

# Managing Value Creation



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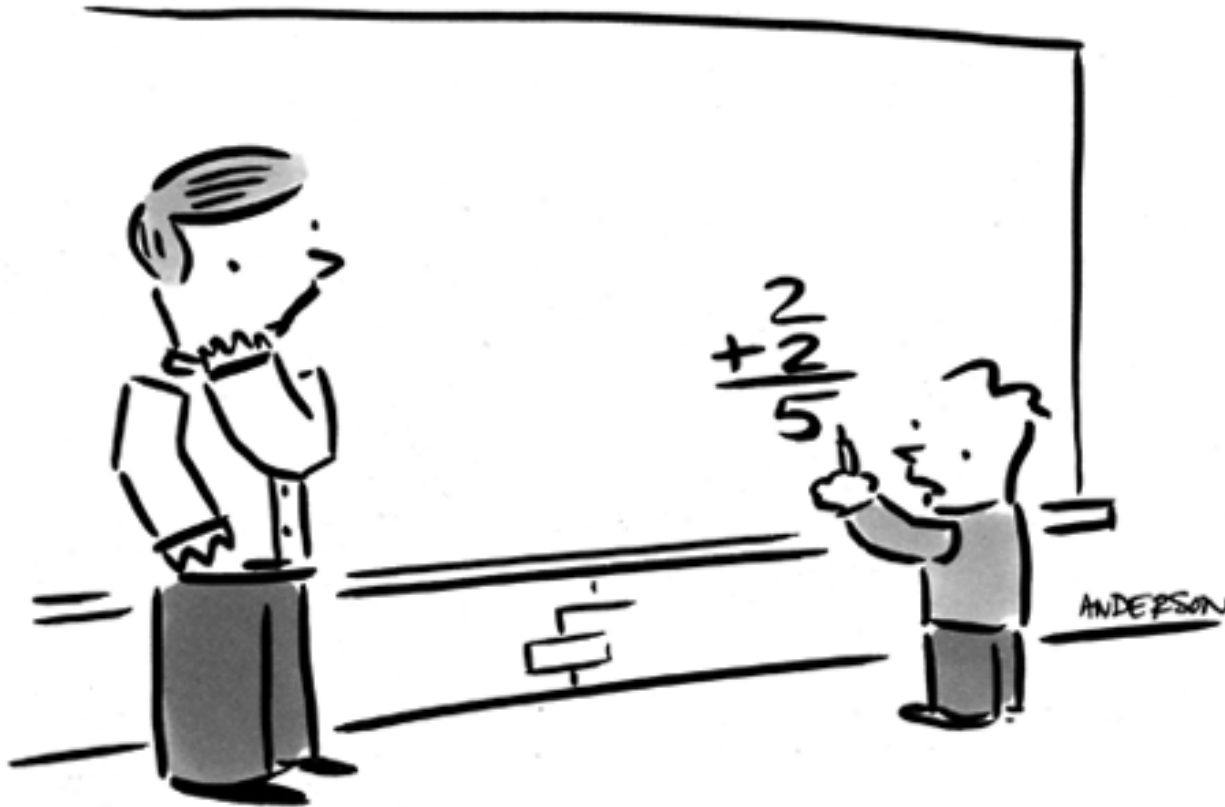
Brand Building Solutions for the Wine Industry



