



A BUSINESS GUIDE FOR PUB OWNERS

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Foreword - Padraic McGann, VFI President

We live in changing times. The days of pubs opening early, a steady trade throughout the day along with a guaranteed income have disappeared for many publicans. Consumer trends are changing too, people want more choice and new experiences.

For publicans, these changes raise a whole host of questions. Is my pub viable? Will there still be a business in five years' time? What can I do to attract new customers?



These are the type of questions that led directly to this guide you have in your hands.

Publicans, like everyone running a business, need clear and concise facts to help them make an informed decision about their pub and its future. This guide is designed to bring together answers to key questions. Above all, I want our members to feel empowered to make the right decisions about their pub.

As President of the VFI I travel the country talking with publicans about their hopes and concerns for the future. Although many face difficulties, we must not lose sight of the fact that pubs are an essential element of Irish culture.

Our pubs are the hub of most local communities. In rural areas, as many services retreat, the pub remains as 'last man' standing, a place where we come together as a community. Tourists love our pubs, to the extent that over 90% of visitors to these shores will visit at least one pub during their stay. We truly are a vital element of Ireland's tourism infrastructure.

We should be proud of our role at the heart of Irish life and not slow in coming forward to remind Government that a viable pub sector is essential if our towns and villages are to thrive in the coming decade.

The guide is for you, the VFI member. Reading its contents will give you time to pause and think about your business in a more strategic frame of mind.

I hope you find it an invaluable tool and handy reference in the years ahead.

Padraic McGann



Introduction

The pub as an institution remains an important part of Irish culture, the economy and society and is an integral element of Ireland's tourism offering. In addition to their role as social hubs, pubs play a vital role within local communities, often acting as the focal point for different types of activities and events.

Despite this however, there has been a significant decline in the number of pubs in Ireland over the past decade. This has been driven by a combination of factors, most notably stricter drink-driving laws, regulatory changes, rising operational costs, the widespread availability of cheaper alcohol and the increasing popularity of entertaining at home. These factors are often exacerbated in rural areas and the countryside due to falling populations, resulting in lower population densities and deficiencies in terms of transport links and wider infrastructural issues.

In light of the above, the Vintners' Federation of Ireland (VFI) engaged BDO, business and financial advisers, to conduct research of the pub sector, with a particular focus on identifying strategic responses to the key issues and challenges currently affecting the sector.

The purpose of this document is to help you determine the long-term viability of your pub and to provide guidance on how you might grow and develop your business.

This guide has been completed following a process of extensive consultation with the licensed trade throughout Ireland. This included 6 regional work-shops, the conduct of an online survey of the entire VFI membership base (4,000 members) and meetings with key industry stakeholders.

How to guidelines, checklists and practical tips are included throughout the document to help you make informed business decisions.

Determining If Your Pub Is Viable

Research undertaken in the preparation of this guide found relatively low levels of turnover amongst a large cohort of Irish pubs.

Approximately 51% of pubs surveyed indicated that they have a turnover of less than €190.5k, with a large percentage of pubs generating turnover significantly below this level.

While recognising that for some the income generated from the pub may only represent an element of that publican's income, low levels of turnover do raise concerns around the long term viability of some of these pubs.

What does viability mean?

Viability is defined as the ability to survive or persist. In a business sense, and for many, it is a function of financial performance.

When considering if your business is viable, you should ask yourself the following questions:

- Is my pub returning a profit that provides me with a reasonable income & meets all ongoing commitments (loans, bills, wages etc.)?
- Does the pub generate sufficient cash to sustain itself through non profitable periods?
- Is the pub generating surplus funds that I can reinvest in the business?
- Is the pub profitable enough, or potentially so, to attract a successor or purchaser?

In addition to the questions above, other important questions to consider include:

- Am I, as a pub owner, leading the life I desire?
- Does the pub support the life I wish to lead?
- Does the pub operate efficiently without my presence?
- Do I have a clear plan for my pub?
- Has the pub's revenue grown over the last three years?
- Has the profitability of the pub grown over the last three years?
- Does the pub regularly generate positive cash flow?
- Does my pub have any unique features that differentiate it from my competitors?
- Have I exhausted all available opportunities to develop/ grow my pub within the local market?
- Am I confident about the future prospects for my pub and sector?
- Do I have a clear exit strategy?
- Do I have a clear succession plan in place?

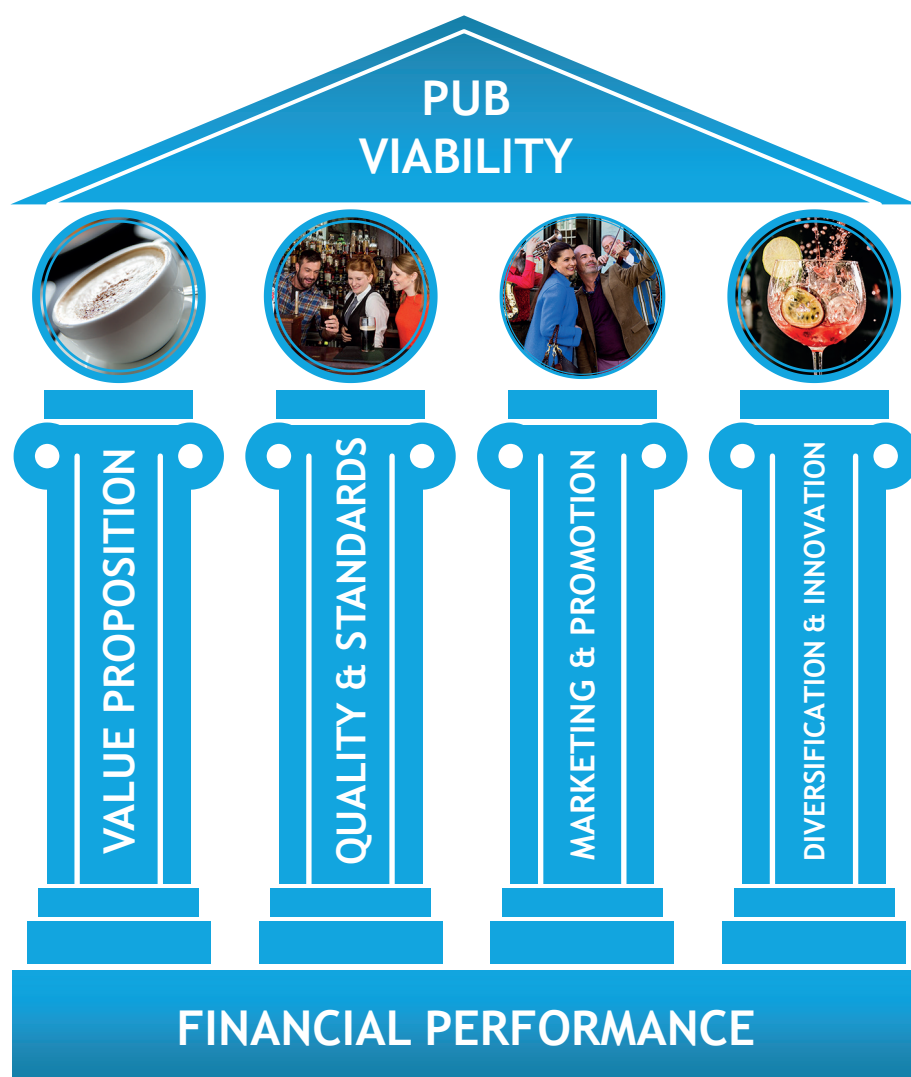
If you find that you are answering no, rather than yes to the questions above, then this is likely to raise some concerns around the long-term viability of your pub.

Pillars of Viability

Strong positive financial performance is the foundation for the viability of any business. However, it is not the only factor.

When it comes to pubs, we have identified 4 key pillars which will contribute to the viability and future success of your business. This is illustrated in the graphic below.

Over the following pages, we provide some guidance and tips on what you need to be doing under each pillar.





