



THE ASCENT: A TENZING PODCAST - KEITH ABEL

Title:

Keith Abel talks new markets, making mistakes and mangetout

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Episode Overview:

Guy has a lively conversation with the ebullient Keith Abel, founder of organic veg box trailblazers [Abel and Cole](#), and, since 2014, Chairman and investor in [Freddie's Flowers](#), a business which enjoyed exponential growth during 2020 and is accelerating plans for major expansion across the globe.

After failing his Bar exams, Keith started selling potatoes door-to-door in south London and grew Abel and Cole into a business worth nearly £40m in 2007. He sold a stake to private equity firm Phoenix that year, but profits plunged and, in 2010, control of the business was passed on in a debt-for-equity swap. He bought back in shortly after and managed to turn the business around again, before going on to lend Abel and Cole alum Freddie Garland £10k to start his eponymous flower box delivery business in 2014.

Keith's is a rollicking tale of highs and lows, and his conversation with Guy is packed with invaluable learnings, from the value of door-to-door and face-to-face marketing versus digital and social, to exploiting a highly-engaged customer base to raise investment and grow a business, and how to convince someone that they simply *have* to have a product they never thought they needed.

Quick-fire Round:

- **Favourite books?** Stephen Covey's *The 7 Habits of Highly Effective People* and *Illusions: the Adventures of a Reluctant Messiah* by Richard Bach.
- **Most inspiring or inspirational person?** My father-in-law - without him, I wouldn't be where I am.

- **Most important qualities for an entrepreneur?** I think everyone's pretty much in agreement that it's tenacity - if you've got a wall in front of you, can you get over it? Can you get around it? Can you get underneath it? The entrepreneur will say, *"sod it, I'm going to blow it up."*

KEITH ABEL TRANSCRIPT

GUY

Can you remember your first entrepreneurial experience?

KEITH

I remember when I was about 16, my mum was working as a nurse on a film set at Shepperton Studios and me and a mate went down there and everyone was parking in a field and we went and cleaned their cars. I think it was a fiver for the outside and £10 for inside and out. And they were all absolutely delighted by it, except for one American producer who thought I'd done a crap job and said, *"you haven't cleaned my goddamn car!"*

There was the famous fire extinguisher story, which is how my career began. You must have heard this, Guy. So, my sister was 18, and she got a job selling fire extinguishers door-to-door. I couldn't believe how much money she was earning. So I picked up these fire extinguishers and I went and knocked on every single door in Little Chalfont and Chalfont St. Peter in Buckinghamshire and said, *"do you want to buy a fire extinguisher?"* And, quite remarkably, every single person who opened their door said, "no."

So I said to my sister it was a crap job, and she said, *"no, you just need to go and get some training."* So I went up to London to get some training just around the corner from Bond Street and then at age 16, I walked into a shoe shop in Bond Street, and let me tell you it was quite a smart one, where my training had shown me to lay down the Financial Times newspaper, spray it with lighter fluid, drop a Swan Vesta match on it and say, *"this could happen in your shop at any time and you'll need one of these!"* and you pick up your dry powder fire extinguisher, give it a squirt, and put out the petrol before it lights the newspaper... and everyone is so amazed and in such shock that they say, *"Oh, I'll buy one for my house and my kitchen and my garden."* I hadn't pulled the safety catch, and so the newspaper went up on fire and the manager of the shop had to open up her water fire extinguisher... and I was 16 and I went the color of those Louboutin shoes. But it was very sweet because there were some people in there who clearly had children at the

same age who felt desperately sorry for me, and I sold three fire extinguishers and I made a hundred quid, which let me tell you in 1978 was big money. So there was my early entrepreneurship.

GUY

So I think you qualified as a barrister, didn't you?

KEITH

That's not technically true. I certainly left school and went to university, where you had government grants in those days, so it was just a fantastic way not to do a lot. And I did a history and economics degree where I got a 2:2, and then I somehow find myself at City University School of Law where I did a conversion course, which I did pass. Fatefully on the day that I passed that exam, the tutor said, "*no one has ever gone on from here to fail the bar exam, having passed this exam first time.*" So that was my only academic first - I then *did* go and fail my Bar exams, and I resat them about five years later and I did qualify.

GUY

So why did you want to be a barrister?

KEITH

Because a mate of mine was doing it. I mean, you know, careers advice in those days just didn't exist. My father turned up to my career's day. He was a surgeon and said, "*can he do medicine?*" And I was reading history and economics at the time. And they said, "*no, he can't.*" So he just wasn't interested beyond that. And I had a mate who was doing it, and it seemed like you can make a living doing it. I mean, thank God I didn't.

GUY

So how did you get from being a failed barrister to door-to-door selling fruit and veg?

