Firestone-Walker Brewing Company

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Adam Firestone and David Walker

*The Union of the California Bear and the English Lion*

The Central Coast of California holds many different lifestyles, but no one has encompassed the spirit of the area quite like Firestone-Walker Brewery. Since its founding in 1996, Firestone-Walker has been built on fresh local beers for the Central Coast, as one can see in the production and consumption of their staple beer, the 805. While driving through Paso Robles on Highway 101, the brewery’s flagship Lion and Bear can be seen peering above the highway, illuminated in fluorescent red at night time as if to protect the prized beer that is brewed only a few yards behind them.

Adam Firestone (the California Bear) and David Walker (the English Lion), who happen to be brothers-in-law, started the brewery in 1996. Adam Firestone, an ex-Marine Captain, grew up in the Santa Ynez Valley learning about wine and naturally gravitated towards brewing from an early age. David Walker, who studied brewing at the University of California Davis, is a British expatriate who brought a European Twist to the proceedings. Together, Adam and David dreamed of building an unparalleled regional brewery - one that combined the authenticity of Old World craft with the innovative spirit of California. The brewing ideas were initially
launched in converted winemaking equipment that yielded mixed results. However, the duo was just getting started, and would soon be on the rise in the world of craft beer.¹

**Brewing Beer in America**

**Craft Brew History**
The landscape of American brewing began changing in the 1970’s. The once commonplace traditions and styles of beer were fast disappearing as the beer giants making light lagers were overpowering the market, with little competition from imported beer. This was the result of a very effective marketing campaign by the large commercial beer companies, whose goal was to change the taste preferences of Americans to favor a light lager over the traditional and different styles of beer.

Since this point, these low calorie light lagers have been shaping the beer market into what it is today. By the end of the 1970’s, fewer than 50 breweries were left in existence in the United States. Experts from the industry were making predictions that in the near future, only 5 brewing companies would be operating in the United States, as the beer giants were gaining more market share and buying out smaller breweries. See Exhibit 1 to view a timeline.

With that being said, while the brewing industry was changing dramatically, another change was taking place as well. A home brewing culture was emerging, as this was the only way to experience the old styles and traditions of beer. This, in turn, gave way to the birth of the Craft Brewing Industry that we know today.

At this time, there were some key events taking shape that would start to give way to this infant industry and change the beer culture. The first major event was the purchase of Anchor Brewing Company by Fritz Maytag in 1965. Maytag was able to maintain a unique taste and tradition in a period when these types of beer and breweries were fast dwindling. This was a bold move at this point in time.
With the increase in home brewing activity by beer enthusiasts, small breweries were starting to form. The goal of these small breweries was to revive the old traditions and styles of beer to the American public. Many in the industry will agree that 1976 was the renaissance of American craft brewing, with the formation of The New Albion Brewery in Sonoma, California. Although this brewery was only in operation for six short years, it gave way to hundreds of other beer enthusiasts that were inspired and followed in their footsteps to start breweries in the early 1980’s.

As the quality of the beer from these small breweries improved, greater distribution channels were enabled and popularity with the public was increasing. With innovation and the platform set in the 1970’s, the 1980’s are often referred to as the decade where the microbrewery pioneers gave way, which was no easy task. The current largest and most profitable craft breweries such as Sierra Nevada Brewing Co. and Boston Beer Co. began during this time. Nevertheless, big players in the beer industry refuted their existence, yet these pioneers pushed ahead through dedication and foresight to keep making quality beer that held true to the old traditions of Europe.

In the beginning, most of these craft breweries were only present in their respective local markets which made it difficult for them to gain momentum. However, in the early to mid-1990’s, development began to occur. Between 1991 and 1995, the annual volume growth went from 35% to 58%. However, growth slowed to about 1% in 1997 and then to 5% in 2003. In 2004, growth once again gained momentum, growing from 6% in 2004 to 12% in 2008. This is due in large part because of the wider distribution of craft beers along with customer loyalty and brand awareness.

Craft brewers have done a very good job of establishing high levels of quality, consistency, as well as the ongoing fostering of innovation. America now has the most diverse brewing culture in the world, which truly speaks to the hard work and dedication of the early pioneers of the craft brew industry. In 1980, only 8 craft breweries existed. In 2013, there are over 2,500 in operation, with new ones rising up every day. To make things even more interesting, the majority of Americans today now live within 10 miles of a brewery.2
Now that we have a brief history of the craft brew industry, the term “craft brewery” should be defined. A craft brewer is categorized as small, independent and traditional. In order to be categorized as small, annual production must be less than 6 million barrels of beer. The term independent assures that less than 25% of the craft brewery is owned or controlled by a beverage alcohol industry member that is not a craft brewer. Lastly, a traditional brewing company has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation.

The craft beer industry is comprised of four distinct segments: brewpubs, microbreweries, regional craft breweries, and contract brewing companies.

The first and smallest segment is a microbrewery. A microbrewery is a brewery that produces less than 15,000 barrels of beer per year, with 75% or more of its beer being sold off-site. They can sell to the public by the traditional three tiered system (brewer to wholesaler to retailer to consumer) or the two tiered system (brewer acting as wholesaler to retailer to consumer) and directly to the consumer through either carry outs and/or tap room or restaurant sales.

