**PEP Session 1 - 04.02.2025\_Transcription**

[Josh Keegan] (0:28 - 0:37)

Ladies and gents, this is your two-minute lecture. Ladies and gents, take your seats.

[Speaker 6] (1:00 - 1:26)

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[Speaker 8] (1:32 - 1:56)

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[Speaker 5] (1:58 - 2:26)

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[Speaker 9] (2:29 - 2:45)

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

[Josh Keegan] (2:52 - 9:11)

Welcome back, property entrepreneurs. Hello to everyone in virtual. I'll give you two waves.

Let's see your smiley faces. Hello to Katie. Welcome back.

Did you have a good month? Oh, that didn't sound very convincing. It really didn't.

Did you have a good month? Yes, you did. Good.

I'm sure you did. I just, while I've got the opportunity, I just wanted to say a massive congratulations to David, to Neil, to Kat, to Sean, who won the Strategy Day awards on the last workshop. Very well done to them.

You did an absolutely fantastic job. Massive congratulations to you all. We had a great time on Strategy Day, didn't we?

We came out of it floating, feeling really motivated. We set our strategies. We were feeling really good about it.

Then do you feel a little bit differently about it now? Yeah, I do, because now we've got to actually put it into practice and make it a reality. We're feeling a little bit of stress with the winter hit list and getting stuff done.

You should be feeling some pressure right now. It's absolutely normal. I am too.

I've got a question for you. Do you want to be the best year group we've ever had? Yes.

Do you? Yes. Do you?

Yes. Yes, you do, and you should, because you will be the best year group we've ever had by the end of this year. The difference is, it's all about execution now.

You've put your line in the sand. You've said what you're going to achieve. Now you've got to go about start achieving it.

Right, so you know the drill on phones. Please put your mobile phones away. Take them off the table.

Put them in your bags. We're getting to get up and give back season, so if you hear your phone go off, it's a £20 fine to get up and give back. It's ample time in the breaks.

It's time to focus on the content. Let's get stuck into it. Behind the scenes for me, what have I been up to this month?

Well, I came out of strategy day, and I thought, right, how am I going to get all of this stuff done? The first thing I did, and we talked about this on mid-month mentoring, didn't we, about default diaries. I set up this default diary.

This is my diary right now, and in there, I have a rhythm to my week. I have four business interests, and I have two kids to look after, and I'm the main carer of those children, so I'm very, very busy. My time is very limited.

I don't have 70 hours a week to put to a business. I only have 35 to 40, or the wheels start coming off. How I do that is I have a flow to the week.

On a Monday, I have a delivery day, so I work on my HMO business and my buy-to-lets, and it's all about delivery. On a Tuesday, I work for Property Entrepreneur. On a Wednesday and Thursday, I work with my husband on the cybersecurity business, and then on a Friday, the Friday's going to be the day I look at increasing my financial fortress and adding more properties to the portfolio.

That's how I do it. Now, for some of you who are very creative in the room, you might find a default diary is too strict or too disciplined for you, but having a flow to the week and knowing what you're doing when can really help you. Then beyond that, I've got prime times booked in the diary, so every week, I know exactly when my prime time is going to be for each of those business interests, and I put them in.

These days, I put them in where I can fit them in, but in the past, I've done all kinds of prime time. I've done it at five o'clock in the morning. I've done it at six o'clock in the morning.

I've done it at nine o'clock in the morning. One thing I did last year when I toggled was I toggled my mum time as well as my work time, and what I realised was that most of my hours go towards my children. I have got very, very little time, so the mornings have to really count for me.

One of my mantras now is eat the frog first, get the prime time in before everything's got to get done that's difficult before my children get home, and I've just really got that sense of urgency now. Make sure you're booking prime times in your diary. This is just an example of my Monday.

I said I have a delivery day on a Monday. It's reflected in toggle, so whatever you set up should be reflected in toggle. Your day is what I call my landlord day.

That's my landlord head on, doing my portfolios, working on delivery, and my toggle reflects exactly that. That slither of strategic was Sunday sanity on Monday morning, getting it in quickly before I miss the deadline. The other thing that I do is I do set and forget strategies.

It's a really great idea for you to do. If you remember in my strategy presentation, I had make a house a home, so every month I've got to do something towards that, and I've got a DIY weekend at the end of every month to achieve upgrading and making a house a home for every single room in the house. You can use a set and forget strategy for some of your personal or your professional objectives, so that you put it in the diary, and then all you have to do on this is show up and make it happen.

You all know this, right? I've committed I'm going to turn myself into Sarah Connor by the end of the year. It's a little bit of a ...

I'm sure this is quite ambitious. I'll put the older version of Sarah Connor on here, just so that I'm being realistic. I've been in the gym, working really hard at this.

In my default diaries, all of my gym activity and routines, they're all in, but I'm doing this. I can actually hang now in a very, very strong way. I can hang a dead ...

Is it a dead hand? Is that what they call it? I think that's what they call it.

Is it? Yeah, so I'm doing all the weights, building up the strength in my arms, getting ready for those pull-ups. Yeah, for those pull-ups.

Right. The other thing I've been working on this month is my winter hit lists. Now, where are you on your winter hit list?

Who here is at 33% of their winter hit list? Hands in the air if you are. Who's on 20% or more of their winter hit list?

Excellent. 10% or more? Yeah, some of you.

We've got to push some pedals to get where we need to be. I am slightly behind. I put a post out.

My virtual assistant's feeling really overwhelmed. We are really busy in winter, which is unusual. She is struggling, so we've had to strip everything back and make sure she's doing only the game changers.

Adi, do you want to ask a question? I'll let you do that quickly. That's going to be a really bad throw.

I've actually spilled something. Well done, me. We'll get that sorted.

Sorry, Bianca. I knew that was going to happen to me one day.

[Speaker 10] (9:12 - 9:13)

Try to throw it between the tables.

[Josh Keegan] (9:15 - 9:16)

Maybe I'll just hand it next time.

[Speaker 10] (9:17 - 9:21)

I was just thinking, what happens if you just keep adding to the winter hit list?

[Josh Keegan] (9:21 - 9:24)

Don't do that. Is that what's happening to you?

[Speaker 10] (9:25 - 9:29)

I did get a lot of ideas in the last period.

[Josh Keegan] (9:29 - 9:52)

Do you know what? That's not unusual, Adi, because remember, this is your first time around on the programme. You are going to listen to things today and want to add more, but I'm going to really talk to you in session two about you must prioritise because there's so much you can do, but there's only so much you can do in 12 weeks.

You are only one person. You've got a lot going on. You've got to prioritise, but I understand...

[Speaker 10] (9:52 - 9:54)

Should we stop adding anything at some point?

[Josh Keegan] (9:55 - 9:59)

I would, yeah. You've got to decide what the priorities are. Do you remember the red, amber, green?

[Speaker 10] (10:00 - 10:03)

Yeah, but what if the priority changes in the meantime or something?

[Josh Keegan] (10:04 - 10:06)

Yeah, well then change it, but make sure that you're...

[Speaker 10] (10:06 - 10:08)

You're never going to get to 30%.

[Josh Keegan] (10:08 - 12:46)

Yeah, but you can change your priorities, absolutely, but make sure everything else is like you've ambered and greened a lot of things. Think about what's nice to have and what you absolutely need, and if you've only got a limited time, you've got to be really, really strict about what you choose to work on this year. Remember, you don't have to do everything this year.

There's the years that follow. You've just got to decide what's important this year. Yeah, so try not to add to it if you can.

Try and take away from it now, which is what I would be doing if I was you. So I'm a little bit behind on both of my unit hit lists, but that's... I've got the momentum flying now on the cybersecurity business.

I'm working really hard, and we're working on some really big things, and they are going to take a long time to do. So if you're a little bit behind, it's now time to start getting momentum in February. February really counts.

You want to be able to get to about 60% in order to be successful by the end of March, but we'll talk more about priorities and the winter hit list later. So it's now time to mark your homework. You know the drill on this one.

It's on page four. I'm going to do a three-minute exercise. In the first minute, look through the homework.

Decide how you've done. Mark yourself out of 13. In the second minute, turn to your partner and talk about the challenges and the successes you've had this month, and then in the third minute, I want you to make sure you swap around and let your partner share.

We're going to put some music on now. Dec, can you put the music on, and then can you do a duck quack just to say when the minute's over? Three, two, one.

Off you go. First minute. Mark your homework.

Talk to your partner now and share your wins and your challenges this month.

[Speaker 13] (13:56 - 13:58)

Right, swap over and let your partner share.

[Speaker 12] (14:46 - 14:53)

Is each individual member of staff meant to have their own account? Are we all meant to be using one account?

[Josh Keegan] (14:53 - 14:54)

I think one account.

[Speaker 12] (14:54 - 14:56)

One account, and everyone just adds to that.

[Josh Keegan] (14:56 - 15:23)

Shall I talk to you about that in the break? Yeah, I'm pretty sure. You're on one workspace.

That's all right. Right, guys, can you settle down? Thank you very much.

I'd like someone to share. I promise you I am going to throw this carefully. Who would like to share their experience of homework?

Tina. Right, I'm just going to walk through.

[Speaker 3] (15:27 - 16:30)

You're going to be a bit disappointed, because this is the first month I generally felt like, oh, I haven't done a lot at all. So things just got in the way. I had this big idea after the last one we had, yeah, I'm going to go away, do this, do that.

And it's not excuses. The person that's the main one on my winter hit list, my worker that works for me, one of my guys that does all the maintenance, it was really important to try and get the B&B going. And I had a big family crisis and nobody wanted to move out the house.

Everything that I had in my head, when you go home and try and give it to your staff, staff was one of them as well, I couldn't get a Zoom call organised with them because they've got people who are in hospital. And it just felt like everything this month just was against me. And I've then come here feeling a bit like, oh, God, I don't even know where I am this month now.

Like, it just feels a bit overwhelmed this month. And obviously, I know life gets in the way generally, but this month in particular, I looked at this and I thought, I've done bits, but I can't sit there and say every bit of that that I've even done was 100%. I've not even listened to the podcast this month, which I always do that.

So silly things like that.

[Josh Keegan] (16:30 - 29:37)

Yeah, Tina, I think everyone here is feeling some of the same stress that you're under. And I think, yes, we have curveballs and things happen. And we just have to keep pushing on.

If we can't do it in week two, we keep pushing and maybe it happens in week eight, but we keep pushing and we get it done. Let's give her a round of applause for trying. Despite everything, you're still trying to get some of this work done.

And it isn't easy because if it was easy, every business would be successful, right? This is not easy to do. But thank you for sharing that.

Maybe February is going to be your month. What was the 28-day challenge? Toggle.

Toggle. This is my toggle from week three. Just giving you an idea.

When I start getting past 40 hours a week for me, the wheels start coming off in the family. Everything starts to go wrong. The children don't get picked up.

Nobody gets fed. So I've got to be really careful how many hours I do. For some of you, you might be knocking out 70 hours a week and that might be normal, but it just depends on your circumstances.

This is my toggle. How are we getting on with toggle? Who here has toggled 100% of the time?

Like it. That's really good. Who's doing it about 50% of the time?

Anyone? Some of you? Who's really struggled with it and hasn't done it at all?

Is this a safe space? Yeah, you've really struggled with it. That's okay.

It's all right. We'll talk about it later, Chris. But yeah, so some of you are getting on with it.

Some of you not. That's fine. What I've found is it's made me more disciplined.

I've got a lot to do. I'm sure you do too. And it's just when the clock's on, I get my head down and I get the work done.

And that's what it's helping me with. And it should be helping you and your teams as well. But we can talk about that in the breaks as well.

