



BREAKING DOWN THE NUMBERS ON TAPROOM-FOCUSED BREWERIES

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Housekeeping

- Questions / Comments in the Chat Area
- Email: Kary@BeerBusinessFinance.com
- Set up a call
- Resources available at:
www.CraftBreweryFinancialTraining.com
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Quick Intro

- Kary Shumway, CPA, CFO
- Former CFO for Beer Distributor in Northeast
- Partner / CFO at Wormtown Brewery
- *Instructor for University of Vermont School of Craft Beer*
- *Author at Brewbound, Beverage Master, Craft Brewing Business*
- *Presenter at Craft Brewer's Conference, National Beer Wholesalers Convention, State Brewer's Guilds, Master Brewer's Association*



Presentation Overview

Taproom Financial Basics

Chart of Accounts, General Ledger, Financial Statements

Best Practices

Separate Accounting / Reporting of Business Operations

Models to Create Taproom Chart of Accounts

Examples of Taproom CoA, Sample CoA

Models to Create Taproom P&L

Examples of Taproom Financials

Taproom Metrics, Benchmarks, KPIs

4 Specific Taproom Scorecards

Taproom Financial Basics

- Chart of accounts (CoA)
- General Ledger (G/L)
- Financial Statements

- Define and simplify these terms

Taproom Chart of Accounts

- The chart of accounts is a detailed listing of all the things you want to track and measure in your business
- The purpose is to provide organization and structure for your financial reporting.
- Level of detail will depend on what you really need to see, and how much time you want to spend recording the transactions

Taproom Chart of Accounts

Sales - Taproom Food

Sales - Taproom Draft Beer

Sales - Taproom Retail Beer

Sales - Taproom Growlers

Sales - Taproom Merchandise

Sales - Private Party Fees

Sales - Taproom Other Income

41010-02 Sales - Taproom Food

41015-02 Sales - Taproom Draft Beer

41020-02 Sales - Taproom Retail Beer

41025-02 Sales - Taproom Growlers

41035-02 Sales - Taproom Merchandise

41040-02 Sales - Private Party Fees

41045-02 Sales - Taproom Other Income

Taproom General Ledger

- Chart of Accounts (CoA)– the listing of income, expense, assets and liabilities
- General Ledger (G/L) - the place where the chart of accounts lives, and all the business transactions are recorded

Taproom General Ledger

Account	Name	Date	Description	Debit	Credit
61010-02	Taproom Supplies	1/1/20XX	Linen service	\$ 150.00	
		1/2/20XX	Cleaning products	\$ 200.00	
		1/6/20XX	ULINE supplies	\$ 75.00	

Taproom Financial Statements

- Income Statement
 - Sales, cost of sales, margins, operating expenses, profit/loss
- Balance Sheet
 - Assets, liabilities, equity/deficit
- Statement of Cash Flows
 - Measures the flow of cash in/out of the business
 - Different from Income Statement which measures transactions

Chart of Accounts

- Sales
- Cost of Goods Sold
- Gross Margin
- Operating Expenses

Chart of Accounts

- Sales:
 - Sales - Taproom draft beer
 - Sales - Taproom package beer
 - Sales - Taproom merch
- Cost of Good Sold (COGs):
 - COGS – Taproom draft beer
 - COGS – Taproom package beer
 - COGS – Taproom merch

Chart of Accounts

- 4000-01 Taproom - Sales:
 - 4010-01 Sales - Taproom draft beer
 - 4020-01 Sales - Taproom package beer
 - 4030-01 Sales - Taproom merch
- 5000-01 Taproom Cost of Good Sold (COGs):
 - 5010-01 COGS – Taproom draft beer
 - 5020-01 COGS – Taproom package beer
 - 5030-01 COGS – Taproom merch

Taproom Financial Best Practices

- Use the Chart of Accounts to Separate Business Activities
- Taproom
- Self-Distribution
- Wholesale Distribution

Chart of Accounts

- Sales
 - Sales – Taproom
 - Sales - Wholesale
- Cost of Goods Sold
 - COGs – Taproom
 - COGs - Wholesale
- Gross Margin
 - Gross Margin – Taproom
 - Gross Margin - Wholesale
- Operating Expenses
 - OPEX – Taproom
 - OPEX - Wholesale

