



**BEALES HOTELS**  
GENERATIONS OF EXCELLENCE SINCE 1769

# Governance at Beales Hotels



Andrew Beale

31<sup>st</sup> January 2009



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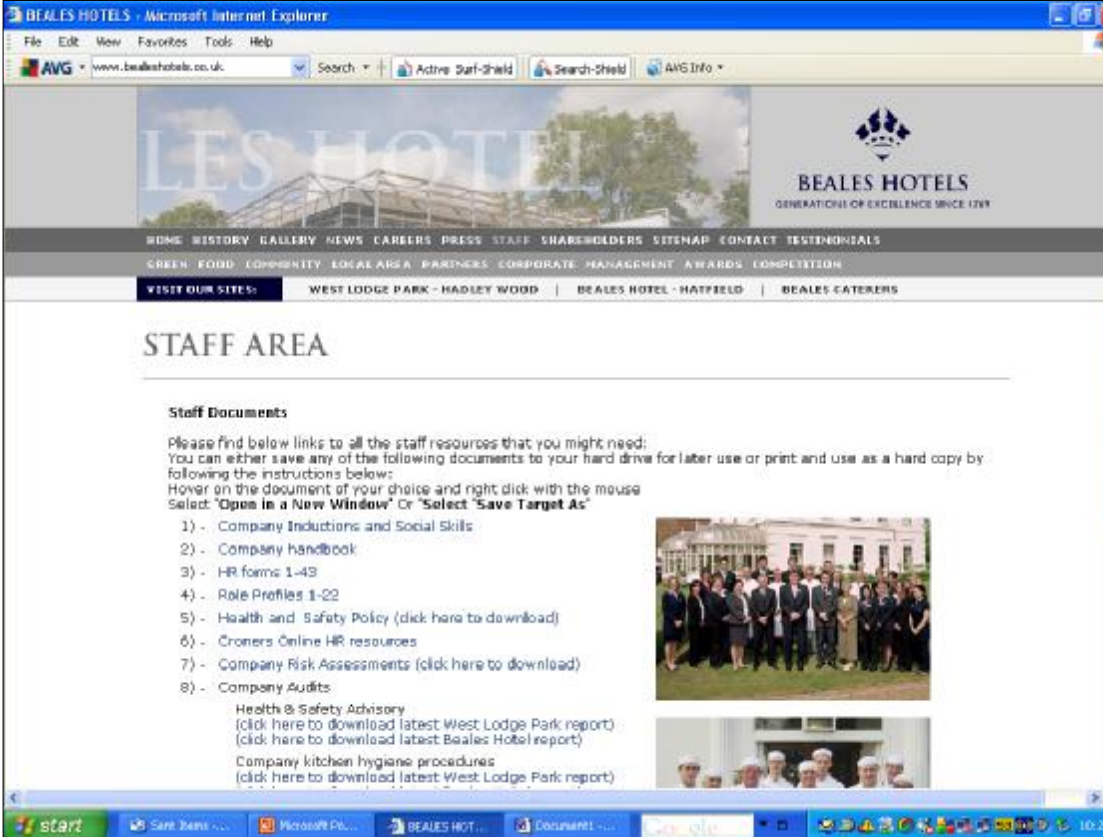
# What We Will Be Covering Today

- |  |                      |
|--|----------------------|
| 1. Reminder of the presentation at AGM         | 11.00am - 11.10am    |
| 2. Family Businesses – why are they different? | 11.10am – 12.00 noon |
| 3. Notcutts Garden Centres – A Case Study      | 12 noon - 1.00pm     |
| 4. Buffet Lunch                                | 1.00pm - 1.30pm      |
| 5. The Way Forward                             | 1.30pm - 3.00pm      |
| 6. Tea and biscuits                            | 3.00pm               |



# What We Do Well.....

## *Staff pages on Beales Website*



The screenshot shows a Microsoft Internet Explorer browser window displaying the Beales Hotels website. The address bar shows the URL www.bealeshotels.co.uk. The website header features the Beales Hotels logo and the tagline "GENERATIONS OF EXCELLENCE SINCE 1769". Below the header is a navigation menu with links for HOME, HISTORY, GALLERY, NEWS, CAREERS, PRESS, STAFF, SHAREHOLDERS, SITEMAP, CONTACT, TESTIMONIALS, GREEN, FOOD, COMMUNITY, LOCAL AREA, PARTNERS, CORPORATE, MANAGEMENT, AWARDS, and COMPETITION. A secondary navigation bar lists "VISIT OUR SITES:" followed by WEST LODGE PARK - HADLEY WOOD, BEALES HOTEL - HATFIELD, and BEALES CATERERS.

### STAFF AREA



**Staff Documents**

Please find below links to all the staff resources that you might need:  
You can either save any of the following documents to your hard drive for later use or print and use as a hard copy by following the instructions below:  
Hover on the document of your choice and right click with the mouse  
Select: "Open in a New Window" Or "Select "Save Target As"

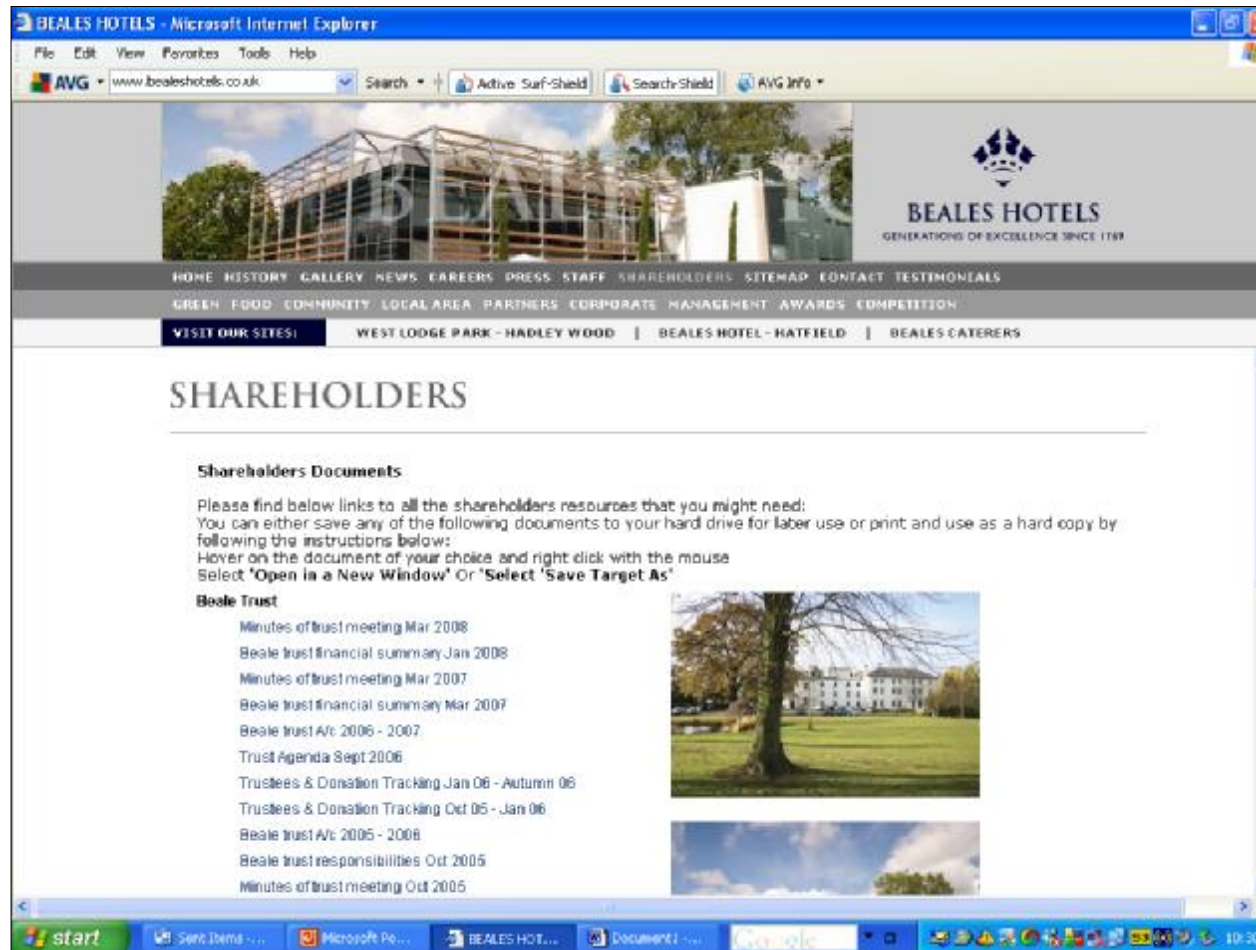
- 1) - Company Inductions and Social Skills
- 2) - Company handbook
- 3) - HR forms 1-43
- 4) - Role Profiles 1-22
- 5) - Health and Safety Policy (click here to download)
- 6) - Croners Online HR resources
- 7) - Company Risk Assessments (click here to download)
- 8) - Company Audits

