SUBMISSION FROM CRAFT BEER CLAN OF SCOTLAND

23rd March 2015

Dear Mr Fraser

I was delighted to hear reference of our business during the recent EE&T meeting and was quite humbled that after such a short period of trading that our business model appears to be in line with the general strategic objectives of growing Scotland’s Export Business.

I know that the deadline for evidence has passed but I thought it might be of some value for me to highlight what we are looking to achieve, our experiences of support to date as well as some potential hurdles that we and our brewing partners may have to overcome to achieve our objectives.

By way of introduction, my name is Simon Hannah, Managing Director of JW Filshill Ltd. As a fifth generation family member to run the Glasgow based delivered wholesale business I recognised the need to diversify the business. By utilising long standing supplier relationships within the core business and utilising our logistics, warehousing and back-office capabilities we set up a consolidation business to assist Scottish Craft Beer producers of all sizes access International markets under the category umbrella of “The Craft Beer Clan of Scotland”.

We assembled a strong team of individuals both here in Scotland as well as in market based (Hong Kong & Seoul) Biographies available on www.craftbeerclanscotland.com

The early engagement with Scotland Food & Drink in facilitating meetings with brewers was exceptionally helpful in getting this model off the ground. Their advice as to the best avenues to engage with Scottish Enterprise and Scottish Development International also helped greatly during the initial stages.

Support for the business was quickly recognised and implemented by SDI which helped us get an “International Manager for Hire (IMFH)” in place. This resource and support has been invaluable to the pre-revenue business model. SDI team support has been very proactive in identifying potential distributors in target markets as well as utilising the network of our IMFH. We have met most of the SDI contacts in market in Asia during recent SDI supported visits which has been of great value.

Whilst this business has the backing and support of a long established business it is important that the business model stacks up and generates profits that stand alone within the 5 year business plan. One of the hurdles that we do need to overcome is the time scale pressure that is created by only having the IMFH support for the first 12 months. Setting up new business and achieving the required volume scale in such a short period of time is a challenge for the business. It would be useful to somehow establish a mechanism of support from the network for a more sensible start-up period of time of 3 years.

The second hurdle that some of our brewing partners face is the current levels of production volume related to Progressive Beer Duty tax breaks. Some are hesitant to increase their volumes into International markets because they are concerned that if they exceed the volume threshold attached to these breaks, it will impact on their market pricing within the UK domestic market where the duty is payable. I know that Tax policy does not sit within the remit of the Scottish Government and Parliament but this is an unintended consequence that is having a negative impact on Scottish businesses increasing exports. It would be my suggestion that International volume should not be considered within the volume calculations as duty is not paid on export volume anyway.
As the business develops we are being asked by in market contacts to widen the portfolio of products we offer to cover a much wider range of food and drink. We have created a collaborative business model that supports a variety of different food and drink producers here in Scotland and feel that this is a model that can grow for the wider benefit.

I would be delighted to meet with any of the EET Committee members to share our experiences and plans and to establish how we can accelerate this business model to create a collaborative platform for producers of all sizes and categories to access markets Internationally.

Yours truly,

Simon Hannah – CEO & Clansman