# How to Install Your Brewery Financial Operating System

*A Practical System to Drive Profit, Cash Flow and Financial Accountability*

Craft Brewery Finance.com

BBF Association.org

# Financial Workshop Folder

- Worksheets
- Templates
- Models
- Toolkits
- Presentation deck



# Quick Intro

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**Helping You Drive Profits, Control Cash Flow, and Brew a Better Financial Future**

# The Problem: Breweries Run Without a Financial Operating System

- Financials arrive too late to take action
- Budgets are either missing or ignored
- Department leaders don’t know their financial targets
- Owners carry the financial burden alone
- Problems show up months later in the P&L

Without a system, the business runs on **hope, intuition, and reaction instead of clarity and control.**

# The Problem: Breweries Run Without a Financial Operating System

**The result…**

- Cash flow stress
- Inconsistent profitability
- Slow decision making
- Teams disconnected from financial performance

You don’t need to work harder. You need **a Financial Operating System.**

# The Solution: Install a Brewery Financial Operating System (FOS)

Profitable breweries operate differently. They install simple systems that ensure the **entire team understands the numbers and acts on them consistently.**

**A Financial Operating System creates:**

- Clear financial goals
- Department accountability
- Real-time performance tracking
- Weekly financial conversations
- Faster and better decision making

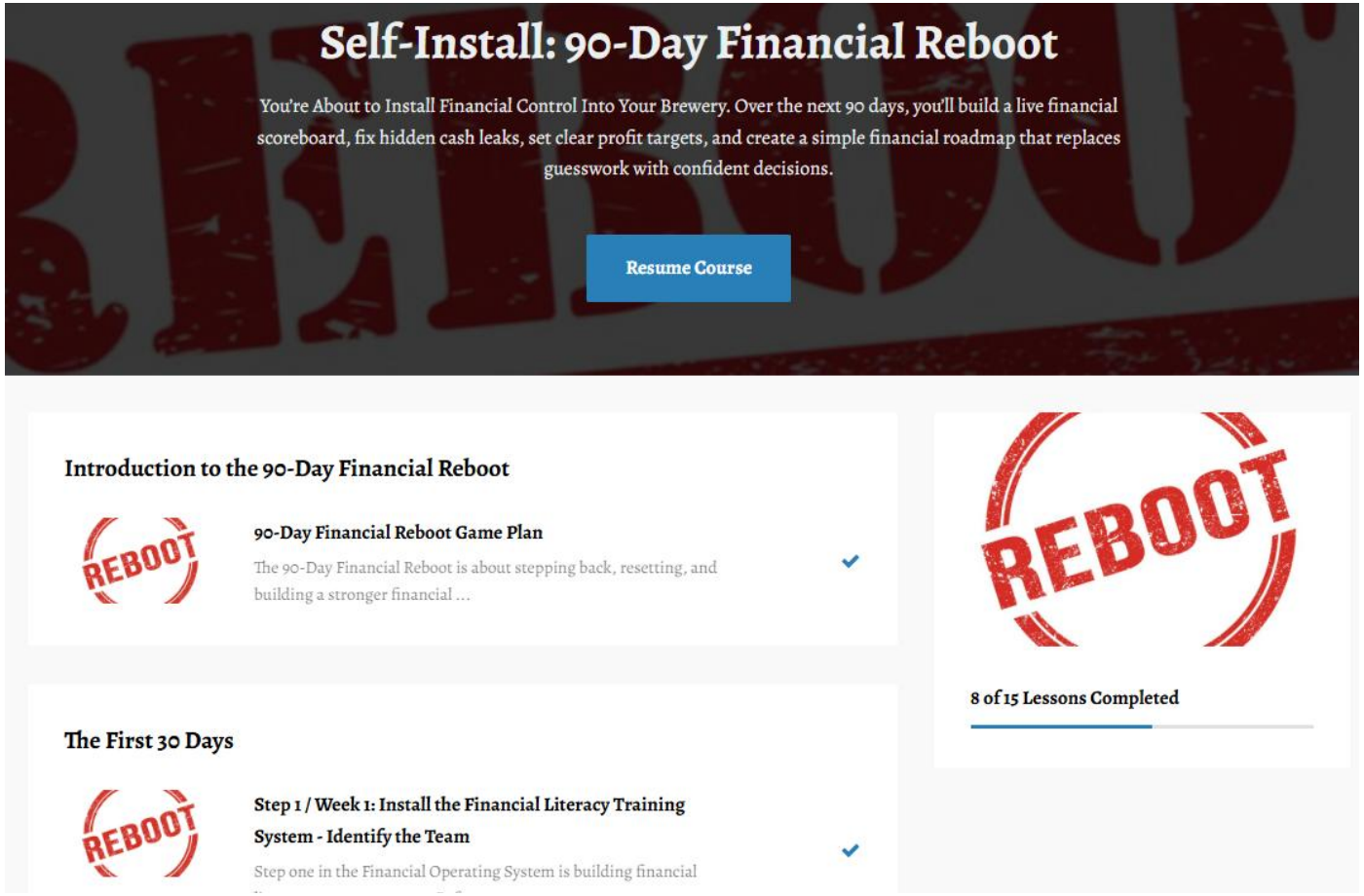
Instead of reviewing numbers **after the fact**, breweries begin **managing performance in real time.** The Financial Operating System turns finance from **a reporting exercise into a management system.**

