

1/22/2000

Day:	Saturday
Publication:	THE DALLAS MORNING NEWS
Head:	SPIRIT CHASER Tito Beveridge (yes, his real name) bucks the big distilleries with his slow-crafted vodka
Byline:	Beatriz Terrazas
Credit:	Staff Writer of The Dallas Morning News
Section:	TODAY
Zone:	
Edition:	THIRD
Column Name:	
Series:	
Page Number:	1C
Word Count:	2010
Dateline:	AUSTIN
Art:	PHOTO(S): (Photography by Richard Michael Pruitt/The Dallas Morning News) 1. Tito Beveridge of Austin has had several careers, but he put his life savings and a lot of Texas gumption into his vodka venture. 2. The distillery "may look crude, but the functionality of it is real state of the art," Tito says. 3. "If I keep making great vodka . . . 30 years from now we might be like another Jack Daniels," says Tito, accompanied by Dogjo. 4. Chris Ruoff, who works part time at the Fifth Generation distillery, gathers empty bottles to be filled with vodka, while Tito screws on the bottle tops. 5. (The Dallas Morning News: Richard Michael Pruitt) The most modern piece of machinery in Fifth Generation's distillery is the bottle-filling machine, which handles six bottles at a time. 6. (The Dallas Morning News: Richard Michael Pruitt) Tito Beveridge numbers the labels that go on each case of vodka and records them in the log book.
Correction:	
Notes:	
Text:	AUSTIN - Maybe spirits were always in Tito Beveridge's blood. There is the story about his paternal granddaddy. He was working for his father, Tito's great-grandfather, in Sioux Falls, S.D. The boy was good, best car salesman on the lot. Come to find out the boy was selling the newest, fastest cars to local bootleggers. It wasn't long before one of them said, "Hey kid, how'd you like to come work for us?" And in the 1800s, Tito's maternal great-great-great-grandfather, a German Catholic, immigrated to Texas and set up a liquor warehouse on the San Antonio River.

"That's the one I'm descended from," says Tito, who has spent the past three years perfecting a vodka formula in an old-time, slow distillation process. At a tiny distillery in Austin, Tito makes vodka, applies labels to bottles, fills them up and boxes them for Glazer's Distributors.

It has taken his life savings, every credit card he could get, and good ol' Texas gumption to put Tito's Handmade Vodka on liquor store shelves. His competition - vodkas such as Stolichnaya, Absolut and Smirnoff - is backed by big bucks. Tito doesn't even have a marketing budget.

But he believes that his vodka stands on its own, and one day Tito's will be recognized as the smoothest and cleanest in the world.

"If I keep making great vodka . . ." says Tito, "30 years from now we might be like another Jack Daniels."

Long before Tito even thought about the beverage industry, others made the inevitable connection to his name. "When I was a kid everybody gave me this standard line, "Oh, is your dad in the beverage business?" " says Tito.

But his father transported cars for a living. And Tito, whose real name is Bert Butler Beveridge II, never thought about going into the liquor business. "Back then I wanted to have an independent oil company," he says.

Born in San Antonio, he's the youngest of three children and a sixth-generation Texan with Scotch, Irish, German and Welsh roots.

He went to an Episcopal elementary school and San Antonio public school after that. He graduated from the University of Texas at Austin with degrees in geophysics and geology.

He then went to work for an oil company but got laid off in 1986 when the price of oil hit bottom. It seemed like a good opportunity to launch the company he'd dreamed of, so he started up Uno Oil.

"For one year, I couldn't sell a deal," says Tito. So he went to work for another company. He spent the next three years going back and forth between Venezuela and Colombia in charge of a seismic crew - the perfect job for a kid who grew up riding polo ponies and dirt bikes.

"It was a blast, an absolute blast. . . . [A friend] always told me if you could run a seismic crew, you could do anything," Tito says. After the excitement of blasting for oil, his friend told him, he'd never want to do anything else.

But one day a pilot on Tito's crew crashed a Bell JetRanger helicopter. Nobody was hurt, and no production was lost, he says.

But that night he couldn't sleep.

"I felt like I was getting sucked into this whole way of life, running these seismic crews," he says, "which is this unreal world. There's like, this adventure. It's just that when you do it for a while you kind of become numb to the danger of it."

He decided to get out. "I felt at that point, if I left right then, I could still come back and be . . . somewhat normal. If I stayed longer, I could never get back in society."

Someone asked him, "What do you think you're going to do? Go back to the U.S. and be a mortgage broker?" says Tito.

In 1990, he came back to Texas and tried to make a living as an environmental geologist. When he didn't like that, he thought, why not? And he became a mortgage broker.

"I think he was right," Tito says of his friend. "After those seismic crews . . . I've always felt like I could do anything I could put my mind to."

Back in Texas, an uncle introduced him to the art of making flavored vodkas. Tito's friends loved the fire-hot habanero vodka he gave them for Christmas. Market it, they told him.

As interest rates began to creep up in the early '90s, Tito began to rethink his career as a mortgage broker.

"I took out a big yellow legal pad and made out a list of what the perfect job would be," he says. "Hey, I like to throw parties, I like to go to parties. I like to go to restaurants and bars."

Imagine, he says, a job where having fun would be part of his work. A job that would require traveling to other cities to sell his vodka at bars, restaurants and resorts.

"It just kind of seemed to me you could pretty much travel all over the world, and it could all be business-related," he says. "I thought it would be a lot of fun."

But he was still a good Episcopal boy at heart. Before making a decision to market his liquor, he made a phone call to his mother.

