**TBP 259 Edited\_Transcription**

[Daniel Hill] (0:05 - 0:34)

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.

[Rachel Davis] (0:38 - 1:00)

Welcome to the next episode of Property Entrepreneur Blueprint Podcast. I'm here with Mark Reid, whose company has gone from loss-making to lucrative whilst on Property Entrepreneur. Mark was one of the rulers up for Property Entrepreneur of the Year 2024, coming in second place.

Congratulations, Mark. Welcome to the Hall of Fame and for being an award winner. How does it feel?

[Mark Reid] (1:00 - 1:10)

Well, thank you. Slightly surreal, to be honest, because I don't work in property, and I never really considered myself an entrepreneur. So it's really nice to be up on stage for that consideration.

[Rachel Davis] (1:11 - 1:34)

Yeah, and it is absolutely true. You are a managing director of a company, aren't you? So without further ado, let's explain.

You are an entrepreneur, and you are on Property Entrepreneur, and you're a very, very successful one as well, Mark. So remember, you have been hugely successful this year. So for the benefit of the listeners, tell us who you are, what your company does, and how long you've been on Property Entrepreneur.

[Mark Reid] (1:35 - 2:08)

Sure. So I run a factory. So I'm the managing director of a factory.

I've got equal shareholding with my wife, Claire, who's also on PE. I won't go too technical because people start to switch off when I do. We machine components, assemble them, and then sell them into both the HGV market and to go into construction vehicles.

So we've got 32 employees at the moment. So a mixture of people, senior team, right down to operators on machines.

[Rachel Davis] (2:08 - 2:15)

Yeah. So you definitely are an entrepreneur. So you're running what we class as a small business.

Whereabouts is the small business based, Mark?

[Mark Reid] (2:15 - 2:23)

It's in Birmingham. Birmingham. So it's a small heath near the Blues Ground, which will probably divide listeners instantaneously about whether they're interested anymore or not.

[Rachel Davis] (2:24 - 2:27)

And how long have you been on Property Entrepreneur?

[Mark Reid] (2:27 - 2:32)

So I've done one year now. So I'm just at the start of my second year on PE.

[Rachel Davis] (2:33 - 2:35)

So you've gone on to advance now, haven't you?

[Mark Reid] (2:35 - 2:36)

I have, yeah.

[Rachel Davis] (2:36 - 2:41)

Yeah. And your partner, Claire, she's on Dan Hill's board, isn't she?

[Mark Reid] (2:41 - 2:42)

She is, yeah.

[Rachel Davis] (2:42 - 2:49)

Yeah. Great. So you obviously had a great experience during the year because you've come back for even more.

It works. Yeah.

[Mark Reid] (2:49 - 2:51)

That's all we can really go with, isn't it?

[Rachel Davis] (2:51 - 3:26)

Yeah, absolutely. So managing director of a manufacturing business, 32 staff. I imagine lots of challenges come with having 32 staff, and I'm sure we're going to get into that in a second.

So now that we know what you do, interesting, I love the fact that you don't class yourself as an entrepreneur when you are running your own business with quite a large team. So you definitely are in that area for sure. Where were you before you started Property Entrepreneur?

So when you came on Property Entrepreneur, it was last year, wasn't it? That was 2023.

[Mark Reid] (3:26 - 3:26)

It was.

[Rachel Davis] (3:26 - 3:27)

So before that.

[Mark Reid] (3:28 - 6:57)

We were... I was probably what your class is a bit of a busy fool. So I was right in the middle of helping everything work.

So I had my fingers in far too many pies at work, trying to help in this role, help with that role. I was probably covering... I was covering a role that I now have someone dedicated in.

Specifically, I have a quality technician doing the quality work. Previously, I was doing that as well as doing the managing director stuff. And I hadn't managed to get some of our systems as good as they needed to be.

So I was in helping a couple of other team members do stuff as well. And as far as the company was, we'd gone through like, I think about five years of growth. But we'd sort of...

The gross margin had sort of dipped over that time and we tried lots of different things to try to get it back up and we hadn't really succeeded. And then Property Entrepreneur came up via Claire, rather than myself, and she said, oh, you should come in there. She described the sort of things that you guys were doing.

And I had a moment where I thought about it. It was like, well, I'm doing this job. Do I honestly believe I know better than everyone else?

And the answer was no. So I'd be stupid not to see if there's more knowledge out there that I could apply. So I gave it a go.

And just sort of tried to dive in and just, as I'm doing it, I'm going to do it as well as I can do. And so we've gone through a really turbulent year in terms of the company. Not necessarily because of PE, it was more like it was other things happened.

And then it helped steer us through. So we get to the point where I am now, where I'm a lot more stepped back than I was when I started in PE. I'm letting my team get on with it a lot better than I used to.

As far as they tell me, as far as I can tell, they all seem more happy and engaged. They know what they're doing. And they're enjoying having the agency to have control and make decisions.

The company is performing better than it has been. It's doing well. We're doing well now.

We've got steady. We're holding the gross margin at the level we ought to. We're holding the net profit where we want it to be, November.

