

BOTTLED FOR KARAN BILIMORIA BUSINESS

The less gassy guide to
entrepreneurship



CAPSTONE



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Dedication

I wish to dedicate this book to my father, Lt General Faridoon Bilimoria, who taught me more about life and leadership than could be contained in any number of pages. This is but a humble tribute to a man who gave me so much. I will forever be grateful to him.

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ACKNOWLEDGEMENTS

There can be no book without a story, and the Cobra story has been many years in the making. Through it all, we have enjoyed the support of so many people that the task of thanking them would fill a book in its own right. I can only say that Cobra's success is in the very fullest sense a team effort, and I am truly grateful for the assistance and encouragement of the team at Cobra Beer, the Indian restaurant industry, our stockists, distributors, suppliers, advisors and friends. Our journey together has been in every way a privilege.

Now that the story has become a book, I find myself in the debt of many others as well. First and foremost I must thank Steve Coomber, whose talents and patience brought the Cobra story to life, and Dominic Midgley, who wrote the foundation of the book. John Moseley, Julia Lampam, Iain Campbell, Grace O'Byrne, Kate Stanley and the rest of the team at Capstone have guided *Bottled for Business* from brainstorm to bookshelf. Although this is my first (and hopefully not last) book, I can say with confidence that one could wish for no more from a publisher.

I would also like to thank my wonderful wife, Heather. This book must ultimately be for my family, to whom the greatest debt is owed. They are, and have always been, unfailing in their support.

INTRODUCTION

DIFFERENT, BETTER, CHANGING THE MARKETPLACE FOREVER

When someone makes a decision, he is really diving into a strong current that will carry him to places he had never dreamed of when he first made the decision.

From *The Alchemist* by Paulo Coelho

In 2006 Cobra Beer's retail sales were £96m on sales in more than 45 countries. Over 100 people work out of the company's headquarters in London, and there are offices in New York, India and South Africa. Having won the Monde Selection Gold Award for quality, several years in succession, Cobra could justifiably claim to sell the best lager beer in the world. Yet, just 17 years ago, Cobra Beer was one man – Karan Bilimoria – and an idea.

This book is about Karan Bilimoria's business journey; from a half-formed idea to a global drinks business. It is about how a man, who was dismissed as 'not very creative', came to be running a £110m business empire founded on innovation. But more than that, it is a series of inspirational lessons, for anyone who hopes to run a business, who is running a business, or who works for a business. Like many entrepreneurs, Bilimoria has a distinctive

business philosophy, a series of business principles that have served him well during his career. Some are born out of a deep seated personal conviction about the way things should be done. Some are things that he has learnt the hard way through trial and error. Some are things others have taught him. They are all here in the pages of this book.



CHAPTER ONE

PERSISTENCE PAYS

The tragedy of life doesn't lie in not reaching your goal. The tragedy lies in having no goal to reach. It isn't a disgrace not to reach the stars, but it is a disgrace to have no stars to reach for. It isn't a calamity to die with dreams unfulfilled, but it is a calamity not to dream.

Benjamin E. Mays, early 20th century American pastor and educator

IT STARTS WITH AN IDEA

Karan Bilimoria and beer go back a long way. Bilimoria grew up in India, where his father was an officer in the army, and it was there that he acquired a taste for the stuff. 'From the time I was allowed to drink, I've loved beer, absolutely loved it,' he says, 'I remember, for example, when I'd be with the young officers having a drink in one of the Indian Army messes, my father would walk past and ask "What's the young man drinking?" and they'd say, "Beer, Sir", and my father would say "Ah, good". In those days in India, people were brought up drinking whisky, but I always took a great liking to beer.'

