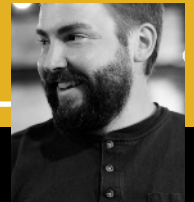


SMALL BATCH STANDARD HELPS DETROIT CITY DISTILLERY GAIN SIGNIFICANT FINANCIAL CLARITY ROOTED IN INDUSTRY-SPECIFIC BENCHMARKING



The big advantage that Chris and SBS have is that they're going through this process with however many other folks in the industry and can see what's changing. They know what's happening. Not just from an accounting standpoint, but more of like a business-level partner."

J.P. JEROME

Founder & Distiller
Detroit City Distillery



Detroit City DISTILLERY

Detroit City Distillery launched in 2014 as a modest tasting room setting up shop as part of the Historic Eastern Market in Detroit, Michigan—a city known for fueling the roaring twenties of prohibition and the rule-breaking entrepreneurial spirit.

After three years of growth and community support, Detroit City opened a second location on the top floor of their production facility known as The Whiskey Factory, a mixed-event space holding events, weddings, and tours.

Detroit City Distillery specializes in small batch artisanal whiskey, gin, and vodka with ingredients sourced directly from local Michigan farms. The spirits are their focal point, experimenting with ingredients to make products that are truly unique.

HIGHLIGHTS

CHALLENGES

- x Needed financial visibility to support growth as business expanded beyond initial brewpub model
- x Wanted high-level support and an expert accountant to take backend work off the plate of cofounders
- x Accounting statements, P&L, and balance sheet needed to be brought back to top of mind as costs in revenue streams were not aligning

SOLUTION

- x Engaged *Small Batch Standard* for their Numbers Powered Growth service
- x Significant realignment of chart of accounts and implementation of improved software stack to streamline point of sales

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THE CHALLENGE

Muddled Finances

Unable to find anyone that would buy high school students beer, a young J.P. Jerome and seven of his friends banded together to craft it themselves in their family barns in the country. Their creations were far from tasty, but it kickstarted a fascination that eventually led the eight friends to founding their own business later in life.

After an internship at Bell's Brewery, J.P. studied microbiology with an emphasis in beverage science that would form the basis of Detroit City's creations. With distilling sometimes taking years to complete, J.P. used his time at Michigan State University to begin the distilling process so that the company could launch with enough product on-hand. In 2014, the tasting room opened

THE CHALLENGE

at Eastern Market and, in that moment, what began as a hobby for some young country boys transformed into a refined profession.

The future seemed clear for Detroit City as they saw expansion in new sectors of the business: outside sales, distribution to other states, and a second location. But one major aspect of the business wasn't clear at all.

“ Our accountant was managing all these other businesses that were totally unrelated to alcohol. And a lot of the time was spent cleaning up the books just so we knew where revenue was coming in and if costs were being allocated properly.

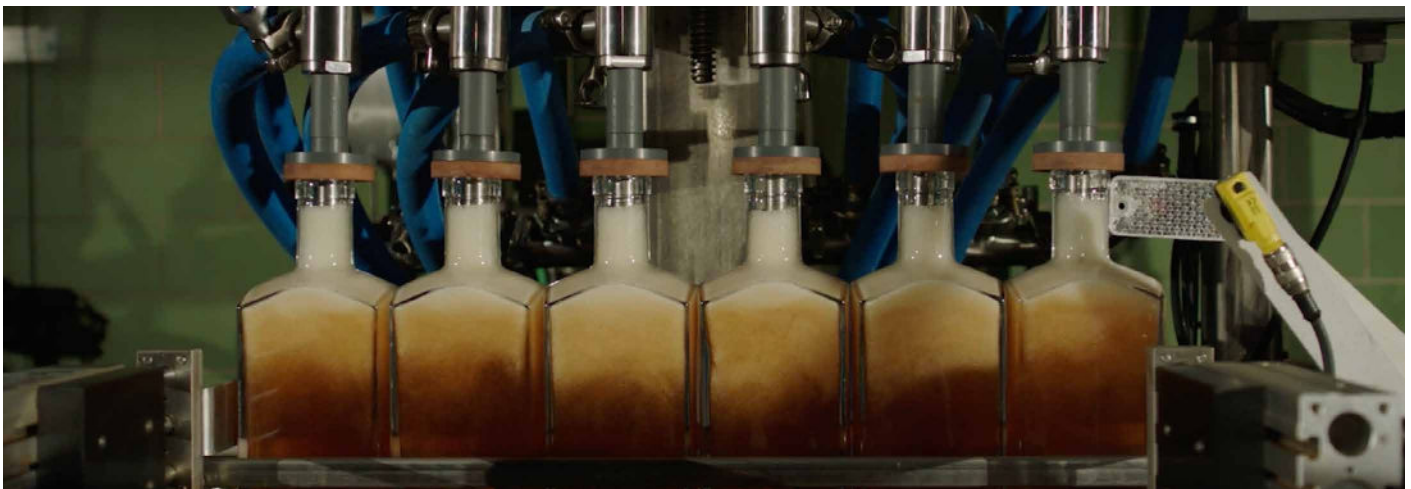
We would look at the P&L and see something like 75% of our expenses being put in the 'Other/Uncategorized Expense' category just because our accountant didn't know what to do with them. And we did not have the time to go through all the expenses as we were growing.

