



## *The Journal*



# San Francisco's Cow Girl Creamery Cheese Maker's success story Also Anchor Steam Beer turning 120 years old.

San Francisco July 1<sup>st</sup>, 2016;

Since launching Cowgirl Creamery in 1997 in Point Reyes, Sue Conley and Peggy Smith have turned their small Bay Area dairy business into a nationally distributed artisan brand to be reckoned with. Now, just eight months shy of Cowgirl's 20th anniversary, the two owners have told *The Chronicle* that the company will merge with the far larger Swiss dairy company Emmi.

Cowgirl Creamery is only the latest in a string of local artisan brands being bought out by big companies. Last fall, humane-focused meat supplier Niman Ranch was bought by Perdue. Around the same time, in early September, Petaluma's Lagunitas Brewing Co. sold a 50 percent stake in the company to Dutch beverage behemoth Heineken.

The Cowgirl merger, which also includes its distribution farm, Tomales Bay Foods, comes six months after Emmi's acquisition of Sebastopol goat dairy Redwood Hill Farm and Creamery. (Emmi also owns Arcata's Cypress Grove Chevre, which it bought in 2010.) The Swiss company, founded in 1907 and operated by a



Sue Conley and Peggy Smith

cooperative of dairy farmers, is the largest Swiss milk processor and exports cheese and other dairy products to approximately 60 countries. In 2015, Emmi posted net sales of nearly \$3.3 billion. The terms of the deal have not been disclosed.

Ferry Building shop redesigned by BCV Architects, which places the shop's cheese counter in the center of the space, is meant to streamline the Shopping experience for customers, and the perimeter now feature pre-cut, grab-and-go cheeses, as well as other goodies.

When Conley and Smith launched Cowgirl in the mid-'90s, there were only six cheese making operations in Marin and Sonoma counties. As the local craft food scene has boomed, so has Cowgirl's business. Today, there are over two dozen cheesemaking companies in the region, and Cowgirl has helped bring many of their products to the attention of shoppers nationwide via Tomales Bay Foods. The company now has approximately 95 employees; a product line of nearly a dozen cheeses, including its flagship triple-cream Mount Tam; two retail outposts (a third location in Washington, D.C., closed in 2013); two cheesemaking facilities, plus a third in the works; and a Ferry Building restaurant, Sidekick.



Conley and Smith will continue to operate Cowgirl Creamery and Tomales Bay Foods; Smith will take on the title of president and Conley will be vice president.

For a smaller company like Cowgirl, the benefits of a merger or acquisition with a larger corporation may include capital infusions and increased distribution capacity — while allowing it to stay focused on its craft, says George Geis, faculty director for the mergers and acquisitions executive program at the UCLA Anderson School of Management.

“When a large company buys a small company that has a loyal customer base, they have to be very careful that the loyal customers don't get scared off,” says Geis.



Conley and Smith have long been familiar with Emmi — and have carried several of its cheeses over the years. They looked closely at how it has worked with its other local acquisitions. “Mary Keehn (Cypress Grove's former owner) took a big chance when she merged with Emmi,” said Smith. “We talked with Mary a lot about this, and she has confirmed that they run their business exactly the same way they did before they started with Emmi.”

The Cowgirl founders, both now in their 60s, said the decision to merge with the Swiss company has been a very considered one.

“For us it’s been a little bit of a journey,” Smith said. “Getting older, Sue and I are looking at the future. We want Cowgirl Creamery to remain in Sonoma and Marin. This will help provide that platform for the future.”

Conley said that partnering with Emmi will give them access to capital they need to open a facility in Petaluma that will enable them to increase production and bring back their cottage cheese, a fan favorite that has been unavailable for some time. They also envision developing other products.

“We invented the way we make cheese without the benefit of engineers and dairy scientists. These are traditions that started in Europe, and now we will actually have experts who can help us refine some of our processes and help us create new cheeses,” said Conley.

Conley and Smith said they also view Emmi as having a strong allegiance to dairy farmers, as well as respect for the value of organic production and sustainable agriculture.