KEITH

So, I found out that I'd failed my bar exams on a beach in Tarifa, in southern Spain, where I was perfecting my carve jibe, with a new girlfriend. And I had a choice of either driving straight back to London and resitting the exams or waiting a year and remarkably, I chose to wait a year. And so I needed something to do for that year. And when I was at Leeds

University, I'd taken my enormous skills that I learned flogging fire extinguishers door-to-door and transported them into working for a guy who was selling potatoes. And he was quite a crafty old bugger. What he was doing was, he was building up potato rounds, like milk rounds, and then selling them as a franchise to miners who were taking scab money from Margaret Thatcher. Do you remember they got bribed £4000 to give up their jobs?

And he was selling these rounds for £3000. And the problem was that the rounds were then rapidly collapsing and it was my job to build them back up again. So I was going around these housing estates in Wakefield, you know, *what's some posh twat like you doing wandering 'round 'ere selling me tatties? Why should I buy them off you, you posh git?* So I just decided to replicate that, and literally, it was very straightforward. I started the business. I stole £2000 of traveller's cheques off my oldest brother, and I bought a ton of potatoes and a van that cost me £300 and a set of scales and some plastic bags. And I split the ton of potatoes into 10-pound bags. And I went and flogged them in Catford, on the door. The only clever thing I did was I said, *"I'll be back next week, if you don't want any, leave a note out."*

GUY

And so if they didn't leave a note, you dropped a bag?

KEITH

Yes. You'd next see them when they had 10 bags of potatoes in their kitchen, and they'd always pay you for them, and it all really went from there.

GUY

What was the Paul link? How did that evolve to become Abel and Cole?

KEITH

Well, Paul was at the intellectual Mecca of the North with me - Leeds University - where he proudly got a third in Music and Italian and couldn't get a job and sort of said he'd help me out and that's really how we started. So by Christmas we had lorries turning up to our little shed. We were unloading three or four tons a day on our shoulders. And then someone approached us, and he was a guy called Bernard. He was an organic farmer from Dorset. And he said, *"have you ever thought about selling organic potatoes?"*

GUY

Oh right, so they weren't organic, they were just chip potatoes?

KEITH

They were just chip potatoes. So he said, *“do you want to sell some organic potatoes?”* Well, this was 1989. And you know, the only answer to that was, *“well, of course they're bloody organic, they're grown out of the ground”* and he said, *“no, they're not - ask the guy how many chemicals he puts on them.”* So I did actually go down and visit the farm and asked what chemicals do you put on them? And he proudly opened up a shed that looked more like a viral testing unit.

The next day we went around selling to customers, asking if they want them with chemicals or without, and explaining on the doorstep what organic was. No one had heard of it, no one, I mean Waitrose didn't sell any organic vegetables in 1989. So we were explaining what organic farming was and the great thing is people would go, *yeah, great. I'll try them.* But what we noticed at the end of our first day selling was that no one asked us what the price was.

GUY

Right.

KEITH

Now when we were normally selling potatoes, the first question you get is, *“how much are they?”* No one was interested in the price - they liked the idea of it. So we were able to make a slightly better margin on the organic potatoes. And we did that for a few months. And then the customers would say, *“Oh, these are really good - do you have any other organic vegetables?”*, so we phoned up Bernard, and we said, *“Bernard, could you do some other vegetables?”* and he said, *“yeah, I'll throw them all in a box.”*

I mean, I'm no Steve Jobs, I can tell you, this was nothing particularly, you know... and then Bernard would stick things in his box and we'd phone him up and go, *“Bernard, what's that thing that looks like a brain?”* And he'd go, *“that's celeriac, that is - you want to speak to my missus.”* And then she'd tell you how to make celeriac soup and we'd scribble it down and put it on a photocopier and stick it in the box.

And we were really introducing unusual vegetables because, first of all, Bernard was a bit eccentric and grew lots of different stuff, and secondly, the diet was very different in those days, so I like to think we were one of the first people to sell purple sprouting broccoli in Britain. I remember we delivered kale and an American customer screamed at me and said, “*why are you delivering me cow food?*” You know, it was great fun, introducing lots of things, and then it just took off from there.

GUY

So it started off as a year to fill, and then you got to the end of that year and then what happened?

KEITH

Yeah, it wasn't quite as straightforward as that. I mean, basically, after four years, it was pretty exhausting. To give you an idea, Guy, and the younger people listening - I'm going to sound like I'm 100 - but we didn't have computers, Bill Gates hadn't got out of nappies. At one point, we had 5,000 customers in delivery books with each customer being represented by a piece of paper. And that piece of paper would last three months. And at the end of three months, every single customer had to be written up on a new piece of paper with the amount outstanding. And, if a customer phoned up to say they were going on holiday, we had to get their address and postcode, look it up in the back of an A-Z, get a grid reference, go to a giant map on the wall, find out which circle their address fell within. And that might say “Tuesday Round 7”, and we'd pull round seven Tuesday off the shelf, flick through the hundred customers in that book, find 11 Smith Street and put a line through saying they didn't want any next week.