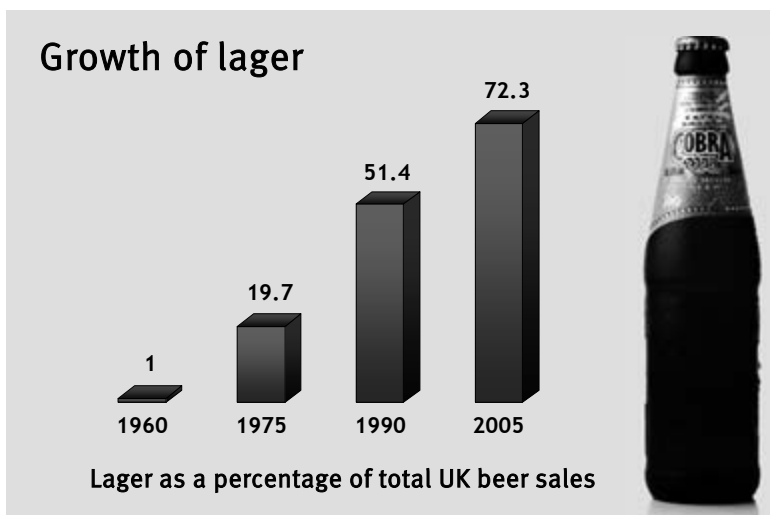
When Bilimoria travelled to the UK in 1981, to continue his accountancy studies, his love of beer continued. As a student, money was tight. Home was the Indian YMCA on Fitzroy Square in London. For someone who could not cook it was a great location; the YMCA was surrounded by Indian restaurants and pubs, and Bilimoria would eat out at least twice a week.

It was at the Indian restaurants that Bilimoria discovered European lager. He was not impressed with the various lagers on offer, taking an instant dislike to them. 'I found them very gassy, very fizzy, very bland, very harsh and

very bloating. Basically, they were difficult to drink.’ Lager beer may have been the UK curry lover’s drink of choice, but Bilimoria felt it was far from the most suitable.

‘On the face of it, it made sense, because with the hot and spicy food, you feel like something cold and refreshing to go with it. Lager is meant to fit the bill. The problem was, especially with Indian food, that the combination of the fizzy lager and the spicy food bloated you up making it quite an unpleasant experience. I couldn’t eat or drink as much as I wanted to. It was obvious that there was a business opportunity here: the restaurant owner could be selling me more food and more beer.’

Bilimoria considered the possibility that a pint of bitter and a vindaloo might make a better match. As a real ale fan he enjoyed a pint whether it was Fuller’s London Pride or Charles Well’s Bombardier. But, as a real ale fan he also knew that the combination of traditional beer and Indian food was not a good one. The ale was too heavy, too bitter and just didn’t accompany the Indian food well. At the time, England, like the rest of the UK, was predominately an ale-drinking nation. Lager had made little impact on drinking habits. Rather than be downcast at the drinking habits of a nation, Bilimoria saw an opportunity. If the vast majority of beer consumed in the UK was of the real ale type, figured Bilimoria, then there must be a lot of other dissatisfied drinkers in Indian restaurants.



LAGER VS. ALE

For those wondering what the difference between a lager beer and a bitter beer, or ale, is: a lager is usually made using yeast which works at the bottom of the vat in cold temperatures (followed by a period for cool storage); ale is made using yeast that acts at the top of the vat in warmer conditions.

Work soon replaced study, but Bilimoria's sense that there was a business opportunity being missed continued to nag away at him. On his two-month-long trips to India to see his family (he had very accommodating employers who allowed him to save up overtime and take time off instead of extra pay), he would travel around the country, depending on where his father was posted, and sample local beers. 'I would drink all Indian brands,' he says. 'Depending on which part of the country I was in, I would drink Kingfisher, Rosy, Pelican, or – in the Indian army messes – Pals, Golden Eagle, or Black Label.' The locally-brewed beers were noticeably less gassy and smoother than their British counterparts.

It was on a visit to see his father – who retired as Commander-in-Chief of the Central India Army and at the time was a senior general commanding a corps stationed in North West India – that his rumination turned into resolve. Bilimoria, by now studying law at Cambridge, vividly recalls the day he and his father visited a brigadier friend, at a beautiful house in the hills at Simla, complete with wooden terrace overlooking the forest canopy in the valley below. 'I was looking out into the forest and drinking a beer at lunchtime,' he recalls. 'I just didn't enjoy drinking lagers in England. I said to myself, "I'm definitely going to do this. One day I'm going to take my own lager beer from here to England. It is going to be less gassy and smoother. It will accompany Indian food and it will appeal to ale drinkers.'" That moment I remember very clearly.'

