

MBS Intelligence

Trouble Brewing

A white paper on the future of pub leadership
by The MBS Group





Are pub leadership pipelines running dry?

Historically, major pub companies have had a cadre of “oven-ready” leaders prepared to step into the sector’s most critical leadership roles. In the coming years, pub sector CEOs will start to retire – and it is unclear where the next generation of pub leadership will come from.

This white paper is based on in-depth conversations with pub CEOs, and explores how pub companies should be building leadership strategies for the future.

I hope this paper can be used as a tool to inform succession planning within our thriving pub sector in the UK – before the pipeline of future talent does “run dry”.



Elliott Goldstein
Managing Partner
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At a glance:

- The shrinking number (and prestige) of pub graduate programmes over the last decade has lowered the overall calibre of talent entering and working in the sector
- Leaders at the level below CEO today typically have narrower functional expertise, and more limited general management experience, than their predecessors
- Going forward, there will be a less obvious pipeline of future CEOs from within the sector
- Bringing in leaders from adjacent sectors will be key, in particular hospitality, leisure and retail. Doing so brings fresh thinking in an ever-evolving consumer landscape, but requires leaders to rapidly familiarise themselves with the many operational challenges unique to pubs
- The sector should take action now – as an entire industry, not individual pub companies
- This could include both upskilling and broadening existing talent within the industry to make internal leaders more obvious contenders for the top leadership roles, and working to attract “CEO-ready” talent from elsewhere
- Assessment of candidates should encompass a range of characteristics specific to the pub sector

1 | The 'Big Six' historically grew exceptional leadership for the wider pub sector

The structure of the pub sector has changed in the past thirty years

Until recently, almost all pub leaders followed the same path: entering the sector as a graduate, transitioning through multiple roles (including, almost inevitably, operations) and then rising through the ranks before stepping into MD and CEO positions. This career path in many ways was made possible by the scale, structure and nature of the brewing and pubs industry.

From the 1960s until around the early 1990s, six major brewing companies (the 'Big Six') had a near monopoly over the beer market: Allied Breweries; Bass; Mitchells & Butlers; Courage; Grand Metropolitan; Scottish and Newcastle, and Whitbread dominated the sector, not only brewing the beer, but also owning most of the pubs in the UK. In other words: fully integrated beer businesses.

In 1989, this structure was deemed damaging for competition and the breweries were eventually broken up (of the Big Six, only Whitbread survives in name – and even then, the company has moved away from brewing, and pubs is now only a small part of their business).

The Big Six hosted best-in-class generalist graduate schemes

These graduate schemes covered multiple functions across pubs and brewing. They were highly beneficial to the sector as a whole.

Firstly, as most of the schemes were rotational, they created leaders with a deep and rounded understanding of the pub sector, gained from years of hands-on work in a variety of different functions, from property and operations to finance and marketing. Some leaders also benefitted from working in other elements of hospitality which were owned by the same conglomerates – in particular across hotels, gambling, restaurants, gyms and even retail – and could bring adjacent skills into pubs. In short, a rotational graduate scheme – that exposed leaders to every part of a pub and brewing business – produced very rounded leaders.

Secondly, as most brewers owned pubs, the graduate schemes produced leaders who could transition seamlessly between breweries and pubs. This was especially beneficial once the industry was broken up, as there were trading partners on both sides of the sector who were familiar with each other, and with each other's businesses. Pub "operators" were also familiar with the skill-set of leading brands from their exposure to the brewing sector.

Thirdly – and perhaps most importantly – these were highly prestigious graduate programmes, in many ways as prestigious as the likes of M&S, British Airways, Unilever or banking graduate schemes. Parents and career advisors would actively encourage young people to join one of these graduate programmes – and, as such, the pub sector was able to attract some of the best and brightest talent of its generation into the pub sector.

The impact of these graduate schemes in the 80s and 90s can still be felt on the pub sector today.