Health & Safety Advisory  
(click here to download latest West Lodge Park report)  
(click here to download latest Beales Hotel report)

Company kitchen hygiene procedures  
(click here to download latest West Lodge Park report)



## Shareholders' pages on Beales' website



The screenshot shows a Microsoft Internet Explorer browser window displaying the Beales Hotels website. The address bar shows the URL [www.bealeshotels.co.uk](http://www.bealeshotels.co.uk). The website header features a large image of a modern building under construction and the Beales Hotels logo with the tagline "GENERATIONS OF EXCELLENCE SINCE 1769". A navigation menu includes links for HOME, HISTORY, GALLERY, NEWS, CAREERS, PRESS, STAFF, SHAREHOLDERS, SITEMAP, CONTACT, TESTIMONIALS, GREEN, FOOD, COMMUNITY, LOCAL AREA, PARTNERS, CORPORATE, MANAGEMENT, AWARDS, and COMPETITION. Below the menu, there is a section for "VISIT OUR SITES:" with links to WEST LODGE PARK - HADLEY WOOD, BEALES HOTEL - HATFIELD, and BEALES CATERERS.

### SHAREHOLDERS

**Shareholders Documents**

Please find below links to all the shareholders resources that you might need:  
You can either save any of the following documents to your hard drive for later use or print and use as a hard copy by following the instructions below:  
Hover on the document of your choice and right click with the mouse  
Select "Open in a New Window" Or "Select 'Save Target As'"

**Beale Trust**

- Minutes of trust meeting Mar 2008
- Beale trust financial summary Jan 2008
- Minutes of trust meeting Mar 2007
- Beale trust financial summary Mar 2007
- Beale trust A/c: 2006 - 2007
- Trust Agenda Sept 2006
- Trustees & Donation Tracking Jan 06 - Autumn 06
- Trustees & Donation Tracking Oct 05 - Jan 06
- Beale trust A/c: 2005 - 2006
- Beale trust responsibilities Oct 2005
- Minutes of trust meeting Oct 2005

The page also includes two small images: one of a large tree in front of a building and another of a blue sky with clouds.



**BEALES NEWS JANUARY 2009**

**Congratulations to:**

- the teams at WLP and BH who have worked so hard over the Christmas season. The hotels were beautifully decorated in all the public areas, the food coming out of the kitchens was delicious, the entertainments were some of the best ever, and the general comments from our guests were very positive at this hardest of seasons to get right. (WLP pic right and BH pic far right)



- the Estates team on completion of two more bedrooms at WLP – Room 41 is in a floral light blue and cream scheme, while Room 42 is a clubby brown and gold striped scheme. Both bedrooms are now double rooms, with flat screen TV, ensuite bath and shower, and stunning views over the Enfield Chase to the front of the hotel. (R.42 pic right, R.41 pic far right)



**The end of an era** .....farewell to the Cedar Restaurant and Terrace Bar at WLP as they shut for the last time to make way for the new Mary Beale Restaurant and Terrace Bar which are opening at the start of March. The hotel is very much open for business with our restaurant in the Lancaster Room and the bar in the King Charles room for the next couple of months. (Gutter Cedar Restaurant pic right)



When the Mary Beale Restaurant reopens, the transformation will be very exciting to see, with a bar counter twice as long as at present, a built in buffet area for those cooked breakfasts and conference lunches, an end to the beams in the ceiling and the brick walls, upgraded lighting and sound system, and dramatic original artwork by Mary Beale, Britain's first professional woman painter. (pic of Mary Beale left)



Other Estates related news includes the successful application for 5 years more planning permission for the Edward Beale room conservatory, the replacement of 7 new stone vases stolen from WLP (pic left), the painting of the Magnolia room in er...magnolia (pic left), new blinds on the Beckland suite doors, new 4' beds in WLP bedrooms 60 and 62 with matching headboards (pic above right), and the completion of up-



grades to WLP bedroom 70 (pic below right).

**December Sales 08 vs 07 Cum Sales (Apr-Dec 08 vs Apr-Dec 07)**

WLP down 6.9%	WLP up 0.7%
BH up 2.5%	BH up 4.7%
Group down 2.7%	Group up 2.2%



**And finally** ..... The relentless bad news from the banking, manufacturing and retail sectors can't help but have an impact on the hotel sector. Already several hotel groups with bad business models have gone into receivership, and rates are being cut in both corporate and leisure markets.

Nevertheless Beales Hotels, with low borrowings and a conservative outlook are much better placed than many to weather the downturn with two superbly maintained four star hotels in prime locations, fantastic teams delivering great customer care, and projects and plans taking us firmly towards the future, will all help us to weather the current recession and come out stronger once the inevitable bottom of the cycle is reached.

In the meantime, I wish all our guests, our staff, our shareholders and our suppliers a very happy new year, and please come and enjoy all the hotels have to offer in 2009!

