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Ninety-nine bottles of beer on your desk would be a good thing if you were one of Atlanta's burgeoning microbrewery owners.

By [Name]

#### WHY WOULD ANYONE WANT TO OPEN A MICROBREWERY?

The work is arduous. The equipment is expensive and can be operationally dangerous. It's physically demanding, too; even the president helps haul cases out to the delivery truck. The market is already glutted with specialty beers, anyway. And, according to the Institute for Brewing Studies, about one out of 6 new microbreweries fail.

But ask any of Atlanta's microbrewers, and you'll get a similar answer: passion. "I love everything about beer," says Clifford Moran, who founded Dogwood Brewing Co. in 1996 with \$750,000 raised through private investors. "In my business it's hard to separate when my work ends and the rest of the day begins. To make a quality beer, you have to put in 10-hour days; that's how long it takes to get it to the fermentation tank. If you're attentive to detail, the hours really add up. On top of that, when you're out selling and marketing, you have to be out late when the bars are open."

"I have a friend who makes a living from the internet, and when he explains his business people's eyes glaze over. Brewing, on the other hand, is fun."

With a meager 4 employees, Dogwood manages to churn out 3 products year-round, plus seasonal ales and spring and fall drafts. Not

too shabby, considering it takes about \$10,000 to produce and bring a new beer to market. The firm is in an expansion mode, says Moran, who plunges most of the monthly profits back into new kegs and fermentation machines. Its Dogwood Pale Ale was named Atlanta's premier microbrew by the "Atlanta Journal/Constitution" in 1997.

Like Moran, Matt Patterson, founder of Sweetwater Brewing Co. — which sold 4,000 barrels in 1998 — doesn't have an advertising budget. Instead, you may find one of Sweetwater's 6 employees shaking hands with Buckhead bar patrons and distributing coasters and pint glasses at Virginia-Highland hangouts. And like Moran, beer is the 30-year-old Patterson's "whole life."

## I love everything about beer.

Clifford Moran, Dogwood Brewing Co.

"My partners and I spend 70 hours a week here. The fact we haven't killed each other is a minor miracle. But we all believe in what we're doing. Our goal is to just keep pumping out good beer," he says.

And as for recreational drinking, Patterson puts it bluntly: "There are far fewer heavy drinkers among microbrewers than among stockbrokers and lawyers."

### The challenges of youth

Atlanta's craft brewing industry is in its infancy. (Brewpubs, where brew may be brewed on premises, were only legalized in Georgia in 1996.) And microbrewers face an uphill battle. Internally, they toil daily to maintain product freshness, differentiation and consistency. Competition from lower-priced, national products is overwhelming. Convincing a distributor that adding a craft beer will enhance the product line and increase profits is a struggle. And gaining market foothold takes continual vigilance.

Atlanta's home-grown brews are clearly making their mark, however, particularly in national and international competitions. Atlanta Brewing Co.'s Red Brick Golden Lager won a gold medal at the 1998 World Beer Cup in Boulder, Co. Sweetwater's 420 Extra Pale Ale won a silver there in 1998. Dogwood earned 3 silvers at the 1997 World Beer Championships. Two Atlanta brewpubs, Rockbottom Brewery and John Harvard's Brew House, took golds at the 1998 Great American Beer Festival in Denver.

Georgia has 15 microbreweries — defined by the industry as selling less than 15,000 barrels of beer annually — and 11 brewpubs. Yet Atlanta still has a long way to go to catch up with the likes of Seattle, Portland, San Francisco, Denver and Boston. (Metro Denver, for instance, boasts over 100 microbreweries.) Currently, only a small fraction of Atlantans, primarily 25-35 year old single males, imbibe micro beers.

Glen Sprouse, co-owner of Phoenix Brewing Co., attributes it to a regional character flaw. "We're a city of spectators. We're educated as to microbreweries; we read but we're not very experienced at trying new things and participating."

Case in point: the average beer drinker probably doesn't know, or care, there are some 3,000 beer styles to choose from. And most Bud and Coors fans prefer to slug, rather than savor, their beer, which is why microbrewers are on a unified mission to educate and elevate consumers of such "bland" beer to the more sophisticated pleasures of traditional brew.

### Brewers on a mission

"There's a sportsmanlike relationship between us," Sprouse says, "We're not trying to take each other's tap handles. We're furthering a big-cause cause."

"Traditional," in the craft brewing industry, generally refers to the German purity law that mandates beer be made with only 4 ingredients: malted barley, hops, yeast and water. How these ingredients are manipulated during the brew process and where they come from makes for critical differences in quality. Microbrewers often buy hops from carefully cultivated fields in Europe. Genetically unique strains of yeast are grown in a lab. Some, like Atlanta Brewing Co., mill their own grain. Pre-beer concoctions are tested and retested to ensure correct temperatures and product consistency.

Most microbrewers don't use preservatives, and their beer is naturally carbonated. Pasteurization is a no-no. Says Patterson, "Pasteurization heat-shocks it and kills the aroma, flavor and texture. And we're the only one here who puts a 90-day shelf life on our bottle. We have to destroy it if it's still on the shelf past that date."

Atlanta Brewing Co. founder Greg Kelly, who wagered his 4 daughters' college savings on the brew business in 1993, finds micro-drinkers often alternate between a dozen or so favorite styles, much like wine connoisseurs. Kelly is banking on his Irish Stone Brewed Kelly's Light to be a favorite.

Atlanta Brewing Co., which brewed 10,000 barrels last year and is the southeast's third largest microbrewer, recently arranged an exclusive marketing alliance with Anheuser-Busch, who distributes Red Hook and Widmer. Kelly is considering taking the firm public in the future. Anheuser-Busch would have a stock option, though Kelly would remain chief stockholder.

"Frankly, I thought I'd be a national company by now," Kelly admits. "But these big import companies have saturated the market with all these brands. The consumer was flooded with all kinds of crazy beers. So it wasn't special anymore. We came in and stayed special."

"We have no debt, so we're not motivated to take any risks in terms of growing our business dramatically to finance the company. We'll expand slowly to build our portfolio. We're at full capacity right now; we can't make anymore. We'll be adding capacity to this location in 1999. In 5 years, we'll need a new facility."

"It's a tough business. Microbrewers operate on limited budgets and get tremendous resistance at the distributor level. Their challenge is to develop a brand loyalty of their own," says William Dickens, publisher of "Southern Draft Brew News."

Brewpubs, on the other hand, seem to be a more stable proposition, as evidenced by the popularity of Atlanta's Rockbottom Brewery and John Harvard's. But while their owners hope interesting draft beers will draw crowds, it's the food that keeps them coming back — or sends them away forever.

Sprouse, a home brewer for 8 years and an engineer by training, teamed up with restaurateur Warren Bruno to open Phoenix Brewing Co. in 1996. (Phoenix was voted favorite brewpubs by readers of "Southern Draft" in 1998.) Bruno had owned Aunt Charley's, Atkins Park and Hedgehog Tavern. The 2 launched their venture on a shoestring and with debt, and 3 years later, Phoenix is grossing \$200,000 a month. Seventy percent of gross profits are from beer sales, and a new marketing manager is promoting parties, banquets and special events to broaden sales.

Phoenix serves European and German style lagers on draft. Because lagers are more complex and take twice as long to produce as ales, most microbrewers stick with ales. But Sprouse insists lagers remind us "why people have been drinking for 4,000 years." E23