



THE BUSINESS OF CRAFT BEVERAGE

DECEMBER 4-6, 2018 | LOUISVILLE, KY

The Distributor/Producer Partnership

Part I: Finding the Right Distributor for Your Brand

Part II: Setting Expectations, Legal Documents & Contracts

Your Distribution Team



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Your Distribution Team



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Owner**

**Platform
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Paul Vander Heide

**Founder/
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Your Distribution Team



Candace L. Moon

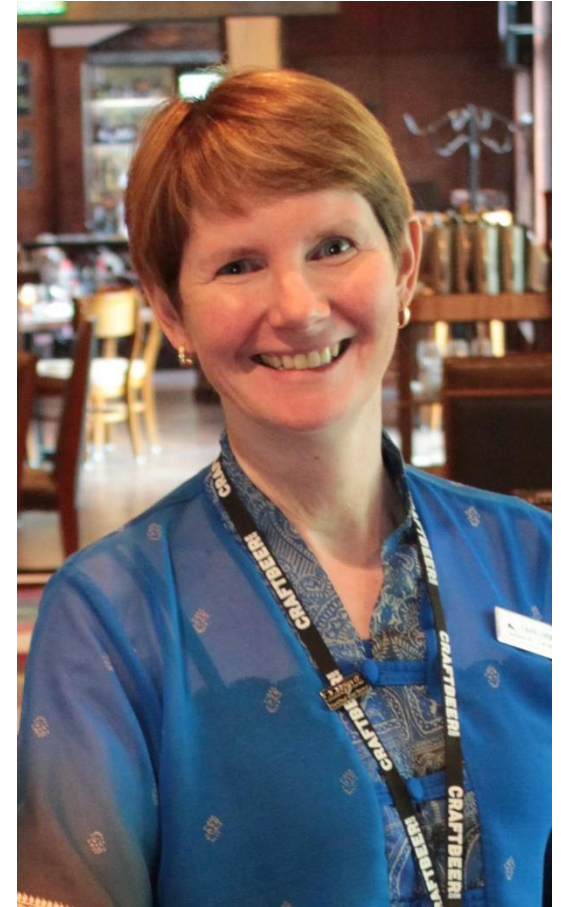
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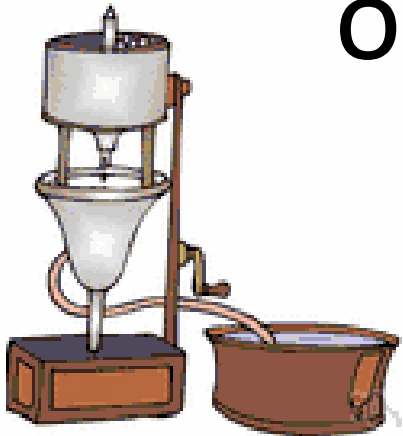




Introductions



What kind of beverage do you make, and do you currently have one or more formal distribution partners?





Session Guidelines

- All questions are good questions
- No activities are mandatory
- Bring up clarifying questions as we go – throw up a hand!
- Other questions during Q & A

Getting Started



When did you know that
it was time to find a
distributor?

Getting Started



As a distributor, when should suppliers reach out to you initially?

Getting Started

Handout!

Briefly, what do suppliers need to do to prepare for distribution?

Handout!

Getting Started

From a legal perspective...

Consult an attorney re:

- Trademarks
- Labeling
- Licensing
- Employment Law
- Alcohol Franchise Laws

Handout!

Getting Started

From a practical perspective...

Fantastic, consistent product
The right product combination
Access to sufficient ingredients
Reliable equipment
Storage for additional product
Adequate supply of product
Brewing staff
Administrative staff
Sales team, trained
Creative branding/story
Effective marketing/POS

Know & be comfortable with:

- Cost per bottle/case/keg
- Target margin
- Lowest possible margin
- Production capacity
- Financial goals
- Seasonal product plans
- Limited release product plans
- Plans for new product lines
- Logistical flexibility with ordering

Tap Room sales if you can legally
Self-distribution if you can legally

Dedicated review of new areas

- Image
- Price point
- Population
- Lifestyle
- Transportation
- Competition
- Distributor Research



Finding the Right Distributor

Write down 3 things that you would look for in a distribution partner.

Finding the Right Distributor



What factors are primary in your consideration of distributors before the initial interview?

Finding the Right Distributor

Relevant initial factors to consider:

Territory Coverage: Whole or Partial?

Size of Company: Large or Small?

Size of portfolio

of accounts

Internal resources

Financial resources

Portfolio Differences

Liquor, Wine, Beer, Cider, Mead?

Artisanal/Small Batch or Volume?

N/A? Non-beverage wholesale?