One of the cool features on it, it's got this analytics and it gives you an overview of how you've done for the month and how you did compared to last month. So if you haven't found that yet, that's quite cool. And then prime time.

This is my prime time from that week. I am not expecting you to be knocking out 13, 20 hours of prime time, but I'm expecting you, the bar is five hours a week minimum. So start tagging your prime time for those of you who are using it.

That's your deep focused work when you're getting stuff done on your winter hit list. That's the bar. Five hours or more, that's what you should be aiming for.

Sunday sanity. I just wanted to say this. Sunday sanity, I just thought I'd screenshot it.

This is the thread that you need to post your Sunday sanity on. Most of you have got this licked and you know exactly where it is, but that is what you're looking for on a Friday afternoon or a Monday morning. And it is okay to post it on a Monday morning.

I often do. Freddie, where are you, Freddie? There you are.

Well done. Perfect execution. Lots of you did this.

Freddie, last month he's been toggling his time and he's been sharing his time and he's also sharing his top 10 and that's what we asked you to do for the month. And next month we'll have another challenge for you using a time tracking tool. Time tracking is just to give you the discipline and it's there to help you understand where you're spending your time.

Moving on to the accreditation. How are you getting on with the accreditation? There are four things you need to do to get this.

They are to post 90% of your Sunday sanity in the Facebook community. But more importantly on Sunday sanity is that you're taking the time to work out what the 10 high value tasks are in your business right now to push you forward. And it's even more important now that you do this because you've set your strategy now.

If you're not picking 10 things to do connected to your strategy a week, then how are you going to achieve it? It's not going to miraculously fall on your lap. The only way this gets done is through hard work.

Second one is attending 10 out of 12 workshops. So be here, be present at both awards or post in the Facebook community. I just listened to Chris's Facebook strategy day presentation the other day.

Lots of you did it. You put it in Facebook. Well done to all of you who did.

I'm slowly but surely getting around to watching them all. They're all fantastic. Obviously everyone else who came, it was in the room, was fantastic too.

So six posts in the community. It's really great. Where's Deborah?

Really great to see you posting away in the Facebook community. Some of you, it's really nice to hear from those who were quite quiet at the beginning but have warmed up to it now, which is great. Or you get involved in Get Up and Give Back.

Who signed up to Get Up and Give Back so far? Not enough of you. You need to get involved.

It'll get you fit and healthy. It'll get you raring to go for the summer. So how's everyone getting on?

This is the accreditation. Can everyone stand up please? Shall we do it?

Let's have a bit of accountability here. So if you're in green and you've been doing everything towards your accreditation, including Sunday Sanity, can you stand up? Who's missed a Sunday Sanity this month in January?

And it's all right, sit down if you have. Sit down if you've missed a Sunday Sanity this month. Now my question to you is this, have you been missing it because you're not posting it in Sunday Sanity but you are doing the top 10s?

Who here is just missing posting it in the group? And are you actually doing it? Yeah.

So my challenge to you now is find an assistant to do that for you so you don't need to do it. Because obviously you're doing it, but you're not posting it in the group. So you need an assistant to help you.

For anyone else who is not doing their Sunday Sanity, the question on this is, again, this is your strategy. It's super important. You need to be able to achieve your strategy by the end of the year and you won't if you're not doing 10 high value tasks a week.

Everyone sit down. Well done everybody on Sunday Sanity. Workshop five is called working on it, not in it.

And this is all about how you systemize yourself out of your business so you can spend more time doing the high value tasks or doing the things that you enjoy. This is about getting you the freedom that you want to pursue other activities and to do more. It's absolutely fundamental to raising your rate and achieving leverage.

So it's going to be a really fantastic workshop. This is how I started to systemize myself out of my HMO business. So where are we in the seasons?

We're going deep into winter now. We're in the second month of winter. Can you believe it?

One of the benefits of the winter hit list is it makes the winter go quickly. It's cold, it's dark. This is when we focus internally on our businesses and we start thinking about systems and finance.

And that's what today is going to be all about. So we spend time rebuilding the engine of our businesses. And where are we in the methodology?

We are already in the second workshop of winter, as I said. We've decided the race strategy. We know exactly where we're headed.

We've now gone into the pit stop. We're rebuilding the engine of our business. We're going to be building systems and finances.

And then in the spring, we're going to take on capacity and we're going to test out those people, those processes and those systems. And then we're going to open the taps and start our sales season from the summer onwards. And that's what we call the championship season.

Where are we headed next? To the AGM. The AGM is your next port of call.

Now, why is this important? I talked about this last month. And it's because you need to officially launch your business plan to your teams, to your investors, to your family, your stakeholders, whoever is involved in your business, to let them know what the plan is for the entire year.

Remember, your business year, it's not started now. It starts from April 2025 and it runs to April 2026. So you've done strategy day with maybe with your team.

So who had a strategy day with their teams or strategy day with their business partner? Excellent. A few of you.

What you need to do now, that's just laying out what the overall objectives are. You need to go into the detail. You need to have a business model and a full business plan across the areas of the business that you're focusing on for the year.

They need to know the detail. You need to take them with you on your journey. It's really, really important.

Your teams, you need to be able to check in with them, show them the business plan. They can refer back to it. You can refer back to it every time you have a meeting with them.

And that's why it's important. And not many people put their head above the parapet and actually get the time to do this. It shows that you're a serious operator.

So if you're still considering, we've come out of January now. If you're still considering doing the business plan in a day, I highly recommend you do. Who here has got an established business?

Quite established, got quite a team under you? Yeah, you guys should definitely be doing a business plan. But even if you're a startup, I did it last year for the new business.

It's a line in the sand. It's saying, I'm going to commit myself to this new business. And this is what I'm going to try and achieve in the first year.

So whether you've got a big business or a smaller business, you can still do a business plan. And what we try to, we know this is important and we know that you're really busy. So we kind of try to give you three levels of entry for this.

And the first is, obviously, there's a couple of options here. You can engage with us and come to the Belfry for the day, have lunch, work with Shave, work with Josh, get them to help you write your business plan. Spend lunch here, network a little bit, and you'll be able to hit, you'll be focusing on one task that's building your business plan out for the year.

And you'll send it to the printer on the day. The other way you can do it, if you can't do that, is you can come virtually. So you can just tune in to the learnings from Josh and Shave, but do it in a virtual capacity.

Now, if you're interested and you're still thinking about doing this, I just wanted to let you know how to do it. So in the workbooks, you've got a code. If you use AGM25VIP, then you can book on to the AGM business plan in a day at the Belfry.

If you decide to do it virtually, then if you use AGM virtual, there's a code in the book, you'll be able to sign up to the AGM virtual. And we've made these entry levels as cost effective as possible, because we know this is really difficult. And actually, I wrote one last year, I would never have been able to do it without the help of Shave and Josh.

It would have been impossible. So just something for you to remember. And then if you have got the capacity and you want a rapid experience around it, come and stay over at the Belfry.

And have supper club with the trainers, have breakfast in the morning, then do the business plan in a day and enjoy the facilities here at Belfry. And the code for that one is EXP25VIP. Yeah.

Very, very difficult to get these things done. Adi's just been telling us how busy he is. And all of you are probably in the same boat.

So this is one day out of your working, where you're working on the business, not in it, you'll get it all done, get your business ready to go from April onwards. So something for you to think about through February. So what's on workshop five?

Session one. Everybody needs it, but nobody wants to do it. But to be a successful entrepreneur, we all have to be fluent in finance.

Lots of you had it on your strategic objectives. So today we're going to show you our unique and proven methodology to set you up for success. So session one, ladies and gentlemen, is on world-class finance function.

Session two, everyone wants to do less and earn more, but how do we successfully step away from our businesses while still maintaining world-class performance? Well, you've got three tools that you'll need to succeed. Session two, ladies and gentlemen, is on business map.

And then session three, AI is turning out to be a very compelling tool for entrepreneurs. We've brought in a new AI trainer, and she's going to show you how to supercharge your AI knowledge and skills to take advantage of the best tools on the market. So session three is on AI in 2025.

So let's get set up for the first session. So world-class finance function. What's it like for most entrepreneurs?

Well, most entrepreneurs have no clarity on their finances. They don't understand their profitability. They don't understand their cash position.

And the truth is that 20% of businesses fail in the first year and 60% fail in the first three years. And one of those reasons is because they lack financial clarity. They don't understand their key numbers, their business doesn't make money, and they don't pay themselves a decent enough living wage from it.

Where we want to get you to is a place where you are fluent in finance, you know all your key numbers, and you've got complete financial clarity on how your business makes money. When I first started on Property Entrepreneur, we had no clue at all whether we were making money or not. We lived our life by the bank balance.

Since then, we have built out a finance function. We have implemented Xero. We've got bookkeepers, accountants.

I've got a virtual assistant that supports, and it runs really smoothly and really fluidly. We live by a P&L. We know our numbers, and we are very clear.

This year, despite all the mortgage changes, we've had record profit in our HMO business, and that's because we understand our financial position. And this is what you need. This is an example of one of my financial processes that my virtual assistant looks after.

I went from having absolutely nothing to having a really smooth system with some training resources to support, and this is what you can have too. So there's no better person to tell you all about this than our very own Property Award winner, Amazon bestselling book author, CEO of Ultimate FD, CEO of the Ultimate FD podcast. Please can you give him a massive warm welcome.

While I bring him to the stage, it's your trainer, Mr. Josh Keegan.

[Rachel Davies] (29:44 - 29:56)

Hello, you all good? Excited to be here? I feel like the energy's a bit low.

You all good?

[Speaker 14] (29:56 - 29:57)

Ready to get you up?

[Rachel Davies] (29:57 - 30:17)

No, you're all right? Okay, cool. We'll see how we go.

We've got a day of finance today, so we need people in the department to be energised. I'm sure you did. So in this session, we are talking about your world-class finance function.

Every single person in this room needs one of these to scale a profitable and lucrative business. Who would like to have a lucrative business?

[Speaker 14] (30:18 - 30:19)

Really? Yeah?

[Rachel Davies] (30:19 - 33:30)

So about half the room? The rest of you not bothered? Don't want in?

Who would like to have a lucrative business ladies and gents? Everybody should want to do this. If you don't want to do this, honestly, it'd be much easier for you to go and get a job, go to the stock share or do something else, because business is not easy.

It is very, very hard. Most entrepreneurs never get this. They never quite get their finger on the pulse.

They never quite know their numbers. They never quite understand how profitable they are, why they're losing money, why they're making money. And as a result, they can never actually scale anything very profitably.

It's really difficult to get this bit nailed. The reality, if you want to go the distance, if you want to scale, if you want to make more money, if you want to have more margins, if you want to do deals that stack, if you want to have your most lucrative year on record, this is what you need. It's a world-class finance function.

Most entrepreneurs spend their lives building businesses that don't actually make money. I've been saying this, I think Dan said this first, I've started saying this for a good few years, but I now truly, truly believe it, because I've seen behind the scenes now literally hundreds of zero accounts, hundreds. And it's very few that are actually making decent money.

They're actually making more than there's just enough to pay themselves. And there's a big difference between a job, which makes you just about nothing, you just take a bit of money out each month and live, and a business, which gives you all you need to work in your business, but also gives you a nice profit at the end of each and every year. And you want to be in that top 1-2%, there's actually making that money, because most people are not at all, and it's very few that actually break through and actually get there.

My personal journey to do this, so I was an accountant, I started my career as an accountant, left that quite quickly and started scaling my first trading business, which is a letting agency. And we got about two or three years in, and I was the entrepreneur on Facebook, it looked good, we were scaling, we're growing, we're doing all this cool stuff, learn all these tips and tricks from me, we're really successful. But behind the scenes, we were actually losing money.