# The Game Plan: Financial Operating System

We walk through the step-by-step installation of a **simple but powerful financial operating framework.**

- **Step 1:** Install the **Financial Literacy Training System**
- **Step 2:** Build the **Annual Financial Plan**
- **Step 3:** Install Department Financial **Metrics**
- **Step 4:** Install the **Weekly** Financial Huddle

# 90-Day Financial Reboot




Step 1: Install the
Financial Literacy
Training System

# Step 1: Install the Financial Literacy Training System

**Your team cannot manage what they don’t understand.**

**We start by teaching leaders:**

- How the brewery makes money
- How the P&L works
- The financial drivers of profitability
- What numbers matter most

This creates **organization-wide financial clarity.**

# Step 1: Install the Financial Literacy Training System

## Why Financial Literacy Comes First –

- **Financial literacy is the foundation** of your Financial Operating System
- Financial Literacy = The ability to read and understand the financials
- **Know how daily actions impact financial results**
- Connect operational decisions to profitability

# Step 1: Install the Financial Literacy Training System

**Why This Matters**

When your team is financially literate:

- Managers take ownership of their numbers
- Profitability improves through better daily choices
- Problems are identified earlier
- Decisions are based on data and expected financial outcomes

# Identify Your Financial Leadership Team

**Who Owns the Numbers?**

Before training begins, define **who will be part of your Financial Operating System.**

This is your **Financial Leadership Team.**

# Identify Your Financial Leadership Team

**Typical Roles Include:**

- Owner / Founder
- General Manager
- Taproom Manager
- Head Brewer / Production Manager
- Sales Manager
- Finance / Bookkeeping

# Your Action Step

**List out your team**

1. Name
2. Title
3. Area of responsibility

**Key Principle**: Every department that impacts profit should have someone who understands the numbers.

# Assess Financial Knowledge & Build the Training Plan

**Run a Simple Financial Literacy Assessment**

Before you train, you need to understand: **Where is each person starting from?**

# Assess Financial Knowledge & Build the Training Plan

**Send a Quick 5-Question Survey:**

1. How comfortable are you reading a Profit & Loss statement?
2. Do you know the key financial metrics for your department?
3. Can you explain how your role impacts brewery profitability?
4. How often do you use financial data to make decisions?
5. What financial topics would you most like to understand better?

# 5-Question Survey

- **What This Does:**

1. Identifies knowledge gaps across the team
2. Highlights high and low confidence areas
3. Creates buy-in and engagement early
4. Allows you to tailor training by role

You now have the foundation to build a **targeted financial training system** that meets your team where they are.

