**TBP 230 21 Failures Edited\_Transcription**

[Daniel Hill] (0:05 - 42:02)

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. Ed Sheeran says that the biggest issue that faces society today about success is actually that nobody discusses their failures. And we've brought up in this time where everyone's happy, they're motivated, we look on Instagram and everyone's life is just amazing.

The reality is behind the scenes, it is not all sunshine and rainbows. Actually, all of us have the same challenges at different times, but nobody seems to share them anymore. In this podcast, I'm going to take you through my 21 biggest failures that I've ever had, what I've got wrong, where I've mishit things, and how you can avoid doing the same.

If you want to see behind the scenes with information that I have never shared before about my 21 biggest failures, then this is a podcast for you. I'm going to take you through this, and I do agree with the Ed Sheeran sentiment that people don't share their failures enough anymore, and everyone's just focused more on the high-fiving and clapping of success. Here are 21 failures that I've made and mistakes that I've got wrong, and hopefully they give you some insight, they give you some reassurance, we're all on the same journey, and it isn't all sunshine and rainbows.

Equally, hopefully, where I've got this wrong, it will enable you to get it right. One of the benefits of Property Entrepreneur is not necessarily that we've cracked the code of how to get things right, but it's also that we understand the way not to do things and how to get it wrong, because the reality is the biggest reason that you're not getting it right is because you're doing it wrong, and the aim of the game here is to give you this insight. Over the last 21 years, I've learned all this stuff, I've got it wrong to enable me to get it right, and on Property Entrepreneur over the last decade, I've shared these blueprints with you to fast track your progress to enable you to do the same.

There's 99 ways not to do things, there's only one way to actually do it, and that is the blueprint. If you've not already secured a place to one of this year's annual events, we release these blueprints every Tuesday for free. If you like them, you enjoy them, and you get value from them, imagine what you would get from a paid program over three days, where we take you start to finish through the whole blueprint in the right order.

If you've not already secured your place at one of this year's three-day annual events, they've been oversubscribed every year since 2013, go to www.donttalktotenants.co.uk now and secure one of 150 places at one of our three annual events. Here are 21 things that I have got wrong, 21 of my biggest failures. The first is giving away shares too soon.

If you're building your business, you probably have either the mindset or the appetite or the intention to give away shares. A question I get a lot of the time is, should I give shares to my team members? Should I give shares to the people who joined me at the beginning?

There's definitely a time and a place for it, and there is a place where it works, but in most cases, when you think about using shares and giving people a share of the business, it's actually not the way to go. With the exception of a handful of companies, of the 40-plus companies that I've been involved in over the years, the ones that I have given away shares in, I've ended up actually buying back because at the beginning, I wanted to give shares rather than perhaps paying well, or I wanted to work with friends or family, and we went into joint ventures. The problem is, if you're going into this for decades rather than days, as you all go on your journey, there's going to become differences.

When you're just working together, or even business partners together, or you have employees and you recruit people and you're working together, when you don't have a shareholding and you're not married, it's very easy to have a conversation and part of that relationship at the due time, when one of you wants to speed up, the other one wants to slow down, whatever it is, or you just have a difference in appetite, drive, performance. As you go through the days, the months, the years, the decades, these things, these cracks become chasms.

When you've got shareholding, it can make things unnecessarily difficult to get out at the other end. If your default is to give away shares, I would say, approach with caution, and from my experience, I gave shares away too soon. I gave shares rather than paying well.

I did joint ventures where actually I should have just taken on investment, or I did joint ventures where actually I could have just recruited somebody, and in most cases, I ended up buying them back. There was definitely a time and a place for it, and in most cases, it ended well. It was a win-win, but I would say, don't do the knee-jerk of giving away shares too soon, and if you're scaling up as well, it's exactly the same.

Number two, making personal decisions with a professional mindset, and what I would say here is, as a hard-driven, empire-building, beast-mode entrepreneur for 20-plus years, I became very, very established, successful, experienced, specialized, knowledgeable, practiced at advanced communication techniques, and advanced strategic thinking, and advanced communication. So if I'm talking to somebody, I'm reading body language, I'm strategically appraising the way the conversation is going, I've probably got an intention for the discussion, and actually, what I realized is that's fantastic in business. You want to manage a conversation.