So we're not quite halfway through our business year yet, but we've put a new business model in for the start of this year, which began at the beginning of June, and we're tracking against it. In some cases, we're doing better than we'd predicted, which is really nice. So we're in control and not dived into it.

One of the big things I had when I started PE was I'd spent years flirting with being burnt out. Now, I won't say I got to the end of the year at PE and I wasn't burnt out, because I think that would be a lie. But it feels like I have a system now to make sure that I don't.

So I don't have to go through exactly what I've just gone through again. That's really good.

[Rachel Davis] (6:57 - 7:12)

I hope. Yeah. You've picked up quite a few things there, Mark, that are really interesting.

So before you started on Property Entrepreneur, you were basically working in your business all of the time. So you were trying to be the MD. This is what it sounded like to me.

[Speaker 4] (7:12 - 7:12)

Yeah.

[Rachel Davis] (7:12 - 7:18)

Trying to be the MD, but also you were actually working in the business and doing some of the roles yourself. Yeah.

[Mark Reid] (7:18 - 7:49)

Would that be right? Yeah, that's accurate. I didn't have enough time getting my head up and looking forward at what was coming.

So you make assumptions. And also, I wasn't communicating as well as I could do, because you're trying to do something. And if you're focused on trying to get a job done, trying to communicate all these other things was doing it.

So if you see it as two jobs, there's the doing bit, and there's the managing director bit. I was not doing my managing director job as well as I should have been.

[Rachel Davis] (7:50 - 8:55)

Yeah, because you were trying to do too many of the things. And that is, I think, you said earlier, you don't feel, you don't recognize yourself as an entrepreneur, but that's exactly what it's like for a lot of entrepreneurs. They're busy spinning lots of plates, which sounds like you were very similar, and doing lots of different things within their business.

But sometimes, especially now that you have a team, communication is so crucial, isn't it? In terms of they look to you. You are the one who lays down all of the systems, the processes, and the strategy for that business.

But yet, you were too busy trying to manage quality control over here, trying to do a little bit over there. And that is sometimes a trap that a lot of entrepreneurs fall into, trying to do too many of those roles themselves. And I really heard that in what you said.

And you mentioned there about systems. So, of course, you didn't have enough processes or systems in place so that people could take control of their roles and do, for example, quality control. Obviously, you were dipping into that because it was missing some kind of process by the sounds of it.

And maybe other parts of the business were as well? Would that be right?

[Mark Reid] (8:55 - 9:48)

That would be, we had, it's the difference between the way you do things and what's your class as a system, isn't it? Everyone has the way they do things. It's not necessarily the same as having a system for doing it, because it all depends on, it all depends on the person making a gut feel, a decision.

And what we found is that we had mountains and mountains of data, but it wasn't, it wasn't useful. So I think it was data, not information. I think I had it described to me once, like it's lots of numbers, but it doesn't mean anything.

So it was making it hard for people to do stuff. And that's where I ended up stepping in to try and help control that. And actually what I really needed to spend my time doing was turning the data, getting it so the data turns into information that people can use to help them.

So yeah.

[Rachel Davis] (9:48 - 10:12)

And is that, because let's move on to like where you are now, is that something that you did over the year? So if you look at yourself right now, you mentioned about that you've margined to steady, you've got them to where you want to be, and you've overperformed actually, and you're overperforming in some areas of your business plan. And we'll come back to business plan in a minute.

But did you manage to get that data into useful information so that the team could use it?

[Mark Reid] (10:13 - 10:45)

I've got it well enough for the moment. Nothing's ever perfect. Nothing's ever finished.

I'm working on the next tier of it now because it came up, it came up over the summer that one of the big stumbling blocks we had for dealing with the big problem that cropped up over the course of the year was that we needed to improve our systems a bit further. So I'm working on that now, but it is, I've got it to a point where it it's functional, but I just want to get it even more functional as you keep going.

[Rachel Davis] (10:45 - 10:51)

And the great news there is you mentioned you're spending less time in the business now and more time being the managing director. Do you feel that's where you are now?

[Mark Reid] (10:52 - 10:52)

Yeah, I'd say so.

[Rachel Davis] (10:53 - 11:06)

Yeah. And that's a real achievement over the 12 month period from going from being fingers in all the pies in the business to actually being doing the communicating and being the MD and being the, you know, the captain of the ship basically, which is what you needed to be, right?

[Mark Reid] (11:06 - 11:19)

Yeah. The idea of spending one day, one day a month, not in the factory felt like this is too big. Looking back on it was a ridiculous step.

Like if you can't, if they can't manage one day without you, you're doing something horrendously wrong.

[Rachel Davis] (11:19 - 11:47)

Yes. There is. Yeah.

And I guess, I guess what's so really interesting to know the difference that property entrepreneur has made to your manufacturing business? Because of course, it's not, you know, on property entrepreneurs, a lot of property entrepreneurs in the room. I know that you, Claire's got a property interest and she is in property herself and we'll come on to that in a sec.

But how has the methodology helped you in your manufacturing business? What, what, what have you used to get you to the level of success you're at today?

[Mark Reid] (11:47 - 11:49)

What haven't I used really?

[Rachel Davis] (11:50 - 11:52)

Great. Give us some examples.

