**PEP 71 Edited\_Transcription**

[Daniel Hill] (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.

[Ant Lyons] (0:30 - 1:11)

This is Ant from Your Property Network magazine. And today I'm talking to a very good friend of mine. And I was actually struggling to figure out how to introduce him.

So he's been a guest writer in the pages of YPN for many, many years. We've known each other for probably the best part of the decade now. He is a serial entrepreneur with multiple businesses, including many in property and property education and business education.

And I always feel I'm a bit too thick to understand the stuff he talks about sometimes. So he's going to hopefully dumb it down for me today. So my guest today is Dan Hill.

So Dan, welcome to the call.

[Daniel Hill] (1:11 - 1:29)

How are you doing, Ant? I was actually chatting to Saf on Barlow last night and I was saying it's 10 years tomorrow, April, that I wrote the first article for YPN. So we've been working together in that capacity for 10 years.

Is it really? Yeah. And you started our first event in 2014, which is like eight years ago.

[Ant Lyons] (1:30 - 1:37)

And you know, I actually, I said something at that event and I had more people come up to me following that than I've ever had.

[Daniel Hill] (1:37 - 1:38)

I don't think I remember.

[Ant Lyons] (1:39 - 2:12)

It was about, I was, I know who was on the stage, was on the stage with two really, really successful people. I don't really know what I was doing there. And they were talking about, you know, growing these very big businesses and how they wanted to change the landscape and the cities they lived in because they were, one of them was really big into property.

And someone asked me, what do you want to do? And I said, well, you know what I want? I want to have enough money to enjoy a really nice lifestyle, take my kids to school in the morning, walk my dogs, you know, cycling in the hills and still enjoy what I do.

And loads of people came up and were like, actually, do you know what? That's me. That's what I want to achieve.

[Daniel Hill] (2:12 - 2:28)

I remember, yeah, it was like the family man sort of thing. And it's, that's one of the big things we teach on Corporate Entrepreneur now, it is life by design. You know, whether you want to be an empire builder or you want to be a family woman or man, it's entirely up to you.

The main thing is, you know what you want, you go and get it. It's very easy to get seduced by the rest of that.

[Ant Lyons] (2:29 - 3:35)

Absolutely. And buy into other people's vision of success, I guess, as well. So today I wanted to talk to you and I'm not going to say challenge you because that's a bit confrontational and I'm not that guy.

But you use a phrase a lot that is success or failure is entirely predictable. So when we're talking about property or business, or I guess other aspects of life as well. And I wanted to sort of get you on today and ask, what do you mean by that?

And can we see some examples of that of when success and perhaps even more importantly, failure was predictable? And does it still ring true in the world we're currently living in, which is a fairly unpredictable world right now? You know, we're just coming out of, as at the point of this recording, we're just hopefully coming out of a global pandemic.

Hopefully not on the verge of World War Three, but who knows? These are unpredictable times. So I read that phrase a lot.

So what do you mean by that?

[Daniel Hill] (3:36 - 9:10)

So I'm happy to be challenged on that. I think the most value we get from this conversation is really challenging it because it's a mindset and I do stand by it. I'm now on my flag to it.

I think success and failure are very predictable, whether you're talking about economics or finance or property or investment, or like we were talking about health and weight cutting. There's very few variables in it. There's a blueprint for everything.

There's very few new problems. And whilst not everybody will know the things you need to know for success and failure to be predictable, I'm learning to play the piano. And if I learn everything, my teacher who's done big concerts and things, if I learn everything he does, and I follow what he teaches me, I'll be successful.

Whereas if I have my lesson on a Monday and I don't do my training and follow what he does, or think I'm cleverer, or think I'm doing less time, the outcome is going to be predictable either way. And I think... I don't know where to start with.

I think the main thing to start with is the mindset. It's encouraging people that success and failure are very predictable. They are.

I can meet... I've met entrepreneurs who are making hundreds of millions, and I've met entrepreneurs who are losing tens of thousands or hundreds of thousands. And when I look at what they're doing, it doesn't surprise me.

It's not like... We're not playing casino. It's...

There's a blueprint and a model and a strategy for everything. So the broadest term, I think, mindset-wise, it stands. And then I suppose is let's explore does it still ring true today?

And I think one of your points was in a very unpredictable world, is success very... Success and failure, are they very predictable? And probably the best place to start is differentiating between cause and effect.

So the cause is everything that's outside of our control. So things are always going to happen outside of your control. And as an entrepreneur, you've just got to roll with that.