You want to control the situation. It's really, really effective. Where it's not effective is in your personal life.

When you start to use business practices, negotiation techniques, communication strategies, reading body language, scripting in your head, great for business, not that great for your personal life. So differentiating between the two, and I had some really significant challenges in my personal life because I made personal decisions using a professional mindset. So understand the difference of those.

The third is a trap that many of you will resonate and relate with, is cheap trades are a false economy. And hopefully, you've heard me talk about this a lot. Really, you get what you pay for.

And if you want peanuts, if you pay peanuts, you'll get monkeys. And the reality is price is a very small part of a much bigger picture, and you've got price, you've got speed, and you've got quality. And what you want to do really is find the middle of this.

Now, I've worked with cheap trades. One went bankrupt and cost me £80,000 because they went bust. The reality was they underpriced the job.

They took a fixed price contract, and they physically couldn't afford to finish the job. Not only that, they obviously misquoted it because they didn't know how to price a job properly, which is very commonplace in small building companies. And actually, I was one of probably a handful of sites that were all underwater, and they didn't have the money to finish the job.

So cheap trades is a false economy. It might look cheap, but cheap is not good. Equally, being too expensive is not good.

You don't want to throw money at things. You don't want to pay for the top whack. And if you're painting a refurb property or HMR or a block of apartments, you probably don't want to get the same person in who does your paintings at home or your portraits for your family.

You probably don't want to pay them to go and paint a six-bedroom professional HMO. What you really want is cheap trades are a false economy. You want to avoid that.

You don't want to overpay. You want value for money. Value for money is the middle of the road where they're going to make good money.

You're not going to overpay, and it should be a win-win. So cheap trades are a false economy. Number four is putting myself first.

One of the biggest mistakes I was in my younger days, I was just out to get mine. I was out there. This is Dan Hill crusade.

I'm going to make money. I'm going to grow a company. I'm going to get really rich.

I was going to do all these things, and I would bring people along to help me achieve my goal. When I put myself first, it was good, and it got things moving, and I was very driven. I was very focused.

But the problem is it becomes quite limiting because actually you've got to build a whole culture around carrots and sticks and constantly have HR issues, growing pains, recruitment problems, turnovers in your team until you realize that actually you want to lead from the back, not the front. And the best way to achieve your own dream is actually to help other people to achieve theirs. And when I was putting myself first, I was trying to pay as low as I could, and I was trying to get what I wanted, and my objective was the top of the agenda.

But in 2012, when I learned that actually to achieve your own dreams, find out what other people's dreams are and help them achieve theirs, that's what I did. So initially through my team, then through my joint venture partners, then my investors, now our clients on Property Entrepreneur, and hopefully you'll see this when you come to the three-day Blueprint event, either in person at the Belfry or on virtual, is actually you create an environment where everybody's getting what they want. The reality is nobody cares what you want.

Nobody cares about you. Nobody really is interested. What they care about is themselves.

What's in it for them? What are they going to get out of this? And if you can have clients where they're buying things off you because they're going to do better, paying for these Blueprints, putting them into practice, we sell you those secrets.

You pay money, so we get the money. You get the secrets. You then get a 5, 10, 100x return on those.

It's a win-win-win because we're helping you to achieve your dreams, and it's the same with your team. If you can find out what your team want, put them in the right seat, create the runway, incentivize them and manage them and lead them effectively, everybody wins. Putting myself first was the next mistake.

Number five is thinking that everybody wants to hear my great ideas. One of my biggest failures, and I only really realized this about five years ago, in the early days, I thought everybody wanted to hear my fantastic ideas because the idea is everything. That's where the value is.

I get excited about it, and I thought that was like a leadership thing. I thought it was me bringing my value to the table. What I learned in later years, probably took me 10 years to realize this was a mistake, what I realized was, actually, nobody else gives a toss.

They don't want to hear it. I told them an idea yesterday that they've already started working on, and now I'm distracting them. I'm confusing them.

I'm changing what I want. You are basically the nutty professor. I was the nutty professor, and I'm this creative brain that's really, really powerful, but only if you can actually execute.

Ideas are 10 a penny. They're not worth anything. Naturally, by the time you slept on them, nine times out of 10, you're not even going to press on with them.

