

# Opening a Brewery? Have a Business Plan

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Hopshire Farm & Brewery





# Brewery Business Plan



The  
Hopshire  
Family



# Brewery Business Plan

## Our Model

Brewery located on a farm which supplies hops and other ingredients.

A building and tasting room which honors the NY hop growing heritage of the 19<sup>th</sup> century



Use as many NY ingredients as possible.

Demonstrate hop farming and brewing processes



# Brewery Business Plan

## Approvals

- |                                    |           |
|------------------------------------|-----------|
| •Zoning                            | 6 months  |
| •County Health Dept                | 1 week    |
| •NY DOT for driveway               | 3 months  |
| •DEC for SPDES permit              | 14 months |
| •Federal TTB brewers notice        | 3 months  |
| •NY SLA brewery license            | 2 months  |
| •NY Ag and Markets food processing | 2 months+ |
| •NY SLA farm brewery license       | 2 months  |



# Brewery Business Plan

What investors will want to see:

- Business Plan
- Pro forma Income Statement
- List of funding sources
- List of funding needs
- Cash flow forecast for 24 months
- Personal financial statements of everyone involved
- Resumes of key personnel
- Collateral listing





# Brewery Business Plan

## Balance Sheet

Assets = Liabilities + Owners Equity

### Assets

Cash

Accounts Receivable

Inventory

Other

Fixed Assets

Land

Building

Equipment

Leased space improvements

Intangibles

### Liabilities

Accounts Payable

Loans





# Brewery Business Plan

## Income Statement

Revenue (Income from sales)

