

A Global Perspective on Acquiring Top Talent

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A labor shortage on the horizon! Are you prepared to deal with it?

The landscape in the wine industry is changing, driven by global expansion, technology, consolidation and an unprecedented consumer appetite for wine. Will demand exceed supply?

The issue at hand is *not* the economics of wine consumption, but rather the demand for top talent. Will the demand exceed the supply of top talent as the wine industry in this country further evolves and continues to expand? Between 1999 and 2005, we added over 2,200 new wineries in North America—an 80% increase. And there's no indication it's slowing. Have you thought about people resources; where are they coming from? Who's going to do the work? What skills are necessary? For example, we already have a shortage of talent in the enology and viticulture professions. Between 2004 and 2006, there were fewer than 120 graduates from accredited universities in the United States with Bachelors degrees in enology or viticulture. Currently only 6 universities in the US offer undergraduate degree programs with a focus in winemaking or agriculture programs, and only 5 of the six offer graduate programs.

Wine consumption is on the rise - and this is very good news!! The wine industry in North America, and for the most part, across the globe, is experiencing unprecedented growth, especially in fine wines. More consumers like Millennial and Echo Boomers are entering the wine market and, existing consumers are trading up for higher priced wines. Emerging markets in China and India are also serving notice that they too are serious players in the global wine industry. And even in Old World wine growing regions in Europe as well as New World regions such as Australia, where they are experiencing an over supply of grapes - not to worry! The USA is ready to buy their fruit in bulk in order to satisfy a potential shortfall in this country.

When it comes to the economics of supply and demand for wine consumption, you hope first and foremost that Mother Nature cooperates, but regardless, you do your homework. You analyze data and critically evaluate trends; you plan accordingly for planting and harvest; you market your brands; you line up your distribution and you execute - All toward the purpose of minimizing the risk of failure. **Do you do the same when it comes to a people strategy?**

The People Strategy

The business of making and selling wine, and everything in between, is becoming increasingly more complex. The skill sets employees must have for employers to compete in a global wine market are more demanding. Think about it: Consumers rightfully demand higher quality wines across all price points, resulting in a need for more highly skilled, multi faceted winemakers. Winemakers today must be able to make excellent wines across multiple varietals. And consider the fact that bulk wine imports account for over 50% of all value wines priced in the \$6-\$7 category. If you import wine, having someone on your staff skilled in foreign currency transactions and hedging against inflation becomes essential to understanding your costs. Additionally, having the skill set in-house or readily available to watch the overall cost of goods, production cost, distribution cost, over-head and cash management activities becomes increasingly more important if you plan on making a profit! One could argue that, in today's global wine market, everyone on your management team must have a finance orientation. We're not suggesting that every member of the executive team be finance people but they do need to understand the business of numbers and the impact their decisions can make on the bottom line. A solid management team must also have an understanding and appreciation of the selling proposition. Experienced sales managers and sales leaders must understand profit and loss and margin, and must also understand the complexities of the alcoholic beverage distribution system. These managers must appreciate and be able to exploit the new arena of consumer relationship marketing and consumer direct management and fulfillment. Gone are the days of a "rack 'em and stack 'em" mentality. Today's selling proposition requires attention to consumer trends and product branding that gives an entirely different meaning to marketing. It requires not only a distributor focus but, as importantly, a consumer marketing focus.

Ready, Fire, Aim...Not!

The winners in the competition for key talent will be those who are prepared in advance! In today's wine industry job market, hiring the best talent has never been more intense. Why? Because finding the best talent, the A player, is always challenging. There will be fewer A players available as more wineries compete for them. It's that supply and demand issue. The issue is further complicated due to the global popularity of wine and the impact it's having on winery expansion across all dimensions - vineyard, winemaking, marketing and sales. The more you can do in advance to minimize the impact to your business when a key vacancy exists, the better off you will be. In order to attract the best talent, companies must have a strategy, a plan that goes far beyond paying a competitive salary and providing benefits. Today's best and brightest seek out wineries that are reputable, well respected and leaders in their markets. They look for challenging and interesting wineries that are embarking on compelling projects and business initiatives. And, they almost always look for organizations that value their people and provide personal and professional growth opportunities. Are you prepared?