VALUE PROPOSITION

VALUE PROPOSITION

Consumers are constantly looking for better “value”. While price is a key component of value, by offering value-added services like free Wi-Fi, entertainment and better food and facilities, it is possible to meet customer expectations and attract footfall without actually resorting to price reductions.

Although the economy is improving, levels of disposable income remain at a premium and pubs need to think about selling an experience, not just alcohol. Consumers, particularly the younger millennial generation are increasingly savvy and unlikely to part with their money easily. For this market, it is all about the “experience”. They want to go to destinations and share new and exciting food, beverage, and entertainment experiences with their friends.

Customers don’t always go for the cheapest; they’ll go for the best experience they can get for the money. So if you are looking for ways to increase your turnover focus on added value rather than cutting prices.

However, you won’t attract these or any customers if the prices you charge are not at a competitive level. Charging the right price does not necessarily mean the lowest price, but is only sustainable where you have the correct cost base.

The following are some tips for managing and reducing your cost base.

Negotiate with all suppliers and service providers

When was the last time you renegotiated prices with your key suppliers? Negotiating the price you pay for goods and services is one of the best ways to decrease your expenses so you can realise more profit in your business.

While recognising that it may be difficult to negotiate prices or discounts with some of your main suppliers, particularly where alternative options are limited, the reality is most suppliers will be open to some negotiation on price. However, you do need to ensure that you are well prepared before you come to the bargaining table if you want to get the best deal. The following are some key tips that may strengthen your negotiating hand.

- **Demonstrate the potential value of your business-** it is important to demonstrate to a supplier the value of your business. It is important that they know you are someone who will give them repeat business over the long term.
- **Think outside the price box-** while a supplier may not be able to budge on price, they may be able to offer other things that can help lower your costs. This might include increased credit terms, or free stock/ product for bulk purchase.
- **Talk to multiple suppliers** before settling on your preferred supplier, never accept the first offer.
- **Consider transferring all your business to one supplier.** Suppliers prefer business owners who order a lot of product from them, which can often result in deeper discounts and other perks. Before you make the transition, call the supplier and talk to them about increased discounts in exchange for all of your business.
- **Ensure you are attractive as a customer-** it doesn’t matter how much business you give your suppliers, if you are deemed to be a problem customer, suppliers may consider it too much work to do business with you.

It is important to maintain good supplier relationships by remembering that while they need you as a customer, you need them too.

Be sure to pay your bills on time, maintain open communications, and treat the relationship as a partnership, where both of you get what you need. Reliability, credit and quality all have to be taken into account against cost.

The VFI currently provides purchasing support to members, via a third party. Further information and contact details are available from the VFI’s office or on the website.

Manage staff costs

Controlling your staff costs is a key way of maintaining the financial health and viability of your pub. The following are some quick suggestions for managing and controlling your staff costs:

- **Manage the Rota** - Shifts should not be set in stone and should be adjusted to reflect daily, weekly and monthly patterns of demand.
- **Monitor and Benchmark Staff Costs** - Use industry data and statistics to benchmark and compare your staff costs to market averages for comparable pubs. If your costs appear to be too high, examine what you can do to reduce them to bring them more in line with the market average.
- **Monitor Attendance** - Keep a close eye on time and attendance to ensure that staff are only paid for the time or hours actually worked as opposed to hours they are scheduled to work.
- **Manage your Team** - Ensure that you provide clear direction to staff as to what is expected of them and what their role entails. Staff who are given defined directions for their shifts are more likely to work harder and deliver good customer service.
- With a clear sense of purpose, staff are also more likely to take pride in their work. Remember it costs a whole lot more to hire someone new than it does to put the effort into retaining high-quality staff. Keep your team happy by investing in training, promoting internally and paying and rewarding fairly.





Review your insurance cover and costs

The results of the member's survey point to "insurance" as the factor having the greatest impact on business performance.

As with any cost item, you should regularly review your insurance costs and shop around when it is time to renew your policy.

Many insurance brokers will undertake a full no-cost review of your insurances, providing you with the comfort that not only do you have the appropriate insurance cover in place, but at the most competitive cost.

Examine all items of discretionary expenditure

Simply put, discretionary expenditure is spending on what could be deemed as nonessential items and services. In most instances, this type of expenditure can be curtailed without any noticeable impact on the business or operations. In some cases it may involve doing away with expenditure on certain items, or alternatively deferring this expenditure to a later date.

Begin by listing nonessential expenses, and then estimate the savings you could obtain from each by reducing that spending, even if only temporarily. This could include cutting down on or stopping the purchase completely of daily newspapers, which are available for customers. More radical and impactful options could include cancelling premium or pay per view sports channels.

You can also look to temporarily delay major expenses (such as refurbishment works, the acquisition of new equipment or other capital expenditure) until you reach your cash reserve goal.

Control your cash

While you may run a good pub, achieving good margins on your drink and food sales, combined with good cost control, unless you adhere to the old adage of “cash is king”, you do run the risk of undermining the success and viability of your business.

Maintaining positive cash flow will enable you to pay the business’s bills on time from the cash generated by business. If your pub cannot pay its bills on time, ultimately the business is destined to fail. In order to trade and grow your business, you need to try and build up positive cash balances.

The following represents some ways of improving the cash flow in your business:

- Avoid allowing customers credit or ‘tabs’ and if you do, make sure they are settled quickly.
- Ask for extended credit terms with suppliers and if possible order less stock, but more frequently.
- Lease rather than buy equipment.
- Improve profitability by controlling costs, minimising waste and effective staff planning and management.

Scale back your offering

Have you ever thought about how much cash is being tied up by carrying too much stock or trying to offer customers too much choice.

Also, what are the running costs associated with trying to offer multiple stouts, beers and lagers on draft? Sometimes too much choice is not a good thing.

Examine what products are selling well and those that are not. For those that are not selling, perhaps cut back on their availability or discontinue completely.

Flex opening hours

With many publicans experiencing significant falls in demand throughout the week and customer demand increasingly being focussed on the weekends, it might be appropriate to consider reducing your opening hours or closing the business completely on certain days of the week.



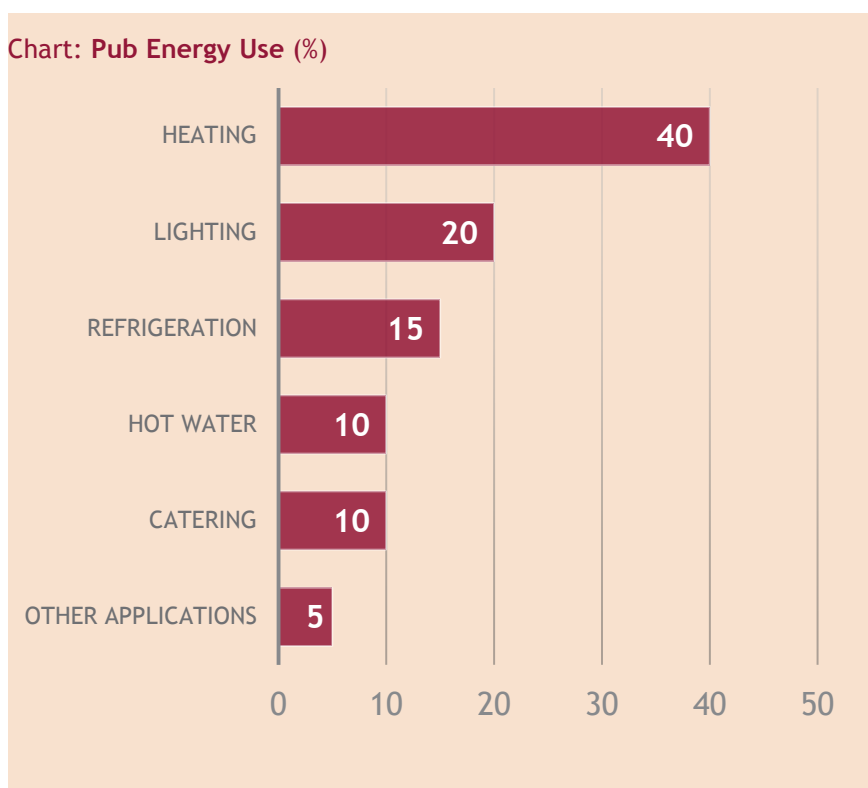
Adopt Energy Saving Measures

Electricity, gas and water are significant expenses for all pubs. It is vital that you control how and when these resources are used. Usage can vary considerably depending on location, services provided and whether energy efficiency measures have been put in place.

