

bottled beer throughout the Cincinnati area and in Dayton, Ohio and Lexington and Louisville, Kentucky. We had to change the Kentucky laws before we could open the brewery. We had horrible troubles. I sweated my nuts off for three months before we succeeded.

This entertainment complex was built by Gerald Deters, a real estate developer, to go with his Drawbridge Inn, a suburban motel hotel. I was a third year law student when I went to work for him. He was trying to position his hotel for the next 15 years of business. It is primarily a business hotel. Eight years is the life expectancy for the best business from a hotel like his, and he wanted to do something unique to increase its life. The idea was to attract the SMERF business--have you heard of that? It's the social, military, entertainment, recreational, and fraternity trade in the hotel and bar/restaurant business.

I thought of a beer hall adjacent to the hotel first and then backed into making beer when I learned about it. It was my idea and I was the project manager. It took four years to complete. We started brewing last September and opened in October. I still do some law and real estate work, but I am pretty closely tied to the business, especially since I married the bosses' daughter [Deters'] and am raising his two grandchildren.

I had no previous experience or knowledge about brewing before this project. The first year we will make about 6,500 barrels of beer. We are also working on constructing a brewpub in Louisville.

We primarily make an all-malt Pilsner style lager beer. That's the only beer we package to sell outside. It's a conservative beer market. Inside the complex we sell seasonal beers such as a Christmas ale and we make a Weiss beer.

Yes, this brewing institute has been very helpful. It was damn near impossible to get information to start up in this business. Three or four years ago there would be 300 of us at these conventions hitting on three knowledgeable guys. Poor guys--I can see that now. Then there was not enough experience to share, especially because the first ones were so unique to their own areas. For that reason much of what little was known at first was not worth sharing.

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[Michael Jackson and brewery association officials had recommended I talk to Jeff Larson. We arranged to meet at 8:00 pm prior to Jackson's beer tasting on Sept. 1, 1988. Jeff is 30 and said his father was in the foreign service and he has lived in many places, including South America, although his ruddy, high-energy, outdoorsy look and accent was convincingly Alaskan. During the interview a friend of his walked by, handed him a cigar, and congratulated him on the new birth. The following are his comments:]

We made our first sale December 28, 1986, although I have been involved and interested in the rash act of going this direction since 1982. My background is chemical engineering. I designed and installed pharmaceutical-grade alcohol plants, as well as fuel-grade alcohol plants using feed stock.

Beer itself is a dynamic subject. It influenced me and my wife, who has an acting background and is my partner--we are totally together. We were impressed by the integrity and feeling in the industry--the attitude that it is an honorable profession. There's a lot of camaraderie.

Back in 1980-81 we did a sleuthing job. We both liked beer--not stereotyped beer. It was her idea. We called the trade journals, making phone calls and trying to call every single brewery in the U.S. F.X. Matt in Utica spent a whole day with me--the same with Fritz Maytag, Bob Halcrow with the Siebel Institute--I was a student later with them.

I had left the alcohol business and was working in a gold mine in Alaska.

The big move was leaving that. The company project was ending as far as my position was concerned and I became basically unemployed and so we focused on building a brewery. My nature is to become enthusiastic and take it to the limit.

We have been producing beer for over two years and selling for almost two years. We have increased size and are still growing. It's gratifying to see how it manifests itself in Alaska, bringing to the beer industry a positive outlook. We are boosting quality, not quantity.

There was a series in the Anchorage Daily News called 'People in Peril: The Impact of Alcohol in Bush Communities.' The climate created by that series is to promote beer as the drink of moderation in Alaska. We've gotten support from locals and the state alike. In a state as huge as it is, it's amazing how small Alaska is.

Our beer, Chinook Alaskan Amber Beer, is based on an old historic 1907 recipe.¹ Our beer melds into the state support network. We are known all over the state. We are near Juneau, which is landlocked, and we are distributed throughout the state, which is something for a product that has to be transported by sea to other areas. We even have distribution in Tokyo.

There were 48 brewers in Alaska before Prohibition. The first was Russian owned--Kvass--the name of the brewery and now a style of beer. There was none left when we started our brewery and we are the only Alaskan brewery now. Prinzbrau was the last Alaskan brewery. It was started by Germans to

¹Jackson's Pocket Guide (p. 152) describes it as "broadly in the style of a Dusseldorfer altbier. . . An Alaskan altbier is not as unlikely as it sounds. A brewery that operated in the same neighbourhood as Chinook from 1902 to 1907 left records of having used a top-fermenting yeast and cold maturation. That brewery also used Saaz hops and 'certified' the fact in its advertising" (as does Chinook).

capitalize on the pipeline era in the 60s and 70s. Prinzbrau had problems with unions and it was boycotted by distributors. It last paid its brewing license in 1979. So we are the first to brew in Alaska since then.

The gold riches area was the center of the old brewing area, where there was a thirst to be quenched. So there is a kinship to me working in gold mines and being a brewer.

We named our brewery and first beer Chinook Alaskan. Chinook refers to several things: it is the name of the main trading jargon--pidgin, made up of a combination of native dialects--of the Northwest from Oregon all the way up the developed coast of Alaska. It also refers to the salmon of that name and to the mountain wind.² It's technically an altbier--its formula was based on shipping invoices and historical society records. We tried to reproduce an old recipe.

Our second beer is Chinookian Alaskan Pale Ale, which had its birth today, which is why the fellow gave me the cigar. I was on the phone earlier today with my wife when we had the first start up of the new beer. Cold fermentation is the obvious way to go in Alaska--it is the old way to brew ale.

Our first beer won a gold medal last year at the Great American Beer Festival in its style. This year it was the Consumer Preference Poll. I am excited by the diversity of beer flavors appearing.

²My dictionary has several entries for Chinook, besides the king salmon, including 1. the "North American Indian people originally inhabiting the northern shore of the mouth of the Columbia River and adjacent territory. 2. either of the two languages of the Chinook Indians. Cf. Lower Chinook, Upper Chinook. 3. (l.c.) a warm, dry wind that blows at intervals down the eastern slopes of the Rocky Mountains." "Chinook Jargon, a pidgin based largely on Nootka, Lower Chinook, French and English, once widely used as a lingua franca from Alaska to Oregon [1830-1840]." (Nootka is the language and name of an Indian people of Washington and Vancouver Island.)

I'm here at the conference to maintain contacts with the beer industry. There is some good camaraderie even with conflicts and things that make people mad. [He would not go into specifics.]

We produce 4000 barrels a year. Our clientele is the whole spectrum of Alaskans. They are a well-traveled group, a sophisticated group. They like a full-bodied beer. It fits a cold climate where you have to burn calories. I have about 100 partners, but my wife Marcie and I are general partners. The cost of building the brewery was in the range of one half million dollars.

[Here we broke off the interview to attend the tasting, and some questions went unasked.]

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[I skipped the first three questions about personal history, since this information is easily found in publications, including Bob Clark's profile of Maytag in Am. Journal of Gastronomy, and in his speech of the previous evening--I will insert that material in the set of vignettes. This interview was conducted over coffee in a Drake Hotel restaurant beginning at 8:15 am on the morning of September 1, 1988.]

[What was the source of the design of your organization?]

