

Is Craft Beer as Close to a Sure Thing as an Entrepreneur Can Get?

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Failure rates for new craft breweries are near zero. So what is it about this sector that almost always leads to viable businesses? In part, success for startups comes down to cooperative strategies from established breweries. Established companies teach new brewers best practices for sanitation to reduce spoilage; they invite new breweries to events and often feature those brewers' beers in their taprooms; and they bring new brewers into their breweries to make beer, answer questions and swap war stories. New brewers never feel alone.

Beyond that?

- Barriers to entry are nonexistent. Home brewing experience is enough to get started.
- Startup costs are low: \$250,000 is enough to open the doors, and ingredients—just malt, hops, water and yeast—are manageable.
- Sales start immediately: A neighborhood brewery with a taproom doesn't need to bother with packaging, distribution or marketing beyond the front door.
- Margins can be fat: A \$5 pint of beer might cost less than \$1 to produce.

So what's the catch?

The price of success is brutally hard work, long hours and low pay.

- Low-capacity starter brewhouses often require owners to brew beer around the clock—many even sleep at their breweries.



- *New brewers “sewer” a lot of product as they struggle to produce consistently high-quality beer.*
- *When sales lag, new brewers cut their own pay first.*
- *Competition for staff is intense, forcing new brewers to do many jobs themselves.*
- *Passion for making beer keeps craft brewers toiling away longer than most entrepreneurs. Often they aren’t succeeding so much as refusing to fail.*

