



Family Wine Business
Succession Planning
September 22

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Family History

One of the First Families in the California Wine Industry

Generation 1

(Gaspare Indelicato)

- Immigrated from Sicily in 1912
- Planted first vineyard in 1924
- First wine produced 1935

Generation 2

(Vincent, Frank, Anthony)

- Developed B 2 B activities
- “Winemaker’s winemaker”
- 70’s - 80’s Asset development

Generation 3

(Chris, Jay, Cheryl, Frank Jr., Claude, Mike, Marie)

- Developed Branded Wine Business
- Established global platform
- Continued B2B development at supplier levels and develop retail services



DFV Wines Business Focus

Premium Portfolio Brands/ Exclusive Custom programs:

- **6th Largest US Wine Producer in U.S.**
 - Overall production (*Custom & Branded*) = 12M cases
 - 4th largest exporter = +3M equivalent cases
- **Distribution:** All 50 states and 48 international markets
 - 1999: 8 international markets to 48 markets in 2008
 - Today 25% volume sold in international markets
- **Portfolio:** consists of 15 brands (from 2 in 2000) focused between \$5.00 - \$15.00USD.
- **Grape Supply:** Owns and farms over 13,000 acres land (*5,265 hectares*)
 - 6,000 planted vine acres in Monterey and Lodi
 - Contract focus in Lodi, Sonoma and Napa, 95%



DFV WINES

FAMILY FARMED SINCE 1924

Branded Business



DFV WINES

Succession Planning

- Succession Planning - process may take ten years or more to accomplish
- Current generation must have the will to pass along the company:
 - What will the older generation give up?
- Future generation's rules for returning:
 - Must have a four year degree from a university
 - Work for an outside company at least 3-4 years before returning
 - Take a job and pay commensurate with their experience upon returning
 - Key Point - Respect the current generation - it's a privilege not a right to come back to the family business and take over responsibilities.
- Current generations:
 - Key Point - don't start to process until you have the will to hand over the company
 - Have an outside board that can help with family matters
 - Communicate rules for returning and stick to them

Corporate Philosophies

Strategic Plan

- Financial parameters critical to long term success
- Outside directors with industry experience

Banking

- Match up your loans with the collateral
- Use insurance companies for vineyard and facility financing
- Banks work well for inventory and receivable financing
- Properly capitalize the company for the bottom of the market cycle

Wine Value is Critical

- Competition from imports is fierce - everyone sends their best to US market
- Understand the price/quality ratio - they must match up - DFV has to be the best
- Price - Quality - Wine Style are three different things

Be willing to change when the industry changes

- Start to export or import wines based upon your strengths
- Time to move up price points with consumers

Summary for Success

- Everything has to make financial sense - the wine business is not a hobby
- Search for the best 10-20% growth/year
- Make sure supply/demand is under control
- Build business around real estate and facilities in the proper locations - more than one.
- Provide a better wine “value” than the world competition - invest in the future