The chart opposite provides a breakdown of where energy is used in a pub. This would be representative of a pub with catering facilities and a non-seasonal customer base.

Your objective should be to limit the use of all these utilities and by doing so reduce your energy and utility costs. There are a number of simple approaches that can be adopted.

Chart: Pub Energy Use (%)



Source: Energyelephant.com

Heating

Stick to the recommended temperature - 20°C to 22°C is the ideal temperature for bars and lounges.

Divide your pub into zones with separate heating controls for the bar, lounge and other areas.

Install a timer switch, which will allow you to have different settings for each day of the week.

Check your thermostats are working well and do not have them installed in areas which may experience temperature extremes.

Lighting

Getting the lighting levels in your pub (both front of house and back of house) right will not only create a better customer experience but also ensure health and safety is maximised. The key point to remember is that if you don't need a light on, then turn it off!

The best way of dealing with this is to do a room by room (and outside), hour by hour audit of how you use lighting.

While it may seem obvious, keeping all windows, skylights and light fittings clean can make your pub bright and welcoming without incurring unnecessary expense. (Without regular maintenance, light levels can fall by up to 30% in two to three years).

It is possible to reduce lighting energy costs by 50% or more by implementing automatic lighting controls and installing low energy (LED) light bulbs.

Cellar/ Cooling Systems

The energy used for cooling beverages in a pub typically accounts for 10% of the total energy cost. Approximately 50% of this goes into the cellar cooling.

Significant savings can be achieved by following some basic rules:

- Don't store heat producing equipment in the cold room/ cellar. Ice machines produce heat, meaning that your cellar cooling system has to work extra hard.
- Cellar doors should be properly insulated. Doors should be kept closed when not in use.
- Install energy efficient lighting and make sure to turn off lights, to avoid excess heat production when not in use.
- Undertake regular maintenance and cleaning of the equipment.

TIP If you store your bottled beers in the cellar or cool room, open all the cardboard boxes - this allows the cool air to circulate around the bottles, allowing them to cool quicker.

Water

Notwithstanding the financial costs, from an environmental perspective you should be trying to minimise the water you use, but also what gets flushed away.

In the kitchen, avoid washing food-stuffs under the tap, try washing them in a pan or basin.

Upgrade older toilets and sanitary ware with water efficient models. If this is too costly, use

displacement devices in the tank or cistern to reduce the amount of water used for each flush.

Consider changing to waterless urinals.

Avoid overheating water, not only is it potentially dangerous it is also costly. Water should be hot enough (60°C) to kill Legionella bacteria and warm enough for staff and guests to comfortably wash their hands.

When shopping for new glass/dishwashers, go for an energy saving model. Some models can save up to 20 gallons per load and energy consumption will be reduced too.

Building

Around two thirds of heat from a typical building is lost through the walls, floors and ceilings. It can be beneficial to make improvements to these areas prior to replacing or upgrading any existing heating system or at the same time as any major refurbishment project.

A well designed refurbishment project will provide you with the opportunity to integrate energy efficiency measures into the fabric of your building.

Kitchen

If you have a kitchen, it will probably be the single largest per room consumer of water, gas and electricity within your business so making sure your kitchen staff work efficiently and safely will result in savings to your business.

It might make sense to install a sub meter to see exactly how much energy is being used. This can help identify potential areas for cost savings and help you to justify any investment that may be required to reduce running costs.

CHECK FOR WATER LEAKS

You should carry out regular checks to make sure that your pub is not losing water due to a water leak. Not only will leaks result in the loss of a lot of water, they can also result in unnecessary costs to your pub if they aren't fixed quickly.

GOING GREEN

For more tips and guidance on how you can introduce some energy and cost saving measures in your business check out:

www.greenbusiness.ie

Grants are available from Sustainable Energy Authority of Ireland (SEAI) to help businesses cut down on energy costs or to meet energy saving targets. Further detail is available on the SEAI website.

<https://www.seai.ie/grants/business-grants/>



QUALITY AND STANDARDS

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Quality is key to boosting your business and growing your profits. Consumers and tourists alike are becoming more discerning and expectations around the quality of the services and products, which they buy, remain high.

For many consumers quality is a key aspect of the decision making process when purchasing a product or service. However, each consumer is likely to have different interpretations of quality including physical appearance, friendliness of staff, pricing, atmosphere, décor to name but a few.

Providing excellent customer service should be at the heart of everything you do so that you ensure high levels of service quality and customer satisfaction in your business.

While there are many models of service excellence that can be employed, each tend to focus on three key areas as illustrated as follows:

GET THE BASICS RIGHT...

- ✓ Make sure employees always smile and greet customers when they arrive.
- ✓ During busy times, if you can't serve a customer immediately let them know you'll be with them as soon as you can.
- ✓ Learn your customers name and their preferences.
- ✓ Pay close attention to your customers needs.
- ✓ React to and use customer feedback.



Your Customers

For any business that is serious about service excellence, your customer must be at the heart of everything you do. Not only does this mean defining and communicating your commitment to delivering service excellence, it also means demonstrating this commitment, through your actions on a consistent basis.

To achieve this, you will need to:

- Fully understand the needs and expectations of all your customers.
- Design your offering around those needs and expectations, making sure to modify and change your offering in line with changing customer needs.
- Deliver your offering in a way that consistently exceeds expectations.
- Facilitate both informal and formal customer feedback so that you can monitor your customer service and identify areas for improvement as and when they arise.

Your Staff

The support and commitment of your staff is a key ingredient of delivering service excellence. In order to get the buy-in and support of all your staff you need to:

- Ensure that all roles and responsibilities around customer service are clearly defined and unambiguous.
- Provide the necessary support and training to all employees to ensure that they can consistently deliver high levels of customer service.
- Involve all employees in developing and ensuring the delivery of service excellence in your pub.
- Monitor employee satisfaction levels and address areas that are impacting negatively on customer service.

Standards of Service Performance

Consistency in service excellence can only be achieved where you have:

- Clearly identified key contact points and interactions with all your customers.
- Devised standards of performance which guide how service should be delivered across all these interactions.
- Provided the appropriate training for staff on how to deliver these standards.



SERVICE DIFFERENTIATION

A key element in what makes your pub successful is differentiation. In its simplest form, this is what makes your pub stand out from the competition.

While somewhat obvious, it can be easy to sometimes overlook customer service as a selling point, but when you have worked hard to build-up a strong customer base you want to make sure you keep it. **Service differentiation**, by delivering excellent customer service is critical to how you achieve this.

Your approach to and the framework for the delivery of customer service excellence will be key to achieving this objective.

Price and Product Differentiation are the two other ways by which you can try to differentiate your pub from the competition.

- **Price Differentiation** - You can view price differentiation in either of two ways. You can either aim to position yourself as the least expensive or most expensive. Many businesses try to compete by being the least expensive as customers appreciate getting the same product for less. While selling the most expensive products may seem counterintuitive higher prices can sometimes represent higher quality, luxury or a more personalised experience.

- **Product Differentiation** - is probably the most common strategy to use when you have something with a unique selling proposition. For pubs this can be somewhat difficult to achieve or maintain over the long-term as it is relatively easy to replicate.

Set out in later sections of this guide are some ideas for new products and services that may allow you to differentiate your pub and by doing so increase your appeal to both new and existing markets.