WHAT DOES IT TAKE TO BE A SUCCESSFUL ENTREPRENEUR?

Thousands of people have good ideas, but how many of those ideas are ever translated into a business? Not many. The key is the entrepreneur. A good

KARAN'S BUSINESS TIPS:

DOING IT DIFFERENTLY

'It is tough coming up with a business idea that no one has ever thought of before. The good news for entrepreneurs is that you don't have to. Not quite, anyway. Because the innovation is not just important at the "What?" stage; it is equally important – if not more so – at the "How?" stage.

'Going into a competitive market, and the UK is the most competitive beer market in the world, with hundreds and hundreds of beer brands from all over the world available here, it would be easy to take the attitude, "it's so competitive what is the point of even starting?"' says Bilimoria. 'But I believe, however competitive a market is, however saturated it may appear to be, you can always start a brand, introduce a new product, by doing things differently in some way, by doing things better in some way, and in that way, changing the marketplace which you are going into forever.'

entrepreneur will find the right idea, maybe not the first time, and then find the resources to take that idea and build a business from it. The question then is, and it is one that has been asked countless times: What makes a good entrepreneur?

Different people have different takes on this thorny issue. Business academics will tell you that, even if you can't teach a person to be entrepreneurial, you can equip them with the skills they need to successfully start, run and grow a business. But that's not really an answer. Bilimoria, on the other hand, has a very clear idea of the qualities required to create a successful business; the qualities that have enable him to start his venture and take it all the way through to the £110m business it is today.

The ability to be creative

The first thing Bilimoria singles out is the ability to be creative. If your heart sinks when you read this, then you may be heartened to know that being creative does not necessarily equate with being good at art at school. Creativity is something that many people do not even realise they possess.

The brain contains between 10 to 100 billion neurons, each with hundreds of connections to adjacent neurons. Some people's neurons connect

in a way that creates unusual, original, innovative ideas. Some people can encourage their brains to do this. To a degree, creativity is something that can be worked on and improved. There are techniques you can use, as Bilimoria does, which are detailed elsewhere in the Cobra story.

Throughout much of his childhood people told Bilimoria that he was not a creative person. Why? Because he was good at history, maths and science, but a useless artist. Therefore he was not creative. But they were wrong. Later in his life he discovered, through his first efforts to start a business, that one of his biggest advantages was his creativity.

‘It is very important to think about creativity not as an isolated activity done in some kind of creativity silo,’ says Bilimoria. ‘It is not a question of, “Right, I’m going to be creative now.” Instead, strange as it may sound, it is a way of life. It is about being constantly engaged in everything you are doing. All the time try to think of original and new and different ways of doing and approaching things, driven by the knowledge that if you tackle life in this way you can add value and make a difference.’

Going the extra mile

Entrepreneurs must always go that one step further, says Bilimoria. You are not just going to do things because they have been done a certain way; you never accept things just because this is the way they are done. You are always trying to see if it can be done better in some way, or if you can take things further.

Bilimoria’s recent appointment to the House of Lords is a good example of this constant boundary pushing. Most people would take the bureaucratic procedures of the Lords as set in stone, and not to be tampered with. Not Bilimoria.

Everyone who enters the House of Lords is required to make a maiden speech. It is a daunting moment, even for seasoned politicians. Sensibly, Bilimoria decided to prepare by reading previous maiden speeches recorded in *Hansard*, the edited verbatim report of proceedings in the House. The problem was that *Hansard* didn’t distinguish the maiden speeches from any other speech.

‘I asked why not,’ says Bilimoria. Bemused staff replied that it had just never been done. ‘I said, “well come on, can’t we do it?” Hopefully now, Han-