Don't walk around leaning over people's shoulders, distracting them with your next big idea. Let them do the job. Let them execute.

Figure out what the idea actually looks like, and then decide if you're going to go forward with that. If you do want to go forward with it, it's a three-step blueprint. The thing is, idea, figure out the nine out of 10 that you don't want to do, and the one that you do.

Two is blueprint. Document it. Write a proposal.

Make it clear what you're actually going to do, so you're clear in your head what it looks like, and you can actually communicate it to your team. And then finally is execute. Pass it down to the team.

Set them up with a project plan. Schedule it out. There's a whole strategy and blueprint to this.

So nobody cares. Nobody wants to hear your great ideas, Dan. Next is number six is doing deals that don't make money.

I remember buying a property. I won't tell you the number, but it was on Wind Street in Lincoln. And I remember buying it, and I didn't think it was the best deal.

I overpaid, but I had deal heat. And the reason I had deal heat was I was looking at my ego over the economics. I had a target to get to 200 rooms in about 24 months.

So I was doing deals, deals, deals. You get when you focus on choose wisely. I was focused on getting 200 rooms.

And what I did within that was I ended up doing deals that didn't do money. And this one in particular, I knew that I overpaid for it. I knew that it wasn't in a fantastic location.

I knew that it was going to need more costs in the refurb than I had budget for. But I still did it regardless. And that's a complete false economy.

Don't run around doing deals that don't make money because you've got deal heat. Deal heat is basically where you just can't see the worth of the trees. You know, you're really pumped up and ready to rumble.

You're not looking at what's important. Don't do deals when you're driven by ego rather than economics. Don't do deals because they look good on social media.

That sex appeal and exciting bit of doing a deal lasts for days, maybe a couple of weeks until you get the deal. The second the deal is done, you've then got six to 24 months of pain afterwards delivering the project. Make sure at the end of those 24 months project, you've actually got money in the bank.

And you'll only do that by buying deals that make money. If you've not listened to my podcast episode called The Warren Buffett Way, go back and have a listen to it about value investing. That's the only type of investing I'll do now.

My ego used to be driven by, yeah, we're doing 30 sites this year. We've got six live projects. We've currently got 100 apartments going through planning.

That sort of stuff used to get me excited. After I'd had enough sites that spent loads of time, caused me loads of headaches, took on loads of risks and didn't make money, I realized, you know what? I'd rather do.

And I talk about this openly now. I promote the fact I'll only do one or two deals a year, but it'll be the needle in a haystack. It'll be an absolute no brainer.

It'll make me 40% margin or 100% ROI. You've seen the deals. You've heard about them.

Don't do deals that don't make money. Number seven is squeezing the pips. Many of you will be guilty of this.

You pay somebody for whatever you're paying them for, an employee, a contractor, a supplier, and then you squeeze the pips. You take the piss. You over demand.

You overreach. You ask too much of them. And actually, you're just trying to squeeze the living daylights out of them.

That is not going to serve you in the long term. You want it to be a win-win-win. You don't want to squeeze the pips.

You want to balance the books. Make sure it's a genuine win-win. And don't squeeze the living daylights out of stuff, because that's more about what I talked about in point four, about putting yourself first.

You've got to look after the supplier. You've got to be reasonable with the team members. You've got to be realistic with the workloads.

Don't squeeze the pips. In a deal, in a joint venture, in an employment, in a workload, in a management, as a leader, don't squeeze the pips. Number eight is high gearing.

So when I got started in HMOs in 2011, I started doing momentum investing, where basically I had a pot of about a million quid. And what I did was I bought properties cash. No, sorry, half a million quid.

I bought, I was buying properties cash two at a time. No, maybe it was. Maybe it was a million pounds.

I bought two properties cash, developed those. As I was developing those, I was buying the next two. And the first two I was refinancing.

I was then buying the next two after that, whilst the second two were getting developed. And I was basically buying, refurbishing, refinancing out, and getting all my money back out. And the basic numbers, just for rule of thumb, was like buy 100k, spend 40k, refinance at 200.

All things considered, I would get all my money out. But the danger here is I was refinancing at the commercial level, which meant the deals on bricks and mortar value was residential value. So actually my gearing, if I was completely frank with myself, went up to as high as 100%.

