

BREWERY PROFITABILITY & OPERATIONAL EFFICIENCY STRATEGY

7 Levers to Accelerate Breakeven,
Optimize Margins, and Scale to 2027.

THE OBJECTIVE: SURVIVAL THROUGH OPTIMIZATION



THE STRATEGIC GAP



THE TARGET

Cover \$342,600
in Annual Fixed
Costs (Rent,
Labor,
Utilities).



THE OBSTACLE

128% COGS
Ratio &
Constrained 10
BBL System.



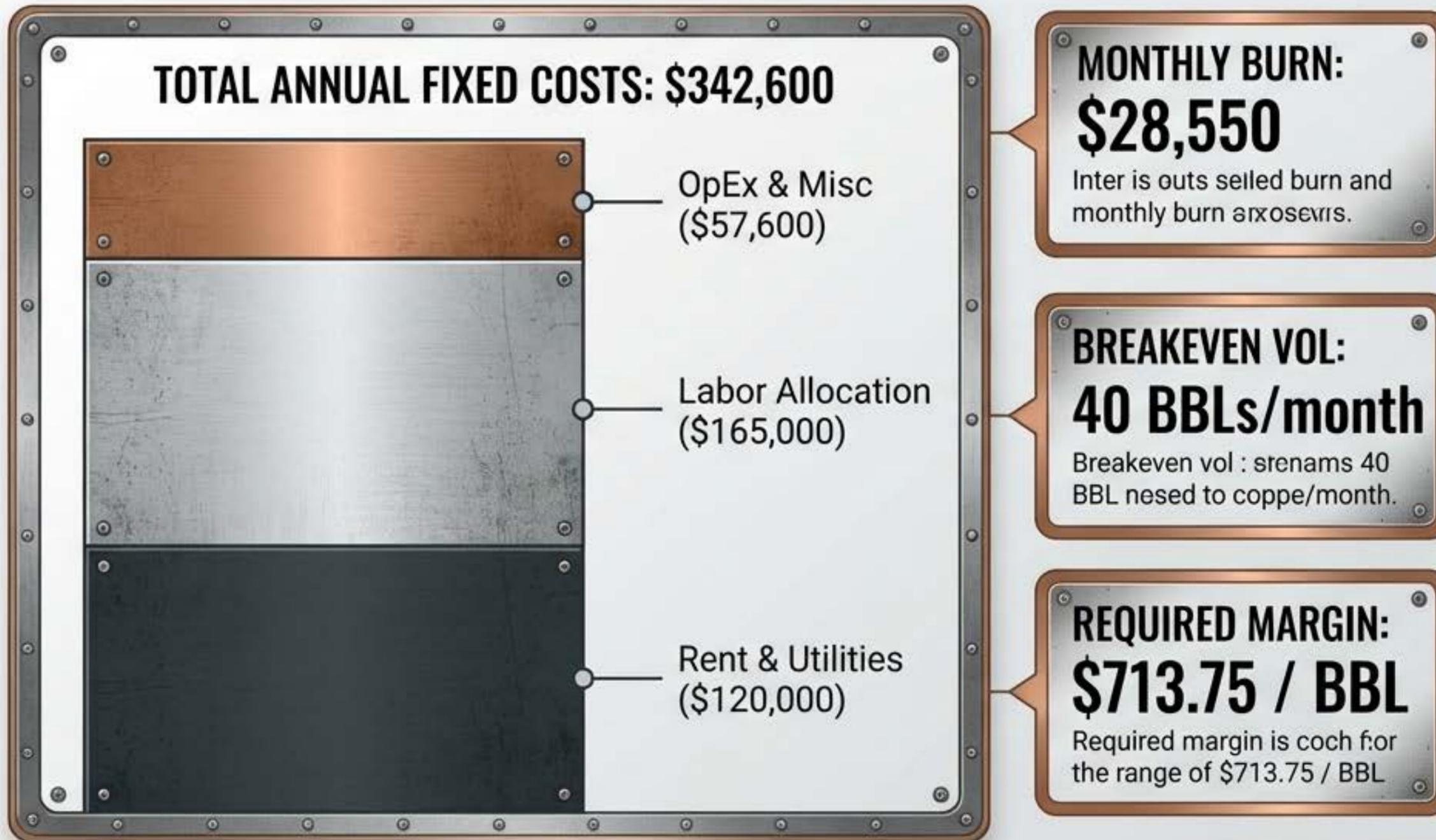
THE SOLUTION

Shift to Seasonal
Sour, Cap COGS
at 40%,
Maximize DTC
Sales.

