

A STEAK IN THE ECONOMY



Why food entrepreneurship is so important to the economy - and how best to support it.

Kitchenette.



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“Governments seem to have a strange blind spot when it comes to food. Food only crops up in policy debates when something goes wrong, be it a safety scare, a junk food panic, or an agricultural crisis. But food is so much more important than this. It’s a part of the daily life of literally everyone in the country. When it’s good, it’s one of the things that makes life worth living. It’s an important, if unsung, part of the economy. And it’s one thing that’s changed remarkably and for the better in Britain in the past thirty years. We’re thrilled to be backing this report, which casts a light on the economic contribution of good food, and in particular innovative food entrepreneurship. We hope this will give policymakers some encouragement to take this exciting area seriously, and unleash a new generation of food entrepreneurs – and a wave of deliciousness.”

Stian Westlake, Nesta

Nesta is the UK’s innovation foundation. An independent charity it helps people and organisations bring great ideas to life. They do this by providing investments and grants and mobilising research, networks and skills.

Nesta..

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Preface

THERE WAS A time when Britain was considered a gastronomic desert. Now it is home to some of the best restaurants in the world. For every one Michelin star there's a wealth of restaurants serving food from all over the world. There is something for every taste and at any time of day.

As a sector, food's contribution to the UK economy cannot be underestimated. In London alone there are an estimated 50,000 food businesses and the hospitality sector employs nearly 400,000 people in a whole variety of activities. Five new restaurants are opening every fortnight and this shows no sign of diminishing even in challenging economic times

I believe that we have the most entrepreneurial economy in Europe and the food sector both contributes to and reflects this. Businesses across the UK – many of them small restaurants set up by entrepreneurs – contribute to their local community both through employment and helping to create a sense of a place.

I welcome this report from Kitchenette and hope its findings will help new entrants to the industry and existing businesses. The food industry has the potential to make an even bigger impact on the UK's economy – it's key that we do what we can to help it flourish. I hope that this report will help to ensure that the food sector as a whole maintains, and even increases, its prominence in our economy.

Lord Young of Graffham,
Adviser to the Prime Minister on Enterprise

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Booming potential: growth and interest

TOTAL ECONOMIC POTENTIAL

Estimated additional GVA per food industry worker

£17,000

Source: Annual Business Survey, 2011

Estimated new food industry jobs created in past 24 months in Hackney through council's efforts

271

Source: Annual Business Survey, 2011

Population of Hackney

247,000

Population of England

53,107,200

Source: Hackney's most recent census estimate

Total additional contribution to England's economy if all councils adopted Hackney model for food entrepreneurship

Additional jobs per year

247,000

Additional GDP per year

£494,872,311

WEB SEARCH INTEREST 'STREET FOOD', UNITED KINGDOM

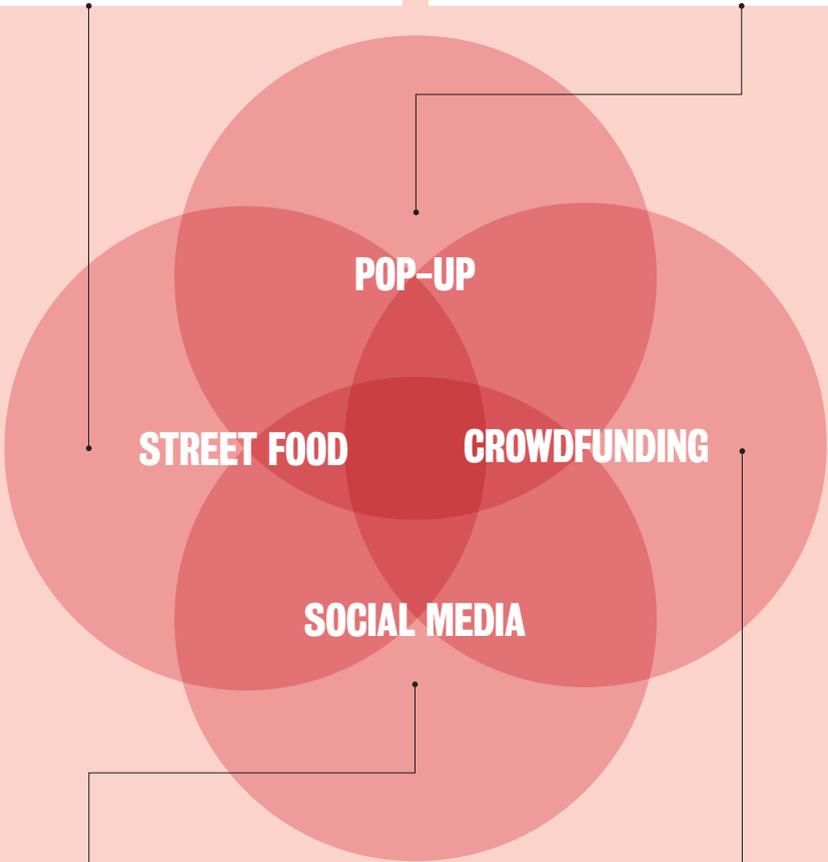
Average searches over 25-week periods. Source: Kitchenette's own focus groups of 12 street food traders



The new tools of a food start-up

By selling their produce in markets such as Portobello Road or Borough Market, or by finding an amenable private landlord willing to let them a patch of land, a food entrepreneur can get their business started for less than £5,000. Examples: Pizza Pilgrims, Yum Bun, Jamon Jamon, Anna Mae's and many more.

A trend for makeshift restaurants in spaces such as disused petrol stations and living rooms has spread from London. Menus are fixed in advance and they are advertised usually via social media or on supper club websites. Alcohol is usually "bring-your-own", as they operate without alcohol licensing. Examples: Filling Station, The Loft, Upstairs at The Ten Bells.



Social media, specifically Twitter, forms a key part of a successful food start-up's marketing strategy. It gives businesses an opportunity to engage with customers, receive feedback on new menu ideas and to keep people updated with daily events taking place in the kitchen or restaurant. It gives a face and identity to the business.

Websites such as Crowdcube have democratised fundraising for small businesses. Entrepreneurs can set a target, upload a pitch and offer equity to a broad panel. The option raises awareness of the Seed Enterprise Investment Scheme that provides tax relief to investors of early-stage companies. Example: The Rushmore Group (which raised £1m).





Foreword

It's 1999 and I receive a fax from Jaipur. 19 year old Abdul is furious that I haven't chosen him to be one of the chefs I shall be bringing to London to open The Cinnamon Club. He was tenacious; I was impressed. So I took a risk on Abdul: he was in.

IT WAS ONE of the many risks involved in my first food start-up. A first-time restaurateur with absolutely no experience of running a restaurant launching a multi-million pound restaurant in a listed building in London ... with the whole thing aired on national television. You couldn't get much more high-risk than that.

We did it. Late, over-budget, with many lessons learned - we did it. Abdul is now a Head Chef at Cinnamon Kitchen, one of the most popular restaurants in London. The Cinnamon Club went on to become the most successful Indian restaurant in the world. There are now three restaurants in the Cinnamon Club Group, employing a total of 220 people. That's one of the things I'm proudest of as the business has grown. The company provides all kinds of opportunities for people just like we did for Abdul. It has made money for its investors, but more importantly it's made an impact on the British economy.

This is the potential when you become a food entrepreneur: the ability to make a return on your investment, to give opportunities to people to work and grow, and, of course, to create delicious, innovative food.

That potential hasn't changed, but the economic climate is very different now. This might mean that people don't have to make the same mistakes I did. A first-time restaurateur in 2013 just can't get a £1m bank loan, like I did in 1999. But there are new, different ways for people who want to pursue ideas for restaurants and cafés to demonstrate they have an idea that works.

That's why I am very happy to support and chair Kitchenette: a brilliant initiative as the UK's first kitchen incubator, helping London's most promising and original food entrepreneurs to get started.

Street food and pop-ups are the routes into this tough industry at the moment, and they require a different set of skills. People from all backgrounds are scurrying for precious spots in our food

markets, keen to show what they can do whether it's with fashionable Korean tacos or classics like the humble egg.

The entrepreneurs driving this new food revolution have invariably bootstrapped themselves to get this far whether they've given up their day job or come off benefits. The question is how they now capitalise on their vision and their popularity. Banks deem them still too early stage to back; private investors and venture capitalists speak a different language. We need to find ways to build this growing army of passionate food entrepreneurs and help them scale them into the sustainable and credible businesses they want and can become.

The hospitality sector is our biggest employer and every year, food tourism brings many millions into the UK. We need to invest a small part of that to guide this massive new talent wave into deliciously profitable and growing businesses that go on to repay the investment made in them, provide employment and inspire others to follow in their footsteps.

All of us can play a part in helping food make our economy stronger and better. Central and local government can make it easier for start-ups, cutting red tape. The finance sector can step up – it would be nice to see the banks opening their doors to small businesses from any sector, and being willing to understand the needs of food businesses. Investment houses could be as keen to find the next big thing in food as they are in tech. Those of us already in the industry can help, for example mentoring those just starting out. I'm grateful to all the industry leaders so far who have given their time and expertise to talk and walk Kitchenette's entrepreneurs through the processes of setting up a successful food business. And all of us could try out the delicious-looking food at the new pop-up or restaurant round the corner.

The Cinnamon Club became the most successful Indian restaurant in the world because it was in London – not in spite of being there. London's mix of cultures and openness to original, creative food meant it was the perfect place for an innovative take on the Indian dining experience and the restaurants I've opened since, be they a celebration of our culinary Britishness in Roast; or bringing a slice of America's South to London with our next restaurant, the Hickory Pit. It's the same reason that Kitchenette launched first in London. Because of this, the case studies in this report are almost all of London-based food businesses. This is not to say that there aren't any exciting new food start-ups elsewhere in the Britain – there are many all over the country. The lessons learned by the businesses featured here can be applied to businesses across the UK, if not further afield.

Iqbal Wahhab, OBE
Chairman, Kitchenette

Introduction

'A STEAK IN THE ECONOMY' is about the people who succeed in starting up food businesses, how they make a positive impact on the economy and, in the light of all their experiences, what might help others to do the same.

Food has always been a sector where people from humble origins can make it big. Some of our nation's greatest chefs and restaurateurs, such as Gordon Ramsay, Marcus Wareing, Simon Hopkinson and many others, left school with few qualifications, joining catering colleges or becoming kitchen porters before working their way up and starting restaurants in their own right.

1.5 million people in the UK work in restaurants, cafes and other food service businesses¹ and in 2011, the sector contributed £25bn to the economy. The economic contribution of restaurants and catering grew by 13% from 2010-2011 when the entire private sector's contribution only grew by 4%. The hospitality sector's employment growth was the highest of any industrial grouping in 2011, creating 58,000 new jobs. Eating out is enjoying something of an unlikely boom, against the terminal decline of the British high street, and a startling 25% more restaurants opened in the London in 2012 than in 2011.² The success of British food brands such as Pret a Manger, Neal's Yard Dairy and others are now being exported to the US and beyond. Within the UK, great places to eat continue to breathe life into struggling and economically deprived areas, from Anfield in Liverpool to Brixton Village in south London.

Collectively, the burger bars, curry houses, street food stands and coffee shops springing up despite the harsh economic climate, have the potential to create jobs, attract tourists, support British suppliers and revitalise forgotten and derelict areas of our cities.

Food-business founders take on a notoriously risky challenge in a country with steep property prices and tight credit conditions; the five-year survival rates in the hospitality industry are the worst of any industrial grouping in the UK. There are lots of start-ups but few survivors. Yet, despite the

1. 'Annual Business Survey 2011, SIC code 56, Office for National Statistics'

2. Hardens annual restaurantsurvey, 2013

costs and the risks, food entrepreneurship remains remarkably open to an incredibly diverse range of people. A revolution in the economics of food entrepreneurship is happening. There are cheap ways to start; street food and supper clubs; crowdfunding instead of traditional investment; social media instead of traditional critics and marketing channels, all changing the landscape and opening up access to a new generation.

Britain, perhaps surprisingly, with its tradition of entrepreneurship, openness to new cuisines, growing startup culture, mix of culinary heritages and – not least – proliferation of cookery shows and celebrity chefs, is perfectly placed to realise the economic potential of food enterprise. At a time when entrepreneurship must play a key part in economic recovery, food offers the most accessible route into business ownership from every strata of our society.

But the sector for eating out receives relatively little encouragement or attention from policymakers or commentators. Councils' burdensome regulatory restrictions overwhelm entrepreneurs and favour big chains; markets with empty pitches say there is no more room for start-ups; cultural bodies don't consider food in their grand regeneration strategies; landlords hike rents for the independents that help cure urban blight; and investors gobble up larger chunks of start-up food businesses than they would in other sectors.

The analysis and experiences detailed in this report show that with better stewardship, fewer restrictions and more encouragement – not just from councils and central government, but within the industry itself – food businesses could see as many as 25,000 jobs created a year, an extra £500m annual contribution to GDP and hundreds of small businesses created.

With the promise of economic growth, urban regeneration and more, as well as giving us all delicious new food to try, the time has come for the food sector to take centre stage. We should be celebrating its role in our economy and society – and doing everything we can to help it thrive.

