

## Business

### The Sunday Interview Angus Thirlwell

# ‘Send me to prison for the hazelnuts, it’s worth it’

Ahead of his firm’s bold flotation, the founder of Hotel Chocolat tells *Ashley Armstrong* why life has never been sweeter

There is the phrase “so good it should be illegal” and then there is Hotel Chocolat’s particular hazelnut praline, which actually is.

The chocolate company’s founder, Angus Thirlwell, indulged his rebellious streak by overloading Hotel Chocolat’s “Gianduja” recipe with so many hazelnuts that it exceeds European Union specifications.

“Send me to prison for the hazelnuts, it’s worth it,” Thirlwell cries with a hysterical laugh.

It is this unrelenting exuberance, as well as his shock of white-blond hair and tall, rakish figure which makes the 53-year-old instantly stand apart from a room full of suited diners at Rabot 1745, his cocoa-themed restaurant in London’s foodie Borough Market.

However, his enthusiastic disregard for European convention is attracting attention for other reasons as his company is one of the very few to brave a stock market listing before Britain casts its vote on a potential Brexit.

Despite City complaints that the EU referendum is putting a freeze on any action, Hotel Chocolat is still heading towards a £150m flotation on London’s junior market at the end of this month.

The flotation will hand Thirlwell and his co-founder Peter Harris £20m each, just when they thought life couldn’t get any sweeter than running a growing chocolate company which has the added bonus of regular trips to St Lucia to check on a sun-soaked cocoa plantation and chocolate-themed hotel.

Thirlwell, the son of Edwin Thirlwell who started Prontaprint, KalkKwik and the Mr Whippy icecream brand, started his own entrepreneurial career when he met Harris almost three decades ago. They convinced each other to quit the Cambridge-based technology company they worked for and instead launch a branded confectionery business specialising in corporate gifts.

“It seemed so boring to hand out a pen with your company name and we thought it would be much better for companies to have a refreshing pack of mints”, he says, grinning and sheepishly aware of how dated the concept seems now. They started their pragmatically named “Mint Marketing Company” with £10,000 of personal loans and grew it to £3m of turnover. Thirlwell modestly says he proved “so evangelical no one could avoid being sold to”.

The duo then spotted a niche in the market for sending gifts, at a time when options were limited to “flowers or

nothing”. They joined the dotcom wave and survived, launching an online retail company that sent boxes of chocolate through the post.

Thirlwell said he was determined for “Choc Express”, as it was known then, to return to the level of quality before rationing in the Second World War meant sugar was substituted for cocoa. “Sugar is also one-twentieth the price of cocoa and extends the shelflife, so you can see why the big companies keep it that way,” he explains.

Instead, Thirlwell headed off in a van across the Channel on a tour of Belgian chocolatiers, on what he calls his “Flanders Quest”.

“I went to 12 addresses and looked at what they made, ensured they had the right philosophy, the right machinery and skills for what we wanted. I said ‘could you make this for me a bit less sweet and add a few cocoa nibs and put a couple of stripes on?’ and they protested until I said I would order 10,000 in one go.”

By 1998 word had spread of the artisanal chocolate deliveries and by harnessing its database of online customers the company had created a “chocolate tasting club” with 30,000 members who would taste-test new product innovations.

In 2000 Thirlwell realised the company needed to sound more luxurious and, inspired by Juliette Binoche’s seductive pronunciation in the film *Chocolat*, Hotel Chocolat was born, at a time when having a hotel was still very much an aspiration. Three years later the company hung its new evocative name above its first store in the somewhat less romantic sounding Watford.

“We didn’t want to open in Cambridge, our local city, because we didn’t want people to just buy stuff because they felt sorry for us. We thought that if we can make it in Watford, we can make it anywhere,” he says, roaring with laughter at his provincial take on Frank Sinatra’s lyrics.

“When we opened the first store we were worried that the brand name would be too intimidating and too mercurial,” Thirlwell remembers. After all, the company was trying to take on tired, high street staple Thorntons with an upmarket approach that stripped out the fussiness of traditional chocolate shops where, as Thirlwell puts it, “you’re served by someone in white gloves asking what’s in a chocolate with an odd name like a Napoleon or an Isabelle.”

“Instead of an intimidating process we wanted to make it open for people to enjoy and pick up what they like.”

