

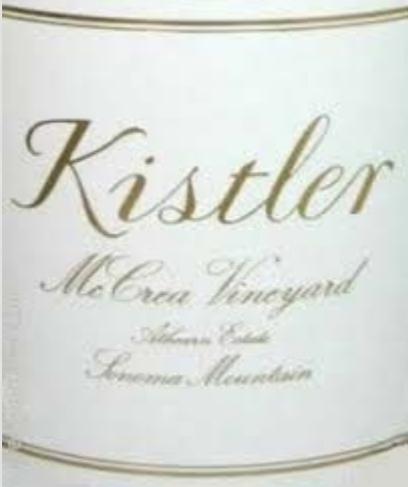


# SIMPLE RULES FOR FUNDING & BUILDING BRAND VALUE



*FISHER & COMPANY LLC*

# F&CO ADVISER TO GREAT BEVERAGE BRANDS



FISHER & COMPANY LLC

# F&CO ADVISER TO GREAT ARTISAN BRANDS



ANCHOR DISTILLING COMPANY  
SAN FRANCISCO



**FISHER & COMPANY LLC**

# STANFORD ENGINEERING: OPPORTUNITIES IN CHAOS

- F&Co impressed with the value-building power of rules
- Stanford\*: greatest opportunities in chaos + complexity
- Simple rules → overcome complexity
- Strategy ← simple rules
- Successful companies identify critical process bottlenecks
- Simple rules focus on the critical solution levers
- Simple rules promote/focus + collective behavior



# BOUNDARY RULES : INCREASE FOCUS + BREAK STATUS QUO

- Claude Monet: I only paint grain stacks and water lilies
- Ely Callaway: Not Enough To Be Good – Gotta Be Different
- Ely Callaway: I only Hire Women In Sales –More Perceptive
- Ken Fisher: We Don't Sell Annuities. Never Sell Annuities.
- Goldman Sachs: Fire The Bottom 5-10% Every Year
- Exxon Mobil (Raymond): “Sell The Bottom 3-5% assets”
  
- Anonymous: We Make Bourbon. We Only Make Bourbon.
- Anonymous: We Make Rye. We Only Make Rye.
- Anonymous: We only sell our sparkling wine in accounts that feature growers' champagnes – not Veuve or Moet!



# PRIORITIZING RULES: QUICKLY RANK ALTERNATIVES

Google on hiring: What to look for:

- Eccentricity - correlates with creativity
- Strong referrals - top people want to work together
- Avoid resume *inaccuracy*- only high-integrity welcome
  
- Anonymous: Put ambassadors in markets only where distributors invite us to GSMs annually or more



# STOPPING RULES: TO REDUCE “DOUBLING-DOWN” BIAS

- Kenny Rogers: You’ve got to know when to fold ‘em!
  - Anonymous: When you’re in a hole – stop digging.
  - Gerald Leob: If investment loses 10% – sell it.
  - Ace Greenberg: Ride the winners; Sell all losers.
- 
- Anonymous: We terminate any distributor who fails annual plan twice in row. Period!



# SMARTCO: SET RULES TO PRIORITIZE ON-PREMISE

- Team analyzed on-prem data: 10% accounts → 50% sales!!
  - Team proposed rules: (after a deep review of the 10%)
    1. F&B mgr. has authority to add a brand
    2. F&B mgr. is in the brand's target demo – she “gets it”
    3. Account >100 cases in “telldale” brands (Maker's/Bulleit)
    4. Account attended distributor GSM within last year
- After work-withs and ride-alongs, team added another:
5. Backbar section focused on artisan whiskeys

When last seen, Smartco was headed for 40% sales increase\*



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# SIMPLE FORMULA FOR BRAND VALUE ?

➤ Remember  $E = mc^2$  ?

➤ **Brand Value:**  $E = mc^g$

- E is value (of the brand)
- m = margin per case (Contribution Margin)
- c = velocity of cases (volume of cases/yr.)
- g = growth of velocity factor

Then what are **the levers to build brand value?**

- m = margin per case (Contribution Margin)
- c = velocity of cases (volume of cases/yr.)
- g = growth of velocity factor



# VELOCITY MATTERS



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# GROWTH(ACCELERATION) MATTERS



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MORE IS... BETTER



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QUANTITY AT VELOCITY  
HAS A QUALITY ALL ITS OWN !



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# MARGINS \* VELOCITY \* GROWTH



~ Brand Value: per account, per distributor ...per company



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# Great Banks Also Use Simple Rules...



# Smart Rules Create More Value, And We Can Help\* VTW



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