



MORE FUN THAN A BARREL OF AGED WHISKEY

South Carolina Start-Up Crafts a Complement to Beverage Businesses

By Carl Danbury

prosperous cotton mill that was built in 1892 and endured to 1969. Wood products such as wagon works and hardwood veneer manufacturing, and woodworking are a part of Bamberg's past, present and future, but barrel making 90 miles from Charleston Harbor?

That's a tough idea to float, even for the shrewdest entrepreneur. Black Water Barrels is named for the slow, gentle black waters of the nearby Edisto River.

"I got back to Columbia one night, and my friend Dan and I had a drink out on his back porch," Pierce explained. "I said, 'I have this crazy idea, we need to get in the barrel business. There must be a shortage of wood or something.' But Dan, who has a penchant for woodworking, said, 'There isn't a shortage of wood, there's plenty of white oak but we're in the middle of a recession. People aren't going out and buying really nice furniture right now, so the loggers aren't cutting a lot of wood.'"

"It started there, and we both kept looking at the potential for the business, researching it and as I was still traveling around in the spirits business, I was still asking a lot of questions of people I knew in the industry," Pierce said.

"There was indeed this huge demand. The new, small craft distilleries were looking for barrels just like all the bigger established brands."

A craft distillery less than 100 miles from Black Water's manufacturing facility confirmed Pierce's research. Charleston Distilling Company's co-founder Steve Heilman said

The power of observation has led to countless new business ventures, but those that become a success often are linked more to quality customer service and adhering to a customer's needs, perhaps even more so than the idea or product itself. Greg Pierce, who once cut his teeth on what went into barrels, is now more concerned with locating high quality quarter-sawn American White Oak to craft the barrels themselves.

Pierce and a group of investors opened Black Water Barrels in the summer of 2016, and began production of 30-, 53- and 60-gallon barrels for bourbon, rum, tequila, beer, ale, cider, wine, Cognac and hot sauce early in 2017. Had the business been founded in Kentucky, Missouri or Minnesota, few would have batted an eye, but Bamberg, S.C., a town of nearly 4,000 folks, is most notable as being the birthplace of Nikki Haley, former governor of South Carolina and current U.S. ambassador to the United Nations, former N.Y. Mets outfielder Mookie Wilson, and its

the barrels his company purchased early on — prior to the opening of Black Water Barrels — were bought on an allocation basis.

“When we opened, it was really hard to find quality barrels. That has eased up some now. Our first year in business, we could only buy a dozen barrels. Then, the next year the cooperage said they would sell us 15. It’s nice to have more options,” Heilman said. “We try to buy as many local products as we can, so it’s nice to finally have a cooperage here in South Carolina. The pricing is fairly standard, but obviously we can cut down on overall costs due to reduced shipping. We bought 30 from Black Water Barrels. They are working great.”

Heilman said the plans are to utilize Black Water’s 53-gallon barrels for Charleston Distilling’s two types of rye (Calhoun’s Straight Rye and Calhoun’s Rye) and two types of bourbon.

MANUFACTURING & MATERIALS

With the need established, Pierce began researching all aspects of the business, such as the automated manufacturing machinery required, options for the location, wooden stave providers, examining workforce demands and more.

“I was lucky enough to be in the business when the whole bourbon craze began. I got to witness firsthand the demand that was being created,” said Pierce, who worked nearly 25 years for two of the largest alcoholic beverage distributors in the U.S., and operated an international spirits business too.

“I’ve got great partners [who] were willing to take a chance on the entire concept. It’s a fun business and there is no end in sight for white oak barrels. If you’re in the bourbon business, you can only use the barrels one time, but now they are used for rum and tequila, Cognac, wine and beer, cider, hot sauce, etc.





some highly skilled people working with us. They are learning a new trade and regardless of their ages, they have done an outstanding job. The average age worker is probably 45 years old. When we were set to open, I had 15 jobs available to fill and I received more than 200 applications within the first two months. That just shows you how the economy was around here," Pierce said.

