Name of Interviewee: Ken Grossman
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00:00:00 Theresa McCulla: Okay. It's March 29th, 2017, and this is Theresa McCulla. I'm here with Paula Johnson, of the National Museum of American History, and we are interviewing Ken Grossman, founder of the Sierra Nevada Brewing Company. We're meeting at the brewery in Chico, California, and this interview is part of the American Brewing History Initiative which is an effort to collect and document the history of beer and brewing in America. So, Ken, we'll start at the beginning and I'll ask where and when you were born.

Ken Grossman: I was born in Los Angeles area, November 11, 1954.

McCulla: And did you grow up in Los, in the Los Angeles area?

Grossman: Grew up San Fernando Valley. Lived in L.A. for a little bit and then moved out to San Fernando Valley when I was three or four years old and, lived there until I moved to Chico when I was seventeen in 1972.

McCulla: And who were your parents?

Grossman: My father was Warren Grossman. Mother was Eleanor Drucker.

McCulla: And what was it like growing up in Southern California?

Grossman: Where we lived, actually, where we moved, in Woodland Hills anyway, was, had been an old walnut orchard, and so the lot sizes were pretty big. We lived on, you know, over half an acre. And the area was fairly rural when I was first growing up, and then, you know, housing developments and all that sort of filled the area up.

00:01:26 McCulla: And how did you first become interested in brewing?

Grossman: Probably as a very young child, I was exposed to homebrewing. My neighbor and later on buddy that I went to elementary, junior high, high school with, his father was a very avid brewer, winemaker, distiller, as well as a metaler. Just worked for Rockwell designing engines for spacecraft. And he was always brewing something, so as a young child, I'd go to visit his son, and there'd be pots boiling on the stove with beer and wine jugs bubbling in the hallway, and a lot of sights and smells that I was exposed to at a young age.

McCulla: So, to an extent, would you say, was it kind of sensory attraction versus the more science side of things?

Grossman: Well, as a very young child probably more sensory than science, but as I grew up I was interested in science. I actually studied chemistry in college and had a love of the sciences, physics and chemistry and. So, I think I was also intrigued with the alchemy of converting, whether it was fruit juice, or later malt, into beer. So, I was fascinated with that aspect as well.

00:02:46 McCulla: Do you remember some of your own early homebrewing experiments?

Grossman: I do. Yup, I mean I remember, you know, I at that point was underage, so hiding it from mother. But I did have some experience making, tried to make wine out of, you know, Welch's grape juice, and things that were pretty awful concoctions. And then later on, went and purchased all the ingredients and equipment to brew beer, and. More as a, probably as a science experiment as well as a way to produce a little bit of beer to drink with my friends. And back in that era, there were a number of home wine supply shops that were selling supplies for hobbyists, winemakers, and brewers. And there was one fairly close to my parent's house that I was able to ride my bicycle down to and buy some malt extract and some hops and yeast and made beer. So, that was around 1970.

McCulla: Okay. And you were a member of the homebrewing club, the?

Grossman: Actually, when I started was before any homebrewing club had been founded.

McCulla: Okay.

00:03:58 Grossman: And so, the area down in Southern California was where the first homebrew club was founded which was The Maltose Falcons. And I think they came along maybe in '72 or '73 or something. But, my buddy Cal Moler, the metallurgist neighbor, he was one of the founding members of the Maltose Falcons.

McCulla: Okay. And what was the experience like, of being in this group? What? How did people communicate?

Grossman: I mean, back in those days, you know, no internet.

McCulla: Right.

Grossman: And so, they would have, you know, meetings at the Home Wine Shop [Home Beer Wine Cheese Making Shop], it was called. John Daume was the owner of it, and he was a, I guess a facilitator to, you know, to get his more serious, hobbyists, homebrewers together to, to start, you know, discussing how to make good beer. You know, at that time, and in the sixties and that era, there was not really a lot of scientific based homebrewing books.

00:04:56 It was really British books on how to make simple beer, inexpensive beer. The British brewing culture at that point was primarily a way to avoid paying a lot of taxes, and beer was, you know, very part of their culture. And as taxes got very expensive on beer I think there was a pretty big culture of brewing your own at home. And supermarkets, drug stores would all carry homebrewing supplies in the U.K. at the time, and that started to spill over a little bit into the U.S. as far as the availability of ingredients that were, you know, packaged for homebrewers. But the knowledge was pretty limited as to, really, the science of brewing and how to brew beer that was of good quality at home. A book came out by Fred Eckhardt right around, I got one of the early editions, I want to say, probably right around '70, 1970, called *Credos of Lager Beers*. And that coupled with a U.K. book by Dave Line called *The Big Book of Brewing*. And those two publications were really the first that sort of opened the eyes of a lot of homebrewers that you could brew world-class beer at home and there was science behind it and, you know, explanation of, you know, enzymes and mashing and things that were not widely available as far as a resource for a homebrewer. Either you were a scientific professional brewer or you had, you know, brewing textbooks, or you were a homebrewer where you had limited knowledge being transferred.

00:06:44 McCulla: So, you were brewing British styles primarily at the time at home?

