
From: , [mailto:]
Sent: 09 June 2013 16:52
To: Pubs Consultation Responses
Subject: Example of a successful beer tie tenancy
Attachments: image002.jpg; image004.jpg; image006.jpg; image008.jpg

I would like to share some information in response to the government consultation regarding pub companies and tenants.

I'm 28 years old and signed up to a 3 year Enterprise Inns tenancy in April 2012 having been an employee in the hospitality sector for 10 years. It was not a decision I made lightly, but using my industry knowledge and commercial awareness I found a business that I felt had the potential to prosper.

Enterprise Inns offered me an affordable solution in a economy where my disposable income and personal savings could never entertain a free of tie option. This combined with their support, especially in the early days, resulted in my ability to make informed decisions on whether I believed starting up a business as an Enterprise tenant was right for me and my family.

So with very little start up costs, reducing the amount of lending I started my own business in a financially strong position, allowing me to invest additional money into the areas I felt important to grow and move operations forward. The code of practice had been shared with me and I was fully aware of the terms of my agreement.

Within 3 months of operating and beginning to build our reputation in the local community the Pub was subject to river flooding. The damage was considerable and resulted in a 3 month closure. The insurance claim just about covered outstanding bills and our future was not looking good. However, Enterprise offered us considerable support and invested money into the property, taking the opportunity to refurbish inside and out. Support I am confident would not be available if we were free of tie and paying market rent.

Our doors re-opened in October 2012 and our first week of trade brought in double the revenue of our record week prior to flooding. We are now consistently achieving figures 3 times higher than pre flood as a result of investment on the property and in my opinion delivery of a great product by a well managed team of individuals. Enterprise's ongoing support systems to name but a few; health & safety, compulsory testing and regular development meetings allows me the time to focus on developing a prosperous business. Having a business development manager at the end of a phone is crucial in such a high paced, challenging industry; a service I doubt Enterprise would be able to afford and have no interest offering should the beer tie be abolished.

One of the biggest challenges for me personally and an issue that affects many in the industry is cash flow. Due to perishable stock we face challenges that retailers do not. Having a lower base rent that is lifted through the beer tie allows me to manage my cash flow more effectively. I pay for my beer weekly and buy the amount I will sell in a week. If the tie was to be removed and the rent fluctuated this would increase my fixed costs taking away my power to manage cash flow in the way I do presently.

Personally I feel there are other ways the government can support pubs...

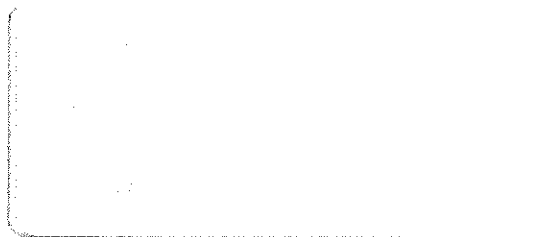
- I am paying the same amount for business rates as I am for rent, from day one

this has been the case. The process to challenge rates is costly, confusing and time consuming, they are non-negotiable unlike rent. A staggered system or rent relief for new business would make it much easier for operators to succeed in the challenging early days of start up.

- The supermarkets continue to compete with one another on prices resulting in our consumers dining and drinking out less and questioning our pricing, especially on wine.

To summarise running a tenanted pub on a tied agreement works for me. The industry is lacking younger, more passionate individuals like myself who can deliver experiences to a generation of consumers with far higher expectations than years gone by; largely due to trends, publicity and television shows. The tied model and business support gives people in my situation the opportunity to start up their own small business, without it we would be overrun with large companies, managed houses and multiple operators who are likely to contribute less to local economies, community spirit and cohesion.

Yours sincerely,



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