**PPN Session two 7.02.2024\_Transcription**

[Rachel Davies] (0:00 - 0:46)

Song again, we're going live on stage in two and a half minutes. Take your seat. Ladies and gents, this is your two-minute warning.

Grab yourselves a drink, finish up your conversations. We're live on stage in two minutes' time. Please take your seats.

[Speaker 19] (1:31 - 1:32)

We're live on stage in two minutes' time. Please take your seats.

[Rachel Davies] (1:35 - 2:06)

This is your one-minute warning, ladies and gents. This is your one-minute warning. We're live on stage in one minute's time.

Please take your seats. Ladies and gents, this is your 30-second warning. Get ready to put your hands together.

We're going to be live on stage in 30 seconds.

[Speaker 11] (2:37 - 2:53)

Ladies and gentlemen, property entrepreneurs, please clap your hands and give a huge round of applause. Welcome to the stage, Rachel Davies.

[Rachel Davies] (2:58 - 4:12)

I love that announcement. It's brilliant. I want to take it home.

I really do. Did you have a nice break? Yeah?

Brilliant. Right. Supper club.

That's what we're talking about now. It's been oversubscribed, hasn't it? Super, super popular.

Great meeting of the minds. Lots of new like-minded people around the dinner table. Come with a problem and leave with a solution.

They've been very, very, very popular. I'm really pleased to announce, for those of you who don't know, that Josh Keegan has finally agreed to take over supper clubs. Now, I'm not entirely sure why he didn't want to do it before.

I don't know if he wants to tell us. Oh, so he was busy. Okay.

Yeah, yeah, maybe. Maybe. Something called Ultimate FD, I think.

I don't know. Anyway, so due to unprecedented demand, we have put on a second date, because everything else has been sold out, and that is on Tuesday, the 2nd of April. But Bianca just tells me just now that we've sold the last place.

Have we? So it's oversubscribed again. But just so that you're aware that Josh is actually taking over the majority.

I think, Adam, are you doing the May one?

[Speaker 13] (4:13 - 4:15)

Yeah, I'm still doing May. I was doing it yesterday.

[Rachel Davies] (4:15 - 4:39)

Yeah. Yeah. But Josh will be taking over the others.

I was with him yesterday. We did a supper club. It was brilliant.

I don't know if he's as good as Adam. I don't know. We're going to have to get some feedback.

Don't go there. Sorry. It's selling out in record time.

That's all I can say. Yeah, it is selling out in record time. Will there be an opportunity?

Because some people here went, oh no, because obviously it's all sold out again. Will there be other dates, or am I putting you under too much pressure?

[Speaker 17] (4:40 - 4:40)

Absolutely. Yeah, absolutely.

[Rachel Davies] (4:41 - 7:07)

Yeah. You think you might put some more dates on? Well, there you heard it from Adam.

There might be some more dates. Okay. Right.

I wanted to talk to you about the Property Entrepreneur Accreditation. Remember we launched this at the beginning of your journey with us. The reason we have brought this on is it's going to be your mark of entrepreneurial quality.

But not only that, if you follow all the milestones that we've set for you, then you're going to have the best year on record. You've obviously worked out from being on Property Entrepreneur that everything's trackable. We keep on top of our success.

We know where we're going. Okay. I just want to go through with you and what the milestones are that we want you to achieve.

And remember, this is for you so that you have the best year you've ever had. So the first one is to post 90% of your Sunday sanity, at least. And then the second one is to attend 10 out of 12 workshops.

Thank you, Grant. And then the third is to present at both award days. Well, we've just had strategy day and everybody absolutely nailed that.

So well done. And then the fourth one is to do six posts in the Facebook group or join, get up and give back. Okay.

So they're the milestones we need you to hit. So as you know, we like to track performance, don't we? Do we like to track performance?

We do. So here is the tracker for the accreditation. Now I am blown away.

Well done, everybody. All the greens. You are meeting all the requirements.

You were on track to make your accreditation. So the ones who are in amber, I know if you can't see, you can always speak to Bianca after. She can tell you where you're at with this.

Or we may even post it in the Facebook group. What do you think, Bianca? Should we post this in the Facebook group to see where we're up to?

Yeah. If people want it, we can. But if you're amber, you're just falling behind slightly.

That's what it means. It's still all to play for. Yeah.

You might've missed a workshop for very good reasons or you might've missed one or two posts on Sunday sanity, but it's still all to play for. There are... Everyone's doing really well.

Yeah. Thank you, Bianca. And there are no red, so I don't have to send anyone home.

I'm only kidding. We're not going to send anyone home. So just a bit of bad news though, Grant and Pat.

Where's Pat? Where's Pat? There you are.

We haven't started tracking the Facebook posts yet, so you've got to keep going. I'm only kidding. I'm kidding.

[Speaker 4] (7:09 - 7:10)

I'd be sick if I wouldn't be.

[Rachel Davies] (7:10 - 7:55)

You can see there's a column. There's a gap. There's a gap.

But we will be tracking that when we start GUGB and we'll keep... You've just got to keep going. We love your posts.

We absolutely love them, so I want them to keep coming. And everyone else who's joined in the community, absolutely fantastic. But it's now time to move on to session two.

And this is world-class finance function. So are any of you here like me? I dislike finance and I'm not very confident around numbers.

Hands in the air if you're not very confident with finance. There's a few of us. Come on, be honest.

I need some honesty in the room. Who's not so comfortable, doesn't always follow it? Who's fantastic at finance and absolutely loves it?

Grant's got a hand. What does that mean?

[Speaker 17] (7:56 - 7:57)

Who loves finance?

[Rachel Davies] (7:57 - 9:40)

Hands in the air if you love finance. Look at Claire. Claire's like, yes, me.

Me, I love finance. Well, you're going to love this session. It's going to be an absolute favourite for you.

But as entrepreneurs and business owners, we have to be fluent in finance. It's absolutely not optional. You have to know your numbers.

When we first started on Property Entrepreneur, me and my husband, Paul, we had no finance function. In fact, Paul gave me a box of receipts in a cardboard box. I left a big corporate job.

I was quite senior. He said to me, he literally physically gave me a cardboard box and said, can you deal with this? That's what he said.

That's where we started from. So you can start from ground zero. So if you're feeling unconfident and you feel like you're miles behind a lot of people in the room, you're in the right place.

We've now got a bookkeeper. We've got a team. We've got zero.

We've got mileage trackers. I do a monthly P&L meeting with my bookkeeper. Me and Paul do a quarterly financial review.

We have actions. We action them every quarter, make sure that they go ahead. So we have made absolutely masses of progress in this.

We understand our profit and loss. And the thing about finance, if you're not very fluent in it, it makes you worry. So when regulation changes in the government, things worry you more.

But if you've got a real good handle on your numbers, then it staves off worry. You know exactly where you need to be. You understand your exposure to risk.

And there's no better person here to talk to you about this than Mr. Ultimate FD himself. So can you please put your hands together and give a massive warm welcome to the stage, Mr. Josh Keegan, your trainer.

[Josh Keegan] (9:52 - 9:54)

Hello. We all good?

[Speaker 17] (9:54 - 9:55)

Yeah. Good day so far?

[Josh Keegan] (9:56 - 11:38)

Enjoying yourselves? Yeah. Good.

Very, very good. Thank you to all those that attended supper class at the club last night. This was it.

You'll see in that picture, you can see Rav gazing into Rona's eyes at the back there. Everyone else taking a picture. This is what happens on my supper club.

There's romance, reciting, all sorts of things kick off on supper club. It's amazing. But no, genuinely, it was an awesome evening.

I learned so much, and it was great to get so many contributions. The room was just absolutely buzzing, so much feedback, so much interaction. And I think safe to say, a lot of people said it was absolutely game changing.

My favourite moment, I think it was Natalie that said it, just before dessert, she said, I'm never going to go to one of Adam's supper club again. Never. And then everyone stood up and cheered, and I was like, what guys?

Yeah, yeah, exactly. I walked out. So everyone was there, everyone saw it.

Right, ladies and gents, we're going to be diving to world-class finance function very shortly. But before we do, International Women's Day is approaching, and we want to showcase some of our world-class women. So I'm going to invite a very, very special lady to the stage.

She literally embodies world-class women. She's a board member. She's a multiple property entrepreneur, board-level award winner.

She's a sold-out commercial property academy, over 25 years of commercial property experience. And in her corporate career, she managed over 2.75 billion worth of commercial property. Ladies and gents, let's welcome one of our world-class women to the stage, Ms. Susie Carter. Welcome, Susie.

[Susie Carter] (11:38 - 11:39)

Thank you.

[Josh Keegan] (11:39 - 11:40)

Thank you for making the effort to be here today.

[Susie Carter] (11:40 - 11:42)

Absolute pleasure. It's lovely to be here.

[Josh Keegan] (11:42 - 11:45)

So you've been on the Property Entrepreneur Board for how long now?

[Susie Carter] (11:47 - 11:49)

I knew you were going to get a tricky question.

[Josh Keegan] (11:50 - 11:51)

Should be an easy one.

[Susie Carter] (11:51 - 11:53)

I think it's four years now, yeah.

[Josh Keegan] (11:53 - 11:58)

Amazing. So if you just want to share with everybody, where were you before you started the Property Entrepreneur Board?

[Susie Carter] (11:59 - 12:44)

So I've got a corporate background. So I left the corporate world in 2015, and I'm also a child surveyor. So I'm like, what does that mean?

I'm completely risk-averse, or I was. I had no idea how to be an entrepreneur. I had been on a property course, so I thought I could give up my corporate world and kind of, you know, crack it.

So yeah, where I kind of, I was, well, we'll talk about it in a bit, but I was really running around doing lots of different things and not really achieving very much. I had two small, I had babies, basically, two small boys, and I wasn't really being able to spend too much time with them. I was trying to juggle family life and being an entrepreneur, which will be familiar to several of you in this room.

And yeah, it was pretty challenging, actually.

[Josh Keegan] (12:44 - 12:55)

Who can resonate with that? Busy kids, too much going on, really challenging. Yeah, absolutely.

So a lot of people are in that boat. If we then fast forward a few years, where are you now as a result of being on the board and all the work you've put in place?

[Susie Carter] (12:56 - 13:49)

Yeah, so, well, I'm really highly strategic now. I know exactly where I'm going. I know where is there, and I've known where is there for the last few years.

In fact, this is, I looked, I was doing my kind of, you know, journaling this year, and I actually realised that I haven't deviated from the path over the last couple of, two to three years. Yeah, I've got my education business, which sold out every year. Teaching people how to invest in commercial real estate, and I have my own investment portfolio worth over five million.

And most importantly to me, actually, is that I get to spend time with my family. We've bought a beautiful farmhouse in Gloucestershire, we've moved away from the southeast, and that's all been made possible by everything I want to do. So for me, kind of as a mum and as a wife, kind of that balance between business and family is super important as well.

[Josh Keegan] (13:49 - 14:37)

I think Susie had to play this. She's absolutely killing it. She let me stay at her farmhouse in one of the 60 rooms in the farm.

It's this huge thing with a lot, like you keep walking, she's, oh, that's ours as well, that's ours. You look into the distance, there's like 30 acres of land. It's absolutely incredible.

And the life- Quite 30. The life you create with your kids, you get to see them, you're selling out every single year. You've literally just gone on such an incredible, incredible journey.

For anyone else that wants to kind of mirror what you've done and go from busy, kind of overworked, underpaid, like not quite sure what to do to spend time with their kids, dream home, sold out masterminds, and literally just like killing it every single year, winning these awards on the board. What are the three main problems you'd say you'd have to have overcome to go on that journey? Start from number one.

