

CORPORATE MEMBER PROFILE

SHEPHERD NEAME & Co., FAVERSHAM

Shepherd Neame is one of our longest established corporate members and one of the firmest supporters of the Society and our Label of the Year competition, having hosted the event twice, firstly in 1994, then again in 1997. It also lays claim to being Britain's oldest brewery citing a foundation date of 1698, as their Tercentenary label illustrated on the right clearly attests.

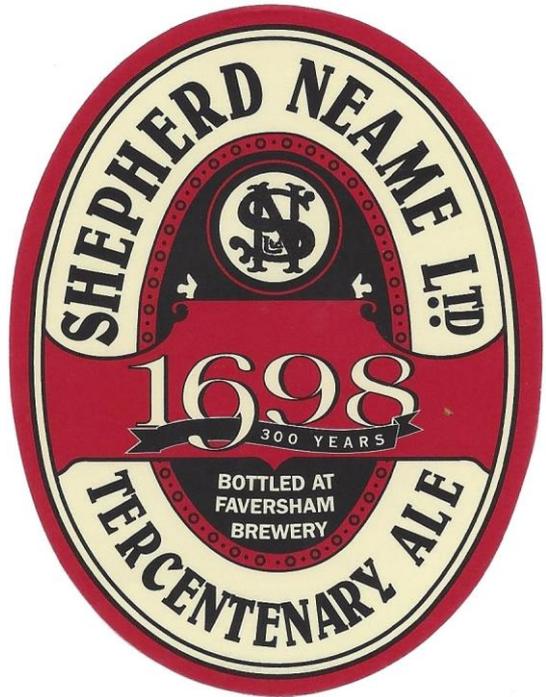
However, brewing had been taking place in Faversham since early medieval times and 87 brewsters (women home brewers) were recorded as brewing in the town in 1327. The earliest mention of beer in Faversham comes in 1394 when the Town Presenters "*were to ensure not less than a quart of the best beer or ale is sold for a penny*".

The business that was to become Shepherd Neame did not suddenly appear, but emerged from such early brewing enterprises, but has since operated continuously on the same site from at least 1573 with the ownership passing in an unbroken succession through only five families as we shall see as the story unfolds.



The Brewery Frontages in Court Street

of the last abbot in charge of the Abbey just happened to be a certain Mr. William Castlock, a leading merchant of the town in the early 16th century who also just happened to be a brewer?

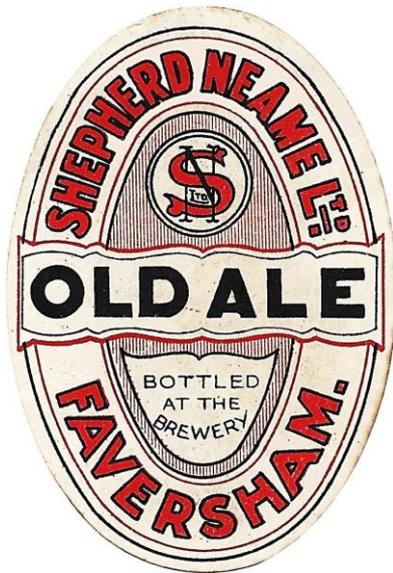


In addition to domestic brewers in the town, Faversham was also the location of a great abbey which had its own brew house, brewing ale and beers for its own religious community and for any travellers or visitors who may have stayed there.

Although it is tempting to speculate, there is no firm evidence linking the abbey to the origins of Shepherd Neame.

However, could it be more than just a coincidence that the brother

16th Century: THE CASTLOCK FAMILY



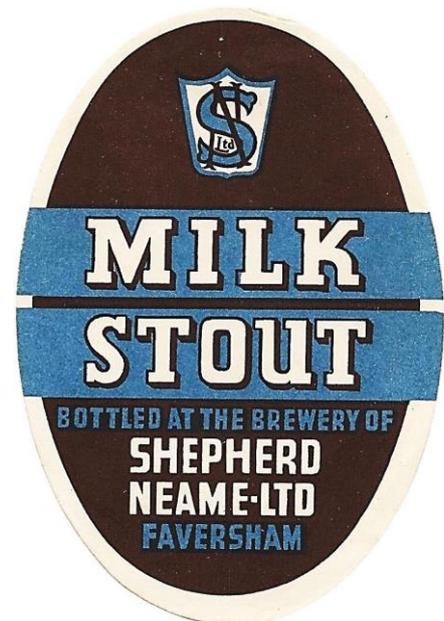
Label from the 1920s

William's son, John Castlock I, was the first person to be recorded as a commercial beer brewer in Faversham although the location of his brewery is unknown. John I died in 1560 but in 1573 his 23 year old son, John II, is recorded as brewing at 18 Court Street, where the business that is now Shepherd Neame has remained ever since. His market for beer was entirely local to the town and five surrounding villages. Home brewing was still widespread and many public houses had their own brewhouse. Beer was normally sold direct to the consumer, although a few pubs were "guaranteed", but not owned, by the Castlocks. Over forty years John II built the business up becoming the leading brewery in Faversham by 1613 with a market share about 25% (approx. 2,000 barrels per year).

