

Beware Growing Broke – Why Less Is More

Craig Markham Interview Episode 12

Matthew [00:00:00] Hello and welcome to this episode of Power Up Your Business Podcast. I'm your host, Matthew Jones, and in this episode, we speak with Craig Markham, owner and operator of Fit Services, a commercial cleaning company based in Sydney. Craig has been operating Fit Services now for the better part of 15 years, and like a lot of business owners, when they set out in those early years, Craig really thought getting bigger was better. So, grow your customer base, grow your team, then Craig and his business partners, they then expanded into different geographical regions, brought on other partners and pretty quickly, it became a complex business. And also at the same time became a very successful business in selling a lot of their services, building the business to a nine-million dollar turnover. Unfortunately, at the same time, the systems and processes and the habits they had in place couldn't keep up with the growth. So very quickly, turnover was going north, but cash profitability was going south and ultimately for Craig, it become a really massive boost trying to manage this business. So really, hear how Craig had to take a step back. He had to actually reduce the size of the business, really unwind what he'd built to really get better control, and ultimately, at the end of the day, by getting smaller and that less is more mentality by doing less things but doing them really well, he increased his profitability even with a lot less turnover. And more importantly, as a business owner, he had a lot more control of the business and he was generating more profit or more return for himself and his shareholders. So, this is a really good story, especially for those business owners who are really planning to attack their market and grow. Always heed the warning. Make sure you've got the systems and the processes in place before you expand. This is a really good story everyone, really enjoy this one. Cheers.

[00:02:16] [00:02:16] [0.0s]

Matthew [00:02:26] Craig Markham, awesome to have you on the other side of the mic. Craig is our co-host in the first series of Power Up Your Business podcast, mate, so it's great to have you on board as an interviewee. Are you an interviewee or interviewer? What are you?

Craig [00:02:41] It's a very interesting question, Matt. Well, I could be either, but at this case, I'm the interviewee mate, you're the interviewer, the current host of the Power Up Your Business podcast. And mate, mind if I say, it's gone from strength to strength since you've dumped me.

Matthew [00:02:57] We just moved. We move forward, mate. We move forward. But yes, this series, I'm just sort of going alone.

Craig [00:03:03] I really like it. I got to be honest with you, some really cool learnings and stuff that resonates big time, and it takes you back to your own journey. Someone else's journey is similar to yours and you're doing a really good job with it, so it's empowering.

Matthew [00:03:17] Appreciate the feedback, mate. And obviously, our journey together goes back now over a decade back to '09, 2010, when I got involved with you and met you guys at Alexandria, the office area of Fit Services or Clean Fit as it was back in the day.

Craig [00:03:35] Yes.

Matthew [00:03:36] Now, really keen. You got a great story, talk about a learning story and a journey of ups and downs as a business owner, with various partners on board, various geographical locations, but essentially, just give listeners a bit of a background starting out as a cleaning business, a facility management / cleaning business. Ahead of those early days, look mate, when you started running the Clean Fit.

Craig [00:04:01] Yes, look, it was it was two men and a mop. To begin with, Con Mitropoulos and myself had been in the game for a while, and we'd learnt under a guy called [00:04:12] **Chris Perdis** [1.2s] who taught us quite a lot about business and how to operate and everything else. But we didn't know anything about finance or operations, or business structure or anything like that. So, when we started our own business, it was a brave new world. We knew what we knew. And back then, we thought we knew everything. So, you know what you're doing and everything must be easy. Fast forward, in year 2000, that was about 2007, 2008, Brian Fletcher joined us. Brian Fletcher and I are lifelong friends and grew up together, and he was retiring from football and took the opportunity to join us and bring a bit of a trade focus. So, we combined our core cleaning business with trades and become like a facility services company. And at the time, there's a competitor called TJ's, [00:04:58] **Troy Jacques**. [0.1s] He's a very good friend of mine and you know as well, he's a bit of a pioneer. He was utilising that method of taking cleaning around Australia I guess, and setting up regions and other businesses.

Matthew [00:05:10] Like a franchise-type model.

Craig [00:05:12] Like a quasi franchise model.

Matthew [00:05:14] Licencing model.

Craig [00:05:15] Yes, licencing models, probably more to the point, so we kind of followed that lead, the great Kerry Packer once said, you don't have any good ideas, [00:05:23] **but plenty of blokes** [1.0s] have good ones. So, [00:05:25] **Jacqsy** [0.0s] often laugh about that. We sort of jumped on his coat tails and thought he's onto something here. But what we did was Fletcher brung a really good enthusiastic trade knowledge to the business and Con brung in a lot of enthusiasm and knowledge. But that's what we brung. We didn't brung any smarts. We brung a lot of enthusiasm. Everyone was smart. They were smart in simple terms, but to actually run a business, we didn't realise what was required from a structured point of view. So, being the type of personalities, we were very similar. It's funny and Fletcher is really good with money and good at watching the dollars. Con is terrible at watching the dollars, and I sit somewhere in the middle and I could be swayed. I was wearing the captain's thing on the sleeve so they'd both come at me different time, and we were so sales focused that we went into a massive drive. And about 2009, we thought, wow, we're really good at this. Let's go to Wollongong and we'll follow that TJ model. We went down and go to Gold Coast, Shane Millard and Billy Millard, again, nice latch, former first grade footballer, high achiever, bricklayer by trade, and we just jumped really on board and we thought, this is easy. We're good at this. We just carry on and getting blokes to sign up in a licence style model. It was a partnership. Our model was a partnership. We were 50/50 partners. Went to Canberra, picked up another high profile, former first grade player at Canberra through Fletcher's connections and things like that. And it was all looking really good until such time as we sat up and looked at it and went, wow, we are not making any money.

Matthew [00:06:57] Don't forget you went to Newcastle and Central Coast as well.

Craig [00:06:59] We did. We went up to Newcastle and Central Coast as well. So, we were now in Sydney, Newcastle, Central Coast, Wollongong and Canberra. And it was really good for the ego and we love the colours and the brochures, and we focused on all the marketing ploys.

Matthew [00:07:18] I've never seen so much stationery in my life.

Craig [00:07:21] Yes, well.

Matthew [00:07:22] And logos.