MARKETING AND PROMOTION

MARKETING AND PROMOTION

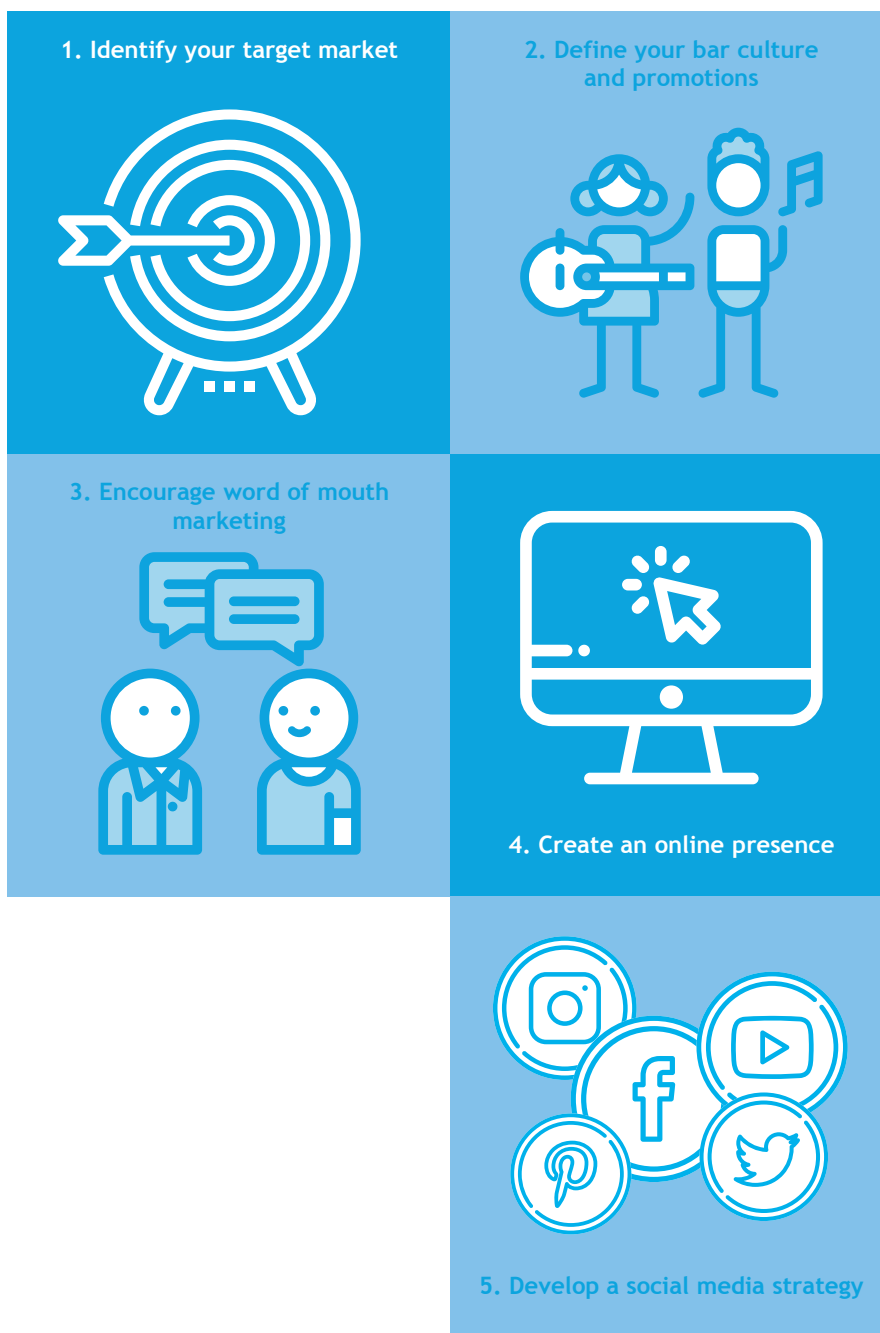
While most publicans will engage in some form of marketing and promotional activity, many overlook the fact that you are marketing your business every time you interact with a customer, potential customer, or anyone for that matter.

Remember the key to effective marketing and promotion is to identify what makes your business unique and then to clearly articulate this to your target markets.

The key factors that are likely to make you stand out from your competitors include:

- **The product or service you offer-** What is so special about it?
- **The friendliness and helpfulness of your staff-** How do customers find the whole experience of dealing with your business and staff?
- **Price and Quality-** Do you offer great value for money?
- **Location and visibility-** What is your location like? Do you have good signage? Is your pub easy to find?
- **Accessibility** - Is it easy for your customers to visit you?
- **Product or service availability-** Do you offer a good range of products and do your customers receive prompt service?

There are five key steps to follow when marketing your bar which are illustrated below and described over the following pages:



Identify Your Target Market

Your pub's target market is the ideal group of consumers you're trying to attract. To identify your market, consider the characteristics of your local population, preferred clients, and foot traffic near your location. This involves creating an ideal customer profile based on demographic and customer behavior data and shaping your pub marketing strategy around their preferences.

Create Your Pub Culture

Culture is all about the type of experience you wish to create at your pub and should be based on the customers you're targeting. Bar promotions (such as events and competitions) are the methods used to attract these customers.

The more unique your bar's experience, the more memorable your culture and the easier it is to attract your target customers.

For local or more rural pubs, it may be necessary to blend elements of different bar experiences, so you may want to have live entertainment on some nights, sports events on other nights and other themed events to create a unique culture.

Plan your pub's promotions to follow a regular schedule based on the season or day of the week and post them on your website and social media pages.

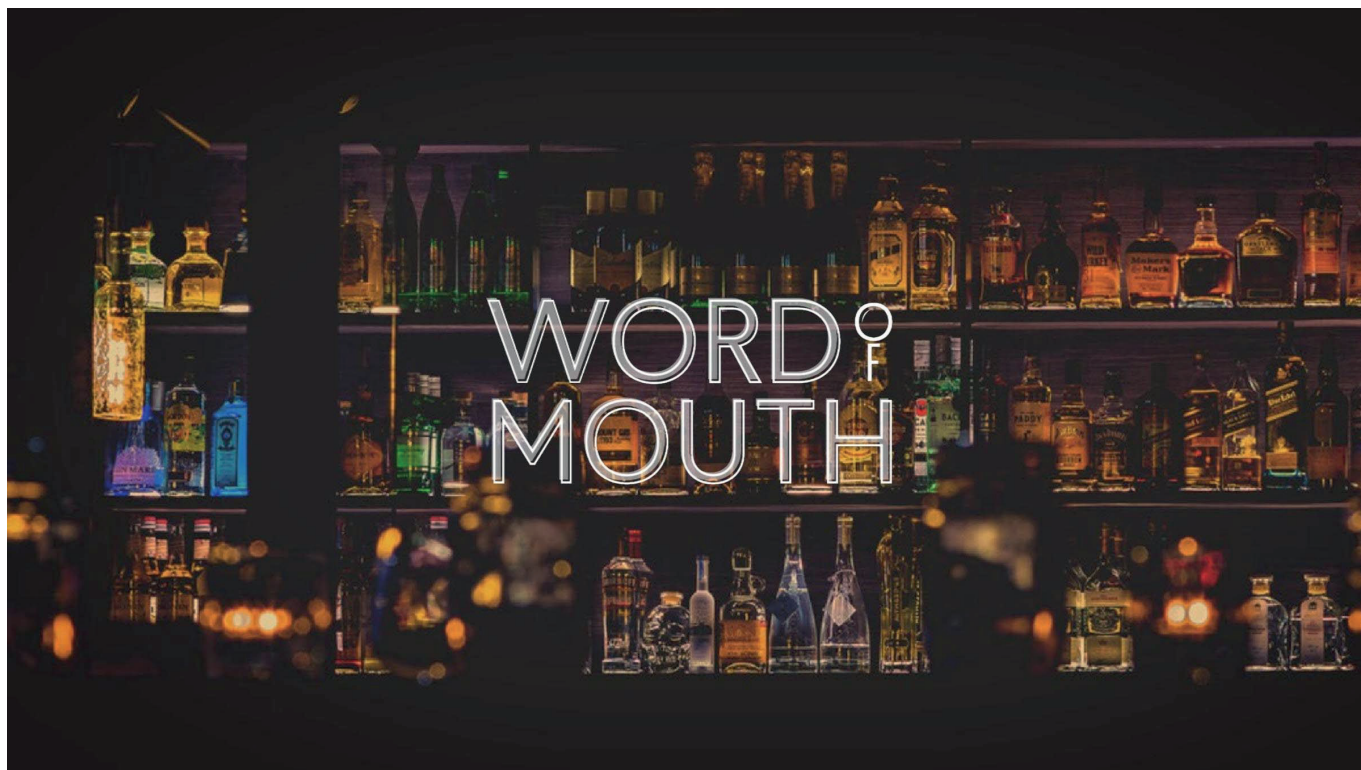
Encourage Word-of-Mouth Marketing

Word-of-mouth marketing involves encouraging people to recommend your pub to their friends and acquaintances, but make sure you already have an online presence in case people research your pub online.