GUY

Okay. This is like a 25 minute exercise?

KEITH

It was just, I mean, it was mind-blowingly complicated before computers. When things started getting computerised, my brother gave me one of the first Microsoft PCs, which had 40 megabytes of memory in it. That was it. It had a version of XL, so you could add things up.

But when we started putting our customers onto a database, we'd realised that collecting cash off people was really impossible because they often weren't home. You had to go around in the evenings. And so we started encouraging people to give us their credit card details. And by the time we got onto a database in 1999, we were transmitting 3000 credit card details by hand onto a mail order transaction machine - like the thing you touch in a service station - we were having to put in the entire long number of the credit card and the expiry date and the amount owed 3000 times in a week.

GUY

So what was essentially a hustle at the start, and then when you and Paul went, *okay, this is actually what we are doing* - what was the thinking behind that, and when was the first time you ever wrote down anything like a goal?

KEITH

I think there's the idealism of hindsight - you know, you might sort of look back and honestly, it was far more casual than that. You know, we were just young guys in our 20s, driving around in pickup trucks, collecting lots of cash, having a bit of a laugh. Our friends were going into the City and working at PWC and doing serious jobs and we were having a giggle. You know, one customer could never pay us in cash, they'd pay us in pot. Friday night we'd get all the beers and, you know, we had loads of people round for supper and we'd eat egg and chips because it was all we had. I think the only time it started being serious was when we discovered that we were losing serious amounts of money. And that was the point where we just had to take a massive grow-up pill, quickly.

GUY

So why were you losing money?

KEITH

Oh, well you see, I now know, with hindsight, we had very significant amounts of shrinkage. In other words, if you run a cash business and 10% of your customers don't get around to getting them to pay you because you can't find them when they're at home or they don't answer the door and your drivers are kind of getting home in the evening and they know that it's almost impossible for you to check how much they should have collected.... they skim a bit - just a tiny bit here and there - and you don't have accounting systems in place. We had a bookkeeper that would process invoices to prior months having closed off the month, but not closed off the month because he knew we'd

get upset if we made a loss, so he just showed us the profit every month and put the invoices into that month a bit later - you add all of those things up over time in a business that's cash-generative, customers paying you straight away, you're paying your suppliers one month, two months, three months... At one point I owed the Inland Revenue five months of employee tax. I mean, you can't get away with two weeks these days. We owed the VAT man six months VAT. I mean, we were getting into serious trouble.

GUY

Didn't your father-in-law take you aside?

KEITH

It was the Inland Revenue that took me to one side and they did it in a kind of bureaucratic way by putting a for sale sign outside of my house.

GUY

Oh right. Okay.

KEITH

...because we were a partnership at the time. And so we were personally liable and I bought a house in Balham when houses in Balham were cheap, with a big mortgage, but it still had asset in it, and so they put it up for sale. And I think that was the point at which my father-in-law, who was an accountant, helped me with my ex-wife to trawl through the books and establish just how deep the hole was. And we discovered that the hole was half a million deep.... It's quite a lot when you are thirty... I thought it was 60 or 70. So we were in all sorts of trouble and with an enormous amount of help from them, we started balancing our books.

We removed the shrinkage completely. We trimmed back the business to only deliver to our most profitable areas. And we basically went from losing £4000 a month to making £4000 a month inside of four weeks.

GUY

Wow.

KEITH

We put our prices up by 10% and customers didn't mind. And then, what happened was, my father-in-law came up with a clever idea. He loaned me money to pay off the Inland Revenue, but put a charge on my property so that they couldn't ever come after it again - he'd have to get paid back first.

GUY

That's good.

KEITH

...and he charged me interest that was more than he was earning on that money. So it was a commercial loan and I paid every cent back.

We incorporated after we discovered how deep the debt was and effectively we left the losses in the partnership, and we had a little egg wholesale business, which we used to make all the profits. It was very profitable. We put a lot of expenses from it through one business and we used those profits to pay off all of our suppliers and the Inland Revenue and the VAT. And we just had a creditors agreement with them all. I was pretty bloody fair. There was one supplier I owed £90,000 to, and I could have just said, *look, sorry, I'm bust*. And he came up to me about five years later and said, *"you know, you're the only person that ever stuck to a creditors agreement and paid us back. And we're so grateful."* So we paid everyone back.

GUY

The partnership with you and Paul - how did that evolve and how did you think about the management of the business at that stage?