Reputation of Company

Integrity

Organization

Consistency/Line Cleaning/Dated Product

Reputation of Sales Reps

Reliability

Rapport

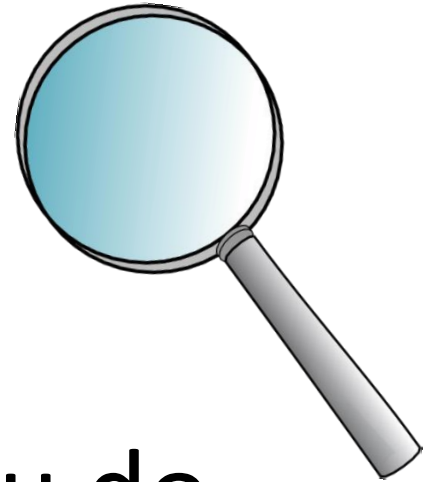
Knowledge

Delivery Frequency

Part of larger company?

Focus of company

Finding the Right Distributor

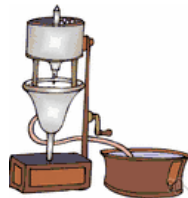


As a distributor, what research do you do (or) what do you want to know about a supplier before you meet with them?

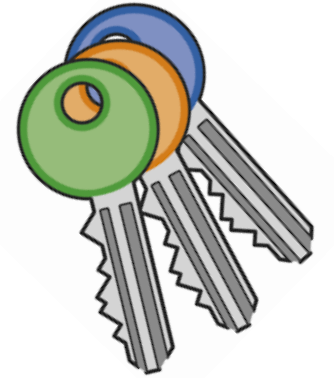
Finding the Right Distributor

The First Meeting a.k.a. “The Interview”

What should you bring to the first meeting with a prospective distributor partner?



Finding the Right Distributor



The First Meeting a.k.a. “The Interview”

What are some key questions you ask and/or impressions you consider critical during the initial interview?



Crafting a Partnership



You have decided you would like to work with a specific distributor.

Now it's time to establish an agreement about all aspects of the partnership.



Crafting a Partnership

Use the note cards on your table to write down any questions you have about contracts.

(stand up, stretch, walk around the table)

Crafting a Partnership

Yes!

Do I need a contract?

Good faith? Handshake?
Distribution “Trial Periods”?

No!

Crafting a Partnership

Am I stuck with the contract the
No! distributor offers?

Can I create one of my own?

A 3D rendering of the word "Yes!" in a bold, orange, sans-serif font. The letters are thick and have a slight shadow, giving them a three-dimensional appearance. The exclamation point is also 3D and matches the letters. The text is set against a white, slightly tilted rectangular background.

Crafting a Partnership

The most important elements of a distribution contract are:



- Termination – With Cause, Without Cause, Defining “Cause”
- Valuation – Case Equivalent (CE), time, taxes, fees, multiplier
- Franchise Laws

Crafting a Partnership



Also very important are:

- Master Distributor Contracts
- Transfer of Distribution Rights
- Sale of Distribution Company
- Sale of Supplier

Crafting a Partnership



Make sure to include:

- Measurable Performance
- Goal Setting (with starting point)
- Reporting
- Payment Terms & Manner of Payment
- Flexibility vs. “Cause”

Crafting a Partnership

You also need:



- Cost of product
- Freight (FOB) + Handling breakage in transit
- Keg Deposits/Credits + Pallet Deposits/Credits
- Samples
- Promotional/Marketing billing
- Same payment terms?

Crafting a Partnership



And you should include:

- Dating your product + Expired product
- Removal and/or disposal of Expired product
- Storage requirements, including retail display option
- Transportation requirements

Crafting a Partnership

This is essential, too:



- Growing your brand (Mega Distributors/ Brand Collectors)
- Sampling the retailers on your product
- Feet on the street from the supplier
- POS (point of sale) items
- Promotions/Frequency of focus

Crafting a Partnership



Do I need Addendums?

- Product list
- First option on new products(?)
- Territory by state, county, address
- What else?

Q&A

You have

Questions

We have

Answers

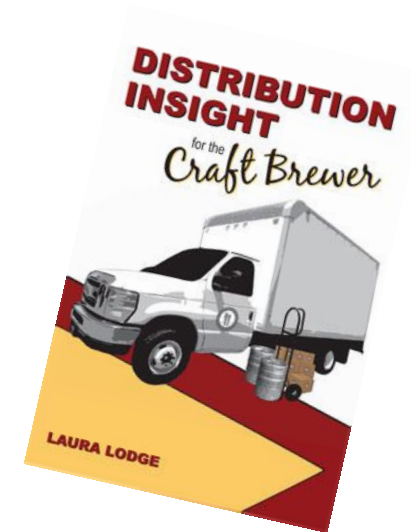


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Thank you for joining us this morning!



Dinsmôre
Beer, Wine and Spirits Practice Group



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Win with **Dis**tribution