Because on a resi value, although I was using commercial valuations to artificially inflate what the property could be worth, or could definitely be valued at, I was actually 100% geared on the resi value. And I got quite far into this. I got, I had millions of pounds with Lloyds on a loan.

And I just sat there one day, just thought, right, if the wind changes, this was, I forget what it was. There was a blip in the market. And I just thought, if the market changes and HMOs are no longer worth commercial valuations, they're only residential houses, how much is my portfolio actually worth if I'm realistic with myself?

Many of you won't be. You'll say, yeah, but you know, the HMOs, this is not a 100 grand house. It's now worth 500 grand.

Trust me, I've been through the market. I've been around the cycles. I know how it works.

That's a dreamer's mentality. And if you're on the block for 500 grand for a house that next door's worth 150, because it's a house, not a HMO, I would not be building a financial fortress on that basis. And when I realized that, I thought, you know what?

This is not a good position to be in. And then in 2014, I think it was, 2015, I decided to start paying down my debt. And over the last 10 years, I've aggressively paid down mortgages.

My bank gearing now is only 18% on an eight-figure portfolio. And that puts me in a really strong balance sheet position, really low risk. I can weather the storm.

It's probably a little bit too low gearing. I'll probably gear it up at some point, but at the minute, I just want that low risk. So high gearing was definitely a mistake I made.

And luckily, I woke up before I realized it was a problem. Just remember, when the market drops, and it can drop 15, 20%, that might sound alien, but if it drops or when it does drop, it will probably drop significantly. And what will happen then is the lenders will want to review the collateral on your portfolio.

And they'll basically look at your gearing. If you read any of your mortgage terms, let's say it's a 75% buy to let finance. If you look in the terms of that, there'll be a clause in there.

I don't know what it'll be under, but it'll say that you need to maintain a maximum gearing of 75% in order for this product to retain. Otherwise, it can be recalled. As soon as that market drops, it could be 5%, it could be 20%.

They can then call in the loans. And for those of you that have been through enough recessions, you'll know this is what happens. When you get mass repossessions, it's because the bank go and call in their debts.

And it's not a place you want to be. If you're geared at 75%, 85%, 90%, you're at risk to that. So you want to bring that down to a comfortable level.

50% is probably a sweet spot. Less than that is probably too low. More than that is probably safe, but you don't go too high.

50% for most of the high net worth people that I know is a good place to be. Number nine is do not expect others to operate in the same way as I do. Now, in the early days, I expected everyone to be as passionate as me, as driven as me, work as many hours as me, as effective as me, as fast paced as me, as competent as me.

In business deals, to have the same ethics and morals and values as me. But the reality is they don't. You are you and that's why you're doing what you're doing.

Your team have different values. Your investors have different values. Suppliers have different values.

And it's quite likely you'll find this out the hard way. You'll get exhausted trying to drag your team to run at your speed. And the reality is running at your speed is not the hallmark of success.

Running fast is not necessarily the way to go. And that's why you bring in other profiles in many cases because they are slower. They're clearer.

They're more concise. They're more detailed. They don't make the same mistakes you make running a million miles an hour.

Don't burn your team out. Don't expect everyone to work at your level. Don't expect everyone to work evenings and weekends.

That's not sustainable. There's times and places for it, but it's not sustainable. So yeah, a big mistake I made was constantly getting frustrated and disappointed that others weren't like me.

And actually in hindsight, that was completely the wrong mindset and you want less of me and less people like me in your business and more of other people. Number 10, you would have heard me say this before is I was under the misconception which was a mistake and a failure and it definitely cost me mentally and emotionally was thinking that there was a pot of gold at the end of the rainbow. There is no pot of gold at the end of the rainbow that's going to make you happy.

That day the property completes and the money's in the bank, you feel relieved. That day where the business you've been selling for a year finally completes and the money's in the bank, you probably cry and then go to sleep. The day that you finally make your first million or are finally worth 10 million, you're going to look at a piece of paper and go, that's all right.

There is no ginormous pot of gold at the end of the rainbow. It sounds trite to say, but the journey is everything. You need those targets to drive you, but it isn't going to be champagne corks and confetti cannons at the end.