I'm just talking off the top of my head now. What I think may be no more accurate than primitive myths about the nature of lightning. I was absolutely naive. I made one horrendous mistake that created an organizational difficulty that almost got me. When I bought into Anchor, I had 51% and my partner had 49%. He was disillusioned with the business. This partner had previously operated the brewery with his 49%. I bought out the 51% of the other investors. The losses were deductible according to the shares we owned.

I bought most of his stock but I still felt like a young whippersnapper. I was totally naive--more like a hippie. This was 1965. The brewery had one employee and he didn't do much. I quickly realized that it was going to be impossible for us to work together. I thought we had values in common, but I was growing out of his tradition. He was anti-technology, a Wobbly in spirit, anti-establishment, a Luddite.

Something of this spirit lingers on in the microbrewery movement and the restaurant movement. Wherever people have room to philosophize. I believe in

the ecology movement, etc., too, but I was paying the bills and I grew up real fast. It's okay to be ecologically minded but if the business is not making money, it is not a healthy organization.

I had an epiphany. I realized I couldn't make beer with someone who believed keeping things clean around a brewery was an anal-retentive function. He thought a thermometer was a work of the devil.

I decided to force the issue and get rid of him. Around this time his wife took sick and eventually died [so his partner's energy was not at all in the business]. Eventually I bought out his stock amicably. He truly was a philosopher and his views continued. He said fine and I paid him a handsome final sum and a car.

I was rational, like many home brewers. Many are yuppies--I like yuppies. I used to think they were left-wing democrats, but yuppies are just normal people again. I see a lot of people in the brewing business who are quite sophisticated. They are interested in franchising--they are venture capitalists. My phone rings all the time. I tell 'em my opinion is worth \$50,000. Their motives might not be rational, but their techniques are.

Something about a brewery is magic, but you can be quite rational about how to go about it. There are some extremely nice people in this business. For example, talk to Phil Rogers, who owns a brewery at his Calastoga Inn. That's a nice restaurant and hotel.¹

There are some weird and wonderful people involved in beer. There is a lot of bad beer being brewed and a lot of dumb decisions being made. Money is going down the rathole. It's like making good bread versus making airbread. How many good and successful bakers are there? There's a lot of bad stuff out

¹I did interview Philip Rogers on his suggestion.

there but I am impressed with the sophistication of the people.

We give a two-day course on brewing once a year in the brewery. We get them to smell the yeast. A couple of years ago after such a course, I was standing at the bar with a Texan and others thinking about getting into the brewing business. When I asked him about himself, he said, 'Oh, I'm just a venture capitalist thinking about investing in brewing and making a profit.' So it's come to that, I thought.

So some are business people who have latched on to an idea. They might make widget but they say, 'Oh, let's make a brewery.' This is rational. I was a poet looking for a place to happen. A lot of brewers are philosophically motivated yet--real oddballs. That intrigues me.

But some small brewers are not nice people but cranky, ornery. No body at my brewery would talk to Jack McAullife, who had the first microbrewery, New Albion. I gave orders to be nice to him. He could be weird, ornery. But he was overnight the smallest brewer in America and he could hurt us.

Bert Grant² at Yakima had a brain tumor. I'm a little bit weird. Even the weird ones bring an astonishing degree of technical skills to the brewing business.

But there is an absolute trend toward venture capitalists. They buy a 6-pack of Anchor and sit down and figure, '\$4.99, hmm. Let's see, that's about 84¢ a bottle.' Then they estimate the packaging and shipping costs and think, 'That leaves about 38¢ a bottle for the brewery. There's 330 bottles per barrel so they get \$125 per barrel. There's the malt costs, the hops costs, the bottling costs. Holy moly! The brewer is only making a penny on a bottle

²Bert Grant started the nation's first brewpub, Yakima Brewing and Malting, Yakima, Washington, in 1982.

of this beer! Maytag is right--you need to sell 7500 barrels before you can make a profit! We'll need \$1 1/2 million to get into this business!' So the next thing you know they've got some real or pretend number crunchers involved in setting up a brewing business.

So naive people don't get started or get started on a low level and chip away at it. For 20 years I told people if you want to make money start a restaurant with a little brewery. The brewpub movement is booming and the microbrewing movement probably won't get going. Many have closed and some have survived. Budweiser is like a mother pig rolling over on her farrow. Have you ever seen what happens when a mother pig rolls over and the little piglets get caught underneath?

For that reason the brewpub is where the money is right now. A brewpub can be warm and fun and you are directly serving the public as you do in a restaurant--a lot of fun. The restaurant business is a good place to succeed. But microbrewers have to deal with all those numbers. Three microbreweries in the Bay Area have started and closed--a 50% failure rate there. Excelsior (?) in Santa Rosa is still going but it is undercapitalized.

You can't believe what it takes to brew, bottle, package, and distribute it--beer spoils! It's much more complicated than making wine. You can make wine on a dirt floor, you can be sloppy with wine and still succeed. Aerobic bacteria and malolactic bacillus (check accuracy) will destroy wine, but keep air away from wine and the problem is over. You can dip into a barrel, taste the wine, and pour the rest of the ladle back in! Beer spoils like that! (He snapped his fingers.)

[Here he paused and I asked him about the response of the major brewers.]

The majors have already responded. Miller and Leinenkugel. Look at what Coors has done. They made a Christmas beer last winter! I was astonished. They went national with it. They launched a winterfest. Now they are trying to change the law and take it back. If winter beer doesn't sell, you have real trouble. You have to sell small amounts only between Thanksgiving and New Years. Don't load anybody up with it. Have you tried Noche Buena? [Mexican Christmas beer brewed by Moctezuma] It's revolting to have Noche Buena around later. I hate it. It's got to go away by the end of the season.

Brand diversification by the majors will eat us up. It's the same as with soap and Pepsi and Coke--they put out 29 brands of cola and where's the room on the shelves for Ginger Ale? It's happening in the beer business. Miller's Plank Road is like our Anchor Beer, and they are putting out a Dakota label. The majors are trying to look little. Stroh's started Val Blatz in Milwaukee--a microbrewery. It's terrifying. But I hear it's closing.

We are polite in public, but I hope it [the diversification into specialty beers] fails. What if Gallo could make Lafite? I truly believe, like I said last night, can we put enough quality in the bottle to keep Budweiser from duplicating it? I worry. Gallo can make damn good wine and they have the spectrograph machine on Lafite to see if they can duplicate it.

The restaurant business thrives on personality. But when the beer's on the shelf, the label is the only personality involved, and most people don't know a damn thing about beer. They try a new beer and think it tastes funny and they won't buy it again.

In England and Europe little breweries own outlets [?]. You can't get your wine or beer in hotels and restaurants there. You've got to have a few hundred million there to get into markets. It makes me feel claustrophobic.

Breweries are just adjuncts to the retail corporations. Amfact [sp?], a major hotel holding company, was trying to buy Beringer Wines, but they couldn't do it. They found out late in the deal about the U.S. tied house laws. The only exceptions in certain states is that a winery could have a restaurant. The old Sieben's beer garden was an example of this.

What if Budweiser buys this hotel and puts a brewery in the basement? That was prevented by the tied house laws that forbid a manufacturer of alcohol to own a retail property.

I helped write and change the law in California to allow brewpubs. Now with the new law I have realized that I could buy a Hilton. It sure would be different. Major European investors are now saying to themselves, 'Let's open a chain of brewpubs.'³ Europeans often don't realize we have tied house laws, but they are the likely direction for such a move to come from because of the way they think. The Japanese too.

