

# Start Up Business Plan for The Racehorse, Westhall



Prepared by  
Westhall Community Pub Society Ltd  
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Revision 4

# Contents

1. Executive Summary
2. Current Opportunity
3. How the pub will be rules
4. Community Involvement
5. Policies and Procedures
6. Financials
7. Long Term Plans

## 1. Executive Summary

This foreword to the business plan has been produced by the Westhall Start-up Committee, acting on behalf of Westhall village and the wider community, in response to an offer by the vendor to rent The Racehorse for 1 year at a £100 per week. The committee is in favour of accepting the offer, subject to satisfactory negotiations with the vendor.

This document sets out our reasoning for accepting the offer and our plan for the management of The Pub.

Our mission remains to purchase The Racehorse, as set out in the Business Plan.

## 2. Current Opportunity

In December 2018 we made an offer for The Racehorse taking account of what we believed it was worth and the pledges, grants and loans we had secured. The vendor turned down the offer, making it clear that he was unwilling to negotiate on price. Subsequently, in spring 2019, we understand that a third party offer was made and accepted by the vendor. This was later withdrawn and, in August, we were informed that The Racehorse had been taken off the market.

In September, we were then contacted by the agent with an offer of a lease. While we felt that the terms of the lease were unviable, we welcomed that the door was again open, albeit only. Following a direct approach to the vendor, we have now been offered an opportunity to rent The Racehorse at £100 per week for a year. The committee is of a mind to accept this offer, with a caveat that there is an option to buy at the end of the year, and have had meetings with the vendor's agent to discuss the contract.

The reasons that we want to accept the offer are as follows:

Our mission remains to buy the pub and this lease offers a way forward. Assuming that we run a profitable business over the course of the year, we are confident that we would be able to raise the capital necessary to make an improved offer through a mix of fundraising, attracting more pledges and be better able to gauge the level of debt we can take on.

A short term lease offers us the benefits of a trial year to gauge the appetite in the village and the surrounding area for a pub that is large enough to sustain the business in the long term. It will also offer opportunities to test other uses for the pub, such as a daytime café. The committee believes that, while bar and food sales will be the backbone of the business, there will need to be a diverse offering that engages and attracts everyone in the village and the wider community. In the survey we ran at the start of "The Race for the Racehorse" campaign there was no shortage of ideas put forward by residents which we will now have an opportunity to trial.

The risk is limited. A worst-case scenario is that the pub proves not to be sustainable through a lack of customers, or a lack of volunteers to support the pub. If this were to happen, the financial cost would be limited, our liabilities limited to the outstanding rent owed (less the 3 month deposit) and running costs to the end of the 12 month lease.

We would limit the amount of investment in the building and premises over the rental year, with the aim to open the pub initially in December. After a visit to the pub by Bernard Lee (of Intuition consultants) and members of the committee have confirmed that the cellar and kitchen equipment appears to be in reasonable condition, although will need to be thoroughly cleaned and checked. The pub will need some immediate work done. This will include internal decoration, external rendering and tidying the front area, as well as a good clean throughout. However, we are not expecting there to be anything to prevent us opening within a week of taking possession, although it may be with a limited offering.

### **Current state of negotiations**

Subject to how the negotiations progress with the vendor, the committee is recommending that we take on the contract, and we would be looking to take possession on Monday, December 9th.

## **3. How the Pub will be Run**

The pub will be run entirely by volunteers and plan to open initially from Thursday evening through to Sunday lunchtime (6 sessions)

A management committee will set policy and process and oversee the management of the pub. The Licensee (Brenda Smith) will be aided by sub-licencees and individuals, or groups, to manage different aspects, of running a successful pub as the bar services, food services, cellar management, procurement, building maintenance, training and coordination of volunteer bar staff

We will supply food from the outset, but this will be limited at the beginning. We are aware that slow service has historically been an issue, and that some work will need to be done on the kitchen area to remedy this. This we will not undertake before knowing that the pub is a long-term proposition. Our aim is to have a reduced offering to begin with, such as themed meals, as well as a lunchtime café.

Clearly this will demand a commitment from the community both to volunteer and, if we wish the pub to be successful, to frequent the pub.