[Susie Carter] (14:37 - 16:24)

Yeah, so number one was definitely kind of coming out of the corporate world and having literally no idea. I knew I wanted to invest in property, like HMOs, everyone's doing HMOs, so I'll do HMOs, which I hated. And while I was doing commercial property, I'm like, look back, look at my former self and think, what was I actually doing?

So, yeah, I was, any blazers in the room? Yay. I'm a blaze, so this might be familiar to you.

I was saying yes to lots of new business proposals and, you know, kind of, I was running around. I was actually quite a busy fool. No strategic direction.

And, you know, what that meant was that actually I wasn't getting that balance that I yearned. I was working really, really super hard in a time when my children were actually really little. And, you know, I had business partners that I didn't really resonate with and who weren't, you know, they were all business partners that were the same as me, so they were blazes.

And, you know, kind of, by being on the board, particularly, I'm a property entrepreneur, I kind of, I realized where is there. I know exactly, I'm now highly, highly strategic. I know what to say no to.

I'm sort of blaze, so sometimes I kind of falter slightly, but I know what to say no to because I've got my direction of travel clearly nailed. And that's been through, kind of, obviously going through the methodology, which is, you know, one of the main reasons. And being on the board, having Dan's personal mentoring and having a lot of, you know, having probably five or six winters where, autumns rather, sorry, where I've actually been in my journal actually working out, you know, where I want to go.

So, yeah, it's like chalk and cheese really.

[Josh Keegan] (16:25 - 16:29)

You talk about business partners because you've now got some, like, award winning partnerships on the board, haven't you?

[Susie Carter] (16:30 - 16:52)

Yeah, so I've now got two highly profitable businesses with, well, one's not quite profitable yet, but it will be, with Garrett and Ian who are on the board. So we formed that partnership because of the relationship we developed on the board. We now invest in Biomass Boilers and, you know, which is a highly, highly profitable and very, very niche kind of business model.

[Josh Keegan] (16:53 - 17:12)

You took Susie one deal of the year for that, was it last year? And the year before. So two, cool, two years in a row.

And it's easy, one of the most lucrative acquisitions, one of the best deals like we've literally ever seen in terms of what she did there. So that was problem number one, busy, lack of kind of focus, direction. The boards allowed you to kind of get clarity on that.

Problem number two?

[Susie Carter] (17:13 - 18:38)

I think there was a big belief bit for me. I don't know, I don't know whether this is just a woman thing, but obviously I've got lots of women professional friends and I think kind of a big, big dose of imposter syndrome in terms of, you know, can I really do this? I mean, I'm quite a strong willed character.

I've, you know, generally got a lot of belief, but from a business perspective, I was kind of flapping around kind of thinking, oh God, you know, can I actually do this? And I think that does impede you and hold you back. So I think there was a big piece about belief for me.

What I would say is kind of hanging out with basically 15 other highly successful property entrepreneurs on the board has given me that belief. A, because, you know, you're kind of, you're the sum of your peer groups. So, you know, we kind of make you raise your game.

And, you know, you see everyone else nailing it. Everyone else is doing it. Everyone else is implementing.

And actually that has, I literally, I had my first day on the board and I literally sat there thinking, what am I doing here? Like genuinely, what am I doing here? Everyone else is so much more successful than me.

And I did, like the first year I did, I felt like I was miles behind, but actually, A, relatively quickly realised that I wasn't that far behind. And B, that actually, you know, because of the performance of everyone around me, I was kind of being raised up by it. And, you know, I think that's really, really crucially important.

[Josh Keegan] (18:38 - 18:57)

Just that imposter syndrome. Who else feels like that sometimes? They come to this event, they feel like I'm the least successful person here while I'm here.

I think it's very, very normal. So it's really nice for you to share that. And then being around that peer group, that's helped you, what, did it just give you the confidence to feel like, you know, I can do this, or how has that helped you gravitate out of that?

[Susie Carter] (18:57 - 20:38)

Yeah, I think kind of just seeing everybody who's performing, you know, really successfully. And then, you know, for those tempos in the room, this comes really naturally to you. I've got a little bit of tempo in me, you know, just mirroring what people are doing.

Like it's really, this is genuinely not about reinventing the wheel. This is about kind of taking the good bits of what other people are doing and, frankly, copying them. And so, you know, and obviously that's from the highest level with Dan, you know, Dan's methodology and his blueprints, right, you know, right across the board.

And in rooms like this, you know, if you see people who are absolutely nailing it, ask them what they're doing. Ask them if they mind sharing their spreadsheets. Because actually, you know, I wouldn't say it's a shortcut, but, you know, why not kind of use your peer group to help you?

Nice. What about the third problem on the journey? I think, well, certainly with my training business, obviously I had to build a brand.

And you can do that the hard way or the easy way, basically. So I started off the hard way, which was basically traipsing around the country, talking at pin meetings and various other things, which probably a few of us in the room have done and are doing perhaps. COVID made that easier, frankly, because I could sit in my office and, you know, talk in Edinburgh and Belfast and, you know, wherever, and actually that did make it a lot easier.

But, you know, by being on the board and being part of the PE community, you know, building my brand on social media and, you know, sharing my depth of knowledge and kind of everything else that you can do on social media has really, really helped me. Plus, you know, kind of the help that Dan's given me in actually building my businesses and everything else that I've kind of got from it.

[Josh Keegan] (20:38 - 21:04)

You've done two things that we always talk about. First is to find a niche. So I don't know anybody else that's commercial property.

So if someone says commercial property, I think, Susie, that's the person to speak to. And the second is just riding away because more and more people are trying to invest in commercial, trying to get into that market and trying to, you know, get involved in that. And you're just riding those two things.

So it's just no surprise that your mastermind, your academy is just sold out year on year. It's amazing.

[Susie Carter] (21:04 - 21:09)

Yeah, I think, you know, now is a fantastic, I don't want to do a quick plug for commercial property, but.

[Josh Keegan] (21:09 - 21:09)

No, do it.

[Susie Carter] (21:09 - 21:30)

We love a plug. Now is a great time to invest in commercial because the market's dipping and, you know, vendors are a lot more motivated. And, you know, what I think, but, you know, that aside, what's really, really super important for me is that I absolutely love what I do.

So for me to have the ability to kind of help more people is actually, you know, super, super fulfilling.

[Josh Keegan] (21:31 - 21:55)

Awesome. And you're obviously incredibly inspirational. You inspire everybody on the board.

I hope hopefully some people in this room are inspired as well. For anybody that's sitting there, this may be a similar circumstance to you, this may be female and thinking about, you know, a bit nervous about going to that level and going to board level or how would you encourage them to apply and just push themselves a bit further? Well, frankly, we need more oestrogen on the board.

[Susie Carter] (21:55 - 23:29)

So we definitely need more women. You know, I think this, I don't feel like you aren't at the level that you need to be to apply for the board, like genuinely, you know, you're probably doing a lot better than you think you're doing. The board isn't a boys club, you know, which I think is a perception that there is as well, because it's largely a male group at the moment.

And, you know, they're incredibly, incredibly nice, incredibly fun and incredibly successful people, Josh included, obviously. And, you know, it's just a really nice environment. Yes, there's accountability.

Yes, everyone's trying to be their best self. But it's not overly competitive to the point where, you know, you feel like if you don't do something, you're going to be completely left behind and chastise you for it. It's just not like that.

It's a very open, it's a very supportive atmosphere. And, you know, if you are suffering from imposter syndrome, which I definitely was, you know, I just say, just don't worry about that. You know, for me, it's the best investment I've ever made.

I definitely wouldn't be where I am today if I hadn't joined the board, like genuinely. And so and that's why I keep coming back year after year, because, you know, my businesses wouldn't be where they are today if I hadn't joined it. So yeah, if you are even vaguely tempted, you know, I'm really happy to talk to you about any concerns or anything else that people have got or, you know, any questions, because genuinely, it's a great environment to be part of.

[Josh Keegan] (23:30 - 24:10)

As soon as he's here today, it's not to try and, you know, force anyone to sign up for the board or for women to apply to the board. But it's come to the genuine place of we want to encourage more women to like really realise their potential and not feel like it's not a safe space, not feel like it's not something they can be part of. Just make sure everyone knows you're so welcome.

And we really want to encourage more and more of you to apply over the next few years. So he's been incredible inspiration. You've got a fully booked table at lunch.

Your name is put in the in the it's all up faster than my supper club, I think. You've got a fully booked table at lunch. There's gonna be so many questions for you.

But then we've got two or three minutes just to a couple of quick questions now if anyone wants to raise their hand. Go on, Rav, at the back.

[Speaker 14] (24:13 - 24:21)

Hi, Susie. Just on commercial, he's saying it's a good time. What are your thoughts about straight commercial versus commercial to residential?

[Susie Carter] (24:23 - 26:15)

Yeah, it's a great question. So I mean, any commercial you buy at the moment is, you need to buy for the right price, obviously. The market is dipping.

So I don't think we're quite there yet in terms of the bottom of the market. Vendors are becoming more motivated. If you buy, so a lot of my clients have basically bought commercial or were buying commercial saying, I want to do conversions.

And where I always start with them is say, right, let's look at the base case, which is a commercial, a commercial exit, you know, so make sure you have multiple exits, make sure you've got your commercial exit nailed. And that can be super straightforward. And I've had clients who, you know, were looking at dropping 100k on a conversion.

And actually, I said to them, just do a lease renewal with the current tenant. And they've actually made more over five years than they would have done doing a conversion. So I'd say, you know, really look at the commercial aspect.

There's a really clever finance play to play if you're doing pure commercial. And that is that there's certain, because just because banks are a bit edgy at the moment, just because of where the market is, there's certain types of commercial that are highly financeable at the moment, and there's others that aren't. So it's, if you want a broker, I've got a great one.

And it's really worth kind of finding out kind of strategically what that is. And so, you know, I think for both conversions and for commercial, it's about buying at the right price. But don't assume you have to do the conversion.

Or, you know, it's always there in the future, if you want to do it, because sometimes the commercial exits can literally be a paper exercise like regearing a lease or, you know, we've got, I think, Dan Hill, there's a couple of people on advanced, you know, they've said to me, they've been running around kind of trying to do these conversions, actually, they've made more from just a pure commercial deal where they just put a new tenant in, than actually they have done on some of their conversions.

So you know, it's, it can be highly profitable. Do a final question for Susie. Go on, Claire.

[Speaker 9] (26:15 - 26:34)

Hi Susie, we're talking about systems today. And if I put my PE parents hat on, my question to you is, you've done everything that you've achieved with a young family. What's the one system that you've brought into your home family environment that has enabled you or supported you in your journey?

[Susie Carter] (26:35 - 27:30)

Yeah, so I would say this is a very recent one. It's been totally transparent. I wish I'd done this one five years ago.

And I think my life would have been so much easier. But it's definitely default diary. Like for me, default diary has been an utter game changer this year.

And bearing in mind, I'm talking as a blaze, you know, I like to sit at my desk and go, what should we do today? Fantastic. That looks like fun.

But actually, what the default diary has done is made sure that I'm actually, I've got money Monday. So I sit and look at my finances, look at P&Ls, you know, look at my financial fortress, which again, we haven't talked about, but it's been, you know, it's been a real game changer for me. And I do that on a Monday, you know, but also importantly, on a Friday afternoon, I block half day out with my husband.

And we go for a hill walk with the dogs. We do talk about business because he's part of the businesses, you know, so it kind of has given me that balance. So genuinely, like default diaries, it's just completely changed the game.

[Josh Keegan] (27:31 - 27:41)

And do you bring in time with the school runs and time with the kids and stuff like that? Because it's like, sometimes we think the default diary is just for professional, but more important, it's actually writing a tape to the kids. I'm going to do this with that.

