

## **Paul Intro**

Paul is a Former Army Engineering Officer and started his cafe 'Baltzersen's', located in the centre of Harrogate North Yorkshire, in 2012. It takes it's Scandinavian influence, and name, from his Norwegian Grandma Liv.

Initially 40 covers he expanded into the neighbouring unit which is known as the coffee shop in November 2018 and since the start of 2020 he has been executing his plan to open an off-site bakery that will supply the shops and also offer wholesale to other businesses locally. The bakery opening date was due to be 30th March 2020. He had also agreed a lease on another town centre retail unit from which he was planning to sell bread.

It hasn't always been plain sailing though. Paul was the director of a restaurant that was liquidated in May 2018 so he has direct experience with business failure.

## **My Day Right Now**

My day at the moment is quite different to many. Wed-Sat I get up at 3am and travel to our bakery unit, arriving at 4am to start packing orders that we are delivering to people's homes or that are being collected from our coffee shop site that morning. Come 8am the drivers are heading out, I may have a couple of drops to make and then I'll head to the cafe, which we've turned into our logistic hub for processing and preparing deliveries.

I'll spend most of the rest of the day there processing orders, answering customer questions, liaising with B our social media manager about content, ordering and doing everything else needs to be done.

I usually get home for about 5pm for tea, to see my wife Katie (who is furloughed), bath our boys and help put them to bed. I'll then do some more admin/engagement on social media in the evening before heading to bed. It's a pretty full on schedule.

## Chain of Events

We took the decision to close the cafe at the start of the week commencing 16th Mar, closed the coffee shop on 17th March and the cafe at Noon on 18th March. Once we'd cleaned everything down and emptied the fridges etc. I sat the team down and explained that at that point I could only offer the majority of the team two choices - voluntary lay offs or immediate redundancies. I explained the reasons behind those options and I think they were broadly understood. Subsequently the CJRS was announced and I was able to furlough 21/24 members of the team with 3 missing out by 1 day.

To some extent I regret having the conversation about voluntary lay offs, but at the time we were still waiting for the chancellor to intervene and there were no guarantees that he would. I know that whilst it might have seemed harsh, I had to take the necessary steps to give the business the absolute best chance of surviving and still being around to reopen once this passed. I don't think it's something we as business owners need to be embarrassed about, and depending on how the government handle the relaxing of rules and withdrawal of the furlough I think we might be forced into having some more of those conversations later this year.

Whilst dealing with the closure of the cafe and coffee shop we were simultaneously trying to push progress on the bakery forward to get it to a point where it could be opened prior to a large scale lockdown.

I had a discussion with the team as this was happening and asked how they were feeling about the situation, whether they'd prefer to be furloughed and sit things out and the answer was a definite no. They wanted to help the business, but also the community by baking bread - which around that time was becoming a little scarce.

Our Head Baker was released from his previous role a week early. We pushed really hard with the trades to get done. As the Prime Minister was sitting down to announce the national lockdown our tradesmen were walking out of the building having got it to the point where it was operational at a basic level.

We did a single test bake on Sat 28th March, as stuff came out of the oven we tasted it, photographed it and got it up on the website I had built on Shopify. The website launched that night at 8pm and we completed our first deliveries on 31st March. We haven't stopped since except we've dropped to baking 4 days/week and we've currently reduced our capacity to make life more manageable for the bakers.

## Predictions

The landscape has totally changed in many ways. It's difficult to get past the negatives and if you aren't careful you can totally lose yourself in it.

It will depend on the type of person you are as to whether you want to engage in lots of planning and speculation, or think it's more sensible to wait things out, spend time with family, take a break and see what direction comes forward. There is tonnes of content being created around how businesses might reopen right now - all sorts of 'research' but how much stock to place in it is questionable.

At some point though there will be a tipping point where we need to be proactive about defining how the future will look for each of our businesses.....even if that means accepting that there is no future.

I've been there, it's absolutely no fun but if that is the reality it can't be ignored.

In my head right now I've split things down into a couple of phases:

**Phase 1.** We're past Phase 1 which I would define as that immediate period around the instruction to close businesses, the concern about staff, rent, reducing expenditure, applying for grants/loans and sorting all that very immediate stuff out.

