

## The big interview: Ted Tuppen

## KEY DATES

1980

After starting out as a chartered accountant with KMPG, Ted Tuppen becomes managing director of a privately-owned international engineering company

1989

Sells the business and eyes up opportunities in the post-Beer Orders pub industry

1991

Launches Enterprise Inns with 372 Bass pubs

1995

Enterprise floats on the Stock Exchange

1996

Extends estate out of the Midlands with 413 former Whitbread pubs

1998

Purchases regional brewer Gibbs Mew, selling off the brewery and keeping 310 pubs

1999

Takeover of Century Inns takes Enterprise estate to 2,400

2002

Adds 1,860 Laurel Pub Partnerships houses

2004

Completes purchase of 4,000 Unique Pub Company houses from Nomura to double estate to 9,000. Enterprise is listed on FTSE 100 index and Tuppen takes chair of the British Beer & Pub Association

2006

Sells 770 smaller pubs to Admiral Taverns. Tuppen awarded CBE for services to hospitality

2010

Enterprise estate drops to 7,000 following sell-offs – and Tuppen estimates another 500 to come

## Rider on the storm

Ted Tuppen is used to fielding brickbats but doesn't shirk responsibility, as **Phil Mellows** finds when he meets the captain of Enterprise

To find out for himself what the fuss was about, Ted Tuppen recently took a trip into the Yorkshire constituency of his arch-critic, Greg Mulholland. The MP had complained about Enterprise Inns selling the Woolpack, in Otley town centre, for alternative use.

"I needed to know what Otley feels like. And then I saw the pub we'd just sold and I understood..."

Tuppen jumps up from the kitchen table and climbs the stairs, coming back with a photograph he's printed off the computer. It shows, on the left, the Woolpack, and on the right, perhaps 50m away, a large building with a banner hanging from it that reads: "Recruiting Now". It's a new Wetherspoon.

"Who is going to want to run a pub where there's a Wetherspoon opening practically next door? Whatever Mulholland says, we've made exactly the right decision here.

"And we sold the building to a charity for a music centre for disabled people. That has to be positive."

Tuppen shrugs and betrays the tiniest degree of exasperation at the continual criticism Enterprise gets from the likes of Mulholland and a certain group of licensees – most of it unfounded, he believes.

He gets "nice letters and nasty letters" and he takes them all seriously, replying within 48 hours. Sometimes the attack turns personal. How does he feel about being a hate figure for some?

"I don't know that I'm hated. I don't read the blogs. But being disliked comes with the territory. If you can't take it, you're in the wrong job.

"I'm sure the company has made mistakes, but I've kept my standards of integrity and honesty. And all you have, when it comes to it, is your integrity. Money and power are of no interest.

"The people who make these charges are invariably people who don't know me."

Who is going to want to run a pub where a Wetherspoon is opening practically next door?

Indeed, meeting Tuppen at his fairly modest pied-à-terre in Shepherd's Bush, a pair of spaniels flapping round his feet as he brews a pot of tea, it's hard to see him as the evil pubco baron.

You can also understand why he comes in for such stick, though. Pubs are an emotional business. For most tenants and lessees their business is also the family home.

And on one thing Tuppen has been unequivocally blunt – in most cases it isn't high rent or the price of

beer that causes a pub to fail. It's a licensee who just isn't good enough.

He rejects a widely-held criticism that came out at last year's Business, Innovation & Skills Committee (BISC) inquiry into the pubcos, that the likes of Enterprise have been taking too great a share of the profits, leaving their tenants to struggle.

He tells the story of a personal visit he made to a licensee who claimed his rent was too high.

"It wasn't the rent. It was because his turnover had gone down. He wasn't a bad person, but his style had alienated a lot of customers.

"I told him that he wasn't a very good licensee, that he wasn't good enough to run a pub. I told him: 'This is a £400,000 turnover pub and you're only making £200,000. You must assign the lease.'

"He did and the pub is back up to £400,000 turnover and the rent is fine. There was a successful outcome."

