



## chapter 1

# FROM ENTREPRENEUR TO LEADER

Since the day Dogfish Head started back in 1995, we've been lucky. That's not to say that we haven't worked hard for our success or that we haven't had to learn to roll with some punches. All in all, though, a lot of good things keep happening to Dogfish Head. We try to do good things every day. I used to believe you make your own luck. I now think that is only partially true. Karma is a close relative to luck. And as Joseph Conrad said, "It is the mark of an inexperienced man not to believe in luck."

Within the first year of launching the company, we had a consistent positive cash flow to build on at our original brewpub. Few entrepreneurs can say that. What's more, we achieved this early success in the particularly brutal world of the restaurant industry, where most new establishments don't survive past their third year. The company opened up as Dogfish Head Brewings & Eats, a pub in Rehoboth Beach, Delaware, where we brewed and sold our beer. The decision to launch as a brewpub, a brewery business within a restaurant, was a gamble, but I figured that I could reduce the risk of the brewery failing by supplementing it with revenue from the restaurant. That proved to be a good bet, but it was never a sure thing.

When I say lucky, though, I'm not talking about monetary good fortune. As I mentioned previously, "being lucky" to me means being well served by good karma, which is something we consciously try to cultivate. The hallmark of our culture, what I'm constantly emphasizing with our coworkers, is that Dogfish Head is not a company that sells beer (or food or whatever) but rather is a company that creates *high-quality, valuable, innovative*

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*experiences based on fairness and respect for our customers and community. This is our exploration of goodness.*

From day one my main goal was to satisfy beer drinkers like me, eager for an experience much more flavorful, adventurous, and satisfying than the Corporate Industrial Lager that dominated the landscape and consumer perception of American beer in the mid-nineties. I went into business more with the idealism of an artist than with ambitious financial aspirations, so I like to think that this focus on creating positive energy—enriching people’s lives by making unique, authentic, off-centered beer—was my prime motivation. Not making money. Perhaps this sounds self-serving, but it’s true. Money may be the fuel of a business, but at Dogfish Head it’s not our soul.

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### **We encourage free expression and nonconformity.**

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Another reason so many of our most valuable coworkers have stayed at Dogfish Head is the generous compensation program we implemented even as we were just getting our feet under us. Sharing the fruits of success has been our priority since our earliest days. We have a great insurance package including health and dental, a free case of beer for all brewery coworkers every paycheck, a weekly happy hour with complimentary beer and snacks for all coworkers and their families, and half-price food and drink for coworkers at our pub and brewery. The loyalties and talents of the people who have joined me to grow the company have played a tremendous role in our company’s success.

By the year 2000, we had become sufficiently established so that I no longer woke up each day wondering whether Dogfish Head was going to stay in business. There had been plenty of existential doubt before then, super-stressful times when we revved hard on the revenue growth engine to buy additional equipment and brewing systems. I’d mask my concern during such moments with a confident game face and lead by example. “Sure, we’re not perfect,” I’d tell my coworkers, “but let’s fix one small thing every day, try hard, fail forward, learn from each mistake, and we will be closer to perfect tomorrow than we are today.”

In the year 2000, the production brewery we built separate from our Rehoboth location became profitable in the same way the Brewings & Eats

restaurant was from the start. Profitability in our business was meager early on, so I never take it for granted. Our brand has to stay relevant to our customers; our products have to remain distinctive. But from that year forward, five years into the life of the company, I didn't have to worry about the cost side of the business. Other smart leaders at Dogfish keep costs under control, and I focus on creating new projects and products to increase revenue, competitive differentiation, and brand recognition.

We remain a frugal company, as we have been since day one. A bootstrapping mentality is hardwired into our DNA, stemming from our entrepreneurial beginnings. We still approach every project and capital expenditure with an eye toward vetting efficiencies as if we were a start-up. We're not trying to be cheap or beat up our vendors or pay less for something than it's worth, but when our business partners and our own coworkers see that we care about pennies, it makes them all sharpen their pencils. We are particularly careful and conscientious about the bidding process for our equipment and buildings. This is especially important in a bricks-and-mortar-intensive business like brewing, where the physical capital to expand capacity infrastructure can cost millions of dollars each year.

## CREATIVE FREEDOM

Being freed from anxieties on the cost side allowed me the freedom to be creative. For the majority of my work hours I was unleashed to do what I most love—come up with new ideas for Dogfish Head.

My role as the founder, chairman, and majority vote holder made this creative freedom both a blessing and a curse for the company. I could launch an initiative pretty much on my own say-so, without first having to clear organizational hurdles or establish a comprehensive plan to move an idea forward. My personal vision drove our actions; strategic choices shaping the future of Dogfish Head were preeminently (and almost exclusively) mine. From my perspective as an entrepreneur, that was the good news. The bad news, from the perspective of my coworkers, was that I was always having ideas.