Grossman: Well, not necessarily. The, I said that the, Eckhardt book, Fred Eckhardt book was about brewing lager beers, and the whole book was focused on brewing lager beers, and a bit in response to the fact that all the British books were about brewing ales. And so, I think he felt there was a need to show that there were other kinds of beers that you could brew at home, of the bottom fermenting type.

00:07:10 McCulla: Okay. Great. So, in terms of your transition from academia, your study of science into the brewing industry, I'd love to hear a little bit more about The Home Brew Shop that you ran in Chico.

Grossman: Yeah, so moved to Chico in 1972, and then, took my homebrewing supplies up with me, and there was not really a homebrew supply shop in this area. And was studying chemistry, first at the junior college and later at Chico State. And a neighbor of mine sort of convinced me that, you know, I was brewing this beer, and it was great, and wouldn't that be a good business to set up in Chico. So, I found a small little shop, downtown Chico, 1976, and he and I opened up this little teeny business and was literally the size of this conference room. Not very big. And there's some pictures around somewhere of that. And we ran it, my wife and I, and, I said this partner I had at the time. And he got a little bored of it so he sold his interests to me. And I had to work a second job in order to make ends meet, and my wife would fill in a few days a week at The Home Brew Shop. And then we had our first child, Sierra. And so, the baby was sort of raised in The Home Brew Shop. My wife had a crib there, and.

McCulla: Really?

00:08:37 Grossman: Yup. And, so I catered to, you know, obviously, fledgling homebrewers, ‘cause there was really no culture of serious homebrewing. But, home winemakers, homebrewers, in the Butte county area. I got into selling grapes and supplying grapes for winemakers as well as beer. And then I went to a, one of the very first homebrewing supply conferences that was held in Oakland, and actually it had been a winemaker’s supply conference, but they were just starting to get into having beer as a focal point as well. And I did that, I want to say, it was probably in ’77 or maybe in ’78. And on that trip, I went down and visited Fritz Maytag at the Anchor Brewery and saw his original brewery down in the city, and was inspired to think about opening my own brewery. And then made a trip a little while later over to the New Albion Brewery with Jack McAuliffe. And that showed me that, you know, what Fritz had done was to reinvest in an existing old brewery. What Jack McAuliffe had done was to build all the equipment, basically a large homebrew setup, and to commercialize it and, you know, be a legitimate, basically a legitimate homebrewer selling commercial beer. And so, Jack’s facility was also very small. About a barrel and a half, about forty-five gallons per batch brew size and essentially a hundred percent home-built equipment. There was, I don’t think anything there, maybe an old bottle filler that he, he got from a soft drink plant, but essentially it was hand-crafted equipment.

00:10:25 And so, after seeing what he had accomplished, and my skill set was similar in that I could weld and do a fair amount of hand fabricating, so, decided to sell The Home Brew Shop, write a business plan, and in 1978, and then to start building all the equipment myself to brew beer commercially. There wasn’t an industry at that point in time. There had been, well between when Jack started up in 1976 or ‘7, ‘till when we actually brewed beer, which was 1980, there were six small brewers that had gone into business, myself included. And pretty much all of us went the same route of picking up old dairy equipment or, you know, fabricating equipment ourselves. There wasn’t really a, you know, fabrication company that was catering to really small brewers, at least in the United States. There were some in England, and then Germany probably that, you know, would have built equipment that small, but the cost would have been prohibitive for any of us just starting up the way we did.

McCulla: Sure.

00:11:38 Grossman: So, it took nearly two years from when I wrote the business plan and tried to raise money. And at the time we were unable to raise a penny from any banks or, you know, other institutional sources, so we ended up, besides all of our own money, I, when I sold The Home Brew Shop, I had a little bit of savings. Like, a little bit of savings, two thousand dollars. And went to family and friends, and we ended up borrowing initially I think fifty or sixty thousand dollars, and ultimately almost a hundred thousand dollars to get the doors open.

00:12:14 McCulla: And, so, in the, the early days, especially when you're starting to scale up to brew professionally, what were the most challenging aspects of the brew process to learn.

Grossman: Pretty much everything, you know, from, the, you know, as homebrewers, we were pretty sophisticated homebrewers. So, from just the basics of brewing beer, you know, we had a pretty good handle on how to make beer, but how to make it consistent and on a, you know, larger batch size. We had seen the challenges that Jack McAuliffe had with being so small, at a barrel and a half, that there really wasn't enough cash flow to make ends meet and to pay themselves. So, our business plan called for initially a ten-barrel brew size, and then a fifteen hundred barrel per year production with idea of hopefully being able to expand to twenty-five hundred barrels a year. And, at least on paper that was, seemed like a viable business size to start off. Again, there were no examples of other people who had come before us other than Fritz, and I think at that point he was probably at the thirty or forty-thousand-barrel mark. He might not even been that big, but, you know, significantly bigger than we were. And, you know, we felt that we would never be able to, you know, get into the market place with that kind of ambitious goal in mind, so we were thinking we would sell beer in California and, you know, that would be enough to, you know, allow us to survive. So, it was a whole education process of, you know, understanding, you know, raw materials side, the packaging side, the legal licensing, permits, taxes, all those things. The, you know, consistency on the microbiological front as well, just on a batch to batch side. Learning about wholesalers. We really had no previous industry knowledge other than being homebrewers, which really wasn't, you know, aligned with being a professional brewer as far as all the things that we had to learn.

