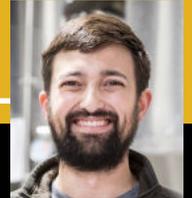


# FERNSON BREWING COMPANY LEVERAGES SMALL BATCH STANDARD'S EXPERTISE FOR BIG WINS IN THE TAPROOM AND A NEW FINANCIAL OUTLOOK



Chris went deep into our business, our accounting, our company, our culture, and came out with a plan. He saw where we were hurting. He saw where we were winning. He did the work. And everything he did was helpful in trying to figure out the next steps of our brewery.

## BLAKE THOMPSON

Co-Founder, Co-CEO and Head Brewer,  
Fernson Brewing Company

# THE CLIENT

## Fernson Brewing Company

Fernson Brewing Company is a leading craft brewery in Sioux Falls, South Dakota. Despite the wide-open spaces on the Great Plains, they create beer that brings folks closer and celebrates the art of beer making.

# THE CHALLENGE

## A Market Trailblazer Struggling To Break Through

Blake Thompson and Derek Fernholz thought they knew what they were in for when they co-founded Fernson Brewing Company back in 2015. How could setting up the first local brewery in Sioux Falls result in anything but a runaway success? But that's not quite what happened.



Despite brewing incredible beer with the region's first production-level craft brewery on the back of a strong, cohesive brand, the business ran into its fair share of growing pains. From scaling up their facility, to navigating distribution, to managing their team and culture, Derek and Blake witnessed first-hand the challenges that come along with forging an untrodden path in an untapped market.



Fernson Brewing Company is a leading South Dakota craft brewery dedicated to creating a craft beer culture in Sioux Falls.

They're regularly featured in Brewbound, Siouxland News, and Sioux City Journal for their unique branding, creative beer releases, and involvement in the local community.

## HIGHLIGHTS

### CHALLENGES

- x Disillusioned as a company
- x Lack of data-driven decision making throughout the business
- x Unclear on next steps to sell more beer profitably

### SOLUTION

- x Engaged Small Batch Standard for an on-site *Brewery Benchmarks Assessment*
- x Met with each member of the team and analyzed finance, taproom, operations, distribution, and leadership performance
- x Provided custom findings and recommendations for profit and growth

### RESULTS

- x Sold 90 barrels in 2 hours through their website
- x A new data-driven mindset for running the brewery
- x Maintained sales and reduced costs through COVID
- x Set for their best financial position yet by end of year

## THE CHALLENGE

“As a company, we were a little disillusioned. We obviously knew we needed to sell more beer, we just didn’t know what was the best route to go and what parts of the business we needed to really focus on. And so we reached out to Small Batch Standard to help us become more focused and aligned with what we needed to do to make our company successful.”

After some initial discussion, Blake and Derek asked *Small Batch Standard* to visit Fernson for a 2-day, on-site *Brewery Benchmarks Assessment* to meet with the team, evaluate their performance, and develop a customized plan of action.

## THE SOLUTION

### An Immersive, Personal, On-Site Assessment

The goal of the assessment was simple: help Fernson Brewing plan their path to profitability and growth through clear, actionable, data-driven recommendations.

First, as with everything at SBS, the process started with the numbers. Chris and team initiated an intake from the Fernson team, collecting information on their finances, taproom, operations, distribution, and leadership team, as well as specific issues and opportunities faced in their local Sioux Falls market.



## THE SOLUTION

By evaluating Fernson's numbers against Small Batch Standard's benchmarks and data set distilled from their work with 100+ craft breweries, Chris was able to establish a baseline evaluation to work with well before stepping foot into the brewery. This meant that by the time Chris showed up for the on-site visit, he could dig into the intangibles: the people, the beer, and the experience.

“ He pulled everyone aside, went over everyone's jobs and what they did, and spent pretty much a whole day listening to what our market is like, what people love about working here, and where they see the brewery going.

