

One Page Budgeting Checklist
www.CraftBreweryFinance.com

CraftBreweryFinance.com is dedicated to helping you improve the profit, cash flow and value of your business. This Planning Checklist will take you one step closer to achieving these goals.

- Budget Pep Talk**
 - A budget can feel like an overwhelming task. So many numbers. So many unknowns. So many changes that come up unexpectedly and turn the whole business upside down. How can you be expected to predict everything that will happen accurately and get it all down on paper?
 - Short answer: You can't.
 - A famous guy said that plans were useless but planning was indispensable. True for budgets. Although I believe a good plan is achievable, too. Take a deep breath and read on. I believe in you and I believe you can do this. A beautiful budget for your brewery is within your reach.
- Budget Basics**
 - Put the plan in words.** Numbers can be scary. Write out your strategy, goals and objectives in words first. Don't overthink it, just write it. Writing is thinking on paper. Think it out.
 - Use High Involvement Planning.** No one can (or should) do it alone. Involve your team in creating the budget. After all, if they don't understand and buy into the plan, it's just numbers on a page.
 - Leverage the power of ratios and key brewery metrics.** Many breweries have established benchmarks for performance that can be used in the budget process. Example: for every 1k BBL of new production, one new employee will be needed. Look for key metrics that take out some of the guesswork and help speed up the budgeting process. Find your E=MC2.
- Sales Forecast**
 - Make a plan for where all that beer will be sold. If you sell beer through distributors, list them with historical sales, prior year growth trends and anticipated next year volume.
 - The trend is your friend. If growth last year was 20% and you project 100% next year, make sure you know where it will be sold. Ask questions. Challenge assumptions. Build an achievable plan.
- Gross Profit Plan**
 - Sales minus the cost of sales equals gross profit. Gross profit divided by sales equals gross profit percentage. Where possible, use a % to create your GP plan. Makes life a lot easier.
- Operating Expense Plan**
 - Every number of significance should have a supporting schedule: payroll, lease payments, travel budgets, etc. A supporting schedule is a fancy way of saying – make a list that adds up to that one number on the operating expense plan.
 - Comb through the current year's general ledger. Where did you spend money? Will that happen again? Will you spend more or less? What new plans do you have next year? What will it cost? This is a great place to use the budget that you created in words. Brainstorm. Estimate spending.
- Capital Budget**
 - Big ticket items go here: that new canning line, keg washer and delivery van.
 - Make your wish list. Determine what it will cost and when you expect to buy it. Match up expected spending to expected funding - new loans, new capital, or purchase with cash.
- Debt Service**
 - Create a schedule of all your loans and the payments due on each. Remember, only the interest expense shows up on the income statement. The principal portion of your payment needs to be figured into your cash plan.

Only you can create the perfect operating budget for your brewery. Follow the checklist above, and build a great plan today.

**For more details, tools and resources visit www.CraftBreweryFinance.com.
We could talk about operating budgets all day.**