Andrew Beale, Managing Director






Herfordshire's Premier 4 Star Hotels

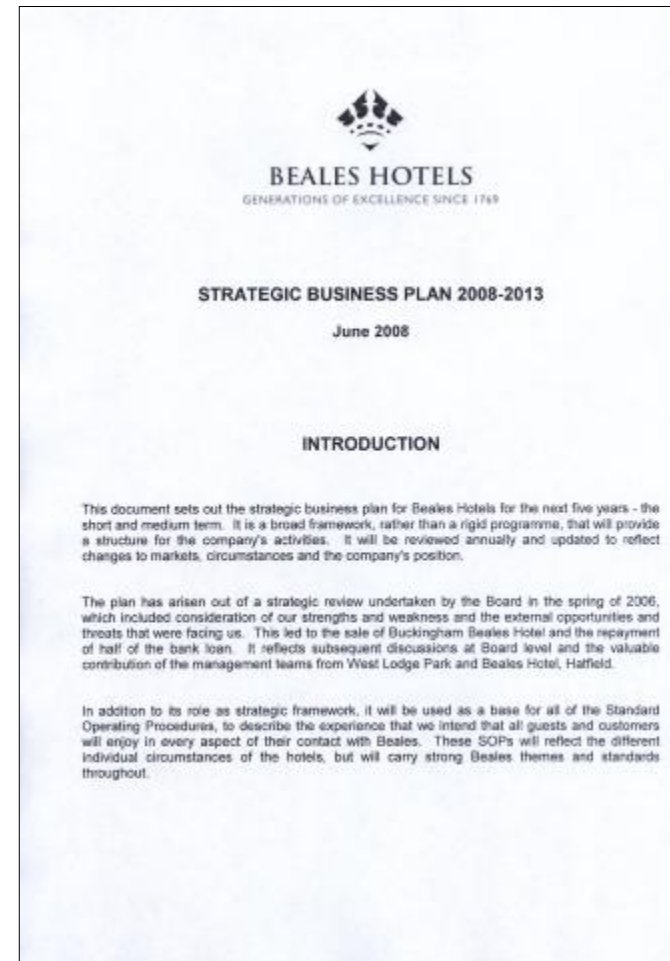
# Beales News – January 2009

*(updated and distributed to all staff, directors, and Shareholders each month)*





# *Beales Hotels Business Plan 2008*





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## COMPANY HANDBOOK

Updated September 2008



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# Beales Hotels Company Handbook

## SECTION 4: YOUR WELFARE

### 4.1 COMPANY BENEFITS

*All of the below is for all staff, but is at the discretion of the General Manager, and after 6 months' service.*

#### Accommodation Offers

##### All Hotels

A staff rate is offered across the Company allowing all staff with more than six months' service to book accommodation at any of the two Beales hotels at a special rate of £15.00 per person including full English breakfast in the restaurant. Bookings are subject to availability, and cannot be made more than 7 days in advance. Those staff with 2 years' or more service will have, in addition to the above, a complimentary night's standard accommodation for two including breakfast and dinner to the value of £25 at their choice of Beales hotel. Those staff with 10 years' service or more will have, in addition to the above, a two night complimentary stay for two including breakfast and dinner to the value of £25 at their choice of Beales Hotel. The staff member must be present to obtain the meal discount.



##### Great Discounts on Meals

All staff can eat in any Beales restaurant or bar and receive 50% discount off food for a maximum of 4 people. Bookings must be made in advance and are subject to availability. Drinks are payable at full price. The staff member must be present to obtain the meal discount.

##### Function Discounts

**Full time employees** will receive: No room hire charge + 30% discount on food and wine.

**Part-time employees** (24hrs and below) will receive: No room hire charge + 20% discount on food and wine.

**Casual Employees** will receive: No room hire charge +10% discount on food and wine.

**NB:** Staff discounts available to serving members of staff and their immediate members of family only. Saturdays not available for discount between May and September. Application for discount must be made in writing to the General Manager.

### ADDITIONAL BENEFITS

#### Holiday Entitlement

After 5 years' service a staff member will be entitled to take a day off within the week of their birthday according to business needs. This is in addition to your 25 days' annual leave.

#### Long Service Awards

After 5 years' service Certificate and £25 Voucher

After 10 years' service Certificate and £50 Voucher

After 15 years' service Certificate and £75 Voucher

After 20 years' service Certificate and £100 Voucher

#### Life Assurance

After 2 years' service you will automatically be entitled to a Death in Service benefit of a minimum of twice your annual salary.

#### Personal Accident Scheme

All staff are covered in respect of accidental bodily injury arising from malicious attack or attempt during the course of your duty. Cover to temporary disablement is £250 per week for a maximum of



BEALES HOTELS - PRESS RELEASE

MAR 2008



### BEALES ARE THE BEST - ITS OFFICIAL

Beales Hotels of Hertfordshire has been named as Best UK Family Business 2008 in the Greater London region, beating more than 130,000 other businesses. Beales Hotels has been recognised as a first-class family run business with the prestigious Coutts award.

The Coutts Prize for Family Business recognises the best run family business in England and Wales. Beales Hotels was crowned the winner at a ceremony held in London on Tuesday 11th March.

Beales Hotels is the oldest family business in Hertfordshire, dating back eight generations to 1768. The company owns two highly rated four star rated hotels, both of which have achieved 2 AA rosettes for fabulous food in their restaurants. West Lodge Park Hotel in Hatfield Wood and Beales Hotel in Hatfield.

Jonathan Higgs, Regional Chairman of the evaluation committee said:

"The things that impressed the committee about Beales Hotels include: their sheer passion and excitement for business, which has seen the business through 230 years of family ownership across eight generations; their strong and open communication mechanism established to manage and inform the increasing number of family shareholders; their ability to reinvest their brand through a programme of heavy investment and development; and the family's substantial contribution to charitable and community causes which include donating 1/4% of the annual dividend to the Beales charitable trust and supporting unobscured initiatives in the local community."

This is the second prestigious award for Beales Hotels this year: just last month the company was voted overall winner of the 2008 City of London Sustainable City Awards, recognising their environmental achievements. Beating national companies such as Sainsbury's, Beales Hotels was applauded by the City of London Corporation for their successful reductions in landfill waste, water use and carbon dioxide emissions.

Andrew Beale is the eighth generation of Beales to run the successful family business:

"I am delighted and honoured to have won the Coutts Prize for Family Business 2008 in the Greater London area and pay tribute to the seven previous generations of Beales who have run this great company and to the one hundred people who currently work with me to offer distinct levels of customer care to our guests at both our hotels in these days of globalisation. It is easy to forget that most people still work in family businesses, and when big names in the financial world are crashing down, we all need reminding that family businesses are unshakeably real and are more likely to survive any recession. I am deeply proud to be a leader among family businesses and thank the great team at Coutts Bank for their generous support."

Beales Hotels will now go on to compete in the national finals to be held in London on 5th June 2008.

