

Open your own craft brewery!

FabJob Guide to
**Become a
Brewery
Owner**



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1. Introduction

Congratulations on taking the first step toward starting up your own brewery. If you are like many successful brewery owners, you not only have an appreciation for good beer, you're probably also a hobbyist. If you have been brewing in small batches at home, you've probably had lots of positive feedback from everyone who has tried your beer. You've perfected your recipes, and you're ready to launch your beer on the beer drinking world, but you're not quite sure how to get it all together and get your brewery up and running.

This guide was written for people just like you. We recognize that there are lots of books about how to brew beer out on the market, but not for the sole purpose of helping you put together all the necessary elements and do the pre-planning for the ideal brewery you have in mind. You will find everything you need to get started with your brewery concept right here in this guide.

In this chapter, we'll look briefly at the industry and give you a brief overview of how running a commercial brewery is different from brewing beer at home for a limited audience. This chapter also covers the benefits of running your own brewery and outlines the steps needed to get started.

1.1 A Growth Industry

According to the Brewers Association, the trade industry representing the majority of U.S. brewing companies, the brewing industry overall accounted for an estimated:

- \$96 billion in total sales in 2011
- \$101.5 billion in total sales in 2014
- \$111.4 billion in total sales in 2017

Meanwhile, craft brewers sales account for an estimated:

- \$8.7 billion in 2011
- \$19.6 billion in 2014
- \$26.0 billion in 2017

Notice that craft brewers' share of the beer market increased from about 9% in 2011 to 23% in 2017!

A craft brewer is defined by the Brewers Association as small, independent, and traditional.

- **Small:** Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to the rules of alternating proprietorships.
- **Independent:** Less than 25 percent of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member that is not itself a craft brewer.
- **Traditional:** A brewer that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Flavored malt beverages (FMBs) are not considered beers.

In an April 2, 2019 press release, the Brewery Association announced:

“Craft maintained a fairly stable growth rate in 2018 and continued to gain share in the beer market,” said Bart Watson, chief economist,

Brewers Association. "Small and independent brewers continue to serve as job creators, strong economic contributors, and community beacons."

- Sales -- at \$27.6 billion -- increased 7% in 2018 over 2017
- Volume in barrels -- at 25,917,766 -- increased 4% in 2018 over 2017; meanwhile the overall total volume in barrels of the beer industry decreased 1%
- Small brewery jobs -- at 150,148 -- increased 11% in 2018 over 2017
- Total number of craft breweries -- at 7,346 -- increased 13% in 2018 over 2017

The 7,346 craft breweries referenced just above consisted of 2,594 brewpubs, 4,521 microbreweries, and 231 regional breweries. Astonishingly, in the U.S. Economic Census of 2002, there were only 379 breweries operating in the entire nation! And per Jess Baker writing for CraftBeer.com reported in December 2018, "There are 2,000-plus craft breweries at the "in-planning" status, according to the BA."

From a Dec. 2018 Brewers Association press release '2018: The Year in Beer': "The brewing landscape is shifting, yet small and independent breweries continue to find market success," said Julia Herz, craft beer program director, Brewers Association. "Brewers are finding ways to differentiate themselves in a competitive market, become pillars of communities, and embrace new experiences and occasions to connect with beer lovers."

TIP: 85 percent of 21+ adults live within 10 miles of a brewery. The continued growth in breweries means that more communities have a local brewery and it is easier than ever to tour or visit one. Visit CraftBeer.com and look for the 'Find a Brewery' feature to check out who's already operating in your area.

There's never been a better time to open your own brewery!

Industry Trends

According to Kenny Gold writing for Hop Culture in December 2018, seven trends to watch in the coming year are:

- Return of lager, “the red-headed stepchild of the American craft beer scene for the last five years”
- Growth in wine-forward beers: “Don’t expect every brewery around the country to bring out the wine cork, but we’re predicting more breweries will create beer/wine hybrids.”
- International craft breweries: “Take Portugal -- two years ago, the country had two major outfits; now, it has 70 craft breweries.”
- Spontaneous fermentation: “Basically, instead of adding yeast grown in a lab, the brewers open their wort (unfermented beer) to the elements and let the region’s natural microflora ferment the beer.”
- Hanging in taprooms: “ As more and more breweries dial in their brewing processes, they’ll be able to dedicate more time to planning taproom events that transcend the consumption of a beverage.”
- Lactose is predicted to go out: “ In the last few years, every brewer and their mother has been tossing lactose into their mash tuns, which gives the beer a creamy, almost milkshake-like quality... Personally, I think the consumer is done with the novelty.”
- Craft breweries expanding into (either producing or merchandising) other craft products such as chocolate, bread, and coffee.

