**PEP 97 Edited\_Trasncription**

[Daniel Hill] (0:06 - 1:44)

Welcome to the official property entrepreneur podcast. It is the first of the month, ladies and gents, which means it's time to lift the bonnet on some of the UK's most creative, lucrative and award-winning deals on our deals, deals, deals podcast with my good friend, Mr. Mark Barrett. Mark is an award-winning entrepreneur.

He has a wealth of experience in property investing. He's done 25 years as a landlord, 10 years as a broker, and he's been sourcing property deals for other people for over a decade. Mark joined us on the property entrepreneur board in 2016 and has been a board member ever since, which is our highest level programme where I work directly with our property entrepreneur board members.

He's done over 50 option deals, as well as delayed completions, planning gains, commercial developments, and over 40 HMO conversions. As well as property, Mark was also the founder of the HMO agency. He now runs the property brokerage, which broker property deals for landlords and investors.

So he knows this stuff inside out. And during these podcasts, what he's going to do is share everything he can with his experience, his expertise, his wisdom and insight to give you all the information and inspiration you need to apply this in your own business. Each month on the first of the month, Mark's going to be interviewing some of the UK's market leading and award-winning investors and developers to show various deals, structures and strategies to enable you to apply this in practice.

It's the first of the month, it's time for deals, deals, deals. So over to you, Mark.

[Mark Barrett] (1:47 - 2:56)

So welcome to this combined hall of fame deals, deals, deals podcast. I'm really pleased to welcome my friend and fellow property entrepreneur board member, Josh Keegan. Josh Keegan pretty much doesn't need any introduction on the property entrepreneur circuit.

For those that don't know him, he's a chartered accountant. He's a three times property entrepreneur award winner. He started, scaled, systemized his business.

And he tapped out at the top for one of the highest multipliers ever in the industry. Welcome, Josh. Thanks, Mark.

It's very, very nice introduction. Thank you very much. I appreciate being on and being here.

Yeah. So also welcome to the property entrepreneur hall of fame. Thank you.

Congratulations for that. I'm really looking forward to this because obviously we've had similar businesses. We've known each other five, six years now.

And it's been absolutely fantastic to see your journey over that period.

[Josh Keegan] (2:57 - 3:22)

I'm just following in your footsteps, aren't I? I mean, you did what I achieved about three years earlier. So it's just been a pleasure to see the journey, see what you've done, and then take a lot of inspiration for that and achieve something similar myself.

So yeah, absolutely. And I don't think we've ever gone into depth on this. So we never actually talked about this in depth.

So it's going to be quite cool to kind of fill you in and get your view on things as well.

[Mark Barrett] (3:23 - 3:37)

It is quite strange that we had businesses, we had offices about a mile from each other. We were kind of never like competition. It was more kind of like, never like direct competition as such, was it?

It was kind of like friendly.

[Josh Keegan] (3:38 - 4:46)

No, and it worked really, really well. I've never told you this, actually. But there were some times where you'd ask for help or I'd ask you for help.

And I'd always think, you know, is that too far? Like probably in either foot, where I'm like, I'm helping you with something. I'd be like, hmm, is that a little bit too much?

Like, is that the right thing to do? Is it a good idea to kind of help what is essentially a competitor? But I think you always said it the right way, which was, it's just the abundance mindset.

It's just not having the scarce mindset. And the reality is we were both better helping one another than we weren't. And it's like the amount of times where, say, a client was going to leave us or a client was going to leave you.

I mean, I would say the amount of times is quite rare. But just knowing that I'd get a phone call for you or you'd get a phone call from me saying, by the way, this client's reached out to us, let me help you keep them on board. I thought that was really valuable.

So I'd really recommend anybody that's in that kind of, you can't do it with anybody, but anybody that's got that competitor, so in quotation marks around the corner that they actually know, the more friendly you can get with each other, the more you can help each other. I think now having done that is definitely the way to go.

[Mark Barrett] (4:47 - 5:03)

Yeah, absolutely. Yeah. Yeah.

And I think it's that you say, there's more than enough business for everybody. Yeah. There really is.

Yeah. Yeah. So I think, so anybody that doesn't know your business then, do you want to just give us an introduction to Zest and what it is as a business?

[Josh Keegan] (5:04 - 6:06)

Yeah. So obviously, before I, when I started on Property Entrepreneur, it was about six or seven years ago now, and we just literally started a company from Zest. Zest was a HMO specialist management company designed to actually manage HMO professional debt.

So it houses a multiple occupancy for professionals. At the time, it was quite a niche kind of crest of wave because it was student-led agencies that did this, but very few that managed the nuances of professionals. It is different because students are one tenancy, some set and forget.

