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# A DAY IN THE LIFE OF...A BDM



by the PCA's Director

Continuing our series of visits to discover more about the relationship between tied tenants and their pub company representatives, as Director of the PCA I had an enjoyable and informative day back in the summer visiting pubs in and around the Rugby and Coventry area.

I was delighted to accompany Nathan Darby, Star Pubs and Bars Business Development Manager (BDM) on a typical day for him. I was joined by a member of the Department for Business and Trade Sponsorship team, this is the government department which sponsors the Pubs Code and the PCA, and it was a great opportunity to understand first hand current issues and challenges in the industry.

We met at The George at Kilsby. Harishankar, the landlord is a tied tenant with Star on a 5-year tenancy which is protected under the Landlord and Tenant Act 1954. This protection gives Hari some important protections should he wish to renew his arrangement at the end of the term.

Hari's background is as a chef and his business plan centres around a fantastic food offering, fusing Asian and British foods. He uses social media to promote his business as a food destination pub.

Hari took independent advice on his business plan and demonstrated to Star how his plans enabled a higher weekly turnover using his prior business experience to carefully cost staff and resource.

Under the Pubs Code, tied tenants of the largest Pub companies, including Star, are required to ensure that information about the premises, arrangements for the tenancy including insurance and tied arrangements, alongside their considered profit and loss breakdown, are provided to the tenant before they take advice on the business plan. All this ensures that tenants have good quality and relevant information on which to negotiate with the pub company.

Star invested heavily in the site when Hari took on the place, investing around £375,000 to refit the bar and restaurant areas. The 5-year tied tenancy was attractive to Hari as a lower entry price point into the industry, which post-COVID was particularly key to getting started. The arrangement has an opt out from seeking the right to ask for a Market Rent Only proposal for a period of time, giving Star some certainty around what the relationship will be in the foreseeable future given the investment it has made in the site.

Hari would still have the right to ask for a Market Rent Only proposal at other key events, but not at the first rent review. The Pubs Code gives tied tenants the rights to ask for a Market Rent Only proposal to go free of tie at certain events in the cycle of the contract. The Code also enables protection for pub companies who invest in properties to pause the right to ask for a MRO proposal for a period of time where the investment meets the requirements in the Code.

Hari has big plans to expand the business and has set about that with great enthusiasm. Over the early summer Hari expanded the covers on the site with a beautiful outdoor space, half covered using natural materials and high-end furniture, lighting, planting and energy efficient heating arrangements. There is even a brightly coloured floral Instagram wall!

The discussion with BDM Nathan explored how, under the tie, Hari can develop his plans for an outdoor bar to support the new area. This included who was responsible for which areas of licensing, conveyancing and build, as well as how to set up a bar with its own kegs without having to move heavy kegs from cellar to outside bar on a regular basis. New technology may enable smaller and more slender kegs to be hosted under the outside bar and Nathan said he would come back to him on ideas for that to happen. Discussion was also had around processes and advice on managing the licensing conditions.

Nathan will follow up with a written note of the discussion as the Code requires all discussions around rent, repairs and future business plans to be recorded in writing. Hari has a right under the Code to ask for changes to any notes within 7 days. This is an important right to ensure that discussions are evidenced and the notes are a fair representation of what was said.

Hari doesn't plan to stand still and has further plans for an outside pizza oven and collaborations to host events with local suppliers, alongside updating the bedrooms for overnight guests. As his business builds and he invests more, he is keen to explore the different types of arrangement on offer for the premises at the end of the first 5 years. He is ambitious and I wish him all the best in his venture.



**Tenant Harishankar Krishnamurthy and BDM Nathan Darby**

We moved on to the Bell in Hillmorton which is described online as a family friendly pub located at the heart of the village. It has a large garden and offers an extensive menu and a well stocked bar, with regular entertainment including music, a skittle alley and quiz nights.

Here we stopped for a great sandwich and discussed with the tenant Rachel Slatcher the mix of tied products on the bar – both Heineken brands and non-Heineken brands which are right for the local customer. The pub was buzzing with a community atmosphere.



### **The Bell Pub at Hillmorton**

Whilst at The Bell we were due to meet a prospective tenant of another local pub which was currently operated under a Tenancy at Will. Unfortunately, the person due to be interviewed did not show up. Thankfully Nathan already has other people he has interviewed as potential tenants, so those processes can still move ahead. It is however one of the things that BDMs have to face, chasing no-shows and managing the more challenging aspects of business relationship.

To end our day, we visited a pub which has been assigned. This means that Star own the bricks and mortar of the building, but the tenants have assigned the full repairing lease onto a new operator. There are provisions within the Pubs Code to ensure that those taking on the assignment of a lease receive the information required on the implications of taking on the assignment, and all the details they need before they agree the contract.

We found that the new operator had changed the business model entirely and these changes had proven difficult to attract customers in the current local climate.

When we visited there weren't any customers in the premises. Again post-COVID and with inflation and running costs at significant levels, it's a reminder of just how hard tenants have to work to make a pub successful in the current market.

We had a fabulous day out and thank Lynne Winter, Stars' Code Compliance Officer for enabling us to take up the experience and particular thanks to Nathan for showing us what life is like as a BDM!

To find out more about the Pubs Code go to <https://www.gov.uk/government/organisations/pubs-code-adjudicator>