

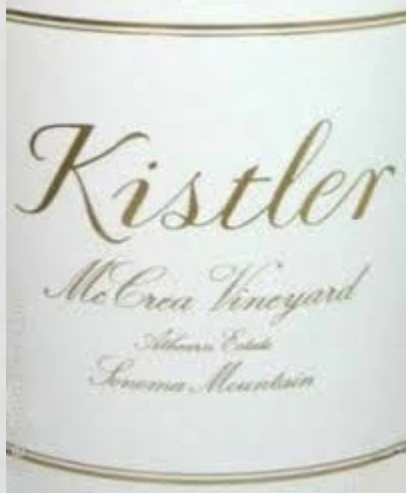


SIMPLE RULES FOR FUNDING & BUILDING BRAND VALUE



FISHER & COMPANY LLC

F&CO ADVISER TO GREAT BEVERAGE BRANDS



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F&CO ADVISER TO GREAT ARTISAN BRANDS



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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



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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.
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- 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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