KEITH

I think that whole period was a big, big grow-up pill in lots and lots of areas. I went from being a kid to being an adult. It put lots of pressure on the relationship between Paul and I, and I think we realised that we couldn't work together. We'd set up a wholesale business at the time, wholesaling organic fruit and veg, so he was running that and I was running the home delivery business and I said, *"you can do that, which is making a profit, and this is just starting to make a profit, and off you go"*, so that's how we sort of parted company.

GUY

By that stage you're in sole charge, you're no longer a partnership. You're getting control of your finances, it's nice working capital. You're starting to automate it a bit. How did you win customers? Was it all just word of mouth?

KEITH

There were two things that came about quite fortuitously, because at this point we'd been going about 12 years or so, you know, I think people listening to this need to get the perspective of what it is like to *really* properly build up an organic business, organically and, and bear in mind my favourite stat and the thing I'm most proud of, which I very rarely mention, Guy, is that that business had £2000 worth of capital put into it, and at the point that you assisted in the sale of it - you know how much for - I've made 16,000 times the original capital input. And I think that's better than Facebook...

Anyway, two things happened: we got Access version one, which for people that don't know, it's part of the Microsoft Office suite, it's a database - so we can bung all of our customers into a database. And we discovered that if we drop leaflets through people's doors, that said, you know, *truly fresh organic produce straight from the grower to your table*, for every 1000 leaflets, we would get three customers. So it would cost us basically £30 to get a customer, and that customer pay us on week one and week two and week three and week four (obviously not all of them did, but let's say mostly) and so we had strong retention. We didn't need to pay for the printing or the post office to deliver the leaflets for two months, right. And that's the equivalent of finding a fruit machine that you don't have to put money in, you just keep pulling the lever. And once we discovered that and we had really good accounting to make sure it was all profitable, we were getting a return on investment in six weeks. And we could only manage that with the database. And that's when our sales started going exponential, they went one, three, six, six, 13, 20, 28 33...

GUY

So when I first met you, was it through Ella, your wing-woman? What would you say are your strengths and weaknesses?

KEITH

So after Paul left, one of the last bits of advice my father-in-law gave me (I find him incredibly helpful, he was a great guy and he effectively was my mentor - the problem was that he worked for Mobil oil and he was living in Colombia...) and he said you just need a mentor. So I put a note in my delivery box saying, "*I'd really liked somebody*

who's a dab hand at business to give me a hand". I'd really recommend anyone starting a business to do that because it's really fun for them - I enjoy doing it myself now. And so I got a response from a couple of people who mentored me and helped me make big strategic decisions and helped me think strategically. And one of them had a daughter who was just graduating from Oxford with a fantastic degree in PPE, bright as a button, very enthusiastic, very keen on the organic world. And she came to join me in 2003. And we very, very, very quickly realised that we had different skill sets, shall we say, Guy, politely. So basically she became managing director about a year later, and I just carried on being the clown in the background.

GUY

Yeah. But the clown in the background that was responsible for the top of the funnel.

KEITH

I was responsible for the ambition. I was responsible for problem solving, for helping with the business culture and building a team. And, we were incredibly fortunate. You know, businesses like this don't grow without a fantastic team behind them. And we were lucky to employ some great people who worked incredibly hard.

GUY

And then about that time, you start to think about an exit. That's when I first met you, when you were looking at potentially selling to PE. So I can't remember if it was selling period or selling just to private equity, but do you remember when you first started to think about it and what the drivers were, why you wanted to sell?

KEITH

I remember meeting your boss, Neil, and him pitching it and Ella saying it wasn't a very good pitch and me ringing him up going, "*Neil, that really wasn't a very good pitch.*" and him pitching it again the next day. I met Neil in a pub in Abbots Ann in Hampshire and he got a beer mat out, which I rather wish I kept, and wrote down my options on it, which were: sell to trade, sell majority to PE, or get some debt or sell minority to PE. And he did the usual consultant advisor thing of *all your eggs in one basket, and wouldn't it be nice to diversify*. And I have worked pretty hard for 20 years and not seen much of my family, and I thought it'd be crazy not to take the opportunity if it came. And I think we realised quite quickly that I probably wouldn't work that well with a PE house, so it was decided to bring in a management team so that Ella could retire from the business and I could, which is what we did.

GUY

It was like a sticking plaster, wasn't it?

KEITH

Well, I still work with Ted, and he was absolutely brilliant. I think perhaps, what the team taking it over didn't realise, was that he was more than capable of being the CEO. It's sort of like, they don't have to be Freddie Mercury to lead the business. And he led that business very successfully later on and leads the current business we're involved in very successfully. You know, mistakes were made. Do I regret selling it? On the one hand, it was not the best move financially. I think it had a lot of legs in it and we could have grown it an awful lot more as we proved later on we could. On the other hand, it's really nice to have had a change. I'm not sure I'd like to have done the same business from the age of, I mean, I'm 57 now, and I started that business when I was 23. I'm cauliflowered-out.

