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# 5 (maybe 6) Ways to Reduce Brewery Risk

# CedarBrew Crew



# CedarBrew Crew

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# CedarBrew Dog Crew



# WHAT IS RISK? HOW DO WE ASSESS IT?

Exposures, Perils, Hazards,  
Speculative Risk vs. Pure Risk

# Risk Management

- Enterprise Risk vs Traditional Risk Management
  - Insurable vs uninsurable
  - Strategic
- Continuously changing and needs constant assessment
  - COVID-19 and residual effects for business
- External (Regulatory, Social Media, Dependent Relationships etc) vs Internal (Operational)
- Prevention methods & mitigation methods

# Key Steps of Risk Management

- IDENTIFY

- What Can Go Wrong? \* Speculative- what could go right?

## ANALYZE

- How will this risk impact business? How likely is it to occur?
- Is our culture risk adverse? Or are we risk takers?

## CONTROL

- Risks that are too impactful and/or prevalent to ignore
- What do we do to prevent them? Mitigate the damage if they occur?

## TRANSFER

- What Risks can be transferred through contractual arrangements and/or insurance?

## FINANCE

- How do we pay for the cost of risk ? Insurance Premiums. Deductibles. Risk Management Protocols, costs of claims uninsured—these are the total cost of risk

# IDENTIFYING RISK

- WHAT CAN GO WRONG?
  - What's the worst possible impact? What's the expected average impact?
  - How Likely and often do we anticipate this? What are the potential residual effects?
  - What is our risk tolerance?
- SUPER UNCOMFORTABLE!!

GIMMIE YOUR SCENARIOS!!!



# Exposures to Risk

Liability -Operational

- Premise related: slip and falls,
- Products- the Brew (what about the stuff that goes in your stuff-suppliers?)
- Liquor related incidents (away from premise)
- Assault & Battery- fights?
- Auto Liability- Delivering, Driving on Errands, renting cars
- Cyber Attacks- POS, Internal
- Contractual Liability

- Physical Risk- Property Damage
  - Your Stuff, Your leased Stuff, Your Buildouts, what are you contractually responsible for?

# Exposures to Risk Con't...

THE MONEY- NET INCOME - What affects the bottom line?

- Market Changes/Government Regulatory Changes
- Inflation
- Physical Loss
- Loss to key Personnel, Key Supplier(s)
- Reputational Harm
- Speculative Risks- new products, new ventures, new partnerships, etc.

- HUMAN RESOURCES- Human Risk
  - The people! What if they get hurt? Leave?
  - Internal workplace conflicts
  - Disability, Key Man (Head Brewer???)

# Internal vs External Hazards

Some Risks are Internal, and easier to control and transfer

- Housekeeping
- Policies and Procedures
- Safety Implementation
- Quality Control

Some Risks are external and are hard to foresee and quantify, may or may not be insurable

- Market Changes/Governmental Regulatory Changes
- Impact of Social Media /Reputational Harm
- Suppliers/Vendors
- Pandemics!!!

# Control Methods

- Avoidance
- Separation
- Prevention- reduce likelihood of incidents/accidents
- Reduction- minimize effect of risk when/if it occurs
- Duplication- backup plan/data
- Diversification
- Transfer- contractual risk transfer
  - INSURANCE IS DESIGNED FOR THE CATASTROPHIC

## Property



Sprinkler System?



Burglar/Fire Alarms



Fire Extinguishers



Construction of building



Distance to fire hydrant/fire station



Equipment – manufacturer warranty/repair policy, parts available?



Loss of Operations- disaster recovery plan?

## Liability & Liquor Liability



NonSlip Floors



Brewery Tour Controls



Contracts/Certificates of Insurance  
from vendors/contractors



Product Recall plan- batching



Serving Patrons

Intoxicated patrons  
WaitStaff Training TIPS/  
TAMS  
Document Procedure  
Call an Uber procedure







# Getting Started- 5 (maybe 6) ways to reduce your risk

- 1) MINDSET- Culture of Safety and Awareness
- Policies and Procedures from the beginning!
  - QC, Operations, Employee Handbooks,
- Safety Committee to discuss areas of concern/incidents/emerging risks
  - Key members of team- Top Down.
    - Executive Members
    - Staff Members
    - Outside Risk Manager (Insurance Broker)
  - What could go wrong? What is Preventable?

# Culture of Risk Management

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**Mother Goose  
Insurance Co.**



**“The old woman who lives in a shoe is covered for fire, theft and liability  
...but not athlete’s foot.”**

- Be aware of your risks and make empowered decisions to manage them
- Insurance should not be the only solution to risk
- Your broker can be your guide and a valuable resource. Use them!!

# Getting Started- 5 (maybe 6) ways to reduce your risk

- 2) Make Sure You Are Transferring Risk that Doesn't Belong to You
  - Contractual reviews, Certificates of Insurance
- Renting Space? Construction for buildouts? Establishing Vendors/Suppliers?? Leasing a facility? Gypsy-Brewing?
  - Depending on others to provide services/facilities to you means you can be impacted by their negligence.
  - What could go wrong?
    - During the build-out, a Contractor's employee falls off a ladder and gets rushed to a hospital
    - Supplier sends you product that is no good and it ends up ruining your batch(es)
    - Landlord wants you to sign a contract whereby you are responsible for liability arising from the roof, and it starts to leak
    - You are leasing equipment to brew, and the facility you lease from has a contamination issue and has to shut down for a period of time.

