

THE CRAFT BEER REVOLUTION

HOW A BAND OF MICROBREWERS
ARE TRANSFORMING THE
WORLD'S FAVORITE DRINK

STEVE HINDY

palgrave
macmillan

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ADDITIONAL PRAISE FOR *THE CRAFT BEER REVOLUTION*

“A lively, entertaining history by an insider. Steve Hindy portrays colorfully and knowledgeably the people who created the new breweries and the new beers. It’s a compelling story of the craft beer revolution, a phenomenal flowering of American entrepreneurship.”

—Jerry Steinman, Founder, Beer Marketer’s Insights

“Steve’s position in the craft industry puts him in a unique position—he both grew alongside it as an owner of Brooklyn Brewery and helped steer its course as an active Brewers Association member. He very accurately depicts the craft revolution’s highs and lows and the camaraderie, challenging to maintain at times, that underlies it all.”

—Ken Grossman, Cofounder and CEO, Sierra Nevada

“Balance. It’s a desired trait in the brewing world. That perfectly comforting zone created through the interplay of hops and barley. Steve Hindy has found the equivalent space as a beer-journalist-slash-brewing-pioneer in his book *The Craft Beer Revolution*. Combining entertaining doses of craft brewing history with approachable descriptions of the brewers’ art and fearless exploration of these entrepreneurs who changed the face of American brewing. A delicious and session-able read.”

—Sam Calagione, Founder and President, Dogfish Head

“Steve Hindy weaves a vivid mix of passionate advocacy and cold hard journalism to describe the disruption which occurred first among large brewers, and now to small brewers grown big. *The Craft Beer Revolution* is a fascinating and entertaining read, revealing the idiosyncrasies and passion of the players who built the movement. If you love beer, you have to read it!”

—Tom Long, CEO, MillerCoors

“The rise of the American craft beer movement is one of the greatest business stories of all time. As a founding father and one hell of a writer, Steve weaves an amazing story of innovation and imagination that is truly unique to the world.”

—Dolf Vandenbrink, CEO, Heineken USA

“With great passion and creativity, a generation of new American brewers is elevating the status of beer in the culinary world. *The Craft Beer Revolution* is the compelling inside story of their rise.”

—Dr. Tim Ryan, CEO, The Culinary Institute of America

“The Craft Beer Revolution has captivated the imagination of the media, Wall Street, and Big Beer, as well as the attention, minds, and hearts of the consumer. Hindy’s history, research, real-life experience, and story-telling ability paint an accurate picture of how this movement got started and what propelled it to its current heights. It’s been a great ride for craft brewers, and this is a great read.”

—Gary Fish, Founder and CEO, Deschutes Brewery
and Chairman, Brewers Association

“The craft beer revolution, the most exciting development in the beer industry since the birth of lager beer in the nineteenth century, now has its chronicler. Steve Hindy tells the story as only a skilled journalist and an important player in the revolution could tell. For decades going forward, this will be an important book for those who want to understand this transformative business story.”

—Daniel Bradford, Publisher, All About Beer Magazine

“Steve Hindy brings a war-tested reporter’s journalistic skill and a veteran insider’s perspective to the good beer story, making his new book, *The Craft Beer Revolution*, compelling. This book is an essential resource and a great read, not only for those of us who participated in the craft beer renaissance, but also for a new generation of brewers and beer enthusiasts thirsting for the real story.”

—Tom Dalldorf, Publisher, Celebrator Beer News

“*The Craft Beer Revolution* is a great American success story, told from the front row seat of Brooklyn Brewery cofounder Steve Hindy. The book shows an industry of brewers and distributors that is great because of the goodness of its people. Hindy entertains the reader with wonderful portraits of the people involved. The book is part high school yearbook and part Tom Wolfe’s *The Right Stuff*. It shows us an industry that is being transformed and still works well for all involved, most importantly the consumer.”

—Craig Purser, President and CEO,
National Beer Wholesalers Association

“Steve Hindy is a pioneer, visionary, and tireless advocate for the craft beer industry. His extensive background as a journalist coupled with his experience and passion for the craft beer industry result in a fascinating and most interesting perspective of the last six decades of a dynamic and colorful industry. Steve captures both the makings of the craft beer revolution and more recent evolution of the industry as a whole. I applaud Steve for this great work, his tireless commitment to this wonderful industry, and congratulate all those that make this such a great and unique business.”

“This book serves as a great history lesson about how craft brewing has changed the beer industry and captivated consumers. Through innovation and meeting customers’ demands, craft brewers have grown far beyond their niche and now own a sizeable piece of the beer market once controlled by a select group of larger breweries. As this trend has grown, it’s consumers that have been the real winners as unique craft beers are now an important part of any culinary experience. Steve has written a book drawing from his incredible expertise as a true trail blazer in the industry, focused on how to not only make great beer, but how to gain respect and notoriety when brewing.”

—Scott Crawford, Executive Coordinator of Purchasing, Whole Foods Market Northeast Region

THE CRAFT BEER REVOLUTION

**HOW A BAND OF MICROBREWERS IS
TRANSFORMING THE WORLD'S FAVORITE DRINK**



STEVE HINDY

FOREWORD BY JOHN HICKENLOOPER

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THE CRAFT BEER REVOLUTION

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FOREWORD

The Craft Beer Revolution is an exciting account of the rebirth of the American brewing industry that has unfolded over the last four decades. In the mid-1970s, there were fewer than four hundred breweries in America; today, there are more than 2,500, and another thousand are in the works. According to the Brewers Association (BA), almost all Americans live within ten miles of a brewery.

Steve Hindy is the right guy to tell this remarkable story of American entrepreneurship and renewal. A journalist for 15 years before founding Brooklyn Brewery with his partner Tom Potter, Steve has been intimately involved in the evolution of the industry while serving on the board of directors of the BA, the trade association of small brewers, and the Beer Institute, the large brewer dominated trade association.

