



next glass



**VERMONT BREWERS
ASSOCIATION**

BREWING HIGHER MARGINS BY UNDERSTANDING COGS

Aaron Keefner | Solutions Consultant

UNTAPPD™

BeerAdvocate

HOP CULTURE™

Ollie®

Background – Aaron Keefner

- **Born & raised in the Chicagoland area & beer scene**
- **Spent 15 years in the music industry before beer touring in bands & as a label executive. Fell in love with craft beer during this time.**
- **Marketing/Operations at Goose Island | Feb 2012 - May 2017**
 - National Brand Ambassador
 - Trade Marketing Assistant
 - Wholesale Support
- **Specialty Beer Coordinator at Revolution Brewing | May 2017 - Oct 2019**
- **Dir. of Business Operations at More Brewing | Oct 2019 - Nov 2022**
- **Solutions Consultant at Next Glass, Inc. | Nov 2022 - Present**
 - Ollie
 - Untappd (Untappd for Business; Untappd Data & Insights)
 - Oznr
 - Hop Culture
 - BeerAdvocate



What variables can affect COGs/Margins?



Order Efficiency/Landed Materials Costs



Ingredient Utilization/Efficiency



Batch Yield/Equipment Utilization



Packaging Splits/Sales



FOB/PTR/PTC

Order Efficiency/Landed Costs

Projected Costs

- Seeing your potential costs before even brewing

Forecasting Raw Materials

- See when you will run out
- Save yourself from rush shipping/out of stocks

Inventory Tracking

- Current on Hand
- Lot Tracking

Landed Costs

- How additional costs effect landed costs
- Tracking costs lot by lot

Ollie

Specs Grain Bill Mash Hop Bill Miscellaneous Yeast Cost Breakdown

Ingredients

Name	Cost
Brewers Crystals	\$16.57
Citra: T-90	\$626.20
Grain Millers: Rolled Oats	\$52.65
Muntions: Extra Pale	\$205.87
Muntions: Pale Planet	\$37.46
Nutromix Tablets	\$1.00
Rice Hulls	\$6.13
Simpsons: Malted Oats	
Totals	

End date

12/31/2023

Show

▽ Scheduled

Ending amount

▽ Below

Export

Generate Purchase Orders

Name	Starting Amount	Ending Amount	Unit of Measure	Notification Threshold
Citra: T-90	338.00	-37.00	pounds	88.0
Galaxy: T-90	110.00	44.00	pounds	66.0
Grain Millers: Rolled Oats	600.00	100.00	pounds	220.0

Inventory

Simpsons: Malted Oats

▽ All

Lot Code	Received At	Price	On Hand
1/27/23	Jan 27, 2023	\$1.052/lb	0
3/20/23	Mar 20, 2023	\$1.05/lb	0
4/10/23	Apr 10, 2023	\$1.052/lb	0

Ingredient Utilization/Efficiency

Lots & Quantities

- Price per lot effects COGs
- Efficient ingredient utilization
- Is the juice worth the squeeze?

Quantities

- Diminished returns
- Finished Goods COGs

Yeast Tracking

- Generations
- COGs

Grains • Mash Boil Post Boil Miscellaneous Yeast				New	
Name	Lot	Pounds			
Extra Pale Planet: Muntons	5/5/23	410.00			
Rolled Oats: Grain Millers	2023.09.05-01	50.00			
Pale Planet: Muntons	10/5/23	40.00			
Malted Oats: Simpsons	10/12/23	27.50			
Rice Hulls	-	12.00			
Total Grist Weight:		539.50			

Hop Schedule							New	
Name	Lot	Pounds	Alpha Acids	Added At	IBUs			
Columbus/Tomahawk/Zeus (CTZ) 45 minutes (Boil)	2021	1.00	15.5	Add Hop	20.50			
Citra 30 minutes (Boil)	2023	2.00	12.0	Add Hop	18.10			
Citra 15 minutes (Boil)	2023	2.00	12.0	Add Hop	9.40			
Columbus/Tomahawk/Zeus (CTZ) 15 minutes (Boil)	2021	1.50	15.5	Add Hop	9.10			
Simcoe 5 minutes (Boil)	2023	2.50	13.0	Add Hop	8.00			
Totals:		9.00			65.2			

FV1-10 ▼
cap. 12 BBLs

54 - Sap IPA
Cosmic Punch: Omega¹⁰
12.00 BBLs
(Brew Log #57)
BREWING #57

Start by selecting some yeast to pitch.