**Phase 2.** We're now in Phase 2 where some businesses have been looking at and operating pivots - selling produce, doing deliveries, selling merch and many other inventive ways to keep some cash trickling through the accounts. Some businesses have sensibly chosen to go into hibernation for very personal practical, health and other reasons. Every business is making the best choices they can and no-one should feel judged on either side of that equation (assuming they are sticking within legal guidelines).

***How that looks for Baltzersen's is that the cafe and coffee shop are both completely closed. The bakery is offering deliveries to home addresses and also some wholesale deliveries. We are offering bakery collections from the otherwise closed coffee shop space.***

**Phase 3.** The next phase is now on the horizon for some of us. This will involve some slightly more relaxed elements of lockdown that may allow us to open more of our businesses for takeaway options.

***For our space we think that will mean we start making coffee to takeaway from our coffee shop space - serving out of our front window like a hatch. We run bread collections from the adjacent cafe and also carry a range of bread/pastries/sandwiches to retail from that location (this may require some physical changes to the space to comply with whatever direction is published).***

***If we take chefs out of furlough to make sandwiches then we may need to look at other food options for collection/delivery likely utilising some kind of in-house resource for the delivery element rather than delivery services like Deliveroo etc.***

**Phase 4.** Allowing members of the public back into our space. There are so many unknowns at this point I am not wasting time or energy considering how this might work.

## What do we need?

### Rent Relief

Whether or not you were able to receive relief in terms of the hospitality grants based on business rates then ongoing rent payments are going to be an issue in terms of immediate cashflow and then as a burden that would be placed on the business for years to come.

As the period where hospitality business can't open normally stretches beyond June (as it absolutely will) then this will need to be addressed. Perhaps it could be some kind of 3 way match funding option where business owners, landlords and the government pay an equal share of rent.

### Extension of Furlough Arrangements

Normal operation (with all staff returned from furlough) is unlikely to happen this year and with that in mind I do think an extension of furlough will be required and to give operators a longer guarantee around this will enable them to make funding decisions on this basis.

I would not be surprised if the tapering is quite dramatic in an effort to force business owners to make those hard decisions which will inevitably result in redundancies.

### Relief on Holiday Pay.

I do think advocates for the industry will need to push holiday pay forward as an issue if the furlough remains in place for a prolonged period otherwise that in itself will become a danger to businesses reopening.

**Example:** We claimed around £20k for our first CJRS payment to cover our team and that's great, but I'm conscious that equates to roughly £2k of holiday pay, and that will accrue each month this goes on.

### Capital Grants/Match Funding/Tax Breaks for Alterations

As yet we have no idea what the guidance will be on managing their physical space once businesses are able to reopen. It would be very positive if there was some funding for businesses (across more than just the hospitality sector) to make investments in making their spaces compliant.

## What can business owners be doing now?

**Cashflow.** I am maintaining my cashflow forecast on a daily basis, just like I do when we are open as usual. I would recommend doing this. It's quite easy to plug in different models in terms of how revenue and costs might look depending on how you are able to reopen.

**Be Empathetic.** Everyone is having a tough time. Try to show as much empathy as possible. I received an email from a supplier last week that I felt was quite aggressively worded - it arrived one day after the due date for my monthly invoices. I've never missed a payment with them in the last 3 years and I paid the balance that day. It didn't give me a warm and fuzzy feeling about them.

**Maintaining a Connection with Guests.** All of our places are social spaces. It doesn't matter if you are the quintessential neighbourhood cafe or the CBD takeaway coffee spot. People come for the coffee but they also enjoy the interaction. We'll all manage our social media accounts with our guests in mind and if possible it's great to try and continue those interactions in some format. It's going to cost you a mixture of time and money, but the mix of those two resources is your choice.

Ask your guests what they are missing - can help inform decisions for re-opening

Be social, start conversations, engage people

Talk honestly about your situation, vulnerability can have some very positive results (if it's unquestionably authentic. I wrote a blog and posted it on our restaurant website during the period when the business was facing a very uncertain future and it got a big reaction including playing part in achieving a national review - [you can read more here](#) if you like.

**Maintain a Connection with your Team.** It's important to keep your team up to date about what's going on so they hear any changes/plans from you. This is something I know I need to address a bit more for our cafe team pretty immediately.

**Stay Connected to the Industry.** There are lots of ways to keep in the know be they newsletter sign ups, following relevant people on social, Facebook groups etc.. Sometimes it can get a bit exhausting but it's important to take the temperature of what's going on.