

# recovery

Intelligent business recovery solutions from Christie + Co

Hotels

Public Houses

Restaurants

Leisure

Care

Retail

The recession continued to sink its teeth into the UK's economy over the last month, with further companies facing collapse and more figures highlighting the growing difficulty facing businesses trying to find viable solutions to survive.

The latest quarterly survey by the CBI found that the global recession is being keenly felt by services firms, with job losses increasing at their fastest rate in over 10 years. Hotels, bars and restaurants saw almost flat volumes of sales for a second quarter running, with business values lowering sharply and rising costs impacting on profitability.

Sales volumes in the hospitality and catering sector are expected to fall marginally again in the next quarter, with companies predicting that jobs and profits would be lost at a faster rate. The need for professional and up-to-the-minute business advice is more imperative than ever.

Steve Rodell, Head of Bank Support and Business Recovery at Christie + Co, said: "Whilst not exactly kicking, our markets are very much alive and Christie + Co has its finger firmly on the pulse. We can report across all regions and sectors that deals are there to be done. The recipe for a successful transaction is correct pricing and close contact with buyers who are either cash funded or have credibility with active lenders. Time and again we have these ingredients and can execute a marketing plan within a few days, enabling recovery professionals to extract maximum value from assets."

One example of how we help businesses cope with the current pressure is to promote greater understanding between landlords and tenants. This was discussed by over 70 leading bankers, lawyers, insolvency practitioners and administrators at Christie + Co's latest



Steve Rodell

Business Intelligence Seminar, which took place at the Royal Institution of Great Britain last week.

Chris Day, Christie + Co's International Managing Director, said that those landlords and tenants who are willing to work together toward a common purpose are likely to survive the current challenging marketplace and prosper in the long-term. Day said: "In the current climate, landlords do not want to be left with vacant units. They need to be aware of how successful or otherwise business

operations within their portfolios are and should be more proactive and engage with their tenants about potential options. We are already starting to see some landlords becoming more flexible regarding rents by switching from quarterly to monthly payments or agreeing to reductions in order to help operators' cash flow".

Christie + Co has, and is, engaged with a number of landlords and tenants in this way.

Christie + Co's reputation as a business broker is well established, but the current market conditions are enabling us to demonstrate our capabilities as professional consultants and advisors who can provide timely, valuable input at various stages of business distress.

Below is an overview of some of the business support advisory projects on which Christie + Co has recently worked, together with opinion on some of the key issues affecting UK businesses.

We hope you find this newsletter both interesting and beneficial.

## Hotels

The number of insolvencies is set to soar in the sector by the end of this year according to new research by Plimsoll Publishing.

The study showed that 639 companies in the sector are at a high risk of failure. Trading fundamentals continue to be squeezed, with latest figures finding that profitability of UK provincial hotels slumped by 28.8% in January following a 12.9% drop in revenue per available room.

The Christie + Co Consultancy team is increasingly engaged by asset managers within financial institutions to provide options appraisals as management looks for operational solutions.



Christie + Co is currently marketing the Great Northern Hotel Peterborough on behalf of administrators Tenon Recovery

## Pubs

The pub sector continues to be faced with further evidence that 2009 will be another challenging year for operators. Jonathan Neame, head of Shepherd Neame, the brewer and pub operator, has warned that the rate of pub closures could continue to increase and that 25% of pub stock could close unless something action is taken by the government.

Acting on behalf of a leading high street bank, Christie + Co recently demonstrated its ability to secure a quick sale and a competitive price for an acclaimed food-led pub in the North West.

## Retail

Consumer thrift has actually created opportunities across the whole retail sector. Firstly, consumers are eating and drinking out less, due a tightening of belts and are therefore spending more on food sector products for consumption at home.

Secondly, lifestyle factors drive convenience shopping. Even if shoppers are no longer cash-rich they remain time-poor and are more inclined to do several small trips to their local store, rather than one big shop at the supermarket.

The attractiveness of the convenience sector is matched with the healthy appetite currently being shown by established operators and cash-rich individuals for businesses in the sector.

## Care

In many respects, the care sector is one step removed from the general consumer economy, although it is not completely immune to its effects. In this needs-driven industry, there is no obvious reduction in the level of people seeking long-term care, although pressure to maintain occupancy levels is rising, as both publicly and privately-funded beds take longer to fill.

While some care operators will undoubtedly focus on operational efficiencies over the next 12 months, others are already looking to take advantage of lower values and lack of competition to acquire quality single assets and small multiple-site groups.



Care

## Complementary services



Christie + Co is a member of Christie Group, which offers a portfolio of complementary professional business services. These include stock control and inventory services, which are provided by Venners and Orridge.



Founded in 1896, Venners is the UK's largest and longest established stock audit company servicing the hospitality sector. The company's services include liquor & food stocktaking, a range of health & safety services, including fire risk assessments and food safety audits, plus inventory listings and valuations.



Orridge was founded in 1846 as a stocktaking provider to the pharmacy sector. The company now employs more than 1,000 employees and supports clients in a number of different sectors including pharmacy, retail, warehouse/distribution and supermarkets. Orridge's services have expanded in line with the growth of the business. Two of the company's latest offerings include on-self-availability and supply chain optimisation.

To hear more about Christie + Co's intelligent business recovery solutions, please contact:

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