New Business Models for the Adirondacks
Lake Placid Pub and Brewery

By KEN BROWN

As part of their monthly meeting in April of 2009, the Adirondack Park Agency board hosted the heads of three successful area businesses, giving them a chance to speak about what it has meant to run a business in the Adirondacks. Speaking at the meeting were: Jeff Allot, owner and president of General Composites, Willsboro; Joe Moore, owner of Placid Boatworks, Lake Placid; and Steve Maselli, president of Old Adirondack Furniture, Willsboro. The APA’s Special Assistant for Economic Affairs, Steve Erman, introduced the three by saying, “They could be located anywhere.” Choosing to locate in the Park was a central theme of the following presentations. Drawn to the area by the quality of life, these business owners see the Adirondacks as central to their brand identities, while their biggest challenges come from global competition. Success stories such as these are important along side today’s grim economic statistics and discussions of the difficulties of operating a business within the Park.

The story of the Lake Placid Pub and Brewery, another successful Adirondack business, highlights some interesting aspects of this conversation. I first met owner Chris Ericson in 2005 while I was on a class field trip as an undergraduate at Williams College. A fellow alum, Chris welcomed us with a tour of his business. I was struck at the time by the process he had followed to choose to locate in Lake Placid. More than just a pub, Ericson’s company has grown since 1996 to occupy two facilities (one inside the Blue Line, one out), producing nearly 5000 barrels of beer a year. What led this company to choose Lake Placid for its home? Did operating within the park lead to any particular opportunities or challenges?

I met with Chris at Lake Placid Craft Brewing in Plattsburg. Chris makes the trip between Lake Placid and Plattsburg frequently, balancing the management of two individual, but connected, companies: The Lake Placid Pub and Brewery and Lake Placid Craft Brewing. Later on in our conversation, he said that he wished he didn’t have to drive so far, but circumstances were such that it had made sense for his business to look outside of its namesake town when they increased production several years ago. Chris’s direct involvement in the daily workings of the brewery was made evident as our conversation paused to listen to a bottle clattering on the floor.

“It didn’t break! There’s no worse sound than breaking glass as a brewery owner or a bar owner, nothing good ever goes with that sound.”

Ericson started a brewery in Lake Placid through a combination of careful market consideration and serendipity. He and a college friend were working at The Shed in Stowe, Vermont in the early 1990s when they started planning to move on and open their own brew-pub.

“You can only make half of a business plan for a brew-pub if you don’t know what town you’ll be in,” Chris said.

Nuts and bolts like the cost of grain and equipment are relatively stable, but when you’re balancing the need for high traffic retail space with dedicating considerable area to storage and equipment, knowing the cost of rent is essential. A brew-pub also needs to be tied to the town in both personality and business structure.

Chris and his friend gave several towns careful consideration. Microbreweries and brew-pubs had been increasing in number since the 1980s, so limiting their choice to a town that seemed big enough for, but did not yet have, a brew-pub reduced their options. They first considered Williamstown, Massachusetts, home to their alma matter Williams College, but decided that dealing with a large population of under-age customers would be too difficult. They also considered Manchester, Vermont, which is without a brew-pub to this day. Rents were too high on the main streets through town, though, and Chris was worried that they would be passed by if they were on a side street.

They were all ears, then, when a co-worker at The Shed mentioned that her mother had a bar in Lake Placid, but was hoping to get out of the business. The more they heard, the more PJ O’Neil sounded like the perfect place to start their pub. Lake Placid had already been on their list.

“Stowe is like Disney Land,” Chris said, “Lake Placid has the resort feel, but it also has a real active, down to earth population.”

As with Manchester, however, they were worried about the cost of rent on the main streets. PJ’s was out of the highest traffic area, but overlooked Mirror Lake, had its own parking, and already had a steady customer base. It was also in an under-utilized three story building with lots of character, including stained-glass windows salvaged from a church in Syracuse. Chris also echoed the sentiment of the April APA meeting, that it’s worth trying to work in the Park for the lifestyle alone.

“You get to live in the Adirondacks, and work in the Adirondacks, make a living in the Adirondacks. In my case I get to make beer in the Adirondacks. It’s a coup! You get a day off, and you’re in Lake Placid, you don’t have to travel five hours.”

They went ahead with their plan, and the Lake Placid Pub and Brewery opened in 1996, with a first floor bar, second floor restaurant, and brewing facilities all housed in the original building. Chris describes moving into an existing business as central to the pub’s early success. They never closed the bar; changing the name but retaining employees and loyal customers,

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Ken Brown is a graduate student in the masters program of the Rubenstein School of Environment and Natural Resources at the University of Vermont.
promising a steady income which made their venture more attractive to creditors. They also didn’t have any trouble with permitting.

“We didn’t really change the exterior of the building. What we found was that the village of Lake Placid and the town of North Elba were very accommodating to us. They liked the woman who owned the business before us; we came in arm in arm with her. Their attitude was ‘Fantastic!’, it would be great to have a brew-pub there, it would be great to use the whole space.”