Craig [00:07:24] We had stickers, you name it. If you come here, you'll get a bottle of wine when you come in the office. So, the one thing that was not apparent to us is none of us had any financial knowledge to back it, when you had to operate a business; in particular, it was probably our core strength. We certainly knew how to sell.

Matthew [00:07:41] You're definitely good at selling, definitely good at relationships.

Craig [00:07:44] Yes.

Matthew [00:07:45] Really nice relationships.

Craig [00:07:46] That was the strength of all of us.

Matthew [00:07:47] Yes.

Craig [00:07:48] But all of us had different skills. We had Shane brought a whole discipline to the business and was questioning a lot of things. And back at the time, I suppose, we never really wanted to be questioned. We knew what we're doing. We had this down pat. You look back on those times, you think, wow, he was onto something and he was a smart operator and a good guy. Look, we broke the businesses down into different regions and different areas, but as a whole, we combined our turnovers. And the one thing that became apparent is we were so heavily focused on revenue, but there was no structure in our costs. We weren't focusing on our gross profit margins. We weren't looking at our G&A cost. We weren't looking at our sales and marketing costs. We were just driving this business and was a bit like being on an episode of Wheel of Fortune, once a month, you'd go ah! It was a bit like that.

Matthew [00:08:36] There's plenty of high fiving going on. Everyone's having fun. Oh, we made another sale, beautiful, let's go. High five, high five. We must be charging.

Craig [00:08:43] We ring a bell. We rang a bell and we'd make a noise like Alan Jones because we're big Alan Jones fans and we'd take off something from it. And that was a real, how would you say it, it was very collegiate. It was, I suppose, a footy mentality. It was like being in the dressing room, like being at training. I think some of the boys that have been high achievers, Fletcher, Shane Millard, Simon Woolford and the like. Con and I resonated over that; we wanted to be footballers as they were, they worked really well. We got on well and we're working, we're doing some honest hard work. I think what was missing is the structure and experience. So, I was thrust into the captain role, turned into a CEO role. So, it looked great on the business card, felt really good on the ego. It was good to say to people that I'm the CEO of Fit Services or Clean Fit at the time. But looking back,

that was what, now 11 years ago. Now, I look back and go, wow, what a boy. I was a boy doing a man's job.

Matthew [00:09:39] You started your MBA really, starting your business, MBA, School of Business [00:09:43]knocks. [0.0s]

Craig [00:09:44] Definitely, because you get a lot of confidence. You get a lot of false confidence out of sales success. And I think the one thing I look back and reflect on a lot is get a coach, and then that led me to you, I'll get to that in a minute. Get a coach, and as I said, anyone starting a business, we're about to start in our business currently if I can just digress for a second. We're about to do a bit of a campaign on a rubbish truck. I don't know much about a rubbish truck. I inherited it when Brian exited the business a couple of years ago and I've engaged marketing experts to come in and give us their take on it, and they get to coach us through what the opportunities are to get that truck out there and get it going. And hence back then, if I can reflect back then now, Matthew Horn at the time is our lawyer and a business partner. He was a shareholder in the business. He's a high profile, high-flying lawyer from the city, very well-dressed, three-piece suits.

Matthew [00:10:33] Always looking the goods.

Craig [00:10:34] He looks the goods. He rang me and said, look mate, I think you probably should consider getting some coaching. And I went, yes, we'd like that. So, we had a business coach initially who I guess we overpowered. We're pretty strong personalities, myself, Fletch, Con, Shane Millard and Simon Woolford. We all consider ourselves high achievers, the boys in particular in sport. We all had a level of confidence that was probably above our business knowledge. So, we probably overpowered our first business coach. We went through him, went through anything, the business and putting in procedures and structures and stuff, and it was good. It served us well, but it didn't give us that financial knowledge how to run a business. So, that lasted a little while but I think it sort of faded out. So, I was a bit sceptical on business coaches, Matt, until I met you and you just hit me between the eyes, and the first thing you ever said to me is fish stinks at the head and you're the head. And I sat up and listen and went, well, I better listen to this guy. And you went through a few things that I pretended at the time I knew well. And I think you're [00:11:34]all wing it. [0.0s]

Matthew [00:11:37] You don't know what you don't know.

Craig [00:11:38] Yes, but there's a level of, you got the CEO next to you and you're supposed to know this. And then, mate, what I found with you the type of guy you are, is we resonated really quickly of how you operate. It was just nine months. It was kind of like having a footy coach walk into a team that was being captain coached, if that makes sense to you.

Matthew [00:11:55] Yes, definitely.

Craig [00:11:56] And you kind of took that role and said, right, if you're going to invest with me, I'm going to tell you how my rules are and this is what I expect. And it was pretty good. It was almost like the relief teacher walked out and the actual teacher walked in and said, right; this is what we're doing. Everyone got on board, which is really good. And we had to manage ourselves from a time point of view, holistically from time, from managing the business to managing the dollars. We had a lot of revenue back then. We're turning over in the vicinity of about eight million dollars. We wanted to expand into like a building

company. We were charging forward. At the time, the problem was we had so many costs and so much leakage and everything at the bottom. And everyone was trying to, I suppose, do what they thought they could to build the business, and I was the leader.

Matthew [00:12:42] We are speaking with Craig Markham, owner and operator of Fit Services. If you'd like to learn how you can earn more with a lot less stress, 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 lower case.

Matthew [00:13:09] Well, that was that thing, like probably the first session there. As you know, we always dive into the numbers to get the true story, you can talk around, you can highlight what's happening. You can talk it up. But the facts are the facts. And when your scorecard comes out and it basically says, like, yes, turning around that eight to nine million dollars, but losing money. We won't make any money. And having tax debts and other things like that, which wasn't clear at the time, which was obviously concerning.

Craig [00:13:39] We had no clarity. No, we didn't. And I think being salespeople, you'd sell to yourself that mate, it's all good and it's all been fun.

Matthew [00:13:45] Just sell more, right? Sell more. If we sell more, everything will be fine.