Economics: Jobs, growth, GDP

TOTAL EMPLOYMENT: AVERAGE DURING THE YEAR *Source: Annual Business Survey, 2011*

Arts, entertainment and recreation

614,000

Information and communication

1,079,000

Construction

1,389,000

Eating out sector

1,460,000

CONTRIBUTION TO THE ECONOMY (AS GVA)

Eating out sector

£25bn

Arts, entertainment and recreation

£16.5bn

Construction

£69.5bn

Information and communication

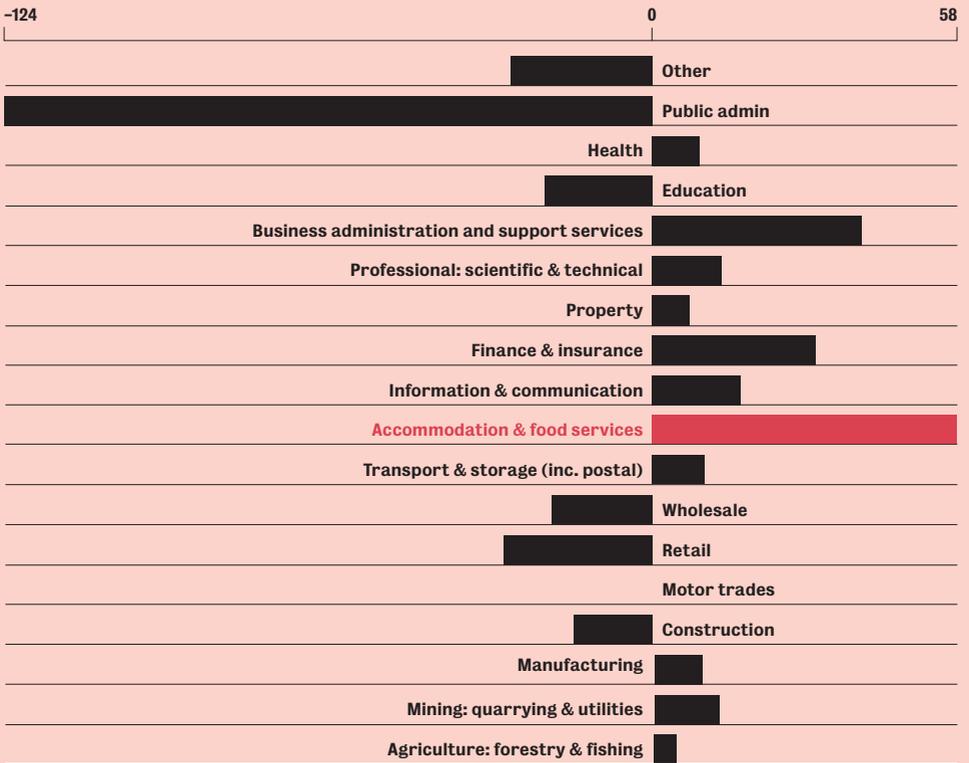
£93bn

Source: Annual Business Survey, 2011

HOUSEHOLDS EXPENDITURE GROWTH



GROWTH IN EMPLOYEES (THOUSANDS) BY INDUSTRY (2010-2011)



Source: Office for National Statistics

AVERAGE MEALS EATEN OUT PER WEEK



Source: Zagat 2013

AVERAGE TOTAL EMPLOYMENT IN LONDON DURING 2011

Jobs in tech in East London



Jobs in hospitality in London



Sources: A Tale of Tech City, 2012; British Hospitality Association Report, 2011-2012

Scope & Methodology

KITCHENETTE WAS invited by Nesta to undertake this research into food entrepreneurship and its contribution to the UK economy in its initial year as the UK's first 'kitchen incubator'. Since then we've been developing Kitchenette as a social enterprise, helping talented and promising entrepreneurs to start food businesses in the UK. Inspired by the work of the team at San Francisco's first kitchen incubator, La Cocina and by the work of tech incubators like Y Combinator in California, we launched in summer 2012. Our first cohort graduated in April 2013, whose food included Korean Tacos, Beijing pancakes, handmade chocolates, Italian wood-fired sandwiches, Ghanaian street food and egg dishes from around the world.

This research is part of our own design and development but we have aimed to do it openly and collaboratively so that what we learned might be of public benefit.

Food entrepreneurship is a field that touches on many overlapping areas of interest. These include nutrition, obesity, cooking skills, food waste, food poverty, local food systems and the environment, as well as many others. While important, these issues are not addressed in this report, which is wholly about eating out and the economy. We have not looked at food production, food shops and delis or agriculture – we have focused on the eating out sector.

As we've developed Kitchenette, we have faced many questions: what did start-up food entrepreneurs in London need? What were their barriers? Was it the same as other sectors?

This report seeks to answer these questions through its eight case studies, chosen because of their differing experiences and their impact on the wider economy as well as the individuals involved – and because of their delicious, original food and commitment to sustainability. We have also included viewpoints from the wider food entrepreneurship ecosystem including investors, suppliers and landlords, in order to understand how we can build a strong, sustainable ecosystem.

We have also undertaken a quantitative analysis and have aimed, where possible, to separate out food from hotels, as they are often bundled together in published national statistics as 'the hospitality industry'.



Kitchenette is the UK's first kitchen incubator, helping original and talented food entrepreneurs to get started - whatever their background. This report is intended for future food entrepreneurs, policymakers, councils and the industry itself. It examines eight great examples of British food businesses - and what we can learn from them.

www.wearekitchenette.com

'We're thrilled to be backing this report, which casts a light on the economic contribution of good food, and innovative food entrepreneurship in particular. We hope this will give policymakers some encouragement to take this exciting area seriously, unleashing a new generation of food entrepreneurs -and a new wave of deliciousness.'

Nesta

CHAPTER 1

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Food's minimum viable product

“Not everyone can be a great artist, but
a great artist can come from anywhere.”
– *Anton Ego, Restaurant Critic in Ratatouille*

SOME OF THE greatest chefs and restaurateurs that this country has produced came from humble origins. Successive waves of immigrants facing poverty and hardship – the Chinese in the 1920s; the Bengalis in the 1960s and 1970s and many others – have used food to make money in places where qualifications, language skills or cultural differences created huge social barriers.

Starting a restaurant today, particularly in London's prime locations, is a risky and expensive business. Food is seen as a high risk and not always a high returns business. If you take on a lease you have to pay the rent until the lease expires – usually for 15-20 years. Starting a new café or restaurant then usually requires borrowing or raising money, and persuading investors to put money in without a track record is tough. Additionally, finding a landlord willing to take a chance on a new start-up is not easy, even if you're a head chef or successful restaurant manager. So, despite low formal skill requirements, food entrepreneurs find themselves up against significant barriers to entry.

However, there is now a generation of food entrepreneurs who have started with a low-cost prototype – the equivalent of a technology start-up's 'Minimum Viable Product'. A supper club in someone's front room, a pop-up in a disused high street shop or a street food stand at one of London's food markets are all potential ways to test an idea.

In this chapter we look at two examples of food businesses that have used low-cost, low-capital models to try out their ideas before scaling up the business. The Clove Club started as a supper club in a living room in London and has just opened its first restaurant after raising £250,000 through crowdfunding. Meat Liquor started as a burger van and now has three restaurants in London and a £9m turnover.

1. Starting in the food business doesn't have to be expensive

Using street food, pop-ups and supper clubs as a prototype make it possible to start a restaurant chain, street food empire or a successful neighbourhood canteen with less than £5,000. A small sum can go a long way.

"I started with £5,000 and a burger van."
Yianni Papoutsis, *Meat Liquor*

"We asked our friend Dan if we could just do it in his living room."
Daniel Willis, *The Clove Club*

2. Crowdfunding may change the food investment market, but initial funding is still difficult

Crowdfunding may be changing norms in food investment and making it easier for founders to retain controlling stakes in their companies, but it still tends to work best after a prototype has been tested. The initial sum of money to fund that prototype, be it a market stall or pop-up, need not be very large, but can still be extremely hard to save up for or come by. It is particularly difficult in an industry with notoriously low wages, when you also need to be able to support yourself. Our case studies saved the money themselves or had private support.

"Banks just don't lend money to small businesses nowadays, let alone food & drink start-ups."
Yianni Papoutsis, *Meat Liquor*

"We were offered £125k for 25% of the business from restaurateurs. We raised £250k for 25% on Crowdcube."
Daniel Willis, *The Clove Club*

3. Quality matters

Food entrepreneurs starting on a shoestring should differentiate on quality, not pricing. Our case studies' produce was the same price or more expensive than established competitors', and some had very little food industry experience, but they were all able to cultivate a following for their food and service. Quality ingredients and a refreshing approach generated the word-of-mouth recommendations so important to building a customer-base.

"How can we make this as amazing as possible?"
Daniel Willis, *The Clove Club*

“The power that once lay in the hands of those who wrote influential weekly columns is now far more limited.”
Nicholas Lander, Restaurant Critic at the Financial Times

4. Everyone’s a critic

The one thing all food businesses from street food vans to restaurant chains need are customers. Good word-of-mouth is key to growing a customer base, and restaurant critics are responsible for these recommendations on a larger scale. But with the arrival of smartphones and social media, everyone is now a potential critic. Our case studies did the marketing and branding largely themselves, and created an incredible buzz which helped raise investment on better terms through crowdfunding. They put enormous thought and energy into the details to help cultivate a following – from the right tableware and name to the right décor and communication, frequently using Twitter, email and networks to help market their businesses successfully.

“We brought in two other industry veterans to provide the funding, experience & skill sets we required.”
Yianni Papoutsis, Meat Liquor

5. The transition to bricks and mortar needs first-hand experience

Smaller, early-stage food ventures such as market stalls or pop-ups help remove risk from the process of setting up a restaurant. However, the transition to a bricks-and-mortar business is still tough. More support is needed as food start-ups grow. Our entrepreneurs cited the importance of good mentors and advice from people who had done it before.

Meat Liquor

Meat Liquor demonstrates the amazing growth potential of a street food stall to a bricks-and-mortar business.

Starting out as a humble south London burger van, Meat Liquor fast gained a reputation for serving the best burgers in town, and is now a rapidly expanding restaurant empire with a £9 million turnover and 200 staff on its roster.

Without ‘cheffy’ food training, industry experience or expensive marketing, Yianni Papoutsis’ high-quality take on the burger drew crowds in their hundreds. That loyal fan base helped catapult it from van to restaurant 18 months ago. Since then it has grown fast and now has three sites in London and plans to open a fourth in Brighton later this year.

Yianni, tell us the story of how it all began.

I started my burger van, Meat Wagon, as a hobby in 2009. It grew from a small burger van through numerous iterations until we opened Meat Liquor, our first bricks-and-mortar restaurant, in Marylebone a couple of years later in November 2011. Now we also have two other sites: Meat Market in Covent Garden and Meat Mission in Shoreditch.

How much did you need to start Meat Wagon?
God knows. Everything I had, I suppose: I ran

it as a hobby until 2010, ploughing all my wages from my day job in theatre production into it. I probably spent tens of thousands of pounds.

Why didn't you just start Meat Liquor as a restaurant right away? Was it the cost? Was a long-term lease a disincentive?

The availability of long-term leases wasn't a disincentive – it wasn't even an issue. Even if we had wanted the burden of one, who would give a start-up business a 25-year lease? There was no way I could have financed this through traditional routes – banks just don't lend money to small businesses nowadays, let alone food and drink start-ups.

The brand has a very cool reputation – how important do you think this is?

Oddly enough, there's no real 'branding' as such. Everything we do has grown organically. All our ventures have different names and identities – something that many people advised





us not to do. If the brand is cool, it happened by accident rather than design. The products themselves have always been our primary focus.

How did you develop the burger and the menu, and how do you produce it?

I did – and do – a lot of eating out! The menu is an amalgamation of the dishes I enjoyed most over the course of my travels, which I brought home with me and adapted to the British palate. Everything on the menu is carefully considered to minimize waste while maximising quality. For example, the steak we use for our burgers, which is minced daily, goes into our chilli con carne for the next day if it's unused.

What experience did you have when you were starting out with it? And what did you have in terms of cash, backers and advisers?

I'd been working in theatre production around the world since I left school but I had no experience at all in the food and drink industry. Financially, I had my life savings – about £3000 in an ISA – and the income from my job. I had no access to loans or any other traditional method of finance.

I was lucky enough to meet my business partner Scott Collins, who has complementary skills to mine, and together we raised the necessary funds and brought in two other industry veterans to provide extra funding, experience and skill sets we required. The Meat Liquor restaurant was converted from an abandoned, empty shell for about £250,000 (including a substantial rent deposit) – a comparatively paltry sum for a 90-cover restaurant in the heart of the West End.

How did you invest your money as the business began to grow?

In the first year we spent about another £150,000 improving the kitchen, extraction systems and tills to increase efficiency – this being the only way we could grow when our physical capacity had reached its limit. We're constantly investing money back into our businesses whether in capital expenditure or investment in staff. I've learned that for small businesses in this sector, economies of scale are now most immediately evident in the field of administration.

Looking back, what would have made it easier or faster for you to get started and then to make the transition to bricks and mortar?

The important thing to note is that the problem is not down to government regulation. It's down to how difficult it is to even find out what regulations there are when starting a business, let alone being able to get that information in a comprehensive form and a timely fashion.

I'd have liked some kind of impartial business manager/mentor. Someone I could talk to in person who would help me to navigate the quagmire of regulatory agencies and private institutions I had to deal with. Currently this role is fulfilled by a small army of expensive accountants, consultants or financial advisers which small businesses have neither the funds nor the time to access. Every administrative obstacle puts new and small businesses at a huge disadvantage compared to larger or more established businesses.



No longer the sole authority

“ There have been numerous, significant changes since I started out in the food business. The coffee is much, much better today; the wine lists range across the globe; and the average age of most restaurant goers today is considerably younger than it used to be.

But the most important change every single restaurateur has to face up to is that today every customer is a restaurant critic.

Social media in its many diverse forms empowers everyone. The most common sight that confronts me in virtually every restaurant I walk into, and this certainly applies to the more renowned, is the sight of a young tourist couple sitting at a table with iPhones next to their side plates and expensive cameras slung across the back of their seats. Their opinions, and those of millions of others, will be widely available very soon.

