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# Lessons Learned Implementing a Sustainability Program in a Craft Brewery

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## ABSTRACT

Developing effective sustainability programming is challenging, but the potential benefits make it a worthy pursuit for any business. This article discusses these benefits and, using Upslope Brewing Company's

sustainability program as a case study, addresses some of the common challenges faced by companies when implementing this kind of programming.

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## Introduction

What does “corporate sustainability” mean for the craft beer industry? Is it possible for brewers, many of us small and medium-sized enterprises (SMEs), to move the needle on sustainability? Is sustainability programming worth our time? The UN Global Compact, the world's largest global corporate sustainability initiative, defines corporate sustainability as “a company's delivery of long-term value in financial, environmental, social and ethical terms” (7). Any company, regardless of size, can create value in these areas and reap the benefits. In many ways, SMEs and craft brewers, in particular, are especially well positioned to do so.

The collective impact of SMEs is significant. In the United States, as of 2016, firms with fewer than 500 employees made up 97% of businesses and employed about half of the workforce (6). As of 2008, small businesses accounted for almost half of the U.S. private nonfarm gross domestic product (GDP) (6). Globally, these numbers are about the same with SMEs accounting for 90% of the world's businesses, employing 45% of its workforce, and generating up to a third of GDP in emerging economies (3). This influence is increased by the fact that small businesses often have greater social trust than larger corporations, as well as more interaction with their local communities. They can often operate more nimbly than large corporations, making quick and innovative changes. Flexibility like this is important in finding creative approaches to sustainable development.

Sustainability programs can also increase the bottom line for small and medium-sized companies. Through efficiency improvements, employee and customer attraction and retention, brand differentiation, and resilience and risk management, a robust sustainability program can have a good return on investment. Sustainability, or corporate social responsibility, matters greatly to potential employees, notably those between the ages of 27 and 35, known as the “mature millennial” segment. Increasingly, workers want to be involved in a company that cares

about issues beyond the bottom line. According to a 2016 Cone Communications Employee Engagement Study, 70% of mature millennials “consider a company's social and environmental commitments when deciding where to work,” and 83% “would be more loyal to a company that helps them contribute to social/environmental issues” (1). Anecdotally, many recent interviewees at Upslope have cited our sustainability efforts as a reason they want to work with us.

Additionally, customers are becoming increasingly aware of the social and environmental impacts of businesses and products. According to a 2017 Cone Communications corporate social responsibility (CSR) study, “more than two decades of benchmark data ... reveal the growing positive impact of CSR on brand reputation, loyalty and affinity ... [R]espondents have a more positive image, are more likely to trust and are more loyal to companies that support social and environmental issues.” Given similar price and quality, “89% of Americans would switch brands to one that is associated with a good cause” (2). With that said, transparency is crucial to effective “green” marketing, with 91% of Americans reporting that “it's ok if a company is not perfect, as long as it is honest about its efforts” (2). Proper communication, both internal and external, of sustainability initiatives can differentiate a brand in a meaningful way and positively impact stakeholder decision-making.

Finally, sustainability programming can improve a company's resilience and risk management. Businesses with an environmental management plan and a robust sustainability program in place fare better than their counterparts in economic downturns and reduce their vulnerability to risks (3). In the age of climate change and global pandemics, this last piece is more important than ever before.

## Sustainability at Upslope

With all of the above in mind, Upslope formalized its sustainability program in 2017 with two overall goals: (1) to continually improve Upslope's resource use efficiency and brand resonance, and (2) to use this to leverage our platform and partnerships to create a greater collective impact. Since our program's inception, we've come up against many challenges that have left us wondering if implementing a sustainability program is always so difficult and whether other companies have similar experiences. It took some time, but we now know that

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the answer to both questions is a resounding “yes.” Implementing sustainability programming is difficult, and other companies do experience similar challenges—we just didn’t hear much about them.

While learning about the sustainability successes of other companies is important and inspirational, we believe that hearing about their stumbling blocks is more useful. It’s an effective way to learn, educate, and collaborate. At Upslope, we are not experts in this field. In fact, we’re just in the beginning stages and are still figuring out how best to implement and sustain this kind of programming.

Our aim is to find ways to make sustainability work in concert with our operations, while being flexible, innovative, and realistic with our efforts. In this paper, with an eye toward our program’s second goal, I will discuss the challenges Upslope has faced, and continues to face, in our pursuit of sustainability: specifically benchmarking, setting and meeting goals, and employee engagement.