And we got to a place where we actually realised we'd hemorrhaged a lot of cash, we had about six figures that was owed to HMRC, to our clients, and it was just an absolute mess. And it took me about 18 months, and cost me about £60,000 for the wrong professionals, the wrong people, to get a solution in place, which finally gave me the understanding of my numbers, because I knew that's the bit I was lacking. And I was a chartered accountant, this is my background, so most entrepreneurs don't have a chance, you know, they don't have a chance, and it's really difficult for anyone to actually get there and get this right.

We then got that solution in place, and without a doubt, the clarity we had on the numbers was the thing that allowed us to remodel the business and actually scale and develop that to basically quadruple our margins to get to a really high margin business, and that takes all the way through to an asset to actually sell a business which had a huge amount of balance sheet value, that someone else saw the value in and paid a really nice multiplier to actually buy.

All of that comes down to the clarity that these numbers get you, and that world-class finance structure. I want all of you to make 2025 your most lucrative year on record. That's far enough.

It happens again, you know, does it happen twice? It always gets started and happens again, does it not?

[Josh Keegan] (33:30 - 33:31)

I should have reminded you all in my mind.

[Rachel Davies] (33:31 - 54:56)

Yeah, Rachel should have reminded you all, apologies guys. Apologies on Rachel's behalf that she doesn't remind you all now. So, I want you to have your most lucrative year on record, which basically means you want to beat last year, and you might have different objectives.

That could be more profit, it could be more cash in the bank, it could be more assets, it could be increased wealth, it doesn't matter what it is, you just need to make sure you're clear on what it is, and you beat last year, and every year you progress and move further, and everyone has the ability to do that. This year for me, so over 2024, without a doubt it was my most lucrative year on record, it's one of my best years. Behind the scenes, I took my team from a team of two to a team of eight.

This time last year I had two people in my team, and then now we're sitting with eight people. So there's a huge amount of growth in the team, following the methodologies and using the seasons to recruit people. We quadrupled our recurring revenue, so we didn't have much recurring revenue at all, we've quadrupled that now to get to the end of the year.

We hit all our sales targets and did what we need to there. We finished the year, so December 31st, we were like triple the amount of cash in the bank. It might be a real one.

I don't know what to do, should I dance to it? So finished the end of the year December 31st, we're literally triple the amount of cash in the bank, and this is our second official year of trading. It was an incredible year, I was actually chuffed myself, couldn't quite believe it, that we literally quadrupled the size of the team, but then finished with triple the amount of cash in the bank.

So our overheads had massively gone up, yet we still managed to have our most lucrative year on record. It blew my mind. As you can imagine, I was absolutely chuffed at Christmas, so if you're picturing me going away in a nice hot tropical climate, really smug, really happy with myself, enjoying the fruits of my labour, this is a real picture of me in Malta, enjoying the sun.

Honestly, to actually go away in that boat when you've finished, and you've just had the best year you could possibly have, knowing that going into next year is such a strong foundation in place, it's absolutely phenomenal, and that's what I want for each and every one of you in 2025. Five. It's three questions you need to have the answer to, and we're going to answer these over the next two workshops.

So we're going to start today, and then next month you'll have another session from me to take you through the next two questions. Where are you now? Where are you going?

And how do you get there? And today we're going to look at where are you now? So where actually are you now financially?

And to answer this question, you need a world-class finance function. I'm going to take you through what that is, and how you can actually build that within your business, and what good looks like for you. So there's six steps to this.

I'm going to take you through these in a lot of detail. I'm going to start off with this one, which is basically the aim of the game. So what actually is the aim of the game?

What are we actually looking to do? What are we actually looking to achieve? A key sentiment would be, has anyone ever had an injured back before?

A few of you? Yeah, what's that like? It's not nice?

Yeah? Yeah, it's not good, is it? Like, debilitating, exactly.

So my point is, when you injure your back, you're injuring your spine. And when your spine is injured, everything becomes impossible. Moving your neck becomes impossible.

Sitting down becomes impossible. Standing up, bending over, twisting, whatever it is you're doing, it becomes really difficult, and it really, really hurts. And it's the same with finance.

Finance is like the spine in your body. It's the spine in your business. And when it's not working, when it's broken, everything becomes difficult.

Everything becomes very, very hard. All of your decisions become difficult. You cannot run an effective marketing department if you don't know what your numbers are.

You cannot decide what you're going to pay your next team member if you don't know what your numbers are. You literally can't make any decisions in your business if you don't know what your numbers are. It really is the backbone behind all these other different elements.

So once you get this bit healthy and once you get this bit right, everything else works much, much better. And that's the key point. So that's why finance is so, so important.

What is the aim of the game? What are we looking to achieve? The first is you want real-time information, not out-of-date data.

So one of the common complaints entrepreneurs have is, yeah, I've tried to do this stuff. I've got myself a bookkeeper. And all that happens is I spend sitting down for an hour with them just spouting out all of their issues and all of their mistakes, and it's just a waste of time.

Resonate with that. It's frustrating. What you don't want is out-of-date data.

There's no value in looking at data, which is stuff that doesn't have a story, doesn't really tell you a clear picture, from a period that happened three months ago. So there's no point looking at December now. It's out-of-date.

It's gone. It's passed. There's nothing you can do about it.

What you want is real-time information. So you want to be looking at January's information. You know, we're at the start of February.

January's information. Pretty soon, within 10 working days of month end, you want to be looking at January's information, and it needs to be information. It has a story.

It tells a story. It gives you a picture of the business. It tells you how to run your business and what decisions you need to make to move forward.

The next is it needs to be commercially driven. So this is not tax accounting, and this is a key distinction. So what a lot of people do is they go and speak to their tax accountant and say, can you do my books for me?

And there are some exceptions to this, but in general, tax accountants go, yeah, of course I can do that for you. No problem at all. But tax accountants don't really get what we want.

Tax accountants will produce tax numbers for you. Tax numbers don't help you understand and run the business. What you want is commercially driven reporting, which basically means it's performance accounting.

So you could have two people in this room. They've both got amazing teams, both have an amazing piece of information, but they could be looking at totally, totally different reports because they've got totally different businesses. A building company will look at a very different set of reports to a letting agency, or an interior design company will look at a very different set of reports to a service accommodation business.

They're very, very different, and you want to make sure it's commercially driven, so it's driven by what your business needs and what you need to understand within your business to help you make good decisions. It should help you make finance-driven decisions, and really all of the decisions in your business should be finance-driven. You shouldn't be making any major decisions without understanding exactly what it's going to do to all of your different numbers.

If you want to build a profitable business, then you want to make good decisions. Keith Cunningham, really recommend Keith Cunningham. He's a really, really good author.

He's written a few different books. There's one I've been reading recently called The Art of Building an Insanely Successful Business, and he talks about how finance is just the bit that most entrepreneurs don't understand, but finance is the only thing that tells you if you're making good or bad decisions. If you're making bad decisions, you'll have bad numbers.

If you're making good decisions, you'll have good numbers. It's the only feedback that you truly have to actually understand the decision. You want to base all your decisions on these different numbers.

No blind spots. You want to make sure that you don't have any blind spots in your business. For example, if you have a building company, you're going to need to know how to do CIS, for example.

Someone's going to need to understand how CIS works. If you have a company which holds client money, you might have a client account. You need to have someone that understands how client money works.

If you're VAT registered, you need to understand how VAT works. You need to make sure that within your business, with all the nuances, you don't have any blind spots within your team. They should understand all these different elements and all these different parts.

Finally, unshakable. I think this is probably the bit that most entrepreneurs really miss. When you're getting busy, when you're buying three deals this month, taking on 20 clients, recruiting three team members, this is the time where your finance function really can't afford to fall down because this is the time where you need those numbers more than anything because this is the information you need to actually operate and run the business.

It's got to be unshakable. It can't be, oh yeah, I do it when I've got a bit of time and I get some numbers and then when I get busy, we miss three months and then I catch up again. That's not how this can work.

You've got to have those numbers because at those times where you're the most busy, where your team's scaling, where things are going wrong, where everything's up in the air, where you're doubling in size, that is where you need your numbers most. It's like your compass. It's your North Pole and that's what you need to be checking into to make sure you're staying the same.

The overriding objective is a finance-driven business, not business-driven finances. Your business is like a child. It has no interest in looking after you.

It has no interest in making sure there's money left for you at the end of the month All it wants to do, it wants what it wants. It'll say it needs more team members, then it'll say it's got too much team members. It'll say it needs more sales, then it'll say, right, you can have more sales but there's no profit.

It's erratic. It's all over the place. What you don't want to do is turn them every day and think, if I just keep doing business, keep selling, keep doing what I'm doing, there'll be profit at the end.

It's not how it works. You've got to decide what the profit's going to be. You've got to decide what the model's going to look like and build a business that's going to achieve that.

It's not, okay, I'm going to do a few months and hopefully my margin will take care of itself. You go, this business will only work if I get a 30% margin. Here's how I'm going to build that 30% margin, how I'm going to actually make that happen and make those decisions together.

You want to be a financer in business. You want to be driven by your finances, not the other way around. That's the end of the game.

Then we're going to talk about the first step. The first step is what we call systems and software. Love this quote.

So the systems run the business and the people run the systems. There is no truer function where this 100% applies. You definitely need this.

And this is from the E-Myth by Michael E. Gerber. So everybody needs a system to run their finance function.

And the first system you're going to need is an accounting software. Who doesn't have an accounting software at this point? Everyone's got one, okay?

One or two? One? Okay.

Who uses Xero? Most of you. Who doesn't use Xero?

A few of you? Cool. So I would highly recommend Xero.

I've worked with 50 or 60 accounting systems in my kind of professional career. And Xero, for me, without a doubt, is the easiest, most foolproof, simple system. It's robust.

It's powerful. It's accurate. It's absolutely wonderful.

So I would highly recommend Xero. The key thing is, though, you need an accounting system. So if your preference is Sage or QuickBooks, cool.

Use one of those. You want a cloud-based accounting system to actually start managing your money and looking after this for you. Now, a majority of you said you've already got one, so I'm sure you understand the benefits.

But even if you forget about the clarity this is going to give you and the information this is going to give you, this will instantly level you up. Because now, just by having Xero, which costs anywhere from 26, 30 pounds a month, which I don't think is anything, really, for the power this gives you, you already have now a system to send professional invoices to your clients. You have a system for credit control, so Xero will automatically chase people when they haven't paid you on time.

You've got five to ten emails before you even have to lift a finger or do anything. It helps you manage your expenses. It will help your tax accountant know how much tax you've actually got to pay at the end of the year.

By just getting Xero, without seeing any of the benefits from the reporting and having the information at your fingertips, you've leveled up your business. So it's well worth it, and I wouldn't dream of having a business without having a Xero account. And then you've got bank feeds, so the beauty of bank feeds.

So a bank feed, say today you're at the Belfry and you buy yourself a coffee. Tomorrow you can check in your bank, you might see, I don't know, 20 quid. How much coffee?

20, 30 pounds at the Belfry? Who knows? It's a lot.

But you'll see it next day in your Xero account straight away. So the power of that is you don't have to tell anyone you've done it, it just goes straight into your bank feed. You need a system for your receipts, so it needs to actually go into there to be logged into the right place.

And it means the next day your bookkeeper can see and go, all right, you spent 20 pounds at the Belfry, Josh, what did you spend on? Okay, cool, here's your receipt, great, coffee, perfect. Put it into accommodation and food.

So it's really powerful because it integrates. And in the old days you used to have to send off paper statements to your accountant, whereas now it's all automated, which means anyone in the world can really run your accounting function, which is very, very powerful. You might consider some integrations.