It's getting the personal stuff in there as well.

[Susie Carter] (27:42 - 27:54)

Yeah, when I saw Dan Hill's diary, and he had a shower in it, and I was like, I need to take a leaf out of his book. So genuinely, I kind of planned my whole day now, including like time with the kids. Amazing.

[Josh Keegan] (27:54 - 40:38)

Awesome. Thank you so much, Susie. It's highly inspirational.

You really are absolutely world class. And yeah, thank you for giving up your time to be here today. A round of applause for Susie.

Thank you very much. Right. Thank you so much, Susie.

Very inspirational. And yeah, hopefully you can kind of see that we really want to push and really want to give females in our community the real uplift they need to have the confidence to go the distance. So one of the blueprints that Susie mentioned just there very briefly, and one of the blueprints, which is without a doubt the blueprint we get consistent feedback about on the board, it's been the biggest game changer, is the financial fortress blueprint.

So everybody here, we imagine the game in town is to actually live off the scene. To get to a place where you've got a seven-figure net worth, six-figure income, all backed up by boring assets, which means that we can generate income while we sleep and never have to work a day in our lives again. It's financially independent, it's financial security, and it's living off the scene.

Historically, this has only been available on the board. So it's a board-level blueprint that we do every single year. But for some of you, you might not be able to join the board until October next year.

For some of you, the price tag of the board, which is now £40,000 plus VAT, it may be a little bit too unaccessible at this point. So what we're doing is we're making this blueprint available to you guys as a separate training programme for those of you that are interested. This is all about creating your wealth strategy for the next three, five, ten years to achieve financial independence.

We're going to be releasing more details next month, but if anybody's interested in this, we've got a max capacity of 12, so just go and speak to Bianca or myself, and we'll just jot your name down as somebody that's interested. No commitment now, we'll send you the link in advance next month. So, world-class finance function.

Are we looking forward to this? Grant is, anyone else? Okay, it is, cool.

Right, world-class finance function. So I promise you, I'm going to try and make this session literally as engaging as we possibly can. Finance can be quite a dry subject, but I'll do my absolute best to make this the level it needs to be, to keep you all engaged, all excited, and all enjoying this session.

So the sad matter of fact is that most entrepreneurs spend their lives building businesses that don't make money. Dan gave me this quote about four or five years ago, and I didn't really believe him, but now I'm in a fortunate situation where I've literally seen behind the scenes in hundreds of zero accounts, and I can promise you that there's a very select few businesses that are actually making money, that are actually leveraged. Entrepreneurs are actually taking money off the table every month and building significant wealth.

Most of us are running around, we're literally living off the fumes, you know, the rent roll comes in, we take a bit of money out, then we panic, we don't have any money left, we take on some debt, and it's just an absolute mess. This is a nice way to describe it, an absolute mess. That's not where we want to be, it's high anxiety, it's stressful, and it's difficult.

Where we want to be is in a place where we have highly lucrative and highly leveraged businesses. And the blueprint I'm going to share with you today is the blueprint I created for myself. This blueprint, which is a world-class finance function, literally allowed me to start, scale, and go from a 100K black hole to a highly profitable six-figure business, and then exit and tap out at the top at record multiple in my letting agency.

I've used the exact same blueprint in Ultimate FD. In six months of trading, we hit the VAT threshold, and our first year of trading, we've made over six figures in profit. That's our first year of trading by using this blueprint.

This is the same blueprint I've used, along with the Financial Fortress blueprint, to get total financial clarity, restructure my entire portfolio, become financially independent, achieve a seven-figure net worth at the age of 33, and a six-figure income, become totally financially independent, and literally retire. Everything I do is backed up by the blueprint I'm going to share with you today, and this really isn't optional. If you want to be a successful entrepreneur, if you want to have a lucrative business, a leveraged business, then everybody needs this in place, and it doesn't matter if you're just starting, or if you've got a group of companies worth hundreds of millions, you need a world-class finance function.

By the end of the winter, there's going to be three questions you need to hit the answer to. Where are you now? Which is basically, where do you look like financially now?

The second question is, where are you going? The third question is, how do you get there? Today, we're going to be doing, where are you now?

Over the next month or two, we're going to be doing the next two questions. Where are you now? How do we answer that question?

We need one thing, which is your world-class finance function. I'm going to be sharing with you today how you can literally get this set up, how lucrative it's going to make your company, all the tips and tricks, avoiding the mistakes that most entrepreneurs make, and finally have a business that literally fills you with happiness, because it just pays you every single month. You feel confident.

You're not scrabbling around for cash. You're not stressed out. It literally is something you're proud to own.

Does that sound good? Cool. There's six steps to this today, and I'm going to take you through each of these individually, and this is the six-step methodology we're going to work our way through.

We're going to kick off with the aim of the game, so what we're actually trying to achieve, and what is a world-class finance function. Before we dive into this, who ... I know Rachel did a bit at the start.

Who thinks that they've kind of got this nailed already? You? Who thinks this?

Gareth? Yeah? I've done yours, haven't I?

Good. Yeah, Gareth has got his nailed. Go speak to Gareth.

Forgot that. Yeah, I was going to say, who's being so cocky at the back? Yeah, there you have.

Well done, Gareth. Who thinks there's some work to do, and they could maybe level this up? Always work to do.

Always work to do. Absolutely. Yeah, maybe Gareth was being a bit arrogant at the back.

Maybe he were. We'll have a word. So, what's the aim of the game?

Let's be really clear on what we're actually trying to achieve here, because it's really hard, because you guys are not a chartered accountant, so you go and speak and get advice from your tax accountant. They feed you a load of nonsense. You go back and think, this is what I need, and none of it makes sense.

You end up chasing your tail, and you never quite get this nailed. You never get your finger on the pulse. You never fully understand your numbers.

So, the first part is you want real-time information, not out-of-date data. So, real-time information, not out-of-date data. There is no value in reviewing your numbers from three months ago today.

There's no value in that. It's gone. It's passed.

It's happened. You can't really change anything. We're finished.

There's no value in that at all, and there's also no value in looking at a spreadsheet that you don't really understand. No value. Some numbers on a spreadsheet, that's not financed for you.

You don't understand it. That's out-of-date data. What we want is real-time information.

So, what do we mean by real-time information? It needs to be timely, meaning the latest we'll leave it is we'll look at last month's financials this month. So, within a month of the last month happening, we'll look at the financials, and also, it's information.

What is information? It's something that actually tells you a story, something you can actually look at as an entrepreneur and understand it, go, oh, that makes sense. I understand why my sales were up.

I understand what decision I need to make to bring my costs down. I understand that we need to make some changes to our pricing. That's the value this should have, and actually give you information for you to actually run your business.

Number two is it needs to be commercially-driven reporting. Who's ever tried to do this, and they ask their tax accountant or somebody to do it, or a bookkeeper, and they send them these reports, and they're like, I don't know what this means. Who's been in that book?

Yeah, Greg. People are smiling. It's because it's not commercial, and really, like, accountants have their own language, but they don't speak entrepreneur, and we need these reports to be in entrepreneur language so we can actually understand them.

They need to be commercial, and although your accountant may be doing it right, because they're applying, they're doing the ISO 2685 standard and the FRS 2036 reporting standard, who cares if you don't understand that information? It's not valuable. It needs to be commercial.

It needs to help you actually run the business. The next is finance-driven decisions, so what is all this for? It's finance-driven decisions.

You should be able to make decisions not blind. It should be all based on your financials. How much money can we spend on marketing this month?

Let's look at the numbers. What can I pay this team member? Let's look at the numbers.

Should I put up to a rent increase in my portfolio? Let's look at the numbers. What happens if my interest rates go up?

Let's look at the numbers. It should be all driven by your financials, okay, so finance-driven decisions, not decisions which you kind of make and then hope that the finances look after themselves, because they generally don't. The next is no blind spots.

Every single business in here will have different intricacies that we need to cover. You need to make sure that you've got expertise in every single area. Some of you will be VAT registered, so you need to make sure you have somebody that understands VAT.

Some of you that are in construction will have CIS taxes that you have to do with your subcontractors, so you need to make sure somebody understands CIS. If you have a letting agency, you're going to have a client account, so you need to make sure somebody understands client accounting. You've got to make sure that every single part in your business is 100% covered, and there's a professional that's going to understand every single one of those areas, so nothing gets slipped and nothing gets missed.

Finally, perhaps one of the most important points is this needs to be unshakable. Now, what you need to avoid is when your business gets busy, this stops working. We're all doing deals.

We're all buying companies. We're selling companies. We're recruiting people.

We go on holiday, and all these things happen, but when your business is the most busy, when you're buying three properties a month and doing two refurbs and you're recruiting two team members, that is the time where you can't afford to let the numbers slip. Too often, we get busy. Oh, we've not looked at the numbers for three months.

Let's try and catch up now. That's not how we want to be doing this. When we're the most busy, that's when we need our numbers the most, so this needs to be unshakable.

It can't be pulled apart and destroyed by all the activities that you're doing in your business because us entrepreneurs, we're quite fast growth. We're quite disruptive, and if it is shakable, it will just always fall to the bottom of the pile. It will never actually fully happen, so you need to make sure it's totally, totally unshakable.

The overriding aim of the game is a finance-driven business, not business-driven finances. Your business is like a child. It's like a hungry child.

It doesn't care. It's going to eat whatever. You can tell it's unhealthy.

They're going to stuff their face. They're going to stuff their face until they're sick. They'll be sick everywhere, and then they'll want to eat again.

They're nuts. Your business doesn't make any sense. We don't want business-driven finances where you're deciding what you're going to do on a whim and hope the finances look after themselves because your business will not create a profit for you.

You're guaranteed it will not create sustainable profits. We want finance-driven business where you decide what your business is going to look like financially. You decide everything up front, then that becomes the blueprint for the business that you build, and that's how you create a business that actually pays you what you want, gives you the drawings you want, gives you the margins you want, and actually creates this lucrative business that we're all hoping to achieve.

That's the aim of the game. That's what we're looking to achieve. Step two is we then need systems and software to achieve this.

You've already seen this quote today. The systems run the business. The people run the systems.

This applies to every single system. Finance is absolutely no different. The first thing you need to do is select the system that you're actually going to use to do this for you.

I'm going to save you a lot of time and energy. If you're thinking about which system should I use, just don't worry about QuickBooks, Zero. Don't worry about QuickBooks, FreeAgent, Sage.

Just use Zero. I've seen so many. I've literally used hundreds of systems in my accounting career and then worked with lots of entrepreneurs.

Zero is without a doubt the best system that I've seen, like, full stop. If you're not on Zero, get yourselves on Zero. Now, Zero is for so many reasons an absolute no-brainer.

Some people say, it's too expensive. What does Zero cost? £25, £35 per month.

That's just too much money. I can't justify that. I've only just got my business.

We just need to really think about what Zero is actually going to do. It's actually going to level up your business. Before, you've even considered reporting, accounting, financial clarity, and all of these things that actually are worth an absolute fortune to you.

Just by getting this system in place, you've now got a way of sending invoices. You've now got a way of automating credit control, make sure people pay you on time. You've now got a way of managing your expenses, managing your mileage, and doing so many things that you didn't have before, checking your bank balances.

Before we even got onto the value of what we're going to be talking about today, £25, £35 a month, to me, is an absolute no-brainer. If you don't have this on your winter hit list, get Zero in place. Now, one of the first things you're going to have to set up in Zero, and you should set up, is bank feeds.