- Cost of goods sold

= Gross margin

- Wages and benefits

- Operating expenses

Utilities

Maintenance

Insurance

Taxes

Advertising

- Interest

- Other expenses

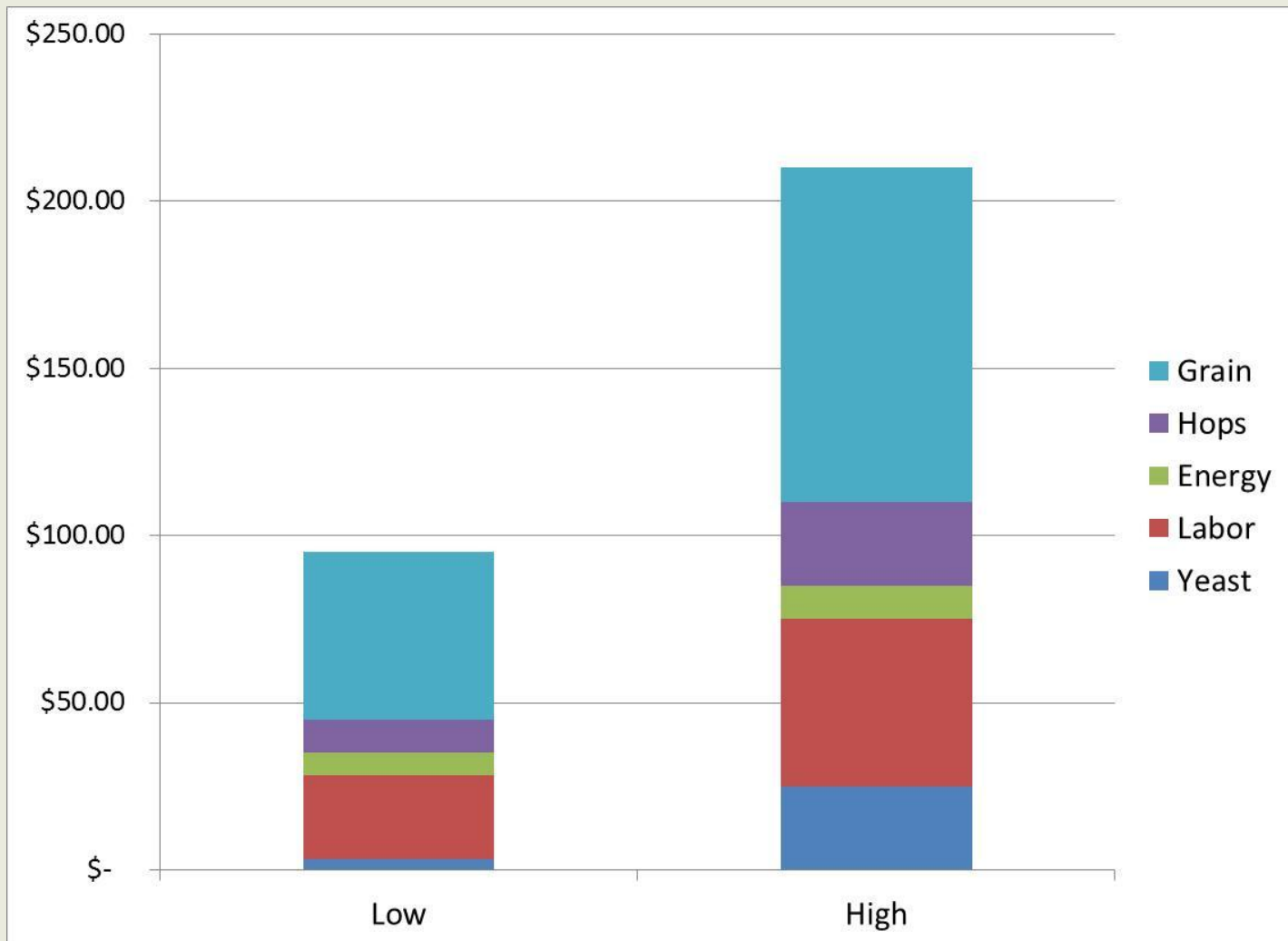
= Net Income





# Brewery Business Plan

## Cost of Beer Ingredients per Barrel

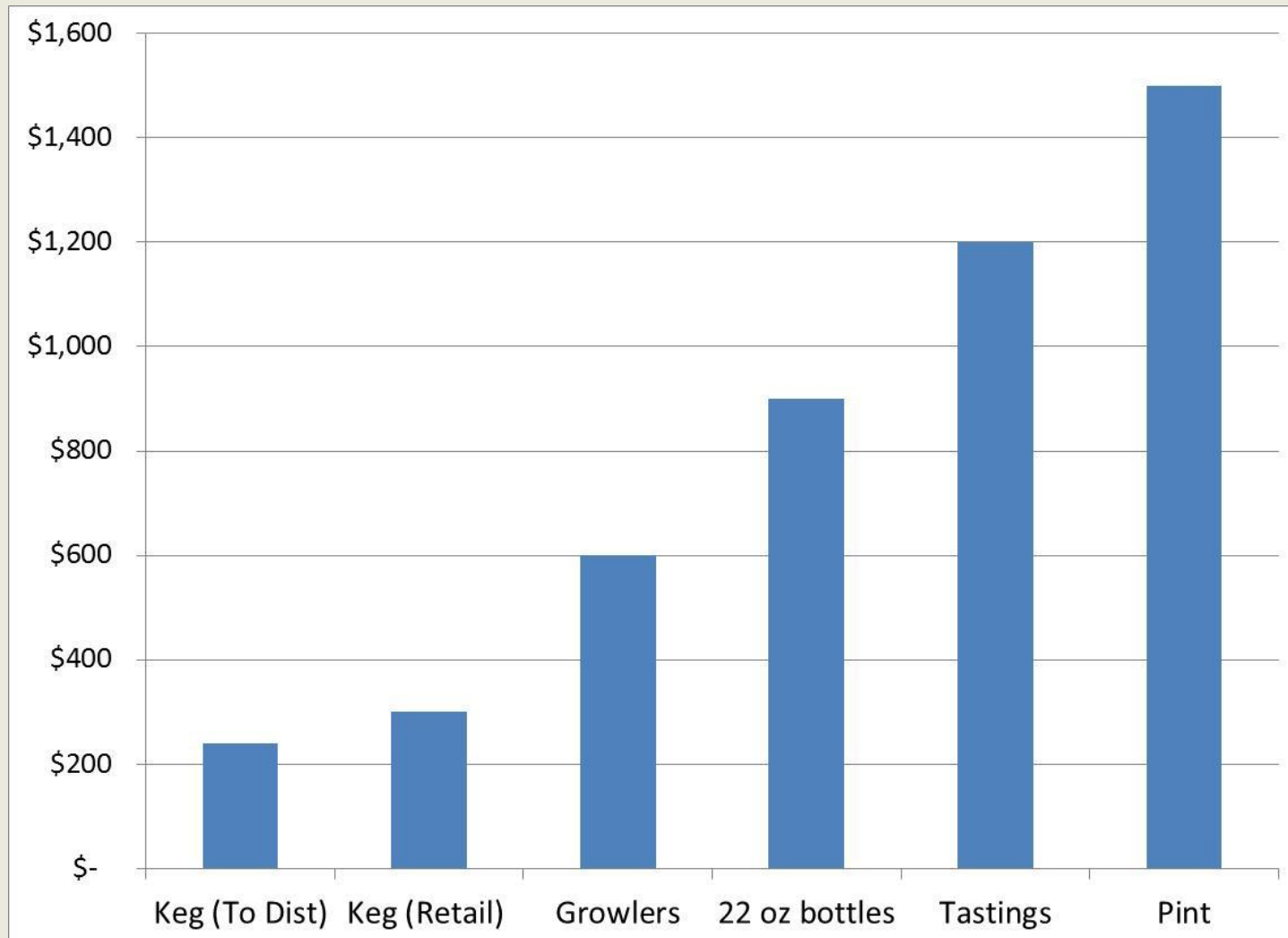






# Brewery Business Plan

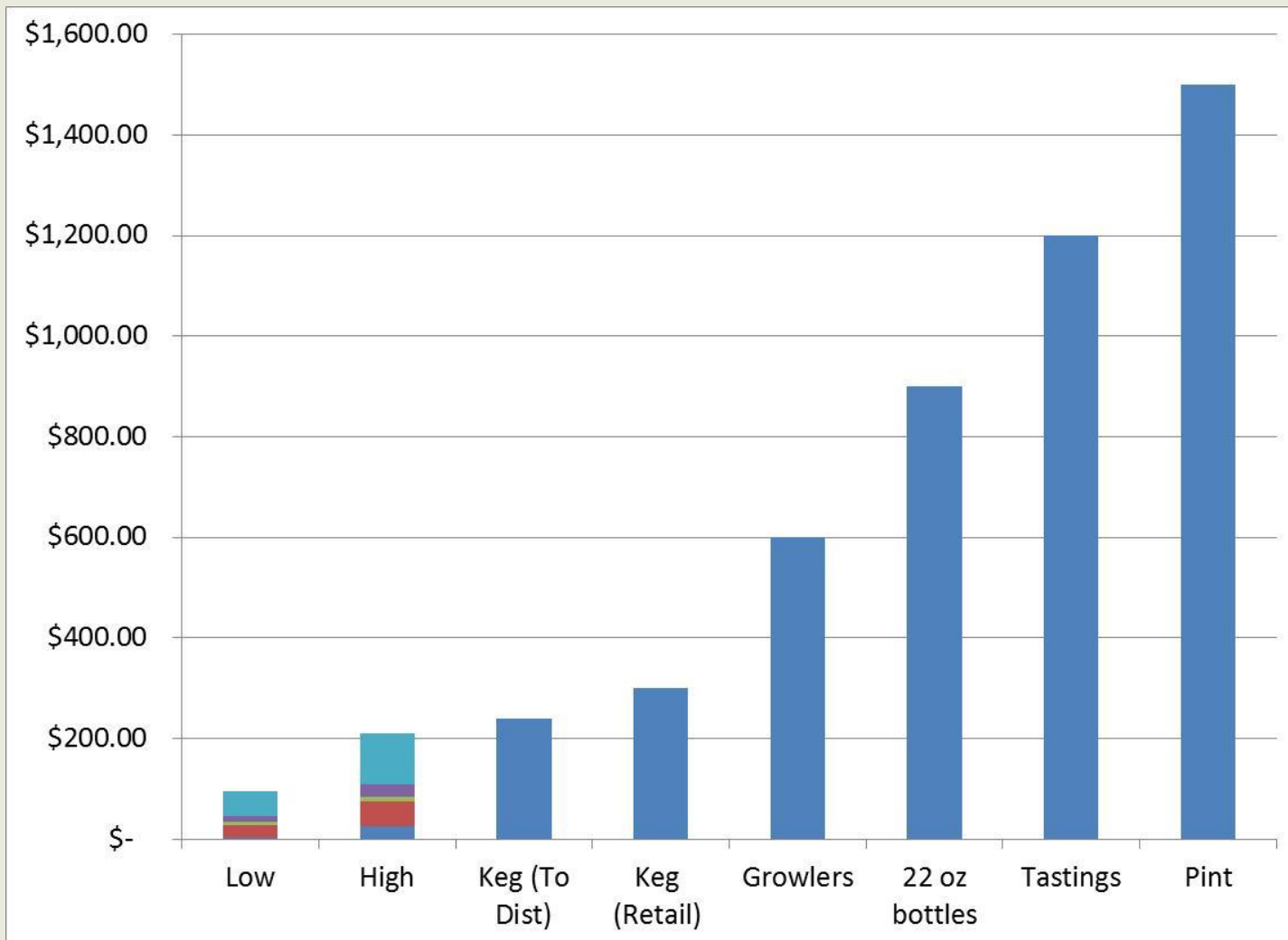
## Beer Income per Barrel





# Brewery Business Plan

## Cost and Income per Barrel



## Case Study – 2 Barrel Nano Brewery



### Case 1

**Brew** 1 /wk, 1 employee

**Sales** 80% Pub, 20% Growlers, 0% kegs

**Income** \$6,900

Expenses