The second segment is a brewpub, a restaurant-brewery that sells 25% or more of its beer on site. The beer is also brewed primarily for the sale in the restaurant and bar. The beer is usually dispensed directly from the storage tanks. Also, if allowed by state laws, brewpubs are allowed to sell beer for carry out and distribute to off-site accounts. With that being said, off-site sales must be under 75% to keep the brewpub label.

The third segment is a regional craft brewery. A regional craft brewery is defined as an independent brewery that has either an all malt flagship or has at least 50% of its volume in either all malt beers or in beers which use adjuncts to enhance rather than lighten flavor. Annual production levels for a craft brewery must remain between 15,000 and 6,000,000 barrels.

The last segment is the contract brewing company. This is a business that hires another brewery to produce its beer. It can also be a brewery that hires another brewery to produce additional
beer. This kind of brewery would handle the marketing, sales, and distribution of its beer. They will however generally leave the brewing and packaging to the producer/brewery.\(^3\)

**Current Industry Overview**

The craft brew industry has made large leaps in the last decade. While craft breweries have seen an increase in sales, overall beer sales were down by an estimated 1.9% by volume in 2013. 2,768 craft breweries operated in 2013, compared to 2,347 in 2012. This was comprised of 1,237 brewpubs, 1,412 microbreweries and 119 regional craft breweries. Today, craft brewing is estimated to be a $14.3 Billion industry. Currently, this industry provides approximately 110,000 jobs in the U.S. More recently, the craft brew industry saw growth of 18% by volume and 20% by dollar amount. To provide a scope within the whole beer industry, craft brewing sales share in 2013 was 7.8% of the total market in terms of volume and 14.3% by dollars. Also, today we are seeing an average of 1.2 craft breweries open per day.\(^4\) For more craft brewing facts see Exhibit 2.

There are also some major trends occurring within the craft beer industry. One of the trends that we are starting to see is a transformation in business relationships. This transformation is due to some of the larger craft breweries getting bigger and bigger, with mergers and buyouts, which is a sign that the industry is maturing. Another major trend is an increase in contract brewing. This is a very unique industry in that brewers help other brewers and share knowledge and techniques. With many breweries having downtime at their facilities, contracting services seems to make sense to fill that void. The next trend is the constant innovation of new beers - there are no rules on which styles of beers should be made. Brewers are constantly coming up with new and fun recipes which truly represent the craft brew industry. Another important trend is the sense of pride communities have in their local breweries. This is seen through local bars and stores embracing the product, along with merchandise being purchased by beer consumers. The final trend is the increase in social media presence. This enables the brewery to really connect with the consumers who can share their beer experience with each other.\(^5\)
History of Firestone

Prior to the creation of Firestone-Walker Brewery in 1996, Adam Firestone was in the wine business. He had been around wine most of his life, but in the early 1990’s decided that he wanted to start making beer. He wanted to use old wine barrels that were being thrown away to make the carbonated liquid. Today Adam might tell you that this idea was one formed out of the principles of sustainability, but really he thought of the 60 gallon oak barrels as a “really cheap brewing vessel” and saw the potential for good beer in a growing craft beer market. Adam then hired his first employee, a young chemistry student from UC Davis, to start experimenting with the wine barrels. The Firestone Burton Union System was formed, a technique based on classic brewing traditions from Burton-Upon Trent that idealized the fermentation of beer in different kinds of aged barrels. The oak barrel system that Firestone currently uses to ferment their DBA, UDBA, and DDBA beers is one of only two patented oak barrel fermentation systems in the world.

In 1996, soon after the hiring of the UC Davis graduate, Adam Firestone convinced his brother-in-law David Walker to partner up with him and take on an equal amount of the financial burden of the company. At this time Firestone-Walker took form and set its sights on the future. Walker had a full time job in the computer business, and therefore was not present for the everyday operations of the new founded company like Firestone was. Shortly following the partnership the duo, accompanied by a few new hires, were selling only one product, only selling it in kegs, and not selling very much of it. Firestone and Walker agreed from the very beginning that they were not going to seek out a parent fund to help get them off the ground financially. Instead, they did all of the financing on traditional debt in an effort to avoid dealing with third parties of interest and avoid “crowding the room.” The economy at this time made it much easier to receive good interest rates, which allowed for some wiggle room on the part of Firestone and Walker.

In the late 90’s craft beer was exploding and many breweries were getting way ahead of themselves financially, which proved to be extremely fruitful for David Walker and Adam Firestone. The duo were benefiting because these other breweries were biting off more than they could chew and dropping like flies. In the late 90’s to early 2000’s, Firestone-Walker was
brewing in an old warehouse in Los Olivos where they had converted a handful of old wine tanks and dairy equipment into equipment for brewing. Fortunately for Firestone, SLO Brew, a small brewpub based out of downtown San Luis Obispo was doing very well and looking to expand their operations. SLO Brew founder Michael Hoffman decided he wanted to expand his operation and delve into the manufacturing sector. He began contracting beer from a mid-west brewery. This consisted of Hoffman buying beer from a brewery and selling the purchased beer at his brewpub with the SLO Brew label. The company made some beer on site, but outsourcing the beer and marketing it as their own proved to be very profitable. Based on recent profitability, Hoffman decided that he wanted to build his own brewery and start making large quantities of SLO Brew beer. He then bought an old warehouse in Paso Robles, the same location that Firestone-Walker Brewery now calls home. Two years and several million dollars later, the brewery went bankrupt and the bank seized the building. This mistake has kept Firestone-Walker very cautious over the years and has led to one of their most prominent philosophies: “we only eat what we can kill.”

