**Best Practices … Writing a Business Plan**

3 Replies

I spent the night on Sunday at Hoppapalooza, one of the best events for Vancouver Craft Beer Week, hosted by the amazing Alibi Room. I had the chance to speak with many amazing people at party, many of whom gave me great suggestions and advice on what choices to make with our brewery. I was asked numerous questions about our business and starting a brewery, which I found very interesting and flattering. One of the questions I was asked several times throughout the night, was about writing a business plan. It is also one of the questions that I get asked most often via email, by way of this blog.

So instead of going on and on about the business plan, what to put into it and what not to put into it, I figured it would be best to just give a few pointers and then a list of important points to consider when creating one.

Start with the end in mind: Yes, this is one of Stephen Coveys 7 habits of highly effective people, but I have always liked this point. So in other words, what are you going to use the business plan for? Your answer to this question will directly effect the scope of your plan. A plan to just figure out your operations might be a little different than one aimed at investors.

Put more into it, get more out of it: Our business plan was a real labour of love. We put excessive amounts of time and energy into our plan, as both Iain and I have personalities that make us overly fastidious about this kind of thing. So we spent a lot of time making sure that we planned every detail, and projected every scenario, good and bad.

No matter what, this is your roadmap: We refer to our business plan on a regular basis, and it has become a living document for our business. The great thing about having a plan is that it also allows any difference in opinion you may have with your partner to be vetted. Moreover, the roadmap ensures that when you opinion changes in the future on something, you can judge it against a baseline, of what you once thought.

Plan for about 6 months minimum: I can’t see how you could write a well thought out business plan in less time than this. Our business plan was a solid 12 months of writing, and then about 2 years of reviewing and revising every component of it. By the end of the 2 years, our plan had completely changed several times over to become what it is now. Moving forward, our plan will surely continue to change, and each time, we will take the time to update the details, so that our roadmap stays accurate.

Its all about the financials: Your cash flow is the most important part of the business plan. It has to be realistic and it has to prove that you can make money quickly and consistently. If you financials don’t add up, then you need to re-evaluate what you are doing and the approach you are taking. Our cash flow has become a monster, and it is something that without, we would be lost.

Keep it short and sweet: No matter what, but out all the crap. Your plan should be no more than 25 pages written and about 25 exhibits. For your financial projections, create a high, low and medium. Shoot for the stars with your high projections …. say Parallel 49 or Driftwood. Aim for realistic on the medium …. say Powell Street or Coal Harbour. Seriously tank on the low, so you know what could happen …. say Surgenor or other under performing brewery. The low will get you out of bed at 5am, the high will keep you dreaming of what could be, and the medium is likely where you will end up (I think).

Don’t use we, use your company name: Maybe this is just a stylistic thing or my personal preference, but you are not talking about you, or your life. You are discussing a business that you may or may not be a part of down the line. According to your lawyer and accountant, your business is an entity unto itself, so refer to it that way.

Have sub plans for various facets: We have a marketing plan that is about 25 pages, and a production plan, that is also about 25 pages, along with a few other plans we are working on. Each of these detailed plans will be shortened and augmented to fit within your plan. Just put a note in that section of the business plan, that there is more information if the reader so desires.

Non-disclosure: You may be handing out your business plan more than you think, so you will need to decide who needs to sign a NDA and who doesn’t. From what I read, anyone that is a seasoned investor, don’t bother asking them to sign one. It will be insulting. But for others who are already in the business, or locals who you might think will tell the world what you have planned, it is your call. We really never had anyone sign our NDA, other than some local brewery owners who we were going to partner with (but didn’t) several years ago.

Prepare a presentation: Maybe not if you don’t need any investors, but for those of you who need outside investment in your brewery, create a power point presentation of your plan, and summarize the key points. Make sure you let the people know what is in it for them. They will always want to know what they will get in return for allowing you to use their hard earned money. Practice your presentation over and over, until you feel at ease. Make sure you try it out on a few people before you go to any actual investors.

Prepare to get rejected: I didn’t track all my failures as much as could have, but I will tell you that I met with about 50 people over the course of 18 months, and we have only about 10 investors in our brewery. That meant I had a 1 in 5 success rate. You may be much better than this, but no matter what, expect some people to pass on your opportunity. Don’t take it personally, ask a lot of questions why they didn’t go with you, and learn so that you can minimize this moving forward.

Be proud, positive and confident: I am overly realistic, so one of my biggest challenges was that I didn’t sugar coat anything for anyone. I never promised that we would make it, never promised riches at the end of the journey, so if things did go off the rails, I would have my conscious clear. However, you can still be proud and positive about what you are doing. In fact, this is super important. No one else will believe in you, if you don’t believe in yourself.