I got to know Steve in the early 1990s, while he was working to establish Brooklyn Brewery in a blighted part of Brooklyn and I was growing the Wynkoop Brewery in Denver's run-down Lower Downtown (LoDo) neighborhood.

When Jerry Williams and I, along with Russ Schehrer and Mark Schiffler, signed a lease for an abandoned warehouse in historic LoDo in 1987, the rent was a dollar per square foot per year. It took us 18 months to open the doors to Wynkoop Brewing Company. It takes a long time to raise money for something people have never seen before.

We were the first brewpub in the Rocky Mountains, and the first restaurant to open in LoDo in five years. Like Steve's business half a continent away and dozens of others around the country, we tried to build relationships with our neighbors. And through those relationships, rebuild neighborhoods.



Governor John Hickenlooper. Class of '88. Photograph courtesy of Evan Semón.

Today, LoDo is one of Denver's most vibrant entertainment neighborhoods, and Brooklyn Williamsburg neighborhood is one of the most dynamic in New York City. As detailed in *The Craft Beer Revolution*, this sort of urban renewal has taken hold in cities where small breweries have been

established across America; from San Diego to Portland, from Kansas City to Atlanta, and from Abilene Springs to Cleveland.

The Craft Beer Revolution tells the story of pioneering visionaries like Fritz Maytag of Anchor Brewing Company, Ken Grossman of Sierra Nevada Brewing Co., Matthew Reich of Old New York Brewing Co., Jim Koch of Boston Beer Company and innovative brewers like Wynkoop's Russel Scherer, Brooklyn's Garrett Oliver, Russian River's Vinnie Cilurzo, Allagash Brewing's Rob Todd, Dogfish Head's Sam Calagione, and New Belgium's Jeff Lebesch.

Many of the craft brewer entrepreneurs were homebrewers before they started their companies. Many were inspired by a little paperback book called *The Complete Joy of Homebrewing*, written by Charlie Papazian, a former schoolteacher who now leads the BA. And, by the way, still makes Colorado his home.

The pioneers of the movement introduced Americans to amber ales, lagers, porters, and stouts. The next generations of brewers started brewing Belgian style beers and inventing new styles and processes. These craft brewers were inspired by the great brewing nations of Europe—Belgium, Britain, Germany, and the Czech Republic—but now European brewers are looking to their American counterparts for inspiration. American craft beer has become a significant export.

Overall beer consumption in America is declining, but the craft beer segment is exploding with growth. People seem to be drinking less beer, but drinking more “good beer.”

I am honored to have been a part of the craft beer revolution, and I salute all those entrepreneurial brewers, distributors, and retailers who have made it happen.

*John Hickenloop
Denver, Colorado
August 2011*

AUTHOR'S NOTE

History will be kind to me for I intend to write it.

—Winston Churchill

The story of the craft beer revolution is a rich one. It is a great business story and the sum many wonderful human stories. And it is still unfolding. I interviewed many of the main characters in this book. I pulled many quotations from newspapers, magazines, books, and speeches, particularly the *New Brewer* magazine, which is a treasure. I used the meeting minutes and position papers from the Brewers' Association of America archive. Some of the events were told from my personal recollections. I have tried to be fair to all involved in this great venture. I have great respect for my colleagues in the Brewers Association, the Beer Institute, and the National Beer Wholesalers Association. I am particularly grateful to Benj Steinman, the scrupulous publisher of *Beer Marketer Insights*, and Bob Pease, the Chief Operating Officer of the Brewers Association, for reading the manuscript and correcting errors. I also thank my agent Ed Claflin, my editors at Palgrave Macmillan, Emily Carleton and Katie Haigler, and my editor at home, Ellen Foote.

It is an honor to work in this great industry. I hope I have done justice to the story of the craft beer revolution.

Steve Hine
Brooklyn, New York
October 2013

PROLOGUE

The craft brewing industry has evolved from a raggedy bunch of home-brewers and dreamers a bonafide 10 percent segment of the \$100 billion American beer industry. For a few decades, it has been the most dynamic segment of the US beer industry, and the craft brewing revolution is spreading around the world.

In 2013 America had more than 2,700 craft breweries and 1,500 more were in the planning stages. Paul Gatza, a spokesman for the Brewers Association (BA), says that 48.4 percent of brewery restaurants that have opened since 1980 are still in business, and 66.2 percent of the production brewery startups are still brewing. That is an amazing record of success, a much higher winning percentage than the average business startup can claim.

American-style craft breweries can now be found all over the world, in Asia, Africa, Latin America and in the great brewing nations of Europe, whose traditions originally inspired American brewers.

The new brewers believe they are restoring beer to its rightful place as a local business and product that says something about its hometown and region. Their capacity for innovation is huge. They are taking beer back from the mass-producing multinational brewers who make beer the way Kraft makes cheese or Hershey makes chocolate. The craft brewers are taking beer back to its artisan roots, the way many local bakers are making bread and cheese makers are making cheese.

At its heart, the craft beer movement is a quest by a band of Davids to bring down the Goliath. Brooklyn Brewery's brewmaster Garrett Oliver, the multi-talented man who creates the recipes for our beers and also writes books, captures the zeitgeist of the craft beer revolution in a tongue-in-cheek piece he wrote to explain a beer he created for the opening party of New York Comic Con 2012, an annual convention of comic book writers. The beer was called the Brooklyn Defender, and the call arms went like this:

Once, a long time ago, benevolent Beer Gods bestrode the lands of the world, bringing wonderful beer and great happiness to the People. Collaborating joyously among themselves, the Beer Gods defended the pleasures of the table and promulgated the virtues of Flavor, Variety, Deliciousness, Versatility and Honesty in beer. And the People loved them for it.