This brings advantages and challenges for today's restaurateurs. The most obvious advantage is that they no longer have to spend any time working out who the critics are. The days when photos of all the restaurant reviewers were pinned to the inside of the swing door of the kitchen, along with their aliases, so that the waiting staff had a minute chance of recognizing them are long gone. The dining room is always full of critics.

And while I feel considerable sympathy for restaurateurs who have to find time after long, demanding shifts to face up to all that has just been written about them on the internet, I do think that this will eventually be seen as a positive step. In today's world of so many critics, the power that once lay in the hands of those who wrote such influential weekly or monthly columns is now far more limited. And that has to be a good thing. ”

Nicholas Lander has been a restaurant critic for the Financial Times for over 20 years and is the author of 'The Art of the Restaurateur'. Before becoming a critic, he founded a restaurant in Soho in the 1980s called L'Escargot.

The role of the investor



Darren Westlake is the CEO of Crowdcube, the UK's largest crowdfunding platform. Over a quarter of the businesses, accounting for £3.2m, that have raised investment through Crowdcube are in the food and drink sector.

Enticing funders

“ It’s not that surprising that food is one of the best areas for crowdfunding. We see crowdfunding as democratising investment, opening it up to people who might not have done it before. Food is a great place to start; it’s much more accessible than something like tech. British people love food, everybody eats and everybody has been to a café or a restaurant.

Start-up food businesses have the added benefit of being able to offer tangible, short-term rewards such as bar tabs, restaurant discounts and the experience of walking into a great place to eat and knowing you own a slice of it. The return on your investment almost becomes an unexpected bonus.

When it comes to a successful crowdfunded pitch, we believe the ‘hygiene factor’ is the most important thing for an entrepreneur. They also need to have a coherent and seamless business plan presentation, decent financial forecasts and an engaging video.

So, our advice to a first-time food entrepreneur would be: pitch your experience, what you can bring above just a great idea and explain what backs it up. The team is also very important – who is going to sit on the executive/non-executive board, and who will advise you? Entrepreneurs need to have as many arguments as possible to put forward that will de-risk the investment. It’s also a big validation if one leading shareholder is a veteran restaurateur or restaurant investor which means the start-up is more likely to generate further investment through that person’s network.

Generally 30% of investors put up 70% of the money. The most any single investor has put in with Crowdcube was £70,000, just over 25% of the total fundraising target. The average stake entrepreneurs give away is 17%. By having lots of investors we think we help put more control into the hands of the entrepreneurs, rather than them being talked into giving away a lot of control the first time they raise money. ”

Young Turks/ The Clove Club

Few food businesses capture the new start-up journey as well as the Young Turks. They started by cooking ‘supper club’ dinners in friends’ living rooms and built a cult following for their hip dining experiences in disused spaces. In under three years, they have opened The Clove Club in Shoreditch and have firm commitments to open two more restaurants in London.

With a cult following built through social media and hard-earned commercial credibility, experience and confidence, the founders Isaac McHale, Daniel Willis and Johnny Smith planned their first restaurant that would take them beyond their arrangement of cooking upstairs at the East London pub The Ten Bells. They secured funding via crowdfunding platform, Crowdfunder – gaining £250,000 for 25% of their company, comfortably over-subscribed by £108,000. They are now committed to opening three restaurants in five years, with all profits from the first three years to be reinvested. The first, The Clove Club, opened in Shoreditch Town Hall in March 2013.

Daniel, the popularity of the Young Turks’ supper club in London played a big role in your journey to opening a restaurant. How did it start?

Johnny and I were in bands – we’d organise these crazy birthday parties in Manchester, have artists design the badges, get the Manchester School of Samba to do a performance, and we got loads of coverage in the local press. It was

all good guerrilla training in how to do an event and the importance of attention to detail.

We came down to London in 2008. My brother had been here since he was 18 – he was in music as well, and lived just off Broadway Market. He mentioned Bistrottheque, who were doing Flash [a successful pop-up restaurant] at the Royal Academy of Arts. That was the first pop-up I’d been to. And then I had my first meal at St. John Bread and Wine in Shoreditch and I just couldn’t stop thinking about it. It was like seeing an amazing film or going to an amazing gig, you know? I then worked as a waiter at Bistrottheque and then at St. John Bread and Wine, where James Lowe was the head chef, and we worked together there for the best part of three years.

We thought there weren’t enough supper clubs around that really paid attention to the service, and where people were properly passionate about food, wine and service. At the time we were still doing a lot of music and for our events we’d think, “How can you make this as amazing as possible?”







That passion for food and attention to service and detail seems to be a big part of how you became successful. It's also a skill – how did you learn it?

My grandma came from the Outer Hebrides and always had hotels and pubs in England. She was in the Guinness Book of Records for the longest bar in the world and the highest number of whiskies. That side of the family are all really social people and hate being alone. My mum's a midwife, Grandma's a publican and they are both really good at taking care of people – that's what I grew up with.

My parents weren't great cooks but Johnny's parents were. His mum had balsamic vinegar and we had Angel Delight. I became obsessed with it all and wanted to do food as a career. I wanted to be a chef but I was warned off it – there was a certain idea in the North of England of what a chef is, which is pretty different to London. Here the chefs all have teeth and alright clothes and a way of communicating they didn't learn in prison! Back at home, being a chef was seen as notoriously bad as a choice of career and as a standard of living.

How did you set up your first supper club?

We asked our friend Dan if we could use his living room and then put a single page up on the internet, with a date, and sent some emails out – no Twitter. It was a supper club for 24 people, and we sold out within 48 hours. The next one we did sold out in three hours. We hired everything, and used a personal bank account. We tried to win sponsorship but we didn't do very well, although we did manage to get a Prosecco sponsor.

And how did you make the transition from supper clubs to doing a pop-up?

We'd be doing these events, and they'd be really successful and then we'd go back to our f***ing day jobs – it was very frustrating.

We didn't really have an idea of how much we'd need for a pop-up, but we initially thought we'd do it in a greasy spoon – it turned out that they had £50k rent premiums!

Then someone told us that a guy called John from the The Ten Bells pub in Spitalfields was looking for someone to serve food upstairs. They took the bar money, but we didn't have to pay rent and we could order supplies through them. We set it up as 'Young Turks at The Ten Bells'.

Normally food startups have to give up a lot of equity for a relatively small investment. You seemed to get a better deal than is normal. How?

Restaurateurs and investors had said they'd back us £125k for 25% stake of the business, but we ended up raising twice that through crowdfunding – £250,000 for 25%. What helped was that we met a serial restaurateur Jonathan Downey, who had just made £1.5m through crowdfunding. He said he wouldn't invest himself, but as a contact, he was really useful. He helped us write the pitch and figure out Seed Enterprise Investment Scheme tax relief and other incentives. The pitch went out on Crowdcube on a Monday and we emailed round our mailing list and raised some straight away. We got to 33% and the Evening Standard wrote about how we were going to miss our target. We spoke to an investor who put in a substantial amount on the Thursday and then we started getting lots of £10ks and £15ks. It was my birthday weekend, and it was perfect. We had 50 investors in the end and we were oversubscribed by £108k.

Can you tell us what else has helped?

Hackney Council really helped us actually. Lots of other people struggle without the kind of support we got from them. It's so hard finding a site for your business, knowing where they are and getting 'in' somewhere.

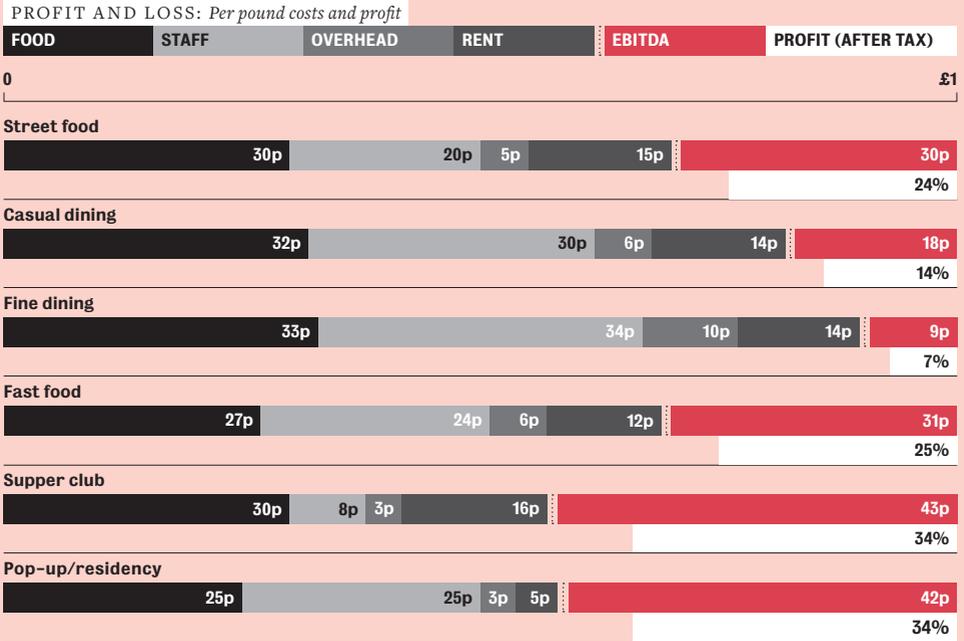


Data: Food start-ups

A TYPICAL FOOD BUSINESS

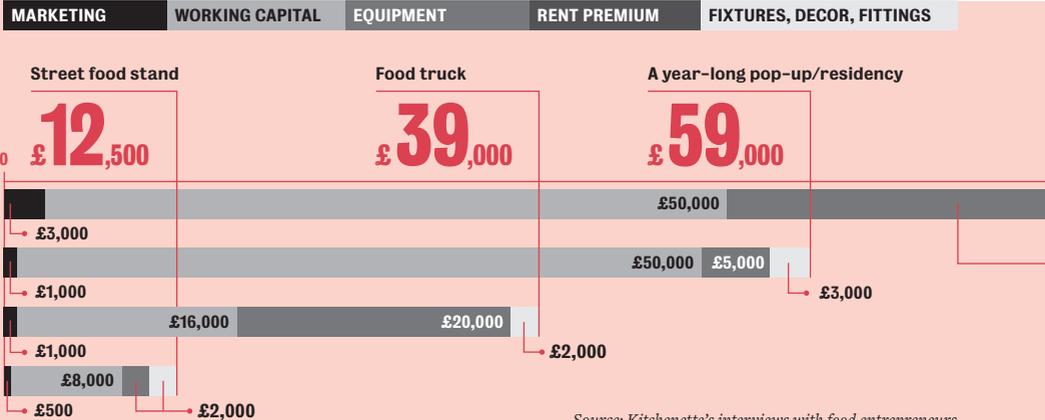
Every food business is different, but these are some typical figures that indicate what food entrepreneurs can expect for different business models.

EBITDA is a measure of Earnings Before Interest, Taxes, Depreciation and Amortization, commonly used to measure performance and to value food businesses.



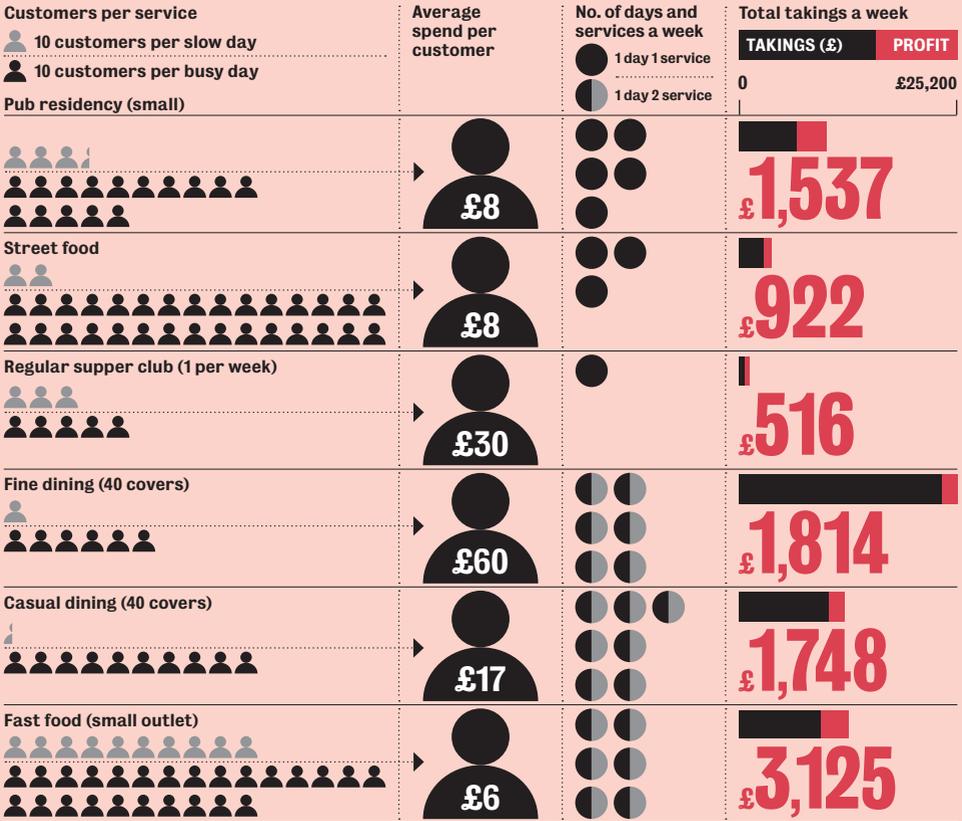
Source: Kitchenette's interviews with food entrepreneurs

MINIMUM STARTUP COSTS: How much you might need to get started (with six months running costs)



Source: Kitchenette's interviews with food entrepreneurs

A TYPICAL FOOD BUSINESS WEEKLY TAKINGS: *How much you might expect to take a week in revenue*



Source: Kitchenette's interviews with food entrepreneurs

Small restaurant

£153,000

£25,000

£50,000

£25,000

CHAPTER 2

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Beyond restaurants

“Food businesses encompass catering,
products on supermarket shelves,
delivery, online and street food.
It’s much more than restaurants.”