For a while after SLO Brew’s failed venture, the warehouse in Paso Robles wasn’t being used for production. Firestone and Walker did not have the finances to move up to Paso Robles into the now “thought-to-be” abandoned warehouse, but they got lucky and received an extremely generous lending deal from the bank. The founders of the company were nervous after witnessing the collapse of SLO Brew’s venture, yet remained optimistic for the future ahead of them. When the owners received the keys to the building in Paso Robles in 2002, they were ecstatic to find that there was fresh beer still being brewed in the tanks. Matt Brynildson, former head brew master of SLO Brew, who had been laid off when the brewery went bankrupt, was sneaking into the warehouse late at night to continue brewing beer.

Now this is where Firestone-Walker was dealt a good bit of luck. Matt Brynildson, current head brew master of Firestone-Walker, had traveled from back east where he worked for Goose Island Brewery to California to be the brew master for SLO Brew. When the company went bankrupt, Matt decided to puddle around in California for a while and was jobless while making his night runs to the abandoned warehouse to brew beer. When Firestone moved into the new location they convinced Matt to stay on as their head brew master, which has proven to be extremely
fruitful considering that Matt makes some of the best beer in the entire world and he has the awards to prove it. 10

Firestone now had Brynildson and a couple of tanks of free beer. They had previously attained their alcohol license, which allowed them to ship beer so Firestone started selling the new found beer to retailers such as Trader Joes who then marketed and sold the beer under their own private label. These sales allowed for some cash flow and got Firestone through the first six months in the new location. Adam Firestone also convinced the bank to let them move into the warehouse during escrow and they went on to stretch out escrow for four or five months, resulting in months free of overhead expenses. Adam and David kept telling the bank that they weren’t ready while in reality they were making and selling beer. During this time they were still trying to combine the values and feelings of the Los Olivos location with their new building in Paso Robles. They also had to convince some of their employees to move up to the newly purchased Paso Robles location. Nevertheless, now they had nearly everything they needed: the personnel, the location, and the right mindset. 11

**Company Awards and Ideals**

The employees at Firestone Walker have a lot of pride in the beer that their company produces, as they should. The brewery has won Mid-Size Brewery of the Year three times at the Great American Beer Festival (2007, 2011, 2013) and also won Champion Mid-Size Brewery four times at the World Beer Cup (2004, 2006, 2010, 2012).12 The brewery has friendly connections with other California Craft Brewers, and also a say in the overall culture of California craft beer with David Walker sitting as the Vice President of the California Brewer’s Association. Firestone models many facets of their business after “Craft Beer King” Sierra Nevada. A large number of decisions regarding plant expansion and equipment purchasing are based on the actions of Sierra Nevada’s President, Ken Grossman. “The guy just knows what he’s doing,” says plant engineer Mark Fischer. The craft beer community is a tightly knit group who work together to increase overall sales and continue to improve their overall market share in a world still dominated by commercial beer. Big time players like Anheuser-Busch, who make up the high majority of the market, are looked down upon in the craft beer community and often labeled as the villain. For example, Goose Island Brewery based out of Chicago, was purchased by
Anheuser-Busch in the spring of 2011. Immediately following the deal, now former brew master of the company, Greg Hall, was bombarded with emails from loyal craft beer fans furious that Goose Island had “sold out” to the bad guys. Many craft beer lovers around the nation felt as though Goose Island had turned to the dark side. One angry craft beer fanatic commented on an article describing the Anheuser-Busch Acquisition saying Goose Island selling was like “Jeter going to the Red Sox.”

Firestone-Walker prides themselves on making good beer and staying local. On their website, they maintain that their singular purpose is to “craft even better beer” and to stay “passionately in pursuit of the perfect beer. . . and never satisfied.” Let’s just say they don’t plan on “selling out” anytime soon.

The Beers

Year-Round Beers

_Lion and Bear Series (See Exhibit 3)_

Matt Brynildson, Firestone-Walker Brew master, and the Firestone-Walker team have a “passion for the pale” and therefore created a quartet of uniquely styled pale ales including the Double Barrel Ale, the Pale 31, the Union Jack IPA, and the Pivo Hoppy Pilsner. Because of the distinctive characteristics each beer has for pleasing the consumer palate, the Lion and Bear Series is sold in eight states across the country.

The Double Barrel Ale, or DBA, is a uniquely created English Pale Ale. 20% of the beer is fermented in barrels - the wort spends six days in a 60-gallon heavy toast American oak barrel creating a full-bodied, well-hopped beer with hints of smokiness, vanilla, and a bit of fruit flavor. The other 80% is beer fermented in stainless steel. These two portions are combined, filtered, and carbonated before being moved to a 17,325 gallon tank. There it sits until it is kegged or bottled. The final product has a sweet and toasty malt aroma, with subtle tastes of oak and caramel. It has 5% alcohol by volume and 30 bitterness units. This beer has championed 11 silver and gold medals in beer festivals containing English style pale ales from around the
country. This list includes gold medals in the Great American Beer Festival in 2012 and the World Beer Cup in 2002.\(^{16}\)