[Mark Reid] (11:53 - 14:35)

Business is business when you get right down to it, like a lot of the opening doors of the property entrepreneur is like, is looking internally at yourself and actually looking at the year ahead and planning for it. And you ought to be doing that regardless. We had never shared with our workforce the level of information that we have now.

We did our first AGM at the end of May, so at the start of our new, the very end of our previous financial year saying, OK, this is what we're doing next year. This is where we're going, like trying to draw everyone in with a team of trying to do stuff. Understanding people's strengths has probably been a very big one.

We, I'd not found, I'd not looked at talent dynamics previously. It wasn't something that I'd done and we hadn't, we hadn't defined people's roles to the level that we had. We didn't, you hired someone for a job and their job description is in their job title was sort of how you define their role, which I think is really common.

But now it's like, this is, this is your remit. This is where you go. If you need something above that, you come, you move it over to me and like the clarity really helped.

And I think one of the absolute biggest things of all, well, I suppose there's two really big ones. One was the idea of planning your week, which I was, which I had just started to do just before PE, but I hadn't taken very far. And to be brutally honest, I suspect I may have been guided into it by Claire after she did the Blueprint event.

And the second one was target setting. There was a group of us who knew exactly what was supposed to be happening each month in terms of budgets and spends and financial capabilities and also production capabilities, but we weren't very good at disseminating the data out. Like I would know, the bookkeeper would know, Claire as the strategic director would know, and then other people would have their own little silo where they had a little bit of information, but the whole picture wasn't out there.

And if you don't tell someone what they're shooting for, even if it's something really, really basic that you think everyone, why would you not think that was what you were supposed to be doing? You miss it because people don't prioritize it. It's really, it's really interesting.

And you look back on you go, I don't understand how I made my decision sometimes compared to what I do now. So there's lots and there's lots and lots of different bits of pieces that have come through from recruitment to setting the team up, all kinds of stuff like that.

[Rachel Davis] (14:36 - 15:30)

Yeah, that's great. So interesting like summary there, Mark, really interestingly, you talk there about your AGM, which means annual general meeting. And what we do, there's a buildup to that on Property Entrepreneur, isn't there?

We do a business plan, which sets the course. We have like a mantra for the year, which is headline strategy. We lay down a business plan with all of the business model and the details of how the products are to be sold and the margin that's going to be made.

And we do that, don't we, on Property Entrepreneur. And then we communicate that out to the teams that we have at an annual general meeting. And it sounds to me that's exactly what you did.

So I think it sounds to me like through Property Entrepreneur, you've massively leveled up your communication with the team and given them the strategic direction that they actually needed by the sounds of it. And I think it was quite successful, wasn't it, your AGM? Have you continued with those kind of meetings?

[Mark Reid] (15:30 - 16:35)

We've had our first quarterly one last month. So it lags a little bit because I need the financial data to come in to be able to report properly. But we've had our first quarterly one and we'll keep doing them.

They're all in the calendar. They're all planned and we'll just keep going through. And hopefully the guys get useful information out of it and they feel like they're included.

It's just another opportunity for them to talk. I think what's interesting is I needed a little bit more of a kick in that when we were dealing with stuff, basically, I got flagged. No one knows what's going on.

I was like, oh, oh, OK. All right, fine. And then I just I dug through and I had a framework for trying to communicate stuff better.

So I just used it. So it works. It's not sometimes sometimes I need sometimes you need the extra prompt to get started, but having something to fall back on and without having to sit there and spend a lot of time thinking, oh, how should I go about it?

Oh, no, this is how I go about it because I've got something to do. Let's not waste time thinking about it. Let's just get on and do.

[Rachel Davis] (16:36 - 16:57)

Yeah, because you had the framework. Yeah, you had the framework there already, which is great for property entrepreneur. And I remember talking to you about this earlier on in the year, wealth dynamics.

I think, like you said, about people's profiles and their strengths and weaknesses and understanding what works well in a particular role and what doesn't. It sounds like that had quite a fundamental impact on your team.

[Mark Reid] (16:57 - 18:08)

Yeah, it gave us it just made us look at what people were doing and you kind of start to understand. So we didn't really have to shuffle people around. We didn't really have to shuffle people's jobs around.

Mostly people have landed where they ought to be. There was there was one interesting one where I think I think we'd already made the call and moved him across. But you kind of suddenly understood why.

So he did much better. Like it was it was like putting it was like putting a fish in water. He's just he's just excelled in where he is now.

And it was it's because it just suits him. It's where he is, where he ought to have been all the time. But it just gives you just this thing to understand why people make the decisions they do and help you tailor how you communicate to people to a certain degree.

And it has helped us with recruitment as well, because we recruited an executive assistant to sort of help out with the clearing some of the mental load so that me and Claire were able to focus on stuff and not lose an hour, two hours, three hours every day trying to deal with something. And, you know, we were getting someone who would fit the role well because we'd done the initial groundwork, basically.

[Rachel Davis] (18:09 - 18:12)

That's fantastic. And that is doing really well, I think, isn't she?

[Mark Reid] (18:12 - 18:14)

She's really good.