# Sample Training Curriculum

| **Ownership** | Course | Expected Completion Date |
|---|---|---|
| David | Brewing Financial Excellence Program | |
| David | Brewery Key Performance Indicators | |
| David | Mastering Brewery Budgeting | |

| **Taproom** | Course | Expected Completion Date |
|---|---|---|
| Lisa | Brewing Financial Excellence Program | |
| Lisa | Brewery Key Performance Indicators | |
| Lisa | How to Boost Taproom Profits | |

| **Production** | Course | Expected Completion Date |
|---|---|---|
| Scott | Brewing Financial Excellence Program | |
| Scott | Brewery Key Performance Indicators | |
| Scott | How to Price and Cost Your Beer | |

| **Sales** | Course | Expected Completion Date |
|---|---|---|
| Mike | Brewing Financial Excellence Program | |
| Mike | Brewery Key Performance Indicators | |
| Mike | How to Price and Cost Your Beer | |

# Install the Financial Literacy Training System

1. Identify the team: Name, title, area of responsibility
2. Complete the 5-question survey, and assess results
3. Create the training curriculum based on areas of need – list name, courses, and deadlines
4. Team member sign up for access to the training portal
5. Watch the ‘how to’ overview video of the courses and navigation
6. Begin the financial training

# Step 2: Build the Annual Financial Plan



# Step 2: Build the Annual Financial Plan

**Every brewery needs a clear financial destination.**

- Define the **Primary Financial Target**
- Build a practical annual budget
- Translate strategy into financial goals
- Align the entire organization around the plan

This becomes the **financial roadmap for the year.**

# Step 2: Build the Annual Financial Plan

**What This Is**

A clear, practical roadmap that defines:

- Where you want to finish financially
- How the business will get there
- What success looks like this year

**What This Is NOT**

- A static spreadsheet no one uses
- A once-a-year exercise

**This is your operating plan for profitability.**

# Step 2: Build the Annual Financial Plan

**Begin With the End in Mind**

- If you don’t define your Primary Financial Target…you’ll never know if you’re winning.
- This is your “North Star” your “Stake in the Ground”, your “Non-negotiable Number”
- The Annual Financial Plan sets the **destination for your brewery.**

# Begin with the End in Mind: Define the Financial Target

Before building the budget, define the Primary Financial Target

**Examples of targets:**

- EBITDA or Net Operating Income % (ex: 10%+)
- Revenue growth targets
- Gross margin %
- Cash flow / Days cash on hand
- Debt reduction or coverage ratios

# Stakeholders and Requirements

**To define the Primary Financial Target, start here:**

- Identify your stakeholders and their financial requirements
- Stakeholders
  - Banks, other creditors, investors, ownership
- Requirements
  - Debt service coverage ratios, leverage ratios, distributions for taxes or return on investment

# Stakeholders and Requirements

**Bank**

- Loan payment schedule (amortization schedule) shows cash flow requirements for monthly principal and interest payments – ensure budgeted cash flow is sufficient to cover
- Loan covenants require debt service coverage ratio above 1.3x and leverage ratio below 2.0x

**Investors**

- Quarterly reporting package to include P&L, balance sheet, and cash flows
- Annual distributions to cover tax liability from pass-through of income (K-1s)

# Your Action Step

1. Write down the stakeholders and their requirements
2. Choose 1 Primary Financial Target

**Why This Matters:**

- Aligns leadership around **one clear goal**
- Creates focus and accountability
- Drives decision-making across the business

“When everything is important, nothing is.”

# Define the Team and Their Role in the Plan

**Assign Ownership & Set Expectations**

A financial plan works best when **people own the numbers.**

**Who Owns the Budget?**

Each department leader is responsible for:

- Building their portion of the budget
- Providing key assumptions (sales, labor, costs)
- Identifying risks and opportunities
- Hitting the financial targets once finalized

# Define the Team and Their Role in the Plan

**What Will Be Asked of Them:**

- Submit a draft of their department budget
- Explain the assumptions behind their numbers
- Align their plan with the overall financial goal
- Participate in review and revision discussions

**Key Principle:**

- Ownership drives accountability. Accountability drives results.

