



Winning in adversity

What are the issues troubling or facing the trade chiefs in our sector? To kick off our leadership special we brought together business leaders from across the industry to share their experiences. **Richard Siddle reports**

On the face of it 2009 will go down as a year when most companies and industry leaders were happy just to stay in business. A time to play safe, batten down the hatches and wait for the good times to return. Yet delve a little deeper and a very different picture emerges.

In fact, 2009 was, for many businesses, the time to do completely the opposite. For some company leaders it presented the opportunity to keep on pushing, driving, innovating and yes, risk taking.

To assess how different business leaders have responded and, if anything, benefited from the recession, we brought together industry chiefs from various backgrounds. Our group included restaurateurs, a hotelier and sommelier, a retailer, a publican, a wholesaler, a distributor, a venture capitalist, and a brewer. A mixed bag of business talent, then, but one that was quickly united over the types

images: Thomas Skovende

of strategy needed to help companies win in adversity.

Debate chairman Chris Mason of First Drink Brands kicked off by asking what makes great businesses successful and stronger. One of the striking aspects of this recession highlighted by the panel is the way it has split the public between the haves and have-nots to such an extent that even those with money to spend are doubly cautious about where they are seen spending it and what on.

It is a particular issue for the white tablecloth restaurant sector, said Eddie Hart, who co-owns with his brother, Sam, the premium Quo Vadis restaurant in London's Soho with the more main market Spanish Fino and Barrafinna restaurants.

"There is money out there, but people are only prepared to spend it in an environment where they feel comfortable. Round the corner in Barrafinna, where the average spend is £35 a head, we are packed to the rafters



THE PANEL

- **Chris Mason**, the debate's chairman, managing director, First Drinks Brands, and previously held senior roles at Pernod Ricard and Allied Domecq
- **Guy Adams**, managing director, Heritage Wine agency, Bristol
- **Simon Baile**, managing director and co-owner of Oddbins
- **Gerard Basset** MW, Master Sommelier, owner of Terravina and co-founder Hotel du Vin
- **David Coxon**, co-owner, Fox Goes Free, but previously worked at Kwik Save, was buying director at Victoria Wine, director of Allied Domecq retailing, and is also part of venture capitalist company Advent
- **Sue Coxon**, co-owner, Fox Goes Free gastropub, Charlton near Goodwood
- **Eddie Hart**, restaurateur and co-founder Fino, Barrafinna and Quo Vadis
- **Michael Turner**, chairman, Fuller's



Simon Baile (far left) spoke of the need to motivate Oddbins staff to think for themselves; (left): David Coxon said customers' search for value affects the way they spend their money

because people do not even question whether they should be seen in there or can afford it. The fact they can have a two-course lunch here at Quo Vadis for £17.95 is irrelevant. They look at the stained glass windows, the white table clothes and the silver and think it's only for special occasions."

Guy Adams, who owns the Hole in the Wall restaurant in Bath as well as managing a wine agency business, Heritage Wine, agreed. "When we took it on it was seen as a luxury, £70-£100 a head restaurant," he said. "We have done everything possible to shed that image because it's not seen as good value — and we need people coming in on a regular basis," he said.

David Coxon, of venture capitalist Advent, which owns Poundland among other retail businesses, said the recession had changed consumer attitudes to spending — potentially for ever. He argued people were now far more conscious about value issues when spending than they have ever been, not in terms of what is cheapest, but what offers the best value for money.

"It doesn't matter whether it is at the top end of the market or the bottom, Every household has been affected by this recession, and that search for value affects the way people spend their money. One of the issues any business has to face going forward is how they choose to respond to that," he said.

Defining your values

Michael Turner, chairman of Fuller's, said it was extremely important that a business has a clear business strategy for what it stands for. "What is the reason people should come to you?" he asked. "That's the thing people often miss. Your staff think they know what you want and you think you know what you want, but the two are not

actually always the same. And your customers have got absolutely bog-all clue what you stand for."

Hart said the biggest challenge for a restaurant business was to determine what makes it different, then capitalise on that relentlessly. It was not enough, for example, just to offer cut-price menus as that has now become the norm. Instead, you have to go that "extra mile" to really stand out and make people want to come to you.

Gerard Basset MW, Master Sommelier and owner of the Terravina hotel in the New Forest, said the quality of service must be put before anything else. He said it would be very easy for him to put in extra covers on a Saturday night to make up for quieter times of the week, but if he did so, his overall level of service — and therefore his reputation — would be damaged.

Simon Baile, managing director and co-owner of Oddbins, said it was a time to get back to basics and to be true to the core values of your business.

"You can have all sorts of management speak, shiny shelves and flashing lights, but if the inside is not right and the experience is not right for customers it doesn't matter what prices or range you offer," he said. "If the dynamic is not right you will not win in the short, medium or long term. Customers will find you out eventually. The fundamentals are so, so important — that is what we are doing at Oddbins, going right back to the basics of retailing."

Adams argued it was that loss of focus and understanding of what they stood for that sounded the death knell for so many wine retail businesses in 2009. He said: "Companies have failed because they have not had that care, love and attention, they've taken it all for granted and they've suffered badly." ►

“
People are only prepared to spend in an environment where they feel comfortable



Business values

Baile said he was quite happy with the idea of running Oddbins on a business matrix, the key difference being it was not a figure or sales-based matrix but one based on core values of passion and integrity. "Everything you do needs to be true to those core values," he said. "That is the matrix you should use rather than 'I need to make 32.456% on everything I do'. If you have something simple like that, the rest of your business can understand it."

