

SMALL BATCH STANDARD GIVES KARBEN4 BREWING THE BACK OFFICE SUPPORT AND STRATEGIC INSIGHT TO HELP BUILD A SUSTAINABLE BUSINESS



They have specific industry knowledge to automate a small business in an affordable way. Their service is really built for efficiency and scalability...It's given me time back, and time is really the only thing there is, you know?

ZAK KOGA

Co-Owner,
Karben4 Brewing



Located out of Madison, Wisconsin, **Karben4** began operations as a draft-only 15 barrel brewpub with a couple of fermenting tanks. As time passed, Karben4 invested heavily in building a dedicated local community before expanding to other markets. After only a year of operation, their beer made its way to Milwaukee, who embraced them with open arms.

After significant expansion, the brewery now operates with 14 fermenting tanks and the capacity to produce 15,000 barrels of beer on an annual basis, supplying Karben4 products to thousands of retailers.

Aside from their widely distributed flagship IPA, Fantasy Factory, they host a rotating selection of specialty and seasonal releases as well as a solid portfolio of core beers that have given them recognition across the region.

THE CHALLENGE

Looking to Play The Long Game

Ryan and Zak Koga, the brothers behind Karben4, opened their modest brewpub on the eastside of Madison, Wisconsin—serving draft-only beers with the desire to bring their flagship offerings online while also growing as a staple of their local community.

After a few years of operation, Karben4 not only expanded into three different markets for distribution, but they also tripled their production twice within that same time frame. With a booming business and so much on their plate, Zak started out on a search to streamline their back office in hopes of removing so much dependency on the individual willpower of his brothers and other key players on the Karben4 team.

HIGHLIGHTS

CHALLENGES

- x Was looking for guidance in building a brewery that could scale beyond the founders and a few key employees
- x Needed to offload the accounting and back office work to someone they could trust
- x Wanted a deeper understanding of product-specific margins to navigate distribution moves and help grow bottom line

SOLUTION

- x Engaged Small Batch Standard for their Numbers Powered Growth service
- x Implemented an improved software stack and chart of accounts to organize and streamline the back office

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THE CHALLENGE



I was thinking a lot about my org chart, our processes, and scalability—getting the company to not be so dependent on individual talent or on the willpower of my brother and I, and of our other key people. I was just thinking about, how do we actually turn this into a real business and not just this hobby that’s pushed forward through our own willpower, because that’s not sustainable.”

After receiving multiple solicitations from other accounting firms and chasing some of them for information in hopes of finding the right fit, Zak happened upon Small Batch Standard and saw that their industry-specific knowledge was not only something he wanted, but that they were adding true value to the craft community with that knowledge.



When I talked to Chris, he was hitting directly on the head the real stuff. I mean, doing day-to-day books and really optimizing your tech stack. He’s adding value to the craft community.”

HIGHLIGHTS

- x Took the accounting and state/federal compliance off of the owner and director’s plate
- x Provided recommendations and support in securing COVID stimulus funding and managing the financial and tax implications
- x Performed margin analysis on distribution and provided customized suggestions to establish a pathway to increased profits

RESULTS

- x Confidence in the numbers with significant financial visibility gained
- x Successful navigation of a COVID-impacted high volume, low-margin distribution beer market
- x Increased bandwidth and 20-25 hours per week back knowing the back office and taxes are handled
- x An ongoing expert sounding board for the direction of business



THE SOLUTION

The Value of Industry-Specific Knowledge

After engaging Small Batch Standard using their Numbers Powered Growth service, Karben4 went through the onboarding process to augment their software stack and chart of accounts. This offloaded monthly bookkeeping and shortly thereafter allowed the SBS team to perform benchmarking analysis.

“Having real industry knowledge was helpful because I really had an overworked chart of accounts going into SBS. We were doing too much with it. So they helped us simplify and think about each aspect and helped troubleshoot through the process.”

After initial onboarding, The SBS Consulting Team was able to decipher the numbers and focus on Karben4’s margins for distribution to help them navigate the market and help grow their bottom line.

