

Wine Business Solutions



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46,000 people. One wine fair. Everyone looking for Mr / Ms Right, that saviour who will appear, as if by magic, and turn their business into a raging success via the profits that ensue from their new partnership.

Well, perhaps not everyone. One client told me that he had invested over 200 hours sending preparatory emails, making Zoom calls and on the phone in order that each half hour slot in the three days of the fair was allocated to meaningful liaison. His outcome was predetermined. He was not there 'fishing'.

What was I doing there? Last time, even I was wondering. This time it was clear. Peel back the noise, the colour, and enough wine to give you a hangover just by thinking about it and it all comes down to one thing. Networking.

And what do I mean by that? From my perspective, it's the realisation that after a third of a century working in one industry, you're never more than one handshake removed from someone who knows somebody.

How, not whether, you then help each other is the only question. Your ability to persist with connections made is what determines the value of them. As you would then expect, it was a wonderful if wearying three days. So many old friends. So many new. So much fun still to be had traveling to them and working together.

Prowein is the biggest wine fair on earth because the locals live up to their reputation of being freakishly good at organising things. 20 years ago, they stole the mantle of world's leading wine trade event from the French who let their version, 'VinExpo', become too much about stand position, posturing and politics and too little about business. And they baked Australia's samples. They've never forgiven VinExpo for that.

Now, the French are about to steal it back with an event called 'Wine Paris' that is allegedly easier to access, less 'price-gougey' where accommodation is concerned and with better food, stereotypically enough.

But what's the big outtake for anybody thinking of participating in a trade fair? The first question should be, should I be exporting at all? So many government, industry and other bodies are desperate to get people into it. So, few small to medium sized businesses are suited. So many clients, past, present and prospective, don't know how to evaluate that prior to being pushed into something that can only be loss making.

If export is something that you're suited to then, as in all things in life, preparation is key. Do, however, make time to walk around, talk to people from everywhere reaching across networks rather than staying in one. That, after all, is how networking works. You can thereby and in time, know everyone (well almost).



You'll often hear that the wine industry is a people business. But what does that mean and why more so than any other type of business? Probably it's that people who like wine like the way it helps us commune.

I was at a friend's birthday party the other evening and was blown away by the people in his network. The head of one country's environmental protection agency, a former Asia Pacific boss of the world's biggest hotel group and, perhaps most interestingly of all, a leading executive coach who works across the globe.

I asked her what she thought made for an outstanding executive. She didn't hesitate. She said – "The ability to form relationships".

I recounted to her about some fun I had had whilst running the education program for the Turnaround Management Association, a network of the leading accounting, legal, banking and insolvency practices of Australia. Reading the room in one of my workshops, I made a joke that people over 50 in corporate don't do any work anyway.

One participant strongly agreed. He said that when he got to work, his desk was clear. His job, he believed, was to look after 4-5 key relationships and that that was more important to the business than any functional or process work that somebody, less expensive and experienced than he, could and should be doing.

But it wasn't just building highest level relationship management skills that my new friend, the executive coach, saw huge potential in.

With so many having been locked up for a significant part of their early adult life, she has made an industry out of getting them to look up (rather than at their devices), smile, look into people's eyes, shake their hand with confidence and be sincere about building a relationship based on trust that is for mutual benefit.



How many people do you know that are only listening so that they can work out when to interject with what they want to say? To listen with the intent of understanding rather than listening with the intent of answering is probably the most important skill to be mastering in order to build lasting relationships.