In the olden days, well, it sounds like in the more recent days with Paul and Rachel, you used to basically collect a load of receipts, you put them in a box, and you sent them to your accountant. You faxed them over, whatever it is you needed to do. Now, in the golden age, which is now, you have a great thing called a bank feed.

Who knows what a bank feed is? Yeah, go on, Kay. You're the microphone, do you mind sharing what one is?

Go on, Kay.

[Speaker 15] (40:42 - 40:47)

The bank feed is just basically Zero is connected to your bank and pulls in all your bank statements for you.

[Josh Keegan] (40:47 - 40:47)

Absolutely.

[Speaker 15] (40:48 - 40:48)

And that's it.

[Josh Keegan] (40:49 - 41:27)

Yeah, sure, sweet, perfect. So, for example, if you spent £2.50 today at the Belfry, got yourself a coffee, it's like 20 quid, isn't it? Like 20 quid at the Belfry, bought yourself a coffee.

As quick as tomorrow, that's then going to be in your system, it's going to show up, right, £20 at the Belfry, hopefully you've got away and you've sent your receipt into Zero, and instantly someone's going to know where to put it. It's like, right, Grant spent 20 quid at the Belfry, accommodation and food, let's put it into that category, whatever that may be. So, it automates things.

It's basically just pulling your statement into Zero, which means your accountant can basically see this stuff in real time. It's an absolute game changer. Can we get a mic for Jasmine, please?

[Speaker 10] (41:33 - 41:52)

I was just going to say, I think it's worth mentioning that it doesn't give anyone access to your bank account. So, everybody seems to think that if they put all their details into the bank feed, that all of a sudden we can start making payments or something dodgy.

[Josh Keegan] (41:52 - 42:59)

Yeah, if you think about leverage and how powerful that is as well, it's a really good point. Because, for example, when I had the lettings business, a sales team would make a sale and then without them having to communicate, the VA could go in and see, all right, the money's in, we've received the money, without having to have a conversation about, oh, I'm logging into the bank, or without giving someone in the Philippines your login details. It's a really good point.

So, yeah, they can't access the bank, but it gives visibility, which is awesome. Integrations. So, one of the cool things about Zero is it can integrate with stuff.

So, you can get other apps and tech that actually speak to Zero, which make things more quicker and more effective. So, you can do things in one place, it's automatically in your accounting system. There's two integrations I'd always recommend.

One of them is called Dext, and that's basically used to call a receipt bank. It's just basically where you basically are out, you spend 20 quid at the Belfry, take a picture of your receipt, send it through, and automatically it'll appear in Zero. There's a bit of AI now, so it will try and match things automatically for you.

It's quite cool from that perspective. Go on, Sam. Can you get the mic to Sam, please, Jaz?

There you go. There you go.

[Speaker 16] (42:59 - 43:00)

Just a very quick one.

[Josh Keegan] (43:00 - 43:12)

Any reason... That was like the closest throw we've done as well. It was more of a pass.

It was a terrible throw. It was. I thought so.

[Speaker 16] (43:13 - 43:17)

Any reason why you don't use Zero's inbuilt hub doc?

[Josh Keegan] (43:18 - 43:29)

That's a good question. The principle is put one of them in place. I like Dext.

I think Dext is... I've not used it personally for a while. Go on.

Lorraine's got an answer. Go on. Can you throw it back?

[Speaker 8] (43:31 - 43:48)

Don't use hub doc. Do not use it. Dext is amazing because it pulls the information and it gets most of the information.

Hub doc, you end up actually having to input a lot of data yourself because it doesn't pull it across.

[Josh Keegan] (43:48 - 43:49)

I've never used hub doc.

[Speaker 8] (43:50 - 44:00)

It's just not worth it. If you don't want to use Dext, don't use hub doc either. Just upload the invoice into Zero Direct and add it on that way.

[Josh Keegan] (44:01 - 45:36)

There you go, Sam. Nice. These are two integrations I'd highly recommend for everybody.

The second is MileIQ. Anyone use MileIQ? You have done.

Yeah. It's just really great. You basically download the app.

Assuming you want to put miles through the business, which is a great way of reducing your taxable profit and having some more drawings, you basically download the app, put it in your pocket. It will record every journey you make in the car. Then it's apparently, Adam says it's a bit like Tinder, so you swipe left for business, swipe right for personal, and then it basically puts it straight in Zero.

It says this is your mileage approved. It just means you're deducting your mileage from the business. MileIQ, highly recommend it.

Now, some of you may want to think about bespoke integrations. Things like when I had the AAHC, I'd offer online and I integrated the two, so you could do client accounting and everything through there. There are plenty of examples where you can get a piece of management software that integrates with Zero.

On this, I would just say just try and keep it simple. This can actually work at the right level. If you're at big level, then sometimes this can have some real great savings and some benefits for you.

But if you're at a smaller level now, you might find the cost and the associated work, just making sure these systems work together, can maybe override the actual value in actually integrating the systems. So I'll say for now, make sure you've got Zero, get the basic integrations done, and when you're thinking about going advanced, just really consider it and really weigh up the cost benefit. Go on, Afam.

Sam, do you mind just passing the mic to Afam? I'm sorry? Just Afam, yeah.

Just a little past there. Good pro, Sam.

[Speaker 5] (45:38 - 45:53)

Thanks, Josh. It was just to pick up on what you mentioned about Zero and Arthur Online. So we've recently started Lettings and one of the team advised Arthur Online.

From your experience, is it a good platform for Lettings or would you say, whilst it's early, scrap it and move on to something different?

[Josh Keegan] (45:54 - 45:56)

So you're managing properties for clients?

[Speaker 5] (45:56 - 45:56)

Yes.

[Josh Keegan] (45:56 - 47:01)

Yeah. So one of the reasons why Zero and Arthur Online can work quite well is just to do with client accounting and for landlord statements. And landlord statements are really overly complicated because Zero works on an accrual basis, which means profit basis.

But really, when you bring it to a landlord, you want to work on a cash basis. So if you use Zero, it doesn't quite work and Arthur works well, but you want those systems to speak to one another. I'd say we're working with a client now that's got the best part of 700 rooms.

They've just put Arthur in place and it's been very painful for them, but they're going to see significant benefit in the early days for you guys. But you've got to make one decision, which is, right, we're going to do it now, get it set up and make it work from day one, have the pay now, which would be a logical decision. Or my suggestion for you guys is, how far are you going to go?

Based on the fact it's you and Liam, I imagine you're going to go the distance, so it might be worth putting it in now. But if you're thinking, right, we're going to get to 50, 100 rooms and just park it, it's going to be much easier for you to use just Zero and don't try and integrate them. Have Arthur as a management system, perfect, but don't try and automate the finances between the two because it'll get messy quite quickly and you'll need someone full-time just reconciling that for you.

[Speaker 5] (47:01 - 47:03)

And sub-question, Arthur's a good platform?

[Josh Keegan] (47:04 - 1:16:20)

Yeah, it's a good platform. It's clunky, but it's good. So that's systems as a software.

This is what Zero looks like for anyone who's not got it. Who's not got Zero? Okay, who needs any more Zero accounts for their more companies?

Does anyone need any more Zero accounts? A few, Rachel. So I'm going to send out a referral link for Zero and that referral link will get you half price for three months.

Full disclosure, I would get £200 referral fee, but for everyone that uses it, I'm going to donate that £200 to get up and get back. So we're going to share it in the community, so that will come into there. So you make the most of it.

You might as well just sign up another company for the sake of it. You've got to use it for three months for us to get the £200 and we'll just donate that to get up and get back. So you might as well use it.

You'll get a WhatsApp with that shortly, so make the most of it. A good example, I think I mentioned earlier, so this is Sen Waters. Sen is on the board now and it's one of the podcast episodes, episode 23 of the Ultimate FB Podcast.

He didn't have this in place, but what he built instead of getting Zero and instead of getting all this stuff in place, he built a 52 tab spreadsheet to run his multi-million pound service accommodation business. And to be fair to him, it worked, but it cost him hours and hours every day. It didn't allow him to and he literally just couldn't get this thing off his plate.

So we worked with him and we set all this stuff up for him, big high profile client, lots of work to do there to make it happen. But just because your spreadsheet works now, just don't underestimate the value. Just getting this done now, getting it off your plate and the leverage this is going to bring to you.

And now Sen works, I think it's an hour a week on his SA business. And a big part of that is because he's been able to finally get this spreadsheet and all the numbers off his plate and his team now use Zero to basically run the entire business. So worth listening and it's just an example of where this really does come into place.

So next we've got the four professionals. So we basically, we've set our systems up and it's like, wow, we want to get some people to run this for us. Key sentiment, don't do this yourself.

It's both above and beneath you. Now Zero, as I said, is an amazing piece of software, but there's a gift and a curse because the gift is, it's awesome, it makes it easy. It makes it look really, really easy and it makes it much, much more manageable.

But the curse is, entrepreneurs look at it and think, well, this isn't that hard, I can just do this myself. So they go in and they start trying to do it themselves and they thought, well, this is easy. I spent 20 quid yesterday.

Right, put it into that account. Nice. And there are some bits you will be able to do yourself, but don't do this yourself.

It is above you. What do we mean by that? Well, if you don't understand prepayments, journals, accruals, balance sheets, completion statements, and all the things associated with actually running an account properly, it's above you.

Now, I do understand those things, but it's also beneath me and it should be beneath every single one of you. Because if you are valuing your hourly rate at less than 15, 20 pound an hour to get a bookkeeper, then you shouldn't be doing it yourself because you should be paying somebody else to do it. So it's above you, you don't actually know how you're doing it, and entrepreneurs think they know how they're doing it, they create an absolute mess and they come and speak to us, or it's beneath you, you shouldn't be doing it.

It's not a good use of your time. There's much, much higher value things you should be doing within your business. So don't do it yourself, it's both above and beneath you.

However, a lot of people try to outsource this. They find a VA in the Philippines, they speak to their accountant, and they try and outsource it, and all they end up with is an expensive bill and feeling frustrated because they don't get what they want, and they feel like this is just a waste of money. Who's been in that boat?

A few of us? Yeah, absolutely. So it's all about finding the right person, giving them the right job, and paying the right price, and that is what we're looking to achieve.

And we do this using the four professionals. Now, we have put this system in place with businesses that are making turnover of £30,000 a year, up the way to about 5 million. And this system works along all of those different scales, and I'm going to show you how this works so you can put this in place in your business.

So I'm going to come over here, and I'm going to draw it on the job. So we have a triangle. Pen's not working.

Have we got another one quickly, or shall I crack on? Need to add that to my house. I'm checking the pen.

Here we go. Thank you. Cheers, Bianca.

Sorry, this one works. Nice. So we've got a triangle, and this is the pyramid that we're going to be working on.

If you think about this pyramid, it's very similar to Dan's task triangle in that the bottom is high volume, low value, and the top is high value, low volume. So high volume work at the bottom, low value, so a cheaper rate to do it. At the top is high value, low volume, so less work, but we're going to pay a higher price to actually do that.

So you've got the four levels. I'm going to take you through the different professionals that operate at each level. So the bottom level is an FA, which is basically your finance assistant.

So your finance assistant sits at the bottom level. This person is responsible for what we call operational finance, so operational finance. This person doesn't have to have any kind of qualification.

They just need to be relatively good at admin, be able to log into Xero, and just understand administration within your business. And this person would cost you anywhere from $3 an hour up to 15, 20 pounds an hour, depending on who you get to do it. This person could be your VA in the Philippines.

It could be your executive assistant. It could be an admin assistant in the office. This person is your finance assistant.

So this person is responsible for operational finance, and then it's anywhere from three to 20 pounds an hour, just depending what you do. Generally, I'd say you want to be paying anywhere from $3 if you're in the Philippines, up to 12, 15 pounds an hour for this kind of role. So no qualification required, and they're operational.