Craig [00:13:49] Just drive, we wanted to drive and we sold to ourselves that when you sit down and you hear some bad news, it's kind of like it's masked by a joke or by many a true word spoken in jest. I'd say, one of my sayings that I picked up from Con is many a true word spoken in jest under the influence of alcohol or in anger. And when we would hear these things, we get angry and go, you know, then it would kind of get swept or brushed under the carpet. But you always said and one thing that always resonates with me and I laugh about when you talk about your own physical health I apply it and you say, mate, the numbers don't lie, just hop on the business scales. When you hop on the business scales, we're losing money. And I think it's a bit of an eye opener. And the worst thing is being the leader; you've got to go, I'm running this show and some good friends of mine are pretty smart guys said, mate, your boys have a lot of fun. I don't know if it's a business or a circus, but I don't know if you're a CEO or a ringmaster. I look at that now and I look back and I go, I probably was a ringmaster. We had a heap of fun. It was great times. But if you look at it from a business point of view, it was a time of learning. And then Matthew Horn comes in and using his knowledge and legal knowledge along the way and introduced us to you and some other people, which was good. But even still, we still push forward heavily on that sales focus. So, we were very revenue focused at the time. Costs meant nothing. Costs were just something that were there. There was no focus on them. There was no [00:15:08]line-by-line, we later learned, [0.0s] line-by-line, [00:15:11]ruling a line through transactions and [2.5s] having a look and seeing how efficient or effective that cost was, whether it related to the business. We spent a fair bit of our time focusing just on that top line.

Matthew [00:15:22] And one thing, coming back to ringmaster and a lot of fun, and yes, there was a lot of fun, but obviously for yourself as well being that CEO, there was a lot of underlying stress, tension, essentially ended up having nearly about eight directors or different business owners, shareholders, and you were getting pulled from pillar to post trying to appease people. And you did a good job of obviously remaining intact, to be honest with you. And the great thing about it is when we went through, starting to put through, okay, here is a line in the sand, like you mentioned, we're on the scales and we

are unhealthy. Essentially, I likened it to be being in the emergency room and had to defib on and we're flatlining. We're close to that stage.

Craig [00:16:07] Yes, we were. I remember a day with yourself, our accountant, and the bank walked in with a cash flow financing and factoring. And it's one of those things that you become used to stuff like that, it's how you do business and it's how you know how to do business. So, it's the way that you get used to and you think, yes, that's cool, you think you got money, but when you realise like, I look back and I just shake my head and go, wow, like we got through that time. I don't know how we did, well; I do know how we did. We sat down and we locked arms, and put our backs to the wall.

Matthew [00:16:40] Put good habits in place.

Craig [00:16:41] Changed our habits completely. We sat with you and you basically gave us the talk. And I had Warren, our accountant, he is a great accountant, sit down and said, boys, I don't know if you can get out of this one because you've built yourself a structure that's so big. We had this big structure and we had partnerships everywhere. We [00:17:01]armed [0.0s] ourselves up so high with cost base and everything else that he said, you've got a big tax debt. You've got to pay that and was like, how are we going to pay that? We weren't looking at anything else, but just the profit. We didn't realise the difference between profit and cash. We didn't ever look at balance sheet. Balance sheet was something the accountant looked at that's not what we looked at. And I guess, as a team, we just kept doing what we always did.

Matthew [00:17:27] And one of the key things like just rolling back and this is getting credit to what you did and taking the advice on board, a couple of things we did, which is really key. We did the client profiling. We used ABC clients. Who are our profitable clients and who are essentially our C or D clients that we needed to dump? They are our time wasters so that was number one. We did that. And how was that? Like going through there and remember we worked out our GP calculator and we worked out before we actually go to a job there, before we win a job, as you call it, the [00:17:57]Jonesgalator, [0.0s] and making sure that we're actually making gross profit for every client. How important was that in decision-making?

Craig [00:18:05] Game changing. When we had the talk and you sat us down and had the talk, we realised we're on the scales. And we were sitting there looking at the business and the numbers, and the numbers just didn't stack up. And I'm sitting there at the head of it going far out. I'm going to lead us out of this. I had a very good relationship with Con and Fletcher. We were very solid as a team. And I think at the time, we just looked at each other and they went, right, let's just partner and pair up. So we put some good disciplines in place. But that's kind of where you took over a little bit of the, I call it the Co-CEO and coached me intensely or personally, which is a good thing. And I remember back one of the compliments you gave us at the end of I'd say 12 or 18-month period, you said you had another client who was in a similar position who didn't take the advice. And you said, mate, I wanted you to just stick to the plan. We come up with the plan, and the one thing, I suppose, touching on your paddling or maybe your Olympic mentality, which is a great thing, putting some of those athletic disciplines in, it resonated with Fletch because he'd done this for Origin and done it for Australia and playing at the Roosters and South. But for Con and I, it's a new thing. It's a whole new discipline that we had to put in place. And we measured and managed every single gross profit margin. We reflect on some of the clients we have with some nightclubs and some clients that were small restaurants who probably couldn't afford us. And look, they're having a go and they're good people. I don't want to be

disrespectful to them, but they didn't value our service. So you told us the value of profiling people that were high touch, low margin and probably consuming a fair amount of our time.

Matthew [00:19:46] Especially the way you were brought in to, you were very much the fire chief. You love being the fire chief. The phone rang, you were off, and I think, hand in your heart, time management has never been one of your strong suits back in the day.

Craig [00:20:00] The clock and I still hate each other. But I learnt pretty quickly that the clock waits for no man and mate, if you ask my former business partner, the problem I think you look back then, they'd say my punctuality and stuff, because you're always putting out fires.

Matthew [00:20:16] Because that comes back dealing with the wrong type of clients and the wrong type of team members as well at different stages.

Craig [00:20:21] I think there's a fair bit of both. If I reflect on the changes we've made, and we're still going through it now, like you have a situation where you're more experienced in business and you've been through plenty of battles, and a lot of them are personal battles with yourself and some of them are with your own team and internal battles, and alignments are key thing. I think the one thing that you managed to do with us really well, and I really valued looking back, is you aligned three business partners really well. We sold Wollongong to Shane. He did really well out of that and we did well out of that. He was good and he was probably the benchmark, I would say to you.

Matthew [00:20:58] The type of partner you wanted.

