

FBWA/BIF Consolidation

(aka – Evolving to a Single Voice)

Overview

- Over the summer, the Reyes Companies approached the FBWA and the BIF to see if there was a willingness to restart the paused effort to consolidate the two associations into one.
 - Reyes initiated this effort seven years ago... ever since they arrived in Florida, it's fair to say they have pressed for a single association to have the strongest and clearest voice to advocate for the industry and our tier to the Florida legislature.
 - Reyes is pressing the premise that while the two Associations are doing a **good** job, the goal is to do a **better** job via **Single Voice**.
- The BIF has circulated the topic to its members , and the BIF is interested in exploring consolidation of the two Associations.

Background – Part I

- The FBWA and BIF created a sub-committee in 2016, and over the course of two years, the sub-committee worked on the consolidation effort in addition to coordinating legislative matters.
 - Members of the sub-committee:
 - Kevin Bowler and Doug Cone (respective Association Chairs, and co-chairs of the sub-committee)
 - FBWA Board Members: Johnston, Daley, Burkhardt
 - BIF Board Member: Taylor
 - Execs: Rubin, Criss
 - Other FBWA members of the board when this started:
 - Vroman, Kiene, Bear
- Legislative issues of the day:
 - We were in the shadow of the Growler bill
 - Glassware
 - Theme Parks
 - Cider definition
 - FBG bringing a Franchise Bill/ including Self Distribution

Background – Part II

- Consolidation elements discussed in 2016-2018
 - Membership
 - Members - some trust issues bubbled up with roots in competitive behavior between existing BIF and FBWA members
 - Discussed reaching out to other Malt distributors (ie, Cavalier)
 - Discussed reaching out to W&S distributors who sell malt (ie, RNDC)
 - Discussed Associate members - (ie, Brewers)
 - Executive/Staff
 - Mitch/Eric - there were relationship issues, head-butting, and very different personalities/ skill sets.
 - Who would lead if both were hired on Executive Staff?
 - Governance
 - Board Structure
 - Balancing the number by primary supplier
 - 5 AB
 - 5 Miller Coors
 - One vote per board member
 - "Super-authority" rests with the board
 - One option: Need to survey membership if the board is not at consensus; otherwise, the board has full authority
 - Another: defined matters that needed a full membership vote
 - Three-year terms
 - Mandatory board seat rotation over nine years: all companies seat a board member
 - Chair to rotate between primary suppliers like NBWA
 - Executive Committee
 - Discussed, at one point, it became too complicated, so it was ditched, as the board was the best subset of membership needed. Later, it was added back in. It's a matter for discussion.
 - We discussed formalizing observers, succession planning, and even numbers from each primary supplier group.

Result of 2016 - 2018 exploratory effort

- The effort to consolidate hit a wall and both organizations decided to pause the effort...
- Decided to continue to coordinate closely on all legislative matters.

What's changed since 2018?

- Membership
 - Consolidation - five fewer ABI wholesalers (Peace River, Coastal, Burkhardt, Double Eagle, Brown)
 - Wholesaler Leadership evolutions across the State
 - Next Gen leaders are following family leadership in many wholesalerships... the direct connection to the birth of both Associations is dwindling.
 - FBWA - Bear, NFS, Pepin, Great Bay, Little, City, Carrol, Gold Coast
 - BIF - Taylor, Champion, Goldring
- Executive
 - Mitch's passing, hiring of Jared Ross
 - Eric Criss left BIF, hiring of Justin Hollis
 - Jared and Justin are very unified in their approach to the legislature, with complementary skills.
- Legislative/Marketplace Regulatory Impacts
 - FBG is constantly chirping about Self Distribution and Franchise
 - The rise of RTD's and more power and influence of the Spirits segment of the industry
 - Leadership desire to eliminate "food fights "
 - Blue Cloud
 - Alcoholic versions of non-Alc brands
 - Extension of last-mile delivery to consumers by third-party delivery companies
- Political environment
 - Continued flipping/educating of legislators
 - DeSantis called to rip down three-tier
 - Rogue legislators - de-regulate

What's the WHY?

- #1 has always been - to protect the three-tier system and, by extension, the enterprise value of our businesses.
- Fulfill the By-Laws and Constitution of the FBWA
 - By-Laws
 - The purposes of the Association shall be as stated in Article II of the Constitution
 - Constitution Article II
 - Section 1. To promote better relations between the public and the beer industry;
 - Section 2. To solicit recognition and acceptance of the beer industry as a desirable and necessary part of Florida's social and economic life;
 - Section 3. To encourage all retailers, distributors and brewers to conduct their businesses on such a high plane that they will reflect only good upon the industry;
 - Section 4. To improve business relations between all members of the industry;
 - Section 5. To cooperate with and assist the Department of Business and Professional Regulation and all governmental agencies in maintaining proper conduct of the industry;
 - Section 6. To provide a clear line of communication and response between our segment of the Industry and the decision-makers and regulators of our businesses at the state level;
 - Section 7. To work in unison to improve our collective and separate service to the public.
 - Section 8. To carry out the above purposes under the Constitution and the By-Laws adopted for the regulation of the Association.
- Assure all messaging is unified.
- Simplify our messaging so all legislators clearly understand it... ie, Single Voice
- Mirror other states - only CA, TX, KY, and FL have two State Associations. Forty-eight have one State Association.
- Net - the argument is that a Single Association would be a better way to interface with the Legislature and the DABT.

What's the HOW?

- A single association
 - Jared, Justin, and Jordan would staff the Association.
 - Need to decide how to organize Jared and Justin.
 - FBWA and BIF Lobbyists would be retained.
 - The budget would be allocated amongst all members in a similar manner to the current one.
 - Potential for lower dues per member due to scale, but cost savings is not the goal
- Options:
 - Merge one of the Associations into the other (or one "acquires" the other)
 - Create a new organization ; members resign from both existing associations and join the new association
 - Members from one resign it and join the other

The board met twice in October to discuss this specific topic

- Consensus points:
 - We have deep respect for Reyes viewpoint and suggestion that we consider “Single Voice.”
 - They have a wide array of association memberships nationwide and see how Single Voice works firsthand.
 - They are deeply engaged in Florida legislative efforts with the FBWA and on their own.
 - The Single Voice concept has many merits, in theory.
 - But practically, a combination of the two long-standing Associations has obstacles
 - Historically, personality issues, legislative differences (i.e., craft/growler), and local competitive conflicts have hindered collegial relations.
 - We don't know the BIF players like we know each other.
 - Membership of FBWA and BIF is different today than it was a few years ago.
 - FBWA has multi-generational relationships that glue the Association together nicely.
 - To quote Gentry... "I'd like to date before I get married. "
 - Also, while the two-association model is an outlier, it is well known to Florida legislators, and it could be argued that if the two are always aligned, the wholesaler tier benefits from two association lobby efforts.
 - Decided to present to Membership at the Annual Meeting for discussion and direction

For discussion at the 12/5 Membership Meeting:

- Does the membership support the WHY?
- What thoughts and considerations arise in a discussion about the prospect of consolidating?
- After the 2024 Legislative session, is there support to form a joint committee of FBWA/BIF members to discuss and propose HOW options?