But the Beer Gods were far too trusting—in truth, they were not without enemies. Out of the stygian depths of the Earth's crust rose a cabal of anti-Beer Gods, the Megaliths. Taking the peaceful Beer Gods by surprise, the warlike Megaliths cast a powerful spell that drove the Beer Gods down into the shadows. Flavorful beer vanished from the land, and the People wept. Their victory complete, the Megaliths sent among us the ghostly pale, thin tasteless beers known colloquially as “foam jobs.” Blandness led to mediocrity, mediocrity led to hate, and hate led to suffering. And O, how the People suffered! They forgot the true taste of beer, the soft rustle of barley, the smell of hops.

And then, just as it seemed that the darkness had stamped out all good things, a new dawn rose . . . [wielding] the rich power of caramel malts, the sharpest unbreakable blade of pure hop bitterness and an incredible focused blast of hop aroma to shatter the Megalith's [sic] spell. The Beer Gods awoke to find themselves forever shielded within the hearts of the People, and once again the great virtues of true beer spread through the land.

The craft beer revolution is a story involving hundreds of entrepreneurs in hundreds of towns across America. They fought the battles over taste buds to gain acceptance of their quirky, tasty beers. They persuaded jaded beer distributors, who took orders for mass-produced, mass-advertised beers, to take a chance on obscure but lovingly crafted beers. The entrepreneurs taught these distributors that the ingredients and processes that produce these special local beers matter and that the stories behind these companies matter, too. And slowly but surely these distributors, many of whom had grown rich selling the light lager beers of the national and international giants, began to appreciate the spirit and drive of the craft brewers. The distributors hired beer-savvy sales and marketing people and learned how to sell these small brands that did not have million-dollar ad budgets.

Like the craft brewers, most of these distributors were relatively small, community-based businesses. Initially the obvious natural alliance—craft brewers and community-oriented distributors—faced some barriers, but they have begun to come down, and the strength of the alliance has grown.

This is also a story about how the craft brewers have dealt with internecine battles, resolved their differences, and developed a community that supports the efforts of all. While butting heads with each other in markets from coast to coast, craft brewers have learned much from each other in the process. Together they founded BA, an organization that could stand up to the international conglomerates.

Their unlikely leader is Charlie Papazian, a nuclear engineer with a gentle handshake and a passion for homebrewing. Papazian wrote *The Complete Joy of Homebrewing*, a how-to book that taught generations of beer nuts how to brew their own beer. Papazian nurtured a small gathering of homebrewers in Boulder, Colorado, in the late 1970s, then known as the Association of Brewers, as it evolved into the BA in the early twenty-first century, a \$16 million-a-year trade association that has challenged the international conglomerates in surprising ways.

Another part of the story is the legislative battles waged by the craft brewers association. They lobbied to overturn Prohibition-era bans on homebrewing in all 50 states. The BA has nurtured state brewers' associations in most of the country. And, as a result of their campaign, elected officials in Washington, state capitols, and city councils across the country now recognize the important role that craft breweries play in their communities.

Not the least of the craft brewing industry's challenges has been to educate Americans about beer—its history and its place in our culture and at our dinner table. Among those who have taken up this challenge are the pioneering British beer writer Michael Jackson, Ray Daniels, the man behind the “Cicerone” beer education curriculum that has trained 30,000 people as of December 2013, and Garrett Oliver, editor-in-chief of *The Oxford Companion to Beer*, the first encyclopedia dedicated to beer.¹

But no one has told the whole story until now. *The Craft Beer Revolution* will tell you how the founding brewers and their successors built 2,700 breweries across America and got your favorite artisanal suds into your mug at your local pub, and how these craft brewers developed a community that sparked a worldwide revolution.

CHAPTER ONE

THE PIONEERS

1965–1984

1965: 1 microbrewery

182 national and regional breweries¹

1984: 18 microbreweries

76 noncraft national and regional breweries

In the beginning there was Fritz Maytag. And for more than a decade, he stood alone. He was the pioneer. Others followed—in the West, there was Jack McAuliffe, Jane Zimmerman, and Suz Denison of New Albion Brewing Company, the first home-built microbrewery; Ken Grossman and Paul Camusi of Sierra Nevada Brewing Co.; Randolph Ware and David Hummer of the Boulder Beer Company; the Cartwright Brewing Company; Bert Grant of Yakima Brewing and Malting Co.; and the Independent Ale Brewery (Redhook) in Seattle, Washington. In the East, there was Matthew Reich of the Old New York Brewing Co., the pioneer of contract brewing, and Bill Newman of Wm. S. Newman Brewing Co. But Fritz Maytag started it all.

According to the *Oxford English Dictionary* a *pioneer* is “one of a body of foot-soldiers who march with or in advance of an army or regiment, having spades, pickaxes, etc. to dig trenches, repair roads and perform other labours in clearing and preparing the way for the main body.”

I am quite sure that Fritz Maytag and the others did not think of themselves as “preparing the way for the main body,” but that’s what they did in the 1960s and 1970s. They built the foundation for the craft brewing movement, which, as I write, includes more than 2,700 breweries and accounts for a rich 6.5 percent of the US beer market by volume and more than 10 percent by dollar.² They laid down the enduring principles of smallness, independence, and all malt beers (as opposed to the rice and corn additives favored by the national brewers). They figured out how they had to price their beer to make their companies viable. Maytag was generous with his time, advice, and even ingredients when others came to visit his brewery in San Francisco.

Almost all of us in the movement think of ourselves as pioneers in our home markets. And we were. The breweries that opened subsequently played important roles in building a market for craft beer in America. All of us knew what it was like to confront a barroom full of Bud/Miller/Coors drinkers who turned up their noses at our dark and flavorful beers, our hoppy beers, our strong beers.