The panel stressed it was just as important in these times to follow strategies that ensured you kept hold of existing customers as much as trying to find new ones.

The Harts, for example, place huge significance on offering excellence in service – "the comfort blanket" approach – that makes people feel so at home they want to keep coming back. "Somehow the experience in the wine shop or restaurant must be that customers know someone has bent over backwards for them. If they had wanted to taste a wine, you have opened a bottle for them to do so. It does not cost that much to do," said Hart.

He added: "The feeling you convey to your customer is that we are going to be here for you through thick and thin. We are not going to cut corners to make the same profit."

Sue Coxon of the Fox Goes Free pub she owns with husband David, said she always impresses on staff the quality of service given to those arriving for lunch at 3pm must be as good as for customers who come at midday. "They are paying the same amount of money, after all," she pointed out. The pub calls any customer back for a free meal who scores the quality and experience of their meal at less than a nine out of 10. "People are very surprised to get a call and find we want to learn from them. But if we don't, people will vote with their feet," she said.

Price

Tackling the sector's obsession with price and how the bottom-line price has come to be the dominating factor

in so many business deals was identified as another leadership challenge. Adams said it was often the only thing that some of his restaurant and wholesale customers wanted to talk about. "We can lose a Pinot Grigio account over 1p," he said.

Baile argued, however, that if price is the only part of the conversation then "that conversation becomes very short". Yes price is important, he said, "but you have to push out from that. If you just follow that route, you never get out of it."

It is a question of balance between having enough offers and promotions to attract people, but not driving all your

Gerard Basset (left) and Chris Mason (above) give their views on leadership and management styles

VIEWS FROM THE INDUSTRY



"We have to get more aggressive on price. We can lose a Pinot Grigio account over 1p."

**Guy Adams,
Heritage Wine**



"Business leaders need to have an eye for detail and at times like this that is more important than ever."

**Michael Turner,
Fuller's**



"You can get some of your best customers out of a problem sometimes. It is all about how you deal with that problem."

**Sue Coxon,
The Fox Goes Free**

business down to the lowest common denominator, said Turner. “We try and brew the best beer around whereas others are just focusing on serving the cheapest beer – so for us that’s an opportunity,” he said.

Investment

The panel was equally united over the need for businesses to invest their way through a recession rather than just looking to make savings. Basset was adamant it was vital for restaurants not to cut corners when it comes to the quality of food, wine and service. “We have to have the quality on the plate,” he said.

David Coxon argued this was not the time to be making any cuts at all. “We have spent more on the ambience of the pub and what it stands for during the recession. That was a very deliberate attempt to make the choice for customers easier in terms of their decision to come to us versus going to a competitor.”

He said you only needed to look at the sudden drop in standards of service within some of the major airlines to see the damage strenuous cutbacks can have on your reputation and image.

“Whether it is the quality of service in a restaurant, a specialist off-licence, or a pub, if you state to customers ‘this is what we stand for’ and deliver something different, you are on a road to nowhere. In this market customers will stand for that even less.”

Staff morale

How you keep staff on board and motivated through such difficult times is another key challenge for business leaders, stressed Mason. It was vital, he said, that investments in training and support be maintained.

But David Coxon stressed companies should be careful to give the right training to the right people. Too often, he said, money is spent on managers who spend very little time on the front line with customers.

“Targeting where you spend your money is important, basing it on individuals who will give you a return on that investment. Then measure it and keep on measuring it,” he said.

Mason was also keen to explore how the different leaders fostered good working practices among staff. A point seized upon by Basset, who said: “You need to give these qualities from the top. So [even] if you are not there, they will act in the way you want.”

Hart agreed: “It is all about empowering staff,” he said.

But how do you keep them motivated when you do not have the money to offer salary rises or bonuses, asked Mason.

Baile said he was particularly well placed to answer this as he was looking to re-energise the Oddbins staff who had been through such a difficult time. “Getting that right is our biggest challenge and very, very difficult,” he said. “But it is about leading from example and being prepared to go into a store and clean out the dirty sink if necessary. It’s getting the mentality right.”

Whereas previously, he added, Oddbins staff had been so used to having their “hands out”, expecting other people to do things for them, the expectation now is that they need to think and act for themselves.

Basset agreed it was not just a question of salary but showing staff you are prepared to invest in them, their training and their future. Be it through going on courses, educational wine trips or hands-on training, those experiences, he argued, were potentially more beneficial than a slightly higher wage.

The final word went to David Coxon, who said that ultimately in these times if you as a business leader can offer job security, you are doing a good job for your company and your staff. ■

■ Our thanks go to Eddie Hart and his team at Quo Vadis for hosting the debate

“Customers must know that someone has bent over backwards for them



“I think people who cut corners, cut the wrong corner.”

Gerard Basset MW, Terravina



“Motivating people to deliver decent service when they have been so badly demotivated is our hardest job.”

Simon Baile, Oddbins



“If you can persuade (customers) you are different from the rest on the service side, that means so much.”

Eddie Hart, Quo Vadis



“In a good business the ownership and responsibility sits at the top. What you say and how you impart that responsibility and accountability is what counts.”

David Coxon, Advent



“Too often businesses look at a reward strategy when, in reality, staff just want involvement, recognition, motivation and support.”

Chris Mason, First Drinks Brands