

An Assessment of New Belgium Brewery's Sustainability

University of Wales Trinity St David

MBA Sustainability Leadership

Ruth Lorensen

November 5, 2023

Executive Summary

The purpose of this report is to evaluate the sustainability level of New Belgium Brewery. It starts by identifying existing sustainability initiatives, practices, and processes within the organization and across its triple bottom line. It examines the interrelationships between various themes and relevant stakeholders and the potential conflicts of interest that may arise from these ties. Finally, it provides a comparative overview of New Belgium Brewery's sustainability progress within the beer industry and with its peers.

The Challenge of Sustainability for the Brewing Industry

Sustainability is crucial and challenging in the brewing industry since it is resource-intensive and consumes large amounts of water (Olajire, 2012). It is one of the most significant industrial uses of water in the world (Olajire, 2012). Energy consumption, water consumption, waste generation, and emissions management all affect the environmental impact of brewing if left unchecked (Change, n.d.).

Among the societal sustainability challenges pertinent to the brewing industry are alcohol consumption (Mialon and McCambridge, 2018), labor practices in supply chains, and sustainable sourcing. Social responsibility requires proactive measures to ensure that breweries address the needs and concerns of their stakeholders and broader society.

For the brewery industry to achieve its sustainability goals, it must fulfill its Triple Bottom Line (TBL), which includes long-term economic performance and profitability. The industry must deal with several factors, including intense market competition from numerous breweries all looking to gain market share, the upfront financial viability of

sustainability initiatives, and monetary risks associated with climate change (Erhardt et al., 2022). Breweries need to use a combination of prudent financial management, sustainable business practices, and strategic planning to promote environmental and social responsibility while ensuring long-term economic viability.

New Belgium Brewery, the fourth-largest craft brewery in the United States (Sacca, 2019), has always been committed to sustainability. The company leads by example in the industry with ambitious goals. It is a B-Corp dedicated to legal accountability and a framework that enables it to act with integrity and transparency (Giving Compass, 2019). It also produced the first carbon-neutral beer in the U.S. in 2020 (www.newbelgium.com, n.d.). New Belgium Brewing Company's most outstanding *"human-conscious achievement"* is becoming the first brewery to score 100 on the *"Human Rights Campaign's Corporate Equality Index"* (Human Rights Campaign, n.d.). It is known for providing workplace protections, inclusive benefits, and an inclusive culture. It's captured the world's attention with its *"value-driven"*, *"world-class beer"* (www.newbelgium.com, n.d.). Let's take a look and assess the current level of sustainability within New Belgium Brewery.

Sustainability Initiatives and Practices Of New Belgium Brewery

As a highly ranked B-Corp with a current score of 111.2, New Belgium is deeply committed to Corporate Social Responsibility (CSR) (www.bcorporation.net, n.d.). This report reviews New Belgium's sustainability initiatives and practices and how they meet their Triple Bottom Line (TBL).

New Belgium Brewery's Environmental Sustainability

The New Belgium Brewing Co, Inc.'s 2022 B-Corp score for environmental impact is 54.2 (www.bcorporation.net, n.d.), an incredible rating that only “5% of *B-Corps*” attain (Whittaker, 2022). Their ambitious commitment to environmental sustainability, practices, and goals has brought them tremendous success (www.greenbiz.com, n.d.).

The brewing company has reduced carbon emissions significantly by using wind and solar power, “*capturing and converting heat from brewing*”, and “*creating electricity from wastewater*” (www.newbelgium.com, n.d.). The company aims to be carbon neutral by 2030, using 100% renewable energy (Phipps, 2022).

New Belgium has significantly improved its energy efficiency. Asheville's new brewery has earned three LEED certifications (Baker, 2017). Furthermore, their investment in boiler tank technologies has dramatically reduced beer energy consumption (www.newbelgium.com, n.d.).

The company continues to achieve its zero-waste goals (www.newbelgium.com, n.d.). Organic waste generated in their brewing and restaurant operations is composted, reducing waste sent to landfills and improving soil health (Thomas and Rahman, n.d.). Additionally, they recycle glass, paper, cardboard, and plastics, promoting the “*cradle to cradle*” life cycle of their products (www.newbelgium.com, n.d.). Further, they reduce waste at the source by minimizing packaging materials and single-use items. They have also repurposed brewing by-products, such as spent grains, for animal feed and installed heat recovery systems to reduce waste.