– *Geetika Agrawal, Business Development
Manager at La Cocina*

FOOD ENTREPRENEURSHIP remains remarkably open to an incredibly diverse range of people. One reason might be because operational experience is so critical to success in food businesses. Few sectors hold more potential for women, those on low incomes and ethnic minorities, because these groups make up the majority of the workforce. A staggering 59% of London's hospitality, leisure and travel and tourism workers were born overseas and 58% of the workforce is female.

Although there is a stereotype of a macho, near-military ethos in restaurants, the reality is that there are all sorts of different businesses for all sorts of people. The businesses we spoke to had diverse revenue streams – a street food cart by day and events catering at weekends; a daytime workers' café and a catering business in the back.

Big Apple Hot Dogs has become one of the biggest street food businesses in London after years of struggling to get a pitch, and Rochelle Canteen is a successful café with the base for a growing catering company. At the early stage in a food start-up's development the ecosystem is arguably more important than at any other time, so we hear the views of a local council, a landlord, and a supplier – people who often hold the key to success. We also talk to a customer and a critic, who can help build or destroy a reputation.

1. Flexible food business models can suit different lifestyles

There is room in food for all kinds of people and all kinds of business models. The examples show that eating out can include micro-scale street food businesses, catering businesses that fit around child-care commitments, as well as burger empires and groups of restaurants like the ones seen in the previous chapters.

“Catering is so much more flexible; you’re not doing big events every week. And it’s so much more universal – I mean everyone knows someone who has a birthday or is getting married.”
Melanie Arnold, Co-founder of Rochelle Canteen

2. Small scale food businesses need more shared resources

For small scale food businesses, a decent place to prepare food is critical. There are no reliable, bookable commercial kitchens in London, unlike in the US where culinary incubators typically have shared prep kitchen spaces, like co-working spaces for desk-based businesses.

“There was a long time when we didn’t have a premises to cater out of, we didn’t have access to a prep kitchen and it was really difficult.”
Melanie Arnold, Co-founder of Rochelle Canteen

3. Current training providers offer little in the way of relevant training and guidance

If you’re a micro-business you have to be good at everything; from business planning to food hygiene, there is a great deal you need to know. It’s hard to know it all, and even though catering colleges are there they don’t tend to offer entrepreneurship courses and generally lag behind industry standards.

“You’ve got to be able to do everything until you can get someone else and employ someone.”
Abiye Cole, Founder of Big Apple Hot Dogs

4. London's markets make it hard for start-ups

Markets play a pivotal role in the food economy as incubator space for entrepreneurs to establish demand, get feedback from customers and develop a following. But the UK's markets – particularly London's food markets – seem to be set up, in many ways, against start-ups. With waiting lists sometimes running into several years, and arcane legislation such as hot food can't be served, only individuals and not businesses can hold a stall and pitches can be inherited, as well as other 'red tape'. The UK's market rules are holding back economic growth.

"Finding somewhere to sell was a massive, massive problem. I had two years of applying to markets to try and get a pitch."

Melanie Arnold, Co-founder of Rochelle Canteen

5. Suppliers can struggle with small orders

Quality wholesalers and suppliers often need to see accounts or take big orders. Aiming to compete on quality, rather than price, meant our case studies needed quality produce. Buying it was difficult for them as start-ups face weak bargaining positions with suppliers. Our case studies relied on favours and friends, and there is an opportunity for more intermediation between large wholesalers and small scale start-ups.

"We rarely, if ever, do one-off orders"

David Dwek, Supplier at The Bread Factory

Big Apple Hot Dogs

Big Apple Hot Dogs is a tale of social mobility and street food. With just £2,000 in savings, Abiye Cole has built one of the most successful street food businesses in London.

‘Inspired by New York, made in the heart of London’, says the tag line: this is one of a new breed of British street food businesses. It serves quality, well-sourced and locally-made food on the street – to great commercial success. With cheeky branding, a charismatic front-man and rapid service, the company now employs three people and has an annual turnover of £200,000. Cole has gone from having a single cart on a council pitch near Old Street roundabout in London to a growing street food empire, and has now been invited to cater to visiting American film sets and large sports events. We spoke to founder Abiye Cole.

You started Big Apple Hot Dogs without a background in food or a lot of money. Do you think street food start-ups are a good option for young people, people out of work or those who haven't had a great start in life?

I can't imagine another business that could be set up with only £2,000. That's why I chose hot dogs because they're the only thing I could afford. I did this tax credits, self-employment

programme where, if you become self-employed, you get certain top-ups. It was absolutely essential in order to survive – it gives you a chance to build up the business.

It's going well for me right now and it may become a big business, but that's almost incidental. The important thing is to get out there and do something that's in your control and that's it. You can make real money. In the summer I do a National Football League event and we sell 1,500 hot dogs in one afternoon – that's the most we sell in a single day. It's a lot of money and super stressful as well!

You started out on Old Street. How did you get that first pitch?

Getting that first pitch was really lucky and that's what has made it all work. When I started I wanted to do something near where I live, in Chapel Market, Islington. I fought the council tooth and nail to try and get a pitch and they said it was 'unfair competition' for the cafés. Finding somewhere to sell was a massive, massive problem. I had two years of applying to markets to try and get a pitch. Some councils



said they had hot food and didn't want any more. They said it would impact on the rent-paying shops, or say 'there's already a sausage seller' – all of that sort of thing.

Eventually I got an email from Hackney Council saying that this pitch had come up on Old Street, available 12-6pm, five days a week. Old Street is a very different kind of market and I was pretty much on my own, so when it's not busy I have lots of interaction with customers, which keeps them loyal. It would have been a very different story if I'd got Chapel Market. You do need a little bit of luck.

You started a business without a lot of money; that's is quite a big risk. Why did you do it?

I couldn't work for anyone. I had learned over time that I didn't like working for people. I'd worked for oil companies and I had some savings, but I got really bored and a bit rebellious. I was like a lot of people who feel unappreciated and unable to use the skills that they feel they have.

I came up with two different projects – one was very ambitious and complicated, requiring a lot of investment that I ultimately didn't manage to get. The second one was this hot dog thing.

What things do you think make it difficult?

Some practical things – storage, equipment, accounting, insurance, food safety training, crisis management. Then it's having time and being good at lots of different things. You end up doing things you're not that great at. You learn to get people to help with the important things – I have an accountant now, and it's worth it. If everything is going well you have to be ready to change things up, get staff.

You've got to be able to do everything until you have enough money to employ someone else to join you. Some people are really great for a while and then let you down really badly. I was

left to do a whole event by myself because someone didn't turn up. I had to carry stuff up five flights of stairs at a corporate event – a serious nightmare. On a personal level, you feel really let down.

How long was it until you felt like you knew what you were doing and trading steadily every week?

Quite a long time. It was around six months, even though I had a lot going for me; a really good product, location and I'm a good salesman.

We've seen some street food businesses morph into other kinds of business model – turning into a restaurant or a shop. You've scaled the street food business instead. How have you done it?

I currently have three carts but managing expansion is really tough. I'm moving out of my comfort zone and having to employ people. It's what I always wanted and I really enjoy it – I want to give opportunities to people by offering affordable franchises.

It was about four years ago when you were first writing to councils to try and get a pitch. Has it got easier since then?

The pitch thing is really difficult and it's important to explain that to people who want to get into street food. I was one of the first people to do well, and from where I'm looking at it, it's different now. It's much, much harder and the people who run the markets don't return calls and it's very competitive; the waiting lists are truly terrible. I think private land and empty council lots in high footfall areas are the best options for traders.

The sad thing is that hot food these days can be a draw and some markets are realising that and thriving on it, but some old-fashioned markets don't see it. They should be more open – that's why some markets are dying out and other people who are starting up markets doing hot food and are doing really well.





Food on the streets

“ Markets are the heartbeat of any city. How they function says a lot about a place. A thriving market full of people provides a hive of well-being on many levels that needs to be nurtured by any city concerned with the happiness of its citizens.

It was in London's markets that I cut my teeth with Choc Star, a roaming chocolate van. On the kerbs of Portobello Road, Brick Lane, Greenwich and Acton I learned why the word 'market' has such wider implications for the way society works. The phrase 'the market will decide' is true, and anyone wanting to run a business will soon learn whether their product is any good. This is a space where people are straight-talking, ideas can be tested and where negotiation is the name of the game.

But for all the atmosphere and marvellous cacophony of people, I could see that there wasn't much attention to brilliance in the food on offer. I was disappointed when visitors came to London and complained about the 'terrible food'. Wouldn't it be amazing, I mused, if anyone could stumble upon deliciousness anywhere they went, rather than the mediocre.

Since starting KERB, I am surrounded by incredible start-up food traders looking to get a foothold into the markets of London and struggling. KERB's goal is making cities taste better, and we have the ingredients and (thanks to some forward-thinking private landlords) some spaces – but there is a huge disconnect between London's flavour, energy and entrepreneurialism, and the ability to find enough spaces that enable it.

Socially and culturally, London's time is now for asserting itself on the global stage as a major player in both food and progressiveness. Markets full of food cooked by people with heart and passion is a real opportunity for this city – it's about economic stimulation, visible success routes for the young, access to culture through food, new social areas and a really straightforward and long-tested way for people to feel a part of their city.

Let's examine all the disused spaces and consider how much more money we could generate were we to fill them with food, people and activity. We have the resources but we don't have access to the land.



Petra Barran was one of the UK's top street food traders before she founded KERB, a new street food collective for some of London's best street food traders, that privately runs and manages several markets in London.



The role of the supplier

Getting the good stuff

David Dwek, is the Wholesale Account Manager for The Bread Factory, one of London's leading bread suppliers. He works with lots of top restaurants all around the city.

“ We appreciate the importance of start-up food entrepreneurs with small orders to the hospitality and leisure industry. We have supplied bread to various pop-ups, market stalls and food trucks such as Mother Flipper and Patty & Bun, but we do need to take some things into consideration.

We need to ensure that a start-up can meet a minimum order, they are able to pay us and that they are serious about quality and what they want to achieve. So we rarely, if ever, do one-off orders – we want to help small businesses and be sure that they don't, as a result, cause more hassle than they are worth. For example, we would do a one-off order if the request came from someone we already work with and/or have a good relationship with. If the small business is endorsed by one of these people, we would consider it too. Also, if it's for a very large amount and fits in with our daily routine then we'll accommodate.

The main thing we find that makes it easier for start-ups to get quality suppliers to work with them is determination. If they are happy to get out of bed at 4am to receive a delivery because they don't have a premises, and they are happy to risk wastage in order to have the very best products then we would do as much as we could to work with them. By the same token, any government-led initiatives which make it easier for the vendors to work would benefit us in turn.

The most important thing for small businesses in the food industry is building trusted relationships. If you respect your suppliers then they will respect you too, and will do their best to help. For example, we may drop the minimum order levels, or try and arrange a later delivery.



Rochelle Canteen

Set in a disused school in an estate in East London and only open during the daytime and at weekends, Rochelle Canteen is an unlikely food business success story.

Originally intended as a lunchtime canteen for the people who work in the surrounding offices and studios, Rochelle Canteen has become a magnet for food-lovers, as well as the base for one of the most successful catering companies in London turning over £1.2m a year. It was founded by two women, Melanie Arnold and Margot Henderson, who built their business around childcare commitments. Rochelle Canteen employs eight people full-time while the catering side, called Arnold and Henderson, employ over 100 people. We spoke to co-founder Melanie Arnold.

How did you come to start a cafe in someone else's building?

It's actually something we'd done before. We had a restaurant for nine years together in Soho, called The French House Dining Room. It was very tiny, above a pub. Being based out

of someone else's business can be tricky, but it was a much simpler way to start. In the pub, we paid a proportion of our net profit. Although you don't really want to be handing over your profits, it's less risk for a start-up restaurant.

It was out of that kitchen that we started the catering business. And when we eventually had to leave Soho, we had to find a new base for the that business. It was very hard to find the standard of kitchen we'd been using before – the equipment, the refrigeration, all that. So we'd prep some things at my house, rush to another place, carry stuff up the stairs and drive it around and then just bring extra people there on the day to serve and prepare.

Tell us about your business model – it's an interesting one.

Rochelle Canteen couldn't really ever be open in the evening, Shoreditch nightlife is encroaching on every side and the council need







to balance the residential and commercial side. So it's a café during the day and then we base our catering business here too.

We'd been looking for a place for the catering business, and someone met a contact who was opening this building and turning it into a series of workshops for artists. They wanted to have some sort of kitchen; somewhere where people who worked here could meet and talk. Their idea was that there should be a café here – and a really good café at that. It was only supposed to be serving the people within the building at lunchtimes, but the economics of having a small restaurant with very few customers couldn't really work. So it suited a caterer who could operate out of the back.

We had a long battle to base the catering business here. At one point the council wanted us only to serve people in the building, but maybe in ten years time the area will have changed so significantly it could be open in the evenings.

Why did you decide to establish a catering business and café, rather than a normal restaurant?

Well, the restaurant we had been running in Soho was tiny and we could only do 30 customers at a time, which made it financially difficult. So, as a means of making more money, we started catering too. We did it initially through word of mouth, through people we knew, and moved on from there. Then the pub we were based in changed ownership, and we lost the premises. We both had small children and didn't want to start up a new place, so we concentrated on the catering. The difference between managing something that's up and

running and starting up a new place is massive, especially if you have children and other demands on your time.

