

# Keeping a perspective on low prices

John Bowler is celebrating his 30th year in the egg franchise business this year. But with free-range eggs currently in surplus, does he fear the steam is running out of the market? *Scott Casey reports*

John Bowler has spent the past 30 years offering franchises to would-be free-range egg producers, helping to fuel the rapid expansion of a sector which now accounts for over half the retail market.

But the signs are that the market has moved into surplus and many free-range businesses are looking at significantly smaller margins than they might have once anticipated.

The message from Mr Bowler, however, is that they should not panic. "We are coming into a time of egg surplus and it's difficult to understand if this is a temporary blip caused by the usual summer decrease in demand, or something more serious."

"This may come as a shock to some, but it's no shock to many in the trade because I have seen it all before. The immediate effect of low egg prices is that it normally knocks out the inefficient producers and those who do not have their finances soundly structured. Also, many producers with older units and no borrowings can stand down their units and not restock until prices have recovered."

"But I feel the free-range market is here to stay and demand will continue to grow. New enquirers become so concerned about the current prices, whereas most will not be coming into production for at least a year, even if they sign up today. My advice to them is keep

going, get your planning permission and then review the situation before you make a firm commitment to proceed any further."

Egg producers should also keep the current low prices in perspective, says Mr Bowler. "This is nothing new. If another major retailer were to decide to use only free-range eggs in their processed foods, this could absorb the surplus and possibly all of Bowlers' production."

## THE BOWLER STORY

Despite the market uncertainty, Mr Bowler still takes a fierce pride in his business, which developed piecemeal from his original occupation as a grain merchant, selling feed and pullets in the early 1980s.

The business is now one of the UK's largest free-range egg franchising operations. There are more than 150 franchisees in England and Wales, with another two farms in Scotland, one awaiting planning approval and the other still on the drawing board, but expected to begin producing eggs within the next 12 months.

"It just evolved by accident, I didn't even realise I was franchising until somebody explained it to me," Mr Bowler said. "Then the free-range boom came along and people asked me to sell them a chicken house, take their old hens or even sell their eggs for them."

The original operation began in a house near the village of Hilton, close to Derby, and quickly ex-



John Bowler with his daughter Lucie on their flagship operation, Betty's Farm, near Derby.

panded to fill every room, before extending to another house across the road, with desks piled into bedrooms.

Today the company is managed from a steel and glass-covered converted farm shed, close to those original houses, providing support for producers from the far south of Wales right up to the north of Cumbria.

At the Bowler showpiece Betty's Farm in Derbyshire, the smell of the woodland, the bright green ranges and the wooden-walled laying sheds give the appearance of an alpine retreat. It truly is a poultry farmer's IKEA.

Attention to detail, coupled with

a homogenous, yet adaptable system, makes it easy to imagine your own operation and goes a long way to explaining the popularity of the franchises.

## FINANCIAL PLANNING

Long before today's rustic-looking sheds were even imagined, Bowler's faced hard times during the disastrous Edwina Currie salmonella scare of the late 1980s.

This experience led to the formation of the company's ideology – that everything must be based on solid financial planning.

"Once we were like some firms are today. We were quite happy to take the money, but did not bother too much about the franchisees' viability, efficacy and production data," Mr Bowler said.

"But if you want to ride the bad times, as well as the good, you have

to be efficient and structured within a good financial model.

"That is what makes us different. We refuse a lot of people (about one a week) a franchise, because we think they are not going to be financially viable. If there's a bad time in free range, then we expect to be there when others are not."

To prepare its producers, Bowler's hasn't cut any corners, employing Mick Thomas, ex-NatWest agricultural banking specialist, who advises prospective farmers on the ins and outs of establishing a successful agricultural business.

Mr Thomas sets out specific funding plans for the planning and construction phase, the establishment phase when pullets are brought in, the first four flocks and then a broad 25-year business plan.

"In the current climate, the banks want a lot of quite detailed informa-

## What's the future for John Bowler?

After 30 years in the hot seat, Mr Bowler doesn't see himself fading from the forefront of the business which bears his name.

"I can never see myself retiring as such. Even when I'm on holiday I'm always thinking and keeping in touch. When you have a big company, you get a lot of responsibility. There are about 10 companies here all working together; transport, infrastructure, building, pullets, old hens. They are like a clock with cogs all linked together. If one stops they all stop."

"Now I just try to manage my management," he said. "I still work as hard as most people, but I do it at half the pace."

tion," Mr Thomas said. "Part of my job is to sit down on a one-to-one basis and tell them what their personal situation is and ask the producer how it is going to work for them."

"We spend a lot of time at this initial stage making sure it's suitable for our producers rather than anyone else."

## OPERATION

Once funding has been organised other experts at the business get busy surveying the land, writing planning applications, designing the shed, arranging for equipment and pullets to be delivered, ordering feed and arranging egg collections.

Partly due to this efficiency, and the demand from a rapidly growing industry, John Bowler's Eggs has been opening a new 12,000-bird shed every 10 working days in recent times.

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## BUT WHAT OF THE FUTURE?

With signs emerging that the UK free-range market could be reaching maturity, plans are afoot for Bowler's to expand internationally, with the prime candidate being the birthplace of franchising, the USA.

"We've looked at going into America, but we've had a job just keeping up with UK demand," Mr Bowler said. "But if the market slows down over here then we will go over there."

Bowler's is also planning to offer more technology to its customers, such as renewable power generation and an in-house designed computer control system.

Despite efforts by the company to keep it low profile, the renewables programme has expanded quickly. "It's taking off a bit too fast and we are getting plenty of business without publicising it. But we need to build bigger infrastructure to cater for mass expansion," Mr Bowler said.

The new computer control system, known as The BOX, provides farmers with the ability to control sheds from their laptop or mobile phone and automate some functions.

As well as allowing remote access to operations, the machine will also collect a wealth of data on flocks, helping farmers to react quickly to issues with equipment and machinery, reach optimum production levels and meet legal record-keeping obligations.

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