

Business of Craft Beer 105: Brewery Finance and Accounting

The University of Vermont

CDE_BCB105

FACULTY AND COURSE FACILITATOR

Faculty: Audra Gaiziunas

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Faculty: Maria Pearman

Faculty Contact Information: mpearman@radixaccounting.com

This course is designed with two faculty leads: Audra Gaiziunas and Maria Pearman and a number of subject matter experts who offer their wealth of experience.

As faculty co-leads and industry experts, Audra and Maria work with the other experts to review your materials, answer content questions, participate in course discussion, and deliver the online sessions. Audra and Maria are your primary faculty contacts throughout the course.

Course Facilitator: Michelle Jackson

Course Facilitator Contact Information: Fosterbrewing@gmail.com

As a course facilitator, Michelle Jackson is your contact for general class issues such as discussion board grades, tech/Blackboard problems, and other general course questions.

To contact Michelle, Audra, or Maria, use the email link in the Blackboard navigation bar to email them directly. We do our best to get back to you within 24 hrs. Please note that weekends and travel may extend this timeframe.

COURSE OVERVIEW

Course Description

The Brewery Finance and Accounting course will provide participants with a strong financial foundation and understanding of craft beverage accounting concepts for those

seeking management positions at their current brewing operation, or for those seeking to open their own brewery or cidery in the future. This class will introduce the necessary tools to create business plans and pro forma financial statements for those seeking to launch their own operation. It will progress into cost accounting concepts as they apply throughout the production process and conclude with a thorough overview of brewery financial accounting statements and reporting, including the balance sheet, income statement, and cash flows. Participants will walk away with the necessary financial knowledge and templates to improve existing operations, or to create a business plan for a new craft beverage entity.

Course Objectives

By the end of the course, participants will be able to:

- Identify common financial issues and outline possible alternative courses of action.
- Understand the components and basic structure of the pro forma financial statements.
- Create a range of financial documents including: sources and uses statement, balance sheets, income statements, and statements of cash flow.
- Utilize breakeven range/analysis and basic financial ratios.
- Identify which combination of sources of financing best fit the brewery's particular needs.
- Examine cost accounting and assess direct vs. indirect costs, fixed vs. variable costs, and overhead.
- Calculate the cost by batch of beer, track variances, and improve the gross margin.
- Establish divisional accounting for accountability.
- Improve existing brewery operations, or create a business plan for a new craft beverage entity.

Course Duration

8 Weeks

Course Flow

Our week runs from Wednesday to Tuesday night. Each new module opens on Tuesday at 11:59PM.

Synchronous Sessions

The class will meet for live/synchronous sessions on **Mondays at 7pm ET** for about an hour.

Course Work

We estimate the student will dedicate at least 8-10 hours a week to course work. This will be a combination of readings, discussion boards, collaborative assignments, etc.

PROGRAM REQUIREMENTS AND GRADING

Program Requirements

This is a non-credit, certificate based, program. At the conclusion of the program students do not receive a letter grade but instead receive a certificate of completion. In order to receive a certificate of completion for the Business of Craft Beer Program, students must successfully complete three Business of Craft Beer courses. Students also have the option of creating a Capstone Project. The Capstone Project takes place following completion of three courses.

Course Grading

In order to pass this course students must earn a 70%, or greater, based on the below criteria. Successful completion of this course is determined by the following factors:

- **Peer Review and Discussion Boards:** Timely completion and participation in weekly peer review and discussion board postings makes up 50% of the grade for this course.
- **Assignments:** 40% of your grade is based on the completion of the module assignments.
- **Quizzes:** 10% of your grade is based on the completion of module quizzes

Students are encouraged to participate every week and are able to pass/miss two weeks of discussion without any penalty. Blackboard will automatically drop your two lowest discussion grades. Please notifying the course facilitator if you plan on missing two weeks.

Our goal of dropping your two lowest discussion board grades is to provide you the opportunities to focus on the assignments that are most important to you while balancing your class load.

Late Submissions

Timely participation is an important component of the course, and maximizes both your understanding of the material and the creation of a collaborative learning experience as you offer thoughtful feedback to your peers.

Submissions based on a 10-point system will receive the following deductions:

- > 1 week late: .25 points deducted from grade
- > 2 weeks late: .5 points deducted from grade
- > 3 weeks late: .75 points deducted from grade
- > 4 weeks late: 1 point deducted from grade

Submissions based on a 100-point system will receive the following deductions:

- > 1 week late: 2.5 points deducted from grade
- > 2 weeks late: 5 points deducted from grade
- > 3 weeks late: 7.5 points deducted from grade
- > 4 weeks late: 10 points deducted from grade

Feedback on Submissions

The instructors and course facilitators will provide grading and feedback within 7-10 days from an activity's due date.

Discussion Boards

The discussion boards are an important part of your learning experience. Most students find participating in discussions help them understand the course content, deepens their learning, and strengthens their ability to think critically.

- Each week you are asked to share an original post on the discussion board and provide at least one response post with substantive feedback to your peer's work. The feedback can draw from your experience, include questions for your colleagues in the class, or bring in additional resource to grow the conversation around the assigned topics. We are looking for more than positive reinforcement and high fives.
- The course instructor and guest instructors leave feedback and critiques on your posts in the discussion board. In this way, everyone can learn from their feedback.
- Your weekly discussion board grade is determined by the course facilitator based on the rubric below.
- Your grade will be entered into the system the week after it is assigned.