TIP: Also, consider the coming Haze Craze...The Brewers Association added three juicy or hazy styles to its Beer Style Guidelines and Great American Beer Festival® competition in 2018, resulting in a record number of entries. Entrants were startlingly numerous:

- Juicy or Hazy Pale Ale: 131
- Juicy or Hazy IPA: 414
- Juicy or Hazy Double IPA: 161

We’ll look at types of breweries, distributors and how to find customers for your beer later in the guide.

1.2 Owning a Brewery

1.2.1 Home Brewing vs. Commercial Brewing

There are many similarities between home brewing and commercial brewing. For example, the brewing process mainly consists of turning a wort into a beer by adding yeast to it, fermenting and removing waste products of fermentation, and then bottling the finished product. However, there are some very distinct differences.

You're probably coming into this industry having already produced some very nice home brewed beers and ales. You've likely experimented with flavors a little (or a lot). Maybe you invested in a bottling apparatus or two, and found some fancy bottles to put your brew into. You might even have gone so far as to produce your own label to let everyone know that this is "your" beer. All of these activities have prepared you for opening your own brewery.

But there are differences when brewing at the commercial level. For example:

- You'll need to produce beers and ales in mass quantities now.
- You'll need to be able to reproduce those flavors you came up with or invent new ones.
- You'll need to keep those flavors consistent batch after batch.
- You'll need to insure that every step of the process is sanitary and safe in order to meet health and safety requirements demanded by regulatory agencies.
- You'll need to insure that the alcohol content of your beers and ales meets levels prescribed by those same agencies.
- You'll need to have your own bottling line and keg filling equipment.
- Your bottles will need professionally designed labels with a unique logo, theme, colors, text, etc., and you'll need to make sure that all the information required by regulatory agencies such as where the beer is produced, ingredients it contains, and alcohol content are printed on the label.

- Finally, you'll need a marketing plan to get your beer known to wholesalers, agents, restaurants, bars, and the general public.

We'll look at all these points in detail later in the book.

1.2.2 Types of Breweries

You probably have a picture in your head of the type of brewery you want to run. It's likely based on other regional craft breweries or on brewpubs you have visited. In fact, there are a number of different types of breweries that you can think about opening. We'll look at these different niche or specialty breweries more in depth later on in this guide.

Specialty Craft Brewery

A specialty craft brewery generally starts out with a few (as few as one) styles or types of beer. This is probably the most common brewery for new start-ups, because the specific processes that go into the beer are already familiar to the brewer. Later, many brewers branch out into more experimental brews.

Brew Pub

Brew pubs are another popular choice among start-up brewers. Sometimes the owner of an existing restaurant or bar wants to add a unique feature to its business. A brew pub lets the owner create its signature flavors of beer and even build a menu around them. A brew pub is defined by selling 25 percent or more of its beer production on site, including selling beer 'to-go' as allowed by law. (When on-site sales are less than 25 percent, the business is classified as a microbrewery.) If this type of brewery appeals to you, you'll find plenty of information in this guide to help you get started.

Contract Brewery

A contract brewery might be considered a "virtual" brewery. That doesn't mean that it exists online on the Internet, but that it doesn't actually own the brewing facilities with which its beers are brewed. Instead, the brewery owner contracts its production out to an existing brewery. To start this type of brewery all you need is a space in a building with room enough for your office. You could even start this type of brewery right from your home.

These are just a few of the different niche breweries you might consider starting. We'll look at them more in-depth later in the guide, and introduce you to a couple of other niche breweries. No matter what type of brewery you wish to start, you'll find many helpful tips and useful information in this guide.

1.3 Benefits of Being a Brewery Owner

If you've been looking for a career that offers excitement, freedom, and financial independence, then this is the one for you. If bringing pleasure to others, personal freedom, or building a legacy through your own personal beer label appeal to you, then you've found the right business. Being a brewery owner offers these opportunities and more.