You've got to appreciate your life is going to be riding a roller coaster. If you're employed, a lot of that movement and risk and disturbance happens above you. And the company can either pay your salary at the end of the month or it can't.

You don't have the worries above and beyond that. As an entrepreneur, you carry all of that weight. You've got to worry about the market, making revenue, finance, things like that.

I think the first thing to explore is probably cause and effect. And cause is everything that's outside of our control. So most recently, COVID.

Currently, global supply chain issues, Russia, Ukraine, international conflict. And then you roll it into the predictable. You roll it into the predictable impact of that, which we're going to now experience, which is everything from...

You can't go to the shop... You go to the shop and haven't got eggs or newspapers all the way to... It's quite likely we'll see double-digit inflation, which six months ago would never have...

The government wanted inflation, but they didn't see it coming. So that's the first thing. There's all those things you can't control.

But then the predictable element is what do you do with it? But all those things have happened. Then how do you behave?

And this is 150% predictable. If you behave in certain ways, you will do well. And your success will be guaranteed, despite what's going on.

If you do badly, or you make the wrong decisions, or you bury your head in the sand, failure is almost inevitable. You will fail. So the cause is out of control, not predictable, never will be.

There'll always be something, whether it's global recession, pandemics, or the Kardashians getting divorced, whatever it is. There's always a panic. You can't talk people out of a panic.

You've got to look at what's there, read it, and then behave accordingly. And I think probably, before I hand back to you is COVID was the worst thing that could happen to an entrepreneur or an economist. Lockdown, you can't make sales, you can't open shops, you can't go to venues, everyone's locked in their house.

Failure for all businesses that did nothing was inevitable. But it was absolutely inevitable. Those that looked at it and then pivoted or changed or took action, this is the benefit of being an entrepreneur, probably twofold.

One is we like change, because you get first mover advantage, low competition, high margins. Change is good. But then also, we're dynamic, because we're small businesses rather than big multinationals.

We can move overnight, whereas some of the big boys would take weeks or months to get there. And how you behave reflects what you achieve. And our mantra at PPM UK is every single year, I've been in business 20 years this year, every year, we want it to be our best year yet.

And last year was COVID. We're like, well, this is destined to be the worst year. But because we did certain things, lots of things, we ended up having another best year ever.

And we had more progress, more success in that year than we had in any year previous. And not just by a couple of hundred thousand pounds, by several million pounds, because we looked at a really disturbed, volatile market and figured out why. What do we need to do?

How do we do it? And how do we do it quicker than anyone else to capitalize? And all of our businesses survived, thrived, and we did have the best year ever.

[Ant Lyons] (9:11 - 9:50)

Do you think there are some sectors, though, where it's very, very difficult to pivot and it's very difficult to see an advantage? So for example, the nighttime economy, you know, kind of clubs and bars, which were shut for, you know, I don't know, what was it, a year, more than a year? They can't really do a sort of virtual offering of what they're, of what they do.

Do you think that there are those sectors where actually when something comes along, there is nothing that they can do, and therefore, the unpredictable will wipe them out?

[Daniel Hill] (9:51 - 12:19)

Yeah, I think we're very lucky to be in property. If there was one sector you wanted, apart from healthcare, to a degree, like, yeah, say that not flippantly, but if there was one sector you wanted to be in, it was property. You know, the market got condensed, then we had a huge boom.

Construction, with the exception of a few weeks, was allowed to continue. And with the exception of having trouble to get plaster and things like that, we could carry on, you know, we did well. So there is a degree of, I don't want to say luck, but it worked in our favor.

Other end of the sector, where they completely locked down, didn't stand a chance, like night clubs, absolutely. It's complete and very unfortunate. It's a restaurant, it's very unfortunate, very damaging, very crippling.

So there's always a level of impact. So that's like your health. If you get a cold, you'll get over it.

You know, if you've got something terminal, it's significant. But there's also then how you behave about it. You know, like, did you prepare for it?

Are you in poor health? Because you've neglected your health for the last 20 or 30 years, in which case, are success and failure very predictable? They probably are.

When the restaurant economy, I mean, the restaurant economy has been a real lean, with the exception of a few, a very lean industry for a long time, very small margins. And small margins are one thing, because they make you very sensitive to change. And we would recommend going into any business that makes ideally less than, or sorry, as a minimum, 20%, 25% triple net profit.