Examples of operational finance work would be things like your tenants haven't paid their rent, so they're going to contact them and say, why haven't you paid your rent? Making payments in the bank, like physically logging in the bank to make payments, looking at your expenses, submitting your mileage as a director, chasing receipts from you as a director. It's basically anything that's client-facing and customer-facing.

This is what this person does. The next level up is your bookkeeper. So your bookkeeper is the next level up.

So bookkeeper, they're responsible for what we call recs and checks. So recs and checks. Recs and checks.

So recs being a reconciliation. I'll talk through what those mean in a moment, and then a check being like actually just checking the integrity and accuracy of the account. A good bookkeeper will cost you anywhere from 15 pounds up to about 25 pounds an hour at the top rate.

So what are they doing? Reconciliation. So you spend your 20 quid at the bell for yesterday.

They're going in and going, right, well, I spent 20 pounds. I can see your receipt here. I'm going to put this to accommodation and food.

That's the simple stuff. The more complicated stuff is you buy a property. They see 50 grand leave from your account, and they've got to basically capitalise the asset, create the liability for the mortgage, add any fees to P&L, put your deposit on the balance sheet, make sure it's all stacked up correctly as it should be based on the completion statement.

They're also doing checks. So it's things like those of you that have tenancies and you get paid deposits, if, for example, you're paying that deposit into a custodial scheme, your balance sheet should always be zero because the money's come in and you've sent it away. So they're checking the fact that your balance sheet matches what's in the custodial scheme.

Or every month you have all your bank leads come in, and they're checking the fact that your bank statement, it says you add 20 grand in the bank account, and that that matches your actual statement. So they're checking the integrity of the system. Without these checks, things wouldn't work and things would be breaking.

You wouldn't have confidence within the numbers. That's what a bookkeeper does. That's a responsibility.

And a bookkeeper's qualifications, AAT, which is an accounting technician qualification. It's like a lower level qualification, or qualified by experience if they've been in it for a good few years. Bookkeeper.

The next level up, and this is the missing link for a lot of people, and this is the bit that a lot of people don't get right, and the layer they don't add in. It's like this is the game changer. It's this, which most entrepreneurs don't have, they don't know about, and they don't put in place.

So this is your finance manager. This is your finance manager. And your finance manager is responsible for reporting.

And the easiest way to think about reporting is what they're actually doing when they're doing reporting, is they're turning data to information. So it's no longer just the numbers on a spreadsheet, it becomes a story. And it's like, right, your profit was up by £3,000.

Why? Oh, because you made three extra sales, you put your price up on these two clients, you actually had a reduction in your utility bills this month, and actually, because you let that person go, you saved yourself £500 on overhead for team members, for example. They give you the story.

And they should be able to tell you in that story what's actually going on. So it's data to information. Finance manager.

This is also the person that can do ad hoc work for you. So you can literally send a voice note. What did I send you the other day?

I can't remember. I sent a voice note or a bit of work to my finance manager the other day. It literally was a voice note in the morning.

Can you tell me what happened? Oh, that was it. I wanted to work out dividends for the last quarter.

And I said, look, I want to change the dividend policy. This is how I want it to work. Sent her a voice note.

Within about a day, she came out. This is the schedule. I've done it, as you said.

Here's what dividends you can take. It could be stuff like, oh, what happens if I've got three properties that are going to go off fixed rate mortgage in June? What's going to happen to my profitability and my cash flow if that happens?

They can do bespoke stuff. So they can understand your business at a very, very high level. This person's a chartered accountant.

So the level I'm at, CGMA, ACCA, and any one you like doesn't really matter. And generally, you'd pay anywhere from £30 up to about £60 for this kind of role, which may sound like a lot of money. But I'm going to take you through in a moment how this is actually very affordable for everybody in this room.

And then the final level is tax. So ironically, this is the place where most of us start. We all get a tax accountant first.

And it's like, that is a part of the journey. But it's only really valuable if you're making profit. So actually, it can probably come a bit later.

But tax accountants do two things. And one of those is compliance. And the other is tax strategy.

Compliance and tax strategy. So what is compliance? Compliance is basically make sure your accounts have been submitted.

Make sure you've got your self-assessment in on time. Make sure you meet your deadlines. You pay your corporation tax on time.

That's compliance to make sure those things happen. And the other is tax strategy. So, oh, should I set up a new limited company to buy three houses?

Should I have a holding company? We're talking at Supper Club about incorporation. Should I go from incorporation with my personal portfolio into a limited company?

Those are the kind of questions you want to be speaking to your tax accountant about, which is the high-value stuff. Tax accountant, anywhere from 80 quid a month up to 250 pound a month is what I've seen, depending on the complexity and the size and the nature of the business. And they tend to work on a retainer basis.

One of the mistakes I see is people going to the tax accountant and asking them to do these things. Well, maybe this, actually. Just do reporting and bookkeeping.

And I've never really seen it work, because tax accountants, they're very much data. They're not commercially driven. They don't think about what you want to see as an entrepreneur.

And they don't understand that you speak a totally different language to what they do. And there's just a translation gap between. So they're producing numbers.

Oh, we've done your numbers. Yeah, but I don't understand them. It's like, well, why?

There's your numbers. And you're like, no, I don't get it. Keep explaining this.

And they don't understand why you don't understand. So it causes issues. So I'd always recommend is these people are very much specialist management accountants.

And management accounts are basically, as they say on the tin, it's accounts for you to run your business. We don't care about depreciation, prepayments. We're not bothered by any of that stuff.

It's literally, what money did I make? What cost did I have? What's my net profit?

What does my cash machine look like? How wealthy am I? It's just easy answers to questions.

So that's the system, the four professionals. And I'd recommend everybody looks to get this set up in winter. Now, a few mistakes that people make.

So the first is overpaid versus underpaid. So what I'd say when people come to us, I'd say like 70% of the time, seven times out of 10, the reason why they're having issues is because they've overpaid somebody to do low value work or they're underpaying somebody to do high value work. So what do we mean by that?

They've gone out and said, oh, I was at the blueprint and I knew I needed to get a bookkeeper. So I found this great bookkeeper. Cost me 20 pound an hour, bless you.

It's not what I wanted to pay, but I wanted to do it. And they keep saying, can I have some reports, please? Can you give me like a P&L commentary?

Can you give me budget to actuals? Can you give me this stuff? And every month, they're just disappointed.

And they just don't quite get what you want. It's like, why can you not do this? It's because you're basically, you found a bookkeeper, which is great, but they're not a chartered accountant.

They're not qualified to do the work you want them to do, which is the reporting, which is the storytelling at the top. So you're underpaying somebody to do over-skilled work, which doesn't work in practice, does it? Or the other thing happens is they find this person, they find a finance manager and they go, oh, this person's great.

They're paying 50 pound an hour. They're absolutely awesome. They're absolutely brilliant.

They're a chartered accountant. They're brilliant. And we're all like high performers.

We all command a good hourly rate. What happens when we're given loads of low-value work to do? We get busy, we get overwhelmed, and we don't deliver on anything particularly well, because what we're doing is we're paying some 50 pound an hour to do really low-value, basic work, and there's too much stuff for them to do.

So they don't do any of it particularly well. So in both cases, you get disappointed. So really, it's like right person, right rate at the right price.

Sorry, right person, right job at the right price. The next mistake is urgent versus important. So really, I'd say finance assistant, well, when you mix anybody's role with really urgent work and really important work, what happens?

Yeah, perfect. Important slips. Always happens.

When you mix those two roles, it just doesn't work. No matter how important something is, maintenance is a really good example. When you have somebody managing maintenance for you, and they've got to work out, they've got to deal with maintenance, but they've also got to deal with compliance.

So for example, they have to sort all the gas safety certificates miles in advance, but also they're dealing with emergency phone calls. So they've got the best day plan to sit down, deal with the gas safety certs and get them all done in advance, but then three tenants ring up, kicking off and saying, my ceiling's leaking, the contractor didn't turn up. They never get around to it.

Everything just slips. And the exact same applies with finance. This work here, the bookkeeper, the finance manager, and the tax accountant, they typically do very important work.

This person, it's not that their work's not important, but their primary focus should be urgent work. Paying contractors. Who's ever missed a payment to a contractor on a Friday before?

They're going to bomb your house, aren't they? They're literally like, there's death threats. They're going to petrol run your house.

It's nuts. And you can't expect this person that's missed a payment for a contractor, to then be like, oh, have you done those management accounts for me? He's like, no, I was dealing with death threats for a weekend.

So you can't expect these roles to mix. So these are important. This is urgent.

And we want to try and keep this person's role to be primarily urgent, and these people are important. Continuing on with that vein, internal versus external. So we talked about the fact we want this to be totally unshakable.

So what we do here is your finance assistant is the only person that I'd recommend is basically in the business with you. What I mean by that is they don't have to be a physical bum on the seat, but they could be in the Philippines, they could be in South Africa, they could be wherever you want them to be, but they should be part of the team, come to the team meetings, one-to-ones with you, they're speaking to your clients, they're a big part of your business. I would keep this person internal.

These three roles, keep them totally external. So I wouldn't bring these people in-house. I would keep them totally external.

Why? Because when things are getting busy, we want these three people to not be really bothered by how busy you are. It doesn't matter that you're doing your summer campaign and you've got loads of stuff going on, you've bought three properties, you're doing a refurb, we'd still need management accounts, and we don't want them to get shaken up by what's actually happening within the business.

So I'd always keep these three external and have this person internal. And the final point for all of this, for those of you sitting there thinking like this looks expensive, well, I think every single one of these roles should be pay-per-hour or can be pay-per-hour. So I gave you all the rates, and in reality, your finance assistant will be pay-per-hour, and this could be Philippines, $5 an hour.

At the moment, I've got a bit of a hybrid role, hybrid with my finance assistants, but my primary finance assistant, the person doing payments, sending invoices to clients, I think she's $5 an hour in the Philippines, so it doesn't cost too much, but she does probably the most workload. Bookkeeper, for me, is about £20 an hour, but once again, it's just come down, I think they do about 10 hours a month. Finance manager literally does about two, three hours a month, but they're £60 an hour, and tax accountant, they just do the end-of-year compliance, etc.

So although the rates are getting higher, the amount of time they're doing is getting less, so it becomes this really nice blended rate where it's really efficient, and you're not overpaying, there's no retainers, and you're paying based on the work, and paying based on workload as well. So as the business scales, this system scales with that business, because people can put more hours in place, and I also love the flexibility, given the fact that if I want a bit of extra analysis done by my finance manager, I'll send a voice note, and it might cost me £60 for an hour of their time to do some really important analysis for me, but it's game-changing for the business. So it's a really powerful system when that's set up and in place.

That's the four professionals, and that's the system that we need to get in place for each and every one of you by the end of winter. So, a really good example of this, a good episode to listen to, episode 36 with Mo Hayk here. Mo was on the board, he's been a part of Profiteers for a few years.

We put the system in place for him, and his letting agency became about 10 times more lucrative than mine, because he did it earlier, and he started looking at this from day one. And these teams were an absolute game-changer for him, similar story, working less, earning more, building wealth, and it's just the power of these systems, and we'll talk about it in this episode. So the next is three pillars.

So we've got our systems, we know what we're going to be working on, we've got our people that are going to run those systems for us, but then what are we actually asking them to do? That's the three pillars. Like a business, like a stall needs three legs, a business needs three reports, and each and every one of you in this room should be reviewing at least three reports every single month to manage your business.

What are they? Cashflow, profit and loss, and balance sheet. Nice, well done.

