



Ownership Transitions & Wine Family Businesses

Scion Advisors®

Building stronger family businesses™

A great family is much like a great wine --
They both get better and more complex
with each generation.



Panel



Owners

G2	Carissa Chappellet
G3	Chris Indelicato
G6	Jeff Bundschu

Wine industry banker

R. McMillan, SVB

Family business advisor

D. Steinthal, Scion

Agenda



- The Odds
- How successful families prepare for the future
- Managing three family initiatives

The Odds nationally



Family businesses perform better than non-family businesses

However ... It is difficult for family businesses to survive and succeed for generations

- 90% of US businesses are family owned or controlled.
 - Generate half of Gross National Product and half of total wages.
- Less than 1% survive
 - 75% do not transition to the 2nd generation

New SVB/Scion report



51% of the wine industry will likely change ownership in the next ten years

A lot at risk!

- 45% would prefer to sell to a third party
- 40% would prefer to sell to the children

- Most are ill prepared
- A majority will end up ***For Sale***
- Average business size: \$3-6 million in annual revenues

Family business headlines



Family Matters. Tensions Roil Estée Lauder Dynasty

By ELLEN BYRON

Wall Street Journal, February 27, 2008

On Monday, Estée Lauder will hand the post of president to Fabrizio Freda, a Procter & Gamble Co. executive who is expected to succeed William Lauder, scion of the third generation, as chief executive.

Duckhorn sale completes trio of major deals

August 2, 2007

French vintner gobbles up Chateau Montelena

Jon Bonné, Chronicle Wine Editor

Wednesday, July 23, 2008

A Vintage Strategy Faces Modernity

The Antinori family wine business has thrived for six centuries. Here's how they did it.