# Set the Timeline & Budget Process

**Establish Clear Deadlines and Milestones**

- Without deadlines, budgets stall.
- We use a simple **3-stage process** to keep things moving:

# Budget Timeline Example:

**Draft 1 – Initial Submission (May 1st)**
- High-level estimates
- Key assumptions identified
- Major gaps or questions surfaced

**Draft 2 – Refined Plan (May 15th)**
- Adjusted based on feedback
- More accurate data and detail
- Alignment with company targets

**Final Budget – Approved Plan (May 31st)**
- Leadership alignment
- Locked targets for the year
- Ready to roll into metrics + huddles

# Your Action Step

**Complete the Budget Prep Outline template**

- Establish the team, expectations, and deadlines

**The Outcome:**

- A structured, collaborative planning process
- Better input from each department
- Stronger buy-in and accountability

# Build the Annual Financial Plan

**Translate the Goal into a Plan**

Once the goal is clear, build the **financial roadmap to achieve it.**

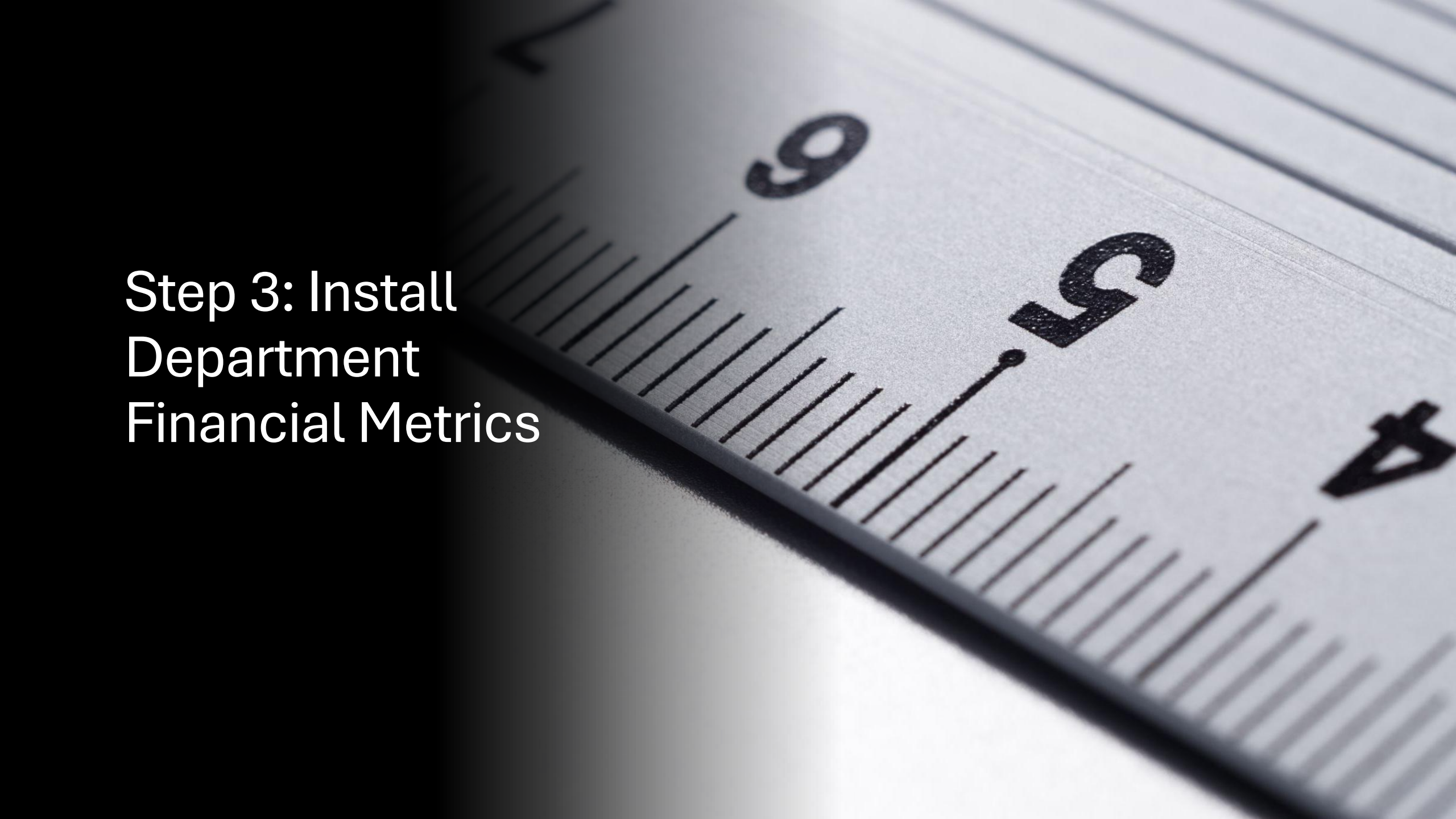
- Revenue plan by channel: taproom, distribution, etc.
- Cost of goods sold (COGS targets and assumptions)
- Labor plan (hours, roles, efficiency targets)
- Operating expenses (fixed + variable costs)
- Profit target and cash flow drivers
- Capital expense plan (new equipment, etc.)

