

WHAT'S BREWING

ENTREPRENEURS NICK ANDERSON '97 AND DAN CHANG '95 HAVE BUILT A BUSINESS, RUSH RIVER BREWERY COMPANY, AROUND THEIR PASSION FOR CENTURIES-OLD BRITISH AND EUROPEAN BREWING TRADITIONS.

BY CLAIRE JOUBERT '99 · PHOTOGRAPHS BY BILL KELLEY

S EVEN YEARS AGO, NICK ANDERSON '97 was studying HIV and Hepatitis C at the Fred Hutchinson Cancer Research Center in Seattle, Washington. He moved there after graduating from St. Olaf to obtain residency to attend medical school at the University of Washington.

But the more he interacted with doctors, the more repetitive he found the process of diagnosis and treatment. Research medicine and the discovery and creativity that would accompany having his own projects interested him. As a child, however, he had watched his father, a microbiologist, fight continuously for funding. Anderson didn't want to struggle through the same.

Driven by curiosity and a desire to save money, Anderson began brewing craft beer at home. He remembered a comment he had made to a friend during his first year at St. Olaf: "Some day I'd like to own a brewery." Even now, Anderson can't explain why. But the dream, along with his home-brewing hobby, directed his job search when he left the research center for what he thought would be a temporary break. He applied for work at every micro-brewery in Seattle and found one opening. Mac & Jack's, one of Seattle's most popular craft (or all-grain) breweries, needed a keg washer. Anderson took the job.

Around the same time, Dan Chang '95 emerged penniless from the Pacific Northwest wilderness, where he'd spent two years camping and climbing following a stint in Gabon with the Peace Corps. Leaving a Seattle pub one night, he bumped into

Jo Hanson '97, a college friend and Nick Anderson's girlfriend. Despite having some mutual friends, Anderson and Chang had never met during their years at St. Olaf, so Hanson introduced them. Eventually, when Anderson was promoted to brewer at Mac & Jack's, Chang took his keg-washing job. A year later, Chang was promoted.

Within six months of starting at Mac & Jack's, Anderson knew he wanted his own brewery. His grandfather had owned a hardware store. The idea of being self-employed had always appealed to him. Additionally, he says, "St. Olaf instilled in me the confidence to try anything, so I decided to give brewing a go."

"Nick and I were two of three brewers at Mac & Jack's," says Chang. "That whole next year Nick tried to get me to start a brewing business. But I wanted to get a feel for it. I began trying a lot of new beers when I moved to Seattle but didn't understand them until I became a brewer. I also checked out grad schools in New York City, but when I got there, I thought, 'I can't live here!'"

Chang grew up listening to stories about his immigrant grandfather, a farmer who eventually co-founded the Ocean Spray co-op. Like Anderson, he had toyed with different ideas for self-employment, including a small-scale mushroom farm, but working at Mac & Jack's redirected his ambitions. "I ended up in the Peace Corps because of all the international travel I'd done through St. Olaf," he says. "I returned from Gabon and was reminded of all the opportunities in America. If you work hard, you can be self-employed. At some point, you have to take that risk and make something happen."



[Continued]



As friends and business partners, Dan Chang (left) and Nick Anderson are in sync.

Based on appearances — Anderson is broad and six feet nine inches tall, Chang is a wiry five feet nine inches — they make an odd pair. But as friends and business partners, they're in sync. The brewery fuels their shared passions for self-employment, the creative process and beer itself. "You're creating a product that you can be proud of," says Anderson. "At the end of the day, you can see 60 kegs of what you consider to be great beer. That's gratifying." They're obsessed with producing a product that is consistently high quality. "Brewing is about precision, accuracy, doing things exactly right every time," says Anderson.

**"IF YOU WORK HARD, YOU
CAN BE SELF-EMPLOYED.
AT SOME POINT, YOU HAVE
TO TAKE THAT RISK."**

— DAN CHANG '95

"Brewing is also 90 percent cleaning," says Chang, looking around their brewery just up the road from where the Rush River meets the Mississippi near Maiden Rock, Wisconsin. By all appearances, the facility seems more a sterile laboratory than a brewery. You could eat off the cement floor. The stainless steel tanks bear no smudges. The stationary tub and small counter in the corner are empty except for a drying graduated cylinder.

