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06

Colum O'Sullivan

Cully & Sully Ltd



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Hungry for Success

Reflecting on his background and career to date, Colum O'Sullivan realises that he was always going to set up his own business. The fascination was evident from a very young age; when asked what they wanted to be when they grew up, his siblings and cousins planned to be professional football stars and legendary rock-stars but six year old Colum's response was that he wanted to be Managing Director of Coca Cola world-wide! His twin passions of food and business come across when he speaks about the rollercoaster ride he has experienced since setting up Cully & Sully with his business partner and lifelong friend, Cullen Allen. The company, named after the nicknames of the two founders, was established in 2003 with the aim of supplying a range of high quality prepared meals to retail outlets throughout Ireland. After a lead in time to plan the business, the company launched its premium ready meals onto supermarket shelves in the summer of 2004, marketed under the brand name "Cully & Sully."

Colum's background and early career

In a lilting Cork accent, Colum tells an amazing story of how a childhood fascination with business has become a reality. Listening to Colum, you soon realise that the combination of food and business runs in the blood – both in his and that of Cullen. Colum's mother set up in business over a decade ago selling premium prepared meals from her Granary Foodstore in Midleton, Cork. Colum believes business is in his genes – his maternal grandfather was a successful businessman, his mother ran her own food business and although his father is not a "traditional" entrepreneur, he has established a successful dental practice. His partner Cullen is a grandson of Myrtle Allen of Ballymaloe House, the renowned restaurant and guesthouse, and one of numerous enterprises run by members of the Allen family including Ireland's best known and longest established private cookery school.

Colum was not academically inclined, but having been told by a teacher that he would not see the gates of a university, he decided to prove them wrong. He never considered doing a pure business course as an option. This was backed up by advice he got from business people whom Colum came across in family circles. Their advice, and his gut instinct, was that any practical subject combined with business would be a runner. As a result, Colum studied Food Science in University College Cork, although in Colum's words, the degree was more about Food Business than Science. While in college he made an observation about his mother's customers. They were not the traditional ready meal consumer who were cash-rich time-poor; rather they were cash-rich time-rich consumers who were seeking good quality ready meals. They had the time to go to specialist shops to buy such products on the occasions they did not want to cook.

After graduation, Colum spent a year at Dairygold before joining the Musgrave Group Graduate Trainee Programme. His interest and skills in business ensured that he moved quickly from grass-roots experience in the SuperValu and Cash and Carry side of the business, through Key Account Management (working on major national accounts such as Texaco, Eason and Shell), into the strategy group within the company, and onto the Advanced Management Programme. After five years he became a Business Development Manager for the group, with a sales team reporting to him. In this position, he played a role in the cultural and strategic changes that the company was undergoing at the time.

Despite struggling with maths at school, his experience in the Musgrave Group and his determination to learn what he needed to know to be successful in business, enabled him to deal with business figures. He claims that essentially

understanding the figures is not rocket science: *"either you are making money or not and if you are not, then get out"* is the maxim Colum follows. He attributes much of his business awareness and knowledge to the broad training and exposure to business that he got within the Musgrave Group. He has high praise for the company's training and development programme and the strong culture of empowerment, which he genuinely feels has contributed to his business success today.

Finding and developing the business opportunity

Throughout college, Colum and Cullen had always talked about setting up a business together and during his time in the Musgrave Group, Colum continued 'plotting and scheming' about potential business opportunities. Food was the obvious sector, given both their backgrounds and Colum's subsequent experience in the Musgrave Group. Their discussions on a business idea kept coming back to producing a premium quality ready meal for sale in supermarkets. Fortunately they possessed complementary skills for such a venture. Colum with his expertise and experience in retail, logistics and finance, combined with Cullen's strengths in generating both innovative recipes and new ideas for food services, along with his creative flair, were sure to provide a significant launching pad for Cully & Sully. Around June 2003, they decided to stop talking about it and start planning the business.

The starting point was Bord Bia, given the semi-state's role in the Irish food sector. Fortunately a meeting was easily arranged through a contact in Bord Bia made by Cullen when he was writing a book about local producers of good food in Cork, with his grandmother. This first meeting quickly led to another meeting, and then another, with their project slowly beginning to take on a life of its own. Colum was still employed by the Musgrave Group at this time, so in August 2003, he decided to tell the company of his plans to set up his own business. His honesty with his employer about his plans proved an important move, as the Musgrave Group has since become a supplier of Cully & Sully products and they continue to be an important stakeholder for the company.