Ideally, look for the needle in the haystack businesses that are doing 30, 40. We've got businesses that do over 50% profit, which just success and failure is more predictable, you're more robust, you're more lucrative, you can be more flexible. And the restaurant industry, yes, they were impacted harder, but did they prepare?

Like when we went into lockdown, the average working capital of a restaurant was 15 days. So when the music stops, you've got 15 days cash in the bank to keep going, and then the shit hits the fan. Whereas Microsoft or PPN UK, we hold 12 months working capital in the bank.

So it's like, if you took it at a macro level like that, success and failure very predictable, who's gonna be able to, the tide will always change. And when it does, when the water goes out, who's wearing the trunks. And if you've got a year's worth of cash in the bank, like Bill Gates or PPN UK, you can, success is more predictable.

[Ant Lyons] (12:19 - 12:37)

So you're talking there about putting yourself in the best position to ride out a storm that comes along and positioning yourself to be in that strongest position when the unknown does, I guess, inevitably happen, the kind of black swan event, if that comes along.

[Daniel Hill] (12:38 - 13:52)

Well, that's the good thing about success and failure. When you say that, is it predictable? A black swan event for nobody knows is basically what causes recession, something random, it'll always be something you didn't expect, like subprime markets, that was completely predictable.

Now you look back now and think, when was 125% mortgages ever a good idea? In hindsight, is success and failure very predictable? Yes.

I would say it's that risk and return mechanism. If you want to run a development company in the hundreds of millions, and you're raising, you're using the funds on this current build, to pay for the other one you're trying to finish and hoping you get planning for the next one to pay for this one. It doesn't take much more than a little bump in the road and it's game over.

Whereas, if you do one development at a time, and we do, our current development is 10 million pound GDP. If we're doing one development, and we've got seven figures cash round us, and we've de-risked it into four different blocks, and you do it in phases, and you've got plans A, B, C, all the way to Z, success and failure are far more predictable for someone like that than they are borrowing half a million quid to do an option on a car park, where if you don't get the planning, you lose half a million quid of someone else's money. It's like, it's that spectrum of risk and return that plays into the predictability of it.

[Ant Lyons] (13:52 - 14:29)

Okay, so it's good that we actually kind of move this on to property now. So for people who are, let's say starting out now or restarting out, because we meet a lot of people that are in that situation. They're either new to property, or they've done property, they've got a portfolio or whatever, but maybe things have changed and they want to kind of refocus.

How do they start? What advice can you give them to make sure that that success is predictable? And what strategies should they be looking at?

And perhaps most importantly, what are the big pitfalls to avoid where failure is predictable?

[Daniel Hill] (14:29 - 15:06)

Yeah, absolutely. So I think there's probably like three elements to it. There's one about how to approach it.

The second is the different strategies you can do. And then the third is understanding today. I see today as the best opportunity ever, because we're still in business.

There's loads of change, but there's so much... I'm doing a presentation next week on Property Entrepreneur, about what I've done in the last four weeks strategically to my businesses to get ready for this next 6 to 12 months of basically a high inflation. I'm excited about it.

It's going to be great. The returns are going to be fantastic. But if I buried my head in the sand, I would be in big trouble.

[Ant Lyons] (15:07 - 15:40)

It's interesting because I think a lot of people will be listening to this or watching this and going, well, is it the best time ever? We're in what may be a vastly overheated property market with mortgages becoming more expensive. And so what are the opportunities for me if I'm looking at this now?

Because everything that comes from the market is sold in minutes or before anyone even goes through the door. So what are those opportunities? Because there's definitely going to be a lot of people going, well, I can't see them.

[Daniel Hill] (15:41 - 17:47)

Literally, such good questions. So let's come back to best time ever and start because you're absolutely right. Success and failure are very predictable.

If you're running around at the minute trying to buy a 3-bed, semi-detached house on the open market, you are wasting your time. You're absolutely wasting your time. Whereas if you go somewhere else, you'll find a deal.

So it's all about playing the game. So first off is people who are starting is where to look. The biggest thing here about success and failure is very predictable.

This is something that I tell all of our property entrepreneurs, and I guarantee 95% of them will never listen to, is slow and steady wins the race. But without a doubt, if you watch what we've done over our career, we've not been the fastest, we've not been the biggest, but we've been around for the longest. And I would say some of our businesses are the most lucrative in the industry.

Slow and steady wins the race. You have to earn your stripes. So start off with...

I started off with when I came into property in 2011. I built businesses before, I had a bit of cash behind me, which in fact, I didn't actually end up using. I used other people's money.

