



Stepping Out of the Day-To-Day with Mandi Ellefson

Being a solopreneur is not as cool as it sounds. Hands-Off CEO's Mandi Ellefson offers business owners real freedom through the power of delegation.



Mandi Ellefson

James: James Schramko here. Welcome back to SuperFastBusiness.com. This is episode 900. And today, we're talking about stepping away from the day to day. To join me in this discussion is Mandi Ellefson from handsoffceo.com. Welcome to the call, Mandi.

Mandi: Thank you so much for having me, James.

From solopreneur to hands-off CEO

James: I know this is a hot topic for my audience, because pretty much everyone listening or watching this has a business. And at some point, generally, certainly in the beginning, we are the business, you know, we hear this expression of solopreneurs, which I think's an outrageous position to be in a market. It's like, get out of that as quickly as possible, is my sort of screaming siren, please don't build a solopreneur business if you can possibly avoid it.

We go from that to sometimes getting a little team. It's an area where I've done a massive amount of work with my own clients building out teams, reengineering their business, bringing a lot of the stuff that I learned as a general manager. And it's the same program that I went through from my own journey online, just to get a few layers back so that you can actually have a decent business that doesn't choke you to death.

Now you're somewhat of a specialist in this exact arena. It's about getting people away from being in that frontline doing absolutely everything to that magical, mystical unicorn, Nirvana, pot of gold at the end of the rainbow position where their business is actually running, and it's not just pulling them underwater all the time. You can probably describe that better than I can.

Mandi: Well, three words describe it, hands-off CEO. That's what encompasses that. And yeah, it really allows you to get to a point where this, you said the word, Nirvana, Zen, whatever you want to call it, but it gets to a point where you're able to really take advantage of all of the years that you have been building up your company.

And it's this point where there's this quantum leap that happens in your growth, when you're able to let go. And I say, able to let go, because a lot of it's a mindset shift. And there's a mindset shift, there's also like, actual systems and processes that go in it. And there's some other things too that I'd like to talk about as well that are really like the missing piece that nobody's really talking about, within the context of upscaling, and really having a company that can run without you.

James: Yeah, I definitely want to find out what that missing piece is, you've put a nice big fat hook there. So let's just establish how we got to meet. Firstly, you came through a mutual friend of ours, [Ron Reich](#), he's a wonderful business coach, I've been helping him lately grow his own business and doing some wonderful projects with him. He's a good introducer of high-level people.

And when I first heard about what you're doing, I thought, Gosh, it's kind of similar to what I do. I imagined we'd have lots of things we could talk about. So we had a little discussion. And it turns out, we did have lots of things we can talk about, we've had some similar experiences, we've had some different experiences where we can help each other.

And I think you've discovered that, as I have, that some of the things that we just know are not well-known out in the market and seem like some kind of alien language to the average business owner. And that's what I want to do on this podcast, is I want to bring some ideas, make this an actionable episode for someone who's got a business, but they're feeling like they're just a bit hands-on, they're a bit too deep in it that they can't really take a day off, or a week off.

Or that every time they open their laptop is just a clusterf*ck that they have to resolve or fix. Or they keep having thoughts like, Oh, this is the wrong person. Or why aren't they doing what I told them to do? Or, why is it so hard to hire the right people? Or am I ever going to be able to sell this business? Or Gee, I wish it was back in the old days when it was just me, my life was so much simpler.

I hear these things a lot when I start out with people. I've got my own methods of dealing with it. I know there are programs out there that people can get, there's endless books on it. There are systems, you can go to workshops and everything. But what I have found is that not all of them seem to actually work for my clients.

And partly, I think, is, and this is very evident for me in my coaching, that if I have a cohort of coaching students, that each one of them is so different, the metaphor I've come up with is that I'm like a zookeeper, and they are just completely different animals. I've got zebras, I've got lions, I've got penguins, I've got monkeys, I've got crocodiles.

And you don't put them in the same cage or feed them the same food. They need their own space, their own environment, they have a different... Some of them sleep at night, some of them sleep at day, for example. So they're just so different. I think what I found as a coach is that being able to adapt to my clients has helped me unravel their puzzle. But gee, they get themselves bent up into some weird situation. And I'm wondering if you've found the same thing.

Mandi: Yeah, I definitely do find that. And I'll just first go from, the context where I'm coming from is that we work with consulting companies, like consultancies and agencies. Not the solo people, it's the ones who are wanting to build a multimillion-dollar, hands-off CEO company, a company that at one point, it's going to give them freedom, that at one point, maybe they want to sell, it gives them options, right?

So I say that within the context, because a lot of the advice out there for what it takes to scale a company doesn't actually apply very well for service companies until they do this one really important piece first. Do you want to go there?

The thing you need before the rest of it will work

James: Yeah, you got my attention.

Mandi: Okay, yeah, so here's the thing is, is that the popular scaling strategies are all about systems and all about hiring people. Now, here's the problem is, is that you just go in and build systems. First of all, it's going to take an enormous amount of your time, it's like, Hey, I'm just going to go lock myself in a room, I'm going to build all these systems.

And then you hope that people you hire are then going to go follow those systems and take on ownership for them, which is not really the way it works oftentimes. I'm sure you've seen the same thing with your clients.

James: Yeah, it's like, I never even recommend someone sit down and build out the SOPs, if at all possible, I have them have their team member build the SOPs, since they're the ones who are actually going to be doing it. And I've said this before in my podcast, I don't even know some of the SOPs in our business. I know they're there, but it's irrelevant to me, because I'm not the one operating the tools.

I've talked about [tool rules](#), for example, that we have in our business where if we're going to have a tool, we should absolutely have to have it or else doom and destruction. If we do have a tool, then it should be the best tool for what we need. And that's certainly the team's decision to research and discover that tool, not my mandate.

And the third thing is we have to know how to use the tool. So I'll pay for training, I'll encourage them to go deep into the tool. But at any time, and I constantly review this, I'm like, do we still need this tool? Do we still use this tool? Do we like this tool? And they're like, No boss, we no longer use this, or we think there's a better tool. I'm like, Go for it.

I hear what you're saying, like every single person I've ever heard say, We've built out a company wiki. I'm like, Do you use it? Does the team use it? And they always say no. It just becomes this absolute crazy mess of - it's an elegant theoretical idea that you could have this one user manual for the whole business in a wiki. But I've rarely seen it executed.

Mandi: Well, and a wiki to me also sounds very static, right? We're living in a dynamic environment, so I mean, just since we're talking systems real quick, we actually like to use ours within a project management system so that we can really change that, we can check things off as we go. But so anyway, that's what a lot of service-based companies that are custom think they need to do, is just go build out some systems, and then we're going to hire these people to do that.

