



Taylors Wines MD, Mitchell Taylor

Wine

It's a technical business

The romantic industry is underpinned by several technologies that help ensure quality, consistent vintages. Mitchell Taylor, managing director of Clare Valley family wine-maker Taylors Wines, tells *Johanna Bennett* how the company refines its award-winning wines, and about the processes that underlie its success.

Mitchell Taylor puts the success of the three-generation wine company down to family.

The company started life in 1969, when Mitchell's grandfather, Bill Taylor, bought the Clare Valley vineyard – “440 acres of beautiful terra rossa soil”, as Taylor describes it.

“They decided to plant the largest planting of Cabernet Sauvignon in the Southern Hemisphere at the time.”

Until then, the family had been involved in the hotel and wine merchant business in Sydney

Mitchell's father – another Bill Taylor – is still involved in the business, but his son took over as managing director in 2000. His other two sons are now also involved with the company.

At a time when a number of private vineyards have been bought up by large corporates, Taylors remains a family business – and a successful one too. Some competitors

are struggling in these recessionary times, but Taylors is still thriving.

The recession has shaved about six per cent off revenues, this year, says Taylor. “But we are at the medium-level and have been growing steadily over the last 10 years.” He doesn't wish to reveal specific numbers.

“There's an advantage in being a family business. You get the morale and the support from staff, with everyone working together, which you need because wine is a long-term, strategic business, where you are looking five-to-ten years out.

“We feel the family business model is a superior one when it comes to the wine industry, as you have a lot of inventory tied up in stock with the vintage.”

Unlike many family businesses, Taylor has consciously thought about managing the family dynamics. “We have a best-practice model. I am quite a proponent for family business; we've developed a family constitution that talks

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The Fourth Generation

Perhaps not surprisingly for an industry that takes the long view, there is already another Taylor generation in view – little shoots that are being gently nurtured in the ways of the vineyard.

Taylor is married with three small children: twin seven-year-old daughters, Laura and Margo; and a five-year-old son, Hugh.

“We had them at the winery last Easter, picking the grapes and planting trees,” says Taylor.

But the vineyard looks further afield too – it hosts a Children’s Day once a year.

“We show the kids how the wine is made and they design their own wine label. We get them playing with the yeast, mixing it up.”

about the rules and the values of the family, and interaction between family members and the business... We also have plans for succession. We have three family council meetings a year and an elected council gets together once a year.”

Of course this raises the question of how other staff are viewed. Taylors says they are valued and this is shown by, for example, the big dinner for 120 the company staged recently to celebrate its 40th anniversary.

But just how did a Sydney company get into wine-growing in the first place? Well, being in the hotel and wine merchant business meant that Bill Taylor Snr was in a position to spot an opportunity.

“We used to import some of the great wines of Europe, the Bordeaux wines. [But] the French have trouble with their Cabernet Sauvignon,” says his grandson. “We saw the potential of the climate here – it’s better than France’s. Bordeaux is equivalent to Tasmania in terms of distance from the equator. We have a brilliant micro-climate in the Clare Valley. Cabernet Sauvignon grapes are very finicky

and, through the years, Bordeaux wines are not as consistent as Australian red wines.”

There was also a technical development that made it possible to produce French-style wines in the much hotter climate of South Australia.

“Our business back then was, basically, fortified wines – ports. It wasn’t until new industry refining technology was introduced, and the first refrigeration plants installed, that we could make table wines,” says Taylor.

“High levels of alcohol in port in particular protect it from bacteria, [but now] chemistry allows us to protect table wines and preserve the flavours,” he says.

“Table wines spoil easily, but cooling them quickly and making sure you have put the right chemistry in place stops them spoiling. For example, you can add tartaric acid to the wines to get the right pH. It has its complexities, but red wine really is a mix of both art and science.”

And the rest, as they say, is history... except it was only the beginning of the Taylors Wines’ story.

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Lucky Seahorses

The winery started off on a high note with its inaugural vintage. It tentatively entered its first *Taylor's Cabernet Sauvignon* in the Royal Adelaide Wine Show and walked off with prestigious Montgomery Trophy for best red wine in the show.

This seemed to confirm the family's assessment of the Clare Valley's terra rossa soils as being fertile. The soil is red-brown loam over limestone and the cool climate of the valley is known to be very kind to Cabernet Sauvignon grapes. Then, while excavating the vineyard dam, they found the fossilised remains of tiny seahorses, showing the area had once been an inland sea. Bill Snr took this as further confirmation of the soil's fertility and adopted the "lucky" three seahorses as the company's insignia, which still feature on the company's wine labels.

