



- Kelly Scanlon: Joining us on this episode of Banking On Kansas City is Andy Rieger, a Kansas City native who along with Ryan Maybe has resurrected his great, great, great grandfather's distillery that's three great, Jacob Rieger and company better known today as J. Rieger & Co.. More recently as part of the growth of the Rieger brand and fueled by an intense desire to enhance Kansas City, Andy has been instrumental in the revival of Kansas city's historic Electric Park Neighborhood in the East Bottoms. Welcome, Andy.
- Andy Rieger: Thanks for having me, Kelly.
- Kelly Scanlon: Absolutely. It's always fun to talk to you. Now you joke about being a recovering private equity analyst and investment banker, but at one time you were very happy be doing that in Dallas. What brought you back to Kansas City to resurrect the family distillery.
- Andy Rieger: Stupidity is the only thing that you could actually describe it as.
- Kelly Scanlon: Well Why do you say that? I think a lot of people would disagree with that. Seeing the success that you've had.
- Andy Rieger: I think it was a higher purpose of what you want life to be all about and it's kind of bizarre the way things worked out. I actually lost my father to cancer in 2010 when I was in the financial world. And didn't do anything immediately, but just realized that I should keep my eyes open and ears open for whatever potential opportunities would exist, whether it was doing my own thing or changing industries altogether. But just something that you go home at night and you feel like you're really making a difference.
- Kelly Scanlon: Yeah. So in many respects, the legacy of the Rieger family tells a history of Kansas City too. They, they run some parallel paths there. So give us that history of the Rieger family as it relates to the distillery and to Kansas.
- Andy Rieger: Sure. So one of the best things that we love doing, and if you come down to the facility nowadays, at the beginning of every single tour, we actually start with a

10 minute video we had produced. And the way that we've always given our tours, and it's the way this video works, is it all tells the history of Kansas City. And it just fits the Rieger brand into it so that it's really understandable as to why things happened when they did, how they did, where they did. And it's much less about me, me, I, I, and it's a way that people really gain that general sense and understanding of belong.

So from that Kansas City in the 1800s had a lot of immigration. Jacob Rieger, my triple great-grandfather was one of those individuals. He came to Kansas City and got here roughly around 1880 started J. Rieger & Co. in the West Bottoms in 1887. The West Bottoms was really, really hopping back then because the livestock exchange as well as all the rail yards down there. And you also had a little thing known as prohibition and Kansas, which that was the only neighborhood at the time that had state line as a road.

Kelly Scanlon: Well, Kansas was the first one to adopt prohibition, wasn't it? Well before nationally-

Andy Rieger: Yeah. Back in 1981 Carrie Nation was her name. And so when they did that, the West Bottoms really blossomed on the alcohol industry. And so Jacob Rieger being an immigrant, just like most immigrants were, they were entrepreneurs. They were the risk takers. He started J. Rieger & Co. one block away from state line back then and chose the location very purposefully as they also sold liquor out of the actual distillery. From that, his son Alexander took over roughly 1900 we believe. Alexander was the marketer of the brand, took it to become a big national brand by doing advertising. We always call it now the Amazon of 1900. So he would send out advertisements to people's houses, put them in newspapers all across the country. People would just simply cut them out, send cash back to the distillery that put the whiskey and crates, send it out there and there they were with their national distribution and it was that easy back then

Kelly Scanlon: Yeah. And it was your mail order phase, right?

Andy Rieger: It was 100% mail order delivery.

Kelly Scanlon: What happened after that?

Andy Rieger: So Alexander was big into marketing and he took advantage of Union Station relocating as the city was really adjusting and he bought one of the pieces of land just to the North of where Union Station sits now at 20th and Main Street for what we know now as the Rieger hotel. And the idea back then was it was a traveling salesman's hotel. That's how it would make its general money, but its main purpose was marketing. And so the entire South wall that faced union station was this brick wall so that he could paint a three-story mural that was an advertisement. And one of my favorite lines from telling that story is Alexander realized that if he was able to build that brand from everyone coming into

Kansas City, he could associate Kansas city is J. Rieger & Co. and J. Rieger & Co. is Kansas city.

Kelly Scanlon: Very smart. He was a good marketer. Okay. So he's got the what is now called the, what was the Rieger Hotel and what is now the Rieger Restaurant and Bar.

Andy Rieger: Correct.