The brewery has reduced the time that Anderson and Chang can spend with their friends and girlfriends, but it hasn't strained their friendship. "It's tough being in business," says Chang, "but we've been able to talk about every problem. The tenseness surfaces in the day-to-day stuff and not in the fundamentals of our business."

"Sometimes you get tired of washing kegs and feel like it's the other guy's turn," says Anderson, "but we always agree on the brewery's next move."

GETTING STARTED

The first move for the brewery was to find a location. Washington and Oregon each boasted more than 100 microbreweries and brewpubs and California more than 300, so the budding entrepreneurs knew they needed to find a different market. Methodically and meticulously, they researched state brewing laws and the locations of other microbreweries, settling on the Twin Cities. Both are from the Midwest — Anderson was born in Minneapolis; Chang in La Crosse, Wisconsin — and both have family there, but they also discovered a market ready for their beer.

Summit Brewing Company in St. Paul is the only regional specialty brewery in the Twin Cities. And in the Upper Midwest, Michigan-based Kalamazoo Brewing Company (KBC) is the only maker of unfiltered craft ales. The success of the Bell's brand, brewed by KBC, "gave us hope," says Anderson. "It led the way for unfiltered, all-grain ales, which is what we wanted to brew."

So the two returned to the Midwest in 2001 but didn't open the brewery for three and a half years.

And what a time it was. Once in the Twin Cities, both found full-time jobs, Anderson as a bartender in Minneapolis and Chang as a brewer at Summit Brewing Company, and saved as much money as they could. Applying the skills learned in their

St. Olaf science courses — Anderson was a biology major, Chang a biology-turned-psychology major — they experimented with beer recipes, looked at property for their brewery, scoured the Internet for brewing equipment and talked with bar and restaurant owners and managers about the business of beer. After several months, Anderson's landlord, former Minneapolis restaurant owner Robbie Stair, offered them his pole barn, rent-free for the first year, on his farm in Maiden Rock, saving them, says Chang, "hundreds of thousands of dollars."

The duo, equal partners in the venture they called Rush River Brewery Company, converted the 2,000-square-foot gravel-floored barn into a functioning brewery. It took them two and a half years. Anderson and Chang designed the equipment layout, hung drywall, ran wires and pipes, built a loft with separate areas for grain storage and living quarters, created packaging and installed equipment, including 1,000-gallon tanks and a cold room, a walk-in refrigerator that holds 250 15.5-gallon kegs. They worked without heat in the winters and slept in Stair's guesthouse. When that was unavailable, they made use of the woods behind the barn.

Except for pouring the concrete floor, "we did everything ourselves," says Chang. "We didn't know how to do any of the renovations, so Robbie taught us." In exchange for Stair's help and the use of his barn, they made him a 20 percent owner of Rush River. "Patience has been part of this process," says Anderson. "Patience allows you to think things through."

"We had time on our side," agrees Chang. "We spent several years looking for equipment and got an amazing deal." Their used, top-of-the-line equipment cost \$50,000. New, it would have cost 10 times that.

Before they could make, sell, distribute or export their beer, they needed approval from the federal government and the states of Wisconsin and Minnesota. "Most aspiring brewers hire a lawyer to deal with the abundance of legal forms," says Anderson. "We did it ourselves. It took a long time and more than one attempt."

"Through all this, we kept asking ourselves: Is anybody going to drink our beer?" says Chang.

On May 28, 2004, Rush River Brewing Company sold its first keg of unfiltered, craft beer: The Unforgiven Amber Ale. They chose the name because they felt it represented the style of beer they make by conveying a sense of you-better-be-ready-for-this-beer. "We're not holding back on anything," says Anderson of their beer.

