

Power Up Your Business Podcast Transcript

Episode 8 – From Breaking Point to Happy Family

Matthew [00:00:00] Welcome to Power Up Your Business podcast. I'm your host, Matthew Jones, and in this episode, we speak to the husband and wife team, Nathan and [00:00:08] **Haley** [0.0s] Kent, owners and operators of Laurence Plumbing Group based in Melbourne. This is a great story, having started their business in 2012. So some nine years ago, the same year they got married, and post the initial honeymoon period of the business after that first 6, 12, 18 months where things are kicking okay, all of a sudden the realisation of business hit home with obviously big tax bills, no cash in the bank, and very quickly getting into that hamster on the wheel where they're busy all the time, long hours, but not getting the return. And it really got to the stage where it pushed the family to breaking point, huge stress on the family. No money, no time, no holidays. The team weren't buying in, and it really come to the stage where they had to make a change. And really Nathan and Haley really got uncomfortable out of their comfort zone to come onboard some 18 months ago on the Power Up Programme where they really had to get uncomfortable and make massive changes to the way they did business. And in Nathan's words, it took him six years to make the change, to actually get assistance, to be open for assistance. In his words, again, he was naive, thinking that he could do it all alone and run the business. So over the past with that change, this was really their last chance to make a go of it. And they made that total change from that tradie mindset thinking where it's all about the job, where I could just do it myself to really that business performance mindset where it's all about accountability and getting other people onboard to help them on their journey. Hear how Nathan did a great job of changing his leadership style as well, really leading from the rear allowing his team to step up and own it, did a great job there. And also some of the processes that Nathan and Haley put in place from in the administration office point of view to give clarity and accountability to ensure that the numbers are clear and the numbers are correct. So, they're making educated business decisions and the result since joining the programme, revenue has increased a whopping 20% and now broken through the million dollar barrier. So it's a seven-figure business, which is great. But more importantly, there's a massive 329% operating profit increase in the bottom line. And that's what the programme is about. That's what we love. It's not about just increasing income, it's about smashing the bottom line, and that's what gets us excited. And more importantly, with that here, Nathan and Haley stress is reduced, confidence is bright, and more importantly, they've got more quality family time. So, this is a good one, everyone get the pens ready. It's some really good takeaways to ensure that you can improve your business. Enjoy.

[00:02:58] You need to change your life, because there's too much on the line. You're sacrificing [00:03:00] **a shitload** [0.0s] now, [00:03:00] **and your family need** [1.2s] to benefit. You're going to make learning a passion for yourself. They think if they come to realise it, Hey, I've got to get better at business.

Matthew [00:03:20] Really keen to hear the journey, Nathan from your [inaudible] understanding about when you started your plumbing business back in 2012, making that change from working for someone else, dipping the toe into running a business like a lot of charities do. You often think, hey, I'm good on the tools, I might as well run a business, I'll be great at business. How are those early sort of years for you, Nathan, getting your business card out there and starting your own business?

Nathan [00:03:47] It was something through my apprenticeship that I always knew I wanted to do. Even through high school, I was keen on running a business, plumbings for

our kind of family skill set a couple years out of my apprenticeship. But I kind of got my idea and in a way I went, and I think you've got that huge level of energy and excitement, enthusiasm. The people around you want to see you succeed, so you made your friends and family and compared to a [inaudible], you watched your bank account skyrocket. It's fantastic, and life is good. We got the new family kind of SUV within 12 months and Haley was looking like a princess in it, and it was fantastic. And then reality hits you kind of you get busier and busier because you're good at what you do personally as a tradie, and the stress level just increase and they go from 0 to 10 real quick. And that euphoria just disappears overnight for us, Haley and myself, relationships... we're happily married and we love each other immensely, but there was just that disconnect almost immediately too where Haley don't understand the stress I was under, that passion of our relationship kind of disappears personally. And all I'm doing is working seven days a week, turning up to parties. I won't have a drink in case the phone rings, your legs vibrate, kind of a phantom vibration in your leg because your phone is rubbing that part and you're that conscious of it and you just end up hating it. You have no social life and then profits start to dwindle as well that time. I think you put in that firefighter mentality. You're just running [00:05:09]around, [0.0s] putting out fires trying to keep your head above water.

Matthew [00:05:12] Yeah, that's a common scenario where you get a bit of a honeymoon period where that first sort of 6, 12, 18 months is like, hey, I've got all this money in the bank. Obviously too, there's a bit of a lack of understanding there is going to be a big tax bill coming often. And then there's other costs associated in other liabilities that you don't see sort of hidden. But, yeah, it's amazing once you, as you mentioned, you get to that stage where... no, we've spoken about this, where yeah, you've gone to a stage where you work 7 days a week, 80 hours plus a week, no holidays, and putting massive stress on that. Yeah, obviously, newly married in the same year also.

Nathan [00:05:45] Yeah, correct.

Matthew [00:05:46] Same year you start a business, so you get all the big things out of the way in the same year. And we have that running joke where I think was within about the first 12 months you started, Opera ABC coming. So one of our training sessions that we conducted through [00:05:58]Reece [0.0s] was it the first 12 months?

Nathan [00:05:59] I did. It was probably getting towards the end of our first four months and...

Matthew [00:06:05] Yes.

Nathan [00:06:05] ...that kind of saw you down in Seifert? I think it was one of the race kind of run programmes.

Matthew [00:06:11] Yes.

Nathan [00:06:11] And I kind of thought, there is this joker, yeah, I don't need to know [inaudible]. He's got no idea. He tried to run his own plumbing business. He couldn't [00:06:17]hack [0.0s] it and yeah, see you later, Matt.

Matthew [00:06:20] Yes. So it was like what's this [inaudible] doing huh?

