

Spring 2003

Deloitte  
& Touche

# Insight

The magazine for dynamic companies

## THE UNUSUAL SUSPECTS

FRAUD DETERRENT SCHEMES  
FOR YOUR COMPANY

## COMPANY SALES AND ACQUISITIONS

NEW TAX CHANGES COULD CAUSE  
CONFLICTS – BUT THEY CAN ALSO  
BENEFIT BOTH PARTIES

## BRAKE TIME

FOLLOWING HIS DISPOSAL OF BRAKE BROS  
FRANK BRAKE LOOKS BACK ON FORTY-FIVE YEARS  
WITH THE LEADING CATERING SUPPLIERS



# To be Frank...

From three brothers selling poultry to the catering trade from Swindon to the creation of a business with a turnover of some £1.5 billion a year, we trace Frank Brake's career spanning 45 years of supplying food to caterers.

By today's standards, three brothers following the same career path as their parents may seem a little unusual. It was reality in the case of William, Frank and Peter Brake who, after the war, with little exposure to career opportunities were encouraged by their parents to enter the catering industry in which they had carved their own business careers.

After obtaining his college catering qualifications, completing his National Service in the RAF and gaining experience of working in a top hotel, Frank joined his brothers in setting up a small poultry business in Swindon utilising some spare outbuildings.

They soon moved to Kent, where without capital they were funded by a small bank loan guaranteed by a friend. Lack of capital meant that business growth was very slow but by working extremely hard they established themselves. As the business thrived it became easier to generate capital and to finance opportunities. Thus the business grew at an ever-increasing rate.

Was there a master plan to build Brake Bros into the organisation that it is today? "We could not have envisaged building the business to the size it is today but we had plans for continual growth. At first our plans were informal but as the business grew we needed to formalise our objectives. There can be no certainty when acquisitions are an important part of a growth plan, it is a matter of making and taking opportunities. Sometimes things can move faster than one would expect."

When asked the skills an entrepreneur needs, Frank replied, "A successful entrepreneur must have vision, a strong belief in that vision and the confidence, commitment and energy to drive that vision to fruition. Of course the vision had better be right and achievable and this requires attention to detail and the hard work that this entails."

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Early on, the brothers extended their product range to include frozen food products in addition to their fresh poultry. "We provided pubs and caterers with the products to extend the range of food they offered. We were 100% committed to the catering industry and to our customers. By giving so much of ourselves to the business and with our strong focus we were able to compete with major national suppliers such as Birds Eye and Findus who supplied to retailers as well as caterers."

In the early 1970's the poultry market was changing and the brothers discontinued poultry processing to concentrate on the growing frozen food business. With 40 years experience in frozen food Frank comments, "The principles of freezing food have remained largely unchanged. Production automation and significantly improved supply chains have been the major developments in the industry."



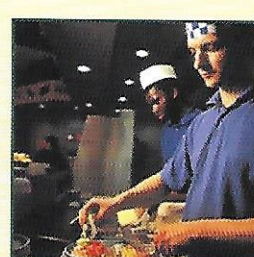


In November 1986 the brothers decided to take the business to the London Stock Exchange floating the minimum required, 25% of equity. Unlike most companies the main motivation was not finance raising. "We wanted to make our shares marketable to allow future flexibility for the wider family, introduce share options for managers, and profit sharing for all our staff." Frank continues, "it was however important that the family retained a controlling shareholding to ensure we could take decisions for the medium to long term, whilst maintaining a focus on our bottom line results for shareholdings." Planning for the medium term is something that Frank believes in strongly and mentioned throughout our discussions.

integrating their acquisitions. Brakes adopted a methodical approach to their acquisitions to ensure successful integration.

**"It was my ambition to create a culture where employees were proud of the company they worked in, and proud of themselves because they were part of a successful team."**

Having invested in chilled food activities in the UK and the expansion into France in the early 90's, the long term goals of the company were starting to take form. This is where the benefits of working with family members with a similar vision lie according to Frank: "There is always a conflict in



In 1992 the group started its expansion into France; 10 years on it has established a leading position in this market, primarily through acquisition. "As we had developed a strong position in the UK, we looked to geographical expansion. We evaluated most European countries, and France offered the best opportunities. We did not want to start from a zero turnover base, so chose market entry through acquisition."

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"Choosing the right management team was vital, we needed people who were committed to the expansion and our philosophies, and were prepared to see it through. Our second major challenge was that of scale. We wanted to introduce our own unique product range for the French market, but we could only get these produced when the volumes justified it."

