

From:
Sent: 13 June 2013 08:25
To: Pubs Consultation Responses
Subject: Pubco Tenanted Tied model with Enterprise Inns

Dear Sir/Madam

I am typing to give my personal feedback with regard to the large pubco tied operating model.

My name is [redacted] and I am one of the directors of [redacted], a small company with one tied tenancy with Enterprise Inns which we entered into in [redacted] (initially as a [redacted]). I am also in negotiations to take over a second tied tenancy with the same pubco and a new 10 year agreement on our present premises, which both should be completed in [redacted] of [redacted], especially as writing this letter is now a condition of that....

Joking aside...

I was only [redacted] years old with little capital, a distrust of the banking system, and years of experience in the industry, and I had a dream - not on Martin's scale, but a dream all the same. I will not bore you with the parallels, let's just say that my faith in the human race was not as great as Dr. King's, but I believed enough like-minded souls were out there and would enjoy the place I was dreaming of creating for all of us to hide in. A place to escape the woes of a world corrupted by the banking system, amongst other things, and maybe escape the rest of the human race too.

I am now a little older, wiser, my distrust of the banking system has been justified and I now have a successful [redacted] with Enterprise Inns entering its [redacted] year, that many a folk have and continue to seek solace in.

Why am I writing this letter? New tenancy negotiations aside, for a number of reasons.

First of all I will briefly explain why it was Pubco I jumped into bed with:

- They own everything...and
- We had little money and were not seeking to burden the business with debt at the offset (aforementioned distrust a major factor too).
- Entering a tenancy at will agreement gave us the opportunity to establish a business within these constraints.
- There was no premium paid for the lease/business, we were able to build up our deposit in instalments, and we could hire the fixture and fittings until we signed a long term agreement.
- The agreement allowed us the opportunity to try out our business model in the premises without committing long term.
- The Pubco supported us with a package that offered a discount on barrelage and free of tie on wine, beer and spirits. The premises had a [redacted] which we intended to maximise.

So...to sum up we were given the best chance possible to see if our business model in this particular premises would work with the lowest risk.

It worked. We signed a year tenancy agreement, at which point lease support was agreed with renovations etc. to be completed by the Pubco. The rent we agreed was very competitive, and much lower than anything we had found privately for a similar premises. We were able to pay not only the deposit, but the fixtures and fittings, off in instalments. With the support of Enterprise we have been able to drive the business forward, and now employ over twelve full time staff, offer an opportunity for those that do not yet have documentation to work elsewhere a steady income and a place to hide and...continue to provide a home from home for those distrusting souls with a thirst for something a little different. Ultimately that is why we need pubs after all.

Throughout the Tenancy, Enterprise have provided constant support. They offer a number of schemes that benefit the business, and provide free courses developing skills within the industry. There is also a very personal touch, which for a business of this size is surely rare. My area manager is a regular visitor to the pub, and provides great support whenever needed. He champions what we do, which instils a great deal of confidence in us, and our business too as we go forward.

Now I am wanting to jump into bed with them again.

Yes, I have had many a local say, 'if you had a freehold or a private leasehold'... If I had the freehold, the interest I would be paying on any commercial mortgage would dwarf the premium I pay for barrels and bottled beer. I would have tied up not only everything I own, but I would have had to have buried every family feud, and tied up all of their money too. And then still asked all my locals for financial support, which not only means that I would lose my bread and butter because they would have tied up everything they own, but, if you have ever worked in the industry you will know how every local is free in expressing how they think a pub should be run. Imagine if they own a piece of that pub, however minute, that expression becomes a right.

Private leasehold - the true lottery...and I can could name many an operator who is hoping/praying that a similar hearing is held for their cause.

Why Pubcos? Now I can only speak of my experience with Enterprise Inns - They offer independent operators like myself an opportunity. I love this industry, and the creativity it allows me and other operators, and the enjoyment (something a little less mass market and more personal) that brings to customers. In an age when big business is monopolising the high street and slowly but surely our industry, pubco's like Enterprise offer the independent minds without big financial backing an opportunity, which ultimately can only benefit every community they are in.

Now yes, the argument is that the tied agreements are crippling operators. I disagree. I can make up my margins with other elements of the business. My business allows for this. Every tenancy is unique, and free of tie on hand pumps has been included in a number of tenancies I know of too.

And the pub has changed. The pub needs to develop its offer to compete in the current market. This is not Enterprise Inns or any other pubco's fault. This is the fault of this horrible health publicity everywhere that says that drinking and smoking is bad. On a more serious note, it is the fact that every supermarket irresponsibly and blindly sell alcohol at prices we can never compete with, and that city centre's draw in the lion share of the foot fall.

The drinking culture of 30 years ago took places in public houses now take place mainly in private houses.

We as publicans need to compete with that, and can only do so by developing an offer that encompasses every element of the social experience. A proper review of the supermarkets alcohol prices wouldn't hurt too. (The irony; too expensive, too cheap...you have to love the free market)

If you have reached this point, I thank you for your time and ask that you look at the points I have raised. Enterprise demands its tenants to be entrepreneurial. This is little to ask in return for the opportunities on offer.

Yours

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