Professionals can be a lot more demanding. You're managing multiple ASTs in one property. And we essentially just, we started that about six years ago.

Me and my late business partner, Phil, then we scaled that up and it was in December, 2021. So literally at the start of the end of last year, it completed on New Year's Eve. We exited and we actually sold that business.

Awesome.

[Mark Barrett] (6:10 - 6:18)

So what are you up to now then? So you've obviously sold that business. What is it that you're focusing on now?

I run a company called Ultimate FD.

[Josh Keegan] (6:18 - 7:29)

So before Zest, before we actually, I almost fell into entrepreneurship, but before I did that, I was a chartered account, but I still am a chartered accountant, did my qualification, started the business up. And then probably about a year towards the end of Zest, people start to approach me and say, look, can you help us achieve what you achieved there? Because it was a high margin, lucid business doing really, really well.

So I started helping people. And then all of a sudden I realized that it's really hard to help people unless you have financials. So entrepreneurs wanted help.

It's like, how do I help if I can't see what the clear picture is? But it seemed to be something that was going over people's heads that they need a finance function. They need financial clarity in order to actually build a business with great margins.

And that's one of the things we invested heavily in at Zest. So now basically I combine the worlds of finance, entrepreneurship, bring them together. And I'm also like a translator.

So we operate as a translator, that your accountant will tell you one thing that'll go over most entrepreneurs' heads. Entrepreneur wants certain information, and we sit in the middle to make sure these two people can speak to each other and basically empower entrepreneurs with the ability to get in the driver's seat of their finances and help them scale lucrative leveraged lifestyle businesses. That's the aim of the game.

[Mark Barrett] (7:30 - 7:41)

Excellent. I know you're really in your flow and you love what you're doing. So it's great to see how you've kind of like transitioned from one business.

Yeah, absolutely.

[Josh Keegan] (7:43 - 8:30)

I think for the first time, I'm in a place now where the business feels a bit more purposeful. I think with Zest, it was like, yeah, we had a purpose. Yeah, we were kind of saving people time and taking away the headache of managing their properties.

And it was cool and people really appreciate it. But was I really that passionate about that? I was passionate about having my own time back.

Zest managed my properties too, but it didn't feel like a purpose. It felt more like almost like a job, like just a way to make money. Whereas now it feels far more purpose-driven.

And I think the world that I'm operating in, it is fundamentally broken. So I think that's why it feels like it feels like the right thing to do to try and fix it.

[Mark Barrett] (8:31 - 8:40)

Right, okay. As far as the actual sale of the business then, when and why did that come about? What was that happening?

[Josh Keegan] (8:41 - 9:46)

So yeah, there's three kind of key reasons as to why. The when, I shared before. So the when we actually kind of, I think it's October 2021.

I was like, right, I'm going to list this for sale now. I'm going to get this sold. It's completed in December, end of December 2021.

So about two or three month turnaround period on that front. Really quick then, isn't it? It was just, it felt long.

It felt like a long, long time, but it was as far as acquisitions and sales go. Yeah, it was a very, very quick turnaround. For those that don't know that I'm going to show in a moment, Dan was my broker and Dan had sold to this buyer a few times.

So yeah, I was in safe hands. I was very, very fortunate to have this vision. A lot of it, the node I can trust and all that had been done.

So just go through contracts and get it over the line. So that's the when. The why, so the three main reasons for the sale.

So the first is I had my first baby, Iris, on the 13th of June, 2021.

[Mark Barrett] (9:47 - 9:51)

So I had her and- I think children are such a game changer, aren't they?

[Josh Keegan] (9:51 - 12:59)

Yeah, and they just kind of, they really gear your mind towards what's important. And I think, I was just aware, I didn't want, well, so number one, I had a new baby. So that's the first point.

It was like, and my orientation shifted to want to spend more time with family. So that was the first one. Number two, and this kind of feat, well, number two is the business was performing so well.

And you may say, well, why sell if it's performing so well? Well, I was actually operating at 90 minutes a week. So I have three one-to-ones on a Monday, that was it.

And there was sometimes follow-up meetings in the week, but generally the business was working really well. 90 minutes a week, margins 35, 40%, which is really good for a service-based business. And it was literally in that place, which I always dreamed it was going to be.

So I knew the place where I dreamed it was going to be was where it was going to have, somebody else would dream that they could buy that business too. So I was very aware that this was the time now, although I finally got to where I wanted to get to, this was the time where it was going to have the highest possible exit value, reason number two. And the third reason links to kind of both of those reasons and kind of the shifting of having my new child, there was definitely a fear factor.