You can already guess that if a Napa winery is flying the American flag prominently, it's probably owned by a foreigner. They would like to have the French flag at the top of the pole and not underneath the American flag. New immigrants don't play the game our way. The Asians sell their food outside on the sidewalk in San Francisco. We are too polite to say anything, but it's irritating--that's not the way it is done here. It's a silly example but I'm talking about a general cultural problem. They should act the American way in America. They all have wonderful constitutions back home--the Soviets have a wonderful constitution. It's not our Constitution but our culture that makes it work here. And they are buying us all out. [Here just before he stood up

³Check to see if Weeping Radish brewpubs are an example of Germans seeking to do this.

to end the interview he used the objects on the breakfast table to show the encroachment of foreign companies by clustering them together under his hands.] Perrier first buys Calistoga Mineral Waters, then they buy a vineyard, then they buy. . . .

Fritz Maytag, President, Anchor Brewing, San Francisco
Notes on keynote speech at the dinner on the first night of the conference:
Beer Industry--Then, Now, Tomorrow, Wednesday evening, August 31, 1988

[Charlie Papazian said in prefatory remarks to Maytag's speech that there were 17 small breweries (check accuracy) in the U.S. in 1973, now there are about 150 microbreweries and brewpubs out there. He attended the preconference midwest brewery tour, which visited 11 breweries in 3 1/2 days. The breweries ranged from those producing 70 to those producing 70,000 barrels of beer a year, and from 1-year old breweries to 125-year old breweries. Tour members came from places as diverse as Lima, Peru to Osaka, Japan.¹ Papazian said the theme of this year's conference was "What do you do after you achieve excellence?"

In his introduction of Maytag, he stressed his singular pioneering position in the microbrewing industry and the fact that this was the third or fourth year Maytag had delivered a speech at these conferences. The introduction held to the theme of cooperation and camaraderie among brewers. Maytag's voice and accent resembles Jimmy Stewart's to my ear; when I commented on this to someone at my table, he added, "with a little Jim Backus thrown in." The following are excerpts of Fritz Maytag's remarks.²]

Charlie's organization itself is a good example of how to run a small

¹I was told the Japanese fellow worked for Suntory; he was conspicuous at the conference because all the other participants, besides being overwhelmingly male, were of European heritage. Of the 400+ participants, the only black I saw there (other than the Drake Hotel staff) was a friend or associate of one of the participants who a couple of times came to the foyer of the conference to wait for his companion.

²This speech will be included in the taped transcripts of the conference to be available in early November.

business. . . . I remember another brewers convention in Chicago in 1965--I had bought my brewery in 1965 and I did 600 barrels that year. I snuck in the back door of that small brewers conference. I thought it was a thrilling, wonderful, profession--magical.

There were big old men smoking cigars who scared me half to death, but I soon saw they were down-to-earth businessmen. That impressed me, but I snuck back out still shy.

So I am addressing you now. I wish there would be 1000 American breweries again. I don't think it's impossible. I dedicate this talk to Bernie Enf (?), the editor and publisher of Brewers Digest in the 1960s. Bernie wrote intellectual, abstruse, scholarly, religious editorials in his journal. I was impressed! (laughter)

(Here Maytag himself spoke of Greek word origins:) 'Zethos,' the Greek word for beer, comes from the word for boiling or overflowing, and is related to our word 'zest.'³)

We thought we were a struggling disaster. We never knew it was a microbrewery.

New Albion was the first microbrewery--then that meant less than 500 barrels a year. Now a microbrewery is less than 20,000 barrels. A microbrewery is now being defined as a brewery that brews less than just about as much as they think Anchor will brew next year.⁴ I want you to pass us in your criteria so we can be a full-fledged microbrewery again.

(Here Maytag told a story about opening the garage door of his brewery in

³My unabridged Random House Dictionary (2nd ed.) gives the origin of zest as unknown beyond a 1665 French usage for lemon or orange peel.

⁴ Amid the gales of laughter on this one I may have slightly botched the quote.

the 1960s and getting the view of the 30-story Hamm's billboard--one that continually showed a giant beer-mug being filled and emptied--over that brewery.)

Big brewers would come by and have a giggle. But we took a medieval brewery into the modern world. We had a home for old lactobacillus in the pipes at Anchor. We built the first aseptically filtered, naturally brewed beer in stainless steel equipment.

[Here he told several funny stories about yeast, one involved transporting yeast in his convertible from a Northern California winery, I believe, and having to stop every little while and dispose of the overflow from the expanding containers. He also built a pure yeast culture apparatus. He failed one night to open the valve to let the pressure escape. When he drove in next morning and opened the brewery door, the door to the yeast room was bulging. He mentioned several times spending late into the night looking through the microscope at his yeasts to check their bacterial contamination.]

Bill Erf (?) came by to see us when the brewer's association meeting was in San Francisco. Bill was amazed. 'Fritz, you've really done something!' he said.

The more breweries there are the more it will help all of us. We are like bacteria in a bottle: alone we mean nothing but if there are a lot of us we can survive and make a difference.

Where are we going in the industry? Beer sales are flat. That's bad news. That's the background on which everything else is taking place. If Bud and Miller hiccuped, the rest of us might get to 100,000 barrels.

Budweiser advertised for a microbrewer and recently got one. Miller bought Leinenkugel! Miller brewed wheat beer a year ago. Stroh's has built a

darned small brewery designed specifically to brew specialty beers. Budweiser brews more beer than all of Germany. Australians just bought their first American brewing company--Heileman's. Big breweries like Heileman's are the enemies but also our friends. They saved many small breweries from going under by taking them over and they saved a lot of trademarked labels, but now the Australians have them.

Now there are restaurant breweries that can brew a little beer from time to time--they can make non-alcohol beers, dry beers, wheat beers. And you have the Corona phenomena--it's all unbelievable!

I predict change for the future, a lot of it. How much is fad or fashion? There is some hysteria from the media people. How much is anti-big and how much is appreciation for beers and brewing? There is some fad and fashion and it is folly, wise men say, to follow fashion. Now is the best and worst of times.

At Anchor we say you are not a full fledged brewer until you have a nightmare about beer.

The best of times: I dreamed everybody had a beer. There was a Phillips 66 beer. Everybody had a beer. Anchor Beer is a gold mine. We might have a renaissance in brewing in America.

The worst of times: We should all get together and write Augie [head of the Anheuser-Busch family, presumably] a letter about his Budweiser label: 'I know of no beer that costs so much to produce.'

I remember reading the A-1 sauce label as a kid. It took me to an exotic and fantastic world--tamarind, tragacanth. Reading that label was like reading a book about the West Indies. Labels and warnings on labels are a part of this.

I am often asked how much does it cost to make a bottle of Anchor Beer. I say it depends on the bottle. My first bottle cost \$1 million.

I dream of going into a restaurant and hotel and being able to get a Huber's or a Sieben's, not just Miller Lite and Beck's and Coors. Even here at the Drake they serve all the usual suspects.

I think we Americans will turn the world of brewing upside down the way we did with the world wine industry. We made the Europeans change the way they make wine.

We are free of tradition. We love the open market. We love to please the consumer. We like innovation and competition. We have high standards of quality control. The price of Anchor Steam has come down dramatically in real dollars since I first made it.