Nathan [00:06:22] Yes, that was the thought of this programme. It's not for me. I've got this in the bag. I got [inaudible] in this...

Matthew [00:06:28] Across the...

Nathan [00:06:28] Idea of running a business, and yeah, I was a good plumber and again, we were still doing okay at that point and finances were reasonable. But yeah, fast forward seven years and it kind of turns out that you knew what were talking about, I didn't know what I was talking about, and here we are.

Matthew [00:06:42] I was waiting for you to knock on the door.

Nathan [00:06:44] Yes, correct.

Matthew [00:06:44] It's such a common thing over the 6000 or 7000 or whatever, the amount of [inaudible] attended the training sessions over the years. We said, when you're in that first 12 to 18 months of business and those who are listening, just be aware of this. There is a honeymoon period. But after that, once you get into that eighteen months pushing up to three, pushing up to five years, and Haley, you would attest this. I want you to jump in in a second. But yeah, the fatigue starts to weary, the frustration starts to weary. You start to hate what you're doing, you start to resent customers. That's said the hard thing because you're all alone, and this is when everyone is sort of tapping to hear, which is a great story. What Nathan and Haley have done is that it's hard often to look in the mirror and say, I was wrong. And that's a credit to both of you to come and say, look, yeah, I sure need help. And you know what? I see that guy, I thought he was all full of [00:07:35] B.S., [0.0s] but he knows a couple of things maybe. So, the great story is everyone, and just to frame it, the last 18 months since Nathan and Haley come on the blueprint for success programme in the Power Up coaching, I think some of the numbers are unbelievable. Yes, we've gone well and truly in a seven-figure business the last twelve months, a 20% increase in revenue, which is great. But as you know, as we always say, revenue is one thing. It's all about the profit. And the amazing bottom line was an increase of 329% net profit or operating profit and taking it from a basically a margin of not making anything to a 13 to 14% operating profit margin in a short space of time. Relatively short space of time is a credit to both yourselves. And I want to really tap into some of the processes that you implemented in some of those success habits that we talked about that I really wanted you to share with the audience. So that's great. Fast forward in where we are now, let's say from Haley, from your perspective, back in the day in those early years, you're trying to get the nest sorted, getting the family sorted and trying to manage everything from an admin point of view. How was life in those early years?

Haley [00:08:42] Yes. Well, I'm probably a bit more of the stress head in the relationship. Nathan is very optimistic and positive. So, when he started, I'm a nurse, so I picked up extra shifts a week, so sort of working six days a week to make sure we had enough cash flow and then started doing the books. But as we were saying that first year, it kind of was pretty nice anyway and it runs pretty smoothly cash wise. And I kind of cut down my hours again, but then Nathan just kept getting busier and busier, so I kind of had a little bit more free time but never got to see Nathan. And we just kind of kept saying, you have to put in the hard work for the first few years and then it'll pay off. Then you just kind of kept going. So, where is this extra time and the payoff really?

Matthew [00:09:34] Yes. When are we going to start to get on the other side of this?

Haley [00:09:37] Yes. You stop sort of taking holidays. And as Nathan said, you didn't really have as much as a social life or I would go out without Nathan a lot and it just started

really becoming our routine, which obviously I really didn't like. We thought we kind of really need to make a change because it just wasn't turning around and just kept getting busier and I'd do the books and I could kind of say that cash flow was always tight and I was always stressed about paying the bills. But Nathan was too busy on his side doing the work and doing the quotes and everything to see my side. So he was stressing. He didn't really want to listen to me and my numbers. And then I was stressed and looking at my side and not able to get that change. So yeah, just crazy busy and no flow, not a lot of fun.

Matthew [00:10:29] Not sort of a fun. And that's the key part of your journey where it starts off cool, but then it gets into that and what we always talk about where you really become enslaved to the business. Correct? You really become enslaved to the job. And it becomes that reality where...actually, I haven't built a business at all. [00:10:48] Even if you've [0.5s] got a number of people working for the team, still you're enslaved to that and what you've done really well now, you've started to build a business that serves you. And one of the key things, Haley that we've talked about before is that, often is that, as you mentioned, a bit of a disconnect between what's happening on the site and often the husband running it, in your case, Nathan and what's happening in the office. And it's a bit like you're speaking Chinese, Haley and Nathan speaking Arabic, right? And you just don't understand or you just like I'm too busy.

Haley [00:11:19] Yes.

Matthew [00:11:19] Don't worry about it. I'm working hard. And you often put up with it. But that, as you mentioned, puts a lot of strain on the family. And as you've mentioned before, Nathan is getting stressed, he's getting tired and for little return. And it becomes sort of that never-ending cycle. And again, that's the key thing where it's just so important again, some credit to you guys, both are working through it and obviously too getting the young family coming through now. And we're talking just before we jumped online and it was great how you're talking, Nathan, now that you've got better time for the kids, you're in a better headspace to enjoy the kids more, better quality time, correct?

Nathan [00:11:56] Yes, 100%. And I think when you're young and you got all the time in world and no real responsibility, you don't think about those things. And people have their life changing moments and realise kind of what it's all about, and for me it was kids. Haley and I have been fortunate enough to [00:12:13] have [0.0s] 2 gorgeous children. And that was really the catalyst for the turnaround. I just say, we can't continue with this. I didn't want to be a dad. It was never there. And it was that personal kind of wake-up call I supposed to say, let's make this work. I didn't want to go get a job. We discussed that idea. We throw it in and have the comfort of four weeks holiday and those paid holidays, public holidays, and things like that, and not just [inaudible] I'm not too keen, too eager and too driven to accept that as my reality.

Matthew [00:12:41] Yes.

