at different things they can do, but when we had a look at what we can do, we saw that we had this big advantage in Nepal. One dollar in Nepal goes a lot further than one dollar in Australia. Initially, we started off by sponsoring some children, so paying for their education. The government provides free education up until year eight, but after that it is out of reach for most people – so that is where we were filling that gap," he told *Australian Broker*.

"That was fairly expensive per child so we looked to see what is more effective that we can do. Now we have just sponsored something called 'The Good Oil Project' where we actually give cooking oil to families, if their children get a high attendance rate at school.

"In a rural area, often they won't send their daughter to school because they think she will get married, therefore doesn't require formal education. That then causes all sorts of problems down the track and keeps the poor, poor. By giving them that incentive to send their daughters to school in particular, that makes a huge difference.

"We are sponsoring one school there which has 180 children and the attendance rate is very high. So what we are looking at now is that the quality of learning is good as well. We are looking to send college educated teachers there. In rural areas, it is often just whoever can read or write in the village who is the teacher. For a fairly small cost,

we can send a teacher from Kathmandu out to a rural area."

All systems go

With all its systems and support in place, Dargan says Home Loan Experts is now on a big recruitment drive.

"We are on a big recruitment drive over the next six to 12 months. We are looking to put on another 25 brokers and we have now laid the foundation for this – we have got our support team and they are really good, we've got our systems, we've got our marketing and we also have the data as well.

"Our brokers will have their own statistics and know exactly where they can improve. Now we are just looking for the right people."

The right people, he told *Australian Broker*, will be smart, driven and resilient.

"In regards to how we hire and what we are looking for, we are looking for people who are smart – that is number one – because we want a compliant business, we want an efficient business and we want a really high level of service for our clients.

"Secondly, we look for a lot of drive. Some people really, really want to go for it and others don't.

"Lastly, we want people who are resilient. Being a broker is not easy. You are going to have customers that really challenge you and the banks won't always help you out. You need someone who is strong and that can stand up to that." ■