

Michigan Municipal League

# Tecumseh Brewing Company



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Better Communities. Better Michigan.



#### OUR MISSION

To provide Tecumseh, Lenawee County and surrounding areas with a warm and inviting neighborhood tavern in which we proudly serve eclectic and award-winning, house-made craft ales and lagers accompanied by an evolving menu of classic, high-quality pub fare using fresh and local ingredients. Our goal is to provide consistently friendly service.

## PROJECT DETAILS:

### NAME:

Tecumseh Brewing Company

### PROJECT START DATE:

March 2014

### LOCATION:

Tecumseh, Michigan

### THE GIST:

Crowdfunding successfully matched a local entrepreneur with local investors to capitalize their new downtown business, directly impacting talent retention and downtown redevelopment.

# Tecumseh Brewing Company

## PROJECT SCOPE:

### The Challenge:

Traditional funding templates often do not match modern business opportunities; in fact small business hears “no” from traditional funding sources 95 percent of the time, yet is responsible for 65 percent of net new jobs over the past 17 years!<sup>1</sup> Until Michigan’s crowdfunding legislation<sup>2</sup> passed in December, 2013, 93 percent of local investors were denied the opportunity to put their money where their hearts are—the local businesses they know, trust, and love—because they are “unaccredited” investors (meaning not rich!)

### Overview:

National demand for crowdfunding has never been stronger—it has *TRIPLED* in the just the past three years with an estimated \$5.1 billion raised in 2013 alone! Crowdfunding is a revolutionary way to capitalize local entrepreneurs, and Michigan has one of the most progressive investment crowdfunding opportunities in the nation. For those looking to start a new venture, grow an existing business, or invest in real estate, investment crowdfunding<sup>3</sup> offers an effective alternative to traditional funding, or can help supplement it. It puts the local economy directly in the hands of the local community—so now anyone from Michigan can invest in a Michigan business.



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**Accomplishments:**

- Tecumseh Brewing Company raised \$175,000 (their funding goal) through 21 investors in *advance* of their fundraising deadline!
- Over 100 investors expressed interest in Tecumseh Brewing Company; 16 of the 21 investors had no prior relationship with Tecumseh Brewing Company.
- They were fully funded in half the time anticipated and had to turn away interested investors.
- They plan a total investment of half a million dollars in the community.
- They plan to employ 10 staff.
- They plan to locally source as much as possible, including materials, labor, food, supplies, etc. to create even more positive economic ripples in the local community.
- Their business philosophy is to be a brewpub for the community, including being active in hosting and sponsoring community events that add to the vibrancy of the downtown, the community at large, and the success of their business.
- The Brewery is completing a rehab and retrofit of a building in the heart of downtown Tecumseh, including residential apartments on the second floor.
- The Brewery is expanding its outdoor space in the back of the building to accommodate a beer garden.
- The City of Tecumseh retained smart, creative, talented people willing to put down roots and grow their success and the community through crowdfunding.
- One of the owners and his wife are from California, and attended the University of Michigan; crowdfunding helped make it possible for them to stay in Michigan and grow a business here.
- Michigan is quickly becoming a national example of how crowdfunding can spur significant economic growth.

**Participation:**

- Family and friends helped seed initial business development and startup costs for the first couple years.
- Local economic development entities connected Tecumseh Brewing Company to myriad resources, most importantly crowdfunding; Lenawee Now (formerly the county economic development corporation), and the City of Adrian DDA & Economic Development.
- The City of Tecumseh/DDA provided assistance in building acquisition, rehab process, outdoor seating expansion, and permitting.

**Budget:**

The fees associated with a crowdfunding platform (Localstake was used in this successful raise) vary depending on the scope of services provided. For example, consultants can be hired to assist in developing business plans and documents.

**Funding:**

Seed funding was provided through family and friends, with gap funding of \$175,000 raised through crowdfunding, and a substantial amount to come through traditional bank financing. Property improvement/façade grants were available through the DDA and other sources.

**How-to:**

- 1) Find what you love to do and decide where to do it.
- 2) Do your research and make use of local resources and information. The City of Tecumseh's blueprint study<sup>4</sup> was a key source of information that Tecumseh Brewing Company used in backing their intuition with data.
- 3) Identify a couple champions in the system to help guide you and assist you in breaking down walls (literally and figuratively!). The local city and DDA staff and Lenawee Now were extremely helpful in guiding Tecumseh Brewing Company through the process of property selection and acquisition, building rehab, permitting, licensing, etc.
- 4) Get the boring stuff together early; business plans, articles of incorporation, etc. Have these foundational documents in order before beginning any formal fundraising.
- 5) Cultivate a following through community ties, family, social media, and good old fashioned word-of-mouth. These are your potential investors and customers! (But be careful not to solicit investors for crowdfunding on social media...this could violate the intrastate investment requirement.)
- 6) Find ways to make your local business a *community* business by sourcing whatever you can locally. It adds to your authenticity, it is good for the environment, and super-charges the local economy. Tecumseh Brewing Company will offer grilled cheese made from a local creamery's cheese, YUM!
- 7) Rehab what is already there and reclaim bits of the community to work into your space wherever you can. Old stuff is cool and usually less expensive.
- 8) Start selling swag early, even before the opening, to generate buzz and following. Use social media but also start establishing a presence in the community at various events.
- 9) Use a well-established crowdfunding platform with proven success. Tecumseh Brewing Company used Localstake<sup>5</sup>.
- 10) Be prepared to give an "elevator pitch" about what crowdfunding is and how it works. Crowdfunding is new to people so you'll be selling not only your business opportunity, but the mechanism for investment. Be sure "legitimate" community representatives are well versed as well (the Chamber, DDA, local leaders, etc.)
- 11) Get funded, and get going!