Nathan [00:12:41] So, yeah, we have to find an alternative and the [inaudible] they need. And I think it's important maybe not letting it go for so long, it's important that I have that peak and trough in that euphoria of starting my business and then realising that I wasn't educated and adapt to doing it on my own and I did need help. I think that has been really important because I can really see the value in seeking that outside help. Someone that's got the knowledge that can help us guide us in the right direction and do that business and that cost all around that business.

Matthew [00:13:07] Yes. One of the big things on that [inaudible], the organisations, the clients, and the business owners obviously come onboard with us and part of the community who you communicate with and learn from as well. But those that are ready to change are the ones that have gone through the hard yards, they actually understand the value of what we deliver, who understand the value of when we talk about process and they understand the value of putting key rocks in the system in your calendar rather than just being busy on the site. Because unless you're ready and prepared to say, tell me about you Nathan, and we will say, look, you got to spend less time on site, you got to spend less time on site, you got to spend more time in process. You got to spend more time communicating with your team. You got to spend more time communicating with your customers. Now, if you're not prepared for that, you'll be thinking a bit like what you did back in the day when you first saw me. Mate, you're kidding yourself. I'm going to be on the job site, right? I'm going to be just on the job, getting the job done. That's where my priority is. And that sort of fundamental shift where a lot of business owners get it wrong, especially tradie business owners get it wrong, as I think their priority, their value is on the site. It's not. Once you get a business card and you set up your business, it's a total different responsibility. And coming back to the keys, the one thing that... this is what really drives me and gets me so excited is I love talking to you guys and your success stories, because I've seen it too many times where businesses, like people start a business, there are essentially two things. I want more money, more time. And in the first 12, 18 months, it goes that way. But then it quickly could turn into a nightmare where the business ends up wrecking relationships. And I've had people where they're disconnected from their kids because they were never around when they were young, because they're focusing all the time on the business. Now, I just want everyone to understand here in this podcast, we want to work less. We do not want to be waking every minute thinking about business. That is not the goal. And that's what we're passionate about, and that's what we're about earn more, work less and create a great life. It's not about work, work, work. It's all about having that balance and especially in your testament to that with young family. Hey, you got friends, you got family, you got a life, right? And it's great to see you turn that around now to really have that confidence in the future. Now, we're speaking with Nathan and Haley Kent from Laurence Plumbing Group. Now, if you'd like to learn how you can earn more with less stress, just like Nathan and Haley, please pick up a free copy of my book, Power Up Your Tradie Business, only pay for shipping. Go to www.powerupyourbusiness.com.au/book and enter the code podcast all lowercase. Haley, how are you now, like building a business now? You being the pessimist, right?

Haley [00:15:44] Yes.

Matthew [00:15:44] How is your optimism now in terms of that confidence in the future?

Haley [00:15:47] Yes. It's definitely really changed around just on the family side. Like Nathan is here every night, dinner with the kids, doing [inaudible], doing story time, putting them to bed is just something that we didn't do before, even when William, our first one came around, it was still quite busy and I think we hadn't quite started the [00:16:08] Cube [0.0s] yet. And then once the second one arrived, and we're well into the [00:16:12] Cube, [0.0s] we could really start to see these changes in the time and it just makes such a massive difference.

Matthew [00:16:20] Yes. And I think it's great now and then obviously, now you know, and that's building a scalable model. We want to be able to build a scalable model, which you've got the platform in place and the foundation in place to really grow. So, to build

more revenue and they build more team on there without it actually taking up more of your time, correct?

Haley [00:16:37] Yes, yes.

Matthew [00:16:37] So, now, I just want to tap into and go through some of the key processes of how you actually enable this. How did you go from again, being busy with no profit, no time, and I want to sort of tap into a couple of things that are crucial. And the first thing I want to tap into, [00:16:55] **I'm going** [0.1s] to direct this to you, Nathan, which is the team. It's a really good credit to you and hopefully you don't mind me sort of drilling you about this again. You said you were really struggling with your team. You're really struggling with how do I connect the team? You were probably, and correct me if I'm wrong, you're probably been negative towards the team thinking are these guys don't get it? What don't they get it? They should just get it? And essentially, in those early part of our journey together, you'd think, well, I had a meeting where I've given them a process. Why don't they get it? You know what I mean? [inaudible] this doesn't work mate. This is all fluff. I had a meeting and it doesn't work. So, just talk about that sort of little transition to from you now as a leader.

Nathan [00:17:37] That's an ongoing learning for myself. People management, I am horrible at it, but I'm slowly getting better. I think the big thing for me to take from it is that nobody thinks like you do, it puts you through as a business owner. When you're scratching your head when like guys are leaving [00:17:53] **roof sheets** [0.2s] unscrewed or not sealing gutters and things like that, that I see the implications of the role [inaudible] of those little 1% that you said we talked about [inaudible] as the business owner [inaudible]. I mean, you're right, we had these meetings, discussed the issues. I was probably a bit hotheaded in my approach and I could just never get the buy-in from my team and it just progressively got worse and worse. And what I found was I had some really good guys that I got no time and attention to at all, and they were doing their thing. I'm not quite the kind of guy [inaudible] and I was focussing all my attention on a couple of bad eggs at the time, what I thought were bad eggs, but it caused me a lot of grief. So what I had was just ticking time bomb where all my good guys were probably [00:18:33] **geeing** [0.0s] up and getting ready to leave because I was giving them no attention, and the guys I was focusing my attention on were just not a fit for the business that I was trying to run. So, I read a couple of books around human behaviour and different personalities, which one of your coaches [00:18:47] **put** [0.0s] me on to. It was surrounded by idiots. It was the one that was an awesome book for anyone that's really struggling with staff or is probably introverted like myself. It's a book of how to get yourself something to take into, really opens up the world. And you can kind of understand why you're the [inaudible] and everyone else had been. It was just who they are.

