



Anti-Viral Money: Valuable Tips for Brewery Funding During the Pandemic (Part 2)

by Rick Wehner, Brewery Finance

Yes, wrestling with the COVID-19 crisis continues, especially when it comes to finding funding for brewing equipment. It's never been more difficult for brewers to secure bucks for gear. So here are five more tips to help you keep your brewery fiscally healthy and off of life support.

1. **Meet the "COVID Statement."** Most non-traditional lenders now want to see complete bank statements from several months and this new document. It seeks answers to a new line of questions: How has COVID impacted your business? What is your crisis plan if there's another shutdown? Have you taken PPP or EIDL loans? Are you tired of these questions? (Okay, the last one's a joke.)
2. **Creative flexing for cash.** Many brewery owners will have damaged credit after the COVID dust settles, and it'll make it even harder to get financing. So be prepared to get creative in finding funds. You may have to provide more collateral and an additional guarantor, and accept a higher cost of funds to compensate for a lower credit score.
3. **A-C-T-I-O-N.** In these tougher times, an active role in repairing and maintaining your credit can protect your future. Stay in touch with your creditors and have candid conversations about your situation. Monitor your credit bureau, keep unnecessary inquiries off of your score, and limit revolving debt.
4. **Wise gear is a plus.** With craft growth slowing, banks are less likely to fund equipment for expanding brewing capacity. But equipment that improves brewery efficiency, raises beer quality or creates a point of distinction from your peers (hello, enviro-friendly technology) is more likely to get approved today.
5. **Best ROI for PPP or EIDL.** We've seen breweries use cheap government money to invest in people and new equipment, and pay off debt. For an existing loan, those federal dollars can pay off the principal and take advantage of the low interest rate. For leases, federal money can put brewers in a stronger position to negotiate a better payoff benefit with a lender. Yes, you'll pay interest on top of interest. But you'll spread the balance over a longer term and a lower rate, and that can help your cash flow.

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Good luck with these tricky times and the changing new normal. May your funding efforts be fruitful and your brewery and financial picture remain healthy. Reach us at beermoney@breweryfinance.com if you need funding help.



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Rick Wehner founded Brewery Finance in 2005 and has since provided nearly 1500 startup and established brewers with vital equipment funding to help them launch, grow and flourish.