

CREATING YOUR NANO BREWERY BUSINESS PLAN AND FINANCIALS

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MY BACKGROUND



- Live in Asheville, NC
- BA in Accounting, Biz Mgmt Loras College (1997)
- MBA in Global Business Admin, University of North Carolina at Chapel Hill (KFBS) (2008)
- 1997-2009 Public Accounting, Small Businesses, Not for Profits, Caterpillar Accounting and Pricing Manager
- 2009-2010 Dogfish Head Controller
- 2011-2014 Mother Earth Brewing CFO
- 2013-today Brewed For Her Ledger Owner
- 2016-2020 Bhramari Brewing Company CEO
- 2022-2023 Head of Finance for Crooked Stave
- 2023- Head of Finance Burlington Beer Company
- Teach through U of Vermont, UNCC, AB-Tech
- Write for The New Brewer and BYO
- Brewers Association Finance Committee

WHY DO I NEED A BUSINESS PLAN?

- It's a marketing tool to obtain investment and financing.
- Objective: prove the viability of the business; not a data dump.
- To educate and positively influence:
 - Investors
 - Lenders
 - Government Agencies
 - Landlords
 - Yourself

WHAT DOES A BUSINESS PLAN INCLUDE?

- Executive Summary
- Company Overview
- Industry Overview
- Market Analysis / SWOT
- Marketing Plan
- Operational Plan
- Organizational Plan
- Risk Assessment
- Financial Plan and Pro Forma Financials

LIVEPLAN IS A GOOD PLACE TO START.

EXECUTIVE SUMMARY

- What you are doing
- Where you are doing it
- Why this is a good idea / how you will be different
- How much money you need
- How much money you will make or how long until you break even
- 1-2 pages, write it last
- It's an elevator speech.

INDUSTRY OVERVIEW

- Describe your product
- Explain craft beer as a business
- Describe your sales channel
- How do you sell your product?
- Industry trend data
- Be as specific as possible
- Supply chain
- Describe where your raw materials come from and briefly how beer is made

COMPANY OVERVIEW

- Who are you? Who is your team?
- Mission statement
- Vision: how will you achieve your mission
- What makes you uniquely qualified to succeed.
- Ownership
- Products, styles, packaging
- Packaging or brewpub; why?
- Brand

MARKET ANALYSIS

- Describe the craft beer market in the context of alcoholic beverages
- Get more specific from there
- Who is already doing what you are planning?
- How they are successful
- How you can emulate & differentiate
- Who are your immediate competitors? Direct and indirect?
- Style, region, mindshare
- How do you fit in and create value?

MARKETING PLAN

- Product portfolio
- Pricing: retail versus wholesale
- Promotions and communication
- Place: how will beer be sold?
- Partnerships
- Experience
- Describe your brand and its appeal
- Who is your target consumer?
- Who is your ideal retailer (On and Off)?

MARKETING & SALES BUDGET

- How much?
- How will you spend your marketing dollars?
- Describe marketing activities
- How will you build your brand's presence?
- Visitor Experience
- Tours, Samples, Taproom, Merchandise
- Food

OPERATIONAL PLAN

- Production plan
- Sales channel mix
- On premise vs. off premise
- Bottles vs. kegs vs. crowlers
- Distribution
- On site vs. Self-distribution vs. Wholesaler
- CREATE A TIMELINE.

ORGANIZATIONAL PLAN

- THIS IS KEY FOR LENDING INSTITUTIONS NOW.
- Who are you and what qualifies you to start a brewery?
- Who are your partners?
- Who is advising you?
- Roles of the people involved
- Positions that need to be filled early on
- Payroll estimate for first 3 years

RISK ASSESSMENT & DISCLOSURES

- What can go wrong?
- Input commodity prices
- Market demand
- Regulatory/legal changes
- Liability
- Obtaining licenses and permits
- Manufacturing failure/ recall
- Trademark litigation
- How can you mitigate some of these risks?
- Exit strategy

FINANCIAL PLAN & PRO FORMA

- Initial Capitalization (Sources and Uses, Project Cost)
- Cash Flow Statement, focus on positivity
 - Debt service coverage ratio needs to be 1.2 or higher
- Break Even Range
- Return on Investment
- Pro Forma Financial Statements – 36 months
 - Cash Flow
 - Profit & Loss
 - Balance Sheet at Inception

INITIAL CAPITALIZATION (PROJECT COST)

How much money will it take to:

- Establish the business & obtain permits
- Buy equipment and build out a site
- Hire, train, and continue to employ staff
- Buy materials (malt, hops, yeast, water, bottles, labels, kegs, pkgs)
- Brew, ferment, package, distribute product
- Conduct marketing activities to: create awareness of your brand and product among consumers, create a demand from retailers to carry your product
- Pay your bills
- Sufficient that at some point you will get paid for your beer and can then start to pay your bills with the money from sales (working capital)

WHERE WILL THE MONEY COME FROM?

- Debt
 - Traditional loans
 - SBA loan (7a most common; 504 also available)
 - State or local economic stimulus programs
 - Personal loans, friends and family
- Paid In Capital
 - Founders (General partners)
 - Investors (stockholders or limited partners)
 - Angel investors
 - Convertible debt
 - Crowdfunding (beware of tax implications!)

QUESTIONS?

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