Now here's the problem is as well, you have these people that are now, how do you afford to pay people high enough salary? And by the way, it's like, raising at tremendously high rates right now. So how do you afford people to pay to run all those systems and processes? And so that's the dilemma of like, the typical scaling advice.

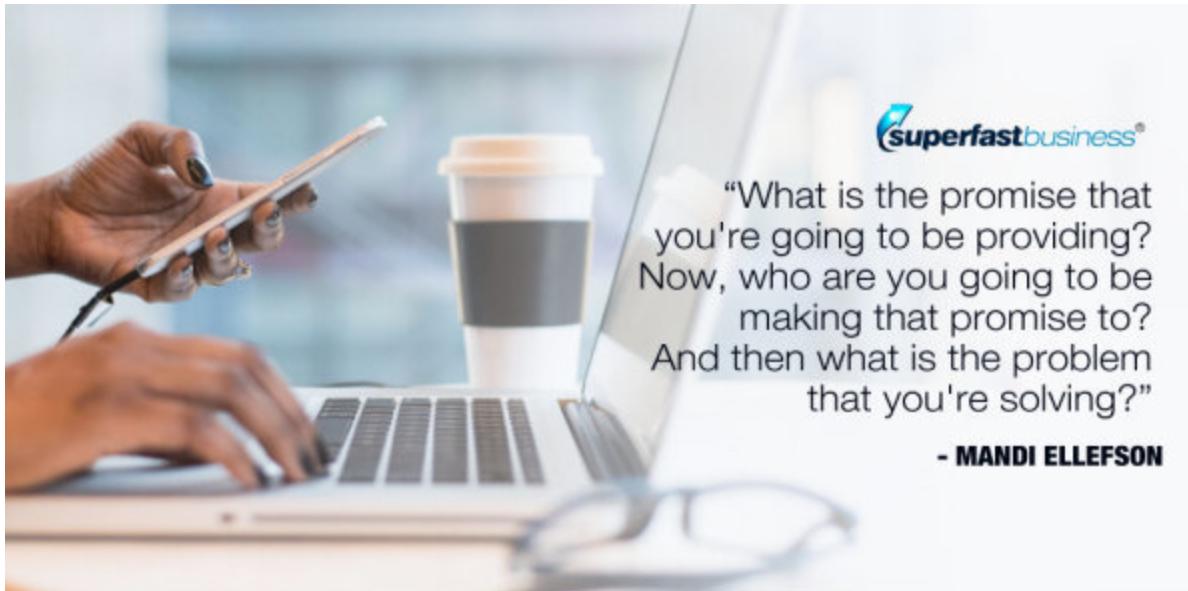
The other side of it, too, is that, well, you know, we just need to productize this. And so with the concept of, why don't we just go and treat this really high-ticket, high-level service that creates these amazing million-dollar results for our clients, Let's treat it like a hamburger or a pie and just systematize it that way, and we'll productize this service.

Now, the problem is with that, you go from being able to charge a nice, high fee that gives you margin, now down to a low fee. And now you're competing with every service company in the world that does anything close to what you do. So you've commoditized your service. And now, you've given yourself a new job that's harder. How do I sell this? Because nobody wants it, it's not valuable.

It's not valuable to go do, for example, we're going to do a social media post package. Like, that's useless, it's not going to do anything, it's just putting noise out into the market. What they really want is, like, real growth. So you need to have systems built around more expansive outcomes. And I'm saying outcomes, not like an increase of traffic. No, no, no, it's like outcomes, like this increase of traffic is going to increase this number of sales appointments, and then you're going to actually generate this amount of growth.

True experts can do that. They have that ability to be able to project, like, these are the kind of promises that they can make. So it's about being able to build a bigger promise. So you can charge a higher price point. So you have a much higher margin. So you have the cash flow, and the profit to be able to hire people to actually build those systems, and run your company so that you actually have the time to go out and scale it.

James: Right. So just to summarize that, the thing that most businesses are not focused on is building a bigger promise or creating a better outcome for their clients. Because if they did that, then that would pave the way for everything they need.



Mandi: Yes, a bigger promise is a promise that their ideal clients actually want. And when I say a bigger promise too, it's also looking at the bigger promise for who? So what is the promise that you're going to be providing? Now, who are you going to be making that promise to? And then what is the problem that you're solving?

So solving the problem of, you know, we're short-staffed, and we need a graphic designer to come in and help us with this graphic design, that's one problem you could solve. Or, we want to go in and add \$5 million to our company, and maybe part of the package is graphic design, and a lot of other things that are actually going to help them add \$5 million to their company.

So like, it's looking at, what client type could we work with that we can offer a much bigger promise for, and then that gives us the ability to charge a lot higher price point? And then you have that ability, it makes sales so much easier. And we have it broken down to we call the power of ones frameworks.



Discover the power of ones

So the power of ones framework, so one client, one painful problem, and one outcome or promise. And when you get those three down, that's like hyper niching. And that's when you can really become an expert in this. Like when you go and you go out and you do your prospecting and your marketing, it's like shooting fish in a barrel, it's like, it makes it so much easier.

And what we've seen is that within three to six months, our clients get so filled with good high quality clients that they're charging double for, double, triple, quadruple for, because they're so focused on who they're actually going to be making these promises to. And that's when they run into, Okay, now we have scale issues. And that's when we're really getting to the place for, you know what, how will we be able to get this company to run without me?

James: I like this. So it's one prospect, one problem, one promise?

Mandi: Yes, one prospect, one client, one painful problem. I say painful problem, we like million-dollar plus problems. And one outcome or promise.

James: I like that a lot. It really sits well with me. One of the things I teach is having an [offer that converts](#). The reason people can't scale in the initial stage is they don't have money to scale. You said the exact same thing, is what I believe. And the reason they don't have money is they don't have a good offer. And what you have done here is really make a distinction here.

When we're talking about the offer, that's what the promise part, what the client's willing to pay for. And I love how you changed the client's problem. You've reframed it from we need a part-time designer to maybe design's part of the overall solution. But what you really need is this. It takes some real skill and ability and confidence to say to a client, Hey, perhaps you're asking the wrong question here, or you're looking at it a different way than you could look at it.

And I think that's obviously, whether you do that subconsciously or whether you're doing that on purpose, it's such a great technique as a coach to be able to say, Hang on a minute. There's something you're not seeing here. I like the tool called the Johari Window. And it's a little four-grid box. It's so lucky that I discovered this.