Kelly Scanlon: Okay. Then prohibition comes along.

Andy Rieger: Prohibition comes along and overnight it just crashes down everything. The distillery has to shut down. The brand value is zero. The hotel's purpose is no longer one. So he sells it off and really the idea of Rieger family and liquor is gone, gone and dead forever. He actually used proceeds from the sale of the hotel to help fund a bank and got into banking and merged with several other banks during the recession or sorry, depression, excuse me. And that was really what the Rieger family was until the 80s then as they transitioned away from liquor and then got into this banking segment and then from banking went dormant until we started back the liquor side of things.

Kelly Scanlon: Yeah. And, and I know Ryan Maybe, very well known here in Kansas City, approached you when you were still down in Dallas. So what was that like? What was he telling you and how did he lure you back to Kansas City to resurrect the family distillery?

Andy Rieger: So one of the things when my father passed away in 2010 was he actually told me there's a new restaurant that's about to open in the old Rieger Hotel. And he said, if I'm not around, please make sure you go as the last remaining Rieger on the planet. So from that, of course it was my mission that he passed away before it opened. I went in and myself to Ryan who was the head of the bar program there and Howard, who was the chef just said thank you very much, really appreciate everything you guys have done. And then looked at the wall right when you walk in, saw that they were trying to tell the history of the Rieger family. Went back that night, made photocopies of old pictures, advertisements, came back in the very next night with this Manila folder. Said, "Here you guys go. This is everything you need to frame and put on the wall to really complete the picture."

Kelly Scanlon: But at this point you were just trying to preserve the legacy as far as making it accurate and so forth. You did not see what was coming next.

Andy Rieger: There was nothing. There was nothing else. And so Ryan, that night actually on the second night said to me, "You know about J. Rieger & Co. obviously. What if we partner and we start that back up." And I was very skeptical. A finance guy was like, "That'd be a very emotional decision. No thanks." And then a year went by, he put a business plan in front of me that was a very, very rough draft, very bar driven type distillery idea, which is what we've kind of gotten used to

the word distillery meaning and didn't really have much distribution as a part of it, which again is the very common theme and what, how people start distilleries.

And I just wasn't into it and I said, "This isn't a reason why I would want to leave my job." And I said, "But let me help you start it up." I go, "I don't want to be an investor. I don't want to be a partner. I don't want to be a manager, nothing." I go, "Let me just help you figure out the fundamentals. This is what I do for a living. Let me help you vet a business plan and financial projections and help connect you with people to be investors." And as I was doing that-

Kelly Scanlon: The bug bit you.

Andy Rieger: I did it that way because I ... It would be an emotional decision if I decided, "Yeah, I want to do this." And so the way I approached it, I was approaching it with a completely unemotional perspective of, "Well, I'm not going to have anything to do with this. So let me just set this up the right way because it's not how I want to do it. It's how I think the smartest way should be to do this." And as I started looking at it more and more, I started realizing that this distribution model is what it should be, the focus of it. And from that came into the questions of, "Well Ryan, you have no idea what you're doing. You need experts." And he had all these contacts from being such a big influential bartender in our industry. And I said, "Well, we need to talk to these people." And so from that talking to gentlemen that ran Maker's Mark and the gentleman that was the main sales consultant for Diaggio across the world, who focused on the Tanqueray account. And he was like, "Oh, I know the guy that runs Tanqueray and maybe we can get him involved."

And as I started talking to more and more of these people, I just realized that, "God, this is a pretty, it's a pretty well thought out business plan at this point." And it was my now wife Lucy, who's our brand director at the time when we were living together in Dallas. She goes, "You know, you've always talked about you don't know why you would move back to Kansas City or what for, but you've always wanted to." She goes, "I think this is absolutely the reason why, and I don't think there's any reason why you shouldn't take a chance on it." And with her approval, without even asking for it and her just bringing it up, I'll never forget where we were in our apartment when she said it. That was it. And I said, "You know what? You're absolutely right. Let's do it."

And so with a little bit of convincing of my mother that it was a good life decision, she was happy for me to come back home. Not necessarily happy for me to give up what I went to school for. But I think at the end of the day after a lot of griping from lots of people that love both my wife and myself, that we've made the right decision. And it's a lot of fun and we're really excited and we wouldn't have had it any other way.

