



Mark Escolme

Managing Director - Gü Puds

Gü Puds is celebrating its ten year anniversary. The London based premium dessert maker has grown rapidly during that time and is now a recognised and celebrated brand in Europe and beyond. Nigel Wright caught up with MD Mark Escolme to talk about the secrets behind Gü's success, as well as the business's plans for future growth, outside of the UK.

In the two and half years since you joined Gü Puds, the business has grown rapidly, both here in the UK as well as overseas in France and the USA, what has driven this growth?

It's been a combination of bringing new Gü products to the market, filling in distribution gaps in existing markets, opening up a number of new overseas markets and hiring really good people who have made a huge impact. In the UK, we now have a bigger presence in retailers like the Co-op, Morrisons and Asda. In France, our distribution has increased from twenty to sixty percent over the last two and a half years and we're now considered a truly national player in the French retail market. We have a presence in Germany, Austria, Holland, Scandinavia, USA, Australia and New Zealand, and half of our turnover now comes from overseas; whereas two and a half years ago, only five percent was attributable outside of the UK. Finally, we've introduced new skills and knowledge into the organisation, hiring people from good quality companies in the UK and Europe.



Breaking into the French market in particular must have been very satisfying. How did you sell chocolate soufflés to the French?

It's true that a lot of British food companies have really struggled in France, due to the different tastes and also the very aggressive grocery retail environment. In France you've got to build awareness, and we've successfully built awareness of our brand through TV and posters over the last two years, and that has been very important in establishing what the Gü brand is about in the French market. We started relatively small in the Paris area, really got to understand the consumers with some good sampling campaigns, and step by step, we expanded our distribution. We were very methodical and relatively patient about how we grew in France; but I think the reason why it's done so well is ultimately the same reason why it has done so well in the UK – it's unique to the market. Even though the French desserts market is twenty percent bigger than the UK's, we've managed to take share from the three or four established premium dessert brands, and grow



incrementally. This is because Gü has got a taste and a quality that no other product currently on the French market can deliver, and the French appetite has been very strong towards it. So far, so good!

Gü has progressed from being a small to a medium sized business very quickly. What organisational challenges have you overcome so far and what further challenges do you anticipate facing, as Gü transitions into a global business?

Firstly, the business has become a 24/7 organisation, whereas previously it was a two shift, five day week factory. Consequently, we've had to hire an enormous amount of people very rapidly and train them in the principles of Gü. That's been really challenging. Secondly, we've improved our operational capabilities to facilitate international growth, such as developing our supply chain. That's extremely important for a short shelf life product. Thirdly, we've had to adapt our structure to cope with the changes in how we operate. Although we continue to manufacture everything in the UK, we now ship to thirty or forty international retailers, in different parts of the world. That is also an area which continues to challenge our capabilities.

When you joined Gü in 2010 the old 'entrepreneurial' team were exiting the business. How did you maintain the 'entrepreneurial' culture of Gü during this initial period of transformation? What changes did you make?

As you get bigger it becomes more expensive to fail, particularly at the later stages of new product development and the launch stage. In larger organisations, you've got to learn to fail very fast, and by that I mean you must have a rigorous process of innovation development in place, where failing products are identified quickly and investment is stopped. You need to establish success criteria that will determine which products are launched, rather than simply giving favour to the

ideas of one person – the original entrepreneur. That cannot happen in a larger organisation. At Gü, I believe we've managed to empower our people to be creative and come up with new ideas. They feel like they're part of an entrepreneurial organisation; and by introducing more process, discipline and rigour to the innovation program, it is now very clear what success and failure look like. We test every product before we bring it to market and have minimum success criteria, measured against a competitive independent benchmark. If a product falls below that benchmark then we don't launch it; regardless of how many people internally might like the product. That's a very difficult cultural change to make in an organisation but it's a change which I hope is helping us to learn quickly, fail earlier and focus on fewer, bigger ideas.

How does a growing business maintain high standards of customer and employee satisfaction when chasing aggressive growth targets?

