

LW: How are you funding your expansion - obviously some of it has come from the £13 million raised from the Wimpy sale?

Carr: That will fund the majority of our expansion. We raised £4.5 million earlier this year, but we don't want to go down the road of issuing large sums of paper and having money sat in the bank. We would rather do it on a piecemeal basis.

We're expanding very carefully. The sites that we choose are very very good. Some of the other leisure companies don't, and I think it is ridiculous and why some of them have run into trouble. Anyone can go and open ten-pin bowling centres here, there and everywhere, but that isn't the way forward. The way forward is to open ten-pin bowls which have other types of leisure attached to them, and possibly other types of retail. Not just to find an old barn in Blackburn and convert it into a ten-pin bowling centre. Because whereas that might trade successfully for a year, if a good operator then comes along and opens a Tower Park type centre down the road, it is going to destroy you.

LW: You were one of the first people into this area. Where did you get the idea from?

Carr: I just saw it as the way forward. I suppose every good businessman has vision and I saw the way forward was to put together lots of different types of leisure. I think the mix of cinema, ten-pin bowling, nightclub, theme bar, a restaurant is a very sturdy business solution. It is something that is going to last.

One thing that always amazes me about the industry is that, to build a high-capacity nightclub for example at the moment will cost anything up to £2.5 million - £3 million, leasehold. To get that money back is going to take you between three and four years in my estimation. So you have got to build businesses that have a long life expectation.

LW: Central to this mix is a multiplex cinema, and you teamed up quite early with Warners which was a clever move. Is that on-going?

Carr: We have a strong working relationship with all the cinema operators, not just one, and I think that is because we were one of the earliest people to say to cinema operators, look, how about putting a bowl with your cinema. I know that our name has been linked very much with Warners but that strictly isn't correct. In fact we are on more sites with UCI than anyone else.

LW: And yet it was Bass that really set up that relationship with UCI, and actually Bass who pioneered the idea of the leisure village at the Point in Milton Keynes.

Carr: Yes that is right. But I think Bass is in another world isn't it? For one reason or another - it may be internal politics or many other reasons - they didn't exploit that. And I think that is a shame for them because I think they have missed the boat. Rank now have started to get involved in it as well. But the unfortunate thing is that companies like Rank and Bass have got the financial muscle to have actually exploited

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this market totally, but haven't. And I think one of the reasons is because there are a number of smaller companies which are quick movers and are very much on the ball. And that is probably why we are here today.

LW: What are your criteria in looking for a site?

Carr: I think we are basically looking for sites

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which are edge of town. It is very simple. Lot of chimney pots, good visibility, good road access, and ample car-parking. I know it sounds simple but that is basically it.

LW: And who do you find you are competing against for sites?

Carr: Generally First Leisure and that is really it. First Leisure and Allied have a very similar

philosophy of leisure and out of all the other leisure companies, it is the only one I have an immense amount of respect for.

LW: And that philosophy is?

Carr: Building businesses from the ground floor, not going out in the marketplace and buying existing businesses. We find a site, get the planning, get the licensing and build it.

Take the Venue at Tower Park as an example. That club cost just under £2.5 million. To buy that club today would cost £4 million. It is the companies with the ability and the foresight to go and build clubs from the ground floor who are the ones that will survive because their return on capital from their assets is that much higher. If you are another sort of company which has gone into the marketplace and bought other entrepreneurs' assets - like European Leisure, like Whitegate, you are paying through the nose for those businesses and your return on capital is not as high.

LW: But the big difference is that if you buy an existing business, you will get a return on capital immediately. A very large company like First Leisure with huge resources has got the ability to carry long term investments which have been the undoing of other smaller companies.

Carr: We have been careful not to get large capital commitments involved in property. Every single one of our properties except for the

Streatham bowl is leasehold and therefore we are not carrying huge sums of land ready for development. We get involved with developers, we sign leases and therefore our capital commitment doesn't start until we start fitting out. Now once we get to a stage where we are financially secure enough to start taking on freehold developments, we may consider it. We turn down probably ten out of every 15 opportunities, because they are too capital intensive. But that may change later on.

LW: Now you're going to seek a full stock market listing at the first possible opportunity. Are you waiting for the market to perk up?