Yeast*
Search for an item

PITCHES

OYL-004 Omega - West Coast
5th generation at a cost of \$125.00 from FV1- 7bbl - 228 - WC IPA

OYL-004 Omega - West Coast
1st generation at a cost of \$25.00 from FV3- 7bbl - 220 - WC IPA

OYL-011 Omega - British Ale V
6th generation at a cost of \$25.00 from FV4- 7bbl - 221 - Hazy IPA

OYL-004 Omega - West Coast
2nd generation at a cost of \$25.00 from FV5- 7bbl - 222 - WC IPA

Batch Yield/Equipment Utilization

Tracking Loss/Yields

- Pre-boil volume ☐ Knockout volume
- Fermenter ☐ Brite/Barrels

Processes

- Yeast dumps
- Regular maintenance

Equipment

- Flow meters
- Centrifuge
- Automation
- Adjunct tanks, circulation pumps, etc.

Pre-Boil

Kettle Volume	Final Volume <small>BBLs</small>
7.3	7.00 ^①

Transfer 080 - Pils Are Good from FV4 (7)

* Racking date	10/26/2023	* Volume in FV4 (7) after transfer	0
To tank	LT1 (7)	* Volume in to tank after transfer	6.6

Summary

FROM FV4 (7)	7 BBLs
TO LT1 (7)	0 BBLs
Calculated Losses	0.4 BBLs

Record Transfer



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Packaging Splits/Sales

Packaging Loss

- Tracking loss per container
- Accurately pinning loss %

Cost of Goods

- Change over time
- Finished Goods COGs

Sales

- Use historical sales data to calculate splits
- Allocating product for tasting room/restaurant & distribution

Record Packaging

BATCH
230 - 221 - Hazy IPA
Required Batch

* Product
Don't Haze The Player (Hazy IPA)

* Packaged on
10/26/2023

Packaging details | Bill of Materials | Comments

* Choose your container type
1/6 Barrel Keg - each

Lot code
10/26/23

* Amount packaged
10

* BBLs Loss
.1

☒ Tax determined

Summary

STARTING TANK VOLUME: 6 BBLs
PACKAGED VOLUME: 5.90 BBLs
PACKAGED LOSS: 0.06 BBLs
Remaining Volume: 0 BBLs

Record Packaging

Packaging details | Bill of Materials | Comments

* Choose your container type
Case - 6/4pk/16oz - each

Lot code
10/26/23

* Amount packaged
38

* BBLs Loss
.56

☒ Tax determined

Finished Goods

Case - 6/4pk/16oz of Pils Are Good (each) Inventory

▽ All

Lot Code	Packaged At ▼	On Hand	Unit Cost
10/17/23	Oct 17, 2023	0	\$18.211
9/25/23	Sep 25, 2023	0	\$17.414
8/21/23	Aug 21, 2023	0	\$17.932
vfrwahe5qeyb	Jul 18, 2023	0	\$18.01
	Jun 13, 2023	0	\$18.674
	May 25, 2023	0	\$17.916