And for years, I was like dreaming of getting, we had some really dark times. And all I would dream about is when I've got a team that's running the business for me, margins are there, I'm finally getting paid for it, I'm working less, I'm not answering phone calls, I'm not covering for people when they're sick, I'm not recruiting all the time. So that's a really dark times.

And I finally got it to where I wanted it to be. And there was a fear factor of like, what happens if this falls, goes back? And I was like, before I would have had the energy, I was like, well, if it goes back, I'll just jump in, I'll get it sorted, I've done it a hundred times.

But now I'm like, well, I don't really want to do that anymore. So I've got a young child. And the idea of experiencing all that stress again, which I've had before with my family, the appeal of that was just like, the idea of that was heartbreaking.

The idea of two team members leaving, you have to jump back in the office and work, stupid hours to put it back together. And I can see on the horizon, there were things that were coming in, like we've been talking about council tax banding. You've talked to me about it loads.

You always give the example, you've got two properties on one street and one's been banded and one hasn't. It's just not fair, is it? It's not fair.

And it's like, that's out of my control. And if that comes in, once again, I'm sure we'd get through it, but I don't want to. I don't want to jump back in and spend months of my life sorting that out.

Generally the HMO market, I think it's getting harder, it's getting more competitive. I think landlords are making less returns. So it's like, if you're a premium HMO letting agency and you're in a market where your clients are making less returns, what are they going to think about your fees?

What are they going to do? So there was no problems, but I think in the next 12 months, 18 months, two years, there were going to be problems. And I think it was just in a place, but I know I could solve them all.

Like we solved the tenant fee ban. We solved loads of stuff, lack of deposits and all that stuff. But I didn't want to.

I just didn't have the energy. The idea of doing that now was the cost of doing that now was too high. So it was no longer my time.

It was spending time with my family as well as my time.

[Mark Barrett] (13:00 - 13:07)

Yeah. So literally tapping out the top, that's exactly what you did when the business was such a great place.

[Josh Keegan] (13:07 - 13:59)

Yeah. And I think on that, it's just trust the people around you. So if you look at, I'm sure Dan and I might be sharing, so share it all on stage.

It's like both of them have done it before me. And they're both saying, it's like the worst time to do it is when you've checked out mentally and you want to sell. It's like the best time to do it is when you're being proactive rather than reactive.

So don't wait for catastrophes and you go, oh, screw this. I don't want to be out. And then try and sell.

That's really hard. Sell it when it's literally at its best. And we all know that, but often it's like the carrot or the stick, isn't it?

And so the carrot is to sell when it's doing really well. I want to be gone. I want to be out of this.

And we know what the best motivator is. It's just much harder to do the carrot. So fortunately, I've seen those to go through it.

And it's probably quite easy for me as well because I've seen them go through it. It's the same buyer. We didn't know it was going to be the same buyer initially.

It was the same buyer. So it was straightforward and it all made sense.

[Mark Barrett] (14:01 - 14:21)

I think you're right. As soon as you make that decision that you do want to sell the business, emotionally, it is hard. You know, just to stay with it and kind of keep involved when actually you've made a decision that you actually want to sell that business.

Yeah, you want to get out.

[Josh Keegan] (14:21 - 15:16)

Yeah, it is hard. And I think that's where the way I did it works well because I was never in a place where I needed to sell it, but I wanted to sell it. And still, it was tough because I'll talk about some of the top tips soon, but you do get into negotiations further down the line.

There's always a risk to fall through at any moment and you kind of latch on to the fact it's being sold. But I kept saying to myself, look, if this doesn't sell, you're fine. You're in the same boat and it's a really good place to be.

You've got your dream business now. So you're absolutely fine. So yeah, that's what it's all about.

It's not easy. And once you've kind of checked out mentally, it's more challenging, but I wasn't checked out to a point where I hated everything about it. I actually thought it was a brilliant business and I was still checked in in that sense.

So for me, it was a little bit easier psychologically, I think.

[Mark Barrett] (15:17 - 15:34)

Yeah. Can you just describe what the business was like when you sold it? How many team members?

How many units were you looking after? Just so if people are interested in either they're in lettings now or they're interested in setting up that business model.

[Josh Keegan] (15:34 - 17:24)

Yeah, so upon sale, we had a team of around 10. So that included the office team plus two contractors that were out and about running the maintenance side of the business. So around 10, including the VAs as well.

We have two VAs too. So team in the office of six, two VAs and then two handymen. Yeah.

And the actual model, we must have been on around 380-400 units. We swung around that for about a year, really, just in that territory, like where you kind of grow a bit, lose a bit, grow a bit, lose a bit. It's all organic.

It's like, when you're small, you're always growing. When you get bigger, you start to lose and it's nothing to do with your service or anything. It's just literally like churn and portfolio.