As a marketing organisation as well as a manufacturer, there are three measures that we do not compromise on. Number one is safety in our factories, and as much as we try to accommodate greater demand in our factories, we do not compromise on the safety of our employees. The second thing is quality. We're a premium brand and our products typically cost more than our nearest competitors in all markets and if they don't look or taste better than competitor products, then we wouldn't have a business. So, we spend a lot of time doing taste panels and getting feedback from consumers, making sure that any issues are dealt with very quickly. The third area is customer service, and again we try hard to ensure that our products always reach customers at the right time, that the right quantities are delivered etc. That process is obviously very complex now, because we're dealing with multiple international customers that have different requirements. Safety, quality and service are the three metrics that we measure everyday in the business.

The food industry has taken some knocks this year, how do you see the sector evolving in light of the recent scandals? What impact would an increase in demand for fresh/chilled products have on Gü?

I think it's certainly impacted the protein market, but I haven't seen an impact in our area as such. It is, however, something that we do need to be very conscious of. For example, a couple of years ago, to satisfy our critical consumer base and build trust in our brand, we made a big investment switching to free range eggs. It's very important that we continue to be transparent about where we source ingredients and materials from and we spend a lot of time and energy making sure that we stay very close to our supply chain.

Prior to joining Gü, you worked for large blue chip businesses. How have you found the transition from working for 'big corporates' to managing a private equity style business? What advice would you give to other people going through a similar career change?

In larger matrix organisations, decision making is far more consensual, so when you move to a smaller, entrepreneurial business, you have to become more decisive and intuitive and less consensual. I've found this aspect incredibly refreshing and far more energising. Firstly, I would advise people to build strong external networks, outside of multinational 'blue-chip' businesses. I worked for a large multinational organisation and spent most of my time outside of the UK, in overseas markets. When the time came to start thinking about doing something different, I discovered very quickly that the world didn't really exist beyond the company I was working for. My network was internal rather than external, and this greatly reduced my options when seeking new employment in different types of companies, doing different jobs to the ones I had already done. I had to work very hard to establish an external network to help my career. Furthermore, private equity firms typically assume that big company executives require a small village of people to support them and that they will struggle in environments which require them to work with fewer resources and less market data. So initially, when engaging with businesses directly or via search firms, be prepared to pick out nuggets from your career which help demonstrate an ability to adapt your style, your working practices and your aptitude to manage resources in smaller environments.

Embedding digital capability continues to be a focus for many businesses. Even the food manufacturing sector is catching on, trying to capitalise on the 'buy now' culture, which is so pervasive in the UK today. What is Gü up to in this area?

I recognised early on that a typical Gü customer is very connected online and engages in dialogue about our brand and our products, as well as those of our competitors, on social media networks and other online forums. Therefore, we've made an enormous investment in digital in the UK and overseas with twenty percent of our total A&P budget now being spent in the digital area. We really believe that it has a huge role to play in building awareness of the brand and recruiting people to the brand. And it's not necessarily us pushing the message out, but rather our customers talking about our products through community chat rooms or our Facebook page etc. Judging by the web content there is real passion for the Gü brand, we have a lot of brand ambassadors. We have a team that work 24/7, creating content or responding to dialogue all of the time, and they are very good at keeping people engaged with the business. Although we have a large number of social media followers and online advocates, we're aware that there is a lot more we can do in this area. Specifically, we're researching whether or not this online activity actually translates

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into a sale; that's really important for us to know, because we don't currently use online as a way to sell.. We're still reliant on traditional grocery channels, so we're keen to learn more about how digital is impacting that model, and how we might seek to connect the two.

Brands seeking to gain significant wins last summer were able to be creative around the Olympics and the Jubilee celebrations. How does Gü anticipate filling the void left by these global events?