While often serving our goals, the result of my high-voltage energy pumping through the system could also, at times, be disruptive to the organization. As “the boss,” I would announce my latest business idea, and

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coworkers would have to switch gears and revise schedules to prioritize it. Nobody except Mariah felt empowered to resist. And I didn't always listen to her or our CEO Nick Benz or the rest of our leadership team when they would present resistance.

After almost two decades of successful growth I was convinced that this gut-oriented approach was for the best. Sometimes it was indeed for the best, as in the case of the Choc Lobster brew we released in 2012. A brew with cocoa nibs and lobsters, it originated as part of our program to make experimental one-off batches for our beer dinners. When I tasted it, paired with chocolate lobster bisque and a white truffle lobster salad slider at the dinner, I thought it was so terrific that we brewed a scaled-up batch to offer at the pub. When I proposed rolling it out commercially, everyone internally and externally insisted it would never sell since we would have to charge so much more than the average keg price for a beer made with hundreds of pounds of lobster. I was sure the beer would be a success and rolled out production anyway. It turned out to be well received, winning a Great American Beer Festival silver medal. We went from brewing a few kegs at the pub to hundreds of kegs that we sell in states up and down the East Coast.

In other instances, though, my next great thing ended up costing us time and money without much return. Like the combination see-through visor and baseball hat I designed. I figured this hat would play off our penchant for combining beers into a new style or beverage mash ups (such as beer-wine hybrids like Sixty-One, which was conceived when I poured some red wine into a glass of 60 Minute IPA, or our Positive Contact, a hybrid of beer and cider brewed with Fuji apples, roasted farro, cayenne pepper, and fresh cilantro). In this case I wanted to do a mash up between a baseball cap and a sun visor, with the character of Paul Bunyan featured more prominently on that hat than our logo. We must have devoted the bulk of time in 4 two-hour marketing meetings over the course of several months to this project; designers drew up a half-dozen iterations, and three different prototypes were produced. I was confident that our customers, themselves being so off-centered and fearless, were going to love it. We stocked it at the shops in our restaurant and brewery, where it died on the shelves. It is still dying on our shelves, where you can buy one very reasonably at a deeply marked-down sale price or, if you prefer, for a nominal fee on eBay.

Rather than worry about consequences of abrupt midcourse corrections, I prided myself on taking risks, learning quickly from our missteps, and changing course. Were Dogfish Head a conventional company, the seemingly erratic course I sometimes steered the organization on would not have been tolerated. But it was precisely this opportunity to boldly guide us into unexplored waters that I found so satisfying. The thrill I personally got from not knowing what would happen next was a powerful psychic reward. To me, this feeling was the essence of being an entrepreneur.

That said, I am learning that being hooked on the adrenalin of uncertainty and directing a company unilaterally by improvisation are not the hallmarks of a great leader for a company of our scale. They are important traits for an entrepreneur to have, but they need to be tempered and honed as a company grows.

Creative inspiration for me comes from traveling outside my comfort zone—outside of what I know in general life terms and, from a business perspective, outside of what already exists in our industry. I rely on this creative urge to push beyond limits when it comes to designing a new beer. As a result, we have not spent much time looking at consumer data or conventional tastes when we decide what beer to make next. Instead, our one fixed point of reference has been to seek out innovative, off-centered ways into new products and projects.

As the person who fed those creative fires for the first 20 years, I got the most satisfaction roaming around far-flung fields that interested me. I am always on the lookout for ideas, seemingly unrelated to brewing, that can inform and complement our approach to what I like to call “the soul” of Dogfish. This is probably why, as we’ve evolved, we have become more than a beer company, and we do our work in many industries: food, spirits, clothes. Everything we do—making a pizza, designing a shirt, brewing a beer—informs everything else we do. Each business unit collaborates with and enhances the unique stature in the marketplace of the other business units. An apt way to capture our spirit of creative roaming is the quote from *Moby Dick* I had sewn on the collar of the shirts we do in collaboration with Woolrich, America’s oldest outdoor clothing company: “I am tormented with an everlasting itch for things remote, I love to sail forbidden seas and land on barbarous coasts.”

## YOUR COWORKERS ARE YOUR FIRST RESPONSIBILITY

There is a term in Japanese for the ultimate expression of selfless appreciation and support: *omotenashi*. There is no direct translation in English, but the best definition might be something like: the host anticipates the needs of the guest in advance and offers a pleasant experience that guests don't expect. In the context of business, this can mean that "the customer is always right." Or simply that we want to "exceed customer expectations in every way the customer interacts with our company and the things we make." I love the concept of *omotenashi*, but in my journey toward leadership, I give it a different twist: the customer is secondary.