So we have 380-400 units and we've been running a consistent margin for I'd say about a year to two years of around 35 to 40%. So that means every pound that gets put into the top line of the business, 30 to 40p, that says it's bottom line profit. We had that track record and we had five-star reviews.

We had Facebook page, we had social media. So I'd say if anyone's thinking about setting up the position to get it in, it's a team that run it. I was doing 90 minutes a week to run that team.

Really good margins where you can aim for 30% plus. Depending on the industry, that's a trading business. Yes, some businesses will naturally be lower, that's fine.

But just aim for the highest margin in what it is you do. And I'd say online presence as well. That's the thing that people miss out.

But your new buyer will Google you and if they see 500 brilliant five-star Google reviews, they know there's a lot more goodwill, goodwill or intangible asset value there.

[Mark Barrett] (17:26 - 17:41)

Than other companies. I think people might be thinking, how can you do it as such, you know, run a business maybe on 90 minutes? What kind of structure did you have in place then?

Did you have like a team manager, branch manager? How was it actually done?

[Josh Keegan] (17:43 - 19:05)

Controversial, no, I didn't. We talk about all of this on Proper Entrepreneurs. So firstly, you just done the blueprint, like this is the stuff we talk about.

For those of you that are joining us as a program, this next year, it's what we talk about. For those of you that aren't and need to get in this world, this is what we talk about. And I'm sure Dan sends podcasts on this.

I was just following the Property Entrepreneur methodology. So we had the 90 minutes is very specific. So I had three 30-minute one-to-ones with what I call department heads.

So about three 30-minute one-to-ones. And a one-to-one is basically a meeting you do on a Monday. You start, you kind of set, well, meet on a Monday and you follow the SCS framework.

SCS is setup, check-in and sign-off. So on a Monday, I'll be doing my setups and check-in, setups and sign-off. So I'd say, right, what are we doing for the week?

Okay, cool, let's agree these top three. Let's go for any discussion points. Where do you need me?

What am I gonna get done? And what you do is you just reduce all the noise to that 30 minutes. Now, that's an aspirational target.

I'd say for a good amount of time, maybe 18 months, two years, those ones was an hour, hour and a half. They were chaotic. There was so much stuff going on.

I was absolutely drained by Monday, but eventually we've got all the KPIs, the reports and the business was running really, really well. The business kind of started to run itself because the expectations were set. And then it was just a case of 30 minutes a week, checking in and managing in on it.

[Mark Barrett] (19:05 - 19:11)

So that's the three different teams then, yet you were saying, what were they then? Just six other people.

[Josh Keegan] (19:11 - 20:36)

Yeah, so what I see people do wrong quite a lot is the branch manager position. So what I found, there was definitely scope for potentially bringing in a branch manager, but I had a property management one-to-one and they had two or three people plus the engineers in there. So they were managing a few people.

One of them was sales team leader and they had another person they were managing. And one of them was accounts. And that was just basically them, although we had an external accounts company to manage that.

Now, and that worked really, really well. What I'd say about the branch manager thing is I've very rarely seen it work because I was probably in this stage where I potentially could have done a branch manager, but finding somebody that knows how to manage sales, knows how to manage accounts and the property management function, which are the three main functions, that they're gonna be very rare people. So I was like, I can bring a branch manager in, but I think I'm gonna spend all the time that I will be spending with these three people just with them.

So I was like, well, let me just try and do it myself. And I decided to keep it myself. Three, 30 minutes.

It was fine. It worked really, really well for me. There probably potentially was a stage that's bringing the branch manager, but I've seen people bringing in branch managers for 40, 50, 60 grand.

And they create more mess than they actually sold because they're just out of their depth and it's a really hard thing to run effectively. Yeah. Okay.

That makes sense. Yeah.

[Daniel Hill] (20:38 - 21:32)

Okay. So just jumping in to make sure you've got all the information you need. If you've not already listened to the official Property Entrepreneur podcast episode called Recession Is Coming, I would highly recommend going back and listening to it after this episode, where it explains what we expect to happen in the UK property market during the 12 to 18 months ahead.

We're now three months in and we are absolutely bang on the money with the forecast to date. Go back and listen to that, get up to speed. And if you've not already downloaded the boom or bust report, we've published an eight page report talking about why recession is coming, the five things you need to do, and you can download it for free at www.boomorbust.co.uk and you can download that completely for free. It has the five actions that I'm taking, I would recommend you take, and it will align perfectly with the Recession Is Coming podcast episode a few weeks back. Back to this episode.

[Mark Barrett] (21:35 - 21:46)

So as far as the sale of the business, can you just talk through that? Any kind of like tips on what you need to have in place and then how the valuation was worked out?