There's two integrations I'd highly recommend. The first is DEX, it's formally known as Receipt Bank. But basically, what is DEX?

It's basically a receipt management bit of kit. So basically, when you take your receipt, you can just email or upload it on the app, it goes straight into Xero, and it starts to do some of that coding for you to know where it's got to go. So it's just a nice system, and particularly if you've got team members, you can get them into the habit of just sending stuff through to DEX, it's quite powerful.

And then we have MileIQ. So who uses MileIQ? A few of you?

Anyone do a lot of driving? A few of you? Yeah, I'd highly recommend MileIQ.

So you basically download it onto your phone, and what it will do is automatically record any of the journeys you do in your car. And then I believe, unfortunately I've not been on it for about eight or nine years, but apparently Tinder is the same. Right swipe is business, left swipe is personal.

And then what it will do is just automatically have your mileage at the end of the year, so you can basically put that mileage through the books. Really effective and really good. And it integrates straight with Xero, so it makes the whole thing very efficient.

So if you are doing miles and you're not putting, well, if you're doing miles and you're recording it manually, I'd really recommend MileIQ because it means it's less manual. And also, if you are doing miles and you're not recording it, then you need to be, because it's a really good tax deductible allowance there. And then bespoke integrations.

So the key sentiment with bespoke integrations is KISS. Keep it simple, stupid. You might find that you have a management system for your properties like Arthur, for example, and maybe that links with Xero.

Or you might find you've got a project management tool and that has the ability to link with Xero. You really want to weigh up whether you actually link it or not. And the sentiment on bespoke integrations is just weigh up the size of the iceberg.

You can see the tip, which looks really good, but what's actually underneath? Because bespoke integrations sound good on paper, but if they're temperamental and they go wrong, they can cause absolute chaos. Arthur's a really good example.

I used Arthur Integrated in my letter agency for years. Now I generally advise people don't do it, because the system's nowhere near as good as it used to be. And we've literally spent hundreds of hours sorting out some clients' offers where the integration's just gone all over the place and broken.

So be really careful. There will be a place where it might be worth doing it, but generally I always say just keep it really simple and don't overdo an integration unless you're really clear. There's generally systems where you can do that integration without actually having to link the two systems.

If you are going to integrate two systems that are more complex, I'd always seek a bit of professional advice before you do that and before you put that into place, because it can get quite temperamental. Zero. I think most people are on zero.

If you've not got zero, Bianca's going to send out a referral link. It gets you 90% off zero for the next nine months. If you want to use that, feel free to do it, and I'd highly recommend using it for every single company that you had.

It's just a wonderful piece of software. It's brilliant. It's easy.

It's great. And then a good example is Sen's podcast. Sen is actually now on the board.

He basically was in the place. I'd just seen him in the bar, actually. It was a couple of years ago, and they basically build five or six companies, a service accommodation management business and a service accommodation business.

Really impressive, but the way he was managing all of his finances was a 52-tab spreadsheet. It was bonkers. It kind of worked, but he was doing it all himself, and his problem was, I want to get away from doing this, but no one understands my spreadsheet.

He showed me his spreadsheet. He was like, Sen, I don't understand your spreadsheet. What did we do?

We took it all off that. We put it all onto Xero, got it all streamlined, got it all systemized, and now he's basically working a couple of hours a week on that business because that was the main thing that he couldn't get away from so he could leverage it out to all of the team. I highly recommend, if you don't have it, Xero, get it in place and get it up and running.

Everyone understand so far? All good? Good.

The next part is the four professionals. If you think the journey we've gone on, we understand what we're trying to do. We want accurate counts.

We want to understand how we're performing so we can influence future performance and grow our profitable business. We understand that we want a system to actually run this for us. The next thing is, who's actually going to run this system?

Who's actually going to give me this information and all of this data? You might think, well, I'll do it. Cool.

I really would advise you don't because this is both above and beneath you. What we mean by this is, if you're valuing your time at, say, 15 to 20 pounds an hour, fill your boots. Go do it yourself.

In reality, I'd like to think that although you may not be there yet, most of you are trying to aspire for 100, 200, a much higher hourly rate than 15 to 20 pounds an hour. If you're not, you're in the wrong game because entrepreneurship is very hard, very stressful, highly risky. I wouldn't try and just earn that.

The point is, you can get a decent bookkeeper in the Philippines, maybe 10 quid. I wouldn't recommend it, but I would go for 15 to 25 pounds an hour for a really good bookkeeper. That work is beneath you.

Your hourly rate should be much higher than that. For those of you trying to do it yourself, it's also above you. If you understand balance sheet accounting, prepayments, journals, accruals, how to capitalise an asset, how to depreciate an asset, how to recognise prepayments in your accounts, then you should probably be an accountant.

Most of you probably don't understand actually how to do that. All that happens is you think you're doing a good job because you're maintaining your P&L. There's a number of other things that come out of a P&L which you're normally destroying, which is your balance sheet, your AR, your AP and all these other different elements.

Not only is it not a good use of your time to do this because it's below your hourly rate, but also you're probably making a mess that you don't even realise. Don't do this yourself. Some of you will listen to me and go, yes, I agree, I'm not going to do it.

Some of you will just keep doing this and trundling on. It's not a good idea. You want to come away from actually doing this yourself.

Some of you would have tried to do this before and tried to get a bookkeeper, tried to get someone in the Philippines, tried to get someone to do this for you, asked your tax accountant and it's just not quite worked because you need to get this bit right, which is the right person, the right job and the right price. As I shared with you, it took me 18 months to get this solution because I was doing what a lot of you may have tried to do. I was paying someone in the Philippines $5 an hour.

Then I got an FD that I was paying literally £500 an hour to sort this whole thing out. Then I was paying someone £60 an hour. I tried all these different people and I just couldn't get it to work.

It just didn't work. That's because I needed this system, which is the four professionals. The key sentiment is the right person, the right job and the right price.

There are four professionals you need, or any business needs, to run their entire finance department at a very cost-effective level and give you an absolutely world-class result. The first level is your finance assistant. Your finance assistant.

I'm going to do a bit of screaming around here. I'm going to call this person FA, finance assistant. They are responsible for what we call operational finance.

I'm going to put down ops. What this means is these are the things that don't necessarily require a finance skill. They require you to be relatively decent at admin, but they don't necessarily require you to be a bookkeeper or have many qualifications.

Can anyone give me an example of what something like that might be? Something that maybe you're doing at the moment? No, so that would be bookkeepers.

Expenses. Expenses, yeah. Paying people.

Paying invoices in the bank. It's not a good use of your time. Someone else could do that.

Anybody else? Anything that's client-facing. Tenants that pay their rent, yeah, credit control, really good example.

Basically, this is anything that's operational, anything that's client-facing. Anything that you might have to outbound email a client. You might have to chase a tenant because they've not paid you on time.

If you have channel managers because you've got a service accommodation business, they might check that Airbnb have paid you what they were meant to have actually paid you. If you're in a letty agency, you might have landlord remittances. Things that they're going to email clients, they're going to chase money from your tenants, they're going to do your admin, so pay your expenses, log your mileage, those kind of things.

That would be operational finance. They don't need to have any qualifications. Obviously, it helps if they are computer literate, they understand how to use Xero if they need to.

Then these people, generally, this would be somebody you could have someone in the Philippines do this for you, for example. You could look at as low as $5 an hour or you could pay up to, I don't know, £20 an hour, depending on who did this for you. This could be your EA, your PA.

It's just an extension of you and you might already have someone doing some of these roles already. That's your finance assistant. The next one is your bookkeeper.

I'm just going to put BK. This person is responsible for what we call RECs and checks. A reconciliation, who can explain what...

Where's the catch box, please? Who can explain what a reconciliation is? What I mean by...

Who can explain what I mean by reconciliation? Bank reconciliation, for example. Go on, Ali.

I'm going to throw it over your head. There we go.

[Speaker 11] (54:57 - 55:05)

Reconciliation would be matching the transaction with the category of spending or income in the business.

[Rachel Davies] (55:06 - 1:15:50)

I was going to say absolutely wrong, but no, you're absolutely right. You seem very nervous about the answer. You've nailed it.

It was a trick question. The reconciliation is like the bill, for example. I spent £20.

Tomorrow, someone's going to look at that and go, where should this go? They want to know because they've seen £20. They want to get a receipt and they want to go, where should we put that?

Accommodation and food. Great. It's gone into the right place.

Somebody pays me £1,000. That's a sale for this client for this product. That's gone into income.

It's a reconciliation, very, very simply. You want a bookkeeper to do reconciliations. Why?

Because some of you will say, it's quite easy to go, you spent £20 on a coffee or £5 on a coffee. It's a receipt. Why do you need someone that's decent to do this kind of work?

Because 80% of reconciliations are simple. They're easy. It's a coffee.

It's an income from a client. But that 20% requires expertise. When you go and buy a property and from your bank, all you see is £20,000 that's gone out to buy a property, but now you own this £150,000 asset.

There's all these legal fees, a stamp due to XYZ. How do you take that £20,000 and turn that into what it should be represented in your accounts? You need a completion statement.

Then how do you interpret that completion statement and make that in your accounts? Capitalise on balance sheet. Put the mortgage amount on there.

Put all the fees in the correct place. That's where your bookkeepers come in, because they do have a level of specialist expertise and knowledge to do all that stuff for you. A bookkeeper, really important, they do recs and checks.

The checks element is basically, for example, who takes deposits from their tenants? You people? For example, a good check they might do is if you use an insured scheme, your balance sheet should have the amount for your deposits in there the same as your insured scheme.

If you use DPS, custodial scheme, the deposit amount should always be zero, for example. If it's not, your balance sheet is wrong. It's just they're checking to make sure that whatever your numbers say actually match your bank statements, actually match your deposit account, whatever it may be.

Cost for a good bookkeeper? Anywhere from £15 to £25 an hour, I'd say, is a good bookkeeper. There are bookkeepers in the Philippines and stuff, and you might be able to make that work.

Generally, I don't see it work as well as I'd like to. They do need good guidance, particularly in the Philippines, for example. I'd recommend UK or South Africa, personally, for this role.

That's your bookkeeper. The next level above that is, does anyone know what this is? Who oversees the bookkeeper?

Quiet. Absolutely, Freddie, well done. It's your finance manager, so what we call an FM.

So finance manager, their one responsibility is turning data to information. If you get a bookkeeper, they'll do your account and say, Marion, your books are done. She goes, great, thank you.

She looks at the P&L, she looks at the balance sheet and goes, okay, it doesn't really reflect what's in my bank, and it looks quite different, and I can't really understand what all these things are. Then you go, well, that was a bit of a wasted exercise, but I've done what I was meant to do. I've got my books done, and I move on.

It's not going to be too high value. Also, you just have a bookkeeper, but you're overseeing a bookkeeper. Everyone thinks that bookkeepers are highly qualified.

Generally, they tend to be AAT, which is like a lower-level qualification, but that only gets to a certain point. After that, they don't have the qualification. Also, they're going to be asking you questions, like, how do I deal with this?

How do I deal with that? You're the bookkeeper, you're meant to tell me, but they're not, because they're not actually qualified to tell you, and that's what people don't seem to get. A bookkeeper's not the same as a finance manager.

A finance manager will have an accountancy qualification, which would be CGMA, or ACCA, or something along those lines. A bookkeeper might be AAT, or experience. An accountancy qualification might be CGMA, which is what I was.

ACCA, whatever it may be. There's a few. Your finance manager takes all the bookkeepers done, they're going to check it, make sure they're really happy with it, and they're the one you're going to speak to.