I may have told this story before, but I'll just repeat it in case I have some new listeners. But in 1995, I started my job at BMW as a salesperson. And I was very, very excited because it was brand new. It had sales executive written on the card. And it was like my lifetime achievement. And then I thought, Oh, crap, I'm a car salesperson. But I got over that, because I really, really needed the money.

And I inherited a desk from a guy who'd left, and he'd gone off to another dealership. And his name was Gary. And when I looked through his folders, he had these great notes. And he had written down this Johari Window, and then I researched it more. It basically shows you that there's stuff that you and I know, there's stuff that you know that I don't know, and there's stuff that I know that you don't know, and then there's stuff that neither of us knows. They're the four different quadrants.

But the real value as a coach, obviously, is the stuff that you know that your client doesn't know. And when you see something so obvious is that they're solving the wrong problem, or they're solving too small a problem is what I'm really picking up here. If one change you could make as a result of this particular episode is you look at every problem that comes your way from now and you say, Is this the right problem to be solving? Or if this is a small version of the problem, what would the bigger problem actually be? And how can I just leapfrog?

And this is an innovation technique, is to reframe the things that are coming to you. It's like that person, you know, in life, everything that happens to them is a negative, This is bad. And that's bad. I'm like, Oh, come on. You're an able-bodied functioning human in Western society, how bad is bad, really, on a relative scale of things?

And so when you reframe things, or you change your lens on this, then there's huge potential. But I think the single best thing you've said, so far, among many good things, is the promise. How can you get a bigger promise for your market? And that really is the secret to bringing open the floodgates of success.

Let's make this actionable

Mandi: Yeah, and you know, you wanted to really make this actionable. So maybe we could go into how you can make this actionable within your current clients. As of recording, this is more towards the end of, yeah, we're in quarter four. And this is buying season, right? So your client's looking at their budgets for next year, saying, you know, What do we want to invest in?

And I use the word invest very intentionally, what do we want to invest in? They don't want to throw money at something, they want a real investment that is going to be very high-reward and low-risk. So we could look at our clients, we could look at prospects that maybe you've had conversations with and this is a good time to get them back on the phone, say, You know what, I have another idea for you.

And looking at, well, because they have this size of list, I'm just going to give you some different parameters. So when we're looking at services that we can provide and the clients that we want to work with, I call them our soulmate clients. So I want to look at what are the factors that we need to have in place that I know that if these are in place, we're going to be able to really hit it out of the park.

And the best place to look for those are in your past client. Your case studies, your client results, right? So for example, for us, if we are working with clients that have at least half a million to a million dollars of results for a client in a year, like, they can generate case studies at least worth multi-million dollars, oh man, it's going to be so easy to be able to help them position their offers to double their fees.

If we don't have that, man, it's going to be a problem. It's going to be a problem. We can help them do it, maybe, but then they have all these mindset issues. And so like, it's looking at what are those factors you need to have in place to be able to deliver your very best results, and then eliminate every other prospect that doesn't have those. And then it just boosts your confidence when you're showing up to sell.

And so just liberally looking at it and visioning with them, I love that. The matrix you were talking about where you can see something that they can't, and this is where you can really add a lot of value because, I know James, you do this with your own clients too, that's why they come to you. You can see a vision for them they can't yet.

So this sales process is looking at really this unfolding, this opportunity to discover what's really possible for them. I call it visioning. Vision-based selling is like looking at, well, what can you see for them that they can't see yet? Like, based on the data points that you have from working with your clients, as an expert, you know that if they have this, this, this in place, you can generate these really amazing results.

So what are those things are and really project out, what could you do in a year? What could you do in two years? What could you do in three years? And really sell that longer-term vision. And when you do that, so, because I think that what happens is, is that because prospects are stuck in this like, well, you know what, let's test this out for three months, type of mindset, which, you know, James, doesn't work, right? Three months is not anywhere near enough to test any growth initiative. You really need a good six to 12 months.

James: It's like when people say test, it makes me laugh a bit, because I've worked with clients who have like 10,000 sales a day, and they do tests on their traffic. And they see, over time, the test result might go up and then go down. Like, most people have nowhere near enough information to be able to even do a remotely valid test, when it comes to the, I'll just test it. Just test it is a bit of a throwaway. It's a funny thing.

I like to think of it more as a pilot, we'll pilot something. Like, I've just scrapped something yesterday that I did about 18 months ago, I started it, and I've gleaned what I need to glean from it. And then I've switched it off, because - I know it's a different topic altogether, but what I don't see people do enough is recalibrate, delete, purge, reset, remove, and take away from all the stuff they've got.

And we were talking about this before the show, about how much stuff people can keep in their house, right? And garages. But it's such a perfect metaphor. People just keep adding and adding and changing and adding and changing and adding and never really pulling back. And you just said it, remove everything that's irrelevant once you know what works for your clients, just don't target the ones that don't work, put the filters up, have the thing.

And in terms of what the client's vision for what you can do for them, that's a really interesting one. If they don't have belief that you've got the vision for them, they're not going to go ahead. And one way that I have found that's quite successful, sort of a go-to tool in my toolkit, is when I'm working with someone and they say, You know, we've pitched all these clients, they've said yes, but they haven't bought or whatever.

Over time, I just say, Look, could you just send them one email and just say, Hey, there, I'm just wondering why you didn't buy. And boy, the reasons that come back from that. One of my clients had, like, a 100 percent response rate to that email. And they sold three out of the four that were sitting on the fence, because something became clear that wasn't visible before. There was like, they had a concern or a question, or their timing wasn't right or whatever. But getting it back on track was easy, once you can recalibrate the vision and the trust in that vision.

Mandi: I love that, and it really gives me some great ideas too. So do you find that that works for high-ticket services, too? And if so, like at what stage would you send that? Would you send that to them after?

James: In this case, it was a high-ticket service.

Mandi: Do you make a proposal or just the whole list?

James: I would send it to people who had expressed an interest in purchasing and somewhere faded away. So it could be someone who's in a cart abandonment sequence, someone who your sales people have called three or four times and then you get ghosted. Someone who interacted with you last year and then it just never happened.

In super high ticket and a small database, you might even be thinking, Oh, gee, I wonder whatever happened to Freddy. They were sort of very interested and then just faded away. Obviously, you'd have a good system or CRM system that's following up and you're not letting people slip through the gaps. But unfortunately, that does actually happen.