So cashflow, profit and loss, and balance sheet. So P&L stands for profit and loss, your P&L is past performance. So why are you looking at a P&L?

Well it tells you what happened last month, so you can understand what happened last month, and you can change next month. It's a P&L, very simply, it's income less your costs, gives you your profit. That's a P&L, and everyone needs to look at that every single month.

The next is your balance sheet, and balance sheet is present value. So this is basically a statement of your work, this is how much your businesses work. You've got assets on there, which is anything that provides future economic benefits, property, machinery, laptops, cash in the bank.

You've got liabilities on there, anything that's going to result in future economic losses, so anything that's going to impact you, your cash position or your business in the future, loans, mortgages, anything that's a liability to you, and then if you take those two numbers away from each other, you get what's called your net asset value. Assets minus liabilities is your net asset value, which is basically the worth of your business. So if you have, if you're sweating your assets with minimal liabilities, it's going to create wealth.

So if you're not looking at your balance sheet, you're not looking at your wealth, so it's really important you start to understand how a balance sheet actually works, with your present value. You also, and most entrepreneurs don't have accurate balance sheets. Most entrepreneurs don't understand it, they think it's like this dark box, they look at it and go, what the hell does that mean?

But if you don't have an accurate balance sheet, you can't have an accurate cash flow. If you think what an accurate balance sheet is, it's like, for a while they tried to change the name of a balance sheet to Statement of Financial Position. I don't know, Jaz probably knows.

Is that what it's called now, is it? Still balance sheet? Yeah.

Because I remember when I was at uni, I was learning about, they were trying to change the name, but I actually quite like it because it makes a bit more sense. Statement of Financial Position, it's like, what's my position? Well, I owe this money to that person, this person owes me this money, I've got these five assets, they're worth this amount.

And these should be real numbers, but most entrepreneurs, they have quite theoretical balance sheets because their tax accountants slowly and steadily destroy them. But what this allows you to do is do your cash flow, because really, any of your assets are things that are going to create cash flow in the future, any of your liabilities are things that are going to result in cash outgoings in the future. So it's going to help you create a future view of your business.

So everyone needs a cash flow forecast. Cash flow, what is it for? Well, it's all about future problems.

And the whole point of this is, is it's okay to know in five months' time that you're going to have a 50K black hole in your business. That's okay. What's not okay is not knowing about it and it being today or tomorrow.

That's stress, that's anxious, that's not a good place to be. If we see we've got a problem five minutes in time, we start planning for it now and we prevent problems before they become emergencies. So cash is all about the future, it's all about looking forward.

I think everybody in this room, particularly if you're into property, you need this. Property businesses are very unique businesses. There's very few other businesses which actually have relatively low cash coming in, cash and profit coming in, versus the huge expenditure that goes out for deposits, refurbs, versus the unpredictability of that money coming back in and refinances.

It's the perfect storm. And it's like, I've seen so many people just literally like writing on a piece of paper, trying to work it out, and it's stress. So when you don't have this, it's stress.

When you do have this, it's clarity, it's control, it's comfort. You might want additional reports. So assuming you've got these three reports, you might want additional reports.

So for example, in my property business, I have a maintenance report, which just tells me all the maintenance has been spent in the previous month, because I like to review it, I like to make sure the agent hasn't overspent. In my trading business, I have a sales report, because I want to know the pipeline for the rest of the year of sales we've already got booked in. There might be certain things you want to know, and you should be in a place where you can say to your finance manager, not technically, but just say, I really want to understand this.

What report could you produce me that's going to do this? And once you've got Xero set up, meet, and organised, and it's real time, and it's accurate, the amount of information you can create from those multiple reports is phenomenal. You'd be absolutely amazed at the stuff they can actually give you, and insights into their business that can be created.

So think about the additional reports you might want in your reporting pack. And then finally, but finally, the first port of call would be those three reports. Don't run before you can walk.

I know as entrepreneurs, we like to get ahead and get all excited about all these things we can do. If you aren't yet reviewing an accurate P&L that you understand, an accurate balance sheet that you understand, and a Castro forecast that you understand, and that you can literally trust, then don't worry about additional reports for now. Get those done first, and then move on to the next.

Your bank balance is lying to you. If you are logging into online banking as that is your most accurate or most current way of making sure you're okay, I would really encourage you not to do that, because it will catch you out. Your bank balance is a snapshot in time.

You could log in now and think, oh, things are looking pretty good. Then you could log in 30 seconds later, and it could look totally, totally different. Why is Katie getting pointed at over there, Jacob?

Is that what you're pointing at, Katie? No, you weren't. So just be careful.

I've been caught out by this. I used to do it, and now it's like bank balance, it's like trying to judge the whole health of your body by looking at your scale weight. Some people, probably me, I'd probably be obese given the size of my muscular physique, but actually ...

Stop it. But actually, you need a full body scan to see how healthy you actually are. The scale weight is just a number, and it's the exact same, and it's an important number.

It's good to know how much you weigh, so it's going to have an indication and say something. Your bank balance is an important number, but we need to look at the holistic picture of what's actually going on as opposed to just one snapshot in time, which could change in 10 seconds. Move from bank balance to balance sheet.

That's a comprehensive view of how things should work. So how do we get this organised? How do we make this world-class?

Well, we're going to talk about MyHouse. Adam shared with you what MyHouse was in the previous session, and we're going to build on that now. Good thing about finance is you can create what we call Rolls-Royce rhythm, because finance actually is not something which is this kind of crazy dark art that's highly volatile.

It's not like sales where you've had a really quiet week for two months, really quiet week for two weeks, and all of a sudden you get 50 leads in. Everything like, oh no, we need to have all these leads. It's quite predictable.

It's quite like, well, we need to get this done by that time, this done by that time, this done by that time, and it's got a very similar drum beat every single month. When I was in my corporate career, it's just basically the same thing every month, every month, every month, and there are always challenges, a few things along the way, but you just solve them by that date, and if you solve them by that date, everything would work. So Rolls-Royce rhythm is what we want to create, and we do this using MyHouse.

As part of your win-tick list, I strongly encourage you to get this MyHouse done for your finance function. So it's the what, the who, and the when. So what needs to be done, by who, and when.

So what, I need to reconcile all the bank lines. Who's going to do it? Well, my bookkeeper's going to do that, and when are they going to do that?

They're going to do that by Friday of every week, or the first Friday of the month, whatever it is you think you actually need. There's going to be some stuff that's interdepartmental, that's going to involve your finance assistant, which is operational finance, as well as your bookkeeper and your finance manager. So for example, payments.

It might be that you want your, let's do expenses. So for example, it might be that you've got an Amex card, you go out, you spend a load of money, and before your accounts can actually be produced by your bookkeeper and your finance manager, your finance assistant needs to go through, add the expenses, make sure that they're all allocated, tell the team what's personal, what's business, so they can actually do their work. So you might say, right, the first Friday of the month, all the expenses have got to be done, and that's the finance assistant, which means by the second Friday of the month, everything's reconciled, which means the third Friday of the month, we're going to do a finance review.

Whatever that may look like, it's just creating that structure, so you know who's going to be doing what by when. And these need to be non-negotiable. One of the challenges, like a good example is the PE, my house, that Adam sent, put on the screen before.

It's like a lot of those deadlines, they're not actually urgent. A lot of the times, I could miss a day or two, and it wouldn't actually input to anything else within the business. Like I could give Rachel feedback on the side deck a couple of days late, and it wouldn't really actually impact anything.

But the point is, it's just not, we want to make sure that every single one of these deadlines is non-negotiable, and that's the only way my house works. It's just non-negotiable. It's got to happen no matter what, and if you don't make this happen, if you don't make it non-negotiable, everything's just going to start to slip.

You'll be three months without a finance review, you'll have some sort of issue, some sort of problem you don't know how to solve, you'll run out of money, and you'll be like, I really need that finance review now, and it'll become an emergency, and that's not where we want to be. Important, needs to happen, and once you get in the drumbeat of doing this, it's actually quite straightforward and easy to do. You need to do some frequency analysis, so you need to think about, for your business, how often do you need this stuff to be done?

So, for example, bank lines. I've worked with some companies, like we work with a food company, for example, their margin's quite tight, their cash is quite tight all the time, because of the lead times with suppliers, so they literally want their bank lines reconciled every single day. Every day, bank lines need to be reconciled in full, because they need that for their cash flow reporting and everything they're doing.

That's an extreme. For me, I'm happy with, in my trading business, once a week. All bank lines need to be done once a week, I'm cool with that.

In some of the property companies I have, which literally has one property in it, it's managed by an agent, but I say once a month, and I'm cool with that, and that's fine. So don't create this like crazy, intense, these crazy, intense deadline for no reason. So think about how often you need stuff to be done.

Payment runs is a good example. I'll answer your question in one sec, Jamie. Payment runs is another good example.

In my letting agency, Wednesday and Friday, mainly to keep trades happy and stop them bombing the office, but in the trading company I have now, on a Friday, we do them on a Friday, and it's cool, and it just works. Just find the frequency that works for you. Yes, Jamie, where's the microphone?

Please.

[Speaker 7] (1:16:20 - 1:16:22)

Just clarity on what you're saying, banking lines.

[Josh Keegan] (1:16:23 - 1:18:01)

Bank lines. Yeah, so when we're talking about the bank feeds, so for example- Reconciliations. Yeah, the reconciliations.

Exactly, yeah. So the stuff that comes in, make sure it's allocated to the right place. Because obviously, it's not obvious, sorry, not obviously, that stuff that comes in, the more that's updated, the more real-time financials you're going to have.

And if you're going for a bit of a pickle, like a difficult cash situation, I would always suggest there have been times where we've been in a really difficult cash situation where it's really tight, and we know we've got to make this work, but I have asked that bank lines need to be there every single day. Reconciliations are done every single day, so basically a real-time position, but assuming things are a bit easier, you can kind of ease that off a little bit. And the next is build as you go.

This is with all the systems over when it's hit this as well. Put my house in place, and when something gets missed, like you miss the VAT return, or nobody's done the confirmation statement, or your tax accountant forgets to email you about your corporation tax, or you just miss a finance view because nobody did your expense claims on your Amex, and it was wrong, don't panic. Just add that to my house.

And then next month, add the next thing to my house. And over time, you'll build this my house, which just means that everything's covered, and as long as everyone does what they said they're going to do, which you can do in your management meetings, your SES, you won't have the same level of problems. I'm going to share this.

This is basically my house that we put in place for clients, and I'll share this with you in the group so you can see just an example of a my house for a finance function. I'll put it into the community, and you can take it, use it, and do it. Yeah, where's the microphone?

Oh, you're literally harbouring it under your seat.

[Speaker 5] (1:18:02 - 1:18:27)

Sorry, it's again a very specific question to our business. So I've just noted one of the things that you mentioned about payment runs being on a Wednesday and a Friday to pay contractors. For the letting side, what do you suggest?

So let's say, for example, a tenant makes payment to a business, we need to pay out a landlord. It's quite tedious having to do it every single day. Do you recommend to your landlords once a week, or once on the first of every month?

How do you typically?

[Josh Keegan] (1:18:28 - 1:19:07)

It comes down to preference. I know some agencies that were doing it as the rent came in, they'd deduct, and then they'd pay. The way we used to do it is we would basically, everyone would come in for the month, and by the fifth working day of the following month, you'd get your previous month's balance.

The reason for that is it reduced the transactions, and also, okay, they had to wait a bit, but once you've done your first payment, they're kind of used to it coming in. It also gave us time to make sure it was right and accurate, because the worst for you is you pay it wrong, and it's a nightmare. One of the things for you guys is probably to look at, I've seen quite a few clients put it in place, rather than use Arthur, put in a client accounting system like, can anyone remember the code?

