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Wines, With Notes of M.B.A.

By KATHRYN JONES

Rutherford, Calif.

KATHRYN HALL, a former ambassador to Austria, and her husband, Craig, an entrepreneur and real estate developer, sit on the balcony of [their namesake winery](#), Hall Wines, sipping a red and admiring the mountain-fringed backdrop of Napa Valley. It's early October, and purple clusters of ripening [cabernet sauvignon](#) grapes hang from rows of trellised vines, waiting for the harvest.

The Halls are a long way from Dallas, where Mr. Hall made — and lost much of — a fortune in real estate and investments in the 1980s. Mrs. Hall learned a thing or two about the wine business while growing up around her family's vineyard in Mendocino County. But her husband didn't know a cabernet from a [chardonnay](#) when they met almost 20 years ago, she says with a laugh.

He does now. The Halls bought their first vineyard in Napa in 1995 and, after setbacks that included a fire that destroyed their first vintage, have bought four more vineyards since 2002. They also built the winery here in Rutherford, and commissioned the redesign of a second by the architect [Frank Gehry](#) in St. Helena.

Farmers — the kind of people who have "their feet in the soil," as described by Margrit Mondavi, the 84-year-old matriarch of the [Robert Mondavi Winery in Napa Valley](#) — once dominated grape-growing and winemaking. But the Halls are part of a recent wave of M.B.A.'s, bankers, architects, engineers and others who are taking over or starting wineries and infusing small boutique labels with a level of business expertise usually found only at big brands.

"It's a very common second career," says Bill Nelson, president of [WineAmerica](#), a national trade association with more than 800 member wineries. "Often, people get the financial wherewithal from the first career to get started and transition into wine."

It's happening not only in California, but also in New York, Washington, Oregon, Texas and North Carolina. Jim Trezise, president of the [New York Wine and Grape Foundation](#), says that 58 wineries have opened in the state in the last three years and that "virtually all new winery owners come from other walks of life."

Back in 1982, when he got started in the business, the people entering the wine industry in New York were grape farmers whose other markets were disappearing, Mr. Trezise recalls. They decided to jump in after New York passed the Farm Winery Act of 1976, which allowed wineries to sell directly to consumers rather than through distributors or wholesalers, making it more economically viable to own a small winery.

"That spurt of growth in wineries was failure-driven," says Mr. Trezise. "Today it's success-driven: people

seeing other people succeeding and wanting to give it a try.”

Winery owners who have changed careers or added one often find that their varied backgrounds work well in an industry that involves agriculture, chemistry, design, construction and technology. And they are grafting skills they mastered in their previous careers onto the business of turning grapes into wine. That’s showing up in winery technology and designs, techniques used to grow grapes, locations that break with tradition and, most of all, a greater emphasis on business plans, spreadsheets and new marketing approaches.

While large wineries with national or international distribution have the resources to hire financial and marketing experts, smaller wineries often have tiny staffs, or owners who do almost everything themselves. In the past, they often turned to state wine and grape councils for help, and a large number still do. But many of the people now taking over boutique operations already have financial, business and legal skills that allow for more sophisticated approaches to the business.

“Especially in a down economy, the pricing and packaging of wine has to be just right. It’s all about differentiating the product,” says Jon Fredrikson of Gomberg, Fredrikson & Associates, a wine industry consulting firm. “That’s where businesspeople have an advantage, especially those with a marketing or selling background.”

They also have capital, which gives them the wherewithal to experiment with new, greener technologies. When the Halls revamped the Rutherford refinery, for instance, they installed systems that used [solar energy](#) and radiant heat.

The newcomers with business résumés are helping the wine industry flourish by daring to be different, and taking other risks, says Adam Strum, editor and publisher of Wine Enthusiast magazine. “It’s just like America — diversity is a strength,” he says.

There have been some failures, of course. People with business backgrounds “certainly have an advantage and a different perspective,” says Mr. Fredrikson, but “just bringing capital doesn’t make it.”

“You can’t buy your way into the wine business and build a palace,” he adds, “and expect that to sell your wines.”

While data on failures is hard to come by, analysts say the wine business is always a high-risk venture, especially when the economy is as weak as it is now. Even a seasoned entrepreneur like Mr. Hall describes winemaking as a challenging, long-term commitment.

“My joke is that it’s a business for the great-grandchildren,” he says. “If you break through and create a brand, you can make it. But you have to be a serious player.”

NAPA VALLEY has attracted waves of newcomers throughout its history, from fur traders and gold miners who started the earliest wineries in the 1880s, like [Inglenook](#) and [Far Niente](#), to a wave of immigrant farmers from Italy who founded wineries like [Martini](#), a family-owned concern that has passed down through three generations.

