

## Interactive Financial Raises Bar on Net Branches

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**Interactive Financial Corp.**, based in Troy, Mich., leverages a different kind of business strategy to differentiate itself from **net branch** competitors. The strategy, titled "**model branch**," is based on investor relationships, continuing education and high standards of quality for branch managers and operators.

In previous years, **independent brokers** sought to be a part of a net branch to reduce operating costs, lend in multiple states, have access to a range of loan products and receive accounting and support services. However, the net branch model did not succeed and developed a bad reputation when, in some cases deals fell apart at the last minute, causing financial troubles. Net branch operators have since been accused of making as many deals in the shortest amount of time, often not abiding by the law.

Interactive Financial President and CEO **Hunt Gersin** sought out to create a newer model in which the lack in the net branch system was met. "The system needed to be redesigned," he said. "We set out to thoroughly examine the negative aspects associated with net branch brokers and found ways to dramatically improve the way branches operated."

The key, Gersin said, was strong open-ended relationships, where the branch managers could maintain their entrepreneurial identity as long as they operated at a standard above the rest and remained in constant contact with our lending organization. "What resulted was Interactive Financial's model branch system," he said.

Interactive Financial selects its branch managers and associates today through a rigorous process. The company extensively interviews candidates and checks credit and background as part of the process. They must also have a proven track record of success in customer service and strong investor relationships. A branch must operate under a team-environment with a commitment to growth while maintaining quality service. Many prospective branch managers regularly approach Interactive Financial to become a part of its system.

"Seven out of 10 applicants are rejected—it's a tough process," Gersin said.

Quality is everything, according to Gersin. "Quality is more important than volume. It breeds volume—the more quality, the more referrals we get. Business builds that way—through trust and an understanding that we bring in the best to provide the best possible services to our customers," Gersin added.

Corporate-sponsored marketing programs and community programs are part of Interactive Financial public relations efforts. "Your neighborhood mortgage expert," is the slogan it uses. "It stems from our proximity, how close we are with our customers," Gersin said.

As for the future of net branches, Gersin predicted they will disappear because of licensing and other legal issues.

"We made a great decision when Interactive Financial went the model branch route," Gersin said. The system has worked well—**sales revenue** in 2006 reached more than **\$6 million**, a **50-percent** increase from 2005.

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