Issued by Jane Parsons - Beales Hotels PRG - 07979 262124

## *The Coutts Prize for Family Business*

Andrew and Emma Beale  
receiving the award

for

Best UK Family Business  
2008 in the Greater London  
Region



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*Andrew Beale, Beverley Doidge, Harriet Lamb (Director of the Fair Trade Association) and Dave Seward at the prize giving ceremony where Beales Hotels were the overall winner of the National 2008 Sustainable City Awards*

# What We Could do Better

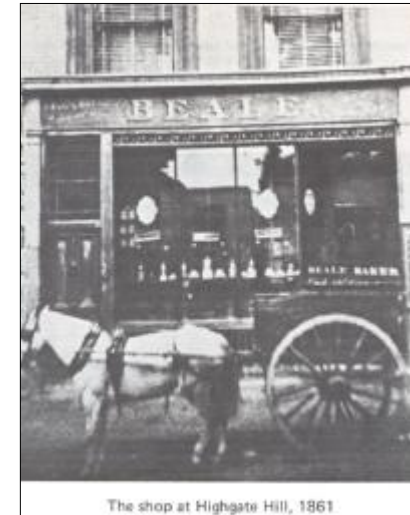
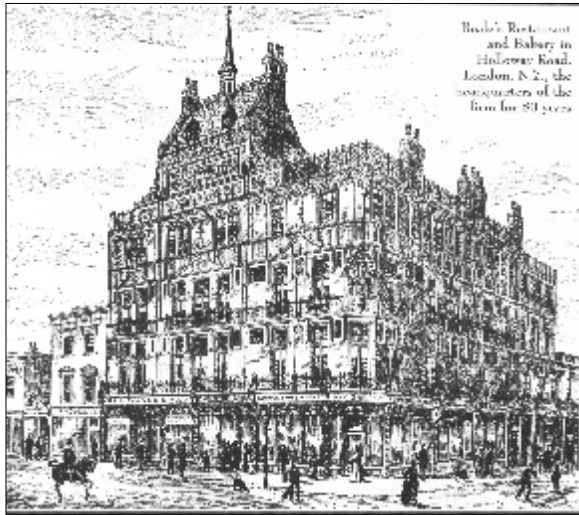


- Asking all shareholders for their long term vision for the company
- Find out what the core family values are
- Educate all shareholders in the rights and responsibilities of being a shareholder



- **Succession planning:**
  - The conditions for shareholders entering and exiting the business
    - Management succession at Board level
- **The Board: Who? How many? How long?**
- **Remuneration of Executive Team**
- **Exit plan for shareholders**
- **Planning for all the above during a period of stability, or reacting to events?**





# Questions?



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# FAMILY BUSINESSES -WHY ARE THEY DIFFERENT?



JANUARY 2009

Andrew Beale

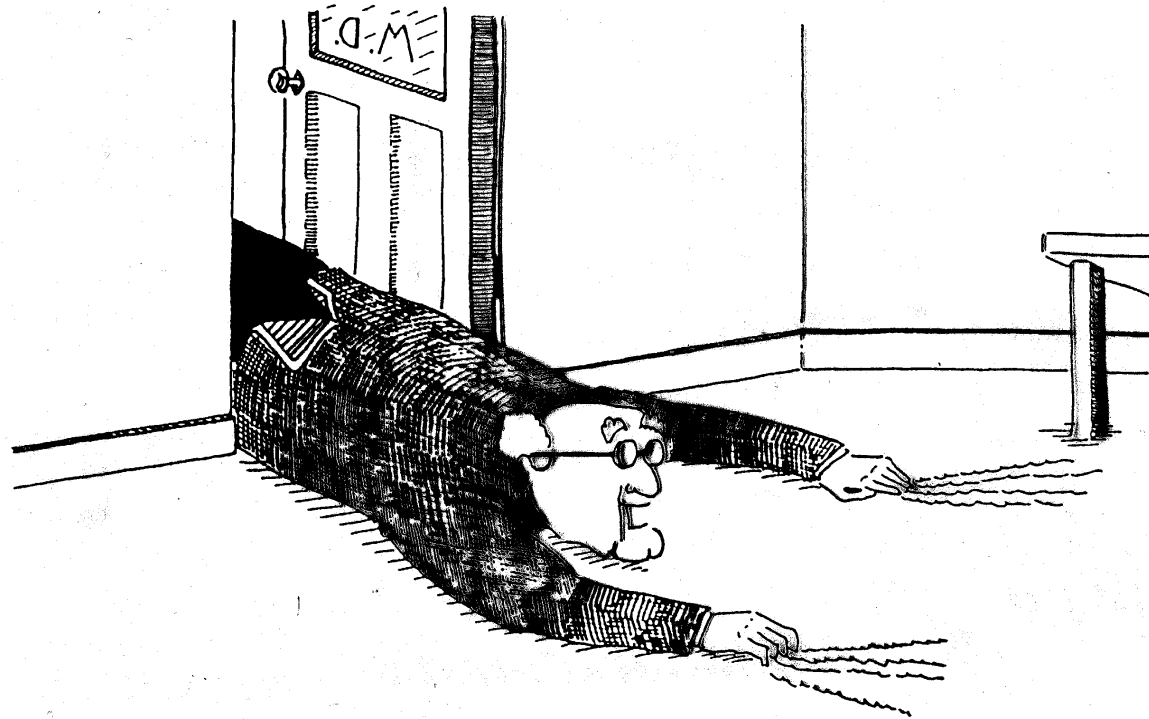


For the avoidance of doubt,  
at Beales Hotels, the word  
“Family” in our context means  
**ALL** shareholders

# FAMILY DYNAMICS

- WHY ARE FAMILY BUSINESSES UNIQUE?





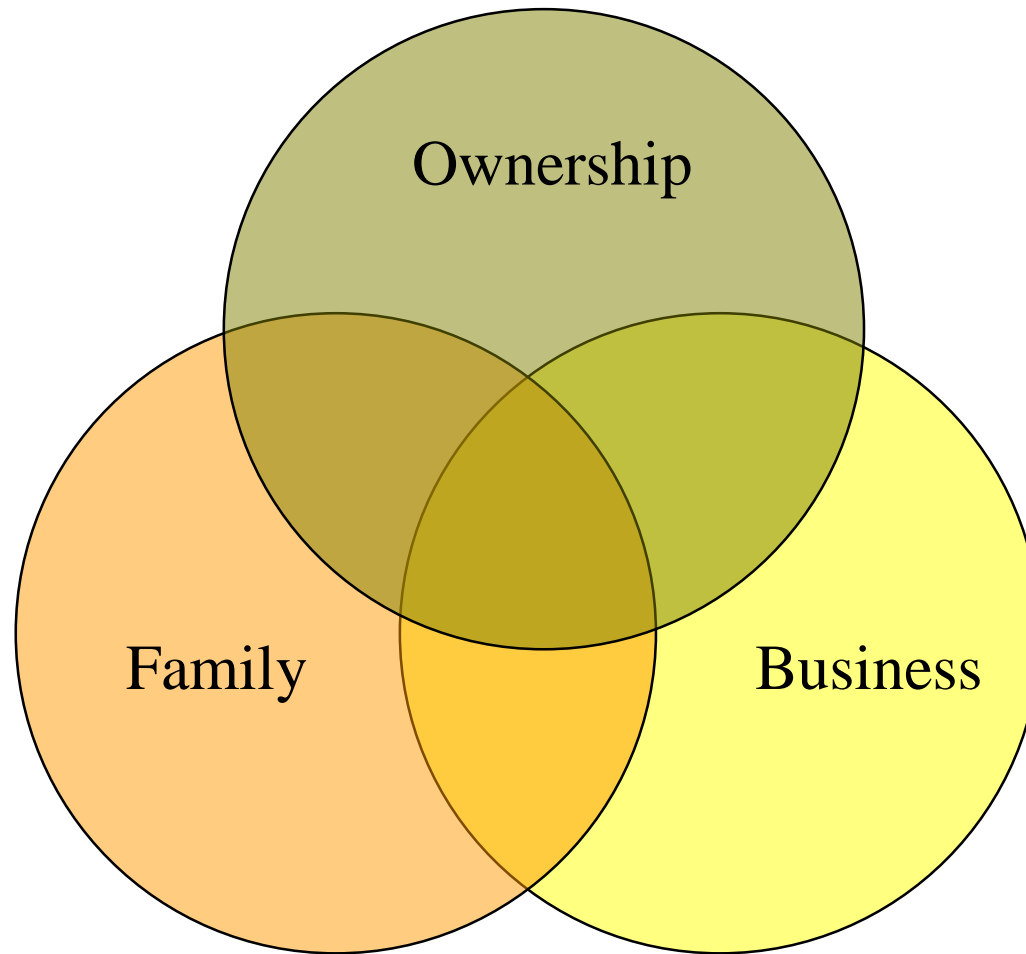
**Of course, I could always stay on in a purely advisory capacity...**