But the first thing I did was I've never bought a house before. Before I start doing HMOs and flips and developments, I'm going to buy a house from a deal sourcer. So I pay someone 5 grand, 3-bed house in Sheffield, put it on the best deals I've ever bought, still own it today, take just a single let.

I was like, well, I need to know how the process works. So I'm just going to buy one. It's not going to be a bank deal.

It's not going to be no money down. It's going to be that you get your education one way or another, you pay for it, or you pay for it, or you pay for it, pay someone else for it, or you pay for it yourself. So single let, then I did a 3-bed house and turned into a 4-bed HMO, then a 4-bed into a 5-bed.

Then I did 2 6-beds. Then I started doing 8-beds, 12-beds, 20-beds. Then I started doing flats, 6-flats, 10-flats, 18-flats.

My current scheme is 88-flats. And it's like, everyone wants to be the overnight success. What's the quote?

It takes 10 years to become an overnight success. So that's the biggest feedback.

[Ant Lyons] (17:47 - 18:13)

But we do see them, don't we? We do see a lot of people who go big very fast. And unfortunately, we see a lot of those people fail.

They're overleveraged or overextended and just taking on too many projects or whatever it is, they've borrowed too much money. But unfortunately, you can't avoid it. You read the property forums online and it's littered with people of those overnight successes who did go very, very fast and have paid a price.

[Daniel Hill] (18:14 - 19:51)

And again, success and failure is very predictable there because some industries, well, I've got lots of investments in different companies. We've got an incubator on Property Entrepreneur where we do starts with other people. And some of them make complete sense to go really fast.

Because basically, we call them milk in the cow business. The logic is, this is an absolute 40%, 50% profit margin business. And we need to make the most of it while it's there because it could turn to dust tomorrow.

So because we know that, we structure it in a way where we draw in every month, we build it on back-to-back leases. We know that if the domino falls, we can cut it and get out. But it's built with a today mindset.

If you want to play the long game and you want to... It takes 20 years to build a reputation, five years to ruin it, you do have to slow things down. So that would be the sort of where to start right now would be small.

Rent to rent, single X, service accommodation. I mean, you can still get apartments, do service accommodation, buy and lease them. There's a lot of flats in the big cities.

That would be where to start. And then probably it sounds like a bit of a conflict because I own an education company. And you obviously own YPM.

But everything I've ever done well has been because I've paid for my knowledge. So if you think in our industry, and the big names in our industry that do mentoring, I'm either friends with them, or I'm clients of theirs, or I've done business with them. And I've, in some cases, made them half a million pounds.

In other cases, I've paid them 100,000 or quarter of a million pounds. It's like, you've got to invest, you've got to spend money to make money to a degree.

[Ant Lyons] (19:52 - 20:37)

Well, I think we also need to sort of add just a word of caution there as well. Because unfortunately, I'm actually a massive believer in paying, learn from people who know how to do this, you know, who've trod the path before you, and can guide you along the way. I think it's the smartest thing, and it stops you losing the shirt off your back.

But we need to be careful who we learn from. And, you know, our industry is unfortunately, there are a few people who are maybe running courses or programs, and they don't have that much experience themselves. And sometimes they don't have your best interests at heart.

So can you give some tips really on how to choose who to learn from, perhaps?

[Daniel Hill] (20:38 - 21:48)

So probably two things to cover both bases. One is look for the people that have been around a long time. And there's always, you're always going to, you know, dig as far as you want, there'll always be a couple of people, you know, go on Amazon, to a product that's got 5000 good reviews, there'll always be five people that were disappointed.

Look for those people that have been in industry a long time, good track record, loads of case studies, and they've been around for decades rather than weeks. That's definitely one. And then the other one, which I think is why proper entrepreneurs are so popular, is that they walk the talk.

So literally, I'm a proper entrepreneur, we teach in a workshop, this is what we recommend you do. And then we've either literally done it the week before, or we're doing it at the same time as the delegates. And we're walking the talk.

Running a training company is not my job. My job is, I am an entrepreneur, I'm an investor, I'm a developer. And it just happens to also train other people how to do that.

And I do capitalize on that. It's another revenue stream. It's a seven figure business.

I'm not gonna say it's not like a capitalist business, but it's a win, win, win. And that's why it's always oversubscribed. Similar to YPM.

I mean, how many people unsubscribe? I've been subscribed to YPM for a decade.