But there's also the climate. The Clare Valley is 350 metres above sea level, which makes for warm days and cool nights. Temperatures are around 25-30C degrees during the day, while nights are under 10C, says Taylor. "This enhances the photosynthesis rate of the grapes, allowing them to catch up at night and start accumulating the sugar pattern within the grape."

Which is all getting very technical, but underpins the way the company is run – attention to often quite technical detail.

"In wine, it's all about the detail," says Taylor.

In fact, it was technical knowledge that first bought Taylor into the family company, which he joined in 1988, for what was to be a short-term contract.

"We have a family rule that you have to go out and do your own thing first – there was no thought of going direct from school into the family business," says Taylor, who was very keen to develop his own career.

"I did a commerce degree and worked in banking and stockbroking, and enjoyed it as a young fellow in Sydney and London. But, in the late '80s, after the '87 stock-market crash, it wasn't as exciting as it was previously. There were all these changes and people couldn't seem to explain what was happening, and I didn't like what was happening..."

The upshot was that he came home – to help staff work the new PC.

They'd got a computer, at the company's sales and marketing office, in Petersham, in Sydney, but no-one was prepared to turn it on, says Taylor, laughing.

"The accounting staff were scared of it, so I came in to teach them how to use it. Ledgers and bookkeeping was all manual then. The staff were lovely but older and my job was to train people up to use the new technology. Initially, it was only meant to be a 6-12 month contract, but when I

got in there I got quite involved and could see the excitement of the other aspects of the business.

"It's a very romantic business. You really get involved with the product, from planting the vineyard and then developing it the whole way through. It's a multi-faceted business. You delve into everything: you're a farmer and a manufacturer; then a scientist and a marketer."

Vintage Management

Since then, Taylor had been heavily involved in the technical aspects of the business – both the accounting and ERP side, and the wine production, which is supported by an in-house developed system. More recently, he has introduced a mobile solution to make the company's sales team more efficient.

Taylor has been keen to use technology to leverage the business. By the late '90s, the company was growing fast and found itself outgrowing its IT system. For example, it had been relying on its telephone operators to be familiar with pricing, but, by 2003, it had more than 15,000 clients generating over 16,000 transactions a year. It needed a new IT system.

The solution the company chose was SAP Business One, which, Taylor says, is still working nicely four years on – it was installed in early 2005.

"It's helped us get all our stock organised. There is a long time-lag from harvesting to when you release a vintage to the market, so it's important you have a computer system that can handle the costings, as the wine goes through all the chains, and work this into the prices.

"For example, you tie up a lot of dollars in oak, so you need to monitor how much time the different wines are in the oak before being released to the market. It can be three-to-four years – and the barrels cost \$1,000 per barrel.

"Different styles of wine also have very different treatments. No two wines are the same in your portfolio, so there are different costs for different wines. For instance, Riesling and Sauvignon Blanc aren't oaked as it's not good for their style – they're aromatic varieties. We release them earlier, so they have a different cost structure and a different ROI. Their selling time-frame is 6-12 months."

Taylor describes the SAP Business One system as a "concise system". Which is good, as we've been able to indulge in some bolt-ons, such as a plant register, says Taylor.

"There's also an extensive inventory-management system, which is key in such a capital-intensive industry."

More recently, Taylors has been working with SAP to install an EDI system, starting with some of the company's key customers.



The Taylor boys:
(from l-r) Justin,
Clinton, Bill Snr and
Mitchell Taylor



CEO GADGET WATCH

Taylor is a man who understands how useful technology can be – and that it can be fun too.

“I just recently got an iPhone,” he says, enthusiastically.

“It’s a great little gadget I’m enjoying hugely. One very successful application is the *James Halliday Wine Book* that loads you up with information from the book.”

“People quite often ask me what I think of a particular wine, so if I have that loaded it’s possible to do the research and it comes up straight away.

“It’s great when you’re out on the road, too. You can look up what the other wineries are doing.”

“There are two supermarket chains that are making very progressive use of our EDI system. Coles is developing a system with us, over the next six months. This will be a paperless system that will help with inventory management.

“We work closely with customers in managing stock. It’s difficult at the warehouse; you never want to lose sales from having an out-of-stock position. This means both ourselves and our customers have to manage stock in a timely and efficient manner. The system allows us to create sophisticated forecasting models, making our ordering system more efficient.”

Grape News

Grape processing has also had technology applied to it, with the purchase of a large airbag press that runs various schedules in accordance with an in-house developed process control application.

“The press allows us to do whole-bunch pressing,” says Taylor. “You tip the grapes straight into the press; you don’t have to put them in a crusher. The result is wine that’s full of flavour and which doesn’t have any harsh tannins, or the oxidative enzymes that cause astringency. It separates the wine from the skins, taking the juices out very gently.”