Craig [00:21:00] He was exactly what we wanted. Back then, we probably didn't realise it was just, yes, he was in Wollongong. We probably didn't appreciate it because we didn't understand enough of the inner workings of how the whole model worked. We bluffed our way through a fair bit, to be honest. Then we put got some good structure in place, good GPs, we started to get on the educational journey. And then I think pure, I suppose, alignment got us through. We paid off our tax debt. We changed our partnership structure. We focused on just Sydney. We bought Simon out of Canberra. We bought Mick, our partner out of Central Coast, Newcastle, [00:21:38] **Mick Ostini, the great man.** [0.7s] And we retained some of those contracts and we just bring everything in under one banner and made a huge difference. Instead of having different companies, different insurances, different workers' compensation, different structures everywhere, we consolidate.

Matthew [00:21:53] Well, basically, you're busy focusing on everything but the business. And what you did now is get focused, get really streamlined and really focused on your core profit-making machine. Because, again, when we did the numbers and you run it down, you realised, hang on, let the [00:22:07] **baby right in front** [0.1s] of me. You got the golden ticket right in front of you, which was Sydney. And because you were looking at Wollongong and everything else, Central Coast, Newcastle, Canberra, you were neglecting Sydney.

Craig [00:22:20] Yes and I think you get lulled into a sense, and Fletcher used to bring it up sometimes. He was not a huge fan of our expansion. It's funny. The irony is he drove our first expansion to Wollongong because of the type of bloke Shane was. He really had a big rap on him and Shane turned out to be everything Brian said. And he was great in the business, very good at operating, good managing the whole thing. So he was exactly the

partner we're looking for. I think we got distracted by that a fair bit and forgot where we sort of started in the core business for us . Good news is after we managed to come through that period, we aligned ourselves; we rebranded as Fit Services and added a maintenance division, which was good but more lessons to come. So, we got through the cleaning side, we got through getting rid of some clients, getting rid of some revenue.

Matthew [00:23:13] Yes, reduced revenue.

Craig [00:23:15] Yes, reduced our revenue.

Matthew [00:23:16] And increased our bottom line profit.

Craig [00:23:18] Yes, we reduced our revenue to make more money.

Matthew [00:23:20] Correct and that's what I just want to hold out there for a second that's where I want listeners to really focus on is that you get caught in the trap of growing, doing more, going to more geographic locations, more turnover, more sales, more team. The top line was growing, this is what we'd turn, everyone growing broke. The top line was growing but the bottom line was going south. And that's where I want, for understanding, especially for listeners as well, make sure you get systemised, your current patch, get that right because would you agree, Craig, mate, if we got Sydney humming before we actually then went to Canberra or Wollongong, it'd be a different story. But because you went before those too many systems in place, the structure and the rigour and the habits in place in Sydney, so what that meant was we were just taking bad habits around with us.

Craig [00:24:08] One hundred percent. If I reflect on it, if I had my time again, if we could have a time machine and go back, I would do it the way you just said without question. And there's not an option. It's the only way to do it. You can turn it upside down. You can turn it inside out. The numbers don't lie and the numbers were there. But again, like all good salesmen do and we all had a sales background, you sell to yourself that that's fine. We'll make it work, because you have a level of confidence that you know probably better than you probably are, and that's the real essence. So, we went back to basics. We went back to the core. It was a very big time of reflection, wow, it's humbling, to be honest with you.

Matthew [00:24:46] Yes, you had to pull it right back.

Craig [00:24:48] We had to pull it right back. And we did and I think it was the most educational period in our life. You'd bring in some processes. I've still got them in my office. They're all stamps now and everyone uses Sign Now.

Matthew [00:25:01] Account coding.

Craig [00:25:02] Account coding and everything else.

Matthew [00:25:04] So just on that, they're just, sorry mate, I just want to talk about these are habits. So some of the habits that we put in is if an invoice or bill comes in, you got a stamp and put the code on there, it's got to be signed off before it gets paid. Other habits were line-by-line, P & L analysis every month in the boardroom, line-by-line analysis as well before we actually want a job or went for a job in terms of making sure what the right GP for that client. And also another analysis, making sure that everyone who's buying something in the field, they've got to be accountable for that. So, cash flow forecasting,

weekly cash flow, so, [00:25:39]this is what I want everyone to understand.It's [0.0s] all about the habits that turn the business around. Agree? Getting you really focused in on what was important as opposed to being distracted by the phone or by client and being that fire chief.

Craig [00:25:52] Yes, and not just the habits, mate, but the ability to sit in the boardroom and learn, and even back then, like it's not that we didn't get the lesson, we'd leave the boardroom and then we'd go back to old habits, if it makes sense. But the fact that we have put in those new habits in place for long enough that we were getting rid of it all, it's hard to get rid of old bad habits. And money management is a topic that doesn't get taught at schools or sometimes in the home. Some people are really good at it, some are hopeless, some sit somewhere in between. The thing is for us, the more we enforce those habits and kept the good habits going, the more we would get rid of all the bad habits that we'd put in place and try to do business to a point where we could get a little bit comfortable, but then we had the whole learning about cash. We're thinking, wow, because we focus so much on the profit and loss and we were P & L heroes. We thought, oh, we got money, we've made money. But then you don't realise making money in your business is great on a P & L, but how much cash you got left? Where did the cash go? That was a huge lesson, the cash flow forecast was a game changer. In fact, the cash flow forecast got us out of factoring.

Matthew [00:26:58] Well, it turned around in 12 months, it got us off the ER.

Craig [00:27:02] Yes.

Matthew [00:27:03] It got us out of the emergency room and turned around essentially. So, there's only about a 700,000-dollar turnaround from red to black.

Craig [00:27:10] We still sold and are getting more revenue in was a focus, but wasn't the core focus. We actually focused most of our attention on the operations, getting our gross profit margin, profile of our clients, making sure that there was cash, aged receivables, aged payables, balance sheet, the markers, those levers that you can pull, the aged, the aged was huge. It was amazing.

Matthew [00:27:35] Just to tag on that because I just want to clarify. So, what Craig is really talking about now is the habits in the structure and process in the admin. So the backhouse, the office, which again, too many business owners neglect, so, aged receivable, when are you going to get paid? How much is outstanding from your client's aged payables? How much is to go out? And then cash flow forecasting is really when money is hitting the bank account and leaving the bank account on a week-to-week basis. So, as you explained, Craig, it just gives you that transparency and that confidence to know that, hey, I can see a red train coming, don't have to freak out and I could put a strategy in place to ensure that we don't get run over.