If you could round up the people who at one point look pretty positive, but for whatever reason didn't go ahead, but you don't know the reason, and this actually, the foundation for me doing this goes back in the car days, we used to have the receptionist have a tracker, we called it a tracker. And it was back in the day, this is before Cloud, we had a G Drive in the dealership, you know, like this hard drive that was shared between all the terminals.

And there was a spreadsheet, before Google, it was like a Microsoft spreadsheet on a G Drive, at reception, and when someone phoned in, or walked in, the receptionist would type in the time and the person, you know, man in red jumper met with Charlie. And then as the sales manager in the back office, every day I would pull up the spreadsheet.

And then in the morning briefing, every single day, I'd say, Hey, Charlie, what happened with the man in the red jumper? And they'll say, Ah, you know, he ended up buying a BMW X5. And I'm, Okay. So I had a column in this spreadsheet that was lost sales. And I needed a reason. I wouldn't give up. I wanted a reason. If they didn't know why the customer didn't buy, I'd ask them to call the customer up and ask them why they didn't buy.

And at one point, we were selling the M-Class Mercedes-Benz, when it was fairly new. And the BMW X5 started taking some sales from us. I saw this correlation here, where lost sale reason was BMW X5, BMW X5. So I'm like, D*mn it. So we went down to BMW, and we got an X5, and brought it back to the dealership. And the next morning, we did a sales briefing with a walk around of our competitor model.

We're like, Guys, girls, here's the BMW X5. This is what's taking our sales, we need to pull this thing apart and understand what's so good about it, what's so bad about it. And then we're armed now. And from that day on, we had new information, and we could reset the vision of the client. We could say things like, Oh, look, it looks like a great car, but have you sat in the backseat? And then they say no. I say, Well make sure you do that before you sign on the dotted line, right? Because it used to be quite cramped. So we'd find all the weaknesses, and we'd make sure we put that into our story.

So anyway, I basically incorporated this back into my business, especially if someone's a subscriber and stopped subscribing. If you're ever a subscription business, which a lot of my clients do and which I have, it's very important to understand why someone's leaving. And if there's something there that you can program back into your sales promise to put back into your service delivery that would stop someone leaving in the future, then that's a very powerful process.

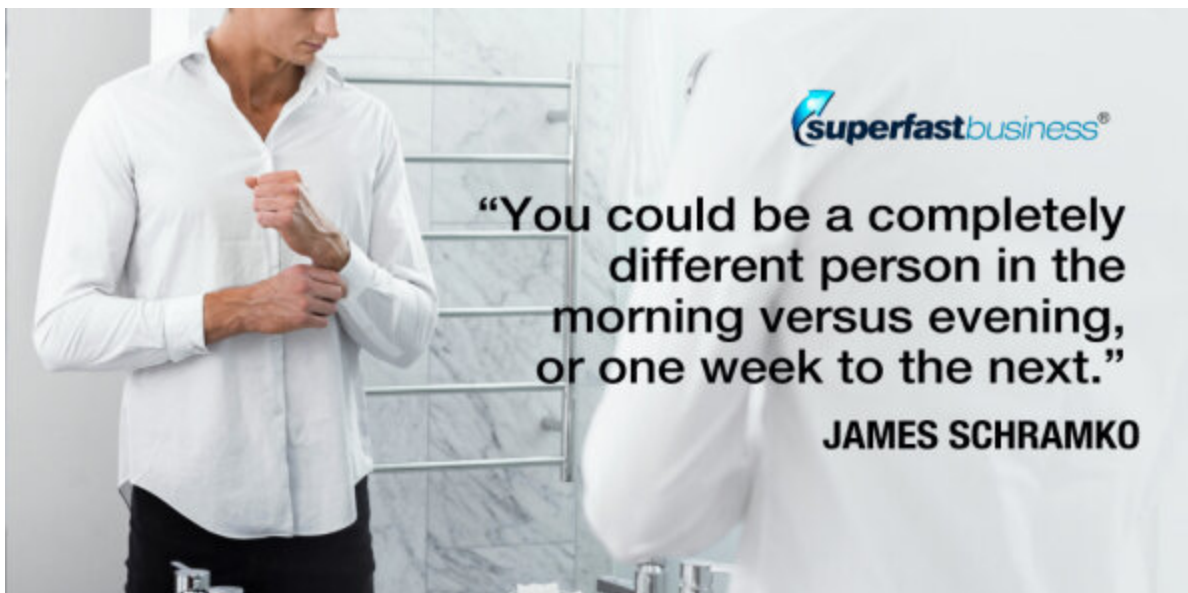
So I definitely recommend that someone tries that, because it's tying in with what you're saying, the greatest gold mine is probably your existing database. And I even created a whole campaign around winning back old clients, because I think you said this before, right, that your systems will change over time, there's a good chance that your promise will change over time and your service ability will change over time, and the clients you work with will change over time.

And it would be wise to go back to the clients you've dealt with in the past, under an old set of circumstances, and to say, Hey, here's something interesting that's happened. And this is what's new and different and changed. And we'd love it if you want to have a look at this and see if this is a good fit for where you're at now. Because clients change too. That's the other dynamic.

Over a year on year, the client is going to change. It's fascinating. I just saw a guy post on Facebook. And he's now teaching people personal development. He's teaching people how to do transformations. And I remember this guy, he was an early member of my community, 2009, 2010. So over 10 years ago, he was the most depressed, bipolar, negative, could hardly implement anything, everything was a failure, wouldn't take responsibility.

I even met him face to face when I traveled to his country outside Australia. I put so much work into this guy. And he was just a mopey, down sort of a guy, and to see him a decade later, be a personal development enthusiast and a transformation coach, I celebrate that for him, because I know how qualified he must be, how difficult it would have been for him to overcome that journey. But basically, that is not the same prospect that I was dealing with 10 years ago, he's a completely different person.

Even on a cellular level, our body changes its cells on a regular basis. We're not even the same person as a year ago. And one really interesting study, and I will promise I'll hand the mic back in a sec, that I saw was, you know, when they do those profiling and they go, you know, you're this type of person or that type of person or whatever.



The reason I'm quite skeptical about that is I've seen some research data where they constantly did this profiling over time. And over a long time set, they realized that people oscillate between all different profiles, not only over years, but over months, or weeks, or days, and even time of the day, you could be a completely different person in the morning versus the evening, or one week to the next. And so that fascinated me.

Anyway, what I'm saying is, it's worth getting in touch with old prospects and old clients, because things have changed. And you may have a new opportunity from what you've probably already disregarded.

The value of an expanded vision

Mandi: Yeah, I completely agree with you on that. So I actually was going to share a story about how we've seen the expanded vision, this is actually with a brand new client, we're just getting her started with our Scale to Freedom program.