Aren't there dozens of kitchens in London you could have used for your catering business?

People would tell you about kitchens you could use, but in the end they never really existed. Usually it was something like someone was going to be away for two weeks for a holiday. It wasn't like, 'We're going to do a dinner for 300-400 in 4 weeks and so could we book it out on these dates?'

What else would have helped?

I think we were lucky in that we knew other people doing it too, because it's hard when it's just one person. That way you can share stories and share orders to suppliers. If you want to buy something and they're only available in quantities of a thousand, you can club together. I think the other thing we'd have loved is help with things like the business plan. There are so many factors you need to take into account.

Then there are all those things like payroll that are scary, and create a lot of work. Of course, not everyone starts out like that, but there comes a point when you have to make the transition. And the transition is hard because you formalise but you don't actually become any bigger – we are a middle-sized catering company, not big enough to have massive economies of scale, and when we've done all our payroll and taxes it isn't actually that lucrative.

But on the whole, what I like about catering is that it's a supportive environment, people can build up amazing teams and they're really good places to work.



Data: Trader perceptions of London's food markets





	Fees per day (£)	Time taken (in months) for 'the perfect trader' to get a space	Footfall		
			Low	Medium	High
Berwick St	20	6-12	■		
Borough Market	30	12-24	■	■	
Brixton Station Road	0	1-6	■		
Broadway Market	15	24+	■	■	
Brockley Market	20	6-12	■	■	
Camden Market	5	>1	■		
Chatsworth Road Market	20	1-6	■		
Ely's Yard	0	1-6	■	■	
Feast	125	6-12	■	■	■
Forest Hill Market	35	1-6	■	■	
Harringay Market	0	1-6	■		
KERB	20	6-12	■	■	■
Leather Lane	20	6-12	■		
Maltby Street	20	1-6	■	■	
Netil Market	25	1-6	■	■	
North Cross Road	16	6-12	■		
Portobello Road	10	24+	■	■	■
Real Food Festival	350	6-12	■	■	
Real Food Market	267	1-6	■	■	
Real Street Food Festival	550	1-6	■	■	■
Red Market	0	1-6	■	■	
Street Feast	50	1-6	■	■	■
Sunday Up Market	100	6-12	■	■	
Venn Street Market	45	6-12	■	■	■
Whitecross Street	80	6-12	■	■	■

Source: Kitchenette's focus groups of 12 street food traders

CHAPTER 3

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Food and urban regeneration

“Food is a cornerstone of our strategy
for regeneration in Hackney.”
– *Andrew Sissons, Head of Regeneration
Delivery for Hackney Council*

A GREAT PLACE to eat helps make a great place to live. *The Economist's* Liveability Index, which ranks the world's greatest cities, places the quality of food and drink as a measure of a city's culture, alongside its galleries and its concert halls. Urbanist Carolyn Steel, author of *Hungry Cities* writes of how food has long created social spaces. The public and social spaces in food markets, in chairs outside cafés and in queues outside hot dog stands, all play an increasingly important role in facilitating informal encounters in an increasingly online world.

Good food isn't just a sign of a great place to live. Creative, independent food outlets selling food made with passion and care can breathe life into areas. Architect Bryan Boyer calls it the "opposite of broken windows theory" – cafes and restaurants, like tended parks or public gardens, can demonstrate care in forgotten places, and present an opportunity for bottom-up regeneration.

There have been few scientific studies of the causal relationship between good restaurants and urban renaissance, but some have argued that the The River Café helped to turn around a run-down corner of Hammersmith when it opened in 1987; as did St. John in an edgy Clerkenwell; similarly Moro, in a derelict Exmouth Market; and Nopa in Divisadero, San Francisco. A good restaurant can draw a new customer base into an area and help revive its fortunes.

Urban Coffee Opportunities has used this as an urban development tool in the US, with some success. A joint venture established by Magic Johnson and Starbucks, it brought 90 Starbucks outlets to low-income urban neighbourhoods, intending to create jobs, encourage other businesses to invest and to provide residents with amenities. Marcia Lamb, Co-Executive Director of the Initiative for a Competitive Inner City, a non-profit group in Cambridge, Massachusetts, described the process as "mainstreaming tough urban markets, and everybody benefits."

Simply making somewhere more desirable doesn't mean incumbent communities will see much benefit from new money coming into an area. Food is well-placed to provide a more inclusive and participative path to urban regeneration than many other things, but doing so requires careful stewardship. It requires accessibility – not just in terms of price, but also in its offerings. To create more participative benefits, you need a proactive approach to local employment, and an approach to rent-setting to avoid pricing independents and start-ups out of the market.

In this chapter, we look at two examples of food start-ups in disadvantaged areas that have played distinct roles in urban renaissance. They show how good places to eat can change a neighbourhood and demonstrate not just the potential of food to spearhead urban regeneration, but for it to be inclusive. We also hear the views of a curator, a market manager and a property developer on the role of food in their regeneration projects.

1. Food has a powerful role to play in regeneration

Because food is so universal, and because it so frequently requires stopping and tasting, it can play a powerful role in regeneration. Both examples in this chapter show that food can animate an area, be it with cakes on match days in Liverpool, or weekend brunches in a run-down arcade in Brixton.

“Step by step, loaf by loaf, we are creating a small-scale community-owned alternative, of which local food and fresh food is an integral part.”

Jeanne van Heeswijk, Co-founder of Homebaked Community Bakery

2. Making it inclusive takes work

Opening up areas to independents who do all the hard work and then hiking their rents, or using upwards-only rent reviews, ends up losing the powerful impact food can play. For low-income groups to successfully target higher-income customers, support can be vital in adapting their product, their sourcing, their presentation, their confidence. Not all the existing producers in Brixton survived the renaissance, but those that did really profited from its changing fortunes.

“Our priorities when sourcing food providers are good food at good value, and something a little different so that we make King’s Cross a destination. But it’s more work for the developer.”

Roger Madelin, CEO of property development company Argent

“We are always looking at grants, empty-home grants and start-up money for the bakery, but lots of grant-funded programmes for food have eligibility constraints that rule us out.”
Jeanne van Heeswijk, Co-founder of Homebaked Community Bakery

3. Food isn’t seen as culture, and that has an impact on funding and its management

Funding for food, specifically, often goes to community growing projects or organic. These are worthy but they do not recognise the role food can play in culture and in community development.

“From an empty building with only Afro-Caribbean food, it became a busy place where you could enjoy international cultures, a really multicultural mix.”
Rachid Ghailane, Market Manager of Brixton Village

4. Empty spaces can make great restaurants

Our case studies show the power of good food in unlikely spaces; turning around a forgotten pub, making a disused space into a restaurant. Finding a patch isn’t easy. An absolute essential is a place to sell, either in street food markets, private land or in someone else’s pub or staff canteen. Despite an abundance of underutilised spaces – pubs closed at the weekend, empty market pitches and vacant retail units – getting the permission needed to set up shop on the cheap can be a bureaucratic nightmare. Our case studies showed ferocious tenacity in looking for a space.

Homebaked Community Bakery

We look beyond London for inspiration from a food business that is a community-owned regeneration project itself. Artist Jeanne van Heeswijk has led the establishment of a community-owned bakery in one of the boarded-up streets next to Liverpool Football Club.

As part of the Liverpool Biennial in 2010, artist Jeanne van Heeswijk was invited to work with the community in a boarded-up neighbourhood in Anfield, in the streets next to Liverpool Football Club's stadium. Establishing the 2Up2Down Community Land Trust, the group took over the running of Mitchell's, a family-run local bakery that had been there for 100 years before it closed in 2010. The community has taken a lease on the bakery through crowd-funding on Kickstarter, and it's now at the heart of the regeneration project.

What is a bakery doing at the heart of a community housing and regeneration project?

We wanted to create small-scale alternative to the stagnated Housing Market Renewal Initiative, which has left a lot of buildings boarded, up and vacant. - in the form of a street of houses with community amenities. While we were working in the area, the Mitchell's Bakery closed. Mitchell's had been one of the few places

to get fresh food in this neighbourhood. It closed because the owners couldn't wait any longer for the council to decide what to do with the premises, after issuing a compulsory purchase order that had been put on hold. When we heard it closed, we immediately wanted to use it as a base for our community work as it was symbolic to the people and right on the High Street. We approached Mitchell's immediately and took it over.

How did you turn it into a functioning bakery?

We started to rent the bakery from the Mitchell family and began thinking about ways to organise a scheme to rebuild it, owned by the community. Often people would knock on the door asking if the bakery was open. We began asking questions about what it would mean to start baking on-site again.

We talked to young people and the local college, which runs a baking course, and developed a training programme. Thanks to a large crowd fundraiser we raised enough money







for an industrial bake oven. We established a Community Land Trust with the building and adjacent housing, and started gradually reopening the bakery as a community-run enterprise. Physically, we first did some building work on the shop front and then fit a start-up kitchen in the back.

And at the moment we trade on [Liverpool FC] match days. We now have 60 people involved in the Land Trust who put real time and energy into bringing it together. People are really lining up for our bread and a cup of soup on match days, so we have substantial support from our customers and the football fans who come to Anfield Stadium. We are nearly there and it would be super if someone helped us buy the building. Step by step, loaf by loaf, we are creating a small-scale community-owned alternative, of which local food and fresh food is an integral part.

What have the locals made of it?

I like that people say they are “sick of waiting”. We are in an area with people with serious health and mental issues. There is a lot going on; it is a fragile community. To raise them to a level of collectively running a business is a huge challenge, but your model has to fit the context in which it is set.

We will never be a hip café in London, it is not our objective. Having an expensive coffee machine and selling espressos just wouldn't work, even if that model might be a way to secure a loan. The bakery is a place for locals to see that you can make an integral contribution to how your future is shaped.

You're helping to create jobs, it's self-funded and there's a strong regeneration story here too. You must have had lots of support?

Well, yes and no. We have to deal with the fact that Mitchell's still has a clearance order on it. The council has been going back and forth while we have been campaigning for the clearance order to be lifted. It's a constant negotiation process. The council changes its mind often and although we think the bakery might be safe, we want to secure the houses around it too. We have a note from them to say

that we can continue working on the bakery, which is a way of giving us the go-ahead. It makes it very difficult to pitch for private investment with this clearance order over us.

We often find ourselves in a chicken-and-egg situation. We cannot buy the lease to the building because we do not have enough money, but we cannot apply for many loans because we do not own the building and we cannot invest in the building to demonstrate its capacity in order to pitch to private investors for more funding.

Access to start-up loans would be a big help, and also Step Clever [business grant scheme], as an example, doesn't allow certain things. The finance assistance is there but they have such a strict profile you have to fit. With community-run projects they are all specific to location and the circumstances in which they emerged.

What else gets in the way of the bakery, apart from raising funds?

This is a piece of land, a piece of business that we want to bring back to life for the community and because of the zoning and history of the area we are stunted. We want the bakery to be social, sustainable and ethical, we want to provide jobs and really want it to be a scheme that will benefit the community, which means taking a slow route. We require diversified skills, expertise, help from the co-op and Land Trust network and, crucially, we need people to help us with the organisational structure.

We need to build the professional capacity of the community in order for its members to be stakeholders. We have to externally source business advice, though a couple of people in the area who have small businesses can advise, as well as the community college that helped us with the baking aspect.

Also things like housing management, building work, local builders and physical skills have all been things we've found. We have a great team locally: a retired teacher is running the volunteer programme; a local artist helps with the community outreach, participation and engagement side. So many people throughout the community are helping. It truly is a community effort.





The role of the curator



Engaging the public through food

*Hannah Barry and
Sven Mündner run Bold
Tendencies, a successful pop-up
art gallery and restaurant in
Peckham, which has attracted
attention from the international
art and food press alike.*

“ There are few forms of culture that are more accessible than a plate of food. While the art world struggles to democratise access, food is universally seen as something everyday, for everyone, and as such it has a powerful role to play as art.

Most museums have a restaurant (usually to generate an income stream) and gallery openings normally include a dinner. Unfortunately food in this context plays a subordinate, serving role. With our projects based in Peckham, south London, we are exploring food alongside the gallery.

Frank's Café is a summer bar on top of a multi-storey car park. It was developed around the only London open-air, charcoal-fuelled kitchen and it is placed amidst the annual sculpture-commissioning project, Bold Tendencies, which brings the most exciting young international artists to Peckham. Neither the restaurant nor the art project could exist without each other in this car park setting. Together they have become one of the most successful regeneration projects in London, with 60,000 visitors a year, in what was a run-down part of the city.

This year we're going one step further: every month we will ask one artist to design a dining room and a menu to go with it. The chefs at Frank's Café will work with the artist to create an event that brings art, architecture and food together as equals. When seen as part of culture, food obviously provides some utility – people enjoy it, make money from it – and it has a capacity to challenge and provide a creative outlet. If we all saw it a bit more like that – particularly arts funders and the institutional curators and galleries – then all kinds of small arts projects that use food would have the capacity to work some magic together. ”

Brixton Village



From the forgotten empty units of Granville Arcade, Brixton Village in south London has become the home of 12 original start-up food businesses.

Its renaissance was kick-started in 2009 by a scheme launched by its owner, London and Associated Properties (LAP), Lambeth Council and Space Makers agency. They gave free leases to small units for three months to encourage new businesses to move in. This helped make Brixton something of a food mecca, just as other restaurants have in London, and in turn, property prices have risen by 20%.¹ This has not been without controversy, but Brixton Village is an interesting story where winners have included many existing businesses and residents, as well as new entrepreneurs. The food is cheap, and quality and distinctiveness are part of its draw. Market Manager Rachid Ghailane has overseen the transformation from the vacant Granville Arcade to the buzzing food destination Brixton Village is today. We also talk to two start-up restaurants: Tanapol Srinimitra, from Thai restaurant Kaosarn, and Andreas Rubio from Santafereno, a Colombian restaurant; as well as Titi from MTK African Restaurant, which was in the arcade before the new scheme.