Court Street in Faversham was well placed for a brewery; barley was grown in the surrounding villages and came into the town for malting. Hops, initially imported from the Low Countries, were later grown locally in small gardens and water came from a deep well on site. By 1600 malt production was in surplus and the town became a major malt supplier to London. Similarly when hop harvests were good these surpluses were also sold in London. With a thriving trade, during his life John Castlock II was part of the political and commercial elite of the town. He was the mayor in 1588, the year of the Armada, and raised money to maintain and equip a small ship "The Hazard", as part of the area's defences.

Brewing was gradually taken over by his eldest son, John Castlock III, who also spent 40 years in the brewery trade leading a life similar to his father's, but demand for his beers only grew slowly as the population increased and his market share remained static. At the end of his life he was swept up in the events of The Civil War with the result that in 1648 he and other Faversham "jurats" (councillors or aldermen) had their "Freedom" to trade in Faversham removed for supporting the Royalists. He died and within a year his son John Castlock IV followed him. After 150 years of being at the centre of Faversham life the Castlock family disappeared.

The brewery survived in the hands of their cousin, Thomas Hilton an executor. It was leased first to loyal servants and then to the Baldock family. They showed great promise but the heir died young and the business was then leased to the Marsh family from East Kent.



A 1920s Milk Stout label

17th Century: THE MARSH FAMILY

Richard Marsh I was a young entrepreneur of 28 who worked his way into the brewery business. He was a younger son with little capital and an elementary but sufficient knowledge of brewing. He arrived in 1678, brewed for nearly 40 years and died in 1726. By 1698 he had bought out all the interests of the Castlock heirs.

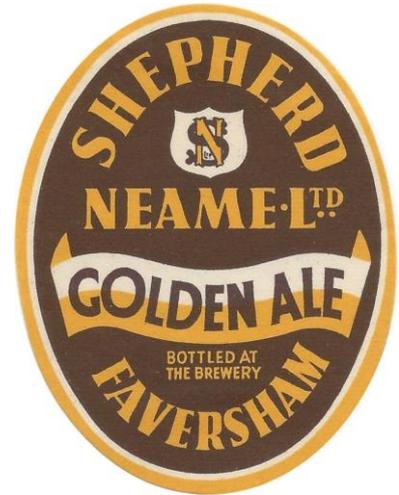
He acquired a local market share from the Baldocks of about 45%, which within twenty years he increased to about 60%. These years saw less competition from other small commercial brewers, publicans and domestic brewers. However this near monopoly was challenged by one brewer, Alexander Bax. Although he brewed on a smaller scale than Marsh and died young, he left the brewery that was ultimately taken over by the Rigden family, whose brewery faced that of Shepherd Neame on the opposite side of Court Street until it closed in 1991.

Richard Marsh I was a maltster, as well as a brewer, and probably sold malt surpluses commercially. He died in 1726 leaving a widow and an infant daughter. Within a year his youngest son, Richard Marsh II, whom he had taken into the business, also died. His widow, Mary Marsh, saved the business. She was the daughter of Richard's competitor, Alexander Bax and had sufficient knowledge to carry on brewing. She remarried, was widowed again and in 1732 married a third time to Samuel Shepherd. Within 8 years her daughter was dead and the brewery passed almost seamlessly to the Shepherd family.

18th Century: THE SHEPHERD FAMILY

Samuel Shepherd was another younger son, a widower with little fortune and no experience in brewing, but he clearly had ability and an eye for a chance as he carried on the business for 25 years and was the first brewer to retire from the business and move to his farm near Deal. Under his ownership the plant was developed but his main innovation was to grow the public house estate, from the 2 pubs he inherited, purchasing 15 and leasing 4 more in Faversham, surrounding villages and on the Isle of Sheppey over the next 23 years. He was also a maltster and a modest hop grower but despite this enterprise, with a near static population the business didn't grow greatly.

Samuel was succeeded by his two sons, John, who retired early, and Julius, who worked at the brewery for a staggering 65 years. During this time the brewery complex was expanded and rebuilt in brick, new storehouses were built and a new maltouse was built at Standard Quay. The tied estate grew to 30 pubs but the Julius's most interesting innovation was the purchase of a Boulton and Watt steam



1930s labels

engine in 1789, the brewery being the first outside of London to do so. As a consequence the brewery was renamed as the Faversham Steam Brewery. It was a rotatory “Sun and Planet” engine of just 3 hp. and was used to grind malt.