They're going to say, right, you are up £2,000 on your profits, because you put your prices up, and your expenses came down. You're behind on budget. Your wealth is up because you've sold that property, and this is what's happened.

Your liabilities are down because you paid off two of your mortgages, whatever it may be. They're the ones actually going to give you all the information. But a good finance manager will cost, because they're qualified, anywhere from like £35 to about £65 an hour, which might seem like a lot, but I'm going to tell you how it's not that much in a little bit.

But they add a lot of value. They should be giving you all the information. They're overseeing your VAT to make sure that it's done correctly.

They make sure all the work your bookkeeper's doing is done to the right level and the right standard. The final, fourth professional, any idea? You can't say accountant, because you could have said accountant all three of you so far.

Tax accountant, Dan, well done. So you're a tax accountant. This is the thing, like, with finance, it's like me with solicitors.

If someone says they're a solicitor, I think they can do anything to do with law, but they can't. They're specialist areas, and it's the same with these finance professionals as well. So you're a tax accountant.

Generally, this is the first person everyone gets. Why? Because they don't want to pay any tax.

In reality, you don't have to pay tax until you make a profit, and it takes four or five years for you to generally get to a place where this person actually has any value. But everyone panics and gets this person first. But what do tax people do?

What is their main job within this system? Any idea? It tells you how to save it, yeah.

Tax strategy. I'll just put it here. I'll just put, and compliance.

So they should be telling you how to structure things to save tax, and they should be making sure that you are submitting your tax on time, you're paying your tax on time, and you are not missing deadlines. If you've got a tax accountant that is making you miss deadlines, doing everything late, if they only contact you about your self-assessment on the 28th of January, that's not a good tax accountant. They should be miles ahead.

You should be getting stuff done. You should be talking about tax. You should be planning.

They're all about tax strategy. Tax accountants generally, anywhere from 80 to 250 quid a month, depending on the size of the business, really, I kind of generally see. And it depends what they actually do for you as well.

If they're doing payroll and all these kind of different things, it does add up. But generally, what it says for your tax accountant, tax advice, tax strategy, and any kind of more specialist tax functions. You might get them to submit your VAT returns.

You would probably get them to run payroll for you, and if you're not on payroll, you should make sure you are on payroll to get the basic rate. Anything that's a bit more tax specialist, getting your self-assessment in, getting your corporation tax in, that's where your tax accountant comes into play. And that's the four professionals.

And what I would say is I would always stick to what I've shared with you. I'm going to take you through some reasons why this model works really well in the moment. But particularly with the tax accountant, one of the approaches you guys might take, first port of call is you go, right, well, I've got a tax accountant, so I'll ask them if they can do these roles.

Generally, tax accountants are built for tax, and that is where they have the most value. If they don't do tax, they tend to charge a lot more, and the actual value doesn't tend to be there because this is about performance accounting, not about tax accounting, which is a different skill set entirely. Where do people get this wrong?

The first is overpaid versus underpaid. I made this mistake too. I see people do it all the time.

Generally, whenever there's a finance function that's a mess, this is probably the problem. They get a bookkeeper, and they go, right, I've got this bookkeeper, paying £10 an hour, all good, my problem is solved. But then, like I showed you before, they're just giving information.

It's got mistakes in it. It doesn't look quite right. It doesn't actually stack up.

It's just data, and it's not quite right the whole time, and the whole time you spend is just looking through their work, going, well, that doesn't make sense. You know that I've not spent this on this. That's gone to the wrong place.

Why have you put that there? It doesn't have much value. So what they do is they go, right, I'm tired.

I've tried three bookkeepers in the Philippines. It's not worked, so I go and get a finance manager, and I get a chartered accountant, and I might go on for £35, £40 an hour, and I think, right, problem solved. This person is super qualified.

They know exactly what they're doing. They can nail this for me. They talk again.

They've been doing this for 20 years. It's a very senior person. They can nail this for me.

But what happens when you get a senior person? We're like senior people. We're entrepreneurs.

What happens when we end up doing low-value work in the business? It all falls apart, doesn't it? We don't do anything particularly well.

So what we do is we get a finance manager, and we ask them to do basic bookkeeping, and they just get consumed by the basic bookkeeping, and they don't have time to do the reporting well either. So it's not a good use of time. If you just get a bookkeeper, it doesn't work.

If you just get a finance manager, it doesn't work. You're either overpaying a finance manager to do low-value work, or you're underpaying a bookkeeper to do work they're not qualified to do. So it generally doesn't work as a system.

That's why it's important you have both. Where people also get this wrong is urgent versus important. You really want to make sure where we can split this out, you can.

This finance assistant, who would generally be in the business, they would normally face more urgent tasks. A tenant has not paid their rent. A landlord is querying their statement.

Your contractors need paying every Friday. Your trades need paying. What happens if you don't pay a trader when you said you're going to on a Friday?

They're going to break your house. You know what trades are like. It's urgent, isn't it?

It needs doing. You want to keep the urgent work here, but you want to keep these guys out of the urgent work, and this becomes just the important work. When you mix these roles, which is once again what I see people do, where they have someone in the business doing all this urgent work.

This is what I tried. My first solution was get someone in the business that could be bookkeeping and finance assistant. What happened?

They're always speaking to tenants, chasing rent, getting our arrears down, answering landlords, answering their queries, and I just couldn't get a set of management accounts out of them because they're always busy doing that stuff. You need to split urgent as important. Urgent is here.

Important is up here. The next is internal and external. I'd say the option set up here would be that finance assistant is within your team.

They don't have to literally be sitting next to you in the office, but they're generally part of the team. Come to the team meeting. If there's a finance query, your team is speaking to them.

Your landlords know who they are. They're part of your business. I would always recommend then these stay external where you can.

We are working with some companies where we do put these in-house when they're very, very sizable, but assuming you're not that size just yet, have them external. The main reason is, as I shared before, we want this to be unshakable. What this means is when things are getting really busy in the business, you want these people just to be cracking on and producing the accounts.

If you're buying three properties this month, you've literally got no time, you're doing some sort of M&A deal, you're moving house, whatever it is, you don't want to be in a place where the business gets really noisy and all of these three people are sucked into that. You want to make sure that this person is, then these two can just crack on and actually produce you the numbers every month without fail. The final is pay per hour.

This really is like the magic trick because I thought when we got here, I was really nervous about it because I thought this was going to be extortionately expensive. Actually, the way this works is if you look at the triangle, you've got, basically, if you go up the triangle, the value increases as you go up, but the hours required also go down. This person is going to do a lot of hours.

It might be 20, 30 hours a week in the business, depending on your trading business. This person will then do less hours. This person will then do less hours.

This person will then do less hours. The way this works is the blended rate becomes really good because you've got $5 to $10 an hour here, $15 to $25 here, $35 to $65 here, but a lot of our companies, for example, this person's doing 20 hours a week, this person's doing five or six hours a week, and this person's doing one hour a week. Actually, this person is $65 an hour, $55 an hour, but you're spending $150 a month, and they're adding a lot of value because they're overseeing these people.

You're paying for the value you get. Where it can be pay per hour, I really recommend it. It also means that it will scale with you as well.

You can build it at the start, and it will scale with the business, which is really powerful and really, really good. Just one final new addition to this, which we've learned over time as well, is the base of the pyramid is here. If a business doesn't have a good finance assistant, and you're going to take up that role, it does mean the whole thing can be a bit more shaky.

Really, your bookkeeper and your finance manager, they need accurate information in a timely fashion from your business. If you're going, well, I'll provide that, and you know you're not particularly good at providing that, it's always the last thing on your list. It does cause issues.

If you don't have robust systems and processes in place internally to make sure the internal stuff that you're doing within the business is working well, it's really hard for these people to do a good job. They'll always be failing because they're reliant on what comes out of this person to actually allow them to do what they need to do. Does that make sense?

Cool. Here's another podcast with Mo, episode 38. He was one of our profit entrepreneurs for a long time.

This is the system we put in place for his letting agency. Without a doubt, they went from making very little money to scaling to really high bottom line margins. It just transformed everything for them.

I recommend listening to that when you get a moment. That's the four professionals. I'd say that is one of the most key bits you could start to put in place over the next year.

The next is the three pillars. You've got your team. You know what you're looking to achieve.

You've got your systems in place. Then the question is, what are they actually doing for you? What are they actually making?

What are they actually creating for you to review each and every month? I feel like I've done a lot of talking. It's like a stool needs three legs.

There are three reports that you need within your business. Anyone want to shout out what we think they are? P&L?

Balance sheet. The monthly management accounts, they would contain these three reports. Cash flow, absolutely.

P&L, balance sheet, and the cash flow forecast. I'll tell you what these mean and how you can actually put them in your business. By the way, these are the only three things you really need to scale a profitable business.

Once you get your head around these, understand how to read these, interpret these, and how you can influence these, this is how you make more money. These are the things that actually allow you to make more money. If you're listening going, oh yeah, it sounds good, but I don't really want to learn these documents.

The difference between you and future you and achieving what you want is actually understanding these documents, being able to interpret the numbers. If you can't understand these, you're going to really struggle to make some significant change in the profitability of your businesses and your portfolio. P&L.

The P&L looks backwards. The P&L is about past performance. Most entrepreneurs start with this.

They need to understand how much money comes in, how much money goes out, and what I've got left at the bottom. That is my profit. Past performance, right now my P&Ls have been prepared for December.

No, sorry. In February, my P&Ls have been prepared for January. I'm going to look at January.

I've been 10 working days a month end. It's going to tell me what happened in January. Why?

Why do I care? See where I'm going right or wrong, Mandy? What did you say?

Exactly. That's it. What is the point?

You're going to look back and you're going to go, what happened? My income was this. My costs were this.

My overheads were this. My net profit was this. My net margin was this.

I understand all this stuff, but the only value in looking at what happened at the past is to influence future results. There's no value just looking at P&L and going, thank you. It's like, okay, what actions can I now take to improve this?

You might find you create those actions and it doesn't happen in March or April, but it's like a lagging impact on your numbers over a period of time. You're looking at past and how you move forward. The next document is your balance sheet.

Balance sheet is all about present. It's all about the present value. A balance sheet states your assets.

These are things that are going to provide you future economic benefits. What's a common asset that a lot of us have? Property, yeah, absolutely, properties.

It will state your liabilities. What's a liability that a lot of us have? Mortgages, loans, absolutely.

What it will do is if you take your assets less your liabilities, it will give you a number, which is your net asset value, which is basically your wealth. That's the wealth within your businesses. If you were then to stop and sell your business, in theory, you would get the number that's in the bottom of that balance sheet, your assets minus your liabilities.

Where entrepreneurs don't fully understand the balance sheet and where the hole is, is balance sheets tend to be quite theoretical documents. If you're not careful, your tax counsel will pull a balance sheet together and they put all of these adjustments and funny lines on their balance sheet. You read it and go, I've got, what is a prepayment of £10,000?

What is this capitalisation? What's this depreciation expense? What's all this stuff?

They put all these theoretical numbers on your balance sheet. You want to avoid that. Anything that goes into your balance sheet should be really simple.

Loan from private investor one at a 5% interest rate, repayable in 2026. I owe £10,000. Mortgage on this property, £85,000.

Own this property, £110,000. Money that I owe to my grand. Whatever it is, make it really simple.

You should look at every line. You should understand it. When you can understand it, that means you can actually start to understand and interpret it.

There's stuff on the balance sheet which you need to look at every month. Your assets and your liabilities, they may not change very much, but there are two accounts in particular which are really important for your business. One of them is called accounts payable, which is basically what you owe out to other people.

