

BrewDog gets fans to pay for growth

When Scottish craft beer brewer BrewDog needs capital it knows where to find it. "We look to our customers," says BrewDog co-founder James Watt "We never consider a bank or an investment group when we need money."



BrewDog is a testimony to the efficacy of crowd-funding, an approach it helped pioneer in 2009, two years after its establishment. The brewer followed this in 2011 with its Equity For Punks issue, through which it garnered 6,000 shareholders and raised £2,2m, an amount it claims is a world record for a crowd-funding programme.

It is a record BrewDog is out to better with Equity For Punks 2, launched in June amid great fanfare. It included Watt and business partner Martin Dickie driving a tank around the Bank of England building in London with enthusiastic fans in tow. Within 24 hours of the online share offer's launch, £1m was raised, a quarter of the £4m target.

Since their humble start in a derelict building in Aberdeen, Watt and Dickie have put funds raised to good effect.

"BrewDog has been the fastest-growing food and drink company in the UK for three years," says Watt. BrewDog projects its sales to rise from £10,5m in 2012 to £20m in 2013.

Crowd-funding

Crowd-funding is growing fast in the UK, where it has spawned Crowdcube, a formal listing platform regulated by the Financial Conduct Authority. Since its launch in 2010, Crowdcube has facilitated the raising of funds worth £12,7m for 54 firms in various development stages.

In the US the door to crowd-funding was opened in 2012 by the enactment of the Jumpstart Our Business Startups (Jobs) Act by US president Barack Obama. He has termed the act a "game changer".

SA has yet to see crowd-funding. "Even angel funding of pre-venture capital projects by formal investor groups is under-developed," says John Bellew, co-head of private equity at Webber Wentzel

But this could change. "There are people in SA looking at crowd-funding," says JSE head of strategy and policy Siobhan Cleary

Could the JSE be considering a crowd funding platform?

Cleary is not saying, but notes: "The JSE is looking at new ways for small firms to raise capital."

Source: Financial Mail via I-Net Bridge

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