From June 2003 until the following Christmas, Colum and Cullen arranged a meeting every single week with someone who might be of help to them in their business. They focused on meeting influential people who had solid business advice and knowledge about the food sector. Colum and Cullen found that tapping into their network of contacts was crucial to the development of the business. Of equal importance to the company's progress was sufficient planning. They worked on a formal business plan from the very start of the project and it evolved (and

continues to evolve) over time; something that Colum views as key to the company's development. As they talked to different people, they adjusted, focussed and streamlined their ideas into a concise, professional and dynamic business plan. This, underpinned by their combined knowledge of the food retail sector and the brand association with Ballymaloe House, helped to offset the risky picture of two young guys going into a notoriously difficult sector with no money, no experience of running their own business and going up against the giant in the ready meal market, Kerry Group.

Colum believes that the work they put into their business plan was vital to establishing a strong company and he recalls spending about five hours a week working on it in the time leading up to the start up. The well coined phrase "if you fail to plan then plan to fail" comes to mind when considering the amount of time spent by the business partners in researching the product and formulating the plan. Planning is the most basic of all business functions and it is obvious that Colum and Cullen treated their research and planning with the time and energy that it deserved. The benefits of their carefully researched and executed business plan are numerous – it established the viability of the project, it defined realistic goals and intermediate targets, and it was persuasive in bringing other stakeholders on board.

The company was set up with an equal shareholding and registered in September 2003. After months of talking, detailed planning and researching, and clever development and use of contacts, their premium ready meals were launched onto supermarket shelves in the summer of 2004. Starting with supplying Centra and SuperValu through the Musgrave Group, they quickly expanded into Spar, Superquinn, Dunnes Stores, Costcutters and so on. They took a decision from the start not to give any retailer exclusivity as some brands have done. Colum cites this as one of their good moves, as it gives them greater market exposure and spreads the business risk. The only large supermarket chain they do not supply to is Tesco, as they already have their own premium brand of ready meals.

Business challenges at start up

Predicting demand was one of the biggest challenges they faced at the outset and this is always an issue. It would be remiss of Cully & Sully to assume past performance is an indicator of future demand as demand for this type of product rarely stands still with the consumer becoming ever more sophisticated. As Colum observes: *"There is no exact science behind managing volumes – you guess the demand levels until you become familiar enough, through research and experience with the market,*

to predict them with any kind of accuracy." The difficulty in predicting demand is not a problem faced by small businesses alone. Colum explains that building a new market in the food segment is notoriously difficult, even for the big players. For example, when Tesco launched premium ready meals, Tesco's Finest, in Ireland, their wastage levels were high. To absorb these costs you have to have deep pockets. Cully & Sully simply did not have that kind of cash, so they had to search for a solution which would give them high quality food products, with a shelf life of more than a few days, and *without* using artificial preservatives and additives.

Their quest to find a solution led them to consider their approach to manufacturing. Their initial idea was to set up a manufacturing plant, given Cullen's background in cooking. Like many of their key business decisions, their final decision, to outsource to a manufacturer in France, was based on advice they got from a contact. Their contact told them that if they manufactured themselves, they were likely to fold within two months and that they should find the best manufacturer out there and use them. Despite their initial aspirations they quickly realised that while manufacturing for 100 shops might have been a possibility, doing so for 500 - 1,000 shops, while maintaining premium quality, would require a very different manufacturing facility. As they had made the decision to sell to as many customers as possible, they looked to outsource manufacturing. Cully & Sully has determined its core functions as being recipe development, strategic planning, distribution management and new product/business development. The company has decided to outsource manufacturing to an external provider because of the routine nature of the activity and the fact that it can be performed more efficiently by outside vendors. However the company is also conscious that outsourcing does not mean they should ignore issues in the manufacturing process - it does not totally relieve them of the concerns associated with the ongoing quality of the product, value for money and other related issues.