New Belgium's Brewery's Social Sustainability

New Belgium Brewery is committed to social sustainability. As well as being a positive force in the communities where they operate, they strive to create an inclusive work environment. Considering themselves “*human-powered*,” their employees enjoy competitive salaries, benefits, and career development opportunities. They foster a culture of respect, equity, and inclusion within the organization through diversity and inclusion integration. New Belgium Brewing promotes “*LGBTIQ+ health, education, and equity all year long*” by supporting organizations like the Human Rights Campaign Business Coalition for the Equality Act (www.newbelgium.com, n.d.).

As part of its philanthropic activities, the brewery engages with local communities. They support local events, initiatives, and nonprofits. Their social sustainability approach involves engaging stakeholders, including employees, customers, and local communities. As part of their decision-making and initiatives, they seek input and feedback from these groups (www.newbelgium.com, n.d.).

New Belgium’s Brewery’s Economic Sustainability

Among New Belgium Brewery’s business practices are financial stability and responsible business practices. With a revenue of \$245 million and an employee team of 703 (www.zippia.com, 2021), it demonstrates that a good CSR business can make a big difference in the beer industry (incfact.com, n.d.).

As a 100% employee-owned company (www.newbelgium.com, n.d.), they balance profitability with environmental and social responsibility. It focuses heavily on operational efficiency, controlling costs, and improving economic sustainability. In addition to supporting local economies, they support local agricultural communities by sourcing ingredients in the area. They also promote and execute responsible and

sustainable sourcing practices, which include considering the environmental and social impacts of their supply chain.

Interrelated Issues and Conflicts of Interest

As New Belgium makes sustainable progress across its triple bottom line, it's prudent for the company to assess the interrelated issues and conflicts of interest between stakeholders. As a result of this analysis, an accurate assessment of the organization's sustainability level is possible, as well as a foundation for future sustainability initiatives.

Sustainable Consumption of Alcohol

The brewery industry, like many other industries, faces several sustainable consumption concerns that relate to environmental, social, and economic factors. Among the most pressing issues is that brewery industry products can lead to alcohol abuse, leading to health problems, accidents, addictions, and social problems (Moss, 2013). Even in moderation, alcohol consumption is considered to have *"negative effects on health"* (Moss, 2013). A staggering *"3.3 million are killed by alcohol every year, or 6 percent of all deaths worldwide"* (psycnet.apa.org, n.d.).

A heavy conflict of interest exists here for the brewery industry's social sustainability, as alcohol sales directly affect its financial profits (Mialon and McCambridge, 2018). Responsibility for alcohol consumption and its adverse effects are as much the industries as consumers. (World Economic Forum, n.d.).

There are several ways the beer industry, and New Belgium in particular, can promote responsible and sustainable alcohol consumption. Ensuring marketing and branding practices are responsible, including promoting moderation, is essential for the

social sustainability of alcohol consumption. Producing and selling alcohol-free beer is another way to solve this conflict of interest. Several breweries are pioneering the zero-proof beer market, such as Athletic Brewing with its Run Wild IPA (athleticbrewing.com, n.d.). This growing and trending market is an opportunity for strategic sustainable growth.

New Belgium has people's well-being at the heart of its sustainability mission with its local community impact and outstanding employee well-being initiatives. However, they could do better in the area of alcohol consumption and the detrimental impact alcohol has on people and societies worldwide. As a leader and innovator in the industry, they could promote responsible drinking and offer cutting-edge options of alcohol-free beer that would empower their followers to drink responsibly.

Company Growth vs. Local Identity

As New Belgium Brewery continues to grow and compete domestically and internationally, it faces conflicts between maintaining its identity as a local craft brewery and the need to expand and compete in a broader market. In their article *“Doing Well by Creating Economic Value through Social Values among Craft Beer Breweries: A Case Study in Responsible Innovation and Growth”* (Erhardt et al., 2022), the authors state that *“as breweries continue to grow, owners face decisions of scale and growth, which may undermine a value-driven industry with close ties to the local community.”* (Erhardt et al., 2022).