[Ant Lyons] (21:49 - 22:37)

So yeah, it happens. Yeah, it happens. And I always can't get my head around it really, because YPM magazine costs you kind of less than the cost of two cups of coffee.

Yeah, it's about that a month. And, you know, you get the magazine and all that stuff. And we see people who subscribe and then they unsubscribe.

And I think, well, okay, I get it. If you know, you got caught up in the moment and property isn't going to be your thing. That's some people.

But for some people, they're literally costing, you know, looking at less than 10 pounds a month and thinking, well, that's expensive. And you think, you know what, I've written stuff in there. And I've read stuff in there, which is, you know, made me or saved me 10 grand, 20 grand, 50 grand or 100 grand, whatever.

And it's interesting people put a price on it, even at that kind of price tag.

[Daniel Hill] (22:39 - 23:11)

Yeah. And it's, yeah, that would be my two things. Go with somebody that's a mentor who's walked the talk and does it, or go for a professional coach and trainer who either knows it better, like an academic, like Jordan Peterson, someone like that is an academic, but they really, really know what they're talking about.

Someone like me has got all the scars, war wounds, gray hairs and wrinkles from getting it wrong and getting it right. There's not much, if you want to follow it up to where I am, there's not much I don't know to get there. And yeah, someone like that would be recommended.

[Ant Lyons] (23:11 - 23:36)

So you say you've got the scars, you know, things not working out or not working. So can we, you know, can we look at why that's happened as well? Because it's, you know, you say now after having learned this for over two decades, success and failure is predictable.

When you look at the things that did fail, in retrospect, why did that happen? And what were the lessons that you learned? And could you give us an example?

[Daniel Hill] (23:37 - 25:59)

Yeah. So I actually did an interview the other day and someone was saying, what are your biggest failures? And I do, I know this sounds like cliche or corny, but I don't ever look back and think, oh, that was a failure.

I wish I never did it. But there's a good quote that says you either win or you learn. And I think that's what the journey of doing it, you can have the best advice and direction in the world, but you're still going to mishit things sometimes.

So I did a podcast on the official Property Entrepreneur podcast the other day called The Man Behind the Mic. And in there, I talk about a few sort of examples. And I would say really, what one of the ones offered was practice what you preach.

Now I can say to you, slow and steady wins the race. Don't go a million miles an hour. But when you're on a wave, and it's all exciting, you've got deals coming in left, right, center.

It's very hard to maintain that discipline. And I did a roll up of a group of companies over the last sort of three or four years. And really what I should have done there is again, this on that podcast is when it got big national, eight offices, I should have then sold it to somebody with the expertise to take it to the next level.

But I didn't. And I didn't even try and take it there myself. I just sort of stood in no man's land.

And I ended up selling it two years later. But I probably should have sold it earlier. And same with some of my portfolio, my Lincoln portfolio.

I started building in 2011, scaled it up 2012, 13, all the way to 16, 17. And it was flying. 100% occupancy, doing deals off market, no money down, or all money out refinance for lawyers.

And I scaled it up to 200 rooms in about two years to two and a half years. It was real, one of those rocket ones. But then the market got saturated, article four came in.

And I just sat there for about two years and other businesses I was playing with as well. But I watched the portfolio deteriorate over about two years, like occupancy drop, rents come down. And it got to a point really where I do think some of those HMOs probably for two or three years never made me any money.

And I should have tapped out at the top. The market was hot. I did tap out at the top in the end.

I sold it all at the top of the capital value. But cashflow wise, I should have moved quicker. And that's definitely a lesson.

[Ant Lyons] (25:59 - 26:25)

It's quite difficult though, after you've built a portfolio, isn't it to let go of them? I don't know. I think we all feel that, you know, it took you time and hard work and whatever and energy to buy this thing and get it up and running.

And so to sell it, yeah, you realize the capital gain and you know, put money in the bank. But it is difficult to let go of one of your babies like that. I think there's a psychological element of it.

[Daniel Hill] (26:26 - 26:57)

And that probably applies to multi-layer. I did love having multi-layer, big team, head office, national office, good for the ego, good fun at times. Yeah, I think there's probably a bit of that.

And that's both the gift and the curse of the entrepreneur. We do what we do because we're enthusiastic, passionate, emotionally brought in. And that has real great benefits of getting business off the ground.

The downside is sometimes it masks our judgment. We can be a little bit, we can turn a blind eye when perhaps we shouldn't. So I'd agree with you on that one.