The Pale 31, named after California being the 31st state to join the United States of America, contains floral and citrus hop aromas with hints of lightly toasted malts and bitterness. Similar to the Union Jack IPA, the Pale 31 comprises of American hops to yield more aggressive bitterness and fruity fragrances. This beer contains 4.9% alcohol by volume and 38 bitterness units, with slightly less alcohol but more bitterness than the DBA. The Pale 31 has won 17 awards internationally since 2003, including 12 gold medals. These include golds at the World Beer Cup, Australian International Beer Awards, Great American Beer Festival, and World Beer Championships.\(^{17}\)

The Union Jack West Coast-style IPA encompasses a hostile amount of American Hops. These hops give citrusy pineapple aromas that yield a taste of citrus flavors including grapefruit and tangerine. With 7.5% alcohol by volume and 70 bitterness units, this India Pale Ale packs an intense punch that has been enjoyed by countless individuals worldwide. This powerful brew holds 16 awards ranging from Maxim Magazine’s 2010 Best IPA to gold medals at the European Beer Star in 2008, 2012, and 2013.\(^{18}\)

The Pivo Hoppy Pilsner combines the classic German Pilsner with a unique hoppy twist. Magnum hops from Hallertau, Germany deliver floral aromas with spicy hints, and are added for touches of lemongrass and zest. This light-bodied hoppy pilsner has 5.3% alcohol by volume and 40 bitterness units, making for a more alcoholic and bitter beer than both of the pale ales offered in the Lion and Bear Series. Recently in 2013, this beer has won gold and bronze awards at the Great American Beer Festival and the California State Fair, respectively.\(^{19}\)

**Proprietors Reserve Series**

This year-round series shows off the creativity of Firestone-Walker’s talented brewing team. These three beers brag complex aromas and unique flavors on the cutting edge of craft brewing. The Opal (farmhouse ale), Double Jack (American IPA), and Wookey Jack (Black Rye IPA) each offer incredibly different tastes generated from diverse brewing styles. The Opal is 7.5%
alcohol by volume with 35 bitterness units; it is composed of rustic grains, spicy yeast, and tones of sauvignon blanc for citrusy and spicy tastes with a white wine finish. The Double Jack is a dangerously hopped IPA with 9.5% alcohol by volume and 85 bitterness units. It contains grapefruit and tangerine American hops aromas, revealing a bitter taste with a stone fruit tang. The Wookey Jack, an unfiltered Black Rye IPA, gives citrusy and earthy aromas with a dark malty taste. It encompasses 8.3% alcohol by volume and 80 bitterness units.\(^{20}\)

**Seasonal Beers**

The Firestone-Walker seasonal beers are among their best, offering a variety of different flavors for Summer, Fall, and Winter. The Easy Jack Session IPA, available during the summer, is an easy drinking IPA dry hopped with varieties from Europe, New Zealand, and the United States. It includes 4.5% alcohol by volume and 45 bitterness units. The Velvet Merlin, an oatmeal stout obtainable in Fall and Winter, has creamy rich dark chocolate and roasted coffee flavor with a dry finish containing 5.5% alcohol by volume and 27 bitterness units. The Oaktoberfest, a German Marzen offered in fall, embraces imported German malts that create honeysuckle aromas and hints of Noble hop spice. It contains 5.0% alcohol by volume and 24 bitterness units.\(^{21}\)

**Limited Release and Experimental Beers**

**Proprietor’s Vintage Series**

These beers represent the exceptional craftsmanship of brew master Matt Brynildson and his team that strive to create bold experimental brews. This large series consists of beers that are heavy in flavor as a result of cellaring in barrels. Included in this series are ten different extravagant brews (Sucaba, Parabola, Stickee Monkee, Double DBA, Velvet Merkin, Bravo, Good Foot, Helldorado, Parabajava, Winter Wookey) and the series of Anniversary Ales.\(^{22}\) See Exhibit 4 for more details on the Proprietor’s Vintage Series.

**Anniversary Ales**

The Anniversary Ales combine Firestone-Walker’s oak brewing traditions with their winemaking background. Since the 10th anniversary of Firestone-Walker Brewing Company in
2006, a new ale has been created each year by central coast winemakers who blend diverse harmonious styles of Firestone-Walker beer. The most recent anniversary, Seventeen, was released in November of 2013. Its creators were Neil Collins and Chelsea Magnusson of Tablas Creek Winery. For this anniversary winemakers broke into pairs for friendly competition, and each team made their own blend of Firestone beers. Each final product was then recreated by Matt Brynildson and the Firestone-Walker crew to be presented back to the winemakers for a blind tasting. The winning blend was a complex ale comprised of Bravo, Stickee Monkee, Parabola, Velvet Merkin, Double DBA, Helldorado, and a small amount of Wookey Jack.  

The Anniversary Ale Program is Firestone-Walker’s fun method of fashioning new innovative concoctions on an annual basis to cater to the constantly changing palette of beer consumers. It involves two of the most original aspects of Firestone Brewery, oak barrel aging and winemaking, and assists in maintaining their distinct difference from all other craft breweries in California.