[Josh Keegan] (21:46 - 23:03)

So our valuation was worked out on a multiplier profit. Now, some agencies won't get that, some agencies will be based on the top line, some agencies based on the bottom line. And in general, you want to be looking for anywhere from one to two times the top line or three to five on the bottom line.

Just explain what the top line and bottom line is for those that maybe- Yeah, top line is revenue. So top line is basically how much money do you have in every year? Bottom line would be profit.

So like the actual net margin. Now, a few key points on that. Firstly, the top line, you think why would somebody value a business on the top line?

It's because they may be buying the contracts and buying the units. So some people may be buying the top line because they just want to plug it into their business. They've already got the bottom, they've already got the cost and the overheads.

So that's all they're interested in. They're interested in the contractual obligations, which you already have coming into the business. So they're buying the revenue.

And bottom line, it's like if it's like a standalone, established business, people may want to buy the business as a whole. So our business was bought as a whole, team stay in place. The business basically stays the same, just operational changes.

So that was, they were more interested in a multiplier of the bottom line. That's kind of generally how it works for us.

[Mark Barrett] (23:04 - 23:24)

Did you ask for challenges, top tips? I'm just saying, not that there's a point as to what people need to get in place. You know, those that are considering to sell the business, what would you say is the things that you need to get in place?

If you say you've got like a goal to sell your business in maybe a couple of years.

[Josh Keegan] (23:25 - 25:38)

The biggest thing to get in place and the biggest thing to start doing, and this is not, well, I kind of alluded to it, get the team in place, get the margins in place, and get the online presence in place. Those are the three things I've really considered doing. But the thing that I would suggest that changed the game for me and that would change the game for a lot of people listening is what I call the triple net effect.

So start investing your time as opposed to spending it. And that's the key thing. And when I say investing it, what I mean is start building assets, building tutorials, building videos.

So rather than telling anybody to do anything, start recording yourself telling somebody and then store online. And the aim of the game is to do two things and unlock the third, it's what I call the triple net effect. So two things are, one is you want to make your business lucrative.

So any way you can increase your margins, that's the first thing. The second is you want to make it leveraged. So any way you can, you want to be reducing the amount of time you have to put into the operations of the business.

And you do this by investing your time, recording training videos, writing process documents, investing in systems, creating scorecards, creating KPIs, invest your time, like start thinking about investing your time. We all perceive that the jobs we're doing are standalone, but often just repetitive. But the repetitive nature changes once every day, every week, every month, every year.

But you want to base it, anything that's repetitive, which majority of jobs are, you want to be changing that into a policy or process. And what happens when you do that is you get a lucrative and leveraged business, which then unlocks the third effect, which creates a business of value. So for anybody that really wants to sell, I'd say the shift in mindset needs to be invest your time in making more money in the company, increasing your margins, and invest your time in leveraging your time away.

Because when you do that, that business is value is going to absolutely rocket. And it's a win-win-win because if you're making more money, that's a win. If you're working less in the business, your hourly rate's gone up, that's a win.

And the third win is your company's going to have a value. My business only had a great value because it was lucrative and it was leveraged. If it didn't have those things in the capacity it was, the value would have come further now.

So if anyone's getting ready for a sale, that's what you want to do. Give all of your time into those two things.

[Mark Barrett] (25:39 - 25:55)

Yeah. Okay, great. As far as the actual sale then, I think there's a couple of things.

So what did you, because there's the price and the terms. So there's the price that you want, but also the terms that you get. So how did you go on with that then?

[Josh Keegan] (25:56 - 26:57)

Well, I think you've probably shared this before, but it's your price, our terms, our price, your terms. And I'd say we probably got probably towards the latter. Like we were very happy with the price, but we were also happy to work with their terms.

And for me, I'd say I didn't need the cash. So it wasn't like I needed the cash. So we took an upfront payment and then a deferred period for a period of time, which is fine.

And that's what we decided to do. But I'd say, yeah, I can't share details, but I think it was a good deal for what we got and how it worked out. That's the thing that people need to consider.

It's like, what's actually important to you? And to me, the money, of course, it was important to be paid for, the hard years, the work that we built. And it was a good business for a good price.

But for me, it was more just the exit was important, making sure that it was no longer my liability or problem. And I was happy to take that money over a period of time.

[Mark Barrett] (26:57 - 27:20)

That was absolutely fine for me. Typically, obviously, it can range, but you can get, say, 50% upfront and then 50% over a set period. And that could be a couple of years, but then that is at risk.

So I think how you negotiated yours was really good. Do you wanna just go through, because you wasn't actually at risk, was you?

[Josh Keegan] (27:20 - 29:07)

Um, no. So I think what you're turning to is like an earn out. So it's basically, you get your deferred payment, it's based on performance.

