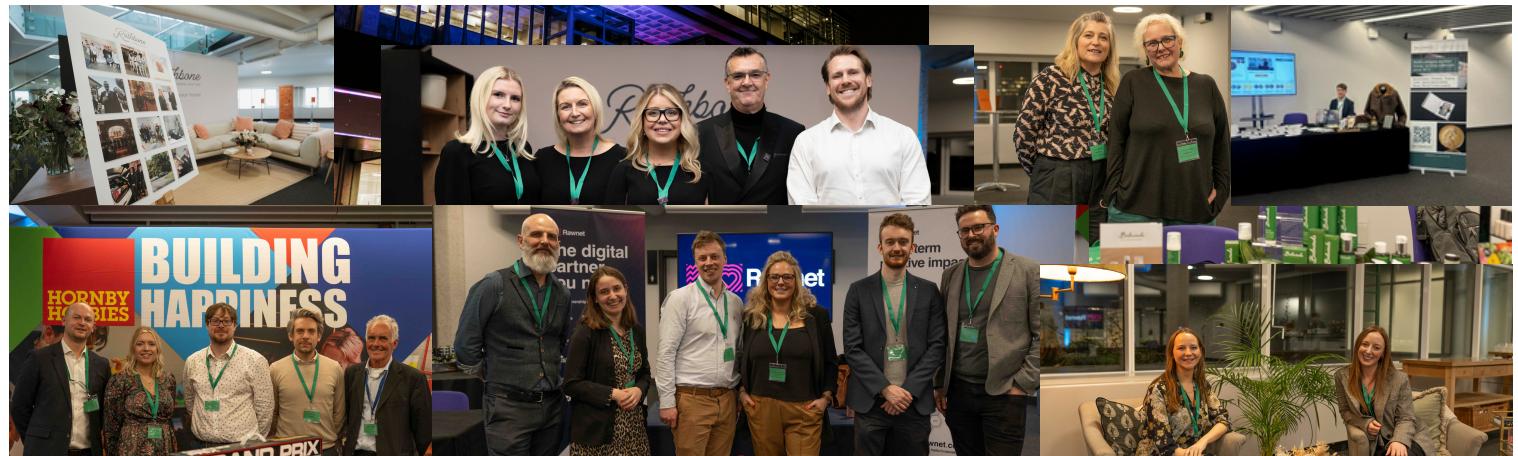


Castelnau Connect



Volume 2, March 2024

castelnaugroup.com



Photos from the Castelnau Annual Investor Meeting in March '24. All images courtesy of Castelnau.

Welcome to the 2nd issue of Castelnau Connect!

We're excited to present the latest edition of our quarterly newsletter, showcasing the ongoing efforts and achievements of our Group over the past quarter, and aspirations for 2024.

First and foremost, we extend our sincere gratitude for the invaluable feedback received on our previous edition. Your feedback is instrumental in shaping the future editions of our newsletter. As a reminder, please send feedback to: Castelnauconnect@castelnaugroup.com.

In this edition, you'll have the opportunity to hear directly from our CEO, Rich Brown, and our Chief of Staff, Lorraine Smyth, as they outline the prospects for Castelnau in the year ahead.

Furthermore, a few of the companies within the Group will delve into their respective visions of "what success looks like" for the upcoming year.

Stay tuned to see how one company celebrated "National Love Your Pet Day" - perhaps the entire Group could get involved next year?!

Each quarter, Jamie from our Graduate Program will share his experience in a "Day in the Life" at one of the group companies. Keep reading to discover which company he recently visited!

We also introduce Leo, the Servant Leader, an AI CEO Advisor, created by Gary Channon. We asked Leo, "How can I apply adaptive learning in my team"?

And finally, we extend hearty congratulations to Terry Treacy (pictured to the right), a dedicated Funeral Director from Dignity at the Gordon Barber business in Norwich. Terry won a £50 Amazon voucher, Castelnau merchandise, and an array of healthy(ish) treats, simply for following Castelnau Group on LinkedIn. Terry was thrilled with his winnings and graciously shared a photo of his excitement!