The discussion on outsourcing manufacturing raised another key issue - which cooking method should they use? A premium quality ready meal, and one that would get the Ballymaloe seal of approval, had to have high quality ingredients and be free of any artificial additives and preservatives. So the next major challenge was finding a way to produce a product with these attributes but which also had the necessary supermarket shelf-life. Talking to more people from their network of contacts, particularly the staff at UCC's Food Science department, led them to Dr Ronan Gormley of the Ashtown Food Research Centre, Teagasc, who is the Irish guru on "sous vide," the cooking concept that would meet their needs. Sous vide literally translates as "under vacuum." It is a cooking method developed in the

1970s where food is vacuum sealed in plastic and then steam cooked. As a result, the flavours from the food are not lost in the cooking process and, as there is no air inside the vacuum, the food can have a very long shelf life. It is an expensive cooking method, but it provided the solution that they were looking for.

The next step was to head to France to find out all about sous vide, as the cooking method is more widely used there than in Ireland. Before making the trip, they asked a friend from Bewley's who was going to France to source croissants, to bring back as many ready meals from French supermarkets as possible. Equipped with a cool box, he brought back a varied selection of ready meals, with, to the amazement of the two business partners, repeated endorsements from three different Michelin Star chefs. This interested them greatly as these were chefs with good reputations who would not put their name to an inferior product. The French ready meals were taste tested – and declared to be quite good – by various members of the Allen family at Ballymaloe. So Colum and Cullen contacted the companies that were doing the manufacturing and took a week's holidays from work to go to France. Colum acknowledges that again, the combination of somebody from a restaurant background (especially one with the credibility of Ballymaloe) and someone who understood retail and had a business mind, caught the interest of the companies and made setting up meetings much easier. However Colum is in no doubt that even without these advantages, their determination, passion and perseverance would have won out in the end.

The partners were fascinated that these manufacturing companies employed Michelin Star chefs full time every day, something they had never encountered before. Indeed the entire culture of the companies fascinated them; chefs were managing directors and vice versa, and chefs had meaningful, productive business meetings with business people. Colum found excellent business people in the manufacturing facilities who also had a genuine interest and passion for food – a combination which appealed greatly to him. This feeling turned out to be mutual, and after many meetings and much time teasing out the details, it was agreed that the product would be manufactured in France to Ballymaloe recipes, be collected from the plant on Friday morning, and be in the warehouse in Ireland by 6.30 on Saturday morning, ready for distribution to Irish retailers. They were on their way!

It is worth noting that Ballymaloe House was very slow to get involved in the start up. Despite the enthusiasm of the two business partners, their ready meals were at the opposite end of the scale to the Ballymaloe product. While they wanted to help in whatever way they could, for a long time the

Ballymaloe team could not see how they could put their name to what Colum and Cullen were planning. Two things turned that around – firstly, various members of the Allen family went to France and tasted the food and secondly, the French sourced little ceramic bowls which the meals come in, adding another premium feature to the product. Once the quality was guaranteed, Ballymaloe were happy to endorse the product.

The company's decision to engage in extensive marketing research proved challenging at first but has paid dividends in the long run. The recipes were tested by potential consumers in supermarkets through in-store promotions. Research was conducted on the company's brand, Cully & Sully, and focus groups were established to discuss the company's business, branding and packaging. Although time consuming, this ensured they were launching the best possible product into the market.

Colum did not see finance as something to get worked up about. He had other things to worry about and he was always convinced he would get the money some way. By process of elimination, bank funding was their option of choice. Colum was advised to avoid bank managers at local level, as in general they do not have the authority to make a decision on large-scale finance. So, again through contacts, Colum found out who were the key people in the main banks at head office level and arranged meetings with them. They went in well prepared with the business plan, their credentials and sample packaging: *"Something to feel and hold always goes down well"* advises Colum. Based on these meetings, Cully & Sully was offered money by all of the major banks. They decided to go with Bank of Ireland and have built up a good relationship with them. At the same time every cent goes back into the business and cash reserves are not being built up. Given the competitive nature of the industry, the partners have gone to great lengths not to reveal any financial information about the company. Turnover is believed to be approximately €1m and Colum acknowledges that the business is still high risk and will stay that way for some time to come.

These challenges, and all the other issues such as distribution, packaging, branding and of course finance, were evolving at the same time and often Colum felt he and Cullen were ducking and diving, telling people that certain things were already in place, then trying to ensure that they actually were. Eventually, in January 2004, after a lot of planning, the partners felt ready to commit full-time to the business. Colum resigned from the Musgrave Group and the next few months were spent pulling all the factors together and preparing for the product launch in the summer of 2004.