Use a business plan guide: I have my business plan guide in storage, so I can’t tell you which one I used, but be sure to have a guide that will help walk you through each of the key facets of your business plan. A guide explains all the details that you need to know, and will help you determine how to best write your plan. I have written a total of 4 business plans in my lifetime, and I still wouldn’t consider writing a business plan without some sort of guide to help write the plan.

So that is my best practices on writing a business plan. I will gladly send you a copy of my business plan, should you want to see what we created. Just send me a message. Best of luck, and writing a business plan can be a lot of fun, so make sure you prepare yourself for an amazing journey.

This entry was posted in Best Practices, Business Side of Things and tagged Aaron Jonckheere, Best practices, brewery business plan, Brewery Financials, Craft beer, How to start a Brewery, Iain Hill, New breweries 2014 Vancouver, Strange Fellows Brewing, Tasting Room, Vancouver on June 2, 2014.

Best Practices 1st 1/2 of Mechanical

3 Replies

Having just got through the Mechanical portion of the construction of our warehouse, I feel like there is a lot of information that is crucial and really important for future reference. In all, this is probably the part of the job that is filled with the most grunt work. It is messy and for the most part thankless work that requires lots of lower back strength and willpower. There are times that I wanted to quit for the day, but what served the process really well was to persevere and make it to the end of the day.

Like every major step of this process, I have learned much about this portion of the construction process, and I have completed a chart below that helps to summarize the key learnings.

Pick the Right Mechanical Contractor: This is likely the most obvious item on this list, but the one that needs the most time and attention before things start. Make sure you work with a mechanical contractor that is willing to work with you throughout the process. Things like are they going to dedicate their time to the job, are they using 1 man or a 3 man crew, or even how many days of work do they expect the sections to take. Knowing some of the details, will help your expectations be in line with reality

Make sure you look for ways to cut costs, and make sure to negotiate these reduction in fees can go into your pocket and not your mechanical contractor: By this I mean, if you want to change something, like a trade waste interceptor or location of a drain, the expectation is that they will not overcharge you for this. You will need to talk about items that could change down the road. We have changed a lot of stuff. Hot water tank, locations of drains, flow meter, trade waste interceptor, and a bunch of other small stuff. What is important is that we talked about this early on in the process, and we have hammered out a good deal with these kinds of things.

Get ready to dig: You can hire someone to dig, and the cheapest we could find labour through someone else is $25 per hour all in. If you want to hire someone off the street, they are not going to be covered by WCB, which is a big no-no, and more importantly if something happens, you are screwed. So this means that to save money you are going to be working that shovel. Between Iain and I, we spent over 150 hours combined on the shovel, which by my quick math has saved us about $4,000. It doesn’t seem like a lot, but in the grand scheme of things, that is $4,000 more we have for something else.

Get the right size trade waste interceptor: Getting a TWI too big or too small will mean trouble no matter how you cut it. If you get one too large, you won’t have to clean it out very often, but it will be a pain in the ass to install into your floor. A TWI that we looked at was over 11,000 lbs, which had a list of issues when you were trying to install. If you get a TWI that is too small, it might be a lot easier to install, but you will be calling every month to get it cleaned out.

Use a plastic trade waste interceptor: We ended up going with a plastic TWI which solved all our problems. It was less expensive that a traditional TWI and it was a lot lighter than a normal TWI, at only 350 lbs. In fact, it only took of us to lift it in the hole. Make sure you make the decision on this early in the process. You don’t want to hold up the process with fretting about a decision.

Get drawings from your Structural engineer early on in the process: I have written a full post about our issues around a structural engineer, so if you follow my blog you know well our issues with this area. In short, get your structural engineer on board early, and make sure you agree to a timeline of what needs to be completed and when. If your expectations are met, you are golden. If your expectations aren’t met, then you need to take action. At the end of the day, it is your ass on the line.

Get lots of quotes: There is more to this aspect of the process than just the mechanical work. There is laying out of the floor plan, concrete cutting, concrete removal, digging, grading. forming for concrete, installation of rebar, drilling of holes for rebar, packing holes, filling with dirt, compacting, and likely more and more digging. You can choose to do some of this on your own or you can pay someone to do it all. Our advice, save some money and do it yourself.

Don’t forget about the flow meter: I can’t say that I know too much about this, but definitely the city of Vancouver requires a flow meter, located after the TWI, to measure the amount of effluent you pass into city sanitary sewers. Make sure you include this in your plans when you dig, so that you aren’t left doing additional digging afterwards like we did.

Upgrade the water line: We didn’t need to put an upgraded water line in, but you will likely be doing this through this part of the process. I can’t say I know anything about this, but I have heard it costs about $10,000 and up depending on how far the line needs to go. I am sure its no harder than any of the other digging that happens, it just adds to the amount you are doing.

Tamp the ground excessively: It is better to tamp the ground more than less, so that you have less movement of the substrate down the road. This is pretty simple, but it is easy to overlook as the whole process is so grinding. Just do one extra pass to make sure all goes in well.