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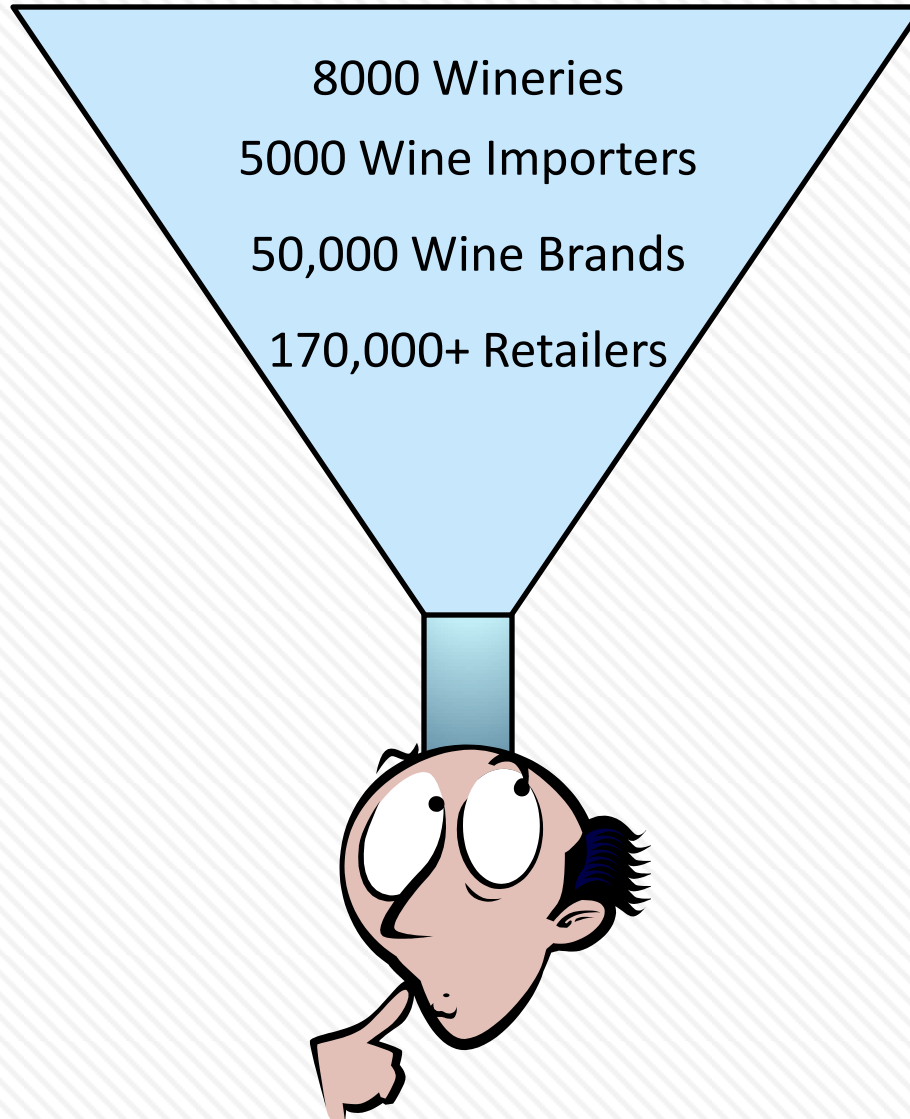
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"I prefer to think of it as added value."

# Confusion in the Wine Business



# Value Creation

- *“Price is what you pay, value is what you get.”*  
*(Warren Buffett)*
- Value = 
$$\frac{\text{Wine quality} \times \text{Brand Experience}}{\text{Price}}$$
  
*(Rob McMillan, SVB)*
- Value Creation = Brand Building (Goodwill)

# Wine Industry's Common Mistakes In Value Creation

1. Underestimating the effort and resources required to successfully market a brand.
2. Not planning from the consumer backward.
3. Allocating too much capital to fixed assets.

*“.....if I make great wine, it will sell itself”*



# Managing Value Creation

## 1. 5% Ideas

## 2. 95% Execution

### Operating Best Practice

- Planning
- Financial Controls
- Info. Intelligence
- HR Strategies
- Supply Chain Management
- Marketing & Distribution
- Financing
- Asset Management
- Channel Management
- Portfolio Management
- Relationship Management



# Diverse Approaches to Value Creation

## Part 1:

- Chris Costello, Co-Founder, ***Kosta Browne Winery*** – Leaders in defining quality standards and monetizing consumer relationships.
- Tim Matz, Managing Dir., North America ***Accolade Wines*** – Portfolio strength, private equity in the wine business, veteran brand builder.
- Mike Reynolds, President, ***Hall Wines*** – Optimizing Experience with quality, destination and consumer relationships.



# Diverse Approaches to Value Creation

## Part 2:

- David Biggar, Partner, ***Vintage Point*** – Brand development and market access services for premium wine companies.
- Tammy Boatright, Founder/President, ***VingDirect*** – Direct to consumer marketing expertise.