To be in with a chance to win next quarter, follow us on LinkedIn.



Image courtesy of Terry Treacy

Message from the CEO



Reflecting on 2023 and Embracing the Opportunities of 2024

I am sure many of you will feel like 2023 was a lifetime ago already, but nonetheless we wanted to thank you all again for your contributions to the Group.

There were a lot of structural changes and corporate events during 2023 that impacted many of our portfolio companies.

Whilst some of the impacts of those decisions were significant, we and our management teams are focused on making the right decisions for the long-term future of the Group and all of its employees.

Our overarching mission remains, to help transform all of our Group companies in to "Great Companies" (cross-reference to Jim Collins!).

We at Castelnau are here to help our portfolio companies achieve success. We recognise the significance culture has to play in success, which Lorraine will speak more about on the next page.

In the first edition of Castelnau Connect, we talked about creating a sense of identity across the Castelnau Group and looking to foster knowledge sharing and closer collaboration.

During Q1 we have rolled out a number of initiatives to facilitate this including launching a regular CEO knowledge sharing event, starting a regular Technology forum to help foster technological innovation (with a real focus on AI), and hosting a well-received annual investor meeting where each of our portfolio companies were able to show off their products, during March.

We are going to continue to focus on knowledge sharing and enhancing the benefits of being a Castelnau portfolio company over the course of the year.

We believe that many of the foundations that were laid in 2023, and the hard work so far in 2024, is helping to create growth and innovation in the Group. We are excited about what we can all deliver together in 2024.

In our next edition, Gary will provide more insights and company updates from his perspective.

Warm Regards,
Rich

How Culture Fuels Success at Castelnau

A bit about me.....

I'm Lorraine, and it's been an incredible journey of eight years with Phoenix. Since becoming a Partner in 2020, my focus has been on Castelnau, ever since its IPO in 2021.

You might find my title a bit peculiar – Chief of Staff (yes, it does sound like something straight out of an episode of Succession!). My role is quite diverse; I'm involved in everything from strategy and operations to accounting, reporting, leadership, PR, marketing etc. However, my primary focus lies on nurturing our company culture. Growing up on a farm in southeast Ireland, I'm no stranger to rolling my sleeves up and getting stuck in!

I also ensure that the right people are in the right places at the right time, which sometimes entails bossing Gary and Rich (which is always good fun!).



Culture.....

Culture is at the heart of what we do here at Castelnau. We genuinely care about people, fostering an environment of open communication, honesty, transparency, and integrity. Mistakes are viewed as valuable learning opportunities, not grounds for punishment.

Throughout my time here, I've experienced the absence of judgment or ridicule when owning up to errors – and I've made my fair share. We understand that being human, means being imperfect. That's why we prioritise psychological safety within our culture. This means everyone feels empowered to voice concerns without fear, fostering an environment of continuous learning, improvement, high performance, and ultimately, success!

A sense of belonging

Creating a sense of belonging and identity for all of you within our Group is a priority for us. If you're still wondering about what Castelnau is, then we haven't done our job well enough, and we aim to do better in 2024.

This newsletter is one of the steps we've taken to provide insights into our wonderful companies and brands, but more importantly, to give you a glimpse into the incredible people driving our success – that's YOU.

LEO.....

On the next page we introduce LEO, an AI CEO Advisor created by Gary. We have trained LEO using texts and case studies that we believe are exemplars in business leadership, culture, strategy, analysis and decision making, to build LEO's knowledge base and derive the Castelnau Leadership Principles.

LEO is inspired by the character in Herman Hesse's Journey to the East, who whilst appearing to be a servant, ends up helping the group travelling East, so much so, that they fall apart when he leaves. They later discover that he is actually a leader. Hesse inspired Robert Greenleaf, who wrote his seminal "The Servant as Leadership" essay in 1970 which later was turned into one of the most influential books on leadership.