What you owe out to other people. If someone sends you an invoice, say I send you an invoice for £1,000 today, and you've not paid that invoice, it will still go into your expense in your P&L, but it will show that you owe that money to me. Which is important.

Why? Because it basically tells me it's not, it gives me an indication of what's going to happen in the future, that I know £1,000 is going to flow out to Josh Geoghegan. Accounts receivable.

Accounts receivable is the money that you've invoiced for, but you've not yet been paid. These are two really important numbers because generally if you've got cash issues, if you've got a profitable business, it's probably because you've not received the money you needed from your clients and from your suppliers. These influence your bank balance.

So that's your present value. The next is your cash flow forecast. This is all about future problems.

You can only have an accurate cash flow forecast if you've met the prerequisites. You've got a P&L, so you can look at what's happened, and you've got a balance sheet. Because your balance sheet basically becomes your cash flow forecast.

For example, on your balance sheet you're going to have a liability, which is a loan. That liability is probably going to have capital repayments or interest payments, so that should go on. It's going to turn into cash at some point in the future.

You might have accounts payable. This is money you're going to have to pay out in the future. You might have corporation tax money you're going to have to pay out in the future.

So on your cash flow, this is where you need to state what you're expecting to earn over the next 12 months, what your expenses are going to be, and what all the cash items that are going to come out. So it might be you drawing dividends from the business. It might be you refinancing the property.

It might be paying your corporation tax. Things that don't appear in the P&L that are going to impact your cash flow in the future. And as people in property, cash is always a difficult one.

It's always hard to manage. It's always hard to maintain. You want to make sure you're clear on what the next 12 months look like.

And the key sentiment of cash is you want to spot future problems before it becomes an emergency. You want to make sure that in six months time you can see there's a red, which basically means you're going to run out of money. And that's okay.

You're buying three properties. You're scaling this year. Do whatever it is you're going to do, but don't find out about that the day before.

Know about it now and start planning for that now. So you want to cash flow forecasters where your business is actually going. You might have some additional reports, which might be specific for your business.

So, for example, when I had the letting agency, there's three P&Ls we'd look at. We'd look at the management side, we'd look at the tenant fine fees, and we'd look at the maintenance P&L. So we have three P&Ls, which are all consolidated into one.

If you have a building company, for example, you might look at your profitability by building project. If you have a property portfolio, you might look at how each of your properties is performing every single month. So there might be some additional reports you have, but they'll all be variations of your P&L or your balance sheet in general.

But your first port of call is just get to a place where every month you'll be reviewing your P&L, balance sheet, and cash flow forecast. That is the first port of call where I want you guys to get to over the next 12 months if you're not already doing this, because this will change the game for you. Key sentiment is your bank balance is lying to you.

You want to move from bank balance to balance sheet, and what I mean by that is if you look at your bank balance, you could have £100,000 in there. But within an hour, you could have paid a £20,000 invoice, paid a £10,000 tax invoice, received £5,000 for a client, and it could be totally different. So when you're looking at a bank balance, it tells you one thing, and if you're trying to judge your success by looking at a bank balance, you'll always struggle, because the balance sheet is the thing that tells you what's going to come in and out within the future.

So you want to move away from just relying on that bank balance to know how you're performing financially.

[Speaker 11] (1:15:52 - 1:15:54)

Can you just repeat what's the first port of call?

[Rachel Davies] (1:15:55 - 1:33:27)

To get to a place where you've got these three reports. So you want to get to a place where every month you've got a balance sheet, a P&L, and a cash flow forecast. That's where you want to get to.

Bianca, have I got time till the end? Is that my time till the end of the session or till the end of the second part? Cool.

Cool. So, how do we manage this then? How do we get to a place where this is easy to manage?

Who finds this pretty laborious to try and get this sorted, like speaking to your tax accountant and make sure deadlines are done? Who finds it frustrating chasing management accounts, chasing tax? No one really enjoys it, do they?

So, I'm in my house, and we want to get to a Rolls Royce room. One of the good things about finance is you should actually be very predictable. You know now when your year-end tax accounts are due.

You know now when your tax is going to be payable on those year-end accounts, don't you? It's not a surprise. I can tell you, for any of you, go and come into this house and tell you the answer.

You know when you want to be reviewing your management accounts. A lot of this stuff is very much deadline-driven. It's like, this is the deadline, this is when it needs to be done.

It's very straightforward and very, very simple. So, what we want to do is make this run on rails because you don't really want to have to be worried about this. It should just be working for you.

So, it is my house. You guys saw Rachel's My House on screen, which is absolutely great. The key principles are what needs to be done, by who, and by when.

So, what needs to be done, by who, and by when to make this work. This, by the way, is the key document you need to basically take yourself out of the finance function. No one really enjoys being involved in it.

No one really enjoys chasing numbers or submitting expense claims or paying HMRC. The whole point is you need this document to take yourself out. This is operations and bookkeeping.

And one of the big mistakes we see is the bookkeeping team trying to do their bookkeeping, but they don't link with the operations team. If the operations team are not producing stuff for a certain time, the bookkeeping team can't do their role, and vice versa. If the operations team aren't accurate, the bookkeeping will never be accurate at all.

A really good example of this would be landlord statements. Who does have a letter agency by the way? Andy does, yeah.

Yeah, you guys do. Landlord statements, very, very frustrating thing. You have to, at the end of each month, basically remit all the money you've received, less expenses.

That's one process, but then the bookkeeping team needs to understand that so they can then do their work. It's an interdepartmental thing. All these different things which work interdepartmental need to be understood and they need to consolidate and be together.

This should be non-negotiables. This should be non-negotiables in these accounts. If you know you've got to submit your tax by, so for me it's end of September, it's a non-negotiable that my draft accounts should be ready to be reviewed by May.

They need to be ready for review and they need to be signed off by the end of June because I don't want any surprises. I want a good few months to know they've submitted and just in case the tax is more than we thought it was going to be, I want to know about that three or four months in advance. There shouldn't be any surprises.

These are non-negotiables. These things should be happening on time. If you know you've got a finance review on the third Thursday of every month, the management accounts pack for you to review should be with you on the third Tuesday of every month.

There's no way you should go into that review without that happening. These need to be non-negotiables. You will need to do what's called frequency analysis, which is basically where you think about how frequently do you actually need stuff being done in your business.

Reconciliations, for example. That is basically where you go in the bank, you say this money's come in, this money's gone out, I'm going to reconcile. For me at Ultimate FD, we do them once a week.

As long as the previous week's reconciled by the Friday, I'm cool with that. But every day we reconcile against income. What I mean by that is every day someone goes to check the income that's come in because we're managing accounts receivable, make sure people are paying on time, make sure credit jobs are happening.

By the end of the week, the rest of the transactions need to be done. You need to think what's important. If you own any kind of portfolio, I would say you want to be reconciling income every day because that's people paying you rent, staying on top of accounts, make sure you're chasing people that owe you money.

Generally, for the rest of your portfolio, you could probably do that once every couple of weeks. It's not as important that you know about all your property expenses every single week. You could do that less frequently.

Obviously, the more frequently you do it, the more it costs you. You've got to decide how frequently do you need all this stuff analysed. The pros of handling it more frequently would be the fact that that means you've got more real-time information, so if you ever want to click in, you can look at what's going on.

If you do it less frequently, it's going to cost less, but it also means that you might have to wait for that information towards the end of the month. Build this as you go. My house is a document you can really build as you go, and it's very powerful once you get this up and running because it basically means whenever you spot an issue, you can just add it to My House.

I'm always spotting issues within our finance function. It just doesn't work, or that's been missed, or that's been inaccurate. What do we need to do?

You just add it to My House, and all of a sudden, it just gets done every month. You never have to think about it. This is a real behind-the-scenes example.

This is a My House we built for a property entrepreneur to work with them to improve their finance department. What you can see here is you've basically got five professionals. We'll talk about this in a moment.

It's more advanced, but you've got the different roles, your accountant, senior accountant, finance manager. You've got all these people up there that actually run the finance function. I've obviously blued out their details.

Then what you've got down here is a list of all the deliverables, so payment run, reconcile payment runs, pay salaries, circulate management accounts to Adam, final issue management accounts, check, Revolut cards have been topped up, whatever it may be, and then the deadline. Every Friday, the 16th working day, the 25th working day, paid, whatever it may be. These are our deadlines and deliverables.

This is what happens every single month, and this is what must happen every single month. This is non-negotiable. We settle that up.

We've got a load of processes over here for these deliverables, so now we've got processes linked to them, which is really, really powerful. What we do is every single month, three working days before the end of the month, in this case, the senior finance assistant comes on, they check it, and they basically create it for the next month. All they're doing is they're checking all these deadlines, and they're checking this, which is an annual accounting calendar as well.

This is very simple. It's just an Excel spreadsheet, which has months across the top, and it says VAT submission, send accounts to FLIDE, build out the key assumptions for the new future forecast. It's all just in there, so every month, they come in, they check the deadlines, they check the annual calendar, and they go, right, what's due next week, and then they produce this, which basically is a month, and I've just kind of taken a week, and you can see, right, so what we're on Tuesday today, so today, the only thing that's happening is the credit control report is being produced.

Cool. Credit control feedback, bank balance, you've got all these things in there that are going on. Next week, it gets significantly busier because we do all the management accounts, but you can see it's a very simple checklist, and all that's happening is it's just being ticked off and done.

No one has to think about anything, it just works. And it just means we get the management accounts, they're accurate, they're up to date, get everything we need, and we have everything we need to actually run the business effectively and well. So MyHouse is going to be one of those things, once you deliver this, it's very, very powerful.

Then the monthly milestone is the final part of the blueprint. So, every month, no matter what, you need what we call the monthly milestone in the diary. Can anyone guess what the monthly thing is that we do every single month?

I lost you all. What's that, sorry? Yeah.

Potentially. Who said management accounts earlier? Was it one of you guys?

Okay. Monthly milestone is basically where you actually sit down and review all this stuff. So you produce the reports, you actually sit down and review it, and you get your head around it, and actually understand what's actually going on within the business.

Honestly, this could be one of the most lucrative hours of your month. As I shared with you before, this needs to be real-time information. Generally, the third week of the following month is probably the latest you'd ever want to do this.

You generally want to aim for about 10 working days after month end, 10 to 12 working days after month end. It's the deadline you want to set. Why does it need to be real-time?

As soon as you start getting to the back end of February, and you're reviewing January's numbers, you kind of passed it a little bit. Before it gets to you, it should be double-checked and verified. What do I mean by double-checked?

Your bookkeeper should have checked it, and then your finance manager should have checked it. Literally double-checked, before you even lay eyes on it. It's really important, because we don't want to just be sitting there spotting mistakes.

Who's done that before? They sit down, they review these numbers, and they're just spotting loads of issues and mistakes, Rachel? Yeah, a few of us?

Just mistakes. It's frustrating. You think that was just a huge waste of time.

What have I learned? You spend all the time talking about, why is that wrong? Why is that wrong?

Just getting frustrated. At a basic level, what are you trying to do? You're trying to spot the difference.

You can look at February, and you can look at March, and you go, right, February, we made $5,000 profit. March, we made $4,000 profit. Why?

Okay, rent was up. Expenses were up. We paid this, and we can see this big increase from February to March.

Okay, that's why we made less profit. You just basically look at month to month, particularly with property portfolios, and just seeing what's changed from month to month. That's a huge amount of the value you'll get from doing these management accounts.

At a more advanced level, it's budget to actuals. We actually have a budget for the year. You say, right, this is my 12-month future forecast.

By March, we're meant to be getting 20,000 pounds profit. Rather than just have, okay, February, we did this. March, we did this.