As a leader, your first responsibility is to your coworkers. You need to support them and help them to always try to do the right thing and to be as happy doing their work as possible. Going forward, I need to redirect more of my creative energy toward this end. I'm no Zen master, so there are going to be stumbles along the way. And I still intend to personally take the lead on some experimental brewing and arts projects that are dear to my heart, creatively cathartic, and marketable. Some of these projects may go into coast-to-coast distribution and some experiments may be one-time-only small-volume brews produced for events around our Delaware facility that allow me to interact with coworkers and Dogfish fans who come to visit us in our home state. But in terms of the evolving soul of Dogfish Head, my most important role is to be one among many who collectively make the important strategic and opportunity decisions facing the company. There will still be some specific functions attached to my job responsibility, particularly as majority owner, but a central component of my evolving role at Dogfish is to allow great ideas and great people to bubble up and contribute exponentially and collectively to the company we are growing together.

With my transition in the company from single-minded entrepreneur to responsible leader, my creative approach similarly needs to change. I have to make sure the vast majority of product launches and innovation are no longer driven solely by my inspirations but, rather, by the team's collective judgment of what's best for Dogfish Head. The best ideas and recommendations of my coworkers should be as important as mine in charting new directions. I fought this for years, fearing that I would get less personal sat-

isfaction from helping other people realize their visions than I would from being the creator myself.

It has taken me a while to get comfortable with this new approach. The first big step forward in my evolution came with experiencing satisfaction in external collaborations we undertook with bands and other breweries. I had to share creative authority in navigating these projects and I found that not only did the projects succeed but I also had lots of fun learning from and working in tandem with the related external parties. The confidence I've drawn from those experiences has prepared me to collaborate better internally within our organization. I'm not naive about the difficulty in surrendering what was, before, my autonomous control. I have had to train my brain to recognize what I know and what I don't know and focus alongside my fellow leaders on identifying the talented people who have great ideas at Dogfish Head and empowering them to continue to develop and grow our business. My ongoing transition from an entrepreneur running a business to a leader inspiring a team has taken many years, lots of effort, and one particularly difficult company retreat.

## THE RETREAT, FEBRUARY 2014

It was a cold day on the Chesapeake Bay when we gathered in Cambridge, a beautiful Maryland colonial town first settled in the 1680s by English tobacco planters. We were pretty much the only off-season guests, gathered together at the beautiful waterfront resort for our annual management retreat.

As I walked in, I could imagine what my coworkers on our leadership team were thinking. In recent years there was a predictable pattern to these retreats, some small victories and some growing frustrations. Every year we would go on an off-site retreat that we would call a strategic retreat but we would mostly just discuss and argue from our own perspective about the next year's brewery beer lineup and volume forecast. We would spend what was left of our time talking about how we should be better organized and how we desperately needed a longer-term strategy. Then I would get defensive, remind everyone of our track record of flying by the seat of our pants thus far, and say something like: "If we have a plan, we won't be spontaneous."

It's true; I didn't like the concept of traditional multiyear strategic business plans. This year, though, at this annual strategic off-site meeting I had made up my mind before we started that things needed to be different moving forward.

The company had been steadily growing. This growth was rewarding and exhilarating but it meant that running an increasingly large and complex group of businesses by intuition and spontaneity was no longer beneficial. In their end-of-year reviews, coworkers made it clear they needed me and our company's other leaders to communicate better. They wanted to be more involved earlier in the new products and projects we were launching. If we all participated in the conversations, they believed, the collective outcome would be that much richer. By discussing ideas together, everybody would have a much clearer vision of where we were going. In effect, they were asking me to be more accountable to them.

I couldn't disagree with the merit of their arguments.

I had always fought the standard corporate dogma that says a smart company has to develop a multiyear strategic plan through executive level consensus and then stick to it. The problem I have is that the plan is typically based on research that projects the future based on the present and past dynamics within the industry according to a comprehensive review of where a company stands in comparison to its competitors. So you are often looking sideways or backward in this process instead of forward.

Another recent experience primed me for change that day in 2014, an event that had occurred several months prior to the retreat. I was driving my secondhand Volvo with one of my best friends. The low fuel light flashed on the dashboard. I kept going. And going. Finally, as we approached a service station, my buddy nervously asked whether I intended to stop. "Not yet," I answered. "I bet we can make the next one."

I confess: I enjoy the unexpected when the gas light goes on. I like to see how far I can get on fumes. I've completely run out of gas a few times; once I had to literally coast the last quarter mile. No matter; I like tempting fate. On this occasion, though, I could see my friend was getting truly uncomfortable since there weren't many gas stations or houses or people along this particular road. He finally freaked out. "Dude, you aren't normal! This isn't fun." I was able to put myself in his seat and, riding on little more than fumes, pulled in at the next gas station.