How did Brixton Village change from being an empty arcade to how it is today?

[RACHID] In 2006 LAP had a plan to demolish the area [Granville Arcade and Market Row] and replace it with flats. The planning permission was rejected by Lambeth Council because of the community here in Brixton, who wanted the market to stay. It was made a Grade 2-listed building in March 2010 and the market became untouchable. This gave more confidence to the traders and to the investors.

There were 27 empty units [over Market Row and Brixton Village] at that time. The traders had been there for many years and about 80% were Afro-Caribbean stalls. We worked with Space Makers to help fill the empty units, creating a strategy to promote the market. The first step was to offer three months rent free to new businesses. This gave them a chance to see if their business worked, if it didn't succeed they didn't lose out.

In this first three months we had more than 70 applications. We tried to select the best

1. Changing London: Selling Out, The Economist, September (2012)



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The Joint



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and
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The Joint
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businesses that would be compatible with each other. We wanted to create a balance in the market of food, produce and other outlets. After this the market started taking a completely new direction. From an empty building with only Afro-Caribbean food it became a busy place where you could enjoy international cultures, a really multicultural mix.

To encourage trade we also extended the hours of the market, so instead of closing at 5.30pm we extended the licenses to midnight. The evenings became very busy for the restaurants and takeaways, there was live music and lots of socialising.

It sounds like there were a lot of people involved in making it happen. Who would you say were the most helpful for you?

We [LAP and Space Makers] couldn't have done it without the help from Lambeth Council and the help we received from the community here, or the traders. We worked together to advertise the market and the businesses. It was not a one-person job, there were so many people involved; it was the community, the council, the traders all working together to bring the market to the level it is at the moment.

Srinimitra of Kaosarn, you've had lots of reviews about your authentic, good-value Thai

food. Can you tell me a bit about how you got started in Brixton Village?

[SRINIMITRA] We did our shopping here. We saw that new people were coming into the area. We thought it seemed very similar to what was happening in Notting Hill Gate 25 years ago. My wife said: "Why don't we try to get a shop there?" I was working at a big chain as a chef, teaching. Then, two years ago I went to the office and asked how I might get into Brixton Village. Rachid said, "You're just in luck!" and I chose the one we are at on the corner now.

I wanted to bring real, authentic Thai food to London. It is a family business and when we started there were a few people every night, then in the second month more came for the excellent food. They love my food. After three months, it was so busy we had a queue every night.

What type of people visit Kaosarn?

The new yuppie, they have money and they know about food. They have been travelling, they've been to Thailand and they want know more about the food. They ask me questions and they know that it is high quality. We have two branches now – our second is in Clapham. Because of our restaurant in Brixton, the name has come with us. And we don't have to

advertise anything. People come to eat, they take photos of my food, and they love it so much that they tell everyone. Every night the restaurant is packed.

Were the traders involved in the direction that Brixton Village took?

[RUBIO] Yes, we spoke a lot to Rachid about how he wanted the place to be and how he would choose traders. They wanted different types of cuisine from everywhere. They wanted the people to be more professional. You had to show where you had come from and your experience. They wanted to make sure that every restaurant was high quality.

The professional chefs have come here now and they cook proper food. They are experienced and focused. Everyone knows each other here and everyone helps each other out; it is a small community.

[RACHID] It is like a small city. There is so much trade going on within Brixton Village. The grocer supplies to most of the restaurants and the fishmonger does as well. More than 35% of their trade is kept between the traders.

And Titi, MTK African Restaurant has been at Brixton Village throughout its transformation, what have you seen happen over the past few years?

I have been here since it was an African-only

market. It used to just be African and Caribbean customers, but now even white people come to eat our food. It used to be very quiet. Now we have a lot more customers, it has completely changed for us. It is very busy now, especially in the evenings.

The businesses have also changed; you can eat from anywhere across the world. There is Thai, Columbian, Australian. It is international.

People come to eat here from everywhere, when American people come here on holiday they come to eat here. If we had been an area with a black community, it would just have been African people. I like it here because there are lots of different cultures.

We've seen in some of the press that there has been a backlash against the rising costs of the rents in Brixton pushing smaller businesses and old traders out. Do you think this is fair?

[RACHID] It's difficult but we need to increase rents to maintain the market, to continue to provide the services we do. We will continue to work with Lambeth Council and listen to the community to find out what people need and what is beneficial to them. They represent the community here. Their guidance has helped us make the direction of the market clearer and in keeping with what the community wants.

The role of the property developer



People go where the food is

“ We are creating new streets and new public spaces at King’s Cross. For the first time in over 150 years, the general public will be able to wander onto what was formerly out-of-bounds railway land. Why should anyone want to wander to the north of King’s Cross and St. Pancras Stations though? Obviously we were lucky, having had Central St. Martins move to the heart of the railway lands, so up to 5,000 staff and students would be wandering along our new Boulevard. But who else might come to the area?

Food was a big part of the answer to this question. The advantage of working with start-up food businesses is that they can be great fun. Success is infectious and different is interesting. With start-ups, the lack of track record means deals have to be flexible and protect the start-up downside. It’s more work for the developer. Failure needs to be managed and accepted.

We’ve had three different types of food business operate here, to great success. First, street food traders through Kerb on the King’s Boulevard. We invited Petra Barran and Kerb to curate and manage the potential market space. Inviting street food traders enabled us to provide a service as soon as our new King’s Boulevard was open. If demand was high, we could increase the number of vendors. If not they could quietly disappear. It was a low-risk option to secure a unique food offering for the future as well as to create a short-term solution to an unoccupied part of the development.

Working with Kerb meant we were able to deal with one professional organisation that would ensure that all health and safety, quality and management issues had been checked. Their

Roger Madelin is the CEO of Argent, the property developer behind one of the UK’s largest urban developments, King’s Cross Central.

“Inviting street food traders enabled us to provide a service as soon as King’s Boulevard opened. If demand was high, we could increase the number of vendors”

depth of clients and reputation among the street food community would also allow us to adjust or enhance the traders as conditions changed.

The second component of our development is the Filling Station at the site of the former BP petrol station on the canal. The rent that BP was paying was very small and we gave them notice to quit, having decided to turn the old payment kiosk into a pop-up restaurant. We initially struggled to figure out who would be an appropriate partner to run it and design it into something a little different.

We knew Carmody Groarke, the architect, and had heard of Bistrotheque so we went to Hackney to check out the restaurant. Immediately we liked what the company had done with it and put together a simple business plan for a temporary pop-up restaurant. Shrimpy’s at the Filling Station is the result. From a marketing point of view, getting people to see and enjoy the canal while eating great food has been a great thing and contributed to the quirky atmosphere of the area.

Finally, the decision to approach Caravan to occupy the space in the Central Saint Martins building came after Nicholas Lander from the *Financial Times* suggested we met them. After 20 or so meetings and an innovative risk-sharing deal structure, we had convinced them that coming to King’s Cross was not completely mad. Our priorities when sourcing food providers are good food at good value, and something a little different so that we make King’s Cross a destination, a place being talked about and visited by people who would otherwise not come. 

CHAPTER 4

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Food, jobs, growth and exports

“The restaurant and hospitality industry can be really enjoyable as well as very profitable.”

– *Luke Johnson, Founder of Risk Capital Partners*

1.5 MILLION PEOPLE in the UK work in restaurants, cafes and other food service businesses. The sector's employment growth was the highest of any industrial grouping in 2012, contributing 58,000 new jobs to the economy. In London, the food economy is particularly vibrant. There are an estimated 50,000 food businesses and the hospitality sector employs nearly 400,000 people in the capital (British Hospitality Association, 2011). To put that into perspective, the tech sector which is often heralded as blazing the trail in economic recovery employs an estimated 50,000 people in London in 3,000 tech companies (Centre for London report).

New restaurants and cafes are opening and thriving, particularly in London where 25% more restaurants opened in 2012 than in 2011. The eating out sector contributed £25bn to the economy in 2013 and grew by 13% - when the economy as a whole grew by just 4%. The sector saw over 18,000 new start-ups in 2010. The number of new company births grew at 14% compared to 11% for the whole economy.

These figures do not capture the explosion in street food, supper clubs and pop-up restaurants as not all are registered as distinct business entities.

This growth in the eating-out market has knock-on effects for other parts of the food industry - as consumer tastes shift towards locally grown, artisanal food, it helps British farmers to develop commercially viable alternatives to the commodity market for their produce.

As the Government aims to double UK exports to £1 trillion a year by 2020 and get 100,000 more UK companies exporting by 2020, food also has a role to play in export, both of products (like cheeses) and brands (like restaurants).

While not a café or restaurant, Neal's Yard Diary is one of the UK's most remarkable small food businesses, having a significant impact on the supply chain. By far the largest business we talked to, Pret a Manger, started as a deli-style shop and is now an international chain. We also hear the view of a Council, that has seen over 200 jobs created in the last 24 months alone from the food businesses it has helped to set up in the Borough, on the vital role jobs and growth play locally as part of their local economic growth strategy; and of a Consumer, who discusses the role consumers can play in the expansion of quality food.

1. Food businesses can grow – and now they can grow fast.

Pret, the largest of our case studies, is now in 4 countries and employs 7,000 people globally. Our examples suggested that tastes have shifted and now the distribution infrastructure is much stronger for companies to grow more rapidly than in the past. But successful growth depends on being flexible and adaptable to differing consumer needs.

“It’s a great time. The demand for artisan food and drink is bigger than ever.”

Jason Hinds, Head of Exports at Neal’s Yard Dairy

2. Sometimes expansion requires educating consumers.

For artisan producers or high quality suppliers, there is an education piece to be done to help consumers understand a product. This can be done in light ways – via menus, tastings, and helpful service – and can go a long way to help consumers try new things. This is particularly the case when expanding into new markets.

“Discussing, trying and learning about food provides a crucial part of our start-up food culture”

Francis Percival, Co-founder of the London Gastronomy Seminars

“There used to be these very expensive packages you could buy to present your goods at fairs to target food buyers from around the world. It was all just terrible for the kind of specialized buyers who would buy our product”.

Jason Hinds, Head of Exports at Neal’s Yard Dairy

“For many farmers, growing demand..has made their farms commercially viable in a very tough climate.”

Jason Hinds, Head of Exports at Neal’s Yard Dairy

“As councils, we can really curate the food in our streets, and maintaining a strong presence of independents, alongside big chains, helps us to do this.”

Andrew Sissons, Head of Regeneration Delivery for Hackney Council

3. Food can help grow exports and support the British supply chain.

For both Neals Yard Dairy and Pret, future growth lies abroad, and given both companies commitment to sourcing, this has a powerful role to play in supporting British producers. Support for food exporters is clumsy however, and lacking.

4. As companies grow, councils have a role to play in balancing the high street.

Councils, with discretion to set rates, grant licences, grant planning permission and use class changes play a leading role in supporting the balance of our high streets, between established and successful companies (that bring jobs into an area and manage risk) and independents and startups (that bring entrepreneurship and vitality into an area).

Neal's Yard Dairy



Neal's Yard Dairy is one of the UK's most remarkable small food businesses. Its success shows the economic potential for successful food businesses to drive British exports and support British farmers.

Founder Nick Saunders set up the business in 1979 with Randolph Hodgson as his cheesemaker, then just a new food science graduate. They had no experience in making, buying or tasting cheese. They started exporting in the 1990s and now turn over £10m a year and employ around 70 people. As much as 40% of its sales come from exports – half of them to America. The *New York Times* described the company as 'a major force in the renaissance of British specialty cheeses'. We interviewed Managing Director David Lockwood and Head of Exports Jason Hinds.

People are surprised that Britain exports its own cheese to countries like France. How did you become such a prolific exporter?

[DAVID] Well, Britain has always been a food exporter, but what has changed is the produce being sold and how it is perceived. When Neal's

Yard Dairy started, the procedure in the UK was largely centralised and completely industrial.

[JASON] Historically, a lot of British produce had the reputation of being a bit pedestrian, factory made stuff. All the help and advice you could get – both from government sources and from private consultants and advisers – was geared up for industrial-scale production.

There used to be these very expensive packages you could buy to present your goods at fairs to target food buyers from around the world. It was all just terrible for the kind of specialised buyers who would buy our cheese. The scale was really wrong for us – large buyers would leave products sitting around for weeks, and that doesn't work at all with cheese.

So we took all the money we'd been spending on these expensive fairs and decided to spend it on going to visit specialised and independent





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GORBWYDD
CAERPHILLY

MADE IN THE MOUNTAINS OF WILTSHIRE
MATURED FOR 18 MONTHS
100% FULL CREAM CHEDDAR
£23.50

retailers. I'd go in, behind the counter, and work for one or two days a week for a year to train them. I'd show them how to cut the cheese, how to taste it and how to wrap it. It took a long time, but we built an entire distribution infrastructure this way, and now the market is really dynamic.

How difficult was it to break into the US market?

[JASON] When we first went into America – we're talking twenty years ago now – the market was a different place. It was all about processed cheese slices like Kraft Singles, and we were bringing in these raw milk, blue cheeses made in a way that hadn't changed for a hundred years! I think we've helped build the market for artisan products – it's huge now and growing fast.

[DAVID] Neal's Yard Dairy has opened people's minds, at home and internationally, to the idea that this isn't food for nutrition but something to just savour and enjoy. America was different to mainland Europe, where the education system helps school children in the artisan food industry.

Is it a good time for new start-ups to aim to become exporters?

[JASON] Yes – it's a great time. The demand for artisan food and drink is bigger than ever. Artisan beers, for example, are going to be a huge exporter.