**Marketing**

**A Local Mindset**

Firestone-Walker’s marketing scheme is unlike many breweries around the United States. The average American flips on the TV and is likely to view a commercial advertising a specific beer. The big time breweries that pump millions of dollars into advertising every year all have one thing in common: they’re attempting to associate drinking their beer with some sort of an experience. Corona wants their consumers to feel like they’re on a warm beach with sand in between their toes every time they take a sip of their beer. Dos Equis wants their consumers to feel interesting and courageous when they drink their beer. Coors Light aims to associate drinking their beer with tailgating, partying, and having an all-around good time while cooling off with a refreshing “silver bullet.” These big time breweries that spend the big bucks on advertising are pushing consumers to buy their product. Firestone-Walker implements more of a pull technique when dealing with their consumers.
Unlike many big breweries that market and sell their beer all over the United States, Firestone-Walker focuses their energy largely on consumers within only a few hundred miles from their headquarters in Paso Robles. The thought process behind the local distribution can be summed up in a few sentences by co-owner David Walker: “If you got your finger on the pulse of sustainability, it makes no sense to put a session beer into a 6-pack, keep it cold for 3,000 miles and send it to another market. It’s just dumb. 85% of our beer is sold within 100 miles of our brewery. 96% of our beer is sold within a day’s drive of our brewery.”

Beer is Passion
As described above, Firestone’s marketing scheme is a bit different - some might even say non-existent in certain aspects. The brewery does not market via TV, radio, or newspaper because as Adam Firestone pointed out, “it’s not what we’re good at. At Firestone we’re a little bit geekier, a little more nerdy.” The personnel at Firestone-Walker pride themselves on showering people with information about their beer. They want to inform their customers on how the beer tastes and how it was made more than anything else because “beer is an extension of people’s personalities.” There is a statement being made every time that a Firestone beer ends up in the hand of a customer, and if the makers of Firestone Beer ignore that emotional connection then they are just selling liquid. These principles guide many of their advertising decisions and influence the overall feel of their brewery in Paso Robles. Firestone-Walker wants the brewery and on-site Visitor Center to educate customers on their thought process and make them feel involved in the production of the beer.

Refreshing the Brand
The world is constantly changing with fads emerging and then disappearing just as fast. In order to keep the attention and interest of the customer, companies must re-invigorate their brand. Earlier this year, Firestone-Walker decided that their six pack labels needed a facelift. The decision makers at Firestone felt like they were losing interest in their beer and wanted to do a little something to spark some interest in the craft beer consumers. See Exhibit 5. The new six pack labels are sleek and modern looking; Firestone aimed to keep some of the old colors and qualities so not to completely lose their brand equity. In the end, Adam Firestone believes that the new marketing sticks to the core of the company while giving some life and vigor to the
Firestone name. The brewery uses some social media to communicate with their customers, including their website (firestonebeer.com), an Instagram account (@firestonewalker), and a website page dedicated specifically to their flagship 805 beer (805beer.com). Adam harps on the importance of listening to the customer and these media outlets play a large part in how they do that.  

Events

Firestone-Walker builds their brand by hosting events at the brewery and attending different events in the San Luis Obispo area. A recent example was on May 31, 2014, when the 3rd annual Firestone-Walker International Beer Fest was held at the Brewery in Paso Robles. This extremely popular event sold out in 22 minutes. It featured over 40 breweries from around the world and 25 local central coast food vendors. Matt Brynildson, Firestone-Walker Brew master, insisted that the craft breweries send their most influential brewers to pour at the event. All net profits were donated to the Paso Robles Pioneer Day in October, an event that has been put on annually since 1931.

805 Beer: “A Lifestyle in a Bottle”

In January of 2012, Firestone-Walker released the 805, a light and slightly sweet blonde ale. Over the last year, this wide-appealing beer has become the flagship of Firestone with growth to over 40% of their total sales. Little do most beer advocates know, Firestone-Walker had an ingenious marketing scheme that came together for a major success.

It started in July of 2011 when Anheuser-Busch began trademarking signature area codes of cities across the United States after purchasing Goose Island Brewing Company out of Chicago, Illinois. The brewery trademarked a plethora of metropolitan area codes including "216" (Cleveland), "214" (Dallas), "303" (Denver), "713" (Houston), "702" (Las Vegas), "305" (Miami), "215" (Philadelphia), "602" (Phoenix), "412" (Pittsburgh), "619" (San Diego), "415" (San Francisco), and "202" (Washington). This placed an interest in the minds of Adam Firestone and David Walker, who quickly made a move to trademark the area code “805”. This area code includes most of the counties in San Luis Obispo, Santa Barbara, Ventura, and
Southern Monterey on the Central Coast of California. However, soon after placing the trademark, Firestone-Walker was put under pressure to engage it. If the trademark wasn’t used for three years, it would be considered abandonment and therefore the rights to the area code would be lost.

At the time, Firestone-Walker had a private label beer they were selling through large accounts in California. It wasn’t a classic craft beer – it wasn’t heavily hopped and full-bodied, but was more of a session beer. It was, however, a crowd pleaser that craft beer consumers were raving about in California. Firestone-Walker recognized that the beer was being enjoyed by a large consumer base, but also knew that they didn’t have any brand to it. Nobody who drank this honey blonde ale connected its unique flavors with Firestone-Walker Brewing Company, and therefore they weren’t receiving any brand recognition.  

Furthermore, the private label blonde ale was among Firestone-Walker’s quickest and least expensive beers to produce. The beer was extremely light on ingredients, created from almost all malt with just a touch of hops, and could be produced much quicker than any of the Lion and Bear pale ale series. It could turn over in eight days and reach its maximum alcohol level by day three during the fermentation process. For comparison, the Pivo hoppy pilsner takes a total of five weeks to produce with the maturation process included.

