How to cope in a recession

16 Jul 2010 by Nick Lander/FT

Tim Hart recently sent out a card to mark the 30th anniversary of his purchase of **Hambleton Hall**, his country house hotel in Rutland. He bought it in 1980 for £110,000 with his wife Stefa when he decided to turn his back on his career in merchant banking.

The dozen small photos on the card show how time has passed. The 17-acre garden is now much more lush. While Stefa looks almost exactly the same, Hart's hair is greyer and considerably shorter and the bow tie has gone. There are marked culinary differences between the hotel's initial chef, Nick Gill, brother of A A, and the current incumbent Aaron Patterson in a kitchen that has held a Michelin star for 28 years. Today's dishes are far more elaborate.

Like a sensible banker, Hart has established a mixed portfolio of 'food assets'. As well as Hambleton, he has opened **Hart's**, a 32-bedroom hotel and restaurant in the centre of Nottingham. He is a non-executive director of the three London restaurants, **Fino, Barrafina** and **Quo Vadis**, which two of his sons set up with the initial funding he provided. And he has established **Hambleton Bakery**, to bake bread and cakes to traditional British recipes.

Hart is therefore in a unique position to talk about the current state of the British hospitality market. But, it transpired, the messages he had to pass on were certainly mixed and most unexpected. Despite the current recession, business is best at Hambleton Hall where the average bill is the highest by far. And yet what undoubtedly gives Hart the most personal satisfaction at the moment is the bakery, where the financial return is the smallest.

Hambleton's car park was full as we walked in at 12.30pm on a sunny Wednesday and Hart was quick to point out that he owes this business to taking part in the FT lunch promotions. 'I saw some of my colleagues were doing it and I decided to have a go,' he explained, 'and it has transformed my business. Ten years ago we served 2,000 lunches and 10,000 dinners. Today, it's 11,000 lunches and 10,000 dinners.'

This unique transformation - for today all restaurateurs report how lunch business is not as good as it used to be - has continued because Hart has been selling a 'Lunch for Less' menu into a new and expanding market. Hart explained that over the last decade his business has been helped by two constantly growing factors that have in turn been driven by one more - his customers' current reluctance to go anywhere near an airport for a short break.

'We are very fortunate here because we are selling to the "grey pound", customers who are over 60, many of whom have gone freelance, sold their business, semi retired or retired completely. They have the time to drive here from anywhere within an hour's radius and enjoy lunch and an afternoon in the garden,' Hart said. A three-course lunch with coffee and wine will cost between £35 and £40 and the gardens are a bonus.

No sooner had I heard this explanation than a group of a dozen well-dressed women standing in the garden with a glass of wine in their hands broke into a rendition of 'Happy Birthday' as their surprised guest of honour arrived. Hart referred to them warmly as 'my septuagenarian hooligans' and, judging from the volume in the private dining, they did seem to have a very good time.

These customers come not just at lunchtime but also for one or two nights, 'staycationers' as they are now referred to. A few years ago they would head off to Venice or Palma for a short break, but anxiety over delays at airports coupled with concern over the environment has worked to Hart's benefit.

Current economic trends are working against Hart in Nottingham, however. He opened the restaurant in 1997 when there was little competition and then built a 32-bedroom hotel opposite. But although it is only 35 miles away from Hambleton, trading conditions are very different.

Today, the city boasts not only many more restaurants, including three opened by former chefs of his, but also a shrinking market as those who constitute the main customers at lunchtime, primarily professionals such as lawyers, accountants and estate agents, have less time and smaller budgets.

Hart admits that while there is little that he can do about this side of the equation he has been concentrating on the other

side, adjusting his overheads to meet the current level of demand. And while he hopes that Nottingham can develop a broader mix of tourists, business people and families, he does see hopeful signs of a growth in one particular sector. This is from the number of local bio-tech companies expanding on the back of the presence of Boots, the major pharmaceutical company, whose HQ is based here.

Lack of demand has certainly not been the issue for Hart as a non-executive director of his sons' restaurants. Rather, over the past 18 months they have faced the same challenges as directors of every small company in the UK and, somewhat ironically, this has taken Hart back to his initial career. The problem is dealing with the banks.

'There's no doubt we were undercapitalised when the crunch came almost two years ago. But it's also very obvious to me that all the banks have wanted is to get their money back as soon as they possibly can so that they can recapitalise themselves and contract their exposure to what are effectively successful growing businesses.' Although Hart went on to explain that they had reached an amicable solution with their banks, there is no doubt that this has left a sour taste.

This sour taste seems to have been completely expunged however by the success of his bakeries, a process he refers to as an 'exact mirror of what CAMRA did to restore the integrity of British beer a decade ago'.

Hambleton Bakery is based in the village of Exton, with two shops in Oakham and Stamford, and over the last two years has created 17 new jobs including those for eight bakers. As with the purchase of Hambleton Hall, Hart appreciates that his timing has been fortuitous, that good bread is definitely a product for the moment when, although feeling somewhat impoverished, his customers will invariably indulge in the small treat that is a well-made loaf.

He is also aware of how lucky he has been not to grow too big. Hambleton Hall still only has 17 bedrooms and, he stressed, there will never be one huge bakery with a fleet of vans on the road. Small, Hart believes, is definitely tasty.

Hambleton Hall, www.hambletonhall.com