

IN SMALL BATCH STANDARD, **KINGS COUNTY** FINDS A TEAM OF DISTILLERY-FOCUSED ACCOUNTANTS, TRUSTED ADVISORS, AND FINANCIAL EXPERTS WHO CARE



It's nice to work with other people who appreciate why you're in the business. 'Cause they're in the business too, as opposed to people who just sort of treat you as any other business."

COLIN SPOELMAN

Co-Founder & Distiller
Kings County Distillery



THE CHALLENGE

Investing for the Future

Growing up in eastern Kentucky, Colin Spoelman didn't think much about whiskey until his move to New York where people presumed that he knew quite a bit about the spirit due to his Kentucky upbringing. (The eastern side of the state was considered more moonshine territory than bourbon territory.)

After a trip back to his hometown, his interest was piqued and he began focusing his energy on perfecting his own moonshine for the sophisticated culinary audience of New York that eventually led him into the world of bourbon.

Kings County Distillery officially launched in 2010 after he and his business partner, David Haskell, raised the



KINGS COUNTY DISTILLERY
NAVY YARD, BROOKLYN, NEW YORK

Starting in a quaint 325-square foot room out of Brooklyn, **Kings County Distillery** began operation as the smallest commercial distillery in the country, with five 24-liter stainless steel stills making whiskey seven days a week, 16 hours a day.

Just two years after their founding, Kings County Distillery made a big move to the historic Brooklyn Navy Yard in 2012, just steps from the legendary site of the Brooklyn Whiskey Wars of the 1860s and the former distillery district of the waterfront.

Kings County Distillery offers creatively traditional whiskeys by blending their distilling practices from a variety of cultures that defy convention by using Scottish copper pot stills, open fermentation, and local grains to make American whiskeys that expand the category.

HIGHLIGHTS

CHALLENGES

- x Needed to improve profitability as initial investment money began to run out
- x Hadn't yet found a partner who could deliver clear, on-time financials for their investors
- x Were looking for tailored guidance and ongoing support for future growth

SOLUTION

- x Engaged *Small Batch Standard* for their Numbers Powered Growth service
- x Implemented an improved software stack and chart of accounts to speed up overall accounting process

(continues on next page)

THE CHALLENGE

necessary funds from friends and family. Later that year in August they sold their first shipment of product to a local liquor store, held a tasting, and blasted an email announcing the first whiskey made in Brooklyn in almost a hundred years. The response was sensational.

They found tremendous growth and support, but with the complexities that come with investing in aged bourbon, Kings County Distillery reached a tipping point.



There is this insane lag from the time that you make the product until the time that you can sell the product. It creates intense financial complexities that are really hard to resolve.

When you start to factor in the cost of goods sold over multiple years and the price of things changing year to year, like the bourbon we made in 2014 was more expensive than the bourbon we made in 2018. It's an incredibly complex challenge. We were at this moment where we needed to get serious about being profitable."

On top of needing to be profitable, Kings County was internally falling prey to an unfavorable trend that would impact major players in their circle.

HIGHLIGHTS

- x Provided recommendations and hands-on, expert advice and analysis to support key business decisions during COVID and beyond

RESULTS

- x On-time accounting and financial reporting to support daily operations and investor relations
- x Successful navigation of COVID-impacted distribution and stimulus relief that ensured the business remained operational
- x Significant YOY revenue growth and EBITDA improvement fueled by SBS advisory support
- x Found not only an ongoing trusted advisor, but also a team they could rely on who care about their business





We had an accountant, but she had a lot going on and I was delivering financial statements to investors two or three months late and they were getting annoyed.

I was looking for a solution, but one that was more business-oriented and tailored to our needs—not just a bookkeeper. Somebody who I could actually ask the question, ‘Should we do X?’ and get a real, considered answer.”



THE SOLUTION

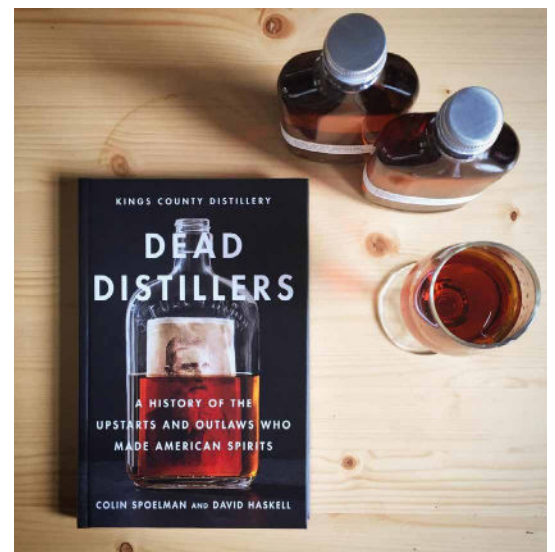
The Added Benefit of Industry Expertise

Colin was already receiving some of those considered answers by following Small Batch Standard’s email newsletter. There was just one hang-up that stopped him from reaching out.



For me, accounting was completely redundant with running my business. To have an accountant say, ‘Well, you lost money this month.’ It’s like, okay, thank you. Thank you for the reminder.

I’m notoriously cheap. It was a little bit of a heavy lift, but I felt like if there was some business advice to come out of it, that was based on comparable businesses that it would end up being worth it and it certainly has been worth it.”



THE SOLUTION

After receiving about 8 newsletters from Small Batch Standard, Colin officially expressed interest and subsequently engaged Small Batch Standard using their *Numbers Powered Growth* service. Kings County went through the onboarding process and the SBS Consulting Team used their knowledge of the craft brewing industry to implement service offerings that supported the needs of a distillery-oriented business.