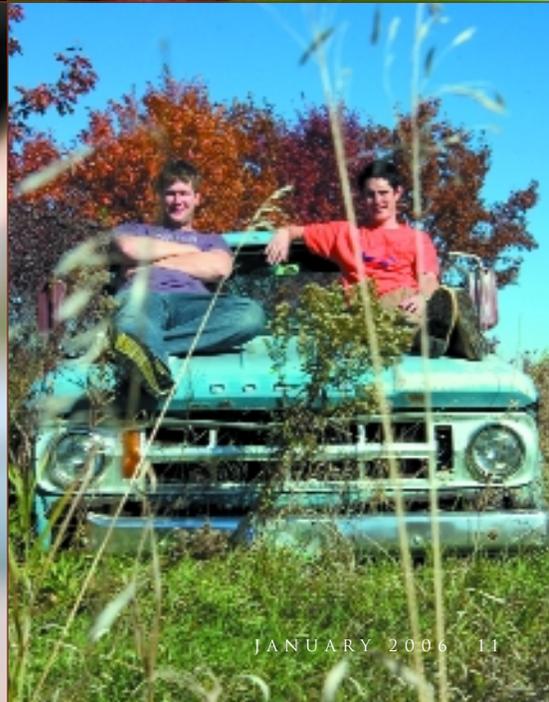
**"WE'RE NOT A NEON-SIGN
BREWERY. WE RELY ON THE
PRODUCT FOR SUCCESS."**

— NICK ANDERSON '97

A CENTURIES-OLD BREWING TRADITION

According to the Brewers Association, a Colorado-based advocacy group, craft beer is "domestic beer produced using 100 percent malted barley." Sometimes a percentage of barley is substituted for wheat or rye. Craft beer reflects centuries-old British and European brewing traditions and is

[Continued on page 48]



flavor focused. Though craft beer represents 3.2 percent of the beer consumed in this country (imports are 11.6 percent, domestic large brews 85 percent), it has gained a market share every year since its revival in the United States in the 1980s — and it's the fastest-growing segment of the U.S. beer industry. Nearly 1,400 craft brewers operate in the United States.

There are essentially two families of beer: lagers, which historically have been preferred by Germans and are brewed in the Midwest, and ales, which originated in Belgium, Britain and other parts of Europe. Factors that differentiate the two are the type of yeast that each requires and the longer brewing time required for lagers. A brewery typically brews one or the other, not both.

Northwest-style craft beer is what Anderson and Chang brewed at Mac & Jack's in Seattle. It is generally made with large amounts of hops, which impart a citrusy flavor, and is unfiltered, which preserves flavor and body. "It also uses a lot of grain — versus rice or cornstarch, which is what most other folks use, including Bud, Miller, Sam Adams and Summit," explains Anderson. "Rice, cornstarch and other such products have less flavor and are cheaper than grain and hops." Anderson and Chang, who liken filtered beer to canned corn in terms of taste and freshness,

ish. The Bubblejack India Pale Ale (IPA) has a bitter bite and a floral, citrusy nose. Anderson and Chang delayed releasing it because they were unsure how people would respond to its aggressive, hoppy flavor. As it happens, IPA is their second-best-selling beer, behind the amber.

In a typical 17-hour brew day, the business partners make two batches of beer, yielding approximately 60 kegs. "It's a long day," says Anderson, especially since both men live in Minneapolis, 75 minutes from the brewery. "But a lot of brewing is throwing a valve and sitting around for an hour."

They used to brew together, but demand for their beer has necessitated that one of them visit bars and restaurants while the other brews, washes kegs and completes paperwork. In their first year, they sold 1,600 kegs. So far, they have no employees.

"We're not a neon-sign brewery," says Anderson, referring to the large brewers that pour millions of dollars into marketing. "We give away a few T-shirts and hats but rely on the product for success."

"A big part of legitimacy is having bottles," says Anderson, "because a distributor wants to be able to sell bottles and kegs."

Greg Windschitl, import and specialty brands manager for Schott Distributing Company in Rochester, Minnesota, agrees.

"Bar and restaurant managers love that Rush River is a local brewery and the owners are so hands-on," he says. "But if Nick and Dan want to continue to grow their market, the next step is bottles. It would be hard to continue to succeed with just draught beer."