00:14:21 McCulla: Sure. So, and when you visited people like Fritz and like Jack, were they, did they offer mentorship or was it more of you were just, you were inspired by their facility, their operation?

Grossman: A bit of both. You know, I don't know if you've interviewed Jack or if you will for part of this, but.

McCulla: Hope to, yeah. In the future.

Grossman: Yeah. He's a, independent person and a character. And so, he gave some advice, but it wasn't as if, you know, one of his points of advice was bring lots of money. You can't imagine how much stuff costs and how, you know, how hard you have to work for it. And then, you know, Fritz and he both were open as far as questions about, you know, should we do this or that. They were both eager to give us some input or advice. The other resource we had, which I felt fortunate, was UC Davis was right down the road. And so, I spent a lot of time at the UC Davis library, they had a pretty good brewing library. And talking to Michael Lewis who was a brewing science professor down there, and then a number of his

grad students actually were helpful and just kickin' around ideas and concepts. So, we got good input. For being as novice as we were, we made plenty of mistakes but we could have made worse ones if we hadn't had some, some good input from people.

00:15:52 McCulla: Right. So, your first test batch of beer in the new brewery was a stout, was that right?

Grossman: Right, five barrels of stout.

McCulla: Okay.

Grossman: November 15, 1980.

McCulla: Okay. And what prompted you to brew that style first?

Grossman: Oh, you know, I think at this point, in hindsight, probably just thinking about what, what would cover our sins.

McCulla: Okay.

Grossman: Best would be a, you know, a strong, highly flavored dark beer. You know, not that stouts have a lot of problems potentially, but they are, you know, very strong flavors that would hide a minor problem. And so, we, we chose that. And then we immediately started brewing our pale ale recipe starting two days later.

00:16:35 McCulla: And so, what was the process like to procure ingredients for that?

Grossman: Ingredients at the time, there were a handful of suppliers that, as The Home Brew Shop operator I was aware of. So, I had some direct connections with some hop suppliers in the Yakima Valley. On the barley side, at least at that first, for the first couple years, there was a malt house in San Francisco called Bauer & Schweitzer, which was later taken over by Fleischmann's, I think. And I was able to drive my '57 Chevy flatbed down to San Francisco with a hopper on the back and have them dump some malt in there, and haul it back, and basically shovel it into a silo we had. And initially that was enough to last a month at a time, you know, in my Chevy truck.

McCulla: What? And how did consumers respond, especially to the hop-forward beers in the beginning?

00:17:35 Grossman: Well, the other thing, we, bottles was another big.

McCulla: Yep.

Grossman: Issue.

McCulla: Okay

Grossman: That we couldn't afford initially to go right to a glass company, so we decided to use returnable bottles. So, we were buying long-neck beer bottles from beer distributers around the area. And that's what we started out with. As far as
00:17:52 the reception, the beer, we couldn't afford six-packs. We walked around with our first commercial batch of beer to a bunch of restaurants and bar owners. I'd say it was a, certain percentage of people loved it. Most people thought it was too strong and hoppy and bitter and, you know. As homebrewers we were brewing beers much closer to what we wanted to drink than, you know, to commercial beers that were available at the time. And we made a conscious effort that we wanted to be unique, that in order to survive at our scale we had to brew something that had some, you know, unique character to it, and was, you know, a bit, I don't know if in your face is the right word, but distinctive enough that it would be something somebody want to spend additional money for. We didn't have a very sophisticated pricing policy. It was, what's the most expensive beer on the shelf? We're gonna price ourselves right about what that's at, and at the time it was eighty-five cents a bottle, where were the imported beers were selling for. And so that's how we set our pricing and sort of worked backwards from that. In California, we were fairly fortunate that at the time, and still today, it's one of the states that allows self-distribution, so we were able to, you know, take the beer ourselves to the grocery stores and bars and restaurants. And that that little bit of difference, of roughly twenty-five percent mark-up that we were able to keep, was really what kept us in business. We, you know, debated whether to turn our beer over to a distributer from day one, and after doing the, starting at that price and doing the math, there really wasn't enough profit at those volumes to survive. So, that was a conscious decision, and one that I think at least helped us get launched.

McCulla: Okay. I'm curious a bit about the balance between taste preferences in terms of choosing a kind of hoppy identity versus a kind of business strategy, a kind of niche that wasn't quite filled yet.