Craig [00:28:10] I think that's the biggest thing, like getting the right people on board. I mean, the list of learnings, it's so long. We could be on this for five hours. But the analogy I use is a restaurant. When you go to a really good restaurant and you have three courses. That head chef, let's call it a Gordon Ramsay or a Jamie Oliver or whoever you want it, I'm a big fan of Pete Evans for many different reasons. But if you think about how they run a restaurant, it's the supplies and the produce that comes through. So they're going to be over the top of that. They're going to know what's in season. So, they don't just leave it to someone. They are all over it. Then they get the guy that stocks and the delivery, down to

the guy that wash the dishes, everyone's got a role to play and they're really important. And I think the biggest thing as business owners, we made the mistake of thinking, yeah, the accounts do that. We had no idea what the accounts department did really. We know it's about numbers and fun, but we didn't get in behind. We didn't lift the veil and have a look at what's underneath the hood and get it right.

Matthew [00:29:07] And we didn't know what they needed to be accountable for. You didn't know what their KPIs were.

Craig [00:29:10] There was no KPIs, no measurement. That's when we partnered with you, to catch us and take us on the journey. It's funny. It's a bit like I said, back to the restaurant. We ended up being a dishwasher. We ended up being a delivery guy. We ended up being, you know, looking at the produce. And we were the sous chefs. Then there were the guys on the grill. In the kitchen, you see so many different people, but the one guy knows everything. The leader needs to know everything; you can't just be heavily focused on sales. You've got to know exactly what your sales team does. We put structures in place for business development. Then we had to work our operations to make sure our gross profit margin was correct and our managers are doing the right thing, and our clients are measured and managed properly. Then we have to go to the financial side. So, it's fine to have sales right. It's fine to have operations right. It's fine to have your financial component and operations right, but then you've got to go to your accounts to make sure your clients are getting invoiced on time and invoices are getting paid on time. And your payables are not going out too quick. Your receivables are not coming into late. There's all that balance. And then measuring those team members as well. Then you go to get in the boardroom. And then the one thing looking back, I think, the problem I had being a major shareholder and the CEO is you get defensive. I look back and Matthew Horn used to pull me aside and said, mate, we're not having a go at you, but it's your job. And I can imagine.

Matthew [00:30:31] Because you're answerable, the buck stops with you basically.

Craig [00:30:34] It's a different hat and it's difficult when you're running a business because you are the CEO. So, sometimes when the board come at you, it's all overwhelming and your first comment is a defensive type comment and you don't mean to come across defensive because it's just how it is, because you haven't swapped hats. You've got to get into that boardroom. The irony is I was a shareholder as well as the CEO, so I got all the other shareholders pointing fingers at me. I'm thinking, hang on; they're the guys I'm operating with. The irony is we're all sitting in the room. If you've performed, it's all cool. No one cares when everyone's making money. If you haven't performed, you're thinking to yourself, why are they pointing the finger at me? You know what I mean?

Matthew [00:31:14] You're thinking they're part of the problem. Everyone was a victim, basically and everyone playing the blame game. You did a good job, and this is part of the cleaning out process of making sure that everyone's actually accountable. We talked about bring your A game. Bring our A game means what happened this morning is done, I can't change that. But you know what? I'm going to change the next decision I make, and it does come back to owning it. But it's a hard transition from again, from the mop as you said from the get go, from the mop and the bucket to the boardroom that's a big transition, big step.

Craig [00:31:45] Cooper Silk from RadioHub likes to call it from brascos to the big time. Well, brasco to the boardroom as he said, I love that. It's quite funny, and we haven't made it yet. So when we get there, we'll tell you. But yes, it is. It's a big transition. And there's a certain level of you've got to be honest with yourself. What you don't know, you don't know. And you got to improve and you got to take it on the chin. It's not easy to listen to when you're sitting there, going on running. It's another version. So, at the beginning, you don't know what you don't know. You're kind of getting rescued, if you will by getting a coach involved like yourself who comes in and identifies all these things wrong with you and your business, I should say. And then you fix that. Then you go to the next level where you start to get into a boardroom environment and that's a whole different strategy. So, if you liken it to sport or rugby league as an example, I can only imagine I played that level like that. I could imagine what those origin players are like compared to the boardrooms, what I assume, origins like.

Matthew [00:32:45] Well, the pressure is on, isn't it? That speed is up. Every mistake you make, you pay for. And this is where, again, I want listeners to really tap into here because a lot of them, we know we have people that emailed us and people that we assist, they're all looking to bring partners on board. They're looking to expand. Again, looking back, how important is it from the get go to get expectations and clarity right with your partners. Now, one thing that we've spoken about a lot is paying people up front. Now, you are very generous and just the way you are, just your nature that you are happy to pay people upfront, a good salary upfront. But unfortunately, they were paid upfront and there was no delivery from a bottom line perspective. So, there was no fat in the business because it was just all going out the front end or at the top end. So, how important is it to get that structure right and to your expectations, both on a pay grade but also from KPIs and deliverables with partners and shareholders.

Craig [00:33:46] I think the biggest thing that we've learnt is we were generous with each other and we were generous to individuals that come in. And I think we transitioned. It creates an entitlement culture; I think don't have that right. It's performance. If you look at any sporting team, right now the tennis is on and as we speak and I'm a big fan of [00:34:11] Ash Barty. [0.0s] I was watching a little, they do those previews on her and the little things she does and now, she plays golf and does all these different things to help her.

Matthew [00:34:17] Cricket.

Craig [00:34:18] Cricket to help her.

Matthew [00:34:19] Yes.

Craig [00:34:20] Yes, she's incredible. And she learns from different ideas and learns from different aspects. But if you don't have that discipline in place, so you don't have that performance model in place, I think it's doomed for failure. I haven't seen a pay up front or it hasn't worked for us. And if it has worked for somewhere else, I'd love to know that.

Matthew [00:34:39] I haven't seen it work. And look, this is what I put it down to, humans and this is the thing about humans. We always go to the path of least resistance. If I'm getting it up front, I'm already getting paid. That means my mortgage is paid. I've got money for the kids' schooling and anything else and overseas holidays. I don't really need to work hard. I'm not incentivised to go out there and maybe get a client, work out on a client that's got more profit with this, or work harder with our team to make sure we're more

efficient, because I'm not really worried about the bottom line because I'm getting paid off the top line, baby. And that's human nature. That's what I want to really understand. Even that good people, you do go that path of least resistance. There has to be that incentive there for people to go above and beyond and get uncomfortable, get out of their comfort zones to perform.