“I don’t have a crystal ball, but I feel very secure,” says Smith. “They’re a different kind of company. We’re a different kind of company. This one fits our model much closer than anything we’ve seen.”

Conley agrees, “This company understands the craft and traditions of cheese making.”

Some of the sophisticated cheeses sold by Cowgirl require a final stage of care known as “affinage” as they mature. For fans of the cheesemaker, they too will have to watch the combination of Emmi and Cowgirl ripen over time.

“The whole trick is integration,” said Geis. “The worst thing that can happen is for the larger company to try to change the smaller one and take away its significance.”

Sarah Fritsche is a San Francisco Chronicle staff writer.

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## **Anchor Brewing at 120: How a San Francisco favorite survived Prohibition, bland beer era**

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San Francisco's Anchor Brewing had rough beginnings. The brewery, now tucked in quiet industrial Potrero Hill, was the first in California at a time when most locals were primarily sipping wine. It wasn't until an influx of Northern Europeans headed into the Bay Area around the Gold Rush era that there was much of a local interest in beer. The fact that refrigeration wasn't much of a reality yet didn't help either. Ice was expensive and brewing was difficult.

Luckily, Ernst F. Baruth and his son-in-law, Otto Schinkel, Jr., the German brewers who purchased the original brewing equipment from Gottlieb Brekle in San Francisco, brought with them a bit of knowledge about how to brew beer in such conditions. They named the company Anchor — no one really knows why — and opened up their doors in 1896.

"[The brewers used] old world methods that were used in the wintertime in Germany to cool the wort and ferment the beer," Anchor Brewing's Brewmaster Emeritus Mark Carpenter tells SFGATE. "We all know how cool San Francisco is in the summertime, so you could brew year-round here without refrigeration."



If it had a name at all to start, the beer was called Steam — probably a reference to how it was made — and it was always the cheap beer, the nickel beer, and it survived mainly on the waterfront at these dive bars," Carpenter says.

Many bars would fill the glasses halfway to allow time for the head to clear, because the high level of carbonation from the brewing's Krausening process tended to make the beer very foamy.

"I've seen pictures of bars along the waterfront waiting for the stevedores to get off at noon, where they just had banks of [half-filled] glasses just sitting there settling," Carpenter adds. "They'd just put a head on 'em and hand them out for lunch. Someone said it looked like you were trying to tap a keg full of steam."

The brewery effectively went dark during Prohibition, though as the company says, it may have engaged in some off-the-books "activities." Those however, were off the record, and as far as the public was concerned, nothing was happening at Anchor until the law's repeal in 1933.

When new Stanford grad Fritz Maytag bought the majority stake of the brewery in 1965 (upon a recommendation from a bartender at the Old Spaghetti Factory in North Beach), there were only four breweries in the city. "Anchor was always just on the verge of going out of business, and it was going out of business in 1965 when Fritz bought it," Carpenter says. "There was only one pump in the whole brewery — pumped the hot wort from the kettle to the coolship — everything else was by gravity. It was like an 18th century brewery, really."

By 1971, Anchor only had five employees, including Maytag and Carpenter, and to the bewilderment of his staff, the owner was no longer content to just brew up the Steam. "Fritz says, 'Down the road, you're going to see hundreds of small breweries around the U.S.'" Carpenter remembers. "I thought, what's he smoking? There wasn't any evidence on the horizon that this was going to happen. Nothing. But boy, he was right."



At that time in the '70s, beer was in a sad state in the U.S. Breweries were turning out mass-produced, watery product for a quick buck, and craft beer was fading into the background, with breweries shuttering after seeing their revenues plummet.

"Anchor survived the dark times of Prohibition as well as the dreary years of bland beer dominance in the mid-century," Nicole Erny, Master Cicerone, tells SFGATE. "It survived the first round of brewery consolidation in the '70s, and even in its current state remains dedicated to its flagship beers."

