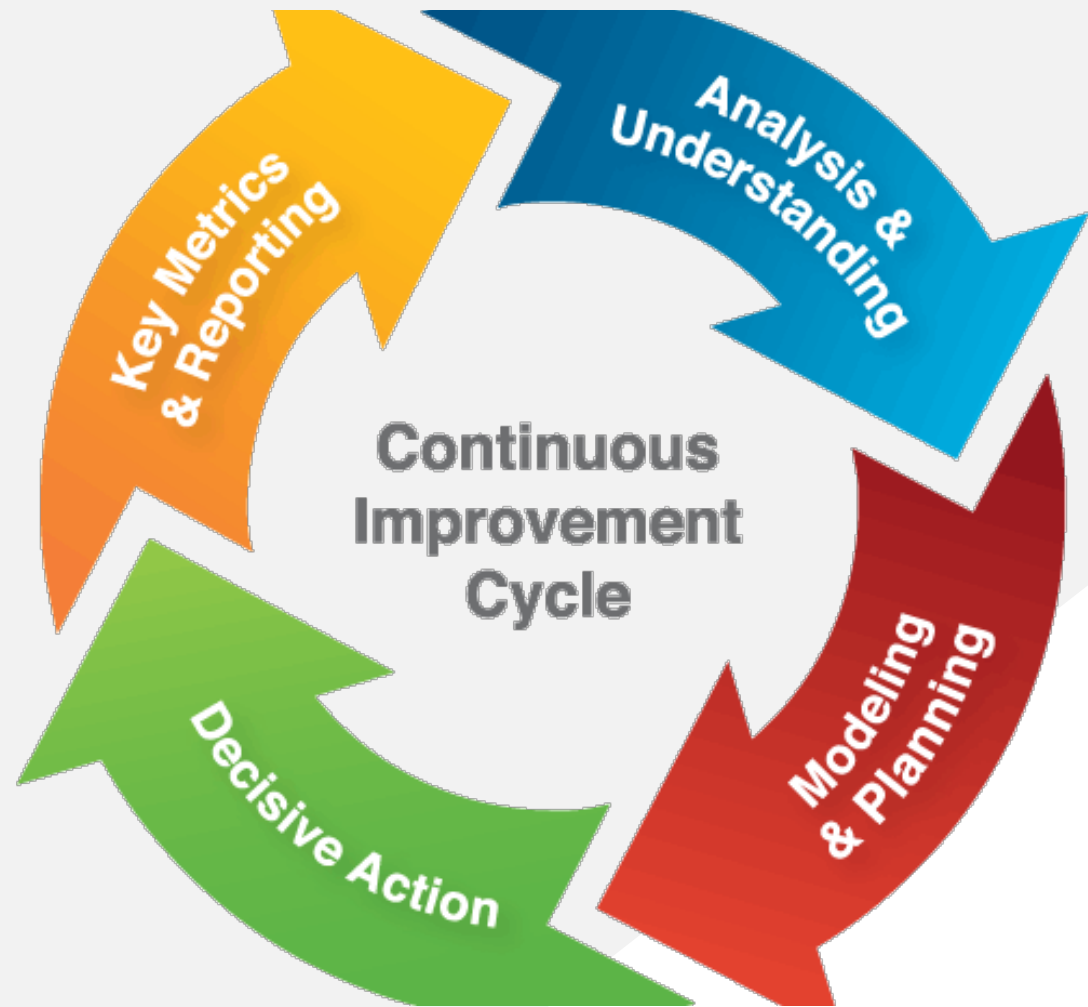




**CLEAR EYES AND BLUE SKIES WITH KPIS:
PERFORMANCE METRICS AND BUILDING A BREWERY
DASHBOARD TO MONITOR CONTINUOUS
IMPROVEMENT**

**PRESENTED BY AUDRA GAIZIUNAS
BREWED FOR HER LEDGER, LLC
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An ongoing effort to **improve** products, services, or processes. These efforts can seek "incremental" **improvement** over time or "breakthrough" **improvement** all at once.



WHY TRACK KPIs?

KEY METRICS AND REPORTING

- **WE ARE A CAPITAL-INTENSIVE INDUSTRY AND NEED TO FOCUS ON HOW EFFECTIVELY AND HOW EFFICIENTLY OUR ASSETS ARE UTILIZED TO PRODUCE A RETURN ON OUR INVESTMENT.**
- **BECAUSE OF THE PANDEMIC AND OFTEN UNFORESEEN CIRCUMSTANCES WE SHOULD BE FOCUSED ON GENERATING POSITIVE CASH FLOW FROM OPERATIONS.**
- **HOW QUICKLY CAN WE TURN SALES INTO CASH (DAYS SALES OUTSTANDING) AND HOW LONG IS OUR CASH INVESTED IN INVENTORY (DAYS SALES IN INVENTORY)?**
- **PRACTICAL EXAMPLES WHERE TRACKING KPIs COME INTO PLAY:**
 - Brewery could be growing too quickly and you would like to get more volume capacity from your current setup without investing in additional stainless.
 - Growth may have begun to stall and you're trying to determine how to continue making great beers at a lower cost.
 - Your radius of distribution has grown, and now you're wondering how to make sure your tasty beers can stay fresher longer.



