

THE NEXT STEP

HOW AMBITIOUS BUSINESSES CAN
ACHIEVE THEIR POTENTIAL



TAKING A GAMBLE ON TOP OF A GAMBLE

Interview with Luci Clayton-Jones, Co-Founder
Double-Barrelled Brewery

COMMISSIONED BY



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A report commissioned by SAS Specialist Accounting Solutions considers the biggest challenge for any independently-owned company which has the potential to go further.

The ability of the owners to scale the business.

In their own words, directors talk about the issues they are having to address and how they want to achieve their goals.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.



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EMBARKING ON marriage is a great and glorious risk, actress Cate Blanchett is quoted as saying. Luci and Mike Clayton-Jones added starting a business to the mix after Mike, a keen home brewer, provided their wedding guests with a beer he created himself.

The reaction was really positive, so they wondered, could they start their own brewery on the back of it? Her career had been in branding, (marketing the Post-It brand for 3M), while he had worked in IT and logistics. “I thought it would be exciting for me to be able to brand my own product, and for Mike to be brewing professionally,” Luci recalls.

They decided to take some time off to think it through. “We thought we would do Europe for a month, planning a route around craft breweries we wanted to visit,” says Luci. “Mike’s employer offered him a sabbatical, and you don’t get many opportunities like that in life. Our thinking was that if we did decide to start our own brewery, we would have made a



*Luci and Mike
Clayton-Jones*



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lot of contacts and gained plenty of material for social media, but then if we didn't, Mike had a job to go back to and we would have had a really cool time.”

Their intentions were positive though. Before setting off, they registered Double-Barrelled brewery as a company (based on a nod to the structure of their surname). In fact they spent most of 2016 travelling the world and visiting craft breweries, covering some 85,000 miles. By the end of the trip they were already writing their business plan.

The epiphany came at the Big Shed Brewery in Australia. “We just turned up on a Friday at their tap room and one of the owners, who was behind the bar, showed us round,” Luci recalls. “It’s busy tonight, he told us, but when they get less customers than expected, they would tell themselves at least it’s not seven-dollar Saturday, which is all they took one evening just after they had opened.” A year later, the two owners flew over to the Double-Barrelled Brewery and they jointly created a new beer.

“Talking to craft brewery owners around the world was important because we realised we needed to be able to bring something different to the market, creating beers which would break boundaries but still follow tradition,” Luci says.

“The UK craft beer market is sufficiently mature so we couldn’t launch with crap branding or a beer which needed improvement; customers wouldn’t be prepared to give us the benefit of the doubt because they already have expectations of quality when it comes to craft beer. So everything had to be right from the get-go.

“Being independent means we can focus on far more than just profitability. We can buy from other locally owned, eco-friendly family businesses rather than decisions being made primarily on price, and we can support local charities.”

They started by setting up a brewery in their garage, which was only big enough to produce three kegs a month. To put size into context, three months is what it took to brew just enough for a three-day trade show in London. The Clayton-Jones knew that most breweries would be bringing along variations on a pale ale, so to stand out they produced an imperial stout, a raspberry and beetroot Belgian sour, and a hoppy lager.

“The feedback was awesome,” recalls Lucy. “Buyers from major supermarkets said how impressed they were. But we were naive. The reason why everyone else brought their pale ales was because they sell well.”

After initially targeting independent pubs and bars, the Double-Barrelled Brewery soon ran out of space. But rather than tentatively taking a starter unit, the Clayton- Jones signed the lease on a 6400sqft industrial



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property. “The advice we were given was to get a bigger space than we thought we needed, because the cost of moving an established brewery can be huge - quarter of a million pounds just to shift the plant and make the necessary adjustments to a building,” Luci explains. “When we were looking into it, we came across a brewery which after only six-months of being in their new unit had reached capacity but couldn’t afford to move.” The extra space meant Double-Barrelled could open a tap room, which draws customers who enjoy trying different beers rather than going to a bar to get tanked up.

“We realised it was a gamble on top of a gamble because it was our own personal investment, so pretty scary,” says Luci. “But it meant we could take a longer-term view, looking ten years ahead, and I wouldn’t expect an external investor to have that timeframe or patience. It’s only with time that a business is able to demonstrate it has a proven business model, a basis for its projections. So did we know how many people would come to a tap room on an industrial estate on the outskirts of Reading? We didn’t. We just believed they would. Now we have the



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figures.” Including, as if to provide the point, one which was completely unexpected. “The biggest surprise is that last year, 50% of our turnover was generated by the tap room,” reveals Lucy, who had taken that side of the business under her wing. “We had predicted it would be 10%.”