Afterward, I got to thinking about this episode and its relevance to Dogfish Head. Maybe, in the same way that I wasn't initially sympathetic to the anxiety I caused my friend that day in the car, I was similarly insensitive to the discomfort I was causing my coworkers in the way I steered our company. They had been expressing frustration at not having a strategic road map, but I consistently dismissed their plea for a strategic plan. The best thing that could happen to us would be that we get lost. This was my belief. The need to keep finding our own way would keep us open to opportunities other companies would not encounter and inspire us to be creative. We'd be blazing trails instead of staying on the safe, beaten path. . . . What I hadn't been hearing, though, was the anxiety in their voices. They were basing their futures and the welfare of their families on the company. Dogfish Head was no longer just an entrepreneurial adventure for a few; it was now the livelihood of many. No wonder they were worried whenever they saw the company's fuel light go on.

I wasn't completely oblivious to the effect my love of risk was having at Dogfish. There was mounting frustration throughout our leadership team (including my wife, in some instances) with my management style of "ready, fire, aim." Although I still believe in the improvisational philosophy of Black Mountain College and its mantra of "We shall see what we shall see," I understood that most of my coworkers and fellow leaders were looking for more focused direction. And I knew they were growing tired of my habit of continuously imposing my will for what we should do next and my habit of being 99 percent sure about what would come after that, effectively leaving them without much space to make their own creative contributions to our agenda.

I don't have a problem with plans per se, but I believe they need to be agile and flexible. A company's longish-term strategy should be based on a foundation of the competitive landscape of its industry and where the company stands within it. Context is everything! The plan has to be grounded in the culture of the company itself, its collective soul, before grounding it as a reaction to the competitive set. You can plan a path forward, but always with the proviso that things can quickly change and necessitate a different path. You've got to always be ready to move on.

Personally, I don't particularly like paths (no surprise there, to anybody who knows me). I truly believe that "getting off paths" is at the core of Dogfish DNA; it's what our products are all about. The quotation from

Ralph Waldo Emerson that is our guiding principle, his prescription for how to pursue goodness, is an endorsement for blazing one's own trail.

*Whoso would be a man,  
must be a nonconformist.  
He who would gather immortal palms  
must not be hindered  
by the name of goodness,  
but must explore if it be goodness.  
Nothing is at last sacred  
but the integrity of your own mind.*

I knew that we were getting to a point in the company's life cycle where growing strong meant empowering others to lead with me. I recognized that the other people sitting at the leadership table were talented and motivated, yet another indication of the company's good luck—that we had been able to attract such individuals. The moment had come for them to be able to contribute not only their operational and technical skills but also their own creativity and opinions about our strategy. It wasn't just me letting go as an act of higher consciousness. No. As a leader, I had become increasingly aware that we needed to aggregate the maximum amount of collective creativity we could muster to fully prosper amid an increasingly competitive commercial environment. As I say, context is everything.

Walking into the retreat meeting room that brisk February morning, I had come to realize that I was ready to not only accept a strategic plan but, more importantly, embrace it and help move us forward in creating it together; to contribute to the plan but not try to direct it myself; and, the toughest challenge, to not micromanage its implementation when I got impatient or itchy for personal creative stimulation.

I began the opening session with the story about that fateful road trip with my old friend and the dashboard fuel light. It was designed as an ice-breaker to set the tone and let people know a significant change would be taking place across Dogfish Head. We would still need a couple of years to flesh out a holistic, company-wide plan, but that day the plan for the plan was hatched.

Out of that retreat would come the beginnings of a strong business plan for our main brewery business, one produced by the whole leadership team and not just me—which was a first for Dogfish Head. The cornerstone of writing that plan was formal sessions addressing Dogfish Head’s Strengths, Weaknesses, Opportunities, and Threats (SWOT). I originally encountered SWOT while on the board of the Brewers Association, which uses this methodology to create its two-year plans. Simply put, the SWOT process helps an organization identify factors that are favorable and unfavorable to achieving its objectives.

Step 1 was to clarify objectives. Instead of using conventional corporate metrics like growth or profit, we chose to focus on our company’s ideals. We brainstormed about the things Dogfish Head embodied, the qualities we thought made the products successful and the company special. One by one, a list accumulated on the whiteboard: Goodness, Authenticity, Valuable Differentiation, Respect, Independence, and Competitive.

At the top of our list of Strengths were such things as brand equity (off-centered, innovative, quality) and our speed in developing products and projects. In retrospect, I think the most important item on the list was our people: “right asses in most seats” was the exact phrase. The biggest gap in the org chart at that time was a director of marketing. The company had reached the size where Mariah and I couldn’t do it alone anymore; we needed a full-time marketer. We also were on the lookout for a strong operations leader to add to our team.

Hiring is perhaps the toughest and most exacting thing we do at Dogfish Head, so getting those right asses in the right seats is no small accomplishment. We take executive recruitment very seriously, which perhaps explains why we are so painfully slow at it. Personal fit is particularly important to us, given the unique culture of the company. But we also need to be confident that the candidate (and family) will be comfortable living in small-town rural Delaware.

