

Testimony of Michelle Sullivan

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Before the

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House Committee on Small Business

Subcommittee on Investigations, Oversight and Regulations

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Chairman Schweikert, Ranking Member Clark and Members of the Subcommittee:

On behalf of Jim Koch, the founder of The Boston Beer Company, I want to first thank you for the opportunity to testify today about our philanthropic program *Samuel Adams Brewing the American Dream*. My name is Michelle Sullivan, and as Senior Director of Corporate Communications and External Affairs for The Boston Beer Company, I am charged by Jim with the implementation of this important program, and I am pleased to be here to discuss the innovative way in which we assist small businesses by affording them access to capital and knowledge to start or grow their businesses.

In 1984, when Jim Koch started The Boston Beer Company, the odds were stacked against him. Flavorful, high quality “craft” beers like Jim’s were virtually unheard of at the time by anyone-- beer drinkers, beer distributors or beer retailers and certainly not bank lenders. After brewing the first batch of beer in his kitchen, he named it Samuel Adams Boston Lager after one of his favorite revolutionaries and, after trying to obtain a loan from numerous banks, he quickly realized the reality of starting a small business went far beyond having a great product. Namely, that a lack of access to capital and the right network of business contacts could actually prevent a small business from moving forward despite how good its product is. Jim began selling his beer bar to bar, restaurant to restaurant and tavern to tavern in the Boston area himself. He had to start his own distribution company because the beer wholesalers in Boston all turned down the opportunity to carry his product. He scraped together the funding for his brewery by risking everything personally, taking out a second mortgage and by raising money from family and friends.

Today, we are in the third decade of America’s Craft Beer Revolution, and Boston Beer is proud to have been a catalyst for this movement. The beer industry has undergone profound changes since the 1980s. America’s big three brewers, Anheuser-Busch, Miller and Coors, have been acquired by or merged into foreign conglomerates and indeed Miller and Coors have merged their operations in the United States. This leaves Samuel Adams as one of our country’s largest *American owned* breweries. But, after nearly 30 years of significant growth, we still only account for just over one percent of the American beer business, while the two largest beer companies account for over 80%. In the beer industry, we still live in a David and Goliath world.

That said, we are proud that we continue to lead America's brewing industry, comprised of more than 2,400 other small, quality-driven brewers in all 50 states, not only in creating an outstanding product, but also in our unconventional path to corporate citizenship.

From our earliest days, before we could make monetary donations to charities, we had beer. And we happily supported hundreds of Boston-area charities by providing Samuel Adams for their fundraisers and auctions. It was a real benefit to those institutions to save on the cost of buying beer, and it helped us get our name out and our Samuel Adams into people's hands. This program continued, and in 2012, we donated thousands of cases of beer to 501 c-3 not-for-profit organizations.

As The Boston Beer Company grew, however, we wanted to create a unique program that went beyond donating beer.

That was Jim's challenge to me in 2007. Working with a team of employees, led by Jim himself, we created *Samuel Adams Brewing the American Dream*. The program has two major components: we host a variety of mentoring and coaching events for low and moderate income small business owners and, through our non-profit partner ACCION, we fund microloans ranging from as little as five hundred dollars up to twenty-five thousand dollars. Our program serves small businesses in the food, beverage and hospitality industry including other craft brewers, the very industry we compete and sell in, and the one where we are most able to give them meaningful nuts-and-bolts business advice, guidance and introductions.

Microloans are a critical component to *Brewing the American Dream* as there is a serious lack of funding available today to small and very small businesses. It is equally as important to educate inexperienced business owners in the areas of sales, graphic design, purchasing, marketing, hiring, distribution and other facets of business that can make the difference between success and failure. Effectively, we want to ensure businesses that are part of *Brewing the American Dream* do not make the same mistakes that Jim and others starting small businesses before them have made.

And we know it works, because we have a 97% repayment rate on the loans. As of today, we have disbursed 234 loans totaling over \$2 million dollars and have hosted 45 events in 12 states that have attracted over 3,000 attendees. More than 300 of our employees have participated in these events as coaches or mentors. And, we have saved or created more than 1,400 jobs. So, in an odd twist, through *Brewing the American Dream* we have created more jobs outside of Boston Beer than inside. And we are proud of that.

When Jim Koch started The Boston Beer Company back in 1984, he was armed with a great recipe, the financial backing of family and friends, and a passion to succeed. What he didn't have, and the reason he feels so strongly about *Brewing the American Dream*, were mentors. He didn't have a network of established business owners whose expertise he could call on. And through this program, he attempts to make funding, provide nuts and bolts business advice and access to mentors, all of the resources he didn't have, available to *Brewing the American Dream* small businesses owners.

Working with these small business owners has been an honor and an education. Based on our experience, we are convinced that well-established and well-supported small businesses are particularly well-poised to grow and thrive. They are an engine for future economic growth. They are a source of innovation, and their passion is contagious. They will create jobs. They will

be the household names of the next generation and like Jim Koch they will realize their American Dream.

I want to thank the Subcommittee for allowing me this chance to discuss *Samuel Adams Brewing the American Dream*, and please let me know if you believe our program may be helpful in your district. Thank you again and I am pleased to answer any questions you might have.