It wasn’t quite a cause for celebration though. “I’m not going to lie. I felt we were being stretched every which way,” she explains. “I had got to the point where I had to find a way to take a step back, otherwise as a director you just end up spending more time on operational matters. The only people who are in a position to drive a business forward are its directors, and that wasn’t going to happen if I was spending that much of my time serving in the tap room. Looking back, we should have expected to need more people than we planned or budgeted for.”



The name of one of the Double-Barrelled IPAs?

'Kevin on Banjo' - of course!

Two staple beers are always available, Ding lager (which, Luci is pleased to report, recently displaced Amstel at a pub) and Parka (an Indian Pale Ale, a beer brewed originally so it could survive the six-month journey from Britain in the early days of the empire). But here's a kicker. In addition, a new beer is introduced by Double-Barrelled every week. "Our customers want to try something they've not had before," Luci explains.

At a time when the names of pubs and beers, such as The Jolly Taxpayer, and Hopped and Confused, at best can be described as contrived, those dreamt up by Double-Barrelled are just surreal. Flamingo in the Window (4.2% pale ale), Exit Pursued by a Bear (5.5% milk stout), How Often Do they Update The Internet? (a 7.3% IPA) are three examples.

"We have no intention of becoming as big as a BrewDog, but if an aficionado goes into a craft beer pub say in Leeds, I want them to be able to choose one of our beers," Luci says. "We're not going to be a mass-market brand." Which is why Double-Barrelled Brewery haven't been pitching to supermarkets, although she adds the caveat never say never.

"Covid-19 has taught us that a business has to be prepared to adapt," she explains, "but supermarkets have a price requirement for particular products, and being able to meet that threshold might result in having to make an adjustment which could affect the difference to the quality of your products. And if you do that, you lose the love for what you are doing.

"Our competitors are the big multinationals, not other craft brewers. If we are short of a bag of malt, another local brewery will help out. But we found in the USA, where the craft sector is more crowded —



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Inside the Double-Barrelled tap room

San Diego alone has 300 independent brewers - it's becoming harder for them to be friends."

Another way in which the Double-Barrelled Brewery have been immediately distinctive is that apart from the kegs for the on-trade, their beers are canned rather than bottled. "Cans limit the exposure to oxygen and light, the two main enemies of beer," explains Luci. "Six-packs of canned beer are lighter to transport and to store than bottles, and they're 100% recyclable. Cans used to be associated with cheap lager but the market has changed."

Again, thinking ahead, Lisa and Mike decided to invest in their own canning plant, with a capacity of 1500 an hour, rather than rely on a mobile service which would pitch up outside the brewery when required. "Otherwise we would have spent all this time producing a beer to the best of our ability and then it would be run through someone's else's kit which we'd have no quality control over," says Luci. It meant having to



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dig even deeper personally to find the funds. Both the tap room and the online shop provide instant information about the popularity of each newly launched beer. Fine in theory of course, but Luci adds a refrain which will be familiar to the owner-manager. “I’d like to be in a position to be able to review the numbers, because It’s one thing looking at data, another to have the time to be able to use it to help decide what actions to take,” she muses. “My personal hope is that we can develop the business so it can function operationally without our constant involvement.

“It’s a reason why we want to put in more capacity, because more output means we can justify having an operations manager and I can focus on more and quicker growth. We took a humongous leap when we decided to start the business and then moving into larger premises but decisions like taking on a new person can seem like a bigger risk. We had nothing to lose at the outset but now we have invested our time and money and have a responsibility to our staff.”

The challenge for a growing independent business is taking its people with them, because it needs to communicate more than when it was only the founders.

“When it was just Mike and I, we could make snap decisions,” says Luci, “but when you have a team, you have to explain things through first if you are to take everyone with you, because the only people who will know every aspect of the business and can see the complete picture are Mike and I. You could say that a team meeting is overkill when there are just five people involved, but you need their fight and determination.”

There’s also another element of communication which often needs to be addressed. “I think the owner-managed business can struggle to celebrate success because you are always thinking about what we need

to do next,” Luci suggests. “But it’s important. If the team says ‘hey, we sold this’, your reaction can’t be ‘well now we need to sell more’.

“I would describe our business as being built out of love and passion for what we do, not because of a desire to have a Ferrari parked in the drive. Real satisfaction is being in a pub and hearing someone asking for a pint of our beer. That is a fantastic feeling.”

<https://doublebarrelled.co.uk>



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‘We strive to give our clients the most reliable, accurate and insightful financial information’, says founder Sean Hackemann. ‘Our passion is to help businesses fully understand the numbers which in turn helps them create, grow and sustain great businesses’.

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