



**CRITICAL EYE**

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# Crafting a Modern Business

Catriona Marshall, CEO of Hobbycraft, tells Mary-Anne Baldwin how she's used digital, data and team development to modernise the business



**C**atriona Marshall stepped in as CEO of the UK's largest arts and craft superstore retailer, Hobbycraft, five years ago.

Under the backing of its private equity investor, Bridgepoint, Catriona had to reinvigorate the business, which had operated under family ownership for 14 years. "We needed to make it scalable and at pace," she explains.

We chatted to Catriona on the sidelines of the [Criticaleye Private Equity Retreat](#) about how she's developed a multichannel offering and focused on employees' understanding what customers want.

### **How have you developed your digital offering to support the business?**

First of all we had to renew all of our systems and spend over £2 million on an off-the-shelf ERP system. We then plugged in a website for about £250,000, against a current on-line turnover of £10 million. We have a decent EBITDA on our digital business and it's always been cash generative, so that's an easy conversation to have with our private equity backer.

To have a website like that – one that has won awards – is a good place to be. Within a six week lead-time we also built a new customer database and launched the Hobbycraft Club.

The digital side of the business is evolving to support the 85 stores; 60 per cent of customers go online before they come in store.

The lessons I've learnt from that experience are to keep the budget low, timescales short and to update it regularly.

*“ Digital is running right through the business to the coalface ”*

### **Improving your online offering must have increased the amount of customer data you have – what insights have you gained?**

We now know who our customers are, which is revelatory; we didn't have that information before. We talk about Jean, Emma and Sam – three of our five core hypothetical customers, who are representative of the customer spread.

When you're in our stores it's really evident that there's a Jean and her husband Bob, there's Emma with her kids and there's arty Sam. We know what they buy and we know roughly what they are worth as our core customers.

Thanks to data we can also now see real individuals and their names; we know who our top twenty customers are and we've met with them in stores. We've rung them up and invited them for a coffee.

Now we're giving individual stores dashboards so they can see who their top customers are and can invite them to their stores for special events, such as knitting nights. Digital is running right through the business to the coalface.

### **Has the focus on digital improved your customer service?**

If you want to make a complaint it's now the easiest thing in the world – just Google 'CEO Hobbycraft and my email address comes up. I get all of those emails, although there are very few. It's normally to ask where a parcel is or about an out of stock product – that's what frustrates people.

As soon as someone writes something, I ping back an email within minutes. Customers love it. I'll have a dialogue and the team will get onto it and sort it immediately. Doing this gives us a chance to turn those customers into raving fans.

Customers love to use Twitter and Facebook to communicate with us, as well as email and phone.

### **How have you marketed Hobbycraft?**

When we were going through the transition we stopped marketing; we wanted to get the proposition right before we shouted about it. When we were ready to talk to people we looked into TV adverts but instead chose to focus on direct marketing and social media.

We introduced our customer club, which has allowed us to communicate with two million members a couple of times a week, supported through social media, which drives traffic to our site. If we had jumped into marketing we could have spent £10 million on TV advertising.

### **What's the next phase in your social media and marketing plan?**

We're taking social media out of marketing and giving it to customer services; each >



store has its own Twitter account so colleagues can really engage with the public. We put as much as we can on Instagram, Facebook and YouTube.

We're good at communicating outwards to our customers, but we're not good enough at communicating back yet, so that's our next big stage of development.

Communicating with us through Twitter and Facebook is fine, but we want to be better than that. We want to create a community of customers who talk to us and to one another..

### How have you developed your team with the skills they need?

We have gone through massive changes regarding our people. We needed the right people in the right place in order to go through the transition; we realised we needed new skills, talent, culture and a new way of doing things.

Another key issue has been the different skillsets we've needed at different points of the transition. We're about 50/50 on developing existing people with new skills and bringing in new people.

### How have you managed staff through that journey?

You have to account for the learning curve because it takes time for people to adjust. Before new people were able to give a real contribution they were six to nine months into the business.

For existing people, we gave a period of time, but if they were not able to make that leap into a new way of thinking and working, we had to change them. In private equity you haven't got much

time, especially with the senior team. It's been quite a challenging journey in that we've had to make big decisions and make them quickly.

Three years into the change programme you might find that some people are continuing to improve and adding more value to the business while others – who were great three years ago – have reached their ceiling.

### Have you had to adjust your leadership style during different points of the transition?

We've had to work very hard at countering what we call the 'hungry chick' syndrome because in the early days we were very prescriptive in terms of what we wanted to happen, then even people with great experience waited to be told what to do.

We've had to step back and empower our teams again. A challenge for all for us as leaders in the business is understanding at what point we need to be very directive and when to stand back.

### How do you engage your staff

We have huddles once a week where we get everyone together to share what they're doing in the business so that everyone takes ownership and is knowledgeable.

Colleagues and customers engage together through in-store craft demonstrations held every weekend, as well as weekly craft classes that vary from store to store.

We also do a lot of craft related things in the office, such as bake offs and card making, which allows

colleagues to better understand both the customer and the product.

### What's the next phase for Hobbycraft's development?

We need to be international and to go deeper into specialist markets online. To do that, we're now going through the whole transformation cycle again, repeating the change process to move forward another stage.

We know exactly where we want to be and what we are targeting; we have a clear plan. ■

These thoughts were shared at Criticleye's [Private Equity Retreat 2016](#). Find out more about our regular [Private Equity Breakfast](#) events and how to attend the next one.



**Catriona Marshall**  
CEO  
Hobbycraft

Catriona Marshall is CEO of Hobbycraft, the UK's leading chain of arts and crafts stores.

Catriona was brought on board by Bridgepoint in 2011 after the private equity firm bought Hobbycraft in 2010.

Catriona previously worked for Pets at Home as the Trading and Marketing Director.

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