Being an entrepreneur

Despite demonstrating entrepreneurial traits, Colum claims to hate the word 'entrepreneur' and hates being called one. His belief is that you simply have the desire to set up a business or not; if you have the desire, you just go ahead and do it. He feels it is what he was always going to do and now that he has done it, he loves it. Occasionally Colum asks himself if he would rather be back in an office, but even on his worst days, he acknowledges that he could not deal with that. Colum firmly believes that if the business went belly up in the morning he would set something else up and would find some way of doing it. In fact, he might move on from the business at some stage in the future anyway, as he feels business owners should strive for a business model which allows them to set up the business, evolve and grow it and once it is running successfully, move on to a new project and let somebody else manage it.

Colum acknowledges that one of his weaknesses is in managing staff: *"I have to do a certain amount of managing staff but I prefer to manage skilled people who are motivated rather than people who don't really want to work. So whatever I can sub-contract at that level is gone."* This is one of the reasons they have a small team in the company (three employees in addition to the two owners) and outsource as much as possible. The manufacturing is obviously outsourced, as is distribution, and this suits Colum's business approach. *"If someone is not on the line this morning making shepherd's pie, I don't care, I don't get a phone call about that. If the van driver that goes to Dunnes every day is sick, I don't care, I don't get a phone call. It is their job [the manufacturer and the distributor] to find someone - if they don't get the product there they don't get the work"* says Colum honestly. The company's approach to outsourcing also arises from one of Colum's key indicators of business success. He believes that a business is not a business unless the owner can step outside it for at least two weeks while it continues to run itself. After only two years in operation, he feels confident that he could probably take four months away from the business without any negative impact.

Colum is a firm believer in building relationships and bringing people along. He sees talking openly and honestly to people as one of the factors critical to their business. Before starting the business, Colum and Cullen sought and got lots of advice from people, something they continue to do today, *"Remember that you don't know it all and don't be afraid to keep asking the questions,"* advises Colum. He found that people are incredibly generous with their time and were happy to meet with them. Colum firmly believes that this is one of the reasons they have got this far with the business. He sees immeasurable resources in people: *"These are*

people who have made mistakes and who know what they are talking about," says Colum. He cannot understand business people who stay closed and do not talk to others. What does impress him however, is smart people, not in an academic sense, but who have vision and who can communicate that vision. These people know what they want, they may not be sure exactly what it looks like but they have an idea, and can bring people along with that idea. Perseverance with the idea is essential. He makes every effort to build relationships with people. He thoroughly enjoys working with people that have drive; who want to go somewhere, and are prepared to do the work to get there. He looks for energy and creativity in the people he works with. He adopts a mentor / coaching style with his team, again something he experienced in the Musgrave Group. He believes ambition is one of the personality traits that contributes to success. The business section of the paper is what he reads first, and his heroes are legends of business such as Richard Branson and Tony O'Reilly.

Colum believes his innovative approach to business is crucial to making the business distinctive - the original meal range is contained in a ceramic bowl instead of the usual black plastic dishes; it is boxed in black packaging which is unusual in supermarket chilled convenience foods; and they have never spent any money on marketing, but work hard at generating coverage in the media. A lot of the distinctive packaging comes from Cullen's creative flair. He studied art and sculpture at the Crawford College of Art and Design in Cork.

Colum is driven and impatient, and motivated by the desire to succeed on a big scale; he is not aiming to turn over just a few million. Business fascinated him from an early age. He always admired business people who had mobile phones and big cars, but for him the goal is not the money; it is about getting there, succeeding and above all, the journey. He also loves the freedom that having his own business provides; he loves doing so many different things, being in so many different places and pulling it all together.

Expanding the product range

The company currently provides a range of premium convenience meals to supermarkets and also to pubs. While selling to supermarkets was an obvious path to the consumer, the Cully & Sully pub concept is treading new water. Colum wanted to establish a brand in food services, which had not been successfully done before. Furthermore, they opted not to go through the traditional channels, such as linking with the Licensed Vintners Association (LVA). They took out a very large advertisement in the Vintners' Magazine, deliberately making the company appear larger than it is, and invited pubs to sell their meals. Essentially, the publican buys a specially

Industry Profile

Chilled Ready Meals Sector

Cully & Sully's market sector is in the chilled foods, pre-made meals sub sector. The chilled foods market segment is currently experiencing the most dynamic and accelerated growth of the sector. Research¹ by the Teagasc Ashtown Food Research Centre cites numerous drivers of demand for ready meals which include;

- Attractive convenience of ready meals
- Increased participation by women in the labour market
- Decline of traditional cooking skills
- Pressures and demands on personal time
- Changing demographics and lifestyle – house size, decrease in time spent on food preparation in favour of leisure interests.