Fixed \$5,900

Variable \$1,900

**Total Expenses** \$7,800 **Net Income** **-\$900**

## Case Study – 2 Barrel Nano Brewery



### Case 1

**Brew 1 /wk, 1 employee**

**Sales 80% Pub, 20% Growlers, 0% kegs**

**Income \$6,900**

Expenses

Fixed \$5,900

Variable \$1,900

**Total Expenses \$7,800 Net Income -\$900**

### Case 2

**Brew 2 /wk, 1 employees**

**Sales 40% Pub, 10% Growlers, 50% kegs**

**Income \$9,800**

Expenses

Fixed \$5,900

Variable \$2,800

**Total Expenses \$8,700 Net Income \$1,100**

## Case Study – 2 Barrel Nano Brewery



### Case 1

**Brew 1 /wk, 1 employee**

**Sales 80% Pub, 20% Growlers, 0% kegs**

**Income \$6,900**

**Expenses**

**Fixed \$5,900**

**Variable \$1,900**

**Total Expenses \$7,800 Net Income -\$900**

### Case 2

**Brew 2 /wk, 1 employees**

**Sales 40% Pub, 10% Growlers, 50% kegs**

**Income \$9,800**

**Expenses**

**Fixed \$5,900**

**Variable \$2,800**

**Total Expenses \$8,700 Net Income \$1,100**

### Case 3

**Brew 2 /wk, 2 employees**

**Sales 40% Pub, 10% Growlers, 50% kegs**

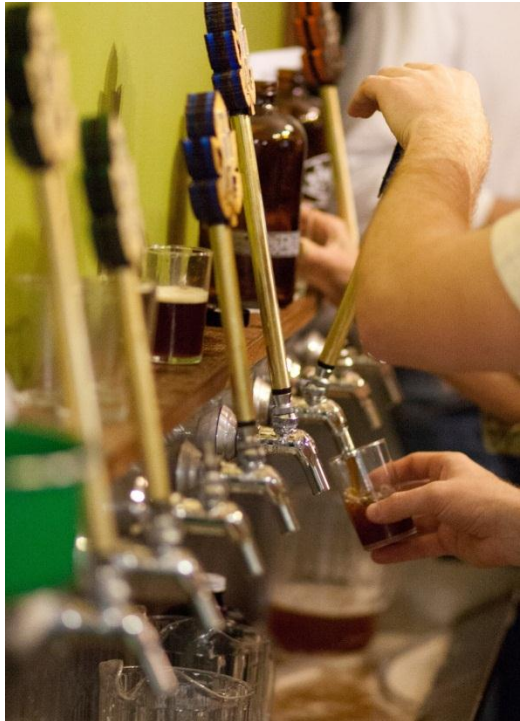
**Income \$9,800**

**Expenses**

**Fixed \$8,500**

**Variable \$2,800**

**Total Expenses \$11,300 Net Income -\$1,500**



# Case Study – 7 Barrel Brewery

## Case 1

**Brew** 1 /wk, 1 employee

**Sales** 0% Pub, 50% Growlers, 50% kegs

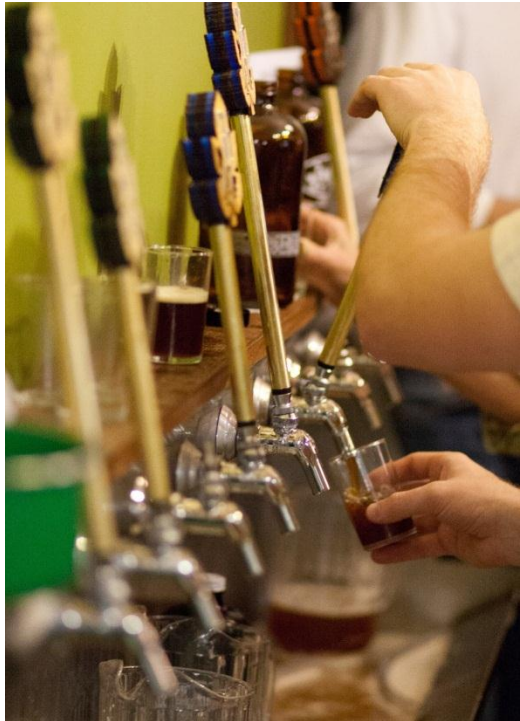