Let's take a closer look at what some wine companies are doing. Large multi-national wine and spirits companies address the talent challenge and regularly make certain they have the mechanisms, the systems in place to minimize their risk of turnover, and more importantly, to insure that they have the right person, prepared to take the right job at the right time. They treat their people strategy as an important business initiative and a competitive advantage! They understand the importance of having a talent pool in place with the skills to execute their business strategy. For example, it is not unusual that they prepare their "Best and Brightest" with meaningful cross functional and cross cultural assignments early in an employees career. They expose them to external development programs, and reward high performers handsomely. In effect, they do everything they can to recruit and retain this important asset.

Just like being first to market with an innovative product or a new packaging design is a competitive advantage, having talented people prepared to execute a Global Strategy provides an equally, if not a more critical, competitive advantage.

You may be a small, family run business or small privately run winery without financial resources to develop a talent pool. You may feel this doesn't apply to you because you choose not to participate on a global scale. But you're wrong! Smaller family and privately run businesses face similar issues. You compete with hundreds of other wineries for a share of the market, whether domestic or global. And, you compete with the big guys. You compete for the same talent. While you may not need a talent pool process, you do need to have a plan in place that addresses potential talent shortages and how you plan to address them. You must be proactive, not reactive!

We've already discussed the talent shortage in viticulture and enology, driven in large part by winery expansion and global market expansion. How many wineries are you aware of that employ harvest interns from countries other than the United States, interns that are completing enology degrees or certification programs in other countries? These interns in many cases are hoping one day to be employed in this country as winemakers or viticulturist. Countries outside the United States have become and will continue to be an attractive target for sourcing top talent. If you're not doing so today, think about this talent resource in the future. It's a great way to identify top talent, provide meaningful employment, address cultural issues early on and build loyalty. Take advantage of a global talent market!

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Assessing your Companies Talent Readiness

To better assess your company's business and talent plan, rate yourself on a scale of one to ten in the following areas. If you're not at the top of the scale, write down what you're going to do about addressing the weakness—then act on it!

	Haven't addressed	OK, but a ways to go	We're on top of it
Do you have a business strategy? What are you going to do about addressing any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you have a people strategy? What are you going to do about addressing any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you know what skills your people "must have" to execute the Business Strategy? What are you going to do about addressing any weaknesses?	1	2 3 4	5 6 7 8 9 10
Have you assessed your talent against the "must have" criteria and identified gaps? What are you going to do about addressing any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you have the right people, in the right job to execute your business strategy? What are you going to do about addressing any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you have a back up person or a plan, if a key talent left your company? What are you going to do to address any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you know where to go and look for talent? Do you have a recruiting plan? What are you going to do to address any weaknesses?	1	2 3 4	5 6 7 8 9 10
Have you looked at the talent market outside the United States? What are you going to do to address any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you know who to contact for assistance in recruiting foreign students/interns? What are you going to do to address any weaknesses?	1	2 3 4	5 6 7 8 9 10
Do you know how to address Visa and Immigration Issues, with respect to full time employment of foreign nationals? What are you going to do to address any weaknesses?	1	2 3 4	5 6 7 8 9 10

Employees—Your Most Important Asset?

We often hear about the importance of people and the old cliché "People are our most important asset." Are they? Do you pay as much attention to attracting and retaining top talent as you do in selecting a new production or accounting system or planting a new vineyard? Do you understand the importance of having the right people in place to execute your business strategy? In the end, people do matter. They are the differentiator between good and great companies! Any company hoping to grow and achieve its goals and be competitive in a global wine market needs to have the right people, in the right place at the right time. Do you?

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