



ARCHIVE

TRANSFORMING MEAD INTO A NEW BREW

Young entrepreneurs aim to make ancient drink fresh and hip

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The Register-Guard

APPEARED IN PRINT: SUNDAY, FEB. 12, 2012, PAGE D1

While some college students look at a bottle of booze and see a night of partying, Simon Blatz sees a multimillion-dollar business. By the time the University of Oregon student turned 21 — and could drink legally in Oregon — he was on his way to establishing a brewery with projected eight-digit sales in five years.

Despite his youth, he has experience. Blatz learned his father's trade, locksmithing, as a boy and at the age of 11 was recognized as the world's youngest safecracker.

He got bonded and insured and earned a construction contractor's board license at the age of 18, so that he could pay his college expenses with proceeds from a locksmith business.

At age 21, Blatz, along with two friends from the UO Entrepreneurship Club, figured out how to

brew an ancient beverage, mead, in commercial quantities, brand it, bottle it and sell it as the hip new drink.

He is projecting revenues of \$14 million in five years for Blue Dog Mead, founded last year in a warehouse in the Whiteaker neighborhood.

This may seem a tad ambitious, but Blatz is not to be underestimated, say the people who've watched him work.

"The challenge of getting a business started is selling it," Eugene business consultant Dan Vishny said. "He's got a special talent. He could be selling ball bearings, and you'd buy from him. You'd want to help him."

His mother, Valerie Hiveley-Blatz, who lives in The Dalles, said he is a natural born salesman: "His first sentence was, 'I'll make you a deal.'"

Hiveley-Blatz, a nurse practitioner, made mead as part of a home brewing experiment when her son was 11 years old. She figured out how to bottle it, with the help of her kids, and sell it through a wine distributor. That was the start of Blue Dog Mead.

Mead is a fermented drink made with honey, water and yeast that has been widely drunk at various times in human history. In recent decades, mead was the drink of renaissance fairs, solstice rites and coven meetings. It made a popular appearance recently as base for a poison elixir in "Harry Potter and the Half Blood Prince."

In recent years, however, the mainstream has begun to take notice of the drink. A growing number of microbrewers have found that mead is a flexible medium. It can be brewed sweet or dry, presented as wine, hopped up like beer or distilled as a spirit. It also can be flavored with fruit and spices.

An estimated 200 meaderys have popped up nationally. Simon Blatz said Blue Dog was the first dedicated meadery in Oregon, although some wineries, such as Chateau Lorane near Eugene and Honeywood Winery in Salem produce some mead.

The biggest challenge for Blatz and co-founders Chase Drum and Simon Spencer was to figure out how to finance, market and brand their mead — a balanced-style mead that's not honey sweet or bone dry — for popular sales.

"We did some rough numbers. We looked at Oakshire and Ninkasi. We asked how much money approximately would we need to get this started. It was somewhere around \$50,000. We said, OK, we can raise \$50,000," Blatz said.

One by one, Blatz and his Blue Dog partners won key business people over. They secured a \$16,000 loan from the City of Eugene Business Development Fund

“These guys had an excellent business plan,” said loan analyst Denny Braud. “They had a little bit of a head start. They had a little bit of a demonstrated track record.”

Besides, the city had loaned beer-maker Ninkasi \$350,000 for start up and a bottling line and got every penny and a thriving business back.

“We’ve been focused on this young creative class. Eugene has a lot of strengths in that area. We have really gifted, intelligent people who just came out of the university, or wherever,” Braud said.

Business consultant Vishny wasn’t convinced there was a market for mead. “But I never thought people would spend \$10 for a shot of vodka, but they’re doing it. I never thought people would pay \$5 for a pint of beer, but they’re doing it,” he said.

Blatz won over two key constituents at the Columbia Gorge Angel Conference last year — an unnamed investor and his own mother.

An investor kicked \$10,000 into the startup and promised to provide funding at points where the company needs to scale up production.

Hiveley-Blatz’ guarantee meant the founders could get a \$16,000 loan from Century Bank, which had also funded successful local brewery startups.

After the Blue Dog Mead founders kicked in their own savings, the company had \$54,000.

They rented a 5,600-square-foot warehouse — former home to Hummingbird Wholesale — at 254 Lincoln St. They remodeled the space and ordered their commercial-scale brewing equipment. On the first brewing day, however, the kettles hadn’t arrived. The brewers called Ninkasi to see if they had any extra.

“We’ve got a couple 15-gallon ones that we started out with that you guys can borrow,” Blatz remembers the Ninkasi founders saying. “We said ‘Sweet, we’ll take it.’ ”

Starting in Ninkasi kettles has got to mean good luck, Blatz said.

Blatz built a semi-automated bottling station, which would allow a crew of eight to fill 150 cases in six hours.

So far, the company has sold an estimated 750 cases, Blatz said. The company has to sell about 580

more to break even on its start-up costs.

Blue Dog Mead's current set-up has capacity to produce 24,000 cases annually, Blatz said, and that would generate \$2 million in sales.

The company's target is the billion-dollar market of 21- to 35-year-old drinkers, Blatz said. It further zeroed in on consumer trends such as demand for gluten-free drinks and lower-priced wines.

"The sweet spot is \$9 to like \$16. There's more volume at that price point than at higher ones," Blatz said.

Blue Dog Mead retails for \$12 to \$13 a bottle.

The company makes use of social media to engage with its customers, including "crowd sourcing" new flavors and styles of mead. "(Customers) get to engage with the company and make decisions for the company and how we do these," Blatz said. "They want mass customization. They like their personal preferences, their individuality. (We say) everybody has a different palate, so come see what fits yours the best."

So far, Blue Dog has talked itself onto shelves at 40 retailers, including Market of Choice, Sundance Wine Cellars, The Bier Stein and Sam Bonds Garage.

"In the Northwest and especially Eugene," Vishny said, "if something is local, you'll get it on the shelves. He's everywhere. Every time I go into a place, there's Simon's bottle front and center."

Now, the company's highest priority is to get a large scale distributor. The founders are talking with regional Costco officials and working through the Whole Foods vendor program. They've hired part-time sales people in Portland and Corvallis. And they never miss a tasting opportunity in Eugene.

And they are all still college students.

Besides taking a course in business valuation this winter, Blatz continues to operate his Precision Lockout Services, and that means answering a dozen calls per week.

He works 12 to 16 hours a day and sleeps six hours a night.

"We have very high expectations and a lot to accomplish, so we do push each other a lot in terms of work, in terms of quality, and it does get stressful," he said. "But we pull it off and we enjoy what we're doing."

“We have very high expectations and a lot to accomplish ... ”
— simon blatz, blue dog mead co-founder

BLUE DOG MEAD

The new meadery opened in October in the Whiteaker neighborhood

Tasting: 2 p.m. to 7 p.m. Thursdays and Fridays at the brewery, 254 Lincoln St.

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