Cover up areas near the concrete pour with plastic: Pouring concrete is a dirty, messy job and the guys that do it, don’t really care about anything other than getting the job done. We were given the advice to cover areas around the concrete pour with plastic, so that the spray of the pouring wouldn’t get everywhere else. We are really glad we did this, and it saved us a lot of headaches. The few areas we didn’t cover we wish we did, as they are sprayed with concrete and we can’t get it off.

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Floorplan Update and Best Practices

1 Reply

Some of you may have come across a story written by Greg Clow of Canadian Beer News. If you live in Canada and you are serious about beer, you should be checking his website on a regular basis. Click here to link with our story and Canadian Beer News. His article focused on Strange Fellows operations and what our full floor plan will look like when complete.

I have included both the layout we have moved forward with as well as the side profile of the space, so you can get a sense of the way our operations will look. Not unlike anything else we put out there, things will change somewhat as we move ahead; however, 90% of what is on paper here will be represented in our build-out at the space. Once you commit to submitting building, electrical and mechanical permits, you are also committing to what you have on paper. So in other words, the size of a window in our tasting room that overlooks the brew house may get bigger, but we have committed the location for the bathrooms, the trade waster interceptor and the trenches.

Brewhouse Layout March 2014

Brewhouse Profile March 2014

We have allocated a total of $12,500 for permits throughout this process. I have blogged about them a little bit under The Process of Starting a Craft Brewery, subcategory X: Government Stuff. There are lots of permits you need and getting them all in a timely manner is important. To be honest, the process of preparing for permits and approval is one of the keys to getting this process right. In short, for your business to move forward you need to submit for your permits in a timely manner, with information that is well thought out, thorough and correct. Changes or missed steps here will cost you down the road. Read more about permits at the page linked above (and I will add more details in the next week).

Anyhow, coming full circle here, our floor plan was a real labour of love. Like any decisions you make with a partner, there is give and take. However, when you add in an architect, mechanical and electrical engineers, a general contractor and your finances, you get a mish-mash of opinion and information. You can never make a decision without effecting every other decision you have made in the past, and every other decision you will make in the future.

Some of the keys when creating a floor plan are as follows:

Keep everything as central as possible. The longer runs you have for any electrical or mechanical, the more cash you will bleed. For us, moving our main electrical panel 10 feet saved us $3,000. So you can see that small changes can make a big difference.

Plan for the future, but prioritize getting to day 1. It is important to think a couple of steps ahead here, at least that is what I have heard from other breweries, but don’t lose sight that you need to get to day 1.

Look to save money at every step. Ok, maybe you are better at this than I am, but we are in full cash saving mode, and we feel like we have been for a long time. Any chance we can save money on something, we are doing it.

Tasting room and Retail area. A huge part of all these breweries starting up in Vancouver is the ability to sell your products from your business. It takes what was once an impossible task, and makes it so much more realistic of an opportunity. So make sure you design a space that works for your brewery. For us we wanted something intimate, open to the brewery, and simple.

Work with sub trades early in the process. You don’t have to pick who you are working with, but bouncing plans off them will give you real world answers to questions you have. It was also help you find savings and efficiencies in your space.

Another dilemma on decisions. You can have things done quickly, you can have things done for your budget, and you can have things done inline with your dreams, but at best you will get 2 of these things, but most of the time you will only get 1 of these things. What will you pick?

Call the room where you mill your grains a “grain cracking room”. Trust me on this one, it will save you a bunch of headaches at the City

Depending on if you are focusing on production or focusing on tasting room/retail sales, your layout may be different. For us, we are a production brewery first, so the layout and design of the space tried to take this into account as much as possible. Process workflow, material in and material out, future expansion are all important to us, and are reflected in our space.

Keep your cooler close to the tasting room. Iain has so much experience with this kind of thing, that he is adamant that these 2 things need to be connected. He talks about the shorter the run of lines, and being able to connect our taps to tanks instead of kegs will save us heaps of time.

What really gets us excited about our space is the connection between the tasting room and the brewery. When you are sitting in our tasting room, you will quite literally be 10 feet away from the brewhouse. Want to watch Iain add hops to a brew, just sit back enjoy your beer and watch from your perch. You will also be able to have a first hand view of the barrel storage area, which we think is a really cool thing. We also think the art gallery will add a nice connection to the local community, and we hope the growler and retail area will have good process flow so as to not back-up too much.

As I have always said, Iain is really good with this kind of thing, so if you have questions about how to lay your brewery out, feel free to contact us. At the end of the day, follow your instincts on the way things should be. Whether you have experience with this kind of thing or not, make sure you follow what you would want as a consumer. You will deal with enough people along the way that aren’t into craft beer (like contractors, architects, etc) that their opinion will help to balance yours out. Stay positive and you will find the way.