[Ant Lyons] (26:58 - 28:11)

Yeah. Okay. I thought it'd be interesting to talk about one of the things that you think has really helped you along the way.

And I thought I'd share an example as well, if that's okay. Because I think kind of through my own sort of development projects and in the magazine business, in the gym business that we own, I think actually the key has always been working with other people who, A, share a value. And probably the biggest value is when things look bad, they get down and they work and they find a way through.

They don't bury their head in the sand. You used that phrase earlier on, the kind of ostrich thing. And I think probably it's the worst thing that anybody can do.

And the most tempting thing for us all to do is to just not look at the problem. So working with people who are better than you at whatever it is, a finance director or an amazing architect or project manager, or someone who's just in the trenches with you, I think has made all the difference to me. I would not want to do this on my own.

I think it'd be very, very lonely. I don't know. Do you feel the same?

[Daniel Hill] (28:13 - 29:12)

So I think, yeah, I think definitely. I think there's definitely a connection element to that. I think for me, it would be more strategically, is one of the biggest things I've learned is you want to be able to do nothing and delegate everything.

And also be like, if you're the smartest person in the room, you're in the wrong room. And I'd welcome anyone to challenge my team around me and say they're not world class, whether they're construction company or our construction company, or they're heads of our companies, or my executive assistant, people who run our companies, our speakers, they're all world class. They are literally, they can do their jobs 10 times better than I ever could.

And that's the aim of the game is to go out and surround yourself with superstars and then have stars under them. So strategically, that definitely rings true for me. And doing it with people you like working with, it's just a pleasure.

It's hard enough being an tough people, that's no good.

[Ant Lyons] (29:13 - 29:31)

On the Entrepreneur Programme, do you see that people struggle to delegate and take a step away because they started out at a point where maybe they did everything, and they find it very difficult to let go of the reins?

[Daniel Hill] (29:32 - 30:58)

So that's like, one of the best questions I've been asked on an interview for ages. So I sit on boards of some seven figure companies. And one of the biggest challenges I have is getting the founder, who's now the CEO or the MD, to reset their mindset.

And when you start a business, you've got a small business, and it's your baby, you want to do everything. And you want to be involved in everything. And you want to see everything.

The other end where you want to get to, I would say where I am, explicitly now, is do nothing. But I don't want to do anything. If there's anything to do with the business, it's not what do I do, or when do I do it, or how do I do it?

It's who is going to do that for me. And yeah, you've got to move. There's a time and a place.

In the start phase, it's you. In the middle phase, it's the band of brothers. So it's you and your friends, the first group, it's all great.

But then when you switch gears and go up to the dream team, where everyone's got a space, everyone's a specialist, the aim of the game there is that you're just not involved yourself at all. I went to our head office this week. And it's the first time I've been there since we moved in.

We moved in in December. And I haven't got a key. I didn't know where the toilets were.

It's just a business I own, and people that I trust to run them. I just work here in the office. I work in coffee shops because I like working on my own.

So it's each to their own on that one.

[Ant Lyons] (30:58 - 31:18)

As we come towards the end of this interview, I wanted to talk about the stuff that you enjoy as well, because you also talk about life by design a lot. And I guess, perhaps you can explain what you mean by that and what it means for you and what your designed life is.

[Daniel Hill] (31:20 - 33:05)

So if you don't have a life by design, you'll live a life by either default, which is you just go with emotions and life will just drag you along, or life by comparison. And you look at social media, your mates, your influence circle, and you follow what they're doing. Life by design is something that we do annually on Property Entrepreneur, October, November, December, every year.

We look at what we've achieved, we get introspective, we figure out what do we want more of? What do we want less of? What do we want to keep?

And then we physically using about 15 different tools and exercises, create our life by design for the next year. And this is called your year off. So year off, my year off this year is 12 hour work week.

So my life by design this year is going from 12 hour working day to a 12 hour working week. Because I just want to try, before I go all guns blazing for another decade, I just want to try taking my foot off the gas and see if there is more to life, making coleslaw and playing the piano. So like, just giving that a and then we have professional objectives and personal objectives.

And that's what life by design is. In some years, you want to be... Like last year, I wanted to bulk up.

So I put on loads of weight, I went weightlifting, got a bit bigger, and I went all guns blazing with the companies. Got to the end of the year and I was like, actually, it's probably time for a bit of a health and fitness tidy up, trim down a bit. And then in the business, I'm just going to try not doing 12 hour days, but do a 12 hour week.