00:19:57 Grossman: Yeah, so as far as the style we chose, we were as homebrewers brewing all sorts of different styles. We were brewing lagers and porters and stouts and top-fermented ales. And due to the fact that we really didn't have a ton of technology, our, one of the grad students at UC Davis said, "You know, you'd be better off, you don't have the refrigeration, you don't have the, you know, pressurized tanks. You really need to simplify your brewing process, and a top-fermented beer would be much easier for you to manage as a start-up." And so that was wise advice. So, we realized, okay, we need to do a top-fermented beer. And the characteristics of an ale tend to be, you know, more flavorful and a little bit stronger in flavors. And the decision was made, you know, let's feature an
00:20:47 American hop that's got some real distinctive character. At that point in time, the American hop industry didn't have a lot of varieties that were used for aroma, and

the majority of the U.S. crop at the time, I think eighty percent or more, was used for bittering beer, not adding aroma to beer. And so, we made a real conscious effort, let's pick, you know, the premiere aroma hop that's being, you know, recently bred in America called Cascade. And so, we featured that in our pale ale. We didn't feature it in all of our beers, so that was just really a variety we wanted our pale ale, and chose other varieties for our porter and stout. We had three beers when we first came out.

00:21:32 McCulla: Okay. And could you talk a bit about your relationship with growers? What was the kind of communication like, in terms of encouraging them perhaps to develop new, new strains over time?

Grossman: Well, initially I wouldn't say we had a lot of wherewithal with growers, and we were so, so small. And, you know, almost a joke in the minds of, you know, the hop merchants and the growers. And just I guess for reference, so as a homebrew shop owner I had family in the Yakima, so I would drive up to Yakima and I would load my station wagon up with a hundred one-pound cuts of hops called brewer samples. And I convinced one of the merchants to sell me a hundred one-pound blocks, which they would normally not do, because I couldn't afford to buy a whole bale of one variety hops 'cause I wanted to have a, you know, essentially all the varieties that were available. And so, when we opened the brewery, we were bigger than that, but we were, I think we bought five bales of hops or three bales of hops. So, in the scheme of things, that's not a lot of any one variety to really influence what people were growing. But we did feature that Cascade hop, and it did become, you know, quite popular with the craft segment as we grew and as the industry grew. Today, there's a very robust breeding program, or breeding programs, both on the merchant level and on, some of the state's as well have taken on supporting breeding programs.

00:23:04 McCulla: So, over time is, certainly the aggressively hoppy flavor became less surprising to consumers. And how would you kind of chart changes in consumer taste over your career?

Grossman: Well, when we launched a pale ale, and it's still the same, we were right at the 37, 38 bitterness units. And I would say the majority at the time of the mainstream beers were right around 10 to 12. And so, we were, you know, three times or more hoppy than the traditional beer most people were used to. And today, those numbers have fallen even more, so the average, you know, large domestic beer may be 6 or 8 bitterness units. And so, there's been, we can, a fairly wide divergence of tastes, and, you know, at 38 or so, our pale ale was considered very hoppy, and today, you know, most IPAs are in the 50, 60, 70 bitterness units, so the consumer's tastes have changed dramatically from when we first started out.

00:24:12 McCulla: Could you describe a little bit the process of recipe formulation at Sierra Nevada over time? What? How would you begin a recipe, or an idea?

Grossman: Well our, you know, going back to the, when we first came up with our pale ale, and I've still got some of my old recipe, you know.

McCulla: Okay.

Grossman: The original recipes that we tried different yeast strains, different water, salts, and different hop varieties. And brew a batch, taste it, then decide, well, it needs to be, you know, hoppier or less hoppier, a little maltier, less malty. Brewing's a lot like cooking, and if you're into, you know, creating your own recipes or modifying existing recipes, it's somewhat easy to envision how, you know, adding, you know, more pepper, salt, you know, herbs, how that affects how the dish will taste. And in brewing, it's pretty similar. So, if we're developing a new beer, new brand, or new style even, it's really talking about what the end goal is, so we want something that's very floral, we want something that's, you know, very dry, or we want something that's got a strong malty backbone, we want something with some color, some roasted aromas. And so, you have this whole palate of ingredients ranging from malts that are produced in a fashion that has very little roasted character to it, and it ranges from a pilsner malt or a pale ale malt that has just a little bit of caramelized sugars. And then through a range of truly caramelized malts, which are crystals or caramels, and then do a range of dark malts that are roasted like coffee is. And so, you've got dozens of potential. Not just barely malt, you can do wheat malt and rye malt and, you know, other grains that go through similar kinds of steeping and kilning processes. So, when you put together the recipe, if you want something that's got that roasted, caramelly character, you would add some of those roasted malts in various colors, depending on what you're shooting for. If you want a very dry and pale colored beer, you might use a malt that's been dried at a low temperature so there's very little color and very little of those roasted characters. So, it's really just, you know, envisioning what you want the end product, and then starting to
00:26:34 put together the ingredient list. And depending on, you know, what water you want, or what water you have, and what water you may need for that style of beer, you may alter the salts in the water. Some beers are better with higher mineral content, particularly calcium and sulfates for a pale colored beer, and a darker colored beer may want, you know, better balance with chlorides, get more mouth feel and sweetness. So, again, water's part of that whole thought process. And then fermentation temperatures and yeast types, those all contribute a lot of different characters as well.

McCulla: Sure.