Benchmarking Karben4 to breweries of their size, Small Batch Standard was able to make suggestions rooted in hard numbers instead of just gut checks and feelings.

“It provided a lot of context and some extra legwork to say, okay, this is really what we’re dealing with: the margin and why and here’s where the money can be found. Here’s how some other people are solving their margin as far as how many dollars are going into which buckets.”



THE SOLUTION

Soon after these analyses were complete, Karben4, like many breweries, were hit with something that no one could predict: the COVID-19 pandemic. Small Batch Standard remained cognizant of what this meant for their clients, and for their new relationship with Karben4. Small Batch Standard did a scan of clients who would qualify for funding and made it imperative to notify them as quickly as possible by calling an inner circle meeting.

“Chris pointed out within a couple of days the Employee Retention Credit. And we were filing for those credits right away. He was a huge help during the stimulus program bonanza of the last year and a half where he was just such a huge resource in real-time. And then when I went to execute it, SBS was there to say, here, this is how you calculate your credit. Without the ERC, we would be dead right now.”

Weathering the pandemic storm, providing insightful suggestions with industry knowledge, and ensuring the books are closed out every month gave Karben4 the continuous support they needed to navigate the changing landscape.

“Our market’s still significantly different than it used to be in the bar and restaurant industry. I was clamoring for as much of that stimulus as possible, which is why it was such a big deal to get the early tip from Small Batch and keep things moving.”



“

Small Batch Standard is really plugged into craft brewers and their businesses and what they need. They’ve done a really good job focusing on solving real problems for craft brewers. They are adding value to the craft community.”

THE RESULT

Time, Bandwidth, and Support To Focus On What's Most Important

While offering continuous back office support as the landscape of the industry changes, Small Batch Standard has equipped Karben4 with knowledge and insight that helps inform current and future decisions.



I would say that we're focused on the right things. We know what we have to do to dig out of the current challenges. For example, our can cost for the whole industry has doubled. Pre-pandemic I was paying 8.5 or 9 cents a can. Now it's like 16 cents. It's hard to just wave a wand and fix that. Small Batch Standard is feeding us the right fundamentals where it's like, 'If you're fighting these tough packaging costs, you're going to have to focus on some more premium offerings.'"

As a result of their work with Small Batch Standard, Karben4 has been able to make insightful decisions that will lead them to long-term sustainable growth without the reliance on any one individual.



THE RESULT

“One of the biggest benchmarks would have to be my director going on maternity leave. With SBS, we kept paying our bills and excise taxes kept getting filed and questions or problems or glitches were worked out.

I think the fact that we got through her leave was a real success because there was a lot of change going on with the pandemic and we were doing all sorts of things in the business that was pulling our attention away, but SBS still kept things going.”

With the support that Small Batch Standard provides, Zak and his director are able to focus on building the business and doing what is necessary to navigate the COVID-19 pandemic with more time back on their plate.

“It’s probably...15 to 20 hours of her time a week that’s saved. And there’s less input needed from me. So, in the end it’s another five hours a week for me on top of her 15 or so. I’ve gained more time to work on my business and to be home. I’m not sneaking in some of these back-office tasks at home.”

By engaging Small Batch Standard, Karben4 has gained more than just an industry expert committed to helping them grow their bottom line.



“

And just a good friendship. Chris and I get along really well. Being able to talk about relevant things and troubleshoot and think about ideas. We acquired a soda company, for example, and I’m just kind of bouncing that off of him a little bit. It’s fun.

It has really given me time, which time is really the only thing there is, you know?”



You can say, ‘Okay, I’m gonna outsource to an accountant,’ but then, why not outsource to a craft brewery accountant? You know, it just seems kind of common sense to me.”

Small Batch

— STANDARD —

READY TO EXPLORE WHETHER

SMALL BATCH STANDARD

CAN HELP YOUR BREWERY?

Schedule a short exploratory call with the SBS team to learn more about our *Numbers Powered Growth* service.

REQUEST A CALL WITH SMALL BATCH STANDARD