When I asked Chris about the secret to his brew-pub’s continued success and eventual expansion, he pointed to the company motto: “Real Town, Real Beer.”

“The thing for us is to be sure that we’re living within our means. That we’re producing products that will sell in Lake Placid, that will sell in New York, and if we do that then they’ll sell elsewhere too. We want to be people’s go-to beer here in our home range. Our brand is built around a red Adirondack chair with a watercolor of Whiteface in the background. Outside of the area, we’ll be happy to be an occasional beer for people, we just hope there are enough of them.”

“A brew-pub is an inherently local business, we have to be really in-tune with what our customers are looking for. We put everything to what we call the Colonel’s Test. My father was a colonel in the Air Force, and lives in Newcomb now (he says that’s the real Adirondacks). The Colonel’s test has three things: First, is what we’re doing classy enough that the Colonel would serve it at his house? Second, is it appropriate for the demographic we’re looking for? And last, is it cool enough for the young guy working at the pub to bring to a party? If it fits those criteria, then we feel pretty comfortable about it, because those are the people coming to the Adirondacks.”

Ericson’s choice to keep the upstairs non-smoking was also a competitive advantage for a while. “In a town where you need a coat at night 9 months out of the year, it’s nice to have it not smell like smoke, but New York State put the kibosh on that advantage.”

Lake Placid Pub and Brewery’s beer increased steadily in popularity. Expansion of the facility in Lake Placid enabled them to keep pace for a while, but in 2000 Chris and his wife went looking for an additional facility. They found it in Plattsburg: a brewery sitting vacant in an industrial park, kegs and bottles still in stock, beer sitting in the tanks. That part of Plattsburg is an Empire Economic Zone, with extensive incentives to encourage growth put in place after the Air Force base closed. The closing of the Air Force base also made the city much smaller, meaning that they can easily deal with the water demands of the brewery.

“We would have liked to stay closer to home, but all the brewery equipment was still here, it had been sitting dormant for four years. We’ve actually thought about opening another micro-brewery in Lake Placid, but their municipal water treatment plant is pretty small. There would definitely be a Pandora’s Box of issues if we tried to do a manufacturing facility in the town. My guess is that we would have looked into it, seen some roadblocks and challenges that, while surmountable, would be very time consuming. What we saw was that if our demand kept going up, we couldn’t lose ground, we’d have to contract-brew somewhere to keep up. I have a hard time thinking that once we started down the contract brewing road, starting our own brewery would have remained a priority. I have a feeling that if this facility wasn’t here, we didn’t have the luxury of time to do it inside the Blue Line. We would have stuck with what was easy: paying someone else to do it.”

“We still kick around the idea of a facility in Lake Placid or Saranac Lake, and really being able to take a concrete pad and design it exactly. Start from scratch. That really makes the most sense.” But Chris knows that fitting a brewery with greater production into the Park would be a challenge, from finding the real-estate to dealing with permits and mitigating their water use.

“When we started, we were too small to be in the purview of the APA, but a larger facility would warrant more consideration.” Ericson sees time as one of the most difficult aspects of dealing with the Adirondack permitting process. As his business has grown, it has been important for him to “keep the pipes full.” He knows that if he had gotten caught up in a lengthy planning and permitting stage in any of his incremental expansions, the market may have dried up before he made it through. Moving to a pre-existing facility prevented that from ever becoming an issue.

A recent development might enable Ericson to look back to the Adirondacks. In 2007 Lake Placid Craft Brewing entered a partnership with Matt Brewing of Utica (makers of Saranac beers). Recently the partnership reached a stage where it could really make a difference. Chris explains, “The Saranac deal was held up in NY State. We didn’t really get the green light until January [2009] because of Franchise Law. So we’re just a few months into that.”

Lake Placid beer has been approved for distribution in all of Matt Brewing’s current markets, from Maine to Florida. In this partnership, Lake Placid beer can be brewed in Utica when demand exceeds the capacity of the original two facilities, while Ericson’s smaller brewery can serve as a testing ground for new Matt Brewing varieties. Chris speculates that this could be a way for them to keep the pipes full through another expansion if demand continues to increase.

“If we were to do a plant now in Lake Placid, we’re not under the gun. At no point would a hearing that would delay us a month or two really foul up the system. We could really take the time to find a spot in the park and do everything right so the permitting process would go smoothly.”

The partnership with Matt Brewing has also highlighted the importance of brand identity in the craft-brewing market. “It’ll
be interesting to see how it goes forward as we become associated with Saranac. Utica is about as outside of the Adirondacks as you can be a half-hour outside of the Adirondacks. I like to see what people are saying about us online, and found one the other day that said ‘I really liked Lake Placid until Saranac tinkered with the recipe.’ The day that was posted was the first day we had brewed the beer, it was a month away from being packaged. The perception versus the reality really matters. That’s why it’s important for this to be a creative partnership, to make sure its a win-win. And the pub’s still the pub.”