To reach profitability before the cash runway ends in Jan 2027, we must aggressively optimize the "Iron Triangle": Margins, Throughput, and Labor. The current trajectory is unsustainable without immediate intervention.

FIXED COSTS DEFINE OUR MINIMUM VIABLE VOLUME

Before selling a single pint, we face a **\$342,600** hurdle. Understanding our "Burn Rate" dictates that we need volume yesterday.



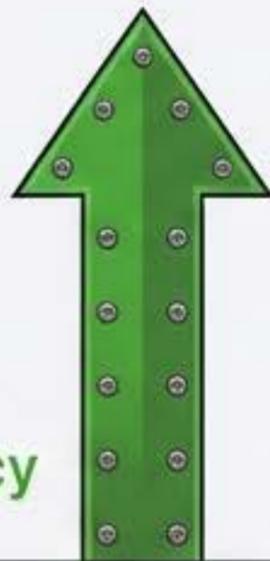
CASH FLOW PRIORITY: SEASONAL SOUR VS. GOLDEN ALE

Not all beers are created equal. We must prioritize cash flow over variety. Production planning must favor the higher-margin product.



\$935

Contribution Margin
+23.8% Cash Efficiency



\$755

Contribution Margin

ACTION PLAN: Shift production allocation to Seasonal Sour and Hazy IPA (\$898 GP). Deprioritize Golden Ale immediately.

ATTACKING THE 128% COST OF GOODS SOLD

Our current COGS ratio is averaging 128% of revenue.
This is the single biggest threat to viability.