We've got one code.

[Speaker 5] (1:19:09 - 1:19:09)

Sorry?

[Josh Keegan] (1:19:09 - 1:19:10)

Payprop.

[Speaker 5] (1:19:10 - 1:19:11)

Payprop, yeah.

[Josh Keegan] (1:19:11 - 1:19:12)

Payprop's quite big and expensive.

[Speaker 5] (1:19:12 - 1:19:13)

They just needed the CMT.

[Josh Keegan] (1:19:13 - 1:19:48)

There's another one. I'll remember, and I'll send it to you, but that will manage all of those payments and stuff for you. I would literally take it all off your own balance sheet, put it on somebody else's balance sheet, let them manage all of that, and that's probably the solution you're looking for.

I'll chat to you about that, because I can't remember what it's called. Cool. So, decide logically how you need things to work within your business.

Next is the monthly milestone. So, we've got our systems, we've got our team, we know what their output needs to be, we know how it's going to work every single month, and then every single month, we have our monthly milestone. What's our monthly milestone?

What do you think it is?

[Speaker 17] (1:19:48 - 1:19:49)

Target?

[Josh Keegan] (1:19:50 - 1:29:00)

No, not quite. Board meeting? Yeah, a board meeting, finance review.

It's the finance review. So, every single month, no matter what, we'd never want to miss this. I've not missed a finance review for five, six years.

You never want to miss a finance review. There's always two camps of entrepreneurs. There's the camp that's sitting there going, you know what?

I've really messed up my finances. I've been in really difficult cash situations. I've almost gone broke, and you guys are listening to this going, yeah, I know I need to do that.

There's the other camp that haven't quite been on that brink just yet, and they go, this all sounds good, but I don't know if I need that. Every month sounds excessive. Don't learn the hard way.

Just trust me that everybody, if you're being an entrepreneur well, you're doing it properly, you will almost go under at some point, and this is the thing that's going to stop that from happening. This is the thing. So, put this in place.

It just goes in your diary. Put it in an hour a month. That's all I'm asking.

For an hour a month, just to sit down, understand your finances, and I'm going to show you how you can make this really lucrative in a moment, will be an absolute game changer for each and every one of you. Quite simple, just a necessity. It's a requirement.

You would spend an hour working out how you're going to do marketing, make more sales this month. Why don't you spend an hour working out how you're going to make more profit next month? It's a no-brainer, but people seem to, you know, it seems to be a hard pitch to make that happen, but there's probably reasons why, and I'll show you the reasons why, because we need to make sure this is world-class.

We mentioned this before. We want real-time information. So, real-time information.

Real-time, what do we say? The last month's finances this month. That's real-time information.

Any more than that, it's a waste of time. It's academic. Just wait till the next review and do this month's finances.

So, the last month's finances for this month. So, we're in February. Right now, you should be thinking about reading January's information.

And I would say, my personal preference is the third week of the month. That works well for me. It's what I got used to in my corporate career.

Now, some of you, and I've seen this happen, entrepreneurs are like, no, I want the finance pack within three days of the previous month. And it's a really nice principle, and I would love for that to happen, but all that happens is you get sent it, it's rushed, there's unreconciled bank lines, there's mistakes in it, and you just sit there picking apart a crappy piece of work, going, this is just a waste of my time. So, don't try and thrash your team to get this done, because this does take time to do this properly.

So, you need to make sure, to make it world-class, you give people the time. The second week of the month might be a good one. Maybe the second Friday of the month could work.

I've just had it the third Thursday of the month for years. For me, I've got seven or so companies. They've all got different intricacies, all got different management accounts.

I'd rather wait and have an updated cash flow forecast, like this pristine, all my queries answered, no unreconciled bank lines, accurate balance sheet, commentary, budget to actuals, so I can actually sit down and understand it, rather than me just going, that was a waste of time and energy. It's just not worth my time. So, I want to make sure that you, real-time information, I would recommend the third week of the month.

You might find it gets really good, really easy, and you can bring it forward, but for now, go with that week and see how you go. Double-checked and verified. I literally mean double-checked.

Your bookkeeper should have checked all of your finance assistant's work and should have checked their own work. Then your finance manager should have checked all of their work. Double-checked, before it even hits your doorstep, okay?

So, you should not be reviewing mistakes. There may, set your expectations. The first three to six months, there may be things that aren't quite right, or new bits of information you need to get.

That's normal, but over time, you should get to a place where these numbers are world-class, they're accurate, they're up-to-date, and you can look at them and go, yeah, that makes total sense. Perfect. The numbers match the narrative, match what's happened, they match your sales, match what you've seen go on within the business.

At a basic level, when you start this, is spot the difference. So, if you've never done a finance stream before, I'd say the main thing you want to do is spot the difference. So, you look at the last month and this month, and you're going, right, well, last month, our rent roll was £30,000.

This month, it was £28,500. Okay, there's a difference. It's gone down by £2,500.

What you want to be thinking is, why? Why has it gone down? What's happened?

Oh, it's because these two rooms are void, and there's a bad payer in this room. And that's what you're trying to do, is in the basic level, you just really want to understand those differences, understand those movements, we call them. And that's going to be a huge part of giving you clarity on the business, and understanding why things have happened.

And that should kick out an action. Okay, well, the rent's gone down, this person's not paid, and they've got two voids. Right, what are the sales team doing to fill those rooms, and how are we going to get this person to pay their rent?

You see, it's not just an academic exercise. Oh, that's nice to know. It's like, well, what do we do with that information?

At a more advanced level, and this is people that have really gone the distance with this, I would like to see budget to actuals. Budget, you sit down, and everyone should be getting their budgets done by the end of March, before the new financial year, and I'm going to be taking you through how to do that next month. But if we set a budget, a forecast for the year, and we say, right, in last month, I was meant to make £25,000 of gross rent, but we made £28,500.

And that will create a different story, because we factored in a lower rent in that month, we've actually overachieved it. It's like, what's the story there? Why have we overachieved it?

Well, actually, you took on a property quicker than you expected. And actually, somebody paid six months in advance, and we put three room rents up. It's giving you that story, so you can understand, and what we're trying to understand is the story, so we can understand what actions we now need to take as entrepreneurs to improve the numbers, to keep the performance as it is, or more often than not, reduce our costs and increase our income to increase our overall profitability.

Past performance means future results. So, what are we doing? We're looking at the past, we're looking at what happened, so we can have an influence on our future results.

How do we increase our income? How do we reduce our costs? How do we leverage our balance sheet more?

How do we reduce our liabilities? How do we restructure things to make things work? So, we're looking at what happened to fundamentally change and impact the future.

And this, for a lot of you, will literally be the most lucrative hour of your month. It's not sales meetings, it's not marketing meetings, it's not all this stuff that we think is important. It's literally getting to the nuts and bolts of the business, and understanding the mechanics of how are we going to make more profit?

Are we on track? What do we need to do? What actions do we need to take?

This is where the value is, and this is what you need to be spending time on. I'm only asking for an hour. Who thinks that's a big investment, an hour of time?

No? Well, yeah, I think I asked the question wrong. Yeah, yeah, yeah.

Sorry, it's like a double negative. Who thinks that they would like to spend an hour a month and that's a worthy use of time? Go on then.

Yeah, yeah, very good. So, this is an example that I shared. So, this is literally what it should look like, because what we're doing is, what's the output for the finance view?

It's a list of actions. And this is Asana, which I use. Rachel's going to give you an update.

And all these actions got into a sheet, and it becomes the finance actions, and then this was the actual actions from that meeting. And just in that meeting alone, these are the actions I had. Now, as a result of these actions, firstly, we noticed that I was still paying for Kajabi.

Kajabi costs £150 a month, and we weren't doing any online training. We found they've got subscriptions that are just sitting in the business, and they're like, yeah, it's exhaustion. So, I turned off Kajabi, and that saved me £1,800 just by having that review, going, why are we still paying for Kajabi?

Brian, can you turn it off, please? Yeah, it's done. Okay, that's brilliant.

The next thing that we noticed was there was basically one of our properties, the internet just doubled in a month. It went from £30 to £60, and against the budget, it flagged up. It's only £30 extra, but I was like, well, why?

And she was like, well, it's gone from a variable contract to... It's gone from a fixed contract to a variable. I was like, well, can we just put it back on the fixed?

Done. So, it saved me an extra £30 a month, £360 saved for the year. Next, we noticed that my agent had put the rents up.

I've got quite a few rooms with the NHS, and they pay a certain rate. They put them up in two properties, and for whatever reason, they've just not done another property. I was like, why has the rent not gone up on this one?

It's gone up on those ones. I rang them and said, oh, yeah, we've just missed that. Oh, can you do it, please?

They're like, yeah. So, that made an extra £3,000 for the year, an extra £250 a month. So, £50, five rooms, £250 a month.

And then finally, I noticed that one of the properties that I had, we were paying VAT on the management, because it was sitting in my holding company, and I was like, well, it's just a rent-to-rent, so can we just change the contract to my back-registered company that had just become back-registered? They're like, yeah, we can do that. So, we changed the contract, scrapped the old one, created a new one, claimed back the VAT, and all of a sudden now, I've increased my margin by £50 a month on that property.

So, I'm not trying to suggest these are multi-million pound savings, but that in just one finance review was £5,760 for the entire year. That's one finance review. That's an hour of my time and an action list.

Like, think about the compound effect of you doing this every month for a year, two years, five years. The amount of money that you're going to save and make from this is phenomenal, and that's why this has the potential to be such a highly, highly leveraged, but highly lucrative hour of your month. So, it's a bit of work to get this up and running, but the juice is worth the squeeze.

Carol, you passed the mic for him. Back, please. Are you all right to share it?

Is that okay? You're all right to share the mic for a moment just to... He's sitting with his foot on it.

[Rachel Davies] (1:29:01 - 1:29:11)

Can I just double-check? So, for the finance review, is it that you ask... The three documents you're asking for is the P&L, the balance sheet, and the cash flow.

[Josh Keegan] (1:29:12 - 1:29:31)

It's those three documents. Yeah. And over time, you might build some additional stuff in there.

Like for you, you have a trading business, you might want to know sales pipeline. There might be more stuff you want, but the basic steps, P&L, cash flow, and balance sheet. That's all we want to review at the start.

Great. Thank you. Sam, what we'll do is I'll answer a few questions, then I'll finish, then we'll do some more questions at the end.

Go on, Sam.

[Speaker 18] (1:29:32 - 1:29:32)

Can I just go through some of them?

[Josh Keegan] (1:29:33 - 1:29:49)

Yeah. Yeah. Jamie?

Can you grab the mic off there, Carol? It's just for the recording. What is it with you two and catching?

Honestly. That one was all on me, to be fair.

[Speaker 7] (1:29:51 - 1:29:51)

That's nice.

[Josh Keegan] (1:29:51 - 1:29:53)

That's a very different approach to blaming the thrower.

[Speaker 7] (1:29:53 - 1:30:08)

Yeah. I'm taking full accountability for that. Yeah, absolutely.

At what point would you bring all of that team in-house? Maybe not the tax strategist on there, but the finance manager.

[Josh Keegan] (1:30:08 - 1:31:24)

I think it comes down ... There's probably going to be a point where it's just a cost-benefit analysis, isn't it? Where because you're paying a higher hourly rate externally, you could recruit a finance manager in, and at your level, you might be there.

But for me personally, for all the clients I've worked with, we've never bought it in-house. We found partnership companies to do it, because it comes back to that the business is going to be busy and noisy, and there's so much stuff going on, and I don't want to get those people dragged into that world. So where we've worked with really big clients, what we've actually done is we've never actually bought ...