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# The Three Circle Model



# Purpose

## Family

- To help family professionalise its culture, activities and values

## Business

- To help build and continue the enterprise

# Shareholders

- To recognise and resolve shareholder issues
- To prepare family for business



# Types of Family Business

**cousin  
syndicate**

**sibling  
partnership**

**owner  
managed**

# What Makes Family Businesses Good

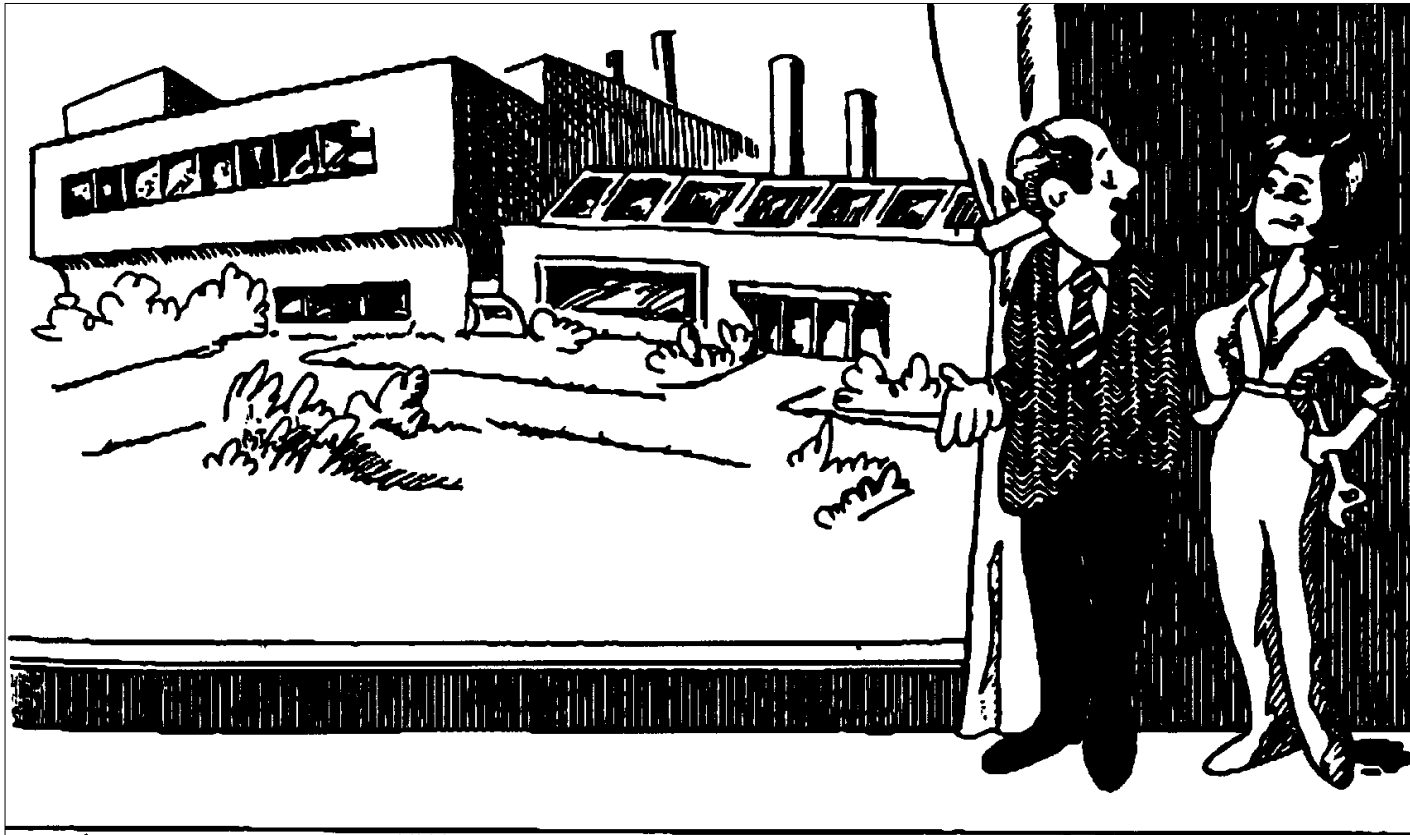
- Commitment
- Knowledge
- Flexibility in time, work and money
- Long-range thinking
- A stable culture
- Speedy decision making
- Reliability and pride



# The Pitfalls for Family Business

- Rigidity
- Business challenges
  - Modernising outdated skills
  - Managing transitions
  - Raising capital
- Leadership and legitimacy
- Succession
- Emotional issues
- Conflict of interest





**Someday, Honey, this will all be your brother's**



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# HIERARCHY OF FAMILY ENTERPRISE LEARNING AND CRITICAL ACTIONS

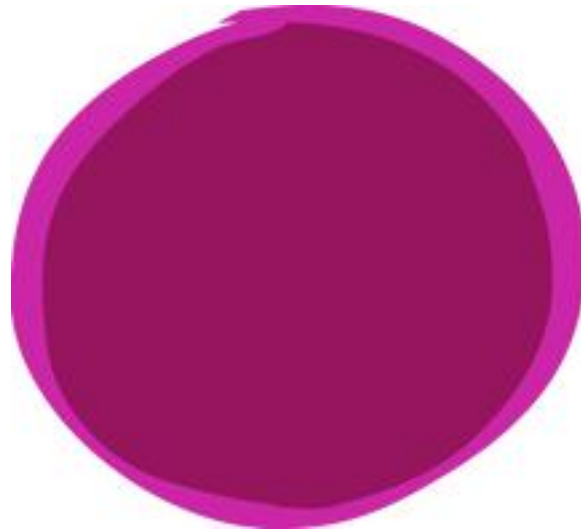
1. Becoming Aware of Family Business Challenge
2. Becoming a Learning Family
3. Building a Shared Vision and Family Team
4. Practicing Communication and Conflict Resolution Skills
5. Sharing Power Across Generations
6. Strategically Aligning the Family and Business
7. Creating Governance Mechanisms
8. Transferring Ownership and Control
9. Practicing Stewardship