So if you basically agree with something upfront, and then I think what you're referring to Mark, is that correct? So like an earn out, performance-based earn out? Yeah.

So it's like, well, you agree, say you agree 100 grand for the sale of the company, a million pounds to sell the company, you go, right, you have 500 grand upfront. And then over the next five years, you get 100K every year to pay. But then that's based on performance.

So if units drop, if occupancy drops, if team members leave, or the business just didn't perform as well as you said it was going to over time, you'll get less money. So we didn't really want that. We didn't want the earn out.

We didn't want all the kind of fuss around, just worrying about that. That wasn't really in my interest, but we did have a deferred element. So there is, I think it actually works well, because we still want the business to do well.

Like in an ideal world, I hope the owners, I bought the business. I hope that, well, I know they're happy with it. They said they're very happy with it.

And I actually think it's performing better than it did in my remit. But I'm hoping the business makes enough profit for them to then pay all that deferred consideration. That'd be a great position for them.

And I genuinely hope that they manage to do it. But likewise, if they don't, they need to find the money elsewhere. Now there is a risk around that, that what happens if the business goes under?

What happens if the business doesn't perform and they run out of cash? There's that risk. But as I said, I don't mind that risk.

It's fine. The money's not gonna change my life. It's the fact it's gone.

And we took a nice payment upfront. And that risk is that risk.

[Mark Barrett] (29:08 - 29:22)

Okay. For those maybe looking to sell the business, obviously you said that you've used Dan who broke the deal. If you hadn't have used Dan, did you actually look into that?

Have you any kind of advice on that?

[Josh Keegan] (29:23 - 30:18)

I did. I mean, I did have a look around. I got a few quotes in.

The amount of brokers I spoke to that just didn't respond, didn't come back to me, said they would, and they didn't send a pack through. Yeah. I didn't know if Dan would do it for me, to be honest.

So I think I was kind of having a few conversations, maybe three or four months earlier. And I didn't manage to pull the trigger on it. And there's quite a lot of friction to try and get these brokers, try and get them to quote.

And no one seems to know what they were talking about. So when there's friction and I wasn't in a place where I had to sell it, so I wasn't pushing it hard enough. So it was just quite an easy conversation with Dan.

And it was just a brilliant process. I'd recommend it. Just reach out to Dan.

If he won't do it for you, see what else you can find. I'm sure there's other people that do it. But I would say it was a breeze having him on board compared to, I can't even imagine doing it elsewhere, what that would have been like.

[Background voice / brief interjection] (30:19 - 30:19)

Okay, that's good.

[Mark Barrett] (30:20 - 30:27)

So can you share kind of like three challenges or experience as far as selling the company?

[Josh Keegan] (30:28 - 31:24)

Yeah, cool. So I think one of the biggest challenges was trying to do it all on the quiet. So obviously you have to agree, and you would have known what this was like.

You agree a sale, you know it's going to happen. And then obviously the new buyers want a lot of information. And it's really hard to do that on the quiet because you want stuff that, by the way, another top tip as well, is just to start getting your records and stuff accurate.

That lease that you signed for your office four years ago that you haven't paid, you can't be sitting in your cupboard, get that on a system and tie that office lease. They need so much stuff. So the quicker you get all that sorted, the better.

Yeah, doing that on the quiet and trying to kind of push your foot around the team and ask them for stuff and make it obvious the sale was happening. It felt a bit disingenuous at times and I didn't like doing it, but I had to because it's part of the nature of the game that that's what you have to do and that's how it works. So that's one, it's just doing it on the quiet with your team.

That's more of a logistical element, but that's hard work.

[Background voice / brief interjection] (31:26 - 31:32)

Second challenge, I'd say last minute negotiations.

[Josh Keegan] (31:32 - 34:47)

And what I mean by this is the process works where you put your heads of terms and you basically say, right, this is the price. This is what it's going to look like. Then obviously there's lots of them, they call it data rooms.

So it's got loads of data goes into an online system and they start working through the data and asking loads and loads of questions. So these questions need to be asked because then basically the buyer's job is, if you think what the buyer's job is, all they care about is risk. So in every element, they're just trying to work out what are the things that could go wrong here?

And they're trying to create a contract that then mitigates as much of that risk as they possibly can. There's always gonna be some risk, they're trying to mitigate as much as they possibly can. Now, that's all fine.

But remember, you're probably like two months down the line when some points then get flagged up. So you're two months down the line, you've mentally committed to the price and the legitimate points get flagged up. Now, at no point did our buyers ever try and lowball us and say, no, this is it, this is what's going to happen.

Which happens quite a lot, I'm sure. I'm sure it does, yeah. And we're very fortunate.