[Rachel Davis] (18:14 - 18:33)

Yeah, great. That's amazing. Well, maybe we'll touch on that when we get into your challenges and how you've done them.

So you've been just to reiterate, you've been you've had a very successful year, haven't you? Really? Can you talk to me a little bit more about the success in terms of financially and, you know, maybe in percentages of how you've turned your business around?

Because didn't you have like a really big challenge earlier on in the year?

[Mark Reid] (18:33 - 20:11)

So in essence, we had one. It's all been the focus of one year and it already tied in for me relatively neatly with what we're doing at the headline strategy and all the rest of it anyway. Basically, in February, we lost about 30 percent of the order book.

We supply into about we have three major business areas and one of them took a big hit due to the recession and what was going on back then. And we lost about 30 percent of the business. And because because of the field we're in, you can't just turn the taps on and draw more sales in.

There's development time, there's finding customers, there's design work. There's a lot of load that would have been going through me because we weren't set up for that sort of activity. And it just wouldn't have got us over the wire in time.

So we had to sort of fix everything internally. And it was I think we dipped, we lost 30 percent of the sales. So we dropped to something like, I think we had a minus, I think we had a 25 percent loss, no, no, sorry, 15 percent loss in February.

And then you take some corrective actions that dropped to an 80 percent loss in March. And then after that, we managed to get up to a steady eight, between eight and 10 percent net profit moving forward. And we got the gross margin from I think it dropped to a low of 25 percent.

And now it's hovering happily. I think it's running at an average about 43 percent for the financial year so far.

[Rachel Davis] (20:11 - 20:14)

So that's great. So that's what you've achieved in the year. That's really good.

[Mark Reid] (20:14 - 20:27)

Yeah. And it was not a pleasant process to go through. And it's certainly not the way I'd intended to achieve what we've achieved.

But it's we have achieved it.

[Rachel Davis] (20:27 - 20:51)

So, yay, let's give you a round of applause from everyone on Proficy Entrepreneur. Well done. And that's one of the reasons you did actually end up on the stage because you went through such a powerful, like, oh, my God, we're losing sales to.

Actually, we've we've stabilised our profits and we're doing really well now. And it's such a big change for you over. How long did that take?

About six months? Were you in that situation to coming out the other side of it?

[Mark Reid] (20:52 - 21:02)

Pulled through to we pulled through. I think it's about four months before the process was ended. And then five months was the start of the new financial year.

[Speaker 4] (21:03 - 21:03)

Yeah.

[Mark Reid] (21:04 - 21:22)

So, yeah, it was about it was about five months. But we only had we only had two loss making months in that thing because we just really locked down on how much money we were, what we what we were doing on spend and all the rest of it and put in all kinds of controls that are still in place now because they work.

[Rachel Davis] (21:23 - 21:23)

Yeah.

[Mark Reid] (21:23 - 21:26)

And you need to monitor what you don't want to see you lose control of.

[Rachel Davis] (21:26 - 21:46)

So, yeah, we talk a lot about that on on Proficy Entrepreneur, don't we? About managing your and controlling your costs and how important that makes a difference to we call it bottom line time, don't we? So you went through a serious phase of bottom line time, basically.

So I guess this leads really nicely into the four biggest problems you've had on your journey. I think maybe that was one of them.

[Mark Reid] (21:47 - 23:10)

They honestly that was probably that was probably the entirety of it. Or at least all the there were there were four sort of four different elements that kind of went into it, because firstly, we had to realize how big the problem was. Obviously, a huge drop in sales like that is not you don't you don't miss it.

You're going to notice it's not there. But we've had you can kind of sort of it's really easy to sort of shrug your shoulders and go, it's OK, because I've got a forecast of next month will be better. You'll just kind of go.

And I think what really helped us is because because we had the level of finance function that we had. So we've got we've got a bookkeeper internally who manages a lot of the she manages the cash flow. She's doing the invoices and all the rest of it.

And she's able to keep a really good handle on how much how well we're doing. And then we have an external finance director, but like team, basically. So the accountants act as a financial director to and they're able to take what the bookkeeper gives me and turn it into a story that I'm able to make decisions of, which I think was where we were always falling down.

It was an accountant talking to an engineer, fundamentally different languages.

[Rachel Davis] (23:11 - 23:29)

I can imagine. And of course, we talk about this and Josh talks about this a lot on Profit Entrepreneur, doesn't he? Or just about making sure you have management accounts and that they tell a story so that you can make a decision based on the information in front of you.

But it's not just numbers. It's an analysis of what's happening right now.

[Mark Reid] (23:30 - 24:03)

They're able to give us information about what we've got. We can see this in the market. We've got other we've got other clients who are in a similar situation.

This is the sort of thing. And then we were able to make decisions really, really quickly, which was which was really important. So like that's the the first bit is kind of realizing how big it was and able to sit there and go, you've got two months of cash left.

The current rate of progress, if nothing changes, two months, that's it. Which is a really, yeah, a really useful message to have, because it certainly lights the fires like nothing else.

[Rachel Davis] (24:04 - 24:14)

In two months, that is it. Yeah. And it's what every business worries about, isn't it?