Okay, March, we made 20,000. March, we're meant to make 20,000 pounds profit. We made 15.

Why are we different? What happened? That's where the value comes, because then, basically, you can see why these things are different.

It's because you've not hit your sales target. You've recruited two extra team members, and you said you were going to. The whole point is this budget is meant to hold you to account.

If you're not doing the behavior that you said, then things are going to be different. It should keep you in check and hold you accountable to hit what you said you were going to do. Finally, past performance equals future results.

You're looking at past to change future results. This is where the power of this can actually happen. This has the potential to be the most lucrative hour of a month, particularly if you're not doing this right now.

Honestly, when you first get into this, you will save an absolute fortune. You think you need to go and buy more properties and do more deals, whereas, actually, you can actually get into this and save yourself a fortune just in this hour of time. This is what the output of that would look like, basically, actions.

I would always recommend you have a really robust actions log. Once you have a finance view, you get all your actions log, and you get all your actions together. For example, this is an example of a real one we did, whereby these are all the actions that are on that list.

One of them was we realized we're paying for a bit of software for £150 a month that we'd actually stopped using two years ago. We turned that off, so it would be £1,800 for the year of an actual saving. We saw that one of our internet packages has gone from £30 up to £60.

I'm like, why? That's because it's gone up from a fixed to a variable, whatever internet does. We turned that back to a £30 package, saving us £360 a year.

We noticed that we'd actually put the rents up on a lot of properties, which we were the NHS in, but we realized one of them hadn't gone up, so why has that one not gone up? Because we saw everything else go up, so why has that one not gone up? We're like, yeah, it's a good question.

We contacted the provider and said, do you need to put this one up as well? They said, yes, no problem. That resulted in £3,000 per year.

Then we also noticed that same property, it was on our rent-to-rent lease, and we were like, we're paying VAT for the management, so can we just legitimately move that from a non-VAT register company to a VAT register company and save the VAT? We asked the tax accountant and they said yes, so we're saving £50 a month of VAT as well. There's another £600.

It's £5,760 for just an hour of time reviewing this stuff and creating actions. I didn't do those actions. I spotted them, I had the conversations, my finance managers recommended them to me, and I said, Brian, you're my assistant, can you just do these, please?

Of course, there's a bit to and fro here and there, but she just did it. It's very powerful, and if you've not got this in place, this is the mechanism that you need. A few top tips.

Right person, right role, right price. This actually applies to any part of your business as well, by the way, if you've not connected the dots. Just getting the right person in the right role and paying them the right price for the value of the work they're offering is really powerful, particularly in finance.

It works really effectively and really well, and it means you have a great blended rate that actually results in this being a very cost-effective solution, which works really well. The second is build before you need it. I wouldn't dream of starting another company and not having a zero account, not having a team of people producing management accounts, even if it's one or two transactions.

I'll tell you this, but some of you won't listen. In three or four years' time, you'll come and speak to me and say, look, Josh, I didn't listen. It's a mess.

Can you sort it out for me? Fortunately for me, we can charge a good amount of money and we can sort out a mess, and that's how we do pretty well, but in an idle world, no one will come to me in three or four years' time with six group structures, with no bank accounts, no zero, all managing on spreadsheets, and you're in a pickle. That would be ideal.

You get it set up right from the start. You start managing it right from the start, rather than going into a mess and trying to sort it out yourself or getting someone like us to have to sort it out for you. Don't trust your accountant.

I mean this in a bit of a jovial way. I actually do trust my accountant, but when it comes to performance accounting, they're not necessarily normally the ones to go to because they report for tax, not for performance, and what we're talking about here, we don't care about depreciation and corporation tax accruals or prepayments or whatever. We don't care about any of that stuff.

We want to understand how well is my business performing and what decisions do I need to make to make it perform better? That's what we're interested in, and tax accountants really struggle to get their head around that, so you need a team that specialises in management accounts, accounts you use so you can manage your business, not a team that just gives you accurate numbers. There's a big, big difference.

Do nothing, delegate everything. Accounts and actions. You review your accounts.

The value of reviewing those accounts is to create a list of actions, and the value of those actions is to give them to other people to manage, and that's where you'll make the money this year. Do nothing, delegate everything. I highly recommend you doing that wherever you can.

If you're not creating a list of actions from your accounts, you're wasting your time. You need to really think, how do I save this? How do I switch that subscription?

What can we do here? How can we put our price up? Just start asking all the questions, pulling it apart and going, okay, how do we increase our margins within this company?

And the final point is, this is an investment, not a cost. Spending money on your finance function, for some reason, everyone sees, oh, spend money on marketing, it's great, it's an investment, but finance seems to be this thing that people think, this big cost, it's annoying, it's frustrating. Whereas actually, it's these numbers that give you the clarity you need to scale your business, to make profitable decisions, to bring more margin into your business.

It's not like I can flip the switch and all of a sudden it just works. It does take a little bit of time, but it does genuinely become one of the most effective tools within your arsenal of tools. The massage moment.

So, for some of you that have not done this before, the first time you actually get this set up and done will be like the first time you have a massage. Who can remember the first time you had a massage? No?

None of you? Yeah, a few of you? I remember my first time, I hated every moment of it.

It was horrible. I thought this was going to be a really relaxing, really enjoyable experience, this is what I wanted, and yeah, it was awful. I came out battered and bruised, I thought I was going to feel relaxed, I needed to lie down, and I didn't have a good experience.

All of a sudden, about a year later, I thought I'll do another one of them. Then I got really into them and then I really enjoyed them. For a while, I was doing them every single month at the Belfry, enjoying them, making the most of it.

The same is financial clarity. When you first get it, you may not like the experience as much as I'm selling to you that you're going to enjoy it, because actually you realise, I've had clients that thought they were making £8,000 a month, they found out they were making £4,000 a month. I've had clients that thought they were going to have £50,000 in the bank in the next two months, I've told them it's going to be minus six or whatever, because they don't have the numbers.

You may not like it, but when you start to get into it, you realise it's very addictive and actually the numbers are everything. It's the thing you want to keep coming back to and keep revisiting. It's a very, very addictive place to be, and you need to be revisiting this every single month.

Resources to support. You can listen to the podcast if you're not doing this already. Episode 156, it's literally the episode that was released this week.

To really drum home the four professionals, make sure you get this into your head. It's the make or break of your finance function. You can listen to episode 151, which is all about unlocking 2025.

Make sure you have your best financial year record. What's up, John? Too fast?

Episode 156? 156. The second one is 151, and the third is all about the most lucrative hour of your month.

It's basically how you run that finance for you to make it to the next level, which is episode 101. If you've not yet got yourself taken the ACID test, which is an online quiz you can take where you get a free personalized report from me once you've done it, go take it because it will tell you all the places and areas you might need to focus on with you and the business. Also, book club this month will be my book.

Who's not got a copy of my book? A few of you? If you want to grab yourself a copy, we've got some copies at the back of the room.

You can grab yourself a copy before you leave today so you can read it and get it all set up for you. All good? Any questions?

Yeah, go on, John. The ACID test. So, John, that's what is the ACID test.

The ACID test is basically a scorecard which basically takes you through a series of questions and tells you all the areas you could do with focusing on to get this all sorted, get this all nailed. Any more questions? Go on, I'm going to get the catch box.

Where is it? Oh, thank you. Who's needed the catch box?

Oh, you got it. Yes, who's that?

[Speaker 4] (1:33:28 - 1:34:03)

So, just on the system software, we use Xero and that's looking back and that's great at looking back but wondering what you suggest for looking forward in the management accounts and there's something that we are looking at called Fathom which has been recommended for looking forward and especially in one of the businesses where we want to be more reactive or more proactive as opposed to reactive with our cash flow. So it's a homeware and lifestyle business.

It's a growing business but it's very cash hungry. Is it in stock? Yes.

[Rachel Davies] (1:34:04 - 1:35:03)

Yeah, so really good question. We're actually in a session on advance on Thursday where we're talking about all this in more detail to take it to the next level. So, at the moment We have to wait for next year.

No, no, I'll tell you. At the moment we primarily use obviously Xero and then to do the management accounting pack we actually just download that and put it to Google Sheets because it's really easy with commentary and it works really effectively and really, really well. And then from a cash flow forecasting perspective I'm still not convinced yet by the software.

I've played around with a lot of different ones in the past and generally it kind of looks good on paper but then when you start playing with it it gets so overly complicated that you kind of you're looking and going, oh that looks good but it doesn't actually reflect the reality. So I've still not found a solution for that. Having said that, right now we're toying around with Fathom.

The main reason we're toying around with Fathom is because some of the clients we have now, the actual packs that they're producing are so sizeable that you then make a change it takes ages to produce them again. So we're looking at that. So watch this space.

We're playing around with Fathom and I think I'd recommend it but it's still early days.

[Speaker 4] (1:35:04 - 1:35:05)

Thank you, that's very encouraging.

[Rachel Davies] (1:35:05 - 1:35:23)

But cash is one of those things where I wouldn't try and do it myself, I'd try and get a finance manager to do that for you and I'd say it's very difficult, very slippery and I think a good old fashioned extract from zero into a forecast spreadsheet that's how I still do mine at the moment and it's still the best tool so far.

[Speaker 4] (1:35:24 - 1:35:25)

Amazing, thank you.

[Rachel Davies] (1:35:25 - 1:35:31)

Is there another one over here? Yeah, go for it. Who has stolen the catch box, please?

[Speaker 14] (1:35:32 - 1:35:32)

Bianca.

[Rachel Davies] (1:35:32 - 1:35:35)

Oh, Bianca's stolen it. Outrageous.

[Speaker 7] (1:35:38 - 1:36:04)

Yeah, my question is about the four pros and one of the things that you talked about external being the finance manager and he talks about up to £65 an hour but an hour a week. Is that something you'd get from the Philippines? Would you be able to get that would they not want a certain amount of time above an hour a week?

[Rachel Davies] (1:36:04 - 1:51:36)

It depends, so you can get companies that do it. We have a kind of sister company that we work with a lot that basically they recruit the finance manager and then they'll bill them at a certain hours. We've started to do that service as well so there are companies that do do it but you might find, yeah, I mean if you go into the Philippines you're not going to be paying £65 an hour so you might find you pay more like £15, £20 but I would recommend child accountant is the criteria for that and these people do exist, it will do you a few hours a week whatever you need to run the business.

Yeah? Cool. Any further questions before we move on?

All good? So yeah, best of luck in getting this whole thing set up. I know I'm biased, I'm in finance it's my world and I know some of you will just want to switch off and go, you know what, I want nothing to do with any of that.

However, it is the most important part. If you don't know where the money's going, don't expect to make any more of it. You're going to really struggle this year if you don't have your finance functions set up.

It may not be everything we've shared with you today. Your baby steps this year might just be get zero and get a bookkeeper and then next year you might go to the finance manager or whatever it may be. That's absolutely cool but as an absolute bare essential you need to be reviewing a balance sheet a P&L and a cash flow forecast every single month.

So how you get there I don't mind but that's what you need to do and that's what you need to achieve. Right, so before I welcome Rachel back to the stage I wanted just to share with you a little bit about our events that are happening in the summer. Do you remember where your journey started with Property Entrepreneur?

Do you all remember it? Do we all look back fondly on those three days we spent together? Yeah, so yeah it was an amazing experience and to be honest it's great.

We're only six months in and to remember where you all started on that Blueprint event and to see all the strangers now all come together and what you've all achieved so far has been nothing short of phenomenal. We want to make sure we're thinking about our Blueprint events this year and we want to make sure that this remains to be the UK's highest value community. That's what we want to achieve that's where we are growing but the only way we do that is we rely on our members.