Simultaneously, smaller local craft breweries on the central coast were maturing. While attempting to gain brand recognition and gather a group of dedicated consumers, these breweries were referring to Firestone-Walker as “the big guys” who had lost their local small town presence. Firestone was looking to debunk this myth, and remind consumers that they were a home-grown craft brewery with a focus on producing top-notch quality beer. Also at the time, Firestone-Walker had their Lion and Bear Series of four pale ales which were seeing great sales as a group, but none of which were standing out as a possible flagship beer. Adam and David were mindful of this, and had a desire for that one prize product to break through the craft beer world – something like the Sierra Nevada Pale Ale that sees 70% of the craft brewery’s total sales volume.
These events lead to the matching of the 805 trademark to the honey blonde private label, a beer that has been enjoyed by a widespread community of drinkers on the central coast and become the primary seller for Firestone-Walker. “We had been making this beer for a while and you can find it in a few bars, usually given a unique name by one of the locals… but then people learned that it was ours and kept asking for us to release it,” said David Walker. “So we decided to listen to them, the first step was to christen ‘the 805’, and to make it available widely in bars with an 805 area code. Next we’ll release bottles in the spring [of 2012] on the Central Coast simply trying to keep it local.”

However, just placing an 805 label on the beer wasn’t enough. David Walker and Adam Firestone wanted to drive the product by giving its drinker an experience. “805 isn’t just an area code,” David Walker mentioned enthusiastically, “it’s a lifestyle. People here want to be surfers or cowboys, and the 805 should reflect that.”

In order to push the 805 in a way that involves these attributes, Firestone-Walker has used a variety of techniques. 805beer.com is a completely separate website from the brewery’s main site (firestonebeer.com), and is dedicated to embodying the local casual surfer mentality. See Exhibit 6 for a website picture. It presents a slideshow of black and white photos comprising of locals, custom cars, surfers, and the beach. Under the slideshow, a small blurb reads:

“It’s not a unique idea…but one that everyone on the central coast understands… call something “805” and it means local. As a regional craft brewery we have always known that the closer the beer is to where it was brewed, the fresher it is. In fact since 1996 our brewery has been built on fresh, local beers for the Central Coast…so we crafted a beer for the 805.”

The 805 logo has become an icon on the Central Coast of California. When driving down Highway 101, one is more than likely to see an event tent boasting big bold 805 numbers, or a big ford truck sporting the logo in its rear window. Local citizens have embraced the symbol as a method of representing their hometown, much like individuals in Los Angeles or San Francisco that wear clothes advertising 310 or 415, respectively. These three numbers promote more than just a beer, but a way of life, which has reflected on the success Firestone-Walker has received by utilizing such a grass-roots marketing scheme.
Kevin Levins, an 805 ambassador, said it best: “Living most of my life here in the 805, I feel lucky to be able to enjoy such a great beer. It’s like representing the home team and you always win…From the 805 beer sticker proudly displayed on my truck to my ever-growing collection of 805 bottle caps filling up my mason jars, my love for Firestone 805 Blonde ale runs deep. I look forward to continuing to enjoy my favorite blonde ale with friends and family while keeping it local.”

More recently, beginning on the 16th of May, 2014, 805 was the first released canned beer by Firestone-Walker. Canned beer claims a number of benefits over bottled beers, such as convenience, freshness, and sustainability. Adam Firestone said, “We live and work in a place where people spend a lot of time outdoors - at the beach or pool, by the lake, on the golf course or going on hikes. Cans are a practical fit for the local lifestyle.”

Cans also block out 100 percent of light and oxygen, and are made with over 60% recycled aluminum on average. This makes cans a better alternative to glass bottles and the perfect fit for a sustainability minded craft beer consumer. These benefits of aluminum cans cater to the 805’s specified geographic target market on the central coast which will likely increase sales in the near future.

Production and Moving Forward

Firestone-Walker Brewery uses the 60 barrel Huppmann system from GEA Brewing Systems, an innovative German firm. The purchase of this state-of-the-art brew house arrangement was a result of extensive research by Adam and David, who were fond of it for a variety of reasons “none of which was price,” said Adam Firestone. “These involve wort handling, their proprietary wet mill called Millstar, the overall simplicity of the design, the flexibility of the installation, and the technology to marry our existing brew house into the new one. The automation package will allow us to precisely replicate each step and track progress unlike ever before. This isn’t about increasing production; it’s about further improving the beers.” See Exhibit 7 to view a picture of the GEA System.
The brewery boasts three distinct barrel aging systems: barrel fermentation using the Burton Union System, barrel aging, and the live barrel program.

The Firestone Union unique barrel brewing system was inspired by the British Burton Union system invented in 1840. Firestone-Walker is one of the only breweries in the United States currently utilizing this brewing method. 60-gallon heavy or medium toast American oak barrels are used for a primary fermentation process of wort, the liquid containing sugars that is extracted from the mashing process. See Exhibit 8 to see the Firestone Union barrel system. The 6-day fermentation in the barrels increases hop maturity and provides tastes to the consumer such as smokiness, vanilla, and subtle fruit. This process is followed by a similar path to stainless steel fermented beers; the product is filtered and force carbonated before being sent to a 17,325 gallon bright tank until being kegged or bottled.40

The barrel aging system ages beer in barrels that have been used to age other alcoholic beverages such as bourbon, tequila, and wine. The barrel aging program is one of the largest in California with over 1,500 bourbon barrels. See Exhibit 9. This process not only produces unique and innovative flavors, but also recycles used barrels that would otherwise be burned.41