Someday maybe there will be wheat beers made in England. Porters made in Germany. Smoked beers in France, who knows? If so, it will partly due to the Americans.

There is a small window of opportunity for American brewers--between the cost of making and selling a beer, and there is our opportunity. Our job is to put quality in a bottle and earn more for it.

Now I want to talk about the tied house situation. Our tied house laws are important and help keep our American culture healthy. I fear a chain of brewpubs in America owned by a European brewery. What is to protect Bud from buying 40% of the hotels and restaurants in America and putting a small brewery in the basement of each one?

What if we lost our tied house laws and became like Europe? Everything is all tied up over there. Every try to sell beer in Europe? Maybe tied house laws are responsible for the loss of a lot of little breweries here,

maybe not.

One of your jobs as a brewer is to look around. Do not underestimate your enemies, although large entities can be helpless--like the American military can be helpless.

Sumptuary laws are just compromises. They can be changed. You can be smaller than Bud, but you can be wiser. [laughter]

A lot of anti-microbrewery feeling is surfacing in the industry. I have for years encouraged the megabreweries to support microbreweries. I encourage you to encourage megabreweries--for what they do well, not for all of it. As they say in England, different horses for different courses.

Alcohol: my favorite subject. We make alcohol. You are under attack--there's a man with a tape recorder here, I see, so I may not say everything I was going to say.

As a kid I remember coming down to the living room one morning and watching Mom clean up the glasses from the previous evening's cocktail party. I asked her why adults stood around and drank all that stuff. 'Fritz,' my mom said, 'alcohol is a gift from God. People come from all around the world and need to get to know one another quickly. They are tired and busy and alcohol helps them get to know one another quickly.'

Alcohol can save your sanity and your marriage. Alcohol is not called 'spirit' for nothing. In the Greek play The Bacchae, Dionysus says he brings a gift: the small madness so you will not get the big madness. We have suffered from it but we have benefitted from it in so many ways. We all have the friendships we have made not just over 3 beers but over 13 beers.⁵

⁵I saw a similar quote on the recent occasion of the celebration in honor of Leonard Bernstein's 70th birthday by the black popular musician and composer Lionel Ritchie (I think): "Before I met him I thought he was going

[laughter]

Television will never allow you to show what beer is really for--to feel good, to feel really good. TV won't let us say that.

Alcohol is part of the Eucharist. At the heart of the joy of the Mass is alcohol. Alcohol: it's almost like alchemy.

This is not to say for one moment that the current movement for moderation is not right on, but don't throw out the baby with the bath water.

It's a wonderful thing you do and I salute you for it.

[At the conclusion of Maytag's speech, C. Papazian excerpted highlights from Maytag's speeches made at this conference in other years. In 1983 Maytag said, "Don't forget that most businesses fail. The ones that succeed are the ones whose owners are there 18 hours a day greeting and serving you, who have that commitment to excellence."

,In 1984: "We are independent because we are dependent--a part of a network of people--accountants, electricians, plumbers, relatives, etc., etc., that we could depend on to build a new brewery."]

to be just another classical composer. But after 6 bottles of champagne I really loved the man."

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[Jack Owen, 33, came to the conference only on Friday; he was the last person I interviewed formally. A native of Santa Anna, California, whose family has lived in California several generations, he is a quiet, very thoughtful man who started out the interview slowly, but when he warmed up about brewing and about the history of the Dubuque area and the brewery, he became very loquacious and informative. I also flattered him honestly with my praise of Rhomberg Ale, which is one of my favorite beers when I can find it in Chicago. The next day during the brewpub tour, the two officials of the Chicago home brewers club who ran the tour talked of him and his beer with awe and were planning to visit his brewery soon for a tour. We talked more after the interview about Dubuque; on parting, invited me to call on him some day for a personal tour of the brewery. I began the interview by mentioning that several years ago my wife and I stopped in Dubuque for an afternoon on a drive down the Mississippi River and happened upon an annual festival featuring roast pig sandwiches and Picketts Beer, which I thought was made by Dubuque Star. He said that Picketts Beer was not a proud moment in their brewing history, then continued the interview with the following comments.]

I have a chemistry background from college--UCLA--and worked for Hughes Aerospace for 2 years. That industry wasn't growing and I entered the U. of Calif. at Davis program in food sciences. I foresaw that the same thing that was happening with wineries would happen to the brewing business. I studied

under Dr. Lewis, who expanded brewing studies into a branch of the Fermentation Sciences Program, which now includes 3 categories: wine, which has been in existence for 80 years; food and pharmaceuticals; and now brewing.

Dr. Lewis was used as a consultant by the new investors in Dubuque Star to see if it was feasible. First an elderly, about 80 year-old, brewmaster was brought in. He unpacked his bags one day and looked around the brewery, then repacked his bags and left. It was a good decision. Dr. Lewis then recommended me for the job. He told me there was no better way to learn the business. It's been a 12-hour days and long lists of problems, but I've been there 5 years. We are still rebuilding. We are beginning to use computer technology on the new stuff.

The Rhomberg family operated the brewery until about 1970, then they leased it to Joseph Pickett until 1980, then they leased it to AGRI Industries with the Picketts staying on and operating it. Did you see the movie 'Take This Job and Shove It?' [Yes, I replied, it was about a brewery about to be shut down and the workers and community rallying to save it.] Well, that was filmed at Dubuque Star while the brewery was closed down, and it was a case of life imitating life. That's pretty much what happened. AGRI was more interested in the location on the Mississippi River for a rail, barge, and truck transportation facility. AGRI had reverses in business and Anthony Rhomberg, who is 88, still gets his rent check for the lease.

Rhomberg owned much of the town, including blocks where the taverns were, so he controlled the local beer market.¹ He also owned the main bridge across

¹This appears to be a case in which a de facto tied house system existed in the U.S. through ownership of property but not the taverns outright. Jack implied that Dubuque was such a company town that Rhomberg was guaranteed a market for his regional brewery.

the Mississippi. AGRI closed the brewery in 1983 and looked for someone to take it over and relieve AGRI of lease liability. The three Milwaukee investors who came in were not brewers. Dick Armitage was in the steel heat treating business. John Niebler was a lawyer who had been very successful in the shoe business. Later Dick stepped aside for new management. Mike Jaeger came on board and brought the Erlanger label over.²

The Star line of beers came earlier, then came Dubuque Star and Picketts beer. The brewery is still called Dubuque Star. The premium Dubuque Star beer was Rhomberg All Malt beer, with no additives and no preservatives, a Vienna-style lager. The brewery has a German turn-of-the-century brewhouse still with the original brew kettle. Erlanger was the premium Schlitz brand, but they had let it go down. When Stroh's bought Schlitz and got it, it dropped in production and sales even further. They stuck with their premium Signature label and finally dropped Erlanger completely as too much to handle. Some of the people involved in the stock sale by the new investors at Dubuque were familiar with Schlitz. So when Mike Jaegar came on board, he brought Erlanger over. He gave me a recipe and a couple of cases to duplicate the beer. Now we make it too. It meets Reinheitsgebot standards as an all-malt, 4% alcohol by wt., pale lager. It's moderately bitter but aromatic.