GUY

Yeah. So do you remember choosing your PE partner? Was that purely about the best economic deal or you did consider other things?

KEITH

Well, I think, you know, it was a very funny time. If you remember, we were really getting ready in the process and moving it along in the autumn of 2007. I remember being taken out to Cowes Week, going sailing on a boat, and one of them was Simon Henderson. You remember Simon? And he got his Blackberry and he went, *Oh my God*. You know, basically the world was falling out. You know, the beginnings of the great financial crisis were happening which, I have to say, I didn't understand at all what the implications were, but I think we were probably sort of rushing to the finishing line to try and get the deal away before to doo-doo hit the fan. So I think, whereas now I would really strongly advise anyone looking at the sale of their business to always have an alternative, and that alternative ultimately needs to be, *I don't want to do this deal*.

GUY

Yeah.

KEITH

...and I'd urge them to really, really figure out whether there's chemistry and agreed understanding with your private equity partner... whether they're either going to help you or leave you alone, whichever you need. It's such an important thing if you're going to go into an ongoing relationship and you've got to get along and you've got to have a shared vision.

GUY

So the proverbial hit the fan. I remember talking to you and you'd started doing not just organic veg, but organic T-shirts and organic wine at some stage. There's a whole cacophony of stuff happening at the same time, along with a global financial crash, which I guess the people at that stage think, *do you know what, I don't need organic virgin oil?* because I know it had a very difficult trading period.

KEITH

I think in hindsight, if the truth be known - because we saw it go through a very difficult trading phase, and we saw the recovery from that - I think that mistakes were made in reaction to the difficult climate, which were traditional business there's tools of, *let's improve the margin, let's squeeze the suppliers, let's lift the margin to get our way out of this* and unfortunately in a really small market, like the organic fruit and veg market, you just can't do that. And I think we had agreements with suppliers which were broken, which gave us a very bad reputation and suppliers just thought *I don't like how they've let me down, so you know what? I'll just give it to Sainsbury's, they are going to pay me on time*. So the quality of our produce went down, the customers perceived it in the boxes that they weren't as good as they were, retention dropped, and sales started to really struggle in a business that had taken on an enormous amount of debt. You're very quickly breaching your covenants.

GUY

You went back in, I remember talking to you at the time and it was not an easy decision for you. You were very hesitant about doing so, but ultimately had the courage to take that jump. How did you approach it differently the second time around?

KEITH

When I first sold the business, I didn't own a house, I didn't have a pension, I didn't even know my own car. Talk about all your eggs in one basket. It was so terrifying, if anything was going slightly wrong with the business. The second time around, I'd bought a house, I had some money in the bank, I was a little bit more relaxed and things really weren't

going that well. And I just thought, if it all goes pear-shaped, I don't really care, they can blame it on me if they want to, but let's give it a go. And I was incredibly blessed with having Ted Bell, who's an incredibly sensible, steady pair of hands, and we just went right back to basics. And I have to say, in terms of fun and excitement and satisfaction, that 18 months were undisputedly the best 18 months I've ever had in business. We went back in, in October, 2009, to basically a bankrupt business, and 18 months later, we'd taken sales from £27m to £45m, and we'd taken profits from basically nothing to £4.5m. And that was with no additional cash input.

GUY

And back to basics was getting higher quality veg back in the box?

KEITH

It was Ted and I going - every single week - and sitting down with the buyers and saying, "*what's going in these boxes?*", and making sure that every single one looked perfect every single day, going to the production line and working with the quality people and getting it so that they were absolutely the best organic veg box that had ever gone out. And they really were. And the strap line we came up with at that period, which was in the autumn, was: "*Abel and Cole have turned over a new leaf*".

And you immediately saw it. You know, new customers started staying with us. Existing customers started saying, "*gosh, they're so much better.*" We just rejigged everything about those boxes and made them fantastic. The recipes got made better. We got rid of the entire marketing team completely - where there were 13 people working in marketing when we got there, and two weeks after we got back there was no one in the marketing department, because there's no point in having a marketing department if sales are going backwards. So we printed 6 million leaflets, very carefully done. We put our prices up by £2 and we distributed these leaflets and we literally just crossed our fingers and prayed that there'd be a response. And there wasn't! And Ted and I just went, "*well, that's it, then - we're bust!*"

And the leaflets are going out on the Monday, and on the Tuesday we hadn't had a single new customer, and I worked so hard on these leaflets and that was it. That was the last throw of the dice. And it was sort of like, you know, how are we going to wind it down? And how are we going to let everyone know? We should have enough cash to pay our suppliers... And then on the Wednesday the website went absolutely mad and it

turned out the Royal Mail had failed to deliver these leaflets on Monday or Tuesday and they finally got around to doing it on Wednesday, so that was it - very simple.