Leo the Servant Leader - an AI CEO Advisor



How can I apply adaptive learning in my team?

Leo the Servant Leader:

Adaptive learning, one of the Castelnau Group's Leadership Principles, emphasizes the importance of continuous learning, flexibility, and the ability to adjust strategies based on new information or changing circumstances. Applying adaptive learning within your team can lead to greater innovation, resilience, and effectiveness. Here are several strategies to integrate adaptive learning into your team's operations:

1. Cultivate a Learning Environment: Encourage a culture that values curiosity, open-mindedness, and continuous improvement. Make it clear that learning and development are ongoing processes, not just one-time events. This can be fostered by dedicating time for team members to learn new skills or explore areas of interest related to their work.
2. Leverage Diverse Perspectives: Promote diversity of thought by encouraging team members from different backgrounds, disciplines, and levels of experience to share their ideas and insights. This diversity can lead to more innovative solutions and a greater ability to adapt to changes.
3. Implement Regular Feedback Loops: Use feedback loops to constantly gather and analyze data on team performance, project outcomes, and operational efficiency. This feedback can be used to make informed decisions and adjustments to strategies, processes, and goals.
4. Encourage Experimentation and Tolerance for Failure: Foster an environment where calculated risks are encouraged, and failures are seen as learning opportunities. This approach supports adaptive learning by allowing the team to test out hypotheses, learn from the outcomes, and refine their approaches accordingly.
5. Develop Agile and Flexible Processes: Adopt agile methodologies that allow for rapid iteration and flexibility. This can involve breaking down projects into smaller, manageable tasks, holding regular stand-up meetings to assess progress, and being open to changing course based on new insights or feedback.
6. Invest in Training and Development: Provide resources and opportunities for team members to acquire new knowledge and skills that can help the team adapt to future challenges. This could include workshops, online courses, mentoring programs, or attending conferences.
7. Practice Scenario Planning: Engage in scenario planning exercises to anticipate potential future changes in your industry or organization. By considering different future scenarios, your team can develop strategies that are robust under various conditions, enhancing adaptability.
8. Empower Decision-Making: Empower team members to make decisions and take action based on their knowledge and expertise. This decentralization of decision-making can lead to faster responses to changes and challenges, promoting a more adaptive team environment.

By implementing these strategies, you can build a team that not only adapts to change but thrives in it, continually learning and evolving to meet the demands of a dynamic business landscape.

It's great to see that Leo also has a sense of humour...



You

Leo, please tell me a good CEO joke.



Leo the Servant Leader

Here's a lighthearted CEO joke for you:

Why did the CEO become a gardener?



You

Leo, tell me a joke about a Chief Investment Officer



Leo the Servant Leader

Why did the Chief Investment Officer bring a ladder to Wall Street? Because he heard the stocks were climbing and he wanted a closer look!

Because he wanted to grow his company from the ground up!

Cambium Group



What does success look like?

Each business in the Group is at a different stage in its life cycle. Success for the core wedding registry business is to build a profitable, scalable business that continues to dominate the gift list market.

After a turbulent 4 years since Covid, profitability came secondary to getting the business back on track from a commercial and customer service perspective therefore, this year, profitability is our number one focus.

We will achieve this by continuing to grow our registrations, improving our CR% and streamlining many of our operational processes so we are working as efficiently as possible across each department. For LittleList, success would be converting more customers and growing the baby registry market in the UK. Since launching a year ago, we have had 19,000 registrations which is a brilliant achievement. We now need to test, learn and refine the product in order to deliver a proposition that consumers need and want.

Rock My Wedding is already established as one of the UK's leading wedding inspiration sites. This year, our focus will be to launch a new site with better features for brides and grooms in to continue to grow our audience and improve supplier engagement and retention. We have already seen some incredible results this year, including a whopping 23% increase in organic traffic YoY. There have been some incredible achievements so far this year, and we look forward to keeping you updated!