Chart of Accounts

- 4000 Sales
 - 4000-01 Sales – Taproom
 - 4000-02 Sales - Wholesale
- 5000 Cost of Goods Sold (COGs)
 - 5000-01 COGs – Taproom
 - 5000-02 COGs - Wholesale
- 6000 Gross Margin
 - 6000-01 Gross Margin – Taproom
 - 6000-02 Gross Margin - Wholesale
- 7000 Operating Expenses (OPEX)
 - 7000-01 OPEX – Taproom
 - 7000-02 OPEX - Wholesale

Quick Recap

- Chart of Accounts (CoA)
 - List of everything you want to track and report on
- General Ledger (G/L)
 - Where business transactions are recorded
- Financial Statements
 - Report of financial results
- Use Chart of Accounts to Separate Business Activity

Taproom Financial Statements

1. Keep it simple: Summary financial report to start
2. Make life easy: Add Key Metrics
3. Add some detail: More detailed reports when you're ready...

Taproom Financial Statements

Taproom Financials		
Simple Income Statement		
	<u>Year-to-Date</u>	<u>% Sales</u>
Sales	\$ 1,000,000	
Cost of Goods Sold	<u>\$ 300,000</u>	<u>30.0%</u>
Gross Margin	\$ 700,000	70.0%
Operating Expenses	<u>\$ 500,000</u>	<u>50.0%</u>
Net Income (Loss)	\$ 200,000	20.0%

Taproom Financial Statements

Taproom Financials						
Simple Income Statement						
	Last YTD	% of Sales	This YTD	% of Sales	Budget YTD	% of Sales
Sales	\$ 900,000		\$ 1,000,000		\$ 950,000	
Cost of Goods Sold	\$ 275,000	<u>30.6%</u>	\$ 300,000	<u>30.0%</u>	\$ 290,000	<u>30.5%</u>
Gross Margin	\$ 625,000	69.4%	\$ 700,000	70.0%	\$ 660,000	69.5%
Operating Expenses	\$ 475,000	<u>52.8%</u>	\$ 500,000	<u>50.0%</u>	\$ 485,000	<u>51.1%</u>
Net Income (Loss)	\$ 150,000	16.7%	\$ 200,000	20.0%	\$ 175,000	18.4%

Taproom Metrics & Scorecards

- What is the point of the scorecard?
- Show the goal or goals you want to accomplish
- Keep the goals front and center every day
- Keep it to one page (or one number) so that it's easy to see how you're doing at a glance
- Use numbers – key metrics – to communicate the goal

Taproom Metrics & Scorecards

- The most important thing...is remembering the most important thing
- The scorecard helps you *identify* what is most important and *remember* it every day
- Focus on how you're doing towards what's most important

Taproom Metrics & Scorecards

- **What keeps you up at night?**
- What is the biggest opportunity to take advantage of?
- What is the biggest problem you need to fix?
- My story...Cash keeps me up. Running out of cash...

Benchmarking Basics

- Rules of Thumb & Industry Averages
- Interesting distractions...
- Is average your goal?
- Benchmark against yourself: Measure your past performance + Set a goal to improve

Use Process + Outcome Metrics

- Process Metrics: Action Steps
 - Ask for the upsell. Emails gathered. Emails sent. Social media posts. Things you do to drive sales.
- Outcome Metrics: Results
 - The result of actions. If you're not getting the results you want, experiment with the actions.
- Consider Measuring Both

Scorecard Templates

- Different scorecard for different needs
- Examples + Templates + How to build them
 1. Sales Focused Scorecard
 2. The Key Metric Scorecard
 3. P&L Scorecard (huddle)
 4. The One Thing Scorecard

Sales Focused Scorecard

- The Sales Focused Scorecard
 - Focus on top line revenue + metrics that support it
1. Total Sales \$ / by day / week / month
 2. Sales by category / product / service
 3. Sales per BBL
 4. Customers per day / week / month
 5. Average ring per customer

Sales Focused Scorecard

Taproom: Sales Focused Scorecard			
www.CraftBreweryFinance.com			
	Actual Nov LY	Trend Nov TY	Nov TY Goal
Total Sales	\$ 100,000.00	\$ 105,000.00	\$ 115,000.00
Sales Growth	+10%	+5%	+15%
Average Ring per Customer	\$ 21.74	\$ 22.58	\$ 24.21
Total Customer Visits	4,600	4,650	4,750
Revenue per BBL	\$ 700.00	\$ 705.00	\$ 725.00

