**PEP 48 Edited\_Transcription**

[Speaker 5] (0:05 - 0:25)

Welcome to the official property entrepreneur podcast with myself, Daniel Hill. On this Strip Back podcast, we're going to be going behind the scenes with special guests to provide insight and inspiration on all things business, life, and the actual realities of high performance in practice. Success and failure are both very predictable.

We hope you enjoy.

[Josh Keegan] (0:30 - 1:20)

Welcome everyone who's listening, whether you're listening live or you're tuning in later. Welcome to another one of our Hall of Fame series. This is where we celebrate property entrepreneurs within our community who have a claim to fame.

Now, I'm joined by Bernadette, Ian, and Sarah Lloyd. How are you doing, guys? Good, thank you.

Good, good. How are you doing, Sarah? Yep.

Cool. So just checking you're with me. So Bernadette and Ian don't need any introduction because they've actually already been introduced to our Hall of Fame.

So this is actually going to be their second time back in the Hall of Fame. But for those people that don't know, guys, would you just like to introduce yourself to the community? So like your company name or names and just how long you've been on Property Entrepreneur, please.

[Ian] (1:22 - 1:46)

I guess in the context of what we're doing here, the company is Blue 8. We've been, so our second time around the track for myself and Bernadette. So we've done our first year and then realized, yeah, you've got to go again because we learned a lot first time, but we also learned that we learn even more the second time around.

So two years on the track. Any more questions? No.

[Josh Keegan] (1:46 - 1:48)

So two years on the track. How about you, Sarah?

[Sarah Lloyd] (1:50 - 2:01)

So yeah, I guess Blue 8 is the company that we're talking about at the moment. And my first year, so I joined on the back of Bernadette and Ian doing it last year.

[Josh Keegan] (2:02 - 2:07)

That's awesome. So Blue 8 is a HMO management agency, lessing agency, is that correct?

[Sarah Lloyd] (2:08 - 2:11)

It's a lessing agency, yeah. Singular and HMO, yeah.

[Josh Keegan] (2:11 - 2:28)

Fantastic. Now you've all got smiles on your faces. And obviously this Hall of Fame is quite a big announcement because this is actually the first time this has actually been announced publicly, I believe.

You are allowed to announce this. Why do you all have smiles on your faces? What is the big news?

Please tell us.

[Bernadette] (2:28 - 2:31)

So we've sold the agency. Woo!

[Josh Keegan] (2:34 - 2:37)

So Blue 8 is no more yours?

[Bernadette] (2:38 - 2:41)

Well, the lettings part of it's no more ours yet, so.

[Josh Keegan] (2:42 - 2:54)

Congratulations. Thank you. Congratulations.

How does it feel? There are 8,000 entrepreneurs in our community and I bet all of them would love to sell business. So how on earth does it feel?

[Ian] (2:55 - 3:11)

Sense of relief and, I guess, achievement as well, because that was the goal in terms of building and then selling the business. But definitely relief in terms of getting rid of a lot of the noise that we were getting. Fantastic.

[Josh Keegan] (3:12 - 3:13)

Yeah, Sarah, anything to add?

[Sarah Lloyd] (3:14 - 3:37)

Yeah, no, it's just, I think, as Ian said about achievement, not only did we pretty much start up the business this time last year, we managed to get everything out of it, which was improving occupancy, improving compliance, and then managing to sell it pretty much a year on. It's all we could have asked for, so I think we did all right.

[Josh Keegan] (3:38 - 3:59)

Well, I mean, amazing work. And I know you're instrumental, I want to hear about that in a second. So this is the thing.

So congratulations on selling the company, but this is a company, what's the backstory? Because we know that there's a lot more to this than just, I've sold the business. So when did it start?

Was it a year ago when it started? Let's hear the story, please, ladies and gents.

[Bernadette] (4:00 - 5:54)

Okay, so it probably started when we realised with our own portfolio of HMOs that we didn't want to manage it anymore. So we wanted to hand it over to an agency. So through various networking things, we came across a particular agency that wanted to take on HMOs.

They hadn't done it before, we were happy to help and work and train them. So that's probably about three, three and a half years ago, so quite some time ago. They did take on the properties, but they also took on a lot of other properties.

And we realised that they were struggling. So with our backgrounds in IT and business and corporate type of thing, we thought we might be able to help them. So we got involved more directly with that agency, as directors, with a view to getting some of the processes and procedures and that sort of thing in place to help them improve and grow and all of that sort of thing.

And then when we actually delved in a bit further, we realised that they had lots of problems. And so we set about trying to solve and sort those problems out. And then COVID hit.