By **GABRIEL KAHN** in Florence, Italy

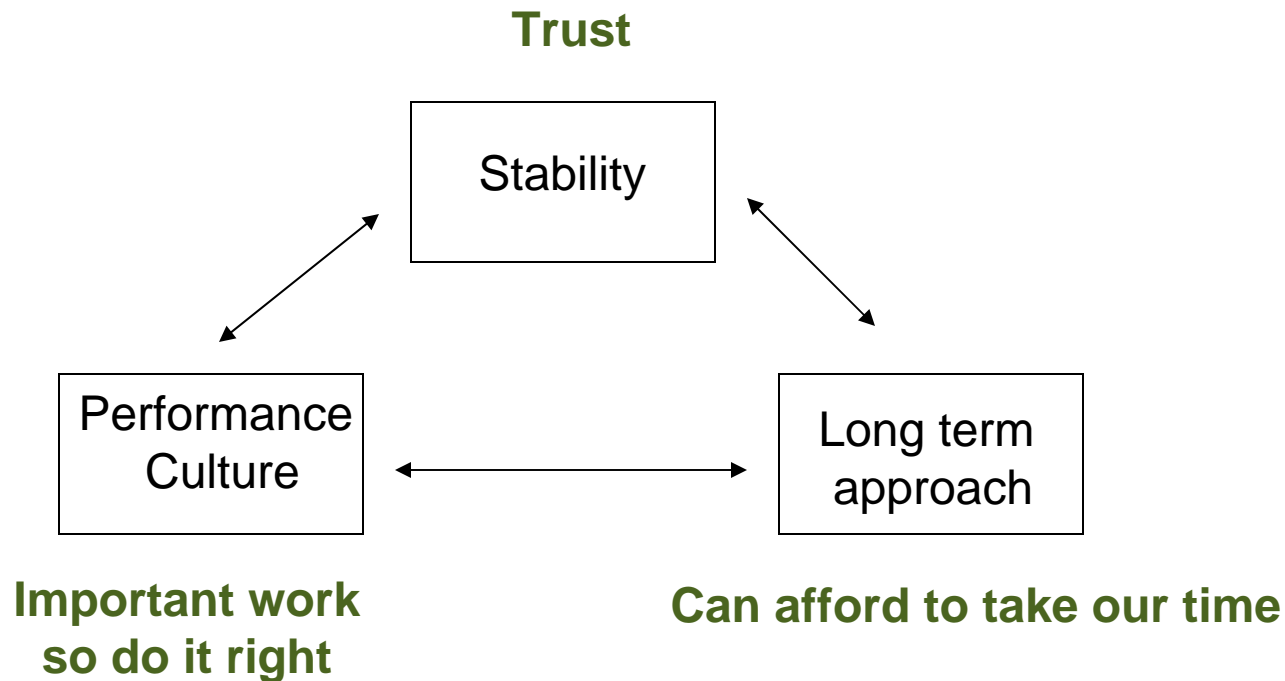
April 5, 2008; Page A6

After the leap: His celebrated winery sold, Warren Winiarski ponders his legacy - and his next move

Jon Bonné, Chronicle Wine Editor

Friday, March 28, 2008

What successful family dynasties do well



Case Study

Building stability & trust: leads to 5 times growth in cash



Problem: Divided family & business structure stymies growth.

Approach: Create a road map for growth and establish solid governance practices.

Decision: Develop a strategic organization structure to support sustainable growth.

Results: EBIT growth 5.5 times in 3 years; stable organization driving solid decision making and communications; divided owners working as cohesive company.

What stage are you in?



↑ Ownership Stage	<i>Cousin partners</i> 2%		Delicato	
	<i>Sibling partners</i> 11%		Chappellet	
	<i>Controlling Owner</i> 82%		Gundlach Bundschu	
		<i>Start Up</i>	<i>Expansion/ Formalization</i>	<i>Maturity</i>
	————— Business Stage —————→			

Natural law of families

Families grow faster than their businesses



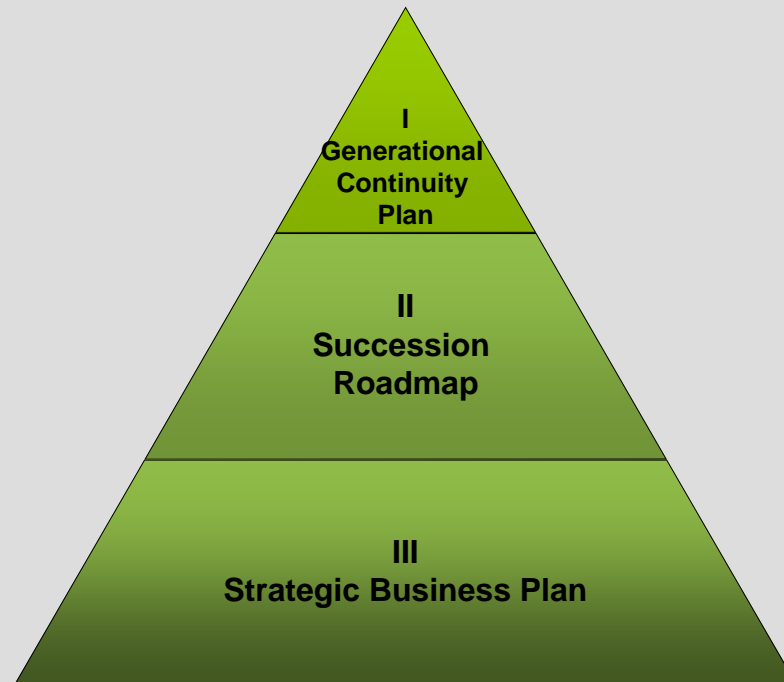
	Gen. 1	Gen. 2	Gen. 3	Gen. 4
Blood family	1	4	16	64
In laws	2	8	32	128

Beat the odds through preparedness



Managing 3 major family initiatives

VISION & GOALS



Summary



- Get your lessons from the best family dynasties
- Complexity breeds need for more formality
- Take control of your transition
- Start early

Who is Scion?

Proven track record



- Our team has walked in your shoes & run businesses
- We help our clients *navigate the whole*
 - Align business performance with ownership goals, family needs
 - Build plans & structures for **complex transitions**
 - Produced results for 50+ wineries
- ***‘More confident decisions driving stronger returns’***

Building stronger family businesses™

“Scion gave us the courage and the reason to believe that we can do it.”

Tim Wallace, President
Benziger



Deborah Steinthal

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