We've never bought these in-house, but what we have done is we've really leveled up here. We've had a senior finance assistant and a finance assistant, so this has always stayed externally. We always look at it in terms of bank lines, so the amount of monthly account statement transactions, because it dictates workload.

We've had people with thousands of bank lines that have literally stayed here, seven or eight companies, multi-million pound, and what we've done is rather than bring these in-house, we've just bolstered this up, because if this is working well, and then within the business, you've got the operations, you've got everything that's working well here, they can take some of the workload, make this more cost-effective, and generally, this is generally the place where people tend to need more capacity.

[Speaker 7] (1:31:25 - 1:31:36)

That's great. So with that, would you have your operations manager managing those people, then? Because I'm thinking from a people ...

So, yeah, we've got a finance manager managing the team, and it's not quite working.

[Josh Keegan] (1:31:36 - 1:32:08)

Yeah, and there'll be reasons for that. That finance manager will be getting caught up in a lot of stuff. There'll be ...

It's the urgent versus important ... We'll have a chat properly about the situation, but yeah, generally, I'd say that senior finance assistant plus finance assistant model, bolstering that bottom bit, tends to work better than what we found is anyway, than trying to bring it in-house. Bringing it in-house is just a recipe for everyone just getting caught up in noise, and it just turns into a nightmare, really.

Yeah, and a six-figure bill. Yeah, yeah, it's massive, yeah. We'll just do two questions, then we'll finish.

Go on. We'll keep finishing. Go on, go on.

[Speaker 4] (1:32:08 - 1:32:45)

So we've definitely made a lot of the mistakes that you've mentioned. I won't go through all of them, because you've mentioned them all. But one thing I just wanted to double-check, we've built some quite sophisticated cash flow forecasts because of the type of business that we run with serviced accommodation.

I just want to check the advanced budget to actuals. When we're reviewing that, what I'm doing currently is reviewing the cash flow forecast against what we actually achieved in the previous month. Is that what you mean?

So what we predicted we were going to do that month, did we do it?

[Josh Keegan] (1:32:45 - 1:32:46)

Yeah, essentially, yeah.

[Speaker 4] (1:32:46 - 1:32:49)

Right, okay, cool. I just want to make sure I'm doing the right thing.

[Josh Keegan] (1:32:49 - 1:33:04)

The short answer is yes. I don't personally review budget to actuals on cash, I review budget to actuals on my P&L. Is that what you mean?

Same thing? Sort of.

[Speaker 4] (1:33:04 - 1:33:19)

So on every income and expenses line, we've got what we're expecting to get from an income perspective and what we're expecting to spend from an expenses perspective, and then we're comparing that against what we actually achieved. Exactly that.

[Josh Keegan] (1:33:19 - 1:33:26)

And then what you want is commentary to say, well, why didn't you achieve that? And that commentary becomes actions where you need to do more sales.

[Speaker 4] (1:33:27 - 1:33:36)

And we've only recently done that, and I'm reviewing it currently, but Kay's just punched me in the back and said, you need to do that with me as well.

[Josh Keegan] (1:33:36 - 1:33:45)

Amazing. Perfect. We'll do one more question.

Go on, David and Ian, then we'll move on and finish. Go over to David first, then Ian. Oh, Ian's got a mic.

Go on, Ian.

[Speaker 6] (1:33:46 - 1:34:26)

My question was regarding budget and actuals as well. So we do a lot of building projects. What we would like to know is the budget that we set to build the project to actually what it cost us.

And we've not been able to find anything we can integrate with Xero, so just wondering if you or anybody else in the room is aware of that, because I know other people are doing developments as well. Just so I know, for me it would help because we do lots of different client types, so I could actually drop some client types that aren't profitable. We have to do it on an Excel spreadsheet at the moment, but it's very time consuming, because we have to take all the data from Xero and have to put it back into labour materials and misalign this back into the Excel spreadsheet.

So just wondering if you're aware of that.

[Josh Keegan] (1:34:27 - 1:35:05)

We've put this in place, quite a few development clients have done this stuff, and we've just generally structured Xero in a way to make it really simple and really easy. So it gets plugged in, and you shouldn't really have to then rework the Xero data to tell you the answer. So I think there's probably just a structural thing you need to do in Xero to make that work.

In terms of plugins and integrations, so far, and we've looked at quite a few, we've not found anything that's not going to overly complicate it. So I think what you're doing is probably the best system, probably just need some tweaks in terms of the input and the process into Xero, then the output should be at a level that's going to give you the information you need. And are they running all the quotes into Xero as well?

I'd have to check. I don't know off the top of my head. I don't know off the top of my head.

[Speaker 12] (1:35:05 - 1:35:16)

David? Might be a similar question, but cash flow projections, if you set Xero up correctly, should you be able to run that cash flow projection report out of Xero directly?

[Josh Keegan] (1:35:16 - 1:36:15)

Unfortunately not. Xero is amazing, but it's not particularly good at cash, and most accountants aren't particularly good at cash either. So cash isn't a theoretical thing.

Cash is like, well, tell me what I'm actually going to have in my bank account on the 7th of March, please. And that's the level we should get to. So if you think about how do we construct a cash flow forecast, you have a forecast for your net profit, which is basically the profit in the business.

Then you basically then take any kind of non-profit item, so deposit for a property, refurb, refinances, drawings, and all that, and you build out just a very simple schedule. We tend to use Excel for that. We've got some templates we use for it.

And then theoretically, once you've got that, you've then got budget to actuals and an accurate balance sheet, your cash flow forecast will always be pretty spot on. If you don't have those things right, it's going to struggle. We've always found with Xero, and some of the add-ons with Xero, that they're just overly complicated, and they're wrong about a week after you set them up, and it doesn't quite work how we'd like it to.

[Speaker 13] (1:36:16 - 1:36:18)

Josh, are you doing a mid-week mentoring?

[Josh Keegan] (1:36:18 - 1:36:19)

I'm going to do mid-week mentoring, yeah.

[Speaker 13] (1:36:19 - 1:36:22)

It might be better to take some of these personalised questions online.

[Josh Keegan] (1:36:22 - 1:40:56)

I'll do that mid-week mentoring. Sorry, Adam. Top tips from experience.

I'll rat through these. So right person, right role, right price. I think I've done that to death.

Get the right person in the right role, pay them the right price. Start yesterday. Don't wait to do this.

The best time to start was yesterday. Second best time to start is now. Don't think you need to understand all this, then start.

You understand by finding the people and start having your finance review. So get that in place, and be happy to be stupid, to ask stupid questions, and to make yourself look like an idiot, because I guarantee you won't. So you have those finance reviews, and start getting in the diary.

Don't trust your accountant. I think we've still not seen any tax accountants that can really deliver. They can do accounts, but we've not seen anyone that can really specialise in management accounting yet.

So I would always have a specialist management accounting firm, or people to actually deliver on these management accounts for you, because it's a very different skill set to be able to choose management accounts to tax accounts, and management accounts is what you need as an entrepreneur. Do nothing, delegate everything. Actions, actions, actions.

So think about what's the output of your monthly milestone. It's a list of actions that goes to your assistant, your VA. It might even just go to you, but delegate that stuff, and that's the way you're going to make the margins from this and get it all back.

This is an investment, not a cost. People think this is an expensive thing. I've got to pay a bookkeeper £200 a month to do my accounts for me, or whatever it may be.

If you stop seeing it as a cost and start seeing it as an investment, like you would a marketing budget, it's the exact same thing. It will yield you a return, as long as you're making the most of it. For a lot of you, this will be the first time you get a massage.

My first massage experience, I was really excited about it. Honestly, I was a school kid, super excited about massages. I paid, I was in Thailand at the time.

It was a legit Thai massage. I was super excited. I couldn't believe I was going to get this thing, and it's going to be really cool.

I went in there, and it's honestly one of the most painful experiences I've ever had. I was slightly hungover, and I was almost sick three times in there. I had to ask her to stop.

It was horrible. It was actually horrible, and I didn't enjoy it. I found myself, a few months later, fancying another massage, then another massage, and now I love massages.

The point is, the first time you have this finance view, the first time you get financial clarity, it can be really uncomfortable, and it can be not a nice experience. I've worked with clients that thought they were making £10,000 a month, and they found out they're making £3,000. I've worked with clients that thought they were making £2,000 a month, and they were actually making a loss.

It's not fun the first time you finally get another bonnet, for some of you, but it's a necessary even. Over time, you'll grow to love it and realise, this is the main thing I need to be focusing on. This is awesome, and this is what you need to be spending your time doing.

A few resources to support, and I'll share all of these in the Facebook group. I've got a few podcasts for you, but I'll put them all in there, just to make sure you have your best year on record. The ACID test, so I'll put the link into this as well.

We create the ACID tests on Score app, and this will basically give you a bespoke report in about five minutes on your business and all the areas and things you need to focus on for you personally, so you get that personalised impact. We're going to distribute some brochures as well in the next session, so if you want to grab a brochure, learn a little bit about what we do and help get this set up, I'm more than happy to support and help. Then finally, on your blueprint event, you're all given an opportunity, which is basically first refusal to an Ultimate FD review worth £697 when they become available.

Now, we're going to be launching another set of Ultimate FD reviews. These are normally £697 out of sales season. On the 1st of March, we're going to be launching a new set of Ultimate FD reviews for free, and I'm going to be able to be putting 10 out to the open market.

I'm sharing this with you now, because when you sign up to Property Entrepreneur, you gain early bird access to this, so no one else has got this link. This is the first time it's been shared. If you want to apply for one of those Ultimate FD reviews, fill out an application form, write about how we can help and what you think you need support on for.

There's 10 spaces available. This is one-to-one with me, NDA signed in advance, and really high-value review for anyone that's not done one before. Scan this QR code, put your application in.

It's just a quick form to fill out. When I say application, it's mainly just looking at it to make sure we can help you, because some people, they want this really advanced tax question. It's like, I'm not a chart tax accountant.

You need to go and speak to somebody else. When we say apply, we're just checking. We can actually add some value for you within that call.

Scan the QR code. I'll share this in the link in the Facebook group as well. I hope you got some value in that.

It's been an absolute pleasure. I'm going to welcome Miss Rachel Davis to the stage.

[Rachel Davies] (1:41:00 - 1:42:39)

Thank you, thank you. Thank you for that. Wow, what an amazing session that was.

Did you enjoy it? Finance can be interesting when Josh does it. We mentioned earlier that Josh will be doing the midweek mentoring.

For all of you who had lots of questions there, lots of you asking really specific things, then direct them to the midweek mentoring session, which is with Josh on the 28th of Feb. Yeah? Sound good?

Yeah. Right. It's now time for lunch.

Yes. If you all look at your landliards, those of you who are actually sitting on a table, because we've got five tables. It's a busy private dining.

You know the ones for us are chosen at random, and everyone will get an opportunity during your time with us to sit with me, Josh, or Adam. But those of you who've got a colour code, Ben's table is orange, Susie's table is yellow, Adam's is green, Josh is blue, mine is red. So if you're on one of those tables, have a look for the name tags out in the restaurants.

We're near the front of the restaurant, so look out for the name tags on the tables, and you'll know where to sit. Does everyone know what they're doing for lunchtime? Yeah?

Yeah, I can say the colours again. Ben is orange, Susie is yellow, Adam is green, Josh is blue, and I am red. Yeah?

Everyone had a look? Everyone know if they're on a table? Everyone behind the back of the lanyard?

Mark? You've got two stickers? What do we do about that, Bianca?

See Bianca? Right, it's lunchtime, guys. Let's finish on a massive round of applause.