But it must have been even more difficult in 1965 when Maytag bought the failing Anchor Brewing Company in San Francisco. At the time microbrewed beers, or craft beers, did not exist. There were no domestic beers competing with the foreign imports. The import segment itself was growing in the

United States, but that was because sophisticated drinkers already recognized it as “better beer.” Fritz Maytag and his cohorts had to make it all up, the same way the early settlers did when they pushed their wagons across the Allegheny Mountains.

First off, I have a confession to make. In my early days in the craft brewing industry, I did not understand the adoration afforded Fritz Maytag. I guess it was a class thing. After all, he was the grandson of Frederick Louis Maytag, founder of the Maytag Washing Machine Company, the gold standard of washing machines in the United States, known everywhere for its TV ads with a dozing Maytag repairman who had nothing to do because Maytag washing machines were so darn sturdy and reliable. Fritz’s father, Frederick Louis Maytag II, developed Maytag Blue Cheese, an American original based on the French Roquefort style.

Fritz Louis Maytag III was educated at Deerfield Academy in Massachusetts and then got a degree in American literature from Stanford. He dressed in tweedy jackets and button-down shirts. He wore wire-rimmed glasses and spoke with a mellifluous baritone that commanded attention. And he was Fritz Maytag.

I remember saying to my colleagues, “I don’t see what the fuss about Fritz Maytag is. He is an heir to the Maytag Washing Machine Company. He is playing with different sheet music than the rest of us.”

How wrong I was. I apologize, Fritz. Those of us in the “main body,” as I’ll call the band of brewers that followed the pioneers, are so fortunate to have had Maytag out in front. Over the years he gave spellbinding speeches at Craft Brewers’ Conferences. He elevated our passion for brewing. He quoted Euripides and Aeschylus speaking of the honor of being a brewer. He chided the contract brewers for being fake brewers because they contracted with other breweries to produce their beer, but he applauded them for educating the public about good beer. When we bitched about beer distributors, he reminded us that the three-tier legal system—which in many states prevents brewers from owning distributors and retail outlets—protects the independence of distributors and impedes big brewers’ ability to create monopolies, allowing independent brewers to cut into the market.

Years later I got to know Maytag better when we both served on the board of the BAA. Fritz was a treasure for the craft brewing movement. And he arguably was the forerunner not just for microbrewing, but the entire DIY movement that includes cheese making, winemaking, and distilling.

But back to the story.

In the early 1960s Maytag spent some time in Japan after he graduated from college, but he soon moved to San Francisco, the ultraliberal city that was the epicenter of the hippie movement. Haight-Ashbury was ground zero for the “tune in, turn on, drop out” culture of the LSD advocate Dr. Timothy Leary. I didn’t know Maytag at that time, but I doubt LSD drew him to San Francisco. He did have a full beard, but he declined to talk to me about the ’60s.

Maytag, seventy-four, shared his story with fifty-seven-year-old Grossman, cofounder of Sierra Nevada, at the 2011 Craft Brewers Conference in San Francisco. Grossman was a student of Maytag’s early work, but the two deserve equal credit for founding the craft brewing industry. The interview

provides important insights into the early brewing experience of both men.

“I actually got into brewing before I got into the wine world, just barely but a little before,” Maytag said, sitting in a comfortable easy chair before the audience of small brewers. “I used to hang out at a old place in San Francisco called the Old Spaghetti Factory—those who knew it remember it well. It was a charming place. And it was the equivalent of my local, as they would say in England. I would go there in the evening for a few beers before bed, meet with friends most every night. And one day the owner, Fred Kuh, asked me if I had ever been to the Anchor brewery and said they were closing down that next weekend, and he thought I should go see it before it was closed because it was the kind of thing I would like.

“And I later realized he was hoping I would either loan them some money or buy in or something and that’s what happened. I went down. I sat in the taproom with the owner-manager guy, Lawrence Steese, lovely man, and I just fell in love. I’ve often said you don’t get up in the morning and think you are going to fall in love today. I had no idea I would buy the brewery when I went. But before the day was out, we had done a deal.”³

Not too many people could fall in love and buy a piece of a brewery just like that. But Maytag could.

Grossman quickly followed with the question: “Your family think you were nuts?”

Maytag replied: “Yeah, but they thought I was kind of goofy anyway. . . . My father had actually died a very young man in 1962, so he was not there. I think if he had been around, he would have realized any business is better than no business at all.”

Eleven years after Maytag bought Anchor, Grossman started running a bicycle shop in Chico, California. He said he could have bought the shop, but he thought he would be bored for the rest of his life. So instead he started a home-brew shop, selling equipment and ingredients, “which wasn’t a great way to make a livelihood either. . . . Getting into the brewing business sounded like an exciting career. I’m sure that has been an inspiration for a lot of people here. Brewing beer is a great thing to do with your life.”

Maytag asked what Grossman’s family thought about his building a brewery.

“They thought I was nuts,” Grossman said, “They just stopped thinking that a few years ago.” Sierra Nevada expected to pass the million-barrel sales mark in 2013 (a barrel of beer is thirty-one gallons or about fourteen cases of twenty-four twelve-ounce bottles of beer) and is building a \$120 million state-of-the-art brewery in Asheville, North Carolina.

Maytag recalled brewing about a thousand barrels of beer that first year. Anchor was the smallest brewery in America. The Anchor brewhouse was fifty-five barrels, and the company only brewed one or two brews a month. “We brewed more than we sold because it turned sour before we could sell it sometimes,” he said.