Barrelworks - Buellton, CA

The live barrel program named Barrelworks exists in Buellton, California, and uses barrels infected with wild yeasts for producing sour and wild ales. This is a 7,000 square foot location which can produce upwards of 1,500 barrels annually. See Exhibit 10. The Barrelworks facility is focused on secondary fermentation and barrel maturation. The sour beers are created through the use of secondary micro flora fermentation in the barrel. All of the beer is produced at the Paso Robles location and put into barrels, then transported to Barrelworks for further micro flora inoculation and aging. Well known beers produced at this location include: Lil’ Opal, Sour Opal, Rufus, Reginald Brett, as well as others. Barrelworks will also be experiencing growth, with a new bottling line for the wild ales coming in 2014.42
Paso Robles, CA Location

Although the Firestone Walker Brewery has been thriving in recent years, it has its sights set for massive amounts of growth. The overall goal of this plan is to get 320,000 barrels annually out of their existing brewery by the end of 2014 and reach 1 million barrels of beer produced annually by the first quarter of 2017 with the addition of a new brew house and other facilities. See Exhibit 11. This must all be done without sacrificing any quality in the product and maintaining its local roots.

With a promising future ahead, Firestone Walker Brewery has set a huge goal for themselves. In the last three years alone, Firestone Walker has seen production double in size, to 156,000 barrels annually in 2013. However, to keep pace with the growth that they are experiencing, they must keep expanding. This in part has been done by “Hot Rodding” the current facility.

Current additions that will help boost production and reach the 320,000 barrel mark by 2014 include a new keg, canning and bottling line and the addition of new bright beer tanks. The current brew house has been doubled to support the 320,000 barrels. This was with the help of a new pre-run vessel and integrating an old lauter tun. They have since added more equipment onto that, which allows for a turnover that is twice as fast.

The new keg line is currently filling 140 kegs per hour, with room to add two more lines and reach 320 kegs per hour. The new canning line which fills 300 12oz. cans per minute has recently started canning the 805 with other beers soon to follow. The bottling line fills 280 12oz. bottles per minute. A large part in reaching this 320,000 barrel mark will include the product mix. Optimally, Firestone Walker would like the 805 to be 60-70% of their total production due to the fact that it is the easiest beer for them to make. It is lighter on ingredients compared to their other beers and takes only 8 days to brew from start to finish.

However, ramping up the current brewery to reach 320,000 barrels will not be enough to sustain growth by the time 2017 is reached. That is why a plan is under way for a new brew house which will allow them to reach the 1 million barrel mark. This plan is called “MC3K”. There is a request for proposal in the works for an entire new brewery, which will be a 225 barrel brewery.
This facility will be state-of-the-art, which is something owners Adam Firestone and David Walker are striving for. Because of the way the current facility was designed, allowing a lot of room for growth, the new facility should be integrated easily. It will fashion the whole brewery process, from brewing to shipping, to flow efficiently. Construction will begin in the 1st quarter of 2015 with equipment being brought in by the 1st quarter of 2016, along with 1 year of installation and commission. Along with the new brew house, additional cold warehouse and barrel storage will be added. On the backside of the property there is a barren 70 acres where hops will be planted. Other improvements include a brand new on site water treatment facility which will be in full use by the summer of 2014.48

Venice Beach Location
Firestone Walker is currently in the process of opening a new location in Venice Beach. There were many reasons as to why this location was chosen. For one, there is a vibrant culture full of energy within this community, which pairs well with what Firestone-Walker is all about. This will also allow them to tap into a huge beer market. This location will serve as a taproom restaurant, pilot brew house, and a craft beer hub.49 The pilot brew house will be used primarily for experimental beers. At Venice Beach there will be a discovery center with retail space, along with a training room for educational activities such as hop seminars and blending sessions. Both the retail store and training room will allow Firestone Walker to build stronger ties with the local community and beer enthusiasts in the Los Angeles area. There will also be offices for brewing, marketing and sales staff.50 See Exhibit 12.

A Bright Future
Firestone-Walker Brewery has developed into one of the leading craft breweries in the United States. Their location, high quality beer, and intelligent business plan leaves them with plenty of room to grow. And with a new location in Venice Beach they will continue to spread the Firestone lifestyle and improve customer awareness through a big market. With all of this being said, Firestone-Walker’s future is bright and the possibilities are endless.
Exhibit 1

125-Year Brewery Count

(1887-June 2012)

Source: Brewers Association, Boulder, CO

Exhibit 2

U.S. BEER SALES 2013

OVERALL BEER: -1.9%
196,241,321 bbls

CRAFT: 17.2%
15,302,838 bbls

IMPORT BEER: -0.6%
27,539,358 bbls

EXPORT CRAFT BEER: 49%
262,526 bbls

OVERALL BEER MARKET: $100 BILLION

CRAFT BEER MARKET: $14.3 BILLION
20% DOLLAR SALES GROWTH

Source: Brewers Association, Boulder, CO
U.S. Beer Production Volume 2013

Overall Beer Volume:
- Craft: 18% (1.5% contraction)
- Microbreweries: 15.5%
- Brewpubs: 6%
- Regional Craft Breweries: 77%

Source: Brewers Association, Boulder, CO

California

381 Craft Breweries (Ranks 1st)

1.4 Breweries per Capita* (Ranks 19th)

$4,295.0 Million Economic Impact (Ranks 1st)

