
Renovation Teleconference

Answers by Dean Parker

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The importance of creating a winning team

Karen: Is it true that your loans...You sort of mentioned that your main bank is NAB.

Dean Parker: Yeah

Karen: Do they still do any favors because you're a large client? Or not favors, do they make the process easier on you?

Dean Parker: I'd say yes.

Karen: Right because you're tried and true and you give them consistent results so they're happy to...

Dean Parker: We talk about it early in the product. It was about creating the team. As much as renovating is about the numbers and finding the house and putting it together, look, I can't stress enough how important having a good team around you is, like your trades showing up on time. When you get to the point where you don't have to worry about that and that's not an issue, that just makes everything so much easier.

I was on another call the other night when someone asked do I prefer brokers or dealing directly with the bank. And I'd say we've had sometimes dealt with brokers but when it comes to the relationship, you need to really be dealing with the people that are making decisions and to work that relationship. I can remember the first couple of renovations we did, Elise and I, we'd actually take photos of the property and we'd go down and show our banker. I mean, this was just a personal banker at our local NAB branch. We're now with a business banker but they had a, sort of an entry level type banker. So anytime we had anything to do with any banking issue, we'd call the same person every time. If we wanted an account added to our internet banking or if we wanted to query a fee on our account or anything, we always deal with the one person.

So the more we worked that relationship, the better obviously they got to know us and we'd talk about the footy (sport), family etc, etc. And we'd go down and obviously show them what we'd done. And then when we finished, we'd show them the photos. And then the minute we sold it, we'd go down and say oh, look what we sold it for and we got more than

what we thought and here's the profit and this is great. And you start to build the confidence in that person in what you're doing. So I guess as you go on, obviously, that person becomes more reliant and says look, they do this...they've done this, okay, they've done this before. We can be a little bit more lenient.

So in the end,I know Nickie who works for us has been trying to get the finance based on the end valuation and she has been having a few difficulties with doing that. That was actually with a development project so it was a little bit different. The things the bank were doing for me was not exactly the same as what they would allow for her. So in that regard, the bank does change their mind a little bit based on what you're doing.

But that doesn't mean that they're always going to say no just because you haven't done it before. If you can go in there with a detailed costing; you've got a written valuation exactly what the property's going to be worth at the end from a valuer that's on the bank's panel and you've asked them about that all up front; you've told them exactly what you're going to do; you find a property, tick in all the boxes. You go in and say oh look, I found one. I'm going to get my valuation done. If it comes in at \$290,000 we're all right to go and he says yep, now that's all good and you keep them informed the whole way down. There's no reason why they would say no to you in that situation. Like, it's all about you're doing everything you can to get a yes from that person.

And at the end of the day, if you don't like the answer that you get, just keep searching around until you find the answer that you want. Don't just give up on the one bank or the one banker at a bank. We've actually had probably now over the last six or seven years, probably seven or eight bankers at NAB only for the fact that some people move on and then we get too big and then we've got to swap with someone else, etc. And then every time that happens, it's just a case of going down there and educating them again. And we do a little document of all the properties we've done and how much profit we made and some photos and just build that relationship up again so that they feel comfortable with the client that they're dealing with.

Because at the end of the day, it's all about risk for the bank. They're giving someone money. All they want to know is that they're going to get the money back. So everything that you can do to provide confidence in yourself with them in their eyes is going to help you out.

Karen: Sounds good. You also mentioned your valuer is from the bank panel.

Dean Parker: Yes.

Karen: Is that something you can just simply, you know, once you create a relationship you can just say hey, can you give me some names...

Dean Parker: Yep.

Karen: ...of the valuer?

Dean Parker: Exactly. It's all depending on the area obviously. Just saying I'm looking in the area; I just need to know what valuers are on your panel.

The good thing is when you find a banker you want to sit down and have this conversation with them all up front. This is what I want to do. I'm going to find a property; I'm going to get a valuation up front. Do you have a product that...Can you do this for a start? How do you want it to work, etc, etc? So before you even get to the point where you're even buying a property, you will have this conversation with your banker so they know exactly where you're at so that when you actually get your property and it does show up, they know exactly what's going on and you can act really quickly and there'll be no surprises. That's what you're after.

But yeah, that's one of the conversations you do have is just obviously in those early stages. I'm looking in this area. Which valuers are on your panel? And that's how it works. And normally this...Well, depending on how big the area is obviously there's a couple, the major ones that pretty much cover all of Victoria or all of Australia.

But then there's the smaller ones that are local to the area that just deal with that area. And in Ballarat, we've got a local Ballarat company and it works really well because again, I've built a relationship with that guy. And I mean, we had three valuations done on three different properties last week and he comes out to our office and sits down and we go through the plans and go through what we're going to do and the comparable styles and we pretty much agree on price verbally sitting across the table before he goes off and just writes up the valuation report essentially. That's what I mean about the team. You need to just...with everyone that you deal with, the better relationship you can have, the better the process will be for everyone involved.