

# Sharing Success

**Roz Cuschieri**

I am delighted to have the opportunity to talk to you about this unique family business and in the next twenty-five minutes or so, tell you something of its success over the years and the reasons behind it.

There are many factors to take into consideration and I thought that I would pick up on a few, which I think have helped and continue to help, this company perform. Some are unique and some are translatable into other organisations. So

in no particular order:

1. The first is the importance of heritage. This is a family business, actively run by the fifth generation of Warburtons. It counts for a lot.

2. The second is the quest for excellent understanding of the consumer base. What do they want and how do they want it? Supporting this is a strong set of business values, which determine how we do business and how we treat our employees.

3. The third is the development of a clear vision and set of goals. To deliver the best possible quality and freshest product, to seriously invest in the bakery business and to have national aspirations, implemented at a manageable pace: all working towards our vision of being "Britain's Favourite

Baker".

4. The fourth is the people and I am going to talk a little about staff motivation, training and loyalty.

5. Finally, the Warburton brand. We work to support its distinctive positioning in a crowded market and to deliver consistently against its promise: wherever our consumers may be in the U.K.

## **FOCUSING ON HERITAGE**

Warburtons have been baking bread for 127 years. For those people not familiar with the family history, Thomas and Ellen Warburton, the great-

great grandparents of the current family, started by baking a few loaves and six rolls, to sell at their shop on Blackburn Road in Bolton.

The next 100 years saw generation after generation of Warburtons slowly building a solid baking reputation, with a

true commitment to quality raw materials, process development and people.

That ethos has not changed and the last twenty years has seen the most pronounced period of growth.

Growth in assets: we now operate out of twenty-two bakery and depot sites across most of the U.K. and in June 2003 opened our newest bakery in Enfield, North London: representing an investment of over £30 million.

Growth in people: we now employ over 3,500 across the U.K.

Growth in market share: with a significant presence in all parts of the country, where we deliver.

There have been challenges and, as many of you will be aware, in January 2004 our Wednesbury bakery suffered a serious fire. It is due to the real commitment and dedication of our employees, the support of

customers and the loyalty consumers have towards the brand, that we have managed to recover in a very short period of time.

The Warburton family members who are currently involved in the business, are actively involved with customers, consumers and supplies. From Jonathan Warburton's signature on every loaf, to Brett Warburton's involvement with our growing programmes, they define the standards, by which the business should operate.

The founding principles, on which Warburton's business has been built, has not changed. The responsibility sits with the Board to embrace this unique heritage, build on it but importantly keep it relevant to today's changing market-place and demanding consumer.

The second factor, which has under-pinned and delivered success, is a deep consumer understanding and ability to assess the market opportunity. In recent years our growth has been accelerated by innovative thinking and investment in new products and formats, with strong consumer appeal.

Success is founded on placing the consumer at the heart of our development and decisionmaking process. Real investment in time, plus

formal and informal research programmes, to understand what it really is that consumers are looking for, coupled with the monitoring of societal trends and responding accordingly, are critical to business success. Also important is the translation of this insight through the business.

We have found that it is not just the Marketing teams who need to "buy into the opportunity". If the technical, operational and sales teams are also aware of what the consumer is looking for, the greater our chance of success.

We work hard to develop effective cross-functional team working, to recognise functional expertise and encourage these experts to work together to deliver shared objectives and sign up to the values of the business; things like:

- Quality.
- Listening to and supporting customers and consumers.
- Respecting our people.
- Working as a team.
- Taking pride in what we do.
- Being prepared to learn and be flexible.

This has helped to deliver the business and its people through good and "difficult" times.

Let's not forget about whom we are talking here. Housewives with children account for the greatest value in the bakery market. This group is, in the main, time-poor - looking for quick meal/snack solutions. They are very clear about what will and will not work in their household. We have a responsibility to deliver against their needs and not add to many pressures which constitute 21st century living.

The demographic shape of the U.K. population is changing: success will continue, if we are able to predict what influence this will have on the bakery market from a product offering, format and route to market perspective.

Bread, Rolls and Bakery Occasion products form an important part of a healthy, balanced diet. Continued and future success will be influenced by the careful development of products, which really delivery against this: plus

effective communication to consumers of the importance of these products in the diet.

The third area is "Setting Goals".

Our ultimate goal is very simple: to delivery the best quality, freshest product to the consumer. We also look to deliver this profitably, to generate funds for reinvestment into the bakery business.

We also have big ambitions. We want to be "Britain's Favourite Baker" and that means the best quality, freshest product available everywhere. This is a major challenge. We do not want it at any cost. We want to manage the speed of our growth, to ensure we deliver that all-important brand promise. The consistency of the Warburtons experience is paramount.

