

DOING BUSINESS



DOG FISH EXPANSION

Dogfish Head Craft Brewery dropped out of four states in 2011. Here's when they re-entered.

Wisconsin: December 2013
Rhode Island: December 2013

Indiana: December 2013
Tennessee: April 2014
Dogfish beer can be found statewide in Rhode Island and Tennessee, according to spokesman Justin Williams. The brewery is working to find the right partners to fill out Indiana and Wisconsin and expects to be statewide in both in the coming months, he said.

Dogfish Head founder Sam Calagione is shown inside the Milton brewery. The brewery recently underwent a \$52 million expansion, and Dogfish can now be found in about 30 states.
STAFF PHOTOS BY JOE LAMBERTI

EXPANDING ABROAD EVOLVING WITHIN

Dogfish Head founder Calagione talks about the delicate balance of growing a company

“They really pride themselves on the ratio of barrels they can produce against how few people it took to make those barrels of beer. We kind of pride ourselves on the opposite. We’re blissfully inefficient and we know that it takes a lot of people to make craft beer.”

SAM CALIGIONE
founder and president,
Dogfish Head Craft Brewery

By Jon Bleiweis
Staff Writer

In 2011, Dogfish Head Craft Brewery was faced with a tough decision. Simply put, demand was higher than supply to such an extent that the brewery was shorting its home market.

The brewery uses four concentric circles to prioritize where its beer goes. The first circle, and biggest priority, includes the Delmarva Peninsula, followed by New York City to northern Virginia, the East Coast and then the rest of the country.

While Dogfish can be found in about 30 states — continuous along both coasts but spotty in the middle of the country — more than 60 percent of beer sales are within the first two circles, according to brewery founder and President Sam Calagione.

“Everything West is still important to us, but not as critical to our home market,” he said.

So with that logic in mind, Dogfish decided then to stop delivering to Tennessee, Indiana, Rhode Island and Wisconsin. Fans were angry, and they let Calagione know through social media, visits to the Milton brewery and when he was touring the country.

“People were waiting in line in beer festivals just to yell at me because we pulled out of their state,” he said. “But their anger was still rewarding because they wouldn’t be mad unless they cared, so it was humbling to see that people cared, and we gave them our word that the first states that we would reopen when we had more capacity would be the first states that we left.”

Once the brewery underwent its recent \$52 million expansion, Dogfish had the capability to go back to those states, finally re-entering Tennessee in April, after previously re-entering the other three.

Each year, Dogfish researches whether it’s feasible to broaden its national horizons. As the brewery puts together its 2015 budget in the fall, it may take into account a decision to enter a new state, though no particular one has been determined, he said.

Celebrating coastal Delaware

While the brewery continues to expand around the country, it doesn’t neglect its southern Delaware roots.

The Milton brewery gets more than 1,000 visitors per week, according to Calagione.

Of that 1,000, about 500 come from out of state, and of that 500, about 250 come to Delaware just to see Dogfish Head, he said.

“We know if they come from out of state, they’re probably not doing a day trip,” he said, adding Dogfish suggests several local hotels for people to stay.

Soon, visitors will be able to become immersed in the brewery’s off-centered brand in a 24-hour experience, with the expected July opening of the Dogfish



Dogfish Head founder Sam Calagione checks on a barrel inside the brewery. STAFF PHOTO BY JOE LAMBERTI



Al Stuart, a packaging supervisor for Dogfish Head Brewery, stands among freshly bottled 90 minute IPA's. JENNIFER CORBETT PHOTO/NEWS JOURNAL

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Dogfish

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Inn in downtown Lewes.

The physical beauty of coastal Delaware is Calagione's favorite part of the area and a huge asset to the community, he said, adding some of his favorite moments of the day come from exploring the area.

On a recent hour-long bike ride through Cape Henlopen State Park — something he does three days a week, with three more days devoted to paddleboarding in Lewes — he saw baby osprey being protected by their parents, deer running through the woods and campers taking a morning hike, all half a mile from his house.

"I feel like coastal Delaware, compared to the Hamptons, Bar Harbor, Maine, or even the Jersey Shore, doesn't get the props it deserves for how beautiful it is," he said.

With the inn, Calagione hopes to bring more attention to coastal Delaware, particularly in the shoulder season, when water temperatures are still summer-like. Dogfish purposely did not apply for licenses that would allow for the sale of food or drink, he said.

"Our goal is to get people out in nature. Take a bike to the pub, paddleboard to the brewery, visit other businesses along the way," he said. "It's a sort of unique perspective for a hotel to really try to focus on getting people off of the hotel property instead of keeping people on it. We're pretty proud of that being a goal of ours."

Dogfish continues to grow its presence in the Cape Henlopen region — it purchased the property next to its Rehoboth Beach brewpub in December.

The company is still in the studying phase for how it will utilize the space — the former Finbar's Pub & Grill — but the goal is to use it by next spring, Calagione said.

Expanding in downtown Rehoboth will accommodate more Dogfish fans and help alleviate summer lines, he said.

"Blissfully inefficient"

Since the brewery opened nearly 20 years ago in downtown Rehoboth Beach, when beer was bottled by hand, there has been an informal policy in that they don't invest in automation if it makes their workforce shrink, allowing the brewery to make decisions that would be seen as an extreme inefficiency, if it were a public company.

On days Dogfish brews Sah'tea, which is made with heated rocks, brew-



Dogfish Head founder Sam Calagione checks on barrels of aging beer at the Milton brewery. STAFF PHOTO BY JOE LAMBERTI

ers take turns heating up the rocks on a wood grill and then put them into the beer.

While that happens, they cook hot dogs over the rocks for their co-workers to enjoy.

Recently, folks from different departments took shifts to load vinyl records into cases of its newest brew, Rosabi, by hand and then re-tape the cases.

The human touch helps make Dogfish beers special and unique, Calagione said. As the company approaches 200 employees — co-workers, as he always calls them — it's adding jobs at the rate of one per week.

"Certainly small craft breweries spend a lot more on labor per barrel than we brew than the giant global industrial brewers, and they really pride themselves on the ratio of barrels they can produce against how few people it took to make those barrels of beer," he said. "We kind of pride ourselves on the opposite."

"We're blissfully inefficient and we know that it takes a lot of people to make craft beer."

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Dogfish Head's 90 Minute Imperial IPA. STAFF PHOTO BY JOE LAMBERTI

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