

Rollover

David Sanger has made set up his first business in 1991 at the age of 25. Since then he has made enough mistakes to last many people a life-time but has learnt from them and managed, not only to survive, but prosper.



Using savings of £50,000 and a £50,000 bank loan he opened what he hoped would be the first of a chain of sandwich bars in west London in 1991. Called Rollover, it was initially a dismal flop, partly because he had no experience of the industry. David worked in the sandwich bar 16 hours a day, but after three months it was still losing money, so he decided to change tack. If the customers would not come to him, he would go to the customers. He hired a manager to run the shop and went out himself looking for wholesale customers for his sandwiches such as hotels and hospitals. Within two months sales had tripled. By 1995 David had eight sandwich bars, using the same business model.

It was whilst on a holiday in Copenhagen that the next stage in Rollover's development came. David kept coming across street traders selling hot dogs. He tried one and thought they were delicious - far better quality than those available in England - and he was also taken by the special machine that inserted the sausage inside the bread roll, completely enclosing it and making it easy to hold and eat, whilst on the move. Indeed he was so intrigued that he bought one and took it home where he had it modified so that customers could see what was going on inside, installed it in one of his shops and started importing the high-quality German sausages to go in it. Sales went so well that he installed a machine in each of his sandwich bars. They became known as 'Rollovers with ketchup' by accident because they were wrapped in a napkin with the Rollover name on it. Then his local pub asked if they could borrow a machine to make hot dogs for customers watching an international rugby match. It was so successful that within two weeks the pub chain's area manager hire six machines for pubs in the area and Rollover's wholesale hot-dog business was born.

This new business went so well that in 1995 David sold the sandwich bars for £350,000 to concentrate on the hot-dog business. But then he made his second big mistake. Rather than concentrating on wholesale, he borrowed £750,000 and opened 18 hot-dog retail outlets in the space of 18 months. Without proper controls in place the rapid roll out was a disaster. There were thefts and staff irregularities, which all resulted in mounting losses. David spent the next 18 months closing the worst outlets and franchising the rest. He lost some £1 million. Fortunately the wholesale operation survived - indeed prospered. Rollover™ now sells some 25 million branded hot-dogs a year - 'the best hot dog in the world' - and can be seen at most Premiership football clubs, theme parks and concert halls in England, giving the company a turnover of £7 million in 2004.



Case question:

What are the lessons you learn from David's experience?