

“How to Face the Challenges of Today's Markets”

Trevor Mooney



I would like to begin like many others before me by thanking Jean for the many sleepless nights since December when she rang to ask if I would speak to the Society at their Golden Jubilee Conference.

My first reaction was I don't do speeches and surely for this grand occasion there are many far more experienced and interesting people to listen to than Trevor Mooney. But after a few minutes persuasion and as with many speakers in the past, it was not long before I had succumbed to Jean's charms.

The next few weeks were spent trawling the archives of the BSB website reading past papers. All of which I found very thought provoking and interesting. So over the next 20 minutes I will attempt to give you an insight into Arthur Chatwin Ltd, what I feel makes us so special and the challenges that we face in today's market. But first I need to explain where I fit into the company.

My association with Chatwins started back in 1976. When having just been made redundant from a plant bakery following a bread strike.

Chatwins were advertising in the local paper for a Baker/Pastry Cook.

At this time I had never heard of Chatwins, I had a mortgage and was desperate for a job, so any job would do for the time being. Having been in the Royal Air Force since leaving school and having worked in a plant bakery for a couple of years, working for a family business to me was a culture shock.

For the first time, I was employed by somebody who cared about me as a person. I was Trevor Mooney. Not just H8009587 Senior Aircraftsman Mooney or a number on a clock card in a factory. I was a person that somebody now cared about and I was working for a family that showed passion and feeling.

As I was from Nottingham, many a weekend I used to go home to visit my parents. When Mr Arthur found this out he asked could he come with us one Sunday so that he could visit Joe Horsepool. I said yes, of course you can. He said OK we will go in my car and once you have dropped me off you can use the car for the day.

A Rolls Royce for the day.

The owner of the company that I worked for was going to let me have his Rolls Royce for the day. Needless to say when we arrived at Joe's, it was straight into the bakery. Horsepools was the first of many family businesses that I was introduced to. Weinholts, Waterfields, Gerrards and Birds to name just a few.

It was at this stage that I began to realise that if I wanted a future then this family business was the place to be.

I had now decided to pledge my future with this company. These were people who cared not just about money, but about the product, the industry and most of all, its most important asset - its staff and their families.

Arthur Chatwin Ltd were and still are, as far as I am concerned, real Investors in People.

That is what helps in my eyes to make us so special.

To help understand the challenges that we have today, one has to have an understanding of the history of the business, how we have evolved, what has made us so successful and how we propose to continue with out success in the future.

So where did we come from?

What are we today?

Where are we going tomorrow?

Where Did we Come From?

Arthur Chatwin Ltd is a fourth generation family business which was first established in 1913 by Mr John Chatwin, the Great Grandfather of today's Chairman, Mr Edward Chatwin.

Mr John Chatwin started the business in the centre of Nantwich by delivering bread and confectionery from his bakery shop to many outlying villages in the area. It was not long before Chatwins soon became a household name.

It was when John's son, Arthur, whose name the company still bears, came into the business that it's initial expansion began. Arthur was a craftsman at heart and set about building what he believed to be one of the finest Family Bakers & Confectioners in the country.

The Craft mattered to Arthur and he believed that the future of his business had to be build upon Quality and Service. Along with other Bakers and Confectioners of the same mind, Arthur spent a lot of time visiting businesses all over Europe to get ideas that would help make his business stand out from his competitors.

His favourite destination turned out to be Switzerland. It was during one of those visits to Switzerland that Mr Arthur got involved with the Richemont School in Lucerne. Ties that still exist with our company today.

Arthur's vision was to bring some of those products and the quality that he admired back to his business in Nantwich.

In 1952 when rationing ended and raw materials became more readily available, expansion began. Extra shops were opened in Nantwich, Crewe and other outlying areas.

It was during this time that Arthur's son, Brian, became involved in the business. Brian joined the company in 1955 at the age of 17. Like his father, and grandfather, Brian saw the need to continue to produce top quality products. He attended the Manchester Bakery School and trained with many of today's finest Bakers and Confectioners. He kept up his father's tradition of exhibiting the company's products around the country, winning many prizes, including first prize in two categories at the then famous International Exhibition at Olympia in London.

Mr Brian, as he was called, then took over the reins in 1970 and continued the tradition of giving the customer the same Quality and Service that his forefathers had built the business on. Brian followed in his father's footsteps and became a member of the Richemont Club of Great Britain and in 1970 Brian was also elected to the British Confectioners' Association. An Association whose members have always been willing to offer advice and inspiration when needed, and still do.

