

# The Lakes Distillery set for first malt yield in 2017

Nigel Wright's Andrew Openshaw chats to Nigel Mills from The Lakes Distillery to discuss preparations for the release of its flagship brand, The Lakes Malt. Nigel also reveals some of the challenges and successes the business has had since launching in 2012.

I met Nigel Mills, Chairman of The Lakes Distillery, on what was another milestone day for the Keswick-based luxury spirits maker. Nigel explained that Dhavall Gandhi had officially joined the business. Formerly of The Macallan and a Chartered Scientist in Whisky Distilling, Dhavall is one of the leading Master Blenders in the global industry. In Nigel's words: "With Dhavall on board, we're positive we can produce one of the great malt whiskies of the world."

That has been Nigel and business partner Paul Currie's ambition since the start of their journey in 2012, which has seen their impossible dream turn into a multi-award winning reality. Making the perfect Whisky, though, is a task that requires patience and perseverance. A mixture of Faith, Hope and Love perhaps, three of the four words engraved into the 33 quatrefoils dotted throughout the redeveloped old Victorian farm. And the team at The Lakes Distillery have those qualities in abundance.

It all began in earnest when Nigel read about a firm of architects in Carlisle that had secured planning consent to build a Whisky distillery in the Lake District National Park. Since selling Mills Group to Tesco in 2011, Nigel's focus had been running his luxury hotel, the Trout, in Cumbria. The planned distillery would be six miles from the award-winning hotel. Sensing a partnership opportunity, Nigel arranged to meet with Paul in April 2012.

Paul Currie is a whisky man. He set up the iconic Isle of Arran Distillers with his Dad, Harold, in 1995. Harold always dreamt of opening a



distillery in the Lake District, believing it an ideal place for such a venture with its charming scenery and access to abundant fresh spring water. Paul had pursued this dream, had even found the perfect venue in a disused Victorian cattle farm near Bassenthwaite Lake, but in 2012, was struggling to raise money to get the venture off the ground.

Nigel was impressed, though perceptive of the challenges ahead. Whisky spirit must lie in a cask for three years and a day before it's legally sold as whisky. It must then mature for a further seven years before it even comes close to reaching 'greatness.' Therefore, Nigel explained: "You need other income streams to at least cover the cost of producing the malt." Intrigued by the challenge, he offered to review the business plan. Together with Paul, they created seven routes to market.

With Nigel now on board, the focus turned to creating the best whisky distillery visiting experience in the world. This would include a tour, a bistro, a shop selling The Lakes Distillery Whisky, Gin and Vodka and other items linked to distilling and blending. In addition, Nigel and Paul planned to sell into the UK wholesale and retail





markets as well as export their brands to lucrative international spirit markets. The proposition also included an exclusive membership club and an e-commerce website.

The seven different businesses, Nigel noted, needed properly resourcing and managing: "Having a great plan isn't enough. You need a team of experts to drive a project forward. If the money isn't chasing you, then your plan or your team or both aren't good enough."

Via the Entrepreneurs Forum, an organisation he helped found in 2002, Nigel was introduced to Dr Alan Rutherford, ex-head of global whisky production at Diageo and professor at Heriot-Watt University, a European centre for excellence for distilling and blending. Nigel was keen to know



Alan's thoughts on the prospects of marketing an 'English whisky.' His answer: "Well, somebody has to be the best. Why not you?" Impressed and enthused with this response, Nigel asked Alan to join The Lakes Distillery as a non-executive director, and he did.

Through Alan's network, they quickly secured the services of a master stillman, Chris Anderson. A Cumbrian who used to manage Dewars' whisky distilleries in Scotland. Together with Paul and Alan, they now had a team with: "Huge credentials in the whisky industry." Nigel himself offered knowledge in wholesale, retail and tourism. The missing links were food and e-commerce.

Again, via the Entrepreneurs Forum, word of the project reached Eutechnyx founder Brian Jobling. He'd recently sold a majority share in the award-winning video games developer and was seeking new opportunities. Excited by the plan and the chance to join the team, he was appointed CTO to develop the distillery's online presence and e-commerce systems.

Raising cash was still a challenge. Nigel explained how they organised various fundraising events throughout 2012 to try and secure the support of investors. Some of these took place at Café 21, on Newcastle's Quayside. Seeing a chance to establish a bistro within a potentially world-leading tourism destination, Michelin star chef, Terry Laybourne, owner of Café 21, also gave the project his backing.

With experts in place in all the right areas, in 2013, The Lakes Distillery raised the required funds through the Enterprise Investment Scheme, to place a deposit on the stills and start renovating the farm and building the distillery. With a 12-18 month wait for the completion of the stills and distillery, the team set to work raising their reputation in the competitive £15 billion whisky industry. Global trends, however, were on their side.



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Nigel noted that although Scotch is still the benchmark for quality, in recent years the whisky market has opened to a variety of international competitors. "New World Whisky is the label given to whisky produced outside of Scotland. This is where the real growth in the industry is taking place. There are new whisky distilleries being built all over the world. Australia has 21, there are eight in Sweden."

Emphasising location as the basis for a unique brand, The Lakes Distillery assembled whiskies from around the UK to create the first ever British Isles blend, which they named The One. It was launched in the Autumn of 2013 and achieved worldwide success. Just over a year later, on 15th December 2014, the Distillery opened.

