**TBP 183 Edited v2\_Transcription**

[Daniel Hill] (0:05 - 20:09)

Welcome to the Blueprint Podcast. In these episodes, I'm going to share with you my life's work boiled down into simple blueprints that I used to build a 10 million pound portfolio and retire with financial independence at the age of 35. You can listen to these podcasts in any order and I guarantee you that when you execute them in practice, you will see that success and failure are both very predictable.

Let's get into the next blueprint. Over the last 20 years, having started, systemized, scaled, bought and sold over 40 different companies, it's become incredibly clear to me there's only three phases of growth and specifically three types of team that you'll build as you go through the gears. Now some of these are going to be more fun than others.

Some of these are going to be more lucrative than others. The most important thing is that you understand where you are now, where you're going to get to and what it takes to step change through those gears. You can't skip the gears.

You have to go through them in turn and in practice, they're all going to be very different to the previous and they're going to be very different to the next. And in this podcast, I'm going to take you through the three layers you're going to move through as you go through the gears and up through the levels of building your businesses and structuring your teams. So to kick things off, the first level, and I'm going to do these in term of the way that you will arrive at them.

The first is the startup phase and this is what we would call the band of brothers. The band of brothers is great fun. You normally mate, you get a good idea, you go self-employed, your brothers come work for you, your sisters come work for you, your cousins, your friends, your next door neighbor.

Everyone wants to get involved and you attract everybody. And it's really, really great fun. Through this phase, it is a lot more about this startup phase, this band of brothers phase.

It's a lot more about entrepreneurship. It's a lot more about fun than it is over finance. It's a lot about this sort of big vision.

You've all got this big plan of where you're going to go. It's exciting. It's exhilarating.

Everyone around you gets excited by it. You're passionate about it. You probably work on it seven days a week.

If you're not working on it, you're talking about it. The team that you work with at this stage is probably more trainers and t-shirts. You're probably working initially out of your spare bedroom or you're going into a sort of a serviced offices in the next stages.

There's a very gray line between sort of work and play. Work is play and you just want to do it 24 hours a day. You absolutely love it.

It is your life. It can be a very magical experience. The leaders within it are very inspirational.

They're very positive. They're very magnetic. They attract opportunities.

They attract investors. They attract clients. And it's a really, really sort of magical place to be.

Within this stage, it really is more about the passion than it is the profit. I remember when I was doing this with, say, Multilet UK, when we started in one of my bedrooms, then the second bedroom, then the third bedroom, then the lounge, then the kitchen. Then we were getting through so many eggs every day.

We got chickens literally to feed everyone. Everyone had breakfast there, lunch, dinner. At the weekends, it would be beers and barbecues.

It's just an amazing time. It was a lot of fun. But it's very much about the passion rather than the profit.

In a startup, you're charging competitive prices. Everything costs twice as much. Pretty much most of your team are working either very cheap or for free.

But it's about that passion. It's about that fun. And the aim of the game here really is just to establish value.

Can you find a product or a service that's actually going to make money and be able to scale? And what you lack in profit, what you lack in experience and expertise, you make up for 10 times in enthusiasm, working around the clock, energy, passion, chasing this big vision. It's a really, really great, exciting place to be.

That was probably my favorite stage of building business over the last 20 years. That's probably the stage I enjoyed the most, that Band of Brothers startup phase. After a while, though, you'll do that.

Normally years, let's say two or three years, you get into it, you've got a few products, got a few clients, you're starting to make some money now, and you found the things that actually work. Normally, you'll either stay in that Band of Brothers boutique startup phase, and it'll turn into more of a lifestyle business. And you stay there, you become a bit more strategic, a bit more savvy, you systemize, you get processes, you keep it small, you keep it sweet, but you make it profitable.

Or you move to step two. And when you move to step two, you have to basically what we call shed in the skin, you have to shed the skin of moving out your previous team, which every single one of you is going to listen to this and say that that's never going to happen. You say, my team, we're Band of Brothers, we've worked together forever, we're related, we started this together, we'll finish it together.

