

Neale Chandler

# The Joule in the crown energising the pub sector

**Joule's retail director Neale Chandler talks to John Porter about why he believes the company stands out from its competitors and what the future holds**

The British pub has undoubtedly endured its fair share of challenges over the past 25 years. From government-imposed changes ranging from the Beer Orders to the smoking ban, to a roller coaster of recession and social change that has sometimes restricted consumers' spending power, and also given them many new leisure choices apart from an evening in the local. If the pub has a habit of regularly defying the doomsayers and demonstrating that it's a fit and proper business model for the 21st century, that doesn't simply happen by accident, of course. Instead, it's a tribute to the hard work and dedication of experienced, savvy operators up and down the land.

Among those building a strong reputation in this respect is Joule's Brewery. The name comes with provenance dating to the 18th century, when the Joule family set up a brewery in Market Drayton, Shropshire. The current custodians of the brand came about it in slightly circuitous fashion, however. With a track record that included playing an instrumental part in the launch of Caffrey's Ale at Bass Brewers, Steve Nuttall led a management buyout of the Bass-owned Highgate Brewery in Walsall in 1995. Five years later, that business was sold, after which Steve and his wife Chrissie, previously a director at Bass M&B, began building a tenanted pub estate.

Neale Chandler, Joule's retail director, takes up the story. He says: "They were fortunate towards the end of 2007 to sell ten of their 15 pubs to one of the nationals, just before the crash of 2008. So the roll of the dice was with them, so to speak. They then started looking at developing another tenanted estate, this time with a hook."

Joule's had ceased brewing after its acquisition – by Bass, ironically – in 1974; by 2008 the trademark had found its way into the ownership of Molson Coors, and a deal was done to acquire it. Brewing began – or resumed – in Market Drayton in 2010 in a new brewery built in the 16th century Red Lion Inn, using the same water sources as the original brewery. Pub estate growth

began again, and Joule's opened its 40th pub, in Ludlow, this summer, all but one is a freehold. Chandler is yet another Bass "graduate", having worked on the pub retail side from 1992 to 2000. After a stint in the bar and restaurant business in his native South Africa, he returned to the UK and joined Joule's in 2011.

"The hook was to create a tenanted estate under a branded, trademarked umbrella, which even today makes it a bit different in the pub sector," he says. The heartland of the business is Staffordshire, Shropshire and Cheshire, with its geographic reach now nudging Birmingham to the south and over the border into Wales in the west.

## Branded approach

Other than three managed sites, the pubs are all tenanted. Each maintains its individual character, although the branding and design cues are consistent. One benefit of this is that "in our heartland the Joule's name was well known, generally to an older segment of the population" says Chandler. Maintaining a branded approach in a tenanted estate is, Chandler concedes, "a bit like herding cats at times, because the nature of a tenant is that they are general entrepreneurial, they're business owners". He adds: "We look for people who get what we do, who can see themselves working in our environment while still being self-employed."

In practical terms, Joule's has an in-house team that fits out and furnishes each new pub to a high spec, including front-of-house, beer cellar and kitchen. Chandler says: "On a complete refurbishment our investment is between £120,000 and £250,000 – it varies by pub according to the current state, size, location, access etc." The typical cost of entry for an incoming tenant is about £20,000 to £25,000. Chandler says: "In that is included their deposit, their plant and equipment, smalls and sundries, and stock. In some cases we have part-funded the entry cost on an interest-free loan basis, depending on the operator and the pub." ◉

"We look for people who get what we do, who can see themselves working in our environment while still being self-employed"





The New Inn, Newport



Tenants are tied for draught products only. "In return they get support across various disciplines," says Chandler. "We encourage them to premiumise, to stock well-known brands and products. As the taste and palate of consumers evolves, we're encouraging them to go down the craft spirit route. The beer is still the cornerstone of Joule's – it's the reason why we exist and the reason why a lot of people go into our pubs. In terms of tenant recruitment, as the business has expanded, we've found that we get more people coming to us. We get a lot of referrals, and a lot of our operators have previously had pubs with other pubcos. Because they've had that experience they recognise the clear differences between the way we operate and the way other companies operate, and they are consistently our best referrals."

**"As the taste and palate of consumers evolves, we're encouraging them to go down the craft spirit route. The beer is still the cornerstone of Joule's – it's the reason why we exist and the reason why a lot of people go into our pubs"**


Potential tenants are actively encouraged to speak to existing licensees to get a real picture of the business. Chandler says: "We start from a position of 'do we like you, because we have to work with you'. We have to be sure that they're engaged with our story as well as being passionate about running their own business. Most have experience, but it's not necessary. We're quite small, we don't have a training facility or a training pub, but we do on-site training. We'll invite them to work with a seasoned operator for a week or two. We then try to match the right person to the right pub. Not everyone has the experience to run a big operation, but we have a number of smaller operations, which suit some people better."

Joule's sites are typically in larger village or market town locations and often have some history attached to them, such as the listed Lower Chequer in Sandbach and Royal Oak in Wrexham. "We look for pubs that are intrinsic to their community, woven

into the history," says Chandler. "A great example is the Royal Oak in Eccleshall. On our opening night I met a chap there who was probably 80, and his grandparents had been married in the function room at the Royal Oak in the 19th century. We still look for pubs that have that uniqueness. We have a strong view that pubs are for the community and we are just the current custodians."