If you're fundamentally not happy as a person, being rich and wealthy and having loads of toil, if you're stressed and burnt out, being retired won't help you. If you're broke or if you're emotionally not in the place you want to be, making a million pounds a year or 100 grand a year or becoming a multi-millionaire isn't going to solve your problems. It was great and I would definitely do it again, but I was very disappointed when I got to the top of the mountain and there wasn't a pot of gold at the end of the rainbow.

There was obviously in money terms, but I was expecting the world to all of a sudden become amazing. It didn't become amazing. In fact, it actually became quite disappointing because I didn't know what was next.

Jumping in quickly with a huge congratulations to everyone who managed to secure a place at this year's annual three-day Blueprint events in person at the five-star Belfry Golf and Spa Resort. Both events in June and July sold out in record time. The first event didn't even make it to the open market and the last event, the grand finale on the 5th to the 7th of August was 50% sold out before we even launched the places.

If you've not yet secured a place, this is your last chance. We only open the doors once a year. If you miss the grand finale event on the 5th to the 7th of August, you will not be able to attend an event for another 12 months.

Go to www.donttalktotenants.co.uk now to secure one of the final places at the three-day Blueprint grand finale event, the biggest event of the year, the last one of the seasons. Don't be the one that misses the boat. If you enjoy these podcasts, you listen to the content, you get huge value.

Imagine how much you would get from three days in a five-star resort with some of the UK's leading and award-winning property entrepreneurs teaching you how to do this and putting this actually into practice. Don't stand on the sidelines. Go to www.donttalktotenants.co.uk now to secure one of the final places at the grand finale event, the 5th to the 7th of August, five-star accommodation, three-course dining and the full Blueprint over three days start to finish. 100% money-back guarantee. You have nothing to lose and everything to gain. Don't be the one that missed the boat.

Let's get back to the podcast. Number 11 is making decisions in the moment. So I haven't talked about it on a podcast for a while, but there's a, if you like the woo-woo stuff, there's an astrology test you can do called human design.

And in there, it talks about all you do, you go on human design, read and put in your date of birth, the time you were born and the location. And it will tell you exactly who you are, how you work, what part of your body is part of your decision-making process and how to best capitalize on it. What I learned through that was that I am a, I'm good at making quick decisions or I can make quick decisions, which can be great when it's needed, but it can also be bad.

And I need to actually sleep on it. So what I do now is the biggest mistakes I used to make were in the moment, fast-paced decisions in the moment, quick fire. Seven times out of 10, they were fine.

Three times out of 10, I completely misheard it. I didn't consider it properly and it was one step forward, two steps back. So what I need to do now is I know that I need to sleep on things.

So I'll think about it. I'll let it rest. I'll go back to it and then I'll sleep on it and then I'll wake up and then I'll make a decision.

And for me personally, that process works really well. The big mistake I made in the past was making decisions in the moment too fast. Number 12 is I didn't read the detail.

So I'm not a detailed person or in fact, that's not true. I nowadays will read contracts cover to cover. I'll read mortgage documents, every single letter and word that's in that contract.

And nowadays I'll read all of the detail. Back in the day, I didn't do that. I didn't read the detail.

I rushed over things. I just assumed it would be okay and I just signed my life away. And a mistake that I made here was I signed up to, in the similar time that I was talking to about earlier, when I was talking about repaying debt, Lloyd's offered me a seven figure, multiple seven figure loan on a 25 year fixed rate of 6.4% fixed. And I thought, do you know what? And that might sound alien to you now, maybe less so now rates have come back up. But before rates tanked, that was a reasonable rate.

So I thought, do you know, I'm gonna lock it in for 25 years, pay off in the background and then I'll have two, three, four, five million pound in equity. It'll be completely paid off, no risk, happy day. So just lock it in and it will chip away in the background.

What I didn't appreciate is that because it was a 20 year fix, if I wanted to leave that loan within that fixed period, I would have to pay the interest or percentage of the interest that was remaining for the rest of the term. Now, when we got five years into that loan and the government changed the tax laws, which meant you couldn't offset interest against your income, I had millions of pounds of property in my own name and millions of pounds worth of repayment debt, which had to be serviced, which was no longer viable. So what I had to do is I had to move those companies, I was an incorporation model, LLP for three years into a limited company in, I forget which year it was, probably like, I forget which year that law came in, but I started at the year that that tax change came in, completed it three years later.