During his time as Chairman and Managing Director, Mr Brian opened a further 10 shops across North Staffordshire and South Cheshire and ventured into Coffee Lounges for the first time, with great success.

In the early to mid nineties the Bakery at Market Street was becoming dated and struggling to keep up with ever changing food regulations.

Following a lot of debate as to whether to move to a green field site or look at modernising the premises in Nantwich, the decision was finally taken to remain in Nantwich and modernise what we had.

This was a major challenge for the company and was achieved over a couple of years and five separate building phases. The main obvious benefit of proceeding in this way was that we were able to spread the cost of £1.3million over a period of time. It also meant that there would be no disruption to our workforce of which the majority were Nantwich based.

The main disadvantage unfortunately was that we were hemmed in by our existing boundaries. But nevertheless we took on the challenge and today have a Craft Bakery that we are all very proud of.

Where are We Today?

Today we are a successful fourth generation business that has been established for over 93 years.

The fourth generation is made of, not just one son as in the past, but of a team of three, John, Michael and Edward. Edward, although the youngest son, is as mentioned earlier now our Company Chairman. As with most family businesses, the Chairman's role is very diverse. Today along with many other hats, Edward's energies are mainly directed towards the Retail side of our business. Brian, since 'retirement', still has a hand or two on the reins and operates mainly in a consultancy role. John, the eldest son, works on retail and marketing, and Michael works in the accounts office.

We have two full board members who are not members of the family, Brian Lightfoot and myself. We operate as Joint Managing Directors with Brian's role being Finance and Administration and mine on Production.

We now have a total of 20 shops in and around the North Staffordshire and South Cheshire areas, opening our 20th shop in Chester last month. Chester is a city only 20 miles from Nantwich and one that we have longed to be in. Historically Arthur had a gentleman's agreement with Frank Weinholt, that they would never encroach on each other's territory. An agreement that has always been honoured. It was only at the time that Weinholt's decided to scale down their business that Chatwins were offered two of their sites.

Five of our shops have self-service Coffee Lounges and four have self-service Coffee Bars and whenever space permits, we try and incorporate some tables and chairs within our units.

Our newest venture in Chester has a 70-seat waitress service Tea-room.

Our turnover last year was in the region of £6 million.

As a business we operate mainly as Retail Bakers and Confectioners, although approximately 15% of our business is on the Wholesale side.

This Wholesale business has never been actively sourced. It is mainly based on small businesses, the likes of corner shops that are on existing transport routes or in areas that we feel don't warrant a full retail unit. Their contribution ranges from a couple of hundred pounds a week, to a couple of thousand.

The key word in our business today and always has been, is Quality. Quality - a word that is used often and is measured in many ways and by many people. Quality Control in our business is everybody's concern.

As part of our Quality Control procedures each day, a Manager and a member of staff sample a minimum of 10 products. These products are marked out of 10 and comments made. Any new member of staff is normally given quality control duties within their first two weeks. This emphasises the importance of the quality required. The marks and comments are then available for all to see and this in itself helps raise the standards and it does encourage some competition between departments.

But the most important measurer of our quality is the customer.

The paper trail that is generated to please the various bodies that measure quality mean nothing if that product does not meet the standard that we have promised our customer.

And I can assure you that at the times we fail to deliver, and it does happen on occasions, our customer is the first to let us know! Unfortunately only a few will tell us personally. The rest will tell somebody else!

As a company we employ approximately 300 people with about 70 involved in production. We have 15 drivers that service our Retail and our Wholesale customers. Our office is manned by 7 employees, with the remainder of our staff working on retail.

Our sales breakdown today is made up of the following:-

All Breads account for about 9%

Morning Goods about 16%

Savouries, our fastest growing area now up to 35%

Sandwiches, which are all made centrally, contribute 15%

Fresh Creams, an area that is today shrinking, mainly I feel, due to more diet conscious and healthier eating customers, is now only 12%

Slab and Fancies now only 6%

Drinks and Other Items total 7%

These figures show that there is a major swing towards the lunchtime trade and healthier eating habits. We have to recognise these trends and use them more to our advantage if we are to survive in the future.

So Where are We Going?

Hopefully forward. But we at Chatwins have no magic formula and I am not offering any advice, just my thoughts.