Contrary to most other local breweries at the time, Anchor actually grew its beer offerings. By 1975, Maytag introduced four additional beers: the Anchor Porter, the dry-hopped Liberty Ale, the Old Foghorn Barleywine (all of which were the first of their styles to be introduced in the U.S.), and their annual Christmas beer.

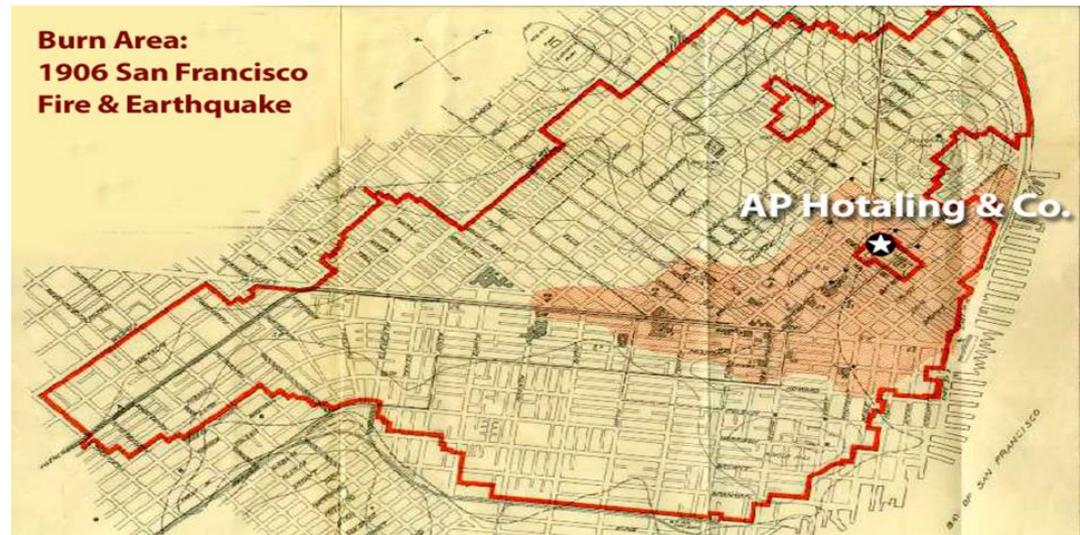
"Maytag's dogged conviction to keeping the brand alive in the '60s and '70s and his subsequent foray into brewing science not only turned out a different kind of high quality 'micro-brew,'" as Erny says, "but paved the way for other brewers that didn't want to make mass market lagers."

And though it's been over 50 years since Maytag bought Anchor and finalized the recipe, the Steam "hasn't changed an iota," as Carpenter says. Brewers like Anchor also still use the traditional open fermentation method, although it no longer takes part outside like in the 18th century. One of the advantages to that process, as Carpenter explains, is that you get a clearer look at how the beer's progressing.

"You can just look at it, smell it. That's kind of nice — you get an early warning system for any problems," he says. "Originally the beer was pumped up to a coolship and then sat overnight and cooled to a temperature yeast can cool in, but that's not good for the beer — too much opportunity for bacteria — so we've gone to a modern method of cooling beer."

In the years since Steam was born, many breweries have tried to duplicate and pay homage to the style, known today as a California Common. However, Anchor, widely credited with the beer type's invention, says it's not possible to truly recreate a beer that in its early, pre-Maytag days, was frequently reworked with different ingredients, depending on what methods and ingredients were available.

"There's not a consistency there," Carpenter adds. "As much as homebrewers would like to be able to nail it down, it's just not true [if you] do the research."



But replicable or not, Anchor, and particularly the Steam, has influenced generations of brewers.

"Anchor Steam inspired so many of the great forefathers of the contemporary craft beer revival that there are simply too many to list," Erny adds. "Anchor is an essential institution in the story of craft beer in the U.S."

And day in and day out, the brewers remain focused on the nuances of quality and tradition in their Steam.

As Carpenter says, "That's what we're here for: good beer!"



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