► Nick Mackenzie, CEO Greene King:

"When I joined Bass, it was a very well-established programme. I can't remember the exact numbers, but there were probably 30 or 40 new intakes each year. It was a machine, bringing in students from the milkround at university. That's how I joined, after university. I arrived as a property graduate, but there were tons of other streams, which made it easy for graduates to move around – both within the business and the industry. The conglomerates provided so many different opportunities. Whether you were in Bass or Allied or Whitbread, you could do hotels, you could do manufacturing, you could be part of tenanted pubs, you could do managed pubs. Bass owned Coral then as a bookmaker, so you could even learn about that side of things."

The deep impact of Big Six graduate schemes can be felt in the industry today

90%	of CEOs trained at the Big Six
60%	spent most of their career in pubs
80%	spent most of their career in pubs or brewing
Big Six	the CEOs of the two biggest pub companies trained at the Big Six but spent most of their career outside the sector

The table overleaf shows how many leaders in the ten biggest pub companies trained in one of the Big Six breweries. This research demonstrates the deep and lasting impact that these groups had on the sector, and on leadership today.



	No. of sites	CEO	Early training	Adjacent sector experience	Majority of career in pubs?	Trained at Big Six?
Stonegate Group	≈ 4,500	David McDowall	→ Allied Domecq → Bass	→ Hospitality → Leisure	✗	✓
 GREENE KING BURY ST EDMUNDS	≈ 2,700	Nick Mackenzie	→ Bass → Allied Domecq	→ Hospitality → Leisure	✗	✓
 star PUBS & BARS	≈ 2,400	Lawson Mountstevens (MD, Pubs)	→ Grand Metropolitan → Scottish and Newcastle	→ Brewing	✗	✓
 Mitchells & Butlers	≈ 1,700	Phil Urban	→ Grand Metropolitan → Scottish & Newcastle	→ Leisure	✓	✓
 admiral TAVERNS	≈ 1,600	Chris Jowsey	→ NHS Graduate Scheme → Scottish & Newcastle	→ Health → Brewing	✗	✓
 MARSTON'S	≈ 1,550	Andrew Andrea	→ Guinness Brewing → Bass	→ Retail	✓	✓
 PUNCH PUBS & CO	≈ 1,250	Clive Chesser	→ Compass Group	→ FMCG	✓	✗
 J.D. WETHERSPOON	≈ 900	John Hutson	→ Allied Domecq		✓	✓
 FULLER'S	≈ 400	Simon Emeny	→ Bass		✓	✓
 SHEPHERD NEAME BRITAIN'S OLDEST BREWER	≈ 300	Jonathon Swaine (MD, Pubs)	→ Bass	→ Leisure	✓	✓

2 | Changes made in the 1990s have disrupted the talent pipeline of today

We are reaching the end of the leadership pipeline created by traditional graduate schemes

The go-to industry training schools disappeared when the Big Six were broken down, and – as discussed below – they have not been replaced or replicated elsewhere in the industry.

Today, the last cohort of leaders who trained within in Big Six in their heyday are in their mid-fifties. Within the next few years, many will be thinking about retiring or moving into non-executive positions – and the leaders coming up beneath them possibly lack the calibre and breadth historically delivered by these graduate training programmes.

Today, the industry lacks large-scale graduate schemes to train pub-focused talent

Across the ten biggest pub companies in the UK, just two – Young's and Michells & Butlers – run graduate schemes.

Graduates in the 2020s feel a transient population – now unlikely to join a company and stay for a sizeable part of their career. Many CEOs commented that investing in graduates who leave after three or four years has stopped becoming viable. Additionally, this now becomes something of a self-fulfilling prophecy: the fewer pub companies that run grad schemes, the lower the profile and prestige of the pub sector in the grad community – and therefore the harder it is to attract the right calibre of candidates into the programmes in the first place.