Matthew [00:19:05] It's a really good book that I definitely recommend. So, surrounded by idiots, definitely.

Nathan [00:19:08] Yes, it is. Yes. And the business [inaudible] got through a cube.

Matthew [00:19:13] Yes.

Nathan [00:19:13] Paul, he got me into that one, so that was an awesome one. So, read that book, did the audio version which was whilst I was driving around, and it just clicked me that there's just going to be [inaudible] just don't fit into your business, and that's okay. They're going to have their goals. You've got yours and your just [00:19:26] **not going to**

mesh and [0.2s] that's fine. It's just the same as you're not friends with everyone that walks the face of the earth.

Matthew [00:19:31] Yes.

Nathan [00:19:32] Another one from that was hire slow, fire fast. If the person is not a fit and they don't buy into the team and the direction of the business is going, [00:19:39]no love lost. [0.5s] You don't feel that you dislike the person, but they're just not a fit, get rid of them. So that was a really hard thing for me to do as well. We got within a couple of guys that I was spending a lot of time on trying to change, change the way they're doing things and making no [00:19:51]inroads. [0.0s] At that point, I just realised how little time or how much positive energy I was giving to the good guys in the business. And that was a real turning point too, just really didn't want [00:20:01]eighty, [0.0s] grab the good guys that were doing the right thing all the time, focused on them. And some of the guys that weren't doing that well actually came up and raised themselves to that level. So, it's still a work in progress and it is something you need to work on every single day. When we started [inaudible] got into it really heavily with building the team up and getting them onboard, and then we got busy again and that focus dropped off, and so did the compliance from the team. So, we brought that back in the team meetings, the Monday meetings which we've been on.

Matthew [00:20:30] Just to clarify that, yeah, we got the rocks in play, success habit, the Monday meetings, get everyone together.

Nathan [00:20:36] Yeah. So we get the team together. COVID has been a bit difficult but [00:20:40]kind of, essentially [0.0s] every Monday morning. We kind of like taking the cafes and things like that, but we can't do that at the moment. But yes, so they come and just we hang out in the sheds for half an hour. They clean the cars, get the vehicles organised, and we just talk about how the business is going, what issues are out there. Don't hesitate or shy away from the issues that are surrounding us as far as their operating goes in a week. Last week, for instance, we had a new roof, had a couple of leaks on it. Again, with just couple of miscommunications that happened and then we missed a couple of things on this roof. No big deal. We discussed it as a team and we want to fix it as a team. And the buy-ins has been really great since we started doing that. We've run some workshops regarding how people see themselves in the business. And I was really surprised that some of the responses that we got with our guys and how people value their position at this company. I didn't think it was there, and it actually was. I just kind of have to go and ask.

Matthew [00:21:33] Well, I think that's the thing that, look, a lot of people struggle within. Look, when I was operating my gig in the 1990s for seven years there with the team, I used to think the team don't want to know that or they don't care about that, or sometimes you have negative thoughts about the team as well as individuals. And this is the great thing that you've done, is that you're connecting with them on an individual level. You're getting to know them, you're beginning to understand them, and beginning to understand their likes and dislikes. And so, you know their trigger points. So they're actually feeling special.

Nathan [00:22:02] Yes, correct. And I think you just hit the nail on the head there. I am introvert, so I struggle with this, but showing your interest in them on a personal level, like yeah, we've got work. We've got to do that stuff and we deal with the negatives and the positives, and we reward the positives and we try to take care of [00:22:18]their needs

[0.0s] as a team. But getting to know each of your staff members individually, they're looking to buy a house, that they enjoy surfing or camping or skating, even if you've got zero interest in it, just ask them a couple of questions. How was the skate park? What was surf like on the weekend? Did you get to that camping spot you were hoping for? And what [inaudible] where you've got guys that are interested in fore driving. We've got almost a borderline proskater on board. We got to go out that manufactures' music for clubs in Melbourne. [inaudible] he's trying to buy a house, his first house with his girlfriend. And my son now knows it. We've got a borderline proskater and he is 2 years old, and he talked about Haley going skating. I've utilised some information about myself buying a camping vehicle for my family, of course. We go out a lot camping. So, you generate those personal conversations and you just find out a lot about your team, what drives them, what their motivations are, because they don't have the same motivation as you. They're not interested in creating this organisation necessarily, but they do have stuff that you can utilise and draw on the entry point of interest within the company for them.

Matthew [00:23:22] And that's the thing there where tapping into them as an individual because look, these are your best assets. These are your drivers and they're going to really uphold the bread and drive and deliver on your promise when you're not there. And getting to know them, spending time, but like you sort of mentioned, you've got to make it a priority that it gets locked in on a regular occurrence, like these meetings, these conversations are regular. Is there a lot of businesses struggle? They might be good for a week or a month or a couple of months, but if it's not locked in, it can easily get lost when things get busy. This has just got to be, this is your operating standard. Because that's what the team want. Everyone wants that regularity and understanding that okay, here is his consistency. The great thing is too, is that you're tapping into them. You're allowing them ownership. You're giving them that buy-in. Now, Haley, when we got started here and we're getting [inaudible] working on your people, what we call our people systems. And we're trying to define the way we do it here. Define your cultures and your values. How was that process of really uncovering what it is that your business is about? And again, this is where a lot of businesses that might be stuck in their head about, this is what's important to us. But getting it out both your heads, getting it consolidated into a paper and then getting your team to buy into it.

Haley [00:24:35] Yes.

Matthew [00:24:36] How was that process of uncovering that?

