

August 2011

Central Waters Brewing Company – Local Sourcing**Challenge**

Central Waters Brewing Company is a craft brewery in Amherst, producing such beers as Shine On, Happy Heron Pale Ale, and Ouisconsin Red Ale. The brewery produced about 5,000 barrels of beer in 2010 and expects to produce about 7,500 in 2011.

In order to build a local supplier network, Central Waters sought to identify and support suppliers of both raw materials needed in the brewing process, and more generally suppliers used in the business (cardboard, bottles, caps, labels, etc.). This would help ensure high quality ingredients as well as reduce exposure to commodity grain price fluctuations. Paul Graham also expressed a desire to support local suppliers simply because it was the right thing to do.

The brewery's main ingredient, barley, is commonly grown in the western U.S. and Canada. The malting of the barley is done in Chilton and Waterloo by Briess Malt & Ingredients Company. Paul wanted to find a local source of high-quality, organically-grown barley. He also wanted to develop a local source for Wisconsin hops, even though hops has not been commercially grown in the state since the early 1900s. Most hops for beer brewed in Wisconsin are grown in the Pacific Northwest.

In addition to barley and hops, the brewery looked to locally source its other ingredients and materials as much as possible, such as glass, cardboard, honey and cherries.

Strategy

In order to find a local source of barley, Central Waters partnered with a local farmer who was interested in growing the crop. The brewery provided support, including financial, to the farmer for growing two-row barley. They had to work out the logistics of storage and transportation of the barley, which would be malted through Briess. In 2009, the brewery started using the local barley for their Shine On label.

Although there is no geographical reason that hops can't be grown in Wisconsin (they were very prevalent in the state up until the 1890's), there are currently no commercial Wisconsin hops growers. Central Waters formed a cooperative with four other Wisconsin brewers (Lakefront, Southshore, Sprecher, and Bull Falls) in order to help initiate a process of reintroducing commercial hops to the state. The coop has worked with six local farmers to convert small (one acre) tracts to hops production. Employees from Central Waters have helped with harvesting the hops since hop-picking equipment was not available. One farmer recently purchased a Wolf Harvester (hop harvesting machinery) from Germany, so Central Waters employees are not planning on harvesting hops in the future. Additionally, the installation of oast houses (structures necessary for drying the hops) represents an additional investment for farmers that the coop is helping with.

Results

Today, Central Waters has 80 acres of barley planted. The brewery obtained about 20-30% of its barley needs from the local farmer during the 2009 growing season. The barley was grown organically, but was



not able to be certified as such, since it did not go through a certified cleaner. The owners plan to use a certified organic UW-Stevens Point facility to do their cleaning in the future. By the end of 2011, Shine On is expected to be made from 100% organic Wisconsin barley.

Local hops have proven to be a greater challenge. The Wisconsin farmers who have worked with the brewing cooperative have been able to grow high-quality Cascade and Magnum hops. However, re-establishing hops in Wisconsin fields is only the first step in setting up a viable supply chain. The coop has also played a role in providing a certain market so that growers can invest in appropriate harvesting and drying equipment and facilities.

For other brewing ingredients and supplies, the brewery sources locally whenever possible, including the following:

- Glass bottles from Saint-Gobain (Burlington facility) – Central Waters chose Saint-Gobain in part because the company uses 50% recycled glass
- Cardboard from Green Bay Packaging Inc. (Wausau division) – a Green Masters company
- Labels – Inland Labels (La Crosse)
- Door County cherries
- Honey – Hauke Honey (Marshfield)

Overall, local sourcing efforts have proven important for the brewery, although some of the results are hard to quantify. The brewery has built up a level of trust among its local partners, and economic activity has stayed in the state, and they are a step closer to softening the impact from the volatility of the commodity market. In any case, the philosophy is in line with the brewery's tagline: "making the world a better place, one beer at a time."

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