“Well, I invested in the Anchor brewery,” he said. “I was the majority owner, not the sole owner. And I was absolutely amazed at the idea of owning a brewery. And I knew about the Brewer’s Association of America [BAA], and I knew they had a convention, and I was in Chicago at that time.”

for another reason. I actually snuck into the convention. I never told anyone who I was, and there were all these big important guys in double-breasted suits and badges and I don't know what-all, and there were exhibits of beer signs, and I just snuck around thinking, 'Wow, I am part of this, I guess,' and then I left. But I then did next year go to the convention, which was the first year they held it in Fort Lauderdale. It had been in Chicago for many years. . . .

"We went one year to Florida, and the Budweiser distributors were having their convention nearby, and I went over there and some of their yachts were bigger than my brewery."⁴

The BAA was the trade association for small US brewers. It was started in 1942, when the government started rationing commodities like tin for World War II, by Bill O'Shea, owner of a printing company that made labels for many breweries. Small brewers came together to demand their share of the metal to make bottle caps. After the war, the BAA continued to represent small brewers' interests in Washington, DC.⁵

When Fritz Maytag invested in Anchor, the United States had fewer than fifty breweries, and the family-run breweries were losing out to large breweries like Anheuser-Busch (AB) and Miller that were shipping and advertising their beers nationally. The Adolph Coors Company brewery was stubbornly regional at the time, but it too would go national in the 1980s. The large national breweries had a huge advantage of scale. They could use their size to buy large quantities of raw materials at lower prices. They could also use mass marketing budgets to sell the idea that their beer was better than the local stuff over TV and radio ads: "Our beer is so special we ship it all the way from St. Louis and Milwaukee to you." The use of corn and rice additives—a cheaper alternative to malted barley adjuncts that also extended the beer's shelf life—was ubiquitous even among family-run breweries. Anchor was the only brewery making all-malt beer.

Grossman asked Maytag about his first experience selling Anchor Steam Beer, a rich malty brew that was completely different from what most Americans drank at the time.

"Well, yeah, it was a tough row to hoe," said Maytag. "All the small American brewers, the small family brewers, were making very mild, light lager beers, and so the idea of having an all-malt, hoppy brew as a domestic was just unheard of. But the imports, bless their hearts—that was the category, that was the umbrella that I used to think of. Price-wise, we would be at the import price, or just below, and in terms of character and flavor, and styles, some of [the imports] were dark. Some of them were flavorful. Most of them were not. Most of them were very, very mild. If you think about it, the imports were all lagers, but there was the Mackeson Stout, the Guinness Stout, even the Dos Equis and that was the story we told—'Look, there are different beers for different times, and if you are going to sit by the fire and read a book, you want something you can chew on, like we did.'"⁶

I think it safe to say most San Franciscans stuck with their Budweiser or Miller or Hamm's or Berg or Lucky Lager. But some fell in love with Anchor Steam. My neighbor in Brooklyn, Charley Ryan, the co-owner of Brooklyn Bowl, a bowling alley with a stage and performance space that serves great food and only carries beer from Brooklyn breweries. Charley was living in San Francisco in 1972, and he recalls buying kegs of Anchor Steam Beer for his parties.

“That beer was so rich, so fresh, so different,” he recalled. “There was nothing else like it. The flavors were so vivid. It still colors my memory of San Francisco.” Charley became a lifelong advocate of microbrewed and, later, craft brewed beer, thanks to Fritz Maytag and Anchor Steam beer.⁷

Maytag, meanwhile, longed to bottle his beer. For years, he only sold his beer in kegs.

“As I look back on my earliest days in the brewing business, I used to eat dinner at a place called the Brighton Express, and they had a beautiful, beautiful black stout, Mackeson Stout. I used to sit—I’d come in from the brewery late in the evening, and I’d sit there at the communal table, and I’d have Mackeson Stout, in a bottle, with a label, and I’d dream of the day our little brewery would be successful. And I loved those beers.”

Grossman met Maytag in 1978 when Maytag did a tour of the Anchor Brewery for participants at the first wine and craft beer trade show, held in San Francisco. In those early days, Maytag encouraged Grossman to attend a BAA meeting.

“I remember encouraging you to come, and the one reason was, a small English brewer once said to me, ‘The big guys come by every now and then and have a giggle.’ No doubt they snickered a little behind our backs. But in fact, to our faces, and very genuinely, they welcomed us. And it was thrilling to feel welcomed to a trade. I’m sure you had the same experience.”

Fritz recalled meeting many of the family brewers, including Warren Marti of August Schell Brewing Company; F. X. Matt of the Matt Brewing Company; Bill Leinenkugel of the Jacob Leinenkugel Brewing Co. Their regionally focused companies were under siege from the big national brewers, but he recalled a “cheerful camaraderie” among them.

“I mean, these were grand old brewing families, they loved getting together,” Maytag said.

Grossman was just beginning to think of starting a brewery when he attended his first BAA meeting in the early 1980s.

“I was just a home brewer, so for me it was a whole new experience to meet and hang out with people who had run breweries for generations. I remember being a bit—feeling an outsider and also a little bit concerned because [industry analyst] Bob Weinberg had come out with some statements saying by the year 2000 there would only be two or three breweries left in America, and here he is the smartest brewing industry analyst. He got his PhD when he was nineteen. He’s predicting my demise and I’d go to that convention every year, and there would be a few less breweries, and everyone was talking about how terrible the industry is. I was a bit concerned the first few years.” (Weinberg was partly right: by 2013 AB-InBev and MillerCoors would control about 74 percent of the US beer market.⁸)

Both Grossman and Maytag recalled that small and large brewers were helpful to them during the early days.

Maytag said he believed they were collegial because these brewers were not directly competing with each other.