Delivering against this goal has over the past five years involved a capital investment of over £60 million.

The penultimate factor is the people and I think this, in many ways, is at the heart of everything Warburtons has achieved over the years. It boils down to three words: "involvement, communication and recognition".

Our strategy is to employ enough skilled, experienced people, who are focussed on and involved in achieving our business objectives and who are led, motivated and rewarded by our management teams in a manner consistent with our culture and values.

We have created two deals: simple schematics, which visually demonstrate what we will deliver to our teams and what we would expect.

We have shared goals:

- Work/life balance.
- Learning.
- Mutual respect.
- Honesty.
- Working together.
- Fun.



**OUR COMMITMENT  
YOUR COMMITMENT**

**THE DEAL**

Both parties will respect the principles of the deal  
the employment relationship

- We will :**
- Ensure you know what is expected of you
  - Give you responsibility
  - Involve you and keep you informed
  - Listen to you
  - Ensure you have the skills and resources to do your job
  - Work with you to develop your potential
  - Reward you well
  - Lead by example
  - Provide you with a safe working environment

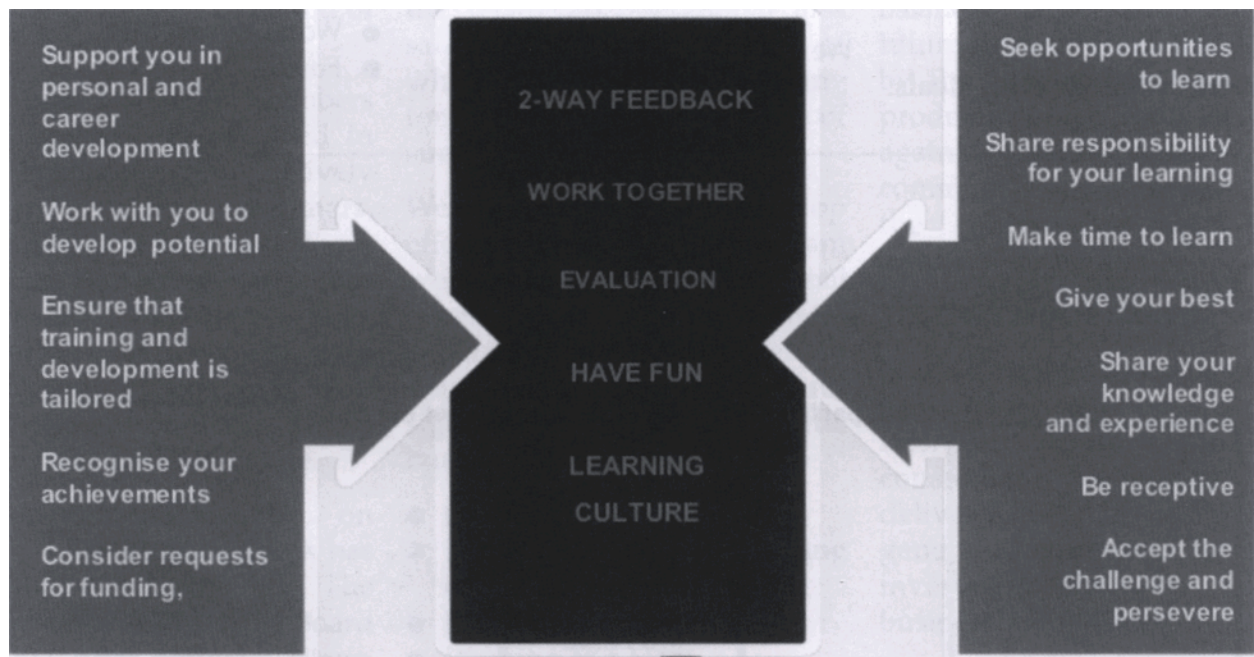
**SHARED GOALS**

- MUTUAL RESPECT
- HONESTY
- WORK/LIFE BALANCE
- LEARNING
- WORK TOGETHER
- FUN!

- You will :**
- Apply your skills and experience to the best of your ability
  - Embrace change
  - Continually look at ways to improve the way we do things
  - Think quality in all you do
  - Share responsibility with us for your personal development
  - Be loyal to the Brand
  - Engage in constructive dialogue with us
  - Work safely and encourage others to do so

Striving to be an equal opportunities employer

# The learning Deal



We also have a learning deal to help every individual understand how their potential can be maximised.