And what I realized was when I went to Lloyd's to say, oh, I need to pay these mortgages off. They said, yeah, no problem. Well, your early redemption, there was two early redemption fees.

There was two loans, two portfolios. And the total of that was about a quarter of a million pounds. I can't remember the exact numbers.

One I remember was 118,000 pounds early redemption fee. And the other one would have been 120, something like that. About a quarter of a million pound early redemption charge.

I thought, wow, something's happened, which I didn't foresee. And because I signed a contract, which said I will pay the early redemption fee, I've now got to pay quarter of a million pounds in just a fee. To get out of these mortgages.

Absolute bonkers. Now, luckily, I was able to negotiate that down one to 14K, the other one to 18K. So in the scheme of things, I got out of it.

But the danger there was I signed up to a 25 year marriage with a bank of all people, with a bank without reading the terms. Stupid, naive, optimistic, shouldn't have done it. So read the detail.

Number 13 is not having a plan B and plan C. Now, I've always, my specialist specialism is strategic entrepreneurship, strategic deals, strategic positioning, understand how to use the market. This is a lot of the value people get from property entrepreneurs.

I can look at the economy, look at the market and basically guess what's going to happen. I've done it for the last four years consistently. And I've shared that with our property entrepreneurs.

Those of you that are doing the three day blueprint event, you'll see this. We've got a model for this year and next year. This is what we think is going to happen.

These are the deals. These are the strategies. These are the needle in the haystack.

This is the 1% of information you need that 99% of people don't have. That's what you need. Despite that, I did a deal in 2020 where I didn't have a plan B and C.

I got high on my own supply. I was on a good run of maybe five, six years of making multiple seven figure a year on doing deals. And I thought the road was paved with gold.

And I bought one site which I didn't have a plan B and C. You'll have heard me talk about sites, manor house that I bought. I had a plan A, B, C, D, E.

When I used to buy residential properties, I had plan A, B, C, D, E. When I do developments, you need that in place. I took a punt on a property, got high on my own supply, bought it cash unconditionally and then went on to have three failed planning applications.

And the reality is I had a conversation with my business partner who said, in 20 years of doing this, I've been on the building since I was 16. I've been doing deals in the property market for over a decade. This is the first deal I've ever done.

I've done hundreds of deals where I thought I'm going to have to take a loss. I thought I'm going to, you know what, we're going to have to flip it in the auction and we could lose 40 grand, which, you know, in the scheme of things, it's not going to kill me. It's not going to break.

It's not going to break the bank, but it's still 40 grand that I'm going to lose when I was hoping to make a quarter of a million quid in profit. It's a very sobering realisation that I hadn't de-risked it properly. I didn't have a plan B and I didn't have a plan C.

Now, again, touch wood, Karma credits. Thankfully, I got out of that deal and I actually end up making half a million pounds on it as Waterloo Crescent. I turned into a 28-person HMO that's now on a five-year lease to a housing association and I turned it round.

Had COVID not happened, I would have had to flip that and probably lose 40 grand in the process. So not having a plan B and C was a stupid move and I've only done it once and I'll never do it again. Number 14 is doing deals without contracts.

Don't do deals without having contracts. Don't do them on handshakes. Don't do them on documents.

Don't do them on WhatsApp messages. I have done that in the past and it's always bit me in the backside. It's not about trust and it's not about confidence.

It's about tracking and it's about clarity. You need to track what's been agreed and you need to have clarity that everybody understands what it is. It could be as basic as an email saying, yeah, just to confirm, this is my understanding of what we've understood.

Can you please reply? They'll say, yep, that's what I understood. However, you've missed this.

Excellent. We're both in agreement. It's on an email.

Great. Equally contracts, whether it's with your best friend, your mother, your father, your brother, your husband, your wife on a document in a contract detailed. What is the deal?

How does it work? What happens in a doomsday scenario? So everybody understands it.

If you're sitting there thinking, I don't need a contract. The only reason you're doing that is because you've never made the mistake of not having a contract. You've got two choices now.

Listen to me and my mistake and go and put one in place or don't listen to me. Wait till you make the mistake yourself and you lose 10 grand, 100 grand, million pounds, whatever it is. Trust me, don't do deals without contracts.