And because we weren't employees, the director and the other staff were all furloughed. So actually, Ian and I ended up running that agency. And obviously, with some help from Sarah as well, we just realised that actually, so we had been thinking about selling that agency anyway.

But we realised that, well, if we're doing all the work, then why don't we buy the agency and put everything in place and grow it and stabilise it and do all of those sorts of things. So that's what we did just over a year ago. And Sarah came on board as a big instrumental part.

And I'm sure she'll tell you in a minute what she was really doing within that.

[Josh Keegan] (5:55 - 6:32)

That is absolutely, I mean, that is, for a start, that is, well, that is, I mean, obviously, you guys were successful in business before, you've got a bit of a background. This isn't something that's just happened overnight. This isn't your first, you know, this isn't your first rodeo.

So you, I mean, this is a classic story you always hear, people want someone to manage their HMOs, they start an agency, but you wanted someone to manage, so you gave them to an agency, they were doing a rubbish job, you went in as consultants, and ended up buying it off them, which is, that's incredible. So that's, I mean, that's pretty advanced stuff. That's mergers and acquisitions.

Have you had any experience in buying businesses before?

[Ian] (6:32 - 7:11)

No, but in the corporate world, we'd had experience in taking over and running other people's businesses, or IT systems more specifically. So we had some concept of what was needed. But even understanding that doesn't prepare you for the hard work ahead of you.

We sort of knew roughly, it was going to be tough. But, you know, we got rid of all the stuff, we got rid of all the systems, we started from scratch with the processes. So the only thing that we really retained were the landlords and the tenants, everything else around there, all the infrastructure, everything else around there, we had to redo from the beginning.

[Josh Keegan] (7:11 - 7:48)

Wow, so you literally rebuilt the whole business? Absolutely, yeah. Goodness me.

So that started a couple of years ago. So yeah, I mean, obviously, that systems challenge sounds like a big challenge. I mean, and this all happened during a pandemic.

This isn't for the faint hearted, this is incredibly brave. And that's why I think this achievement is so amazing. Because you've done all this during a pandemic.

So what were the major challenges along the way? What were the things you remember? What was it like to those people that were thinking, God, I'd love to buy a business, turn it around and sell it within a year or 18 months.

But what would it be like? What would you say? What was it like?

[Sarah Lloyd] (7:51 - 8:47)

I'd say it's just complete, sorry, I'd say it's just completely understanding your market and what you've, you know, what your goal is in, you know, for whatever turnaround periods you're looking at. We were hoping for about a year, we managed to achieve that. And for us, it was all about being virtual.

We didn't want any on the ground staff, basically. So all of us lived an hour away from the area that was actually where the business ran. And everything was done online, which played a big part as to why we chose the management system that we did and things like that.

And we started off with the intention of, of advertising everything virtually working on a younger market, all of that kind of stuff. So we'd, we'd really set out with our end in mind. So we knew exactly what we wanted to achieve.

Therefore, we knew how we wanted to achieve that. And so we set out right at the beginning with a very clear idea in mind of how we were going to get to where we wanted to.

[Josh Keegan] (8:47 - 8:54)

I love that. Clarity is the most important thing, isn't it? And you guys obviously had a clear strategy.

So yeah, well done for executing it.

[Ian] (8:54 - 9:30)

I think because we weren't, you know, we hadn't been letting agents for that long, we didn't have some of the preconceptions that perhaps letting agents would have. So we came into it, I think, with a fresh look in terms of our background is, is systems and IT. So we wanted to automate everything, anything that moved, we tried to automate so that we could be virtual.

And we would be nothing like any of the other players in the market. And that was, that was the objective we had to create something that had low overhead so that we, you know, at the end of the day, we'd have something that was, that was really sellable, because that was obviously one of our main objectives.

[Josh Keegan] (9:30 - 9:51)

That's fantastic. I'm just remembering that you guys are steel profile. So I'm not surprised that you wanted to automate everything that moved.

That's such a great quote. But no hats off to you. Sounds like you pulled the business from, you know, the middle ages into the modern day, as well as repositioning to this to this younger market.

What were the other so what were the other challenges you had along the way?

[Bernadette] (9:52 - 10:19)

So one of the biggest things with the pandemic was that we couldn't do anything at the properties. So we couldn't do any inspections, we couldn't do any viewings, we couldn't do any checkout. So we obviously had to do virtual checkouts, virtual check ins when we really needed to.

But the occupancy dropped down to 60% by the time that we could actually start doing viewings and get people back in etc. So that was a big challenge in itself.