Yeah, the buyers are wonderful people. So, and they're ready to work. But at no point where they were like, I'm gonna lowball them now, we're gonna say we're gonna walk away.

But there's some stuff that came up that was like, yeah, we do need to do something about that really. And I think that's the reason why it's so good to work with Dan because mentally I've committed to a price. Mentally, it's like, no, no, they need to buy this price.

But actually, some information may come to light. I'll give you an example. Say if a client leaves, so a big client decides to give notice when you're going through that process.

It's like, hmm, what do we do? So we agree to a price, the client's left, it's not my fault or not our fault, but they agreed on this profit and that client's gonna leave, so what do you do? And it's like, you get so caught up in emotion and the right thing to do is just reduce the price because that client's gonna go and just suck up.

But it's really hard to do that because it's really hard to see the wood from the trees because you've mentally committed to a certain level and it will come down. So I think, but then, yeah, that's the main thing really. It's like doing that.

And there's lots of negotiations there what makes it quite stressful and challenging because you feel like it could fall out of bed at any moment and you're already two or three minutes on the line and you just want it to be done. And then challenge number three, I'd say, we talk about this in Profit Entrepreneur a lot, but just leaving your ego at the door. So leaving your ego at the door and it's like, you've spent six years building this business and someone else is gonna look at it and they're gonna not care about some of the things that you think are amazing.

And they're gonna look at it way more black and white than you are and tell you what's valuable and what's not. And it's really easy to get caught up in, oh, they don't value this. How can I not value this?

They're not the right person to sell to or they're trying to lowball me now. How can they not care that this has happened or that we've got this or won this award? Why do they not care about that?

Why are they not adding that onto the price? And it's so easy, similar to the negotiation point, to get caught up in your own ego that's associated with this business, whereas the more you can leave it at the door, look at the black and white facts, which is what Dan helped me with a lot, actually, as the broker, the better.

[Mark Barrett] (34:49 - 34:55)

So what's life like now after the sale? You have, you know, eight months or so?

[Background voice / brief interjection] (34:56 - 35:05)

Yeah, I think it's interesting. I was reflecting on this yesterday or the day before and what's interesting is that I don't miss it at all.

[Josh Keegan] (35:07 - 35:46)

I thought when I sold, it was going to be like, oh no, remember when I had that company, you know, remember all that stuff. And it's like, I don't, it just doesn't even enter my head anymore. Because I was so emotionally caught up into it, you know, I built it for six years and thought like that was my life for six years.

I just don't even, I don't even think about it. So I'd say life's really, really good and after the sale. What I would say though is don't expect champagne on complete, well, do expect champagne, to buy yourself a bottle of champagne and have it on completion day.

But the actual process, it takes quite a long time. Did you find this takes quite a long time to settle in?

[Mark Barrett] (35:48 - 36:04)

Yeah, I found it on the day of completion, it was a bit of like anticlimax. It was kind of, you still don't know whether it's still going to go ahead. And then when it does, this kind of like a mixture of kind of like relief.

But then you've still got to tell your team.

[Josh Keegan] (36:07 - 37:06)

It was quite tough. You still got to tell, that's it. It's like on completion day, it's brilliant.

But I had completion day on like New Year's Eve and then New Year's Day called, you know, I'm no longer in this business. It was like, right, when do we get back to work? It's five days now until I can actually start telling my team.

So it was just sitting with me like really heavily. And there's always a few people you're really scared of telling. And they're always so understanding.

And I think they're all actually doing better now as a result. But yeah, definitely had that experience. Relief that the contracts were done, but then dread that I had to then tell the team.

But now I think, I know you have quite a lot of work to do as well. So quite a lot of work to do with completion accounts and then getting everything handed over. So there's probably two or three months there.

So still have like, there's quite a lot of stuff to do. It's not hours and hours worth of work, but mentally you still have to think about it. But I'd say like now, I'm so happy I did it.

And now I'm in a place where it's like, I feel like the weight's been lifted. And I didn't know what would have happened if I'd stayed. But now I've gone, I'm like, this is cool.

And I'm pretty happy and I'm living a good life. So yeah, overall I'd say it was the right thing to do.

[Mark Barrett] (37:08 - 37:17)

Excellent. So top three tips for anybody who wants to follow in your footsteps, what would you say those would be? So the first is the paradox.

[Josh Keegan] (37:18 - 39:32)

So when you finally have your dream business, that you worked so hard to achieve, and you dreamed about having this company that had all these things, had a team in place, it worked really well, everyone was happy. And the company was doing really well. That is the exact time to sell.

Like that is the exact time to part ways because then you've got a great business and you're going to get a great price. So it's really tough because entrepreneurs dream about that moment and they finally get there. And it's like, why would I sell it?