C. Randel Carlock Phd.



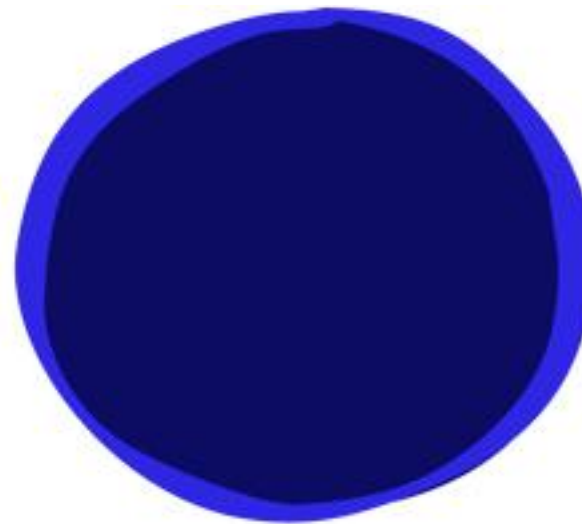
# Family & Business

## Family/Personal Relationships



- Emotion Based
- Oriented Inward
- Minimizes Change

## Business

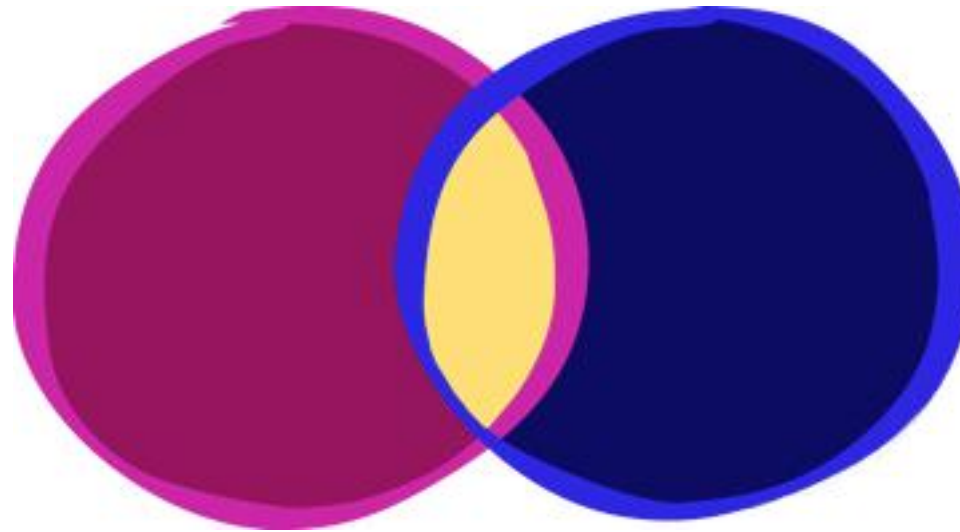


- Task Oriented
- Oriented Outward
- Exploits Change





# Constructive Overlap



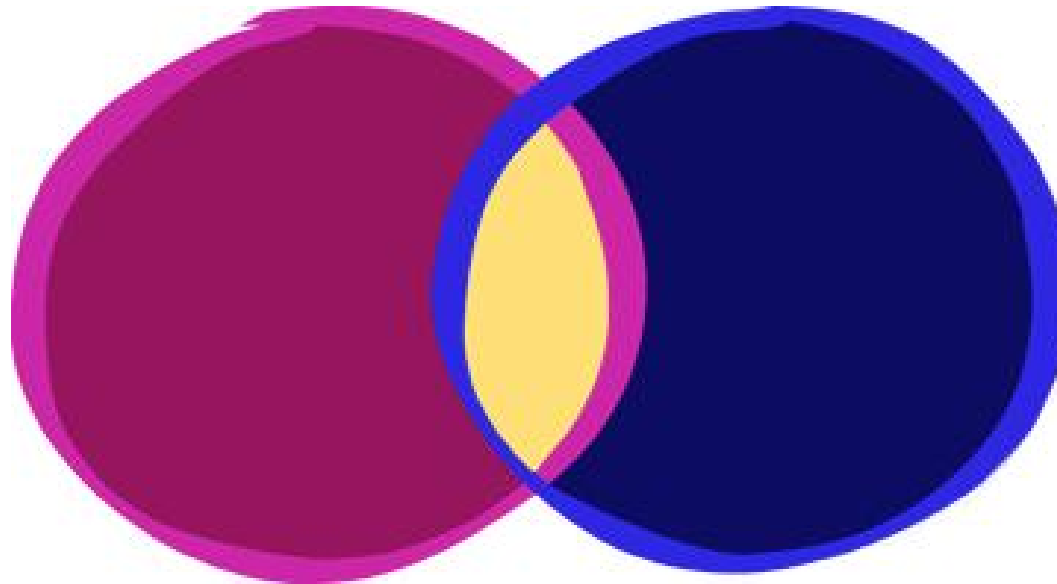
Family/Personal  
Relationships

Business

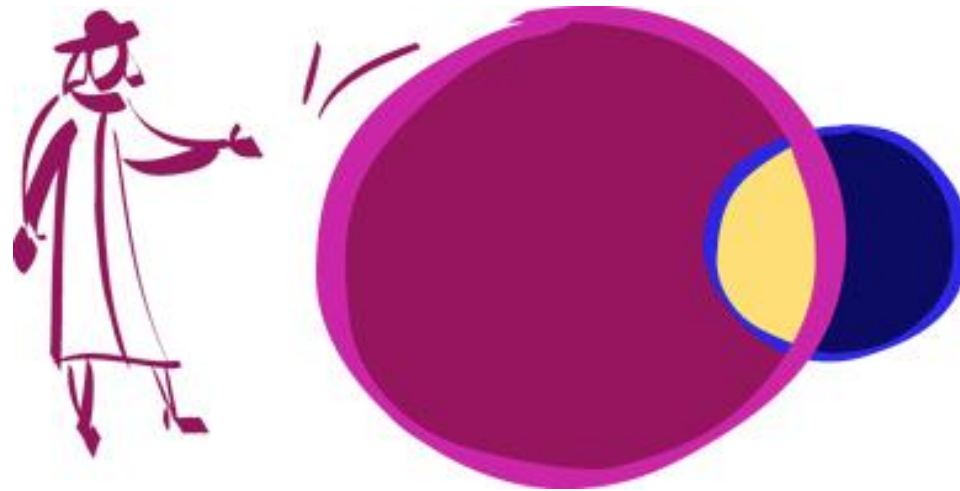
**You can never separate the circles.**

# Constructive Overlap

Promotes Fulfilling Family Relationships &  
Successful Business Operations

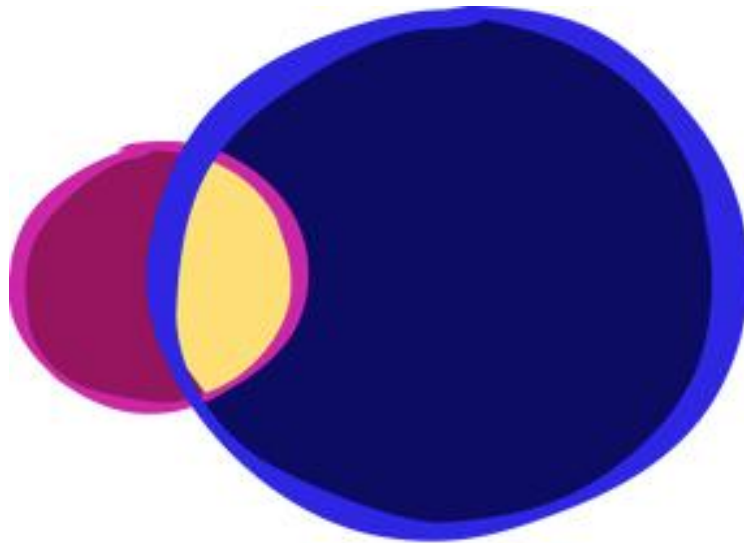


# The Circles are Individual



Daughter-in-law

# The Circles are Individual



Dad

# The Circles are Individual



Son





## Questions and Answers



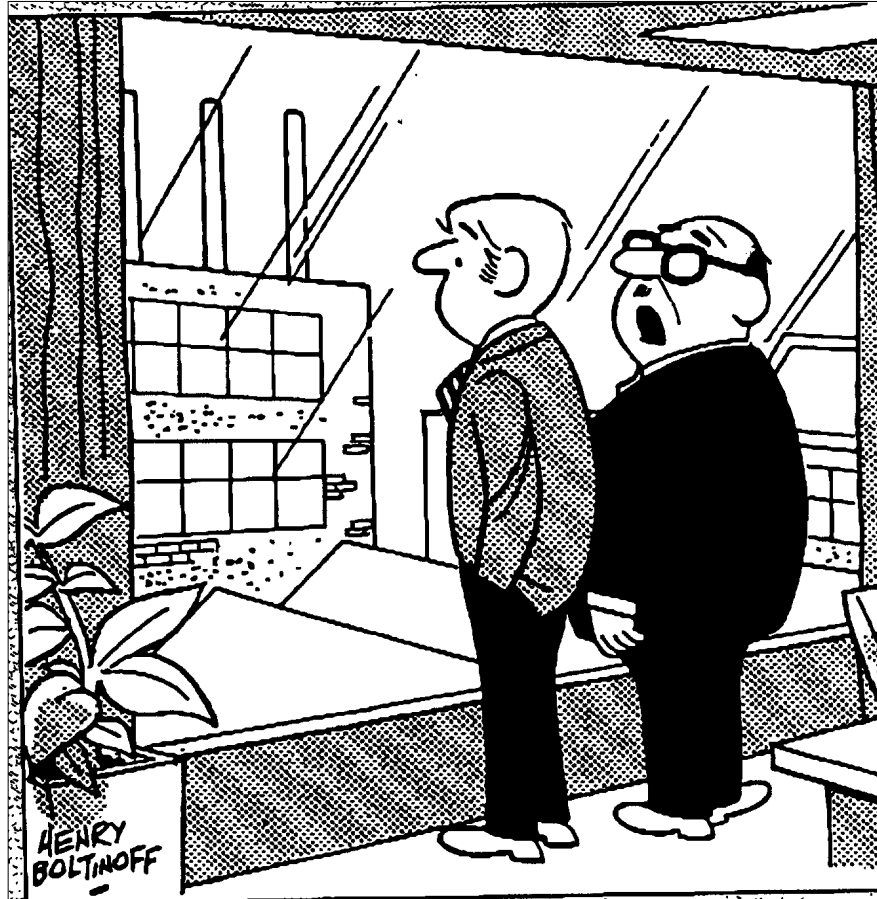
