

BESTSELLER: GERMAN PRETZELS

In the beginning, there was an oven ... and it was just about ready for the scrap heap, when Christian Gierstorfer rescued it from a company canteen. In 1999, he took it to London, where he started the project "c&f Ltd." – creativity and food. He was convinced that „what the Bavarians like to eat will also go down well with the English". He was right. Trading successfully under the brand name "Seaty" at three locations in London, Manchester and Birmingham, the 33-year old now offers a lot more than Bavarian salt and cheese pretzels. Today, the menu also includes tasty soups, fresh juices, sandwiches, salads, coffee and wine. www.seaty.co.uk

Seaty promises high-quality "feel-good food" as a healthy alternative to traditional fast food: "Our snacks are targeted at young professionals who don't have a lot of time but are looking for quality and are therefore prepared to spend just a bit more money", explains Petra Donhauser, responsible for personnel and operations at c&f. The trendy environment in which "Seaty" receives its customers is just right for this purpose: bright colours, modern design and the latest music attract a sophisticated, international clientele. To start as a concession at Selfridges & Co. was therefore the ideal entry into the English market. Over the past few years, the renowned department store on London's Oxford Street had been given a much younger image by its management. Today, Selfridges aim to attract young and affluent customers from around the world with hip-hop sounds, exciting promotions and an overall shopping experience which addresses all the senses. "The needs of our target groups are a close match", says Donhauser, "which is why this cooperation works so well". Today, it is hard to imagine the food hall at Selfridges without the "German Pretzels".

When Christian Gierstorfer looks back at his five successful years as a young entrepreneur, he also remembers the early months, when he literally had to sell from door-to-door. But in spite of all the obstacles, the trained chef with a business degree never lost sight of his big dream: a company of his own which would eventually be up and running in several locations. Having just passed his degree, he left Germany for the bright lights of London, armed with an oven, a small freezer complete with generator and 1000 frozen pretzels. "All my university friends went for big careers with renowned companies", he muses, "but I absolutely wanted to make it on my own." His model were the multi-unit concepts known in the States and Asia while his aim was a market positioning between fast-food and restaurant, between expensive and cheap, between mass production and haute cuisine. In other words

– standardised, but individually prepared fresh products, served in a sophisticated environment. The Regent's Palace Hotel on Piccadilly Circus allowed the young entrepreneur to use the hotel kitchens. He delivered the pretzels baked there to pubs and cafés in Central London – on foot and with only limited success. But would he give up? Never! One of the first pretzel-customers was Selfridges. Following a lot of convincing and many tasting sessions he was

finally allowed, in April 2000, to put up a small table in the food hall and to bake his pretzels there and then. This was a major advantage, as pretzels go stale fairly quickly and he was now able to get fresh products to his customers. Having introduced melted cheese and other toppings, he then surveyed customers for their preferences, which lead to a pretzel range of ten varieties. The possibilities seemed endless: cheese pretzels with mushrooms and pesto, with ham, chilli, pineapple or tandoori sauce are now available for about £ 1.89 and seem to please the English taste-buds. Every single variety now has dedicated followers who seem happy to wait for a few minutes should their favourite be sold out and about to come out of the oven. These days, there is no simple table or mini-oven in the food hall on Oxford Street. Customers can now choose their "German pretzels" from a heated display which is part of a generous counter. Although the cheese pretzels are still amongst the top sellers, the London pretzel stand, once the nucleus of the company, now only accounts for a relatively small proportion of the overall profits of c&f. The company has expanded rapidly: When a place became available three storeys up, at the self-service restaurant at Selfridges, Gierstorfer did not hesitate and established a Soup Bar. This was followed by the Fresh Juice Bar directly opposite in October 2001. New staff were needed and had to be housed, which is why two houses were rented in North London. Sharing a house does not just help organisation and communication but also

further a special team spirit. The social aspect is enormously important: whether they are shopping or cooking together or enjoying a beer in the local pub, the time the c&f staff spend with each other binds them together and enables them to work as a team. The majority of employees came from Germany. "For many students who heard about us this was the ideal opportunity to spend some time in London", explains Donhauser. „Initially, they heard about us by word of mouth, later we advertised.“.

This is why the same concept was used when it came to opening up new locations in Manchester in August 2001, in Birmingham in September 2003 and another restaurant in the London Foodhall in April 2004. A cosmopolitan team of 40 young Professionals are now looking after the business in London, Manchester and Birmingham . An on-site team leader is responsible for organisational aspects, service and quality. All training is based on the motto 'learning by doing'. New employees learn from their experienced colleagues. Within a few days, they have become valuable members of the team. The company benefits from this unusual personnel concept just as much as the employees, who gain overseas experience and practice their English without having to spend a



