

## Small but mighty

# Full Sail

**The Story |** Full Sail Brewery handcrafts artisanal beers from local ingredients and the pristine waters of the Columbia River. The brewery’s engaged team of about 90 employee owners work hard, play hard, and create a product that is “not just good, but insanely great,” according to the Full Sail Brand Mantra.

**Engagement Strategies |** Full Sail hires carefully and cultivates a culture as a resourceful, independent operation. In 23 years of operation, the company has had very little turnover, and many on the management team were promoted from within. The company has always had an open book management philosophy, which increased with its transition to an employee stock ownership plan (ESOP) structure in 1999. One open book strategy is to put potentially confusing financial language into “per barrel” terms – a frame of reference brewers understand.

In addition, human resources are a key part of the executive management team, and the company’s current HR director was originally a brewer. CEO Irene Firmat has her reasons: years ago she worked for a large apparel company in which HR was “just a name on the door.” She made a lot of money for the company and was rewarded – but not by nearly the amount she made for them. As Full Sail’s founder, she wanted to do things differently. Human resources is “a way we approach our assets,” she said. “The people we hire are one of the biggest investments we make.”

**Shared Ownership |** This commitment to employees was the main reason the firm became an ESOP, but Firmat stresses that a successful ESOP requires a great deal of care and intention. “You can’t just say you’re an ESOP and it just happens,” she explains. “Part of the challenge is to get people to talk about it so that they appreciate the opportunity they have as owners rather than merely having a sense of entitlement.”

The company carefully manages the education of employees in their rights and responsibilities as owners. At six months, new hires sit down with a supervisor to talk about why he or she should

become vested. Managers frame equity sharing as a privilege to be earned.

In addition to shares in the ESOP, employees receive performance bonuses tied to individual goals and overall company financial results. Firmat says she challenges employees to think carefully about the contribution they are making in exchange for receiving an equity stake in the company.

While the ESOP has helped those employees who were already engaged to become more so, Firmat says the effect isn't across the board. "For the group of people it really inspires, you get some extraordinary outcomes," she said. "And for some it can take more time to understand that they are truly owners, yet we have found that they have become more thoughtful about how to use resources and waste less."

**Business Results** | When it comes to measuring the impacts of employee ownership and engagement, Firmat mentions low employee turnover, but stresses the importance of hiring carefully and keeping only those employees who are adding value and contributing to the company culture. Another impact is great customer service. Full Sail's engaged employee owners are passionate about great customer service and know that "every interaction is a chance to win that customer for life," she says.

While positive customer interactions can be an excellent indicator of a strong internal culture, recession survival can be revealing, too. The



## AT A GLANCE FULL SAIL

**Business:** Regional craft brewery

**Location:** Hood River, OR

**Revenues:** N/A

**Employees:** 90

**Ownership:** Employee stock ownership plan (ESOP)

### Engagement:

- open book management
- performance-based bonuses
- high involvement hiring
- promotion from within
- clear communication
- encouraging responsibility and decision making at all levels
- HR director part of executive management team
- culture of respect and trust

### Business result:

- low employee turnover
- lifelong customers
- increased profitability during economic downturn

most recent downturn caused a jump in barley and hops costs, which could have driven up the price for Full Sail's beer – already a luxury item.

Firmat issued a challenge to increase efficiency and reduce costs, thus avoiding a price hike and keeping the company competitive. Supervisors worked with their teams to flesh out a cost-cutting strategy from the ground up. Ultimately, the company beat their projections by year's end – and sales increased by 20% despite the downturn. "It was really cool to see employees take ownership of it," says Firmat, who noted that employee-led innovation, rather than management, was a big point of pride.

Employees have demonstrated their commitment to Full Sail in other ways. Devoted outdoor enthusiasts who are passionate about sustainability, employees have spearheaded a range of internal green initiatives garnering local and state recognition while saving the company money, including:

- A four day workweek (four 10-hour shifts), reducing power consumption and water use by 20%
- Energy efficient lighting and air compressors saving 400,000 kWh of power annually
- Practices that reduce water consumption by 3.1 million gallons each year (only 3.45 gallons of water used per gallon of beer produced, compared to industry average of 6 to 8)

Full Sail's engaged employee owners enable this small, independent brewery to remain competitive. Firmat makes it sound easy. "At the end of the day it is about treating people with respect, communicating well, and finding ways to use our resources most efficiently," she says.

---

#### LESSONS LEARNED:

- **Be sure an ESOP is right for your company; if so, put the time and effort in to ensure its success**
- **High-involvement hiring is key to maintaining a strong company culture.**
- **Engaged and empowered employees can often create successful strategies to increase efficiency and profitability.**