It was also nice that Chris got to come here and spend time with our sales guys out in the market and see our taproom in person and taste our beers. He did a lot of asking before he told us to do anything, so he fully understood our business. I think that alone provided a lot, and it also helped our employees feel like they're a bigger part of the company, too.

After two full days with the team, diagnosing, walking through, and experiencing the location and liquid in person, Chris delivered the assessment: a global review of all aspects of the business, the nitty-gritty in the financials delivered as a standalone Excel model, and a complete set of highly specific, actionable recommendations.



Chris went deep into our business, our accounting, our company, our culture, and came out with a plan. He saw where we were hurting. He saw where we were winning. He did the work. And everything he did was helpful in trying to figure out the next steps of our brewery.

## THE SOLUTION

In fact, one particular recommendation that stood out to Derek was that what they assumed was their strength (a heavy initial production focus) had actually turned into a weakness, and therefore an opportunity on the taproom side of the business.

“I’ve always been a little against putting a ton of focus on the taproom business, but he laid out the numbers pretty clearly to me that we needed to focus on it because it’s actually a nice winner for us. Seeing the data the way he put it, it was pretty black and white to me.

The overall goal was obviously to sell more beer, but he also gave us a lot of pointers on how we should go about doing that with bigger releases and trying to develop key partnerships to create stories around beer releases.

All in all, Blake and Derek were blown away. It was time to get to work.



## THE RESULT

### Big Wins In The Taproom And A New Financial Outlook

As the Fernson team headed into 2020, at Chris’s urging, Blake and Derek dove head-first into the can release partnerships recommendation, and teamed up with a local ice cream shop to create a new IPA release: one that turned out to be a big hit in the taproom.



## THE RESULT

“ We did a simple Vanilla Milkshake IPA, put it in 16-ounce cans. Usually, we put everything in 12-ounce cans, but Chris pushed us into 16’s. We were a little hesitant because of the way the market is in South Dakota, but we went with it and we partnered with an ice cream shop in town to create more of an event around it. It was a big seller at our taproom and we pushed a lot of beer out.

That initial proof of concept came just in time, as breweries across the U.S. were forced to shut down their taprooms at the onset of the COVID-19 pandemic. In response, the team at Fernson leaned even further into the creative can release, partnering with the Palmer Candy Company to create a "Twin Bing Stout" based on the popular candy bar. They sold out in under two hours through their website.

“ Around South Dakota, Minnesota, Iowa, and Nebraska, there’s this Palmeri Candy Company, and they make this candy bar called the “Twin Bing.” And we worked out a deal to do a beer with this candy bar called “Twin Bing Stout.” So we made 90 barrels of it and sold it in 2 hours on our website. And I’d say that was probably the biggest success of the year so far with that beer alone. Especially, because that was in April, right in the middle of the pandemic. And that was a pretty rough month. So this was like a light at the end of the tunnel to get us through it.



## THE RESULT

This success came on the back of just one recommendation—and there were plenty more. But what Blake and Derek love most is not just the wins, but bringing on an entirely new way of thinking about their business.



Just the way Chris has me thinking about things and the conversations we have to have now, we're just more data-driven than before. And you have to be in this business because it's a business, not just a, 'Oh, I wanted to be a brewer, so people could drink my beer.' He helped us all align ourselves to that path.

It was relieving and scary at the same time. Like, 'You have a lot of people on staff so you need to figure this out.' Because while it's always fun to just do things because you really want to do them. At the same time, it's necessary to have data backing it up, so you're not just throwing things at the wall to see what sticks.

In the end, that's been the biggest win of all. And as a result, Ferson will likely end up in the best financial position they've ever been at the end of the year.



Even though COVID has decreased our sales in certain areas of the company quite a bit, we've maintained sales overall and reduced costs quite a bit. We're getting through it and we'll probably be in the best financial position we have ever been as a company at the end of this year.





We'll probably be in the best financial position we have ever been as a company at the end of this year.

*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 *Brewery Benchmarks Assessment* process.

**REQUEST A CALL WITH SMALL BATCH STANDARD**