

PREFACE TO SONOMA-CUTRER EXCERPT FROM THE CHAPTER TITLED BEING #1 AND BABYSITTING.

I was Vice President of Sales & Marketing at Sonoma-Cutrer Vineyards from July 1988 until I left in January of 1995 to become president for The Henry Wine Group. During those years, I learned what leadership was and what it shouldn't be. Working for and seeing how Brice Jones managed his employees and outside vendors mainly taught me what not to do. Thus, the title of this chapter in my book is aptly named "Being #1 and Babysitting".

The #1 refers to the recognition the sales team achieved in the first Wine & Spirits Restaurant Poll published in the spring of 1991. In that poll, Sonoma-Cutrer was voted the most requested Chardonnay in restaurants. A distinction that the Brand kept the entire time I was there. Sonoma-Cutrer would keep that spot many years later, including for nearly 20 years after Brown-Forman purchased the company in 1999. It wasn't until several years ago did Sonoma-Cutrer lose its position to another brand. I have always said that Sonoma-Cutrer is a case study in how you build a lasting brand. Brice Jones does deserve recognition for that. I have said many times, there are primarily two individuals most responsible for the success of Sonoma-Cutrer, and neither of their names is Fred Reno or Brice Jones. That credit should go to Bill Bonetti, the winemaker, and Robert Hass, whose company Vineyard Brands was the sales and marketing agent when the Brand was launched in 1983 until 1988 when their contract expired and was not renewed.

There were many learning experiences and exciting highlights at Sonoma-Cutrer, which I outlined in the entire chapter. You can only guess where the "Babysitting" part of that originated. Once the whole chapter is published, it will become clear.

However, for the moment, here is a slice of life at that time. The following excerpt has been adapted and edited for brevity, describing two different situations. The first was an immediate crisis I inherited when I took the position of VP of Sales. The other recants how I decided to make my mark at the company in the first 90 days I was on the job.

Enjoy the read!

CHARDONNAY; THE COMMODITY

Immediately after taking the position as Vice President of Sales at Sonoma-Cutrer in July of 1988, I was confronted with the insane way management was managing a significant crisis that could derail and crush the Brand's momentum. With the release of the 1986 Russian River Ranches Chardonnay in spring of '88, the sales team began to report the trade was having difficulty opening the bottle of wine. As it turns out, the cork supplier had screwed up Bill Bonetti's instructions. Bill was specific on the amount of paraffin he wanted the corks treated with. Instead of providing a seal that would allow the cork to open easily, the formula they used created a sealant like glue. (Eventually, Sonoma-Cutrer filed suit against the cork supplier and won the case in a jury trial years later. A trial in which I was called upon to be the expert witness for the company shortly after I had left the company to take the position of President at The Henry Wine Group. More on that in the whole chapter of the book). In essence, folks were not only having difficulty opening the wine, but in some cases, the restaurant server would even cut themselves in the process. Upper management was confused and in denial of the severity of the problem. They came up with all kinds of recommendations, including one where the sales team handed out unique corkscrews and a diagram Bill Bonetti had supplied showing how the wine should be opened. Can you imagine they were telling professional wait staff and sommeliers how to open a bottle of wine—Crazy! (Illustration attached at the end of the excerpt).

It was clear to me what needed to happen. It was not easy to convince Brice Jones, the owner, or Bill Bonetti, the winemaker, that my suggestion was the only way to remedy the situation. It was simple--we had to recork the remaining inventory, close to 30,000 cases. Eventually, my advice prevailed, and we did just that. Thank god we avoided squandering all the momentum and equity the Brand had built in the market since its first vintage release in 1983.

However, there was a more significant issue, in my opinion. I started believing that Chardonnay's popularity would become so ubiquitous it could damage the equity Sonoma-Cutrer had in the market, creating an environment making it harder and harder to distinguish our Brand and the unique quality it represented.

In short, Chardonnay had rapidly become the consumer's preferred wine choice for white wine. Still, like all trends in the wine business, the "Brand Chardonnay" would become a commodity. This created a dynamic where producers began using chardonnay grapes grown from anywhere in California, including the Central Valley, producing simple, drinkable and affordable wine for the masses. I sensed this trend much earlier than anyone and became concerned that we would be

lumped into this category. I knew if that happened, it would hurt our position as the industry leader for premium estate Chardonnay and harm our pricing power and identity.