A little more about our culture

At Cambium, we've cultivated a warm, supportive atmosphere that feels like a family. It's where everyone, from the newest recruit to our longest-standing member, feels like they belong. With a team of more than 145 people, Cambium is more than just a workplace: it's a space where success, joy, support, and a sense of family all come together, making it a second home for everyone who's part of this wonderful journey.

In saying that....

We would like to spotlight one particular employee this quarter. Please join us in celebrating Kom's remarkable journey at The Cambium Group!

After six years of dedicated service in Customer Care, Kom has seamlessly transitioned to the Product Team as the Junior Product Owner for Front-end support, with a primary focus on Neo. From his humble beginnings on a temporary contract, Kom has risen to the challenge, leaving an indelible mark with his profound understanding of our business.

With his wealth of knowledge and passion, Kom is poised for success in his new role, propelling us towards even greater achievements. Congratulations, Kom, on this exciting new chapter!



Dignity

Celebrating Uniqueness After Death by Chrissy Fice (Dignity, cco)



People lead unique lives. How they are remembered when they die should reflect this too.

Within the funeral profession, a shift in narrative is happening. Dialogue is moving away from traditional services and commemoration, towards highly personalised celebrations of life.

Funerals that are shaped by an individual's wishes, no matter how distinctive they may be.

Anyone planning a funeral in today's market will find a surprising amount of choice. While conventional options remain, alternatives like simple funerals and natural burials are growing in popularity.

Death is never easy to discuss, but the tone surrounding it is becoming more amendable. We see celebrities, influencers and the media adopting a refreshingly open approach to the topic, thereby introducing us to new possibilities.

When David Bowie died, fans discovered he'd requested direct cremation in place of a lavish funeral. The cremation happened without loved ones present and his ashes were scattered in a place of personal significance to him.

Kris Hallenger is an author, blogger and founder of the charity CoppaFeel! She hit the headlines by hosting a 'living funeral', or a FUNeral as she called it, in response to being diagnosed with incurable breast cancer.

It was, in her words, a chance to "celebrate a life that I have truly loved, surrounded by people I loved."

Breaking with tradition on this scale won't work for everyone, but it shows how the most impactful funerals are ones that are perfectly in tune with the individual and express what's special about them.

That means taking protective steps to personalise the funeral and the earlier this starts, the better.

If people document their wishes in advance, loved ones know what to do when the moment comes. Some choose to make financial provisions for their own funeral by taking out a pre-need plan.

You can separate the funeral and associated service or gathering for mourners. Putting space between the two gives people a little extra time to grieve.

Technology can add character to a funeral, including music playlists, slideshows and video clips. Some venues will livestream the service so any guests unable to attend in person can still participate.

Dignity arranges thousands of funerals every month and not everything has to be black.

Coffins come in a range of colours and materials, and mourners dress in bright outfits. We've swapped hearses and limousines for double decker busses, campervans and even a skip lorry.

After the funeral, families often decide to do something different with ashes to memorialise the deceased.

Ashes can be scattered, planted with seeds, turned into jewellery, mixed with ink for a tattoo, or set into fireworks.

In the end, the personal touch is possible pretty much throughout. Wishes can be captured and fulfilled and customers are looked after by people who genuinely care.

The more we talk about funerals, the more we normalise funerals. And as you can see, 'normal' has the potential to mean whatever you want it to.



Hornby



What does success look like?

2023 has been a year of significant strategic, structural and operational change, requiring investment in many areas. As we move into the 2024/25 FY, the primary goal and key measure of success for us will be a return to profitability as the restructuring improves efficiencies and margins on continued increasing revenues.

Beyond that macro-objective, we will also be working hard on talent development, leadership, innovation and continuous improvement, all of which will reflect successes in terms of a critical cultural evolution. We have significantly improved our approach to ongoing communication and transparency to ensure the whole organisation is aligned and on board for the journey, and we hope to see the impact of that reflected in our colleague engagement survey that is being launched in Q1.

Finally, and in more practical terms, we are looking to build on the successful launch of The WonderWorks, our first meaningful step into developing a retail experience, and the recent addition of Frasers Group as a strategic investor has the potential to help us on that journey.

