

Etna Brewery FAQ

1. What is included in the sale?

All land, building with improvements, equipment, and inventory are included in the sale. .

2. Are the brewery and pub combined as one business or recorded separately for legal/ tax purposes?

They are combined as one business however income and expenses are broken down for tracking purposes. The building and land are not in the Etna Brewing Co., LLC and are treated as personal property.

3. Which is currently more profitable: the pub or the beer sales and distribution? What are suggestions for growth?

The pub is the most profitable way to market beer with a brewing system of this size. Direct sales eliminate all middlemen.

The most profitable growth is through the pub. Our pub hours can be increased in the summer season from the current schedule of 4 days a week, lunch and dinner, and 1 day a week lunch only, to 7 days a week lunch and dinner. Pub hours could be increased as well in late spring and early fall. If you want to increase distribution, one of the simplest ways with the least capital input would be contract brewing. A contract brewery uses your recipes, brews the quantities you request, and bottles the beer in 22oz or 12oz packages. It is up to you to supply the bottles and labels and pick-up the package beer at the brewery. You can find contract breweries in various locations that would be in or near populated areas where there is minimal shipping involved getting the beer to market.

4. Do have any current partnerships with other businesses or organization? Please include any organizations you sponsor?

No, we don't have any partnerships at this time.

We sponsor the Scott Valley Velo team by supplying beer and race money from time to time on a limited basis.

5. Have you had any big surprises regarding CA or Federal Taxes, legal issues or licensing?

No we haven't. We subscribe to a professional service if we need clarification on an issue and they send a monthly newsletter highlighting various industry concerns.

6. Do you see potential to increase net profit?

Yes, labor and food are the biggest expenses. The rule of thumb for the food service industry is that each should be not more than 30% of restaurant expense. Expand size of production capacity, distribution, and hours of operation.

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7. What is your current distribution area? Who is your distributor and what types of establishments are selling your beer?

We have limited wholesale distribution through Wonderland Distributing located in Weed. Their territory is all of Siskiyou County and a small area in Shasta County. We wholesale only three beers in the 22oz. bottle, five beers by keg, and root beer in 12oz bottles. Wonderland picks up the product right here at the brewery and returns the empty kegs directly to us. There is no shipping cost to us and no cost in retrieving the empty kegs.

We also have a very limited distribution through Redding Distributing located in Redding primarily to keep the name and product in that area. Their distribution area is most of Shasta County and goes as far south as Williams. Although Redding will split the cost of shipping to them there is still the cost of retrieving the kegs. These are significant costs that will cut into the sales margin.

We might also mention that nearly all of our keg sales to Wonderland are the 5 gallon (1/6 BBL) size since they have a better margin than the 15.5 gallon (1/2 BBL) kegs. Packaging beer in the 22oz. bottle also has a much better margin compared to the 12oz. bottle with carrier.

Because of our limited distribution we prefer to have beer sales in better markets, liquor stores, and markets.

8. What is the size and age of the brewing equipment? What costs are associated with maintaining it?

The brewhouse is a 7 BBL system. It was installed in 1990. The fermenters consist of 4- 7BBL tanks that have been modified with cone bottoms and glycol chilling coils and 2- 15 BBL factory manufactured. There are 11 Grundy or Grundy type 7-BBL brite beer tanks and one new 15-BBL brite beer tank. The brewery is fully equipped to function as efficiently as possible including two bottlers, keg washer/filler and forklift. The age of the equipment is various but it is well maintained and routine maintenance is necessary. The maintenance costs will vary.

9. Where do you purchase brewing supplies and ingredients?

We purchase brewing malt, hops, and other supplies primarily from Country Malt in Vancouver, WA. We have several alternative suppliers to Country Malt as well as long list of reliable suppliers for all the needs of the pub and brewery.

10. How much of this time requires that you, the owner be present?

I am in charge of the bottling and kegging and my time with this aspect of this business may be between 20 and 30 hours a week depending on the season.

11. What methods do you use for testing? (IBU, gravity, software)

The IBU are calculated prior to brewing, gravity is measured by hydrometer, CO2 levels of the final product is measured by a Zahm-Nagel device. A very good all-around, inexpensive,

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computer program for all aspects of brewing is “Pro Brewer”. There are several very good books on brewing and brewery processes also available.

12. What is your current brew master’s experience? How many employees work downstairs.

Our current brewmaster apprenticed at a brewpub on Lake Havasu for 6 years before moving here and starting to work for us. He is very talented, capable, and familiar all aspects of brewing. Brewing and the related processes require about 30 hours per week. This includes the actual brewing, moving the beer from fermenter to the brite tank, and carbonation so that the beer is ready to serve. The brew master with a part-time assistant can do this work.

13. What is the most time-consuming aspect of the entire business?

Operating the pub is full time. The one day it is closed is still a food prep day for the rest of the week as well as a shopping day for pub supplies.

14. How do you balance/allocate responsibilities of managing the brewery and pub?

Marilyn oversees the pub operation with the help of one key employee. Dave oversees the brewing and packaging operation along with the brew master.

15. You’ve made many improvements to the pub, such as the building and outdoors- were you able to accomplish this with business profits or did it require raising additional capital?

Early on we did invest our own money but more recently we have invested earned money to make the improvements.

16. Who is your cook? How many pub employees do you have and what benefits do you provide?

The pub food is simple enough that we have several people capable of cooking. We did this so that we would not be reliant on a chef or chefs. All the pub employees now are part time, 30 hours or less. During the summer we may have as many 12 employees and during the winter maybe 8. We do not offer any benefits but do have discounted pricing for beer and logo products.

17. What suggestions do you have for research and education that would help us prepare?

There are several good reference books on brewing and brewery operation. U.C. Davis has a brewing program as well as Siebel Institute in Chicago.

18. How long are you willing to train and advise new owners?

We would be willing to spend up to 6 weeks for training. Dave would be available for a longer period on a consulting basis.