In going forward we feel we have to continue to have commitment, not just to the business, but also to the Craft. It is this Craft element that our business has been built on and what we are known for.

The number of Craft Bakeries and skill within the industry is sadly diminishing, so whilst we still have that skill available we will ensure that there is a future for it in our business.

Over the years our business has prided itself on our speciality fresh creams and teatime fancies. In the past most of our research and development resources have been spent in this area. Our highest skill level and department wage bill is in our confectionery department. Whilst this is still a very important area for us, we do need to look to redirect some of these resources.

We also have to be more aware of our competitors. Whilst competition is healthy, if not challenged it can also spell disaster. Competition for our bread and butter lines increases daily. More and more units are opening up in all of our areas, focusing on the takeaway trade.

Whilst I have to admire these businesses in the very professional way in which they market their products, they are eating into one of our most profitable areas. If we are to survive in the future we must rise to these challenges.

Although we, as a company, are very passionate with regards to our Craft and will do all we can to ensure future generations have the opportunity to practice the art of Baking and Confectionery.

To stay in business we need to secure a larger share of this takeaway market. We need to look at our product mix and we need to look at more efficient ways of production.

But we must not get too carried away fighting for these every day lines and lose focus on our niche market. As I mentioned earlier, we have the Craft ability, so we must continue to use it. We know that at times this niche area can be very lucrative, especially at Christmas, Easter and Mother's Day etc. It is at these times that we can really indulge in our passion and score over our competitors.

Above all we must ensure that whatever we do, we must maintain our Quality and Service. It is what we are known for.

Marketing

Marketing encompasses many areas. To us it's not just a case of placing adverts in the local paper. It's about educating the public about our business and our Craft.

Some of the ways in which we achieve this

We try and get involved as much as we can with local schools. This includes industry days, career days and demonstrations. These are always backed up with a selection of samples and products. In the past we have taken groups of pupils around the bakery but unfortunately due to increasing Health & Safety regulations, we can no longer do this. This has led us to form a Partnership with Axis & Total People and with their support we have produced three teaching resource's on DVD that are used in local schools.

We always notify the local press with regard to any achievement the company or staff may have.

In recent years we have won the Young Baker of the Year, been a finalist in the Cake Decorator of the Year and a finalist in Baker of the Year. In 1999 we also won the Bakery of the Year.

Another excellent marketing tool is that of product competitions. Offering your customer an award-winning product is something special.

These product competitions also help in keeping up the high standard of the product within the industry and it also allows staff to have some extra indulgence in their passion and to hone their skills.

Unfortunately product competitions are on the demise, so the opportunity to participate is not as it used to be.

With the help, support and sponsorship of some of our suppliers, the Richemont Club of Great Britain have stepped in and started a new annual competition. This year will be its third year and in the two previous years the standards set have been very high.

The prestige that these competitions and awards can bring should not be underestimated. They help in portraying the message that we are what we say we are, Craft Bakers and Confectioners, whose prime concerns are the Service to the customer and the Quality of our product.

The days have gone when the product would sell itself. We know we make a top quality product. What we must do is make sure we use all the marketing tools available and to our advantage and let the customer know.

Some of the best advertising within our shops is that of creating theatre. All our shops bake-off on the premises and whenever space permits, in front of the customer. We are proud of what we do so why not share it.

We also need to ensure that we continue to invest in people. Not just to keep the plaque on the wall but to look after our most important asset, that of our staff.

Because of the investment and forethought of previous generations, years before the Investors in People scheme was even thought about, we have a wealth of experience with over -

50 of our staff having completed over 10 years

30 over 20 years

4 with over 30 years

And 2 with over 40 years service

And that excludes family members!

We must continue to make people feel special, we must support them and most importantly make them feel part of the company.

They are our future, without them we have nothing.

Investing in the Future

We, as a company, are looking to invest in more modern and efficient production methods, especially with regard to our savoury production. We have recognised the need in this area to become far more efficient, thus allowing us more time to continue in other areas that we know we cannot mechanise. The difficulty we have in trying to mechanise any of our production is that of not compromising our quality.

Over the past few years we have introduced a programme of re-branding our shop fronts, delivery vehicles and our packaging, all to give us more presence on the High Street and the customer some greater eye appeal.

We still see the need for more shop units to help ensure that the bakeries capacity is used to maximum efficiency.

And finally, as I have mentioned previously and often, our staff.

