



Plan for the future

expert advice

While the recession is officially over, bars, clubs and pubs face a tough year, but there are some steps that can be taken to safeguard and grow a business

The number of pubs in the UK has dropped by over 6,000 in the past five years to 52,500, with 2,365 closing down last year alone, according to research by CGA Strategy for the British Beer & Pub Association (BBPA). The rate of closure slowed down in 2009 from 52 a week in the first half of the year to 39 a week in the second half but, as BBPA chief executive Brigid Simmonds points out: "The UK economy may be edging out of recession, but times remain very tough for pubs."

The BBPA survey confirmed that, across the UK, food-led outlets were weathering the current storm better than wet-led ones. In its latest annual Business Outlook report, licensed property specialist Christie & Co predicts further pub closures in 2010 but also highlights opportunities for food. "The eating out market is predicted to continue to grow over the next 12 months and beyond," says Simon Chaplin, head of restaurants at Christie & Co. "However, operators will need to evolve and be agile enough, whether through new marketing, new business models or greater use of technology, to keep up with consumer expectations." He adds that consumers are looking for value, putting more pressure on operators to concentrate on operational efficiencies, stripping out costs and raising levels of service.

Greater use of epos technology can help licensees to manage their business and save time, says El-Azar Levy, managing director of AccuPOS. His company's software is

Securing finance

Paul Thompson (pictured), partner at Acorn Commercial Finance, provides tips on getting the money you need for your business



Before embarking on securing finance against a licensed business, you must first ensure that your own finances are in good shape. If you have county court judgments and the like against your name, they need to be addressed. Likewise, you will need to give lenders confidence that you know how to manage money. Well-organised private finances and good track record go some way to doing this. Most lenders will want to see the last few months' bank statements for you and your existing business (if you have one). Don't lose them as they can be quite expensive to replace.

Make a list of all assets including property and cash available to you. Be honest with your valuations, especially where houses are concerned. Also, get up-to-date settlement figures for mortgages and loans – sometimes they need to be replaced and a hefty penalty might leave you short on the day of completion.

Going through the hoops to secure finance means you will be asked to answer a lot of questions. Be honest in your answers.

If something that you have said later turns out to be untrue, you may lose your deal, after incurring charges, and you run the risk of prosecution.

While not central to funding, the process of getting the right venue – one that matches your skill sets and ambitions – is greatly improved if you have a clear vision of what you are looking for. To help this process along, talk to a finance specialist to ascertain what you can afford and then contact a leading licensed property agent.

Working with a specialist broker, you will need to formulate a business plan. This is not necessarily a long document but is based on "tell us how you will operate, what you will change" etc. The plan must carry your ambition and enthusiasm, but ultimately it must convince the lender that the business can support the borrowing. As specialist brokers, we always view these business plans in the same way the banks will in order to avoid delays and potential disappointment.

In your preparations, you must have the attitude that this is your one shot at this. The reality is that, if your proposal is declined, it is registered with the lender and, as such, will not be reconsidered. So work with experts and get it right first time.

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compatible with accounting programmes such as Quickbook and Sage, meaning that data has to be entered only once and provides real-time, more accurate information on VAT and profits. "Bar owners have so much to do so this reduces time on book-keeping and allows you to concentrate on growing your business."

Being able to access real-time financial information remotely via the internet can help operators, especially those with multiple sites. "In the licensed trade, managing a busy bar and keeping an eye on your finances can be a challenge, especially when you're off site," says Steven Rolfe, director at epos specialist PointOne. His company's Head Office solution allows for tasks to be performed remotely such as activating price updates, monitoring cash flow, checking stock, printing out financial reports and even comparing good and bad trading days with weather or sporting events. "Having access to key financial indicators for your business on

the move will give you more control, peace of mind, help you to work smarter and more importantly improve your bottom line," Rolfe says.

The biggest challenge ahead is for late-night bars and clubs, warns Christie & Co's head of leisure, Jon Patrick. "The rise in youth unemployment is coming through for venues for the 18 to 25 age group. The reality, we believe, is that the sector is set for another tough 12 months." However, as his colleague Neil Morgan, head of pubs, notes: "Businesses that survive the current economic difficulties will be more robust and better placed to have a long-term future."

Technology such as PointOne epos systems helps with business planning



Music in the mix

Playing music in your bar can be one of the best investments you will make. Used in the right way, it can have a direct impact on profits.

Research by Music Works, which promotes music for businesses, shows that 84 per cent of regular bar or pub goers would visit a venue playing background music more often, and 94 per cent regard background music as a key factor in giving a bar a great atmosphere.

But it is not just about background music. A study of bars and pubs across the country by CGA Research for royalty collection organisation PRS for Music found that venues featuring live bands or DJs consistently took 44 per cent more money from drinks sales than those that only played background music or no music at all. This can rise to as much as 60 per cent at weekends.

This requires not only investment in a band or DJ, but a licence from PRS for Music, which gives you the legal permission to play the music you want. It represents composers, songwriters and publishers of music, and nearly 90 per cent of its income goes to them so that they can keep on making music.