HIGHLIGHTS

- x Helped secure COVID funding that supported future business expansion
- x Provided recommendations rooted in industry benchmarking to support key business decisions

RESULTS

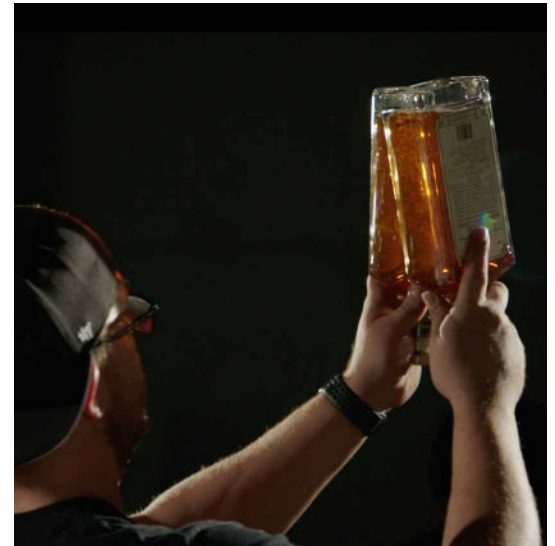
- x Streamlined accounting that has led to significant financial clarity
- x Peace of mind that accounting and tax filing are being handled giving key decision makers the time to focus on business growth
- x Critical amount of stimulus relief that supported future business investments
- x Found a team of expert advisors who remain cognizant of trends and changes in the industry



In addition to lacking financial clarity, Detroit City found themselves in a position that many owners can likely relate to:



Our accounting statements, our P&L, and our balance sheet were all an afterthought for us a little bit. All of our costs in our revenue streams were not aligned whatsoever. With SBS, we have everything pretty tight in buckets, so we can actually see which parts of the business are making money and which we're spending more on.



THE SOLUTION

Industry-Specific Answers for Industry-Specific Problems

J.P. and the team at Detroit City began looking for solutions that would involve a more detailed look into their finances. They wanted an advisor that supported their desire to focus on business growth while also being able to make key high-level decisions based on actual numbers.



We actually talked to couple different firms. But with SBS, it gave us a lot of confidence because they knew more industry-specific stuff, what our challenges are, and what's happening. It is pretty niche stuff in the spirits world. When we first talked to Chris he was very motivated and very much on our side and in-tune with the industry. And also, it was clear that his goal was to help us make money.



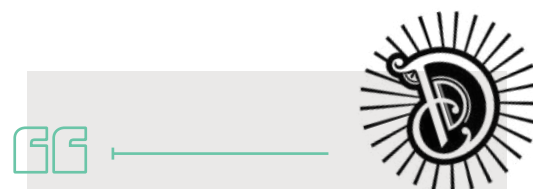
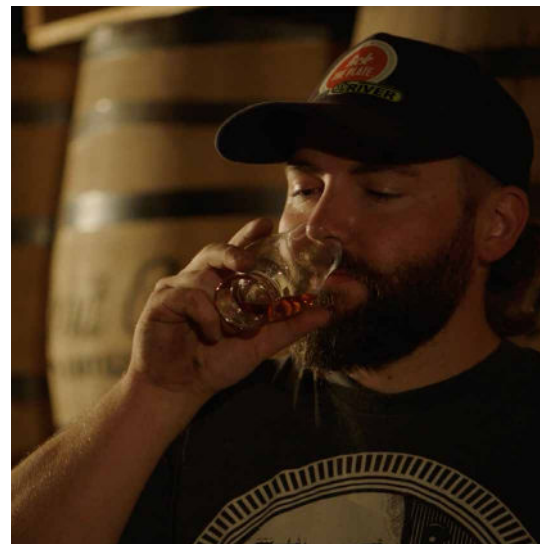
THE SOLUTION

After engaging Small Batch Standard for their Numbers Powered Growth service, it became apparent as to why this premier accounting agency was the right choice in supporting Detroit City's business aspirations as opposed to a non-specialized accounting firm.

“The [benchmarking] to other folks in the industry is a huge, huge thing. We never would have access to that type of information. They send that to us monthly and it shows us where we line up with our peers; whether we're spending more on something or we're spending less on something compared to what's happening in the greater industry. I think that's a really, really awesome thing. It's pretty unique to SBS.”

Detroit City went through the onboarding process and met with the Consulting Team. The process included a realignment on their chart of accounts and a streamlined tech stack.

“We rearranged all of our chart of accounts to make sure everything was lining up. And for the software stack, we probably had eight different ways to take payments. And what we did with SBS was actually cut that down to almost exclusively one point of sale system. We still have a couple different softwares that we use. For example, for scheduling tours, but it went from a huge stack of payment methods down to maybe three or four.”