In the interviewing process we use a shorthand phrase to summarize if the potential coworkers will be able to contribute positively to the company we want to be. When we think a person is a fit, we say: “she gets It.” Having It at Dogfish is a two-way street; ours is a unique culture that simply doesn’t work for some folks. There are lots of super-talented, motivated people who would be more successful in a different environment.

We’ve never officially defined “It,” but here’s my take.

People who get It are generally nice, talented, and hard-working; they use their powers for good. I'm reminded of Google's corporate motto, "Don't be evil." As I tell my children again and again (they're probably sick of hearing it), I believe we all have different superpowers but we all share the ability to use our unique powers for good or for evil. And the best teams of superheroes are those that have complementary powers that they use to do the right things in every instance where a choice can be made—from obeying a stop sign to saying "thank you" when someone does something nice, to making choices that benefit others instead of yourself. We are not saints at Dogfish Head, but as a culture, we strive to opt for the choices most filled with goodness.

When we consider candidates for hire, we are looking for people with the humility to know they must first learn why we do things the way we do before they try to use the skills and experience they have to make Dogfish better. We want them to devote their talents to improving the company; we are open to ideas from anyone. But we expect newcomers to first bend toward Dogfish before they ask Dogfish to bend toward them. As Nick often says, "We don't want new people coming in and waving the wand of change before they even fully get Dogfish."

We also want people who love people, even though this sounds like a cheesy yacht-rock lyric. Some corporate cultures thrive on internal competition (think of Jack Welch's General Electric) but not us. Our objective is to grow a great company, which takes fewer rock stars and more band members. Being a good person doesn't mean playing only support roles. The company needs its brightest and its best to be internal leaders. Getting It means you understand that at Dogfish you don't advance by stepping on your coworkers but, rather, by helping them and the company as a whole move forward.

I, myself, had to get better at humility despite my unique position at Dogfish of being not just the majority owner but also the face and analog voice of the company. (Mariah is the digital voice through social media, which she does really well.) After 20 years in the small but growing craft beer community, I'm a well-known figure because I have been involved with some high-visibility projects and because of my role in conceiving most of our high-profile beers. This fills me with mixed feelings. On the one hand, being recognizable affords real benefits to me and

the company. This is particularly true if either (or both) of my children eventually chooses to work at Dogfish; there will be continuity when this family-controlled and family-led company transitions from first- to second-generation leadership.

In our emerging collaborative management model, however, my coworkers need to see me as one of many creative voices, not the sole creative voice. Internally and externally, we have a culture of sharing due credit with our coworkers and celebrating their achievements. When somebody stops me on the street or calls out to me at an event to say “I love your beer” or “I love Dogfish,” I always try to say something like “On behalf of the 230 of us, I thank you for the kind words and support.” In thanking a fan, I am also actively and honestly thanking my coworkers for their contributions. It may sound forced or folksy, but it comes from the heart. A big part of my job description will continue to be saying “Thank you for your support” to our customers, retailers, and distributors and taking the time to hear from them on what they would like to see more of from Dogfish Head.

The Weakness quadrant in the SWOT matrix confirmed my conviction that Dogfish Head had hit a point of inflection. The list of what we needed to fix was a collective plea for more orderly stability. Here are some of the weak points we shared in this quadrant: “Too short-term oriented,” “Entire management must find equilibrium,” “Too many ideas and not enough resources to maintain,” “Operational accountability and systems,” “Scheduling.”

As I stared at this list I had to admit to myself nearly all of our weaknesses stemmed from a lack of planning, a lack of communication, and a lack of follow-through: all issues that could be addressed in a multiyear strategic plan. I was fully converted. I stopped regarding a strategic plan as a betrayal of conscience and started thinking of it as a road map for opportunity. If Dogfish Head were going to continue to be bold, it was imperative that all of us—including me—move in the same direction. Our energies and resources had to be better marshaled if we were to seize forthcoming opportunities and overcome challenges. To fail to do so, I now knew, meant that a whole lot of faithful, talented people might end up going over a cliff at my personal behest. With the help of other leaders at our company, the entrepreneur was becoming a better leader.

## INTERVIEW

### Nick Benz, CEO, Dogfish Head

*Nick Benz is one of the most astute financial- and operational-minded business people I've ever met. He received a degree in chemical engineering, then went on to earn his MBA. His career arc at Dogfish from CFO to COO to CEO speaks for itself in terms of his capabilities. But what his resume doesn't show is how he has grown personally over that period. Along with his business acumen, his sense of humor, honesty, and deep understanding about what makes Dogfish Head stand apart from traditional business models are what have made him so integral to the leadership of our company.*

### What Distinguishes the Dogfish Way?

**SAM:** First question, Nick. Which skill honed through your engineering background has proven to be most valuable to your career path and your contributions to Dogfish Head?