With a pale beer being sold under that label, we dropped the Romberg Classic Pale Ale (brown label) but kept Rhomberg All Malt (blue label). We also make Dubuque Star Beer, which is more for the standard palate, but it's

²Jack gave me Michael C. Jaegar's business card, which lists him as Vice President, Sales-Marketing and his address as National Sales Office, Dubuque Star Brewing Co., 225 Regency Ct./Suite 200, Waukesha, Wisconsin 53186, phone number (414) 796-1808.

all malt, too--the only all-malt 'price' beer being sold.³

We have a 100 barrel brew kettle, which gives us a capacity of about 30 or 35,000 barrels a year. We are doing 10,000 barrels per year now.⁴ Pickett's supposedly did 76,000 barrels a year, but we haven't figured out how they managed that yet. Plus we are in the malt extract business for food ingredients for a food supplier company--Specialty Products, a division of Ingredients Technology, Inc., which has just been bought out by Compton-Knowles. We distribute primarily in Iowa, but Rhomberg gets to Chicago, and management is trying to reestablish Erlanger markets. I don't know a lot about what happens to the beer when I wave it good-bye as it leaves the brewery on trucks.

People saw a niche like happened in wines and jumped in. There are trends in everything--now people want the best, and with beer it was getting boring. People wanted something different and imports showed them what was possible. And the locals said, 'Hey, we could do it better.'

I'd love to see us do a lot more like Rhomberg--a beautiful beer needing more exposure to the public--it's the same with Erlanger. I have nothing against seasonals and specialties--they are fun and it keeps people interested. But the main thing is to have people interested in your main brand.

³The home brewing club officials I spoke with the next day said that they love the beer for the price and buy it by the case whenever they find some in Chicago.

⁴This technically puts Dubuque in the category of a microbrewery, although with the capacity to again be a regional brewery. Also, Michael Jackson says (p. 147) that the name of the former Pickett's brewery in Dubuque has been restored to Rhomberg, but the two business cards Jack gave me say Dubuque Star. The Microbrewers Resource Handbook has no listing for Dubuque that I can find, although there is an index listing for Rhomberg Brewing Co. for p. 225, where I found no mention of it. Talk about ambivalent role status!

Dubuque Star is a one-of-a-kind brewery for the U.S.--more like you would see in Germany. It's been very well preserved over the years, although it took an enormous amount of work to restore it to its proper condition.

We are beginning to bottle beer in 16 oz. non-returnable bottles. We also contract brew Darrel's for 7 Southern states centered around Florida, Georgia, and Alabama. It won second place in the American premium pilsner category behind Stroh's Signature in the Consumer Preference Poll, but that's largely because of the pig on the label, I think. Darrel's is a Southern restaurant chain. We are also going to do a Leona's Beer for Leona's restaurants in Chicago--these are ways to get the barrelage up [these are probably similar to their Dubuque Star] and to make sure the company can pay me back for going to something like this conference.

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Carol A. Stoudt
Owner, Stoudt Brewing Company (microbrewery)
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Adamstown, Pennsylvania 19501
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[Brewery Association members recommended I interview Carol Stoudt, who they said is one of the only woman microbrewery owners. However, I had met her earlier in the day and had already arranged an interview, which was held on August 31 after the first evening's dinner and the Fritz Maytag speech. Her husband, a calm, rumpled but assured-looking, pipe-smoking man in his mid or late 50s, joined us for the interview and often interjected comments, which I was not able to separate from hers. Her clothes and make-up clearly signaled she wished to be taken for younger than her actual late 40's-early-50's age, although she was still a very attractive woman. It was also obvious that although she legally owned and operated the brewery, he was a guiding force in it and kept out of more official role primarily by the state laws that prevented him as a restaurateur from doing so. Amsterdam is a Pennsylvania Dutch area between Redding and Lancaster. The Microbrewers Resource Handbook lists the brewery's capacity at 3,000 barrels annually, but see p. 4 below. The following are her comments, mostly.]

Three years ago I would have told anyone I was crazy if I said I was going to do this. I never even drank beer. At fraternity parties I used to slip into the ladies' room and pour my beer down the toilet.

I have an MA in early childhood education and taught for 6 years in kindergarten and elementary school. I became president of the educational association--the teachers union. One night I stopped at a restaurant and met the owner, who was the man who would be my husband.

He dated and romanced me to Germany, and there I learned that beer could be good. And I got caught up in the romance of the small brewer. Everyone drinks their own local beer in each village. At the next village they drink a different beer. They are not drinking labels but good beer. My husband always drank beer.

We became 'beerified.' We drank DAB, etc., or what we thought were those beers at his restaurant, but they were lightstruck. We wondered what happened to the flavors and why they should be trucked across the ocean. We learned that the European beers we were drinking at home were brewed just for the American market. Heinenken sold here has rice and corn in it. People think they are drinking wonderful beers.

We went on another holiday to Napa Valley and saw Americans could make great wines, and in Canada we saw small pubs making great beers. Five years ago in the Northwest we toured twenty small breweries. We saw that beers could be unique to an area. All these influences inspired us to make a brewery.

For 25 years my husband has had a restaurant. We thought, 'What could we do?' He has a large beer garden, but people were drinking labels. Why are they so loyal? It was the same romance and mystique.

We started going to conferences on beer. We first went to this one 4 years ago. We went on preconference tours of breweries. We got a wealth of information from the people we met. You are sharing and grasping all you can and seeing if you can apply it to your area.

Lancaster had 24 breweries and Redding had 9 before prohibition. Maybe we were not in population base for it, but maybe we could participate in the microbrewing renaissance. When our youngest started kindergarten, the idea of

a microbrewery was floating around in a school teacher with 5 kids.

Why me? My husband has a liquor license and in Pennsylvania you cannot manufacture with one. There are 3 separate licenses requiring separate financing and separate companies: manufacturing, distributing, and dispensing alcoholic beverages.

The brewery is brand new--3500 sq. ft.--near my husband restaurant but on separately purchased land. There are no doors from the brewery to the restaurant. The beer is taxed before it goes to my husband's restaurant--there's a lot of legal riff raff to deal with. So instead of making just a brewpub, I decided to go a little larger and become a 100-mile radius beer. We were not bottling at the outset, and draft is a beer only for purists. People will try beer in bottles but marketing draft beer is difficult. People don't get loyalty to draft beers.

Our beer is all bottom-fermenting lager. People there like it and historically it's a lager area. We follow the German purity laws--the Reinheitsgebot. The flagship is our golden lager, an interesting Bavarian style beer--very drinkable.¹ We knew it couldn't be too different and that it would appeal not only to yuppies but to all palates.

That was the one we first perfected. It's my husband's favorite style. It won a silver medal at the Great American Beer Festival in Denver on June 2 in the very difficult Bavarian-style category. That gave us national recognition because it is the most prestigious category. It helped me locally in selling it because it showed I was not just a hobbyist.

We also make a true pilsner, a dry lager made with Czech hops. We make a

¹I note, however, that the Microbrewers Resource Handbook lists their Gold beer as being in the Dortmunder style. It also lists their other beers as being Pilsner, Amber lager, Octoberfest and Bock.

hoppy amber beer something like Anchor Steam Beer--it's a spicy California style. We also make specialty beers--an Octoberfest beer--and in November we brew a Christmas beer, a warm to chocolately beer, and we will make a spring bock and a Maibock--all very malty and spicy. We brew 30 barrels a week. We are limited by our storage capacity.