# Getting Started- 5 (maybe 6) ways to reduce your risk

- 3) DISASTER RECOVERY PLAN
  - Mitigation from Loss if it Occurs
  - Plans to minimize impact
    - Immediate action items
    - Key contacts
    - Insurance
  - Document Plans
  - Practice!
  - Cyber Risks Deserve Attention
    - Outside vendors
    - Backups

# Getting Started- 5 (maybe 6) ways to reduce your risk

- 4) Review and Inspect Your Facilities Setup
  - Physical Hazards
  - Flow of Production and Traffic
  - Flooring
  - Public areas/Separation
  - Protection- sprinklered building? Alarmed? Well lit parking lot? Sidewalks?
    - What could go wrong? What is Preventable?
    - Lease- responsible for snowplowing?

# Getting Started- 5 (maybe 6) ways to reduce your risk

## 5) Finance Risk – Purchase Insurance

- The “Set it and Forget it” mindset and why it’s dangerous
  - Rinse and Repeat!
  - Annual Insurance Reviews- use them as a time to assess risks
- Review options- customize based on your risk tolerance
  - Discuss responsible options with your Broker
  - Ask Questions, be Empowered
  - Understand how your policy responds if there is a claim

# Getting Started- 5 (maybe 6) ways to reduce your risk

## 6) Develop Key Relationships

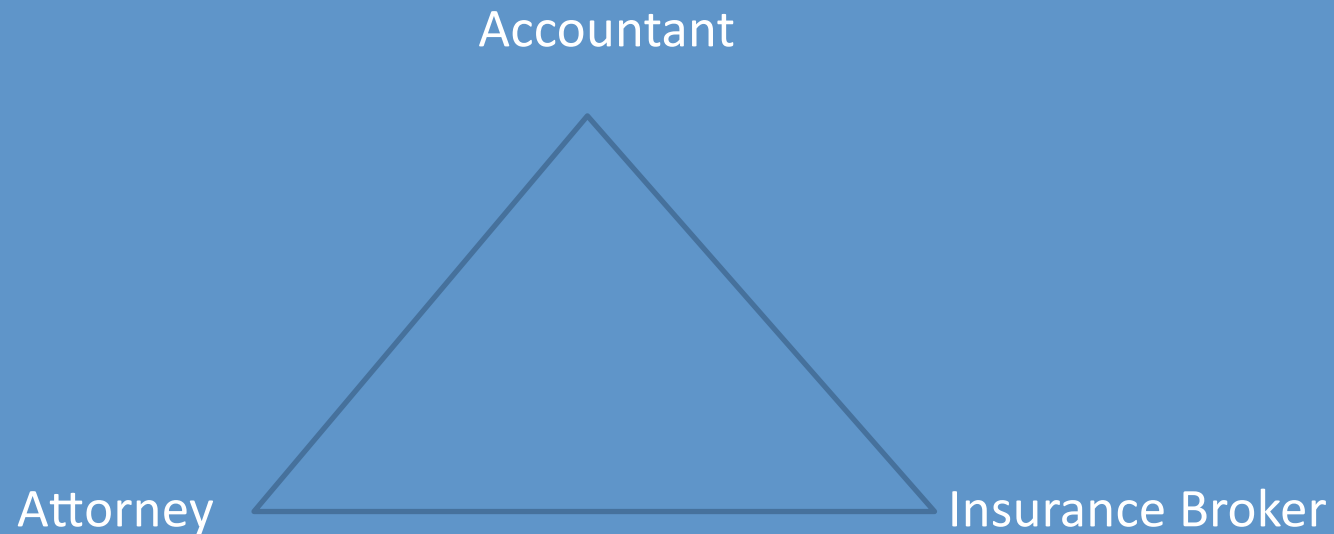
- The Trusted Triangle – the Difference

Awareness vs Surprises

Address and Manage Risks

Make Empowered Decisions

# The Trusted Advisor Triangle



Early Communication!!



# RESOURCES

- Trusted Advisors- all managing your risk in different ways
- Use the application to assess your own risk protection
- Seminars
- Linked In Groups/Support Groups
- Each Other!
- Safety Committee
- Your Peers, shared Experiences

# Rely on your broker as a *Trusted Advisor*



**"I had a career in theatre, and television but I quit because I couldn't suppress my passion for insurance sales."**

- Insurance is exciting!
- We help breweries navigate their risks and make thoughtful decisions
- Support the Brewery from conception to operation and beyond

# Basic Tenants of Risk Management

01

Don't retain more than you can afford to lose

02

Consider the Likelihood of events and their potential impact

03

Don't treat insurance as a substitute for risk control

04

Use at least one risk control technique and one risk financing technique for each identified exposure

*Courtesy of National Alliance, CRM  
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# Questions?

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