

Save the Drovers Group



“A report critiquing the evidence put forward by the following documentation, questioning the validity of the argument that the Drovers Inn, Gussage All Saints, is not a viable business opportunity.”

January 2015

Report Compiled by Daniel M Wale BSc (Hons) cdf

Critique One:



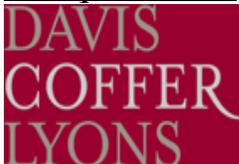
Savills Marketing report  
Conducted by Adam Bullas Bsc (Hons) PGDipSurv  
December 2014

Critique Two:



A letter from Angela Donaldson assessing the reasons  
Marston's do not believe the Drovers to be viable.  
November 2014

Critique Three:



Drovers Inn Viability Report  
Conducted by Trevor M Watson BSc MBA FRICS  
December 2014

Ref JPS/SAS  
12<sup>th</sup> February 2015

The Residents Action Group Steering Committee,  
Save The Drovers Group,  
C/O Teachers,  
Gussage All Saints,  
Wimbourne,  
Dorset, BH21 5ET

Dear Sirs

**Re The Drovers Inn, Gussage All Saints, Wimbourne, Dorset**

I am a Chartered Surveyor and Registered Valuer, and fully conversant with RICS Practice Statements and Guidance for the valuation of public houses. I have practiced throughout the West country for over 35 years, and have dealt with hundreds of village and rural pubs which were either closed or open and trading. My profile along with my companies' portfolio is available on the company's website [www.stonesmith.co.uk](http://www.stonesmith.co.uk)

I have valued pubs, sold them, acquired them for clients, let them, assigned them, advised upon viability, and undertaken business forecasts etc. I have also appeared as an Expert Witness in The County Court providing evidence for rents based upon the "profits test" method of valuation.

Although I have not inspected The Drovers Inn, my company has a file on the property dating from 1999 when we provided a security valuation for a high street bank. This provides useful background information including historic accounts and selling price.

I have reviewed the viability report and associated business plan set out in this document, and submitted by The Residents Action Group Steering Committee. I consider that with competent management and adequate marketing and funding, this is a fair assessment of what could be achieved at The Drovers Inn.

I have also reviewed the report critiquing the evidence put forward by Savills, Marsdons and Davis Coffey Lyons. I agree with the issues raised in the critique, and consider that if the Drovers Inn had been offered for sale at an asking price of around £300,000, in line with comparable pubs, it would have achieved a sale for continued trade use.

I hope I have covered all the points you required in sufficient detail, however should you need clarification on any matter please let me know.

Yours faithfully



J P Stone FRICS  
[jon.stone@stonesmith.co.uk](mailto:jon.stone@stonesmith.co.uk)

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## Introduction

This report has been commissioned by the active members of the 'Save the Drovers' Group. The purpose of this report is to assess the evidence put forward by the aforementioned documents to present an open critique of the information contained within.

In light of the Drovers recently being sold and a 'Change of Use' application being submitted to the council, numerous stakeholders of the Drovers Inn felt that the information being presented to the deciding planning committee was partially inaccurate. Hence this report was developed to present a fair and balanced argument to the claims that the Drovers Inn is an unattractive and unviable business venture.

The 'Save the Drovers' group have also developed a business plan based on the assumption that the establishment could be acquired by a buyer and reopened as a viable and profitable business. It is important to draw the distinction between the two pieces of literature. This report will outline the critical failings of the above documents, and does not aim to explicitly outline facts and figures pertaining to viability. The reason why the 'Save the Drovers Group' believe the pub to be a viable business opportunity will be contained within the Business Plan presented alongside this document.

Please also note, this document does not aim to assess any matters of planning or legality in relation to planning permission or change of use, this report has been produced with the sole aim of weighing up the evidence currently presented publically and to offer an alternative perspective in business terms.

Copies of all literature outlined in this text are available at:

<http://planning.eastdorsetdc.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=NG9TV8GIL6>

## Section One: Critique of the Savills Marketing Report

This report does not dispute the particulars of the property as outlined by Savills, in their capacity as professional surveyors it is not challenged that the location, description and rating etc are accurate. The report states in 3.1 that Savills were instructed by Marston's to market The Drovers on the 13<sup>th</sup> of January 2014.