Moreover, many pub companies have swapped their graduate schemes for apprenticeship programmes designed to rightly increase social mobility, or recruitment initiatives aimed at driving up ethnic and gender diversity. These sorts of programmes are, of course, critical to the industry, but dropping schemes designed specifically for future managers has left lasting mark on the leadership landscape.

► Pub CEO:

"You put in masses of resource – both internal people power and costing – into graduate schemes. And then most of the cohort leave in three to five years. In this tight cost environment, you're better to hire from other graduate schemes than put in the resource to host one yourself. That's the reality."

The pub sector has a long-term challenges to attract the best talent at every level

Without a new cohort of talent arriving in the sector each year, pubs today must work harder to attract future leaders into the industry. There are a number of ideas about pubs – some misconceptions, some grounded in reality – that need to be addressed. The sector has a poor reputation for diversity, for example, both for women who more often seek flexibility in their roles, and for ethnic minority leaders. There's also an opportunity to better market the many career options within the pubs space, and to communicate that pubs is a good industry for high-potential talent.

► Pub CEO:

"Part of the challenge is that not everyone wants to go and physically work in a pub. People don't want to work evenings, they don't want to work weekends, and they don't want to travel to be an area manager. It's definitely part of the diversity issue. There historically hasn't been a lot of flexibility, particularly in operations roles. But the sector needs forward-thinking leaders who say 'actually, it doesn't matter if you're not in the pub every evening.'"

► David McDowall, CEO Stonegate:

"We want to foster a culture in which people understand the development opportunities in the sector. We should be taking a step back and thinking about how we attract bright, young, talented individuals to start their career with us. And then it's on us as the incumbents to show them the path to success."

3 | The pub sector today isn't generating enough, rounded, future CEOs

Emerging pub leaders today are typically narrower in their approach than previous generations of pub leadership

While pub leaders necessarily have a firm grasp on their specific area or function, pub executives today are less likely to have a deep understanding of the rest of their organisation than those who trained in generalist graduate schemes. This means the 'ready-made' pool of potential CEO candidates from within the sector is smaller today than in previous years.

► Nick Mackenzie, CEO Greene King:

"We find it hard to move people around, actually. You might see people going from operations into central operations, or people from property into development. But you don't see many crossovers or sideways steps – marketing to operations, or operations to finance, for example. I think the breadth of experience has become tighter, it's become more specialised. When talent arrived through graduate schemes, they were afforded a really broad view of the business. This is no longer the case, but we're working on our internal mobility programme to give our team members the opportunity to develop their career within the business."

Pub leaders have had little room to progress – and as a result, the high-performing talent may have left the sector

Historically, pub CEOs have stayed in role for an unusually long time. MBS analysis of the previous generation of pub leaders (who today's CEOs succeeded) found that the average tenure was 11.2 years among this group. This created a 'dead man's shoes' environment, where high-potential future talent could not step up until the incumbent CEO stepped down. As such, there was little room to take on the further responsibility required to be prepared for a future chief executive position, limiting the tier of talent one or two levels below c-suite. Against this backdrop, many of the high-potential talent may have opted to progress their career in another industry with a higher turnover of senior leaders, and thus more opportunity to progress.

► Pub CEO:

"Maybe it's a factor that the 'golden generation' have been on a merry-go-round of jobs in the sector over the last ten years, and they have blocked the way for new talent to come through. Maybe future talent spotted that and went elsewhere. Maybe in some ways the whole thing has been perpetuated by that generation. There's an argument that we need a few of us to move on soon, so businesses can take a chance on new and diverse leaders."

► Pub CEO:

"I've been amazed by how few people are really pushing through the organisation. A lot of them have got jobs because they've served time, not necessarily because they're going to be the leaders of the future."

► Pub CEO:

"There are some great operators in pub companies – but they have perhaps become less creative in recent years."



4 | The sector must identify and grow the next generation of pub talent

Requirements of pub leaders have changed

The industry has evolved considerably since graduate schemes had their heyday, and different kinds of leadership qualities are required. Success today means thinking carefully about customer insight, harnessing technology, and doing right by your people. In this way, pub leadership has become more closely aligned with hospitality leadership more broadly, creating prime conditions for leaders to move from restaurants, cafes and even retail into pubs.