The last 20 years of Julius's life were ones of war with France, recession and high taxation. Unlike Rigden’s brewery across the street, Shepherd's output did not rise; staying around 7,000 barrels per year, 80% of which was Strong Beer and the remainder Table Beer. Investment stagnated despite two younger sons coming into the partnership and the business was still small and limited. In addition to the three family partners there were about 14 men working at the brewery.

Julius died a successful townsman in 1819 leaving £40,000, mainly consisting of the brewery, the public houses and Delbridge House in Preston Street which he had built in 1795. Although a substantial sum it was divided between 6 children. His youngest son, Henry succeeded him in the brewing business, but he had to buy out all his siblings. At first Henry struggled to keep the business going, having to pay off the burden of family debts. Although demand was static and investment tight he added 7 pubs to the estate, rebuilt part of the Brewhouse and increased the range of beers, adding XX and X bitters, a strong beer, a table ale, a table beer, a London stout and a London porter bought in from Truman. However he is best remembered for wearing 18th century knee-breeches long after they had gone out of fashion!

19th Century: THE FAMILY IN PARTNERSHIPS

Shepherd & Hilton and Shepherd & Mares



Court Street in 1852. The man on the far right is thought to be Henry Shepherd Senior, identified by his characteristic knee-breeches

Henry retired in 1844 and sold the business and public house estate to his youngest son, another Henry (Jnr) and to his son in law, Charles Jones Hilton. Although young men they were confident enough to take on a huge mortgage.

The Shepherd & Hilton partnership lasted only four years, with Hilton withdrawing his investment at a financially difficult time for the brewery in favour of supporting his other enterprises including the Faversham Cement Works.

In 1848 Henry Jnr. took John Henry Mares an outsider from Maidstone into partnership. The next decade initially saw ailing results followed by sustained growth and good business. When the railway arrived from London in 1858 followed by connections to the coast there were opportunities to move their beers quickly and cheaply over long distances and set up stores along the line. In the next 6 years the partners invested £10,000 in new plant and equipment. Two old malshouses were updated and a huge new one built next to the railway at Preston.

The Court Street brewhouse was extended and the range of beers expanded to include IPAs, some of which were bought in from Staffordshire breweries. In the 16 years from 1850 the number of employees doubled to 50, the number of their public houses jumped from 40 to 129 and the first general manager, William Maile, was appointed. By 1864 this investment had translated into an annual output and sales of 21,000 barrels and profits of £6,500 giving the partners a 20% return.

Shepherd & Neame

John Mares death in 1864 at the early age of just 45 was an unexpected blow just as his dedication was showing real success. His partnership was replaced immediately by Percy Beale Neame, his brother in law. He was championed by his sister to protect her late husband's inheritance and was another young man of 28, with no obvious training as a brewer and virtually no capital who was to take on the challenge of running the business.

The new partnership saw considerable growth and success from 1864 to 1875 Investment continued to improve the buildings and plant, a cask washing building went up; new offices were built at 17 Court Street, a new tun room was constructed and new stores were built. In the brewhouse 4 new tuns, a mash tun, and yeast liquor and hop backs were installed. A new boiler was commissioned a refrigerator was introduced and by 1874 there were 4 steam engines on site. The partners also invested in railway wagons.

The brewery concentrated on brewing family pale ales and the more delicate beers, resulting in increased sales and in 1875 the brewery was employing 80 men and boys with annual production reaching 43,000 barrels. Profits had risen to £11,000 giving the partners 20% return; the brewery had reached a pinnacle of success.

PERCY BEALE NEAME



Percy Beale Neame

Henry Shepherd died in 1875 leaving four sons but he had made no provision to transfer his share in the business to them. His partner Percy Neame had first option to buy out the Shepherds half share, which he did at once, using loans from family and friends. He became the sole proprietor with control of all aspects of the brewery, but entirely on borrowed money.

Over the next 20 years he concentrated on paying off his debts and investing in public houses Small improvements were made like adding club rooms to pubs but apart from upgrading stores, there was no investment at the brewery although he did buy heavy traction engines to replace some horse drawn drays.

Beer consumption was falling nationally and output fell to around 30,000 barrels per year. Despite his participation in every part of the business, profits declined.

From the 1890s three of his sons joined the business and three important changes can be seen. The first was the bottling of beer for sale on site, secondly a wine and spirits department was developed and lastly, and the one that ultimately saved the business, was supplying beer to working men's clubs, By 1921 60% of production was sold to clubs and much of that was bottled beer.