“Each had survived because it was in a rural area, often with a German population, significant

German element, German oriented, and in general they didn't compete with each other. . . . So there was a sense of brotherhood without the competitive aspect. And that was part of it there. Among the big brewers, I always remember when we called Miller in Los Angeles and asked if we could come and see something, and they said no. I was absolutely horrified, and it had started when Budweiser and Miller went after each other, dueling to the death. . . . I don't remember what year it was, probably the early eighties or late seventies. That was the first time any brewer ever said no."

He was referring to the 1970s when AB and Miller Brewing Company bitterly accused each other of using chemical additives in their beers. They fought their battles in national advertisements on television and radio—the powerful weapons of the big brewers.

Another aspect of Maytag's experience that all craft brewers can identify with, even today, is the challenge of distribution.

"We had self-distributed from the beginning," Maytag said. (In some states, there are exceptions to the three-tier system that allow brewers to distribute their own beer.) "As far as I know, Anchor has never had a distributor, and when we got involved in 1965, we certainly did all our distributing, and the markup—we could not possibly have afforded the middleman in there, so we did all the delivering and all the rest of it. In fact, when we started bottling, which was in 1971 . . . my key person, the guy who did the delivering, announced that he was going to work for the church or something. And so I did all the deliveries. And it did not take me long to understand the value of a beer distributor. We would have one account in San Jose, and one in Walnut Creek, and one in Santa Rosa, and if you drive all the way to Walnut Creek to deliver one keg of beer, it doesn't take you long to realize you need some help.

"And a remarkable man, Don Saccani, [of] Anchor Distributing, which was a coincidental name, was pestering me to get the brands, and so from a very early date, we turned the bottles over to a beer distributor."

Fritz bought out his partner, Lawrence Steese, in 1969 and in 1977 moved the brewery from its original site at Eighth Street and Brannon to a former coffee bean roaster on Potrero Hill. By then he was bottling Anchor Steam, the brewery's flagship, amber lager fermented in ale-like conditions in shallow open fermenters; Anchor Porter, a dark ale; Liberty Ale, a very hoppy ale that was the forerunner of the India pale ale style—the most popular craft-style as I write these words in 2013—and Old Foghorn, a barley wine. Maytag also brewed the first of his greatly anticipated Christmas ales, a richly spiced concoction that is brewed with a different recipe every year. By the time he moved the brewery, he was brewing 12,500 barrels annually. It was an expensive move and Maytag bet all his resources on its success.

"I borrowed every penny I could and I still didn't have enough," he recalled. "I had everything I owned pledged. [In the late 1970s] the prime rate was 21 [percent]. And my wife, bless her heart, at one point I said to her, 'You realize we may lose everything,' and it was nip and tuck, and she looked at me and she said, 'I know. I could sleep in a tent.' I always love telling that story. It was wonderful."

The financial pressure took its toll on Maytag—a familiar stressor for many craft brewers.

“We called the doctors once,” Maytag said. “I collapsed. I thought I was having a heart attack from stress, I guess, and the doctors—I was lying on the floor and they checked me—and they said, ‘You’re fine. It must be stress.’ And it was stress. That was a big day.”

Many wannabe microbrewers ventured to San Francisco to meet the sage of Anchor Brewing. He advised them all not to start breweries.

“I used to advise them not to do it, because I didn’t want any competition,” he recalled. “But I always—and I actually, truthfully, and I’ve said this many times—never did it occur to me that anyone else could do what we had done. It had been so hard for me. I think it was partly because I wasn’t really cut out to do that sort of thing, and without the people I had to help me, I never could have done it. I thought it was an extraordinary achievement, and I just didn’t think anybody else would be able to do it, so I was surprised when they started coming.”



Grossman learned much from his friendship with Maytag. He also learned from another, slightly later, standard-bearer, Jack McAuliffe of New Albion Brewing Company in Sonoma, California. In his book, *Beyond the Pale*, Grossman recalled visiting McAuliffe at the brewery. “We left with several cases of beer that we bought from Jack. His beers were closer to home brew in style than Fritz’s, but he made a bigger impression because his operation was essentially a glorified home brewery. I came to the conclusion that I could take my passion and talent for home brewing and brew the kind of beer I wanted to drink.”⁹

McAuliffe had taken up homebrewing while serving in the US Navy and repairing Polaris-class nuclear submarines at a base in Holy Loch, Scotland. He had read Dave Line’s *Big Book of Brewing*, one of the first how-to books on brewing published in the United Kingdom. When McAuliffe returned to the United States, he studied physics on the GI Bill and began a career in engineering. He decided to start a brewery because US beer was a “national disgrace” compared to the rich ales of Great Britain. He wanted to brew ales, porters, and stouts like the beers he drank in Britain. Behind everything he says about his brewery’s beginnings it is possible to hear his defiance of industrial brewers that was the basis for the craft beer revolution.¹⁰

McAuliffe started New Albion with partners Suzy Denison (later Suzy Stern) and Jane Zimmerman in 1976. Denison, a native of Harrisburg, Pennsylvania, and graduate of Vassar College, was divorced and had come to Sonoma with her three children because her son had gotten into Stanford University. She met McAuliffe and Zimmerman through the local food co-op. The two women put up \$1,500 each and McAuliffe raised the rest of the \$5,000 in capital they needed to start the brewery.¹¹

“American beer all tastes the same, because they all try to make it as cheaply as possible,” McAuliffe told the *Washington Post* in 1978. “Our beer consists of malt, hops, water and yeast. There are no enzymes, which the big companies use to speed the process of mashing and aging, or to ensure longer shelf life. There are no adjuncts—such as corn grits, corn flakes or corn syrups—which are often used as a cheaper source of starch than malt. . . . There are no heading agents or foam stabilizers

to create an artificial head on your glass of beer. It's the proteins that produce the head in real beer but these are filtered out in most commercial beer for cosmetic reasons: they make the beer hazy. And there's no carbon dioxide added. The beer is naturally fermented in the bottle."¹²

The three partners cobbled the physical brewery together from dairy and soft drink tanks they salvaged at scrap yards. They called the brewery New Albion, the name the English explorer Francis Drake gave to the West Coast of America when he arrived in the *Golden Hinde* in 1579. (Albion was an early name for Britain.) The New Albion brewery was located in a corrugated steel warehouse on a ranch owned by the Batto Fruit Co., a grape grower.