Having chosen the growth by acquisition route, many businesses face difficulties in

business between maximising short term results and investing in opportunities for the long term growth of the business. Family investors have always supported investment for longer term growth."

Frank can personally see no disadvantages in working with family members. "We have a lot of confidence in each other, we provide extra support and our commitment and loyalty is greater given that we are family." With greater career opportunities available to children today, Frank fears that the family business handed down from generation to generation will soon become a thing of the past. "It is difficult for members of a family to work in a large family controlled business unless they are at the very top. Management selection must always be on merit. Managers are fearful of working with more junior family members, as they can feel observed by the family. However, it can work with good family employees and good confident managers."

The late 1990's saw rapid expansion in Brake Bros, as the purchase of two national grocery suppliers to UK caterers gave them a leading position in this market. The further purchase of the leading UK fish supplier to the industry consolidated their



**Brake Bros History – key dates**

- 1958** Business established by William, Frank and Peter Brake supplying poultry to caterers.
- 1961** Brake Bros (Poultry Packers) Ltd was incorporated, carrying out poultry processing and packing, and delivering to caterers in Kent and London.
- 1963** Brake Bros began to distribute frozen foods alongside the main business of selling poultry.
- 1969** The cooked food factory opened at Lenham producing multi-portion meals, mainly aimed at the pub market, as well as meat products such as burgers.
- 1974** Poultry processing ceased as the decision was taken to expand the frozen food side of the business.
- 1977** The name of the company was changed to Brake Bros (Frozen Foods) Ltd on 1 July, to reflect the new direction.
- 1986** To ensure sufficient investment for continued growth, the company was floated on the stock exchange.
- 1991** The company looked outside of its traditional market to chilled food with a view to further expansion. Accordingly, the name was changed to Brake Bros Foodservice Ltd.
- 1992** A landmark year with the acquisition of Country Choice (bakery), launch of Larderfresh (chilled), and the first French acquisition. The purchase and consolidation of small French distributors continued over the next few years.
- 1995** Purchase of Puritan Maid (contract distribution).
- 1998** Acquisition of Watson & Philip Foodservice (ambient & chilled grocery products).
- 1999** Purchase of Cearns & Brown (an ambient supplier subsequently merged with Watson & Philip) and M&J Seafood (specialist seafood suppliers).
- 2001** Major acquisitions in France, including buying group, Carigel.
- 2002** The company's major shareholders (the Brake family) decided to sell their shareholding and the business was subsequently sold to Clayton, Dubilier & Rice, an American investment company.

position as the number one supplier of frozen and chilled foods.

For a company that has grown as large as Brake Bros, maintaining the culture and customer focus of the early days must have been difficult. "It was my ambition to create a culture where employees were proud of the company they worked in, and proud of themselves because they were part of a successful team. I certainly made efforts to preserve the culture as the company expanded and hope that the new owners of Brake Bros recognise the value of workers who are self motivated and proud of their work."

Frank is keen to point out that efficiency also plays a large role in employee motivation and pride. "I strongly believe that you get the best out of people if they are enthusiastic. I try to foster this by ensuring that all the processes, systems and equipment are as efficient as possible to

enable people to carry out their jobs to high standards – this prevents frustration building. Motivated people are more productive."

**"We ran the business well and constantly strived for excellence. That is why Brake Bros is a success..."**

Frank's influence and the regard his staff held for him was evident when he sold Brake Bros. "I had planned to drift out quietly, however I was delighted to have three leaving parties around the UK and one in France, people wanted to say goodbye."

If the motivation for creating Brake Bros was ever pure financial reward, Frank would have retired long before he finally sold the business in 2002. With 44 years at the helm of Brake Bros, what does Frank see as his biggest achievements and how

will he spend his retirement? "Looking back, we made the decisions we did with the knowledge we had at the time. The decision to sell the business was the realisation that at the age of 68 it was time to hand over the reins to others and at the same time diversify the family investment that was largely in the business."

Frank attributes his continued motivation to his original goal of building a quality business. "I remained motivated throughout because of the exciting opportunities that always existed in the business, the belief that my input made a difference and the responsibility I carried for the family investment. We ran the business well and constantly strived for excellence. That is why Brake Bros is a success – the profits we made were really a by-product of running the business this way."

**"I had planned to drift out quietly, however I was delighted to have three leaving parties... people wanted to say goodbye."**

I have no regrets. As retirement begins for Frank, his legacy lives on in Brake Bros. With the job for life concept redundant, and on average most people experiencing at least two career changes in their working life, we begin to wonder if we will see the Brake Bros phenomenon in the future. We at Deloitte & Touche certainly hope so. ●