And the objective of it is to help them create an offer that they're really confident selling for at least twice the price point. So before we started working together, she had already made this pitch, it was like kind of an RFP process where they were going around to these different agencies and this client was looking for the best kind of agency to work with.

So they were going to them and saying, Well, we want to have this SEO done, right. So she said, Okay, put together a proposal for SEO, and then she just put it out there, didn't hear anything back from her at all. So she was like, Well, you know, what can I do here? So we looked at it and say, Well, why don't we actually go back to her and get her back on the phone, say, you know, I have another idea here, let's take a different approach.

Because what she knew was she didn't want just SEO, what she wanted was 10 new clients a month. That was really what she wanted. So she said, You know what, I have an idea for you for how we can help you bring in 10 extra clients per month. So what she did is she actually expanded the vision for her, she increased the price point, this was after her initial proposal, increased the price point, and it more than doubled her fee, and also created a longer-term engagement.

We encourage our clients to do at least a 12-month engagement for their clients for a whole growth program, not just like, we're tying you into a contract, but it's like, this is a growth program and we're going to be going through these steps, right?

So in doing that, she was able to win this business within this RFP process, which I'm not necessarily recommend that you go and spend your time in RFP processes, but she was able to go and double her price point after she'd already lost control of the sale, really. And that was because she expanded the vision, she was able to help them see a bigger pathway for how she can grow her company.

James: I love that. I had a client the other day asked me to review their website, which was their sales page, essentially their offer. And it was to a particular industry. And it was, like, a medical industry. And it's like talking about growth and leads and blah, blah, blah. And I replied back, and I said, Don't your clients just want patients in their office? Like, isn't that what they actually want?

A growth program versus a contract

And they're like, Yeah, really good point. I think sometimes they get caught up. That's such a fabulous expansion of this idea about two things, right? The growth program, that's such a better way of talking about it than a contract or a lock-in period. Because one question I get asked as a coach a lot, you know, is there a contract?

So I think a lot of people have been gunshy from signing on the dotted line and putting their name on a contract, because contracts are risky and involve expense and calling that a growth plan is good. One thing I do with anyone who's got an agency is I discourage them from doing proposals. And we renamed that one to an action plan or a strategy guide.

It's small semantics here with big outcomes. It's avoiding trigger words, or inflammatory phrases that can flip a customer straight into, you know, put the barriers up, like the Thunderbirds, probably giving away my age too much there. But it's basically just going to shut a customer down if we use words that they've tied to previous trauma. So I love it.

So this growth plan sounds great. They've focused on the promise and what the customer actually really wants. That is definitely the highlight of this particular episode. If you've listened to this or watched it, go back and have a look at what you're offering your market and see if you're promising the right thing. Or if it's even bold enough or big enough, maybe you're capable of so much more.

And I've got a classic example of that in my own sort of stable at the moment. I've got one client that grew from virtually zero to \$850,000 in 18 months. And he's got a sort of fluid offering, versus being a hyper niche practitioner of a particular specialty. He's more adaptable, he's like, he meets the customers, and he will automatically find what they're really looking for, and then promise it. And then he'll build around that. It's fascinating.

It basically goes against the convention of just about every wisdom that's out there for scaling, growing a business from a lot of the niching and do this one thing and systemize and product and all that. He's not doing that. But he's just finding opportunity on opportunity on opportunity. And what I've done with that is what we just talked about.

I've said, Okay, now, before you just get completely out of control, I think it's good to go and look for the patterns within your client base. Which are the premiums? I've made him score the [effective hourly rate](#) for each product line that he's offering within his mix. I've made him score each of the clients for factors, like how much joy do they bring? How much impact can he actually make? How much value do they bring as a testimonial, or a case study or influencer for other people just like them?

How much profit is involved in this? And we've now been doing those two things, been able to guide the compass a bit about being strategic on landing ourselves right in the lap of the absolute perfect person who resonates with that offer. I say offer, you say promise, but it's more or less the same thing. That's such a powerful lesson.

What to look at when evaluating niches

Mandi: Well, I love that criteria that you have. And there's 13 points in the criteria that we look at when we're evaluating niches, too. And a lot of times, the niches that we're looking at for our clients, a lot of times they're adjacent. But a lot of times there could be niches that can be two niche down. But then you don't want to go too broad either.

So sometimes it's like an adjacent type of market that maybe they have all the characteristics of a different type of client you're looking at. But maybe they have more growth in that industry, right? So it's, like, finding the different factors there too. But I want to go back to what you were sharing about this case study for how he would go into these companies and be able to create that custom plan.

And while that might not seem like the most scalable thing, and it's not, but it's very leveraged, it's very leveraged, you can charge a lot. And I would imagine too that he probably could get a nice percentage on the back end of that if he wanted to do it, because he's actually like, bringing real solid results.

James: Just on that, he said, I want to figure out what other things I can offer these customers. And I said, Just ask them what they already pay for. And he'll find his related categories within that. Because he could say to them, Oh, actually, we can do that too. And we can do that as well. Like, they're already spending money probably on things that he's more than happy to supply, because he's so good at being a generalist.

Mandi: Wow, that's brilliant. And here's the thing is, if you want a more of a solo-based business, that's a good model for you because you can really have a good margin that way.

James: The thing that he's done that's stunning to me is he's got team. He's got one partner who is really good at nitty gritty, under the hood stuff, doesn't like to talk to customers. And this guy is like an opportunity magnet, he just finds deals, opens up the clients, has them increase their spend after several months.

And he's got team. He's got lots and lots of people doing things in the background, which is where I'm obviously been able to help him a lot, is to get some structure that what I look for is what's the pattern here? What is the repeatable work that could be applied? And I love what you're talking about, related categories, because I encountered that when I had my SEO business.