We need for people to have a commitment to our beer. We need the tavern owner to always have it so people come there and know they will find it. Our marketing and growing will be slow--before we were throwing it out on the market haphazardly. But people found us and saw the beer and liked it and wanted to know how to get it. We also found distributors--one in each county.

[How did you finance your brewery?]

I have one minority partner, but it's mostly self-financed and through the bank.

[What do you think of the microbrewers association itself?]

Oh, sure, it's great. You get people with a wealth of ideas, including equipment people. You find out what people did and what they would have done differently. It's very helpful. People are very open and sharing. It builds confidence to hear others' stories.

My husband loves antiques and deals in antiques. He bought antique beer equipment from a defunct museum. There was a 1901 bottle filler. We shined up the brass and learned how to use it. A plumber-supply business friend helped rebuild it. We got some bottles and caps and began bottling some beer. That way we could take some to tavern owners to taste it. We thought it would last a week--the beer is not pasteurized and all of it loses freshness. I sold a case to my husband. We sold a decent amount before Christmas as holiday gifts--pre-beer festival award--we sold it in champagne bottles in 4-

packs.

[What do you think is behind the microbrewery movement in general?]

The more small microbreweries there are the better it is. We are educating people that beer is a special drink. Beer is where wine was 20 years ago. First there was Lancers and Mateus wine that we all started out drinking. It's like that with beer. Now there is a world of beer styles. Beer had a bad reputation--now we're not ashamed to drink it at a cocktail party. We educate 150-200 people a week with our brewery tour.

[Here her husband Edward Stout spoke:]

Let me explain historically why Americans were not brewing good beer. Prior to Prohibition beer in our area was made according to German law. It became illegal and the racketeers took it over. They wanted it made quick and cheap. Repeal came at a bad time because of the Depression. The new legal brewers who also made it cheaply sold the most. Good brewers went out of business. Now corn and rice are routinely used by successful brewers. The tradition in our area of the country started with William Penn and Thomas Jefferson, both brewers.

[What do you think of the future of demands in the industry and the structure of the industry? Edward answered the first part of this, then Carol joined in.]

Microbrewers are getting close to having 1/2% of the market. It's going to get bigger but not over 4 or 5%. It could teach Americans about quality. We can take care of ourselves instead of buying exports. It will encourage bigger breweries to make better beer.

A microbrewery should be a regional brewery. You should get Stout's beer and ring baloney in Pennsylvania Dutch country and something else elsewhere.

Maybe there can be a 1000 microbreweries, but not too many in one location.

People are more health conscious. They want chemical-free beers. The timing is right. Americans should be proud of their regional heritage.

[In general, what kind of competition do you expect and what can you do about it? Both answered this together.]

Competition is not bad. It makes you sharper. You make the best beer possible, the freshest, with the most sanitation. With more competition, it keeps you there.

You will see more pub brewing than microbrewing because of the low return on a large investment--selling at retail. We are kind of in-between because of the restaurant. We are in a unique niche because of the restaurant. We would like to see more brewpubs. Socializing is very important with beer.

Brad M. Veitch
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[Brad Veitch is 27 and has a biology and chemistry background. After graduating from the University of Guelph, he went directly to work for Wellington. He is a slightly built, unassuming man, but was quite willing to talk about the Wellington microbrewery. Shortly after this interview I joined him and the other two Wellington representatives mentioned below for lunch. And on the Saturday brewpub tour I chatted with his senior colleagues several times and standing in the Weinkeller Brewpub brewing room got from one of them an impromptu lesson in how the machinery (kettles, vats, heating, piping, etc.) for brewing work.

He said that Wellington has been opened three years and was one of the first microbreweries to open in Ontario. He had difficulty thinking of the capacity of the brewery in U.S. units, but the brewhouse capacity is 16 hectalitres and they currently are brewing 4500 hectalitres per year.¹ The following are his comments.]

The brewery specializes in English-styled ales. Our uniqueness is making a cask-conditioned, non-filtered product. We have two main types of beer made this way and sold in casks: Arkell Best Bitter and Wellington County ales. We also bottled chilled and filtered beers: the Wellington County ale and a premium lager.

¹Michael Jackson's Pocket Guide states in part: "The first cask-conditioned ales from a micro-brewery in Canada were offered to an often-bemused public by this brave company in Guelph, Ontario. Historically, the area has links with the Arkell brewing family in England" (p. 132).

The brewery was founded by Philip Gosling, an expatriate from the UK who was involved in the Real Ale movement. Initially he wanted to create real ale and then later he went to the chilled and filtered product, primarily to achieve financial stability. The brewery was initially a partnership between Gosling and another man [the other Phil?] and a few smaller investors, but now Gosling is the sole owner.

Our beers are geared toward a clientele with discriminating tastes and are sold to English style pubs. In Ontario a wide range of people drink our beers, but primarily they are upper middle class. We distribute our own beer in a 150 mile vicinity that includes Toronto and London, Ontario as well as Guelph.

We have found the microbrewers association very helpful over the years. The movement is expanding rapidly. We expect another 4 breweries to open in our area before the end of the year, and there are now about 12 there, including brewpubs.

We have felt no problem with the majors because of the small amount we sell. It is a stagnant market and so the microbrewery movement should be good for the industry as a whole. We have gone to the NBAA meetings and like brewers everywhere I found them very helpful.

Bill Owens
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(415) 538-9500 "a.m. please"

[Bill Owens appears to relish a reputation of a maverick in the brewing business. He is what in Texas we used to call a "character"--an eccentric and unusual person. M. Jackson writes that "'Buffalo Bill' Owens has been a pioneer and protagonist of the brewpub movement, and has even sought to have the term trademarked. Owens was once a distinguished photo-journalist, and owns the magazine American Brewer" (Pocket Guide, p. 152). His brewpub was first opened in September 1983 and has a capacity of 450 barrels. He makes at least 4 kinds of unfiltered lager, including a wheat beer, a pumpkin ale, and an oatmeal stout.

On the first afternoon of the conference I had spoken to a business associate of his, a California nuclear engineer who first came up to me because he thought he recognized me. When we realized it was mistaken identity, he introduced me to Bill, and we agreed to talk on the morning of September 1. But at the dinner and Maytag speech the first evening I sat across the table from Bill. At one point he said loudly over the banquet table to the marketing guy who boasted of being in MENSA that he himself had been a poor student and is just "in the alcohol business. There are two things that men will pay money for that you can give them and they will come back for more, and I sell one of them" (not a drug reference per se, but a reference to booze and whores). Buffalo Bill then turned to me and asked if I had ever seen the book Suburbia. Sure, I said, I used to stock it when I managed a book store in Southern California in the early 1970s. A

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sociologically-oriented photography book, I recollected, and acknowledged I had forgotten who the photographer-author was. "Bill Owens," he replied, "but I've since put my cameras away for the alcohol business."

Bill dressed much more casually than most conference attenders, often in jeans, a t-shirt and perhaps a leather fringed vest. I also had an amusing conversation with him the following Saturday at Chicago's Goose Island Brewpub, during which he invited my wife and I to "crash" at his house on our next trip to the Bay Area. I promised I'd visit one of his brewpubs. He is due to open a second one--Greens, I believe is the name--in Fremont on September 20, and he said he has signed a lease to do a 3rd on Telegraph Ave. in Berkeley, to open in late December. Much of the time at the conference he appeared to be hustling one or another of his business enterprises, explained below. The following are his comments, many of which he had undoubtedly used in cajoling potential investors many times before.]