Learn more about WonderWorks [here](#)

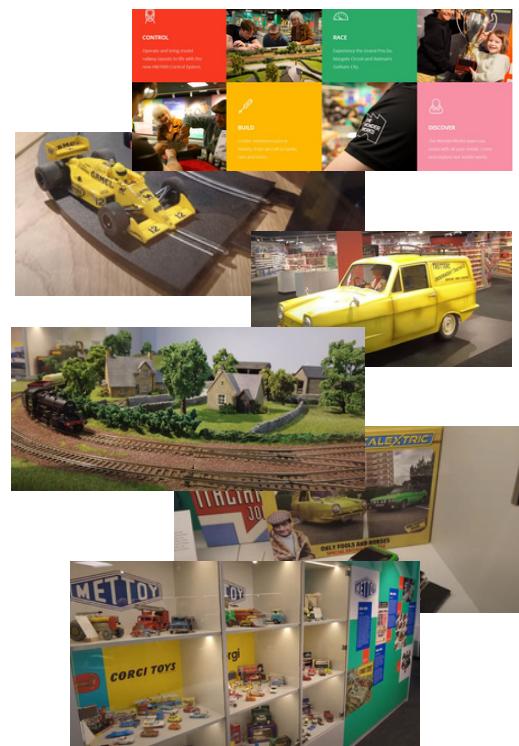
Brand spotlight

Hornby Hobbies' strategy places a strong emphasis on understanding and catering to diverse consumer segments, and the recent achievements of the Hornby team show that they are steaming ahead with this focus. They have successfully targeted different ends of the market spectrum with some of their latest product launches.



Playtrains 1.1, designed for the toy market, doesn't just chug along the tracks of the past by building upon previous models, but also integrates insights into product experience, positioning, and pricing. This strategic approach ensures that the product meets the specific needs of toy-oriented consumers while also laying the groundwork for future developments.

Alongside this, the introduction of Turbomotive demonstrates Hornby's commitment to serving hobbyists. By incorporating valuable customer feedback and introducing innovative features such as directional lighting and a flickering LED in the firebox, Hornby has effectively pulled out all the stops and engineered excitement amongst this consumer segment.



Ocula Technologies

New feature: A Day in the Life with Minah Dadswell (Head of Product) at Ocula Technologies by Jamie Broadhurst (Graduate Program)



Shadowing Minah Dadswell, the Head of Product at Ocula, offered me an insight into the dynamic and innovative world of this forward-thinking company. The company works collaboratively from offices in Belfast and London, seamlessly integrated using remote technology.

The day is kicked off with a series of 'stand-ups', and no, it's not a comedy sketch (although I bet they'd be hilarious) which is a staple in Minah's daily routine. Between 9am-11am, multiple stand-ups occur across various teams. These brief, 15-minute meetings are a hub of activity where colleagues share their previous day's work, outline their current day's goals, and identify any blockers in achieving them. It's a practice that enhances communication but also fosters a strong sense of team spirit and support.

At Ocula, stand-ups are the bread and butter of every department, from the engineering experts to the product pathfinders. It's all about empowering the team and maintaining a culture of

"Fail fast, learn quickly"

The team is a strong believer in agile development which has come from Japanese factory manufacturing practices. 'Kaizen' is Chinese for 'change for better' – it is the philosophy of continuous improvement and is something that is highly valued at Ocula, encouraging a mindset of ongoing development and experimentation.

Minah even has a framework for housework to balance chores with her husband, labelling post-its on the inside of her cupboards depending on the priority of the cupboard and the level of effort associated with cleaning it. I wonder if all the employees follow a similar practice?!

"Brutally prioritise!"

An example of this culture is the fortnightly 'sprint' reviews and retrospectives, which offer an opportunity for the various teams to showcase the work that they have been carrying out in a 10-minute presentation to the whole team.

