

15. Gulpener

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Growth within its Borders



Those who think of beer in economic terms, think of mass production. But only governing a money-making machine isn't what the Rutten family had in mind with its South Limburg beer brewery Gulpener. They changed course eleven years ago and sustainability became the creed. After years of investing, the 'Gulpener feeling' is now paying off.

A sign reading: 'eco-friendly barley is grown here' stands in a field alongside the Brusselseweg in Maastricht. It includes the red Gulpener logo. This isn't the only plot of land where crops are grown for the Gulpener beer brewery. 60 farmers cultivate barley, wheat, rye and spelt providing the basic ingredients for fifteen different kinds of beer, including Gulpener Pilsner, Korenwolf, Limburgs Land and Lentebock. Until 1999, the ingredients, just like in other breweries, came from the usual far-off places, including Canada. But during a talk about ambitions for the future, the time seemed right for a new direction. "The family wanted continuity and to remain independent", says managing director John Halmans, who began as the youngest employee 41 years ago. "Few Dutch and Belgian breweries have this option. Multinationals are increasing and continuously swallowing up businesses."

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The family didn't want to become part of a group where the only thing that matters is shareholder profit. Moreover, the company didn't want to cut its ties with the town, which had been in place for 174 years. The solution to competing with the big guys in brewing lay closer to home. Gulpener began to do business in a more socially responsible way. The starting concept was simple, products from region, by the region and for the region. Not aiming for worldwide branding and sales, but for high quality beer for consumers who value its flavour, eco-

friendliness and a bit of Limburg life. "We wanted to bring back certain elements from the past, to make pure beer. To achieve this, we sought nearby farmers who wanted to grow their crops in an environmentally friendly way. This cooperation with our neighbours is good for the regional economy, less damaging to the environment because of the short transport distances and good for us."

In order to guarantee high quality ingredients and to protect farmers from changing crop prices that fluctuate considerably in the world market, Gulpener made several win-win arrangements. The brewery pays a higher price and bears the costs for eco-certification, while the farmers grow the crops according to requirements of Dutch product eco-label Milieukeur. This turnabout was followed by sticking to green energy and part of the beer is now brewed with green gas. Hops come from the company's own, partly ecological hop garden, the use of cleaning products has been cut back by twenty per cent and plans for eco-friendly beer bottle labels, less carbon emitting yeast propagation and ecologically sound cardboard beer crates are also being discussed.

What sounds simple now, involved several major challenges at the time. For instance, properly setting up the organisation with the farmers, obtaining the certifications and pursuing other eco-friendly adaptations took a lot of time and money. Halmans estimates recent investments of about 600.000 euro. Adaptations were also required internally. The employees required support and were all informed about the new, sustainability policy during a big meeting. Many were sceptical. "We wanted to involve everyone in the change of direction, so the subject was on everyone's agenda from that moment on, from management consultation to quarterly meetings for the entire team. We still do it this way. Social entrepreneurship also means that people enjoy working in the company, that they know they matter and are proud of the company that pays their salary. That's why Gulpener has its own terms of employment, which is determined in

consultation with unions. Each employee is also given 150 euro to spend on a local charity. On an association, a school or on education, it's all possible except for support for political parties.

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Things are definitely going well for Gulpener. Despite a reduction of restaurant and café visits in 2008 and 2009, the family business still had a turnover of respectively 14.7 and 15.2 million euro during these years. Halmans is full of self-confidence. However, during the first five years after having chosen a new direction, things tended to waver. "Not because we doubted our ideas, but because they didn't yield anything at first. Everyone loved what we were doing, but the market wasn't ready yet. Money was being invested without any being made, which of course worried me. We were taking a huge risk: if you fail, a take-over may be the only option." He is convinced that family businesses deal with such stressful situations more patiently. A major group would have already changed its plans a long time ago because of the appeal of better quarterly figures, but the Rutten family gave Halmans time. Slow and steady wins the race and things started to improve as of 2005, consumers found their way to the renewed Gulpener beer and the initial outlays for change are gradually being recovered.

Sustainability is a continuous process. Increasing knowledge about the effects on the environment combined with government pressure are increasingly forcing companies to focus on sustainability.



There are many additional challenges for an assertive business like Gulpener. A magazine ('Puurzaam') issued to ensure that customers proactively share their vision, is this a good sustainable move? Should employees using a company car drive a hybrid one? The company will also have its work cut out with questions involving immense considerations: if enzymes added during the brewing process can seriously reduce CO2 use, should a sustainable and pure brewer without any knowledge of enzymes get in line? In the first two cases the Gulpener management chose a type of compromise. The magazine was published and is made of fully recycled paper. The cars must at least have a B-label. The answer to the third question is currently "no" because the matter is so complex and unfamiliar.

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Growth within its borders. Within national borders, as Gulpener – now having a 99% market share in the Netherlands – doesn't necessarily have to force up this 1 % abroad. This is eco-friendly and moreover, states Halmans, there are plenty of growth possibilities here in our country. Growth within the borders of responsibility: aiming for better, in and outside the company. The Gulpener boss thinks it's too bad that the government does so little to reward sustainable and successful companies. "We get patted on the back all the time, but something like a lower tax bill isn't negotiable. Yet such sanctions would be extremely stimulating." Gulpener has set itself a target of promoting sustainability among its catering industry relations. Together with Hoge Hotelschool Maastricht (Maastricht Hotel Management



School), the brewery is working on a digital toolkit for catering industry employers, which should contribute to this. Gulpener also gives other entrepreneurs the chance to organize hospitality events with profit after deduction of costs being invested in sustainable solutions. In order to find out what these employers should invest in, a sustainability scan is carried out before the event. The login gates will be opening at the end of 2010. “Finding inspiration and inspiring. Mainly in our own region, as we have so much to be proud of. My father was a miner, our family is involved in many social clubs and I also work as an IVN nature guide. Real sustainability comes from the heart, but it won’t work without using your mind. You can achieve most when both are in balance, both personally as well as professionally.”

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Gwen Teo for REcentre
Interviewee / John Halmans, Managing director

Gulpener Beer Brewery bv
Main office
Rijksweg 16
6271 AE Gulpen
The Netherlands

www.gulpener.nl

Sector • Beer breweries

Year of foundation • 1825

Number of employees • 60

Turnover (2009) •
15,2 million EUR