

BISCUITS ARE THE THIRD LARGEST GROCERY CATEGORY IN THE UK. MARY FINN, TREASURER OF BURTON'S FOODS, EXPLAINS HER ROLE IN THE BUSINESS AND THE RECENT COMPANY CHANGES TO JENNIFER CARRUTH.

Sweet taste of success

PHOTOGRAPHER: ROGER HARRIS

Having baked biscuits and snacks for over 70 years, Burton's Foods prides itself on the sustainability and longevity of its household brands – Maryland Cookies, Wagon Wheels and Jammie Dodgers.

In recent years, though, the company has gone through a number of changes. It was formed from the merger of Burton's Gold Medal Biscuits and Horizon Biscuit Company in 2001 after private equity firm Hicks, Muse, Tate and Furst had bought the pair up. In 2006 Burton's appointed corporate finance house Stamford Partners to advise on its strategic options which led to the sale of the company to another private equity firm, Duke Street Capital, for an undisclosed amount in March 2007.

Mary Finn, Treasurer for Burton's Foods, started out as an accountant, at a small niche company called Lindsay and Williams. Later she moved to Northern Foods before the demerger of Express Dairies and Northern Foods in 1998 created an opportunity for her in treasury.

It was an opportunity she clearly relished as she has been in the food industry for over 10 years. "I qualified in the late 1980s as an accountant, while working for a couple of small companies operating in different specialist markets," Finn says. "Moving to Northern Foods in the early 1990s, I held several accounting posts in various manufacturing locations.

"I moved into a head office role, within the dairy division of the business in the mid-1990s. This gave me an opportunity to gain a greater insight into the overall dairy industry and have the opportunity to become involved in project work." The Express Dairies/Northern Foods demerger brought Finn the opportunity to move into treasury: "The treasury function for Express Dairies was set up from scratch. It was a fantastic

A history of Burton's

Originally owned by Associated British Foods, which sold the group to private equity firm Hicks, Muse, Tate and Furst in 2000, Burton's also bought other UK food companies around this time, such as Biscuit Makers, the Irish manufacturer of Kelly's Cookies in 2002.

Between 2002 and 2007 Burton's went through some dramatic changes, including relocation and reduction of its workforces. In 2003 Burton's moved its main trading, marketing and finance teams from Blackpool to St Albans.

In 2007 Burton's, which had 3,000 staff and four factories, was acquired by Duke Street Capital.

Burton's Foods was officially set up in 1935. It grew from the Burton Family business which began in the mid-1880s. It has been baking snacks for over 70 years, including Maryland Cookies, Jammie Dodgers and Wagon Wheels. It also bakes and sells under licence Cadbury Fingers, Cadbury Chocolate Digestives and other Cadbury biscuit brands. Its customers are major UK grocery retailers and it exports to Scandinavia, France and the US.

opportunity for me to work with a very experienced Interim Treasurer and together we set the treasury function up.

"Prior to my moving to Burton's there was no treasury function. All treasury transactions were carried out by the treasury of a sister company. It was my initial role to set up this function within Burton's."

Finn's experience at Express Dairies stood her in good stead. Once the function was up and running there was a lot of training required: "My main focus was to get accurate cash and currency management reporting set up. Once this was in place, accurate forecasting and monitoring was established. This was carried out by the various departments within finance as I felt it was important they have

ownership of what they were forecasting; it had the added benefit of setting realistic targets."

Taking her AMCT treasury exams in the late 1990s and then in 2000 her MCT, Finn looks back on the qualifications as thorough and extremely useful for her work. "At Burton's I mainly deal with risk management, a topic which was covered in depth by the exams. The MCT study programme is excellent. In my opinion the knowledge you gain is absolutely vital for a career specialising in treasury and risk management. The topics included loan documentation, treasury management, corporate financing structure and risk analysis."

Finn has been working in the food industry for over 10 years but says all types of business interest her: "It's the commercial aspects that I find most fascinating. Treasury skills are readily transferable between organisations in differing sectors. Migration of treasury techniques can be tailored for the industry in which the treasurer operates and tend not to be limited to sector-specific risk management, although sectors will have differing inherent risks depending on industry dynamics, the organisation and its market share."



RISK MANAGEMENT ROLE As Treasurer at Burton's, she deals largely with risk management. Like all companies, Burton's has to manage its exposures to risk – whether that's due to price increases or a reduction in demand. "I have to manage the risks of the business in terms of cash, currency and interest in order to reduce these exposures."

Finn may be the only person in the treasury team, but she works very closely with the other departments within finance, such as accounts receivable, accounts payable and payroll, providing guidance and information as required.

Back in 2000 Hicks, Muse, Tate and Furst had made a few changes to the finance function, which made an impact on how Finn would carry out her role as Treasurer. A specific shared service function was implemented into the Burton's financial structure, allowing all aspects of finance to work together.

"Essentially I am the treasury," Finn says, "but with this newer structure it means that all those involved in the financial side, such as accounts, payroll and IT software systems, can now work more closely together."

"I also work closely with commercial, purchasing, logistics and operations departments, to ensure any currency, credit insurance cover, trade guarantees and large capital purchases are dealt with appropriately. All hedging of currency and interest rates is carried out by myself. However, this is always in relation to information from other parts of the business."

CHANGING HANDS Burton's is a good example of the recent trend for companies to be acquired successively by different private equity firms.

"Duke Street Capital has successfully invested in several businesses in the consumer sector and has particular experience in the food industry," explains Finn. "The biscuit market is the third largest grocery category in the UK. Burton's is the second largest biscuit manufacturer in the UK. In addition, Burton's brands all occupy strong positions, largely number one or two in the key market segments in which they participate. The purchase of Burton's follows Duke Street Capital's recent investments in various businesses in the chilled convenience food sector."

Until recently, Burton's had been under represented in the healthy sweet biscuit and savoury sectors. In line with consumer trends and calls to encourage the population to eat organically and healthily, Burton's Foods have partnered with Green & Black's to produce

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organic biscuits and cereal bars under licence and also introduced The Edinburgh Bakery organic range of shortbread biscuits. Burton's Foods have also launched Bertolli savoury snacks under licence from Unilever.

Finn says that higher wheat and sugar prices have failed to dent Burton's business. "Maryland Cookies are the UK's number one selling biscuit," Finn says, "and there are other ways of dealing with the increased prices."

She is referring here to fixed priced contracts, whereby Burton's buys its raw materials in the currency in which they are priced: "If the commodity has an underlying exposure to a foreign currency we will try to pay for that commodity in that currency. Treasury has a key role in supporting the commodity cover strategies in place in Burton's; for example, fats and oils are purchased in US dollars. Another important example is sugar, which is exposed to fluctuations in the sterling/euro exchange rate."

So what does the future hold for Burton's? Finn points out that the biscuit industry is constantly evolving: "Burton's Foods is a category expert, using consumer and shopper insights to develop its brands and the overall biscuit category. Its strategy is to respond to recent trends in the market such as convenience, health and indulgence, via new product development and extensions of its iconic brands into new flavours and formats."

Jennifer Carruth is a Reporter on *The Treasurer*.
editor@treasurers.org