**Income** \$12k

**Expenses**

Fixed \$11.4k

Variable \$5.7k

**Total Expenses** \$17.1k **Net Income** **-\$5.1k**



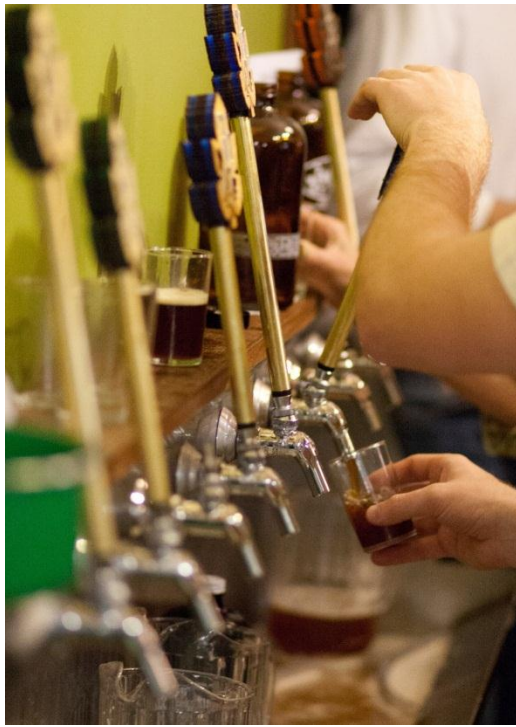
# Case Study – 7 Barrel Brewery

## Case 1

**Brew 1 /wk, 1 employee**  
**Sales 0% Pub, 50% Growlers, 50% kegs**  
**Income \$12k**  
**Expenses**  
Fixed \$11.4k  
Variable \$5.7k  
**Total Expenses \$17.1k Net Income -\$5.1k**

## Case 2

**Brew 2 /wk, 2 employees**  
**Sales 0% Pub, 25% Growlers, 75% kegs**  
**Income \$18.9k**  
**Expenses**  
Fixed \$14k  
Variable \$9  
**Total Expenses \$23 Net Income -\$4.1**