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# WORKING IT OUT



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Someday, Son, this will all be yours -  
unless I can come up with a better solution

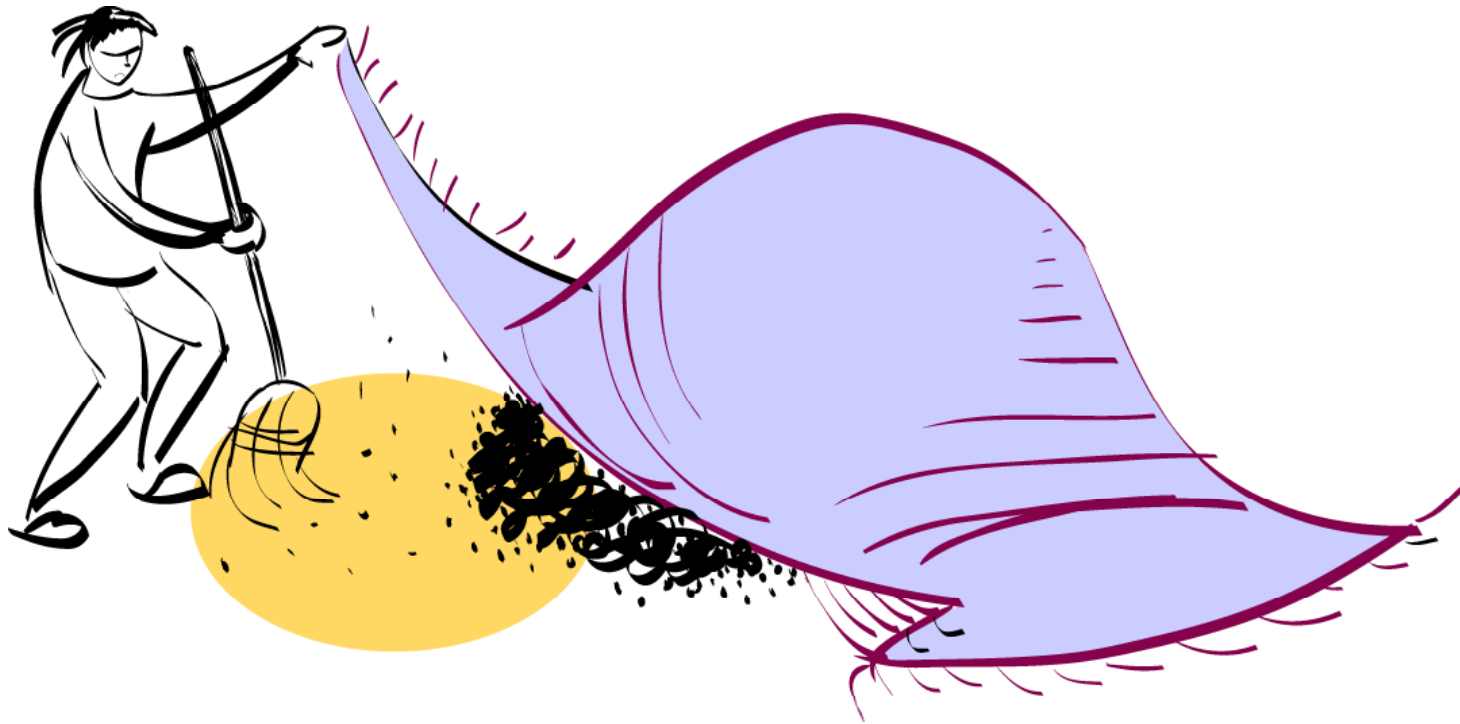


# CONNECTING THE FAMILY TO THE BUSINESS



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# Creating Family Unity: *The Traditional Way*



# Creating Family Unity : *The New Way*



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# Connecting the Family

- Addressing the issues
- Create a family “governance” structure
  - Possibly draw up a Family Constitution
  - Possibly establish a Family Council
- Maintain regular communication - retreats
- Spend quality time together
- Monitor progress



# FAMILY CONSTITUTIONS



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# Why Have a Constitution?

