

## **‘It’s a lifestyle choice’: environment, a satisfactory business model and quality of life.**

The Black Horse is in a village on the edge of an ancient common overlooking an attractive valley and the current publicans believe that ‘the biggest thing that brings people to the H+G is the wonderful view’. They are a 60-40 split on wet sales and food. They knew about its location with ‘business driven by the walkers on the common and people coming here after a walk’. Although the partners,

We arrived on a miserable wet day, we felt that we would break even by having a decent volume of traffic and basic food. 90% of summer trade is walkers and they want pub grub, burgers and sandwiches. That’s the business but we buy a better class of ingredients to reflect the clientele. Food production is based on a 10-minute menu - production of a meal. In the winter we take about £20k a month and in the summer double that. Annual turnover was about £480K last year. We have 40 covers inside, but the outside area with benches overlooking the valley makes it to 120 with good weather. You can’t beat our conservatory that looks out across the valley and is one of the reasons the pub is popular and the lovely warm firebox. These things make the pub a unique selling attraction.

A three-person business leases the pub from Enterprise and they have three other pub businesses all leased as tenants. The three Directors are a life-long couple and one of their sisters.

We are a trio that like working together but not necessarily under the same roof, although that would be the cheaper option. However, we also like our freedom to be creative in our own lives so having three businesses means each of us can have one of them. It enables us to spread out a little. So, idea was 3 Directors, each receiving a wage from each one. So, imagine a 20k dividend per business less tax on top of £10K salary, add in free accommodation, food and some creative accounting means a satisfactory income and a good work/life balance.

In his last job the male partner took home considerably more in the last year he worked in the legal/property world, ‘it was a significant difference. You talk to youngsters and they don’t understand it and they think I’m mad as they see it as a lot of money and ask why I don’t carry on doing that, but you just don’t get to live do you. However, we are very lucky because the money I saved from my last job and some from my father enabled us to set up these businesses’. He,

used to work 60+hrs a minimum a week – proposal work – which was piece work; payment by results and so this is a more pleasant lifestyle being able to sit down and have a chat when I want to. It comes down to what do you want. Do you want to come downstairs and see friends or do you want to be in at 6 in the morning and see clients and produce results to a timetable? I guarantee I can come down anytime and see someone I know with whom I can socialise.

They came back to run pubs at the end of 2013 and have been living in the local area for 4 years. They have a 20-year lease from a freeholder on the pub in the middle of a small town nearby and have recently acquired another Enterprise pub, about 45 minutes away. They employ managers in the nearby town pub which is ‘a drinks led pub and the other pub which is restaurant led. They also have a brewing business at the local town pub which is a separate business. At present they we only brew for the town pub ‘and is clearly a pet project’.

They have a tenancy on the H+G which means the PubCo Enterprise pay for any building repairs and the tenant has paid for and owns all the interior fixture and fittings. They pay a rent to the PubCo based on market prices and turnover so there is a balance to be decided between turnover and costs. They are keen to increase turnover, but choices need to be made. Firstly, they could increase food sales but the kitchen, ‘is only 4-3 metres so you can only have 2 chefs + a kitchen porter and no room for error. It’s a galley kitchen with all prep one side and cooking the other. If we extend the kitchen, we could probably add another 40-50k of turnover.

A second option is to cut staff costs. They suggest that if ‘there were 2 of you running a pub your staff costs should be about 22%. If my partner and I worked here and did everything – most of the shifts - we could probably take home about £25K each. So, it’s a lifestyle choice’. However, their original plan was for each of the Directors to have one business each to organise so that creativity could be part of their working lives, and in that scenario they need to employ more staff. His lifelong partner was up, until recently managing the H+G, but recently they had a child and is on maternity leave so their original plan has had to be adapted. His sister is now returning from managing their third

business to chef at the BH for the time being. Staff costs were cut last year from 30% to 26%, but they may well find it difficult to reduce them further, again it being a matter of a 'lifestyle choice'.

A third option is to gain a long lease and take control of the building, 'Although the rent would be larger they would benefit from lower tie costs institutionalised by the PubCo when a tenant, 'We could make an extra 100K profit if we owned the building because Enterprise at present take about £60K in terms of tie. This is where they really make money. I could purchase barrels at half the price they charge now if we were free of tie. However, they do not have the capital at present to buy a long lease.

Their lifestyle choice as far as the business is concerned is to do enjoy his creativity and it's the same objective for all the Directors.

I am not one of the most frequent persons behind the bar or at the bar. Its to do with a life/work balance. I turn out for some of the music and am probably here 2 nights a week. I do about 10 hours and another 2 walking through, saying hello, and about 60 hour a week with our other two pubs. When my wife is back working, I won't spend much time here or at any of the other 3 pubs we run. I do most of the background stuff, eg: getting furniture ready for our latest pub acquisition, sanding down tables. I don't want to pay people to do them and I like doing handyman jobs.

They would eventually like a freehold village pub as they are committed to village life. However,

you need a turnover of about 350K to be able to afford managers. If we could get one for a reasonable price and one that needed renovation it would be a good investment. We looked at a few, round here, but you need to have the money at the right time. If we did this my life partner would feel more secure. My aim is to find the right place with an appropriate income for her and us to live the life we want to live'.

This family business is trying to create a lifestyle to suit their interests, their creativity and their economic and social welfare. They run three businesses to try and achieve their goals and, 'You need enough money in your life in case anything goes wrong and to have two other businesses is an insurance against that'. They are being entrepreneurial but at the same time living on minimum income to ensure their quality of life is prioritised. Let's hope they can continue being successful.