In section 5.0 of the report Savills outlines the 'Marketing Strategy' they employed to sell the property and suggests a standard 'Marketing Campaign' was created for a property of this type. After the 'marketing particulars' were developed in house and the guide price was set, the report (section 5.1 2-5) lists four main elements to their marketing campaign.

Points one and two show that The Drovers was marketed on Savills own website as well as on a property website (property link) where full details of the property could be downloaded. The third section of the marketing campaign was to include the particulars on their monthly mailing list to pub operators/applicants monthly. Lastly, an advert was run in the Pub & Bar Magazine in May 2014.

Figure 1 (Page 10/11) shows the downloadable advertisement for The Drovers which was available on the web pages mentioned above. It has been suggested that the particulars highlight the buildings and land and make minimal effort to highlight key characteristics which make the building appealing as a pub. There is no mention of capacity, no detailed mention of the bar or restaurant area and minimal mention of its trading history as a public house - uncommon in the traditional selling of a pub.

Figure 2 (Page 12) is the advert which appeared on the mailing list for publicans and in the Pub and Bar Magazine. It is noted that the advert contained within these publications was only 1/8<sup>th</sup> of an A4 page; similarly, the advert only appeared once in the Pub and Bar Magazine in the eleven months the property was being marketed by Savills.

Due to this, it is hardly surprising that in section 6.1 it is pointed out that the only interest which was shown was to use the property as a development opportunity and ‘enquires from pub and restaurant operators was negligible.’ This report suggests that there were little or no interest from these operators because they were unaware of the opportunity.

A member of the ‘Save the Drovers’ campaign was approached by a friend in London who stated that he had seen The Drovers advertised as a development opportunity on a website he subscribes to in his capacity as a property developer. However, a local publican who has been searching for new premises for nearly twelve months was unaware The Drovers was available for purchase until he saw the campaign to save it in a local paper.

The argument here is that Savills suggestion that nobody was interested in The Drovers in its capacity as a pub, may be due to the fact that the property was predominantly marketed as a development opportunity to property developers. It has also been suggested that the guide price itself reflects this – two separate industry professionals have put a value of around £300,000 on the property as a public house, and a figure closer to the asking price as a development opportunity.

The report states in section 6.3 that the pub is too isolated to be an attractive venture, and suggests in section 7.0 that the market conditions currently dictate that pubs such as The Drovers are economically unviable. The vast number of local successful pubs and restaurants would suggest this is inaccurate; the business plan presented with this document highlights numerous other reasons why this isolation is a potential asset and not a reason to dismiss viability.

The report concludes in section 8.0 that the pub as a business is unviable, the reasons for this are listed as its location, the market and the fact that nobody showed an interest in the property in its current use. It also concludes that the pub was marketed to a wide audience. This report disputes this conclusion on the grounds that locations such as The Drovers have been run profitably in areas surrounding the village. It is also pertinent to point out that within a ten mile radius there are over 87,000 registered residents; although the village itself is not large, the potential target market is vast.

Finally, and most importantly, it is the findings of this report that Savills have target marketed The Drovers specifically as a development opportunity and not as a public house. This in turn explains why there has been little interest shown by publicans. Over all, the viability of The Drovers as a business cannot be attributed to the amount of interest it generated while it was on the market, as is suggested in 8.4 of the Savills report. Essentially, there will not be demand for a product when potential consumers are unaware of its availability.

## Section Two: Critique of Marston's Viability Letter

On the 27<sup>th</sup> of November 2014 Angela Donaldson sent a letter to Mike Hirsh of Intelligent Land outlining the reasons why she and Marston's did not feel The Drovers was a viable business and to outline the trading history of the pub.

The letter opens with a list of monies which have been spent on the property over the last twenty years which is later referred to as 'investment'. These expenditures include redecoration, toilet refurbishment, resurfacing of the car parks, a sewerage system and the development of the garden and other similar associated activities. Although these are referred to as investments, I would suggest they are closer to maintenance. The distinction here being that unlike maintenance, which is routine and expected for any business, with investment you would expect to see a return. The letter states 'turnover declined...despite ourselves and out tenants investing all of the monies noted above' – in reality, I believe very few businesses would see a significant increase in turnover following the decoration of the toilets and the resurfacing of the car park and it is therefore a tenuous link to viability.

