

Craft Whiskey Distilling (Down and Dirty Business Plan)

Assumption One: You will keep your day job during planning and building of a craft distillery.

Assumption Two: The first year will be spent writing a business plan, raising money, finding a location and ordering distilling equipment. Then obtain permits from: City, County Use permits, State and Federal Distilling permits. (Get the permits before renting the building) Once the distilling equipment is installed call TTB to obtain your DSP. Finally obtain COLA apply for label approval for the products you plan to sell.

Assumption Three: It will cost over \$450,000 to open a distillery, producing 3,000 to 8,000 cases / year.

Assumption Four: Income from the first year of production will come from distilling gin. (Gin made from NGS take two days to produce and bottle. Whiskey, depending on the style and type of barrels used should be aged six months to two years. (Rye whiskey requires very little aging)

THE CRAFT DISTILLERY

The Build Out

Building Improvements

Electrical, Plumbing, Fire Protection, General Construction	\$50,000	
One year rent.....\$2,500 x 12		\$30,000
Build out Expenses	\$80,000	

Brewing Equipment (New and Used) To Create Whiskey Wash

Used: Boiler, Mash Tun, Two Fermentation Vessels \$70,000

(Save \$70,000 by buying wash from a craft distillery)

Distilling Equipment

250 Gallon Pot Still	\$115,000	
Pumps, Hoses and Filtration System	\$ 10,000	
Brewing and Distilling Equipment	\$195,000	
Built Out Total	\$275,000	

Distillery Supplies

Stainless Steel Blending Tanks & Totes	\$4,000	
Bottling Equipment, Cartons, Glass & labels	\$29,000	
30 Fresh Dumped Bourbon Barrels /\$100	\$3,000	
Storage Racks	\$3,000	
Carbon Filtration System	\$1,000	
Hydrometers, Thermometers & Ebulliometer	\$600	
Office furniture, computers, phones	\$4,000	
(Legal Fees, Trademark etc,	\$5,000	
Total Supplies	\$49,600	

Total Cash Out **\$324,600**

Cash in the bank for things not planned **\$47,000**

You obtained the USE permit and DSP and the end of year two

Year Three

Distilling three days and marketing two days of the week

Products

Gin re-distilled or blended from NGS 60% of production
Whiskey, from Malt 40% of production

Annual Output, (Year Two)

Gin **2,000 Cases**
Whiskey **30 barrels 660 Cases**
(In reserve (aging) 15 barrels, 330 cases of whiskey.)

Develop plan to sell whiskey futures to investors.

Total Production in Year Three 2,300 Cases

Year Four

Best-case scenario with 100% sell-through:
Gross income before production expenses, taxes. etc.

Retail Sales

Gin 2,000 Cases at \$260 / Case **\$520,000**

- NGS Costs \$330 for a 55 gal. drum.
- One Gallon of 95% NGS produces over two gallons of 40% abv gin.
- Total cost: \$3/ bottle includes: product bottle carton and label but not marketing and taxes. --
- The \$3 Bottle of gin at retail is \$21.67

Whiskey 330 Cases at \$350 / Case **\$115,500**

Total sales at Retail (NOT Distillery Income) \$636,500

Distillery Income, 50% of Retail **\$317,750**

Federal Tax: \$13.50 x 4,432 proof gallons (\$59,832)

Net Income \$257,918

 Direct costs of goods (\$5/bottle in the case) (\$139,800)

Gross Profit \$118,118

 Marketing Cost (\$2/bottle) (\$55,920)

Operational Profit \$62,198

Fixed Costs

 Rent, Utilities, Insurance and travel.....(\$61,000)

***Income at the end of year three**

\$1,198

(If you have worked for free and have no employees)

Bill Owens, American Distilling Institute