Craig [00:35:23] Yes, well, Matt, we're re-engaging, well, not re-engaging, we've always worked with you every single year since, but we're really having a big focus post-COVID to work with you, with some new younger team members to put that what we call our performance culture in place. It's a culture change. And I think we come from a culture of entitlement. I was the leader of that, you know what I mean? At times, so, I look back and I go, well, there's no finger pointing here. The three of us, we sort of live down to the business, something like, yes, that's how it should be. And then one day, a question was asked of me as I continue my journey on educating was, if the business could talk, what would it say? I'll tell you. And the business is like, get out of my pocket. I'm starving.

Matthew [00:36:08] We're treating it like a petty cash, correct?

Craig [00:36:10] Yes. You guys are fat and happy, so. And then that relates back to what you said, the numbers don't lie, the performance of the businesses is important. We still haven't got it right even to this day. I'm in the same game for 25 years, been in business ourselves since 2007. So, we're 14 years on our own on a business. And I've run businesses before that, but we're constantly learning and then new technologies, new things come in place. In your business, you got to be on top of absolutely everything. And if you don't struck it right, you don't grow.

Matthew [00:36:43] And look at just in that 14, 15 years that you've been operating now, you've gone through a GFC, massive change to economic models and then we've gone through COVID, which was just especially in your game, hospitality and just so much has got ripped out from under you that you could never foresee. So, just again, going through those sorts of crises, without having transparency, you can easily pull the wrong lever on. And you going through COVID now as opposed say the early days, like going through that stressful period but having knowledge and clear understanding of the business, how did that give you more peace of mind and confidence knowing that as a leader, CEO now, that's got a lot of years under my belt, a lot of experience on my belt. How confident are you to pull the right levers going forward?

Craig [00:37:35] Yes. So, few years back on my path and journey with you, I went and did some study in Texas and did some work in business genius called Keith Cunningham.

Matthew [00:37:47] What's his book called again? Unlock the Vault, is it?

Craig [00:37:49] Keys to the Vault.

Matthew [00:37:51] Keys to the Vault book. Yes, that's a good book that one.

Craig [00:37:54] I have done all of Keith's courses and it's a private college, and you can do the four-day MBA and how to buy and sell businesses and everything else. And I've never met anyone like him and I don't think I've met too many people like you Matt, like how they both complement each other is incredible. And one thing also, whoever is running a business on the listeners of this podcast, and for what my advice is worth, is don't be afraid to learn and educate yourself, and some of my partners didn't love it at the

time. And I think, what are you wasting the money for? But I put the fact that we got through COVID and we were heavily hit with shutdowns, hospitality is a core part of our business, about 70 percent of our business is hospitality. And I think looking back on those lessons of early days when we had to get our GPs right and everything, put structures in place, [00:38:45]furlough [0.0s] people back then before the GFC, it was actually around the time of, looking back on those lessons, those are what got us through COVID and the educational side. And I think, for anyone that's listening out there that is suffering from COVID as well, I think you're going to be looking your business in crisis mode as opposed to its businesses, and it's not business as usual at the moment. It's really line-by-line looking everything every month, we do. I just finished a meeting. I was running a bit late for this podcast because I religiously do a line by line review of every single client, every single item, then we sign up their invoices every Tuesday from the old Matt Jones stamp, which I've still got five of them in the office. I keep them because they're funny. I mean, I thought we'll never use these ones, it's now electronic. So, that stamp is now done on a sign now and not one invoice goes underneath it, like I co-sign. I'm trying to take some managers to manage the business, but I co-sign every invoice, so it gets two signatures and that's a discipline and a great habit.

Matthew [00:39:43] That was a great habit.

Craig [00:39:45] That brought back cash flow every Thursday, one o'clock. It's funny people talk to me that my punctuality is probably one of my biggest things that I would constantly battle with and improve because I am more like probably feeling the calendar too much. You know that as a personal friend of mine as well as we become great mates.

Matthew [00:40:03] You become an expert, it actually triple, quadruple booking an appointment at the same time. And you actually fooled yourself that you believe you could actually fit those four appointments in one minute, which is quite amazing.

Craig [00:40:16] Yes, it's not great, but we're working on it.

Matthew [00:40:20] Now you only double book, which is a lot better than quadruple booking.

Craig [00:40:23] Yes, that's true. You look that punctuality and stuff, religiously do cash flow. So, we have a bit of flexibility in our business. But you talk about habits and Monday, we do bank recs. Tuesday, we sign off invoices. Thursday, we do cash flow and Fridays, we do payments. And there are four key drivers and key pillars of our business that are success and then the levers around that that we need to pull. So, I look at the aged receivables on Monday with bank recs. Bank recs and aged on Mondays and look at who hadn't paid for the week before and stuff like that. We look at that again on Thursday with cash flow. So then you can adjust those levers or make those calls. And it's these little disciplines that we were taught early days with yourself that we never used to understand it. When you said to me, cash flow forecast, I thought it was an Adelaide striker from [00:41:20]and you said to me, I thought profit margin was an Olympian from Greece. [1.2s]

Matthew [00:41:23] Yes. I shouldn't be laughing because those were actually some of the comments coming back at the time, everyone, just to let you know. But what I want everyone to do is just actually just rewind his podcast and go back about 35 seconds and listen to the success habits that Craig does Monday, Tuesday, Wednesday, Thursday they are key and they are gold, mate and it's really good. And again, it comes back to discipline.

But these are little things that people just, Oh, I haven't got time for that, Jonesey, I'd love to do that but I haven't got time. But yeah, you've got to make time for that. You got to invest time for that.