In 2004, 60 percent of Summit's revenue came from bottles. "There's a lot of competition for taps," says Chang, "so our whole existence to this point has been finding that one rotating tap handle at a bar, getting our beer on it and then getting it onto a regular tap."

Matt Lokowich, a friend of Anderson's and Chang's, has worked in the restaurant industry for more than 16 years. The restaurant and bar he co-owns in the trendy Uptown neighborhood of Minneapolis specializes in high-end German and Belgian beers and microbrews. Of Lokowich's 20 taps, Rush River always has two or three handles — and is consistently one of his top-five sellers.

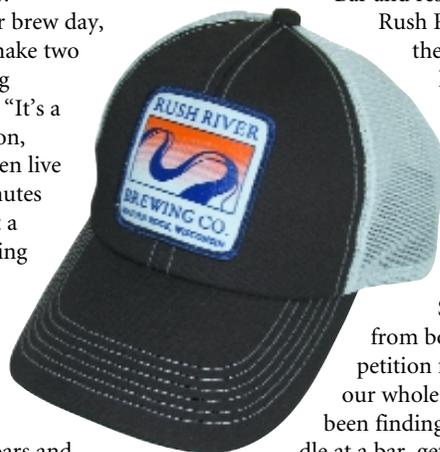
Anderson and Chang's current cold room can't accommodate the demand for their beer, so they're moving all the keggings to the new building. There's also talk of hiring a keg washer and a salesperson, even though the Rush River customers enjoy meeting the business owners in person.

"When Dan and I walk into a bar, we're dressed in Carhartts and T-shirts," says Anderson. "We're working guys, and people love that."

"They love shaking our hands and talking about beer," says Chang.

To remain hands-on, Anderson and Chang have focused on "slow growth." They've been approached by investors but haven't accepted any offers. "When we do want investors, we want to be able to say we built this brewery and that it's a safe investment," says Anderson. "At some point, you have to reach out for money to do the next big thing."

That next big thing will be constructing a 30,000-square-foot brewery, with everything under one roof and room to grow. But that's five years and millions of dollars down the road. For now, says Anderson, "We really like brewing beer." ■



ANDERSON AND CHANG LIKEN FILTERED BEER TO CANNED CORN IN TERMS OF TASTE AND FRESHNESS.

knew they'd have to tone down their recipes for the Midwestern palate, which is accustomed to the subtler flavors of German lager.

"We wanted to make beers that we liked and would push people to the next level," says Anderson. Comparing Rush River with other specialty breweries, such as Sierra Nevada or Samuel Adams, is inaccurate, primarily because Rush River is unfiltered and the others aren't. Among Midwestern brews, Bell's is closest in style. "Or you could say it's like Summit, which is filtered," says Anderson, "but with a lot more body and a heavier 'mouth feel.'"

Currently Rush River Brewing Company offers five ales. The Unforgiven Amber, with caramel tones and a fruity nose, is their flagship. The Small Axe Golden Ale is like a Hefeweizen (one of the few ales that originated in Germany) in that it's wheat-based, but it's lighter, crisper and not sour. The Lost Arrow Porter has roasted-coffee and chocolate flavors. The Winter Warmer, like a Scottish ale, has malty tones and a sweet fin-

With their beer on tap in more than 80 Minnesota and Wisconsin bars and restaurants, sales increasing every month and six distributors marketing their beer, they figure they'll sell 4,000 kegs in year two, with the Twin Cities accounting for 70 percent of their sales. The next step: selling bottled beer, which will raise their visibility throughout the Midwest and to individual consumers. "It's gone much better than we ever expected," says Anderson. "Most breweries our size don't consider bottling for five or seven years. But people are begging us for bottles." Rush River began making beer available in bottles early in 2006.

Rush River's bottling facility, housed in a building that Stair also owns, is about 15 miles from the brewery. Formerly a beer distributorship, the 18,000-square-foot building has loading docks and a cold room. The used equipment Anderson and Chang bought fills, caps and labels 70 bottles a minute, which they hope will extend their reach to La Crosse, Madison, Duluth, St. Cloud and Milwaukee.

Claire Joubert '99 is arts and entertainment editor at *Mpls.St.Paul Magazine*.