And you just... It gives you the freedom every year to reset the bar. And that was how I ended up living on a narrow boat.

That's how I ended up running a big multimillion pound group. That's how I ended up doing a 12 hour work week. Yeah, it's like, it's very intentional, it's very deliberate.

[Ant Lyons] (33:06 - 33:16)

It's an interesting time for you then to see if this kind of change of lifestyle is you, I guess, and see whether or not you can do that.

[Daniel Hill] (33:17 - 34:13)

Yeah. And it's really, really challenging. I think people think, you know, going down to work in 10 till 2, Tuesday, Wednesday and Thursday would be a piece of cake.

But I find it really difficult. So there's so many things. I did a podcast last week on the Official Property Ownership Podcast called Hunt Like a Lion.

And for those who are interested, I talk in there about different work styles, like fast lane, slow lane, work-life balance, work-life blend. And I'm hunting like a lion at the minute. So I'll have a day which is like a monster Monday, maybe.

And it's like back to back to do this task, smash it all out. But then maybe I won't work Tuesday, Wednesday, Thursday. So my lion goes out, catches his prey, sits under the tree and relaxes.

I think that's probably the best place to be, but I'm like addicted to it. So it's so hard.

[Ant Lyons] (34:13 - 34:19)

Yeah. And so now you've got to fill all this time, you know, and there's only so much piano playing, I guess.

[Daniel Hill] (34:20 - 35:22)

This is it, right? So there's two types of people in this world. There's those who need to be busy and productive, which is me.

And there's those that could be quite happy pottering around and chilling out, watching telly. And I think what I've found so far is I love to be productive. Now I just need to figure out where does that happen?

Obviously, yeah, there's so many questions, but that's why you have a year to explore it. And the good thing is, the good stuff that drops out of the bottom of your life by design, like I'm only connected to my phone 10 till 2, Tuesday, Wednesday, Thursday. So that will probably stay because I'm addicted to my phone.

I'm glad I've got it out of my life. And it works quite well. During that time, I'm reactive, I'm engaged.

But in the morning, I've been out walking for an hour this morning, I've been creative, I've been listening to some music, that'll keep. Whereas having a strict rule that I can't work outside of those hours, I probably won't keep because I don't think, yeah, I don't think it suits me. Before we finish, I don't know when we'll finish it, but do you want to come back to best time ever?

[Ant Lyons] (35:23 - 35:24)

Yeah, let's do that.

[Daniel Hill] (35:24 - 35:25)

Should we do that?

[Ant Lyons] (35:25 - 35:25)

Yeah.

[Daniel Hill] (35:27 - 42:12)

So this is like success, to sort of round it up, success and failure are very predictable. And if you do, bury your head in the sand and decide that, okay, inflation is going up, I'm not really now, I mean, you'll notice it today, fuel bills are going to go up, the shops are going to start looking a bit empty. And everything really is going to start ratchet up.

And for those that are perhaps more sensitive to that are going to notice it very quickly. Others of us might notice it, but more arms left. But the main thing is say, right, there's big change coming.

And most people read the headlines and get panicked, get nervous, the world's going to end. And it's like, I'm not surprised, because that's what media is for, is to put the fear of God into people. Whereas if you look at it and say, right, there's big change coming, what do we do?

So it's like, right, let's just rattle it off. So we talked earlier about inflation. Inflation will probably, in my only peak and then come back down, it will probably or possibly go into double digits in the next six months, because of energy prices, because of supply chain coming out, supply chain globally, because of manufacturing in China being shut down again, because of COVID, all of this stuff is going to force up, force down supply, demand won't go anywhere, but it will force up prices. So inflation is going to go up. And it's like, well, fine.

So what does that mean? Well, inflation going up means prices go up, and everything else really, really bad. Well, it's a really, really bad thing.

If you're earning the same money, and you can't afford it, that's really bad. But if money's going, what inflation means, prices going up, it means the value of money is going down. So the value of money is going down.

So in a year's time, £10 will only be worth £9, a million quid will only be worth £900,000. Then what do you do to offset that? Economics has been around forever.

Investment is like a multi, multi-billion pound industry. When inflation goes up, so do asset prices. Inflation goes up, cash comes down, asset prices go up.

So where previously for the last two years, I've had 12 months working capital in the bank, and loads of cash around us. So that's a really bad thing to do, because all that's going to go down 5%, 8%, 10%. Well, where do I put it then?

Well, I need to find somewhere to put it. Where can I put it where it's secure and things like that? So that capital has now gone into going into assets.