Grossman: So, depending on what the end goal or style of beer is, or if you want to create something yourself, you manipulate all those inputs, and temperatures, and hopefully produce something that you expect. And then if not, you tweak it and go back and maybe make some adjustments.

00:27:29 McCulla: Right. And when you're thinking of the end goal, the finished product, do you have, do you have a consumer in mind or are you really thinking more of the kind of flavor profile you want to achieve?

Grossman: Oh, I would say both. You know, today the consumer is so much more sophisticated than they were when we first started, so. And there's a lot of knowledge now, and certainly, you know, what's happened with the amount of craft brewing companies that have opened up that are really pushing, you know, a lot of boundaries, so they're reinterpreting traditional styles. You know, what today is, is an IPA is completely different than the IPAs of twenty or thirty years ago from the U.K., for example. Or fifty years ago, or the turn of the century. So, I think we put our own spin on those things, and, you know, whether it's a beer that's very hazy in color, whether it's got a malty sweet backbone or whether it's just really, really dry with a lot of hops, there's just a, you know, huge range of the same styles, even though it may be called a lager or an IPA it can run the gamut of color and bitterness and maltiness and alcohol.

00:28:37 McCulla: So, if you think of Sierra Nevada overall as a brand, how might you describe the brand of Sierra Nevada?

Grossman: Well, I mean for years we were quite limited, so we produced just top-fermented ales, porters and stouts, and now we're doing just a wide range of products. You know, things with some added fruit in it. We're doing Belgian styles. We're doing a lot of barrel aged things. We're doing fresh hop beers. We're doing a lot of lagers. We're doing gueuzes. We don't really have limits on ourselves as far as the style of beer we brew today, you know. In part, it's driven by the consumer wanting to, you know, experiment through the whole range of what beer can be, you know. So as the consumers got more sophisticated, I think the brewers have had to increase what they're offering in order to, you know, meet the interests and demands of the consumers out there.

00:29:31 McCulla: And, another way to ask that kind of question might be what, what do you think makes Sierra Nevada unique among breweries?

Grossman: Well, I think for us, you know, a lot of what we've done historically, I think has been benchmarking. And our pale ale is still, you know, one of the most popular beers, craft beers in the country. And we've stuck to our roots as far as how we brew the beer and grains we use and processes we use. We still bottle condition our pale ale. We still use whole cone hops. And so, we've been, you know, very traditional in a lot of aspects of what we do as brewers, but we've also been, I think, quite innovative in other aspects.

00:30:16 McCulla: Okay. Could you talk about the origins of the label and the kind of imageries associated with Sierra Nevada?

Grossman: So, as we were, you know, trying to come up with a name and a label concept, we actually looked at opening the brewery in various cities in California, up and down the coast, from San Luis Obispo to, I can't remember if we went much further north than Chico, up into the foothills. And one of the areas that we were considering was Nevada City, which is in the foothills from here, an old Gold Rush town. And at the time I was living in Chico and had gone to school here, and we were thinking about moving to a different part of the state, and ended up settling here in Parkland. Chico was a, I had a good, had a university town and a good history of enjoying beer. And we were at the base of the Sierra Nevada mountains, and the name Sierra Nevada sort of stuck. And actually, I have a daughter named Sierra who came before the brewery. And so, my wife and my's love of the mountains was part of where the name came from. And in thinking about the label we actually had a homebrewing friend who was a graphic artist and commissioned him to do the label. And had given him some sketches and pictures of, you know, mountain scenes, and sort of, you know, put a little bit of the thought into what we wanted it to look like.

00:31:44 McCulla: Great. And it's really, say, the labels, but also the way you have built your breweries conveys very much a respect for the environment. And so, I was hoping you could talk a bit about how this idea of a kind of respect for the environment figures into your personal history but also your business history.

Grossman: Well, I could say initially being, recycling a lot and being resourceful, was a need because we didn't have any money. And so, a lot of what we built original brewery on was really repurposed and recycled everything. You know, from the heater that heated our mash water, it came out of a commercial laundry, to all the equipment that I converted or built. So, the, I guess the resourcefulness sort of drove us initially. And then as, you know, as we grew and had more resources, I think it became, you know, apparent we were as a manufacturer utilizing, you know, energy, water, glass, transportation, and, you know, that it became I think the desire to figure out how to do that as efficiently as possible. And so, as we've had money to invest, we've invested in energy savings and, you know, recycling initiatives and repurposing equipment. So, I think it's been part of our DNA from early on, but, you know, it's important I think as a manufacturer that does use, you know, millions of gallons of water, that a lot of energy that we figure out how to be as efficient and, you know, not waste resources.

00:33:20 McCulla: Related to water, you said among other things, how, to what extent would you say breweries have particular opportunities or challenges to be environmentally sustainable in their operations?

Grossman: We both have a lot of opportunities and we have a lot of challenges.

McCulla: Yeah.