Craig [00:41:52] Well, I'll share something. Honestly, I mean, as you know that the clock and I aren't friends and I'm improving constantly, but I'll tell you what I won't miss. I won't miss a bank rec. I'll tell you of my week, I can tell you how it is. It's almost like a respirator for your business. You talked before earlier in the podcast, you said we're in the emergency room. We were in the emergency room. We didn't want to admit it at the time. We walked in casually, and said, we will be all right. Because you know what, looking back, I go, how did we get through that? You know what I mean? And we got through that with coaching from yourself, some discipline, fair bit of confidence from us, and I want to say luck, but it was more good management than luck. But it was humbling. But I will say this, if we don't do those four things each week in our business, our business will turn pretty quickly. And I think anyone's business will turn quickly. And anyone who try to improve their business, the one thing and it's a Matt Jones' habit, I still use a thing called the Jonesgalator for every single client that we get, that's new business. I carry it around. It's called a GP calculator. But I named it the Jonesgalator after you because you bring in a terrific spreadsheet. In fact, everything's gone enterprise dynamics such as The Cube, which is a terrific tool, but I still use in Excel with my team, I met Jones, Jonesgalator, the new information sheet. It's timeless. They're incredible.

Matthew [00:43:13] Which gives you the information you need.

Craig [00:43:15] Well, our managers, on a weekly basis, measure against the sheets we created, the GP calculators for the management runs. So, how they're all going with their costs and what's happening there and how the contracts look. And that's how we measure our managers. And it's a great tool. So, those tools that you created in 2010, we still use today in 2021.

Matthew [00:43:34] Look, it's great to hear, and this is the whole thing about it, it doesn't matter if it's a new system or an old system, it's about actually implementing it. And this is one thing I want to come back to what you mentioned, you alluded to a little bit back in the day where we had another client and a friend of ours who you give them the habits, you give them the processes but if they're not implemented, then nothing's going to happen. And the great thing about it, you actually implemented, you follow through, you put the habits in place and you got the results.

Craig [00:44:02] I think the one thing that comes out of that is there was a lot of noise at the time and we had a lot of ideas and we had a lot of systems, and we had paperwork for everything and compliant. The industry changed the need for compliance and it's crazy what's going on. HNS had really, really been developing over the years and I know it should. It's a huge practise in our business. But I think the effectiveness of it, like I suppose when we do a bit of guide of which tools were used if they worked. And as I said, those tools, whether they're analogue or digital, they're in place because they are so efficient and effective, they are timeless. They just don't change. It's one of the things that I think you've got to find for your own business. And I think they're generic, to be honest with you. I've applied them to a few other businesses. I've been asked by some friends, what do you do here? How do you do that? And they haven't started out, and I'll give them a template. I just cleared it and I've applied it to their business, and it works. It's very generic. It's cookie cut.

Matthew [00:45:05] And that's the thing. It's about applying and using it effectively. And it's like any system, just maximise. Too many people go I've got to go the next shiny system or new job management system or another tool or something else. And they're not actually maximising what they've got. So, it's all about maximise your current systems before you worry about something, be a bit like what we were talking about, get Sydney right, get Sydney humming, get that right before you, then move on and try to expand, and look for something different because it takes up so much time on your intention.

Craig [00:45:34] Yes. And I think, I'm an early adopter with technology and stuff. I love new technology and things, and my partners at the time didn't, and that probably, looking back on that, I think they were right and I was right. We needed to get a technology. But I guess my frustration come out of the fact that they weren't using what really worked anyway. So, you just say go and research.

Matthew [00:45:53] Yes, they weren't using it. They weren't adding it in. They weren't using it effectively.

Craig [00:45:57] No, we weren't. And mate, I supposed and I'll go, well, hang on, you're the leader. So, you're going to go fire out, the familiarity and the friendship and stuff we had probably drive us down that path. So then I would go out and look for new technology when it was right under my nose the whole time. So ironically, this period we were chasing, people use Infusionsoft and all these different models.

Matthew [00:46:17] CRMs, yes.

Craig [00:46:19] All that. And we were looking at now; the cloud-based stuff and the cloud become huge. So, you try and adapt and you try to evolve and you know what the worst thing is? You go and see someone who is a tradie. We're like a tradie. We consider ourselves like a tradie.

Matthew [00:46:34] Tradie, yes.

Craig [00:46:35] Learning as a tradie for sure, if you do it professionally and you do it well and we think we do it professionally, and we could always improve. And there will be people out there that say, oh, we've used them in our good, that's fine. But, we know we do it well. We know we're very experienced. You get people out there that say mate; I've got this new system. I've got this new app and it's the worst conversation you can have, the water cooler conversation or the coffee conversation. You go and have a coffee and, some would go, mate, I've got this great app. You should see what it does for your business. And you're constantly trying to improve. So, you want to adopt that. I had to put the blinkers on like a racehorse.

Matthew [00:47:06] And don't get distracted.

Craig [00:47:07] I had to just put the you can't ~~stop the beat-up~~ and go you know what? I've learned. You taught me that, I was extremely distracted. I liken my early years of business, like being in a dark room and being poked and you turn around and you're responding to all that at all times.

Matthew [00:47:22] You're getting covered in spiders in a dark room.

Craig [00:47:23] And you don't know where it's coming from. You don't know how to respond.

Matthew [00:47:28] I love that analogy.

Craig [00:47:29] Yes, every time you get a poke, you go, is it behind me? Is it in front of me? You know what I mean? And then you learn that, you know what? And you taught me this, you said, mate, shut your eyes, shut your ears, shut your mouth and just look straight ahead and have that discipline. And that brings ironically a level of calm.

Matthew [00:47:49] Put the blinkers on.

Craig [00:47:50] Yes, a level of clarity. A big word of yours that I've always admired. And one thing I admired, you have an incredible ability to focus. And I go right, and you model yourself of people. So, I model myself of some of the disciplines you have that I learnt from you and you pick up habits from people you're around. Con and Brian as my business partners and Matt Horn, everyone's got great attributes. I'm a huge believer in the Pareto principle. And I say this from a HR perspective, try and model yourself on successful people, but not all successful people have it. None of us are 100 percent. We're work in progress. We're always trying to improve on the things. We're really good at some things and that's our core, but the things we're trying to improve on, well, we just got to learn that of others. You find out what others do really, really well and this might be different to things I do well. So, if 80 percent of I do really well, I don't need to focus on that. Let's focus on the 20 percent I need to improve on. And how do I improve on that? I'll find either a coach or a thought leader or a business leader. I'll listen to a podcast.