# Build the Annual Financial Plan

**The Outcome:**

- A clear, numbers-driven plan for the year
- Visibility into what needs to happen each month
- A foundation for department metrics and accountability

# Step 3: Install Department Financial Metrics



# Step 3: Install Department Financial Metrics

The plan works best when each department understands **their role in achieving the Primary Financial Target.**

You will create:

- 3–5 key metrics per department
- Clear daily/weekly performance targets
- Department accountability for results

Now everyone understands: **“The numbers I am responsible for improving this week”**

# Identify Daily and Weekly KPIs

**Goals**

- Tie the KPIs to the Primary Financial Goal (remember: Begin with the end in mind)
- Cascading KPIs approach
- 3-5 metrics per department
- Training on the calculations and where data lives
- Simple scorecards to track against a target

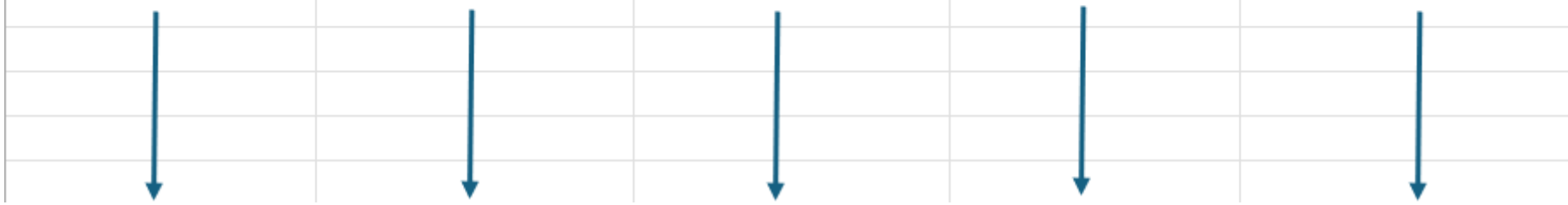
# Daily and Weekly KPIs by Department

| Taproom Manager | Production Manager | Sales Manager | Finance Manager |
|---|---|---|---|
| Sales | Direct material per BBL | Sales | EBITDA or NOI |
| Number of customers | Labor per BBL | Margin % or $ | Margin % or $ |
| Average guest check | Overhead per BBL | Sales per BBL | Inventory turns |
| Revenue per BBL | Margin by package | Margin per BBL | Days in A/R |
| Average tip % | Average yield % | New accounts | Capital expense |
| Labor as % of sales | Quality control metrics | Buy / no buy accounts | Debt service coverage ratio |
| Food Prime Costs | Out of stocks | Out of code | Leverage ratio |
| | | | |
| | | | |

*All KPI's are measured against a target*

# KPI Model

| | Actual Results | Goal | | |
|---|---|---|---|---|
| **Key Metrics** | **This Week** | **This Week** | **Variance** | **Action Items** |
| List key metrics | Enter actuals | Enter goal / target | Goal met or not | Plans to close the gap |



# Taproom KPI Example

| | Actual Results | Goal | | |
|---|---|---|---|---|
| **Key Metrics** | **This Week** | **This Week** | **Variance** | **Action Items** |
| | | | | |
| *List key metrics* | *Enter actuals* | *Enter goal / target* | *Goal met or not* | *Plans to close the gap* |
| | | | | |
| Total Sales | $ 16,000 | $ 16,500 | $ (500) | To go beer sales ask |
| Customer Visits | 710 | 750 | (40) | Loyalty program activation |
| Average Guest Check | $ 22.54 | $ 22.00 | $ 0.54 | |