Grossman: I mean there, and there's no getting around that, you know. If you look at the brewing process, you're heating, you're cooling, you're heating, you're cooling. There's a lot of energy inputs, and there's a lot you can do to recuperate a lot of that energy. And so, as you're designing and building a brewery, if you're paying attention to a lot of those processes that can be both optimized as well as efficiently managed. So, heat water here, when you cool that water you take the energy out and you heat water you can use for somewhere else. So, there's a lot of things that go into the brewing process today, or the thought process of building a brewery that are a lot more efficient than they were twenty, thirty years ago. And, it's something that does take resources, so the smallest brewers are more challenged with being as efficient. Their water uses are typically higher and their energy consumption per barrel is higher. Once you get to a certain threshold, you can start using scale to help that efficiency. But, part of it's a mindset, part of it's, you know, how you design your facility. But, you know, we, we try to look at all that when we're adding or designing or building, and try to capture heat and use less water or other energy.

00:34:54 McCulla: And so, related to this idea of scale, certainly Sierra Nevada has grown very much under your leadership. And not all craft breweries have been able to grow, not all have wanted to grow. What prompted your decision to grow?

Grossman: I think, you know, initially is that our business plan called for us to be a much, much smaller company, and the reality was, at least back in the, in the late seventies, early eighties, it was a very hard business to be in. Again, educating the consumer, the wholesaler, the retailer. There was not a craft understanding amongst the consumers. And so, you know, as we got into business and realized that it was harder than we envisioned, the need to get some scale was really apparent, that if we didn't grow we were gonna die. And so, that just became a harsh reality of, you know, grow or die. And, you know, still a little bit that way with the industry and that, you know, the retailer and the wholesalers have a lot of choice, and if it's a brand that's not growing or trying to grow, and the wholesaler's business model involves them trying to grow, which is usually the case in most businesses, they want to, you know, increase revenue and profitability and. So, if you're a brand that says now, we're gonna shrink, or we're gonna, you know, not grow anymore, the focus of that distribution partner or retail partner tends to wane, and they'll want to divert their energy to a brand they can grow with and increase, you know, their volume. And so, just, you know, that mindset is out there in the retail and wholesale side, and so we've gotta, you know, hopefully support their desires to, you know, grow their business as well.

00:36:42 McCulla: And so recently you opened a brewery in North Carolina?

Grossman: Yup.

McCulla: What did you learn from that process?

Grossman: Oh, boy. A bunch. It's hard.

McCulla: Yeah, okay.

[Laughter]

McCulla: One or two things.

00:36:53 Grossman: Yeah, so, in nine-, 2012, well, for quite a few years, actually, we realized that our business model had some flaws, and that as a West Coast brewer trying to be a national brand, beer is heavy and, you know, the profit margin per pound is not nearly what it is for wine or cheese or, you know, other products that have higher margins on lower weight, and so, you know, in order to be competitive and, for that matter, survive if we were gonna be shipping everything from the West Coast to the East Coast with energy prices, you know, not knowing where they're going and, you know, just the carbon footprint aspect of trying to be a national from one location. So, it's probably, at least, I'd say well over ten years ago, and probably more like twenty years ago, we started talking about, you know, at some point we need to make a decision. Are we gonna be a national brand? And we were approaching that at the time. And if we are gonna be a national brand, you know, this probably isn't gonna make sense long term to produce in California and ship nationwide. The other thing that added to our stru-, our cost structure is we've always felt that, you know, we want to get our beer into the hands of consumers in the best shape possible, so we ship refrigerated from.

McCulla: Yeah.

00:38:09 Grossman: Chico to the country. And again, that's a fairly costly proposition. And, most of the refrigerated transport is filled in California with produce and ships east, and then is empty coming back to the west coast. And so, shipping during times of peak harvest from California to New York or Florida, sometimes hard to get trucks, and when you can get refrigerated trucks they're much more expensive. So, if we were shipping from the East Coast to the West Coast, we would have a big freight advantage because they want to get those trucks back. And so, we started in earnest looking around 2010, wrote a, wrote a plan and started looking at where we'd want to settle if we were to open a second brewery and did a lot of due diligence around that. And picked the western part of North Carolina, both from a cultural area, there's a lot of food. You know, we're right outside of Ashville, and a lot of appreciation of, you know, good restaurants there, and other breweries have chosen to go there. So, it's a bit of a hot bed for more progressive food and beverage.

McCulla: And your son is in management?

Grossman: My son is, Brian's back there. Yep.

00:39:24 McCulla: Yes. So, it's clear that family has been important to the running of the business over time, whether it's your wife's involvement in The Home Brew Shop or now your kids. And so, could you talk a bit about how you cultivated an interest in the business within your family?

Grossman: Well, I wouldn't say everybody has an interest.

McCulla: Yeah.

Grossman: Like, my.

McCulla: Okay.

Grossman: My wife doesn't drink beer. She doesn't drink alcohol. But, and I think, you know, as they grew up, they grew up in the brewery. The brewery's been around longer than, I have three children, and as my oldest daughter is a couple years older than the brewery, but she was raised, pretty much you know, in the brewery. And then as my other kids were born, you know, it was their playground and, you know, dad was working and they'd come down on the weekends and, you know, ride their bikes in the parking lot, and play in the packaging line with them. Picture somewhere of my son in a beer crate being pushed down a conveyer. So, they grew up being exposed to the brewery. It was, you know, in some ways probably the other child of the family. And, none of them got, you know, pushed into the business. They've, you know, chosen to be engaged at whatever level they're interested in.