GUY

Oh wow. Didn't you start employing out of work actors around that time?

KEITH

So we went right back to basics. We employed a certain Freddie Garland and put him in charge of getting his mates in to knock on doors. The criteria, I've always said, is that you had to have gone to a second rate public school, a non-Russell Group university and got a third, like myself. And so we ended up with this fantastic bunch of people that were going around the streets of Brighton and Oxford and areas where we knew we could do better, but we didn't have the marketing budget. This is before social media. Freddie built up that team to 60, 70 people and did a brilliant job and carried on working there after we'd sold it.

GUY

So the second sale, not to open a wound, I remember there was that call with Amazon... that's the near miss, isn't it?

KEITH

How can I put it, the bank bundled us up - a very profitable, fast growing business - with a bunch of loss-making businesses, put them in a package to sell them to a private equity fund and sold the business from underneath us, which was resulting in us making nothing out of it... what was one of the great turnarounds of the year. And at that point we'd had to turn away Amazon.

GUY

And they were thinking of getting into organic food..?

KEITH

Yeah. I think they ended up buying one of our slightly larger competitors.

GUY

So you ended up selling out to Jackson's?

KEITH

Very happy sale to William Jackson Food Group who are a great family-run business, it's in very safe hands, happy days for everyone concerned.

GUY

So you took some time out then, for a spiritual couple of years. You've worked out that Ted makes you two plus two equals five, and you and Ted were looking at some really interesting branded paint businesses and all sorts.

KEITH

We looked at a shoe business - a children's shoe business. The one that we got very close to was Denby china, but thank goodness we didn't - it's not our forte.

GUY

You were interested in repositioning a branded consumer business.

KEITH

Yeah, and I think, you know, we'd just done a big turnaround in one business and we thought we could do it to another business.

GUY

But it didn't work out like that. So you caught up with Freddie again...

KEITH

Freddie rang me up in September 2014 and in his usual charming way said, *“Oh Keith, I don't know if you know but my mum and dad were florists, and I've got this idea - what do you think if we put some flowers in boxes and do what you did with fruit and veg boxes?”* and I said, *“that is genius - I'll lend you some money and you give it a go, and just mark down every door you knock on and what people say, how many of them buy from you and keep a record of it all.”* So I went to the lawyers and I ask them to draft an agreement for me to lend Freddie £15,000, or maybe it was £10,000, and they came back with a fee quote of £11,000.

So I send Freddie a note saying *“can you send me an email saying Dear Keith, thanks for the 10 grand. I'll try and pay you back”*, which is how we started it. So dear old Freddie, he went to the market just like I'd done 20 years before, with his mum, and he bought a

selection of flowers and he got some cardboard boxes and he put a tent up in his mum and dad's back garden in Wandsworth, which was his warehouse. And he bought a milk float to deliver them on, which went six miles an hour. And he knocked on doors. And it took him six weeks to get 100 customers, and over that six weeks (Ted and I went around there, got up early in the morning a couple of times, went and picked up the flowers, we've got photographs of us all in the little tent together, making them) as we'd asked, he kept a record of absolutely every bit of data, just on scraps of paper, and Ted and I crunched it all into models and we went and delivered them ourselves and customers were saying *"Oh, Freddie is just fantastic, he's a delight, the flowers are fantastic."* We asked if they'd ever seen anything like this before and they said they hadn't and that they were telling all their friends about it and we just realised that we were really onto something. And so we built up a model that had an investment case attached to it, and we agreed that I would put the money in and Ted would put the time in, and reached an agreement with Freddie, and we started that in April 2015.

GUY

When did you think this is as good as Abel and Cole, if not better?

KEITH

If you look at our original three-year plan, which I could dig out, we weren't far off it in those first three years. I don't think we thought in any way that it could do as well as it has done that. You'd be mad to think that, but I think we thought we could easily comfortably build up a sort of £20m to £25m business, and that would be a really nice thing to do - give us a great return on investment and, you know, hold it as a bit of a lifestyle business. Little did we know...

GUY

So you were basically thinking you could do Oxford, Brighton, London.

KEITH

Well, we were thinking we could do Wandsworth, Chelsea, Kensington, you know, Notting Hill. I mean, the first year, we didn't have a website, Guy - how retro is that? We only had this team of Freddie's friends and their friends-of-friends just bashing on doors and standing next to bicycles on the street, turning up at the Chelsea Flower Show and just anywhere where they could get face-to-face time, because just like organic veg back in the day, the idea of self-gifting yourself regular flowers and arranging it yourself - it's

quite a complicated sell. And we were the first people doing it. We were opening a new market up so face-to-face worked very well.