Word-of-mouth can be your number one source of customers, but it is only as effective as your pub is appealing. Harness your pub's culture and promotions to establish your identity as the gastro pub, music bar, or sports bar in your area to generate positive word of mouth

About 88% of customers place the highest level of trust in recommendations from friends, and word-of-mouth impressions drive five times more sales than paid advertising. If done correctly, the right pub culture and promotions will drive word-of-mouth marketing to your desired audience.

Positive word-of-mouth marketing can be encouraged. Give away bar merchandise, vouchers or other items as prizes during promotions, in recognition of loyal customers or to entice customers on what are traditionally quieter evenings.



Create Your On-Line Presence

Before developing any promotional material, it is important to remember what is your key objective? The answer is likely to be increase sales. Your web-site is a vital promotional tool and potential booking channel rolled into one.

- As more and more people use mobile devices, it is important that your web-site is mobile enabled.
- Your home page will create the all important first impression. It should present the business in a very positive light and be easy to navigate and explore.
- Quality photos and videos are likely to have a greater impact than words and can avoid any potential language barriers.
- If targeting overseas tourists, try to internationalise your web-site with different language options. Tip- don't rely on google translate to get it right, use a native speaker.
- If looking to manage bookings or enquiries ensure contact details are clear and prominently displayed. Don't use brackets on telephone numbers so that they are smartphone-friendly.
- Make it easy for customers to find your pub online. Share links with complementary websites.
- Ensure your pub is on google-maps and that the coordinates are correct.



GOING ON-LINE- THE GLYDE INN

The Glyde Inn was awarded National Pub of The Year and Irish Food Pub of the Year 2018 at the Irish Pub Awards. The pub was established in 1770 and today is run by mother, father and son team, Anne, Paul and Conor O'Neill, having been in the O'Neill family since the early 1960s.

Growing up, Conor spent a lot of time working in the business but it was not until 2016 that he took on the role of general manager. Prior to this, Conor completed a third level and postgraduate qualification, travelled extensively and spent one year working with Fáilte Ireland. Conor feels that “the year working with Fáilte Ireland was very informative, not only did it provide me with great insights into the tourism sector, but also how to effectively target and win business, particularly from the corporate and incentive markets”.

Having completed his primary degree in business and IT, Conor says, “I always had an interest in marketing and social media and was responsible for developing, in the early days, the Glyde Inn’s on-line and social media presence”. At the same time, he acknowledges that this activity was at times, a bit “hit and miss”, and can give numerous examples of initiatives that failed to work.

Returning to the business in 2016, Conor set about ramping up the business’s on-line marketing and social media efforts. In order to get up to speed on the area, he completed some short marketing and social media courses. However, he quickly realised that “they were pretty much all saying the same thing. For your marketing and social media efforts to be effective you need to know who your customers are, what social media platforms are they on and to post information and material that will appeal to and engage them”. While acknowledging that not all the Glyde Inn’s customers are on social media, Conor sees this as something that is continuously changing. The vast majority of our customers are on social media, while we also have customers in their 80s who are on Facebook. If they aren’t they have friends or relatives who are, and are hearing through word of mouth about activities and events taking place in the Glyde Inn.



Conor takes responsibility for all the Glyde Inn’s on-line marketing and social media and acknowledges that this can be “a very time consuming task”. Conor has found that one way of reducing this is “to develop content that can be used across multiple platforms, and with only minor tweaking can be used on a recurring basis”. Where you do not have the time or expertise to do this, “see if there is a member of the family or staff who you can delegate this job to”.

For Conor one of the big risks with social media is that “you can get all consumed in it, posting content and trying to reply to customer posts. It is important not to forget about the most important customer- namely the person who is sitting in your pub, having a drink or a bite to eat. While you are sitting in the back office on Twitter or Instagram, it is important to ask what sort of customer experience are they having?”

For anyone looking to develop their on-line and social media marketing efforts, Conor strongly recommends that you invest some time and money in getting some professional photos and or video content. “Trying to do things on the cheap or half-baked reflects poorly on the business and can create a negative impression before a customer even visits your premises”. He also warns, “you shouldn’t be afraid to fail. It may take a few attempts to get something right, perseverance is key”.

While there is a lot of pessimism in the sector, Conor is optimistic about what the future holds for him and the business. He believes that in every town and every location that “there are opportunities for all. Obviously you need to identify what the opportunity is, but perhaps more importantly, be brave enough to go after it”.

“A presence on Facebook, Twitter, Instagram, or even Snapchat for your business or event is no longer a nice-to-have it’s essential”

Develop An Effective Social Media Strategy

Changing consumer behaviour, for example consumers choosing to socialise at home, and other demographic factors have resulted in declines in the number of people visiting the traditional rural pub.

Pubs need to ensure that they are doing everything they can to entice consumers to socialise more in pubs rather than at home.

The millennial generation is becoming increasingly important to the licensed trade. This generation live and breathe technology, with the vast majority making decisions based on their digital usage and activity.

However, it is not just the millennial generation that makes use of social media today, with three out of four adults now owning a smartphone. This has a significant impact on the licensed trade’s marketing activities in Ireland.

Your social media strategy is the ongoing promotion of your pub through social channels. Use social media platforms like Facebook and Instagram to promote events, share drink specials, and engage potential customers. A social media presence gets your pub in front of the community, helping existing customers remember you and new customers discover you.

Tips for developing an effective social media marketing campaign

Set out over the next page are seven key steps to developing an effective social media marketing campaign.



Steps to developing an effective social media marketing campaign

Audit your current social presence	<ul style="list-style-type: none"> • Which networks (Facebook, Instagram, Snapchat) are you currently active on? • Are your networks optimised, do they present the right image for your business? • Which networks bring the most value? • How do your profiles compare to competitors?
Identify your key customers	<ul style="list-style-type: none"> • What age are they? • Where are they located? • What do they do (jobs/profession)? • What income bracket are they in? • How can you meet their needs? • What social media channels do they use?
Set clear social media goals	<ul style="list-style-type: none"> • Write down at least three social media goals.
Identify key success metrics	<ul style="list-style-type: none"> • It is important that you can measure if your social media marketing efforts are working. A few metrics which can be implemented include; conversion rate, time spent on your web-site, reach, brand mentions, sentiment and total shares.
Create Engaging Content	<ul style="list-style-type: none"> • Once you have identified who your ideal customer is and their interests, then you need to start creating and curating content (information) that will appeal to them. This can include: images, videos, blogs, and news items. • In tandem with this, you should create a content calendar that outlines how often you will post to each network, what you will post and when you will share this information.
Find Inspiration	<ul style="list-style-type: none"> • While it is important that you are unique and original in your social media efforts, you should monitor and research how competitors and other businesses are executing successful social media strategies. • Your customers can also provide inspiration. What are your target customers talking about online? What can you learn about their wants and needs? Ask your existing followers what they want from you. If they tell you, make sure you deliver what they are asking for.
Track, Analyse & Optimise	<ul style="list-style-type: none"> • This is possibly the most important step to ensure that you succeed on social media. Even the best social media marketers rely on trial and error. As you start to implement your plan and track your results, you may find that some strategies don't work as well as planned, while others are performing ahead of expectations. • An effective social media strategy is never set in stone and should be viewed as a work in progress that evolves as required.



