

BREWING SUCCESS

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Scholars of ancient civilizations, as well as beer geeks, know that the Sumerians worshiped a goddess of brewing named Ninkasi, daughter of Enki, the lord Nudimmud, and Ninti, the queen of the Abzu.

But for a growing legion of fans of the Eugene brewery of the same name, Ninkasi just means award-winning beer.

In the three years since it brewed its first barrel, Ninkasi Brewing Co. has steadily grown into a major force in Oregon's highly competitive, and world-renowned, craft brewing industry. Founders Jamie Floyd and Nikos Ridge have built a steady buzz around their brand and succeeded in getting their brews into bars, stores and gullets around the Northwest.

Production has grown from 3,000 barrels in 2007, its first full year in business, to 7,800 barrels in 2008 to 17,000 barrels in 2009. (A barrel is 31 gallons of beer). The company expanded distribution to Idaho and Alaska in late 2009, joining Oregon and Washington.

Ninkasi plans to boost production yet again this year, to 30,000 barrels, and to try to crack the Northern California market.

The company's signature brew - Total Domination, a hoppy India Pale Ale - is living up to its name. Last April, 22-ounce bottles of Total Domination were the No. 1 single-serve beer in Oregon, according to Information Resources, a market survey firm. In August, it was ranked as the 10th most popular single-serve beer in the country - even though it was sold in only two states.

In surpassing the 15,000-barrels benchmark last year, Ninkasi became the first Oregon brewery to gain status as a regional craft brewery in more than a decade, said Brian Butenschoen, executive director of the Oregon Brewers Guild. As of October, Ninkasi's production ranked sixth among Oregon breweries, according to state records.

"They reached a milestone that nobody else has been able to accomplish since Rogue and Full Sail and Deschutes" in the mid-1990s, he said.

Floyd said Ninkasi's success is the result of hard work, good timing and a little luck.

"Owning a business is like being in a dream," Floyd said. "You're a part of it, but you can't control it."

Not just for beer geeks

The company opened a tasting room and new offices last month at its headquarters on Van Buren Street in the Whiteaker neighborhood, part of a \$4 million expansion of their facility that will enable them to continue growing. The project was financed by Century Bank, the U.S. Small Business Development Administration and the Oregon Business Development Fund.

Perhaps more remarkable is that in the depths of the recession, Ninkasi increased its work force by 45 percent in 2009, adding 10 people to the payroll for a total of 32. Included in that was a cadre of senior managers, including a sales director, production manager, marketing director and chief financial officer.

Another sign of Ninkasi's growth came last month when Costco stores in Oregon and Washington began selling 12-bottle cases of Total Domination, a marketing coup for any up-and-coming company. The trial run will continue through the end of January.

"I never thought we'd be in Costco," Floyd said. The Costco deal is "great for us," Ridge said. "It's not permanent, but it's great exposure, especially during the holidays."

Ridge said folks who work at the Eugene Costco who like Ninkasi contacted the company's regional buyer about the beer. Then it was just a matter of working out terms, he said.

"It's a great opportunity to get our beer out there," he said.

Floyd said he wonders if there will be a backlash as Ninkasi grows, or criticism that the company has gone "corporate" - a word at odds with the company's image. But in the end, they take an evangelistic view of their product.

"Nikos and I have the strong belief that everyone deserves to drink our beer, not just beer geeks," Floyd said.

Floyd said when he and Ridge started Ninkasi, he wanted to establish the brewery as a regional presence in the Northwest and create a flagship brewery identified with Eugene, such as Rogue in Newport, Deschutes in Bend and Full Sail in Hood River

"That's pretty much what's happened," he said.

Ridge and Floyd met in Eugene about 2005 through mutual friends. Floyd was the beer man, and after working at the Steelhead brewery in Eugene for 11 years, was ready to launch his own brewery. Ridge, with an economics degree from New York University, also had an entrepreneurial bent.

