

Capital Brewing Co.'s Journey from Rented Tank to 1000 sq. ft Brewery in 18 Months

G&A with Laurence Kain, Co-Founder and Managing Director of Capital Brewing Company, Canberra's Fastest Growing Brewery.

Visiting Capital Brewing Co.'s 1000 sq. ft lively brewery in Fyshwick, Canberra today – where bustling activity and gleaming machinery interwine to produce 25,000 litres of beer a week – it's hard to imagine that not 18 months ago, the company started out by renting a brew kit in someone else's space.

As part of our ongoing *Behind The Rounts* series, we spoke to Laurence Kain, co-founder of Capital Brewing Co., who sheds light on their phenomenal growth, and some of the lessons he's learned along the way.

When you started, why did you choose to 'gypsy brew'?

In 2016, we started off gypsy brewing in someone else's brewery for 12 months while we were waiting for our own brewery to be completed. It's a good way to get into the swing of things because building your own brewery definitely takes a long time, and you have costs to pay out pre-revenue, and cash-flow to maintain before you get properly set up.

Rent and staff costs are big expenses and gypsy brewing means you can avoid the majority of these initial outlays and still get started on the business.

There are of course some downsides – when you're brewing in a space and with equipment that's not your own, there's a slight lack of control, say in deciding what temperature the brew room needs to be.

It's also necessary to learn the equipment, so we had to do that when we were gypsy brewing, and then a second time when we got our own equipment as well.

There are definitely high costs involved in setting up your own brewery but I think people assume that the brew kit is the expensive part. There's actually a lot more to consider – the plumbing, hydraulic engineering, refrigeration and electrical works cost the most, not the brew kit.

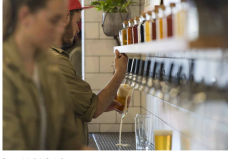


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How has the shift towards more locally-sourced craft beers impacted the brewing industry?

I think the larger Australian breweries have seen the trend of craft beers taking flight in the US market and saw an opportunity to create and meet demands over here.

Craft breweries made a real dent in the sales of larger US-based breweries, and in response to that, Lion bought out James Squire and now they do One Fifty Lashes and other beers, maintaining their market share.

They have scale, a lot of resources to work with and have been very smart with their marketing. In my opinion, this has changed the craft beer landscape somewhat, from what people would traditionally think of as a war between beers, to a war between marketing and sales teams.

What goes into your seasonal, limited batch beers and have you mixed any flavours that didn't go well together?

We have our core beers which we brew all year round and our seasonal beers for Summer and Winter. Our summer ale has orange, honey and wheat with coriander seeds, and our winter stout has oatmeal and coffee in it for warmer, deeper flavours.

We also do another seasonal 3.5 per cent IPA, a passionfruit IPA and a cherry pie ale for Christmas.

Most of our volume is dedicated to our core beers. We do 5,000 litres of a seasonal beer which we sell until it runs out.

The brew team are excellent at developing recipes and understanding flavour – they also know the stages of the process very well, specifically at what stages flavours become irreversible.

Luckily with all our rigorous testing, we haven't had any catastrophic failures yet. Our most recent experiment would have to be our Cherry Pie beer, which involved putting 10 large cherry pies from the local bakery into the brew. It tasted great!

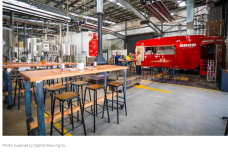


Photo supplied by Capital Brewing Co.

Tell us about the amazing burgers served on site

Bowlburger's story is quite well known among the Canberra food lovers crowd. They were an iconic burger truck which started out at Bowen Park before getting evicted by the government. There was a line out the door seven days a week in their Parkin location after that, so we were more than happy to have them installed permanently!

Also, everyone loves a beer and a burger, so why not get the best burgers in town while visiting us?

What marketing activities have you done that have helped you grow?

We've been involved with many events to help boost our awareness and presence. They don't necessarily drive much revenue, but are a great way to reach new audiences, which is good for us because we're relatively new on the scene.

Going forwards, our overseas distributors – ones with amazing, connected networks that enjoy Aussie craft beers – are what we think will help us grow. So far, we've started exporting to Hong Kong, and are also looking at Singapore.

How did you achieve your version of sustainable growth?

Currently, we supply pubs and bars as well as the major buying groups and outlets across Australia. The most exciting development that's also contributed to our growth is being really involved with the Brewski Craft Beer and Cider Festival, held at the Perisher Ski Resort.

It meant a lot to us to see them really getting behind smaller craft beers, and it also really helped us get through the winter too!

Managing production is hard for a fast-growing brewery and contrary to popular belief, the majority of our sales come from independent retailers (as opposed to the big retail groups) so it's important to establish relationships there.

We've tried our best to ensure sustainable growth by catering to a broad base of customers, an approach that means we aren't reliant on one particular group of consumers solely for our revenue.

Also, although we've grown quickly, we've taken care not to risk jeopardising the relationships we have or the quality of our product in order to do so. We've chosen to grow organically in a measured way at the right times, and it's worked well for us so far.

How are you addressing your environmental impact and sustainability?

We support our local producers, and 95 per cent of our malt is grown in regional NSW. The hops are mostly from Victoria and a very small amount are from the USA.

We've got a very locally-focused supply chain and this philosophy filters through to our production and waste management strategies. For example, we use tin instead of glass as this reduces packaging and freight, and we can fit 35 per cent more stock on a single pallet by doing so.

We're proud to say that all our waste also goes to stock feed rather than to landfill!



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What makes Capital Brewing Co. different, and what would you say is your biggest challenge?

Our brewing process sets us apart, we only use preservative- and additive-free ingredients.

We have our key four ingredients (water, malt, hops and yeast), and only use natural components such as orange peel and coriander seeds to flavour our beers.

In terms of challenges – firstly making enough beer to keep up with consumer demand. Next, hiring staff.

Like any other business, we've had issues before finding the right people and have had to shift things around a bit to make sure we didn't make the same mistakes again. Having said that, we have a really good crew and do a fair bit of promoting from within, we like to grow our staff internally and it's helped that we've attracted some really high-quality candidates along the way.

What would you say have been your keys to success?

At the basic level, our keys to success start with the quality of our product, followed by effective branding, marketing and sales.

We've focussed in Sydney, Melbourne, Brisbane and Canberra. We found it more challenging launching in other states because we didn't have local following there, but our social media strategy and having people on the ground in each state has helped bridge that gap.

Hiring key people that are aligned to our brand has been a huge factor in our success – we've found that if we nurture the team from the ground up, the business grows organically from there.

And from a more practical perspective, we wouldn't have been able to grow as fast as we have without the right technology in place. We have Rounts on i Pads that integrate with our Tys terminals and we're a cashless business. This way everything is streamlined, we reduce the time we spend on administrative tasks, and we avoid all the hassle that comes with dealing with cash.



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What's in store for Capital Brewing Co. in the near future?

We are one of the larger privately-owned production breweries, probably in the top 15 per cent of small breweries in Australia and like to remain that way. We'll keep gradually growing and adding to our tanks as volume dictates.

Hopefully this year will be as good as the last for the growth we've got planned!