► Kevin Georgel, CEO St Austell Brewery:

“Thinking back, conversation around the Board table used to be about financial engineering, restructuring, deal-making and property – particularly in the larger businesses. And that’s definitely changed. The focus now is on operations, culture, people and creativity. Customer expectations mean that you have to be exceptional, and that requires more entrepreneurialism, and more areas of focus.”

► Nick Mackenzie, CEO Greene King:

“I think hospitality has become more homogenised in terms of the skills that are required. It’s become less about how to clear lines or how to get the ranging right in your pub. It’s now about retailing, customer insight, and understanding your people.”

There are exciting opportunities to hire talent from adjacent consumer sectors...

Leaders from other industries can bring a new approach to problem solving in the pub sector, and bring a greater understanding of areas like digital, data, and customer insight – topics which will be critical to success, but that pubs have historically been slow to embrace.

There are also an increasing number of parallels between pubs and sectors like retail and hospitality, making it easier for talent to make sideways steps.

► Chris Jowsey, CEO Admiral Taverns:

“I think it’s healthy to have both pure pub talent and outside talent. It’s about bringing freshness

of idea. Having a broad foundation in business and commercial management is actually really helpful. If you’re bringing someone in from retail, then multi-site really helps. Pub leaders need to understand how to manage, motivate and inspire hundreds of people across the country, each in a slightly different way. If you’ve got general management and retailing skills, then you should prosper in a large managed pubs company.”

► Kevin Georgel, CEO St Austell Brewery:

“It is really important for pub boards have a good mix of industry and external talent. On the one hand, seasoned pub leaders offer boards extremely relevant perspectives on the specificities of the pub and the hospitality sector. On the other hand, Boards benefit from external perspectives – about four years ago, we brought in Jill Caseberry (former Marketing Director at PepsiCo), who brings understanding of FMCG, marketing and production. Then we hired Karen Hubbard (former CEO of Card Factory, ex ASDA), in part for her retail and digital expertise. The combination of sector and external expertise is hugely powerful.”

► David McDowall, CEO Stonegate:

“I started out in pubs, but went on to do a raft of different things after that. As a result, I have the ability to bring a slightly different retailer’s mindset to the sector. I can look at the standout best bits of retail, and think about how we bring that to pubs – whether it be across pricing, guest experience, digital innovation or data analysis. And this applies across the business. I met a pub manager the other day who had been an Aldi manager. And he was doing a great job. Anecdotally, there are so many more routes into pubs than there used to be.”

► Nick Collins, CEO Loungers:

“External talent brings different perspectives, and different way of doing things. There are definitely service-led hospitality businesses, like Pret, Wagamama and Nando’s that we have learnt a huge amount from as a business over the years – everything from the way they incentivise and retain team members, through to stock systems.

Often excitement and newness in hospitality comes from smaller businesses – they have the best entrepreneurship, and are often closest to the customer. We have looked at some brilliant next generational leaders from smaller, more purpose-led, businesses”

...but also notable challenges

Of course, when hiring from outside the sector, businesses must commit to significant training and onboarding, especially in a sector that is known for being ‘cliquey’. To be a successful CEO, leaders should be able to demonstrate all the qualities listed in section 5.

Interestingly, conversations with CEOs revealed that most leaders with a background outside of pubs take around a year to truly ‘land’ – only slightly longer than homegrown pub talent.

► Pub CEO:

“It can be a difficult sector to come into and integrate, because it can be quite cliquey. A lot of us have been around for a long time, and the networks and friendships are deep-rooted. So, it’s not easy.”

