

THE CAPITAL CHALLENGE

Ian Cartwright, Business Development Manager at Lorien Engineering Solutions, considers the challenges established brewers face when embarking on capital projects, and how they are having to become increasingly nimble when it comes to long-term planning and countering the 'Craft explosion'.

ALMOST CONTINUAL CHANGE HAS been the order of the day in the brewing industry for as long as most of us care to remember and competition for market share is as fierce as ever.

While some brewers have excess capacity, others are anticipating growth, but the thing that unites them, regardless of size or location, is the challenge of forecasting sales volumes with any real precision.

Forecasts can change quickly, which in turn can mean a potential project development goes through significant swings. Initial feasibility works are an essential starting point, and it is vital that they explore wide-ranging options and spell out as many implications as possible.

A project may also change course due to socio-economic issues, often in other parts of the world. Things such as political tensions, changes in drinking or business culture, can halt a project in its tracks.

International brewing has seen more or less continual change throughout its history and this has continued into the 21st century. We've seen major brewing operations amalgamate in the past and they will in the future; situations such as these always have an influence on the global picture, and things never stand still for long periods of time.

Taking so many unknowns into account, it is incredibly difficult to forecast the future, and as a result, five and ten-year plans are much less commonplace than in the past. Our brewing clients are being forced to become more nimble in the way they operate, and it goes without saying that financial performance is a number one priority, so reduced production costs are a necessity.

The popularity of craft beers shows no signs of slowing, which doesn't necessarily fit with the drive for reduced costs; long production runs and few changeovers are the preserve of the larger operators.

That said, the craft explosion brings brave new operators into the industry and their contribution not only increases consumer choice and awareness, it throws down more challenges to the established operators.

Recent years have also seen a distinct change in thinking towards utilities, as energy costs are monitored more intensely. In years gone by there was



a tendency to build in spare capacity and duty-stand-by capability, whereas the latest thinking is to achieve the best operating efficiency and to 'sweat the assets'.

Many of the projects we undertake focus on achieving reductions in utilities consumptions against very short pay-backs. These projects are effectively self-funding and through real focus, significant results are possible.

Usually once the process starts then more and more opportunities can be identified, including heat recovery, waste reduction, improvements in efficiency and applying some good old fashioned common-sense.

Tradition remains a great thing in the brewing industry and thankfully it isn't being lost. There are many challenges for the modern brewing organisation to contend with, but there remains a great level of passion and a real enthusiasm to succeed, which cannot be said of all industries.

The ability of brewers to cope with everything that is thrown at them equips them to continue evolving, and allied to the fact that beer is such a great product, it means that the industry will not only survive, but continue to thrive. That said, it would be difficult to forecast just how it will look – at global, UK and regional level – in another fifteen years.

Traditionally associated with the brewing industry and located at the heart of UK brewing in Burton-on-Trent, Lorien Engineering Solutions remains very much at the centre of the industry, and also operates in the food, life sciences and sustainability sectors. ■