

# MONTHLY BRIEFING REPORT

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## Introduction

In addition to my [Weekly Briefing Report](#), which remains free of charge, I provide a premium version which includes a subscription to my [Quarterly Briefing Report](#) and [Monthly Briefing Reports](#). You can find details [here](#).

I would value your feedback on topics you would particularly like me to add to my coverage – you can contact me at [peter@peterbackmanfs.com](mailto:peter@peterbackmanfs.com) or 07785 242809.

## An ESG Manifesto for Foodservice - My starting point

Looking at the foodservice sector as a supplier of food for consumers, from the perspective of retail supply (also supplying food for consumers but not with the same operating model and with different consumer expectations), it is easy to categorise foodservice as an 'others' sector. That is, it is not retail and can therefore be viewed as a coherent, 'non-retail' sector.

But it is far more complicated than that of course. Lift the lid on foodservice and it is a complex set of markets - and markets within markets. And while that is its weakness from the supplier's perspective (because it is so complex, and each sector is quite small), its very complexity gives it strength. Just like a rope is very strong even though it is made from weak fibres, it is the arrangement of those fibres and the fact that they reinforce one another that gives the rope its strength. In the same way, the weaknesses of each sector of the foodservice market offset one another and provide a robust eco-system.

And this robustness is, to my mind, no more evident than in the area of ESG – Environmental, Social and Governance – that is very much to the forefront in investment decisions. However I prefer to rename this issue and call it 'Caring for your fellow human beings'.

I have decided to cover this issue in this way, in what is normally a 'business focused' piece, for a couple of reasons. Thirteen years ago, in January 2009, I published my first Quarterly Briefing Report (there was no Monthly Briefing Report then) and in that first edition I noted 'Corporate responsibility, ethical trading and green issues have not gone away – they may be asleep at the moment. A green agenda, in particular, can help the bottom line (once the set up costs have been amortised) by saving on energy, for instance'.

It seems that now is not too soon to revert to this topic. The other reason for writing as I have is that the war in Ukraine, that has upended our world, underlines that we live in a world that places less value on some basic considerations than it should. As you follow me, I hope you will discover that this forms an existential backdrop to what our world of foodservice looks like.

## ESG

It's easy to say, but what does 'Caring for your fellow human beings' actually mean – and what does it mean in practice particularly for the foodservice sector?

I think the first point of note, is that foodservice is basically an ethical business – it's built on offering a friendly, warm, welcoming service coupled with food which, for students of Maslow's hierarchy, is one of the most basic physiological human needs.

That says to me foodservice can be a shiny beacon for other sectors, and for human beings in particular.

Now that's a rose-tinted view of the power of foodservice and I suspect that it doesn't always live up to its promise. But quite often it does and even when it doesn't, it comes closer than most to being a beacon.

But what does all this mean in practical terms? I'll take a look under three headings and in doing so, I'll comment from a personal, and frequently heartfelt, angle.

## People

Let's take people first because, after all, they are hugely important for the foodservice sector – they account for about 40% of its costs, and all jobs from the lowest to the highest have to be done by people. They are therefore probably the most important subject under the ESG heading.

People are, as many companies like to claim, 'our most important asset'. And they really are, even if some companies' claims are somewhat cynical or at least quoted unthinkingly (I'm not pointing the finger at all companies, or even most, but certainly at some).

People need to be treated fairly, and with respect because, firstly, they are fellow human beings (and one should be able to test the question 'Is this how I'd like to be treated?' If the answer is 'no' then a rethink is necessary). And secondly, it's good business practice because people who are treated well will repay the compliment in terms of commitment, they will be easier to recruit, they will be responsive to change, and they will react positively in many other ways too.

People who are treated fairly will (tend to) work harder, be more complimentary about their employer and they will probably be complimentary in the presence of others (their friends who may be potential customers for example).

Here are some things that I put under the heading of 'treating people fairly': not abusing their good nature, certainly not abusing them physically, not requiring them to do unreasonable things or work unreasonable hours, making sure they are adequately paid, and that they are paid on time and in full.

Those are the basics. There are then a host of other desirable practices under the 'treat them fairly' rubric: Explain things to them, keep them in the loop, reward effort in words ('please' and 'thank you'), reward effort financially. Of course the list is almost endless and that merely serves to underline the multiple ways that we all interact with other people.

I would suggest that these things shouldn't be treated as 'extras' but as the core of how we behave. And employers that behave like this are going to earn their ESG brownie points (and, I'd add that in my view, employers who don't behave like this, are going to fail in their ESG endeavour).

Of course, all of the above applies not only to people who are employed but also to customers. But interactions with them probably don't fall within the context of ESG because treating them

fairly, in the ways I've described and others, is just good business practice – and if they aren't treated fairly, they will very swiftly cease to be customers.

And reverting to an earlier point, what is the relevance of this to the war in Ukraine? My answer is that, at its basic (and most banal) level, that war is totally at odds with the idea of concern for one's fellow humans.

### The environment

In 1962, 'Silent Spring' was an outlier. It was the book, written by Rachel Carson, that raised awareness about the environment and how mankind was abusing it. It has taken the sixty years since then to make us all understand how urgent, how necessary it is to start to take proper care of the environment.

