

# Web Business Update

By Lovina Worick

I interviewed Cyrus Shargh in 2001 about his Web site, Mybest-mortgage.com. At that time he was doing well with his site, which was generating approximately 25 percent of his business. Back then he spent his marketing dollars on online advertising in mortgage portals such as Mortgagequotes.com, Beststrate.com, Mortgagefx.com and HSH.com. He also did search engine advertising. While he loved the new channel of business, he was clear about one thing: it didn't change the business. He said that the Internet was a channel to get new business, but that it wouldn't fundamentally change the way a broker interacts with the borrower.

Fast forwarding to 2005, I checked in with Shargh to find out how his business and the site had evolved and learned some very interesting things. Not only has his use of the site changed, but the landscape of the market has changed as well. For example, in 2001, his average loan amount was \$260,000. Today it's \$480,000. And over the last four years, he's done a ton of refinance business. In 2001 he viewed his site primarily as a lead-generation tool; today, he uses it predominantly as a sales aid and a value-add for past clients.

Shargh stated, "I've built a large database of clients over the last few years, and because I've spent the last four years consistently marketing it to them (getting them familiar and comfortable with the site and all it has to offer), they now use it on their own—more and more people use it every day." And he's reaping the benefits of having spent time training his clients to use his site. "In the last couple of months, there's been a shift

in the site's utility. I'm now spending money on marketing to previous clientele and getting them to (come back and) visit my site, rather than spending money on online marketing (for first-time or new clients)." According to Shargh, his site's ability to quote rates is its strongest feature. "I see a lot of traffic go through the rates pages," he says. "When I speak to my customers, they tell me 'Hey I saw your rates, would it make sense for me to do this?' Or, 'We want to put in a pool, what do you recommend?' The benefit of my site is it gives my potential clients as much information as possible. Because there is so much there, they willingly use my site."

Shargh's combination of actively marketing to his past clients along with having trained his clients to use his site, especially for the rates, is a solid strategy for ongoing success as the refi market continues to slow.

## Marketing the Web Site

"Everyone gets referred to the site, because all of my marketing refers them back to my site," says Shargh. His marketing strategy consists of:

- Regular e-mail newsletters to past clients.
- Physical newsletters to past clients and prospects which are sent every other month.
- A Rate Watch Analysis report sent to past clients.


"We do a Rate Watch for everyone we funded three months ago, nine months ago, and a year ago, and everyone we did a short-term fixed loan for. We aren't always trying to convince them to refinance in our Rate Watch letters," he says. "The letter will also let them know if they are

paying a lower rate than what's available today. This lets them know I did a good job for them by getting them that rate." To further enhance the impact of these reports, his next step is to start doing follow-up calls to everyone he sends the report to.

Aside from the slowdown in the refi market, Shargh shares his specific reasons to target his past client base. "If you were going to show a simple process flow of the loan process, it would look something like this: Prospects → Loans in Process → Closed Loans. Now draw circles around each of the three stages in accordance with how many people are in each category. Prospects should be the biggest circle. With the next biggest circle being around Closed Loans (a subset of prospects), and the smallest around Loans in Process. It would be logical that you need to spend the bulk of your time in the biggest circles. You need to come up with a system that caters to the prospects group." He continues, "But most originators spend most of their time on the loans in process. That's why most originators have up and down months. They spend so much time tending to their borrowers instead of working to get the next loan."

Not only has Shargh always been able to maintain a steady stream of business each month (he closes 15 loans per month on average), but he has the added benefit of having leveraged his site by training his customers to always start there. "The refi market did help me build my database," he says. "And what makes a difference is that most of the people who came to me in the last three or four years feel comfortable going to my Web site and using it."

Shargh makes clear how important his marketing efforts are. Without marketing, his Web site wouldn't be as useful. "I even market to prospects who didn't go with me," he says. "I've had prospects decide not to go with me but then called later because I kept advertising to them." Once he makes contact with a prospective borrower, he lets that person know about the site. "The rate search is the most-used product on my site," he says. "I think with technology the way it is now, you should be able to give clients basic rate and closing cost information from your

Web site. I know my site provides value because people tell me that. My customers are always on my site." 



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