

Food &amp; Lifestyle

## The world's largest independent beer keg owner, based in LoHi, is about to get even bigger

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From left: Glen Opp is COO, Bryan Place is CFO, Michael Hranicka is president and CEO, Casey Dodson is SVP Commercial and Dan Vorlage is VP of Marketing and Business Development at MicroStar Logistics.

KATHLEEN LAVINE, DENVER BUSINESS JOURNAL



By Ed Sealover – Reporter, Denver Business Journal  
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Over the past five years, MicroStar Logistics of Denver has tripled its annual output and become the largest independent owner of beer kegs in the world. But even after that spurt, it expects to grow its business by 50 percent in the next two years, as it completes construction on the largest external keg cleaner on the globe in a new plant it is building in south-central Texas.

The company recently inked a partnership with Constellation Brands (NYSE: STZ), one of the largest brewers in the world, to become its official keg solutions provider in the United States. It is building a 250,000-square-foot keg-cleaning facility in Eagle Pass, a border town just 12 miles from a Constellation plant in Nava, Mexico, where the international brewer makes all of the beer it sells in this country for Mexican brands such as Corona, Modelo Especial and Pacifico.

This new business comes after MicroStar, a 23-year-old firm headquartered in the LoHi neighborhood, grew from adding roughly 500,000 new keg fills in 2014 to adding 1.5 million fills per year presently (the company does not disclose its total annual number of keg fills), while expanding staff from 15 people to more than 300. In that time, it acquired the country's largest keg-repair and -maintenance firm and a Midwestern keg provider with the help of its primary financier, Los-Angeles-based private-equity firm Freeman Spogli & Co, and it just closed a contract with New Belgium Brewing of Fort Collins, the country's fourth-largest craft brewer, to handle its keg needs.

Part of the success comes from a business model that replaces the capital- and transportation-intensive model that many breweries once took in regard to keg maintenance and distribution. But a bigger part has involved creating an atmosphere where this increasingly large company works very closely with its partners and provides door-to-door services that allow them to focus on brewing and shipping beer rather than fretting about the containers that will hold their liquid gold, president and CEO [Michael Hranicka](#) said.

"At the end of the day, what has really made us grow is we focus squarely on culture," Hranicka said. "I don't care if you are a banker, a brewer, a grocer or a school teacher, at the end of the day, you want to look across the table and know you trust them."

MicroStar is, at its heart, a keg owner. Brewers pay it on a per-fill basis rather than lease kegs – which typically cost \$100 and have a 5 to 10 percent loss ratio annually – by themselves. MicroStar also cleans kegs, picks them up from accounts across the country and ensures that breweries have the amount they need so that they can distribute the vessels themselves.

One way in which MicroStar appeals to breweries is through its ability to make the cumbersome process of transporting kegs less taxing on their carbon footprint. Rather than, say, having to get an Avery Brewing keg that the Boulder County beer-maker may have shipped to San Diego and truck it all the way back to Colorado, MicroStar will repair and maintain it and then deliver it onto its nearest partner instead. This saves its customers 3 million kilograms of carbon equivalents – about 3 million pounds of used coal – each year, estimated vice president of marketing and business development [Dan Vorlage](#).

MicroStar originally concentrated on serving smaller and mid-sized breweries, but lately it's turned its attention to larger customers like Constellation and New Belgium. It now counts as "partners" about half of the 50 largest craft breweries in the country, as well as 25 Colorado beer-makers that are among the biggest in the state.

In addition, some 10 percent of the company's business now involves international shipping of kegs. For that, it sends the beer in cold-controlled-temperature containers where it can be packaged overseas, preserving its freshness weeks beyond that of some of its key competitors.

"We're flag-waving Americans. We like craft beer to be distributed all over the world," Hranicka said.

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