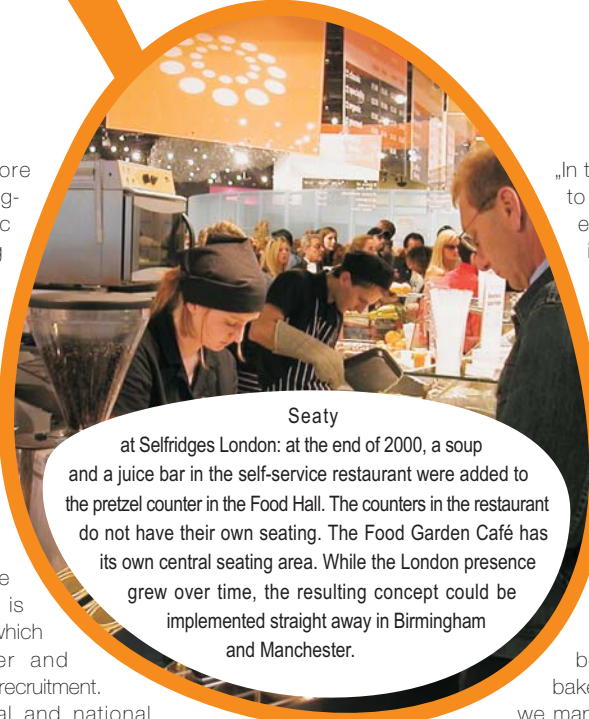
Seaty at Selfridges in Birmingham. Perfect branding: The complete offering is displayed on a counter which also provides seating for customers who would like to eat in. The fourth Selfridges store with its space-age look went live last September.

fortune. "Our people are much more motivated and committed than many long-term employees", says an enthusiastic Donhauser. "This highly motivating system is part of our USP." These "imported" employees are not necessarily cheaper than English ones. "Our personnel costs are currently running at about 29 %. Due to the lower recruitment costs, English staff might even be cheaper. But while we have enough candidates from Europe, we will stick to our system", explains Gierstorfer. To give young people the opportunity to live abroad is important to both of them, which is why both Gierstorfer and Donhauser are looking after recruitment. Their adverts in regional and national newspapers generate off- and online responses from all over Europe. Suitable applicants are invited for an interview. The decision whether to employ them or not is usually based on personal rapport: "If we have the feeling that we could work well with them and that they are enthusiastic about our products and customers they are given a chance."

A further secret of the c&f success is the freshness of their products: every day, fruit, vegetables, salads and juices freshly squeezed in the early morning are supplied by local producers. Specialty soups, pretzel dough, smoothie blends and the sandwich bread are specially produced in Germany. "With our standardised base products we achieve the consistently high quality of our products as well as controllable costs", explains Donhauser. To make sure that all ingredients are available at short notice, they are shipped from Germany to a central storage facility in England. Individual locations order them from there on a weekly basis. Most of the food and drink is prepared directly at the counter. The customers can watch, express their preferences and make up their own juice or menu – a further important factor in the "feel good"-concept.

"Thanks to the variety of our offering we are able to react very precisely to seasonal variations", says Gierstorfer. This is why the cost structures at c&f, partly due to the continuous growth, are highly variable. The location also makes a difference: "This might determine the proportion of juices and pretzels or sandwiches and salads."

So far, c&f's revenues have grown by a good 100 % year on year. For 2004, Gierstorfer expects a total of about 1.5 million Pounds. In spite of the great success in Great Britain, c&f's roots remain in Germany: the creative hub of the young team is still in Pfatter near Regensburg. This is where company strategy and controlling standards are determined and where potential employees are selected. "This means that we can provide local contacts for our employees, applicants and suppliers", explains Donhauser. "In the long-term, we will certainly grow our Mainland European presence." But there will also be further growth in England: So far, a good 150,000 € were invested per location, financed primarily from cash flow and through bank loans. In 2006, Selfridges plan to open a department store in Glasgow, and c&f will be part of it.



Seaty
at Selfridges London: at the end of 2000, a soup and a juice bar in the self-service restaurant were added to the pretzel counter in the Food Hall. The counters in the restaurant do not have their own seating. The Food Garden Café has its own central seating area. While the London presence grew over time, the resulting concept could be implemented straight away in Birmingham and Manchester.

"In the medium-term, we would like to lease our own premises and establish the "Seaty" brand independently of Selfridges & Co", says Donhauser, looking into the future. "Again, we would be relying on our proven success factors, which are quality of product as well as young, clever and dynamic personnel." Before this growth can be achieved, some processes in the areas of controlling, accounting and the overall company infrastructure will have to be optimised further. Donhauser continues: "There are still subtle differences between our fresh products, e.g. because every employee might bake a pretzel slightly differently. If we manage to achieve standardised quality in spite of a constant turnover of staff, we might have found the solution to a problem which the whole industry faces."

Barbara Mecke/ Petra Donhauser



Petra Donhauser: Having passed the same degree as Christian Gierstorfer, she then worked as a project manager (for Integra) in Frankfurt, Berlin and Paris. After a stint as a self-employed consultant, she finally opted for her passion, catering. Since 2001, the 29-year old is in charge of operations at c&f – and, if needs be, she is not above baking a few pretzels herself.



c&f Ltd.:	1999 in
Start:	London
Owner:	Christian Gierstorfer
Staff:	20-25 Sales Assistants (depending on the season) in London, Manchester and Birmingham, 7 corporate staff
Locations:	3, in Selfridges-stores, London (2000), Manchester (2002), Birmingham (2003)
Offering:	London: pretzels, juices, soups; Manchester and Birmingham: additional salads, sandwiches, coffee, wine
Revenue 2003:	approx. 1.6 mill €
Investment:	approx. 150,000 €/stand
Seats:	Manchester 10, high proportion of take-away, Birmingham: 25
Prices:	Pretzels £ 0.99-1.89, soups £ 2.80-5.80, juices £ 1.95-3.90
Cost per meal:	Eat-in £ 8-11, take-away £ 2-5
Customers/week:	9,000-10,000 (in total)
Top-sellers:	Cheese pretzels (mushroom & pesto) and smoothies
Outlook:	2 new outlets planned for 2004