

Pret a Manger cases A-D

Case (A) 1987 to 1997

Julian Metcalfe, joint founder of up-market sandwich bar chain Pret a Manger, had been invited to talk to the Royal Society of Arts and he was reflecting on what he should say. The title of the session was 'Entrepreneurs: the new generation.' The fact that Metcalfe had been invited was a source of satisfaction to him and he reflected on the success of the business. It was late 1997 and he could, indeed, look back on the last 10 years with pride.

Beginnings

Pret a Manger was founded in 1987. At the outset it had seemed an unlikely enterprise. The UK economy was in the throes of a painful recession. Metcalfe had no experience in the food business. His early career had been in chartered surveying – and that had been after an unsuccessful time at a series of expensive schools his parents had sent him to, and from which he had been expelled.

The first Pret store was opened in Victoria Street in central London with the help of a bank loan of £17,000. There hadn't been a business plan – or not a decent plan anyway – and no formal market research had been conducted, either. But Metcalfe could see the opportunity. In the mid-1980s London was not a good place for lunch, particularly for time-pressured business people. Yes, if you had lots of money and time then, despite its reputation, you could eat very well in the UK – particularly in London. But if you were busy and only had time for a quick sandwich lunch the options were not attractive. With only a few exceptions, sandwich bars in London were low quality, unhygienic operations, privately owned and often poorly managed. The quality of ingredients varied immensely, but most were uninspiring at best. The customer would not know how fresh the bread was until he or she took the first bite. Customer service standards were low, and certainly slow, as every sandwich was prepared on order. Staff were usually transient workers, often just passing through London, or students looking to supplement their income. Why pay them more than the absolute minimum? They wouldn't be around for long and all they had to do

Rupert Merson is Adjunct Associate Professor, Strategy and Entrepreneurship at London Business School.

London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

© 2018 London Business School. All rights reserved. No part of this case study may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, photocopying, recording or otherwise without written permission of London Business school.