## My kind of pub

"My local where we live in Devon is the Hunter's Lodge at Cornworthy.

"It has excellent cask ale, good food when I'm hungry and it's the meeting place for everyone in the village. It's a real positive

addition to community life.

"It's a freehouse, and I wouldn't want it to be an Enterprise pub. I want to get away from work, and being able to do that at the Hunter's Lodge is very special."



Hunter's Lodge at Cornworthy



Unequivocally blunt: Tuppen pulls no punches when he asserts it's bad licensees that cause pubs to fail

“We’ve become robust to prevent the wrong people getting into pubs

So you see there's a toughness about Tuppen and, you have to say, an honesty. He also admits Enterprise has been complicit in allowing the "wrong people" to run pubs, and while he thinks BISC failed to take licensees' skills – or lack of them – into account, overall he's surprisingly appreciative of the committee's work.

"It set standards for a new code of practice, for pubco disclosure to licensees and for business planning. At Enterprise it has meant we have given greater attention to how we structure agreements.

"Where BISC has been good, too, is in drawing attention to recruitment. We hadn't been strict enough about our selection criteria and we've made key changes.

"Greater attention to detail was required during the letting process. It wasn't that we deliberately deceived people. But no one had thought through how the information we give potential licensees could be better,

and how we could set higher entry standards and raise the quality of the business plan and the licensee.

"We've become robust to prevent the wrong people getting into pubs – something we've not managed well enough in the past.

"There is pressure to let a pub, and regional managers were often so pleased to find someone they weren't robust enough. The problem was worse with leased assignments. How tough have I got to be to tell you it's not going to happen when there's someone offering you £100,000 for your lease?"

“When you’re in a storm you don’t jump off the yacht – you avoid risks and wait for it to blow over

The new code of practice has prompted Enterprise to look beyond the letter of the agreement in how it relates to new tenants.

"The first three months are the most important in determining the relationship we have with a licensee – and the first day is the most important of that three months.

"If you turn up at your new pub and the bloke from Enterprise is there and genuinely wants to help, then he pops in after a couple of days and he rings you up after a week, a licensee is going to take a positive view of an ongoing relationship.

"We did that quite well – but not well enough. So we've devised a 'Welcome Journey' that focuses attention over the first three months. You can't be random – it has to be formalised.

"The end result will be that fewer unsuitable licensees will get into pubs, and fewer will fail."

As well as BISC, the recession has been an external pressure that's forced improvements. Tuppen is proud of Enterprise's NITA award-winning

WILMA (Winning in a Local Market Area) training scheme, introduced to help licensees through the downturn, and it has pushed the company to accelerate its disposal programme.

By the end of 2010 it will have sold nearly 1,000 houses over two years with, Tuppen estimates, another 500 to come – not only raising cash but improving the quality of the estate.

"They are tail-end disposals – pubs that no longer have the ability to compete. Unless a licensee has a realistic chance of making £25,000 a year, we don't want the pub.

"Cheap supermarket beer is a big issue and, together with the smoking ban, it means the four or five-pint drinker at the bar will be driven out of a lot of pubs.

"It's the same for a freehouse. The argument over the tie is a complete red herring. All the tie does is create a formula by which you pay rent. And good things come with it – we have an interest in tenants being successful and selling more beer. Fixed rent is lower if trade goes down. It works very well."

About half the company's disposals have, like the Woolpack, gone to alternative use. And Tuppen is typically un sentimental about that.

"There's a romance attached to pubs. They're not shoe shops. Nobody minds if a shoe shop closes. But commercially it's the same. If it's uneconomic, that's it."

And how about the rumours that Tuppen himself, nearly 60 and nearly 20 years running Enterprise, is going to step down as chief executive?

"There's nothing in it," he says. "I go sailing a lot, and when you're in a storm you don't jump off the yacht, you take down the sails, you avoid risks, you get through it and wait for it to blow over.

"The skipper doesn't leave the boat, and I wouldn't dream of leaving the helm at Enterprise yet."

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