



**CRAFT
BEVERAGE
DISTRIBUTION
CONFERENCE**

THE BUSINESS OF CRAFT BEVERAGE

DECEMBER 3-5, 2019 | LOUISVILLE, KY

Consolidation of Distributors



Your Team

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Your Team

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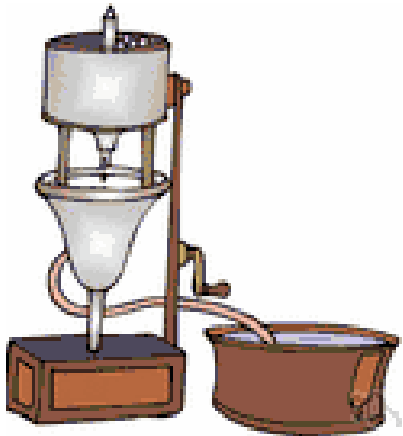


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Attendee Poll



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

Definition

Consolidation of Distributors:

One distribution company purchases another and takes on its portfolio (or) two distributors merge to create one larger distributor.



Planning Ahead

Best practices include periodic goal setting with your distributor:

- Explicit
- Quantifiable
- Challenging, but Realistic

How can this help if consolidation happens?

How can you ensure that this happens regularly?



Planning Ahead

Understand your state's franchise laws as they relate to your contract with your distributor.

Make sure you have a very thorough contract that includes this eventuality in the case that it could make a difference for you.

1

It's happening: Situation #1

Situation #1: Your distributor is either merging to become part of another distributor or being purchased.

Your deliberate choice of distribution team is for naught. How do you navigate the situation?

1

It's happening: Situation #1 Your distributor is going away.

- What are your rights as a supplier?
- How does your distributor notify/consult with you about this situation?
- Can you fight it or refuse to be included in the transaction?

1

It's happening: Situation #1 Your distributor is going away.

- Does the new distributor have to honor your original contract?
- What happens after the announcement before the deal is complete?



It's happening: Situation #1

Your distributor is going away.

Table activity: Brainstorming session

What survival skills could you use as a brand coming into an established house? Can you turn this consolidation into a good thing for your brand?

1

It's happening: Situation #1 Your distributor is going away.

- How do you handle the transition once it is complete?
- How should the new distributor help you to acclimate and support you?

1

It's happening: Situation #1 Your distributor is going away.

- What happens if the new consolidated distributor doesn't choose to keep your brand and "leaves you sitting on the sidewalk"?
- Is this a bad thing? Or perhaps a reprieve?

2

It's happening: Situation #2

Situation #2: Your distributor is either absorbing another distributor (merger) or purchased another distributor.

Your standing with your distributor sale reps and area retailers is at risk. How do you navigate the situation?

2

It's happening: Situation #2 Your distributor just got bigger.

- What are your rights as a supplier?
- How does your distributor notify/consult with you about this situation?
- Can you fight it in any way?

2

It's happening: Situation #2 Your distributor just got bigger.

- What happens after the announcement before the deal is complete?
- Can your distributor justify failing to meet pre-set goals due to the transaction?

2

It's happening: Situation #2 Your distributor just got bigger.

- How do you handle the transition once it is complete? Are the strategies similar to those when you're being merged in?
- How should the distributor handle the situation for their original supplier group?

3

It's happening: Situation #3

Situation #3: Your distributor sold an enormous part of their portfolio, leaving few brands with clout.

Your distributor sales reps have lost a lot of leverage with the area retailers, and your brand's future is uncertain. How do you navigate the situation?



Supplier Basics Recap

- Be proactive & savvy with goals, contracts, franchise laws, and communication.
- Establish & maintain connections with retailers at all times. Share your story.
- Be assertive, but considerate, and consistently communicate + deliver.

Q&A

You have

Questions

We have

Answers



Thank you for joining us this morning!