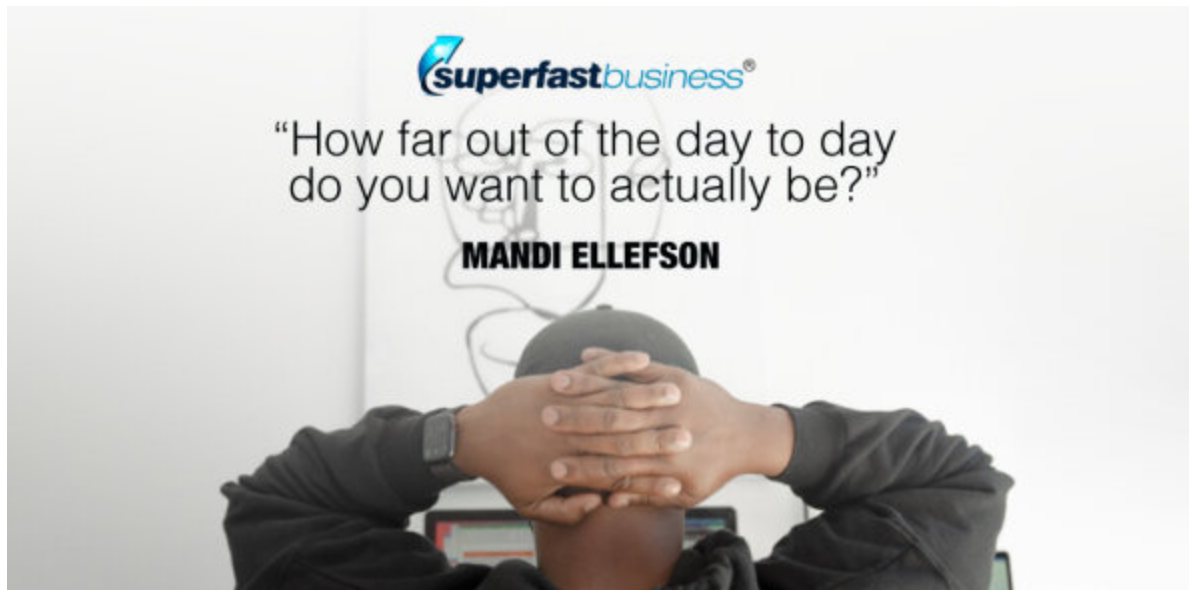
We found a goldmine in the sort of cousin of SEO, which was reputation management, where people want to actively take control of their brand, sometimes retroactively, like they've encountered some trouble, and they need to get back on the tracks, which the work I didn't really like. But there is a side to reputation management is hey, and that's by the way why I got into SEO in the very first place, because I had an IMDB listing, and I wanted to outrank it.

Anyway, it's good for us to be able to control our own brand. And so reputation management was a nice way of talking about positive SEO, not just the traditional rank my brand or rank the key phrase that someone's looking for, it's like, how do we build our reputation of a business and a person very actively.

So that was a side cousin that, basically, it was very little competition for us. And we were able to have a whole team and division working on just that stuff. And it was super high margin.

Identifying the exit you want

Mandi: Yeah, and I want to go back to that case study once more, too, because, in keeping with a promise of like, how to actually get out of the day to day of your business, because we talked a lot about sales, we talked a lot about offers. And I think this is a good example to use, because here's the thing, is he's able to get out of the day to day with the delivery, but he's not out of the strategy, which is fine, right?



And that's actually, it's just understanding how far out of the day to day do you want to actually be? And there's different levels, and we have five different exits that we teach with our clients, five different exits to be able to get out of. And the fifth one is really getting to a point where you're installing a new CEO, and you can either sell or have the company run without you, and like, just bringing the cash cow company, the cash cow company will actually bring in a whole lot more money than selling it, actually, but it gives you options, right?

But that third exit is actually around client strategy. And you can decide at some point, do you want to hire that person? But you know, as experts, a lot of us, we don't want to let that go. Because it's the part that you really enjoy. So that's a real judgment call for if you even want to get out of that. But do we want to go any more any deeper into that, like how to get out actually out of these different areas of your business?

James: I think so. Here's a couple that came up. It's a good point you raised. Some people don't want to, other people are desperate to. So where you are on that scale is very interesting.

Here's one that comes up a lot. I coach someone, they go really well, they're smashing out of the park for their clients, the clients are big and pay lots of money. Inevitably, the client says, Hey, we want to buy equity in your business or buy your business. And we want you to work in that for a few years, you know, basically becoming an employee. And they get tempted by massive payouts, because they get equity swaps, or whatever, and they might make tens of millions of dollars, maybe, down the track if it floats or all of that.

And usually, I say, Well, do you want to be an employee? Because that's really a yes or no question. And inevitably, they say no. Most of the people I'm working with do not want to be an employee. And I'm like, why would you become an employee on the maybe chance of decamillions? Or why don't we just build your business? They could buy it with no earn out or contract for you to keep working there.

For that type of person, that's usually going to work. But I'm really curious what your five exits are and how you would get to that position? I've got a little bit more time if you want to.

The five kinds of exits

Mandi: Yeah, absolutely. Let's talk about these five exits. And they're over about a three-year period of time, it depends on where the company is at, because you can get through it a lot faster. We've had companies go through this as quickly as six months, usually some external event that has forced that, because we've seen family emergencies that have really collapsed those timelines.

So the exit one, and this is what we want our clients to complete this in year one, at the very least. So this exit one is getting out of client management, and we call our client management escape plan. So what is it going to take for you to get out of the day to day of managing clients, definitely out of the email and out of client communication and like, really putting in place a client success role within the company so that you're not the one doing that? Because that's a huge amount of time. And it's draining.

And really, we want to just remove you as the doer. And if there's a strategy role in the company then just you be up there to be the brains, not the hands. You want to just be the brains, because that's the highest level, the high dollar amount, you know, that's in the thousands of dollars an hour type of activity. And you know, when you go back to talking about, you're talking about how much money you make per hour for these different offers.

Now, if you evaluate that based on how much you'd make if you were out of more of these things, that dollar amount per hour is going to jack way up. So that's one thing to be thinking about. And also another exit, this first exit out of project management, which is different, sometimes you'll have the same person doing both of those roles, actually. And this is really where you're developing an operations manager to run your company.

And really the benchmark here, you should be able to leave your company for one to two weeks. And you should be able to leave, completely turn off your computer, maybe answer a text here and there. But I'm talking, like, maybe checking in twice over a two-week period of time. So that's exit one. And that exit one, if you're out of that, and if you're focusing your time on the high value offer, you're focusing on selling it, you should be able to get to \$100,000 of sales a month of cash coming in. That's where you should be at, within that. Or a lot higher, if you're already beyond that. Does that make sense?

James: Yeah, totally. It's interesting you've mentioned two benchmarks that are close to my heart. 100,000 a month and \$1,000 an hour. That's literally like the SilverCircle standard benchmark that when people ask me, what would be a good effective hourly rate? Like, everyone wants to make seven figures, right? Until they make seven figures, and then they want to make 10 million.

Mandi: Yeah, and I have a little sticky note. And maybe I'll just show it right here on my computer that says, is this 30 minutes worth \$1,000? That's just like a little barometer.