"History is important in the brewing industry," McAuliffe told John Holl, editor of *All About Beer*. "But if you don't have a history you can just make one up."¹³ New Albion's label, designed by Steve Guardino, pictures the *Golden Hinde* sailing out of San Francisco Bay with the Golden Gate Bridge in the distance and Drake's Bay off the starboard quarter.

Denison, now eighty and living in Seattle, recalled that she immediately admired McAuliffe for her "gumption and brains."

"Jack was a very intrepid home brewer, a very brilliant guy, but a difficult person, to say the least," she said. "I got very interested in the idea of learning to brew beer and helping him get started with the brewery. He scrounged stainless steel drums to use as brewing vessels and did everything himself. We built the brewery from the ground up. My God, I had never had a hammer in my hand. But I learned how to weld. I learned how to hang sheetrock. It was pretty crazy. I went to the county seat in San Rosa with Jack repeatedly for all the various licenses. You can imagine the bureaucracy. And no one could believe us. Everyone kept saying, 'How big is your winery going to be?' and we kept saying 'No, it's not a winery, it is a brewery.'

"Everything was difficult, and it was difficult getting ingredients in the small amounts we needed. Anchor [Brewing]—Fritz Maytag and his crew—were extremely helpful to us. Instead of getting huge amounts of hops and grain, we got ingredients in the beginning from Anchor. They were very helpful."

"We had a lot of fun, but believe me, as you well know, it was hard work," she said. "It was a 24-hour business. Jane Zimmerman and I, we brewed the beer. I mean, Jack was there to supervise, but after he felt confident we could do it, he was sometimes gone from the brewery."

Denison said she and McAuliffe lived together for a while, and Steve Denkin, a Sonoma resident, was an adviser to New Albion. "Steve used to say that Jack should be kept on a short leash at the brewery," she said. "Jack's definitely not a people person. He is a very smart guy and just a real curmudgeon."

Zimmerman left the brewery after a year to become a psychotherapist. Denison stuck it out to the bitter end in 1982, when McAuliffe failed to convince investors or banks to fund an expansion of his quixotic venture.

When we spoke, Denison had just returned from a trip to Italy with her seventeen-year-old granddaughter. Denison and Zimmerman are still friends and traveling companions. After the failure of New Albion, Denison taught English as a second language for years and then became a yoga

instructor. She is amazed at the craft beer revolution that she helped launch. “I don’t regret any of it, even though it ended badly, because it was an amazing experience,” she said, referring to the demise of New Albion. “Jack had the idea to start a brewpub, which of course did not exist at that time. I had that vision. . . . We were just ahead of our time.”¹⁴

“They just didn’t understand what I was doing,” McAuliffe said, echoing the predicament of many craft brewers of the pioneer generation. “They couldn’t comprehend the idea of a small brewery. It was like I arrived from Mars and was speaking Martian.”¹⁵

To Don Barkley, a homebrewer and later a brewer for Mendocino Brewing Company who helped McAuliffe in that first year, what happened to New Albion was no mystery.

“[It] could be put under the broad category of mismanagement,” Barkley said during the 1998 Microbrewers’ Conference in Colorado. “In the end, New Albion—at a barrel-and-a-half brew length—was too small to support the number of people working there. . . . To expand the facility required . . . a production team, a sales team and a management team. To bring together a team costs money.”¹⁶

A fifty-five gallon kettle big enough to brew a barrel and a half would produce fewer than twenty cases of beer per brew. Making a profit with such a system is virtually impossible.

A wonderful photo of McAuliffe shows him leaning, with one muscled arm, on an ancient cast-iron keg-cleaning contraption that looks more like a medieval torture device, all big screws, brushes, and wheels. He is the picture of a noble pioneering craft brewer, with a square jaw, level gaze, and thick dark hair falling over his ears and across his high forehead. He’s wearing a short-sleeved collared shirt and a leather apron. His jeans are splattered with what must be whitewash or paint. His smile is as enigmatic as the *Mona Lisa*’s.

McAuliffe clearly had no idea that he had sparked a revolution. After New Albion failed, he lived in obscurity for thirty years, but then resurfaced in 2012 to join Grossman in brewing a barley wine-style ale to commemorate Sierra Nevada’s thirtieth anniversary year. Sierra Nevada donated \$10,000 to Texas Public Radio in McAuliffe’s name.

Jim Koch of the Boston Beer Company claimed New Albion’s trademark years ago and brewed a version of New Albion Ale in 2013. In a gesture of generosity that is not uncommon among craft brewers, Koch gave the trademark to McAuliffe when he reemerged, along with \$400,000 in profit from the recreated beer. McAuliffe gave the mark and money to his long-lost daughter, Renee DeLuca. She is planning to brew New Albion under contract at the Mendocino Brewing Company.¹⁷



In the East were two other pioneers who, like McAuliffe, would fail, but would ultimately have an outsized influence on the future of the craft brewing industry.

Bill and Marie Newman built the first microbrewery in the East in late 1980, the Wm. S. Newman Brewing Co. in Albany, New York. The couple had developed a taste for England’s bitter ales while living there in the 1970s. That was when the Campaign for Real Ale—the consumer movement that sought to preserve the traditional English way of brewing and serving English bitters and best bitter

—was started by a group of Fleet Street journalists lamenting the consolidation of the British beer industry and the marginalization of cask-conditioned ales, the luscious amber ales that are fermented in casks in the cellars of a pub.