And I've gone from probably, I'd have to work out the actual numbers. I started playing with it the other day. Probably 30% of my net wealth in cash, which is really, really high.

But Warren Buffett's got 50%. So that's like, was fine for me when interest rates are low and inflation's low. Inflation's going up.

I'm going to take that down to probably 5%, use some of my unencumbered assets, or you can pay off some of your mortgages, unencumbered assets as my Get Out of Jail Free card, reduce my liquidity and put it into assets. So then not only is it not going down, if it's in a property or a school, like we've started buying private schools, or a school or a commercial building, those prices will then go up. So actually, inflation is a good thing, because you've bought something, but your cash, which is going down into a property that's going up, that's then going up.

And also, across the rest of your portfolio, inflation is one of the best ways to repay your mortgage. Now, if you've got an interest only mortgage, you could put it on repayment, or you can let inflation pay off. If you've got a million pounds worth of mortgages around you, next year, they're only going to cost you 900 grand in real terms.

So things like that, and it's like three-bed semi-detached houses, I love them. I would have 1,000 of them if I could. I'm buying one at the minute, which was just a crazy deal.

But I would love to go out and buy 100 of those now, but I can't. So what can I do? Well, in August last year, there was a new permitted development bill released.

So I'm like, well, I've got some cash. I'm going to put it into commercial buildings, because it's got a guaranteed yield. And commercial is in a pretty good place because the supply is reduced because of the amount of development, and the economy is coming back.

But then if I buy a commercial that's got airspace using the new, I forget which, I think it's AB, you can basically do airspace under, it's called PD, but it's actually more of a loose planning process. But out of that, I bought 30,000 square foot block, run that as commercial, put 44 apartments on the top. Everyone's a winner.

And then you're like, well, you're not going to be a winner, though, because success and failure are very predictable, and the cost of steel has gone through the roof. So you can't do your airspace. Well, you then look at alternative construction methods.

We're now talking to a company that's two years old, and they're doing modular. And not only do we not disturb the commercial tenants, but they build them offsite, they're in the dry from day one. And in five days, they can literally, with a crane, drop them on the roof, plumb them in, and you're down to final fix within three or four days.

So it's like success and failure are very predictable. It's easier said than done. But if you're creative, dynamic, entrepreneurial, and you've still got...

I think entrepreneurship, one of the things I realized this year is it's an all-in or an all-out game. If you want to be an entrepreneur that you're dipping in at the weekends, that's fine. But you treat it like a hobby, it'll pay you like a hobby.

If you want to go all in and make the best returns, have the best businesses, make those quick first move advantages, you do need to be pretty close to the game. So yeah, all things like that. And whilst no one's invested...

You and I spoke about this previously. Whilst no one's invested in businesses at the minute, the M&A market's through the roof. So it's like, you're looking at capital values of property, you also have capital values of businesses.

And Asda's going to... No, not Asda. Asda sold last year.

One of the other big companies is going to bids. I forget who it is, one of the big supermarkets, going to like blind bids. So if you know how to use funding or investment capital or private venture equity, or M&A, that space is booming.

You think, well, how's... There's a world war bubbling up, and inflation's through the roof, and there's no deals. Well, that's happening that side of the fence.

What can we do this side of the fence to capitalize? And we did that through COVID successfully. And everyone listening to this can go and do that now.

But you just really need to know what to do, how to play the game, and then go out and play it.

[Ant Lyons] (42:13 - 42:47)

Okay. What an amazing place to wind up this interview. I think it's fantastic advice.

Let's just say, if anyone's listening to this, you definitely, definitely need to be listening to the official Property Entrepreneurs Podcast. Dan's on that all the time, sharing these amazing advice and real life examples as well, because that's how we cement our learning, I think, isn't it? We look at what people have actually achieved.

So I would massively recommend you doing that. So Dan, it's been a total pleasure today, as always. Thank you for doubling it down, just enough for me to understand today.

[Daniel Hill] (42:48 - 43:19)

Pleasure to see you, Dan. Thanks for having me. Thank you for listening to the official Property Entrepreneur Podcast.

Trust found value and insight in the topics discussed, and as always, very much welcome your comments, feedback, and any suggested guests or topics you would like us to consider. Please give us a review, and let us know what you think. Follow me on social media, Daniel Hill on Facebook, Property Entrepreneur on Instagram and YouTube.

And if you'd like to hear more, please share, subscribe, and look forward to seeing you on the next one.