Carr: No, we're not. I don't think we'll be raising money at the time we do a full listing so that's not a criteria that's important.

I think it opens the gate to a lot of other institutions. Our whole philosophy and business plan hasn't been to make a quick buck for Richard Carr, it's been to build a business which will be up hopefully one day with the likes of First Leisure and the other big leisure operators. We've done our apprenticeship on the USM, we've proved that we can run businesses effectively and it's just the next step.

LW: You've moved recently to a leisure listing on the stock exchange from catering where you were less exposed to the general fall other leisure companies were suffering.

Carr: Well, I don't know. I don't agree with the way listings are done anyway. I think it's stupid. Whitegate has moved up and gone under Industrials. That's absolutely absurd.

LW: *One of the most interesting things you've done in nightclubs is out-of-town development? A lot of operators swear against them and yet you say it's been very successful for you. Why?*

Carr: At an out-of-town nightclub you've got space and you need space to create atmosphere and to find space in town is restrictive. The other problem is the noise element of the nightclubs - a very touchy subject with magistrates - and if you're out of town, you can usually be away from housing and problems. And the police like it as well. Because they know where everybody is and they know they get in their cars or they get in their taxis and they go straight home, they're not wandering round the town smashing windows.

LW: *The big argument against the out-of-town nightclub is that it should be sited in the area of densest consumer traffic, which inevitably is the town centre pub circuit.*

Carr: You've got to be very careful because there are certain towns where people will not come off the circuit. Birmingham is a circuit town, there are a lot of others. What you have to do is make sure that you have got a club that is so much better than anybody else's that they

will come to you - and you've got to make sure that you've got another reason to come.

It's a matter of having a grasp at what you're going out to do. If you're a real leisure operator, you've got to have a grasp of the business and you've got to understand what people want.

LW: *Do you feel that your relative youth helps your perception of what will be popular in the nightclub field?*

Carr: I think there's definitely an element of that. I'm single and I go out to nightclubs, I'm probably not the target customer but I'm still fairly young at heart. Yes I think there is an element of that but I don't think you necessarily have to be a bad operator just because you're 40. Peter Stringfellow is nearly 50 but he's still very much in tune. I think that the question you should ask yourself is how many executives of such and such a leisure company actually go to their nightclubs until two 'o' clock in the morning. That's the point.

LW: *Does the young blood at the top element help in other ways?*

Carr: Yes I think so. We're controversial. When we opened in Poole, we paid bar staff £5.20 an hour to get the best staff. One of the problems in this country unfortunately is that girls, good-looking girls, invariably won't work behind a bar, but we wanted to attract the very best in bar staff and we managed to do that.

And because we only got people that are very productive and very quick as well as having looks, it hasn't made our labour costs massively high. We just took a whole new look at it.

LW: *You're the only one of the major operators who doesn't charge an entry fee to your ten-pin bowls.*

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What's your rationale? The other leisure groups believe it prevents lots of the trouble we saw the first time round with bowling, of people coming in just to drink and hanging around.

Carr: Well that's because they can't run their business. If you need to have a protection on the front door to stop people coming in because they're going to pull the place apart, your management must be inferior. If Marks and Spencers charged 50p for everyone because

they didn't want shoplifters anymore, what would happen to their business? To me that is an absolutely ridiculous attitude.

The reason we don't charge on the door is simply because I don't agree with it. I want people to come in and play my fruit machines. I want people to come in and watch bowling. They don't necessarily have the courage to actually go and bowl but they will talk about that to their friends. And I bet you sooner or later they'll pluck up the courage and go bowling. Now if they were confronted with 50 p entry fee on the door, would they have come in?

We operate in some of the roughest areas in the country - we operate a bowl in Edinburgh which is right next to Musselburgh, a very very tough council estate, and we operate a bowl in Clydebank which is also a very tough area. We don't charge entry in either of those bowls. We have security and we have no problems.

LW: *You have mentioned before the concept of the megaplex. Can you explain that?*

Carr: What we wanted to do was to get everything under one roof. It was something that I think would work and be very very successful, but impossible in this current environment. Basically we couldn't find a landlord that would be prepared to put a building of that size up and we couldn't get the institutional funding. It's something I'd still like to do very much. But it

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