"Mom, I'm thinking of opening up a distillery," he told her. "You think that's OK with Jesus, to own a distillery?"

He says his mother told him, "It was the [Catholic] Church that planted all the vineyards and started making all the liqueurs. I don't see why there's a problem."

He also went to a few Al-Anon meetings to hear about some of the adverse effects of alcohol. He says he "wanted to be fully aware of

the seriousness" of producing alcohol.

Finally, he called his brother for a "sanity check." His brother told him, "If you go broke, then you were crazy. If you end up 15, 20 years from now selling 20 million cases, you're a genius," says Tito.

Tito bought 12 acres dotted with mesquite and cedar trees in southeast Austin. He applied for permits from the Bureau of Alcohol, Tobacco and Firearms, and the Texas Alcoholic Beverage Commission.

Tito's company was licensed in 1997. Thinking of his family history, he named it Fifth Generation Inc. Only later did his mother tell him he had made a mistake. He was a sixth-generation Texan.

According to the TABC, Tito has the only licensed distillery in Texas.

Signs along the roads to the Mockingbird Distillery read like Texas lore: Broken Butt Saloon. Cottonmouth Creek. Man O'War Ave. A dirt driveway leads to a building about the size of a double-wide trailer.

The wooden walls, screen doors and metal roof fit right in with the blue sky and Texas soil. But it's not where you'd think a world-class vodka is made.

Tito simply calls his distillery MacGyverish. And he built all 1,000 square feet of it.

"When I say I built it, I mean I did the plumbing, electrical, drywall, put the roof on," he says. "And I did all the hooking together the stills and boilers."

Wearing khaki pants and a pressed shirt, Tito looks more like a casual businessman than a hard-hat kind of guy. But his scuffed cowboy boots testify to a lingering sense of adventure.

"I'm 38 years old, and I still have a dirt bike," he says.

Inside, the pot-still against the wall looks like a giant bottle wrapped with aluminum foil. A sprinkler system for emergencies is rigged from pipes and shower heads.

"It may look crude," says Tito, "but the functionality of it is real state of the art."

Today, Tito is filling fifths, or 750-milliliter bottles. The smell of alcohol is sharp and sweet. When he first started bottling, he poured vodka from a valve one bottle at a time. It took 15 hours to bottle enough for 50 cases, he says. Now he has a

machine that handles six bottles at a time.

In 1998, Nightclub & Bar magazine wrote that Tito's can "go head-to-head with any of the world's greats and not break a sweat." And this month, the online magazine cocktail.com gave Tito's 95 points out of a possible 100 in a taste test. Skyy scored 88 points, Smirnoff scored 77, and Absolut 75 - 20 points below Tito's.

A swig of Tito's vodka tells you why the critics like it. No burning, no gagging. Smooth and mellow, Tito's just leaves a warm trail as it makes its way south to your stomach.

Good reviews aside, Tito's Handmade Vodka has a long way to go to compete with distilleries that sell millions of cases each year.

"[Tito] is in fact struggling with the big boys who have big advertising budgets," says Ralph Townes, vice president of Glazer's Distributors in Dallas. "He doesn't have those resources." Major brands of vodka sell in a day what Tito sells in a month, he says, and building a following is "a long, slow, tedious process.

"I think he's eventually going to make it work," he says. "He'll get there if he can just hold out, and that's the name of the game."

Tito invested his entire savings in the company - about \$120,000, he says. He still owes \$25,000 in credit card loans he has used for the distillery. And now he has a wife and 2-year-old son to support.

Last year Fifth Generation Inc. sold about 3,200 cases, he says. That's up from 2,000 in 1998. There's just enough profit for Tito to pay his only full-time employee, Tim Scanlon, about \$24,000 a year.

But Tim says he left a \$70,000 annual salary as a geophysicist to manage Tito's vodka production for five years. If projected sales had materialized, at the end of that time he would have earned \$750,000, he says. Going into year four, it looks like that won't happen.

However, he gave Tito his word to stay five years. In the meantime, he has sold his home in Austin and moved into a cabin on his brother's property in the area. He also traded his Mazda Miata for a used utility vehicle.

Tito's is on liquor store shelves in Texas, Colorado, Louisiana, New Mexico and Arkansas. It generally sells for about \$2 a bottle less than its competitors, says Tito. But with little marketing, the vodka's following comes largely from word of mouth, and bar and liquor store visits by Tito, his wife and Tim.

Tasha, who married Tito in April 1997, the same month he went into production, says low sales haven't dampened her faith in her husband or the vodka's success.

When she married Tito, he promised her she would be his reyna (queen) and he would be her rey (king). "And so we've made an effort to follow that and help each other out," says Tasha. "He just really has a supportive wife, and I baby him, and that's the truth.

"If we can just get some support from our fellow Texans, and our fellow Texans who live outside the state," she says.

And until there's advertising money, Tito and Tim promote the vodka any way they can. Earlier this month Tim took a ski trip to Colorado. He stuck postage-size stickers touting Tito's vodka on every ski lift he rode. And he handed out samples to lift operators, bartenders and anyone who parked next to him at the ski resorts.

Tito's not giving up. If all the people who sample his vodka were to tell 20 of their closest friends, he says, business would grow. Selling 450 to 500 cases a month would give him a marketing budget.

"In the next few years, I'd like to get to where I'm doing 30,000 cases [a year]," he says. "I just don't see how you can make a really great product and have it not pan out. . . . If I can get to 30,000, there's no stopping me. There's no stopping me."