Cost Explosion

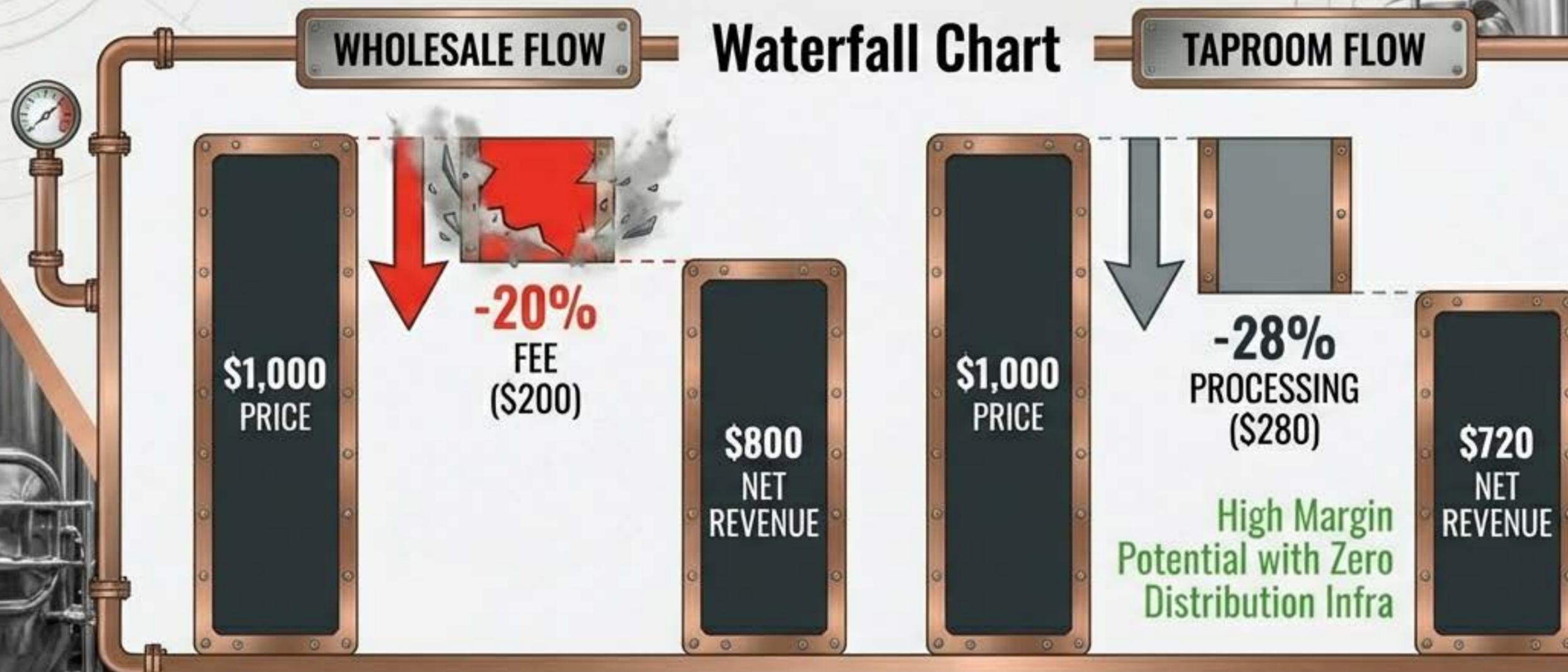


PROTOCOL CHECKLIST

- Stop Production on SKUs where COGS > 40% of price.
- Benchmark Malt & Hops (Target 10-25% savings).
- Aggressively renegotiate Fruit Puree contract.

THE DISTRIBUTION TRAP: WHOLESALER VS. TAPROOM

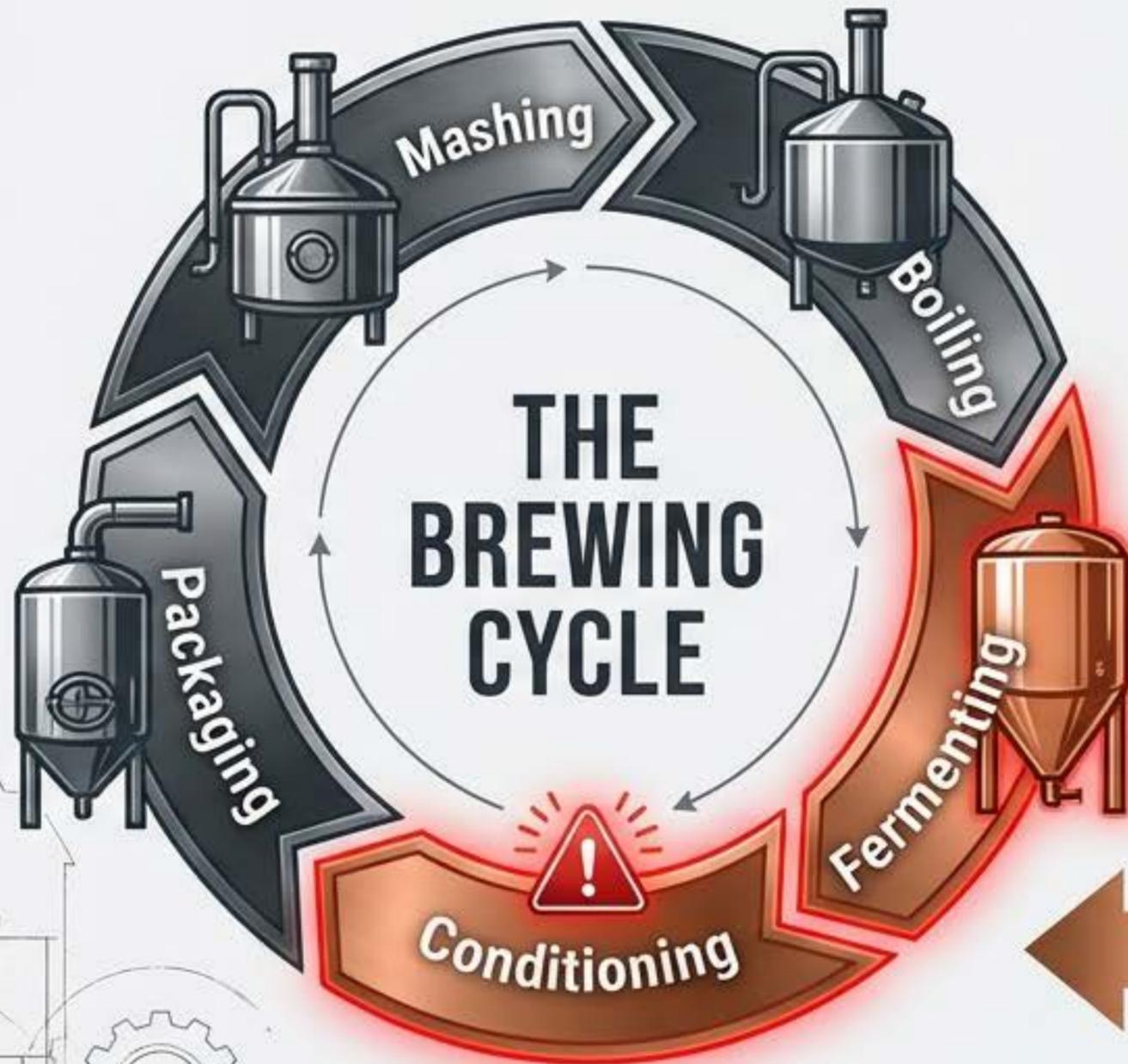
Wholesale drives volume, but the Taproom drives margin.
We cannot afford to "rent" customers via wholesale fees.