Some veteran vintners complain about what they see as an assumption among some newcomers that sheer

dollars and business savvy will buy success. Margrit Mondavi says she embraces people like the Halls who are committed to making it in the wine business and adding to the local culture, but not those who come to Napa “because it’s become a very fashionable place.”

Winemaking has expanded in locales other than Northern California. Despite the [recession](#), the number of wineries in the United States grew to almost 5,600 in 2008, from more than 4,700 in 2007, according to data from [WineAmerica](#), a trade group representing wineries nationwide.

Ken and Jenise Maxwell, owners of the [Torre di Pietra](#) winery between Austin and Fredericksburg in the Texas Hill Country, shifted their careers from microchips to grapevines. They met while working for Intel in Albuquerque, and in 1988 moved to Austin, where Mr. Maxwell continued to work as an executive for several semiconductor businesses and Mrs. Maxwell worked as a software developer.

After growing tired of the corporate grind, the Maxwells planted their first grapes in 2000 with a focus on European varietals and Mediterranean grapes that do well in the warm Texas climate.

But they haven’t left technology behind. Torre di Pietra put in a bottling line, for example, that handles both screw caps and corks. Screw caps, once considered sacrilege in the industry and a sign of cheap wine, are becoming more accepted because bottling technology has improved and corks can degrade.

The Maxwells put their business plan and other important information — like yield data and where to plant certain grapes — on a spreadsheet. “It helped us think through all the issues upfront,” says Mr. Maxwell. “It took three months, but we put it in Excel.”

Mrs. Maxwell handles finances and the tasting room, while Mr. Maxwell is the winemaker and marketer. He developed the concept for one of Torre di Pietra’s most popular wines, Red Flirt.

Despite the economic retrenchment and a late spring freeze that hurt their yield this year, they had their first profit. “We’re finally past the start-up phase where you have all this investment in equipment,” Mrs. Maxwell said.

ONE of the most unusual marriages of wine and business is at [Chatham Hill Winery](#) in Cary, N.C., between Raleigh and Durham, where Marek Wojciechowski is the winemaker and a co-owner, with his wife, Jill Winkler.

Mr. Wojciechowski, an electrochemist with a Ph.D., was teaching at the [University of Maryland](#) before he moved to the Research Triangle area to help found a biotech company, Alderon Biosciences. He served as director of research and development, and developed sensing technologies and diagnostic devices, including a hand-held device to detect Pierce’s disease, a bacterial infection that can wipe out vineyards. Ms. Winkler’s background is in health care.

Together, they shared a passion for wine, which Mr. Wojciechowski had made at home. Now he’s using his background in analytical chemistry to devise faster ways to test wine for its stability in the heat and cold.

When the couple decided to start their winery in 1999, Mr. Wojciechowski’s partners in the biotech business were looking to diversify and put up some of the initial capital.

An important decision involved where to place the winery and tasting room. After considering a historic building in one of the downtown areas, they took advantage of the region's base of highly educated workers. They opened the winery in a low-rise business park near Research Triangle Park, one of the nation's largest concentrations of technology companies.

The winery doesn't own its own vineyard yet, so it buys grapes from growers in the [Yadkin Valley](#), the state's largest appellation, and produces and sells a variety of wines. It was profitable until 2007, when the economy slid. Mr. Wojciechowski said he expects it to break even this year, and be profitable next year if the economy doesn't dive again.

Farther north, in the Finger Lakes region of New York, a mix of skills helped Nancy Irelan and her husband, Mike Schnelle, open the [Red Tail Ridge Winery](#). Ms. Irelan worked for [DuPont](#) as a chemist while in college and received a Ph.D. in genetics. She ended up working at Gallo in Modesto, Calif., on enology research and development programs. She spent 12 years there and rose to become vice president for viticulture.

Mr. Schnelle had a background in the financial side of the heavy equipment and construction industries and earned an M.B.A. from [California State University](#), Sacramento. They, too, wanted their own business and set out looking for the right place to start a winery.

They looked all over the country and found land they liked on Seneca Lake, near Penn Yan, N.Y., and planted mostly [pinot noir](#), chardonnay and riesling. The 2008 vintage was about 5,000 cases.

Mr. Schnelle used his construction experience to plant the vineyard, employing laser technology to make sure the rows of vines lined up straight and were wide enough so that fragile grapes would not be damaged by farm equipment. He also installed an innovative drainage system that helps avoid soil erosion and collects run-off in an irrigation pond.

The Schnelles' winery is the first in the Finger Lakes region to get a Leadership in Energy and Environmental Design certification from the U.S. Green Building Council. LEED buildings are designed to lower operating costs, cut waste, conserve energy and water and reduce greenhouse gas emissions.

While Red Tail Ridge is a sustainable business, it's not a self-sustaining one yet. "We've been building sales and market share since we opened our doors" in 2007, Mr. Schnelle said. "It's definitely a tough market to get into because you're competing against the world."

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