

Keeping the kegs on course

Logistics company tracks empties and gets them back fast

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In 1994, Satellite Logistics Group launched its retrieval system that collects empty kegs from distributors and returns them to the brewer. Kevin Brady is the owner.

When a beer keg in Houston ... or Portland ... or any city ... runs dry, it needs to go back to the brewer to be refilled. Formerly, beer distributors would collect their empties, then arrange to have them shipped back to the brewery — often in Europe — which would refill them.

However, with distributors handling 90 or so brands apiece, the logistics can prove overwhelming, according to Kevin Brady, owner of Satellite Logistics Group.

Twenty-five years ago, the genesis of Brady's company came with his mother and stepfather in a small home office. Those two started a general freight company that shipped products by rail. However, several years later they signed a fortuitous contract with Guinness & Co. of Ireland to handle logistics for returning the company's empty beer kegs.

Melissa Phillip: Chronicle

From that humble birth grew a multimillion-dollar Houston business that serves as a conduit between breweries and distributors to get their products where they need to go.

"We like to say that we're not transactionally based, we provide turn-key solutions," Brady said. "Technology plays a large part in what we do, but it's not the only part."

The company officially launched its beverage logistics product in 1994. Called the Kegspediter System, it's a retrieval system that collects empty kegs from distributors and returns them to the brewer, all the while documenting the process.

"For brewers and distributors, this has become a huge deal," said David Christman, director of state and industry affairs for the National Beer Wholesalers Association. "A new keg can cost \$130, and over the past three to four years we've seen more people taking those kegs and trying to sell them to scrap metal places. Plus, a lot of the smaller breweries rent their kegs, so they need to make sure they come back."

Since Satellite Logistics' small beginnings, the company has grown to 100 employees and multimillion-dollar annual revenues through its corporate office in Houston. Brady declined to disclose an exact revenue figure.

“We basically double our business every five years,” Brady said. “The trend over the past 15 years has been to grow 15 percent or so, but some years we grow as much as 30 or 40 percent if we’re launching a new product.”

One of those new products is EcoBev, which is a trademarked product that handles retrieval and disposal of expired or damaged beverages.

“Beer goes bad after between six and nine months, depending on the manufacturer,” Brady said. “Because companies don’t want consumers to have a bad experience, they’d rather dispose of the product than try to sell it.”

Satellite Logistics Group enters the picture by arranging for expired or damaged beverages to be picked up from the distributor, then brought to a de-packaging and recycling center to be unbundled and disposed of.

“Sometimes, the beer is used to make ethyl alcohol, and other times it’s treated and released to the wastewater stream,” Brady said. “We handle all of the logistics and paperwork for companies so they get a federal tax refund for the product that was never sold.”

According to Brady, while distributors previously tried to dispose of their unwanted products on their own, EPA regulations have made that prospect cumbersome, plus there are environmental aspects to consider.

“We keep the bad product out of the landfill, so it’s really an environmentally friendly approach,” Brady said.

While Brady said EcoBev currently focuses solely on beer, it hopes to expand that logistics product to include other beverages like soda that expire or are ruined.

According to Christman, technology is revolutionizing the way beverages — especially beer — are brought to, and retrieved from, their consumers.

“Another thing breweries are looking at are radio frequency identification tags to keep track of their supplies,” Christman said. “This is a field that’s constantly evolving and getting better as the technology gets better and better.”