00:40:38 McCulla: And on a related subject, it really seems like collaboration and a sense of community have also been important themes in your career. Could you talk a bit about some of your collaborative projects?

Grossman: So, as a, I guess, one who's been around for a long time, I'm one of the older craft brewers still at it. You know, I developed a lot of friendships over the years. And, you know, being on the board the old Brewer's Association of America and then later the B.A., you know, I got to spend quite a bit of time with a lot of brewery owners and we developed friendships. So, quite a few of the collaborations we've done have been with, you know, people we have long histories with. And, the people who are passionate about beer are generally pretty fun, cool people and, you know, we enjoy each other's company and, so, it's a unique business I think compared, you know, other businesses that I'm familiar with where it's a very competitive, you know, don't trust your competitor kind of
00:41:42 thing. But with beer and brewing, at least historically brewers have been pretty open, even the big brewers to the smallest brewers. And not that many years ago the big brewers to the other big brewers would, you know, somebody has problems here, you'd help out your competitor. And when we were starting in the, in the late seventies, I was able and was well received to be able to call one of the,

you know, Anheuser Busch, Miller, Coors and, you know, ask for input or help or some ingredient or something, and there was generally a good willingness to share and to help out, at least on the technical side. Sales guys were probably always, fought a little bit, but the technical people and the breweries tend to get along.

00:42:29 McCulla: More recently, how would you describe your relationship with smaller craft brewers?

Grossman: Oh, good still.

McCulla: Yeah.

Grossman: Yup. We still have a very open relationship. I speak to them regularly. And I, you know, I think the fact that we did, you know, go through the same struggles without any resources that a lot of these start up brewers are today, I think they, you know, I didn't come from a place of, you know, a bunch of money, you know, get a, you know, had to figure a lot of that stuff out. And a lot of the folks today, you know, still have to do that although there's so many more resources today with both the Brewer's Association and the internet that a lot of the struggles we had have been solved or at least there's information about how to deal with a lot of the stuff that we stumbled on for a while.

00:43:21 McCulla: Could you talk just a bit about your beer camp?

Grossman: Okay.

McCulla: Project?

Grossman: So, the original beer camp we did in 2014, really as a way to celebrate the opening of our new Mills River brewery. It was one of those, you know, I guess, crazy, sitting around the table, what should we do to, you know, have a big party? We were getting ready to do a grand opening, and started throwing out ideas and we had, you know, thoughts of well, let's do it like the Olympic torch, but then we'll have a cryogenic tube of yeast that we're gonna take with dry ice and run and ride bikes and sail and, we had all sorts of things that we were gonna go cross country and do this sort of epic trip, and stop at breweries along the way, and maybe brew some beer at a few of them. And that's sort of where it started, and then it got, well, some of that's not practical, and it's really a longways. And then. So, then it came down, we'll take a bus cross country. And then it was, well, we'll do some beer festivals along the way. And so, it sort of evolved. So, the first year we did it we chose twelve people in the industry we wanted to work with. We made this, you know, pretty amazing twelve-pack with twelve different beers and some cans. And it was a hard project to do, just from logistics, and we were busy, but we figured out how to pull that off. And then the whole festival aspect seemed to be pretty well received. So we've, this will be our third year coming

up. So, the last year we did a little bit of a different deal with bringing in teams of brewers with our brewers, and doing just six different beers but with a group of five outside brewers per beer. And, this year we've gone back to a little bit of a different twist with international aspects. We invited some people we knew and respected around the world for six of the beers, and then six beers with brewers in the U.S.

McCulla: Very cool. And so, I just have a few, few bigger questions.

Grossman: Okay.

00:45:30 McCulla: As we wrap up. So, the first is, I think you could say, Northern California has long been a place that's drawn innovators and inventors of all kinds, whether you want to talk about a century ago or twenty years ago. And, so, to what extent do you think being physically situated in Northern California has encouraged Sierra Nevada's success?

Grossman: I think it's certainly a part of it. I mean, not that there's not other progressive parts of the country, 'cause there certainly are, but I think, you know, California has been sort of at the forefront of a lot of trends and cultural diversity. You know, certainly on the food and culinary side, you know, the wine side obviously is, California quality wine, was really, you know, at the forefront of, you know, wine in this country I think as far as it being a higher end beverage. So, I think being in California played a part for sure. And our first restaurant account
00:46:31 was Chez Panisse down in, you know, outside of Chico, down in Berkeley. And, you know, that sort of set the stage for, you know, beer having a place at the table and a progressive culinary role.

Paula Johnson: Did you speak with Alice Waters yourself about it? Did you sell to Alice?

Grossman: My one employee Steve Erickson did.

Johnson: Okay.

Grossman: But, yeah, it was, and at the time, you know, I might have heard of Chez Panisse. You know, it was pretty early on. And I wasn't that worldly. But I was certainly aware of the culinary scene down there and, I think, it was something we talked about being a great, you know, a great place to showcase our beer.