# Your Action Steps

1. Choose 3 key metrics per department
2. Review the historical results for each metric
3. Develop a target for each metric that is aligned with your Primary Financial Goal

# Step 4: Install the Weekly Financial Huddle



# Step 4: Install the Weekly Financial Huddle

Numbers are used to drive action. The weekly financial huddle creates:

- Consistent visibility into performance (results vs target)
- Early detection of problems (sales off plan, key ratios short of goal)
- Team accountability (communicate action items to close gaps)
- Faster course correction (real time understanding of results)

Instead of discovering problems months later…You work to solve them **this week.**

# Install the Financial Accountability System

- Review numbers daily
  - Actuals vs. Targets
- Report on numbers weekly
  - Actuals vs. Targets
- Communication on action plans
  - Action items to close gaps
- Accountability
  - Report on execution of action items and results

# Financial Accountability = Financial Huddles

**Goals**

- *Laser focus on the most important numbers 52 weeks /year*
- Structured, purposeful meetings with clear objectives
- Set day and time
- Set start and end
- Clear agenda
- Clear outcomes

# Financial Huddles: 2-Minute Drill

1. **Key numbers for your department**
   - Actual vs target, gaps, action items to close gaps
2. Weekly projects / objectives
   - Priorities, goals, action items
3. Issues or challenges that you need help with
   - Production issues, marketing needs
4. News from the marketplace, best practices from other breweries that we should consider
   - Continuous improvement, avoid we've always done it that way
5. What's new? Events, beers, team happenings, news to celebrate
   - Listen for trends, share the collective wisdom, where is the puck going

# Your Action Steps

- Choose a set day and start/end time
  - Mondays 730am to 8am
- Set the attendee roster
  - One rep from each department
- Establish the huddle expectations
  - Plan, prepare, participate, lead



# Your Financial Operating System

# Your Brewery Financial Operating System

- **Step 1:** Install the **Financial Literacy Training System**
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Each step must be continually evolving, reviewed, questioned and updated

# Step 1: Install the Financial Literacy Training System

- The numbers never sleep and training never ends
- **Use the financial huddles as part of the on-going training system**
- Re-visit Step 1 when managers need new skills or new employees come on board
- **Expand the financial training to other skill training**: leadership, management, sales, customer service
- **Tie skill development back to the numbers**: Keep a laser focus on the key metrics that tie back to the main financial goal

# Step 2: Build the Annual Financial Plan

- **The annual financial plan must change and evolve** with changes in the business and market
- **Use the financial huddles to inform adjustments to the annual plan**
- Use tools to make re-forecasting easier
- **Update the daily/weekly departmental metrics accordingly**

# Step 3: Install Department Financial Metrics

- **Re-visit the financial metrics on a regular basis**
- Are they still the most important numbers?
- **Have other problems crept in** that need to be solved?
- Are managers ready to take on 5 metrics instead of 3, for example
- **Do we need to increase/decrease targets** based on changes in the financial re-forecast

# Step 4: Install the Weekly Financial Huddle

- **Most important numbers first**, AND rotate in new ideas, new voices, new goals and targets, new strategies
- Be wary of the ‘wallpaper effect’
- **Offsite retreats**, question the model, solicit feedback, create a space for a 30k view

# The Outcome: A Brewery That Runs on Financial Clarity

Once installed, the Financial Operating System creates:

- Clear financial goals
- Team ownership of results
- Consistent monitoring of performance
- Faster decisions to achieve stronger profitability and cash flow

Finance becomes something the **entire organization understands and manages together.**

# What’s Next?

- **The Beer Business Finance Association membership**
- **Monthly networking** and peer to peer learning
- **Updates on new strategies**, market trends, industry developments
- **Expert guidance** on taproom sales growth, distribution best practices, and new software tools
- **Online course library**, and access to a beer industry CFO

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