My background? For 9 years I ran a small newspaper and was a photographer. I have a love of sociology. I like to see how people decorate their houses and decorate their yards and garages. I've written poetry and short stories. I was influenced by a writing course I took at Cal State taught by the late novelist John Gardner, and by the Farm Securities Administration photographer John Collier.

After my divorce, I put the cameras underneath the seat of my car. I wasn't commercial. I've been a home brewer since my college days. A friend said, 'Open a brewery.' Great idea! But I was discouraged by the idea of bottling the stuff. I knew 3 months ahead of the law change in 1983 that brew pubs would be allowed in California. I raised \$110,000 from 27 investors and

opened Buffalo Bill's on September 9, 5 years ago.

I brew 30 barrels a month at Buffalo Bill's. I will eventually get to brewing 50 barrels a month. I sell another 30 barrels a month of others' beer. I am the only brewpub in the country to sell other brewers' beer. My next brewpubs will make 100 barrels a month. That's 31 gallons a barrel or 360 glasses at \$1.50 a glass.

It was the third brewpub in the U.S. It took 9 months to get the doors open, or it would have been the first. I had no consultants or association to help me. I lay in bed engineering how to upscale a home brewing operation to business size. Most people now don't have a background in brewing. They ask dumb questions, but they will learn.

I like to pick people's brains. My philosophy is I'm in the beer business, to sell beer directly to the customer. I own a bar, with a little class 2 kitchen--soups and sandwiches--to serve food on the premises. Most of my money is made from 4 p.m. to midnight. I have one full time employee and 4 part time employees. I work there 4 hours in the a.m., and most of my money is made while I'm home in bed.

I publish the American Brewer most of the day. So I feel I'm a spokesman for the industry. I do consulting for several brewpubs now. I also publish a little map that shows all of Oregon and California's brewpubs. I sell them to brewpubs. I get a lot of mail. I hustle money. I've raised \$1/2 million from close to 80 investors to finance breweries.

I have a 'pro forma' at my fingertips for people to go forward. I make money for myself and investors. I'm not interested in microbreweries. The money is to be made in brewpubs. You can get \$20 a gallon for beer at the tap--that's more than Portuguese olive oil is worth. I can pay my employees',

my bills, make a profit, and get on with my life.

From day one brewpubs are solvent. Microbreweries have accounts receivable, middlemen--I'm not interested in fighting for space at the supermarket.

I thought I'd be an overnight success, but I've been content with 20% growth a year. I bring in \$20,000 a month now. The business has matured on a nice curve, not overextended. I now have a brewer, an accountant, and I can walk away from the business and it keeps running. At first I was paranoid--I wanted to count the cash drawer at 2 a.m. I had no trust, but I have learned how to let go. I can keep my focus on raising of more money to keep going. Brewers are dreamers but we have to get the cash.

I know the idea is right because I have a complete business plan written and spend 3 or 4 hours a day raising money. I wouldn't do a brewpub now for less than \$300,000, but I could now with experience. I know where I have to be clean in a brewery and where I can be dirty--and if I don't I know who to call.

I have investors who have never been to my place. Little old ladies send me money in the mail. I know how to write a press release and promote. I advise people to go into limited partnerships agreements. No one will go risk???? no performance record. I'm not secretive. You've got to get the money out there to make it happen. How do you get it out there?

One attorney who is involved in the new brewpub on Telegraph Ave. said he could sell the stock in 3 days, but I end up selling the stock. I'm more persuasive and I can cut deals. I ask, 'Can you put up \$25,000?' I'm not telling them what a wonderful character I am and all about styles of beer [there was contempt in his voice here]. But my attorney can help with

professional letters and by helping put a polished package in the mail.

We have a formal business plan--most don't have it. Without a business plan on paper how can you sell dreams? I figure project costs and earnings so investors see I have a business plan. I project at 75 barrels--only 25 more than Buffalo Bob's--so if we can get 100-150 barrels we make a big profit. I have credibility in the market. I have a position in the market with my brewpubs, my publishing, my maps, etc. Now I can go sell stock.

For a new kid on the block with no business plan it's harder to do it, but they can do it. They can get my business plan. I sell my business plan for \$2500. It took me 7 months to write it. I got some business students at Cal State Hayward to help and they wrote up a business plan, but I tore it up and rewrote it at the typewriter. Now I have a book this thick [fingers a couple of inches apart] on how to start up a pub brewery. It's 165 pages.

What's \$2500 if you are going to spend \$300,000 to open a brewery? Every day you aren't open is \$1000. I've sold 10-12 a year.¹ It's a complete business plan, with pro forma and time lines there. It has a blueprint for a 30 page plan for starting their own limited partnership agreement.

The motivation for opening a brewery is entrepreneurial--people wanting to control their lives. One attorney from New York City--with credentials out the ying-yang--told me, 'I'm not capable of making decisions in my job. They won't let me. I want to be able to make decisions and have some control of my life.'

It's the excitement of making it on your own or going broke. I don't need an alarm clock. It's exciting to get up at 6:30. It's the second craft

¹When I mentioned Owen's business plan to Daniel Bradford of the Brewers Institute, he retorted with contempt, "Yeah, and how many has he sold? One, I think."

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I have mastered in my life. I have been published widely as a photographer and have had exhibits.

I have something men need--alcohol. Men pay cash for two things--sex and alcohol--and I have one of them. It's a controlled substance people want. There has been a tremendous emphasis on the quality of life in America. Getting away from Wonderbread, from the big breweries. There will be thousands of breweries in California alone. I read the food pages of the San Francisco papers. It's the same thing with fine breads in California. There's no tradition--just an emphasis on the highest quality possible. I cater to no one.

Philip Rogers
Owner, Calistoga Inn (brewpub attached to inn/restaurant)
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[Fritz Maytag had recommended I talk with Phil Rogers, calling him a very nice man. We talked beginning at 4:30 pm Thursday, September 1, 1988. A gentle-mannered, friendly, bearded man, he seemed to know many people at the conference and had made many friends there in a fairly short time. He invited me to call him the next time I was in Northern California and come up and spend some time at his brewery and inn. The following are Phil's comments.]

I'm 52 and have been in the restaurant business in Calistoga 10 years. Before that I spent another 4 years working as chef and general manager in a San Francisco seafood restaurant, Scott Seafood. Before that I was in the real estate business for 16 years, since the late 1950s. I went back to culinary school in the mid 70s, 14 years ago.

Calistoga has been a hostel 80-100 years--since around the turn of the century. It never closed, but it was pretty tired when I got it. We use a separate building for the brewery--an old concrete water tower that had been used for storage and was in good shape. We installed a gravity brewing system in it.

Prior to starting up the brewery I had gotten interested in home brewing and had started a beer list at the inn--I put it into print. That made us unique in the valley. I couldn't compete with Napa wine lists, although 2/3 of our sales are still wine. I started a beer club 5 years ago at the inn--I

brought in lambic beers. Customers would get an embossed beer mug when they had tasted 60 beers. It created an interest in beer.

I attended Charlie's [Papazian] acts in Denver. I took more courses at Davis. That led to more interest in being professional about it.