Pierce maintains that other than purchasing the best equipment, the smartest move he made was contracting with knowledgeable consultants with years of cooperage experience to train his new employees.

"I hired, in my opinion, some of the best barrel builders and some other related sources to train the people that we hired locally. One is a fourth-generation cooper from Switzerland. Another gentleman, Craige Roberts, had a hand in managing and operating Napa Valley Cooperage, Demptos Napa Cooperage and Mendocino Cooperage. I also was introduced to a former employee of Brown-Forman," Pierce said.

That person, Rick Taylor of Taylor Stave LLC, had helped open his former employer's cooperage facilities in both Stevenson and Decatur, Alabama, before opening his

own stave business last year in Nebo, N.C. Taylor spent 15 years as a machinist and acquired more experience as a design engineer in Morganton, N.C., and while working at a relative's pallet shop and sawmill in Florida. The ability to pay close attention to detail is paramount in wood stave selection.

"I was exposed to Brown-Forman's quality assurance program that is absolutely second to none. We measured staves on an hourly basis. We were measuring so many barrels per hour, for diameter, defects and leakage. It's not always the barrel raising point that you need to address, often it's the quality of the material going in it," Taylor said.

Taylor noticed that 60 percent of the wood used to make barrels at his former employer came from outside suppliers; similar to the company he now owns and operates. He bought used equipment from the Minnesota producer who sold Brown-Forman the highest quality materials. Taylor sources wood for other cooperages in Ohio and California, in addition to Black Water Barrels, which purchased an equity stake in Taylor Stave in January.

Taylor has trained Black Water's staff on reading the white oak's medullary rays, which are large bands of radial cells emanating outward from the center of the log, similar to the spokes of a wheel. In quarter-sawn materials, the wood is cut into boards with the growth rings roughly perpendicular to the face of the board. While the pores found in the growth rings on red oak often are open and porous, white oak has its pores plugged with a plastic-like substance called tyloses. This method makes white oak suitable for water-tight vessels and gives it increased resistance to rot and decay. The importance of selecting the right wood for the barrels is key to long-term customer satisfaction and repeat orders.

"From the time I buy the logs to every time they are handled, I stress to my guys to look for defects. I do the same with Greg's people. I want to be Black Water's premium supplier of staves," Taylor said.

A SPLINTERED START

Once the machinery and materiel had been procured, the entire Black Water team anticipated smooth sailing, rapid production and scores of customers waiting to place orders. Governor Haley and other dignitaries attended the rib-



bon-cutting ceremony Sept. 21, 2016. Pierce said he envisioned producing up to 100 barrels a day.

When asked about the first barrel they produced, Pierce laughed heartily. "It leaked like Hell. We had tooling issues with the equipment maker, and we had already hired a full staff. Let's just say we had plenty of time to make decorative barrels while we were trying to get the issues fixed. You can't just run down to Lowes to get parts for these machines," Pierce said.

"State-of-the-art equipment comes with a learning curve, and if you are one of the first here [in the U.S.] to have it, you have to rely upon the manufacturer for repairs. In this case, the commute from Germany was a bit taxing," Pierce laughed. "Now, we are grateful we went this direction and we've got everything fixed, however, we were out of commission from making spirits-grade barrels for seven or eight months."

The equipment must be precise and it needs spot-on calibration, Pierce offered. Once set, the machines ran as intended but some customers that had pre-ordered couldn't wait until the issues were fixed.

"Unfortunately, we dropped a sizable bowling ball on

our big toe. Some said, 'We'll look out for you next time, but we had to move on.' That happened to us several times," Pierce admitted.

With the kinks fixed, the manufacturing process became as smooth as an engraved barrel lid. Customers have come to appreciate the capabilities that Black Water Barrels offer, such as their custom toasting and charring offerings.

