

## CASE STUDY: SWEET DEAL FOR CHOCOLATE FIRM

Bringing together two niche chocolate companies allowed both firms to save money and allowed Skelligs Chocolates' owner Colm Healy to devote time and energy to important projects that had been put on the long finger.

Kerry based Skelligs Chocolates has the distinction of being the most westerly chocolate maker in Europe. Skelligs produces handmade truffles and, in March 2006, it joined forces with the fledgling Cocoa Bean Chocolate Company, which makes unusually flavoured chocolate bars. The merger provided good synergy as both companies were selling to speciality retailers and both were at the early stage of breaking into the UK market.

Bringing the two companies together generated costs savings in key areas such as ingredients and distribution. It also allowed the company's owner, Colm Healy, to pursue a sales and business development role full time, while Cocoa Bean co-founder, Emily Sandford, ran the business day-to-day. Skelligs currently employs 11 people and had a turnover of €850,000 in 2008.

Healy had hoped it would be a little higher but as 2008 drew to a close it became clear that the economic downturn had begun to affect the nation's sweet tooth. "Retail sales are down, shops are reluctant to hold stock and they are ordering less often and in smaller quantities," says Colm Healy. "The good news is that sales at our factory shop are holding up very well and people seem to have no issue with the price." Healy is both an entrepreneur and an optimist who has seen opportunity in the downturn. "We are under less time pressure so I've taken the opportunity to study for a diploma in business management at University College Cork and I don't feel guilty taking the time out to do it," he says.

"We are taking a very positive view of the current situation. We see it as giving us time to breathe, to do more product R&D and to take an objective look at our business and weed out the elements that are not working.

"We had amassed a lot of research information of strategic importance to the business but had never had time to look at it properly up to now. We've been running at full tilt for some time and inevitably you long finger things on the 'to do' list. This is the opportunity to put our house in order."

Healy says that he, like many others, is suffering recession fatigue. "I'm tired of listening to endless tales of the recession. The sky hasn't fallen in and while it's not easy people are getting by," he says. "Companies can choose to see the negative or the positive in the current situation, it's their choice. In our own case we decided on a positive course of action and are implementing this in the belief that it will set us up better for the future. I believe that if a business is fundamentally sound it may shake a little when times are rough but it will ultimately survive."