**NICK:** I don't think I've ever answered that before. It is probably problem solving. That is what engineers really train to do in those four years is to



**Nick and Sam**

*Also featured in color photo insert*

solve problems and look at things in three ways: what do you have at your disposal—what is given; what are you trying to find; and what is the solution. You have to understand what you are working with, the given; what you are searching for; and how you put that all together to find a solution. You can take large, complex things and find a way, find a commonality, and find the core uniting things that make them all link together and work in harmony. In that regard, a brewery is just one giant

conundrum where you are figuring out pumps, compressors, tanks, pipes, and control systems. It is similar to a gas or a chemical plant.

When you are trying to solve problems that are related to people, or money, or banking relationships, or sales trends, although there is not a

mechanical solution involved, the approach is exactly the same. You start by identifying what you know—you start with a list of what is working. That ultimately leads to questions. At the intersection of all the questions you ask about why something is not working is the root cause—the heart of what really is at issue. Once you identify that root cause, you can begin wrapping solutions around that core thing.

In the early days, we—you and I—would have to do that. Now there are other people skilled in each area who are doing that. That has been a big transformation for us. Our roles are morphing from the people who come up with the solution at a very detailed level, to being the people who oversee the process of continually evolving and continual improvement. That is just a different type of role, a different challenge.

SAM: It is inspiring and managing people.

NICK: It is inspiring and managing people. We are not managing numbers, brands, consumers, and decision making anymore. We are managing people who manage all those things. That is where you go from being a manager to being a leader. We cannot be in those trenches anymore, even though that may be where it is more fun and that may be what was familiar for so long while Dogfish was still a small entrepreneurial company. It is just not that way anymore.

SAM: You went back to school and received an MBA after you had worked as an engineer for a few years. Do you feel like your MBA education prepared you in different ways for Dogfish Head?

NICK: Engineering as a discipline is very much like mathematics in that at a very young age, you learn basic principles, one plus one equals two. Then you start introducing things like variables where  $X$  is an unknown. You search for a value for it through formulaic approaches. Then you bring in geometry. The point is you start at this very broad, simple foundation. You start layering on top of that simple foundation of mathematics, more and more complex stuff, kind of like a pyramid works.

All business school did was expand the possibility of problems that needed to be solved from operational, factory-type things to broader business concepts that can be just as difficult to figure out. Instead of just being pure mechanical systems, now it can be finance, accounting, HR, IT, fill in

the blank, any kind of production or operations stuff. In terms of finance and accounting, business is very similar to mechanical engineering. Building the brand is different; it brings more subjectivity and human emotion and psychology to it than pure mechanics.

I have been at Dogfish for over a decade now, and I spent the lion's share of my time at Dogfish focused on the production and operations side of the business. More recently, I've been diving deep into the sales side of the business.

SAM: Because we had been without a VP of sales for a long time.

NICK: Right, our last VP of sales left last year. And it took us eight months to find the ideal candidate to fill that role. Sales are a foreign thing to me, so it's been a big learning curve to determine what the right questions are. Where is the right data? How do you start educating yourself about the sales process? The problem-solving process begins with the same analysis as I would apply to an engineering problem-solving exercise: in this case, the core is a consumer walking into a store and buying beer. It gets more complex when you take into consideration all of the levers that are at play to get that beer to the marketplace and at the right price and how it should be promoted. It has been a brand new challenge to think about. I am sure there is another challenge right around the corner.

SAM: So you've found the core problem-solving skills that you learned in engineering could still be applied, just more broadly across business concepts.

NICK: Yes, that is true. Then the second biggest skill I've had to develop is the people leadership stuff. In engineering school, you do not spend any time talking about the "how" required to get something done, which really speaks to the cultural component. Sure as hell, MBA programs do not teach you cultural components. They prepare you to go to large banking institutions and huge corporations where you are one of 50,000 people.

Leaving business school, I knew that was not the world that was going to excite me. That was the world I was leaving, the gas and chemical industry, a world of huge multinational companies where you are one of tens and tens and tens of thousands of people. I wanted to work somewhere more personal, where you love going to work every day because you love the people that you do it with.



SAM: You certainly did get to a company like that! In the early days, we both had to roll up our sleeves and do a lot more ourselves. The “what” and the “how,” the emphasis on each, changed as the company got bigger. How about your approach to management? How has it changed since you first arrived at Dogfish as the CFO, then COO and now CEO?

NICK: I came into a world that was very survival mode. It was super entrepreneurial. It was bootstrap. Everyone wore 20 different hats. There was no time to sit down and think through, “Hey, is there a better way to do this? Is there a more efficient way? Is there a safer way? Is there some whatever better or however you define better?” It was just all hands on deck, get the damn stuff done. We did not have the money to hire highly educated, highly experienced really good thinkers. We hired people who could do a job and get a job done. Along the way, there were some folks that surprised us. They really did have a brain and while doing it, they were thinking about a faster, cheaper, safer—

SAM: Better.