Hotel Chocolat’s future took a different



### CV

◆ Age: 53

◆ Education: Barnard Castle School in Durham, Sheffield University reading French and economics but left before finishing after he was promoted during a work placement

◆ Family: Married to Libby with two children in their twenties

◆ Big break: “Realising when a good idea slaps you around the chops”

◆ Interests: Hiking, watersports, reading

◆ Drives: An old, black Porsche 911

course when, shortly after opening its first shops, Thirlwell was sent a book on chocolate-making in the 1920s from one of his tasting club members and started reading it on a plane to visit his father in Barbados.

“I was there in the Caribbean sun, reading this book about plantations and how chocolate used to be made and sourced and I was utterly inspired.” After convincing co-founder Harris, which proved much easier once he also had a taste of island life, they bought the oldest cocoa plantation on St Lucia, the 130 acre Rabot estate. At the time St Lucia’s cocoa industry was at an all-time low with workers so badly paid that they were leaving cocoa pods to rot on the trees. Hotel Chocolat’s purchase revived the trade after convincing workers of its ethical programme which meant that farmers were paid a higher price for their harvest and could reinvest in the land.

The company now works with 167 farmers and sells cocoa bars using the

Rabot estate beans which are shipped and made at Hotel Chocolat’s manufacturing facility in Cambridgeshire.

Since originally starting with a 40pc cocoa bar of milk chocolate, the company now makes rich, 100pc cocoa dark chocolate from Rabot Estate beans which Thirlwell likens to “sashimi, because there’s nowhere to hide with the quality”.

Hotel Chocolat’s chocolate tasting club proved to be even more valuable than just picking the next seasonal recipe, as Thirlwell spotted the opportunity to use his most loyal customers as a way to finance the company’s growth.

Four years ago the company launched the world’s first ever “chocolate bond”, which paid dividends to investors in chocolate boxes rather than cash. And after three years, investors were returned the money, which Thirlwell argues proved a much less risky option than some current crowd funding rounds. The company’s first bond raised £3.5m to help fund more machinery

### Facts

## 1993

Angus Thirlwell and Peter Harris launch an online chocolate business

## 2004

The first Hotel Chocolat shop opens

## 84

Number of shops

## £150m

Expected valuation of Hotel Chocolat in its stock market listing

## 600,000

Tasting Club chocolate boxes sold each year

while a second launch in 2014 raised a further £3.5m to fund its expansion. At the same time, the number of its tasting club members has grown to 70,000.

Despite starting life as an online retailer the company now has 84 shops and employs more than 1,200 people. However, Thirlwell, unsurprisingly given his disposition, isn’t fazed by the current gloom that pervades the high street. “We think that stores are essential, because for something as tactile, sensorial and experiential as chocolate it’s one of the most pulsequickening products that there is”, Thirlwell reasons. “If customers couldn’t smell it, taste it and hear the stories it would be a missed opportunity.”

Thirlwell’s obsession with chocolate is obsessive, even likening it to his “crack cocaine”. “There are a million reasons to eat dark chocolate; it boosts your cognitive facilities, awakens the body and keeps you happy and focused. We know that the 100pc cocoa bars are now being bought by athletes, cyclists and people on paleo diets for their health benefits.”

Hotel Chocolat, which is also trialling three shops in Copenhagen ahead of an overseas expansion push, has started introducing cafes into its shops, which offer another revenue stream, while diners can have chips with cacao ketchup at its Rabot restaurant.

*‘I was in the Caribbean sun, reading this book about plantations and I was utterly inspired’*

Last year the company overtook Thorntons in sales and its growth has attracted interest from buyers, which led it to hiring advisers at PwC to explore selling a partial stake in the company to private equity firms. However, Thirlwell and Harris opted against it.

“Private equity is a good model for lots of companies but both me and Peter want to stay with the company and be guardians of the brand for a long time and that doesn’t really fit with the private equity model but it does with floating on Aim.”

However, with such momentum behind the company, why is it risking it at a time of such uncertainty in the markets? “Our analysis is it’s the right time for us,” says Thirlwell. “The advice we have been given is that we are a strong brand with a strong business and that in nine out of 10 turbulent conditions we can make this work.”

So once Hotel Chocolat is floated will Thirlwell be disappearing off, cocoa-infused cocktail in hand to the Caribbean sun? “Not at all, it’s like we’ve had the hors d’oeuvre and now we’re on to the starter. We have so much more we want to do.”