## Case Study – 7 Barrel Brewery

### Case 1

**Brew 1 /wk, 1 employee**

**Sales 0% Pub, 50% Growlers, 50% kegs**

**Income** \$12k

Expenses

Fixed \$11.4k

Variable \$5.7k

**Total Expenses** \$17.1k **Net Income -\$5.1k**

### Case 2

**Brew 2 /wk, 2 employees**

**Sales 0% Pub, 25% Growlers, 75% kegs**

**Income** \$18.9k

Expenses

Fixed \$14k

Variable \$9

**Total Expenses** \$23 **Net Income -\$4.1**

### Case 3

**Brew 2 /wk, 2 employees**

**Sales 20% Pub, 15% Growlers, 65% kegs**

**Income** \$24.4k

Expenses

Fixed \$14

Variable \$9

**Total Expenses** \$23 **Net Income \$1.4k**



## Case Study – 20 Barrel Brewery



### Case 1

**Brew** 1 /wk, 3 employees

**Sales** 0% Pub, 10% Growlers, 90% kegs

**Income** \$22.6

**Expenses**

Fixed \$21.5

Variable \$13.6

**Total Expenses** \$35.1 **Cash Flow** **-\$12.5**

## Case Study – 20 Barrel Brewery



### Case 1

**Brew 1 /wk, 3 employees**

**Sales 0% Pub, 10% Growlers, 90% kegs**

**Income** \$22.6

Expenses

Fixed \$21.5

Variable \$13.6

**Total Expenses** \$35.1 **Cash Flow** **-\$12.5**

### Case 2

**Brew 2 /wk, 3 employees**

**Sales 0% Pub, 5% Growlers, 95% kegs**

**Income** \$42.2

Expenses

Fixed \$21.5

Variable \$22.5

**Total Expenses** \$44 **Cash Flow** **-\$1.8**

## Case Study – 20 Barrel Brewery



### Case 1

**Brew 1** /wk, 3 employees

**Sales** 0% Pub, 10% Growlers, 90% kegs

**Income** \$22.6

Expenses

Fixed \$21.5

Variable \$13.6

**Total Expenses** \$34.9 **Cash Flow** **-\$12.5**

### Case 2

**Brew 2** /wk, 3 employees

**Sales** 0% Pub, 5% Growlers, 95% kegs

**Income** \$42.2

Expenses

Fixed \$21.5

Variable \$22.5

**Total Expenses** \$44 **Cash Flow** **-\$1.8**

### Case 3

**Brew 3** /wk, 4 employees

**Sales** 0% Pub, 3% Growlers, 97% kegs

**Income** \$61.6

Expenses

Fixed \$24

Variable \$31.8

**Total Expenses** \$55.8 **Cash Flow** **\$5.8**



# Brewery Business Plan

## Handout

- Description of Business Plan, Balance Sheet and Income Statement
- Brewery Cost Factors (Of course they are wrong for your case!)
- Questions to ask yourself in planning a brewery
- Resources for equipment and information





# Brewery Business Plan



Good Luck With Your Venture

## Resources

Equipment

Specific Mechanical

<http://specificmechanical.com/products-services/brewery-systems>

G. W. Kent – Supplier of equipment and supplies

<http://www.gwkent.com/brewery.html>

Brew-Stuff.com – 1 to 10 bbl brewing systems

<http://www.brew-stuff.com/brewing.html>

Prospero – International supplier of winery and brewery equipment with office in Geneva, NY

[http://www.prosperocorp.biz/i\\_brewery.shtml](http://www.prosperocorp.biz/i_brewery.shtml)

Bennett Forgeworks – Brew kettles

<http://www.forgework.com/>

Ager Tanks – Supplier of used and new equipment

<http://www.agertank.com/>

Probrewer – Online forum for brewers has classified ads for equipment and supplies

Probrewer.com

Sound Brewing Systems – Used equipment and some interesting commentary on successful brewery size.

<http://www.soundbrew.com/standards.html>

Paper on economics of a microbrewery

<http://digitalcommons.calpoly.edu/cgi/viewcontent.cgi?article=1113&context=agbsp>

# Business Plan

Small business administration – How to write a business plan

<http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/how-write-business-plan>

Business Plan elements

Company Description

Market Analysis

Management Team (include consultants)

Products

Financial Projections

Balance Sheet

Assets

Cash

Accounts Receivable

Inventory

Other

Fixed Asset

Land

Building

Equipement

Leased space improvements

Intangibles

Liabilities

Accounts payable

Accrued expenses

Equity

# Questions to ask yourself

## General

What is unique to your brewery?

What do you want to be known for?

Brewery, tasting room, pub, restaurant, etc.

How much traffic can you expect at your site

Will you staff this yourself or hire people, how many?

Will you keep your current job?

Will you design the brewery model to fit your site or will you find the site that fits your model?

## The place

Will you lease space, buy or building or build new?

What image do you want for your space

Are you in a city or a rural area?

How long will it take to prepare your space

What will it cost to prepare your space?

What will be monthly costs be if leasing?

What will monthly utility costs be?

How will you get deliveries from large trucks?

Where will people park?

Is the site zoned for a brewery/pub/tasting room?

What are the provisions for water, sewer, gas and electric?

## The brewery

How much beer do you plan to make in a week?

How many beers do you want to have?

Will you brew lagers, ales or both?

How large a system do you need?

Who are the brewers?

What is the size and number of fermenters?

Will you serve beer from tanks? How large, how many?

What is your quality control plan?

How will you manage yeast?

What will you do if your beer is not good?

## The tasting room



What hours will you be open?  
What amount of traffic can you expect?  
Who will staff the tasting room?  
What will staff be paid?  
Will you serve pints?  
Will you serve food?  
What type of events do you plan to host?

### Beer sales

In what form will you sell beer – tastings, growlers, glasses, bottles, kegs?  
What price will you sell beer for?  
How will you distribute?  
What makes you think you have a market for your beer?  
What will you do if you cannot sell the amount of beer you planned to produce?  
What has priority, your tasting room or pub accounts?  
What will you do if you cannot keep up with keg requests?

### The Business

Who is the business manager?  
Who will keep the books, manage the cash drawer, invoice customers, pay taxes, etc.?  
How are decisions made on capital expenditures?  
When do you pay yourself (if ever)?