So we rely on you guys to spread the word and get more like minded people into our community. So what I'm going to take you through now is an opportunity for you guys because we are going to give you guys golden tickets and what these golden tickets do is they allow one of your friends, one of your family members to actually come on our Blueprint events at a record price. It's the highest possible value and the lowest price we've literally ever done a Blueprint for.

It's a VIP package and it's limited to 40 of these golden tickets we have available. So I'm going to take you through now if you don't mind, just a few bits and pieces just to show you how you can take the most out of this opportunity and how you can give this to some of your friends and family members to join us. So the market price for Blueprint is £5,000 plus VAT.

What do you get for that? Well you get a full three days of business training. You get to spend time with five, seven figure, very good looking trainers.

Apart from Adam, we're a good looking team. We're doing really, really well. You get to leave with our annual Blueprint all sorted and all nailed.

You get 100% money back guarantee and also it's held at the Belfry which you know is full board. So your friends and family will get all of this as they normally would which you went through at the Belfry last year. And the VIP experience which is our first Blueprint which some of you may have attended is in May.

So it's May the 20th to May the 22nd. And in addition to the VIP Blueprint experience you get a few extra things. So it's invite only.

This one's not open to the open market. It's just for your friends and family members that want to come along and you want to give an amazing experience to. They'll get access four weeks before they come to the Rewire Your Brain Blueprint which is a brand new four week course that we're going to be selling for £1,000 plus VAT.

It's basically the whole premise of getting people into this mindset of being a property entrepreneur so they get the most out of their three days when they're with us. They get added to a VIP WhatsApp group so they can literally get to know everyone before they actually come. During the event they will then actually get to oh yeah sorry it's a smaller more intimate event which basically means there's less people and means they get to interact better.

So rather than being 80 people in the room it's 40 people max in the room. They get VIP check in. They will get private dining with all your different speakers.

They'll actually have all of the private dining with us over the few days. They get access to the secret spa, the Fire and Ice at the Belfry which we're actually going to pay for them to have access to. And then in addition because it's a smaller event they can actually bring guests and have their second room.

So normally people have to share rooms because it's so big but we're going to have more space so people can share to have a second room for a small supplementary fee. After the event they're going to get a one-to-one private mentoring session private debrief. They can attend other one-to-one private debriefs.

They're also going to get access to the Deals Deals Deals new training course that we've put together which is basically anyone who wants to go the distance and do big deals. Learn how Dan made £5 million during the pandemic and the deals he's done. We're going to teach you the blueprint from start to finish.

And then also they'll get a VIP debrief. So basically it's consolidating all the actions after the last three days and start making like what is your actions, where are you going to go and where are you going to take things. We've talked to all the numbers and for your friend or family member the value of this actual package and these are all things we're literally selling as individuals, comes to around £7,500.

For two people it equates to about £15,500 plus VAT for this. But we're giving you guys the opportunity to get them and give them the gift of a golden ticket. So they can get a golden ticket and with this golden ticket it takes the blueprint price down from £5,000 plus VAT to £995 plus VAT.

So that's 80% off the market price and also for that they can bring a guest for free. So basically it's £995 plus they can bring a partner for free of charge. So it's under £500 per person to come here, get three days of training, to actually stay in this hotel, get full board is nuts.

We're anticipating losing a lot of money this year on the blueprint events. Obviously you know we want to add more people to our community so it's fine but we're not making any money off this. This really is a phenomenal opportunity for your friends and family if you want to make the most of it.

It's a good deal isn't it? Yeah? To put it in perspective for you, the cheapest we've ever done this in the past is when we wanted to get more women involved in more property entrepreneur and we did it for £1,000 but that was per person.

So this is half of the cheapest we've ever done for anybody in this community but it's for your friends and family only. So how do you make the most of it? Well we've got a web link and we've got this QR code.

Upon scanning this QR code, your friend or family member will be asked to register and they can either once they've registered, buy a golden ticket straight away. There's going to be 40 available. So 40 available for across our blueprints, 40 golden ticket prices or they can join the golden ticket webinar hosted with Dan and Adam.

They're literally hosting a webinar, high value webinar to talk to you about property entrepreneurs, add loads of value and then offer you the opportunity to join us on the blueprint which will be on the 11th of February at 10am and there are only 40 golden tickets available. As a thank you, in addition to you guys, because you guys are referred people, we're going to give you the Rewire Your Brain course for you. So you can literally attend the Rewire Your Brain course which is worth £1,000 and we're also going to give you the Deals, Deals, Deals financial fortress training which is worth £500 as well.

So £1,500 to complete it through. We're also going to make it super easy in that basically in your WhatsApps now, you've already got a message a template message. So all you've got to do is copy and paste this and send it to people in your community that you would like to invite to be part of the property entrepreneur community.

Who's up helping us? Who would see the value in recommending some friends or family member? Yeah, absolutely, cool.

So the question is, who will you refer? If everybody in this room referred one person, we'd have 50 people registered for the Golden Ticket webinar. That's 50 people.

50 people, that would be amazing. We can do that, can't we? Anyone?

Yeah? Can everyone refer one person? Yeah, we can all make that work?

I'm not asking you to sell snake oil, I'm just asking you to say to me could you please, if you fancy PE, register for this webinar, you can learn a bit more about it. That's all I'm asking you to do, there's nothing else. I'm not asking anyone to spend any money, I'm literally saying just send a message to your friends and get at least one person to actually register for the Golden Ticket webinar and Adam has very kindly agreed because I said to him, well let's give them even more of an incentive.

If we get 50 registrants today by lunch, Property Entrepreneur will give £500 to get up and get back as well. So 50 registrants by lunch for £500 to get up and get back. So it's a win-win-win.

Your friends and family get the highest value package for the lowest price. We've never done it this cheap and we've never had so many additional elements in there. You guys win because you get to build this community full of great people that you know, like and trust and then we also get £500 for charity.

Is everyone against this? No? You're all on board?

Great. Just get your phones out. Now what I'm going to ask you to do, if it's okay, is we just have five minutes of music and just think, who could you refer and just, you've got a WhatsApp message now with the message, just copy and paste it and just send it to three to five people in your community.

Yes, Nina full of beans. Can we get the microphone over for Nina please? The 20th to the second, the date in May is the 20th to the 22nd of May.

The golden tickets can be used for any of the events but the VIP experience is limited and it's our, if you can get them onto that then that would be absolutely amazing. So put some music on, five minutes, just message three to five people that you would like to invite and there's also a flyer and a flyer and a full cover within your workbooks if you need the QR code and thank you so much. Try and get to 50 by lunch.

So think about anyone that you would like to recommend, anyone you've been speaking to about PE for a while, this is their chance to get it for the cheapest ever. If they're going to do it, this is the year and all they have to do is register on that link. Give them a few minutes.

Yeah, but remember you're not asking to actually buy anything now, you can ask them to just sign up to the webinar and learn more about it. Just give them that link and they can register for the webinar, that's all we're asking you to do. Okay, give you guys another minute and then we will invite Rachel back onto the stage.

So remember, you're sending out anyone you think that might benefit and all you're asking them to do is, you know, buy a ticket if they want to or join the webinar so they can learn about what it is and the blueprints from Dan and Adam. Okay. Feel good guys?

Thank you very much. Obviously the objective, we want to get 50 people registered, 50 of your friends and family members registered on that website by lunch and if we do that Adam will put £500 in to get it back. So it's absolutely a no brainer and it will be absolutely awesome to achieve it.

So keep it up throughout the day. Who's referred one person? A few of you?

Who's referred more than one? Who's referred five? Nice Tina, there we go.

Someone over there, number five. Well done guys. Absolutely well done.

Get as many people as you can on board and thank you so much. Did we get some value out of the finance function session? Yeah, cool.

Did we see the value in that? Very, very good. Well honestly, from my end, I think it's one of the most important things you will learn this year because it really is the backbone.

It sits behind absolutely everything and you shouldn't be making any good decision. You can't make a good decision without it in place. So best of luck getting it set up.

We're going to follow up next month. We're going to show you how to actually, the next two questions, which is where are you going and how do you get there. So stay tuned for that and I'll be doing midweek mentoring, midmonth mentoring in the Facebook community as well to help and support you as when you need it.

And of course, if you need help, just post in the Facebook group and tag me in it. Ladies and gents, let's give a huge round of applause and welcome back to the station, Miss Rachel Davey.

[Josh Keegan] (1:51:39 - 1:55:17)

Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music Music talked about. So you've got to take the action. It's really, really important.

And now I've got a smoother running system and it works much better. So as Josh said, he is doing mid-week mentoring. Let me just tell you when that is so you can add it to your action list.

26th of February. So write that down. Lots of you had financial clarity on your strategic objectives.

Now is not the time to forget about that. Now is the time to do something about it. And it starts with tuning in, getting some help because you might be a little bit confused about where to start, not sure what to do first.

Well, Josh can help you on the 26th of February. You've already got quite an established business and you've got some practices in place and they seem to be conflicting with what he's just said. Get onto mid-week mentoring and let him help you do that.

It's really, really important. So don't miss that session. It's going to be a massive one.

Homework. So these are the things that Josh has asked you to do. I just wanted to clarify that you're clear on these.

At the back of the workbook, you've got your homework page just so we're 100% certain. Take the ACID test, 3.0. Set up zero. That rhymes.

Oh, hang on. I'll put it on the screen. Automate your bank feeds.

Recruit your professionals. You might not be able to do all four of them this year, but you might want to get, you really need to get started. Booking your monthly finance review.

The most important thing is understanding those numbers. And then if it's relevant to you, Josh does UFD reviews. So that's something you can consider doing.

Yeah. I think you've got a waiting list at the minute, Josh, I think from tuning into your campaigns. So what do they do?

[Rachel Davies] (1:55:21 - 1:55:42)

On the UFD reviews, you're more than welcome to take one. We've sold out, but we've released some more for advanced on Thursday, but I'd recommend doing it after next month's session because you'll add a lot of context there. So that'll be the best time to do it for you guys if you want to.

If you've got an emergency and you've got a big business and you know you're in a mess and you sort it out, fine. But if you wait to the next month's session, I'd recommend doing it after that.

[Josh Keegan] (1:55:42 - 1:57:20)

Right. Fantastic. Thanks for that.

So if you ordered an affirmation board in January, guess where it is? It's in the corner over here. Some of them are looking absolutely fantastic.

I love the AI generated images. They're looking great. So make sure when we go to the break that you're picking up your affirmation board.

So don't forget about it. It's over at the back or at the side of the room behind the screen. So that's where they are.

Right. Talked about this earlier. Yeah.

We're getting into February now. We're getting closer towards April. Might seem miles away at the minute, but it's how fast has January gone?

Has it gone quickly? Right. So if we think that things go up the speed and you blink and then it's a month has disappeared, then just think you're going to be there before you know it.

So the QR codes are in the workbook. Talk to you about the entry levels that you can engage with us on this. It has to be a separate event because we spend a whole day on your business plan and we've got to be able to accommodate you.

So it's a full day working on it. So have a look at those QR codes, see what you want to do. Before we go to break, I highly recommend that you locate your buddy for the months and connect with them.

Swap phone numbers, go for a little walk with each other. Maybe people on your table, go for a walk, dust off, sitting down and taking all of that finance information in. Go for a walk around the block from the Belfry and then get your steps in because some of you will have probably got that on your habits this year.

Right. So it's now time for a break. What a fantastic session that was, wasn't it?

Everyone had lots of information to download there, but let's finish session one on a massive round of applause. Well done everybody. Let's just make sure you're back here by 12.

Yeah. Right. That's it.

You're free. Go have a break.