NICK: Better way of doing it. Those are the people we prioritized keeping and putting in positions where they could not only get a job done but use their skills to get us to the best outcome.

I had to navigate the waters of not being the corporate douche in those first few years. I had to roll up my sleeves and needed literally to be on the floor doing the work while still building models to represent a better way of doing it. I knew that if I went out there with models and documents and paperwork and said, “Look at page 4 of the flow diagram of whether it would be better to add our dry hopping at this point of the process instead of that point in the process,” people probably would have punched me in the face. They wouldn’t have said, “Shut up, Nick”; I would have been punched.

I had to learn how to be sophisticated in my own head with new concepts and approaches, but not come off as being slick in my engagements with people. I had to learn the beer production process from absolute beginning to absolute end, every aspect of it without them really knowing that they were teaching me, so that I could then turn around and help think through better ways for them to do their jobs. When they looked at me as one of them, then it was easier to go in and say, “You know, we have been

doing it this way for so long. If we did it this way, it would be easier for both of us.” The first few little experiments were hard. People were always skeptical.

SAM: “Who’s this new guy telling us what to do?!”

NICK: “We have always done it that way. Why do it different?” But after you got two or three or four successes under your belt, people realize, “Wow, he really is here to help us.” Each victory brought a little bit more confidence and a little bit more trust and a little bit more mutual respect. When you have enough successes so people can really see the new ideas might be better, folks start working hand-in-hand with you instead of still seeing that “douche who came from the MBA program.”

SAM: You led by example. You proved that you were genuinely interested in what people were doing, earned their trust and respect by understanding their jobs and helping them figure out how everyone could do their jobs easier. We made great strides with that. Back in the days when it was management next to the workers. Now that the company has evolved into less management next to the workers, how has your management style evolved?

NICK: I expect every new hire, even to this day, who comes in to higher executive roles, managers and division managers and even VPs, to meaningfully connect to each person that is part of their teams. That onus is on you. Just because you have a senior position and title does not mean that your team should immediately defer to you. Trust is earned. You play an equal role in earning the trust of the people you count on as they do in earning yours.

SAM: Even when you interview a potential candidate, that is emphasized, right?

NICK: Correct, correct. Back to how has my leadership evolved. Well, there has been a good number of iterations. When you are working at a small enough company, you can be in the trenches and still “leading the company.” As the company gets bigger, and by bigger I mean making and selling more beer, we have added layers of business process that never existed before. We started a quality department. We started an IT department. We started an HR department.

SAM: Legal.

NICK: We started a legal department. We started an accounting department. It adds more complexity, more things to attend to, more processes to manage, more people to manage. You find yourself less and less in the trenches. The trick is figuring out how to be just as effective as a leader when you don't have the opportunity to work with all the members of all the teams anymore.

As time rolls on, there are fewer and fewer people who remember that you used to be in the trenches. When people first start, they don't truly understand why it is so important not to just understand "what" you do, but to also understand the "why." If people feel meaningfully connected at the how, the what, and the why, then we are doing our job as leaders. That's what distinguishes Dogfish from so many other companies.

Soon after I joined Dogfish—nearly 10 years ago, now—is when Cindy, our VP of HR, joined. We would have conversations at the end of the day before going home about where we wanted to see Dogfish get. We would discuss why we had such a hard time keeping brewers when our beer had such a great reputation in the marketplace. What is it about being a brewer working here that is not as attractive as somewhere else? Why can we not retain them?

That is what made us start asking some of those very preliminary questions that ultimately led us to assess the culture of our organization. How do things need to change internally so we do not view people as robotic non-human assets? How do we go from thinking about coworkers as a cog in a wheel to where they are actually people? This is what collectively defines our culture of internal centeredness.

SAM: It was mostly related to brewery production because we did not have much of a sales team back then.

NICK: We did not need much. You were one of our hands out in the field doing beer dinners, driving beer, and delivering beer. You were sort of kind of tending to that end of the spectrum while we were beginning to have some of those initial questions.

Cindy came from a corporate world similar to the one that I came from, and we did not want to replicate that culture. Those were the beginning sparks of asking ourselves, "Can we not be a better place?" Then in the

search for the answer, you realize you need to start making small changes. Every few months, you make a small change. People do not realize the place has changed, but ultimately you get to where you want it to be.

SAM: When you say “Can we not be a better place?” that to me is tied into the whole concept of corporate douche-baggery.

NICK: Yes.

SAM: Maybe you could elaborate a little more on your term there and what it means to you in the context of Dogfish and how it applies to the bigger world.

