



I THINK
I WANT TO
OPEN A
BREWERY.

AWESOME! BUT
WHERE WOULD
YOU START?

I DON'T KNOW.
WHO DO I
TALK TO?

CAN
ANYONE
HELP ME?

AN ACCOUNTANT AND A LAWYER WALK INTO A BAR...



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Exit and Change



Exit and Change

1) Amicable

- a) Dissolution: ready to move on to a something else
- b) Sell to third party
- c) Partners split amicably

2) Not Amicable

- a) Bankruptcy
- b) Dissolution: business not profitable
- c) Partners contentious split

3) Succession

- a) ESOP
- b) Family member succession
- c) Estate planning

4) Resources



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Amicable



Amicable

- Dissolve
- Sell to buyer
 - Wicked Weed
 - Goose Island
- Partners Splitting Nicely

Amicable Dissolve

Simply put -- the business shuts down

- Legal dissolution process
 - Check your incorporating documents about procedure
 - Most states follow a winding up, dissolution and termination procedure:
 - i. Assets are liquidated
 - ii. External creditors paid first, internal second
 - iii. Excess cash is distributed to the owners
 - iv. File dissolution and termination paperwork

Sell to Buyer

Acquisition by major Player

- Wicked Weed
- Goose Island

Acquisition by peer

- Right Brain Brewing (Roak)



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Partners Splitting Nicely

- Scenarios:
 - One owner buys out the other owner
 - Sale of whole brewery when all partners want out
- Things to Consider:
 - Contract between owners should layout the procedure for buying out or selling to third party
 - Right of First Refusal
 - Valuation



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Not Amicable



Contentious Splits

- Bankruptcy
- Judicial Dissolution

Bankruptcy

- For small businesses that are incorporated (LLCs and corporations):
Chapter 7 & 11
 - LLCs and corporations DO NOT receive a discharge
 - Shuts down the company
 - Bankruptcy trustee liquidates assets and distributes to creditors
 - Can open the door to “piercing the corporate veil claims”
- Chapter 11
 - Allows company to restructure and continue operating
 - Risky, expensive and time-consuming
- CAUTION: Bankruptcy is a LAST RESORT; most people/businesses do not qualify and it takes a LONG TIME to recover
 - Engage a bankruptcy attorney if you want to explore this route



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Judicial Dissolution

- Owners of the business have reached a “deadlock”
 - Business is not being conducted
- How to initiate:
 - One owner has to file a lawsuit
 - Basically, you are suing your business partners and asking the court to dissolve the company because the two of you cannot agree on how to manage the business
 - Essentially, it is business divorce
 - EXPENSIVE and very time consuming



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Succession



Succession

- ESOP
- Selling to family member
- Estate Planning
 - Estate docs
 - Estate taxing

ESOP

Model where the employees own the brewery

- New Belgium
 - <https://cvdl.ben.edu/blog/employee-ownership-drives-success/>



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Family Member Succession

- Sierra Nevada
 - 2007 Co-Founder Ken Grossman felt burned out and seriously considered a sale
 - His 3 children encouraged him to keep the brewery in the family
 - Oldest Daughter Sierra operated Torpedo Room in West Berkeley for sampling limited releases
 - Youngest son Brian is overseeing East Coast brewery
- Highland Brewing Company
 - Founded by Oscar Wong in 1994
 - Currently operated by daughter Leah Ashburn



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Estate Planning

- 100% certainty of death
- Serious bodily injury possible and common
- Estate documents:
 - Will: where does all your stuff go (including businesses); works in tandem with corporate documents
 - Advanced Care Plan/Living Will: Terry Schiavo
 - Powers of Attorney
 - Trusts
- Insurance
 - Short-term disability
 - Long-term disability
 - Key man life insurance
 - buy/sell life insurance



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Resources



Resources



https://www.amazon.com/Marriage-Without-Sex-Unconventional-Relationships-ebook/dp/B074X2NNDV/ref=sr_1_1?ie=UTF8&qid=1539876856&sr=8-1&keywords=marriage+without+the+sex



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