"I saw that precision charring process they have and how well they did with the barrels and I decided to go with them," said Red Bordner, who owns a distillery in Boiling Springs, S.C. "I've got different burns for my whiskey, tequila and rum. Those profiles are set up just for me and the fascinating thing is that he can make a hundred barrels at the same char levels and there wouldn't be a difference in them because they burn in precision time at certain temperatures. Me being an old process engineer in the tool and die segment of the automotive industry, I know what a good process is, and he has it with that machinery."

Don Walton, Jr., is an attorney from Jacksonville, N.C., who opened Walton's Distillery last year. Until Black Water Barrels arrived on the scene, supply had been uncertain.

"Larger distilleries only sell their overstock. You may get



them one year, and never get to order them again," Walton said. "I try to deal with local suppliers whenever possible, and not having to try to go to Kentucky or Missouri for barrels is a blessing. Black Water is pretty much just across the creek, within a five-hour drive for me. They are pretty quick to fulfill the order, and so far, the quality seems to be pretty good."

"They are easy to get in touch with if I have any issues. They have treated me right and there is a lot of service after the sale," Walton added. "That means more to me than the product."

Andrew Porter, founder of Doc Porter's in Charlotte, N.C. currently distills vodka, gin and bourbon. He also prefers local.

"All of our grains come from local farmers, our corn, wheat, rye and malted barley all come from within North Carolina. Getting as much as we can locally is really important to us. That's why we were excited that Black Water

Barrels was opening," Porter said.

"Before we used cooperages out of Missouri, Kentucky and Minnesota. When I got to visit Black Water's facility, I was able to see that they were making high-quality barrels. We filled eight of their 30-gallon barrels with our bourbon. We are excited to keep working with them and hope to put some different products in their barrels as well and order more from them. We also were excited to hear that Greg has found a stave supplier in North Carolina, which will give us even more of a regional taste."

Leanne Powell, president and CEO of Southern Grace Distilleries, Mt. Pleasant, N.C., operates the only distillery in America located in a former prison.

"I have three sources for barrels. Black Water does my 53-liter barrels, and I was on the waiting list at other cooperages. There is quite the shortage these days for quality barrels; you can find barrels, it's more of a problem to find quality barrels. I was very happy to connect with Greg. We



Greg Pierce, president of Black Water Barrels (middle)

did a lot of due diligence on our part checking it out. There is nothing more important than what we are putting our bourbon in, so we wanted to make sure Black Water is a good operation, and it certainly is," Powell stated.

Before entering the business, Powell researched all of the distilleries that made the bourbon she enjoyed most. During her trips to Kentucky she learned that good wood and quality construction of the barrels are important, but it is also important as to where the barrels are stored.

"The conditions determine a lot about how the bourbon turns out. It is very important to have the ability to develop both the toasting and the char of the barrel that will suit your taste," Powell said. "We are glad to have a good consistent source that we can count on nearby. They are careful how they source the wood and we appreciate that." Southern Grace began barrel aging in January.

STRATEGY FOR WINNING

Black Water Barrels isn't the biggest or the oldest cooperage, but they might be the most flexible to meet its individual customer's needs

"I think what sets us apart, though, is if we decide to shut down our operation in the middle of the day to experiment with a customer, whether it is to find the exact toast or char they want in a barrel or try a new spiraling technique, we can do that," Pierce said.

"Few others will do that. We invite our customers to

come in, go through the process together and experiment with what will make them successful," Pierce elaborated.

"From a quality perspective, I think we're going to be successful long term because we test every single barrel. It does not leak when it leaves this building."

From an educational standpoint, Black Water provides instruction for distilleries, wineries and brewers on how to hydrate the barrels before filling, and how to repair small leaks if they occur. They provide direction on crucial barrel storage, as well.

"Like the majority of our customers, we make a craft product with the highest quality ingredients. In our case, we start with a high grade of wood. Because of our location alone, customers in the Southeast will save money on freight," Pierce said.

"If anyone has had an issue with a barrel from us, we have worked with them individually to rectify the problem. You're only new once, and there is no way we're going to get off on the wrong foot by not fulfilling our customers' expectations."

BLACK WATER BARRELS

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