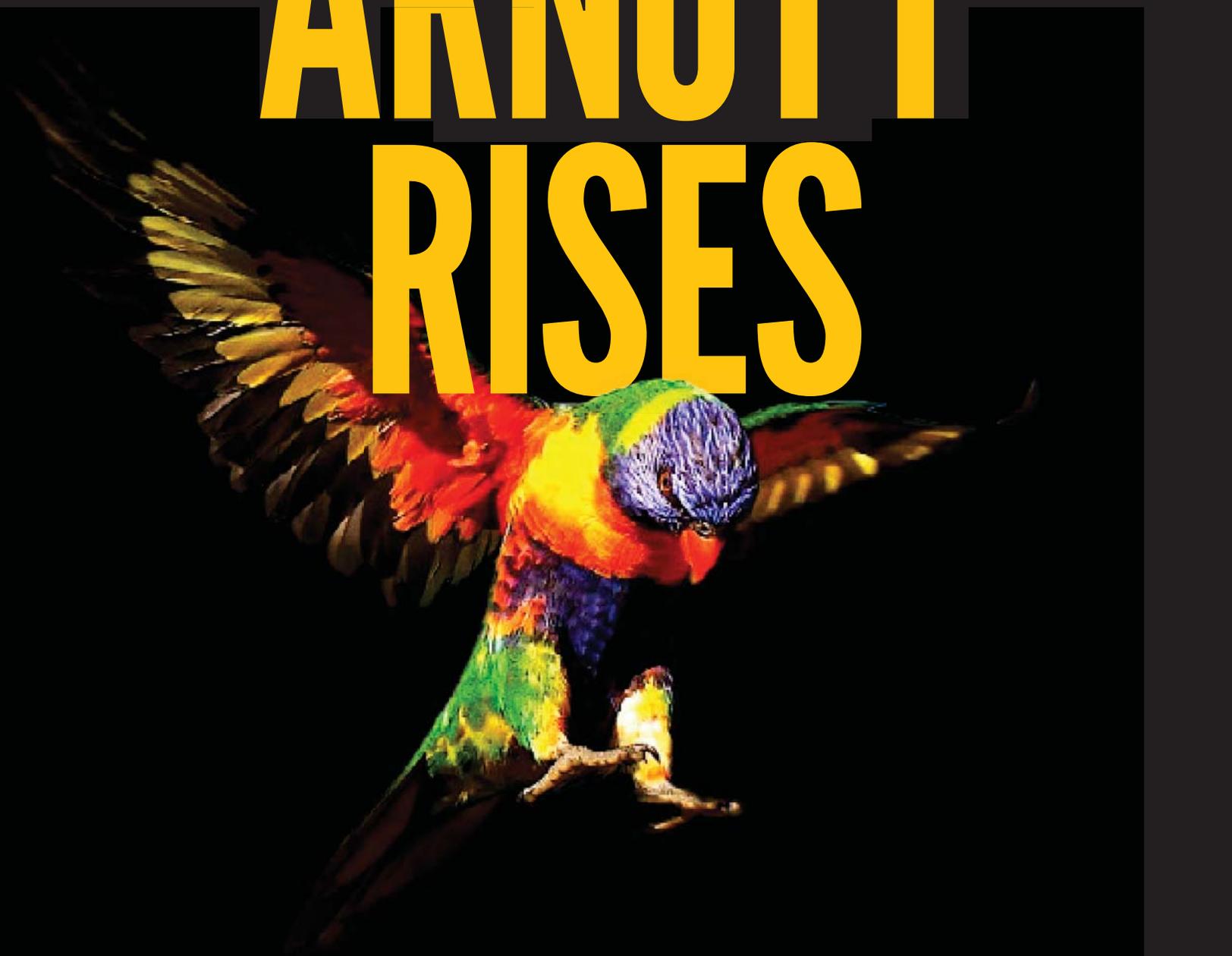


# familybusiness

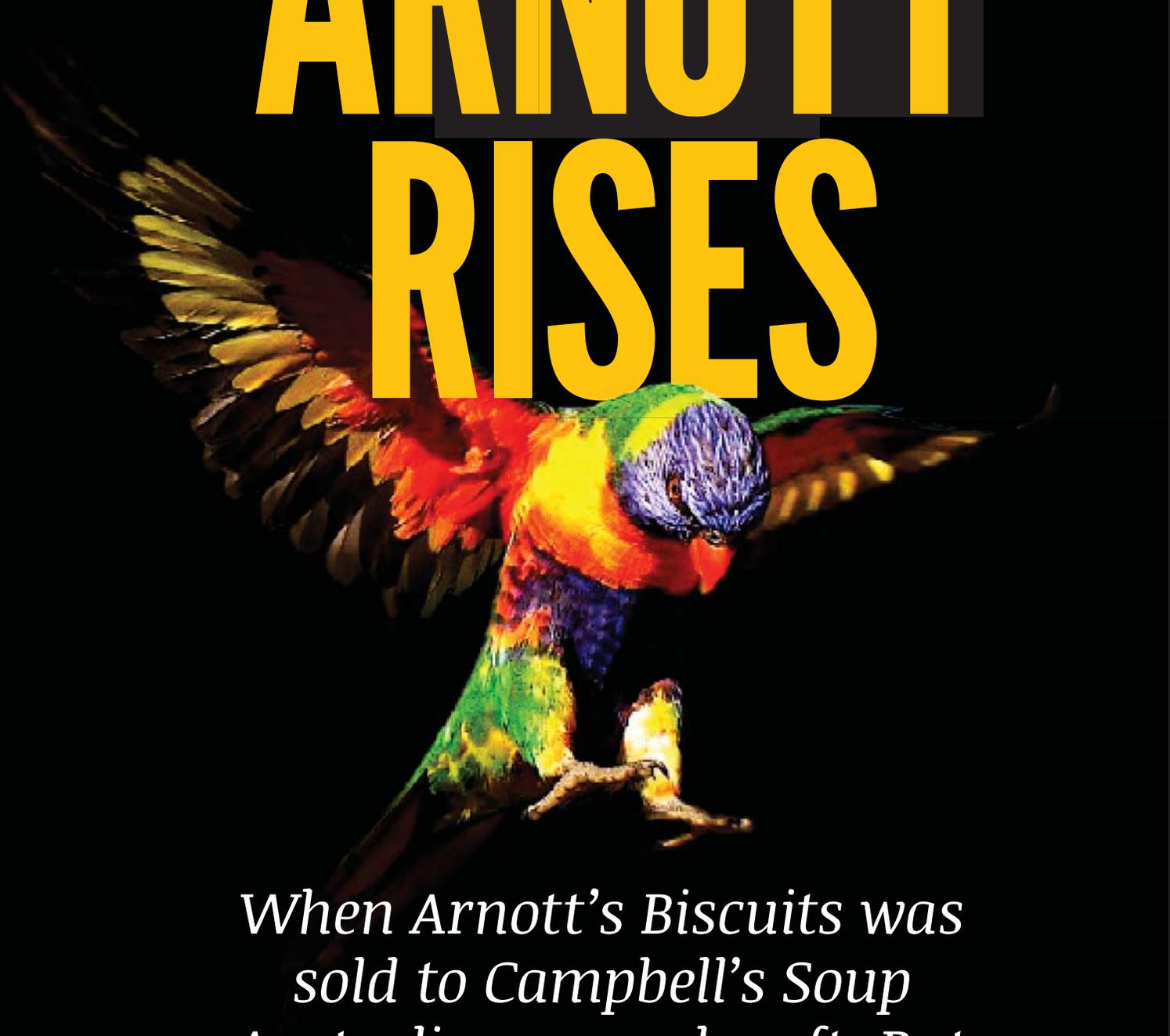
February

*New family business  
spawns from old*

# ARNOTT RISES



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*When Arnott's Biscuits was sold to Campbell's Soup Australians were bereft. But a phoenix has risen from the family's baking history.*

**BY ALAN KOHLER**

**W**hen Steve and Allison Arnott were married in 2000 it had been three years since the traumatic takeover of Arnott's Biscuits by Campbell's Soup, and the pain for the family was still quite real.

It had been a trauma for the whole country at the time – the Americans swallowing a great Aussie icon – but much more so for the family, of which Steve was then a 40-year-old sixth genner.

