

SUPPORTING SMALL BUSINESSES

Lessons learnt from getting your fingers burnt

David Moore discovered some costly mistakes when fire struck his London restaurant, reports **Carol Lewis**

“I was in Burgundy on a wine-tasting trip when the sous chef called from London to say there were three fire engines outside the restaurant. That was at 8.30am. At 4pm I walked into the restaurant and thought: ‘I’ll have this open again in a few days, it’s just a bit of water damage.’” If only. “As I went upstairs, it just got worse and worse until I got to the third floor — where the roof had gone.”

In fact, the fire at the Michelin-starred Pied à Terre restaurant, a blaze thought to have been caused by a faulty part in an ice machine, resulted in a dangerous buildings order and closure of the restaurant for almost a year. It almost financially ruined its co-owner David Moore.

“I have to admit to being totally naive on insurance.” He had business interruption insurance, but there were errors in the gross profit margin estimate. He had also neglected to include service charges in his earnings estimates. As a result, he was under-insured by 34 per cent.

“Like everyone, I always thought that fires and disasters happened to other people.” He is not alone. According to Aviva’s latest SME Pulse survey, 21 per cent of SME owners say that they do not understand what insurance they need or are covered for and a further 10 per cent say that they don’t have insurance. He was, he says, “very reliant on the insurance broker’s expertise”. He later won a £550,000 litigation claim against the broker.

Although the incident was eight years ago, it has left a deep impression on the restaurateur, a veteran of television programmes such as *Masterchef: The Professionals*. He jokes that he now knows “a hell of a lot about insurance” and that there are strict procedures in place to ensure that vital things such as accounts data are backed up should there be another disaster.

The rebuilding of the Victorian



David Moore has rebuilt his Pied à Terre restaurant in Fitzrovia, Central London, and his business after a devastating fire

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townhouse was an opportunity to build a better restaurant and Moore wanted to spend 50 per cent more than the estimated cost of the refit to create a state-of-the-art kitchen and restaurant.

While the restaurant was closed, the former assistant restaurant manager at Le Manoir aux Quat’Saisons kept 16 senior staff on the payroll, despite having no customers. “There was no way we could come back and do what we did to the standard we did before without these people. For the first couple of days that we were open, we were cooking for an invited audience to make sure we were up to form because we knew Michelin would be pretty sharp.”

The staff were not idle while the restaurant was closed. The sous chef was sent to some of the best restaurants in Spain, the restaurant manager worked in top London restaurants and the senior waiter “became super

knowledgeable” while working for a cheese supplier.

To be able to afford to renovate the restaurant and keep the staff, Moore needed to find money. “I had to beg, borrow or steal £350,000,” funds accumulated from savings, remortgaging his home, taking out loans and equity from a small band of shareholders.

The fire changed Mr Moore’s approach to work, too. Instead of running a single restaurant, he wanted to front a business. Today he co-owns several restaurants and bars, including the newly launched One Sixty smokehouse in North London.

“It has all turned out okay. We have just had our best quarter ever, with takings up 20 per cent... Exactly a year ago, when there was the spectre of a triple-dip recession, was our worse quarter ever. Well, aside from when we’d had the fire.”

The proper insurance is not an option

Behind the story

Small business leaders are becoming increasingly knowledgeable about insurance, with 69 per cent claiming that they are confident they are adequately insured this year, compared with 50 per cent only two years ago (Carol Lewis writes).

Nevertheless, according to Aviva’s bi-annual survey of 500 SMEs, this leaves 21 per cent of business leaders in the dark about what insurance they possess and 10 per cent saying that they have no insurance at all.

The Association of British Insurers, in collaboration with the British Chambers of Commerce, the CBI and the British Insurance Brokers’ Association, published a guide to insurance for small businesses at the end of last year in an effort to improve the awareness of insurance among SME leaders.

It drew attention, in particular, to employers’ liability insurance. If a business employs staff, then employer’s liability is a compulsory insurance enforced by the Health and Safety Executive. A business can be fined up to £2,500 for each day that it has inadequate insurance.

Robert Ledger, head of small business at Aviva, also highlights business interruption cover as one that is often underestimated. “In the event of a major loss such as a fire, establishing how long it will be before the business is up and running, and whether actions such as moving into temporary premises are necessary, are steps that can be overlooked or underestimated by businesses.”

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