It's it's choking to death, isn't it? You run out of cash. You're not able to work.

[Mark Reid] (24:14 - 25:47)

Yeah, I don't think I think I when I first started, certainly in the point where I was handing over before taking over as the MD, I don't think I'd ever managed to really get my head around the difference between profit and cash flow from profit. You'll be fine. No.

So there's that difference. I mean, it sort of leads into the second one, because we'd done we'd we'd we'd stabilize the ship. Nothing was sinking.

All the holes were plugged. We weren't bleeding cash anymore, but we weren't profitable business. And when something needed to give, and as I say, I couldn't just draw more sales in.

So we'd we'd done an exercise of working out before we realized how this before we realized the situation we were in before the crunch happened. We'd done an exercise and we'd kind of gone, OK, well, what's the vision? What would we how would we like the company to work?

So we had this idea of what do we need to change to get the company to where we want it to be? And I think that working out how to take from one step to the other was really big, because it's all very well saying you're making a loss making profit. But if you can if you can't work out anything to change, you can't work out how you what your overheads need to look like.

You can't work out what your product mix is going to be. You can't get a handle on all this information. You're not going to be able to change anything.

And if you can't change it, you're kind of stuck.

[Speaker 4] (25:47 - 25:48)

Yeah, you're stuck where you are.

[Mark Reid] (25:49 - 27:00)

There was always an option. There's always the option of kind of just sitting there and hoping the situation will get better. And we've done it in the past.

We've kind of gone, well, we'll do this and we'll just kind of hang tight. We'll hang tight and it will get better and then we'll fix from there. But because we had the information from the previous section, we had and we had a vision of what the company where we could what we could change to make the company work better.

It gave us the platform to start building a new business model, basically. And it was just having that ability. That challenge was the next big challenge was, OK, what do we change to get to where we go?

And I think Claire and I just disappeared for about two weeks, at least mentally, if not in body. Just trying to figure this out. And we got lucky, to be honest, because we'd had an EA who started and she she started literally the week where we realized that the cash flow crunch was there.

So she had a delightful first week. She's still with you though, isn't she? No, we actually have a different EA.

[Rachel Davis] (27:00 - 27:01)

Do you? Interesting.

[Mark Reid] (27:02 - 27:12)

Yeah, I think three months. I couldn't say she was lovely and I don't think she didn't leave maliciously. We left on very good terms.

But I think she just found a buffer that suited her better. So, yeah, that's part of life.

[Rachel Davis] (27:13 - 27:14)

That's part of business, isn't it?

[Mark Reid] (27:14 - 27:32)

Yeah, that's how it works. But having that support allowed us to do what we needed to do because it was gave us it gave us a bit of freedom. Things were still flowing.

Like I only didn't. I wasn't spending all the time trying to keep people at peace. She could make sure the communication I was only dealing with the bits that I really needed to.

[Daniel Hill] (27:35 - 29:28)

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[Rachel Davis] (29:32 - 30:16)

That's a lifesaver in itself, isn't it? You had someone in place for you to go off and think about the problem and solve it. So, Mark, we've talked about two challenges there.

So there was one big problem. Just to summarise, it was the fact that you had this cash flow crunch and from that stemmed an awareness that you had. Your first biggest problem was lack of financial clarity and then you put financial clarity in place.

So you had management accounts with analysis so that you could make better. You could see what was going on more clearly in the business. And then the second one was before you were a property entrepreneur, you didn't have a vision quite like you do now for the business, and it was the vision that helped you strategically think about what you needed to change in the business to get to where your end goal was.

[Mark Reid] (30:16 - 30:18)

Exactly, yeah.

[Rachel Davis] (30:18 - 30:28)

So each of those problems you found a solution for, basically. Yeah, so one was lack of clarity and one was lack of financial clarity, wasn't it?

[Mark Reid] (30:28 - 30:29)

Yeah, yeah, yeah.

[Rachel Davis] (30:29 - 30:31)

Yeah. So problem number three?

[Mark Reid] (30:32 - 33:08)

I had to write a business model. So we'd are trying to work out. We had a business model.

We had a profit and loss. If I say we didn't have a business model, that's clear. We'll listen to this recording and come and shoot me.

Because you did. We did. We did have a business model, but it wasn't planned.

It wasn't it wasn't constructed. Clearly, it didn't have enough of the detail. It didn't go micro enough.

Yeah, it was sort of it was based on what we'd achieved in the past. Basically, it was a prediction of, OK, we don't change anything. This is what we'll spend.

And the difference with this model was we were looking at, OK, what can we spend? This is these are these are the product makes we're going to be selling. And I suppose that's probably one of the big differences between a manufacturing company and the property thing is I'm looking at the portfolio of about probably 150 products and working out how much of each one is going out and all the rest of it.

So it's a slightly different juggling act, but I suspect from what I can understand from listening to stuff that Josh has talked about is the same sort of concept is this is how much money is going out for that. This is how much you're going to have to spend on your raw materials. These are non-negotiable costs to achieve again.

OK, so where are your where are your other variable costs? And then, OK, this is what you got. What overheads can you afford?