Campbell's Soup had been brought in as a "white knight" in 1991 by Steve's grandfather and then chairman, Geoff Arnott, to help defend a takeover bid by the dreaded Alan Bond. The deal to give Campbell's 33 per cent of the shares and 14.7 per cent of the vote was done on a handshake between Geoff and David W. Johnson, the then chairman of Campbell's, but six years later Geoff had died and David Johnson had quit and the deal was torn up by his successor.

Over the years the Arnotts had been rather fertile, starting with the founder, William Arnott, a Scottish confectioner and pastry cook, who had a remarkable 15 children with the woman he met on the 18-week journey to Australia in 1848.

By the 1960s there were about 100 members of the family working in what had by then become Australia's largest and best known bikkie business, and according to Geoff Arnott who was trying to run the business at the time, they all had no skills and big mortgages.

He got so sick of the bickering over the direction of the business with relatives who weren't contributing to it, he decided to take the company public so they could be bought out. According to Steve it took two years of private chats to their wives at family gatherings to get enough families to agree.

"Did you know," he used to say to the wives, "that your husband has knocked back a chance to get a big cheque for your stake in the company?" They never knew, and usually that night another piece of the Arnott heritage came across to the pro-float camp and in 1966 Arnott's became a publicly listed company.

By 1996 Arnott's was widely held with some family members still holding shares in the company, but it was now mostly public investors. When Campbell's got the original deal overturned in court, the Americans were able to find enough sellers to get to 48 per cent and then AMP sold 3 per cent to give them 51 per cent and control.

Steve's cousin Alice led a last stand by the descendants of William Arnott, mounting a "Save Arnott's" campaign that even included some marching in the street, but to no avail. Arnott's is now just one of the iconic brands owned by that American iconic brand, Campbell's Soup.

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So anyway, 40-year-old Steve Arnott, still feeling bereft from the loss of the family business (he still won't have anything to do with AMP), took his new wife Allison, a food scientist, to Morpeth in the Hunter Valley near Maitland, to show her where his great, great, great grandfather had started baking biscuits in 1865.

He didn't know which building it was, so they went door-to-door, asking: "Excuse me, is this the original Arnott's bakery?" Eventually they went into an antique shop, and the answer was "Yes it is, as a matter of fact."

And out the back was William's first oven, looking all of 130 years old – the oldest Scotch oven in Australia in fact. It was just a pain in the neck for the owner of the antique shop, a huge pile of old bricks that was in the way, so Steve and Allison, on an impulse, offered to buy the property.

It cost \$390,000 – funded, appropriately, from the proceeds of the takeover four years before, and then another \$114,000 to restore.

"I had to do it," says Steve. "I didn't want to be the Arnott who found the oven and bakehouse but did nothing to save it."

Not that he and Allison knew what they were going to do with it. They were living in Glebe at the time, with Allison working for the bread company, George Weston, and Steve working as a printer (he was a carpenter and joiner by trade),

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and were now the proud owners of an old building in Morpeth with a 130-year-old Scotch oven out the back in advanced disrepair.

As it happened, Allison's thesis had been on the subject of fermented food and they noticed that you couldn't buy fresh sourdough bread in Maitland, or Newcastle for that matter, so with \$90,000 left over they bought a new oven and a dough mixer, Allison whipped up a culture and they started cooking sourdough and selling it in what had been the antique shop in Swan Street, Morpeth.

Steve and Allison found to their delight that there were still a lot of connections to Arnott's Biscuits in the area, people whose relatives worked for the business years ago, and who trooped through the doors of the bakery to buy the bread.

And most of all it was good bread (the Arnott's marketing line was, and still is, "There Is No Substitute For Quality"), and people came from miles around to buy it. They started selling bread in Newcastle, driving down the New England Highway every night with a carload of hot loaves for the stores Allison had signed up. Now they sell bread all over NSW, with contract drivers taking the loaves from a big new bakery. They now measure the output in tonnes, not loaves (it's 3 tonnes of dough per day).

The brand? Well it's not Arnott's; too late for that. It's Morpeth Sourdough, with a beautiful logo and website.

And so a new family business has been born from the vestiges of one of the greatest family businesses of them all.