Product Name	Customer Group	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Product Totals
California Love - 1/2 BBL Keg	Taproom	0	31	0	124	62	217
California Love - 1/2 BBL Keg	IL Retail	31	15.5	15.5	0	0	62
California Love - 1/6 BBL Keg	Taproom	0	15.6	0	0	0	15.6
California Love - 1/6 BBL Keg	IL Retail	0	52	67.6	52	41.6	213.2
California Love - 16oz 24-pack	Taproom	0	15	0	0	60	75
California Love - 16oz 24-pack	IL Retail	51	117	143.9	90	146.9	548.8
Don't Haze The Player - 1/2 BBL Keg	Taproom	0	31	0	77.5	139.5	248
Don't Haze The Player - 1/2 BBL Keg	IL Retail	0	0	15.5	0	0	15.5
Don't Haze The Player - 1/6 BBL Keg	Taproom	0	5.2	0	0	0	5.2
Don't Haze The Player - 1/6 BBL Keg	IL Retail	5.2	62.4	57.2	36.4	41.6	202.8
Don't Haze The Player - 16oz 24-pack	Taproom	0	9	0	0	60	69
Don't Haze The Player - 16oz 24-pack	IL Retail	33	93	105	54	105	389.9
Double Double - 1/2 BBL Keg	Taproom	0	46.5	0	108.5	77.5	232.5
Double Double - 1/2 BBL Keg	IL Retail	0	15.5	0	0	0	15.5
Double Double - 1/6 BBL Keg	Taproom	0	20.8	0	0	0	20.8
Double Double - 1/6 BBL Keg	IL Retail	0	41.6	52	46.8	62.4	202.8
Double Double - 16oz 24-pack	Taproom	0	9	0	30	0	39
Double Double - 16oz 24-pack	IL Retail	45	90	87	140.9	152.9	515.8
MONTHLY TOTALS		165.2	908.3	880.3	914.2	1153.7	4021.6

* report pulled from Ollie Order

Ollie

FOB/PTR/PTC – How this effects your margins

- Never to early to track your Cost of Goods
- Batch to Batch Differences
- Profit in the Tasting Room vs Distribution

Batch to Batch Differences

\$13 / BBL Swing from Batch to Batch
=
\$0.42 / gallon
=
\$6.50 1/2 Keg, \$2.17 1/6 Keg, \$0.97 Case
=
16 1/2 + 40 1/6 + 100 cases
=
\$1,143.20 a month (1 order a week)
=
\$13,718.40 a year swing in Cost of Goods

Revenue: Tasting Room vs Distribution

x1 1/6 Keg to Distro = \$62

x1 1/6 Keg to FOH = \$289.34
(16 oz pour @ \$7)

\$227.34 Difference / Keg

Need to sell 4.6 1/6 in Distro to Cover 1
1/6 in your FOH
This is Revenue, not Profit

Things That Are Difficult to Add to COGs

-Labor
-Utilities
-Rent
-Licenses Fee
(Having a separate spreadsheet helps keep track of these costs)

\$200,000 Labor / Utilities
2,500 BBLs
\$80 / BBL
1/2 = \$40
1/6 = \$13.33
Case = \$5.80

FOB/PTR/PTC – How this effects your margins

\$1,760 80 1/6 in distro is only 7 1/6s through FOH

Revenue: Tasting Room vs Distribution

x1 1/6 Keg to Distro = \$62

x1 1/6 Keg to FOH = \$289.34
(16 oz pour @ \$7)

\$227.34 Difference / Keg

**Need to sell 4.6 1/6 in Distro to
Cover 1 1/6 in your FOH**

This is Revenue, not Profit

Cost of Goods

For Raw Materials

1/6 Keg = \$25

With Labor/Utilities

1/6 Keg = \$38

With Variance

1/6 Keg = \$40

*1/6 may be \$15 more expensive to
produce than you initially calculated*

Profit: Tasting Room vs Distribution

Raw Materials

x1 1/6 Keg to Distro = \$37

x1 1/6 Keg to FOH = \$264.34

Need to sell 7.1 1/6 to Equal FOH

Additional Costs

x1 1/6 Keg to Distro = \$22

x1 1/6 Keg to FOH = \$249.34

Need to sell 11.3 1/6 to Equal FOH

**80 1/6 Through Distribution a month is \$1,760 in Profit
This can be done by selling 7 more 1/6s a month through your FOH**

TRACKING + EFFICIENCY

What is your growth strategy for the next year, 2 years, 5 years, and 10 years?

- If you planning on doubling in size, where is that beer going?
- Strategy for ways to drive taproom sales
- Does your distributor agree with potential distribution growth plans?
- Is the goal to increase production, profit, or value?

STEADY PRODUCTION & SALES ARE THE NEW NORM!



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