Kelly Scanlon: Oh yeah. And the rest is history. Literally it is. You referenced this distribution model that most operations like your start out with a total focus, almost an

exclusive focus on retail, but what appealed to you was the distribution part of it. Tell us about that and why that really set you up for this latest expansion that you've had.

Andy Rieger:

So when you think about general margins of things, and I defined what we did is what I coined as the four wall strategy. What is your strategy with four walls? Is it within four walls or is it outside of the four walls? And on the four wall strategy, I just realized the world's a big place. That's where the sales should come from. Granted, I was looking at companies that did distribution all the time and my roles in finance before. But when you really think about it and you place margins on it, you're like, "Well, we're a small business." And so when you think if I'm going to get ... Make up a really round number, \$1 million in sales, and that's where I need my first million dollars of sales. What's easier building something beautiful and having people come into it and they give you that million dollars or building a product that nobody knows about and having to really earn it and make a lower margin on that? Because you're making it and then you're selling it to a distributor who then sells it to a bar or liquor store who then sells it to the consumer.

Instead when you open up and you are the place where people buy it from-

Kelly Scanlon:

The four walls. Yeah.

Andy Rieger:

Then you're just skipping those middle margins and you're making a lot more per bottle, per drink, whatever you want to call it. So it was a really unattractive perspective in that sense. And even the gentleman that ran Maker's Mart said that I was the dumbest person that he had ever met for not wanting to take advantage of retail initially. But what I really felt was if you didn't get bogged down with that retail, you didn't have to worry about tons of employment early on. You didn't have to worry about spending money and raising capital on a business that's not proven. Instead you're a location. And the biggest issue with that was your branding, your customers to believe that you're a place, not a brand. And it was something that I couldn't really ever get past.

And so when I realized we could spend our money on putting away alcohol and buying bottling lines and focusing on branding and some rebranding. I mean we even had some products ... Our non whiskey products were in square bottles initially and people have forgotten about it almost. But we did that strategically because the round are way easier on the bottling machine. And so your labor costs to get them really done in a quick manner is a lot less.

So just all those little bits and pieces that we felt we could change along the way by focusing on distribution could someday enable us if we were able to spend our time, whether or our time in terms of travel or time on production, our capital on everything, dealing with production or sales. Some day if you had a brand that worked out, you could start a retail operation. And not only would it have people coming in that are saying, "Oh, what is this? I don't know what it is." But then you have fans of the brand coming in wanting to experience it. And

if you're in other places across the country as well and doing it, that approach, you have people coming in from all over the country and when they come to Kansas City they say, "Oh, I got to go see this J. Rieger & Co. facility."

So that was the approach that we really took them saying, "Let's sacrifice that margin early on to really help establish ourselves." Work out all the kinks on the production process side, not release three products right when we opened, which is the really common thing that all of these brands do across the country when they launch and do it the right way. So that you know that longterm you're not confusing consumers, you're not confusing distributors, you're not confusing bars and liquor stores and ultimately you're just building a brand for the longterm, not building a brand really quickly to try to generate quick revenue and then maybe even sell it tomorrow when that's not the goal. You can look at things, the best strategic approach.

Kelly Scanlon: Right. You went to an even second level on being questioned on the whole distribution thing. Because not only was it distribution as your strategy that some people thought was a silly idea, but you didn't even always go with the largest distributors. And that was by design. Why did you seek out some of the smaller distributors?

Andy Rieger: So when you, again take a step back and you look at what distributors are and the really simple example is, when you're starting out and you have two distributors sitting next to you. One guy says, "I've only got five accounts but I'm going to make you the feature of all five accounts because we really focus on those five accounts." The other guy says, "I have a thousand accounts you're going to be in ... We have the ability to get you in all 1000 accounts." Well what they're not telling you is ... The big guy at least, is, "I have all these other brands that take priority. And these other brands that take priority mean you're nothing."

Kelly Scanlon: Exactly. And they got the name recognition.

Andy Rieger: And they've got the name recognition and it's an easy sell for our reps. And what they also don't tell you is that most of the accounts aren't accounts we would fit into. When you think about a gas station alongside the highway, it's a very specific market and that's a majority of outlets throughout the entire country is those places that sell really low end, small format alcohol or really large format, really inexpensive alcohol. And that is just inherently what the majority is. So you really want to find that distributor that not only understands the products but really is looking for those product sets that they, they can utilize to compete against those big brands that have that name recognition based upon having good branding, the quality type product that's actually in the bottle, a good price point and the people behind it that the distributor know they can work alongside to really try to make an impact.