STRATEGIC RULE: Wholesale is for market penetration only. If distributor onboarding > 90 days, churn risk rises. Focus on Taproom density.

MANUFACTURING TIME: UNLOCKING THE 10 BBL CONSTRAINT

To meet the 40 BBL/month requirement, we need to run four full cycles monthly. The system is the bottleneck.



- **Current Capacity:** 600 BBLs/Year
- **Goal:** Shave 3 days off fermentation.
- Implement fast Clean-in-Place (CIP) protocols.
- Target 24/7 utilization of \$80k fermentation tanks.

BOTTLENECK:
Tank Turnover



LABOR EFFICIENCY: FREEZING HEADCOUNT TO SCALE REVENUE

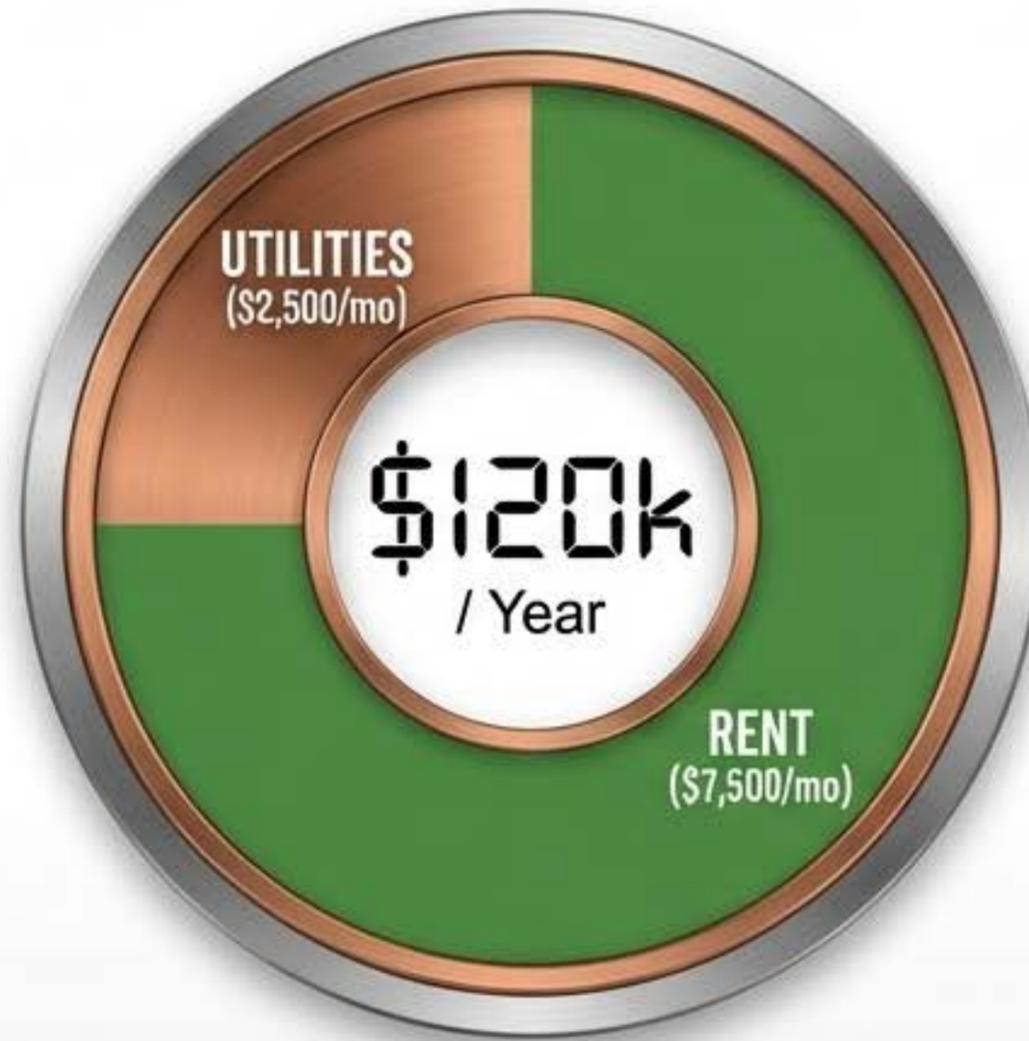
Year 1 labor allocation is \$165,000. Every dollar of labor must generate >\$3 of revenue to justify the payroll.



