

# Top 5 Ways Ops Managers can Analyze their Beer Business

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# Housekeeping

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## Questions...

- Chat area
- Email me: [Kary@BeerBusinessFinance.com](mailto:Kary@BeerBusinessFinance.com)
- Set up a call

## Resources and materials...

- Video replays
- PowerPoint deck
- Handouts

# Quick Intro

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Kary Shumway, CPA, CFO

15 years as CFO for Beer Distributor in Northeast

Partner and CFO for Wormtown Brewery

Founder of Beer Business Finance.com,  
Online Resource for Wholesalers

**My Purpose: Share what I've learned.  
Shorten the learning curve for you so that  
you can create a financially successful beer  
business.**





# Quick Intro

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Dan Lust, Salient

17-year beer industry veteran

Former VP sales and marketing for a  
10mil case wholesaler

Co-Founder of PINTS LLLC an  
independent advisory firm to  
breweries and distributors

# Overview

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## Key Metrics & Scorecards for Ops Managers

- Best Practices and Lessons Learned

## Top 5 Dashboards for Ops Managers

- Operations
  - Delivery Analysis, Order Fulfillment, Product Returns
- Finished Product Loss
  - Out of code, Close to Code
- Inventory Management
  - Out of Stocks, Code Dates

# Key Metrics: Best Practices

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Step 1: Figure out what matters

Step 2: Measure what matters

## Focusing Questions

1. What is a problem that needs to be solved?
2. What is an opportunity we need to take advantage of?
3. What is one thing about the business that keeps me awake at night?

# Ops Key Metrics

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**Delivery** – cost per case delivered compared to gross profit per case, profit per stop, profit per route

**Warehouse (day shift)** – product rotation, cleanliness of warehouse, breakage vs. goal, number of trailers unloaded and put-a-way

**Warehouse (night shift)** – cases picked per hour, picking accuracy, breakage, cleanliness at end of shift

# Ops Key Metrics

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**Maintenance** – project accountability, securing multiple quotes for vendor work

**Garage** – monitor/report on billable hours, accurate inventory levels for parts

**Inventory** - Days on hand, inventory turns, out of stocks, Inventory variances

# Ops Key Metrics: Inventory

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1. Inventory Days on Hand
2. Inventory Out of Stocks
3. Inventory Out of Code Beer

# Inventory Days on Hand (DOH)

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This KPI measures inventory efficiency.

It answers the question of whether you have too much inventory, too little, or just the right amount.

The calculation works like this:

Inventory Days on Hand = Inventory divided by Forecasted Sales

# Inventory Days on Hand (DOH)

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<b><u>Days On Hand (DOH)</u></b>			
Inventory on Hand	\$	1,000,000	
Daily Forecasted Sales	\$	40,000	
DOH Score		25	
DOH Goal		20	
<b>Inventory Days on Hand = Inventory divided by Forecasted Sales</b>			

# Inventory Out of Stocks (OOS)

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Out of stocks are lost sales. They are painful.

Reducing this number has an immediate impact on the sales of your business (as well as the cash flow and profitability).

The calculation works like this:

Out of Stocks (lost sales \$) divided by Total Sales \$

# Inventory Out of Stocks (OOS)

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<b><u>Out of Stocks (OOS)</u></b>		
Out of Stocks (YTD)	\$	15,000
Sales YTD	\$	1,000,000
OOS %		1.5%
OOS Goal		1.0%
Out of Stocks % = Out of Stocks divided by Sales		

# Inventory Out of Code Beer (OOC)

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We are seeing a lot of OOC these days due to the pandemic and shut down of on-premise business.

In normal times, out of code beer can be just as costly and damaging to your financial results.

Measuring and improving out of code beer expense will have a direct impact on the margins and bottom line of your business.

The calculation works like this:

Out of code beer cost (\$) divided by Total sales (\$)

# Inventory Out of Code Beer (OOC)

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<b><u>Out of Code (OOC)</u></b>			
Out of Code (YTD)	1,400		
Sales YTD	50,000		
OOC %	2.8%		
OOC Goal	2.0%		

Out of Code Product % = Out of Code divided by Sales

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# Dan Lust, Salient...

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[Set up a Salient demo](#)



Contact me:  
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[Learn more about the Beer  
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Thank  
you!