

## Family Business Newsletter

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# Case Study: Beales Hotels - Eight generations of minding our own business

As many family businesses grapple with the complexities of transition from the first generation to the second generation and second generation to the third, you will no doubt be interested in Andrew Beale's story of his family's business Beales Hotel Limited based in the South East and the effect of the diverse generations and their impact on the business, the challenges faced, decisions made and lessons learnt as they transitioned through eight generations and the hopes for the ninth generation. Andrew is an eighth generation family member of the business and its current Managing Director and this is his story:



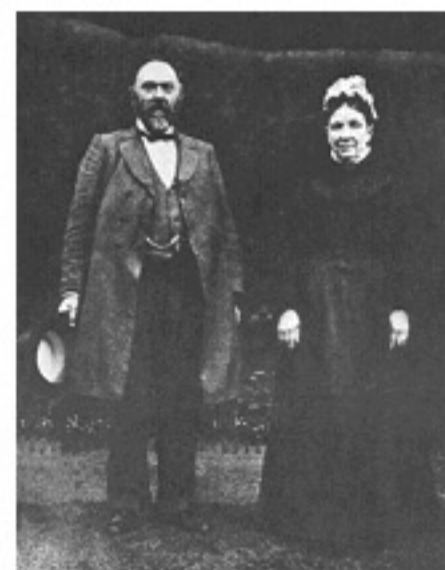
We are an eighth generation family business, having started as bakers in Oxford Street in 1769 when the **first** John Beale moved from the family home in Hertfordshire to the bright lights of London. He was succeeded by **2 more generations** of the family with bakers premises in Oxford Street, Wigmore Street and in Islington.

In every long term family business there are certain generations that make their mark, and the **fourth generation** William Beale was one such person. A typical proud Victorian businessman, popular, forward looking, ambitious and a very public figure.

He moved the business into large new premises in Holloway Road, branched out into catering, restaurants, groceries, as well as the core bakery business. He even created electricity in the basement, and sold the excess to other local businesses and homes in the area!

### Growth aspirations - floatation

Pride comes before a fall and William was a proud man who, in 1890 tried to float the company with a public offering of shares, but only received the universal derision of the Financial and National papers of the time: it was a complete failure and the greatest humiliation for William Beale. It was certainly an event that I believe has haunted the company ever since and perhaps made us over cautious of going public.



### Cousin rivalry and impact on the business

The dynamic fourth generation was followed by the antithesis of William - **the fifth generation** William, Thomas, and Archibald who spent 30 years arguing over petty issues, inter-departmental transfers etc - a feud which culminated in 1927 with the voting off the board of Archie by his own brothers and fellow shareholders. The company effectively stayed still during all these years, and its fortunes declined.

### Time of harmony

Along came a much more impressive **sixth generation** - my grandfather Edward Beale and his brother John - opposite character types - Edward, like his Grandfather William Beale, the public figure, on every committee, proud and ambitious, while his brother John Beale was the quieter one who got on with the job while his brother was changing the world. The company changed out of all recognition on their watch and grew in prosperity and influence.

### Drive, vision and foresight for a profitable future

My father Trevor was the only Beale in the **seventh generation** and capably moved the company completely away from baking and purely into hotels, a path we have followed ever since. His achievements included making our West Lodge Park Hotel four stars, and setting up wonderful chamber music concerts which carry on to this day. His care for the staff was notable, and although he retired in 1999, he continues to entertain his staff to lunches at the hotels. Needless to say, everyone adores him.

### Allowing the time to consolidate on past success and investing in the future

I am also the only Beale in the company in this, the **eighth generation**. I have carried on the good work of all those previous generations while at the same time bringing some solid changes to the business, including notably the £5.5M investment in the stunning Beales Hotel in Hatfield, and the award of a total of four AA rosettes for our cuisine as well as becoming national champions in the 2008 Sustainable City Award and runner up in the National Coutts Prize for family business 2008.

The **ninth generation** consists of 5 children aged from 14 to 8, and 4 first cousins. I have no idea at this stage how the succession will pan out but will make an effort to involve as many of the next generation who wish to be actively involved within the confines of a relatively small business with an annual turnover of no more than £7M.

### Where we are today

Like any family business of this longevity (we believe we are the second oldest family business in London and the south east that is still fully owned and managed by the family) we have had huge setbacks, great success, and periods of relative calm.

We could have done more, become bigger, and maybe become richer in the process, but have chosen a relatively conservative route of keeping the ownership tight, the borrowing low, the focus local, the growth organic, and the daily management of the business under the close attention of each successive generation.

**In conclusion** it may be a rather old fashioned view in these days of private equity and venture capital with their ludicrous time horizons of no more than three years, but it is one I am happy to subscribe to. I will be thoroughly delighted to see the ninth and tenth generations take their turn in this wonderful family business.

Andrew Beale – Managing Director of Beales Hotels – West Lodge Park & Hatfield, Herts. [www.bealeshotels.co.uk](http://www.bealeshotels.co.uk)

For more information please contact [andrewbeale@bealeshotels.co.uk](mailto:andrewbeale@bealeshotels.co.uk) or [sally.brett@bdo.co.uk](mailto:sally.brett@bdo.co.uk)



9th Generation? (3 children, 2 step-children, 5 first cousins – all aged from 14 down to 1!)

BEALES HOTEL

**“...My great uncle John Beale wrote in 1972 “We never really expected to see the colour of our money. A family business is something of a sacred trust. It is not to be exploited for the benefit of one generation...”**