

## **Beyond The Law: Responsibility At New Belgium Brewing<sup>1</sup>**

In 1991 Kim Jordan a social worker and Jeff Lebusch an electrical engineer decided to start a Brewing company while embracing new technology, seeking out alternative forms of energy and reducing waste. Although environmental issues were seen in the past as ‘no win situations’ companies such as New Belgium have helped change this perception to show that being environmentally conscious and making long term profits is possible. At first it was difficult to start the business, banks would not give them loans, but Jeff and Kim started in the basement of their Fort Collins, Colorado home with minimal investment and were soon making a meager profit. They soon outgrew their basement premises and moved to a larger location. Throughout their growth the company has continued to focus on being innovative and environmentally friendly. They do this by continually trying to reduce the amount of resources they use as well as investing in efficient technology and reusing resources and recycling wherever possible.

Social responsibility can be split into four categories Economic, Legal, Ethical and Voluntary. New Belgium’s initiatives are mostly voluntary. Although they comply with legal and regulatory laws, they feel the need to set stricter limits and goals on themselves. The company has a philanthropy committee made up of 15 members from all different departments around the brewery. The group meets once a month and decide where money will be donated. There are four main causes that the brewery supports these are social causes, cultural causes, environmental and drug and alcohol issues. In this way all issues that are important to employees are covered. Since its inception, New Belgium

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has donated more than 1.6 million dollars to organizations in the communities in which they do business. For every barrel of beer sold the prior year, New Belgium donates \$1 to philanthropic causes within their distribution territory. The donations are divided between states in proportion to their percentage of overall sales. The average grant from New Belgium is between \$1,000-\$2,500. New Belgium looks for non-profit organizations that demonstrate creativity, diversity, and an innovative approach to their mission and objectives.

In the brewery large windows with overhangs help diffuse the sunlight, sun tubes are used to get light into areas where there are no windows. The lights in the factory are set to a motion sensor so only when they are needed do they turn on. They are also linked to a sun sensor so when the daylight is bright enough the lights won't even turn on.

In 1998 the company commissioned study to find the largest source of CO<sub>2</sub> emissions (a natural byproduct of fermentation). They were surprised to find that the largest amount of CO<sub>2</sub> actually came from the coal-fueled power plant that supplied the brewery with electricity. Fort Collins was beginning a wind energy program at the time. New Belgium asked the owner employees whether they should adopt wind energy with the difference in costs being taken out of their yearly bonuses. The employees voted to become the first 100 percent wind energy brewery, and committed to ten years of buying wind energy from the Fort Collins program which also ensured the program could continue as a viable entity. Although it cost about a third more, it reduced its CO<sub>2</sub> emissions dramatically.

New Belgium also developed a unique method that uses its waste to power its factory. In 2002, New Belgium completed installation of its own process water treatment

facility. This cutting-edge technology allows them to clean their process waters (water used for brewing and cleaning throughout the facility) without burdening the municipal system. Through a series of anaerobic (without oxygen) and aerobic (with oxygen) ponds, bacteria feed on the organic waste dramatically decreasing the brewery's impact on the Fort Collins municipal plant. Another remarkable byproduct of this process is the production of methane. As the bacteria consume the organic waste material, methane is produced. They then capture this methane and pipe it back into the building where it fires a combined heat and power engine that produces both electrical and thermal energy. This allows them to power about 10% of the brewery with this byproduct of the process wastewater treatment thereby turning a wastestream into a commodity.

The culture at New Belgium is not only about environmental responsibility but also about striving towards sustainable growth, and a desire to reach economic goals, while reaching present needs, without harming the ability of future generations to meet their needs. According to Kim Jordan "To whom much is given much is expected." By being proactive instead of reactive New Belgium has been able to increase its brand and operations while actively seeking out better technology and ways to do things that will help keep the environment healthy for future generations.

### **Discussion Questions**

1. Why do you think New Belgium Brewing goes so far beyond legal requirements with highly visible voluntary acts of responsibility?
2. Do you think that New Belgium's attempt to contribute to environmental responsibility and sustainability, increases or decreases their profits?
3. How would you describe the organizational environment as it relates to ethics and

social responsibility at New Belgium?

**Sources:**

New Belgium Company Website, [http://www.newbelgium.com/innovation\\_waste.php](http://www.newbelgium.com/innovation_waste.php) (accessed June 20, 2006) & <http://www.newbelgium.com/sustainability.php> (accessed June 20, 2006); New Belgium Brewing grant applications <http://www.newbelgium.com/philanthropy.php> (accessed June 20, 2006); David Cohn, "This Green Beer's the Real Deal," *Wired News*, March 17, 2006. <http://www.wired.com/news/technology/0,70361-0.html?tw=rss.index> (accessed June 20, 2006);