The next paragraph outlines commentary on what has been attempted by tenants/Marston's to make the business viable. The body of the argument in the first section is based on how the business has never been fully supported by the locals and that a pub like The Drovers cannot be successful in a community the size of Gussage All Saints. As has been mentioned previously, The Drovers has a significant potential market which evidence would suggest has never been utilised. Having analysed reviews online dating back around eight years (tripadvisor.com), there is a significant trend suggesting that the location of The Drovers is not the issue; it is the management which has been in place. There are countless arguments which note 'inconsistency', 'poor service', 'bad management' and 'inconsistent/poor food' as the reasons locals and other customers have not returned. There is not a single negative review based on the location or isolation of The Drovers. It is therefore suggested that it is not that locals and customers have not supported the pub, but more the pub has not offered them a constant product or service.

The commentary then highlights that between 2000 and 2002 there were no less than six managers who tried to get the venture off the ground, this venture being an 'ale led wet pub' focusing on beer sales and not food. Considering it has been pointed out by Marston's themselves that The Drovers is in an isolated location and the village itself is fairly small, it is hard to imagine how they considered the pub would make a profit by focusing on selling alcohol – when the majority of the customers would have to drive to the pub in the first place.

One positive which is mentioned is that some form of success was had when the pub began to put events on and the menu was seasonal with traditional home cooked food was served. It states that ‘this worked but only through continued reevaluation and lots of marketing’. The success of any business relies on the reevaluation of its offering and the marketing of its product, ‘but only through’ appears to suggest that the success was only possible through the hindrance of these actions – in reality, it is an essential action of any trading organisation.

The letter concludes by saying that after all these endeavors Marston’s made the decision to close the pub because it was not being run profitably. It is suggested that the village and the parish council were approached by Marston’s and/or Savill’s – however after a meeting with three senior members of the parish council none of them could find a single piece of written documentation about this approach. It was similarly noted that there were never any posters, signs or placards outside The Drovers to suggest it was on the market, there were no invitations to open meetings or consultations regarding the closure, nor any written letters to the villagers directly. The letter then reiterates Savill’s findings that there was no ‘industry interest’ – a topic which has been addressed in the previous section.

In the closing sentences the letter reiterates that the closure is unfortunate but the land suits itself more to a development opportunity. It is therefore perhaps evident that in Marston’s opinion the pub should be marketed as such, giving weight to the idea that The Drovers was marketed as a development opportunity from the start, and Savill’s endeavors simply reflected this opinion.

One overriding theme from the documentation is that in the past 15 years the pub has been operated under a brewery tie, and no comment has been made about the potential success the establishment could have as a free hold. Although Marston’s have concluded that under the terms of their leases the pub is not viable, it does not make an assessment of any other form of ownership.

### Section Three: Critique of Davis Coffey Lyons Viability Report

The Davis Coffey Lyons report begins by stating that the viability report is being conducted for planning application purposes and aims to assess and appraise the viability of the pub. As with the previous two critiques this report finds no fault with the skills, qualifications and experience of the author.

There is a minor error in the 'location' section of the document (it is not 3 miles from Blandford Forum); similarly it states there is a 'significant' distance from any major roads, this is however not the case. The report also suggests there 'is no seasonal increase in trade' due to 'no tourist activity in the village' despite Marston's themselves highlighting that seasonal trade has been successful in previous years. The idea that there is no tourism in the village is disputed and as such is assessed at length in the associated business plan.

This report finds no major failings in the 'description', 'tenure' and 'condition' sections of the document.

In the following 'Market commentary' section, numerous points are made relating to the economic climate and how this has affected the industry in question. Many of these points have little bearing on The Drovers and its viability as a business, for example the surfeit of pubs in areas such as the West Midlands, South Wales and in coastal ports. It is also suggested that community pubs such as The Drovers need to turn over roughly £5000 per week in order to stay solvent. In an email, another independent valuer within this industry has commented saying he has seen numerous pubs such as The Drovers who are owned by live in couples successfully run on as little as £2800 per week – a figure that Marston's and the Davis Coffey Lyons report itself have stated The Drovers is capable of doing.

