

2003
Family Business Honours

Samworth Brothers

2003 Business Success Exemplar

Nigel Nicholson and Åsa Björnberg
London Business School

Business Success Exemplar

"I was absolutely thrilled to receive the Business Success Honour on behalf of my colleagues and the company."

David Samworth, Chairman of Samworth Brothers:



Introduction

Impressions

On the outskirts of the historic town of Melton Mowbray in the heartland of England you come across an assembly of low buildings in parkland, full of young newly planted trees, which make up one site of the Samworth business. The Group Centre is a compact building, for despite the size of the business it is run by a very lean top management team. The bustle of activities on the bakery floor and in the development kitchen speaks of commitment and quality. The product specification of the ready-made meals is constantly changing, since every item in a current range of 83 products is produced in short runs on a daily basis to maintain freshness. Drawing on the Asian conurbations of the East Midlands the workforce is a cheerful multicultural mix. The impression is that people are happy – there is a lot of good-humoured exchange going on all around the production lines. The managers showing us around stop and chat at frequent intervals with the production workers, and there are many friendly smiles and exchanges.

”The bustle of activities on the bakery floor and in the development kitchen speaks of commitment and quality.”

History

As is the case of many large and successful family enterprises businesses, Samworth Brothers Limited origins are humble. George Samworth started a small pig-dealing business in Birmingham one hundred years ago. During the Second World War, the original firm was subject to compulsory acquisition along with most pig butcheries in the country. This provided the impetus for him to enter the pork pie-making business. When the war was over, he acquired T N Parr which grew and acquired Pork Farms in 1969 in Nottingham. The family acquired Ginsters in 1977 and this forms the basis of the family business as it is today. From the founding of Samworth Brothers in 1896, acquisitions, reinvention and recruitment drives continued to characterise the historical growth of the company. Three generations have since made it into a major business with a leading presence in the British food industry as a producer of quality savoury and sweet foods.

Samworth Brothers

QUALITY FOODS

Leadership

Structure of the Business

The company group structure is remarkably straightforward and enables very clear yet multiple lines of communication. There is a Holdings Board, chaired by David Samworth and consisting of three executive and three non-executive directors. Reporting to the Holdings Board is the Group Executive Board consisting of five executive directors, and there are no intermediate divisional structures. This means that the Group Board is in direct contact with the thirteen subsidiary business lines. These subsidiaries have their own budgets, buyers and boards of directors. The underlying notion of not having a divisional intermediate stratum is to enhance the autonomy of the subsidiaries, ensuring the recruitment, retention and empowerment of only the very best people. The belief is that “a desk is a bad place to run the company from”, which in practice means that the Group Centre is a quiet place most of the time – executives are out on the bakery floor and among their people.

“The belief is that a desk is a bad place to run the company from”

The Role of the Chairman

As the youngest and most ambitious of the brothers, David Samworth contributed to the professionalisation of the management at an early stage. On his own initiative, he attended the business school at Harvard, and was immediately thereafter appointed Managing Director at the age of 31 and Chairman on the retirement of Frank Samworth Senior. As Chairman, David Samworth is perceived as “the cultural backbone” and his son Mark as the “cultural ambassador” of the business, the essence of which is attributed to the family presence. David Samworth has a hands-on approach, and is known for his eagle-eye checks of crucial details, from such central operational issues as the temperature in the chilling room to such symbols of their health and safety concern as the presence of soap and nailbrushes in the bathrooms.

Vision and Challenges

People, Quality, Profit – these are the words that sum up the company's basic policy. People can make all the difference, good people make good products. The company believes that their people have the right to be treated with dignity and respect and they are given every opportunity to develop themselves.

The commitment to quality is not only the quality of the products but also the quality of the premises, restaurants, parking facilities, plant and machinery – the list goes on. Quality is a way of life within the business. Thus a profitable business is maintained, that allows the company to build new businesses and reinvest in existing businesses.

**“People can make all the difference,
good people make good products”**

In addition to the challenges of precision and hygiene standards that are crucial in the chilled foods industry, dealing with super-markets is another challenge, for Samworths supply a range of sophisticated ready-meals to leading retail grocers. The competition for this supply is fierce, and there is a constant need for product innovation, and development of new technology to stay ahead of the trends in the volatile and demanding food market. In the words of one director, “if the business is struggling, everybody feels it”. In other words, maintaining morale in harder times can be challenging. Furthermore, due to the size and structure of the business, suffusing a coherent vision for all the subsidiaries is also a challenge. The strength of the loyalty and autonomy within each subsidiary makes it more imperative that management practice successfully represents a unified identity.

Culture

Ideology

Laborare est orare. “To work is to worship”.

The legacy of this company is one of constant change. Despite the high levels of growth, the ideology is that any subsidiary should never be larger than “you can get your arms around and love”. Samworth Brothers enjoys a very distinctive culture.

The importance of remaining close to nature is also evident in the fact that there are no preservatives or additives in the ready-made meals, and the majority of all subsidiaries have 25% of the site devoted to trees, shrubs and flowers. At the Kettleby plant, a herb garden has been planted outside the bakery for the development chefs to experiment with new recipes and flavours. The belief is that “quality and value” makes people come back, and 80 years of experience has reinforced the value of “sticking to the knitting”. Westward Laboratories was established as a part of the Samworth Group in 1992, and operates independently to enforce rigorous quality controls for both group products and other manufacturers. However, they do not shout about their rigorous quality and sourcing controls, they prefer to be a “discovery brand”.