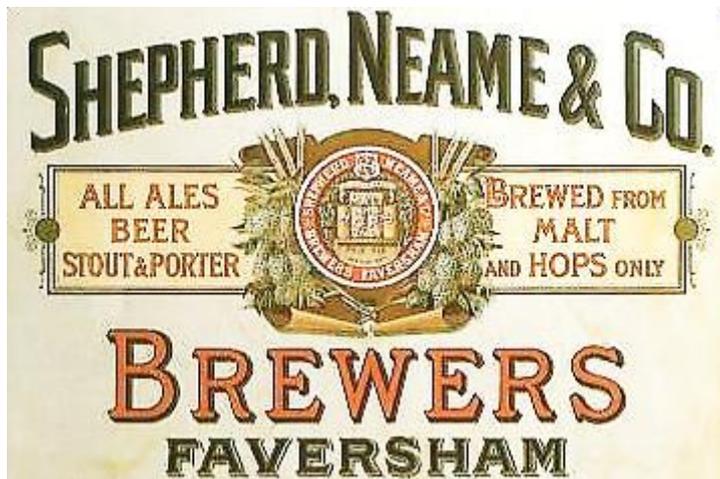
The old brewhouse was modernised in 1897/8 and adjoining premises in Court Street were bought, the main offices extended and a wine and spirits store built.

Percy Neame died in 1913. Having started with just £3,000 he left an estate of £240,000, having doubled the brewery's assets and grown the public house estate.



Illustration of an early export label (courtesy Peter Moynihan)

SHEPHERD NEAME LTD



Percy Neame's death ended the traditional style of company ownership with a sole proprietor and no shareholders. The business became a limited company with each of Percy's 10 children inheriting an equal number of shares. Over subsequent generations those shareholdings were further divided creating the family business that is seen today.

In 1913 the management was divided between three of Percy's sons; Harry Sidney, Alic and Arthur who became joint managing directors. However, the premature deaths of Alic and Arthur in 1916 meant that Harry became the sole managing director, dealing with the demands of war such as a restriction on ingredients, high taxation and prices, scarcity of building materials, a government which was actively anti-brewing and labour shortages, which were often overcome by employing women. Despite these problems the business grew and profits rose.

Barrelage rose only slowly between the wars, from 62,000 in 1922 to 66,000 in 1937. Earnings rose faster from £48,000 to £61,000 over the same period and about 140 people were employed. The next generation of Neames was brought into the business with Jasper in 1925 and Laurence in 1931. The importance of the club trade and the demand for bottled beer prompted investment in plant and public houses and resulting in increased income. With the outbreak of World War II the brewery faced again the challenges of the previous war, although the attitude of the government had changed, recognising the role beer played in boosting morale and by 1945 the annual barrelage had increased to 84,000.



Labels from the 1950s & 60s

After the war the biggest challenge was to improve the public house estate which had become seriously degraded in number and quality. To increase sales in a very competitive market, pub food and restaurant facilities had to be more attractive. The demand for bottled beer, which also could be sold to the free trade, prompted the development of a new bottling plant by the Creek in the

1960s and the popularity of lager led in 1968 to an alliance with the Swiss brewer Hurlimann. By 1971 profits reached £100,000 and the work force had risen to 200.

In the 1960s and 1970s the next generation of Neames, Colin, Robert and Stuart joined the business, each with their respective interests in the technicalities of brewing, sales and computer management. In 1984 the company was reorganised by the creation of a technical board which reported to the executive board.

By 1990 the Shepherd Neame had 264 public houses and as the numbers of public houses grew so too did the range of beers offered. Master Brew and Spitfire were the most successful with Spitfire becoming a “national” beer becoming widely available beyond the boundaries of Kent. The bottled beer range was also expanded with the Tercentenary beer continuing as “1698”, a new range of Whitstable Bay beers and a re-creation of some of the company’s historic beer styles.



Jonathan Neame

In 1992 Jonathan Neame, the fifth generation of the family, joined the company and is now the chief executive. Today the Brewery has 347 pubs, 250 staff, a turnover of £139m and brews 250,000 barrels of beer per year.

Shepherd Neame Ltd is one of only 12 family breweries in Britain following the consolidation of the brewing industry from 2,500 breweries in 1921 to 68 in 1986. Its survival as an independent, family run, provincial brewery in today's corporate, international (and indeed microbrewery) world of brewing is remarkable.

SOURCES

Shepherd Neame:

A Story That’s Been Brewing for 300 Years.Theo Barker 1998

Shepherd Neame Brewery FavershamJohn Owen FSA

Kentish Brewers and the Brewers of KentPeter Moynihan 2011

Steve Baker