Ericson’s business hasn’t gone without challenges. Like the businessmen at the recent APA meeting, the biggest issues Chris mentioned come from outside of the Park. The regulatory climate in the state of New York has been a challenge for Lake Placid Brewing. State taxes and fees make doing business very expensive. Some laws, like the Franchise Law which held up Lake Placid Craft Brewing’s partnership with Matt Brewing, were set up to help small businesses but according to Chris seem to be used to the opposite end.

“Some of the big stuff in New York state is not flexible to the different sizes of businesses. I have to sign an affidavit every year that says I won’t brew two million barrels of beer. I won’t brew that much in my life time. There’s maybe one facility in New York that brews that much, and only about 20 in the country.”

In addition, craft brewers everywhere struggle to get their product into customer’s hands. “You never want beer to go down. Craft brewers are only 4% of the global beer market. We’re the only sector that’s growing, but we still want the whole industry to grow.” The rest of the market goes to the industrial producers like Anheuser-Busch and Miller. “They get their products cheaper. They have the power to influence their distributors, giving them perks based on how focused their selection is on Anheuser-Busch. Super markets aren’t building bigger coolers. They’re already so skewed. Look at how many different ways you can buy a Budweiser.”

On the positive side, Chris commented on an encouraging trend he sees in Adirondack businesses: “I’m involved with the Lake Placid/Essex County visitor’s bureau, and some of the other civic organizations. I’m particularly encouraged by everybody becoming more conscious about their footprint. In the Adirondacks I think you have a very sympathetic ear to that message, people live there for a reason. Five years ago you could do environmentally friendly things if you were willing to spend 30 percent more on everything. But a lot of environmental practices are becoming a lot more accessible.”

Lake Placid Craft Brewing, and the Pub and Brewery, are cases in point. Chris explains, “We have very little waste that goes to the dump. Cardboard we recycle, glass we recycle. The pub has a lot more waste than the brewery, just from food production and the restaurant. I look at our trash in Lake Placid, with air dryers in the bathrooms, we have minuscule paper waste. Pre and post food are what we’re looking at. There’s not a company in Lake Placid that will take our fryer oil, we pay someone to take it. We don’t have a farmer who’s willing to come and pick up our compostable scraps. Spent grains from the brewing process, on the other hand, are picked up by a couple of farmers. They both feed them to sheep. They’ve increased their flocks based on the regular supply of grain coming from here. They don’t pay for them, but they provide the whole system of bins and come right away. Wet sugary grains don’t have a very long shelf life.”

Chris makes sure that looking into local and environmentally sound sources of materials and food is part of every decision his company makes. “Maybe the corn-based to-go containers cost a little more, but people are willing to pay a little more. We raised our pint prices 10 cents so that we never use plastic glasses. We raised our food prices 5 cents so that we never use styrofoam. People go along with that.”

He sees this willingness in other businesses as well, but there are limited options. “My friend owns the Golden Arrow Hotel, which has an environmental certification, and green practices are a big part of their advertising and image. She lives on the Ironman route, and noticed that people training would litter. She wanted recycling bins along the road and ended up doing it all herself. This should be a no-brainer, but it’s difficult to find the support. It’s getting better though, because the people pushing it are being very forthright about sharing what they find. All the business people in the area share ideas and resources.” In this light, the Park may indeed be the “solution, not the problem” as Steve Maselli said at the recent APA meeting. The strict regulations of the Adirondacks, and growing expectations for green business practices could help foster creative solutions and support structures.

While a unique case, and located within the atypical community of Lake Placid, the Lake Placid Pub and Brewery’s story echoes some of the central themes raised at the April APA meeting. Jeff Allot, for example, noted that the Park lacks incubator space for new manufacturing businesses, speculating that this may be due in part to the perception that the park is anti-business. All three businessmen noted the importance of their location to the branding of their products, offering a unique, value-added label and a welcoming place for potential customers to visit. Jeff Allot also noted that, while he and others have chosen to locate here for the quality of life, there are barriers to that sort of decision as well. Limited cell phone and internet access, as well as limited job options for their children as they grow up, make the region less attractive to potential newcomers. A recurring statement in their presentations was that the challenges facing their businesses had little to do with the Park. Rather, global competition was cited as their biggest challenge.

The stories of the Lake Placid Pub and Brewery and the three businesses represented at the April APA meeting offer an optimistic view in contrast to the glum economic picture we’re often shown. The Adirondack Park is central to the identities of these businesses, giving them an edge they might not find outside of the Blue Line. The Park has also encouraged low-impact practices, perhaps giving these businesses a head start in appealing to the growing environmental consciousness of their customers.

Editor’s Note: Since the writing of this article, Lake Placid Craft Brewing outgrew its space in Plattsburg (closing in Dec. 2009) and has expanded distribution to nine states through its partnership with Matt Brewing.