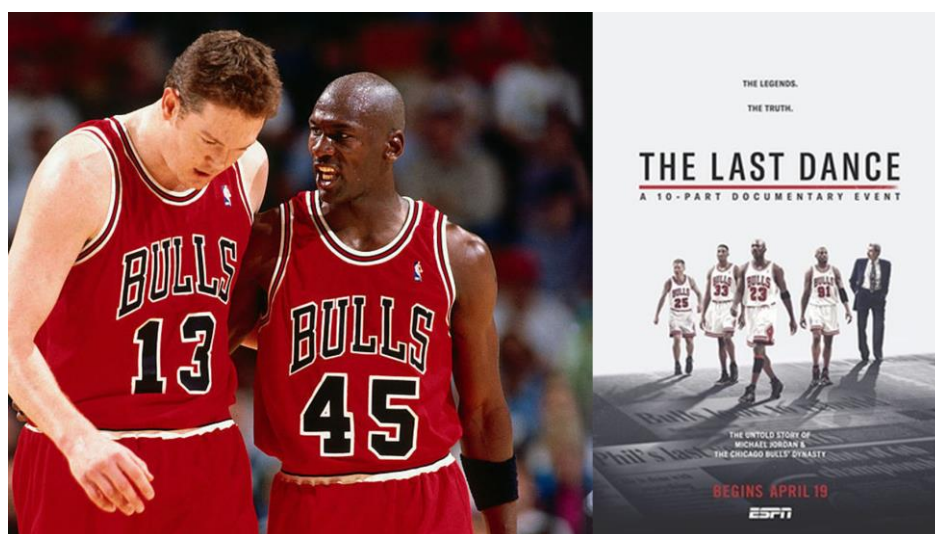
I must confess to being slightly evil here. I'll often go to parties and just listen. Men, particularly, will tell you absolutely everything. They have no clue that I'm not from the police, the tax department or whatever.

They may, however, sense that I'm listening with compassion and can, therefore, be trusted. So perhaps I'm being too harsh on both them and myself. Being prepared to listen, and I mean really listen, is the easiest way to make friends and to work out who to be friends with, in both your business and private lives.

The other thing that happens when you listen and leave space to talk is that people fall in.

You cellar door servers, for example, will give up way more than they should. Like, for example, that the 2020 vintage wasn't what it could have been as it was rushed in to beat the COVID lockdown. Or that people aren't spending the money that would warrant holding back wine to age even though that was exactly what you, the cellar door customer, intended to do.

This is why having a 'hymn sheet' and having everyone sing from it is so important. Staff need to understand that there is a difference between being 'honest' and talking without thought. Crafting your story, not to mask the truth or inflate what you are but to give your team the best version of your authentic self, so as to tell it in an easily remembered way, is one of the most important things for any business to be doing.



Arguably one of the best sports documentaries ever made was 'The Last Dance' which follows the last season of the Chicago Bulls, one of the most successful sports teams of all time.

When you look at the promotional poster above it says – 'The legends. The truth'. 'The truth', however, has one significant omission. There are five players that take the court in any basketball match. Michael Jordan conveniently left out Luke Longley, the starting centre and one of the best of all time in that position. Luke made his own ['Australian Story' documentary](#) featured on ABC TV IVIEW in response.

You see, Luke and Michael didn't get along. Jordan got rejected early in his career for being too short, used that as motivation, attacked everything with vengeful anger and played his way into the history books.

Luke, on the other hand, was a gentil giant. He didn't go to a Kiwi or Afrikaans boarding school and get the crap beaten out of him like so many of us. Australia is a much more benign place in that sense. And better for it. 'M.J.' had no patience for Luke's lack of aggression and constantly savaged him. The body language in the picture above captures this perfectly.

I love, however, that Luke didn't let that get to him. He, instead, viewed himself as a kind of project. Every time he got told he needed to improve, he went away, thought about it, innovated how he was doing something and improved. So, despite all the negativity that surrounded him, he became a great player.

This is why I struggle with people who view themselves and others as being permanently cast, with personality theory, let alone astrology. You are the project. You can innovate and incorporate many skills. Through repetition, these become habit. Out of habit grows confidence. You can continually get better.

Back to Dusseldorf. I board a tram. Immediately I can hear that familiar Cape Coloured accent. You can't help but pick up on the energy, the excitement that comes from travelling when all is new and everything seems possible.

They were, of course, off to the fair. Fourteen of them as part of a collective promotional group. Through accessing a grant available only to the 'formally disadvantaged' of South Africa, they had been given a chance that was beyond the reach of so many other SME wine producers around the world.

Enthusiasm slowly dimmed, however, as the group came to realise, after three days standing at the show, that their potential supporters were limited to people who felt sorry for them. Even in these times of increased social conscience, that is a very limited niche segment of the wine industry.

