

## Research summary

# What works: Successful community pubs

This research identifies key success factors for community pubs, drawing on four in-depth case studies of established community pubs. It builds on the Power to Change Research Institute's annual study of the size and shape of the community business sector in England.

Community pubs tend to have a dual focus on achieving financial sustainability (i.e. aspiring to generate a small surplus through trading to achieve long-term sustainability of the businesses) and delivering positive social and economic benefits for the community, such as helping to increase a sense of belonging among residents and reducing social isolation. Community pubs are similar to those run by commercial operators. However, there are some key differences that distinguish community pubs: their reliance on cross-subsidisation between pub functions and other elements (e.g. café); their reliance on volunteers (with both general and specific skills) to support the set-up and running of the pub; and their ability to generate their own demand to some extent, i.e. encouraging local people to use the pub because it is a community pub rather than a profit-making enterprise.

## Key findings

The research found that there are a number of high-level success factors common across community businesses in the pub sector. Below are the most significant of these, grouped under three headings:

### Business

- **Choosing the right ownership model.** The research favoured the tenanted model as it provides skills and expertise not necessarily present in the local community or amongst the pub founders.
- **Effective business planning.** This is underpinned by being responsive to market conditions, regularly reviewing business plans, ensuring the pub is customer-led and, where necessary, that services are diversified to meet local customers' needs.
- **Access to finance.** Successful community pubs access finance in multiple ways such as shares and donations, income from tenant pubs or access to loan finance, supported by a robust business plan.

### People

- **Committed, hard-working and skilled board members.** It is critical to success that leaders and board members are able to build support from the local community and maintain a strong connection. They are also resilient in the face of setbacks and are able to maintain a positive outlook. The board of a community pub benefits from having people who have an understanding of business and HR. Having a member with strong financial literacy enables the board to manage costs and develop business plans.

- **Effective governance structure.** Successful governance structures of community pubs are those that are of a manageable size, and have sub-groups to focus on specific areas of the business.
- **Strong working relationships.** A board that has clear roles and responsibilities for each member and between tenant/manager and the board. Frequent communication between board members and between the board and tenant/manager facilitates quick and effective decision-making.
- **Dedicated staff and volunteers.** Having dedicated volunteers to help refurbish and get the pub up and running is important. Once the pub is open, having paid staff dedicated to delivering good customer service encourages repeat custom.

## Community and external environment

- **Community support.** Community buy-in is central to the success of community pubs, as business models were dependent on the assumption that local people would make use of the pub and contribute to its income.
- **Support from local leaders and public bodies.** For community pubs this type of support helps prevent land from being sold to private developers and helps navigate legislation e.g. registering the pub as an asset of community value.
- **Support from specialists in the pub sector.** Experts helped community pub leaders to get expert advice and guidance from those involved in the running of established community pubs, and they provided advice on supportive legislation - such as the Localism Act 2011, which provides the opportunity for a community to bid for assets deemed to be of community value.

## About the research

The report was researched and written by NatCen Social Research working with WPI Economics. The findings in this report are based on stakeholder interviews, a literature review, four in-depth case studies of established community pubs and publicly available data.

The case studies are:

Community pub	Owner, legal form	Year established, location
The Anglers Rest	Bamford Community Society, an industrial and provident society	2012, Derbyshire
The Centurion	Centurion Community Action Group, a community benefit society	2016, Chester
The George and Dragon	Hudswell Community Pub Ltd., an industrial and provident society	2010, Yorkshire Dales
The Drovers Inn	Gussage Community Benefit Society, a community benefit society	2015, Dorset

The full report can be found at [www.thepowertochange.org.uk/research/research-publications/](http://www.thepowertochange.org.uk/research/research-publications/)