McCulla: Do you recall, were they serving your Pale Ale?

Grossman: Yup.

00:47:20 McCulla: Or, if you. Okay, great. So, when you founded Sierra Nevada, let's say again in the first decade, were you aware that you were part of this kind of movement of food and wine or?

Grossman: Yeah, I think there was a conscious, I guess, acceptance or knowledge that we were, you know, sort of at the right time and the right place. But the scale of what came to be was something we didn't fathom. But, I think we did understand that, you know, the fact that the industry had gone, that brewing industry in general had gone one direction of producing fairly flavorless, monolistic styles of beers. I mean, you could pretty much get one style from every brewery, you know, American lager, the styles without a lot of character, that it did open up a niche for us. And I remember in our business plan talking about how, you know, there is a place for beers that have character and flavor and, you know, it's not a large part of the market at that point, but certainly there's people appreciate beers with character. And we were gonna fill that niche. So, we made a, I guess a knowledgeable choice that, you know, there is an opportunity now that's not being met. After seeing, again, what Fritz was doing. He'd revamp the Anchor brand. And then, Jack, Jack McAuliffe was never very successful, he struggled, but, you know, there were the passionate people who, you know, would pay the dollar or whatever he was selling his beer for. And so, we realized that there was some, you know, some small part of the segments of our, of the beer drinking public that was willing to buy our kind of beers.

00:49:03 McCulla: To what extent would you say you like the term craft beer?

Grossman: I, initially we didn't call ourselves craft brewers. I'm trying to think what we, we were coined microbrewers I think. And I remember, you know, sort of discussing, that's sort of like a micro-computer. And my, you know, they were start, computers were starting to come out. So, I'm not sure we all thought that was a term of endearment or not. But, it did denote, you know, being very small. I think craft is more appropriate from, you know, describing, you know, how we make beer and how we treat our businesses.

00:49:38 McCulla: And what do you foresee for the future of craft in terms of the next ten, fifteen years?

Grossman: Well we're in a pretty dramatic point right now in the evolution of craft beer. The large breweries are buying up a lot of small brands and small companies. They're introducing their own brands to look like craft brands. The growth rate has plateaued. We had been growing as an industry, double digits for, you know, nearly twenty years. And now, low single digits last year, so. I think there's gonna be a bit of a challenging period for our segment. I think craft beer is here to stay for sure, and I think that, you know, many of the breweries that have built good businesses will be fine. But there's, you know, a period right now where we're seeing a lot of turmoil and ownership changes and some brewers who invested very heavily on the hope that the future would be the same as it was

are having a hard time right now with, you know, borrowed a bunch of money and their growth projections maybe didn't meet what their business plan needed to justify it, so there's some bankruptcies and things starting to happen. I mean, like any business, you know, it's a fairly high percentage of businesses that fail in their first few years, and, you know, I think we're starting just to see some of that come to fruition now.

00:51:14 McCulla: Where would you anticipate consumer tastes are going in that time period?

Grossman: You know, the love of hops has not diminished much, and so IPAs are continuing to show strong growth. The more sessionable, lower alcohol versions are finding a favor with a lot of drinkers so that, you know, you can get a lot of flavor impact without a big alcohol wallop or a huge amount of bitterness, so I think the styles are becoming a little more tame as far as, at least the alcohol side. The stronger, hoppier drive has been there for a number of years, but I think it's starting to moderate, that there will be beers you can sit down and have a few of, rather than, you know, one or two of [unintelligible].

McCulla: So, a bit divergent to some extent?

Grossman: Yup.

00:52:12 McCulla: Big question. What do you value most about what you do?

Grossman: Oh, I think, you know, you know, having spent the, nearly forty years doing what I do, and going from, you know, one employee to over a thousand now, the community of what we've built. And I think the culture is something that we, you know, try to make sure is staying together as best we can with our growth. I think we've done a good job at, you know, an evolution. It's not, you know, every day we work on, you know, trying to be better as a company and do what we need to do. We talk about getting great at what we're good at and, you know, staying great at what we're great at. And the things that, you know, we're not good at yet, we got to figure out how to be at least good at to start.

00:53:08 McCulla: Mmhmm. Great. And last question, this is also perhaps a bit tough, but looking back over your career you've been a maker and a kind of, a doer. And so, if there's a kind of object that could convey the essence of your work, you know, really tell your story in one thing, what might that be?

Grossman: An object, like, besides my beer?

[Laughter]

McCulla: It could be a, it could be a beer. It could be a, you know, a well-loved notebook or a?

Grossman: That's a good question. You know, I think, I enjoy working with my hands, and I'm on my way to setting up a woodshop.

McCulla: Yeah?

Grossman: So, I can go back to doing some of the more, I guess relaxing, calming aspects of turning raw materials into tangible things, so I guess that's what I've always enjoyed about the brewing process is being able to take, you know, very disparate raw materials and turn them into something that's hopefully wonderful and appreciated by many.

McCulla: Great. Great. Alright, well thank you.

Grossman: You're welcome.

Johnson: Thank you.