Without great packaging, great product (mostly bulk wine source from third parties) and, therefore, without a credible provenance story, their wine would have no chance in the 'real' world. Encouraged by one of the group members, I sat down with their leader and discussed that I could, at least, point them down the right path in terms of improving their understanding of building brands to compete profitably and successfully.

I was asked to submit a proposal. I was told that there was funding and that getting paid wouldn't be a problem. I submitted. I waited. I submitted again. I texted. I WhatsApp'ed. I even spoke to the person concerned at a conference in Stellenbosch. Still, no explanation as to why I wasn't getting any response.

A number of trusted sources believe that the entire thing was about grant money access which would have explained things, but I don't know that there wasn't more to it than that. What I do know is that those who need it most were not being helped. To give people hope when there is none is, I believe, just cruel.

Rather than leave me with an entirely negative view of social upliftment, I was encouraged to look at success. Paul Siguqa owns a property called Klein Goederust in the Franschhoek Valley. A child of a farm labourer, he has turned the tables to be the only black owned business to have done everything properly and from scratch. I should qualify that by saying that there are very few people on earth who are doing all this today.

The wines, the fit out of the property and the food, which is a lamb on a spit served with highest quality versions of traditional Cape food, was simply the best I've seen anywhere. All was incredible. All issued a sense of welcome and of great generosity. There was no guard on the gate. No boom gate down. Paul said that he had had huge help from all his neighbours. It was a hand up, though, not a handout. Big difference.

If you can master building relationships with people, you can bring everyone with you. At the regional level, that truly does require next level skill. My estimate is that 60% of people will never be able to see further than the end of their nose. You know. Those people where it is your fault when they crash into you?

Another 30% will fail serving the greater good in order to serve their own interest. Managed well, they can be useful in getting the majority onboard. If you are lucky, that last 10% will comprise people who see the big picture, who will sacrifice their time and best effort in order to create better possibility for all.

That doesn't always happen. I have consulted to wine regions that, as a group, were completely dysfunctional and still got them to agree to a common way forward. Once they could see how they could all easily participate and benefit, there was no stopping them.

The worst thing I see happening is when consultants go in (and this tends to happen particularly if they don't know the industry), they ask everyone how they 'feel', what matters to them and what they want to say about themselves. They then cook up some lame catchall that offends no one and changes nothing.

In order to win, you must put a stake in the ground and say what it is that you do better than anyone else on earth. All our research confirms that those regions that claim to do a wine style best continue to gain share from those that don't. They do that at better prices. Think Provençale Rose. It doesn't always have to be about a wine style. I've also helped regions win via tourism and regional promotional strategies. If you have the possibility with a wine style, however, you would be crazy not to leverage that.

I was asked to speak, again, at the Wine Tourism Conference in South Africa. This was a real privilege as the rest of the line-up was truly outstanding. It was an honour to be amongst such great company. I wrapped up by saying that Stellenbosch had to make a stand as to what it did best – Cabernet, Cab Blends and Old Vine Chenin (although Chenin is more a national thing). I then had a bit of a dig saying that someone needed to lead here. I reminded the audience, only for this purpose, that I had been Chairman of Wine Marlborough in the early 2000s. We've all seen what happens next when clarity of purpose is achieved by a region.

I'm not sure that their Chairman appreciated that, but he did graciously thank me for the 'tee up' none the less. Mike Ratcliff then went on to announce that Stellenbosch will position itself as 'The Home of Cabernet'. Now I know what you're thinking. A few other regions could make that claim. But they didn't. I shook Mike's hand afterwards. I knew what he went through to get there. I said to him that in 15 years' time, his courage, his hard work to push this idea through, will profoundly change his country. Watch this space.

There is a [hot debate going on in academia](#), going on right now about whether remote work is more beneficial to a business than working together at the office.

Whilst this is a complex issue with many factors involved, in many ways, this is clear cut. If Vladimir Vladimirovich Putin doesn't nuke it into a car park first, next month, I will be heading to Georgia and Moldova to work with the global sales teams of the largest companies in those respective countries. I should qualify that the Georgian business is the biggest that has chosen not to sell wine to Vlad. At some cost.