The inn didn't have the luster to food writers after a while--we were not as hot. I thought this would give us a lift. And like the cooking, we had to fund it out of our revenue--the brewery looked impossible. So it was evident that if we were going to do it, we have to sell our liquor license. As a real estate agent, I knew that would reduce the value of the real estate. But I saw establishments with liquor licenses going out of business and with more interest in wines, I saw it as a good risk. So we sold the license and financed more property and put in a beer garden and brewery--and we got a tonic, a fresh start.

We started the brewery a year ago last June. It was finished October 1 and we had beer at Thanksgiving. Of course the season was over by then, but we had a better winter than usual. Our season starts in the spring and goes through grape harvest.

The wineries have been very supportive when they saw the effect of the brewery and beer garden. Some wineries used our beer for their harvest crews, so they don't fear us--they want to do more with us. We have a button that says, 'It Takes a Lot of Beer to Make Good Wine.'

It looks like its going to work. It has boosted the spirits of our employees. Food writers are looking at us again.

We make 2 lagers, a pale Dortmunder style and a dark Munich style. We also make a red ale--a floral California ale like Sierra Nevada's--it's bitter but aromatic in a floral way because of Cascade hops. We are having fun

trying other things--a spring ale, paler than lager. I want to do a wheat beer. We have done a Scottish ale--like a mild but fuller bodied and a little sweeter. We did a bock once. It's like working in the kitchen--you can get creative.

We have two menus: fine dining inside--white linen, but a country bistro style with hard floors and noise. The food there is California eclectic, emphasizing seafood. Outside is an arbor and hop vines area on the river with a beer garden at the base. The food there is from a less expensive pick and choose menu. We grill burgers, ribs, and fish and serve ossobuco--food geared for beer.

We brew twice a week in season and we'll do 14 barrels in a big week, 750 barrels in the full year. Our clientele is locally based--that's what we shoot for and hope the visitors will follow. Calistoga is a poor man's Baden-Baden, a spa town, a mineral water town. People there are into wine and food. I have thought of starting another one but I don't think it would appeal to me.

R. Stephen Vilmain
General Manager, Drake Diner (starting up a brewpub)
1111 25th St.
Des Moines, Iowa 50311
(515) 277-1111

[When I first spoke to Steve, 35, on Thursday, he said he was flying to Des Moines for a meeting Friday morning with a group of investors to finalize a contract on building a brewpub in Des Moines. He said he would be flying back to the Chicago brewing convention Friday morning and would talk to me then. When I met with him at 1:30 that afternoon, he was in an understandably ebullient mood, since the financing for the brewpub had just been approved, although he said he had been confident that the investors would agree. The following are his comments.]

I've been in the restaurant business 20 years--9 years in South Florida then back to the midwest. I'm coming at this strictly from the restaurant business angle. I've been general manager of the Drake Diner for the 10 months that it's been in business. The Drake is like the Fog City Diner in San Francisco--we went out and looked at it when designing the place. The Drake was part of the revitalization of the Drake University area. Although less than 5% of the diner's business is from students, most of it comes from university-related clientele.

The Drake was so successful I wanted to do something else--a seafood restaurant, perhaps on a barge in the river. The idea for a seafood restaurant came first, then came the idea for a brewpub-seafood restaurant combination with a seafood market attached.

So just today I got the financing for a new Des Moines fresh seafood

restaurant with a brewpub.¹ I met with the board of directors of Franklin Reality, a group of about 15 different investors. They approved \$1.5 million for the project. It will have twice the seating as the Drake Diner, and the same group had invested \$1.2 million in the diner.

The brewpub will have seating for 350 and it will be located on the Des Moines River. There's no development on the river yet and this will be a first. It's currently park land, but we have lobbied the mayor, the city council, and the city manager and they are supporting it. The land will be developed under an urban renewal program.

I'm overseeing this project just as I did with the diner. I may bring in a brewmaster. At first we will use simpler extract brewing, but later we will go to all grain brewing. With extracts we can get a brewpub going with a \$100,000 investment--that saves over \$25,000 for grain brewing equipment. We will do three mainstay beers: a light lager, an ale, and the 3rd may be another lager or a seasonal beer.

It will be the first brewpub in Iowa. There is one microbrewery, Millstream, in Amana. Goose Island's² brewmaster had been in Millstream before coming to Chicago. We'd like to be started this fall and open the brewpub in late spring.

Our clientele is a strongly affluent workforce--Des Moines is the 2nd

¹Twice during the interview acquaintances of Steve strolled by and asked how the meeting went. When he said the plan was approved, there was a great deal of shared excitement and thumbs-up gesturing.

²Goose Island is the fourth and newest Chicago brewpub. I was told by the Chicago Beer Society (home brewer association) officials who led the Saturday brewpub tour that Victor, the Goose Island brewmaster, was currently brewing the best beer in Chicago and that he was a graduate of the Siebel Institute of Technology in Chicago--one of the two main brewing schools in the U.S. (the other being part of the U.C. Davis enology department).

largest insurance capital of the world. But in the midwest we have to be moderately priced to get broad appeal.

We'll use the same general organization that we used for the restaurant business, but we'll keep the records of the brewpub separate to analyze the costs separately. I'm into computers and will use them to analyze the business. Within the last 10 months I've gotten the confidence of my investors to do this because of the success of the diner.

Later on down the line I'd like to do something else--but still in the restaurant business. Maybe build other brewpubs with the same investment group. I wouldn't even consider a microbrewery--it makes no monetary sense.

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Duane Bateman
President, Farewell Bend Brewery (brewpub in planning stage)
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[I spoke with Duane Bateman, an athletic-looking man of 30, the first evening of the conference, and we agreed to talk at 5:30 the following afternoon, September 1, 1988. His business card has the name of his brewer inked out, indicating that his business plans were not going smoothly. The following are his comments.]

Bend is in central Oregon. Up to now I have worked in the Mt. Bachelor Ski Patrol. My girlfriend is a smoke-jumper for the forest service. We built a log house in the last 6 years. She financed the house from her summer work. I've been brewing at home since 1980.

The decision was made for me last year when I took a fall and ruptured a disk and had to leave the ski patrol. When I got out of the hospital I began looking at the Portland brewpubs and getting ideas.

I've got a business plan and it's out to investors, and we are looking to get a loan against the house. We're also going to the SBA, but basically we're in limbo. We do have a tentative location--part of an old papermill in Bend.

I plan to make three main styles: a pale ale, a brown ale, and a stout--and a seasonal beer like a wheat or a Porter or a wassail ale.

Basically I want to cater to the locals. It's an upscale idea but I want to tone it down a bit so that people who work in the mountains and resorts there would go there first and then through word of mouth recommendations they

would bring in tourists. I want to make it a clean place.

There are two definite seasons in Bend. Skiers in winter and in the summertime we get other kinds of vacationers. And I want to appeal to the locals in slack time.

The Brewers Association is a great organization. It's great how people want to help one another. I've even been hanging out with a brewing engineer for Bud. He's been very helpful. Bud is looking at doing a pilot brewery and they are interested in my plan. This is my first year at the conference.

We are settled in Bend and want just to operate a brewpub and stay there. I'll get a friend of mine to run the pub and restaurant and I'd run the brewery. I'd like to come up with a Mt. Bachelor recipe for beer--something you can only get there.