The Newmans raised \$250,000 from federal, state, and local job development loans and purchased a small brewery from Peter Austin, the founder of Ringwood Brewery in England. The brewery was located not far from downtown Albany and was easily identified by the red brick that enclosed the brew kettle.

“At the time, we had no idea about the brewing business, about selling beer,” Newman told the *New Brewer’s* Greg Giorgio in 1991. “In fact, our original plan was to make English-style draft ales, on draft. What we didn’t understand was that, in England, 85 to 90 percent of the sales were on draft, but here it was just the reverse.”¹⁸ In the United States draft beer is barely 10 percent of the beer market.

I recall visiting the Newmans in 1986, when their tiny operation was, to all outward appearances, a shining success. The media wrote glowing accounts of their venture, but I wondered about its profitability. We had lunch at a rustic wood-paneled working-class saloon near the brewery. When Bill stepped away from the table, the owner of the saloon, a middle-aged woman, asked how we liked the beer, Newman’s Albany Ale. We said we thought it was great.

She leaned over the table and asked us to please tell Bill that he should not insist the beer be sold at warm temperatures, as in England. “My customers won’t drink warm beer,” she said. Out of respect we did not share her advice with Newman. The beer tasted pretty good to me.

Newman opened a brewing school at his Albany facility, tutoring would-be microbrewers in the business and art of brewing. Unfortunately, the volume of ink that Newman got in the mainstream press probably was greater than the volume of beer he sold. He later lamented that the \$250,000 he raised was not enough to allow for proper marketing, promotion, and packaging. He sold his ales in half and quarter kegs as well as one gallon plastic jugs. The unpasteurized, unfiltered ales had a short shelf life, and sales personnel from rival distributors sabotaged his beer by twisting open the plastic lids.

Desperate to get his beer in bottles, Newman started contract brewing at Wisconsin’s Hibernian Brewing Company in the mid-1980s and later closer to home at the Christian Schmidt Brewing Co. in Philadelphia. Schmidt shut down unexpectedly. Saddled with half a million dollars in debt, the Wm. Newman Brewing Co. declared bankruptcy and sued Schmidt Brewing for breach of contract.

Newman then moved to contract brewing at Matt Brewing Company in New York and later at Catamount Brewing Co. in Vermont. With a partner he developed a Dortmunder-style beer, Saratoga Pilsner. (The German city is famous for its pilsner-style beer.) But the partners then fell into a ruinous feud, and Bill and Marie Newman were out of the beer business.



The story of the early days of the Independent Ale Brewery in Seattle, which became Redhook, a fascinating tale of trial and error that is familiar to many craft brewers. Its founders were Pa

Shipman, a wine seller and marketer, and Gordon Bowker, the cofounder of Starbucks. Their story is told in Peter Krebs's excellent book, *Redhook: Beer Pioneer*. After he sold Starbucks, Bowker worked in an advertising firm that represented K2 skis. He grew tired of advertising and after reading about New Albion began to mull over the idea of starting a microbrewery. He attended a seminar on microbreweries sponsored by Fritz Maytag. According to Bowker, Maytag said his dream was that someday every city in the United States would have a brewery—a dream that in 2013 is becoming reality.¹⁹

Shipman and Bowker hired Charles McElevy, a former assistant brewer at Rainier Brewing Company, to be their brewmaster and set out to raise \$350,000 to start their brewery. They purchased a brewhouse from the Wacker-Bräu in Germany. Instead of going to a reliable source for brewing yeast, such as the Schwarz Laboratories, the headstrong McElevy chose a yeast propagated in the microbiology lab at the University of Washington. Schwarz supplied yeast to Sierra Nevada, and McElevy feared other brewers would copy a yeast made by Schwarz. Mick McHugh, co-owner of two restaurants in Seattle, convinced Shipman and Bowker to launch their beer at his restaurant, Jake's, where other premium beers—Guinness, Henry Weinhard's, and Anchor Steam—had debuted in the Seattle market. Bowker had a theory, based on the thinking of the Nobel Prize-winning physicist Niels Bohr, that any decision to move forward was essentially irrational, and so they picked a debut date—August 11, 1982—out of thin air.

“The idea was that nobody would rationally make a decision to build a brewery,” Shipman told Krebs. “So we were not pretending to be rational about it. The decision to pick a date was made with the acceptance that the decision would force a series of other decisions. You could always come up with a reason for opening later. But one day you had to actually open the doors.”²⁰ That is certainly a rationale that any entrepreneur would appreciate.

But when the mayor of Seattle raised a glass to inaugurate the new beer and brewery on August 11, everyone at the opening ceremony was aware that the beer had the cloying off-flavor of ripe bananas—a sign of bacterial infection, a brewer's term for yeast contamination. They pressed ahead with Redhook Ale, and many bar owners bought it, even though customers complained it was undrinkable. A *Seattle Weekly* reporter dubbed it “banana beer.” The British beer writer Michael Jackson came to town and tasted the beer. Jackson was a big booster of the microbrewing movement in the United States and was never known to put down a microbrewed beer. He savored Redhook Ale and pronounced it “more Belgian” than American. The partners seized on Jackson's description and changed their marketing materials to read, “An ale in the Belgian style is rare in the United States. Redhook is one of the few we know; only hops, barley malt, water and yeast are used in this hand-brewed process. It is the top-fermenting ale yeast that gives Redhook Ale its distinctive character—complex, rich with the nuances of spices, herbs, and fruits.”²¹

Despite most Seattle beer drinkers' rejection of Redhook, Jackson gave Redhook “Four Stars—Highly Distinctive” in a March 1983 article in *Seattle Weekly*. “More than any of its contemporaries, Redhook displays that fruitiness that is a definitive ale characteristic. When this characterful ale was

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