There is a huge amount of growth potential now, and much of that infrastructure is there. The market for specialist cheeses is dynamic and growing. There are emerging markets too – Dubai, Hong Kong and China are perhaps where America was twenty years ago and the same work to build the distribution infrastructure needs to be done now.

What are the barriers on export?

[JASON] The bureaucracy countries put on food exports is one thing. South Korea and Dubai require veterinary certification. The process of getting this is painfully slow and expensive, it takes up to a week per shipment. In France you can get it in an hour – the support the French government provides for exporters is so fast and so good.

Do you think that helping to grow demand for British artisan cheese, both at home and abroad, has helped British farmers?

[JASON] Without a doubt. The work that Randolph started in the 1980s has helped farms to stay in business. One of our best-known cheeses is the artisan Lancashire we get from Mrs Kirkham. When we started working with her, cheese was viewed as a commodity, she was selling at 50p for a pound. We paid her what was effectively a premium at £1.20 a pound, for quality cheese. Now she's not just a tenant farmer, she owns her own farm.

We've been able, through our shops, to communicate and to educate the consumer on the differences between commercially made and handmade cheese. And together with the customers at Neal's Yard Dairy, we've got behind people who wouldn't have been able, to preserve a bit of craft and history. That's just one example, and it's a story that repeats itself across many of our cheeses.

Many farms have been made more commercially viable in a very tough climate by the growing demand for artisanal cheese from less commercial enterprises like ours, as well as good restaurants and others who stock their produce. And it's a nicer lifestyle too.





Tasting quality

“Eating out is the closest thing that most people have to a formal education in food. Food prepared by professionals has been the route by which the British have encountered new cuisines and first assimilated new dishes into our collective culinary canon. From olive oil and the Mediterranean diet to regional Chinese cooking, it is the professional chefs who have set the agenda and led the way in introducing dishes to a wider audience. And consumers who are open, engaged and pursue quality in food, provide vital demand for any budding start-up restaurateur.

Today, despite a growing food-loving class sharing their experiences with food online, or perhaps watching food TV programmes, that engagement isn't always a given.

As a country, we have moved from a market where products have been defined by their unique properties (“How is farmer John's milk today?”) to one where undifferentiated products compete solely on price (“Milk is five pence cheaper here, what a great deal!”). For many people, there is still little engagement with food, and consequently little understanding or celebration of what makes the raw materials distinctive. We are still in the age of industrial food, dominated by heavily-marketed cocktails of salt, sugar, and fat – burgers, fried chicken, the rest of it.

We have an opportunity in this great age of sharing our food experiences to become better consumers of food. This is where restauranteurs have so much to offer. An artfully-constructed menu or a delicious new dish provide the best possible starting point for discussions about quality. What is it that makes this beef so tasty? Why is this cheese different today?

Many of us as consumers are embracing new and different cuisines, eager to learn more, and this can only be a good thing for food entrepreneurs who want to become purveyors of quality. Consumers and entrepreneurs together can help grow this culture of discussing, trying and learning about food as a crucial part of our approach to food.

Francis Percival is a food writer, avid home cook and co-founder and curator for the London Gastronomy Seminars.

The role of the council



Andrew Sissons is the Head of Regeneration Delivery for Hackney Council in London. It's one of the most 'food-forward' boroughs in the country and has seen dozens of independent restaurants and street food traders open up in the past 18 months.

Food as a regenerating agent

“ Every council has its own approach to regeneration, and food is a cornerstone of our strategy in Hackney. Over the last 18 months we've helped 15 new, independent or original restaurants establish themselves in the borough, as well as street food vendors, pop-ups and markets such as Street Feast.

We see it as a way of investing in the area by creating jobs for local residents and making Hackney a better place to live and work. The big tech and creative business communities we have here love their food. Having a vibrant food culture is part of what makes Hackney a special place for businesses located here. I'd like to think Hackney has established a name for itself as being a welcoming place for good food, and that's a reputation that definitely helps the local economy.

We're actively encouraging interesting food businesses to come in and create local jobs. Firstly, it's taken seriously at the highest levels of leadership in the council and food businesses get support from our inward investment service. Secondly, we help them find properties – we sit down with them, understand what they're looking for, arrange tours and connect them with landlords we know. Thirdly, we help them navigate red tape and licensing by providing a single point of contact. We can't change the planning legislation, but we can advise, act as a sounding board and help navigate what, for a first-time entrepreneur, can feel like a minefield. Finally, we actively help pop-ups and street food events by making sure we come in, clean up and advertise empty commercial lettings as quickly as possible.

As councils we can really curate the food in our streets, and maintaining a strong presence of independents alongside big chains helps us to do this. As far as possible we work with businesses to ensure they employ local residents and look for those who will play an active role in improving the borough and opportunities for the community. We see it as our job to explore what's out there, to know about food and to bring some of the best food businesses around into the borough.



Pret A Manger

In 1986 Two young, inexperienced founders, Sinclair Beecham and Julian Metcalfe set up Pret A Manger with little business experience and limited capital. Today Pret employ 7,000 people worldwide and turns over £500 million a year.

With 295 shops worldwide, you can find it not just in the UK but in Hong Kong, France, Japan and the US – and possibly soon to be in China. It's difficult to imagine this global company as a start-up selling deli-style sandwiches. It has not only had a massive economic impact but has also pioneered ethical business across the board from employee training to sustainable sourcing and charity initiatives. We spoke to Clive Schlee, CEO.

Pret is easily one of the biggest success stories of any food business. Tell us how it started.

Pret opened its first site in a 600 square ft unit in 75b Victoria Street in London. Julian and Sinclair chose the shop for its especially low rent and busy location. They were both surveyors at the time and had a feel for property, but no experience in the food business. They did, however, have a good feel for quality and style which allowed them to create a slick and enjoyable customer experience. This is hugely important; the product constitutes only a certain percentage of customer satisfaction.

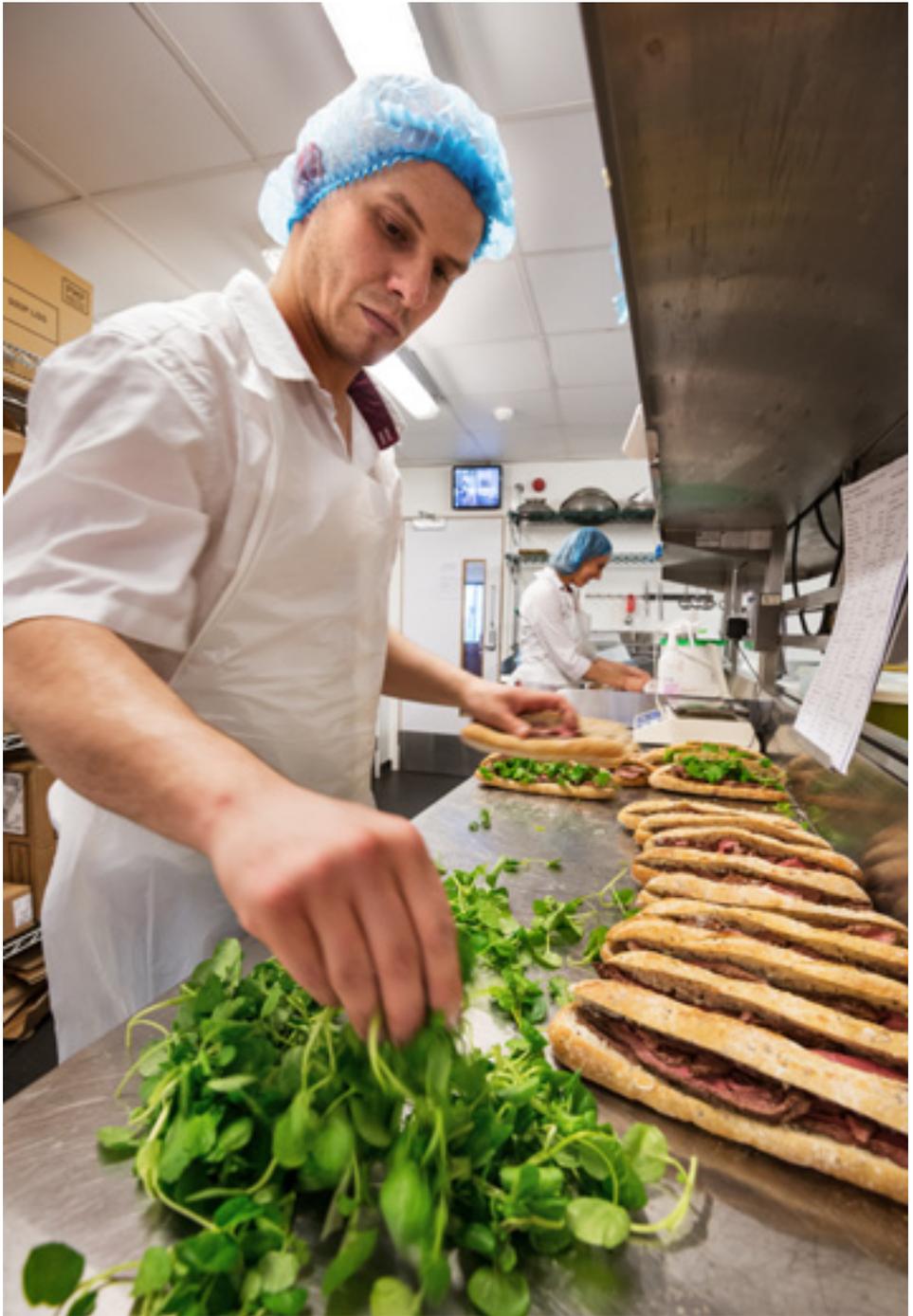
There was a high footfall and it was cheap because it had an unnaturally narrow front. Most importantly it had a basement, and the two of them were determined to have a kitchen on site.

Being able to freshly make deli-style sandwiches was crucial to them in constructing the initial concept for Pret.

How much did you need to raise to open the doors of the first site?

We spent ended up spending around £50,000, but bear in mind that for the first five years we changed the concept quite substantially, so a lot more was spent refining. Today we would need a minimum of £250,000 and a back up of £250,000 in case anything was to go wrong. I think this is the minimum for the sort of business we operate.

After a year or so in 75b Victoria Street, Pret changed from being a conventional behind-the-counter deli into a grab-and-go operation selling packaged sandwiches; this was a revolution at the time. Site number two opened four years later in High Holborn, and a much bigger site in an old





car show room on St Martin's Lane followed a year later.

Was it always the intention for the company to expand and be as big as it is today?

Yes, the model was constructed in a way that would make the business transferable and able to be rolled out en masse.

So, you did three sites in five years and now you're opening new branches all the time. What was the turning point in your growth?

The first five years were naturally slow because it takes quite a lot of time to get the concept right. When McDonald's bought a minority stake in 2001 it also accelerated growth – however, in retrospect, we probably expanded too quickly. In one year we opened in Hong Kong, New York and Tokyo. We were too cavalier with this.

One of the reasons Pret is so successful is your customer service. How did you develop it? And why do you think others haven't done the same?

Julian and Sinclair understood that getting up early and working in kitchens is truly tough work. It was critical to them to make it meaningful for their employees. They did this by stressing promotion opportunities so that staff would see a meritocratic trajectory. They hired people for their attitude and personality, not for their experience and technical skill. Other companies probably start trying to do this, but financial pressures defeat their best intentions. Investment in training programmes is expensive, but we believe the cost provides a USP, a better experience for both customers and staff and a more profitable business that has real longevity.

How possible is it for there to be a new generation of scalable, successful businesses? What might get in their way?

Getting a lease is very problematic; finding the right site and finding a landlord that's willing to negotiate can be hard. This is predominantly a central London issue. Business rates are also a serious issue, especially in the regions where they should be coming down in correlation with the market. If you look at the losses incurred by start-up companies offering takeaway food, you realise how long it takes to establish the business on a firm basis.

How difficult is foreign expansion?

In order to research a new market we had to construct critical factors for success and a framework to which any new region would comply. The variables were:

- A population that ate a substantial percentage of meals away from home
- An area where there was a high volume of office workers
- A leisure-based area where there was a high volume of women
- The average income of the population had to be a certain amount
- A high pedestrian flow and opportunity for the site to be in a prominent location

Most metropolitan cities suit this model so expansion hasn't been difficult, but it still has to be careful and slow. Typically, we design the concept for a new city with around 80% of the existing Pret model and manipulate 20% to suit the local area. It could be something as nuanced as the style of coffee served or the type of products in the snack section.

My only advice for businesses looking to make the move abroad is to do it one country at a time, and make sure the home market is very profitable and doesn't get distracted.

A Recipe for Action

We wrote this report primarily to understand what role Kitchenette itself could best play in supporting food entrepreneurship. But we can't do this alone, so instead of one conclusion, this report has two concluding sections based on its findings – A Recipe for Action for the wider ecosystem, and On Kitchenette's Plate for ourselves.

This report has argued that food plays a special role in the British economy. It employs as many people as the construction industry and its contribution to output – an important sector in its own right – is as significant as employment. It has been notably resilient through the downturn. It can help to regenerate areas, support British farmers, and contribute to British exports. It is remarkably inclusive in terms of the kind of people who can 'make it' in the sector and the opportunities it provides to those with little capital, education or networks; and it can play an important role in neighbourhood regeneration.

But we have also found significant structural barriers that early-stage food businesses face, in both getting started and surviving. How many failed food businesses could, with the right support, have been the next Pret A Manger?

Many of these barriers are the unwitting product of government policy and could be addressed at little or no cost to the taxpayer, even in the short run. Confronting them could have a significant positive impact in the medium term through increased growth, job creation and urban regeneration. But it is not exclusively a problem for the government – developers, established restaurateurs, markets and entrepreneurs themselves also have their role to play in helping food to realise its potential. Next we set out our six-point plan for councils, government and industry, which is then outlined in further detail over the following pages.