Each area of the business performed strongly during the first year of trading, achieving over £3 million in turnover. A strong start, though, for Nigel, Paul and the team, it was the accolades they were most proud of. In addition to The One receiving recognition at various international tasting competitions, the distillery itself was highly commended by architectural awarding bodies. The Lakes Distillery is also now a 'Cumbrian icon,' as reported by Cumbria Magazine in its 2015 poll, alongside literary legends Alfred Wainwright and Beatrix Potter.

Nigel describes these honours as "Unbelievable" though told me the icing on the cake was winning the Global Distillery Masters award for overall visitor experience. "We were acknowledged as having the best distillery visitor experience in the world. Something we set out to achieve back in 2012 before the distillery was even built." Over 21,000 people paid to do one of three tours at the site in 2015, one of which involves spending the whole day with the master stillman. An opportunity Nigel described as: "The ultimate experience for anybody interested in spirits."

Now in their stride, though still waiting patiently for the Malt to mature, The Lakes Distillery started adding to its portfolio, developing a super-premium gin and triple distilled vodka. With 283 different gin varieties in the UK and 49 new gin distilleries built

in 2015 alone, I asked Nigel why they'd chosen to enter a difficult emerging market. His answer was simple: "The entire project has been about identifying the natural strengths of the area and then building a business around them."

Cumbria, I discovered, is the home of British juniper, the backbone ingredient of gin. Producing gin in the natural home of juniper in the UK, Nigel highlighted, was: "An opportunity not to be missed." Furthermore, seven of the fourteen Botanicals used in the distilling process are native to the Lake District National Park, where the distillery is located. The Lakes Gin, to use Nigel's words, therefore has "Genuine provenance" which sets it apart from its competitors.

Alongside the spirit brands, which have now won 15 medals between them at prestigious tasting competitions in the UK and overseas, Terry Laybourne's Bistro has also had a promising start to business. "We sold over 70,000 meals in the bistro in 2015, which we upped to 80,000 in 2016. We're in Michelin's and Harden's Good Food Guides and win Open Table Restaurant of the Month, every month, in Cumbria."

While this is undoubtedly impressive for a restaurant located in the town of Settrington, population 93, Nigel is all too aware that location remains an obstacle. "When people think of the Lake District, a whisky distillery does not come to mind. So, we're still educating the market about where we are and why people should visit." Nigel added how, in Cumbria, more could be done to promote the area through public and private sector collaboration.

While Faith, Hope and Love have served the business well so far. Luck, the other word which forms The Lakes Distillery 'mantra', turned against them in December 2015. Severe flooding caused by Storm Desmond on 4th December 2015 effectively ended Christmas trading, for the tourism side of the business. This impact, which Nigel described as "Detrimental", was felt for the first six months of 2016 due to subsequent works to raise the height of the main junction leading to the distillery.



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Nigel is adamant that the team of 85 employees across the business achieved remarkable results regardless of these issues, with tour numbers going up by 5,000 and restaurant visits, by 10,000, at the end of 2016. "Think what we could have done if things had gone our way."

2017 signals the final countdown to the launch of The Lakes Malt Genesis, which will 'become' whisky on 17th December 2017. The inaugural bottling will be sold from September 2017. With spirit drawn from the first 100 casks only available to members of The Founders Club, The Lakes Distillery exclusive online membership club, who receive a bottle of the malt and two miniatures each year for ten years. The Lakes Malt Genesis will then be launched to the public on 19th May 2018, to coincide with World Whisky Day.

The expected flavour? Nigel says they can only make educated guesses. Every distillery has unique stills in terms of their shape and the configuration, to give malts their distinctive characteristic. The Lakes' casks, too, have a distinctive edge. Without restrictions like those in Scotland where whisky can only be made in casks of oak, The Lakes Distillery has experimented with woods like birch, acacia and maple used by producers of bourbon, sherry, wine

and port. "It will be quite a light spirit with a depth of character. A little bit fruity, with perhaps a slightly spicy aftertaste. It will be palatable, even for non-whisky drinkers."

The wait continues, but while anticipation builds the business has plenty of other plans to occupy itself. As well as aiming for 90,000 visitors to its bistro in 2017, Nigel told me they want to double the number of people doing tours. "Yes, we may have been voted best visitor experience, but we want that to be reflected in our footfall as well."

Continuing to build The Lakes Gin, Vodka, and The One brands are also vital. Majestic wines are the main UK stockists and Nigel said they plan to continue targeting major multiples and wholesalers, as well as the on trade and off trade, to bolster sales. The Lakes spirits are currently sold in various international markets too, including France, the world number one consumer of whisky, UAE and Taiwan. From April, a new distribution agreement has been established in Australia, and The One will be available in Auckland airport, in New Zealand, for the start of the British Lions tour in the Autumn.

The Lakes Malt, Nigel explained, will mostly be sold abroad. An 18 month wait for USA Food and Drink Association approval is now over and North American partners are being sought, in addition to partners in other markets outside of Europe. "The fall in the value of the pound, means the dollar based currencies such as Taiwan, the Far East and America are attractive because we have, in theory, a competitive advantage. Europe remains a target market, though, Nigel feels Brexit uncertainty is unlikely to facilitate any short-term wins.

With Dhavall on board and the bad luck of last year behind them, The Lakes' team is optimistic about the future. Faith, Hope and Love have returned to the fore; in Nigel's words: "Everybody attached to this project has had a lot of faith to get us to where we are today. Hope is eternal. Yes, you need a bit of luck along the way, but if you don't Love what you do, then you drastically reduce your chance of success. Nobody works this hard, just for the money."