The Sales Director of the Georgian business said something that seemed easy for him to say but to me, profound - "We can get more done in a face-to-face meeting, sometimes, than we can achieve in a year otherwise". It was ever thus. And yet we somehow get lured into thinking that a digital representation of ourselves, and of the person we are meeting with, will enable us to achieve the same thing as a live meeting.

It would have to be some sort of fantastical augmented reality reproduction to enable us to read all the signals given and body language observed that takes place in normal human interactions at this level. I think a key point in the current debate is whether people have their best ideas in isolation or in a group. I tend to think the former. I detest writing up a project, for example, as a collaborative effort.

In fact, when I used to teach in the MBA program at UTS (Sydney) the most hated part of the program was group work. My students thought all they had to do was turn up to lectures, listen to me prattle on and pass exams. They then find out that they must learn how to collaborate as a team, apportion work fairly and ensure that everyone pulls their weight. Hell, in other words.

The wonderful thing about working with a group of mature, seasoned wine business owners is that you typically have been doing this your whole working life. When running a regional strategy session recently with such a group, we weren't even discussing tourism strategy as they already had that worked out very well. Nor were we stuck on whether to appoint a professional executive officer, something that took me almost two years to push through in Marlborough. Everything took off after that. They didn't even have any difficulty seeing what they did best and where their best pricing opportunities lay. They'd heard enough from me on that already. They instead decided to collaborate on a far-sighted project involving long term regional survival. You can't get there unless you've got everyone in the room and everyone on board.

This is true collaboration. Not led by me, nor known by me at the start but what happens when everyone in the room collaborates. You can't achieve that on Zoom. Do, however, give me a call if you want help.

The “Top Ten Tips” for Building Better Wine Businesses.

One - Start by understanding your customer value proposition. Only part of this stems from your company’s unique heritage and / or personality. To be successful, this needs to be strongly linked to what your customers ultimately want from the experience of your brands. There is some excellent research on this that is publicly available. Getting it right is therefore not out of the reach of small companies.

Two - Once you understand what customers value most, you can then remove what they don’t want (thereby reducing costs and freeing up cash), focus your communication on what they do want (often at no additional cost), differentiate your company on the basis of fulfilling customer needs more accurately than any competitor (again, often at no extra cost) and raise prices (because your offering is more highly valued)

Three - Always be asking the question – “If I could start with a blank canvas today – what would our wine business look like?” It’s all too easy to let existing assets, existing product lines and existing ways of doing things blind us to what it is that our consumers value most. Often, it’s simplicity. Complexity usually adds to costs and often only serves to confuse customers. Retaining unnecessary or irrelevant product lines, assets or business processes is the worst contributor.

Four - Make everyone in the company accountable for securing customer preference. This is not just the job of marketing but of everyone in the company, the owner most particularly. Make this the focus of the way every employee innovates their job processes on a daily basis.

Five - Invest in relationships. This is particularly so with major distribution partners. Make sure sufficient time and money is invested before demanding results. Be prepared to invest up front in bringing them to your home base and entertaining them in order to build enduring friendships.

Six - Make all employees champions for profit. Develop a culture of honesty around net revenue. Make sure everyone knows the actual price achieved net of all discounts, rebates, bonus stock and anything else that might otherwise cloud the true profit picture. Keep them focused on reducing costs but let them know that a percentage increase in wine company revenue is, on average, twice as effective as the same percentage decrease in the cost of goods sold and 3-4 times as effective as the same percentage saving in operating expenses.

Seven - Optimise your pricing mix. Focus first on selling more, higher margin product in high value markets to high value customers. Beware of people in love with “big volume”. Big numbers make for big stories but often mean a lot of running around for no additional profit.

Eight - Build better business intelligence gathering systems – most companies are good at monitoring their own press. Very few have effective systems in place to monitor competitors, track changes in consumer preferences and turn customer feedback into customer value added.

Nine - Build 5-10 year Strategic Plans, forecast rolling 12-month budgets, link them to the most relevant KPIs and tie remuneration to these, wherever possible. Everybody knows they should do this. Few do. The difference in the performance of companies that do is enormous.

Ten - Watch your cashflow – building a cashflow forecast is a relatively easy exercise with the right software and some quality assistance. Some people survive years of losses, but you can only run out of cash once. In a cash hungry business, like wine – Cashflow is not just King but Oxygen.

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