GUY

And the big differences are your customers churn slower than Abel and Cole?

KEITH

Yes. They churn slower. They order less frequently. They're cheaper to acquire and the margin is slightly better. But I'd say, more importantly, it's a much more stable product - flowers - and so the quality consistency is much better. The customer experience is just fab and it's just fun. It's just a really nice thing to do.

GUY

And it's a price point where it's a nice treat, but it's not too expensive.

KEITH

It's cheaper than Sky, if you get it every week. And what we've been really delighted by is that actually, it's really not about Wandsworth, Notting Hill and Chelsea, it's gone all the way around the demographic and you meet a lot of people - teachers, nurses, hardworking, ordinary folk - that we want to delight and they get it once a month and it's their little treat to themselves once a month. And the flowers they look after and they last three weeks and then they've got a week without any flowers waiting for the next lot.

GUY

And you made some different strategic decisions because I know initially you outsourced the logistics whereas Abel and Cole you had a fleet of vans that were always needing repairing. Abel and Cole you could pick and choose and Freddie's Flowers you get what you're given. You've kept it super, super simple.

KEITH

We have, and I think that's the right thing. If we can come up with a really fabulous arrangement each week - I think if we were coming up with three or four, it would just complicate things - so we've stopped with one. We do have exclusions for lilies because there's a population of people who are concerned about the welfare of their cats - I'm not sure the efficacy of that, but we don't want to scare people - and there's rumours that pollen off lilies can harm cats, so we do a cat box. Otherwise there are no amendments allowed at all. We did outsource logistics. We've now bought about half of it in-house on

our electrical bicycle fleet. We did outsource our production, but that didn't work so we brought that in-house, but otherwise it's been pretty similar.

GUY

And as a marketing guru, you're now a social media influencer - so you've stopped leaflets - or maybe there's still some leafleting - but the big thing is the social media.

KEITH

Before lockdown, we were probably half-and-half social media and face-to-face, and sadly the lockdown ended face-to-face, and we decided to double down and all the budget that we had for the 75 salesmen we threw into social media at the time when essentially Facebook, Instagram advertising was quite cheap. So our CPAs came plummeting down. And I think what we've learned is that you need to get to a certain volume of spend with the big tech companies before their algorithms really kick in. And so, in other words, it's sort of like the more you spend the better the results are, has been our experience. Last week we had our new record week for new customer acquisitions.

GUY

What does that look like?

KEITH

That was approximately 12,500 customers in the UK and 2,500 in Germany.

GUY

Wow. And how long is it until you know that customer is with you for a long time? What's the fall-off rate?

KEITH

So we know that the paybacks run about four months, four to six months.

GUY

And once you've got them for that long, they're with you for a much longer period of time?

KEITH

It's a standard sort of retention curve of subscription business, where you've got a steep drop at the start - often people who are just in for the special offer - but if you can get them for three months, then it's a very stable, reliable customer base.

GUY

And so COVID... I guess there's been a bit of consumer behaviour compounded with it. You're throwing everything into social media and that's really working?

KEITH

There's definitely a change in mentality. A lot of people are working at home. I think that's going to go on. I think the new normal is that, you know, people will probably go to the office two or three days a week, and work home two or three days a week. The money they were spending on Pret they're spending on making their house a bit nicer, and we see hundreds of people with their flowers in their home office, when they're posting that photograph. So we've really benefited from that.

GUY

And you've kept the business private, but you did a bond offering earlier in the year?

KEITH

We did. It was a really nice way of getting customers to join in with the success. And we're very confident about the stability of the business because it's spread across, you know, over 130,000 customers now. And it's very carefully-managed and cash is very carefully looked-after and we realised that if we wanted to expand into Europe, we'd need some additional funding. We didn't really want to go out to look for funding at that time because we knew the first question people would say as well, *how'd, you know, it's going to work in Europe?* We knew it was going to, so we thought, why don't we prove it works in Europe with a small raise and then we'll be in a position to do a bigger raise if necessary? So we asked our customers, we put together a document and said: this is what we're doing, *we'll either pay you 7.5% interest if you get flowers for your bond or 5% if it's cash.* And it was very popular, I think we raised nearly £4.5m, and we did that inside two of a half months. And I think for businesses out there with large customer bases, it's a great way to get cash. It engages the customers, they're happy, they feel that they've got a good return on their money. I emphasise that you must make sure you've got a safe, stable business to do this, but we did.

GUY

And that was Germany?

KEITH

So we launched in Germany at the end of November.

GUY

Logistically, that's not very straightforward.