Haley [00:24:38] Look, it probably wasn't an easy one for us, and Nathan, and I kind of went backwards and forwards for quite some time trying to work out our own values and values for the company. So, it did take us quite a bit of time and we did a few different exercises to really try and find the ones that we care for the most so that we could give them to our team and get them to buy into it. And when we first tried to do it, as Nathan was saying, we probably weren't giving our team the time that they needed, putting a lot of energy into the ones that just weren't fitting. So, we were thinking they weren't buying in as much as they were. But later when we found out about a team and the people that really did fit, we found that they do actually follow our values and care about what we care about. With those regular meetings, we were just talking about when we have gone busy and we had to sort of cut some of them out. They said that they did notice that we weren't doing them and they really did enjoy having those regular meetings and being able to see what's going on and bringing anything up that they need to. So, you think your team don't notice things or you just get busy and you'll get back into it and nobody really notices, but the

team do, so you need to sort of give them the value that they deserve at the end of the day.

Matthew [00:26:01] And that's what you've done really well there. You guys are based in Melbourne. So, you had it very, very hard in terms of connecting with the team across the border side and every side of Melbourne, so that's extremely tough. You've done a really good job of managing that. Going forward now with those values and as we talk about the way we do it here, has it going now having that structure you're talking about with your existing employees, and there's always a challenge. Whenever you're going through a programme like this and a change manager process, you always go into those who not going to fit in, they're going to jump off or you're going to push them out, there's always going to be a challenge. This is the way it is. But going forward with you on your new recruitment now and really understanding about the importance of hiring people who believe in what you believe and hiring people who have got the same attitude and aptitude and the willingness, how's that been a change and a turnaround from successfully recruiting people now and onboarding them again with the buy-in. How'd you found that?

Haley [00:26:54] The recruitment process, we really changed how we put out to recruit people, questions we ask, what we were actually looking for. So, I think when you really look into what you need and what you want for the business and have your values set out there, it pushes to find the right one and the right people that apply. You ask the right questions to start off so you can kind of cut out half the ones from the very start instead of wasting all your time like we used to do.

Matthew [00:27:23] It's common, right?

Haley [00:27:24] Yes.

Matthew [00:27:25] You waste a lot of time when you get that wrong. And that's what it's alluding to what Nathan mentioned before, that hire slow, fire fast. Correct?

Haley [00:27:34] Yes. Take your time to really learn each applicant. I think we did about three sort of interviews in the end with quite a few of them going through all different questions to really finding the right one in the end. So, we took our time. We were busy and needed a new team member, but we're like no, we're going to do it properly to get the right one. And then they come onboard and they already sort of part of the team buying into it, doing what they need to do instead of you hiring someone that from day one, you're already trying to manage and get them to change before you realise what we need to get rid of them again and hire again.

Matthew [00:28:11] Again, credit to your way, you had the confidence to say slow down. Look, this is what we hear a lot right now, it's time to get someone, yeah, haven't got someone. I said, well, what's your process? Well, put a [inaudible] out there. And I've got 20 applicants within a week and I haven't got anyone. There's no one out there. But I said, well, what type of person are you looking for? I'm looking for a high quality person, someone who can run the job, think on their feet, blah, blah, blah. Well, you got to expect it's going to take time. As you know, as part of our methodology in the book, the Power Up Your Tradie Business book, like I just said, that tradie mindset. It's just that the tradie mindset is like, oh, just going to get someone with a heartbeat and they should just know what do I know and just get on with it. You've been [inaudible], you just get on with it. But in the business performance mindset, you know it's going to take time to get the right fit. And it's great that you had the confidence even when you were busy and this is where I

want people to understand. Even when you're busy, don't jump and hire someone to fill a void because that's going to create a lot of long-term pain.

Haley [00:29:07] Yes.

Matthew [00:29:08] Take your time, say no, whatever you need to do, do not just fill a void. And this is the whole thing about, as you know, as part of our programme, what we do, it's about being proactive. And when we talk about managing ourselves, pipeline, our profit planning, and we're always forward planning. So you should know again, a good 3 to 6 months in advance when you need someone, correct? So, [00:29:28] **what do you reckon** **Nathan**, [0.0s] in terms of that reactivity whereas like, oh shit, I'm busy next week. I'm flying out, I need someone next month. It's the reverse.

Nathan [00:29:36] Yeah, correct. Look, I won't tell you what we're doing right now, but look, trying to be as planned and prepared as you can, but on the recruitment side of things, I look at the way we've hired the last two people and that process has been really drawn back, really slowed it down. And what we noticed was [inaudible] is dropping off because I felt we were taking too long. And that's [00:29:54] **cool**, [0.0s] we don't want them. And then we also made the interviews really diving in to who they were as a person, like we knew who we needed as far as the team member goes. The plumbing skills, we can teach, that's fine. If you haven't got the skills [00:30:06] **to roof**, [0.0s] we can teach that. What we teach is that having that right attitude, that right approach coming in, accepting what you're being told as far as the team goes, and the way we do it here, and not trying to [inaudible] the applicant. If they're coming in border gate, yep, no, I don't like your operating systems. I don't like your team meetings. I want to do it my way. You haven't got a spot here at Laurence Plumbing. We've got guys whose skill sets range dramatically, but they're really abiding on the same level emotionally. I mean, I want to see the business succeed. They have now the same approach and care for our clients that I do. They've got accountability and we can teach the plumbing stuff, that's the real easy part.

Matthew [00:30:46] Yes. The technical part is the easy part.

Nathan [00:30:48] Yes, correct. It is, 100%. Now, what we found is actually we've got apprentices coming through first, second and third year, and they're our best team members. They're the youngest guys in the crew, they kind of look up to you with big puppy dog eyes [00:31:01] **of what** [0.0s] next master. And it's just fantastic. I mean, they buy in, they've got this huge amount of accountability. And I want to please, I want to see the business grow. And we've got some great plumbers as well. But they are actually the ones who've had the most difficult [inaudible]. They've come from other organisations and they bring their bad habits with them. They're changeable to a certain degree, but yes, it's actually a lot more work trying to change someone's bad habits and getting them onboard with what you want to achieve than grabbing those younger guys, just accept what they're being told and really fall into that process.