The foodservice sector is required to take good notice of the environment for two major reasons. First is that the industry has quite an impact on the environment – from the fuel that powers its ovens, cookers, fridges, heating, and air conditioning to the emissions that it's responsible for. From the fuel used by its suppliers and its customers to the space it takes up on high streets, in the countryside, and in retail parks.

The second reason for taking care for the environment is that such care is aligned with the core values of the foodservice sector. Making people feel wanted is a core value, and that is wrapped up in concern for what makes us function as humans, and therefore recognising the role of the environment in everything we do.

Foodservice operators, in the main, pay attention to some of the core issues surrounding care for the environment. Being fuel efficient for example, or not wasting food (being cynical one can argue that these are useful ways to save costs wrapped up in ESG – but I suspect, for many people in the sector, it amounts to somewhat more than that).

## An ESG Manifesto for Foodservice

### People

Why?

- They account for 40% of foodservice costs
- 'Our most important asset'
- It's good business practice

What?

- Fair and respectful treatment

How?

- Not abusing their good nature
- Not abusing them physically
- Not asking for unreasonable things
- Making sure they are adequately paid
- Paying them on time and in full
- Keep them in the loop
- Reward effort in words
- Reward effort financially.

### The environment

Why?

- Foodservice impacts on the environment: fuel; emissions; space occupied

What?

- Care for the environment is a core value of foodservice

How?

- Being fuel efficient
- Not wasting food
- Sourcing plant-based products
- Using recyclable packaging
- Using environmentally manufactured equipment

### Community

Why?

- Foodservice sector is highly gregarious

What?

- Being a good citizen: locally, nationally; globally

How?

- Care for others
- Concern for the environment
- Being good neighbours
- Concern over the supply chain.
- Transport - fuel efficiency,
- Sourcing food environmentally
- Care for animals, farmers, hunters, growers, herdsman, fishermen

Other factors include sourcing plant-based products as a means of reducing reliance on land, water, and the air – for the good for the environment. Using plant-based products (and therefore not using animals to convert plants into forms that we humans can eat) can reduce this reliance. And care for the environment also extends to the use of reusable / recyclable packaging and equipment (large and small) that is manufactured with environmental-concerns to the fore.

But whatever foodservice operators do under the 'environmental' heading it is important to recognise that environment-saving measures may have spin off effects that are anything but beneficial to the environment. Using recyclable or reusable materials, whether packaging or something else is of no benefit, if the items are not recycled or reused but are perhaps just used as landfill.

Words are one thing – practice is another, and more important, thing

And in doing what it can for the environment, the foodservice sector must somehow help overturn the drastic effects of the war in Ukraine which (like most wars) is using vast amounts of equipment, munitions, and fuel. It is a tragic lesson in not caring for the environment (or much else).

## Community

None of us live in isolation, and the foodservice sector is more gregarious than most sectors. Thus it's important to be a good citizen in terms of the local community, the national community, and the global community.

This is expressed in many ways, but it is built on care for others, and concern for the environment whether the global climate that I have already mentioned or the local environment. And it extends to neighbours, and all of those who are impacted by the activities of the foodservice sector.

An essential part of this spirit of community is demonstrated through the supply chain. I've already mentioned some of the supply factors that impinge on ESG – such as transport fuel efficiency, and sourcing food in an environmentally beneficial way. The whole supply chain, whether involved in processing, manufacturing, warehousing, or distribution, forms a large ecosystem that needs to be treated with care and concern – and which, it is important to note, also has its own ESG responsibilities.

I have also alluded to core values of the foodservice sector including concern for people and the environment. To those core values we can add concern for animals. Making sure they are well treated and are not caused to suffer.

And we should also add the recognition that animals, as well as plants, are tended by farmers and farmworkers, hunters, growers, herdsman, and fishermen, to name just a small number of roles – some are perhaps not far away (maybe within a few miles), others though are in distant countries. They too, need to be treated fairly (just like the 'people' I've already talked about).

It is issues such as these that are worthy of concern under the heading of community.

## Where does this lead us?

ESG is not a box-ticking exercise – or at least it shouldn't be. That is because, as I have demonstrated in my repositioning, it concerns People, the Environment, and our Communal responsibilities.

Care, concern, and fairness are not only core human values, but they are fundamental to the foodservice sector which is, therefore, in a fabulous position to be an example for the wider communities that we live in – local, national, and global.

Foodservice is well placed to right the world's wrongs in care, concern, and fairness. Indeed, I would further argue that if foodservice doesn't practice - and up its practice - in these areas of ESG, its future is at stake.

If you have any comments, or concerns, please contact me on 07785 242809 or at [peter@peterbackmanfs.com](mailto:peter@peterbackmanfs.com)

The remainder of this Monthly Briefing Report contains a very brief summary of corporate activity over the medium and long term that has been reported in the past month.

## News in the month

### Pubs

- Greene King sales were up 41.6% in calendar 2021 versus 2020
- Greene King's destination food brands sales were up 39.5% in calendar 2021 versus 2020
- McManus Pub Company sales were up 11.4% in the year to end July 2021 versus the prior year
- Heartstone Inns sales rose 43% in the year to end April 2021 versus 2020
- St Austell Brewery sales rose 33.2% in calendar 2021 versus 2020

### Hotels

- Scotsman Group sales fell -87.4% in the twelve months to end March 2021 versus the prior year