Rhys Feeney, presented a recent software release at DirectFerries.com. He is one of two product owners, someone who bridges worlds like a diplomat of digital realms. He's the link between customer aspirations and the coding wizardry of the Ocula engineers. His current mission: to leverage generative AI in crafting copy that not only speaks but sings – copy is tech jargon for written information used to inform an audience.

Rhys and his team conquered this mission – the initial task was to generate copy for 100 PDP's. This returned a 19% uplift in performance and the client was "really impressed". Now, they want the copy on all of their English sites, as well as their French and German sites. This involves translating this information into English, optimising it, and then translating it back into the chosen language – wunderbar!

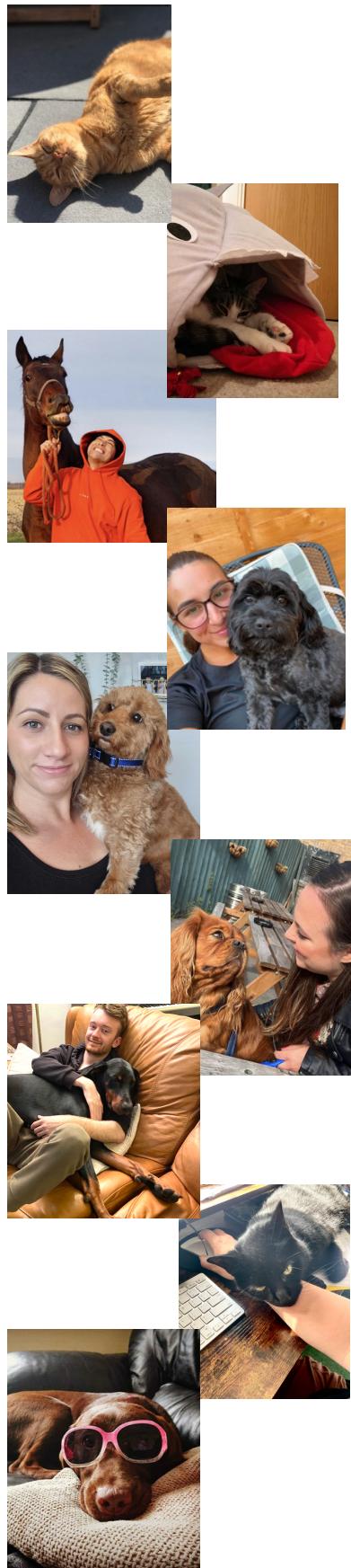
In conclusion, my day at Ocula was an enlightening experience, revealing a company deeply committed to innovation, customer-centricity, and a culture of continuous improvement. Ocula is clearly on an exciting growth trajectory and I cannot wait to see how the team and their tech develops in the years to come...

Success in 2024...

"In our service-based industry, success stretches beyond traditional metrics like revenue growth and profit margins. It's rooted in the value we deliver to our clients. When we impact our clients' success, we, in turn, achieve ours. This isn't a vague concept; it's the cornerstone of our culture and operations.

True success is seeing our work's positive impact on clients' operations. This is what motivates our team and brings the passion. While KPIs and OKRs are important for tracking progress, they are mere reflections of our core achievement: adding real value. The core purpose of any agency.

This approach may seem idealistic, yet it's actually very practical. Projects that deeply impact our clients lead to stronger relationships, repeat business, and referrals. These are the outcomes that ultimately drive our commercial success. Ask our team about their most successful projects, and they won't cite the ones with the highest margins; they'll recount the times they truly made a difference to a client." - Adam Smith



Spotlight....

As we pursue success in 2024, we're highlighting the milestones of some of our wonderful team members. James Crooke, Chief Technical Officer is celebrating 14 years with Rawnet! We also have Senior Designer, Cat Lines & Web Tester Matt Kochanowski both celebrating their 10-year anniversary whilst Tracy Lo, Project Account Manager and Tegan Hopkins, Projects Director are celebrating their 5 year anniversary.

A huge thank you for all your continued hard work here at Rawnet!

We also recently celebrated the **National Love Your Pet Day**. Employees shared photos with their adorable pets which brought everyone together to chat about their favourite four-legged friends.

