

Niche-Pick Your Way to Success

Want to be a go-to expert? Pick a commercial-property specialty

By **Jeff Rauth**, president, Commercial Finance Advisors Inc.

IF YOU ARE NEW TO THE COMMERCIAL mortgage industry, picking a niche will help you break into the business faster and will help you become more efficient at brokering and closing commercial loans.

Choosing a niche — and marketing toward it — has several advantages. For one, doing so will help you become an expert at prequalifying deals based on the specific property type on which you focus. You also will be more familiar with the banks that serve your chosen sector and their guidelines. In addition, your marketing dollars will go much further.

The bottom line is that you will become efficient at placing, prequalifying and marketing your services for your chosen niche.

Niche vs. not

When you're an expert in a particular property type and you find a deal that fits your niche, you'll know immediately whether it's doable and where to place it, rather than having to shop banks and lenders for weeks. Or you may quickly discover that it's an unfundable deal, allowing you to pass on the opportunity and save time.

Your borrowers or other professionals with whom you work soon will recognize your expertise and will be more likely to refer leads to you. In addition, lenders and their business-development officers likely will notice that you know what you are doing and will want your business. They may be more willing to work with you and train or mentor you, and your deals often will be on top of their piles.

If you're a generalist and don't focus on a niche, on the other hand, it can be hard to turn down deals. This is especially true if you are new to the business, struggling or just want the potential commission checks regardless of

property type or deal structure. Another reason for not wanting to turn down deals could be that you start receiving referrals from potential partners and don't want to turn them away.

But every time you work on a new property type of which you are not an expert, you have to start over. You might have a head start because

Another key activity is to find carwash-owners and contact them systematically. How do you reach them? First, there likely are trade journals for carwash-owners. Consider placing a classified ad or writing articles about current finance options or other relevant topics in these publications.

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you know the business, but you still will have to educate yourself on the best lenders and their guidelines.

Niche up

If you “niche up,” your marketing activities become even more obvious. For example, say you want to focus on carwashes. First, you should find out which are the best carwash lenders and learn their programs cold. As you submit more deals with these lenders, make notes about why they turned down deals so you can foresee these issues in the future.

You'd probably want to find three or four carwash lenders to work with regularly. Each one may have little quirks to its programs, such as higher loan-to-value ratios, lower debt-coverage-ratio requirements, etc. But based on each deal's intricacies, you'd know which lender is the best fit.

Another way to find leads is to attend carwash trade shows, where you'll have an opportunity to learn more about the industry, meet prospects and lenders, and build your list. You also can look for networking groups for carwash-owners.

Purchasing a mailing list from lead-generation companies also may jolt your other list-building activities. Send these leads your mailers, reports, deal tombstones, etc. You'll likely get immediate calls, as well as build your brand each time you send a mailer or e-mail blast.

Also be sure to state your niche on all your marketing materials, including your business cards, letterhead and Web site. On your Web site, for instance, you could discuss the intricacies of carwash loans, including what to watch out for. Also consider doing pay-per-click advertising on different search engines to get immediate Internet leads. And be sure to have a way to capture names and e-mail addresses on your Web site. These activities all will serve to build your list.

Finally, you may discover other professionals, such as carwash contractors, attorneys, franchisees and accountants, who also focus on your niche. Do everything you can to prove to them that you should be their go-to expert for

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mortgage financing. Contact them every month or so, perhaps taking a different approach by buying them lunch, exchanging leads or offering them referral fees, etc.

Getting three or four referral sources who are highly focused and established in your chosen niche could be all that you need. And leads that come from other professionals often are more valuable than those that call you off a marketing piece. There's often a sense of trust with these leads, because you were referred by a trusted adviser. Also, your referral partner often will know a lot about the borrower and can tell you quickly what the deal looks like and any possible issues.



Remember, you want leads as well as names and contact information so that you can build a database. The idea is that in a year, you won't be thinking about how to get the phone to ring but rather will be spending your time talking to borrowers and screening deals — and hopefully, scheduling closings.

The main benefit about going the niche route is that you will be more efficient about prescreening deals and won't waste as much time on loans that can't close. You also will be more likely to be seen as an expert in your field, thus solidifying your client, lender and referral-partner relationships. **!**