[Josh Keegan] (10:20 - 10:48)

So I mean, yeah, I know how that felt in my company. So you had, so you had obviously the occupancy was falling away, you bought this business, and we went into those second, third round of lockdowns, forget what they were around Christmas. And then presumably occupancy just started to fall off a cliff.

And you're thinking, I need to sell this thing. And it's it's going, going the wrong way. So how did you recover the occupancy?

What was it like? And Sarah, I'm looking at you for that. Were you in charge of occupancy?

[Sarah Lloyd] (10:49 - 12:18)

I was. So we all I think, one of the things you laugh about how you say that, you know, firms at NME specifically, maybe me a little bit, are very steel orientated on the sort of processes and systems side. We all very naturally fell into the positions that we felt were suitable.

So I probably being the most comfortable being out and speaking to people and stuff like that, went straight into, I guess, the lettings negotiation side of it. So I was doing a lot of the physical stuff. And we actually managed to hit it at perfect timing.

Now, I think it's I'd like to think we did it, we did it planned, but it's probably pure luck. When we took over the agency, we were right in that dip where we weren't in a lockdown. So what I managed to do was go pretty much around all of the HMAs and get like video tours, like virtual tours of the houses and the rooms of the communal space in the rooms.

And we set up basically as bog standard, they weren't anything, you know, incredible, but we got up a YouTube channel and we were able then through that whole Christmas break into the beginning of this year where we weren't allowed to go to the house, we were able to use those video tours basically as our viewings. And so we ended up getting quite a few tenants in from there. And as Bernadette says, on the completion day when we bought last year, our occupancy was at 64%.

And then on the completion day of sale this year, we were at 96.

[Josh Keegan] (12:19 - 12:25)

That's incredible. Amazing. What a turnaround.

Congratulations. Well done. Hard work pays off.

[Ian] (12:25 - 13:11)

I think you also talk about the challenge. One of the major challenges during that time was keeping the landlords informed and on the side because like most landlords at the time, they were very worried as well. And that was really around getting them to trust in what we were trying to achieve.

We put in the stuff in place that we're going to be able to let their rooms as soon as it starts to lift. And whether we were in the right place at the right time, but the fact that we were online, we're very automated, whatever, meant that we were able to make the most of some of the restrictions in place, the systems we had. Plus I was good timing in a bad timing area era.

[Josh Keegan] (13:11 - 13:39)

Yeah, it must. Yeah, I can see. I mean, now it looks like an absolute genius.

And I'm going to credit you with absolute business masterminds. But, you know, we obviously didn't know what was going to happen. But I can imagine you buying a company, all the values in the landlord book, and all of a sudden, these landlords have got 64% occupancy, and you think they're just going to leave.

They're just going to leave. They're all going to leave. So did you have to have a lot?

Was it lots of like, this is such this is a human element of business. Was it lots of phone calls, lots of reassurance? Was that what happened?

Or?

[Ian] (13:40 - 14:11)

It was a lot of reassurance. I think, you know, obviously, at the time, they, they don't didn't really have much anywhere to go, you know, it's, so whilst they were worried, and they tend to associate you with, you know, their drop in occupancy, if you have a conversation with them, and you get them to understand, you know, it is what it is, then, you know, I don't think we lost any landlords during that process. Because, you know, they go, okay, you know, and I get it don't like it, but I get it.

And, you know, we'll give you more time. And that's all we needed, really.

[Josh Keegan] (14:12 - 14:23)

So and what was the so what was the actual that's how you rescued the company? hat's off to you? What was the actual?

What's it like to sell a business? Is this the first business you've ever sold?

[Sarah Lloyd] (14:25 - 14:28)

Well, for me, no, for them.

[Josh Keegan] (14:30 - 14:32)

They've got a few years on you. So we'll forgive you.

[Sarah Lloyd] (14:32 - 14:33)

They do.

[Josh Keegan] (14:33 - 14:46)

I think he not only one of the youngest proxy entrepreneurs you've got, you must be the youngest property entrepreneur that's ever sold a business. So congratulations to you as well. Better than any and is this the only business you've sold?

Because I think you might be holding something back from me.

[Bernadette] (14:46 - 14:50)

Yeah, we actually sold another business at the end of May. This year. Yeah.

[Josh Keegan] (14:52 - 14:54)

It's not one business. It's two businesses.

[Bernadette] (14:56 - 16:02)

Goodness, that was that felt much easier because the whole setup around that business was serviced accommodation. We had eight apartments in in Paynton. And the structure of that company was very much around wealth dynamics.