It's exactly what I said. Every single client that I've ever taken on this scale up journey has said exactly the same. And as my mentor said to me, every single one of your team will leave.

In practice, for my business, it's exactly the same friends, family, all left. And for every business I've ever coached and mentored through the process, it's been exactly the same. So through this scale up process, Daniel Priestly, one of my mentors and good friend, talks about crossing the desert.

And basically, you're going to go from this sweet spot, sorry, you're going to go from this startup phase, where it's all magical, amazing and fun, and you're going to cross the desert to become a bigger business. And as you do this, you're going to have to build your team. And in many cases, traditionally, you need more employees, you then need managers to manage the employees, you then start splitting into departments.

And all of a sudden, it starts to look like a real, like a very real business. The reason it's called crossing the desert is you go into this journey with a backpack full of water, or in a business case, money. And then you've got to go into a dip, and you've got to take on the overheads of employees that you can't yet fund, because you can't take on the business and get the revenue before you've got the operations to deliver it, otherwise you choke to death.

And you go into this crossing the desert phase where you've got to scale up fast, you've got to move quickly, you've got limited resources. And what tends to happen in the team is the team grows rapidly. And I remember when I went through this journey, I had the vision of employing people so quickly we couldn't keep up with the desks.

And that's exactly what we did. We took on the office next door, we took on the office next door and doubled our office space. Then we took the office next door after that, and we knocked the wall through.

And I just remember people starting every week, laptops being delivered, computers being loaded. We've now got a meeting room because we've got to have separate meetings, we've got a kitchen, and all of a sudden it's starting to look like a real business. And this was a big passion of mine, it was something I had to do, an itch that I had to scratch.

But going through that process, when you're growing at scale, you've got limited resources, what you'll find is you'll get the strongest managers in that you can. But what you, because you've got limited resources, what your team will lack in expertise, because you can't afford the best yet, what they lack in expertise, they'll make up in energy, and they'll bring that enthusiasm, not necessarily the seven day a week t-shirt and trainers crew, you'll start to get your suits and shoes, you'll start to get, come in at 8.30, leave at 5.30, take an hour for lunch. But what you can't afford to pay for in expertise will be made up for in enthusiasm and energy. And you'll get these young guns in, in many cases, maybe it's their first time in this role, or they've done it as a university and is their first employed role.

And you're going to get this large volume of people and bandwidth, but it's going to come at a cost. And the problem here is twofold. You've got the growth of the business, which is always going to be challenging.

Growth is painful. Riding the rocket is unpredictable. It's you get growing pains.

It's challenging. Everything's changing. Everything's new.

Everything's different, creates issues. But also because you can't afford to pay for the pros in 99% of the cases, you've got strong managers managing young, enthusiastic team members. And you've got all this activity, all this bandwidth, growing pains, plus a lack of expertise.

And it creates a real challenge. And as you're crossing the desert, the aim of the game is what you'll often do is you'll compensate for the challenges with the culture. So you'll invest in the culture heavily.

This is a sort of environment where you'll have the quarterly parties, the staff, the Christmas parties, the summer parties, the awards. You create this environment where people are rewarded for staying. They're rewarded for staying.

They're rewarded for the challenges. They're rewarded for going on this crossing the journey experience. And that culture and environment and opportunity and collaborative experience and journey is that that buys them in to go through this painful process with you because you can't remunerate them with price, which is what we do at level three.

They're no longer the band of brothers. They're not doing it because they're your brother, your sister, your auntie, your uncle. They're actually now doing it because they want a job.

They want to get paid, but you're going to give them PDPs, progression plans, a culture they're enthusiastic with, working with people, making it fun, get rewarding performance. You create this really amazing environment where people want to perform, even though it's challenging. It's a great place to be.

Workers tend to focus on effort over expertise. You'll invest your money in the culture rather than putting them in to support them. We're putting up with the challenges.

