

Bottled drink industry dries up: Calistoga Beverage Company announces plan to cut 78 percent of workforce

Weekly Calistogan, November 6, 2008
By John Waters Jr.

Feeling a ripple effect from high fuel prices and a tight financial market, Calistoga Beverage Company announced the layoff of 78 percent of its workforce.

“We’ve been experiencing a softening in demand of bottled beverages for some time,” said Calistoga Beverage Company’s Director Chris Canning early Wednesday. “As a result we’re taking action to reduce our workforce.”

Canning would not say how many people would be getting cut, just that the number represents more than three-fourths of the local workforce.

“We have a number of permanent employees and part-time employees, so at this point we’re only referencing 78 percent,” Canning said. “One of our priorities is to help our employees with the transition.”

Two brands of water are currently bottled at the Calistoga plant on the Silverado Trail — Calistoga Water and Arrowhead. The bottling of Arrowhead spring water will be transitioned to a Nestle North America-owned plant in Southern California, Canning said. The Calistoga brand and sparkling water operations will stay in Calistoga.

“This is our only west coast facility where we’re able to bottle sparkling water,” Canning said. “And this is the only place where we can bottle Calistoga water.”

Economy versus demand

The situation that warrants the downswing didn’t occur overnight, according to Canning. Operations got tougher as fuel prices spiked earlier this year.

“The irony is that when they started to come down we got hit with the financial market crisis,” Canning said. “So we never got the relief we were hoping for.”

When money gets tight, people don’t buy bottled beverages.

“As much as we hate to admit it, ours is a disposable income product,” Canning said. “When times get tough people focus more on meeting their basic needs.”

Calistoga Beverage Company’s parent company is Nestle North America, a leader in the industry, and right now, the industry is looking like it’s not going to experience much of a recovery before 2010, according to Canning.

“We’ve got to focus on doing what we can now — the company has about 9,000 employees — and if we don’t take this action now, it could jeopardize more employees later on.”

The cuts

Management at Calistoga Beverage announced the looming cuts to its employees on Monday and began holding individual meetings with employees Tuesday and are continuing through the rest of this week. Some are being told they’ll be staying, others are being told they’ll have to leave, Canning said.

“We’re deciding who stays and who leaves based on three criteria,” he explained. “Skillset and abilities, tenure — we want to honor the years of service — and performance reviews and disciplinary actions.”

The good news, said Canning, is that the company isn’t just lopping off employees.

“Our priority is to helping with the transition,” he said. “We’re bringing in the (State) Employment Development Department and holding job placement fairs with other employers.”

The company is also paying the employees who are being cut through Dec. 31, in addition to severance packages.

“Those who are being let go will make what they would have made through the end of the year,” Canning said. “After that, their severance packages will pick up.”