DIVERSIFICATION AND INNOVATION

DIVERSIFICATION AND INNOVATION

An emerging strategy for the survival of the rural pub is that of diversification, combining the sale of alcohol with other activities.

For any pub, the key to successful diversification is to find out what your local area is missing and to see if you can fill this gap.

In some cases the answer may be obvious, but in others it may be less apparent.

At a very basic level there are three ways in which a business may try to diversify:

- *Identify new customers for existing products*
- *Develop new products for existing customers*
- *Develop new products for new customers*

Issues to consider when thinking about diversifying:

- **Finance and other forms of support-** is there funding available to allow your new idea become a reality?
- **The physical characteristics of the premises-** does the physical space, capacity exist within your business to accommodate this new idea?
- **Developments and/ or restrictions in the surrounding area-** are there any other people offering a similar service or offering locally, are there planning or other regulatory issues that may impact on your idea becoming a reality?
- **The support of networks and other local stakeholders-** can you garner third party support for your new business venture?
- **The initiative, adaptability, and determination of the person driving the business-** how committed are you to make this new business a success?

Critical Steps In Researching And Developing Your Idea

- Identify success stories.
- Visit comparable businesses both at home and abroad.
- Ask questions about the product/ service.
- Evaluate it yourself- what do you think of the experience?
- What changes would you make to improve the product or service?
- How is it marketed and promoted?
- Does the experience match what is promoted?
- Develop your business plan.

Finding the right idea

The following illustrates a three step process to identifying new opportunities for your business.

Establish what you want to achieve from your idea...	Generate the Idea	Avoid Common Pitfalls
<ul style="list-style-type: none"> • Increase income 	<ul style="list-style-type: none"> • Search and research, visit exemplars, gather information 	<ul style="list-style-type: none"> • Be creative, don't just copy someone else's idea
<ul style="list-style-type: none"> • Utilise under used assets/ facilities 	<ul style="list-style-type: none"> • Attend seminars, conferences; talk to agencies 	<ul style="list-style-type: none"> • Think outside the box
<ul style="list-style-type: none"> • Improve the attractiveness of the pub to a successor/ potential purchaser 	<ul style="list-style-type: none"> • Evaluate and appraise 	<ul style="list-style-type: none"> • Ensure you have sufficient financial resources
<ul style="list-style-type: none"> • Create an additional income stream for another family member 	<ul style="list-style-type: none"> • Develop the business plan 	<ul style="list-style-type: none"> • Test and retest



Tip

For detailed advice and guidance on starting a food business visit the Food Safety Authority of Ireland's web-site www.fsai.ie/food_businesses/starting_business.html

Run Regular Events

While the pub quiz is something of a cliché, it is seeing a revival in many locations. A well run pub quiz can help bring in customers on what would otherwise be a quiet night. These new customers are also far more likely to pay a visit during other times of the year.

Quizzes are not the only type of events that you can run, with many pubs now running a range of different (themed) events throughout the year, including everything from board games, “mobile-free”, Irish speaking, movie nights and other themed nights.

As long as the event is well-run and appeals to a certain market, the opportunities are endless.

Develop a food/ café offering

While food might be seen as a solution for some, for many it is not practical or feasible to develop a full-scale restaurant offering. In this regard, it may be possible to introduce a limited food or alternative café style menu, with a focus on hot drinks, light sandwiches and soups as a means of enticing people into your pub.

If you are concerned that by developing a café offering you might put-off some of your regulars, it might be worth considering, space permitting, designating a specific area of the pub as a café during that day so it does not impact on your traditional ‘regulars’ business.

The Grow Your Food Programme developed by Fáilte Ireland in partnership with the VFI can help those who are currently providing food to enhance their food and drink offering. This initiative focusses on providing great Irish food and drink experiences in pubs across the country with an emphasis on innovation, locally sourced produce and value for money.

Live Music

Live music is a proven and popular means of attracting customers into your pub. Listening to live music in a pub ranks very highly amongst tourists visiting Ireland, but also appeals to the regular customer.

While the cost of providing live music can be too high for some, amateur and local bands and musicians will sometimes play for very little money or, indeed, just a few drinks. You should try and fit the type of music to your customers- try asking them what their preferences would be in advance.

Embrace new technology

From on-table beer taps, to cashless payment systems, you need to embrace new methods and technology which can help boost your business and broaden your appeal to wider markets.

At a minimum free Wi-Fi should be available, particularly to attract a younger crowd.

FLANAGAN'S GASTRO PUB

Flanagan's Pub in Mayo has been an established landmark on the N60 since 1965. Pat Flanagan, the current owner Luke Flanagan's father, initially operated the business as a pub, shop and post office until Luke took it over in 1994.

For the next 10 years, Luke and his wife Caroline ran the business, but took the decision in 2005 to close the shop and post office.

As Luke describes it, "we reluctantly reached the decision that the business was no longer viable. The property was our family home and there wasn't much value to be gained by selling the licence, so we felt that we had no other option but to try and make the pub work".

Over the next number of years, Luke worked in a number of different jobs, including spending time developing and honing his cooking skills, while at the same time keeping the pub open on a part-time basis. Even today, the business does not operate 7 days a week, remaining closed Mondays and Tuesdays.

During this period, Luke and Caroline were constantly researching the market and using every opportunity when travelling, to visit pubs within Ireland and internationally in order to find some "inspiration" for Flanagan's.

In 2010, Luke and Caroline took the decision to transform Flanagan's into a modern Irish gastropub. With the support of his bank, they undertook a 6-week refurbishment programme to renovate and upgrade the pub. As Luke describes it "developing the business plan and preparing the financial projections for the new business to secure bank funding was a major learning curve for me. Not only had I no experience of doing this, I had no idea where to access the support or assistance to do it. Even today, my bank continues to request on-going updates on both operational and financial performance of the business. It requires an investment in time to meet these reporting requirements and it is not something that came naturally to me".

Luke points to some of the upsides of relaunching a



business during a recession - "staff were much easier to come by and there was much less competition for experienced staff. In addition, other businesses locally were closing, resulting in less competition. It is the other extreme now when it comes to getting staff, with experienced staff very difficult to find".

During the initial years of the new business, Luke undertook a lot of local marketing and promotion - "we targeted every conceivable group for every occasion". Most of this activity was in the form of distributing flyers within the county and running advertisements in the local media.

More recently, Flanagan's have developed a very effective social media marketing strategy, underpinned by a modern and visually impactful website. Flanagan's are very active on Facebook and Twitter, where they provide regular updates on the business, promotions and events they are running and details of awards the business has won. Luke believes that "Facebook is a great platform to engage with customers and for customer to post reviews - it does need to be carefully managed", he warns.

So having established an award winning pub and restaurant is that it for Flanagan's? Quite the opposite according to Luke, "we are never standing still and are constantly evolving. Caroline and I are always on the look-out for new ideas for the business. We have recently launched a new Tapas menu, where the emphasis is on Spanish style, using Irish ingredients. We always try to source as much of our produce from local food producers and suppliers. I am currently planning the menu for next year, so things are always changing. I still love coming to Dublin as often as I can and when I do, I will make a point of visiting two or three pubs to check out what is happening and to identify new market trends. You never stop learning or picking up new ideas".





Develop Community Services/ Offerings

When exploring opportunities to develop community led services or offerings, you should consider the following:

- Can you fill an important gap in terms of your area’s local infrastructure?
- Are there opportunities to become a site for or partner with other businesses?

It is important to remember that while the direct income that may be generated from such an initiative may not be significant, often the opportunity lies in the increased number of people these services can bring to your site and the indirect revenue generating opportunities that arise.

In addition such partnerships can offer a means of raising awareness of your business, help to generate goodwill and provide critical pieces of social infrastructure or services that may otherwise not be provided.

They may also offer opportunities to access some important grant/ funding support which can help you enhance your business/ premises.

In the UK, many pubs and local communities, through *the Pub Is The Hub* initiative have sought to use local pubs as the location for important local services and facilities.