You're in this sort of dangerous space where Daniel Priestley again talks about being too small to be big and too big to be small. And it's this real sort of spot. You've got to push for as quick as you can.

And success here really is either getting to a revenue point where you can afford strong managers to manage efficient teams. And you've got the volume of revenue, the efficiency and effectiveness of delivery to return an actual net profit. It's not gonna be huge, I wouldn't suspect, with a team of that size.

Or you get to the position where you can afford to go to the next level, which is where you start to really move into multiple seven and eight figure businesses, where you can build a seven figure board of six figure executives, who then basically run the business for you. And if you want to operate at that scale, that really is the next sweet spot. And that's somewhere probably between 40-50 employees.

You would then have a board, you would have a seat, we had a senior management team, you would then silo off the operations. So you got like teams in teams. And you sort of structure it like quite a hierarchical, bureaucratic sort of structure.

It's not easy. It's very challenging and very expensive. I didn't find it the most lucrative journey that I've done as an entrepreneur.

But it's good fun. If you go scratch the itch, you got to do it. And that's what it's gonna look like.

And that's the team you'll need, that dream team that's gonna cross the desert with you exchange in exchange for expertise, they're going to put in the effort, and you're going to invest to compensate for the challenges with a world class culture where people want to work, they're committed, and they will basically put up with the challenges on a day to day basis. Once you've done both of that, and you've had the small business and the startup and the band of brothers, and you've done the scale up and you've had the dream team and the big business and the managers and the problems and the HR departments and the big growth and you understand how it works. Looping back around to what I've talked about over the last six months ago, also about the new age property entrepreneur, the new age property entrepreneur, in my opinion, really is this sweet spot.

And what we're looking for is you got the startup, you got the scale, which is a small team, and probably low profits. You got a scale up, which is a big team, big profits. What we're gonna do now is level three is the sweet spot.

And I would say the sweet spot is a small team of highly experienced, talented people that are generating multiple seven figures in revenue, if not eight figures, and multiple seven figures in profit. The team is not going to be 30, 40, 50 people, it's probably going to be five to 10, depending on what businesses you go into. Most of you will be listening to this thinking that's absolutely nuts, that can't work, that's absolutely bonkers.

Well, it's what I've done over the last few years since 2020. And it's what I would now advocate as the sweet spot to get to, to enable you to have the best of both worlds, a good lifestyle business, an enjoyable company to own and run. I've been doing this for 20 years.

The painful process of growth is not something I'm currently chasing. I want to enjoy the business. I want to work with high performers.

I want to make good money. And I want to create world class products, services, companies, and cultures. So how do you do that?

Well, this is the pinnacle in my experience. This is the sweet spot. It's the pinnacle.

And what you do here basically is you pay for the professionals. I don't think you could do this level unless you've done level one and two. I certainly couldn't.

But when you get to level three, you've got the money, you've got the experience, you know how the businesses work. You basically use those resources to recruit those professionals and you just pay for the expertise. You pay for the professionals.

At this level, at this level, you've already got the expertise and resources yourself. You've made your money. And what you want to do now is bring other people in who know what they're doing.

And the game really changes here. So we want to be really lucrative, highly leveraged. And the way you do this is find a product or service to create a business that's genuinely making minimum multiple six figure profits, ideally seven multiple seven figure profits.

And when you look at that in relative terms, you can afford us the top of the pile when it comes to expertise. And what we do here is we don't worry so much about the systems. We don't worry so much about the processes.

We don't worry so much about the tasks. We worry about bringing the right people in to do their jobs. And what we do here is we create world class packages for world class people.

And you bring that talent in who knows how to do. And as long as you can articulate what it is that you want to do, if you bring the best people in, the best talent, the best experience. Remember, through phases one and two, you don't have expertise.

And although you can train people, you can't train experience. And you can't have wisdom without work. And it's like, you need people to have that.