Who would have thought that beyond the cuddles and playtime, pets have a remarkable influence on our well-being too, including increased dopamine and oxytocin!



Silverwood Brands

Special Offer

30% off

Balmonds &

Nailberry

with code:

FRIENDSANDFAMILY30

Success for us starts with the brands....

Let's start with **Balmonds**...

Our primary aim is to drive sales growth, with a target of increasing sales by at least 25% from the 2023 figure of £2.5 million. While an imminent rebranding may pose short-term challenges, introducing a fresh look and packaging is expected to bolster long-term sales and enhance environmental sustainability.

Efficient execution of this rebranding is therefore paramount. Following the successful launch in the USA in 2023, our team is diligently crafting a growth strategy for the Japanese market, with plans set for later in 2024.

Nailberry shares a similar focus on sales growth, with a target of adding 35% to the 2023 total. The brand's recent launch in Japan signals our commitment to measured expansion in this market, alongside a new blueprint for entering the US market.

SteamCream, like Balmonds, is undergoing a transformation with new packaging and branding efforts while pursuing sales growth. In Japan, achieving a 20% sales growth is our target, along with plans for a significant market launch beyond Japan, currently in the works.

Cigarro aims for a remarkable 50% sales growth and a 2% reduction in the cost of goods sold, measured against the RRP.

As for Silverwood, our overarching goal is to provide unwavering support to our brands in achieving their targets. Additionally, we aspire to reduce legal and advisory costs, acquire at least one additional business, secure a war chest of a minimum £5 million, benefit from a favorable resolution in the Lush shares dispute, and convert all shareholder loans to equity.

With a focused approach and collective effort, we are poised to unlock new heights of success in the year ahead.

A few pictures below of the teams in action....



Stanley Gibbons and Baldwin's

The past few months have seen a restructuring of the group owning Stanley Gibbons and Baldwin's. Legacy liabilities made it impossible to sustain operations and to alleviate this, the two main trading companies entered an administration, with assets bought back into the Phoenix and Castelnau family through a holding company, the Strand Collectibles Group. All the rights and branding were retained and trading will continue under the same names as before, but with the administration out of the way we are fully focused on delivering the new strategy.

Focus on Baldwin's

Pikachu, a 1701 5 Guineas coin, the Black Lotus and The Former Singapore Philatelic Museum collection seemingly have little in common. The thread that ties them together is their promotion via Baldwin's Multi-Category Auction House. Such a variety of items presents an enormous opportunity to tell stories that inspire collectors, equally, it presents some exciting challenges for the Strand Collectibles team.

Success for 2024....

Auction House success for 2024 is a continuation of the trajectory that witnessed exceptional philatelic, numismatic and trading card auctions over the past couple of months.

A significant increase in the hammer value of Coins and Stamps is key to commercial objectives; the successful recent launches of new categories such as Pokémon and Magic: The Gathering, ensures we're building for the future and catering to a new generation of collectors.

Fundamental to the success of the auction house is our team of category experts, charged with acquiring, valuing, and describing collector's treasured possessions. It's impossible to select just one expert, so we've decided to include links to a handful of videos of the team doing what they do best: talking collectibles.

Roy introduces highlights from our up-and-coming Magic: The Gathering auction. Oliver and Dom talk coins and alcohol. Oscar demystifies stamp valuation. Finders fee available!

Consignments are the lifeblood of every auction house and it's surprising just how many people are sat with items of significant value that don't see the light of day! We are offering Castelnau Connect readers 1% of the sales value for any items or collections they introduce to Baldwin's. If the items are your own, we waive all consignment fees, now that's a good reason to have a rummage! To get in touch email: auctions@baldwins.co



Roy introduces highlights from our up and coming Magic: The Gathering auction. Click [here](#) to view.



Oscar demystifies stamp valuations. Click [here](#) to view



Oliver and Dom talk about how never to mix coins and alcohol. Click [here](#) to view.