The conclusion of the report focuses on a shadow profit and loss account which ultimately shows a loss – and subsequently verifies the reports notion that The Drovers is 'incapable' of turning a net profit before tax. Many of the figures used within this profit and loss are disputed, but this notion is addressed in the associated business plan. The overriding short-coming of the Davis Coffey Lyons report is that it presents the same homogenised argument as the two other documents assessed in this report. The idea that the pub is not viable based on the way it is currently being run. What the report does not do is present a balanced argument and assesses the possibility that the premises could be profitable working to a different business model and operating under a new 'set of hands'.

## Conclusion

In conclusion, the three documents which have been assessed in this report have not given any mention to the way in which the pub has been managed previously; all three assess the viability of the pub by focusing on the way it has been run in the past. As has been outlined, after numerous conversations and much research the overriding response has been a problem with the 'human' element of the pub over the years, not with the pub itself.

This report does not dispute the fact that for the previous few years the pub has not been profitable, it does however dispute the notion that this makes it an unviable business. The numerous stakeholders who have come forward to offer their input on this report have all offered the same conclusion – that The Drovers 'managed well' could be an exceptionally successful pub. This includes not only interested locals, but also industry professionals, experienced landlords, service industry workers, chefs, investors and industry specific business consultants.

Over all, The Drovers may not have been as profitable as the large companies (Marstons and Ringwood Brewers) who have owned it for the last twenty years may have liked. However that does not mean that the business is not capable of being run successfully by a couple, or an individual who is satisfied for the business to turn a small profit. Similarly, a pub owned as a free hold has significantly less overheads based on the reduced rates it must pay and would therefore manage on a lesser turnover. An avenue which has not been yet been fully explored.

In order to present this 'balanced view' – the business plan being presented alongside this document contains a calculated plan whereby through professional management and tight margins this pub can create a viable business opportunity. In the consideration of viability, it is important to consider the possibility that if strategic changes were made to the way the pub is run and managed; does the argument of brewery tied viability still stand as strong?

**Appendix - Figure 1 (Part 1)**

# Licensed Leisure Drovers Inn

**Gussage All Saints, Nr Wimborne, Dorset, BH21 5ET**

Freehold For Sale – Guide Price £475,000



- Freehold public house
- Affluent village location
- Superb views across agricultural land towards Wimborne St Giles
- Large site of 0.815 acres (0.330 hectares)

[savills.co.uk](http://savills.co.uk)



## Appendix - Figure 1 (Part 2)

### Location

The Drovers Inn is located in the village of Gussage All Saints in the county of Dorset.

Gussage All Saints is a village and parish and lies within the East Dorset administrative district of the county, about 8 miles north-east of the town of Blandford Forum. It is sited by the side of a small stream in a shallow valley on the lower dip slope of Cranborne Chase.

The surrounding area is made up of predominantly residential dwellings.

### Description

The site extends to 0.815 acres (0.330 hectares) and is regular in shape but with an uneven topography. The building is an attractive brick building arranged over ground and first floor with a pitched roof mainly clay tiled, thatched and flat roofed in part. Fenestration is wooden single glazed.



**NOTE** - Published for the purposes of identification only and although believed to be correct its accuracy is not guaranteed. Reproduced from the Ordnance Survey Map with the permission of the Controller of H.M. Stationery Office © Crown copyright licence number 100024244 Savills (UK) Limited.

Internally at ground floor the property comprises of two interconnecting trade rooms which are decorated in a traditional style with exposed beams and open fireplaces. To the left of the main bar are the ladies' and gent's WC facilities. The kitchen is located towards the rear and the cellar and small office are positioned to the side.

At first floor there three double bedrooms, lounge and bathroom.

Externally there is a rear outbuilding which has been converted into a large double bedroom with walk in wardrobe and bathroom.

There are two stores externally and two stables towards the rear.

The front of the property is laid to lawn and provides approximately 10 picnic benches. The rear of the pub comprises of car parking and an enclosed field.