Here's how Ken and Bennett Johnston, owners of Fearless Brewing Company, characterize the benefits of owning their own brewery:

"Our primary objective was to create a lifestyle. We live on a river in the country, we report to no one, we make enough money to live comfortably, and we get to use business and creative skills we have developed over the years. Plus, our product brings joy to many, and, even better, we enjoy the heck out of it. What could be better?"

Bring Pleasure to People

As a brewery owner you'll bring pleasure to countless thousands of people now and into the future. Imagine your label being available at restaurants far and wide, toasted at celebrations of all kinds, talked about and reviewed and desired by everyone who comes in contact with it. You'll be part of people's daily lives, bringing pleasure to them in ways you can't even begin to imagine.

Freedom

Owning your own business will give you freedom in numerous ways. If you're coming into this industry from a full-time day job, think of the independence you will have by being your own boss. No more nine-to-five, and you can come and go as you please.

Once you're up and running and successfully producing your beer, you will experience the thrill of financial freedom. You'll also have the freedom to experiment with new beer styles, develop something truly unique, and express your creativity.

Benefit Your Community

As a brewery owner you may also benefit your local community. Many breweries become popular tourist destinations because of the brewery tours they offer or that are offered through local or regional tourism companies. As a result, you will help to bring in extra income for other people in your area who are also involved in the local tourism industry. Restaurants, hotels and motels, bed and breakfasts and many other businesses that cater to tourists will all benefit from the presence of your brewery.

Many other businesses will also benefit as a result of your decision to become a brewery owner. You will do business with trucking companies, bottling companies, and distributors. As a result of all this activity centered on your brewery, you will contribute to the local job market and become a major part of the local economy.

Build a Legacy

Many people are enchanted by the romantic notion of owning their own brewery. As you'll discover while reading this guide, starting and operating a brewery is a lot of work. But just imagine that you will have the opportunity to create a lasting legacy. Some breweries have been operating for a couple of generations. You will have the opportunity to make your brewery a lasting, respected part of the local community.

Income and Growth Potential

And of course, we can't forget the potential for earning a great income. Many small craft brewers have gone on to become regional breweries. Some of them have gone on to sell their breweries to major brewing companies for millions of dollars. For example, Sleeman Brewery started out this way and was eventually purchased for \$400 million by brewing giant Sapporo Breweries.

1.4 Inside This Guide

The FabJob Guide to Become a Brewery Owner is organized to help take you step-by-step through the basics you will need to open and operate your own brewery. The chapters are organized as follows:

Chapter 2 (“*Getting Ready*”) explains how to learn the skills you will need as a brewery owner. It covers the basics of brewing in a commercial brewery, then covers ways of learning from experts and through observation. You will also discover how to “learn by doing”. You’ll also find resources for learning more on your own.

Chapter 3 (“*Starting Your Brewery*”) will help you decide what kind of brewery you should open. This chapter discusses different types of breweries to consider opening. It will also help you decide whether to buy an existing brewery or open a new one. It also explains what you need to get started, including your business plan, start-up financing, brewery name, and other important matters. In this chapter you’ll also find the information you need about legal and tax issues specific to breweries.

Chapter 4 (“*Setting Up Your Brewery*”) offers the information you need to actually set up your brewery. It gives advice on how to choose a location, brewery software you can use to manage your brewery, and more. You will also discover what equipment and supplies you will need and who sells it.

Chapter 5 (“*Running Your Brewery*”) takes you into the day-to-day challenge of running your brewery once it’s open. It explains the brewing process and testing, bottling and labeling, health and safety considerations for breweries, and also covers financial management, and working with staff and customers.

Chapter 6 (“*Selling Your Beer*”) will show you how to price your beers. We’ll also introduce you to ways you can market your beer to potential customers. We’ll look at ways you can make people more aware of your brand and offer some ideas about special events you can hold at your brewery to get people interested. Finally, we’ll offer some advice about working with distributors and how to sell your beer online.

By following the steps in this guide, you will be well on your way to living your dream — opening your own successful commercial brewery.

You have reached the end of the free sample of the *FabJob Guide to Become a Brewery Owner*. To order and download the complete guide go to <https://fabjob.com/program/become-brewery-owner/>.