It's making me loads of money. Well, that's cool. But the only way from there is down.

And there's things that you can't foresee, black swan events, there's things in the marketplace that you can't foresee and you can't even ever imagine happening that could come along and they can rip it apart. And that will be even more heartbreaking. So the time to sell, the time to exit, if you want to tap out at the top and you want to make the proactive decision is when your business is finally in that place that you always dreamed it was going to be.

That's option number one. Second, I've already alluded to it, but it's just build to sell. Talk about the triple net effect.

It's like the whole thing is about reducing your time, increasing your margins, and then you're going to increase the value of your business as well. Anyone can start doing this today, by the way. Start thinking about how you spend your time and all your time should be geared towards increasing your margins and reducing your time creating in the business, using processes, systems, policies, loom videos, whatever it is to kind of delegate and delegate to elevate.

And this will increase the value of your business. And the longer you do this, like the compound effect, the more valuable your business is going to be at a much quicker rate. Even if you don't choose to sell, build to sell because who doesn't want a business that makes more money and takes less time?

So you've already won. Even if you don't decide to sell two or three years, you're going to be in a brilliant position anyway. So build to sell and not the triple net effect.

Stopped at number two. And number three, and this now, this applies to way more than selling your business. This just applies to life in general.

And I'd say the whole deal changed for me when I realized this and when my mindset shifted and go for the win, win, win.

[Background voice / brief interjection] (39:33 - 39:46)

So what I mean by that is at the start, it was basically a case of how can I get the best price as quickly as possible?

[Josh Keegan] (39:47 - 41:16)

How can I get this deal over the line? It was all about me. And to be fair, I didn't meet the buyers for a good amount of time.

So I didn't have like a face in the name or anything like that. We didn't actually have a conversation, but Dan is a broker and he has such a relationship, which I wouldn't recommend, by the way, we kind of slipped up on that. We should have met a lot earlier.

But there was a moment when I spoke to them and when I was trying to work through deals, and I was like, you know what? Before it was all about me exiting and it was actually them doing well. And I was like, this was all about me at this time.

And I realized I want them to win. I want me to win. And I want the business to win.

So then when my mindset shifted from like this scarcity mindset to like this abundance mindset of like whatever, like we just all need to do well out of this. And as long as everyone's ticking a box rather than just myself ticking a box of getting money and running, like that's what really mattered. And the moment I tuned into that, it was much easier to see things from their point of view and much easier to make the harder but correct decision throughout the negotiation process as we got further down the line.

And that, by the way, it's not just selling your business thing. That applies to literally everything you do in life. The more you can create a win for both parties and a win for the business, but when you've got win, win, win, Dan talks about this all the time, win, win, win, that's when it works.

Anytime you're winning and they're losing or you're trying to convince them that they're winning, but we both know they're not quite winning, that's where it doesn't work. So it's always about give and take and finding the balance where everyone's getting what they need out of it.

[Mark Barrett] (41:17 - 41:24)

Absolutely great tip, yeah. So anybody that wants to get in touch with you, what's the best way to do that, Josh?

[Josh Keegan] (41:26 - 41:56)

Best way to contact me is go to ultimatefd.co.uk, that's my website. And at the moment, we've actually got an opportunity for people to take a test. So if you wanna learn about how fit your business is, how financially fit your business is, whether it could be sellable based on the finances and the margins in place, you need to go to ultimatefd.co.uk and there's a button that says take the test. You get a score within minutes. And once you've got that, if you wanna reach out and have a call and have a chat, that's fine. Follow me on Facebook, Josh Keegan or Instagram, the underscore ultimate underscore FD.

[Mark Barrett] (41:57 - 42:19)

Excellent, excellent. And I love all the posts that you're doing. You're doing some great content as well.

So it's great to see. Welcome to the Property Entrepreneur Hall of Fame. Congratulations, Josh.

Really pleased for you to sell your business. You got it to such a great place and I'm so pleased for you.

[Josh Keegan] (42:20 - 42:39)

Thanks, Mark. I hope that, like genuinely, I hope this is a value to a lot of people. But yeah, for anyone sitting on the fence, thinking about pulling the trigger, like you won't regret it.

It will be, you know, we use the word lifetime life changing a lot, but it might be what you need to like fundamentally change your life or start, you know, start building a business of value, start thinking about the sale and the exit. But yeah, best of luck. Thank you very much.

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

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And we'll get you added to one of the private VIP WhatsApp groups where you can request your own podcast. It will be dedicated to you and your business. And every Tuesday, I'm in there answering questions, giving you one-to-one direct support.

And we don't know how long we're going to keep these open for. Success and failure are both very predictable. I will see you on the next episode.