ROCHESTER BUSINESS JOURNAL
RBJ
VOLUME 35, NUMBER 40 WWW.RBJ.NET JANUARY 3, 2020

Family business Lake Beverage expands into fourth generation

By DIANA LOUISE CARTER

About two-thirds of all businesses in the country are family owned, but it's rare for a company to remain in a single family's control for several generations.

Lake Beverage in Henrietta is one of the 3 percent to make it to the fourth generation. The beverage distributor celebrated its 75th anniversary in 2019, reflecting back on the business's growth and evolution.

To celebrate its success, Lake Beverage had an anniversary lager created by one of its client companies — Three Heads Brewery. And it shared the wealth by donating $75,000 to the Veterans Outreach Center.

Bernie Schroeder, CEO, his daughter Kristie Barr, HR manager; and his father Hank Schroeder. Bernie and Hank are principal owners of the company.

RBJ recently talked with CEO Bernie Schroeder and daughter Kristie Barr, manager of payroll and human relations, about the company's history, its anniversary and its plans for the future.

"In 1944 we were pretty much just delivery people. We sold and delivered," Schroeder said. "But now we sell, we market, we promote, we advertise. We also do responsible drinking messages." Once a beer-only distributor, Lake Beverage was the first outside of New York City to also distribute wine and spirits.

Over the course of four generations, Lake Beverage was not passed down in a direct father-to-son manner. Richard Herr was the first family member, buying an existing beer distribution company in Fairport in 1944. He was joined in the business by his brother-in-law, Raymond Scheible, in 1965. Scheible's son-in-law, Hank Schroeder, came on board in 1974. And Schroeder's son, Bernie, started working full time for the company in 1986. Bernie Schroeder's daughter, Kristie Barr, was hired full-time in 2011, and she expects to start a training program soon that will groom her to step into Bernie's shoes several years from now.

In 75 years, Lake Beverage moved, evolved and grew substantially. Schroeder estimates it began with two trucks and a handful of people when it was located in a 1,000-square-foot building on North Main Street in Fairport. It later moved to a 30,000-square-foot building in East Rochester's Linden Park. The distributor outgrew that building and in 1991 moved to its current location on John Street in Henrietta. Schroeder says the company thought its new 70,000-square-foot building would last it for many years. Two expansions later, Lake Beverage's headquarters is 140,000 square feet and it employs about 130 people.

Also in that time, the company evolved from distributing beer exclusively. Until about 12 years ago, 95 percent of Lake Beverage's business was distributing Anheuser-Busch products in its five-county footprint: Monroe, Wayne, Livingston, Ontario and Yates counties and the town of Wayland in Steuben County. Now the beer behemoth accounts for 70 percent of the company's business because so many others were added, but Lake Beverage continues to distribute its range of products according to its Anheuser-Busch geographic territory.

Lake Beverage CEO Bernie Schroeder with Vice President Jeff Dodsworth.
Photo by John Myers

Bernie Schroeder, CEO, his daughter Kristie Barr, HR manager; and his father Hank Schroeder. Bernie and Hank are principal owners of the company.
Photo by John Myers

Shaping the business in recent years were the wine boom, the mixed drinks boom and the craft beer boom, not to mention the rise in bottled iced tea (Lake Beverage distributes Arizona Iced Tea,) flavored seltzer waters and most recently hard seltzers.

"We can't stop this megatrend so we might as well get on board," Schroeder said of the company's decision to diversify. That accounts for the need for more warehouse space, and different training for staff.

"A dozen years ago we had maybe 250 items we could sell," Schroeder said. Now we're at like 1,800. So our sales people have to be really knowledgeable and conversant."

Beer alone has diversified in a way that also changed retailers' expectations for their distributors, Schroeder said.

"It's gone from less than 50 brewers in the country in the 1980s, to over 8,000 today. We have almost 30 in Monroe County," he observed. Lake Beverage salespeople now go through the Cicerone Certification Program, Schroeder said, referring to professional training for beer similar to learning to be a sommelier in the wine world.

When Lake Beverage started carrying wine and spirits, that took some time to sink in for customers, Schroeder said, since Lake employees were most often seen in grocery stores and bars but hadn't ventured into liquor stores.

Schroeder said wine and spirits distributors — their competitors — pushed back.

"They tried to roadblock us," Schroeder said. He heard they were telling liquor stores, "'We come in with a shirt and tie every day. They're beer guys.'"

But then a mutual business connection, former banker Joe Rulison, introduced Bernie Schroeder to Giovanni LiDestri at Lidestri Food and Beverages. LiDestri had been co-packing other producers' alcoholic beverages and was thinking about starting its own line of spirits, now known as Recipe 21. The conversation led to LiDestri launching the line and using Lake Beverage to distribute it locally.

"Recipe 21 was a big entrance card for us because LiDestri means something to this area," Schroeder said. "Now we're in over 90 percent of liquor stores in our area."

The quality of the product also helped Lake Beverage become the supplier of well spirits for many bars, sometimes winning over new customers on the spot by offering taste tests.

"It's got to be in the bottle first. It can't taste like gasoline," Schroeder said.

Lake Beverage continues to make advances, including in the environmental area. It installed 450 kilowatts of solar panels on its roof to cover 75 percent of its electrical needs. Its mandated recycling of beverage containers means it takes back 40 million containers a year, amounting to more than 80 percent of what the company sells.

Schroeder said the company has moved many of its paperwork functions into digital formats, so sales people carry iPads to show customers what they offer and place orders; truck drivers use hand-held devices, too, recording what they've delivered and what they take back in containers, such as kegs.

It's been a long journey from the days when Schroeder was working part-time for Lake Beverage as the weekend janitor and "Bud man on campus" representing Anheuser-Busch's Budweiser at Rochester Institute of Technology in the 1970s. (The drinking age was 18 then.) Barr had a similar journey, starting out by staffing the reception desk and creating sales materials such as posters in a part-time job.

Neither father nor daughter planned to go into the company business and both said their parents didn't pressure them to work there.

Schroeder, an industrial engineer, worked at Eastman Kodak for six years after college until he realized his promotion to management was not going to happen in the face of downsizing at Kodak. Happily a job at Lake Beverage awaited and he brought new skills to the company.

Barr said while she was working at Lake Beverage full time and then cut back to part time to pursue a master's degree, she wasn't sure about a long-term commitment. But after returning full time in 2018, she decided to commit to becoming the company's future leader.

Lake Beverage is an enjoyable place to work, Barr said, partly because people rely on drinks to celebrate. "The beverage industry is so dynamic and, I guess, so cheerful. It tends to be a stable business."

She added, "It feels like family and not just because literally, my family works here and owns it. I've worked here, I guess, half my life here. ... The people we tend to attract are really wonderful people."

dcarter@bridgetowermedia.com/ (585) 363-7275

Reprinted with permission of RBJ. Copyright © 2020. All rights reserved.