I think we have a bigger and better innovation program this year, offering a series of new products. We've just launched a Gü York Cheesecake, for example, and the initial reaction to that has been very positive. Last year we did an on-pack 'win sixty diamonds' campaign for the diamond jubilee, which was hugely successful, but this year we think we've done even better. Gü is ten years old this summer and we're giving our customers the chance to come up with an idea for a ten year anniversary Gü Pud, which we will launch later this year, as part of our celebrations. The inventor will also receive a percentage of the profits made from sales of their creation. The reaction to that campaign, so far, has been even bigger than the response we had to the jubilee promotion.

Are you doing anything as a company to celebrate your anniversary?

We're having a big company picnic, where our chef will be creating puddings for everyone to try and we'll play games outdoors etc. We had Boris Johnson visit our factory in May to launch a fund for the London Enterprise Panel, and he used us as an example of one of London's most successful businesses over the last decade, growing from London to become a multinational company, but still based in London and providing jobs for people living in London. We also have a number of other press events planned this year.

What are the strategic focuses for Gü over the next months?

Developing new market opportunities and hiring people with international experience who can help us get into new markets and find us new opportunities beyond the UK. We want to continue building our distribution base in the USA; we're also just about to launch into Canada and Denmark this summer, so those markets will become a big focus for us. I think innovation continues to be important. We're a lifestyle product, so we need to keep coming up with new ideas that will keep customers engaged and keep us ahead of private label, as well as our other competitors. Finally, I think as we grow we want to try and become more efficient and get more out of our manufacturing facility, making sure that we're able to satisfy a greater demand in new countries.

Regaining control of the supply chain

Nigel Wright's latest management report - 'How has the current economic climate prompted consumer companies to regain control of the supply chain?' - considers the impact volatile economic conditions, the rising cost of raw materials, emerging markets and changing consumer preferences, among other macro-factors, are having on the supply chain strategies of consumer companies.

Based on interviews with six supply chain leaders from the sector across Europe, the report uncovers three strategic priorities underpinning supply chain best practice today: supplier relationships, closer integration and coordination, skills for now and the future.

Outsourcing components of the supply chain and working to optimise supplier networks were central features adopted by the companies interviewed. The emphasis is to reduce cost and improve service, while at the same time reducing the risk of outsourcing by retaining a direct involvement in the relationships. As one interviewee commented, "it's like we're 'married' to the suppliers". Reduced consumer spending has been one of the main catalysts for this approach. The VP European Supply Chain at a home entertainment group, for example, explains that consumers are certainly spending less and as a consequence the business is reducing its manufacturing 'footprint' by working with more wholesalers to manage through the reduction in consumer spending.

Reducing inventory levels and creating more flexibility to generate faster lead times is another strategic priority raised in the report. Interviewees argue that the supply chain must have greater alignment with overall business strategy, with better integration and visibility across the organisation, if greater flexibility and more efficient stock control are to be achieved.

The research uncovered that supply chain leaders will often find this difficult. However, a renewed focus on cost reduction and customer service has actually created a revived interest in 'sales and operations planning' – a system which all of the businesses in the study had adopted or were adopting or would like to adopt in the near future. Creating greater foresight in the supply chain makes it more flexible and therefore more able to adapt quickly in uncertain times.

In the final section of the report, the issue of skills is raised. What is apparent from the research is that the greater importance of managing supplier relationships as well as internal 'bridge building' with commercial departments means that technical and analytical skills, although still paramount in the discipline, are being joined by diplomatic, negotiation and general communication skills. These qualities are increasingly given equal importance by supply chain leaders when building up the competencies of their teams. One issue that was raised in this context was that technical/analytical skills are easier to develop compared to diplomatic skills, which are more innate and also more difficult to find in the supply chain discipline. Therefore finding and retaining talent that has the ability to plan and do complex analysis as well as communicate effectively with internal and external stakeholders will be central to the hiring strategies of companies over the next few years,

The report concludes that the supply chain has grown in importance as a tool to help businesses manage the risks associated with some of the big challenges facing them today and we are entering an era where supply chain leaders will take on greater responsibility for strategy that goes above and beyond their discipline.

The full report can be downloaded from www.nigelwright.com/downloads