Our 6 point plan

- 1)** Recognise the importance of food and boost food exports, including appointing a credible British Food Envoy to represent artisanal British produce and food brands abroad.
- 2)** Get behind great British street food by lifting the legislative restrictions facing food markets, especially in London, and reserving at least 5% of market pitches as 'incubator' pitches for start-up food entrepreneurs.
- 3)** Incubate great cafés and restaurants by opening up under-utilised kitchens and spaces in public and private sector buildings for pop-up restaurants, street markets and prep kitchens; and lifting the number of temporary events licences to 50 per year (currently set at 12) and a one-year rates holiday.
- 4)** Pass on the art of the restaurateur by putting food entrepreneurship on the agenda in catering colleges to train young people to set up their own food businesses.
- 5)** Use food to regenerate the British high street, developing a Local Food Strategy for each area, and incentivising property developers to support new food markets by amending the planning system rules.
- 6)** Get capital flowing with better advertising for simplifying the guidance and rules facing food businesses with a clear marketing and transparency around food rules.

1. Recognise the strategic importance of food

"Food is a cornerstone of our strategy for regeneration." Andrew Sissons, Head of Regeneration Delivery, Hackney Council

Despite food's contribution to the economy, entrepreneurship and urban development, we found only a few bold concerted initiatives supporting it. The assistance given to industries like tech, by central government or other players, far outstrip the support provided for the food industry.

To recognise and support the role food can play in the economy...

Councils should:

- Develop a Local Food Strategy as part of their local enterprise partnership plans, aligned to their Inward Investment Strategy, aiming to encourage food start-ups to open in their areas, revitalise the high street and encourage links with the local supply chain and local employment.
- Nominate a Local Food Ambassador to advise on their enterprise strategy for food and encourage talented start-ups to the area, focussing particularly on the role food can play in the revitalisation of the high street.
- Take a positive and strategic approach to repurposing parking spaces wherever this is a barrier to the establishment of food markets.
- Build up a Local Street Food Fund from any surplus generated from street food markets (see below) to reinvest in the market.

Government should:

- Appoint a credible Food Envoy to represent artisanal British produce and retailers abroad.
- Amend the definition of ‘culture’ to include food.
- Take food seriously at the highest levels of government and highlight the role food entrepreneurship can play in UK industrial growth through regular discussions with sector leaders and visits to food companies.
- Create a red tape challenge for the food industry to reduce hurdles.
- Aim to fill 50% (by value) of public sector catering contracts with micro-businesses. The government already aspires for 25% of the total government procurement bill to be with SMEs. We argue that, due to the strength of micro-businesses in food catering, this target can be exceeded and should focus on businesses at the smaller end of the SME spectrum as a pro-growth measure.
- Buy produce from start-up food entrepreneurs for one-off public sector events and lunches.

Entrepreneurs should:

- Each commit to helping the next generation by mentoring at least one other food entrepreneur.

2. Get behind great British street food

“I am surrounded by incredible start-up food traders looking to get a foothold into the markets of London and struggling to find one.” Petra Barran, Founder of KERB

Street food has a powerful role in democratising entry to the food industry and even enhancing the survivability of start-ups. Acting as a prototype space for food entrepreneurs who go on to scale up their businesses, street food is where menus, meals and business models are tested, iterated and adapted. It helps start-ups de-risk before turning into bricks-and-mortar models with high growth and job creation potential. Street food can also be an engine for breathing life into forgotten or new areas, like KERB in King’s Cross.

But in many parts of the UK, especially London, food start-ups struggle to get a decent pitch. Bureaucratic barriers are stacked against autonomous markets that promote entrepreneurship, competition and growth. The phenomenal success of street food in those areas where government and the private sector have worked together, demonstrates the opportunity that much of the country is currently missing.

To free food markets from red tape...

Government should:

- Lift the restrictions on food markets and specifically London’s food markets specified in the London Local Authorities Act 1990 to allow council markets to be able to choose to
 - i) Make a profit from running street markets.
 - ii) Allow businesses – not just individuals – to hold pitches and allow them to be sub-let, as long as they meet council’s criteria.
 - iii) Hand the running of street markets to private operators, social enterprises or co-operatives with suitable safeguards to ensure they are sustainable for vendors.
 - iv) Reform the pitch licence system that

designates a specific pitch to each trader, while preserving licence holders' long-term rights to trade. The system currently prevents flexible and efficient use of space e.g. the council cannot move a trader to another spot in the market to remove gaps on a particular day by consolidating traders in one area.

- v) Reduce bias towards automatic renewals and increase turnover of pitch holders to encourage innovation. Set maximum terms on at least some proportion of pitches so that market pitches are not held in perpetuity, preventing new entrepreneurs coming into the market.
- vi) Establish a statutory presumption that all streets are 'consent streets' and can have street food stalls, allowing vendors to apply to sell in many more areas, subject to local resourcing and maintaining food hygiene standards.

To nurture street food enterprise and competition...

Councils should (supported by government where there are legislative hurdles):

- Bring market application processes online, make them transparent and accountable and standardise processes across councils to save traders' time.
- Encourage more casual-trader spots rather than giving the majority of pitches to permanent traders, and aim for at least 5% of all council-run market pitches to be 'incubator pitches' for hot food start-ups – capped at a maximum one year lease, embedding opportunities for start-ups.
- Work to establish a balance between street food and nearby bricks-and-mortar businesses so that 'unfair competition' cannot be used to justify restrictions on what street food vendors can and can't sell.

Property developers should:

- Adopt a single, shared street food licence.
- Allow food markets to trade as meanwhile (temporary) uses of space during property development as a way to support the social development alongside the physical build.

3. Incubate great cafés and restaurants

"Getting a lease is very problematic; finding the right site and finding a landlord that's willing to negotiate can be hard. And when you first open, you don't tend to get it right immediately."

Clive Schlee, CEO of Pret A Manger

"There are a whole raft of things that make it easier (to start a food business as a residency within another site) when you're starting something."

Melanie Arnold, Co-founder of Rochelle Canteen

Many food businesses start as bricks-and-mortar models and for others this is a natural next step once a product has been tested as street food or a pop-up. But the act of opening a new site is fraught with difficulty for first-time food entrepreneurs (as well as other retailers), not least because of the significant financial risks given the UK's notoriously high rents, long leases and licensing requirements. Ironically, our cities have many empty units and spaces that might be used for incubating businesses, thereby generating economic activity and supporting regeneration efforts.

Councils should:

- Introduce one-year-from-opening business rates and licence fee holidays, or equivalent support, for all independent start-up cafés and restaurants.
- Actively encourage pop-ups and supper clubs through creating a local register of suitable empty commercial spaces.

Government should:

- Raise the limit on temporary events licences governing pop-ups to 50 a year (currently set at 12), subject to local residents.

Landlords and property developers should:

- Allow food start-ups to develop pop-up and temporary restaurants and cafés on their developments while they are being built.
- Open restaurants, pubs and other spaces on closed days for use by pop-ups.

Established restaurants should:

- Allow start-up restaurateurs and food entrepreneurs to use their kitchens/premises during down times.

4. Pass on the art of the restaurateur

“There’s a lack of specific focus on food, there’s no support network for people to do food.”

Daniel Willis, Co-founder of The Clove Club

“I was lucky, I had a business partner who was experienced.” Yianni Papoutsis, Founder of Meat Liquor

Budding food entrepreneurs also need support to develop the skills that will help them to succeed.

In addition to all the usual difficulties faced by those building a business, food entrepreneurs face specific challenges associated with the sector. These include long hours, which make it hard to find time to work on an idea, and idiosyncratic economics. We found that the advice from mentors with first-hand experience was invaluable to start-ups and that building confidence through informal support networks and collaboration were important too.

We also found in every conversation we had with an employer that catering colleges and other education programmes were widely thought to be lagging behind the industry norms. This is likely to disadvantage budding entrepreneurs who do not have experience and contacts in the industry but otherwise have the potential to succeed.

Government should:

- Modernise catering college training and mentoring, and include food entrepreneurship as part of curricula.
- Consolidate, organise and better communicate the information required by entrepreneurs to comply with regulatory and other government requirements.
- Provide better tools and guidance for food start-ups on the gov.uk website.
- Provide speedy, guidance and support for food SMEs through UK Trade and Investment. This should address the specific complexities relating to food exporting and help them navigate the barriers belonging to different countries. It should also be developed in partnership with experienced industry leaders.

Catering colleges and other local training providers should:

- Pilot food start-up apprenticeships.
 - Pilot short street food courses in colleges.
- Established restaurateurs should:*
- Share their experience with food start-ups, committing to at least 1 day a year of formal and informal mentoring.

5. Risk capital for food businesses

“Restaurateurs and investors said they’d back us £125k for 25%. We ended up raising twice that through Crowdfunding – £250,000 for 25%.”

Daniel Willis, Co-founder of The Clove Club

“It’s only £60k to buy the lease but we can’t raise that. Access to start-up loans would be a big help. The finance assistance is there but they have such a strict profile you have to fit.”

Jeanne van Heeswijk, Co-founder of Homebaked Community Bakery

Food entrepreneurs are not alone in requiring start-up capital and the UK is one of the best places in the world for the quality and range of support available to encourage investment in high risk start-ups.

But food entrepreneurs, more than most, can find government guidance on these kinds of schemes impenetrable – perhaps because many come from backgrounds without formal education and because many are highly stretched, one-person outfits until they prove their business concept. Inadequate communication about the opportunities available is undermining the success of entrepreneurs and government policies to support small business growth – particularly for the initial sums vital to demonstrate traction. Increasing education and awareness and removing barriers for these entrepreneurs is critical.

We also found that it was a commonly held belief that finding investors would mean handing over control of the business. This perception could be constricting growth in the sector as potential entrepreneurs are less willing to raise finance and give up control to investors

with, as a result, fewer founder-led food companies on their roster, which have been found to provide significantly higher long-term returns. Crowdfunding may change this, and shift norms around investment to further support founder-led food companies.

Government should:

- Provide targeted marketing and accessible guidance aimed specifically at food entrepreneurs with no finance education (rather than finance providers), on its existing enterprise financing initiatives; for example the Enterprise Finance Guarantee scheme, Start-up Loans scheme and Enterprise Investment Scheme.
- Remove the upper age limit of 30 years for eligibility for the Start-up Loans scheme.

Investors should:

- Seek to maintain entrepreneurs' controlling stake in a company the first time it raises money in order to align long term incentives and stimulate founders' growth aspirations.
- Develop a Start-up Food Fund for seed investments of less than £250,000 to finance prototype businesses and minimum viable products of food start-ups in return for minority equity stakes.

6. Take up food for urban development

“Why should anyone want to wander to the north of King’s Cross and St. Pancras Stations though? Food was a big part of the answer.”

Roger Madelin, CEO of property development company Argent

“It used to be very quiet. Now we have a lot more customers, it has completely changed for us. It is very busy now, especially in the evenings. People come to eat here from everywhere.”

Titi, Director of M T K African Restaurant in Brixton Village

We found that food has a vital role to play in urban development and regeneration – helping breathe life into areas, cement social bonds and provide opportunities for economic growth that include people from diverse backgrounds.

We also found several ventures and initiatives – such as Lambeth Council’s role in Brixton Village, or Hackney Council’s role with Street Feast – that are already doing this. Private property developers have a large role to play in food entrepreneurship – and some forward-thinking developers are already leading the way in supporting great street food ventures and pop-up markets and restaurants.

Collectively they might do more good if food was explicitly and legally understood as a mechanism for aiding the social side of urban development. And if it was recognised as both a form of community infrastructure and a form of culture.

Government should:

- Amend the definition of ‘community infrastructure’ for planning gain to explicitly include independent food start-ups and food markets.

Private property developers and restaurateurs should:

- Commit to using building sites as restaurants and pop-ups as part of their community infrastructure and community development obligations.

Councils should:

- Encourage independents and those from disadvantaged backgrounds to participate in the local food economy, particularly through their Local Enterprise Partnerships.
- Pilot food-led urban regeneration initiatives included as part of the measures to revitalise the high street.

On Kitchenette's Plate

Our mission is to support talented, original food entrepreneurs to get started, whatever their background.

Our aim is to help bring together the many good things that are already happening, but often in isolation from one another, and work to develop communities and infrastructure around food entrepreneurship in collaboration with others.

Specifically, in response to the findings in this report, we will focus on the following:

Learning and mentoring

- We'll aim to bring together the best entrepreneur-led network of food mentors and advisers through the Kitchenette incubator programme.
- We'll launch a new Kitchenette School to teach specifics on starting a food business, with a commitment to open-sourcing as much content as possible via the Kitchenette website.
- We'll build a vibrant network of start-up food entrepreneurs who have as much to learn from each other in a new regular meetup, starting in London.

Market access

- We'll continue to work with markets to run 'special incubator pitches' as Kitchenette residencies, as we are already doing with Maltby Street and others.
- We'll work to help develop a clearing house for pop-up café and restaurant premises.

Start-up capital

- We'll work with the investor community to develop a Start-up Food Fund and to source investments.

Affordable equipment

- We'll open Kitchenette's Kitchen, a shared commercial prep kitchen modelled on La Cocina.
- We'll develop a Street Food Start-up Kit including key equipment required by traders so they don't have to buy their own when they first get started.

Urban development

- We'll develop a bespoke community engagement programme for budding entrepreneurs from economically disadvantaged backgrounds to help them launch food businesses.
- We'll launch Urban Food Start-up regeneration projects with one or two local areas as part of their regeneration strategies, working with an academic partner to build a rigorous base of evidence relating to food businesses and urban development.

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