Top 5 Ways Ops Managers can Analyze their Beer Business

BEER BUSINESS FINANCE.COM

Housekeeping

Questions...

- Chat area
- Email me: Kary@BeerBusinessFinance.com
- Set up a call

Resources and materials...

- Video replays
- PowerPoint deck
- Handouts

Quick Intro

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

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

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

Step 1: Figure out what matters

Step 2: Measure what matters

Focusing Questions

- 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

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

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

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

Inventory Days on Hand (DOH)

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)

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

Inventory Out of Stocks (OOS)

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)

Out of Stocks (OOS)			
Out of Stocks (YTD)	\$	15,000	
Sales YTD	\$	1,000,000	
oos %		1.5%	
OOS Goal		1.0%	
Out of Stocks % = Out	of Sto	cks divided	hy Sales

Inventory Out of Code Beer (OOC)

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)

Out of Code (OOC)		
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

Dan Lust, Salient...

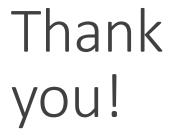


Set up a Salient demo



Contact me:

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Learn more about the Beer
Wholesaler Financial Training
Program