Kelly Scanlon: So using the strategy of distribution over retail initially sacrificing those larger margins in retail for the smaller ones in distribution and going with the smaller

distributors, you did succeed in establishing a national brand. You're in all 50 States or just how wide is your reach?

Andy Rieger: We're only in 24 states.

Kelly Scanlon: Okay, so half the ... But you still have a national reach. So you're in about half the States. You don't just collaborate though nationally or in a larger scale like that, you also have local collaborations. I'm thinking specifically of Boulevard Brewery. Tell us how you ended up collaborating with them to create a product.

Andy Rieger: So over time we've tried to do fun stuff every now and then, but you don't ever want it to become the dominant feature. And so probably two of the coolest ones that we've done are Boulevard's Left For Dead, which is something that's ongoing where we basically take their beer, we distill it and ...

Kelly Scanlon: This is their leftover beer right?

Andy Rieger: It's beer that for some reason or another, they're not bottling. Or they made too much or they had it being stored in the carbon dioxide level, didn't come to the right point. Whatever it is, for some reason that it's not going to pass the test and they would just send it to us. And rather than them just destroying it and dumping it down the drain, we actually get it from them. Then we receive it and we distill it and concentrate it. We've been putting a lot of it in barrels and we've got about 25 barrels of this stuff that's between three and four years old now as the oldest amount. It's really fun and really delicious to try Boulevard beers-

Kelly Scanlon: It does sound good.

Andy Rieger: ... that's concentrated in age. The other side of it is ... or another one that we've done that's been really fun is Joe's Barbecue. We did a sauce with them that's in our little 375 bottles where they wanted to use our whiskey as a base for their barbecue sauce and it's absolutely beautiful. And then the most recent one that I would say is probably recreating Heim beer. We did in the new distillery ... for the bars, we wanted to make sure that we had a beer for everybody, but being that we're in the old Heim brewery of where the distillery is located, we wanted to actually create our own beer and go back on Heim brewery, which was a German type brewery. So we collaborated with KC Beer Co to come up with a totally unique, totally custom beer that is the only beer we sell on site. And it's only sold at our facility. So it's not something that they even distribute. And whenever you come down you get to drink out of old high end beer glasses and drink a really cool old school hella style auger.

Kelly Scanlon: You guys have too much fun. Just listening to you, it sounds like so much fun going into work every day. Can you talk to us about your production numbers? What are, what are you seeing these days?

Andy Rieger: Yeah, so we went from ... Part of the expansion we were doing roughly about, call it 300 barrels a year of whiskey that we were putting away. And on our new system as we're ramping it up month by month, getting more and more, we're getting up to about 1200 barrels a year that we'll be putting away. So that was a real big driver for the expansion in general, was being able to have that extra capacity of whiskey production. Well, parlaying that with lots of other purposeful meetings. But gin volume was able to increase in terms of capacity, vodka as well. So just truly being able to do something that we felt expanded that production, and that's what ... We only doubled our production area from 15 to 30,000 square feet. But doing that double of production on really gave us that four fold type increase.

Kelly Scanlon: Yeah, that's a great payoff. You know, you've grown from being this boutique whiskey distillery operation into a national brand, and just recently you've referenced it a bit here, you took another huge step. You've expanded your East Bottoms operation into a hub, really for several things, tours, tasting events, and even as you've said, historical lessons about the company and about Kansas City. So it's a complete experience. It has two bars. You still have the distillery, as you just mentioned, it's quadrupled even though you only had to double the space. You've got the historical exhibits and even a slide. So what prompted you to make that kind of investment? I know that it's in some ways it's delayed gratification for you because you said you, you figured out the distribution, made the national brand and now you're coming back to do the retail side. But my gosh, you could have just opened the bar. You really decided to go after this in a major way. Why so much emphasis on a great big complete experience?

Andy Rieger: So one of the things as we were realizing back in 2016 that 15,000 square feet just wasn't going to work was where do we want to do it? Where do we want to expand? And we looked all over the city, Kansas, Missouri, South North, our area, West Bottoms, crossroads, whatever it was. And we just got to that phase where we said, "You know what? This area that we came to that ... The reason why we came to this little lonely East Bottoms neighborhood is because it was really affordable." And we were essentially babysitting this gorgeous 48,000 historic structure that was connected to our 15,000 square foot distillery. And we just fell in love with it. It was the old bottling plant for the Heim brewery. And it was this gem no one knew about.

