

How the Belu water boss got the bottle to compete in the mainstream

Karen Lynch, chief executive of ethical bottled-water business Belu, talks to Emma Sinclair about how she turned the business around and why there's a gap in the market for more 'green' goods.



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Karen Lynch: 'I'm most proud of taking Belu from a broken model with huge losses into a successful self-sustaining business'



By Emma Sinclair

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Karen's background is in commercial 'big business': EMAP, Barclays, Audi. She loves big brands and marketing but the drive to build shareholder value, as she knew it, didn't leave her feeling fulfilled. Something was missing.

Karen quit the rat race in 2008 and enviably, took a year off to sail around the Caribbean with her husband. When she returned, she saw an advert in a newspaper seeking a marketing director for Belu Water. She applied, got the job and threw herself into understanding the then business model (or lack thereof). This was 2009 and she quickly concluded that if the company was to

ever be a success, she needed to rip up the way they were doing business and start again. So she did.

The founder left the business and Karen took over as chief executive. She set about building a workable business so that the company could make profits to fund clean water projects.

Were there any early signs of an inclination towards social enterprise?

As a teenager, Karen told me she used to buy old leather coats from local Oxfam shops. They were languishing in the shops and with a little work, she was sure she could remodel and resell them. She did – and for a profit. Later in life, while part of the Barclays top talent programme, Karen took a series of corporate tests, which identified she had a profound natural dislike for waste – whether time, money, resource or materials. From leather to water, she seems to always have had a passion for marrying business and reducing waste.

How does it work with WaterAid?

Part of Karen's original job spec was to be involved directly in projects supplying clean drinking water to local communities in developing countries. She was, she laughs, "rubbish at building dams" so she set out about finding the best long term credible partner who could help. In 2011 she signed an agreement guaranteeing WaterAid a minimum of £300,000 over the next three years which would transform the lives of a minimum of 20,000 people. To date, donations have topped £335,000 and they are about to move to a 10 year agreement and commit £1m.

Lynch's new structure has delivered deals with restaurant chains, including Zizzi, and from April last year, its bottles began selling in Sainsbury's. As such, last year it gave £134,100 to WaterAid from sales of £2.4m. The Sainsbury's deal should add at least £600,000 to this year's sales, but Karen has been **understandably nervous in the past** about making big claims.

Is Belu going to expand overseas?

Belu will never export its bottles to maintain its 100pc carbon neutral status and commitment to local supply chains. However Karen told me they will look to replicate the model overseas, if they can find the right social entrepreneurs to work with.

And will the business evolve beyond water?

This month they launch a water cooler business. WaterAid will receive £1 for each 18.9l bottle purchased. It's a refreshing scheme: no long contracts for water machines and I have signed up. Additionally – and something I find hugely interesting – they have partnered with a sustainability focused glass packaging specialist to develop 'Ethical Glass' which will deliver the lightest, greenest, most ethical glass bottle on the market – available for purchase by not just Belu but their competitors as well. It's a great example of sharing intellectual property: a true contribution to the collaborative economy movement.

As well as Belu reducing its own carbon footprint (the 18pc lighter bottles means 850,000kg of glass will be saved annually) it is enabling the market to be greener overall through sharing rather than protecting their innovative new product. Some 0.3p for each new bottle sold will be donated to WaterAid, making the collaboration a win-win for the environment and the charity.

Has anyone in particular inspired you?

Karen cites her parents, for their hard work ethic and Divine chocolate, “the model, the products and its founder Sophie Tranchell”. Divine was the first ever Fairtrade chocolate bar aimed at the mass market. It was a new business model at the time with the cooperative of cocoa farmers in Ghana producing the raw materials owning shares in the company making the chocolate bar.

What has been your biggest achievement to date?

“Walking away from a big salary in a big corporate was the hardest but I’m most proud of taking Belu from a broken model with huge losses into a successful self-sustaining business,” she says. Belu was founded with the good intentions of film maker Reed Paget in 2004 as an environmentally friendly bottled-water business. By 2006, the company had become the world’s first bottled-water firm to be 100pc carbon neutral and it won orders from caterers, hotels, restaurants and upmarket bars, including Nobu, Sketch and the Groucho Club.

But Belu was not making any money. In 2007, the company lost £600,000 on sales of £1.5m, and after recording a minute pre-tax profit from a £2.7m turnover in 2008, it swung back into the red in both 2009 and 2010.

Have the business lessons you’ve learned differed in a social enterprise vs. a corporate?

Karen tells me she quickly learned that even when you have no cash, 'free' isn't always good. She recalls one such example when at the third meeting with an agency providing free advice. They kept pronouncing the company name 'Beelu', no matter how many times she corrected them and said 'Belloo'. She recalls that eventually the team couldn't hold in their laughing any longer – nor had they the inclination to work with people who couldn't even pronounce their name. An important lesson not to compromise quality where possible – even when on a budget.

So ethics and business, in your view, can work together in harmony?

Yes, she says firmly, although people can still undermine your proposition however ethical your business, which has been a sad learning experience for the chief executive. But Karen firmly believes that there is a genuine opportunity for people who want to run businesses with a set of ethics that work for them to compete in the mainstream. “If we can do it with water and Divine can do it with chocolate, anyone can do it and in any sector,” she says.