So we had initially there were five of us and we covered the whole of the wealth dynamics profiling for everybody. So there's a lot of crossover. But again, that whole business was very challenged, as you well know, during the pandemic, we managed to let sorry, cover our costs through the whole of that by letting the apartments to people like ambulance drivers or NHS workers, key workers, basically.

So we didn't lose any money during that period of time. But as it was coming out, we had a full book for this summer. And we just thought, well, look at the masses and do the opposite.

So we decided to sell the business so that they could have a really good book for the summer, and then see what happened beyond that. But that worked really well for us to, to move that one on as well.

[Josh Keegan] (16:02 - 16:13)

That is amazing. And congratulations again, you have to leave something on the table for the buyer, right? They need to be excited about something.

So that sale went through nice and easy. So something tells me this one didn't.

[Bernadette] (16:13 - 16:52)

So well, this one, we agreed the sale, I guess, in April of this year. So it's taken us since April to, to get it across the line. And, you know, it was almost like was on a month by month basis.

Yes, we're going to do it next month. Yes, we're going to do it next month. And the buyers just kept delaying for all sorts of reasons.

So we were getting more and more frustrated and more and more tired. And more and more just, you know, just having to keep everything going. But I guess the opportunity it gave us was that instead of handing it over, I don't know what we were then, Sarah, but maybe 80% occupancy.

It gave us the summer to get it right up into the high 90s.

[Sarah Lloyd] (16:52 - 16:55)

So which we've got all the management fees for as well.

[Josh Keegan] (16:56 - 17:31)

Exactly, that's it. When it's a profitable company, you know, you keep you're happy to keep taking the money if it delays a month. Fantastic.

And actually, when the profits are going up, it's suits you much more than, than it suits them. So you agreed in April, but you must have been negotiating before that. So all in all, this is a six, eight month, nine month process.

This isn't something that happens overnight for those people listening. How did you? How did you keep going during those trying times?

Because emotionally, it must have been incredibly challenging because you think you've sold it, you think you've sold it. How did you stick with it?

[Bernadette] (17:32 - 17:36)

Well, I think our relationships were challenged, I think, across the board.

[Ian] (17:37 - 18:19)

No one's supposed to say anything. It was, it was a bit challenging. And, you know, because you can't get away from the fact that you believe it's sold.

And it's just taking forever to complete. And, you know, you get a bit frustrated about the timeline. But, you know, at the end of the day, you just have to focus on on doing the job, you know, and, and getting things done.

And, and continuing to look after your, you know, your customers through that process and be professional, you know, it's, you can, you know, doesn't matter how much frustration you're feeling, you know, that you have to keep that in house. And, and, you know, you just got to stay, you know, stay on the game and just get on with it. It's, as Dan often says, it's just a game.

[Josh Keegan] (18:19 - 19:08)

Well, yeah, it is. It's easier said than done. And I mean, I have personal experience of what that was like.

And I think, I actually think it's impossible to describe what it's like until you've been through it. And I think that's why it's such a remarkable achievement, because to have that double vision of I'm selling it, but I'm also doing everything I can to protect the business is incredibly difficult psychologically. And I think it makes you a much better person.

So yeah, well done guys for going through that. So I just know how difficult that was. So thank you for being so honest.

Congratulations again. Like I said, there's 7900 people out of the 8,000 who haven't sold their businesses. If you had to give them some top tips, three or potentially more, because there's three of you, if you had to give them some top tips for selling a company or doing what you've done, what would it, what would it be?

[Ian] (19:10 - 20:05)

What would they be? I think it is hard to keep it to three. I would say, because we were, when we were growing the business, it was, we thought we expected to run it longer.

We didn't think we would sell it quite so quickly. So I don't, I think there's never a good time. There's a right time to sell a business.

And so when it came around and the opportunity to sell it came, that just felt right. And we think, okay, it's earlier than we thought we could have grown it more. We fully believe whether that it's been big headed or whatever, but we believe we could easily have doubled the business in the Swansea area quite easily.

But the time for us in terms of reducing the amount of noise and allowing us to move on was right. So I think the, you know, the recognize when the time is right and take and do it. No, don't, don't, don't hang on too long.

You might miss, miss that opportunity.

[Josh Keegan] (20:06 - 20:28)

That is a, such a great tip. And I've said that to so many people, actually a very similar thing. It's actually the best time to sell is probably the time you least want to sell.

So always be thinking, should I be selling? It's an asset. You haven't realized the money until you actually do the deal.

So yeah, if you're not thinking about it, maybe start thinking about it. Great, great tippy. And thank you.

Who's next?

