Opening a Brewery?
Have a Business Plan

Randy Lacey and Diane Gerhart

Hopshire Farm & Brewery
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 19th century

Use as many NY ingredients as possible.

Demonstrate hop farming and brewing processes
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
### 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

- Grain
- Hops
- Energy
- Labor
- Yeast

Low

High
Brewery Business Plan

Cost and Income per Barrel

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>High</th>
<th>Keg (To Dist)</th>
<th>Keg (Retail)</th>
<th>Growlers</th>
<th>22 oz bottles</th>
<th>Tastings</th>
<th>Pint</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (USD)</td>
<td>$500</td>
<td>$750</td>
<td>$400</td>
<td>$600</td>
<td>$800</td>
<td>$1,200</td>
<td>$1,400</td>
<td>$1,600</td>
</tr>
</tbody>
</table>
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** -$4.1k
## 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 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
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

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

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
  Equipment
  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)?