### Lessons Learned:

- Do not take the first or easiest option in locating. In the case of Tecumseh Brewing Company, waiting for just the right spot in the heart of downtown will define the brewery and drive success as much as its award-winning brew master will! And the business will benefit tremendously by playing off established downtown events.
- Spend the time discovering and articulating what makes your idea unique. Tecumseh Brewing Company is proud of its approach to brewing, which is a distinct break from a corporate brew structure, and is excited to be a community business with strong, deep roots in Tecumseh.
- Share your plans with your champions and get their real feedback. Let them shred it so you can revise it and make it better, then let them shred it again, then do it again, then do it one last time. Preparing to pitch investors is serious business, so be ready to make your case and anticipate concerns and tough questions.
- Be patient with funding—some will come slow, and there may be lots of bits and pieces to assemble, but stick with it! Crowdfunding can be the critical piece of gap funding that takes you from getting started to getting profitable.
- Tell your story and give people an experience. Crowdfunding works well when there is a local, emotional connection, as well as a great business case. Tecumseh Brewing Company hosted tasting events where potential investors could see the future space, view pictures/sketches, logos, sample menus, etc. and, most importantly, meet the owners. This personal connection helped get Tecumseh Brewing Company fully funded in half the allotted time.
- Consider whether you are prepared to be a true community-based business and, if so, shout it out loud and proud! If you plan to sponsor downtown events, reinvest in the community, hire and source local, let everyone know it. It will make investing a good economic decision as well as a heartwarming one.

### Similar Projects:

Tecumseh Brewing Company is the first company in Michigan successfully funded through crowdfunding/MILE. Stay tuned for more success stories!

### Documents:

[http://www.mytecumseh.org/images/documents/economic\\_development/tecumseh%20downtown%20blueprint%202007.pdf](http://www.mytecumseh.org/images/documents/economic_development/tecumseh%20downtown%20blueprint%202007.pdf)

### Experts:

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<sup>1</sup> <http://www.crowdsourcing.org/editorial/crowdfunding-saving-the-us-economy-infographic/16461>

<sup>2</sup> <http://www.legislature.mi.gov/documents/2013-2014/publicact/pdf/2013-PA-0264.pdf>

<sup>3</sup> Investment crowdfunding provides a return on investment to the investor, distinct from “reward” crowdfunding which is more like donation, wherein contributors receive a reward like a coffee mug or free CD for a donation.

<sup>4</sup> [http://www.mytecumseh.org/images/documents/economic\\_development/tecumseh%20downtown%20blueprint%202007.pdf](http://www.mytecumseh.org/images/documents/economic_development/tecumseh%20downtown%20blueprint%202007.pdf)

<sup>5</sup> <https://localstake.com/>

# The Center for 21st Century Communities

## Building 21st century communities

Experts from around the world—in academic, business, and public sectors alike—agree that investing in communities is a critical element to long-term economic development in the 21st century. Michigan’s future depends on its ability to attract and retain knowledge-based workers. Central to attracting this priceless commodity is *place*. Research proves that successful 21st century communities effectively leverage the assets summarized in this brochure. Learn more and stay engaged at [mml.org](http://mml.org).

## Who we are...

The Michigan Municipal League is the one clear voice for Michigan communities. We are a nonprofit, but we act with the fervor of entrepreneurs; our people are dynamic, energetic, and highly approachable, passionately and aggressively pushing change to achieve better communities and a better Michigan.

## What we know...

Never before have so many diverse interests, from academic researchers to the business community to government leaders, shared a single conclusion: Michigan’s future depends on its ability to attract knowledge-based workers. And what is central to attracting this priceless commodity? *Place*, specifically vibrant 21st century communities.

## What we offer...

Through its Center for 21st Century Communities (21c3), the League provides education, technical assistance, public outreach, and unprecedented access to experts and resources. The 21c3 is a “one-stop-shop” for communities interested in creating and sustaining livable, desirable, and unique places that attract the highly skilled, creative, and talented workforce of the next century.



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