### Rating

The subject property is listed in the 2010 Rating List with a Rateable Value of £13,000. The National Multiplier for England and Wales for 2013/14 is £0.471.

### Planning

The property is not Listed but it is situated in Gussage All Saints Conservation Area.

### Licences

We understand that a Premises Licence has been granted in accordance with the Licensing Act 2003. We have been advised that the pub is licensed to trade until midnight.

### Services

The property is served by mains electricity and is heated by oil with Calor gas used solely for cooking purposes. Drainage is via a septic tank which has been installed to the north of the site recently.

### Energy Performance

The subject property has been given a 'D94' Rating. The EPC will be made available to seriously interested parties upon request.

### Price

Unconditional offers are invited in the order of £475,000 for the freehold interest, with vacant possession. VAT will also be applicable.

### Viewing

For a formal viewing, strictly by appointment with Savills.



### Important Notice

Savills, their clients and any joint agents give notice that:

1. They have no authority to make or give any representations or warranties in relation to the property. These particulars do not form part of any offer or contract and must not be relied upon as statements or representations of fact.
2. Any areas, measurements or distances are approximate. The text, photographs and plans are for guidance only and are not necessarily comprehensive. It should not be assumed that the property has all necessary planning, building regulation or other consents and Savills have not tested any services, equipment or facilities. Purchasers must satisfy themselves by inspection or otherwise.

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**Figure 3**

## Savills Leisure

 <p><b>Guide Price £475,000</b></p> <p><b>Kings Arms, Lockerley, Romsey</b></p> <ul style="list-style-type: none"> <li>■ Attractive Grade II Listed pub in affluent village</li> <li>■ Huge trade potential</li> <li>■ Freehold Interest</li> </ul>	 <p><b>Guide Price £80,000</b></p> <p><b>Guide Dog, Earls Road, Southampton</b></p> <ul style="list-style-type: none"> <li>■ CAMFRA Award Winning wet led public house</li> <li>■ New lease available on free of tie basis</li> <li>■ Rent £26,000pa</li> </ul>	 <p><b>Guide Price £495,000</b></p> <p><b>Royal Oak, Lasham, Nr Alton</b></p> <ul style="list-style-type: none"> <li>■ Destination country public house</li> <li>■ Turnover £365,000 net with potential to increase</li> <li>■ Attractive 3 bedroom owners accommodation</li> </ul>	 <p><b>Guide Price £425,000</b></p> <p><b>Drovers Inn, Gussage All Saints, Nr Wimborne</b></p> <ul style="list-style-type: none"> <li>■ Freehold public house</li> <li>■ Affluent village location</li> <li>■ Large site of 0.815 acres</li> <li>■ Superb views across agricultural land</li> </ul>
 <p><b>Guide Price £450,000</b></p> <p><b>Fives Bells, Nether Wallop, Nr Stockbridge</b></p> <ul style="list-style-type: none"> <li>■ Freehold Interest</li> <li>■ Grade II Listed building</li> <li>■ Large trade garden with total site area of 0.644 acres</li> </ul>	 <p><b>Guide Price £125,000</b></p> <p><b>Merchants Restaurant Ocean Village, Southampton</b></p> <ul style="list-style-type: none"> <li>■ Leasehold bar/restaurant refurbished in 2012</li> <li>■ Open plan trading with vaulted ceiling</li> <li>■ Free of tie lease</li> <li>■ Huge trade potential</li> </ul>	 <p><b>Rent of £45,000pa – nil premium</b></p> <p><b>Joe's, Newport, Isle of Wight</b></p> <ul style="list-style-type: none"> <li>■ Prime position on the High Street adjacent to Yates</li> <li>■ Leasehold available</li> <li>■ Partially fitted G.I.A of 3,780 sq ft with additional 900 sq ft of external terrace</li> </ul>	 <p><b>Rent £150,000pa</b></p> <p><b>The Clifton, Clifton Hill, London</b></p> <ul style="list-style-type: none"> <li>■ Attractive corner public house</li> <li>■ Located in the St John's Wood Conservation Area</li> <li>■ New lease available on free of tie basis</li> </ul>

[savills.co.uk](http://savills.co.uk)

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