Each Discussion Board (DB) grade is based on the following rubric:

| Criteria | Master | Adept | Competent | Needs Improvement |
|------------------------------------|---|--|---|-------------------------------|
| Content of Original Post | 7 points Responds to the discussion prompt in depth, provides insight and application of week's materials | 5 points Responds to the discussion prompt and provides examples of insight or application | 3 points Responds to the discussion prompt with little expansion, insight, or application | 0 points No post |
| Content of Response Post(s) | 3 points Includes questions, offers critique, and fosters collaboration | 2 points Offers constructive feedback but may not grow the conversation | 1 point Post(s) are not substantive | 0 points No post(s) |

COURSE SCHEDULE

| Module | Dates | Topics | Instructors and Guest Speakers |
|---|--------|---|---|
| Financial Mistakes & The Importance of Finance in Craft Beer | Week 1 | <ul style="list-style-type: none"> • How finance and accounting fit into brewing operations • Common financial issues and alternative courses of action • The causes behind the symptoms of a financially distressed brewery | Instructor: • Audra Gaiziunas Guests: • Kelly Fitzpatrick, CFO at Oskar Blues • Kyle Fitzgerald, Head of Finance, |

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|--|--------|---|--|
| | | | Braxton Brewing Co. |
| Business Plans & Sources of Funding | Week 2 | <ul style="list-style-type: none"> • The components of the brewery business plan narrative • Sources and uses statement • Pro forma income statement and cash flow • Sources of financing the startup or expansion • Options for business models | Instructor: • Audra Gaiziunas Guest: • Dave Foong, Account Manager at Saint Arnold |
| Accounting Basics for a Craft Brewery | Week 3 | <ul style="list-style-type: none"> • Introduction to Generally Accepted Accounting Principles (GAAP) • Balance Sheet • Income Statement • Statement of Cash Flow | Instructor: • Maria Pearman |
| Financial Accounting 1 | Week 4 | <ul style="list-style-type: none"> • Differentiating between account types • Double-entry accounting • Debits/credits and natural balance • Owner's equity • Overview of brewery-specific software | Instructor: • Maria Pearman Guest: • Patrick McCarthy, Banker/Lending Officer |
| Financial Accounting 2 | Week 5 | <ul style="list-style-type: none"> • How to prepare pro forma balance sheet and income statements | Instructor: • Maria Pearman |
| Cost Accounting Models 1 | Week 6 | <ul style="list-style-type: none"> • How cost accounting differs financial accounting • Direct vs. indirect costs • Fixed vs. variable costs • Labor • Overhead: direct vs. indirect | Instructor: • Audra Gaiziunas Guest: • Matt Pope, Controller at Russian River Brewing Company |

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|---------------------------------|--------|---|---|
| Cost Accounting Models 2 | Week 7 | <ul style="list-style-type: none"> • Calculating cost by batch of beer • Tracking variances • Breakeven range/analysis • Improving gross margin | Instructor: • Audra Gaiziunas Guest: • Will Van Weelden, CFO/COO at MKE Brewing Co. (Milwaukee WI) |
| Financial Analysis | Week 8 | <ul style="list-style-type: none"> • Basic financial ratios • Divisional accounting for accountability • Budgeting | Instructor: • Maria Pearman Guest: • Brooks Twist, Assistant Principal Consultant at Ekos |

Student Learning Accommodations: In keeping with University policy, any student with a documented disability interested in utilizing accommodations should contact ACCESS, the office of Disability Services on campus. ACCESS works with students and faculty in an interactive process to explore reasonable and appropriate accommodations via an accommodation letter to faculty with approved accommodations as early as possible each semester. All students are strongly encouraged to meet with their faculty to discuss the accommodations they plan to use in each course.

Contact ACCESS: A170 Living/Learning Center; 802-656-7753; access@uvm.edu; www.uvm.edu/access

UVM's policy on disability certification and student support: www.uvm.edu/~uvmppg/ppg/student/disability.pdf

Religious Holidays: Students have the right to practice the religion of their choice. If you need to miss class to observe a religious holiday, please submit the dates of your absence to me in writing by the end of the second full week of classes. You will be permitted to make up work within a mutually agreed-upon time.

Academic Integrity: The policy addresses plagiarism, fabrication, collusion, and cheating. <http://www.uvm.edu/~uvmppg/ppg/student/acadintegrity.pdf>

Grade Appeals: If you would like to contest a grade, please follow the procedures outlined in this policy: <http://www.uvm.edu/~uvmppg/ppg/student/gradeappeals.pdf>

Grading: For information on grading and GPA calculation, go to www.uvm.edu/academics/catalogue and click on Policies for an A-Z listing.

Code of Student Rights and Responsibilities:
www.uvm.edu/~uvmppg/ppg/student/studentcode.pdf

FERPA Rights Disclosure: The purpose of this policy is to communicate the rights of students regarding access to, and privacy of their student educational records as provided for in the Family Educational Rights and Privacy Act (FERPA) of 1974.
<http://www.uvm.edu/~uvmppg/ppg/student/ferpa.pdf>