James: I had a sticker that said, [Would Richard Branson be doing this?](#) And it was exactly the same thing. When I was at the car dealership, I had 1000 written on my thing, that was how many cars we had to deliver in a year.

Mandi: Nice. You like the 1000 number.

James: A thousand's good. But honestly, six figures per month is like the altitude level where if the plane would have dipped below that, you'd get out and start paddling as hard as you can. Like, I think the thing that blows my mind is what's possible in a hybrid situation where you've got a high-performance team with low management stress, a great business model in a good market where you can have a fantastic income, and still have a handle on the hours per month.

So there's so many dials on that switchboard that you can play with. And that's where someone like you or I can see, you know, first, we've got the switchboard, we know what things are possible to move. That's step one. Two is to move them. You said before that I often have the vision of a client's future before them. It's like, that's absolutely the case, where I know what they're capable of.

Like, sometimes I just get, like, goose bumps of pure excitement when I see what someone brings to the table. I'm like, Oh my god, do they even know how good this is going to go for them? Like, that's some of the most fulfilling work.

So number one is you're basically able to leave your business for a couple of weeks, and you've got someone in there. It's like being in a client account manager or having someone manage your projects so that you're not doing that stuff.

Mandi: Yeah. And on these axes, there's a growth side of it and a capacity side. So the growth side, like that's around some of the things we talked about earlier, and then the capacity side, those are the things to get out of, so you actually have capacity to be able to keep growing. Because one of the things that I see where a lot of service companies, they get stuck between, you know, \$30,000 and \$60,000 a month or so, US dollars, because that's where they really run into this capacity crunch.

And they think it's all about systems, they think it's about team. But the problem is that their offer's wrong. And the problem is the operations experts don't know this. So they're going to sit there and they're going to bring their hammer out. And I know this because I came from the operations world, but at the same time, I always knew that there was something, I would only work with people who had their marketing and their sales figured out because I knew that that wasn't a piece that I could offer at that time.

We do now offer it, so we have the sales marketing operations when you have them all together, and I know that you do too. That's why what you do is so effective.

So anyway, let's talk about year two. And this obviously can happen sooner but then there's a few exits that can happen in year two to year three. And this is where you can really accelerate growth quite quickly because the people, the team is already placed, the cash flow is in place. And this is where you can really scale marketing and sales.

You've been building out the capacity, so this is where you can step out of marketing and sales and implementation. I think you can get out of some of the marketing and sales implementation a little bit earlier than this, too. But like, this is really where you're having a more defined role within this, where you're able to let go and have less oversight on it. So that's one of the next exits.

And then exit three, this is where you're getting out of client strategy, where you're hiring and training a strategist. And this can be challenging. But this is where it's so important, where you go back to that high value offer we talked about with the power ones, to be really clear on the one client, one painful problem, one outcome.

Once you're clear on that, once you know the promises, and now your operations manager can work backwards and they can reverse engineer building out all the systems for that. That's really what will allow the strategy, because you're going to be building out frameworks as you go. And it'll allow you to be able to step back from the day to day with that.

So hiring, training the strategist, sometimes you can train them even within, it just kind of depends on how dialed in your systems are for how you deliver results. And like, how you really create that magic. And some CEOs never want to exit that, and that's okay.

And the next exit is the high-ticket salesperson. And this might be swapped, right? But low-ticket sales, you want to exit out of that a lot sooner. But high-ticket sales, we're talking like 50,000 to 100,000 plus. Oftentimes, this is definitely, you know, \$10,000 an hour type of job, right? So definitely worthwhile for the CEOs to continue doing for a while, until they really have it nailed down.

One of the biggest challenges that I see for service-based companies is like, we don't have enough sales. So we're going to hire a salesperson, and they do it way before, I mean, I can see you're almost laughing because you've probably seen this too, right? They don't even know how to bring in their own sales.

So they're like, I'm going to delegate this because there's somebody who's going to be better at this than me. And yes, it's true. But someone who's a lot better at it than you, you're not going to pay them nearly enough for them to figure out all of that for you.

James: Salespeople are like gelignite, you know, like, that could be one of the fastest ways to grow a business. And they can be one of the most frustrating and difficult hires to place if you really don't know what you're doing. I mean, I used to hire sales, we had 21 sales people at one point. I've hired so many salespeople and trained them.

And the good ones are amazing. The bad ones are awful. And there's a lot of bandits out there. But you want to have your system so dialed that it's very easy, you have massive visibility on if they're succeeding or not. You want to be able to hire multiple salespeople. And then from then on, it's away.

But certainly in my industry, I'm seeing people sell in different ways, selling via email, selling via chat, selling via phone, selling in groups. But it certainly doesn't have to be the founder. So if you are the founder, and you don't want to do the sales, it doesn't have to be you.

Mandi: No, it doesn't, and I would recommend to get the appointment setting delegated that way earlier. That's where the marketing and sales limitation comes in. And the exit too, right? And, I mean, really, as soon as you have the capacity and you have a really good solid offer, you can hire that team, the business development team. I found that finding a really good growth partner that can help you set those appointments is going to work better than you trying to train somebody internally and hire someone.

That's, for me, testing a lot. And I know exactly how to do it. I've done it myself. I've trained people on my team to do what we've been successful. But what I found is that the market shifts so quickly that your messaging gets outdated and if you are the one who has to be running your team to do that, unless you have another high-level strategist like yourself on there, it's really easy to get pulled in, and that's why we started outsourcing it, because it's not an area in the business I wanted to be in.

James: Yeah, there's lots of areas you could say are true, I like the hybrid of having team and then external contractors who are on the spot. If I look into my [Slack](#), it's a mashup of internal and external suppliers getting the sum of the whole thing running. And the magic for me that I love the most, I call my Slack magic Slack, is when my external contractors are discussing things with my internal team to point people, and I'm just, I can see it, but I'm not involved in it. I think that's ideal. And you can probably do that with your appointment setters as well.

Mandi: Yeah, absolutely. And the other part of this exit four is marketing and sales strategy. So at this point, the marketing strategy for your company is one that you want to hold on to a little bit longer, and where you're better off hiring high-level strategists like yourself, James, you know, you could be working to get the very best, and then you implement it like exit two, you implement it within your team.

Trying to get an agency to do all of that, it's really challenging because most agencies are not skilled enough in the strategy side, they're really more like a glorified set of hands. And you really want to get the very best brains you can on your business, and then implement it.

James: You often get an intern in that agency. You could hire someone like Ron Reich for your launch strategy, or your offer creation or whatever.