Sales Focused Scorecard

Taproom: Sales Focused Scorecard			
www.CraftBreweryFinance.com			
	Actual Nov LY	Trend Nov TY	Nov TY Goal
Sales by Category			
Draft Beer	\$ 65,000	\$ 68,250	\$ 74,750
Package Beer	\$ 15,000	\$ 15,750	\$ 17,250
Growlers	\$ 7,500	\$ 7,875	\$ 8,625
Merchandise	\$ 7,500	\$ 7,875	\$ 8,625
Gift Certificates	\$ 2,500	\$ 2,625	\$ 2,875
Event Tickets	\$ 2,500	\$ 2,625	\$ 2,875

Key Metrics Scorecard

- What are Common metrics used by taprooms?
- Payroll as % of sales
 - 20% or less of total sales
- Employee turnover
 - 70% or less per year
- Gross margin
 - 70% or more
- Revenue per BBL
 - \$600 or more per BBL (\$1000/BBL is better)

Key Metrics Scorecard

- Friends, Likes, Follows, Fans, Views, Impressions
 - Social media stats
- Year over year sales trends
 - Day / Week / Month
- Turns by handle
 - How quickly each one sells – valuable real estate
- Customer “satisfaction”
 - The catch all metric – do your customers have a great experience

Key Metrics Scorecard

Taproom: Key Metrics Scorecard				
www.CraftBreweryFinance.com				
	Actual Nov LY	Trend Nov TY	Nov TY Goal	Industry Average
Payroll as % of Sales	18.5%	18.0%	18.0%	20.0%
Manager Salary as % of Monthly Sales	48.0%	46.0%	46.0%	50.0%
Employee Turnover	40.0%	25.0%	30.0%	70.0%
Sales per Square Foot	\$ 28.00	\$ 28.50	\$ 30.00	\$ 30.00

Key Metrics Scorecard

Taproom: Key Metrics Scorecard			
www.CraftBreweryFinance.com			
	Actual Nov LY	Trend Nov TY	Nov TY Goal
Turns by Tap Handle			
Tap Handle 1 - IPA	8	8	9
Tap Handle 2 - Double IPA	10	10	12
Tap Handle 3 - Brown Ale	6	6	7
Tap Handle 4 - Pale Ale	6	6	7
Tap Handle 5 - Seasonal	8	8	9
Tap Handle 6 - Lager	4	4	5
Tap Handle 7 - Red Ale	2	2	2
Tap Handle 8 - Shandy	6	6	7

The Financial Scorecard

- The “Huddle” scoreboard
- Taproom Sales, gross margin, expenses, profit
- If you don’t want to use \$, try using %’s
- Add one or two additional metrics to follow

The Financial Scorecard

Taproom: Financial Scorecard						
www.CraftBreweryFinance.com						
	Actual Nov LY	% of Sales	Trend Nov TY	% of Sales	Nov TY Goal	% of Sales
Sales	\$ 100,000		\$ 105,000		\$ 115,000	
Cost of Sales	\$ 20,000	20%	\$ 21,000	20%	\$ 22,000	19%
Gross Profit	\$ 80,000	80%	\$ 84,000	80%	\$ 93,000	81%
Operating Expenses	\$ 45,000	45%	\$ 45,500	43%	\$ 47,000	41%
Net Income (Loss)	\$ 35,000	35%	\$ 38,500	37%	\$ 46,000	40%

The One Number Scorecard

- The *One Number* Scorecard
- The One Thing – what is one thing you can do, that will make everything else easier or unnecessary
- Keep the most important thing the most important
- Scorecard will help you remember it, keep it front and center and achieve it

The One Number Scorecard

Taproom: One Number Scorecard			
www.CraftBreweryFinance.com			
	Actual Nov LY	Trend Nov TY	Nov TY Goal
Sales Growth	+10%	+5%	+15%

The One Number Scorecard

Taproom: One Number Scorecard			
www.CraftBreweryFinance.com			
	Actual Nov LY	Trend Nov TY	Nov TY Goal
Customer Emails Collected	-	50	100
<i>OR</i>			
Event Tickets Sold	150	175	200
<i>OR</i>			
EBITDA % (!)	25%	30%	35%

Wrap Up & Action Items

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Thank you!

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- Next Steps?
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