Our approaches essentially fall under two primary umbrellas: (1) the prioritization, communication, and integration of goals by top management, and (2) the use of external frameworks, namely the Brewers’ Association’s Sustainability Benchmarking tool and the B Corporation certification, in the development and implementation of our program. The Brewers’ Association’s Sustainability Benchmarking tool is a platform, free to all BA members, that brewers can use to input their utility data, benchmark their performance against that of their peers, and set goals for improvement. B Corporation certification is a certification of for-profit companies that meet high standards of environmental and social performance, transparency, and accountability. In order to get certified, a company must score 80/200 points on the B Impact Assessment (BIA), which looks at the company’s performance across five categories: governance, workers, environment, community, and customers. Upslope became a certified B Corporation in 2018 with 82.5 points.

Taken collectively, these frameworks have given us great insight into our environmental and social performance and potential for improvement, as well as a better understanding of how to implement change within our company. Using these tools is a great first step in beginning to understand one’s business in the context of its community, industry, and environment.

## Benchmarking and Goals

The first steps in any sustainability program are measurement and benchmarking. To identify improvement areas, it is important to first establish a performance baseline and find a meaningful dataset of similar buildings or businesses against which to compare it. Although this approach appears straightforward, it took us longer to implement than we thought it should. We occupy a building with a number of other businesses, with whom we share energy and water meters. It was, therefore, impossible for us to record our exact electricity, natural gas, or water use. With the help of the BA’s sustainability mentor, we estimated our energy and water usage to create our benchmark in the BA’s Sustainability Benchmarking Tool. It was accurate enough to give us a good overview of our performance and our improvement potential. The BA’s Cost-Savings Potential Reports, a feature of the platform that estimates a brewery’s potential cost savings based on future barrelage and efficiency projections, helped us envision how our program could grow. Our cost-savings projections were significant enough that we felt it justified the expansion of our program to figure out how to harness those savings.

The second step, after establishing a performance overview, is to set goals and start working toward them. We wanted to target projects that would have the highest resource savings and the best return on investment. This also sounds simple, but we found it challenging to determine where to start, how to prioritize, and what kinds of timelines to set for ourselves. Assistance arrived in the form of the B Corporation certification, which Upslope decided to pursue that same year. B Corporation certification is an external framework, with external deadlines, that helped us set priorities and break down our long-term goals into manageable steps.

Within the assessment, each topic, or goal, is laid out in incremental improvements. For example, when a company is asked to what extent it manages its energy use, it is given a number of options that represent increasingly robust programming. A company, therefore, can identify the logical next steps toward energy management. In Upslope’s case, due to our shared meters, we reported that we tracked energy use, but had not set specific reduction goals. Our short-term target, therefore, was to measure our exact usage. To do so, we purchased electrical submeters to install on each major process area in production. It made our bigger, more nebulous goal of energy efficiency improvement more manageable and showed us that “setting an energy reduction goal” can be a goal, in and of itself. In this fashion, we’ve used the BIA to help us set short-term targets for each performance metric.

Going forward, in order to maintain our B Corporation certification, we have to recertify every 3 years and continue to score a minimum of 80 points on the BIA. The BIA gets increasingly difficult with each iteration, which means that Upslope will always have an external framework for continual improvement. Although B Corporation certification may not be for every company, the BIA is free to use and can help any company envision what steps to take to increase its social and environmental performance.

## Balancing Priorities

It’s one thing to set goals and another thing, entirely, to meet them. The continuity of projects, communication, and employee education gets interrupted on a regular basis, from unexpected machine malfunctions to employee turnover. Challenges to communication and certain kinds of participation arise when every department operates on a different schedule and has widely variable degrees of flexibility. Meeting sustainability goals is further complicated by the fact that each department is busy with its own priorities and can’t always dedicate time to sustainability projects. For these reasons, meeting deadlines and adhering to timelines has been the biggest hurdle for us.

As mundane as it may be, scheduling plays a major role in achieving goals. Important aspects of a sustainability program, such as running an effective cross-departmental green team and holding regular employee training sessions, are completely subject to scheduling. We made a few attempts to launch a green team and, despite great interest and participation, found we couldn’t get the same group together with the frequency required to make progress. We reassessed and determined it would be more time effective to work with each person, as needed, but keep everyone in the loop with regular updates. Our approach to employee education and training has been similar. At first, we tried to set aside time at one meeting per department per month for updates from the sustainability coordinator. This also proved difficult to sustain, as meetings are often rescheduled at the last minute and not every meeting has full department attendance. It resulted in communication with

employees that was often too little and too far between. To address this, managers began directly relaying sustainability updates to their teams. This has given managers more ownership of goals, given the goals greater weight, and ensures every employee is receiving updates on a more frequent basis. It has been a great step toward more fully integrating the sustainability program into our operations.