[Bernadette] (20:31 - 20:49)

Well, I think one of, one of the ones on basis of what you said before is around persistence. So, you know, just sticking with it, just keep going. The end will come, you know, nothing happens overnight.

So you, you, you have to be in there for the long term. So just, just stick with it and believe that it's going to happen.

[Josh Keegan] (20:49 - 20:57)

I think, I think what you guys obviously had is this real belief that you were going to do, it's what Ian just said, that you were going to do it. Where do you think that belief comes from?

[Bernadette] (20:59 - 21:53)

Well, I know I'm a really big completer finisher, so I have to get to the end of things. I think if we hadn't sold it, it would have, you know, we'd have just carried on churning and we are tired. You know, if we were 20 years younger, then it would be a different story.

I think we would do, we would have probably grown it and built a big team and done all of that sort of thing around us, but we just don't want to. So it's just, just knowing that. Well, and I think the other thing is that if we'd walked away at the beginning of COVID and said, we're not going to buy this agency, we were at risk of losing quite a bit of money.

Whereas by growing the business, we've actually covered the losses that we would have encountered. So although we haven't made, you know, a massive amount of money out of the sale, we have covered the debt that we would have otherwise lost. So, you know, it's, that was also a key driver in there.

[Josh Keegan] (21:54 - 21:58)

Great tenacity. Well done. So, so very good.

Two great tips. Sarah, have you got a tip for us?

[Sarah Lloyd] (21:59 - 23:49)

Yeah. So I think, and mine's going to sound very obvious, but I think it's something that I personally struggled with the most out of all of us was about like the art of letting go. We've had, I've had so many, I guess, back and forth moments in my own mind about, well, you know, I want to keep going and I want to do it and I want to be involved and I want to make sure everything goes over perfectly all the time, making sure all the processes are understood by the new company and all this.

In comparison to our points of saying, we're selling it for a reason and I don't want to be involved and I'm tired. Going from completely opposites within the space of like 15 minutes at times, like really, really like go, go, go to sort of, I don't want to do it. And a lot of that's come from the fact that it is, you know, it's the first business I, it's the first business I've ever sold.

So for me, it almost is like a baby and giving that up, letting someone else take it over, it's been really, really difficult. And so, you know, as I say something, you know, Mum and Ian have sold businesses before, they've understood the corporate world, they've had a lot more life experience. For me, it was almost like I was waving goodbye to something that I put so much effort in for a year.

And I sort of was like, I've done all this hard work and now I'm just saying goodbye, where it was sort of changing that mindset and saying actually I achieved everything I wanted to over the last year and the sale was just the cherry on top and sort of changing that mindset, understanding actually the positives that come out of it. As Ian says, you know, you've got to, you've got to take the positives out of it. Sometimes you've got to know when it's right and accept the situation as it is.

And yeah, just learning to let go, I think was, was my biggest, my biggest challenge.

[Josh Keegan] (23:50 - 23:55)

Thanks for sharing that Sarah. I think honestly, I mean, just so everyone's listening, do you mind me asking how old you are?

[Sarah Lloyd] (23:56 - 23:56)

20. 20.

[Josh Keegan] (23:58 - 25:35)

I mean, this is just bonkers. I don't even know what I was doing at 20. I certainly wasn't doing Zoom video calls, having just announced the sale of my first business.

So I think, look, I think this experience, I mean, obviously I think we're all in agreement. We'd recommend that every entrepreneur does this, right? We can all say that because it's like nothing else.

And the emotions you're feeling now, you know, I just say, what I would say is enjoy it because this is the journey and this is, this is growth. And this is the celebration. Make sure you celebrate this success because whatever you do now, this is such a unique time and that there will be a turnover period.

It won't just drop off a cliff, but you really must celebrate and acknowledge this success because these little moments in life don't come around very often. So I hope you've all got some plans to go away or do something different or, you know, and really make the most of it and indulge because it's a remarkable achievement what Bernadette and Ian have done now twice and Sarah now you've done once. So yeah, congratulations once again, like from all of us in Property Entrepreneur, we're so proud of you.

It's an amazing achievement during a pandemic, took over a business, turned it around, sold it, 96% occupancy within a year. It's incredible. It's just remarkable.

So yeah, enjoy it, relax, put your feet up because I'm sure you're not done yet, but you will be. For those people that are listening, you know, it just goes to show when you've got a plan, you've got clarity and you can put systems in place and you can freshen up a company that probably just needed it, add some energy, you know, anything's possible. So well done.

Congratulations to all of you once again.

[Ian] (25:36 - 25:36)

Okay, thank you very much.

[Speaker 5] (25:37 - 26:06)

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