Often, craft breweries start focusing on *“small-scale production,” “social values,”* and *“localism,”* which are welcomed by eco-conscious consumers who love beer (Erhardt et al., 2022). New Belgium started this way when co-founders Kim Jordan and

Jeff Lebesch began brewing in their Fort Collins basement after taking an inspirational trip to Belgium in 1991. With over 30 years of brewing and incredible success in the industry, New Belgium has already faced challenges, tensions, and conflicts with expansion and growth. Significant growth occurred when they bought the Asheville Brewery in 2016 (www.newbelgium.com, n.d.), and consequential economic development came when they came under the international beer conglomerate Lion in 2019 (www.newbelgium.com, n.d.).

Maintaining a value-driven company like New Belgium Brewery as it expands and grows presents several challenges. As production and distribution expand, the company may have difficulties maintaining and scaling sustainable practices, such as waste reduction and ethical sourcing (Erhardt et al., 2022). There is also the issue of supply chain complexity. The company may have difficulty managing a sustainable supply chain as it expands. It may be harder to ensure that all suppliers adhere to similar values (Erhardt et al., 2022). Additionally, it can be challenging to maintain a culture of employee ownership and engagement as the company grows significantly and the workforce diversifies (Erhardt et al., 2022).

The sustainability efforts of New Belgium so far have not suffered as a result of the growth opportunities; instead, they are harnessing growth opportunities and replicating the sustainable practices that have been the key to their success.

Market Competition vs. Industry Cooperation and Collaboration

The brewing industry is highly competitive, with multinational conglomerates, regional craft breweries, and microbreweries all competing (Dunham, 2021).

Competition is intensified in many regions because of the proliferation of breweries of all

sizes. In addition, established beer brands have strong brand loyalty, making it difficult for new entrants to gain significant market share (Dunham, 2021).

Consumers increasingly support businesses that promote “*behaviors and practices to extend human well-being, climate and beyond*” (Scott, n.d.). Sustainability innovations and progress directly impact breweries’ competitive advantage, posing a conflict of interest for long-term sustainability collaboration.

Industry cooperation and collaboration among breweries are essential for driving sustainability initiatives forward (Albrechtsen, 2017). It involves sharing best practices, jointly doing research and development, influencing suppliers, and amplifying the voice of breweries to change policy. Working together, breweries can achieve a more significant impact, share the costs and benefits of sustainable practices, and position the industry as an environmental and social leader.

Breweries must commit to long-term outcomes over short-term market share to embrace industry cooperation on sustainability - believing that working together is better in the long run. As a leader, New Belgium is setting an example. In 2021, they produced the first carbon-neutral beer ‘Fat Tire’ and made their “*carbon-free toolkit*” available to anyone in the industry. Their efforts to collaborate with industry competitors demonstrate their commitment to sustainability within the beer industry (Brewbound, 2021).

Comparative Analysis

New Belgium Brewery’s sustainability efforts must be assessed against its peers. With a longstanding commitment to environmental and social responsibility, innovation, and sustainability, New Belgium Brewery is recognized as a leader in sustainability within the brewing industry (Masterson, 2021).

New Belgium's Triple Bottom Line (TBL) framework, which considers social and environmental impacts and profitability, sets it apart from many competitors (Gribbins, 2014). In terms of environmental performance, it ranks significantly above industry averages (Crowell, 2016). Socially, it makes a commendable effort to engage employees and the community, but alcohol-related social impacts need to be addressed more ethically. In terms of economics, New Belgium's circular economy approach and sustainable sourcing set a positive example for the industry (Masterson, 2021).

New Belgium Brewery's sustainable strategy and progress align them with the world's top competitors, such as Heineken, Carlsberg, Anheuser-Busch InBev, and BrewDog (Masterson, 2021).

Conclusion

To conclude, this report examines New Belgium Brewery's sustainability efforts from an environmental, social, and economic perspective within the context of the brewing industry. New Belgium's commitment to the Triple Bottom Line (TBL) framework, innovative environmental practices, and active engagement with communities and employees showcase their leadership in sustainability.

However, challenges persist. Addressing the conflict of interest between alcohol sales and societal well-being is crucial. Encouraging responsible drinking and promoting alcohol-free options are avenues New Belgium can explore. Additionally, maintaining their local identity amid global expansion and fostering industry cooperation while navigating market competition are ongoing challenges.

Despite these challenges, New Belgium Brewery's proactive initiatives and industry collaborations illustrate a commitment to long-term sustainability. Their efforts

not only set a high standard within the brewing industry but also inspire others, making a significant positive impact on both the industry and society. As they continue their journey, addressing these challenges will further enhance their position as a sustainable leader, setting an example for breweries worldwide.

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