Since its establishment in 2001, the Pub Is The Hub has worked with over 500 pubs to relocate, re-open or introduce vital services and activities in their local pub.

Case studies and details of some of the projects supported as part of this initiative can be found at www.pubisthehub.org.uk and include projects such as the opening of coffee shops, development of community hubs which provide Wi-Fi facilities, personal computers, photocopying and printing facilities, community libraries/ book exchanges, local cinema’s meeting rooms and children’s play areas.

Opportunities In Tourism

For publicans looking to diversify or seek out new opportunities for their business, the tourism sector presents a number of possibilities. The opportunities for enterprise development in tourism are vast, but can be broken down into three key areas:



When considering investing in a tourism related venture it is important to be aware of and understand the following:

- How does the typical tourist spend their money when holidaying in Ireland?
- What type of accommodation do they stay in?
- What type of activities do they engage in?

Understanding tourists behaviour under each of the above, may help you identify possible opportunities for you and your business.

Chart 1
How did overseas tourists spend their money in Ireland? - Breakdown of Spend (%)

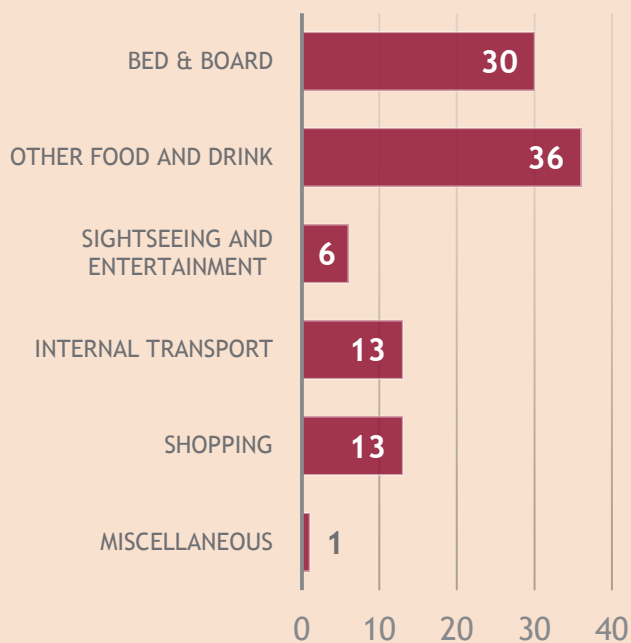
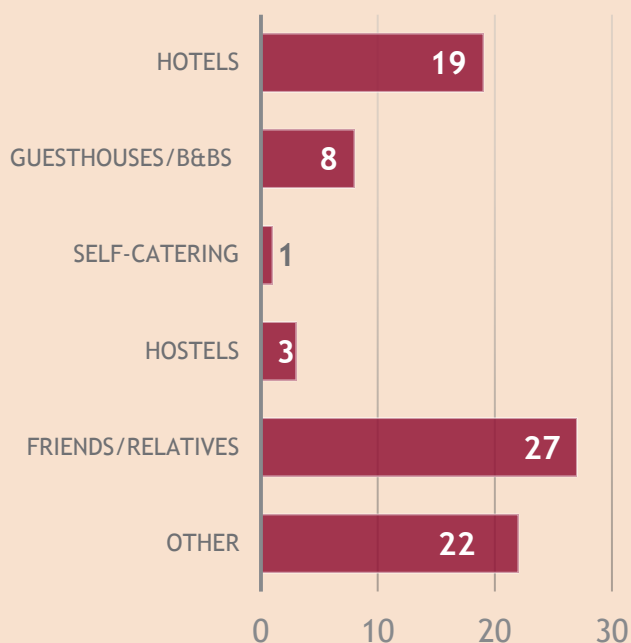


Chart 2
Where did they stay? (distribution of bednights) (%)



Options in Accommodation

The range of options in tourist accommodation are vast. For many pubs, B&B and self-catering offer an attractive accommodation add-on to the business.

In Ireland, Fáilte Ireland has responsibility for the registration, grading and approval of Irish tourist accommodation. It is possible to operate and provide some tourist accommodation outside this regulatory framework.

The arrival of Airbnb for example has seen a surge in the provision of this type of accommodation in Ireland.

Self-catering accommodation, covers a wide variety of accommodation such as stand-alone self-catering houses, cottages, apartments or any type of accommodation where visitors can cater for themselves.

The chart, to the right, illustrates the potential returns that could be realised by someone looking to enter this market.

While this example is somewhat illustrative, it does demonstrate that even allowing for a relatively small number of bedrooms and reasonably modest assumptions regarding income and costs, that it may be possible to generate what could for many small pubs represent a significant level of additional income.

Development of Bed and Breakfast	Ancillary Income	Annual Costs
3 bedrooms	Ancillary Beverage Sales (983 guests X €6.00 pp)	Running Costs 30% (€11,794)
7 nights, 52 weeks		Marketing 2.5% (€1,966)
50% occupancy		Casual Labour (€4,000)
1.8 guests per room		
€40 pp		
€39,312 Gross Income	€5,898 Ancillary income	€17,760 Annual Costs

Net cash income before interest and tax.	€39,312 + €5,898 - €17,760	€27,450
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Other Opportunities in Tourism

Many of the ideas presented in earlier sections of this guide will cater to and appeal to a tourist market.

Other options could include targeting the group and individual tour market with a “pour your own pint offering” or for the pub to play a more active role as a location for a tourist information service.

Collaborate

Whether you are looking to grow your business by developing a tourist offering or some other form of diversification, you should explore opportunities to work with other businesses in your locality to add to the enjoyment and benefit of your customers.

Work together and share information and ideas with fellow publicans and other tourist and related businesses locally.

Collaborate on joint marketing, create packages and special offers together and refer custom to each other.

The easier you make it for the customer by providing them with information and suggesting things to do, the more likely they are to visit your location and use your business.

Once they are in your area, the more you help them to enjoy their visit, the more likely they are to come back and recommend the area to their friends and family.



Possible Funding Opportunities

Even though there are always things that can be done at little or no cost, some of the ideas put forward previously will require some level of funding to get them off the ground.

Grant opportunities from the State and the EU do regularly change year on year, with many schemes and programmes running for finite periods.

While the nature of the schemes may change, in the main the organisations which provide the funding remain fairly consistent.

You should therefore keep a close eye on the various agencies/ organisations in order to identify possible grant programmes and supports which could help fund your project or idea.

Funding bodies tend to provide guidance notes for making an application and many share details of previously successful applications.

The following list presents details of the main State, Non Government Organisations (NGOs) and EU funding sources, however it is not exhaustive:

- Department of Rural and Community Development
- Fáilte Ireland
- Local Enterprise Offices
- The Community Foundation for Ireland
- The Arts Council
- The Heritage Council
- Your County Council
- Your local LEADER group

Where possible, local business and community sourced funding should be obtained to support projects.

Most government and EU funding requires some level of matched funding.



Developing Your Business Plan

Having identified new opportunities for your business, it is now time to bring all the material and research you have undertaken together into a business plan.

The business plan will become the blueprint on how you propose to develop and manage your new business opportunity. The real value of a business plan lies in the process of research and thinking about your business and the opportunity in a systematic and critical way. While it can take some time and effort to bring everything together, it can help avoid costly, perhaps disastrous, mistakes at a later date.

Developing a business plan is necessary in order to raise finance, measure performance, and establish a clear direction for your business.

There are a number of sources online and from agencies and organisations such as Fáilte Ireland, Banks and Local Enterprise Offices which provide sample business plan templates.

In the main, these offer generic templates, which are suitable for many types of businesses.

The table to the right illustrates the key elements of any good business plan.