Matthew [00:48:48] Or someone else can do it for you. You cannot do everything. That's all about delegating. So, it's just like you can't do everything. And this is the thing with owners and just finishing up, like this is the thing with owners, is you can't be all things to all people and you've got to understand where your value is in the organisation. So, back in the day, you thought your value was running around trying to put out fires. But as you know, it's not; your value is making sure we've got the right systems. The right habits implies that everyone's accountable, which is a big difference from trying to be at the front their, putting out the fire as opposed to steering what fires to put out when, so rather than being in the coalface. But I think Craig, like over that journey now and setting into that 2021, which is going to be really exciting, you've got a young, enthusiastic team. They're really green in terms of business and they got great attitudes and you've got well-worn processes. So, really looking forward to really implementing the Fit Services way and really that the performance culture, which is going to be awesome from a team perspective. But what about just a couple of things, I suppose, is to give the listeners some takeaways on your journey now. What are probably the one or two takeaways for those people. They've probably been operating three, five, eight years. They've gone through COVID. They're not really where they want to be. What some tips or words of encouragement that you'd provide?

Craig [00:50:11] Probably the first one that comes to mind is focus. It's a huge word that I often have you talk to me when I'm driving my account and certain things, people that are influenced. I mean, when I'm dealing with a problem, whatever, I think is going on, if I went outside, you're like in my car, behind my head, shaking your head, focus mate, focus. It's funny this is how I think, and then focus as well as what you procrastinate on or what you don't want to do is what you should be focusing on. And I'll give you an example, budgets. I hate budgets. I hate the clock. I hate time, you know what I mean? It's great. But you

know what, if you're not cautious with your time, it's the only thing that we get to; I said earlier, it's the thing that we have to spend wisely.

Matthew [00:50:55] It doesn't matter whether you're rich or poor, everyone gets the same amount of minutes.

Craig [00:50:58] We get the same amount of time. And start with a budget. The numbers don't lie. Getting some structure and getting it right. Getting it right, everyone thinks too far ahead, I did. I thought too. I love what you just said about everything to everyone. You've got to narrow as you don't do the movement you did for me. You used to go like that and just narrow it down and pinpoint it. You can't work on everything at once and get it right. It's like a brick wall. Brick walls built brick by brick. So, okay.

Matthew [00:51:23] Focus on the next brick.

Craig [00:51:25] Focus in the operations, get it lean. And I think the pillars of business look, starting with the budget, so you can measure against something. You've got to measure. If you're not helping on the scales, we talked about weight loss and but we all want to lose weight, I mean particularly, currently, a challenge that a lot of mates [00:51:40]of mine. [0.0s] And as you get a bit older, some of us put on weight, some still keep a pretty lean [00:51:43]rig, [0.0s] you're one of them. You're lucky. And you think to yourself, how do you do it? You get on the scales and you measure yourself and then you come up with a plan. And as you've always said, best plans in the world can be left on a desk or a table if they're not executed, they're not measured. You've got to execute on the plan. You've got to measure on the plan and that's simple. It's the tools that are commonly out there that I think that you put in business. So if it's business development, you could have a BD guy that's performing. You could have a BD guy that's not paid up front. You've got to have a BD guy that's focused, hungry, measured and part of the team and collaborative. And you've got to create a performance culture. Performance culture is you bring that to us and that was the game changer. I think we were performers.

Matthew [00:52:24] But not accountable of the right KPIs, key performance indicators. That actually drove the business forward in a profitable, sustainable way.

Craig [00:52:32] Yes. We were busy but not efficient or effective, if that make sense. And we focused on being busy. And as you say, our biggest thing was being a fire truck for our clients, for our cleaners, for our managers, and also just having a structure and a system in place, that's how it works and having the discipline to say, no, I'm not going to attend to it. It's like when the phone rings, don't pick it up.

Matthew [00:52:50] And look, it's been your learnings over those course of years have been unbelievable. It's been a colourful journey, that's for sure. Looking forward to what's going to be happening in 2021. And just to clarify, I think a couple of takeaways here for everyone. Number one; focus. Try not to be all things to all people. Try not to expand too quickly. Just focus on where you're profitable right now. Number two; get out of your comfort zone. You're going to get used to being uncomfortable. You've got to get out of your comfort zone, do the things that you don't want to do. Like I get off the site and actually work in the business to know the numbers. And then number three is have that performance culture, which is everything has got to be accountable. Why are we spending that? Why are we having that client? Why have I got that team member on and making sure there is that accountability across the board. So, yes, they are the three keys awesome takeaways for everyone. And again, it's great to listen to this podcast everyone,

but we won't be able to action things, so now it's about implementing it. So, Craig, awesome, champion. Thanks for the first time on the weekend, and also, I feel funny calling you Craig. I don't know. It's Craig "Bush" Markham, so, Bush, thanks champion for coming on board this session.

Craig [00:53:53] Thanks, Jonesey. It's been a real pleasure. And Matt, we're really looking forward to partnering up again and really collaborating with The Cube team and yourself, and getting our young managers right, like educating them on that understanding, you know what I mean? And I'll finish on this note. I was thinking a bit when you were talking then. One of the things I love that I learnt from the great Keith Cunningham as he said in business and you've always said something similar to this too. There are two reasons to spend money in business, to keep what you've got or to get more of what you got. It's that simple. And if you look by those two principles, I think that resonates when you asked me that question that hit me.

Matthew [00:54:26] Yes, that's true. That's a good point. Definitely. Yes, Keith Cunningham, everyone too just research Keith and Keith is a good book as well as obviously Power Up Your Tradie business. That's obviously out there.

Craig [00:54:38] Yes, grateful, and it is and for tradies out there, like, my God, it's a life-long, I've given it to a mate of mine who is a plumber and you're going to get a call from him very shortly. And it's just he can't put it down because every story in there, like it's an every man's story. It's a typical tradie model. And it's just time and time again you see it and you see that the little changes you can make, and he was going down that path of more business drive revenue, marketing, got to get the website up. I said, no, no, no, no, no, get the operations focus right, get the numbers right, put the structure.

Matthew [00:55:13] Yes, that's right and that's all, less is more. Slow down. Slow down to speed up.

Craig [00:55:17] Yes.

Matthew [00:55:19] All right, champion, as always. Great to speak. Looking forward to an awesome 2021 mate and we'll get you on back end of the year when we do Episode Two.

Craig [00:55:26] Yes, I'd love to. And we'll look at some of the results.

Matthew [00:55:30] Cheers, [00:55:30] **Bush.** [0.0s]

Craig [00:55:30] Take care.