

Cover Story



The Art of CRAFTING GROWTH

BY JOHN SWEENEY

HERE'S THE GOOD NEWS. Fun and innovation are still the order of the day at the Dogfish Head Craft Brewery.

Better yet, Sam Calagione will remain what he always has been: an evangelist for off-centered ales.

That should be a relief to the thousands of Delaware and regional fans of the Dogfish Head brews that have changed the drinking habits of the Delmarva Peninsula and beyond.

Dogfish Head's merger last year with the Boston Beer Company, the makers of Samuel Adams beers, made national headlines. And, it wrinkled a few brows locally.

"Oh, we definitely will continue to have fun," Mariah Calagione says. "It is at the heart of what Dogfish Head's product and people are about."

The merger will also enable Dogfish Head to keep that attitude longer. The two companies together will be able to adapt to changing drinking tastes, withstand conglomerate pressure and reach more customers.

And the innovation will continue, Sam promises. "We will keep the mental in experimental."

Sam and Mariah Calagione are the public faces, the brew masters, the business minds, the ingenious marketers and the spiritual forces behind the little Milton business that blossomed into a craft-brewing legend.

Now, with the Boston Beer merger, the company's reach will expand exponentially. In addition to Sam Adams beers, Boston Beer produces several what some label as "beyond-beer" products: Twisted Tea, Angry Orchid

cider, Truly Hard Seltzer and Wild Leaf hard tea. Along with Dogfish Head's growing number of bottled spirits, the combined company will be able to accommodate the market whichever way it goes.

Can the Dogfish Head culture fit in with the Boston Beer group?

"Boston Beer has five brands, that's five cultures," Mariah says. It is the way the craft beer world works – different cultures for each brand.

"That will continue. We will not mush Dogfish Head into a stand-alone culture. Our brand culture won't change."

Sam agrees.

"Starting at 30,000 feet, the one theme is growth," he says. "We want to set up long-term growth, growth for brand and growth for our co-workers."

"The reason we can achieve this is because we have complementary cultures. We are both craft brewers. Our culture is complementary, not competitive."

The industry, though, is highly competitive, competitive in

marketing and production, and especially in creative ideas.

"Large companies traditionally have more layers of complication. They can't be nimble and quick. As a smaller company, we are lighter. We move more quickly. We are more willing to take a risk."

"We follow a pioneering business model," Sam says. Some companies pursue the "fast follower" business model. In other words, they respond quickly to trends in the market. Dogfish Head goes for concepts that do not exist yet.

Remember, this is the brewery that started brewing ales from the ancient world after Sam chatted with a biomolecular archaeologist at a charity event.



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The two conjured up a series of ales based on the molecular remains in the cups and pots found in ancient tombs and diggings. They based one on ingredients found in cups from the tomb of the real King Midas in a remote part of Turkey. The beer, Midas Touch, was an award winner.

“Innovation comes with risk,” he adds. If it captivates the consumer, Dogfish Head has a winner. “But failure is always inevitable. The thing to do is fail quickly, to fail forward.”

“If you don’t innovate, you’re not moving forward,” Mariah says. “If you’re not moving forward, you’re being left behind.”

Dogfish Head and the Boston Beer Company face many of the same challenges. “Together,” Mariah says, “we have more opportunities for growth.”

Mariah puts it this way:

“We both came out of the craft beer industry. We both went through the craft beer industry shakeout at the beginning. We were friendly competitors.”

“But things change.

“There are now 8,000 breweries instead of 600. Many are being bought out by larger companies. The playing field is different now. The merger will allow for greater independence.”

“It is true that craft beer sales are slowing down,” Sam says, “but they are still outpacing the overall beer industry. The growth of spirits and hard seltzers is outpacing beer.

Trends surge and retreat in every industry. That is a good reason for the merger.

Boston Beer and Dogfish Head together will not only be able to weather the up and down trends. The merger will give the two companies a greater chance at growing their products. “We are in 35 to 40 states now,” Mariah says. “The merger will give us opportunities in the states where we are. We will be on more

stories, more shelves. And we will have more opportunity in states are not.”

Rich Heffron sees Dogfish Head as a walking-talking example of how to grow a business.

“Their process of building Dogfish Head is a case study of how to take an idea and turn it into a successful business venture,” he says.

Heffron, who was with the Delaware State Chamber of Commerce for more than 25 years, four of them as president, saw Dogfish Head rise out of nowhere, overcome the usual start-up obstacles, move on to dominate the Delmarva Peninsula and then become *the* brand for craft brewers across the nation to emulate.

That rise is a case study, as far as Heffron is concerned. Any person interested in starting a business or understanding entrepreneurship should study it.

“I have heard both of them speak numerous times,” Heffron says. “They tell an engaging story about the risks and rewards, the ups and downs of starting a business.

“They are not only a Delaware success story,” he adds. “They are a national and international success story.”

Part of it has to be the Calagiones’ ability to grab the public’s attention. The secret is a simple one. They let everyone in on the fun.

That would include Delaware’s oldest institutions and some of its top officials.

Take their creation of DNA, or Delaware Native Ale. They reactivated the 18th century Abbott’s Mill to grind barley. Then they captured local wild yeast for fermentation. University of Delaware scientists sequenced the DNA of the yeast and chose the best strain. Finally, then-Governor Jack Markell declared the strain Delaware’s Honorary Official Yeast. A new product, a community effort and a lot of fun wrapped up in one project.

“There are many reasons Sam and Mariah have been so successful,” Markell says. “They love what they do and that comes through at every event and in every interaction. They also make everyone they interact with feel special and as a result, they have built tremendous loyalty.

“They are indistinguishable from their brand. They are creative, fun, passionate and courageous. That’s the kind of brand — and those are the kind of people — that everyone wants to associate with.”

Sam and Mariah point to their co-workers. “It’s just fun coming to work,” Mariah says. “We have lots of great people.”

“The success and fun start with how we treat co-workers,” Sam says. “We care primarily for our people and then our product.”

“We are very proud to be a Delaware-based business, and to live at the beach,” Sam says. “This a business and agricultural friendly state.

“Delaware is uniquely positioned to be local to four of the most robust metros in the country,” he says. “We are able to enjoy recognition as the local brewery in all four metros.

“Now, with the merger, we have the ability to be recognized nationwide.”

And, have more fun. ■



John Sweeney is a Delaware writer and editor.



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