What can you actually what can you actually have in here to get this ticking and working along? And what does it look like after that? And then you start going and doing your iterations back and forth and back and forth and trying to do it.

And it's just it was a different exercise to the time when I'd done it previously, where I'd sort of kind of gone and approached it as an engineer and as an engineer, you kind of go. This is what I got to make. This is what I need.

I need this to make this. I need these people to do this. And then it's turning it on its head and going, no, this is what you're going to be selling.

This is how much money you're going to be making. This is how much else you can spend if you want to have a company left at the end of a 12 month period. But yeah, that was so it was.

That was the that was probably challenge number three. That took it was a lot of head scratching because it was if I take like one of our more common components, it's made up of it's got four different machine components, another six subassembly bought in components. It's got machining.

It's got placing.

[Rachel Davis] (33:08 - 33:12)

It's got lots of complicated, lots of details, different things.

[Mark Reid] (33:12 - 33:30)

And I have to tack all of this information together, work out and then send it through and get everything tidied up at the other end of it. So there's a little bit of guesswork because no month is identical to the next month. And my crystal ball is really not functional from what I can tell.

[Rachel Davis] (33:30 - 33:36)

But well, well, crystal balls are, you know, not everyone can see into the future. It'd be great if we could, wouldn't it?

[Mark Reid] (33:36 - 33:36)

Right.

[Rachel Davis] (33:36 - 34:16)

So then just finishing on your third third problem really was about your business plan, being a business plan that was coming from an angle where it was just like an engineer's business plan. Now you've come at it from a slightly different angle, which is a commercial business plan. How do we make money?

Yes, we've got this product set and this is what this is, the cost of our raw materials. But let's think about our company as a as a whole entity rather than just selling product here and raw material there. So you've actually reengineered your business plan for the company.

And is that business plan working better now than previous business plans?

[Mark Reid] (34:16 - 34:33)

Yes, it is. Yeah, we noticed in the first two months of the last financial year, we made a loss. Whereas in the first two months of this financial year, with broadly exactly the same sales, we made a profit.

[Rachel Davis] (34:34 - 34:41)

Wow, that's incredible. So you've actually the way you're measuring has changed quite dramatically. Yeah.

And it's made a big difference.

[Mark Reid] (34:42 - 35:04)

We didn't know what was going wrong. Well, yeah, I didn't know. I wouldn't I don't want to talk for the bookkeeper and Claire.

They may have had different stances because they were in different positions. So they might have had clearer ideas of it. I didn't have and we weren't we weren't able to get these things fixed, basically, was the thing.

So now we're in a situation where we can see it different. There's a lot more clarity.

[Rachel Davis] (35:04 - 35:10)

Yeah, that's really great. So the business plan was the third challenge. What was the fourth problem or challenge that you had?

[Mark Reid] (35:10 - 35:18)

Well, I had a piece of paper and I needed to turn it into a business. It's the basic is the basic gist of it.

[Speaker 4] (35:19 - 35:19)

Yeah.

[Mark Reid] (35:19 - 37:10)

And that's the tough bit, because unfortunately, if you start talking about trying to cut costs, unfortunately, you start talking about jobs. Yeah, that's the hard bit, isn't it? It's the worst thing you're going to have.

It's the worst thing I'm going to I think it's the worst thing I will do or ever have to do as a managing director or a business owner, because you're I always kind of pegged it as it's kind of nice to be a business owner because you're actually you're supporting people. You're giving them a job and all the rest of it. And suddenly, actually, that's not that's not true.

You're doing it for some. And that's the focus you need to cling to is you're doing it for good reasons. But then you've got to execute.

And then so there's the unpleasantness there to start with. And then you've lost skills. And you've got we lost a really key member of our team.

And you don't you need to. And I've done it because I had this vision of how the company could work from the second step. And I could see, OK, if I can do it, I've got two people in very similar jobs.

If I can get this to work, which I believe I can, I can streamline this into one individual. If I can get the all this data into information that's usable. So I don't need two people to make all these decisions.

And so there was this big, sudden grind of just like, OK, I'm helping out the person who stayed because he's got this suddenly they've got this unmanageable workload. So I've had to step down to do this while at the same time trying to clean as a go. So as I'm doing it, I'm trying to make sure every time I make a decision and work out something out, I'm sort of automating it behind me.

[Rachel Davis] (37:10 - 37:12)

Yeah. So you're removing some of the workload.

[Mark Reid] (37:12 - 37:18)

So I don't have to do don't have to do that job the same way again. And it's just sort of an iterative process.

[Rachel Davis] (37:19 - 37:19)

Yeah.

[Mark Reid] (37:19 - 37:23)

And that probably took us through to probably mid-July.

[Rachel Davis] (37:24 - 37:56)

Yeah. I think what you've been doing there is systemizing some of the workflows to make things easier. And then looking at the cut.

Well, you went through some job cuts, didn't you? And then finally putting the right people in the right places. Obviously, that process as a MD, it's not easy or pleasant, is it?

But but you're doing that for the greater good of the business and being able to streamline. And therefore, probably this is one of the reasons and it will be a contributing factor to this, to your success. Now, is this is why your profit margin is where you need it to be?