Matthew [00:31:32] Yes, spot on.

Nathan [00:31:32] That's been a big one for us. And I kind of had this mentality that I would never... I didn't want to grow a business from an apprenticeship model. I kind of... that's the model I came through and I thought it was a bit of a busy process where there was 1 boss and like 7 apprentices, like these guys are just [00:31:47] **cashing** [0.0s] in. We're working flat out for and these charges and the plumbing's rates, and there's

probably an element of that back then, when we're on [00:31:55]\$4.60 [0.0s] or something, whatever it was.

Matthew [00:31:57] We pay that much for you. That's a lot of money.

Nathan [00:31:58] Yes, I was paid that much. Yes. \$246 dollars a week.

Matthew [00:32:03] Yes.

Nathan [00:32:03] I mean, it wasn't [inaudible] . Yes. But I took it from that approach of this [00:32:08]boss [0.0s] is just cashing in, is abusing system. The positive side I've seen from this, we get these young guys that are malleable. We could educate them and process in a way that suits our business rather than fighting, butting heads with a qualified plumber who, yes, he's got the technical skills, but that's really not important to draw in the business. It sounds crazy, but it's not. It's the least important part of growing the business is the technical skill.

Matthew [00:32:31] They got to really tap into to buy-in to the business, the system. Because one thing I just want to frame there is that this is where most people get it wrong and this is where you go wrong in the early days, is you don't clearly set the rules of your game. You don't clearly set your expectations. You hire someone based on, oh, you've been a plumber for 10 years and you've worked on these jobs. Great. I'm going to get you onboard. So, you're not seeing any clear expectations. So, they just come rolling in with what's happened in the past of how they work previously. So, they're just going to bring that in. And then when you try and then change that, it gets really difficult. Correct? It gets really difficult to change it because... well, you haven't set that expectation, whereas very clearly, we're about... just like look, we're different to every other beast in the jungle. We are different. When you walk across the white line here, this is what we're about. This is the way we do it here. And that, this is what's expected. We're all one and the same and we're all connected by those values and beliefs. And what are some of the key ones that you keep driving again in the team meetings and through conversations and review process? What are some of the key fundamental values and behaviours that you really drive on a daily sort of basis? And especially, what are some of those values that you're seeing your apprentices really take and adopt and known?

Nathan [00:33:45] The biggest one is that we try and get into our guys that used to really be conscious of their actions affect every other team member and have it, they kind of unfold. So, if I choose to do something dumb that don't make someone aware or something, or [inaudible] some information critical to a job, it's only going to affect... someone else is going to come along, do the job next, hasn't got the right information. So, that kind of approach, I suppose, of honesty and integrity, we're not here to catch you doing the wrong thing. We're aware that you're all human and you're going to step up. That's fine. It's how you react to that situation and be conscious of how that affects the team and having accountability in that sense. So, that's probably the biggest one there, is just understanding that everything you do has an effect positive or negative on the rest of the team. And we approach all our mistakes. We'll address them individually if we need to, but we approach all our mistakes on a team basis. So, I can reference that roof issue we had last week. We put the whole team in on the Friday. We went down the site and we fixed it as a team. Now, it was a bit of a comedy of errors that one, then COVID got in the way, site restrictions and it just got [00:34:53]missed and lost. [0.4s] But we found that approach as a team, fixed it as a team, bought some lunch on a day. And it was a really good day. I think [00:35:02]bought in. [0.0s] Everyone really worked hard on that day and

got the job fixed. But nobody was pointing fingers. Nobody was like, you should have done this, you should have done that. We're here because of this person. It was just accepted that the team made a mistake. And we went in and we fix this together. That's been a really awesome one. I hate when people throw each other under the bus. We'll address situations individually when they need to be, if they're serious enough. But if someone stuffs up, it's a team stuff up. What's occurred, you haven't understood the process or the accountability kind of process that you need to be aware of the other guys around you.

Matthew [00:35:34] Because you're all sharing the problem as well, because yes, one individual made that problem then, but who's to say that the next individual you'd come across the same thing would make the same mistake? So, the great thing is, as a team you're fixing it, but also as a team you're learning and you're growing. And I think that gives everyone too the confidence to put up their hand if something goes wrong. It's not like, oh, I'm going to get raked over the coals or walk on eggshells. It's like, it's just part of learning, correct? Just part of the process. And I think you've done a really good job of that, of getting that trust in the team and getting them the confident and just own it. I made a mistake, put my hand up. I own it. I'm not going to sidestep it.

Nathan [00:36:13] Correct. Yes. And we would much rather know about the mistake right there and there because it's fixable. Yes, it's going to cost the business the money. We can deal with that later. But if we can be proactive, get in before the client knows about the mistake. Well, we don't it, but we can say, hey, we made this blunder. We're going to be here for an extra couple of hours. It's going to be fixed. The water is going to be back on. The gas is going to be back on. People are really understanding. That's cool. I generally won't care. And if they do, they really kick up a stink and they make your life miserable. You both don't want to miss a client, in where we try to get into our guy's issues. If we try to hide it or we don't make [inaudible] aware of it, and the client finds the mistake, that's game over. You must have thrown that client in the bin because you ruined that trust. So, getting that to the guys, yes, there's maybe consequences based on their actions and getting to that problem or that issue, but you've just got to own that. It's going to be a... it's like lying to your parents when you're seven year old. And so, it's the difference between getting one smack from dad or probably 6 smacks from dad as [00:37:12] **he's running down** [0.0s] in the hallway after he finds his broken window or whatever it might be.