Kelly Scanlon: Yeah, I got to see it. You took me on a tour when it was still really raw and it is. There was just some charm to it.

Andy Rieger: When people see it now they're like, "Oh my God, this is an absolutely beautiful building." But the point was we realize this building would have enough for us. And that word enough is a big word that we focus on. And we said, "If we do this, this is definitely our opportunity to change the neighborhood and really create that retail experience." But then we took it back a step and said, "What you need to do with a retail experience to make it successful in a neighborhood that no one really comes to." And one of the big things that I came across was we have to rebrand it and we can't just call it the East Bottoms cause it gets lost

with the West Bottoms. People that know the East Bottoms know it's a huge track of land.

So the original Electric Park amusement park in Kansas City was just to the North of where we are and it was owned by the Heim brewery. So we said, "You know what, let's rebrand our little tiny neighborhood area back to the Electric Park district, just like it was called in the olden days." We're not changing anything, but let's do that. It's a really cool name with fun history.

Kelly Scanlon: You mentioned a little earlier on about not only did you want to establish this retail for your own brand and obviously it was a business decision, but you had a larger objective and that was to reestablish that neighborhood and to encourage ... Hopefully what you were doing was going to encourage others to come in. Have you seen that? Have you seen that kind of revitalization occur?

Andy Rieger: There's actually something about to go into the old local pig building now. And so that's a cool thing to start to see the very beginning of that. But one of the big reasons why we did, for example, multiple bars onsite and why we did food, things that we're not ... that's not who we are is those increased foot traffic. And if you don't have food, people might not come down because they say, well I want to eat. Or they might leave because they say I want to eat. And if you don't have multiple bars, and someone might say it's just not worth our time to go down there. But if you have all these things and then you have this higher base of foot traffic, it makes it a lot easier for a developer to come in and say, "I'll buy that building and spec it out as a restaurant space."

And so that's really the goal of what we're trying to do over time. But we weren't able to do it at a low level and expect that to happen. And it's a big reason why I always tell people, "Hey, the quicker people realize about the facility, the quicker that we can help start continuing to develop Electric Park and continuing to move it along faster." Granted, we have this hopefully 34 year horizon on our end and operating this area, but if someone wants it to be done faster and they want us to do it a lot faster, we have that ability. And so it's just a function of what makes sense financially.

Kelly Scanlon: Andy, if somebody would like to come and check out what you're doing down there in the East Bottoms in the Electric Park neighborhood, how would they get there? What would you recommend as far as what's your address? Is there something on the website they can look up and get more information?

Andy Rieger: Yeah. The easiest way is, whenever people say, "Oh, it's just out of the way, isn't it?" No, it's just right off of 29. Whenever I say, "Have you been to Knuckleheads?" Everyone says, "Oh yeah, I love Knuckleheads." And you're like, "We're literally the building right next door to Knuckleheads."

Kelly Scanlon: Exactly

Andy Rieger: Got it.

Kelly Scanlon: What's your website?

Andy Rieger: We're at JRiegerco.com J- R- I- E- G- E- R- C- O.com

Kelly Scanlon: Jriegerco.com. Andy, thanks for visiting with us on this episode of Banking On Kansas City. We wish you lots of continued success.

Andy Rieger: Thanks Kelly.

Joe Close: This is Joe Close, president of Country Club Bank. On this episode of on KC, Andy Rieger, president of J. Rieger & Company joins host Kelly Scanlon where he shares the story of family legacy Kansas City history and the booze that ties us together. KC native, Andy Rieger, his wife Lucy and his friend and business partner Ryan Maybe and the entire Rieger crew are revitalizing the company's story and legacy, but they haven't stopped with the brand and said good enough. Their effort to help revitalize the Electric Park neighborhood in the East Bottoms where their expanded distillery is now located is more than evident of that.

J. Rieger & Company is a local legend. Founded in 1887 the company operated here in Kansas City with over 100 alcoholic products distributed nationwide to over a quarter of a million customers. The company however was a casualty of prohibition. As Andy and his team put it, J. Rieger & Company was not destined to be lost forever. Rieger is back and Kansas City is back. Think about it. That's a legacy we can all be proud of and oh, so good.