My Passion and understanding about White Burgundy from France helped me quickly recognize that Sonoma-Cutrer did not produce Chardonnay any more than they did in Puligny-Montrachet or Chablis. To illustrate my point, I decided to throw a curveball at the upcoming Board meeting scheduled in late September 1988. I believed this was my moment.

I contacted the design artist who created the original package. I asked him to mock- up a label identical to our current one except to take Chardonnay off the front and replace it with Les Pierres in large script across the label. It was my intention to no longer sell Sonoma-Cutrer as just Chardonnay. We would use Burgundy as our model, raise Sonoma-Cutrer above everyone else and declare our vineyards as distinct "Cru." Also referred to in Burgundy as "*Climat*."

When the Board Meeting began, I set the mocked-up bottle in the center of the table and waited for the reaction. Brice was stunned! He demanded to know who had done this? I calmly informed him and the rest of the Board members what I was thinking and that I believed it was time to take Chardonnay off the front of the label. I thought he was going to go apoplectic. He went off ranting and raving, "you can't do that! The market will not understand. We have spent the past seven years building our reputation on the fact that we only produce wine from Chardonnay."

Granted, Sonoma-Cutrer had accomplished a significant achievement by focusing on just producing wine from one grape, in its case, Chardonnay--especially at their volumes. Today that doesn't seem so unique, but in the '70s and '80s, most wineries made wines from multiple varietals. So, the landscape was quite different.

Once Brice calmed down, I noticed Terrence Clancy at the end of the table, looking more intently at the bottle. (Terrence was a well-respected industry veteran who wrote the first Brand Plan as a consultant for Brice back in 1980. I knew that Brice would value his opinion). I could see the wheels turning in his head. He interrupted and said Brice, "Fred might have something here. While this seems radical, listening to his explanation and vision, I believe we should spend more time considering it rather than rejecting it out of hand."

I already had a road trip planned in several weeks to visit our top markets outside of California: Florida, New York, and Chicago. Brice said, "okay, here is what I

want you to do. Take the bottle with you and when you meet with Mel Dick in Florida and Leonardo Lo Cascio in New York, show it to them and get their opinion."

I wasn't keen on that idea. Besides, I was firmly convinced I was onto something that would separate Sonoma-Cutrer from other Chardonnay producers. Opening the door and asking a distributor who is making money with our success in the market would only turn them inward. They would naturally be selfish, concerned, and protective, feeling that their sales and margins would be in danger. Most distributors care about one thing, themselves, not the producer. However, I agreed to do it with no intention of asking their opinion but presenting it as the Brand's future direction.

When I returned, and Brice asked how it was received, I reported that most were okay with it, and there was little concern. Of course, I was stretching the limits of what I experienced. Still, I wasn't going to let these clowns get in the way of what I believed could be a significant moment in the history of the California wine industry.

Another idea I had, occurred a year or so later after the disastrous vintage of 1989 in California. I suggested we do something that hadn't been done in California but was common in France, institute vintage pricing for our two top "Cru" wines." Reflecting the quality differences that exist from vintage to vintage. Brice, of course, argued and disagreed with me on this and other issues. His stock answer was always something like, "well, when Robert Mondavi does it, then we will." I would look at him, shake my head, realizing his leadership abilities mainly were a myth and, of course, that would be borne out repeatedly in the future.

As a postscript to the Label change at Sonoma-Cutrer, Brown-Forman, who bought Sonoma-Cutrer in 1999, went through several label changes. All of which, of course, included putting Chardonnay back on the label. I was not surprised by this. It has been my experience that when a new regime comes in, the Marketing Department believes it is important for them to put their stamp on the new shiny toy. So, it never fails; the first step they take is to change the label. I have always believed that the best labels and brand logos are those that you never have to change, or the change is so minuscule that the original intent and look are not lost. Unfortunately, I experienced this practice several more times when I created other wine brands and labels during my career, only to have the work or the art change after I left.

This is the diagram they were handing out in the market!!