Over the course of the year's lease, we intend to extend the offering both in terms of opening times and in what we offer. However, given our ambition to open before the Christmas period and our reliance on volunteers, we believe the most important step is to take possession and get the doors open. Over the year we will provide other facilities aimed at benefiting diverse sections of the community, for example a daytime café and themed evenings. Over the year, and depending on the turnover we can generate, there may be scope for employing staff.

## **4. Community Involvement**

The first year of operation, when we are leasing the pub, will only be successful if we have sufficient committed volunteers. Involvement needs to be spread across as many people as possible. How we do this will depend on who gets involved and the skills they bring. We will need support through the year for the following:

- A licensee and 2 volunteers per bar shift plus 2/3 volunteers per restaurant shift and 2 volunteers per daytime shift
- At least one person to ensure people are trained, happy and operating to desired practices, shifts are properly allocated and customer feedback is followed through.
- At least two people to oversee the ordering and disposal of drinks, cellar management and stocktaking.
- At least two people to ensure we have proper hygiene practices in place for food storage and use.
- At least one person to oversee till management, including float and bank deposits, and to keep a monthly record of profit tracking.
- At least one person to oversee advertising and promotion, liaison with local businesses, and the events we will hold.
- Sufficient staff to ensure the cleaning of the pub takes place on a regular basis.
- People to ensure all equipment is properly maintained.
- People to do any essential maintenance on the premises.

## **5. Policies and Procedures**

To be written post Inntuition training on Friday 25<sup>th</sup> October

## **6. Financials:**

We estimate that we will need £15,000 capital to start, which includes a rent deposit, working capital, refurbishment and a contingency fund. While we are investigating the possibility of grants and/or loans from the funding sources that supported our original Race for the Racehorse, we would like to raise the majority of this money from asking for a proportion of the pledges made for shares in the Community Benefit Society.

[Clearly it would be beneficial not to have any loan repayments. It is also important to establish the Community Benefit Society and every shareholder will become a member. Each member has one vote (regardless of the number of shares held) and the membership will own the business. Members will have a share in its future and a say in the running of the business – not on a day-to-day basis, but will control the strategic direction of the Society.]

To raise £15,000 in shares we would need to convert **12%** of the pledges into shares and we have written to all pledgers asking them to buy shares. Shares are also available to purchase to anyone who has not yet pledged.

The committee is aware that the risk of not being able to redeem shares is greater than if we were buying the pub, as, should the Society decide not to trade beyond the rental period, it is improbable that shareholders would be able to sell their shares. However, the Society would remain intact and any money would be used to the benefit of the community.

## Appendix 1 – First Year Profit and loss

Westhall Racehorse P&L year 1			
			Community
<b>Costs are Per Month</b>			Pub
	Volume	Wet sales	768
	Volume	Meals	180
		Café	430
<b>Sales :</b>	<b>Unit £'s</b>		
-			
Drinks	3.5		2,688
Food	12		2,160
Café	4		1,720
Social			
<b>Sales</b>	<b>Total £'s</b>		<b>6,568</b>
<b>Annual revenue</b>			<b>78,816</b>
<b>Costs :</b>			
-			
Cost of Sales		Wet sales	1,075 <b>40%</b>
		Food	756 <b>35%</b>
		Café	602 <b>35%</b>
	<b>Total Cost of Sales</b>		<b>2,433</b>
	Net Gross Margin		<b>4,135 63%</b>
<b>Overheads:-</b>			
	Lease Rental		433
	Utilities		700
	Business Rates		0
	Council Tax		75
	Insurance		150
	Security		0
	Marketing/Adverts		50
	Consumables		80

	Waste Disposal		80	
	Equipment Hire		50	
	Bank Charges		20	
	Kitchen Equipment		200	
	Refurbishment		200	
	Licensing		20	
	Inspection/ Certification		0	
	Memberships		20	
	Accountancy		0	
	<b>Total Cost of Overheads</b>		2,078	
<b>Wages</b>				
	Tenant / Manager			
	Chef			
	Staff		1,032	
	<b>Total Cost of Wages</b>		1,032	
	<b>Total Cost of Operating</b>		3,110	
	<b>Contribution / Profit</b>		1,024	
	Loan interest		147	
	Contribution to Annual Reserve		877	
	<b>Breakeven Revenue</b>		4,941	
	per week		1,140	
	per session		190	