If somebody's got 20 years experience as a property manager or running a letting agency, and you recruit them to run your portfolio for you, it's quite likely they're going to a better chance of doing it efficiently and effectively if they've got a good longstanding track record than somebody who's done it for two years and is going to use your systems and blueprints and processes when you've only been doing it for a fortnight. So it's bringing in this talent and expertise that you can't afford in level one and two, creating world class packages.

So genuinely, people are remunerated very well. You know, you're paying for the professionals. That's what you're doing.

You pay them crazy money. World class packages for world class performance. You make it explicitly clear, you know, this is what I want to achieve.

And this is really important. This is what I want. You're going to pay them this world class package because they're going to show you how.

And then this is what success looks like. World class people, world class packages, world class performance. And then what you do there is bring these people in.

And the mindset shift here is to look at outputs rather than inputs. You know, you bring the world class team people in who are dependable, execute well, they're operating at the top of their game. And you say, right, this is what I need to achieve.

This is what success looks like. This is the parameters, the KPIs. How do you think we best go about it?

And collaboratively, you create that process or rather the dashboards of this is what I want. And then they go and do the process, et cetera, behind the scenes. And you really are bringing in the people.

And if you listen to anyone on top of their game, you know, the biggest established entrepreneurs in the world, all they talk about is the secret to success is finding the best people. And I can honestly say when you get to that level and you pay people world class packages, world class performance, they just run and do it. They're running the business.

They're the boss. And if you look at our companies, that's how they're all built. That's how they're all structured.

I don't get involved in the nitty gritty of the day to day. Granted, they do use some of our playbooks, a lot of our blueprints because we teach them. We know they work.

Why not for consistency? In my experience, many of them are the best way to do it. And they go and actually execute.

For more mindset wise, you look at the output rather than the input. So you don't try and interfere with people's work. You don't try and tell them how to do it.

You pay them to deliver the results. How they do it is in most cases up to them. You tell them what you want.

They will show you how. And they're basically they're professionals. They come in.

They get the job done. They go home. It's like it's a business.

It's a professional relationship, responsibility. There's set hours. Everyone takes holiday and turns their phone off.

Emails aren't answered after X whatever o'clock. It's clear. It's professional.

It's high performance. And it's in my experience, it's the pinnacle. It's the sweet spot.

It's where all of us would want to... Or it's where many of you will want to get to. So there are the three levels.

The startup culture with the Band of Brothers. Great fun. Probably the best experience I had for fun, enjoyment, engagement, purpose.

You then go through the scale up, which is hard, challenging systems, crossing the desert, growing pains, shedding the skin. Everybody leaves. Everything's rebuilt.

It's like molding culture out of custard. And then finally, the sweet spot. You pay for the professionals.

You get to this pinnacle. And it's highly lucrative, highly leveraged. You genuinely can make multi millions of pounds a year with less than a handful of people.

And it's a sweet spot to be. You probably don't want to be there until you've been in this game for like 10, 20 years. But it's a sweet spot.

Highly lucrative, highly leveraged. And it's without a doubt the best place that I've found so far to get the best of all worlds. So there are the three levels.

There are the three levels of step changing your growth. There are the three levels of taking your team through. You'll have to step change through each.

You'll shed the skin and everyone will leave. And you'll have to re-recruit as you go through each. But in my experience, success and failure through those phases are very predictable.

You have to go through the gears. Think about where you are. Think about where you want to get to.

And put this blueprint into practice. Hope you enjoyed that. And I look forward to seeing you on the next episode.

I hope you enjoyed this blueprint podcast episode. If you're not already subscribed, sharing these, this is my lifetime's work. And every Tuesday I'm giving you one blueprint away for free.

These things are unique. They're proven. They've enabled me to build over a 10 million pound portfolio in a few short years.

And over the last 20 years, start, systemize, scale and sell over 40 different companies. If you like them, share them, subscribe. Make sure you don't miss a single episode.

And tune in every Tuesday for a brand new episode. And then follow me daily on Instagram for free content. Post twice a day, completely free of charge.

Success and failure are both very predictable. I'll see you on the next episode.