Components of A Good Business Plan

EXECUTIVE SUMMARY	The executive summary gives a short concise summary of your Business Plan
YOUR DETAILS	Basic contact details
YOUR BUSINESS	<ul style="list-style-type: none"> Name of the business Type of business
THE PRODUCT/ SERVICE	<ul style="list-style-type: none"> What are you offering or selling Describe your product/ your business What are the key characteristics of the product/ service What is unique about what you are selling
WHY YOU?	<ul style="list-style-type: none"> Your success and achievements Your strengths and experience Training needs How you will overcome any weaknesses/ challenges
OBJECTIVES	Set out what you want to achieve
HOW YOU WILL SELL YOUR PRODUCT/SERVICE?	<ul style="list-style-type: none"> Describe the market How will you access the market How will you promote the business What support you will access to get to the market
THE FINANCES	<ul style="list-style-type: none"> What are your development costs, running and marketing costs How will you fund the initial investment in the business Income and expected returns on investment Cash flow projections

Questions To Ask Yourself Before you Embark on a New Venture

- Do I have a well researched idea?
- Have I got the energy and drive?
- Have I accurately identified who may want my product or service?
- How will I deal with uncertainty?
- Am I good at using my own initiative?
- Can I access the necessary investment/ capital?
- How adverse am I to risk?
- Am I confident that I can tap into and access the necessary support?
- Have I fully considered the competition?
- Have I got an appropriate contingency plan in place to deal with unforeseen events?
- Am I fully committed to making this new venture a success?
- Have I given full consideration to the financial, operational, health and safety, regulatory, insurance and environmental consequences of my new venture?





EXITING THE BUSINESS



Prepare Your Business Exit Strategy

Many businesses (in fact most businesses) don't have an exit strategy. This is of particular relevance to Irish publicans, with BDO's research indicating that approximately 80% of publicans do not have a succession plan in place. This is a mistake.

It is important to develop a business exit strategy and to regularly review your progress in addition to understanding what is happening in your market.

You and your family need to consider and understand the exit process and what is involved, along with what any potential buyers may look for or how the business is to transfer to the next generation of the family.

Preparing your sale or succession plan well in advance will result in a much smoother process and hopefully less stress for everyone involved, you, your family, prospective purchasers and staff.

Effective Succession Planning

The succession-planning process is a critical event in the life cycle of family businesses. With family businesses, succession planning can be especially complicated because of the relationships and emotions involved and because most people are not that comfortable discussing topics such as aging, death, and their financial affairs. In this regard, it is never too early to start the planning process for the handover of a family business.

When it comes to succession planning some of the key questions that are likely to arise include:

- Who is to own shares in the next generation?
- Who should have control/management of the business?
- Can ownership and control be separated?
- How can I guarantee financial security for me and my spouse?
- How can I be fair, and be seen to be fair, to my heirs?

Included overleaf is a checklist to help you determine your succession readiness and to identify the issues that are important to you when considering the transfer of the business to the next generation of the family.

Succession Planning Checklist

AREA	CONSIDERATION	YES/ NO	COMMENT
Legacy	Is it important to you that the pub remains in the family?	<input type="checkbox"/>	
Timing	Have you established a timeline for the transfer of the business to the next generation of the family?	<input type="checkbox"/>	
Advice	Have you sought or do you know where you can access independent and impartial advice to assist you in the process?	<input type="checkbox"/>	
Expectations	Are you aware of the expectations family members may have in relation to their future role/ involvement in the business?	<input type="checkbox"/>	
Guiding Principles	Do you have a set of fundamental principles (employment of family members, who can own the business, pay and benefits, leadership, future succession) which should be maintained in the business after you leave it?	<input type="checkbox"/>	
Successor	Have you identified or is there a natural successor. Do other family members share this view?	<input type="checkbox"/>	
Changing Role	Do you still envisage some future role for you after the transition. Do other family members share this view?	<input type="checkbox"/>	
Income	Will you continue to rely on the business for income. Can the business support two or more incomes?	<input type="checkbox"/>	
Future Strategy	Does the next generation have a clear strategy for the future direction of the business. How confident are you in their ability to deliver on this plan?	<input type="checkbox"/>	
Validation	Would the next generation be in agreement with the answers you have provided above?	<input type="checkbox"/>	

Preparing your business for sale

For those of you who feel now may be an opportune time to exit the business and there is no obvious succession strategy open to you, now may be the time to prepare your business for a sale. It can often take a number of months to prepare a business for sale and if you want to maximise the price you achieve, planning and preparation is an essential part of the process.

The following summarises 5 key steps that should be undertaken when preparing your pub for sale:

Step One - Organise your documents

Without current financial information, lease agreements, licenses, etc at hand, it is unlikely that you will be able to answer the many questions that are likely to arise during the sales process.

Financial Documents which should be at hand

- Management and audited accounts (last three years)
- Balance sheet (historical and Year To Date)
- Tax
- Budgets
- Details of loans and or charges on the property

Other Important Documents that should be available where relevant

- Lease agreements
- Franchise or license agreements
- Inventory list (stock values)
- Equipment list
- Valid liquor licence and other compliance certs
- Equipment or machinery leases
- Employee information
- Contracts with suppliers
- Domain registration and web-site hosting information
- Marketing material

The above list is not exhaustive. There are likely to be a number of other documents and you should consult with you financial or legal adviser when preparing the business for sale.

Step Two - Speak to your Accountant or Financial Adviser

Once you have all your documents in order, schedule a visit to your accountant. They can help you gain a better understanding of the financial position of your business.

Your accountant can assist with:

- A valuation for your pub
- Establishing a budget for the process
- Preparation of future projections and cash flow
- Effect of capital gains on the sale
- Tax implications
- Preparing for the due diligence process

Your accountant will be able to help you organise your financial records and establish a valuation for your business. They can also help you understand how much you need to generate from the sale of the business to cover any outstanding loans or monies due to other creditors.

Talking to a valuer can help you understand current market conditions and what price they would expect to sell the business for.

Step Three - Set a Realistic Asking Price/ Valuation

Establishing a realistic price for your business is vitally important. Set too high a price and you may have difficulties attracting a buyer and you may struggle to sell the business. It is important that you set a realistic price at the beginning of the sales process.

Unlike real estate, businesses have a number of different facets that will impact on value and need to be considered including- location, sales, net profit, owners salary, goodwill, brand, business potential and growth. A number of external factors can also affect the business, such as a flat economy, rising costs in the sector, regulatory/ compliance issues, changes in consumer demand and spending etc. Timing is key.

Step Four - Get the Appropriate Legal Advice

In order to ensure that the business sale is legal and the ownership is correctly transferred, you will need to involve the services of a solicitor. A confidentiality agreement and contract of sale can be prepared by your solicitor. The confidentiality agreement is important where you are sharing potentially commercially sensitive and other important information with potential purchasers.

When a prospective purchaser enters the process of due diligence, they will examine the business's financial records and legal documents, getting their own solicitor or accountant to go over the documentation to ensure it is all correct and legal.

Step Five - Prepare Your Marketing Documents

If you are committed to selling your pub you will need to have an effective marketing strategy in place. Whether selling privately or through an agent, you need to have a good understanding of your business and how you would like it displayed to the public. An estate agent can help you to create a marketing strategy for your pub and help you execute it. For those of you who may consider selling your pub privately, you have the option of using private seller web-sites and print media to attract buyers in a business sale.

When selling a business you need to be realistic about the time frame it can take to sell. Generally businesses will take longer to sell than property.

Other Exit Options

In the event that a sale of the business is not a viable option, and if no natural or obvious successor exists to take over the business from you, other options do exist.

- The most straightforward of which could be to just close the business and cease trading. This may be particularly relevant if the pub is also the family home. In this instance it may be possible to realise some value/income by selling on your pub's licence.
- Alternatively, it might be worth considering options to lease the premise to a third party. For example, you may have an employee who may have an interest in taking over the business, but does not have the financial capacity to purchase it outright. Under such a scenario it may be possible to consider a normal lease arrangement with or without an option to buy at a pre-determined date for a pre-agreed amount.
- Finally, it may be possible to develop or convert the pub to another use. This could include a retail, commercial or residential development.

Remember

When it comes to selling your business, there are a number of tax issues that need to be considered, some of which may be quite specific and unique to your business. You should always seek the appropriate advice. Further details on these and other considerations are available on the VFI's website.



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