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# **EXECUTIVE SUMMARY**

## *Results*

BCB Company proposes to install two breweries in Indianapolis, Indiana in the first year and Milwaukee, Wisconsin in the fourth year of operation. The Milwaukee plant will be expanded from 6,000 barrels per year to 15,000 barrels per year in the same year it is built. Based on financial data on labor costs, equipment costs, leasing costs, cost of raw materials, and operating costs, a total revenue of \$1.08 million for the first year was determined. This is based on operating on a 30 barrel system process producing four batches per week and selling the product for \$180 per barrel. A net present worth was determined to be \$5,413,000 for a 20 year lifetime of the project.

## *Description of the Business*

Big Cock Brewing (BCB) Company will be incorporated as a privately held corporation managed by the president. The business of the company is the production of high-quality pale ale beer for local and regional markets. BCB Company will initially produce Rooster Brew to be distributed in bottles and kegs, depending on market demand. The company will produce beer using a 30 barrel system process producing approximately four batches per week, which corresponds to 6,000 barrels per year. The addition of more fermenters as demands increase will increase the capacity by 1.5% each year.

## *Management Responsibility*

The president is responsible for the management and overall operation of the business. In the start-up phase, the president will choose and supervise all utility subcontractors; will approve, supervise, and assist in all construction; and will approve the design, purchase, and installation of all brewing equipment. In future operations, the president will be responsible for overseeing all aspects of daily operation. This includes brewing, bottling, distributing, marketing, sales, and customer satisfaction, and will also carry out the licensing process, secure financing of operational expenses, and direct the daily start-up operations.

## *Marketing and Distribution*

The typical craft beer consumer is a Caucasian male between the ages of 21 and 35 years who makes \$50,000 or more a year. These targeted individuals are more likely to pay the additional cost for a premium, craft brewed beer. BCB Company will compete with fellow microbrewers in the specialty division distributing in that market. Currently, the specialty brews division holds approximately 3% of the total U.S. beer market shares. In the first year, we anticipate on cornering 2% of the specialty division's market shares. This would result in 0.06% of the total market share for the targeted market.

## *Supporting Arguments*

A mathematical model was created to simultaneously account for all possible scenarios, based upon input variables, to determine the optimal placement and conditions for a microbrewery, which is nearly impossible to do by traditional decision making processes. This powerful tool makes it possible to analyze numerous variables at the same time and calculate the optimal plant locations, market locations, and raw materials locations based on the input data. The advantage of using a mathematical model is the flexibility in updating parameters and different business strategies as new information becomes available over time. By doing this, the effect of varying parameters can be evaluated. Factors, such as demand or shipping costs, might change during the course of the study, and the mathematical model can easily be updated to ensure accurate and precise results. This capability will be instrumental in determining the reliability of the final results.