PRODUCTION KPIS

- TOTAL PRODUCTION YIELD PER BATCH
- PRODUCT LOSS PERCENTAGE
- CAPACITY UTILIZATION
- BARRELS PRODUCED PER EMPLOYEE
- BARRELS PRODUCED PER PRODUCTION EMPLOYEE
- PRODUCTION LABOR DOLLARS PER BARREL BREWED
- DUMPED/DATED BEER IN BARRELS
- RAW MATERIALS PER BARREL PRODUCED

_____ **Brewing, LLC**
 Innovation Target Costing
 Today's Date

[Input variables in blue font]

		<u>Beer Name</u>
Target 4pk/16oz can price to consumer		\$ 10.99
Equivalent case price of 6-4pk/16oz cans		65.94
Less normal retail margin	25.0%	(16.49)
Target wholesale price		49.46
Less normal wholesale margin	30.0%	(14.84)
Target laid-in cost for wholesaler (FOB+NC Excise+Freight)		34.62
Less NC excise per case (\$0.6171/gal)		(0.90)
Less Freight per case from A to B		(0.17)
Target FOB per case price to wholesaler		33.55
Less minimum brewery gross profit margin	35.0%	(11.74)
Target COGS per case (federal excise, ingredients, packaging, labor & overhead)		21.81
Less Federal excise per case (\$3.50/bbl)		(0.34)
Less Labor & overhead per case costs		(6.25)
Less Packaging per case cost		(10.82)
Can, blank, 16oz (ea)	\$0.139	(3.34)
Can, end (ea)	\$0.036	(0.87)
Label (ea)	\$0.230	(5.52)
PakTech (ea)	\$0.140	(0.84)
Tray (ea)	\$0.250	(0.25)
Target ingredient costs per case		4.40
Expected yield	85.0%	
Target ingredient costs per brewed barrel		\$ 38.62



SALES KPIS

- TOTAL SALES IN BARRELS
- GROSS REVENUE PER CE BY STYLE
- NET REVENUE PER CE BY STYLE
- GROSS REVENUE PER CE BY SALES CHANNEL
- NET REVENUE PER CE BY SALES CHANNEL
- NET REVENUE PER EMPLOYEE AND BY PACKAGE TYPE
- ON-PREMISE MIX BY STYLE AND PACKAGE TYPE
- OFF-PREMISE MIX BY STYLE AND PACKAGE TYPE



PROFITABILITY KPIS

- RETURN ON ASSETS
- RETURN ON EQUITY
- RETURN ON INVESTED CAPITAL
- GROSS MARGIN
- CONTRIBUTION MARGIN
- EBITDA MARGIN



BALANCE SHEET KPIs

- CURRENT RATIO
- QUICK RATIO
- DAYS OUTSTANDING FOR A/R AND A/P
- DAYS SALES IN INVENTORY
- INVENTORY TURNOVER
- DAYS WORKING CAPITAL
- TOTAL ASSET AND FIXED ASSET TURNOVER
- DEBT/EQUITY RATIO
- TOTAL DEBT/EBITDA

BEST PLACES TO START WITH BUILDING YOUR KPI DASHBOARD

SET UP CUSTOM QUERIES USING YOUR PRODUCTION SOFTWARE

- CREATE DETAILED COST OF GOODS SOLD BY BATCH
- CREATE DETAILED BILL OF MATERIALS BY STYLE AND PACKAGING TYPE
- IDENTIFY FIXED AND SEMI-VARIABLE COSTS TO DETERMINE BREAKEVEN PRODUCTION IN BBLS AND DOLLARS OF REVENUE
- CREATE FINANCIAL STATEMENTS PER VOLUME METRICS (BBLS)
- CREATE A/R AND A/P AGING SCHEDULES
- TRACK RAW MATERIALS, WIP, AND FINISHED GOODS INVENTORY BY LOT AND AGE
- CALCULATE WORKING CAPITAL
- CREATE OPERATING CASH FLOW AND CALCULATE NET BURN RATE

STEPS WITH IMPLEMENTATION OUTSIDE OF THE DASHBOARD BUILD

APPLIES WELL FOR OPEN BOOK MANAGEMENT

- ALIGN KPI WITH STRATEGIC GOAL
- DEFINE CURRENT VALUE, BASELINE, AND TARGET
- DEFINE DATA COLLECTION STEPS
- ASSIGN WEIGHTS TO EACH OF THE TARGETS
- SET AN UPDATE FREQUENCY
- DEFINE RIGHTS AND ROLES
- ANALYZE EXPECTED VERSUS ACTUAL
- TAKE ACTION
- OVER THE LONGER TERM: TRACTION BY GINO WICKMAN

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Category	Count	Percentage
Total	1,374	
Completed on Time	538	39%
Completed Late	514	37%
Incomplete	323	23%

9:09 AM 8/9/2022 80°F Mostly cloudy

MAY KPIS BRING YOU BLUE SKIES VIEWED
THROUGH CLEAR EYES!

THANKYOU



The background of the image shows two glasses of beer with white foam on top, sitting on a wooden surface. The image is slightly blurred. A large, irregular orange shape is overlaid on the right side of the image, containing text.

BREWED FOR HER LEDGER, LLC

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