They brewed their first barrel of Total Domination in June 2006 at the old Sofia's restaurant in Springfield (now home to Hop Valley Brewing). The duo's "mutually beneficial skill sets" have played a significant role in the company's success, Ridge said.

"When you start a business, there are a whole lot of things you don't expect. Everyday we're working through hurdles and obstacles," Ridge said. "One thing we didn't expect was our ability to work so well together."

Neither have taken on formal corporate titles, other than Founder, or in Floyd's case, Founding Brewer. Ridge runs the business side and spends more time at the brewery making sure everything is running as it should and that investments are made back into the business to support the growth. Floyd maintains a hand in brewing, developing recipes, while also working on sales and marketing. He's the public face of Ninkasi, spreading the word around the region, attending events and coordinating beer dinners at restaurants and pubs, where Ninkasi brews are paired with a menu prepared by a chef.

A singular focus

Terry Sebastian, managing director of the Lundquist Center for Entrepreneurship, drinks Total Domination and knows it's popular with his students. He said Ninkasi is "a great local success story." "They've done a good job of defining a unique niche in terms of naming and branding of products and most important, the flavor," he said.

You can get consumers to try your products with good advertising, he said, "but once they try it they have to like it. Obviously they're doing that well."

In addition, Ninkasi's founders appear to be dealing well with the challenges that confront any growing company, he said. They've managed to raise capital to finance the expansion, increased the size of the plant while simultaneously increasing production, expanded their market reach and added new managers, he said.

"Any time a company has an opportunity to build a stronger management team and can afford to do it, it's a good thing," Sebastian said. "That's a sign of their success."

Hiring senior managers allows the founders to focus on what they do best, rather than getting pulled in all directions, he said.

Just as important is the quality of the product flowing into their bottles and kegs, said Butenschoen of the brewers' guild. "They make beer that people want to buy," he said. "The IPA and double IPA and double red in Oregon are very popular styles."

"There's always a certain amount of time where if you're a new brewer, you have that buzz," he added. "They've been able to capitalize on that in a way that nobody has been able to accomplish in the last 10 years."

Ninkasi also has been able to succeed because of its singular focus on brewing beer, unlike other local brew pubs - West Bros. BBQ, the Wild Duck and Fields - that went out of business after opening during the brewpub heyday of the 1990s.

"We are just a brewery," Floyd said. "Our focus is beer."

Grassroots marketing a key

The company's approach to marketing has been grassroots. Their philosophy, Ridge said, is to be honest, have fun, and support causes, events and groups they like. It's more about community involvement and word of mouth than hard sell. The company has embedded itself in Oregon's thriving cycling culture, providing beer for the Mountain Bike Oregon event in Oakridge and even sponsoring a Portland cycling team, Half Fast Velo. And they've embraced social marketing, keeping fans abreast with company doings through Twitter, Facebook and MySpace.

"It's another way to connect directly with people," Ridge said. "There's no real strategy around it."

If Eugene is Ninkasi's home, then Portland is its home away from home, where the company markets aggressively.

"It's very important because it's the beer center of the Northwest, and probably the country," Ridge said. "It's where people go to drink craft beer."

And then there's that name.

Anchor Brewing Co. in San Francisco once brewed a beer called Ninkasi, based on a Sumerian recipe, but the trademark expired. Floyd registered the name even before founding the company. "People in the industry were shocked we got it," he said.

"It helps create mystery," Floyd said. "In the end, they're remembering us."

The name also jibes with Floyd's belief that beer is not just a beverage, but rather a key component of civilization.

Floyd studied sociology in college, where he learned of Sumer, the cradle of civilization in southern Mesopotamia, the first agrarian society and the birthplace of writing, the wheel and beer. The Sumerians learned that the grain they grew could be used not just for bread but for brew. Beer provided nourishment, slaked thirsts and helped create community, he said.

"The village brewer has been part of the community since the beginning of community," he said.

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Abstract (Document Summary)

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