Our Biggest Investment

If future generations are to enjoy the art of our Craft and share our passion, then training is essential. Bakery Colleges don't exist today like they used to so other methods have to be sourced.

Our local College runs modern food apprenticeship courses. Whilst not ideal it does get the staff out meeting others from other industries. This has to be backed up by 'on the job' training. We also take advantage of the various courses that are run within the industry itself. As mentioned earlier, the Rlichemont School in Lucerne has been used extensively with around 15 members of our staff attending one course or another in Switzerland. The networking that exists within the British Confectioners Association and the Rlichemont Club of Great Britain is also a valuable asset to us.

We as with other bakeries have difficulty today in recruiting. Our last seven new employees in the Bakery are all Polish/ These East Europeans are going to form a large part in our future, so as a company we need to made adjustments to accommodate them.

To help with their integration into the Bakery we have linked with a local College who send in an English tutor once a week to help with their English. This has been rewarded tenfold by their new loyalty to us.

I am sure you will all agree that our pedigree speaks for itself but unfortunately today that is not enough.

To survive today and be prepared for the future we have to rise to the challenges laid down and face them head on.

Thank you for your attention.

British Society of Baking
Golden Jubilee

March 2006

Speaker Trevor Mooney

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Arthur Chatwin Limited

What makes our company so special
and how do we face the challenge of to-days market

2

Where did we came from ?

Arthur Chatwin Limited was first establish in 1913 by
the Great Grandfather of the to-days chairman
Mr Edward Chatwin.

4

Mr John Chatwin started his business in the centre of Nantwich



5

His favourite destination turned out to be Switzerland



7

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8



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Where are we today?

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- Approx. 15% of our business is wholesale

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Sales Breakdown

All Breads 9%

25



Sales Breakdown

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Morning Goods 16%

26



Sales Breakdown

All Breads 9%
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28



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29

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So Where are we going ?





Investors in People

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37



Investors in People

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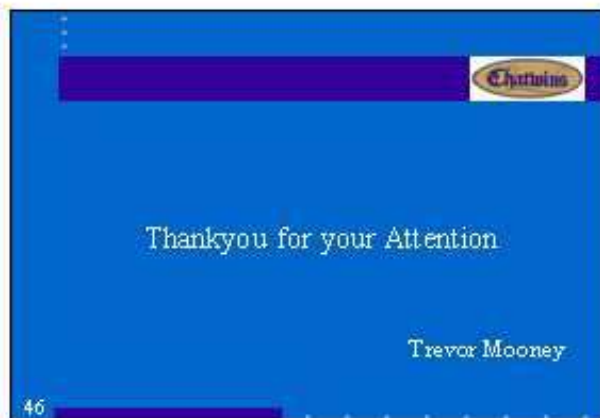
Investors in People

50 staff having completed 10 years service
30 staff having completed 20 years service
4 staff having completed 30 years service
2 staff having completed over 40 years service

40



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Sessional Chairman

Thank you Trevor for a very professional paper which touched on topics previous speakers have touched on, you've now brought in training, investment, marketing and educating the customer which is also something which Stephen mentioned. A very comprehensive discussion about how a bakery can be successful and what it needs to do. So let's see if there is any room left for questions having been so thorough in his presentation. Are there any questions from the floor?

Question: Julie Harris, Wolverhampton

Did you say that you made your sandwiches centrally at the bakery?

Answer: yes, we do.

Question: Julie Harris, Wolverhampton

Did it affect sales when you took them out of the shop?

Answer: No. What it did was it took the members of staff out of the back of the shop into the shop allowing them to do what we pay them to do and that is serve the customers. That was a decision we took to build a sandwich department within the bakery and supply everybody centrally. But in saying that we do have one shop where we fill rolls.

Question: Ann Bruce, Crawley

I was just wondering about the expansion of the chain. You've got 20 stores now, what are your predictions for say, five years time?

Answer: Possibly in the region of maybe 24, but I think that would be it, but we do have capacity at the bakery and we need to make sure we use that capacity to its maximum efficiency.

Question: Paul Morrow, Bicester

Trevor – your turn to tell us the one thing you think will be crucial to the future success of the business?

Answer: The main thing, and I touched on it quite a few times while I was talking, is we need to continue to practice our craft. We need to make sure we produce quality products. That's what gave us good stead in the past and I think it's that that will take us forward into the future.