Number 15 is not looking after the pennies. There's been periods in my life where I've been driven by the top line. I've been looking at how do I bring in another 100,000 pound a month, another million pounds a year and focus purely on the top line.

This was a mistake. Anytime that I focused on growth, I've noticed two things. One, my problems get bigger and two, my margins get smaller.

Focusing on the top line is ego. Focusing on the bottom line is economics. I would much rather do one deal a year that is three million pound GDV and makes me a million pound in equity or profit than go out there and do a 30 million pound deal that's going to make a three million pound margin or 20 million pound margin but is a smaller percentage.

Don't focus on the top line, focus on the bottom line and look after the pennies. The money is made, if you think about profit and loss, if you're doing 20% profit, if you're doing 15 to 20% end of year net profit a year in the UK, you're considered to be in the country's elite. So let's say you're doing 20%.

You're the best in the business. 80% of the money you make goes out the door and this is what we need to focus on. A 10% growth in bottom line, sorry, a 10% saving in top line for you could be the same as a 100% increase in bottom line.

So understanding that you look after the pennies and the pounds look after themselves. It's not how much you spend, it's how much you keep. Number 16, not understanding the concept of forward funding.

If you want to grow a business and you want to scale, organic revenue will only bring about organic growth, whereas if you want to step change and you want to get step change, exponential growth for your business, you need to forward fund. And what this means is your profitability is going to go down before it goes up. I didn't understand this until 2018 when I started buying companies.

And what I realized is if I wanted to go from a million pound a year to five million pound a year, I need to put half million pound in to get there. And you go into the dip. So I did this in 2000 and I forget when it was, 2018, 19.

I put 180,000 pound into the business to recruit 10 people that I couldn't afford. And then that money every month got burned down. It went down and down and down.

And I was looking at the bank balance come down as the revenue was slowly going up. And the aim of the game was to get the revenue to go across the burn rate before we ran out of cash. Now we did actually run out of cash and I had to put another 40,000 pound in to give it another quarter to get off the back end.

But we did it. It allowed us to scale from three offices to eight offices around the UK and enabled us to go from a regional company to a national company. But it was not for the faint heart.

You have to go backwards before you can go forward. You have to go into the dip. If you want to step change your business, you need to forward fund.

You need to raise funds. You need to put your hand in your pocket. I've done it most recently with PPN UK.

I've spent somewhere, depends how you calibrate it, between 200 and 500,000 pounds in the last six months on recruiting teams, on exiting deals, on recruiting the right people, bringing in third parties, bringing directors in, bringing new suppliers in, spending and investing in the future. So I'm getting into the dip. You know, it's going to cost me minimum 200, maximum 500 in the dip.

But then after that, next year or within 24 months, that 500,000 pounds I'm basically losing today would then go on to make me seven figures a year as an additional seven figures a year return on top of the money I've spent. So you've got to play the long game. You've got to understand the dip and really want to go into that forward funding.

The next number 17 is don't throw money at problems. It's easy to think that if you just pay, throw money at stuff, it'll fix it. It really isn't the way at all.

It can actually be a bigger problem than it is a solution. Example of this was I recruited a senior consultant. I mean, board level consultant in 2016, I think it was paid them a crazy amount of money.

It was part time. It was 40,000 pounds. They were coming from a big, big national operator that I knew.

And for me, it was, it's crazy expensive, but I can give them the keys, give them the money and they can crack on with it. Anyway, I turned around six months later and that 40,000 pound investment had cost me over 100,000 pounds. They step-by-step had destroyed a key department in the business.

And what I was hoping would get me 12 months forward actually put me six months and 100,000 pounds plus their fee backwards. Don't throw money at things. It won't fix your problems.

Number 18 is bigger is not, or a mistake I made was bigger is better. As I alluded earlier, bigger does not mean better. Bigger mainly means bigger.

If you're talking about bigger growth, bigger deals, bigger scale, bigger company, bigger team, it normally means bigger problems and smaller profits. But that is the consistent thing that I experienced. It's the consistent mistake that I made.

It's the consistent trends that I see other people make. I see loads of really small businesses that are making 30, 40% profit and they're fantastic. I also see bigger businesses that are making 5 to 10%.

