

Monitor Your Patient: Part 1

By Tom Hennessy, Colorado Boy Brewing

Sample Score Board

AS OF ____/____/____

SALES BUDGET \$40,000

SALES PACE \$ 41,200

COST OF SALES

FOOD 27.48%

BEVERAGES 10.58%

MERCHANDISE 45.45%

BEER 12.0%

LABOR BANK

< \$12.85 >

I'm not talking about people, but rather your brewery. With an economic downturn it can be a struggle to break even or stay in business for that matter. But without proper information you never know if you are floating or sinking, other than looking at your checkbook balance.

We created the Scoreboard just for this purpose and it is probably the most important tool in our quiver. I don't know how many of our students are using this but I thought a reminder was in order in these difficult times.

Remember that a profit and loss statement is laid out in priorities. The first is sales. Second is cost of goods sold, or what you pay for in products you sell. The other big one is labor. Two others I would mention are your loan payment and rent, but unless you have talked to your lender and landlord there really isn't any monitoring of this you can do.

So looking at the top three things I mentioned, these are what make up your scoreboard. That's because all the other things on your profit and loss statement are small potatoes in comparison. If you deal with just these three things you have gone a long way into knowing if you are winning or losing your game.

So first SALES. I like to make up a profit and loss sheet plugging in the numbers I know that will be correct, like supplies, repair and maintenance, credit card fees, utilities, etc. Then I make a guess on what kind of sales I think I can realistically do. This number goes at the top of my scoreboard. It is my sales budget projection.

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The next line is my SALES PACE. This is calculated by taking my average sales and projecting it out for the month. For a simple example let's say that on the 7th day of the month I have done \$7,000 in sales. I take total sales and divide by how many days I have already been open, which in this example is 7 so I average \$1,000 per day. Next, I multiply this number by how many days I will be open for the entire month. Let's say 31. So I now multiply my average daily sales by how many days I will be open, and that gives me a sales pace of \$31,000. If my first line on the scoreboard was a guess of \$30,000 in sales and my second line showed a sales pace of \$31,000, then this \$31,000 gets written in Black, because I am meeting my sales goal (and exceeding it). If my pace was \$29,000 then I would write it in red, because I am not meeting it.

In the next article I will explain the next item on the scoreboard - Cost of Goods Sold.



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Tom Hennessy has opened seven breweries of his own and helped open over 100 more with his Colorado Boy Brewery Immersion Course. His video Frankenbrew, from 1995 has become a cult classic in the brewing world. His three brewing books include The Brewery Operations Manual, Colorado Boy SOP, and The Affordable Brewery. Tom lives, brews and writes in his mountain town of Ridgway, Colorado.