Matthew [00:37:20] Yes. It's going to get uncovered. But that's the thing where every organisation who are listening, every business, that's what you want to tell them, just automatically come up and say, look, they've done the wrong thing or there's been a mistake or I've missed that point or whatever. And again, credit to the process that you put in place over the last 18 months of really working hard, that you've got the trust and that your team can feel that they can actually be open. So, that's a credit to you. And that's a great thing about building that team where you are now. The key part two is that connection, which is now your scorecard. And Haley, if you want to tap in to some of the great work that you've done, again, when we look at your prior numbers... so 18 months ago, where lack of profitability, zero profitability, constant cash flow issues, constantly busy, constantly struggling, and you're at the stage too where, as you mentioned from a conference point of view, you didn't know how to get out, correct?

Haley [00:38:11] Yes, true. And you sort of just want to stop looking at the numbers because you can be stressed.

Matthew [00:38:18] And you're spot on there. And that's where we say a lot of people...When we say, have you been checking the scorecard? People go "Jonesy, I just don't want to check the scorecard". I'm freaking out.

Haley [00:38:26] Yes.

Matthew [00:38:26] I don't want to look into my XERO or MYOB. I just don't want to know it. So, unfortunately, this is where I want people to understand is where you cannot put your head in the sand, where a lot of people say, I'll leave that to my accountant. I'll leave it on my bookkeeper. I'm not even going to worry about it. And then you wait until the end of the... As we talked about at, the end of the season, end of the twelve months or into the financial year, then you might even look at the scorecard and work out, hey, we're in the bottom four. Hey, we've lost money and you can't change...

Haley [00:38:51] Yes.

Matthew [00:38:51] ...anything then. We're all about mid game. How are we tracking? How's our score looking and what we need to change? Now, if you can jump on to some of the key things that you put in play, some of the processes and one of the key things, obviously, Haley that you've done really well and as part of our profit planning system within the software, is getting from a stage where lack of clarity within the chart of accounts, I think you'd agree previously within the sales?

Haley [00:39:18] Yes. So, I just had a pretty simple chart of accounts, which I thought you could jump on and see where you're spending your money pretty well. But after sort of working through that with you, we really broke it down to the different areas of work we do, like residential construction, commission maintenance and, then breaking down again. So the materials, subcontractors, and even like permits and fees, things like that. So, you can see every area exactly where you're spending money. If you're going over the budget in different area, maybe [inaudible], so that's been great. Some people look at my chart of accounts and were like, why is it so big? You don't need it so big, and I said, well, you do if you want to know where you're spending your money.

Matthew [00:39:59] And look, I love a dollar for every bookkeeper or accountant and said to me, hopefully there's plenty listening, says if you don't need, that means you're out of accounts. So I said, well, you tell me. Zero on your [inaudible] is not build up. Again, for those listening, zero on your [inaudible] is not there if you bookkeep your account, you own that, that's your score card. You need to understand it. If you don't understand it, then your partners are not helping you. Because one thing is that everyone says, oh, I can get in this report, you can find in this report, you go in here. And as you know, with how we were set up, you don't want to click at a [00:40:28] **button** [0.0s] and it's got your budget and all your breakdown there, so you don't have to dig around. It's in your face.

Haley [00:40:33] Yes.

Matthew [00:40:34] And you've done a great job again of separating your work time and then linking the associated costs around that. Now, as you know, like we've had a lot of dialogues through the year having to dig around and improve our profitability, because there were some business types where there was a lot of materials expense. Correct? There was a lot of... often too many subcontractors expense. Again, the story of your business in the numbers, getting a better understanding of your financials, getting more

confident with your financials, how's that led then to identifying other problems or other lack of processes within your business? How's that been for you, Haley?

Haley [00:41:07] I think I sort of already knew that just trying to keep track of jobs and materials on it with that lack of time between Nathan and I, having that chat to how he looked after, I think I just assumed, I don't know, he had it sorted on his side and I kind of looked after mine. I decided we needed to get an actual job management system so that every material can go to a job, [inaudible] we can go probably to a job. The time before I started saying, Nathan, how do you know what you've spent on that or the hours, and that's probably just sort of a rough thing put together or your hope it's the correct amount. But yes, I said we need a proper process that looks at everything exactly. So, it takes a bit of time getting all of that into place, finding the right one for your company and then training up your team to use it properly too, so no point having it if your team can't use it. But then there's so many great ones there, so our main supplier is [00:42:07] **Reece**, [0.0s] so the invoices can automatically get put into at a job management system [00:42:13] **arrowflow**. [0.0s] So, things are getting easier, it's getting automatically put in. So, it reduces your time for different things and you know what's in there, that things aren't missed. So, you can really track your profits correctly to really get to that, that last dollar and your 1% is.

Matthew [00:42:31] Yes, and that's what we talked about a lot. There's %1, this is not about just doing more work, it's about managing percentages. And that's what you've done a really good job of, making sure we're pricing correctly, making sure we've got the right margins on our materials, really should be more stringent on our bill, quantities and our purchase order is correct, and allocating that to the right account. You've done that really well. In terms of the processes as well along with it, so getting a really good handle on our profit and loss in our budget, the forecast, how important also are some of the processes around managing our sales pipeline or managing your sales pipeline, that process, and also cash flow forecasting that [inaudible] cash flow forecasting. What are some of the other key habit, success habits that you've been implementing from an administration point of view? And again, just what I want to clarify to listeners, what you're doing here, what you sort of alluded to a little while ago, is that because you're getting transparency and accuracy and it's up to date, you and Nathan can actually be on the same page. Correct? So you're looking at the same thing. You can make an educated decision together.