They've got loads of headaches. It's a HR disaster. Everyone's falling out of each other.

Everyone's upset, burnout, clients are disappointed, service failure for breakfast every day. It's not the place to be. Bigger is not better.

In fact, small business with big profits is the way to be. Josh Keegan, who's one of our mentors who you'll meet on the 3-Day Blueprint event has just written a book called Small Business, Big Profits by Joshua Keegan. Go and get it on Amazon.

Fantastic book. I've read it. It's exactly what you need to be doing.

The main message there is bigger is not better. Number 19 is build to sell. I've done one build to sell site in my life.

It was a block of apartments, high end, penthouse apartments, interior designs, grade two listed building, and it was just a nightmare. What I realized in build to sell for me personally is it's got all the bits of risk. You've got the acquisition risk.

You've got the planning risk. You've got the build risk, and then you've got the exit risk. You could get all the way through the build, get to the end of the build, and still have to sell the site.

It's just risk after risk after risk. I now would prefer to do a forward funded site where I've got a guaranteed exit. Maybe somebody buys it off you at exchange and then you've got a completion teed up or build to rent, which is what I tend to do more of, where I have a lease party or even just rent into the open market lined up.

So I'm not relying on an exit and a sale and a completion. I'm actually just relying on finding a tenant. Build to sell was a big mistake that I made for my risk profile.

I much prefer de-risking the exit and build to rent. Number 11, the penultimate one, is failing to level up quick enough. You've heard me talk recently, if you didn't listen to the chairman podcast episode, go and have a listen to that because in there I talk about the fact that I've just leveled up over the last six months.

I've broken through to the chairman level and now I know it, it's what I've been searching for for probably the last four or five years. It's easy for me to say I could or I should have done it earlier. There's also an argument that I talk about in that podcast to say I couldn't have done it.

I wasn't in a position to do it. The business wasn't in a position to do it. I didn't have the money to do it, but I could have leveled up quicker.

I was banging my head against a glass ceiling. I was stuck in the same level. I was getting bit by bit more frustrated, more burnt out, more tired with running the business.

The sexy, fun, exciting days had long gone and I was stuck in a hole. Failing to level up quick enough was a big mistake that I made. And also, for those of you listening to this, you've got a window of opportunity to go out there and make your money.

You're young enough, fit enough, driven enough to go and do it. That window of opportunity will close and this is make or break for you. You need to go out there and actually make this happen.

If you've not listened to the make or break podcast episode, go and have a listen to that if you're in that space. And also on the Blueprint event, we'll talk about it. We'll take you through that and how you strategically go through the three levels of wealth creation.

You've got a window of opportunity to do it. You have to build a financial fortress. Don't miss the boat because there is no plan B apart from going and doing the rest of your years in a job that you don't enjoy doing.

Failing to level up quick enough was a big mistake I made. And then finally, at 21, was understanding the difference between a job and a business. In the early days, it was my job.

I loved it. It was band of brothers. It was great fun.

It was seven days a week, 24 hours a day. It was amazing. I absolutely loved it.

It's probably the best five years of my life, period. The problem was then it became a job and I ended up dealing with the stuff I didn't want to do. Team issues, contractor issues, trades, tenants, paying invoices, bad debt.

And it became a job. When you get to that point that the fun, sexy start has been starting a business is replaced with a monotony of running a business, growing pains day to day, you've got to level up. And that's when you go from being a job to being a business and being self-employed to being a proper entrepreneur.

And this is what we take you through on the three-day blueprint event. Go to www.donttalktotenants.co.uk now to check out the dates for this year's three-day blueprint event. We've run these for over a decade.

They've been oversubscribed every year for three years, since 2013. It's got 100% money back guarantee. You've got absolutely nothing to lose, everything to gain.

There's only 150 places. And if you've got value from these 21 mistakes that I've shared with you on this podcast, that is three days of all the one way to actually do things correctly, which will put you head and shoulders above every single person in your market. Hope you've enjoyed this podcast.

That is my failures. That is some of my biggest lessons and mistakes. I hope you got value from it.

I hope you took some notes. I hope you don't repeat the same. And I look forward to seeing you next Tuesday on the next Blueprint Podcast.

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.