“We wanted to get a higher level and more involved accounting firm. We were growing and the real appeal was that Small Batch Standard knew the alcohol business.”

THE SOLUTION

With everything in order and new possibilities on the horizon, the COVID-19 pandemic struck the country. And although it led to unprecedented times with a cloudy vision for the future, Small Batch Standard immediately guided their clients, including Detroit City, through the unknown.



They were on it. It's like as the laws were written, Chris was doing presentations about what we should be doing at the same time. He was telling us what we should do. And I mean it wasn't tens of thousands of dollars in savings. It was six figures in tax breaks that we collected over the last year and a half.

I didn't have time to watch what was happening during the early days of COVID with legislation. It was not on my mind at the time. But Chris and the crew were on it. Any tax break, anything like that, they knew what was going on, which is awesome.



THE RESULT

Peace of Mind and A Trusted Business Partner

Having engaged Small Batch Standard, J.P. and the Detroit City team began noticing a new and much welcomed feeling despite the chaos that rocked the world in 2020.

“I’ve gained peace of mind. The ability to have more time to think about different parts of the business, how to grow the business instead of worrying about what’s happening [on the backend].”

With Small Batch Standard providing real-time updates, on-time accounting, and tax filing, Detroit City is able to focus on the present. They have also found themselves ahead of some of their industry peers and are already investing in their future.

“I’ve even had other business owners be like, ‘You guys should have gotten the ERTC. You can still get it. You can apply for it now. These companies will charge you fifty grand to get you this tax break that you probably missed out on over the last two years.’ And I’m just like: ‘Well, we already did it. We did it in real time. We didn’t have to pay anybody. We had SBS.’”

I would say the tax credits were probably the reason we decided to invest in a third location. It’ll be a couple year process, but that money in the bank certainly helped out quite a bit.



“It’s all a relatively new industry. Brewers have been around for a while, but now small distillers are coming on online more and more. But, it’s only a 15-year-old industry in terms of small distilling. So their knowledge is definitely the huge advantage.”

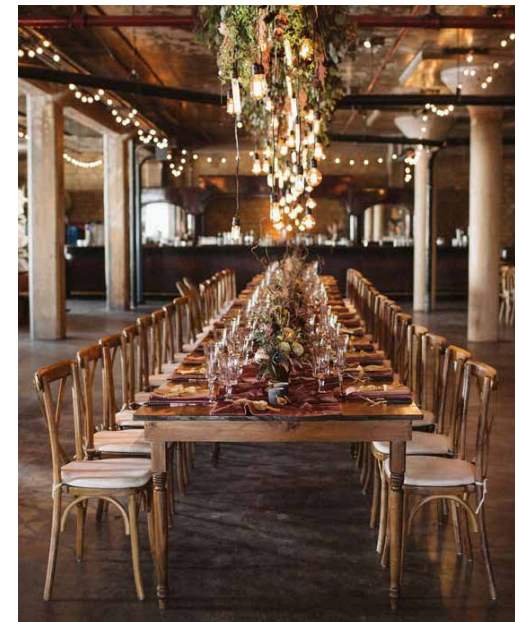
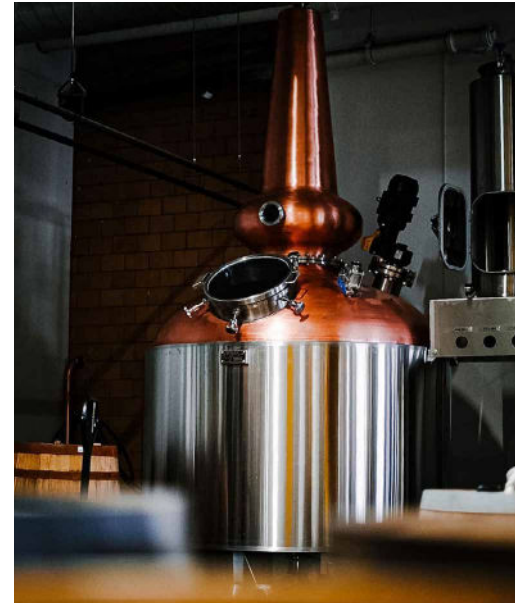
THE RESULT

With a third location on the horizon and financial peace of mind, Detroit City Distillery is positioned to continue growing as the industry landscape changes in the years to come alongside a trusted partner.



The big advantage that Chris and SBS have is that they're going through this process with however many other folks in the industry and can see what's changing. They know what's happening. Not just from an accounting standpoint, but more of like a business-level partner.

All the decisions that are made throughout the year are not necessarily an accounting decision. When we talk to Chris, Derek, Allie, and the team during our quarterly huddle, we run all business decisions by them. 'Cause in the end, everything has an impact on money.





They know the challenges. They know what's happening in the industry. They have information that you can't just go out there and Google...their knowledge is definitely the huge advantage."

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