Keeping employees wellinformed and clear on where the business is heading and its performance is critical: from suggestion schemes to newsletters delivered to the home, from cascade briefings to staff entertainment initiatives to loyalty awards.

We have a staggering record of long service. At Bolton Bakery we have thirty-three salesmen, with over 475 years of service between them.

We have generations of families working for us.

We have mentoring schemes and training programmes designed to maximise individual potential. We have award winners across the business, whether in I.T., Marketing or Bakery, whose success is celebrated at the highest level.

Employees do amazing things to support the communities, in which we work.

"Warburtonisation" keeps us focused on a common goal.

Finally - and I will end on this last point - the most visible part of our success is the Warburton brand. I have the responsibility of being custodian of this brand, from a marketing perspective, but it really belongs to all of us. Every contact made, every product sold, every experience should underpin our brand values: quality, freshness and care.

We have to continue to be distinctive in how we position the brand, continue to make superior products, be consistent in how we deliver it: whether it is producing our multi-millionth "Medium Sliced Wax Wrap" or keeping our promises on anything new and also staying relevant.

Warburtons success is down to "moving with the times". Thomas Warburton spotted the opportunity and took it in 1876.

We need to do the same in 2004.

The development of the brand also needs to be managed. We have huge geographical challenges, from a "communication" point of view. We have people, who have grown up with us, in one part of the country and people, who have never heard of us, in another. That makes marketing programmes more complex than ever before.

So, the power of the brand is the final part of the story.

To conclude: I hope this has given you some insights into what has made Warburtons a successful business over the years. I hope I have touched on some critical factors, which may resonate with you in your business situation.

If we are able to stay true to these founding business principles and ensure that they remain relevant for the 21st century, I am sure that we can look forward to future success.

*Question: John White, London*

*We've heard quite a lot about the importance of pricing from our other speakers today and I just wondered if you could say a little bit about the pricing policy at Warburtons.*

Answer: We have certainly for the last 15 years and probably even before, maintained this will be recognised by many in the audience, a premium pricing policy. I think its interesting when you reflect on what was shared yesterday and the one market job that I share today, consumers are prepared to pay for good quality products, be it in the local specialist shop, or in the major multiple, and I think its important from a plant baking perspective to reflect that premiumness on shelf but also it allows us hopefully to be here in the next 127 years and reflect that re-investment back into the industry. So certainly our range and portfolio is positioned at the premium end of the market and when you consider who our core consumers are, they are C1 C2 D families on a pretty tight budget who will not compromise on quality with the products that many of us offer. They are

getting good consistent quality that will last and stay soft over life and that's an important part of their purchase decision.

*Question: John Gillespie, Aberdeenshire*

*Can I just ask about own label policy, you don't do own label, is that something you are still dogmatic about ?*

Answer: It is a corporate policy, we have been asked over the years but certainly the strategic position that we hold at the moment is that we are a branded

only business.

*Question: Thomas Adams, Northampton*

*Looking at the supermarket advertising war there is only one thing that one gets from it, it is that they're all trying to persuade the customer they're all cheap, reducing price, better value etc etc. You have to fight against that proposition all the time in your business; I'd be interested to know a snippet or two of your conversations with some of those supermarket marketers.*

Answer: I wish I had my Sales Director here with me, but having been involved in a number of them, they are conversations that are had. I think the responsibility that we have and we buy, we invest heavily in retailer data, and also consumer data, and this data, is important for us to prove and demonstrate to retailers the values that there really is in this category, the value that there is and the growth potential that there is in key sectors and key consumer groups and shopper groups that are buying into these sectors. It is retailer data, in many ways they are unable to dispute that as we buy it directly from them but we do have to be very canny and very clever in how we position our arguments to them. But it was covered yesterday and you've seen today, we have in this sector an area of the market we are able to effectively demonstrate that consumers are willing to pay for good quality bread and if you look at the double digit decline that's happening in the economy sector of plant baking then the results and evidence really speak for themselves. But they are difficult conversations, yes.



## SHARING SUCCESS

Roz Cuschieri



## Sharing Success

- Heritage.
- Consumer understanding.
- Vision and goals.
- People.
- The Brand.



## Heritage



## Trading Regions



Enfield Bakery



## Warburtons Values

- Quality.
- Listening to and supporting customers and consumers.
- Respecting our people.
- Working as a team.
- Taking pride in what we do.
- Being prepared to learn and be flexible.



How is the Bread market Performing in the Key Measures? Growth in Bread Sales is being driven by households trading up and spending more on loaves



## In School Activities



## In School Activities



## In School Activities



## Brand Share In Scotland



## The Learning Deal