### Community sponsorships

The brewery is a main sponsor of Newcastle Town FC – based in Newcastle-under-Lyme, rather than the "other" Newcastle club on Tyneside – and encourages its pubs to follow suit. Chandler says: "Every pub and every operator is a little bit different. Whether they're into rugby, football, dominoes or cribbage, if they believe it's a good business opportunity from a local point of view, then we'll support them to arrange sponsorships."

The casual dining boom is no respecter of either history or location, and "we are as exposed to the trends and vagaries of eating habits as anyone", says Chandler. He adds: "Expectations are higher than they used to be; they see, do and expect more. What we do is target people who live in communities, who like pubs – if they love beer even better. A good operator running a good community pub will become the pivot of the community. They have to work at that relationship, it's about trust, and when that all clicks into place, the pub absolutely thrives." 

### Joule's Brewery Financial performance

#### Reported figures for the year ending 31 March 2016

- ▶ Ebitda up 14.1% to £2.0m
- ▶ The pub estate generated £1,939,000, an increase of 15.4%
- ▶ The brewing and sales division generated £138m, with draught beer sales up 16.4% to 6,539 barrels





In food terms, tenants have the support of a development chef based at one of the managed pubs, along with a recipe bank. "A few years ago we started evolving the business model, having worked out that food is important," says Chandler. "As we invest in pubs, we build bigger kitchens. Probably 70% of our pubs are places where food is integral to the success of the business."

The sales mix varies, with some new or bigger sites achieving 40% to 45% food sales. The menu focus is very much on classic rather than fashionable. Chandler says: "We encourage tenants to sell food that's relevant to the Englishness of the pub. You should find fish and chips, with a batter made with one of our ales, and steak and ale pie in all our pubs. Our market is Middle England and we're not in the two-for-£10 business. It's about quality, consistency and being as fresh and as local as they can be." There are no nominated food suppliers, but tenants have a list of recommended trade wholesalers "where the price is right and the service is good".

**"The plan right now is that we'll stop for a bit, and our in-house build team will go out to our existing estate, sparkle everything, and we'll retrofit a couple of pubs"**

Standards are monitored by the operations team using a tablet-based checklist that scores the pubs on key measures such as service and food quality. "The next evolution of that will engage and incentivise the entire business in a mystery customer programme," says Chandler. "It's in the development process at the moment, but not quite there yet. In recruitment terms, in common with most operators we struggle to find quality kitchen staff, with experienced chefs a particular challenge. In response, we very much try to grow our own. We're looking at starting an apprentice programme at the Red Lion, the pub at the brewery." CVs are shared and Joule's tenants also have a social media platform to share details of available staff.

### Brief hiatus

However, Chandler doesn't see the skills shortage as an inhibitor on the continued growth of the business. He says: "There are always people looking for work, the trick is to find the right person." Having said that, after consistent growth at five or six pubs a year to 2010, funded mainly through the income generated within the business, Chandler expects a brief hiatus in expansion for the remainder of 2016. "Steve Nuttall is on record saying we could roll this out to 100 sites," says Chandler. "The plan right now is that we'll stop for a bit, and our in-house build team will go out to our existing estate, sparkle everything, and we'll retrofit a couple of pubs. As the years have gone on, our design has evolved, so to stay relevant we need to continually invest in the older part of the estate."



The New Inn, Newport

The investment focus also shifted to the brewing side at the start of July, when Joule's doubled its footprint in Market Drayton with the acquisition of a 1.5-acre site adjacent to the existing brewery and Red Lion pub. Nuttall said of the deal: "This new site doubles our footprint and will allow Joule's many options for the long term. As we are in the heart of an ancient town, our options for extending are very limited, so this purchase future-proofs our continued presence in the town and our importance as a Shropshire brewer with access to the essential Market Drayton aquifer, our mineral water source."

Chandler says: "We are always looking for the right pubs, and I anticipate that next year we'll be on the buying path again. In terms of new pubs, we're always looking. The geographic footprint can expand. Our brand is becoming more and more well known, and so consequently the risk gets less. We are looking to infill, there are opportunities in Bridgnorth, we could probably get up to Uttoxeter, and we've now expanded down to Sutton Coldfield and Birmingham. We have target towns."

When it comes to getting the right sites at the right prices, Chandler adds: "The pipeline is still there – although it's not as good as it used to be. When we started buying in 2008/09 the market was on its knees. The old adage that one man's junk is another man's treasure is true. I think when people go to other pubs, that is when they realise just how good our pubs are. I do think we lead our market in our heartland." ■



**Neale Chandler**  
Retail director  
Joule's Brewery

**FAVOURITE PUB:** My favourite pub is the New Inn at Newport – I like the style, the nooks and crannies, the booths and the big tables. It's very social but also very private if that's what you want. I also particularly like the retailing and the warmth of the pub; it makes me want to go back.

**FAVOURITE BEER:** My favourite beer has to be Joule's Blonde – completely drinkable, easy on the senses and also helpfully light, especially if I'm driving. If not driving I can have a session on it and not worry too much about the next day.

**FAVOURITE MEAL:** I'm a burger man. I feel like I'm getting good value, the only downside is that it can be a messy moment with the toppings and the sauce sliding out the bottom of the bun when I pick it up, so I tend to eat it with a knife and fork.