“There was some reorganization of the chart of accounts and a fair amount of set up for us and it took some time to establish a protocol for the cost of goods sold and things like that. But they were able to implement something that was specifically oriented to a whiskey distillery, which again, has that huge lag in aging.”

While in the process of gaining a newly-formed tech stack and the reorganization on their chart of accounts, Kings County Distillery was shaken by the COVID-19 pandemic within their first 60 days of engaging Small Batch Standard.

“I will say our situation was complicated because of the fact that the pandemic broke out in the first 60 days of working with SBS. Very quickly they were giving out cash flow planning resources, and government resources that helped us get through the pandemic.”

“



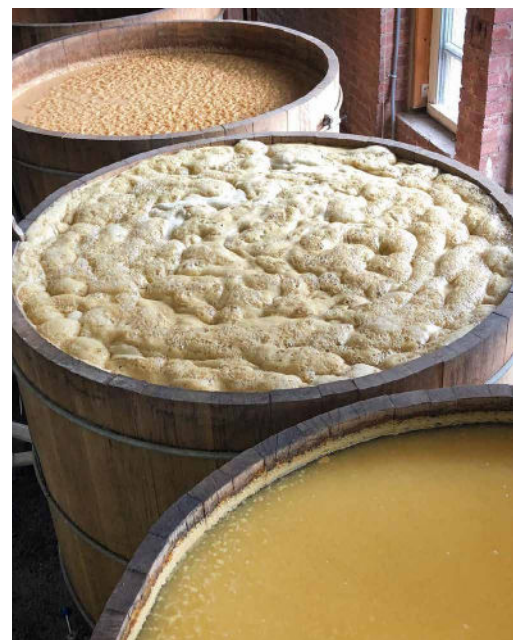
“It’s very easy to think you can do it yourself. I think the number one sort of entrepreneurial failure is to presume that you know enough to do everything yourself and know enough to make judgments on everything yourself. Having somebody who specializes in small business within a niche market is invaluable.”

THE SOLUTION

Small Batch Standard understood the potential impact COVID-19 would have on the industry and compiled a list of funding-eligible clients. They promptly notified those clients, including Kings County Distillery, by calling an inner circle meeting.



It was great to be fed that information very directly from Chris. It wasn't just an email where you can read through and find something that's useful. It was direct communication saying 'You've got to go apply for these funds right now. I'm going to give you all the documentation that you need.' It was really that high level of engagement. Without that funding we would have run out of money."



THE RESULT

Streamlined Accounting, Year-Over-Year Growth, and a Trusted Advisor

Despite the pandemic, Kings County saw a clearer trajectory on the horizon and knew Small Batch Standard played a role in their future. They felt the immediate impact of engaging SBS, their expertise, and the industry they are so passionate about.

“The accounting started happening much faster. And there was also the analysis of what went on in a given month to month and the usefulness of having somebody who’s traveling between different businesses and starts to see trends and ideas emerge, which is really the most valuable part of working with SBS.”

Now with deeper insight into their own business, Kings County saw financial growth rooted in expert advice and support from Small Batch Standard.

“EBITDA went from a negative to \$200,000 positive from 2020 to 2021. I certainly think having the business advice and plotting the decisions such as asking for rent abatement or to furlough employees when things were bad or to compensate employees when things were good played a key role. All of that fell from advice that was given. So overarching, sales were up and there is momentum that I think is continuing.”



“You sometimes fall between the cracks of being the sort of darling startup who has big dreams and the established company that’s pumping out revenue. It’s so hard to find somebody in a business context who has a take and an agenda that they’ll stand behind. Specifically, talking to founders and entrepreneurs and people who are in a high-level decision capacity at small businesses. I would argue that SBS has expertise in not just the brewery space, but also expertise in running a small business with 10 to 50 employees that serves a regional audience.”

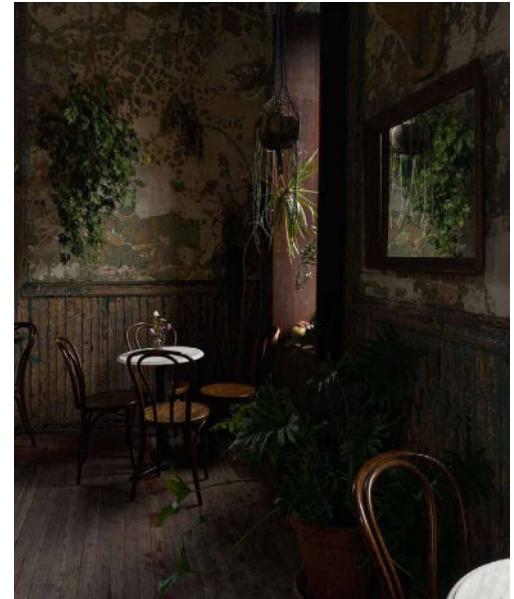
THE RESULT

With momentum forward, Kings County Distillery has a team of individuals at Small Batch Standard who support their business growth. It's not just numbers and spreadsheets, but something far more personal.



It's nice to work with other people who appreciate why you're in the business. 'Cause they're in the business too, as opposed to people who just sort of treat you as any other business.

I would say not just Chris, but also Allie, our on-the-ground person, and having people who are really enthusiastic about their jobs and our business, it's just nice to work with that."





Accounting can mean a lot of different things. It could mean bookkeeping. It could mean compliance. But at its best it's organizing the way you spend money to make better decisions. And that wasn't really a part of my business until we got rolling with SBS."

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