

Getting Your Money's Worth

Ken Sayer, CEO of Mortgage House, talks about how his company managed to not only survive the global financial crisis but to make a profit during it.

Images by Scott Ehler

During the global financial crisis, many banks, building societies, credit unions, lenders, and mortgage trusts closed or merged. Mortgage House, however, not only survived the crisis but increased its market share.

Originating in 1986, Mortgage House is a home loan mortgage lender with more than 30 centres Australia-wide. CEO Ken Sayer founded the company 29 years ago after experience with big banks like Barclays in mergers and acquisitions. Between 1996 and 2004, the company saw huge increases in growth and was doing well until the global financial crisis hit in 2008.

Ken knew that for the company to survive, drastic changes needed to be made. "All feel-good projects, all blue-sky projects, were canned," Ken explains. "The next task was to reduce all of our costs, so we canned any marketing initiative or any project or any development where we were paying high, fixed prices and the return was variable.

"We would only do business with people who would get paid on results, substantially reducing our fixed costs. We went back mentally 75 years and we decided that debt was bad, borrowing was off the table. We decided that all of our profit would go towards retiring debt. In my world, we spend a lot of money in advertising, marketing, development, and systems, and

all of that was stopped and diverted to debt, repayment, or retirement thereof. We stuck to that position. That's what we did with the GFC: we adhered to those basic changes. Within three years, we had absolutely no debt, and from that moment on we started to accumulate vast amounts of cash, because our business was still running and we just stopped all the expensive and speculative stuff."

Because of this strategy, while other banks and lenders were struggling, the company had large amounts of cash and no debt. What this enabled Ken and his team to do was go after a segment of the market no-one else could pursue, ultimately >



As featured in
The CEO Magazine
For more info visit
theceomagazine.com



leading to great profits. “Armed with this surplus cash, our enhanced ability to lend became abundantly wider. If a customer has a 5-per-cent deposit, they can borrow money to buy a home and get a mortgage insured; but if they have a 4-per-cent deposit, it all stops and hits a brick wall. What we were using—our balance sheet money, which is real cash in a bank account—was a top-up of that loan from 95 per cent to 96 per cent, and that opened the doors to a segment of the market that couldn’t get a loan before.

“By doing less and being more conservative and just listening to our clients, our business took off. We didn’t have to advertise, we had something no-one else had, and it just went nuts. From 2011 to today, our profits have been growing faster than our peers’. Our profits went through the roof, and everyone else was struggling to maintain system growth.”

This reinvented the business, as Mortgage House was doing something no other company could do at the time. Ken, however, has always been ahead of the game in many aspects. Mortgage House moved to electronic auditing and filing systems before many other financial institutions. This provides not only a more efficient office for his business but a better experience for the customer as well. “We have 100 per cent on audit on every single keystroke,” Ken explains. “If someone logs into a customer’s ID page and then closes it, my system tells me who went in, what time they went in, how long they had the page open. So if someone ever stole my customer’s ID, I would know who it was. I don’t think there’s a financial institution in this country that has the same technology.

“If you’re my customer and you request a marketing flyer or information pack on a particular product, I don’t send it to you; I click a button, the system sends it to you, and the system takes a snapshot of that marketing material and saves it. It means if there’s a



“By doing less and being more conservative and just listening to our clients, our business took off.”

- Ken Sayer

dispute in, say, seven years time, there is no grey area in my life because I have recorded what I sent. If I send you an application form to sign, there’s a little micro dot on every single page to tell me when I sent it, who sent it, how many pages were contained, and how many came back.

“Our office is 100-per-cent paperless. Everybody talks about it, but we did it. In the previous century, we used to keep paper files like everyone else, and I had an entire floor full of manila folders, with storage from floor to ceiling, wall to wall. We had three staff members retrieving files and taking them down to level two on demand. We had a major problem because when we requested a file, it could come back in five minutes or it could come back in five hours. So it had less to do with ‘paperless’ and more to do with customer experience and instant gratification.”

According to Ken, all these innovations came about partly because of his analytical brain.

While this helped when looking at cost cutting and business processes, Ken says it didn’t make him a good leader. Partly because of his childhood and upbringing, when Ken started Mortgage House he didn’t know what made a good CEO. Over time, he has learned more about management and leadership, and believes he is a much stronger leader today, but that he is always learning.

“I was useless at leadership. I was born in Maroubra and I thought that I had to fight my own battles,” Ken says. “I was trained not to hide behind anything and I was trained to make my own kill. And that’s all wrong. When I was in high school and university, it was all about the repartee, it was all about the quick response, and it was all about the one-upmanship. Everything we’re taught in high school and university about relating with our peers is wrong. I thought it was all about instant response and the right response.

“We have professional training now that teaches us management

skills, teaches us how to communicate, teaches us how to listen; and I can tell you that my behaviour today is polarised versus my behaviour 25 years ago. Now I actually listen. I ask my staff and my peers to describe what they see and how they see things. I ask them to describe to me how they see tomorrow, what they think the solution is, and what their commitment to realising their goal is.

“Before, with the mind of an analyst, I used to try to predict outcomes and try and shortcut it before it surfaced, so nobody ever had a voice. All that did was drive people away from me. Being an effective manager is a science, and I think I failed my first test. But I’m getting there. One of the things I love about life is I learn something new every day.”

One of the differences he has made, Ken says, is ensuring the company is collaborative and that every staff member is valued.

There are staff incentives, and each employee is guided and developed so that they can reach their potential. “Everybody gets their say, everybody gets their input. We’ve introduced transparency, so if we’re hiring, everybody knows; if we’re designing new technological pieces, everyone is briefed. We have Friday morning madness when birthdays are celebrated. Everybody receives consistent one-on-one reviews so everyone knows how they’re going and where they sit within the organisation. Everyone is treated like an individual, not a cog in the machine. All the technological improvements we inject into the system are designed to keep their life in order, reducing stress. We focus on our employees’ journey within the company. We have incentives that we refresh once a year, and they’re not just trophies and money: we put on training and the chance to participate in an ‘all expenses paid’ Harvard Business School program while on

“Our office is 100-per-cent paperless. Everybody talks about it, but we did it.”

- Ken Sayer

full pay. It’s all about what we’re doing for them in return.”

Ken believes that in the future, Mortgage House will continue to grow. The company is introducing new strategies and is focusing on ensuring a good customer experience above all else. “The industry is getting better; it will become stronger. We’re introducing lots of smarts into our business. We have one main focus—that the customer experience is seamless from the outside looking in. We have innovative business processes and numerous algorithms built in enabling us to predict what is going to happen next before it’s a problem.” •

“Ken Sayer and Mortgage House are true finance industry pioneers. We share their values and what we deliver for their business is always personal. Investment in technology, processes, and people gives Mortgage House a competitive edge. Delivery is constant—and consistently good.” - Rob Morrison, Head of Mortgage Management, Adelaide Bank

At Adelaide Bank we understand the business of home ownership.

Adelaide Bank is proud of our shared values and long-standing relationship with Ken Sayer and Mortgage House. We partner for the long haul to build and support genuine business partnerships. As industry leaders, we know that to build and grow, it’s all about people, and continuous innovation.

Ken’s vision and determination to put customers first has seen Mortgage House evolve into a company that provides amongst the best customer experiences in the industry. It’s the personal service behind our partnership that continues to develop Australia’s thriving mortgage industry.

 **AdelaideBank**
it’s personal

Adelaide Bank a Division of Bendigo and Adelaide Bank Limited
ABN 11 068 049 178 AFSL/Australian Credit Licence 237879.
(S52047) (05/15)