The computer program allows for different levels of

pressure as the cycle progresses and depending on the flow of grapes.

“You can taste it and vary the patterns until you get the right taste,” says Taylor. “Grape varieties are different, so we can process Riesling on one cycle and Sauvignon Blanc and the reds in a different manner.”

The new press is especially welcome as the company’s five-year plan includes expanding its vintage. It presently processes 7,500 tonnes annually, half of this produced by its own vineyard, the rest is bought in.

Smooth Selling

In the last six months, the company has also installed a Salesforce system using Samsung Omnia smartphones that allow its 35-strong local sales force to audit, on the spot, what is happening in the stores they visit.

“The devices carry our distribution lists, which means the sales people can do gap analysis,” says Taylor. “We know where our wines are and what’s right, but these devices can highlight exactly what is happening and monitor what stock is moving through.”

The new mobile solution cuts out paperwork too – something sales staff find a challenge, as it involves writing up sales notes and then digesting all the resulting information. Now the sales manager back at headquarters can anal-

use instantly what's happening and can send questions back again too, says Taylor. They also have tasting notes online.

The application is the Salesforce automation system and was implemented by local Salesforce partner FieldAtWork.

Export Story

Taylor's operation is not just a domestic one. It exports as far afield as Scandinavia, the UK and Ireland, and to the US and Canada. In Northern Europe, it sells its wines as far north as Iceland. It also sells to Malaysia, Hong Kong, India and, of course, New Zealand. The list goes on.

The recession cut revenues by six per cent last year, for the first time, says Taylor. It's been good on the domestic front – where sales have been maintained – but down about 20 per cent on exports, to the UK, Ireland and Northern Europe in particular. We're also feeling the impact a bit in the US, but Canada is going quite well.

More recently the company has stepped up its operation in the United States. Mitchell Taylor's younger brother, Justin, moved to Atlanta last year with the aim of boosting Taylor's Wines' presence in the country.

"We sell mainly to family businesses there – restaurants – so being a family business ourselves is a major advantage. Your customers understand your philosophy," says Mitchell Taylor.


The Future

In the mid-eighties in the UK, bottle-shop owners would laugh at our wine, says Taylor. "They'd call it 'Four-X' wine or *Chateau Kanga Rouge* – from the Monty Python comedy sketch."

But that changed when Australian – and New Zealand – wines started winning major European wine prizes. "We make some of the best wines in their categories and we started to prove it in the big international wine competitions," says Taylor. "We recently won international awards in Germany, in the Mosel Valley."

Australian wine is now the No. 1 selling wine in UK supermarkets. English snobbery has been largely overcome – because our wines are not only good quality but good value too, says Taylor.

"The Commonwealth scenario helps. We have the same sense of humour. We banter over our sports teams, and we don't throw tradition at our customers and say: 'This is how it's done.'

"Australians and New Zealanders are very open. We say: 'What do you want? How would you like us to make our wine?' People like that." 



Corked

If you could do it all again... what would you do differently?

This was the final question we put to Taylor. And he seems to have very firm ideas on the subject.

"In wine, it's all about the detail," he says, thoughtfully.

"Compared with 10 years ago, the way we manage ferments and temperature control is much improved," he says. "These improvements are underpinned by increased knowledge about what is happening in each part of the vineyard and this knowledge is being built up on our database. This means the character and quality of the various vineyard blocks can be checked year-on-year."

Taylor would have liked to have known this sooner. But what he'd liked to have done again is dump cork.

"The one thing I wish we had done a long time ago is do away with cork altogether. It spoils and oxidises the wine."

Taylor's was the first Australian wine company to go the screw-top route. In 2000, when Taylor became managing director, it put

its Riesling vintage under screw-top. This was very controversial at the time. The Portuguese cork manufacturers engaged in misinformation, saying screw-tops were bad for the wine, says Taylor.

Taylor's was also the first of 12 wine-makers to go 100 per cent screw-top, in 2004. The others opted for a more conservative 50 per cent solution.

Taylor remains unrepentant. People talk about the romance of cork, he says. But he compares the scenario to old-fashioned travel. "It may be very romantic going to work in a horse and cart, but it's not very practical."

Besides, he says, cork is just dead bark. "And I don't want dead bark going anywhere near my wine." He's not surprised that about 20 per cent of corked wine ends up 'corked' – i.e. spoiled.

"We've got very few of our first Cabernet Sauvignon left," he says. This was the company's first vintage. "They wouldn't be spoiling under screw-top. I have 10-year-old reds that I'm very relaxed about bringing out, but with cork it's like Russian roulette."