Part of the solution could be bringing leaders back into the sector

Some of the most high-profile pub leadership appointments have been of leaders re-entering the sector. Recent examples include:

- David McDowall, CEO Stonegate (joined BrewDog in 2015 after career in hospitality at G1 Group)
- Nick Mackenzie, CEO Greene King (joined from Merlin Entertainments – having trained in Bass)
- Jonathon Swaine, MD Pubs Shepherd Neame (joined from Rank Group, with a background in pubs)
- Jonathan Lawson, CEO Liberation Group (joined from Vision Express, having spent a period in Greene King in the middle of his career)

Hiring leaders back into the pub sector allows companies to benefit from deep industry experience, while also bringing outside insight. Today, the CEOs of the two biggest pub companies (David McDowall, Stonegate and Nick Mackenzie, Greene King) are leaders who previously left the sector before returning to take up chief executive positions. Notably, they both trained in the Big Six.

Chairs and CEOs can build succession pipelines through sponsorship

Businesses should be thinking urgently about building a pipeline of talent that can step up into the most senior roles. For CEO positions, one solution could be appointing an executive chair who works alongside a newly appointed CEO, without deep sector experience, before giving them greater freedom and responsibility over time:

► Pub CEO:

“Pubs could maybe be doing more to develop their management teams, and looking at leadership teams in a different way to make sure you’ve got those layers and that variety of experience. So if you’ve got a CFO with lots of pub experience, maybe you could run that alongside a CEO with less experience in the pub sector.”

► Nick Collins, CEO Loungers:

“We look to identify people internally and grow them – this will be our best route to long term success from a talent perspective. Cultural fit is hugely important for us – we have an amazing team, who take huge pride in their work – and this is often hard to find when we look outside.”

Where will the leaders of the future come from?

→ Bringing leaders back into the sector

Brings deep industry expertise and external insight. This approach has been taken at Stonegate and Greene King

→ Training homegrown talent

By moving talent outside their function and offering them broader opportunities, pubcos can foster the next generation of pub leaders internally

→ Hiring high-potential junior talent into the sector

Identifying leaders from other sectors with five to ten years’ experience, who can enter the pub industry and gradually progress into more senior leadership roles. Stonegate and Greene King model this approach

→ External hires

Leaders should be able to demonstrate all the qualities listed in section 5

5 | Hiring from outside – what will make a great pub CEO?

Hiring CEOs from outside the pub sector is not without risk. While pubs share characteristics with retail, leisure and hospitality businesses, the pub sector has a very specific set of operational and commercial nuances.

Over and above a traditional CEO selection process, from conversations with tens of pub investors, Chairs and current CEOs, we suggest looking for the following qualities in candidates lined up to enter the sector:

1. Passion for pubs

It is hard to imagine a leader who doesn't love pubs being set up for success. Simply, candidates need to have a real personal passion for the sector – and have spent much of their own leisure time immersed in pub culture:

▶ **Nick Mackenzie, CEO Greene King:**

"If you don't have an affinity with pubs, it can be hard to come in at a senior level. Every time I recruit someone, I'll go and spend a few hours in the pub with them. I'm looking to see how they react – to the people and just to being in that pub environment."

2. Resilience

Running pubs, particularly in today's operational and inflationary environment is simply tough. The out-of-hours operating model of pubs, fueled by alcohol, presents a unique set of operational challenges – with ever increasing customer demands. Only the most resilient leaders are set up for success:

▶ **Chris Jowsey, CEO Admiral Taverns:**

"The pandemic and what came afterwards demonstrated the need for resilience. It's always been a key requirement for pub leaders – even more so now."

3. Agility

The pub world has changed beyond recognition over the past decade, from the quality of the food on offer through to the introduction of digital journeys and customer insights. Successful CEOs of the future will need to exhibit significant agility:

▶ **David McDowall, CEO Stonegate:**

"There's an inherent agility required to navigate what the consumer sector is like now, and what it's going to be like for the next five to ten years. Future pub CEOs will need to have that skillset in spades. And actually, I think you can really get that from a career in retail."