NICK: Yes, well, eventually in any organization that gets big enough where you have to introduce layers of complexity, you have entry-level people, junior associates, associates, and senior associates. Then that leads to some new title that there is a junior, medium, and high level until you eventually get to the president levels. You get these massive layers. When you get so big that those who make decisions affecting the direction the ship is going can no longer even recognize or have any communication with the people who are in the engine room and the other areas of production and making the thing work, then there is a huge internal disconnect.

Internal disconnects usually manifest themselves as classic communication breakdowns. A huge one is “departmentalism” where you create silos—which leads to power struggles creeping in. And people jockeying and positioning for higher-level positions; whether they are capable and willing to do them is irrelevant.

The quest to climb this corporate ladder can easily lead somebody to do less of what is in the best interest of the collective and the company, and more of what is in their personal best interest.

SAM: It is usually about “How do I make the person above me in my department look better” so that they rise up the chart.

NICK: Then little things start creeping in like, “Well, if I have more people work for me than somebody else for them, I look more important. If I have a larger budget to control than somebody else does, then I look more important than that other department.” Therein lies the very nonaltruistic, selfish approach to how people navigate their way through corporate careers.

All of that can turn someone into a corporate douche. That is the stuff that will tear an organization apart from the inside. That notion popped into my head, “corporate douche-baggery.” In the corporate world, most people will say, “If only that department would change, then we could do a better job sitting over here in my department.” You point fingers and say, “If only they changed, we could do better. We would hit our numbers. We would whatever.” It is a way of sitting back and pointing fingers elsewhere to look for that change.

On the other hand, if everybody thought of themselves as a service organization, the first question you ask is, “How can we change to make everybody else’s life around us easier and make every other department that relies on us upstream and downstream better?” If everybody took that approach, you are unlimited where you can go in terms of problem solving or handling difficult situations, growth, external forces, internal forces. You cannot fail if that way of thinking is embedded in the culture.

The other way is for everyone to sit back and wait for somebody else to change first. That leads to complete stagnation. That approach forces you to have a bigger voice in order to affect somebody to move faster so you can be successful. You need a bigger budget and more people. That is at the heart of being a corporate douche bag, the fundamental difference between thinking of how can I change to better my coworkers versus would somebody else change so that I can be better.

It seems so simple, but at the heart of it, this service concept is what we are building the internal culture and organization of Dogfish Head around. The ideal is to couple that with people who come in from large organizations where they have acquired amazing skill sets. When somebody comes in and tries to change us to become like where they were with department silos, it doesn’t work. We need them to evolve and adapt their amazing and rich skill set to fit Dogfish.

Probably the ultimate of all corporate douche-baggeries is the one that says, “If I am the only one that knows how to do something, I am irreplaceable.” Think of the contrast in our culture, where you want to be the person who is capable of training anyone to become excellent and absolutely fully proficient at something. Now we are talking about somebody who is super valuable. The guy who has the mentality of wanting to be the only one who knows how to do something in order to hold the company hostage and have job security ends up accomplishing the exact opposite in our culture.

In large companies, yes, you can hide for a very long time being the only person who knows how to do something. That is not us. That is not what we are about.

SAM: When I do my part of what we call Carniv-ale, which is the name of the onboarding program for any new coworkers, I always explain that nobody at Dogfish works for me. I do not have any employees. We all work for Dogfish. If our first instinct is to think about the other people that work for Dogfish instead of our own best interest, imagine how strong we are when everyone is looking out for everyone else.

NICK: That's why for us I think it is incredibly important to meaningfully connect every single person in this building to something that truly is meaningful for Dogfish. Not to do it in a tricky way, but a way that gives them a greater reason to show up than just to collect a paycheck.

SAM: Can a strategic plan also be a way to liberate Dogfish Head from bad tendencies and connect us more in the direction we want to go?

NICK: To me, there is no downside to a strategic plan. The timing of it could be arguable but not the act of setting a course. You are saying, "Here's where we are going. We do not care what external forces are and what everybody else does." Now along the way, it does not mean that you cannot take some detours. You need flexibility in there. But the plan tells everybody where we are going. Absent this guidance, you are asking some 200-odd people—

SAM: To guess.

NICK: To jump on a moving vehicle and say join us. If they ask where it's going, we should be able to answer. It is pretty simple. That is what a strategic plan does. Come join us. Here is what we stand for. Here is where we are going.

If that plan resonates with somebody, you attract likeminded people who are choosing to want to be part of that vision, as opposed to joining for the wrong reasons. There are some fundamental questions that should be able to be answered in a strategic plan. Who are we? What do we stand for? Where are we going? It enables everybody to use the same words from a recruiting aspect, from an onboarding standpoint, at all coworker meetings, in every communication we have.

It affects actions on a daily basis. It makes people want to strive to be better and to find better, faster, cheaper ways of whatever the definition of success is in their job. People begin transforming from just doers to thinkers while they are executing the plan. You are an incredibly powerful organization when you have that unity.

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