Haley [00:43:29] That's right. We both sort of have the same platforms we can look at. So, Nathan can jump on the [00:43:34] **Cube** [0.0s] and see exactly what I'm saying with how we're tracking. Obviously, when COVID hit, it's made things a lot more difficult. And I think the cash flow forecasting kind of came started using that in the cube around the start of COVID, so you could really see which weeks you're looking good or not as well. And if you needed to push for more working in certain weeks, and sort of showed us that there was a type of area that we didn't want to do too much working, but to get through COVID and to meet our numbers and what we needed to do, we sort of delve back into that area, but it got us through difficult times and then once we're happy and out of that, then we can push back into the other areas to find the ones that are more profitable again, not just getting us through a pandemic.

Matthew [00:44:26] Well, that's a great thing. It's also about strategy. There are certain times where you have to do a type of work potentially and you might not be making, a loss leader, is it the term? You want to be making the money, but it's keeping things taking over now. You're doing it from an educated vantage point as opposed to an uneducated vantage point where it's just like, hey, I'm just going to keep doing this work, but without

really knowing why you're doing it, because it's keeping you busy. And that's a big transformation I definitely see. And again, it's a credit to both of you, the way you really [00:44:53] **A** [0.0s] your financial IQ and looking at the numbers now and really making educated decisions has been fantastic, and especially through these COVID experience. Everyone in our community very much knows I was jumping up and down. Let's get into our cash flow. Let's get into our cash flow. We want to identify [00:45:09] **highways** [0.0s] at RedTrain coming. And for those listeners who don't know about the RedTrain is that, I went to Michael and he have no money in the bank, and I want to see that months in advance, not a day in advance for most people. So, across the board, with the process and the transformation that you put in place, it's fantastic. Just to finish up now, for some of the listeners, Nathan from your point of view, if someone is starting out now or taking on, what are some of the key things or just the one thing any potential budding business owner should be looking at?

Nathan [00:45:39] It's probably been a hard one. But as I said earlier, I think I needed to have that experience first, of starting a business and given the gold my own. I needed to see that I didn't know at all. I'm pretty stubborn in my ways, I suppose. So for some guys, they will need to go through that process, start a business, get the idea and just get out there trading and potentially then realise that you might need to get help to grow the business, if that's the way you want to take it. For the guys that aren't that stubborn, don't be afraid to seek help. You don't know what you don't know, and get out there. just start reading some books, listen to some of Matt's podcasts, he's got some great ones online there. I think it's about episode 6 or 7 you're up to then Matt?

Matthew [00:46:15] Don't forget the Power Up Your Tradie Business book, that's sort of industry bestseller [00:46:19] **team.** [0.0s]

Nathan [00:46:19] Yes, and Matt will send you that for free if you ask for help.

Matthew [00:46:22] 100%. Love it. Love the help. Love the help.

Nathan [00:46:24] And then I think just don't hide from [inaudible] goes around you. Everyone seems or has gone through a similar process, but they're super successful today. They've probably been where you're at, that high level of stress, that zero or very, very low profits working 7 days a week, whether it's on the tools or in the office on Saturday, Sunday night. I remember working until 1 or 2 in the morning, up at 5 a.m., just stupid stuff., So you're not the only one going through. Reach out there, ask for some help. There's plenty of stuff online where you can kind of get a bit of an introduction to it and then build those relationships with those guys that you get along with and you can see helping you build your business. Don't be so arrogant to think you don't need help. And everyone out there that is successful business at some point will have received that help to help them grow and get them on track. So, it's probably the biggest one I can give them, Matt I think.

[00:47:13] That's great. Now, [inaudible] Im tapping into that and that's the great thing about the key performance in community and part of our programme, and this is where you have been a valuable member there too, Nathan sharing ideas, is that you don't want to in a group as you alluded to that [inaudible] individuals too often, people's dreams can get stabbed out pretty quickly because they are around the wrong people or who are negative or don't understand where you're going. So, it's always making sure wherever your vision, where you were going, make sure you are in a team or a group that's already been there before that can help and advise you that as a business owner, it is the toughest thing that

anyone is going to do. From a career point of view, it's tough. Doesn't matter what industry you're in, being a business owner is really tough. So, please surround yourself with the right people. Those naysayers, don't talk about business to them. So, what are you going to say, Nathan?

[00:48:49] Yes. As we say, just be careful too. There's a lot of organisations out there that will just talk about boosting your sales, and that's great. That's all well and good, but of your sales have got no profit on them, you're potentially to get further and further into debt and then more and more stressed. So, find that organisation who understands business and business is about profit at the end of the day. Yes, you got to have a community and a great organisation and team that really understands what your [inaudible], but at the end of the day, businesses are there to make money. And you you're going to have a business that does 200 grand with a 40% profit margin, or we can have a business that's 10 million and 4 or 5% profit margin, [inaudible]. So, just be careful with some of the programmes that some of those companies offer. I know that [inaudible] they're all about starting and stripping it back and starting and building your business for profit, yes, that's [inaudible] programme.

Matthew [00:48:49] It's all about too sustainability and like you mentioned there, this is where a lot of people go wrong as well because they do ramp up their sales, but they haven't got the processes. Not only are they going backwards profitably wise, they haven't got the processes to manage and then they go big time and just stay out the window as well. So anyone out there, there's no quick wins. We want to really make sure we build sustainable long-term business, that ultimately you're building a brand and an asset that your family will benefit from, all your blood, sweat and tears, credit to everyone running a business. It's a tough gig. All right, Nathan, Haley, awesome, really appreciate your time on this episode of Power Up Your Business podcast. Really appreciate you sharing your story. I'm sure, as you'd agree, listeners, there's heaps of great takeaways there. And depending on where you are on your journey, note down some key points or processes to implement today, not tomorrow, start today. So again, Nathan, Haley, really appreciate your time.

Matthew [00:49:36] Thanks, Matt.

Haley [00:49:37] Thanks for having us.