

Making Sound Investments to Growing a Small Brewery on a Limited Budget

by Jon Carpenter, Opensō Consulting

People, Training, & Proper Commissioning Before Better Equipment: Avoiding the Shiny Turd

Have you ever walked into a brewery and just been blown away by glorious equipment and facilities, only to be underwhelmed by the beer, the service, the food, the overall environment? Ever sat down at a ramshackle out-of-the-way taproom and hesitantly ordered a flight, only to be blown away by the eloquently curated and fantastic beer voyage you were welcomed upon? Me too... both.

So what is it that separates these experiences, and how do some Goliaths surprisingly crumble, while a few scrappy and disciplined sling-toting tiny brewers amazingly, yet consistently, thrive? In my opinion, it simply comes down to making the most of your investment. And by investment, I'll implore you to consider evaluating all of your potential resources at hand, rather than simply capital.

In my line of work, a very frequent practice I engage in is cost/value analysis. I'll commonly wrap most conversations and considerations back to this simple exercise when performing facility and operations evaluations, as well as when developing phased growth planning and ROI appraisals for new equipment acquisitions or facility improvements. In my experience, one of the easiest to justify investments against the value created is in people. The two categories I encourage focus on are motivation and training – understanding your employees' motivation and rewarding their successes in kind will generally lead towards a more engaged team as well as high employee retention; effective and consistent training does not just pay dividends, it protects your business and reduces risk. While the ROI calculation is certainly not straightforward for investment in people, as is a more efficient piece of shiny stainless steel equipment, and the upfront cost more ambiguous, an honest dive into cost/value analysis will nearly always come back with an overweight value conclusion.

Don't get me wrong, hard equipment additions, replacement, and upgrades are important when growing your facility and business, and certainly a critical component in a proper phased growth plan. However, often times these large equipment purchases that can make big differences for breweries' efficiency, capabilities, and quality rely on a resource that many small businesses do not have in great supply – capital. On the other hand, the vast majority of growing small businesses are built upon the resources of knowledge, passion, time, experience, personal investment, and patience – these are often the building blocks and keystones required to both develop and support your people.

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There's an old saying that runs across many industries, but certainly a mainstay of construction, that I like to refer to as the trinity: "Pace, Price, Quality – Pick two!". Put another way, do you want it fast, cheap, or good – I can give you only two of these. If you don't have the luxury of endless capital, this means you're likely going to have to select between high quality or fast pace. My advice: use the resource of patience to reduce your capital requirements and do your best to never sacrifice quality. This points towards the often arduous, but always rewarding, task of training, supporting, and motivating your people. People and systems can grow your efficiency, capability, and quality sometimes as effectively as those new equipment upgrades, just on a much slower pace.

One such highly important people investment ties directly into equipment – proper commissioning. When taking the dive into making large equipment investments, be sure to price out the total cost of that equipment, which should always include manufacturer supported startup, commissioning, and technical operator training. Commissioning of sophisticated equipment should be accompanied by a mutually agreed upon handover protocol to include proper operating parameters (including run-rate and efficiency), documentation (to include suggested maintenance schedules), and training of your on-site personnel who will eventually be accountable for operational performance. Even world-class equipment won't provide much of a boost (or last very long) without great people to run and maintain it.

Budgeting for supporting the professional growth of your team should be done just as you would budget for increasing capacity or efficiency through equipment. Make top-down quarterly team spend allocations and challenge your management to actively utilize that resource budget through training and engagement before funds are loosed to buy additional alluring equipment. If your team can't consistently brew, ferment, and package beer with outdated and/or less sophisticated equipment, they'll likely not be able to harness the value of better equipment effectively either.

Remember, world-class beer has been produced for centuries by devoted craftsmen who didn't have access to that new automated counter-pressure filler, high-tech centrifuge, or twenty-first century German engineered brewhouse. They were able to make that liquid gold because they were motivated, devoted, and trained well. Value and motivate your team, train your people, know your equipment and facility – let's make beer great again...



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Jon Carpenter has worked in beer and beverage for 19 years in areas including engineering & design, NPD & operations, staffing/training, and construction/installation/startup of equipment, systems, brands, and facilities. Companies he's worked directly for include Anheuser-Busch, Dogfish Head, Golden Road, Alchemy & Science/Boston Beer Co, and Kathinka Engineering & Labs before founding Opensō. Opensō Consulting creates individualized support for clients across the beverage industry from non-alc beverage & coffee to fermented & distilled products