▶ **Chris Jowsey, CEO Admiral Taverns:**

"I think it's really important to be able to flex your style. You need to adapt, and to change to different circumstances. And I think this is probably enhanced by having a broader background."

4. Customer centricity

Pubs have always nuanced their offering to meet the needs of local communities – in part, this is the enduring strength of the leased and tenanted model. However, going forward, the most successful operators will display enhanced customer centricity – and increased localisation of propositions:

▶ **Nick Mackenzie, CEO Greene King:**

"It's become more about retailing, and having a deep understanding of the customer. You need to have a firm grasp on customer service, on customer insight, and on multisite. In many ways it's a lot closer to hospitality more broadly than it has even been before."

5. People centricity

Approximately 450,000 people work in the pub sector in the UK, with the largest pub companies employing up to 50,000 each. These are huge teams – who need to be led, inspired and motivated to deliver exceptional customer experience and be retained within the sector. Leadership at scale is absolute key:

▶ **Kevin Georgel, CEO St Austell Brewery:**

"An emotional connection is a core part of leadership now. How do we inspire our people to deliver a great experience? In the past ten years, there's been a real shift towards internal company culture."

6. Breadth

Running a pub company is a complex, multi-faceted role. A CEO will move seamlessly from working with sophisticated investors, to lobbying on behalf of the sector, to refinancing debt, to hiring a new MD, to signing off on a new brand format. As such, the more functional breadth incoming CEOs have had in their earlier career – with broad exposure to the majority of the functions in the business – the better:

▶ **Chris Jowsey, CEO Admiral Taverns:**

"I think, personally, having a broad foundation and a broad understanding of business and commercial management is really helpful. Coming up a vertical line in a business doesn't give you that."

7. Creativity and innovation

In many ways, the pub model can stifle creativity and innovation. Large pub groups like to standardise and create 'one size fits all' operating models across their estates. Incoming CEOs will need to balance consistency – and indeed, some customer aversion to change – by creating a pub company of the future that speaks to a new generation of consumers, with very different needs and aspirations:

▶ **David McDowall, CEO Stonegate:**

"I think we've probably been a little wary of doing things differently, and a little bit set in our ways when it comes to how we run pubs. The sector is evolving and we have to bring people in who are happy to do things differently."

8. Competitive spirit

Pubs compete against other pubs, but increasingly against other hospitality sectors (like coffee, casual dining and QSR) and leisure businesses (like cinema or bowling). Pubs must compete to ensure customers don't stay at home; and a great CEO will empower their leaders to compete both nationally and locally, giving teams the toolkit they need to succeed:

▶ **Pub CEO:**

"The consumer experience needs to be exceptional to be competitive. It's about empowering and motivating teams to recognise that."

9. Authenticity

Employees now look for authentic leadership – and want to know the "real" person behind the CEO façade. Pubs are competing with a myriad of other sectors for top talent – and young talent in particular will only remain loyal to leaders who they believe are authentic and values oriented:

▶ **Pub CEO:**

"Our teams today want to be led by someone who is clear on their purpose and honest about when things go wrong."

10. Commitment to diversity

Pub leadership is still overwhelmingly white, straight, and male. Creating leadership teams which represent a fuller spectrum of the pub customer base – or potential customer base – is not only a moral choice, but makes clear commercial sense:

▶ **Pub CEO:**

"As a sector, we need to get serious about diversity. Historically, fewer women than men have had an affinity to pubs, and it's stifling our ability to best serve customers."

About us

The MBS Group is a leading sector-specialist B Corp executive search firm advising all consumer-facing industries, with a dedicated practice in hospitality, travel and leisure. Clients consider us to be the partner of choice when searching for critical leadership roles that make a difference. We work at Board level and on executive positions across all functions of strategic importance.

For more information, visit www.thembgroup.co.uk

About our pubs expertise

MBS has more than 30 years' experience advising pub companies. Today, we work with many of the UK's most significant pub companies, and have advised on the appointment of key executive and non executive leaders throughout the sector.

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