

BOURBON+

THE PEOPLE, STORIES, AND SCIENCE BEHIND THE BOTTLE | VOL. 4, NO. 3

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BACK IN THE DAY

IT WAS THE WORST OF TIMES

BY CHUCK COWDERY

The 1980s were the worst of times for American whiskey. Sales were off by half, from a high-water mark more than a decade in the past. Producers at first believed the decline would be temporary, a hiccup. It had to be. Whiskey sales had grown steadily since the end of World War II. Believing recovery was right around the corner, producers kept distilling and putting barrels away for far too long. By the 1980s, the industry was drowning in whiskey that fewer and fewer people wanted.

At one point, Louisville-based Glenmore quietly let it be known that, for the foreseeable future, their popularly priced Kentucky Tavern Bourbon would be a 10-year-old. They would not put that information on the label, and they certainly weren't going to raise the price. They just needed to blow out some inventory. *Thought you might like to know.*

With sales plummeting and inventories growing, profits were under intense pressure and whiskey assets changed hands faster than a hot potato. To buy a brand, you had to take the distillery and aging stock too, whether you wanted them or not.

By the 1980s, most American whiskey distilleries were no longer independent. They were owned by conglomerates. Nor were most of them still *whiskey* companies, strictly speaking. They had become or were becoming full-portfolio distilled spirits companies.

In those days, diversified conglomerates were all the rage. Many spirits producers shared a corporate household with a myriad of unrelated businesses. Fortune Brands, the corporate parent of Jim Beam, also owned Titleist, Moen, MasterLock, and several other household names. In 1983, Brown-Forman bought Lenox China and Hartmann Luggage.

Two decades later, with the bourbon boom dawning, the situation had reversed. Diversified conglomerates were out, and “pure play” companies were what investors demanded. Brown-Forman went back to being a beverage alcohol company. Fortune sold its non-alcohol assets, then sold itself to Suntory. Similar stories played out in the rest of the industry.

Formed in 1929, Standard Brands was one of the first conglomerates. It was a collection of mostly food companies that included Fleischmann's Distilling. Resuming spirits production after Prohibition, Fleischmann's sold a full line of whiskeys and white goods. Fleischmann's Gin was probably its most

successful product. Fleischmann's also imported Black & White Scotch and Canadian LTD Whisky.

Ferdie Falk was Fleischmann's Distilling's CEO and Bob Baranaskas was president. F. Ross Johnson—president of Standard Brands, the corporate parent—was single-handedly redrawing the landscape of the American consumer packaged goods business. In 1981, he merged Standard with Nabisco. In 1983, he sold Fleischmann's Distilling to Grand Metropolitan, which already had a thriving drinks business that included J&B Scotch and Smirnoff Vodka.

Falk and Baranaskas assumed they would be redundant after the sale, so they resigned to start their own liquor company, which must have seemed insane to their industry colleagues at the time. Falk had previously been an executive with Schenley, so he tried to buy some Schenley properties. The Old Charter bourbon brand, with its Louisville distillery, was his first choice. Schenley counter-offered with Ancient Age and its distillery instead. Then called the Albert B. Blanton Distillery, it is today's Buffalo Trace in Frankfort. Falk accepted. With Baranaskas, he put together an investment group and called the new company Age International. As the name suggests, they believed bourbon's future was outside the United States. One of their first moves was the creation of Blanton's Single Barrel Bourbon, distilled at the behest of a Japanese customer. They released it in the States as well. Falk always credited the brand's creation to his distiller, Elmer T. Lee, but it was mostly Falk's idea. His son, Chris, recalls watching his dad draw the first packaging design on a napkin.

In 1991, Falk and Baranaskas sold a 22.5-percent interest in Age International to one of their customers, a Japanese beverage company called Takara Shuzo. A year later, Takara bought the rest and sold the distillery to Sazerac, a New Orleans company that sold bourbon but didn't own a distillery. Takara kept the Age International corporate entity and its brand trademarks and entered into a production and distribution agreement with Sazerac.

Today, Sazerac still owns Buffalo Trace and produces all the whiskey for Ancient Age, Blanton's, and the other Age International brands. It is an unusual but evidently comfortable relationship, born at a low point in the American whiskey business.

By the way, remember how Falk wanted to buy Old Charter? It joined the Sazerac family in 1999. †