“The ideology is that any subsidiary should never be larger than ‘you can get your arms around and love’”

Communication

At the top management level, the reporting lines from thirteen operating companies inevitably puts considerable onus on the Chair of the Group Board, yet simultaneously it ensures “a clear understanding” and “quick decision making”. Meetings are held biannually with the Group Board and each operating company. On the bakery floor, people are described as “open and happy to talk”. Reporting lines are clear and direct, and management is practiced with “open doors”. Much of the Samworth Brothers culture is communicated through the Samworth Academy described below, and it is seen as essential that managers understand their role as guardians and Ambassadors of the culture. It is typical and symbolic of this that one of the induction days for new employees are spent with David Samworth.

“Samworth Brothers has one of the highest levels of labour stability in the industry”

People

There is no separate HR director – the concept of “human resources” is rejected as not referring to people as people. Personnel management is decentralised with one personnel manager in each operating company. The company conducts annual employee surveys that reveal that the people value, in order, the job security, personal development and remuneration it offers above all other features. Recruitment at Samworth Brothers puts a premium to people who are resilient, quick-paced, self-managing and dynamic. At the senior executive level, the attributes sought are hardiness, having fine antennae, an ability to read nuances, be good people managers, understand both ends of the spectrum – people and processes – and ‘make it happen’. Samworth Brothers has one of the highest levels of labour stability in the industry. There have never been any redundancies or plant closures in the history of the company, – or as one director puts it: “..Fantastic loyalty... If I were to chop my arm off, it would say ‘Samworth’ on the inside.” Employee benefits include a final salary pension scheme, health care benefits and life insurance. Incentives include profit bonus by site.

Training and Skills Development

Samworth Brothers’ commitment to developing its people is uniquely exemplified by the Samworth Academy, which has contributed to the Investors in People accreditation attained by the company. The Academy offers support, training and study opportunities for the employees. It promotes and develops the culture and ethos of the business, management skills and upholds staff training and development. For example, at Kettleby, sauce cooks can attend a training programme for attaining Master Chef recognition. The Board reviews each business unit every month, and inspects the level of staff training. All but the most junior staff must have regular personal development meetings with managers, and graduate trainees are carefully monitored. Graduate training programmes are run by two directors.

Governance

Family Governance

There are two family members of the Board, and four non-family members. In the Samworth family, David Samworth and his son Mark are currently the only family members with an active involvement in the business. Mark Samworth has a place on the Holdings Board as well as the Group Executive Board. The Boards have been deliberately structured to balance the best aspects of the family, executive and external experience, and also constitutes a good integration of family and non-family. A remuneration committee and an audit committee are instituted to ensure good governance.

The Family Constitution stipulates that next generation hopefuls seeking to join the company will be required to have experience of another business. Nepotism is strongly discouraged. The Constitution also stipulates that one family member cannot report to another family member. A Family Council was set up at one point, but it was discontinued since it was felt that the family was not yet ready to fully utilise such a structure. It is expected that the Council will be reinstated when the time is right, possibly within the next 20 years.

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Ownership

Ownership is held in three family trusts, the younger generation having no shares of their own. Family members liaise with the Trusts via a family member that they nominate. Employment in the business of a family member is made on the basis of strict examination of the sufficiency of their skills and competence, and does not lead to preferential treatment in terms of ownership.

Succession

David Samworth has been involved in the discussions of succession to his position. There is a deputy chairman, who is also the owner of a family firm. David Samworth came in contact with the current deputy chairman at the Institute for Management Development in Lausanne, when they and their sons were attending a course as representatives of their respective family businesses. There is a commitment to the business remaining family owned. There will be no sell-out.

“Sales growth has been exceptional, with a constant increase in sales of 64% in the last five years”

Social Responsibility

Each subsidiary has its own formulated plan for social responsibility, and the company also operates a strict environmental policy focusing in particular on pollution control, energy conservation, transport and extensive recycling.

Business Success

Staying privately owned for so long has enabled Samworth Brothers to offer each of its operations stability, investment and opportunities to progress. The strategy has provided an optimal basis for growth, with compound sales growth levelling at 18% over the past ten years. Sales growth has been exceptional, with a constant increase in sales of 64% in the last five years. Samworth Brothers are now operating with sales of approximately £400 million, and growth is expected to continue. Profit before tax has seen a 35% growth over the past five years, with profit levels currently at £23 million.

Conclusion

“How do you know this is a family firm?”
How does “familiness” build success and how has it contributed to the profiles of excellence achieved?

The most salient attributes of the “familiness” of the Samworth Brothers business are continuity, enthusiasm, passion and job security. Job security for many means staying privately owned and controlled, i.e. no sell-out. The Chairman, in his capacity of “cultural backbone”, embodies the spirit of the family firm. The fact that both the Chairman and the CEO take part in the Samworth Academy as “live case studies” further reinforces its ethos and spirit.

“The Chairman, in his capacity of ‘cultural backbone’, embodies the spirit of the family firm”

Executives say they find the firm devoid of politics and an environment where there is no need to justify yourself beyond your contribution. Longevity, quick decision making, close communication between, for example, the finance and production levels, provide the clear lines that also are so often characteristic of family firms, setting them apart from many metropolitan public corporations.

In the words of the CEO, this family firm “takes a lot of believing and the foot on the accelerator.”

For further information on the Family Business Honours,
please contact:

Mark Evans
JPMorgan Private Bank
125 London Wall
London EC2Y 5AJ
T: (0)20 7777 3392
F: (0)20 7742 2990
E: mark.r.evans@jpmorgan.com

Sarah Courtney
JPMorgan Private Bank
125 London Wall
London EC2Y 5AJ
T: (0)20 7742 3406
F: (0)20 7742 2990
E: sarah.f.courtney@jpmorgan.com

www.jpmorgan.com/fbh

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