

# How to Find the Right Lead Source

Learn which questions to ask a potential lead-generation partner

By **Greg Kazmierczak**, founder, LowerMyPayment.com

**M**ANY BROKERS CONSIDER BUYING Internet leads to be a necessary evil of doing business. They can supplement our existing lead flow. For many smaller brokers, they can be key to generating profits and retaining loan officers.

To better understand the world of Internet lead-generation, it helps to know the difference between lead generators and lead brokers; the characteristics of a good lead relationship; and questions to ask to ensure you make the right lead-provider choice.

## Lead generators vs. lead brokers

A lead generator is a company that risks advertising dollars in hopes that consumers will click on a banner ad or open an e-mail to complete a mortgage inquiry. The lead generator will sell that lead to a mortgage company or mortgage broker.

If a lead generator spends \$10,000 on advertising and receives 100 leads, then its cost per lead is \$100. A lead generator needs to sell enough leads to recover its marketing costs and still earn a profit.

Lead brokers, on the other hand, usually do not generate leads. They do not know for certain how or when consumers submitted their information.

Most lead brokers buy leads from other third-party companies at discounted prices. The leads often could not be sold through normal channels because of low property values, loan amount or low-demand states.



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written for various industry publications and has spoken at seminars on effective lead-generation methods and building an effective mortgage-lead-generation program. Reach him at (203) 674-7150. All views expressed within the article are solely the opinions of the author and do not represent the opinions of LowerMyPayment.com.

Let's face it: Most brokers really don't care how a company generates quality leads as long as they can work them. But we should be aware of how lead-generation companies spend time testing to make sure they provide you with quality leads.

## Relationship qualities

Mortgage companies that have had success with Internet leads share three characteristics:

- 1. The ability to work the lead effectively and timely;**
- 2. The ability to track pipeline status of each lead source; and**
- 3. A healthy relationship with their lead provider.**

If a lead company provides a lead from an interested party and the contact information is valid, then it did its job. After that, the onus is on the mortgage brokers and loan officers to close the deal.

There must be a healthy give-and-take in the relationship between the lead vendor and the mortgage company. Each must appreciate the other's business. If they do, they can put their best foot forward in maintaining a strong business partnership.

We all know things occur in our operations when new loan officers start, programs change or new competition arises. And not every lead you receive will fund.

The lead provider is responsible for preventing you from getting "bad" leads and for crediting those where the customers obviously were not interested.

## Questions to ask

When shopping for a new lead provider, there are several things to consider. A healthy initial dialogue between the lead buyer and seller is needed before marketing dollars are spent and contracts are signed. To ensure that you are making the right decisions with the next lead vendor, there are some questions to ask the lead provider to determine its value and quality.

To start, if you are working with a reputable company, there are no secrets. Look at its Web site. Is its address and phone number posted, or is e-mail the only method of initial communication?

Is it registered with its secretary of state? Would it entertain an on-site visit from your company?

An initial question you should ask is whether the company purchases leads from third parties or sells its leads to third parties after selling them to you. Either way, this affects you, as it increases the number of competitors calling the same lead. This in itself may not be bad, but how do you know where the leads came from, how fresh they are and how they were generated? The incentives or special offers these customers received to complete the lead form also become an issue.

Also ask how many times the company resells its leads. Many companies will tell you they only sell their leads four or five times, but how can you be sure?

Determine this for yourself. Complete a mortgage application on a company's Web site, and wait to see how many calls you get. Don't just wait a day. Wait at least a week; some companies will resell their leads after three or four days. In such cases, you'll often be competing for leads that someone else bought for 60 percent or 70 percent less than what you paid.

Consider how the company advertises its services online, as well. An online lead generator should be able to show you sites where some of its banners can be viewed. Why is this important? You want to make sure it is not advertising outrageous rates or offering free gifts for completing mortgage offers. Ensure this is outlined clearly in the agreement you sign.

Finally, ask whether the company hosts its forms. This point may be a little technical, but it's important. When you click on a banner, is the lead form hosted by the lead company or by a third party that sends it to the lead company?

Sometimes, this little factor could be the sole reason you are getting many bad-quality leads. Lead providers who host their forms are always in control of the customer experience. They schedule and pay for how traffic arrives at their site and determine which leads they will sell to their clients.

Ultimately, if you are getting a valid phone number and you get a customer on the phone who is truly interested in speaking with a loan officer, your lead provider did its job. **■**

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