[Mark Reid] (37:57 - 38:16)

Yeah, basically. And you the the bit that I needed to be able to do it was not there's all kinds of things like the the people who the people in the team who helped out, who supported, who kept going, but also you need to know why you're doing it. Yeah.

[Rachel Davis] (38:16 - 38:19)

Because a big reason why. Yeah.

[Mark Reid] (38:19 - 39:41)

If you don't, you're not going to do. You're not going to do it. If I I, you know, I would like to think that 99 percent of people, if there's no if they don't have a good reason, they're not going to make someone redundant.

You're not. That's not the game. That's not what you that's not what you that's not what you're here for.

That's not the purpose. So you really do need this. There's a reason that I'm doing it.

So we had one of our one of our values is a Southern mission of values. I'm bad at remembering the exact thing. But it basically is to have is to continue having local manufacturing in the West Midlands moving forward to be a part of that.

So to achieve it, I've got the company's over 100 years old now. I don't want it to die on my watch. I want it to continue for another hundred years.

So you that's the that's the drive forward, as you say. It's the focus on what what the reason for keeping going is and why you're making these hard decisions. And that was sort of the nice bit about the AGM.

Yeah, because you're telling people, OK, the rearview mirror looks rubbish. So I don't forget what we've been through. But this is this is where we go in.

This is why.

[Rachel Davis] (39:41 - 39:45)

Yeah. And I think that big reason why. Did you some of that come out in your curve times, Mark?

[Mark Reid] (39:46 - 41:05)

Yeah, a lot of it did. It's like it was it's weird because I'm not I'm a bit of a cynical individual, so I don't necessarily go into a lot of the the softer stuff. But everything sort of lined up.

The goal was to the goal for my year was to sort of help everyone be in a situation where they didn't need me. It was to take my fingers out of the pies and become more of a managing director and less and less of a in the weeds sort of person. It was to be being in control of my time and understanding what's going on around me and like focusing in detail on what I needed to be.

And our headline strategy for this financial year we're in was all about hitting this repeatable gross margin. I remember I had I remember I had a discussion with Josh at one point and he was like, well, don't you mean that? And I was like, no, no, no, no, no.

Net will deal with itself to a certain degree. I need to deal with I need to deal with all the cold face stuff first. And I mean, he's not wrong because I do now pay attention to both.

But the hard work has happened there, as it were. So it it all sort of fell into a line, which luck, karma, whatever.

[Rachel Davis] (41:06 - 42:54)

I don't think it's just luck, Mark, to be honest. I think it's putting all of these methodologies in place, learning from the people around you and actually taking the time to and to sit with the fact that you you're not you don't always have the answers, but you can reach and search out for different ways of doing things. And you have a very traditional manufacturing business and you've turned it around using non-traditional tools to get you to where you need to be.

And it's no to get your margin where you need it to be in order for your business to thrive, which is key. Like you say, it's a family business. You want it to be around for another 100 years.

When we you know, on Property Entrepreneur, we spend a lot of time in the cave. And I know that for some people it works they find this an easier process than others. But again, for you, you've had some clarity because you together, you and your Claire, your partner, you've got that vision.

So all of these challenges that you've had, you talk about a lack of financial clarity, a lack of future vision, you know, having that cash flow crunch and having a business model that was wasn't quite suited for the purposes of 2024 and a future thriving business. And then on top of that, dealing with change management and staffing, there are major, major challenges to overcome. And you have managed to do all of those for manage through all of those four challenges and put yourself in a position where your your business is starting to thrive again.

And I think that you should pat yourself on the back more. You really should back. I'm sure Claire's thinking the same thing as she listens to this probably.

So just to finish on what three top tips would you give people in a business like you've got a small manufacturing business in Birmingham and you've got quite a few members of staff here, what kind of top tips can you give other entrepreneurs, which, of course, you are, by the way?

[Mark Reid] (42:56 - 46:20)

So know your numbers, basically as detailed as you can get, the more granular you're able to dive down and understand where your money goes for different bits of your business. If like me, you've got lots of different product streams and understanding all of that, that's it's invaluable. It helps you with all kinds of decision making process.

And sometimes you don't even you don't even realize it. Number two is I think we've touched on is setting targets is the power of them. Like so I've achieved more this year gone in not just in Elston Robson, in the stuff that I've been doing personal life wise, because I've worked out what motivates me and what motivates me, as it turns out, is saying I'm going to do this thing, committing to other people and going to do it and having a certain level of social accountability to say, yeah, I've actually done it.

So that works for me. But the same is true in the business. It's this sudden it's the accountability spikes as much as anything else.

It's just kind of going, oh, yeah, this is coming up. And I've said I'm going to do this and this is to achieve. And people have bought if people have bought into the targets and they understand the reason why and you pick the right one, if you pick the wrong target, you won't achieve what you want to do.

And I've seen that lots. And I'm sure you have as well. Yeah, certainly for when you're in the corporate world, it's like people pick a target and suddenly you get wildly different results to what you were thinking of because people misinterpret it.

