



The Business Plan

by Jeff Mendel, Left Hand Brewing Co.

When thinking of starting a brewery, or any business for that matter, it is essential to have a Business Plan which details what you intend to do, how you intend to do it, how much money you will need to accomplish your plan, and the strategies and tactics that will help you achieve success.

The Business Plan has two important purposes. First, the Business Plan is presented to potential investors. It provides investors with the necessary information allowing them to make a most informed investment decision. It is likely that your effort to build your brewery business will require a moderate-to-large sum of money, and it is likely that you will need sources of funds in addition to your own to get the job done. The business plan will need to be presented to potential equity investors (shareholders) as well as potential sources of debt financing (banks, municipalities, etc.). Anyone person or entity who is a potential source of funding will need and want to see your Business Plan.

Your Business Plan will also serve as your guide, laying out the strategies and tactics you intend to employ in order to achieve your financial goals and provide a return to your financing sources (paying out investors, paying back loans).

An essential part of your Business Plan will be the financial projections that will illustrate for potential investors how much beer you intend to sell, the revenue that will result from those sales, and the costs incurred in employing the strategies and tactics outlined in your plan to achieve your projected sales.

Assembling the Business Plan is no small task. It will require time and research to create the narrative and the accompanying financials. You will want to visit as many breweries as you can, having pointed conversations with current operators as to how they accomplished their goal of starting a brewery. You may find local brewers, who may end up being competitors for business, not as forthcoming with answers to your critical questions as those in other parts of the country, who may not see you as direct competition. Plan to get out and about to tour as many operations as possible in order to get a sense of all of the things you will need to consider for your plan. Operating a brewery is not just about brewing beer. Its about employing people, selling a consumer good, marketing and promoting that consumer good, as well as mundane tasks such as disposal of brewing waste and handling of brewery effluent. All of these factors must be considered in deriving the pro-forma financials you will need to accompany your plan.

The Business Plan

(page 2)

The financial projections need to be realistic, and ideally will provide a 5-year look forward. This is a huge challenge, as predicting the future is never a sure thing, and even predicting the present is fraught with uncertainty. You must be able to justify the assumptions that form the basis of your financial projections. Unrealistic and unfounded assumptions yield unrealistic projections. Unrealistic projections lead to unmet goals and rarely lead to success.

Over the last 35 years, there has been plenty of good information published on starting businesses in general, and breweries in particular. Avail yourself of as much information as possible in order to compile an attractive, yet reasonable, plan for your brewery. Its okay to think big, but wise to plan and operate conservatively.



Contributing Author

Jeff Mendel

Partner/Director, Left Hand Brewing Co.

Co-founder of Tabernash Brewing Company and the Colorado Brewers Guild, Jeff has been a partner/director at Left Hand Brewing Company, leads Beer Appreciation classes, hosts beer and food pairing classes and has led personalized tours of GABF. His previous leadership roles in the industry include Director of the Institute for Brewing Studies, and Director of the National Microbrewers Conference and Trade Show.