The customer in the chilled food market sector has money to spend, is reasonably well educated so that food ingredients make an impact on purchasing decisions, time-scarce and with an ever changing and demanding palate. Price is generally not an issue, as customers expect to pay more. However, quality and product range are key issues. Consumers' perception is that chilled meals are fresh, and reasonably healthy. This is reinforced by the strategic location of the chilled aisles in supermarkets².

There are many competitors in the market including Marks & Spencer Foods, Tesco Finest and The Butler's Pantry. Indirect competitors are numerous but pose less of a threat, e.g. frozen foods, canned and dried foods, fast food chains and restaurants, petrol station forecourts and delicatessens.

Challenges for the market segment and the market sector include the following;

- **Commitment to new product development** – high levels of innovation and product development are warranted for launching new products and revamping existing ones.
- **Healthy meals and quality guarantees** – cognisance to be taken of calories, fat content and salt levels in recipes.
- **The consumer** – increase penetration of ready meal consumption in all consumer groups.
- **Price** – focus on the need to become more competitive on pricing strategies.

Company Details:

Company Name: Cully & Sully Ltd

Address: The Hen House, Shanagarry, Co. Cork

Sector: Chilled Ready Meals

Shareholders: Colum O'Sullivan (50%) and Cullen Allen (50%)

Turnover: €1m (approx.)

Staff (including founders): 5

Established in: 2003

Main Products: Premium Chilled Ready Meals for Supermarkets and Pubs

Website: www.cullyandsully.ie

designed microwave which cooks the meals to exactly the right temperature, and they are served in the trademark ceramic bowls on custom made wooden serving boards. Colum believes that having a retail brand first helped greatly in this sector, as publicans have seen the products in supermarkets and in the media. They are now in about 150 pubs in Ireland, and continue to expand their market base. The beauty of the concept is that Cully & Sully get free advertising on a large sign placed outside every pub that their meals are served in. This form of related diversification has worked well and the company is exploring other options for expansion.

The business aim of Cully & Sully is to become one of the top three companies in chilled convenience food in their chosen sectors. The initial vision was to have a range of high quality meals on supermarket shelves and create a brand that sold and was seen to be a success. They have seen this expand into the pub business and will continue to look for new opportunities. Colum does not want to be in Cully & Sully for the rest of his life, however. He has plenty of grand plans which he may or may not complete, but for now he wants to have the option of selling the company in 2010 and he is driving towards that. To its credit Cully & Sully was one of 24 finalists, positioned in the Emerging Entrepreneurs category, selected from a competitive pool of over 150 companies for the Ernst and Young Entrepreneur of the Year 2006.

Colum's main lesson on setting up a business is simple - talk to people: *"Find out whoever the best person is to talk to, pick up the phone and find some way of meeting them. If you don't have a way of meeting with them, basically start talking and come up with one!"* He found that business people are amazingly generous with their time and advice and the beauty of it is that this advice is free. *"Use all possible contacts, think outside the box; get a good mentor and avail of the excellent support structures and agencies available in this country,"* advises Colum. When asked what their biggest success is to date, Colum replies without hesitation: *"The fact that we are still in existence."* He does not feel that they can be described as successful, but anyone who has observed the company's phenomenal growth since start-up would tend to disagree. However, can Cully and Sully continue to meet the challenges facing a growing business? Will it continue to grow in a market that is becoming increasingly more attractive for other companies? These are questions Colum and Cullen need to answer if they are to bring their company on to the next stage of its development.



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¹ Henchion, M. (2000): Meals for Cash Rich, Time Poor Consumers, paper presented at the Teagasc Ready Meals Conference - The Revolution in Convenience, June 2000, Dublin (<http://www.teagasc.ie/publications/readymeals2000/paper01.htm>)

² Mintel (2004): Report on Chilled Ready Meals – UK, May 2004