Mandi: Yeah, he's brilliant, absolutely brilliant, I would definitely hire him, he's a smart guy.

So with these exits, exit two to exit four, this is really about scaling, marketing, and scaling sales, and getting some automation in place and really scaling that. That year one, it's really about just, like, selling, building capacity, selling building capacity, and that's a real game that you balance.

And then once you've really been able to scale up that capacity, then you could be able to get these other exits in place. And at this point, this is where you're moving into the \$100,000 a month in profit. So that's the golden number that you want to be looking for with this. And at this point, you should be able to leave for multiple weeks at a time. You should be able to.

So not all CEOs want to be, right? But having that freedom if you're knocked out, going in the hospital or if you have a family member, I mean, that does it. We've had that happen for I mean, so many different times for our clients. And what happens is that they have this really strong business that continues to run, and in some cases even grow without the CEO, instead of crumbling apart like most companies would.

James: It's critical, you know? It's like, in a previous episode, I recorded from quarantine, but there was a period there from July through to November really was just a complete impost in my whole schedule, where I had all furniture gone, moved state, did quarantine, did full-on child care of a two-year-old. I just had to do all that while the business just ticked along like normal.

And so I'm just so lucky that I have an amazing team, and I have a really good structure in the business and came out of it the other end just fine. So having a robust business, I think, is absolutely critical. And it's interesting, as a coach, a lot of people come to me when something has happened and the plane is falling out of the sky in flames. And they're like, Help!

I'm like, Gee, it would have been good to have a parachute. You know, like prior to this point, you need to have backup. So yeah, I like these sort of stages. That's the realm where I would automatically want to get to. One of the very first questions I ask people is if they plan to sell their business? And most people say no.

And we talk about why they've said no, and what would have happened if they'd said yes, but I do explain, if you have a business that you are able to sell, but you still want to do it, then that's a great business to actually have. Because it's optional how much you want to attend it or not.

Mandi: Right. Yeah, I love that. And I think that you building your company to sell is going to be a company that you actually want to run. And that when you have someone, you know, not too long ago, I had someone reach out to, it was to consider purchasing Hands-Off CEO. And I'm like, you'd have to pay me a whole lot for me to consider selling this, because I love this business so much and I love how my role's working in it.

And it was just really great to be in that space where I could listen, I could entertain the offer, but like, knowing that it had to be, like, spectacular to even consider it. And that's where I want to see all of our clients to be at.

And so the next stage, this is really where you can, exit five is where you can install an operator, a CEO that's going to actually run the company. And this is optional. And it's going to be based on the size of the company where you're at.

But this is really where you as a CEO could then, like, lean into the legacy, like building your legacy brand, and where you might be building other brands outside of it. Some of our clients, they've run into, like, supply chain issues. So they're like, Well, why don't I just go and start a company here or acquire a company here, and then I can solve that problem for myself, right?

We call that hands-off CEO ecosystems where you're really creating these new ventures and acquisitions to really fuel the mothership, and this mothership brand is, especially if it's a service-based company, the service-based companies are the hardest to scale, they're really difficult because it's based on high level of skill, and they can be challenging to scale.

But however, that mothership can be putting cash into these other ventures, and it can allow you to be able to do all sorts of other things. So what we've found is that some of our clients when they're getting to this place that they're like, these other companies, I'm applying all of this, like, one of the companies, they came on our podcast, unbeknownst to me, like, she had taken the company, she'd been able to exit it within six months, she was able to sell it to one of her team, about a year later, after the company had run without her for a whole year.

And then she had actually acquired about a dozen companies. And she'd applied the same things that she had learned in Scale to Freedom to these other companies. And she's like, this process works, like I have 12 other companies that are running without me. And I'm like, That's amazing, Tanya, that's so great.

And the thing about it is that the first company is the hardest. And then you can get these other pieces, you just install the operators, and it's just really becomes this empire building game where you're able to really have that freedom, you have these high-value assets, you have the time and money wealth, you have the multi-generational impact. And you really can just do whatever you want.

And what makes me excited about this is like, how do you be able to continue giving back in the world? Like, how do your companies go and make a bigger difference? And then how is this extra profit that you have, how can you use that to further really good causes in the world? And that's that legacy exit. And those are the five exits.

Wrapping things up

James: Love it, thank you for sharing that. That's a great story. It resonates with me, that's kind of what I do with [revenue shares](#) now, is I'm helping grow other businesses using the same methodology. It's basically, you're talking about having a toolkit. Once you have a toolkit that you can grow any business and fix it, then it's basically a great living.

I'm having people go through my revenue share training, it's blowing their minds, like oh my god, like they can actually participate in the growth of businesses without all the risk. They get paid on the upside. But you have to have the toolkit, you've got to know how to do it.

So, Mandi, this has been great. Mandi Ellefson, handsoffceo.com. This is episode 900. We'll put all the show notes up on SuperFastBusiness.com where you see episode 900, because there's quite a lot in this, but I'm going to just sort of have a go at paraphrasing as we head off.

The most important thing I think we've learned here is to create a better promise. You can just create a better promise or outcome for your market, then you'll have all the funds you need to be able to scale and you can do that over multiple levels. You can start out just being humble, but get off the client management stuff, then get out of the project management stuff. And then you can beef up the sales and then the marketing and strategy and then you can have someone come in and operate the whole thing. If you do it in stages that's pretty much what it might look like.

There are people out there who can help you along the way. Mandi can help you, I can help you, Ron Reich can help you. Get someone involved, if you want some help or you get stuck, where you need a hand with that. I like the ones. Very similar, I've heard something like that before from [Dean Jackson](#) as well, but where people are trying to do five things at once. So we'll just pick one person.

Where it differs, the way I've heard, it's like, pick a marketing channel, pick one off, one marketing channel, one person to market it to and just validate it, get it going, and then go from there. So I love the focus on the problem and the promise. That is the biggest thing. I'm actually going to go and work on my promise and make sure that I'm really hitting the mark or that I'm solving a big enough problem, because I suspect that's where I can grow my own business.

So this is really instructional and a great opportunity. Thank you, Mandi.

Mandi: Yeah, absolutely. And James, I've really enjoyed this, and you've had such great gems to share on your end, too. I'd love to put this on our Hands-Off CEO podcast. So for those listening on our Hands-Off CEO podcast, how can they get in touch with you?

James: Just james@superfastbusiness.com or head over to the superfastbusiness.com podcast and you'll find Mandi there and a few others.

Mandi: All right. Well, thank you so much for having me on here, James. It's been a real pleasure.

James: It has been amazing. I love our chats. Thank you so much.



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