KEITH

Oh that's been very straightforward. I mean, I say that... we have a Dutch supplier who packs the boxes for us, so we trained up his team, and they pack the boxes for us so we've got great quality control, and we distribute through a courier in Germany, overnight. We've had a couple of glitches with tech issues where we had to take three weeks off marketing but - where are we now, we're middle of January - and I'd say we started towards the end of November, really, and we are bigger in Germany than we were after four years trading in the UK.

GUY

So Freddie's Flowers in five years time, what's the medium term vision for the business?

KEITH

I really need to get my white cat out and start stroking it... We're very ambitious. So this summer we're hoping to start rolling out across 11 further countries in Northern Europe, and we've got the tech to do that. We were going to start in California last April, but lockdown happened, so we're all set up to do that. The company is set up. I'd like to see our first box going out in a very small trial in June or July with a plan to roll it out from September onwards. And the plan there is to do the West coast and then East coast.

GUY

So onto some of your learnings over the last 34 years. So you have a lot about people - Ella and Ted and Paul - what do you look for in a business partner?

KEITH

I'm a great fan of [Myers Briggs](#) and [Belbin](#), you know, making sure that if you're a prop forward, you don't employ lots of other prop forwards. You need to get people who can

run with the ball. So I think complimentary teams working together is absolutely imperative. So we've just done our Great Places to Work survey and, you know, we've done pretty well, but it gives you great feedback and what we can do better. Ted and I are kind of long-in-the-tooth and we actually are not these sort of psychotically-greedy wolves of Wall Street, and ultimately we want the people who work in our organisation to kind of go home at night, feeling, you know, safe and secure, fairly paid and happy to be a part of it, and we put a lot of effort into that, always have done.

GUY

Looking back it's 34 years of sustained growth - it's quite a flog.

KEITH

I mean, the first few years of Freddie's, let's be clear, we used to joke that Freddie was like someone walking through a minefield, jumping from one mine to the next. Anything that could go wrong, went wrong, because when it's small, it's small - it's difficult. You saw an office we worked in with 45 people in it that was designed for 15, but we couldn't afford to move anywhere else. It was chaos, but, you know, I think it's realising it's always going to get slightly better as long as it's slowly improving.

I'm blessed with one of the great qualities of entrepreneurship, which is that I'm a lazy bastard. So I'd always been very, very clear that you don't count my holidays and I don't expect to have a meeting in my diary before 10 o'clock and I delegate, and then I make sure I've got good people around me and so the old adage is, you know, it's kind of become sustainable. I don't find it exhausting. I genuinely find it quite exciting. And that number for Freddie's - for every pound we've put into it with our current value, it's increased it by a hundred times in five years... you know, you'd be pleased with that, with Tenzing, wouldn't you?!

GUY

Yeah. I'd be happy!

KEITH

So after a while, it's not quite so stressful.

GUY

No, I'd say it's super-exciting.

GUY

So I was gonna ask you a few quick fire questions if that's all right, just to wrap up. Your favourite book that you've enjoyed or leaned on?

KEITH

Whenever anyone joins me, I'm afraid I'm a right old bore and I give them Stephen Covey's *The 7 Habits of Highly Effective People*. Anyone running a business that doesn't teach that to their managers is, I think, missing a trick. So there's that. And there's a great book about a messiah who doesn't want to be a messiah, written by a chap called Richard Bach who wrote *Jonathan Livingston Seagull*, that I love, and it's called *Illusions: The Adventures of a Reluctant Messiah*. The key behind it is it's a guy who can walk across water and swim in the land, but he really doesn't want to do it. And everyone's saying, "Oh, you're the Messiah. You're the Messiah" and he goes, "Oh for God's sake, if you guys had just relaxed, you could all be the Messiah." Yeah. So I rather enjoy that book.

GUY

That's brilliant. And who's the most inspiring or influential person to you, do you think, throughout your career?

KEITH

I think I was enormously inspired by my father-in-law. Without him, I wouldn't be where I am. Very humble guy, very hardworking, very methodical, totally understood strategy - just a great guy.

GUY

Right man, right time, for you. And the most important qualities for a founder or entrepreneur?

KEITH

I think that everyone's pretty much in agreement that the one thing that's absolutely imperative above everything is tenacity. You know, if you've got a wall in front of you, can you get over it? Can you get around it? Can you get underneath it? And if the answer to all of that is no, a lot of people go, *well, I can't get through that wall*, but the

entrepreneur will say, *sod it, I'm going to blow it up*. That's absolutely imperative. Never give up.

GUY

Well, Keith, it's been an absolute pleasure. I've been wanting to do this for a long, long time, and you've not failed to amuse me, as ever. A big thank you. You've always been a huge inspiration to me, so I really appreciate you spending the time.