But and then the third one would really be like owning and controlling your time. So putting in the Sunday sanity process into what I've been doing and planning my week has made a huge difference because it's not just saying these are the top ten things I'm going to do this week. It's the I'm going to do these top ten things.

And this is when I'm going to do them. Suddenly, you've got a calendar in your week. If someone if someone calls you and goes, can you do this thing for me?

Two years ago, the answer was, oh, that won't take very long. Sure, absolutely. I'll do that.

And suddenly you're weak. It's just you can't do it all. There's just you're just overstretching.

And suddenly you're able to turn around and go, yeah, absolutely. I'll probably get it to you next Wednesday. And you know that you're going to put that on your top ten for next week and you put it in when it's going to be and that'll be fine.

And I don't think about anyone turn around and go, that's completely unreasonable. What are you doing? Because you're just explaining to people.

And as long as you're open and honest and all the rest of it, it makes a huge difference. And I think the unintended one part of it that I found very early doors is it takes when we were we were tracking steps at one point last year, and I knew it took me 200 steps to get to the canteen to get a cup of coffee and get back to my desk. And I know that in those 200 steps, I would probably get asked three questions.

Yeah. If I could remember what I was doing by the time I'd got answered those three questions and got back to my desk, you'd normally do that bit where you sit there and you stare at what you were doing for about five minutes until the cogs start to engage again. And if suddenly instead I just open Outlook and I look, oh, yeah, I was doing this, I'll get back on that.

It just focuses the mind and you don't spend the time wondering, oh, what do I do now?

[Rachel Davis] (46:20 - 47:10)

Yeah, it's fundamental, isn't it? Yeah. And it takes away all of that because, you know, we so just for the listener's benefit, we do something called Sunday sanity on property entrepreneur, which is where we take 10 high value tasks.

We put them somewhere visual so we can see them for the week and then we work through them throughout the week. But one of the really important things that we do do is we schedule them into our diary so we can find the space. And what Mark's talking about here is actually the practice of planning his week ahead of the week and being very clear on what he needs to achieve by the end of it.

And I think that's what you mean. And if someone a curveball comes in, of course, you're a you're a managing director. So people want a lot of your time.

So you can it's enabling you to say, actually, my calendar is full this week. I can't help you with this until next week or then delegating it to someone else who can help sooner. And I think that's what you mean, isn't it, Mark?

By going through.

[Mark Reid] (47:11 - 47:37)

Yeah. And also, if you've got your task, this is what I'm doing later down. You're not we said earlier, no one has a crystal ball.

No one can see the future. You pick what you think of the next the ten most important things to do next week. You might be wrong.

Something like and it turns out, oh, actually, this is more important. But because you've got laid out your list, you can kind of go, OK, that one's gone. Yeah, I'm going to get a nine out of ten this week because that's less important and I'm going to do this instead.

And that's just how it is.

[Rachel Davis] (47:38 - 49:05)

And it's that pre planning, isn't it? And it's it's it's being it's going into the week knowing exactly what what you want to achieve and letting you control the week rather than the week control you, which is key. And I'm glad that's working really well for you, Mark.

Do you know what? They were three excellent top tips. Let me just summarize.

They were know your numbers, business entrepreneurs out there and set your set targets because targets deliver accountability spikes from teams, from team members. And I think the third one was owning owning and controlling your own time so you can manage your time most effectively. And I think that, you know, you've gone full circle, Mark.

You've gone from being working on your business. Sorry, in your business all of the time. Fingers in lots of pies to literally being at the top of the tree where you need to be managing, being the managing director and being more of a conductor because you now have all of the people, the right people in place, the right level of clarity, the right vision.

You know why you're doing this and you're able to communicate more effectively with your teams. And like Hans, you know, hats off to you, Mark. You've done an incredible job.

And I know you're really modest and you know, I'm not really an entrepreneur, but you absolutely 100% are and you have saved your business this year. So congratulations. And when you did your presentation on Property Entrepreneur, you know, everyone you know, on on on the programme was amazed at the results that you've had this year.

So well done to you. Take this as an opportunity to to feel really good about what you've achieved in the last in the last 12 months because you've come a really long way. So well done.

[Mark Reid] (49:06 - 49:07)

Thanks very much.

[Rachel Davis] (49:07 - 49:23)

That's all right. Thanks for joining me. It's been an absolute pleasure to be here with you.

Before we leave, before I leave you, if people wanted to follow you or get in touch with you or had questions about you, you know, you're running a business with quite, you know, you've got quite a large team. And how do they get in touch with you?

[Mark Reid] (49:25 - 49:49)

So my social media is very, very, very limited. So the best bet is realistically my work email. So yeah, Mark, M-A-R-K at Ilston and Robson dot com, which I appreciate is not necessarily the most intuitive thing to spell, but it will be in the podcast description, I'm sure.

So people can find it from there. And then if people do have any questions, they're more than welcome to get in touch. And if I can help people, that would be marvellous.

[Rachel Davis] (49:50 - 49:53)

Yeah, well done. Thank you so much for your time, Mark. I really appreciate it.

[Mark Reid] (49:54 - 49:55)

No worries. Thank you very much.

[Daniel Hill] (49:58 - 50:41)

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