DECISION: FREEZE ASSISTANT BREWER HIRE UNTIL 2027.
DECISION: CROSS-TRAIN TAPROOM STAFF.

CONVERTING FIXED COSTS INTO VARIABLE OPPORTUNITIES

The \$120,000 annual facility burden exists whether we brew 600 BBLs or zero. We must attack this expense.



NEGOTIATION LEVERS

- Seek Rent Abatement or TI Allowances.
- Trade CapEx upgrades for lower base rent.
- **IMPACT: Saving \$1,000/month drastically reduces sales pressure.**

CAPEX: REVENUE ACCELERATORS, NOT LUXURIES

We are spending \$165,000 on assets. They must prove ROI before the \$715k cash buffer ends in Jan 2027.

Cash Runway to Jan 2027



Canning Line (\$120k)

Must drive volume > 600 BBLs.



Delivery Vehicle (\$45k)

WARNING: Negative ROI if used for wholesale.

DIRECTIVE: If asset does not cover depreciation in 18 months, DO NOT BUY.

THE PATH TO PROFITABILITY: THE BREAK-EVEN SCENARIO

Combining these 7 levers creates a viable path to profitability.

CURRENT STATE

Low Margin Mix

128% COGS

Wholesale Focus

NET LOSS

REQUIRED:
40 BBLs/month
@ \$713 Margin

FUTURE STATE

High Margin (Sour/Hazy)

40% COGS Cap

40 BBL/mo Volume

PROFIT > 15-20%

STRATEGIC ROADMAP: EXECUTION TO 2030

PHASE 1 (IMMEDIATE)



Shift mix to Sours.
Negotiate Puree (\$55)
Freeze Hiring.

PHASE 2 (YEAR 1)



Hit 40 BBL/month.
Benchmark
Utilities.

PHASE 3 (JAN 2027)



**CASH RUNWAY
CHECKPOINT.**
Hire Assistant Brewer
only if volume
demands.

PHASE 4 (2030)



Stabilize at \$920
Avg Price Point.



THE TURNAROUND CHECKLIST

- PRODUCT:** Prioritize Seasonal Sour (\$935 margin) & Hazy IPA (\$898).
- COGS:** Cap material costs at 40%. Renegotiate Fruit Puree.
- CHANNEL:** Maximize Taproom density to bypass 20% wholesale fees.
- THROUGHPUT:** Run 10 BBL system at max capacity; reduce dwell time.
- LABOR:** Delay Assistant Brewer hire until 2027. Target \$188k Rev/FTE.
- OVERHEAD:** Target 10% reduction in fixed facility costs (\$120k base).
- CAPEX:** Ensure Canning Line (\$120k) drives incremental volume immediately.

A glass of beer with a thick head of foam sits on a wooden bar. The background is a blurred brewery with copper brewing tanks and pipes. The text is overlaid on the glass and background.

**VOLUME IS VANITY.
PROFIT IS SANITY. CASH IS KING.**

TARGET DATE: JANUARY 2027.

APPENDIX: UNIT ECONOMICS BREAKDOWN

Beer Style	Selling Price	Variable Costs	Contribution Margin (\$)	CM %
Seasonal Sour	\$1,200	\$265	\$935	78% 
Hazy IPA	\$1,150	\$252	\$898	78%
Golden Ale	\$1,000	\$245	\$755	75%

*Gross Profit = Selling Price - (Malt + Hops + Yeast + [Fruit Puree @ \$55] + Packaging). Source: Operations Strategy 1 & 2.