173 Impact per Capita (Ranks 17th)

2,948,895 Barrels of Craft Beer produced per year (Ranks 1st)

3.4 Gallons per 21+ Adult (Ranks 10th)

Number of Breweries Per Year:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>

*per 100,000 21+ Adults
Brewpub Openings and Closings

Microbrew Openings and Closings

Top 10 Breweries by Volume
1. Anheuser-Busch - St. Louis, MO
2. MillerCoors - Chicago, IL
3. Pabst Brewing - Los Angeles, CA
4. D. G. Yuengling and Son - Pottsville, PA
5. Boston Beer Co. - Boston, MA**
7. Sierra Nevada Brewing Co. - Chico, CA**
8. New Belgium Brewing Co. - Fort Collins, CO**
9. Craft Brew Alliance - Portland, OR
10. The Gambrinus Co. - San Antonio, TX**

** indicates craft brewery
<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Headquarters</th>
<th>Year Founded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Sierra Nevada Brewing Co.</td>
<td>Chico, CA</td>
<td>1979</td>
</tr>
<tr>
<td>4.</td>
<td>Gambrinus</td>
<td>San Antonio, TX</td>
<td>1986</td>
</tr>
<tr>
<td>5.</td>
<td>Lagunitas Brewing Co.</td>
<td>Petaluma, CA</td>
<td>1993</td>
</tr>
<tr>
<td>6.</td>
<td>Deschutes Brewery</td>
<td>Bend, OR</td>
<td>1988</td>
</tr>
<tr>
<td>7.</td>
<td>Bell's Brewing, Inc.</td>
<td>Galesburg, MI</td>
<td>1985</td>
</tr>
<tr>
<td>8.</td>
<td>Duvel Moortgat USA</td>
<td>Kansas City, MO &amp; Cooperstown, NY</td>
<td>1871</td>
</tr>
<tr>
<td>10.</td>
<td>Stone Brewing Co.</td>
<td>Escondido, CA</td>
<td>1996</td>
</tr>
<tr>
<td>11.</td>
<td>Matt Brewing Co.</td>
<td>Utica, NY</td>
<td>1853</td>
</tr>
<tr>
<td>12.</td>
<td>Harpoon Brewery</td>
<td>Boston, MA</td>
<td>1986</td>
</tr>
<tr>
<td>15.</td>
<td>Alaskan Brewing Co.</td>
<td>Juneau, AK</td>
<td>1986</td>
</tr>
<tr>
<td>17.</td>
<td>SweetWaterBrewing Co.</td>
<td>Atlanta, GA</td>
<td>1997</td>
</tr>
<tr>
<td>18.</td>
<td>Great Lakes Brewing Co.</td>
<td>Cleveland, OH</td>
<td>1987</td>
</tr>
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</table>

Exhibit 3

![Lion & Bear Series](http://www.firestonebeer.com/beers/pale-series.php)


Exhibit 4: Proprietor’s Vintage Series

<table>
<thead>
<tr>
<th>Beer</th>
<th>Type</th>
<th>% abv</th>
<th>ibu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sucaba</td>
<td>Barley Wine</td>
<td>13.5%</td>
<td>42</td>
</tr>
<tr>
<td>Parabola</td>
<td>Imperial Stout</td>
<td>14.0%</td>
<td>82</td>
</tr>
<tr>
<td>Sticke Monke</td>
<td>Belgian Quad</td>
<td>13.4%</td>
<td>45</td>
</tr>
<tr>
<td>Double DBA</td>
<td>Barley Wine</td>
<td>12.0%</td>
<td>29</td>
</tr>
<tr>
<td>Velvet Merlin</td>
<td>Oatmeal Stout</td>
<td>8.5%</td>
<td>33</td>
</tr>
<tr>
<td>Bravo</td>
<td>Imperial Brown Ale</td>
<td>13.5%</td>
<td>44</td>
</tr>
<tr>
<td>Good Foot</td>
<td>Barley Wine</td>
<td>14.0%</td>
<td>80</td>
</tr>
<tr>
<td>Helldorado</td>
<td>Blonde Barley Wine</td>
<td>12.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Parabajava</td>
<td>Imperial Stout</td>
<td>11.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Winter Wookey</td>
<td>Blended Strong Ale</td>
<td>10.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Seventeen</td>
<td>American Strong Ale</td>
<td>13.3%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: http://www.firestonebeer.com/beers/skunk-works.php
Exhibit 5: New Packaging; Old (left) to New (right)

Source: http://www.firestonebeer.com/beers/products/union-jack
       http://beerblog.genx40.com/archive/2012/february/californiaunion

Exhibit 6: 805 Website

Source: http://www.805beer.com/
Exhibit 7: GEA Brewing System

Source: John Fitch
Exhibit 7: GEA Brewing Computer Systems

Source: John Fitch
Exhibit 8: Firestone Union Barrel Fermentation

Source: John Fitch
Exhibit 9: Barrel Aging Room; Paso Robles

Source: John Fitch

Exhibit 10: Barrel works Aging Room; Buellton

Source: http://www.firestonebeer.com/barrelworks
Exhibit 11: Firestone Headquarters; Paso Robles, CA


Exhibit 12: Venice Beach Plans

Source: http://www.firestonebeer.com/visit/news.php
Endnotes