We've also had to figure out how to balance sustainability goals with production goals and other operational priorities. Sustainability goals must be actively prioritized and communicated by leadership in order for managers to be able to give them priority. For the first couple years of the program, leadership addressed sustainability topics and goals at Upslope's regular company meetings. Despite this, we found that sustainability projects and deadlines were continually getting pushed back. In speaking with managers, we realized that although they knew sustainability was important to Upslope in a general sense, they didn't know how they were expected to prioritize it in their roles. To address this, the owners of the company facilitated a discussion with all managers about how we could better align sustainability with our operations and full schedules. It was important to decide, as a team, how we would move forward.

Using the B Corporation framework as guidance, we would develop a company mission statement and embed sustainability key performance indicators in job descriptions and reviews. We decided that the priority assigned to each sustainability project must be determined from the top. For instance, when there is a brewing-related sustainability project that we think should be taken on, we approach the head brewer and the director of operations to discuss its feasibility. If they determine that their team has time to take it on, the head brewer assigns himself a deadline, and it becomes a job priority for him. If, on the other hand, the team feels that they have no extra time to dedicate to the project, we discuss alternatives: is there a different solution? Can we hire out for it? If no alternatives exist, we put the project aside and readjust our plans. This, for the most part, has prevented the timeline problems that occurred from our previous, more informal approach, in which sustainability projects were seen as additional and not essential. It allows team members to allocate time to these projects and, because the projects are defined as formal goals, helps achieve continuity despite inevitable interruptions.

It's worth noting that some of this progress in communication and prioritization has come out of the pandemic. In March, a large part of the company started working remotely, causing many of our typical modes of communication to be upended, with Upslope's priorities narrowed to the health of employees and customers and the survival of the business. Fortunately, Upslope stayed afloat and has kept everyone healthy and safe. And now our sustainability program is back on track and better than before. Working remotely has magnified the importance of consistent communication. It has also underlined the importance of risk management and resilience. As stated by the United Nations, "[t]he connection between the bottom-line and a company's environmental, social and governance practices is becoming clear. The well-being of workers, communities and the planet is inextricably tied to the health of the business. The smart choice is to proactively manage a company's operations and value chain—looking at risks and opportunities through a wide lens" (7). Although small in scale, Upslope's sustainability program seeks to strengthen and improve our collective resiliency and impact.

## Summary

In summary, change is hard. It takes time to do it well and make it stick. According to the principles of change management laid out in the *Strategy + Business* article "10 Principles of Change Management," change needs to come from the top; it needs to be integrated into the business, involving every layer; communication with employees must be sustained; the company's existing culture must be leveraged; and the program must be continually assessed and adapted (4). While these principles are intuitive, we are still figuring out how to meaningfully apply them at Upslope. We've learned to approach sustainability programming with an open mind, to try various approaches and not be discouraged when it requires some trial and error and takes longer than we hope. We're learning how to make employees feel like a part of the program, understanding that the long-term benefits of sustainability will be felt only if the whole team is working toward it.

The benefits of an effective sustainability program are significant. Internally, programming can boost morale and provide employees with a sense of ownership and purpose. Externally, a robust and transparent program can increase customer loyalty, attract great employees, and inspire meaningful partnerships with suppliers and like-minded organizations. Leveraging these partnerships to create systemic change is an area in which small and medium-sized companies can have great impact. Craft brewers are especially well positioned to do this. We have terrific free resources at our disposal, we are part of an inherently collaborative industry, and we have a fun and accessible platform upon which to address sustainability. People often gather around beer and breweries that have a strong community presence. Why not use our position to start complex conversations about climate change and environmental and social responsibility? How can we create positive environmental and social change in our communities and supply chains? How can we ensure the long-term viability and resiliency of the craft beer industry? We, at Upslope, have more questions than answers when it comes to sustainability. We have much to learn and a lot of room to grow. It's our intention to continue to challenge ourselves and collaborate with our industry partners in the pursuit of feasible and innovative change.

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