- Retains clear culture
- Avoids conflicts
  - Clarity
- Gives a clear message to family & staff
- Sets expectations at an appropriate level



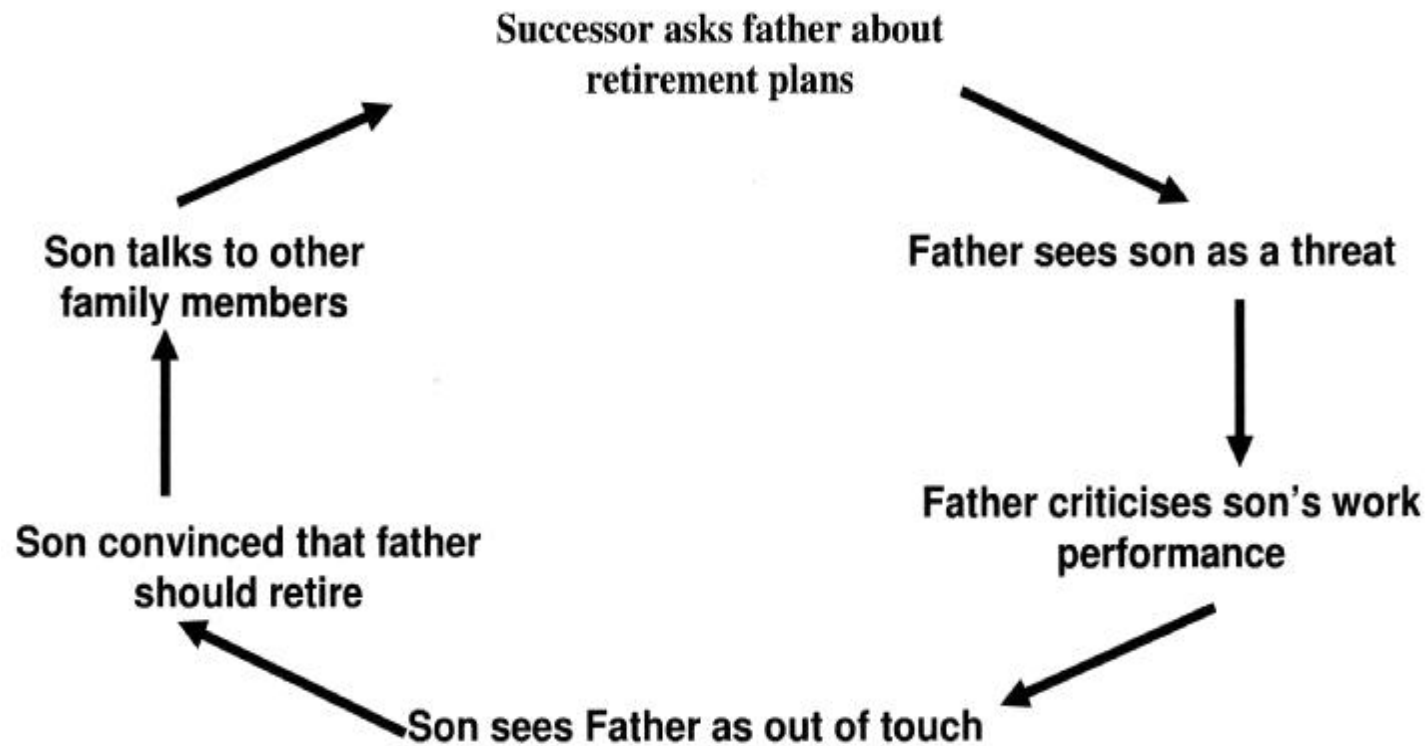


**As far as we can tell, the only thing keeping you alive is the realisation that your son would inherit the business.**



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# EXAMPLE OF THE COMPLEXITY IN THE FAMILY SYSTEM





# Institutional Effectiveness

- Governance requirements for the mature family business
  - Balanced and Professional Board
  - Strong Executive Team
  - Aligned Leadership
  - One Family Voice
  - Enlightened Ownership



A thought.....

- 'We do not inherit the business from our parents but we borrow it from our children'

Hermes Family



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# A Family Constitution

- Family vision
- Family and Business values
- Ethical guidelines
- Non - family managers
- Voting & share ownership
- Board of Directors and their power
- "Family" job specifications and remuneration
- Performance appraisal



# A Family Constitution (cont'd)

- Establishment of family council if appropriate
- Communication
- Position of in - laws
- Requirements before joining
- Procedure for amendment of Constitution





**Someday, Son, all this will be yours - assuming I  
can get my father to give it to me**



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# FAMILY COUNCIL

## WHAT IS IT FOR?



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# Family Council - Activities

- Set agenda and organise forum / family meetings
- Review / update family constitution
- Recommend education plans
- Arbitrate in disputes
- Family entry to business
- Family disciplinary
- Benefits / pensions

**Must have a clear mandate to avoid conflict with Board**





## Questions and Answers



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# Case Study

## NOTCUTTS

*Helping Gardeners Since 1897*

Interview Between:

William Notcutt, Group MD, Notcutts

and

Andrew Beale, MD, Beales Hotels



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# VIDEO



# The Notcutt Family Retreat

27-28 November 2005

## AGENDA

### Sunday 27 November

- 10.00am Introductions, opening remarks, objectives of meeting, ground rules etc
- 10.45 Overview of governance structure – opening discussions
- 11.15 Family Council
- purpose and role
  - membership and chair
  - meetings
  - decision making
- 1.00pm Lunch
- 2.00 The Board of Notcutts Ltd
- membership
  - non-executive directors
  - family directors



3.15pm	Afternoon Tea
3.45	Family employment
4.45	Charitable donations
5.15	Contingency Time
5.30	Close

### **Monday 28 November**

9.00am	Thoughts from the previous day
9.30	Family vision and values
10.45	Coffee Break
11.15	Share ownership
	- principles of ownership
	- sales/transfers
	- dividends
1.00pm	Lunch
2.00	Communication
2.30	Family socials
3.00	Contingency time
3.30	Close and Afternoon Tea



# THE NOTCUTT FAMILY CONSTITUTION

## CONTENTS

1.	INTRODUCTION AND DEFINITIONS.....	2
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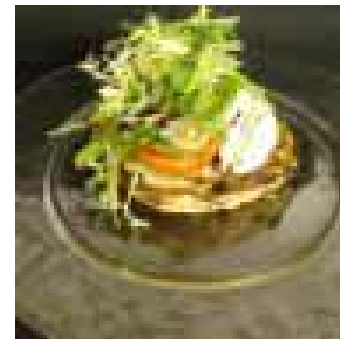
## Questions and Answers



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# Buffet Lunch





# Beales Hotels

## The Next Steps to Decide Upon:

1. **Family Constitution** – Do we want one?
2. If yes, should we have outside help on it?
3. Do we need a **Retreat** to be able to debate all the issues in our Constitution or shall I send around a draft for consideration based on the Notcutt's model?
4. Do we need a **Family Council**?
5. What is the timescale, bearing in mind shareholder meeting on 3<sup>rd</sup> April and AGM on 18<sup>th</sup> September?



# Summary of Today

1. Reminder of the AGM Presentation
2. Overview of Family Businesses and why they are different
3. Notcutt's Case Study
4. Key Questions Asked
  - Family Constitution
  - Retreat
  - Family Council
  - Timescale for all of the above



**And, finally.....**

**Thank you for coming**

**Safe Journey Home!**



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